

EMERGENCY REQUEST OF ASSEMBLY MINORITY LEADER

SENATE BILL NO. 574—COMMITTEE ON TAXATION

MAY 29, 2007

Referred to Committee on Taxation

SUMMARY—Revises provisions governing governmental finances relating to transportation. (BDR 20-1520)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 governmental finances; providing for the reallocation of existing revenue from taxes on transient lodging in certain counties to fund transportation projects in those counties; requiring analyses of the costs and benefits of proposals for certain highway projects; requiring annual performance measurements of and various periodic reports by the Department of Transportation and the appointment of an interim legislative subcommittee to oversee the activities and performance of the Department; directing the Legislative Commission to appoint a legislative committee to conduct an interim study on tolling projects; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 2** of this bill requires a county fair and recreation board in a county
2 whose population is 400,000 or more (currently Clark County) to deposit a portion
3 of the proceeds of certain taxes on revenue from the rental of transient lodging
4 received by the board into the State Highway Fund for use on transportation
5 projects in that county. **Section 5** of this bill requires the adoption of performance
6 measurements for the Department of Transportation and annual reports of
7 performance. **Section 6** of this bill requires the Department to prepare a written
8 analysis of the costs and benefits of each proposal for a highway project that will
9 cost \$25 million or more. **Section 7** of this bill requires annual reports by the
10 Department on the projects undertaken with that funding. **Section 8** of this bill
11 requires quarterly reports by the Department on the status of certain proposed
12 highway projects. **Section 9** of this bill provides for the appointment of a



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13 subcommittee of the Interim Finance Committee to oversee the activities and
14 performance of the Department during the next interim. **Section 10** of this bill
15 provides for the creation of a legislative committee to conduct an interim study on
16 the implementation of toll roads, toll lanes and high-occupancy lanes in this State.

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

1 **Section 1.** NRS 244.33503 is hereby amended to read as
2 follows:

3 244.33503 1. Any license tax:

4 (a) Which is levied by a county whose population is 100,000 or
5 more against any lawful trade, calling, industry, occupation,
6 profession or business conducted in the county and located in an
7 unincorporated area within the county;

8 (b) Whose proceeds are pledged for the payment of any bonds or
9 other obligations issued pursuant to the provisions of NRS
10 244A.597 to 244A.655, inclusive; and

11 (c) Which is being collected by the county on January 1, 1995,
12 ➔ must continue to be levied, collected and transmitted to the
13 county fair and recreation board created pursuant to NRS 244A.599
14 as long as any of the bonds or other obligations issued pursuant to
15 the provisions of NRS 244A.597 to 244A.655, inclusive, remain
16 outstanding and unpaid.

17 2. ~~[The]~~ *Except as otherwise provided in section 2 of this act,*
18 *the* proceeds of the license tax must be used by the county fair and
19 recreation board for the purposes set forth in NRS 244A.597 to
20 244A.655, inclusive, including the payment of any bonds or other
21 obligations issued pursuant to those provisions, and may be
22 irrevocably pledged by the county fair and recreation board to the
23 payment of bonds or other obligations issued pursuant to those
24 provisions.

25 **Sec. 2.** Chapter 244A of NRS is hereby amended by adding
26 thereto a new section to read as follows:

27 1. *Except as otherwise provided in this section and*
28 *notwithstanding any other provision of law, a county fair and*
29 *recreation board in a county whose population is 400,000 or more*
30 *that receives the proceeds of any taxes imposed on revenue from*
31 *the rental of transient lodging for the purposes of NRS 244A.597*
32 *to 244A.655, inclusive, shall deposit with the State Treasurer for*
33 *credit to a special account in the State Highway Fund:*

34 (a) *For the fiscal year beginning on July 1, 2007, \$20 million;*
35 *and*

36 (b) *For each subsequent fiscal year, the amount deposited with*
37 *the State Treasurer pursuant to this section for the immediately*



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1 *preceding fiscal year plus an amount equal to 30 percent of the*
2 *amount by which all the proceeds of all taxes imposed on revenue*
3 *from the rental of transient lodging for the purposes of NRS*
4 *244A.597 to 244A.655, inclusive, which are received by the county*
5 *fair and recreation board for the current fiscal year exceed the*
6 *amount of those proceeds received by the county fair and*
7 *recreation board for the immediately preceding fiscal year.*

