

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT S.B. 557

SENATE BILL NO. 557—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE INTERIM STUDY CONCERNING DISTRIBUTION
AMONG LOCAL GOVERNMENTS OF REVENUE FROM
STATE AND LOCAL TAXES (NRS 218.53881))

MARCH 26, 2001

Referred to Committee on Taxation

SUMMARY—Makes various changes concerning distribution of certain revenue from tax on certain motor vehicle fuel. (BDR 32-893)

FISCAL NOTE: Effect on Local Government: Yes.
 Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; revising the formula for the distribution among counties of certain revenue from the tax on certain motor vehicle fuel; providing for a review of the estimates of the total mileage of roads or streets maintained by each county and incorporated city prepared by the department of transportation; extending the date for expiration of the legislative committee to study the distribution among local governments of revenue from state and local taxes and certain statutory provisions relating thereto; changing the name of the committee to the legislative committee for local government taxes and finance; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 365.550 is hereby amended to read as follows:
2 365.550 1. The receipts of the tax levied pursuant to NRS 365.180
3 must be allocated monthly by the department to the counties using the
4 following formula:
5 (a) ~~One fourth in proportion to total area.~~
6 ~~(b) One fourth in proportion to population.~~
7 ~~(c) One fourth in proportion to road mileage and street mileage of~~
8 ~~nonfederal aid primary roads.~~
9 ~~(d) One fourth in proportion to vehicle miles of travel on nonfederal aid~~
10 ~~primary roads.~~ *Determine the average monthly amount each county*
11 *received in the fiscal year ending on June 30, 2001, and allocate to each*
12 *county that amount, or if the total amount to be allocated is less than that*
13 *amount, allocate to each county a percentage of the total amount to be*



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1 allocated that is equal to the percentage of the total amount allocated to
2 that county in the fiscal year ending on June 30, 2000;

3 (b) Determine for each county an amount from the total amount to be
4 allocated using the following formula:

5 (1) Two-thirds in proportion to population; and

6 (2) One-third in proportion to road mileage and street mileage of
7 improved roads or streets maintained by the county or an incorporated
8 city located within the county,

9 and compare that amount to the amount allocated to the county pursuant
10 to paragraph (a);

11 (c) Identify each county for which the amount determined pursuant to
12 paragraph (b) is greater than the amount allocated to the county
13 pursuant to paragraph (a); and

14 (d) Allocate to any county which is identified pursuant to paragraph
15 (c), using the formula set forth in paragraph (b), any amount from the
16 tax levied pursuant to NRS 365.180 that remains after the allocation
17 required pursuant to paragraph (a).

18 2. Within 10 calendar days after June 1 of each fiscal year, the
19 department shall:

20 (a) Project the total amount that each county will be allocated
21 pursuant to subsection 1 for the current fiscal year.

22 (b) If the total amount allocated to all the counties will not exceed the
23 total amount that was received by all the counties for the fiscal year
24 ending on June 30, 2001, adjust the final monthly allocation to be made
25 to each county so that each county is allocated a percentage of the total
26 amount to be allocated that is equal to the percentage of the total amount
27 allocated to that county in the fiscal year ending on June 30, 2001.

28 (c) If a county receives an allocation pursuant to paragraph (d) of
29 subsection 1, determine whether the total monthly allocations projected
30 to be made to that county pursuant to subsection 1 for the current fiscal
31 year exceed the total amount the county received in the fiscal year ending
32 on June 30, 2001. If the total monthly allocations projected to be made to
33 the county do not exceed the total amount the county received in the
34 fiscal year ending on June 30, 2001, the department shall adjust the final
35 monthly allocation to be made to the county for the current fiscal year so
36 that the total amount allocated to the county for the current fiscal year
37 equals the total amount the county received in the fiscal year ending on
38 June 30, 2001.

