

ASSEMBLY BILL NO. 413—COMMITTEE ON TAXATION

MARCH 20, 2013

Referred to Committee on Taxation

SUMMARY—Revises provisions relating to taxation.
(BDR 32-1010)

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 taxation; authorizing certain larger counties to impose additional taxes on fuels for motor vehicles; providing for the administration, allocation, disbursement and use of the additional taxes; removing the exemption for the sale of revenue bonds secured by county fuel taxes from certain requirements; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes counties to impose certain taxes on motor vehicle fuels and special fuels used in motor vehicles. (Chapter 373 of NRS) **Section 1** of this bill authorizes the board of county commissioners of a county whose population is 700,000 or more and in which a regional transportation commission has been created and a county tax is imposed on motor vehicle fuel (currently Clark County) to impose additional county taxes on motor vehicle fuel and various special fuels used in motor vehicles. **Section 1** also authorizes the board of county commissioners to provide for annual increases in these taxes, for the period beginning on January 1, 2014, and ending on December 31, 2016, in an amount equal to the lesser of: (1) a percentage established by the ordinance imposing the tax; or (2) a percentage based on historical increases in the cost of highway and street construction. **Section 1** additionally provides that for the period beginning on January 1, 2017, the increases in these taxes may not be effectuated unless a majority of the voters in the county at the general election in November 2016 authorize the board of county commissioners to continue to provide for the annual increases.

Sections 2 and 4-11 of this bill require the administration, allocation, disbursement and use of these taxes in the same manner as certain existing fuel taxes. Additionally, **section 2** requires the annual review of these taxes by the regional transportation commission.

Section 3 of this bill applies the current exemptions from fuel taxes to the taxes authorized by this bill, other than the exemption for certain undyed special fuel



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which is sold or used for any purpose other than to propel a motor vehicle upon the public highways.

Section 11.5 of this bill revises provisions of existing law to remove the exemption for the sale of revenue bonds that are secured by county fuel taxes from various requirements concerning the sale of bonds by competitive bid or negotiated sale.

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

Section 1. Chapter 373 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in this section, in a county whose population is 700,000 or more and in which a commission has been created and a tax is imposed pursuant to NRS 373.030:

(a) The board may by ordinance impose:

(1) An excise tax on each gallon of motor vehicle fuel, except aviation fuel, sold in the county in an amount equal to the product obtained by multiplying 3.6 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 3.6 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year, then multiplying that sum by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the increase becomes effective.

(b) The board may by ordinance impose:

(1) An excise tax on each gallon of motor vehicle fuel, except aviation fuel, sold in the county in an amount equal to the product obtained by multiplying 1.75 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 1.75 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year,



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1 then multiplying that sum by the lesser of the applicable
2 percentage or the adjusted average highway and street
3 construction inflation index for the fiscal year in which the
4 increase becomes effective.

5 (c) The board may by ordinance impose:

6 (1) An excise tax on each gallon of motor vehicle fuel,
7 except aviation fuel, sold in the county in an amount equal to the
8 product obtained by multiplying 1 cent per gallon by the lesser of
9 the applicable percentage or the adjusted average highway and
10 street construction inflation index for the fiscal year in which the
11 ordinance becomes effective; and

12 (2) Except as otherwise provided in subsection 5, an annual
13 increase in the tax imposed pursuant to subparagraph (1), on the
14 first day of each fiscal year following the fiscal year in which that
15 tax becomes effective, in the amount determined by adding 1 cent
16 per gallon to the amount of the tax imposed pursuant to
17 subparagraph (1) during the immediately preceding fiscal year,
18 then multiplying that sum by the lesser of the applicable
19 percentage or the adjusted average highway and street
20 construction inflation index for the fiscal year in which the
21 increase becomes effective.

22 (d) The board may by ordinance impose:

23 (1) An excise tax on each gallon of motor vehicle fuel,
24 except aviation fuel, sold in the county in an amount equal to the
25 product obtained by multiplying 9 cents per gallon by the lesser of
26 the applicable percentage or the adjusted average highway and
27 street construction inflation index for the fiscal year in which the
28 ordinance becomes effective; and

29 (2) Except as otherwise provided in subsection 5, an annual
30 increase in the tax imposed pursuant to subparagraph (1), on the
31 first day of each fiscal year following the fiscal year in which that
32 tax becomes effective, in the amount determined by adding 9 cents
33 per gallon to the amount of the tax imposed pursuant to
34 subparagraph (1) during the immediately preceding fiscal year,
35 then multiplying that sum by the lesser of the applicable
36 percentage or the adjusted average highway and street
37 construction inflation index for the fiscal year in which the
38 increase becomes effective.