8 2. *The provisions of subsection 1 must not be applied to*
9 *modify, directly or indirectly, any taxes levied or revenues pledged*
10 *in such a manner as to impair adversely any outstanding*
11 *obligations of any county fair and recreation board, county, city or*
12 *town that were issued before the effective date of this section,*
13 *including, without limitation, bonds, medium-term financing,*
14 *letters of credit and any other financial obligations, until all such*
15 *obligations have been discharged in full or provision for their*
16 *payment and redemption has been fully made.*

17 3. *The money deposited in the State Highway Fund pursuant*
18 *to this section must be used exclusively for the construction,*
19 *reconstruction, improvement and maintenance of public highways*
20 *in the county. The Department of Transportation shall prepare an*
21 *analysis of the expected costs and benefits of each project*
22 *proposed to be undertaken with the money deposited in the State*
23 *Highway Fund pursuant to this section.*

24 **Sec. 3.** NRS 268.0953 is hereby amended to read as follows:

25 268.0953 1. Any license tax:

26 (a) Which is levied by a city located in a county whose
27 population is 100,000 or more against any lawful trade, calling,
28 industry, occupation, profession or business conducted in that city;

29 (b) Whose proceeds are pledged for the payment of any bonds or
30 other obligations issued pursuant to the provisions of NRS
31 244A.597 to 244A.655, inclusive; and

32 (c) Which is being collected by the city on January 1, 1995,
33 ➤ must continue to be levied, collected and transmitted to the
34 county fair and recreation board created pursuant to NRS 244A.599
35 as long as any of the bonds or other obligations issued pursuant to
36 the provisions of NRS 244A.597 to 244A.655, inclusive, remain
37 outstanding and unpaid.

38 2. ~~[The]~~ *Except as otherwise provided in section 2 of this act,*
39 *the* proceeds of the license tax must be used by the county fair and
40 recreation board for the purposes set forth in NRS 244A.597 to
41 244A.655, inclusive, including the payment of any bonds or other
42 obligations issued pursuant to those provisions, and may be
43 irrevocably pledged by the county fair and recreation board to the
44 payment of bonds or other obligations issued pursuant to those
45 provisions.



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1 **Sec. 4.** Chapter 408 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 5 and 6 of this act.

3 **Sec. 5.** 1. *The Board shall adopt a plan for measuring the*
4 *performance of the Department, which must include separate sets*
5 *of performance measurements for each division of the Department*
6 *and for the Department as a whole.*

7 2. *The Director shall, not later than December 31 of each*
8 *year:*

9 (a) *Prepare a report, based upon the relevant performance*
10 *measurements adopted pursuant to subsection 1, on the level of*
11 *achievement of each division of the Department and of the*
12 *Department as a whole during the immediately preceding fiscal*
13 *year. The report must include a discussion of:*

14 (1) *The goals and objectives of the Department, and the*
15 *current status of the Department in relation to meeting those goals*
16 *and objectives;*

17 (2) *Any applicable directives from the Board or Legislature*
18 *since the most recent report prepared pursuant to this section;*

19 (3) *The scheduling, scope, cost and progress of any current*
20 *or proposed highway projects;*

21 (4) *The sources, amount and expenditure of any funding*
22 *received during the immediately preceding fiscal year;*

23 (5) *The rationale used to establish priorities for the*
24 *completion of highway projects; and*

25 (6) *Any recommendations for amendments to the plan*
26 *adopted pursuant to subsection 1.*

27 (b) *Submit the report to:*

28 (1) *The Board; and*

29 (2) *The Director of the Legislative Counsel Bureau for*
30 *transmittal to the Legislative Commission.*

31 **Sec. 6.** 1. *Before the Department submits a proposal for a*
32 *highway project to the Board for approval, the Department shall*
33 *prepare a written analysis of the costs and benefits of the project.*
34 *The analysis must state, for each highway district in which the*
35 *project is proposed:*

36 (a) *The limits of the project;*

37 (b) *The period of analysis;*

38 (c) *The discount rate used in the analysis;*

39 (d) *The initial costs of the Department for the project,*
40 *including any costs for design, engineering, the acquisition of*
41 *land and construction;*

42 (e) *The future costs of the Department to preserve and*
43 *maintain the project, discounted to present value;*