39 3. Of the money allocated to each county pursuant to the provisions of
40 ~~subsection 1.~~ subsections 1 and 2:

41 (a) An amount equal to that part of the allocation which represents 1.25
42 cents of the tax per gallon must be used exclusively for the service and
43 redemption of revenue bonds issued pursuant to chapter 373 of NRS, for
44 the construction, maintenance and repair of county roads, and for the
45 purchase of equipment for that construction, maintenance and repair, under
46 the direction of the boards of county commissioners of the several counties,
47 and must not be used to defray expenses of administration; and



1 (b) An amount equal to that part of the allocation which represents 2.35
2 cents of the tax per gallon must be allocated ~~[pursuant to the following~~
3 ~~formula:~~
4 ~~— (1) If there are no incorporated cities in the county,]~~ to the county ~~;~~
5 ~~and~~
6 ~~— (2) If there is at least one incorporated city in the county,]~~ *, if there*
7 *are no incorporated cities in the county, or* to the county and any
8 incorporated cities in the county *, if there is at least one incorporated city*
9 *in the county,* pursuant to the *following* formula ~~[set forth for counties in~~
10 ~~subsection 1.] :~~
11 *(1) One-fourth in proportion to total area.*
12 *(2) One-fourth in proportion to population.*
13 *(3) One-fourth in proportion to road mileage and street mileage of*
14 *nonfederal aid primary roads.*
15 *(4) One-fourth in proportion to vehicle miles of travel on*
16 *nonfederal aid primary roads.*
17 For the purpose of applying the formula, the area of the county excludes
18 the area included in any incorporated city.
19 ~~[3.]~~ 4. The amount allocated to the counties and incorporated cities
20 pursuant to subsections 1 , ~~[and]~~ 2 *and 3* must be remitted monthly. The
21 state controller shall draw his warrants payable to the county treasurer of
22 each of the several counties and the city treasurer of each of the several
23 incorporated cities, as applicable, and the state treasurer shall pay the
24 warrants out of the proceeds of the tax levied pursuant to NRS 365.180.
25 ~~[4.]~~ 5. The formula computations must be made as of July 1 of each
26 year by the department, based on estimates which must be furnished by the
27 department of transportation ~~[The]~~ *and, if applicable, any adjustments to*
28 *the estimates determined to be appropriate by the committee pursuant to*
29 *subsection 9. Except as otherwise provided in subsection 9, the*
30 *determination made by the department is conclusive.*
31 ~~[5.]~~ 6. *The department of transportation shall complete:*
32 *(a) The estimates of the total mileage of improved roads or streets*
33 *maintained by each county and incorporated city on or before August 31*
34 *of each year.*
35 *(b) A physical audit of the information submitted by each county and*
36 *incorporated city pursuant to subsection 7 at least once every 10 years.*
37 7. Each county and incorporated city shall, not later than ~~[January]~~
38 *March* 1 of each year, submit a list to the department of transportation
39 setting forth:
40 (a) Each *improved* road or street that is maintained by the county or
41 city; and
42 (b) The beginning and ending points and the total mileage of each of
43 those *improved* roads or streets.
44 Each county and incorporated city shall, at least 10 days before the list is
45 submitted to the department of transportation, hold a public hearing to
46 identify and determine the *improved* roads and streets maintained by the
47 county or city.
48 ~~[6.]~~ 8. *If a county or incorporated city does not agree with the*
49 *estimates prepared by the department of transportation pursuant to*



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1 subsection 6, the county or incorporated city may request that the
2 subcommittee examine the estimates and recommend an adjustment to
3 the estimates. Such a request must be submitted to the subcommittee not
4 later than October 15.

5 9. The subcommittee shall review any request it receives pursuant to
6 subsection 8 and report to the committee its findings and any
7 recommendations for an adjustment to the estimates it determines is
8 appropriate. The committee shall hold a public hearing and determine
9 whether an adjustment to the estimates is appropriate on or before
10 December 31 of the year it receives a request pursuant to subsection 8.
11 Any determination made by the committee pursuant to this subsection is
12 conclusive.

13 10. The subcommittee shall monitor the fiscal impact of the formula
14 set forth in this section on counties and incorporated cities and report
15 regularly to the committee concerning its findings and recommendations
16 regarding that fiscal impact.

17 11. As used in this section ~~1, "construction,":~~

18 (a) "Committee" means the legislative committee for local government
19 taxes and finance established pursuant to NRS 218.53881.

