

ASSEMBLY BILL NO. 507—COMMITTEE ON TRANSPORTATION

MARCH 28, 2011

Referred to Committee on Taxation

SUMMARY—Revises provisions relating to taxes on fuel.
(BDR 32-337)

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 fuel taxes; increasing taxes on the sale, distribution or use of motor vehicle fuel; increasing taxes on the sale of special fuels; increasing taxes on the sale or use of an emulsion of water-phased hydrocarbon fuel, liquefied petroleum gas or compressed natural gas; removing the exemption from certain requirements provided for the sale of revenue bonds secured by county taxes on fuel; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law imposes an excise tax on all motor vehicle fuel, except aviation
- 2 fuel, of 17.65 cents per gallon sold, distributed or used in this State. (NRS 365.175)
- 3 **Section 2** of this bill amends this excise tax to increase it by 2 cents to 19.65 cents
- 4 per gallon on January 1, 2012, and thereafter imposes annual increases of 2 cents
- 5 per gallon until 2016. Existing law imposes taxes on special fuels, an emulsion of
- 6 water-phased hydrocarbon fuel, liquefied petroleum gas and compressed natural
- 7 gas. Under existing law, those taxes are: (1) 27 cents per gallon for special fuel; (2)
- 8 19 cents per gallon for hydrocarbon fuel; (3) 22 cents per gallon for liquefied
- 9 petroleum gas; and (4) 21 cents per gallon for compressed natural gas. (NRS
- 10 366.190) **Section 3** of this bill increases these taxes by 2 cents per gallon each on
- 11 January 1, 2012, and thereafter imposes annual increases of 2 cents per gallon on
- 12 each tax until 2016.
- 13 Existing law exempts the sale of revenue bonds which are secured by county
- 14 fuel taxes from various requirements concerning the sale of bonds by competitive
- 15 bid or negotiated sale. (NRS 350.155) **Section 4** of this bill removes that
- 16 exemption.



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

Section 1. The Legislature hereby finds and declares that:

1. The increases in highway funding provided by the 1991 Nevada Legislature have been steadily eroded by inflation, causing the purchasing power of that funding to decrease by 57 percent since then.

2. Due to increases in the costs of highway construction, the sources of revenue currently provided for highway funding have not kept up with the needs of the State.

3. There is a shortfall of billions of dollars in the funding required for the highway projects necessary to meet the transportation needs of this State.

4. These highway projects are necessary to ensure the economic well-being of the residents and businesses of this State, to enhance driving safety and to mitigate roadway congestion and environmental impacts.

5. It is critical that a solution be found to this crisis in transportation funding.

6. It is in the public interest to provide a sufficient stream of revenue and additional methods of funding for the highway projects necessary to be completed in this State.

7. The provisions of this act will provide an improved highway system to the residents and businesses of this State and ensure the best possible return on the tax dollars collected for highway construction.

Sec. 2. NRS 365.175 is hereby amended to read as follows:

365.175 Except as otherwise provided in NRS 365.135, every supplier shall:

1. Not later than the last day of each calendar month, submit to the Department a statement of all motor vehicle fuel, except aviation fuel, sold, distributed or used by the supplier in this State during the preceding calendar month; and

2. In accordance with the provisions of NRS 365.330, pay ,
during:

(a) The calendar year commencing on January 1, 2012, an excise tax on all motor vehicle fuel, except aviation fuel, in the amount of ~~{17.65}~~ 19.65 cents per gallon so sold, distributed or used.

(b) The calendar year commencing on January 1, 2013, an excise tax on all motor vehicle fuel, except aviation fuel, in the amount of 21.65 cents per gallon so sold, distributed or used.