39 (e) The board may by ordinance impose:

40 (1) An excise tax on each gallon of motor vehicle fuel,
41 except aviation fuel, sold in the county in an amount equal to the
42 product obtained by multiplying 18.455 cents per gallon by the
43 lesser of the applicable percentage or the adjusted average
44 highway and street construction inflation index for the fiscal year
45 in which the ordinance becomes effective; and



(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 18.455 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year, then multiplying that sum by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the increase becomes effective.

(f) The board may by ordinance impose:

(1) An excise tax on each gallon of motor vehicle fuel, except aviation fuel, sold in the county in an amount equal to the product obtained by multiplying 18.4 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 18.4 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year, then multiplying that sum by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the increase becomes effective.

(g) The board may by ordinance impose:

(1) An excise tax on each gallon of special fuel that consists of an emulsion of water-phased hydrocarbon fuel sold in the county in an amount equal to the product obtained by multiplying 19 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 19 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year, then multiplying that sum by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the increase becomes effective.



(h) The board may by ordinance impose:

(1) An excise tax on each gallon of special fuel that consists of liquefied petroleum gas sold in the county in an amount equal to the product obtained by multiplying 22 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 22 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year, then multiplying that sum by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the increase becomes effective.

(i) The board may by ordinance impose:

(1) An excise tax on each gallon of special fuel that consists of compressed natural gas sold in the county in an amount equal to the product obtained by multiplying 21 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that tax becomes effective, in the amount determined by adding 21 cents per gallon to the amount of the tax imposed pursuant to subparagraph (1) during the immediately preceding fiscal year, then multiplying that sum by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the increase becomes effective.

(j) The board may by ordinance impose:

(1) An excise tax on each gallon of special fuel sold in the county, other than any special fuel described in paragraph (g), (h) or (i), in an amount equal to the product obtained by multiplying 27.75 cents per gallon by the lesser of the applicable percentage or the adjusted average highway and street construction inflation index for the fiscal year in which the ordinance becomes effective; and

(2) Except as otherwise provided in subsection 5, an annual increase in the tax imposed pursuant to subparagraph (1), on the first day of each fiscal year following the fiscal year in which that



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1 *tax becomes effective, in the amount determined by adding 27.75*
2 *cents per gallon to the amount of the tax imposed pursuant to*
3 *subparagraph (1) during the immediately preceding fiscal year,*
4 *then multiplying that sum by the lesser of the applicable*
5 *percentage or the adjusted average highway and street*
6 *construction inflation index for the fiscal year in which the*
7 *increase becomes effective.*

8 *(k) The board may by ordinance impose:*

9 *(1) An excise tax on each gallon of special fuel that consists*
10 *of liquefied petroleum gas sold in the county in an amount equal*
11 *to the product obtained by multiplying 18.3 cents per gallon by the*
12 *lesser of the applicable percentage or the adjusted average*
13 *highway and street construction inflation index for the fiscal year*
14 *in which the ordinance becomes effective; and*

15 *(2) Except as otherwise provided in subsection 5, an annual*
16 *increase in the tax imposed pursuant to subparagraph (1), on the*
17 *first day of each fiscal year following the fiscal year in which that*
18 *tax becomes effective, in the amount determined by adding 18.3*
19 *cents per gallon to the amount of the tax imposed pursuant to*
20 *subparagraph (1) during the immediately preceding fiscal year,*
21 *then multiplying that sum by the lesser of the applicable*
22 *percentage or the adjusted average highway and street*
23 *construction inflation index for the fiscal year in which the*
24 *increase becomes effective.*

25 *(l) The board may by ordinance impose:*

26 *(1) An excise tax on each gallon of special fuel that consists*
27 *of compressed natural gas sold in the county in an amount equal*
28 *to the product obtained by multiplying 18.3 cents per gallon by the*
29 *lesser of the applicable percentage or the adjusted average*
30 *highway and street construction inflation index for the fiscal year*
31 *in which the ordinance becomes effective; and*

32 *(2) Except as otherwise provided in subsection 5, an annual*
33 *increase in the tax imposed pursuant to subparagraph (1), on the*
34 *first day of each fiscal year following the fiscal year in which that*
35 *tax becomes effective, in the amount determined by adding 18.3*
36 *cents per gallon to the amount of the tax imposed pursuant to*
37 *subparagraph (1) during the immediately preceding fiscal year,*
38 *then multiplying that sum by the lesser of the applicable*
39 *percentage or the adjusted average highway and street*
40 *construction inflation index for the fiscal year in which the*
41 *increase becomes effective.*