20 (b) "Construction, maintenance and repair" includes the acquisition,
21 operation or use of any material, equipment or facility that is used
22 exclusively for the construction, maintenance or repair of a county or city
23 road and is necessary for the safe and efficient use of that road, including,
24 without limitation:

- 25 ~~(a)~~ (1) Grades and regrades;
26 ~~(b)~~ (2) Graveling, oiling, surfacing, macadamizing and paving;
27 ~~(c)~~ (3) Sweeping, cleaning and sanding roads and removing snow
28 from a road;
29 ~~(d)~~ (4) Crosswalks and sidewalks;
30 ~~(e)~~ (5) Culverts, catch basins, drains, sewers and manholes;
31 ~~(f)~~ (6) Inlets and outlets;
32 ~~(g)~~ (7) Retaining walls, bridges, overpasses, underpasses, tunnels and
33 approaches;
34 ~~(h)~~ (8) Artificial lights and lighting equipment, parkways, control of
35 vegetation and sprinkling facilities;
36 ~~(i)~~ (9) Rights of way;
37 ~~(j)~~ (10) Grade and traffic separators;
38 ~~(k)~~ (11) Fences, cattle guards and other devices to control access to a
39 county or city road;
40 ~~(l)~~ (12) Signs and devices for the control of traffic; and
41 ~~(m)~~ (13) Facilities for personnel and the storage of equipment used to
42 construct, maintain or repair a county or city road.

43 (c) "Improved road or street" means a road or street that is, at least:

44 (1) Aligned and graded to allow reasonably convenient use by a
45 motor vehicle; and

46 (2) Drained sufficiently by a longitudinal and transverse drainage
47 system to prevent serious impairment of the road or street by surface
48 water.



1 (d) *"Subcommittee" means the subcommittee appointed pursuant to*
2 *NRS 218.53884.*

3 **Sec. 2.** NRS 365.550 is hereby amended to read as follows:

4 365.550 1. The receipts of the tax levied pursuant to NRS 365.180
5 must be allocated monthly by the department to the counties using the
6 following formula:

7 (a) Determine the average monthly amount each county received in the
8 fiscal year ending on June 30, 2001, and allocate to each county that
9 amount, or if the total amount to be allocated is less than that amount,
10 allocate to each county a percentage of the total amount to be allocated that
11 is equal to the percentage of the total amount allocated to that county in the
12 fiscal year ending on June 30, 2000;

13 (b) Determine for each county an amount from the total amount to be
14 allocated using the following formula:

15 (1) Two-thirds in proportion to population; and

16 (2) One-third in proportion to road mileage and street mileage of
17 improved roads or streets maintained by the county or an incorporated city
18 located within the county,

19 and compare that amount to the amount allocated to the county pursuant to
20 paragraph (a);

21 (c) Identify each county for which the amount determined pursuant to
22 paragraph (b) is greater than the amount allocated to the county pursuant to
23 paragraph (a); and

24 (d) Allocate to any county which is identified pursuant to paragraph (c),
25 using the formula set forth in paragraph (b), any amount from the tax
26 levied pursuant to NRS 365.180 that remains after the allocation required
27 pursuant to paragraph (a).

28 2. Within 10 calendar days after June 1 of each fiscal year, the
29 department shall:

30 (a) Project the total amount that each county will be allocated pursuant
31 to subsection 1 for the current fiscal year.

32 (b) If the total amount allocated to all the counties will not exceed the
33 total amount that was received by all the counties for the fiscal year ending
34 on June 30, 2001, adjust the final monthly allocation to be made to each
35 county so that each county is allocated a percentage of the total amount to
36 be allocated that is equal to the percentage of the total amount allocated to
37 that county in the fiscal year ending on June 30, 2001.

38 (c) If a county receives an allocation pursuant to paragraph (d) of
39 subsection 1, determine whether the total monthly allocations projected to
40 be made to that county pursuant to subsection 1 for the current fiscal year
41 exceed the total amount the county received in the fiscal year ending on
42 June 30, 2001. If the total monthly allocations projected to be made to the
43 county do not exceed the total amount the county received in the fiscal year
44 ending on June 30, 2001, the department shall adjust the final monthly
45 allocation to be made to the county for the current fiscal year so that the
46 total amount allocated to the county for the current fiscal year equals the
47 total amount the county received in the fiscal year ending on June 30,
48 2001.