44 (f) *Any other costs of the Department for any other*
45 *construction or any mitigation associated with the project;*



(g) *The costs to highway users for any loss of safety, delays in the time of travel and costs for the operation of vehicles that are associated with the project;*

(h) *The costs of any environmental impacts, including vehicle emissions and noise, that are associated with the project; and*

(i) *The value of the benefits of the project, including the value of any:*

(1) *Savings in the time of travel;*

(2) *Improvements to safety; and*

(3) *Savings in the cost of operating vehicles.*

2. *The analysis required by this section:*

(a) *Must include a discussion of any additional increases in costs that would result from any delays in the performance of any routine maintenance scheduled under the maintenance program of the Department;*

(b) *May include a discussion of:*

(1) *The costs of the project for any other persons and governmental agencies;*

(2) *The value of any other social, economic or environmental benefits or costs of the project; and*

(3) *Any costs or benefits which may result from the use of any alternative design, construction or financing practices; and*

(c) *Must be prepared in a format that allows for the comparison of proposed highway projects.*

3. *The analysis required by this section must be made available to the Board and the public when the agenda is posted for the meeting at which the proposal will be submitted to the Board for its approval.*

4. *As used in this section, "highway project" means a project that is expected to increase the capacity of the state highway system and cost at least \$25 million.*

Sec. 7. The Department of Transportation shall, not later than December 31 of each year:

1. Prepare an annual report on all the projects undertaken with the money deposited in the State Highway Fund pursuant to section 2 of this act. The report must include:

(a) For each of those projects:

(1) The amount of that funding expended on the project.

(2) The amount of any other funding expended on the project.

(3) The timeline for the completion of the project.

(4) Specific information regarding any delays in the project as a result of any variances from the Department's projections of scheduling and costs.

(5) The status of:



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- 1 (I) The definition of the project.
- 2 (II) The preliminary engineering for the project.
- 3 (III) The environmental documentation for the project.
- 4 (IV) The acquisition of required rights-of-way for the
- 5 project.
- 6 (V) The date of advertisement for bids on the project.
- 7 (VI) The date of operational completion of the project.
- 8 (b) The total number of those projects that have been completed
- 9 and, for each completed project:
- 10 (1) Whether the project was completed early or on time.
- 11 (2) Whether the project remained within its planned scope.
- 12 (3) Whether the project was completed for less than or for
- 13 the amount of its budgeted expenses.
- 14 (4) Any specific measures of transportation improvement
- 15 resulting from the project.
- 16 2. Submit the annual report to:
- 17 (a) The Governor.
- 18 (b) The Director of the Legislative Counsel Bureau for
- 19 transmittal to the Legislative Commission.
- 20 **Sec. 8.** 1. The Director of the Department of Transportation
- 21 shall, each calendar quarter, prepare a report to supplement the
- 22 annual reports required pursuant to section 5 of this act, and submit
- 23 the quarterly report to the Board of Directors of the Department of
- 24 Transportation and the Director of the Legislative Counsel Bureau
- 25 for transmittal to the Legislative Commission. The quarterly report
- 26 must contain the following information with respect to all the "super
- 27 and mega projects" and other highway projects that the Blue Ribbon
- 28 Task Force, as created by the Board of Directors of the Nevada
- 29 Department of Transportation, identified in its report dated
- 30 December 5, 2006:
- 31 (a) For each of those projects:
- 32 (1) The amount of funding expended on the project.
- 33 (2) The timeline for the completion of the project.
- 34 (3) Specific information regarding any delays in the project
- 35 as a result of any variances from the Department's projections of
- 36 scheduling and costs.
- 37 (4) The status of:
- 38 (I) The definition of the project.
- 39 (II) The preliminary engineering for the project.
- 40 (III) The environmental documentation for the project.
- 41 (IV) The acquisition of required rights-of-way for the
- 42 project.
- 43 (V) The date of advertisement for bids on the project.
- 44 (VI) The date of operational completion of the project.



(b) The total number of those projects that have been completed and, for each completed project:

- (1) Whether the project was completed early or on time.
- (2) Whether the project remained within its planned scope.
- (3) Whether the project was completed for less than or for the amount of its budgeted expenses.

(4) Any specific measures of transportation improvement resulting from the project.

2. The Director shall cause a copy of each report prepared pursuant to this section to be posted on the Internet website of the Department when the report is submitted pursuant to subsection 1.