(c) *The calendar year commencing on January 1, 2014, an excise tax on all motor vehicle fuel, except aviation fuel, in the amount of 23.65 cents per gallon so sold, distributed or used.*

(d) *The calendar year commencing on January 1, 2015, an excise tax on all motor vehicle fuel, except aviation fuel, in the amount of 25.65 cents per gallon so sold, distributed or used.*

(e) *Each calendar year commencing on or after January 1, 2016, an excise tax on all motor vehicle fuel, except aviation fuel, in the amount of 27.65 cents per gallon so sold, distributed or used.*

Sec. 3. NRS 366.190 is hereby amended to read as follows:

366.190 1. Except as otherwise provided in subsection 2, a tax is hereby imposed *on the sale or use of special fuels during:*

(a) *The calendar year commencing on January 1, 2012, at the rate of ~~[27]~~ 29 cents per gallon . ~~{on the sale or use of special fuels.}~~*

(b) *The calendar year commencing on January 1, 2013, at the rate of 31 cents per gallon.*

(c) *The calendar year commencing on January 1, 2014, at the rate of 33 cents per gallon.*

(d) *The calendar year commencing on January 1, 2015, at the rate of 35 cents per gallon.*

(e) *Each calendar year commencing on or after January 1, 2016, at the rate of 37 cents per gallon.*

2. A tax is hereby imposed : ~~{at:}~~

(a) *On the sale or use of an emulsion of water-phased hydrocarbon fuel during:*

(1) *The calendar year commencing on January 1, 2012, at the rate of ~~[19]~~ 21 cents per gallon . ~~{on the sale or use of an emulsion of water-phased hydrocarbon fuel.}~~*

(2) *The calendar year commencing on January 1, 2013, at the rate of 23 cents per gallon.*

(3) *The calendar year commencing on January 1, 2014, at the rate of 25 cents per gallon.*

(4) *The calendar year commencing on January 1, 2015, at the rate of 27 cents per gallon.*

(5) *Each calendar year commencing on or after January 1, 2016, at the rate of 29 cents per gallon.*

(b) *On the sale or use of liquefied petroleum gas during:*

(1) *The calendar year commencing on January 1, 2012, at the rate of ~~[22]~~ 24 cents per gallon . ~~{on the sale or use of liquefied petroleum gas; and}~~*

(2) *The calendar year commencing on January 1, 2013, at the rate of 26 cents per gallon.*

(3) *The calendar year commencing on January 1, 2014, at the rate of 28 cents per gallon.*



1 (4) *The calendar year commencing on January 1, 2015, at*
2 *the rate of 30 cents per gallon.*

3 (5) *Each calendar year commencing on or after January 1,*
4 *2016, at the rate of 32 cents per gallon.*

5 (c) *On the sale or use of compressed natural gas during:*

6 (1) *The calendar year commencing on January 1, 2012, at*
7 *the rate of ~~{24}~~ 23 cents per gallon . ~~{on the sale or use of~~*
8 *~~compressed natural gas.}~~*

9 (2) *The calendar year commencing on January 1, 2013, at*
10 *the rate of 25 cents per gallon.*

11 (3) *The calendar year commencing on January 1, 2014, at*
12 *the rate of 27 cents per gallon.*

13 (4) *The calendar year commencing on January 1, 2015, at*
14 *the rate of 29 cents per gallon.*

15 (5) *Each calendar year commencing on or after January 1,*
16 *2016, at the rate of 31 cents per gallon.*

17 **Sec. 4.** NRS 350.155 is hereby amended to read as follows:

18 350.155 1. Except as otherwise provided in subsection 2, a
19 municipality shall sell the bonds it issues by competitive bid if the
20 credit rating for the bonds or any other bonds of the municipality
21 with the same security, determined without regard to insurance for
22 the bonds or any other independent enhancement of credit, is rated
23 by a nationally recognized rating service as "A-," "A," "AA,"
24 "AAA," or their equivalents, 90 days before and on the day the
25 bonds are sold and:

26 (a) The bonds are general obligation bonds;

27 (b) The primary security for the bonds is an excise tax; or

28 (c) The bonds are issued pursuant to chapter 271 of NRS and are
29 secured by a pledge of the taxing power and the general fund of the
30 municipality.

31 2. The provisions of subsection 1 and NRS 350.175 and
32 350.185 do not apply to:

33 (a) Any bond which is issued with a variable rate of interest.