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1 3. Of the money allocated to each county pursuant to the provisions of
2 subsections 1 and 2:
3 (a) An amount equal to that part of the allocation which represents 1.25
4 cents of the tax per gallon must be used exclusively for the service and
5 redemption of revenue bonds issued pursuant to chapter 373 of NRS, for
6 the construction, maintenance and repair of county roads, and for the
7 purchase of equipment for that construction, maintenance and repair, under
8 the direction of the boards of county commissioners of the several counties,
9 and must not be used to defray expenses of administration; and
10 (b) An amount equal to that part of the allocation which represents 2.35
11 cents of the tax per gallon must be allocated to the county, if there are no
12 incorporated cities in the county, or to the county and any incorporated
13 cities in the county, if there is at least one incorporated city in the county,
14 pursuant to the following formula:
15 (1) One-fourth in proportion to total area.
16 (2) One-fourth in proportion to population.
17 (3) One-fourth in proportion to road mileage and street mileage of
18 nonfederal aid primary roads.
19 (4) One-fourth in proportion to vehicle miles of travel on nonfederal
20 aid primary roads.
21 For the purpose of applying the formula, the area of the county excludes
22 the area included in any incorporated city.
23 4. The amount allocated to the counties and incorporated cities
24 pursuant to subsections 1, 2 and 3 must be remitted monthly. The state
25 controller shall draw his warrants payable to the county treasurer of each of
26 the several counties and the city treasurer of each of the several
27 incorporated cities, as applicable, and the state treasurer shall pay the
28 warrants out of the proceeds of the tax levied pursuant to NRS 365.180.
29 5. The formula computations must be made as of July 1 of each year
30 by the department, based on estimates which must be furnished by the
31 department of transportation and, if applicable, any adjustments to the
32 estimates determined to be appropriate by the committee pursuant to
33 subsection 9. Except as otherwise provided in subsection 9, the
34 determination made by the department is conclusive.
35 6. The department of transportation shall complete:
36 (a) The estimates of the total mileage of improved roads or streets
37 maintained by each county and incorporated city on or before August 31 of
38 each year.
39 (b) A physical audit of the information submitted by each county and
40 incorporated city pursuant to subsection 7 at least once every 10 years.
41 7. Each county and incorporated city shall, not later than March 1 of
42 each year, submit a list to the department of transportation setting forth:
43 (a) Each improved road or street that is maintained by the county or
44 city; and
45 (b) The beginning and ending points and the total mileage of each of
46 those improved roads or streets.
47 Each county and incorporated city shall, at least 10 days before the list is
48 submitted to the department of transportation, hold a public hearing to



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1 identify and determine the improved roads and streets maintained by the
2 county or city.

3 8. If a county or incorporated city does not agree with the estimates
4 prepared by the department of transportation pursuant to subsection 6, the
5 county or incorporated city may request that the ~~{subcommittee}~~ *committee*
6 examine the estimates and recommend an adjustment to the estimates.
7 Such a request must be submitted to the ~~{subcommittee}~~ *committee* not
8 later than October 15.

9 9. ~~{The subcommittee shall review any request it receives pursuant to
10 subsection 8 and report to the committee its findings and any
11 recommendations for an adjustment to the estimates it determines is
12 appropriate.}~~ The committee shall hold a public hearing and *review any*
13 *request it receives pursuant to subsection 8 and* determine whether an
14 adjustment to the estimates is appropriate on or before December 31 of the
15 year it receives a request pursuant to subsection 8. Any determination made
16 by the committee pursuant to this subsection is conclusive.

17 10. The ~~{subcommittee}~~ *committee* shall monitor the fiscal impact of
18 the formula set forth in this section on counties and incorporated cities .
19 ~~{and report regularly to the committee}~~ *Biennially, the committee shall*
20 *prepare a report* concerning its findings and recommendations regarding
21 that fiscal impact ~~{}~~ *and submit the report on or before February 15 of*
22 *each odd-numbered year to the director of the legislative counsel bureau*
23 *for transmittal to the senate and assembly committees on taxation of the*
24 *Nevada legislature for their review.*

25 11. As used in this section:

26 (a) "Committee" means the ~~{legislative committee for local government~~
27 ~~taxes and finance established pursuant to NRS 218.53881}~~ *committee on*
28 *local government finance created pursuant to NRS 266.0165.*

29 (b) "Construction, maintenance and repair" includes the acquisition,
30 operation or use of any material, equipment or facility that is used
31 exclusively for the construction, maintenance or repair of a county or city
32 road and is necessary for the safe and efficient use of that road, including,
33 without limitation:

- 34 (1) Grades and regrades;
35 (2) Graveling, oiling, surfacing, macadamizing and paving;
36 (3) Sweeping, cleaning and sanding roads and removing snow from a
37 road;
38 (4) Crosswalks and sidewalks;
39 (5) Culverts, catch basins, drains, sewers and manholes;
40 (6) Inlets and outlets;
41 (7) Retaining walls, bridges, overpasses, underpasses, tunnels and
42 approaches;
43 (8) Artificial lights and lighting equipment, parkways, control of
44 vegetation and sprinkling facilities;
45 (9) Rights of way;
46 (10) Grade and traffic separators;
47 (11) Fences, cattle guards and other devices to control access to a
48 county or city road;
49 (12) Signs and devices for the control of traffic; and



1 (13) Facilities for personnel and the storage of equipment used to
2 construct, maintain or repair a county or city road.

