

ASSEMBLY BILL NO. 417—ASSEMBLYMEN HARDY, BEERS,
MARVEL, SETTELMAYER AND STEWART

MARCH 19, 2007

Referred to Committee on Transportation

SUMMARY—Authorizes municipalities and the Department of Transportation to construct, improve, maintain and operate toll roads and toll bridges. (BDR 35-218)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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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 transportation; authorizing municipalities and the Department of Transportation to construct, improve, maintain and operate toll roads and toll bridges; authorizing the issuance of revenue bonds or other securities constituting special obligations for toll roads and toll bridges; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law does not specifically authorize municipalities or the Department of Transportation to construct, improve, maintain and operate toll roads and toll bridges.

Section 7 of this bill authorizes any municipality, including a county, city, town or regional transportation commission, to construct, improve, maintain and operate toll roads and toll bridges and to defray the cost of the construction, improvement, maintenance and operation by the issuance of revenue bonds or other securities constituting special obligations.

Section 12 of this bill requires the governing body of a municipality that creates a toll road or toll bridge to create a special revenue fund for the tolls collected, and provides that the money in the fund may only be used to pay the cost of the project for which the tolls are collected, to pay the administrative costs directly related to the project, including the cost of collecting the tolls, and to pay debt service on and provide reserves for bonds and other securities issued for the toll road or toll bridge.

Section 13 of this bill authorizes the Department of Transportation to establish toll roads and toll bridges and to enter into contracts and other agreements for the construction, improvement, maintenance and operation of toll roads and toll bridges. **Section 13** also provides for the issuance of revenue bonds or other



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securities constituting special obligations to finance the construction, improvement, maintenance and operation of toll roads and toll bridges.

Section 14 of this bill provides that a toll road may not be created, improved, maintained or operated unless an alternate route is normally available for the use of motorists.

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

Section 1. Title 35 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to 14, inclusive, of this act.

Sec. 2. *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Governing body” means the governing body of a municipality.*

Sec. 4. *“Municipality” means a county, city, town or regional transportation commission.*

Sec. 5. *“Toll bridge” means any structure that is elevated over a depression or obstruction, including, without limitation, a overway, highway or railway used primarily for vehicular traffic, and for which a charge is paid on the basis of use. The term includes all roads that access a toll bridge and works incidental to the construction, improvement, maintenance or operation of a toll bridge.*

Sec. 6. *“Toll road” means any highway, expressway, turnpike or other right-of-way used primarily for vehicular traffic and for which a charge is paid on the basis of use. The term includes all structures, culverts, curbs, drains, buildings, services and works incidental to the construction, improvement, maintenance or operation of a toll road.*

Sec. 7. 1. A governing body may:

(a) Construct, improve, maintain and operate toll roads and toll bridges;

(b) Defray the cost of the construction, improvement, maintenance and operation of toll roads and toll bridges by the issuance of revenue bonds or other securities constituting special obligations pursuant to the Local Government Securities Law;

(c) Apply for, accept and expend any federal or private grant of money or other type of assistance that becomes available to carry out the provisions of this section and sections 8 and 9 of this act;



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(d) Enter into interlocal agreements for the construction, improvement, maintenance and operation of toll roads and toll bridges; and

(e) Provide for a letter of credit, surety bond or other collateral to guarantee payment of any interim warrants or bonds issued for a toll road or toll bridge.

2. The payment of any revenue bonds or other securities constituting special obligations that are issued pursuant to this section to defray the cost of the construction, improvement, maintenance and operation of a toll road or toll bridge may be secured by a pledge of the revenues from the toll road or toll bridge or any other revenues that are authorized by law to be pledged to bonds or other securities issued for purposes relating to streets or highways.

Sec. 8. 1. A governing body may enter into an agreement with another governing body or the Director of the Department of Transportation to:

(a) Study the feasibility of constructing, improving, maintaining and operating a toll road or toll bridge;

(b) Construct, improve, maintain and operate a toll road or toll bridge;

(c) Defray the cost of the construction, improvement, maintenance and operation of a toll road or toll bridge by the issuance of revenue bonds or other securities constituting special obligations pursuant to the Local Government Securities Law; or

(d) Do any combination of paragraphs (a), (b) and (c).

2. An agreement entered into pursuant to subsection 1:

(a) Must not exceed a term of 50 years; and

(b) Must be payable from any money lawfully available to the governing bodies or the Department of Transportation.

3. The payment of any revenue bonds or other securities constituting special obligations that are issued pursuant to this section to defray the cost of the construction, improvement, maintenance and operation of a toll road or toll bridge may be secured by a pledge of the revenues from the toll road or toll bridge.

Sec. 9. 1. The ordinance providing for the issuance of any revenue bonds or other securities constituting special obligations pursuant to the Local Government Securities Law must specify the period that the project will remain a toll road or toll bridge and the manner in which the revenue from the project will be used.

2. When the project is no longer a toll road or toll bridge, the governing body may enter into an agreement with the Director of the Department of Transportation to make the former toll road or toll bridge a part of the state highway system.