34 (b) A bond issue whose principal amount is \$1,000,000 or less.

35 (c) A bond issue with a term of 3 years or less.

36 (d) A bond issue for which an invitation for competitive bids
37 was issued and for which no bids were received or all bids were
38 rejected.

39 (e) Leases, contracts for purchase by installment and certificates
40 of participation if the obligations of the municipality thereunder will
41 terminate when the municipality fails to appropriate money to pay
42 that obligation for the next fiscal year.

43 (f) Economic development revenue bonds issued pursuant to the
44 city economic development revenue bond law or the county
45 economic development revenue bond law.



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- 1 (g) Bonds sold by the municipality to:
2 (1) The United States or any agency or instrumentality
3 thereof;
4 (2) The State of Nevada;
5 (3) Any other municipality; or
6 (4) Not more than 10 investors, each of whom certifies that
7 he or she:
8 (I) Has a net worth of \$500,000 or more; and
9 (II) Is purchasing for investment and not for resale.
10 (h) Bonds which require unusual methods of financing, if the
11 chief administrative officer of the municipality certifies in writing
12 that the proposed method of financing:
13 (1) Has not been used previously by any municipality in this
14 state; and
15 (2) May provide a substantial benefit to the municipality.
16 (i) Refunding bonds, if the chief administrative officer of the
17 municipality certifies in writing that the use of a negotiated sale may
18 provide a substantial benefit to the municipality which would not be
19 available if the bonds were sold by competitive bid.
20 (j) Bonds which are sold at a time when, because of particular
21 conditions in the market, a negotiated sale may provide a benefit to
22 the municipality which would not be available if the bonds were
23 sold by competitive bid, if the chief administrative officer of the
24 municipality so certifies in writing.
25 (k) Bonds which are issued pursuant to chapter 271 of NRS and
26 are not secured by a pledge of the taxing power and general fund of
27 the municipality.
28 (l) Revenue bonds which are issued pursuant to chapter 350A of
29 NRS and are secured by a pledge of the allocable local revenues of
30 the municipality.
31 ~~[(m) Revenue bonds which are sold pursuant to chapter 373 of~~
32 ~~NRS.]~~
33 3. The certificate required by paragraph (h) of subsection 2
34 must specifically describe the proposed method of financing. The
35 certificate required by paragraph (i) of subsection 2 must
36 specifically describe the circumstances that may provide a
37 substantial benefit if the refunding bonds are negotiated. The
38 certificate required by paragraph (j) of subsection 2 must
39 specifically describe the particular conditions in the market which
40 indicate that a negotiated sale of the bonds may provide a benefit to
41 the municipality. Each certificate required pursuant to subsection 2
42 must be submitted to the governing body of the municipality at a
43 regularly scheduled meeting of that body and include:
44 (a) The estimated amount of the benefit which will accrue to the
45 municipality.



(b) If the municipality has a financial adviser, a written report prepared by that financial adviser which specifically describes the method of sale which will be used for the proposed financing.

4. A copy of:

(a) The certificate required by paragraph (h), (i) or (j) of subsection 2; and

(b) The report required pursuant to subsection 3,

➔ must be filed with the debt management commission of the county where the municipality is located, the county clerk and the Department of Taxation. Before entering into a contract to sell bonds, at least two-thirds of the members of the governing body of the municipality must approve the certificate.

5. If a municipality is required to sell the bonds it issues by competitive bid pursuant to the provisions of this section, it must cause an invitation for competitive bids, or notice thereof, to be published before the date of the sale in the daily or weekly version of the Bond Buyer, published at One State Street Plaza in New York City, New York, or any successor publication.

6. As used in this section, "invitation for competitive bids" means a process by which sealed bids or the reasonable equivalent thereof, as approved by the governing body of a municipality, are solicited, received and publicly opened at a specified time, place and date.

Sec. 5. This act becomes effective:

1. Upon passage and approval for the purpose of performing any preparatory administrative tasks that are necessary to carry out the provisions of this act; and

2. On January 1, 2012, for all other purposes.