Sec. 9. 1. The Interim Finance Committee shall appoint a subcommittee to oversee the activities and performance of the Department of Transportation.

2. The subcommittee must:

(a) Be composed of:

(1) Two members of the Assembly Standing Committee on Ways and Means during the 74th Legislative Session; and

(2) Two members of the Senate Standing Committee on Finance during the 74th Legislative Session.

(b) Select a chairman and vice chairman from among its members.

(c) Meet at least once between every two meetings of the Interim Finance Committee and report its activities and any findings at each meeting of the Interim Finance Committee.

3. The Director of the Legislative Counsel Bureau shall provide such staff and other support as is necessary for the subcommittee to perform its duty.

4. The Department of Transportation shall cooperate with the subcommittee and provide such information and assistance as the subcommittee requests.

Sec. 10. 1. The Legislative Commission is hereby directed to appoint an interim committee to conduct a study on the feasibility of implementing toll roads, toll lanes and high-occupancy lanes in this State.

2. The interim committee must be composed of six Legislators, one of whom must be appointed as chairman of the committee, as follows:

(a) The Chairman of the Senate Committee on Transportation and Homeland Security;

(b) The Chairman of the Assembly Committee on Transportation;

(c) One member of the Senate Committee on Finance appointed by the Majority Leader of the Senate;



(d) One member of the Assembly Committee on Ways and Means appointed by the Speaker of the Assembly;

(e) One member of the Senate Committee on Taxation appointed by the Majority Leader of the Senate; and

(f) One member of the Assembly Committee on Taxation appointed by the Speaker of the Assembly.

3. The study must include, without limitation:

(a) The proposal of definitions for "governmental entity," "municipality," "toll project," "toll system," "tolling facility" and "toll district" as these terms apply to tolling endeavors.

(b) A determination of the basis for creating a toll district and how it will be governed.

(c) An examination of how a governmental entity may exercise tolling authority as a function of government instead of in a proprietary manner.

(d) A determination of who shall approve a toll project and the establishment of the procedures for approving the project.

(e) The establishment of the criteria which must be considered before a toll project is approved, including, without limitation, the feasibility of integrating the project into the existing highway system and other existing roads and streets or existing plans for a new highway, road or street.

(f) The establishment of guidelines for the conversion of a tolling facility into a nontolling facility and for connecting a private toll road to the state highway system.

(g) A determination of the authority to be granted to a governmental entity participating in a toll project, including, without limitation, the authority to enter into a contract with other governmental entities and with public or private entities, and the authority to develop rules and regulations concerning safety and procurement issues regarding the toll project.

(h) The establishment of guidelines for transferring a toll project from one governmental entity to another governmental entity.

(i) An examination of the reasonableness of giving public or private entities the ability to fund feasibility studies relating to a toll project or toll system.

(j) A determination of when audits should be performed.

(k) A determination of how tolls may be set.

(l) A determination of how to use toll project revenues and any surplus revenues.

(m) A determination of appropriate penalties for toll violations, exemptions from paying tolls and the administrative hearing process relating to violations and exemptions.

(n) A determination of what costs should be included in the construction, maintenance and improvement of a toll facility.



1 (o) The establishment of guidelines for the issuance of bonds to
2 fund a toll project, to retire debt relating to a toll project and any tax
3 exemptions which may apply.

4 4. In conducting the study, the committee shall receive periodic
5 reports from the Director of the Department of Transportation
6 concerning innovative financing and project delivery of tolling
7 endeavors.

8 5. Any recommended legislation proposed by the interim
9 committee must be approved by a majority of the members of the
10 Senate and a majority of the members of the Assembly appointed to
11 the committee.

12 6. The Legislative Commission shall submit a report of the
13 results of the study and recommended legislation to the 75th Session
14 of the Nevada Legislature.

15 **Sec. 11.** 1. This section and sections 1, 2, 3 and 7 of this act
16 become effective upon passage and approval.

17 2. Sections 4, 5, 6, 8 and 9 of this act become effective on
18 July 1, 2007.

19 3. Section 10 of this act becomes effective on October 1, 2007.

20 4. Section 9 of this act expires by limitation on December 31,
21 2008.

22 5. Section 8 of this act expires by limitation on December 31,
23 2015.