3 (c) "Improved road or street" means a road or street that is, at least:

4 (1) Aligned and graded to allow reasonably convenient use by a
5 motor vehicle; and

6 (2) Drained sufficiently by a longitudinal and transverse drainage
7 system to prevent serious impairment of the road or street by surface water.

8 ~~[(d) "Subcommittee" means the subcommittee appointed pursuant to~~
9 ~~NRS 218.53884.]~~

10 **Sec. 3.** NRS 218.5388 is hereby amended to read as follows:

11 218.5388 As used in NRS 218.5388 to 218.53886, inclusive,
12 "committee" means a legislative committee ~~[to study the distribution~~
13 ~~among local governments of revenue from state and local taxes.]~~ **for local**
14 **government taxes and finance.**

15 **Sec. 4.** NRS 218.53881 is hereby amended to read as follows:

16 218.53881 1. There is hereby established a legislative committee ~~to~~
17 ~~study the distribution among local governments of revenue from state and~~
18 ~~local taxes]~~ **for local government taxes and finance** consisting of:

19 (a) Two members appointed by the majority leader of the senate from
20 the membership of the senate standing committee on government affairs
21 during the immediately preceding session of the legislature;

22 (b) Two members appointed by the majority leader of the senate from
23 the membership of the senate standing committee on taxation during the
24 immediately preceding session of the legislature;

25 (c) Two members appointed by the speaker of the assembly from the
26 membership of the assembly standing committee on government affairs
27 during the immediately preceding session of the legislature; and

28 (d) Two members appointed by the speaker of the assembly from the
29 membership of the assembly standing committee on taxation during the
30 immediately preceding session of the legislature.

31 2. The committee shall consult with an advisory committee consisting
32 of the executive director of the department of taxation and 10 members
33 who are representative of various geographical areas of the state and are
34 appointed for terms of 2 years commencing on July 1 of each odd-
35 numbered year as follows:

36 (a) One member of the committee on local government finance created
37 pursuant to NRS 266.0165 appointed by the Nevada League of Cities;

38 (b) One member of the committee on local government finance created
39 pursuant to NRS 266.0165 appointed by the Nevada Association of
40 Counties;

41 (c) One member of the committee on local government finance created
42 pursuant to NRS 266.0165 appointed by the Nevada School Trustees
43 Association;

44 (d) Three members involved in the government of a county appointed
45 by the Nevada Association of Counties;

46 (e) Three members involved in the government of an incorporated city
47 appointed by the Nevada League of Cities; and

48 (f) One member who is a member of a board of trustees for a general
49 improvement district appointed by the legislative commission.



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1 The members of the advisory committee are nonvoting members of the
2 committee. When meeting as the advisory committee, the members shall
3 comply with the provisions of chapter 241 of NRS.
4 3. The legislative members of the committee shall elect a chairman
5 from one house of the legislature and a vice chairman from the other house.
6 Each chairman and vice chairman holds office for a term of 2 years
7 commencing on July 1 of each odd-numbered year.
8 4. Any member of the committee who is not a candidate for reelection
9 or who is defeated for reelection continues to serve until the next session of
10 the legislature convenes.
11 5. Vacancies on the committee must be filled in the same manner as
12 original appointments.
13 6. The committee shall report annually to the legislative commission
14 concerning its activities and any recommendations.
15 **Sec. 5.** Section 9 of chapter 661, Statutes of Nevada 1997, at page
16 3309, is hereby amended to read as follows:
17 Sec. 9. This act becomes effective on July 1, 1997, and expires
18 by limitation on July 1, ~~2001~~ **2005**.
19 **Sec. 6.** 1. This section and sections 3, 4 and 5 of this act become
20 effective on July 1, 2001.
21 2. Section 1 of this act becomes effective at 12:01 a.m. on July 1,
22 2001.
23 3. Sections 1, 3, 4 and 5 of this act expire by limitation on
24 July 1, 2005.
25 4. Section 2 of this act becomes effective at 12:01 a.m. on
26 July 1, 2005.