Sec. 10. *If no public money is used to finance construction, a governing body or bodies may:*

1. Adopt an ordinance ordering the acquisition or improvement of a road or bridge and charge a toll for the use of the road or bridge; and

2. Contract with a person who is not a governmental entity to construct, improve, maintain or operate the road or bridge as a toll road or toll bridge without complying with the provisions of any law requiring public bidding or otherwise imposing requirements on any public contract, project, work or improvement, including, without limitation, chapters 332, 338 and 339 of NRS, if the contract includes:

(a) A provision stating that the requirements of NRS 338.010 to 338.090, inclusive, apply to any construction work to be performed under the contract; and

(b) The price, stated as a lump sum or as unit prices, which the governing body or bodies agree to pay for the road or bridge if the road or bridge meets all requirements and specifications in the contract.

Sec. 11. *1. If a governing body or bodies acquire a toll road or toll bridge pursuant to section 10 of this act, the governing body or bodies may lease the toll road or toll bridge to any person for a period not to exceed 99 years.*

2. Notwithstanding any specific statute to the contrary, such a lease is exempt from any provisions requiring public bidding or appraisals before a lease of public property is executed.

3. If the term of the lease exceeds 10 years, the lease may not become effective until each governing body that is a party to the lease approves the lease in a public hearing held not less than 14 days after a notice of the intent of the governing body to enter into the lease is published in a newspaper of general circulation in the area in which the governing body has jurisdiction.

4. The leased property and leasehold estate are exempt from ad valorem property taxation by this State and its political subdivisions.

5. The leased property shall be deemed to be the property of the municipality or municipalities which own the toll road or toll bridge for the purpose of any statutory limitations on damages, including, without limitation, the statutory limitations set forth in chapter 41 of NRS. In any action brought against the lessee of the toll road or toll bridge with respect to any cause of action arising out of the use or condition of the toll road or toll bridge, or any other aspect thereof, the statutory limitations on damages set forth in chapter 41 of NRS that may be awarded against the municipality or municipalities apply with respect to the lessee.



1 **Sec. 12. 1.** *If a governing body creates a toll road or toll*
2 *bridge, it shall create a special revenue fund for the tolls collected.*

3 2. *Any interest and income earned on the money in the*
4 *special revenue fund must remain in the fund for use as all other*
5 *money in the fund is used.*

6 3. *The money in the special revenue fund may only be used to*
7 *pay the cost of the project for which the tolls are collected, to pay*
8 *the administrative costs directly related to the project, including*
9 *the cost of collecting the tolls, and to pay debt service on and*
10 *provide reserves for bonds and other securities constituting special*
11 *obligations issued to defray the cost of the construction,*
12 *improvement, maintenance and operation of the toll road or toll*
13 *bridge or to refinance such bonds or other securities. The*
14 *appropriate officer of the municipality shall transfer monthly from*
15 *the special revenue fund to a debt service fund created for this*
16 *purpose the amount of money necessary to make any payments of*
17 *interest or principal that will be due in the following year for debt*
18 *related to the toll road or toll bridge.*

19 **Sec. 13. 1.** *Upon approval of the Board of Directors of the*
20 *Department of Transportation, the Director of the Department*
21 *may:*

22 (a) *Establish a toll road or toll bridge.*

23 (b) *Enter into an agreement with another state or the Federal*
24 *Government, or both, concerning the construction, improvement,*
25 *maintenance or operation of a toll road or toll bridge.*

26 2. *The Director may enter into any contracts necessary for*
27 *the construction, improvement, maintenance or operation of the*
28 *toll road or toll bridge.*

29 3. *The toll charged for use of the toll road or toll bridge must*
30 *be calculated by the Director to produce, within a reasonable*
31 *period, an amount of money equal to the cost of the project or the*
32 *portion of the cost of the project to be financed by the tolls. After*
33 *the cost of the project is recovered, the toll must not be collected*
34 *unless:*

35 (a) *A plan for necessary maintenance or future improvements*
36 *has been adopted by the Director;*

37 (b) *The plan is approved by the Board of Directors; and*

38 (c) *The amount of the toll is recalculated to produce the*
39 *amount of money required by the plan.*

40 4. *Money collected as tolls from a toll road or toll bridge*
41 *authorized pursuant to this section must be accounted for*
42 *separately in the State Highway Fund and may only be used to pay*
43 *the costs of the project for which the tolls are collected and the*
44 *administrative costs directly related to the project, including,*
45 *without limitation, the cost of collecting the tolls.*



1 5. The Director may, with the approval of the Board of
2 Directors, request that the State Board of Finance issue revenue
3 bonds or other securities constituting special obligations to
4 finance the construction, improvement, maintenance and
5 operation of a toll road or toll bridge. The revenue bonds or other
6 securities may be issued at one time or from time to time. The
7 provisions of the State Securities Law apply to the issuance of the
8 bonds or other obligations.

9 6. The payment of any revenue bonds or other securities
10 constituting special obligations that are issued pursuant to
11 subsection 5 to finance the construction, improvement,
12 maintenance and operation of a toll road or toll bridge may be
13 secured by a pledge of the revenues from the toll road or toll
14 bridge or any other revenues that are authorized by law to be
15 pledged to bonds or other securities issued for purposes relating to
16 streets or highways.

17 Sec. 14. A toll road may not be created, improved,
18 maintained or operated pursuant to this chapter unless an
19 alternate route is normally available for the use of motorists.