42 *(m) The board may by ordinance impose:*

43 *(1) An excise tax on each gallon of special fuel sold in the*
44 *county, other than any special fuel described in paragraph (k) or*
45 *(l), which is taxed by the Federal Government at a rate per gallon*



1 or gallon equivalent of 24.4 cents or more, in an amount equal to
2 the product obtained by multiplying 24.4 cents per gallon by the
3 lesser of the applicable percentage or the adjusted average
4 highway and street construction inflation index for the fiscal year
5 in which the ordinance becomes effective; and

6 (2) Except as otherwise provided in subsection 5, an annual
7 increase in the tax imposed pursuant to subparagraph (1), on the
8 first day of each fiscal year following the fiscal year in which that
9 tax becomes effective, in the amount determined by adding 24.4
10 cents per gallon to the amount of the tax imposed pursuant to
11 subparagraph (1) during the immediately preceding fiscal year,
12 then multiplying that sum by the lesser of the applicable
13 percentage or the adjusted average highway and street
14 construction inflation index for the fiscal year in which the
15 increase becomes effective.

16 2. If the board adopts an ordinance authorized by this
17 section, the ordinance must impose all of the taxes authorized by
18 this section. Upon the adoption of such an ordinance, and except
19 as otherwise provided in subsection 5, no further action by the
20 board is necessary to effectuate the annual increases in the taxes
21 imposed by the ordinance.

22 3. If the board adopts an ordinance imposing the taxes
23 authorized by this section, the ordinance:

24 (a) Must be adopted on or before October 1, 2013;

25 (b) Must become effective on January 1, 2014; and

26 (c) Is not affected by any changes in the population of the
27 county which occur after the adoption of the ordinance.

28 4. The applicable percentage specified by the board for the
29 taxes imposed pursuant to this section must be the same
30 percentage for each tax imposed pursuant to this section. Except
31 as otherwise provided in subsection 5, the board may amend the
32 applicable percentage by ordinance from time to time, but any
33 such amendment must not become effective earlier than 90 days
34 after the date of the adoption of the ordinance amending the
35 applicable percentage. Except as otherwise provided in subsection
36 4 of NRS 373.120, the applicable percentage must not be amended
37 to reduce the applicable percentage at any time that bonds are
38 outstanding secured by the taxes imposed pursuant to this section.

39 5. Upon the adoption of an ordinance authorized by this
40 section:

41 (a) For the period beginning on January 1, 2014, and ending
42 on December 31, 2016, no further action by the board is necessary
43 to effectuate the annual increases in the taxes imposed by the
44 ordinance.



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(b) For the period beginning on January 1, 2017, the annual increases in the taxes imposed by the ordinance may not be effectuated unless a question is placed on the ballot at the general election on November 8, 2016, which asks the voters in the county whether to authorize the board to impose, for the period beginning on January 1, 2017, the increases authorized by this section in the taxes imposed by the ordinance and the question is approved by a majority of the registered voters voting on the question. If the question is approved by a majority of such voters, no further action by the board is necessary to effectuate the annual increases in the taxes imposed by the ordinance. If the question is not approved by a majority of such voters, the board shall not impose any additional annual increases in the taxes imposed by the ordinance after November 8, 2016, but any annual increases in the taxes imposed by the ordinance in effect on or before November 8, 2016, are not affected, amended, reduced or eliminated and must be continued for any period during which bonds are outstanding secured by the taxes imposed by the ordinance.

6. As used in this section:

(a) "Adjusted average highway and street construction inflation index" means:

(1) For the fiscal year in which an ordinance adopted pursuant to this section becomes effective, the percentage obtained by adding the average highway and street construction inflation index for that fiscal year to:

(I) If the average highway and street construction inflation index for the immediately preceding fiscal year is greater than the applicable percentage, the remainder obtained by subtracting the applicable percentage from the average highway and street construction inflation index for the immediately preceding fiscal year; or

(II) If the average highway and street construction inflation index for the immediately preceding fiscal year is less than or equal to the applicable percentage, zero; and

(2) For each fiscal year following the fiscal year in which the ordinance becomes effective, the percentage obtained by adding the average highway and street construction inflation index for that fiscal year to:

(I) If the adjusted average highway and street construction inflation index for the immediately preceding fiscal year is greater than the applicable percentage, the remainder obtained by subtracting the applicable percentage from the adjusted average highway and street construction inflation index for the immediately preceding fiscal year; or



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(II) If the adjusted average highway and street construction inflation index for the immediately preceding fiscal year is less than or equal to the applicable percentage, zero.

(b) "Applicable percentage" means the lesser of 7.8 percent or the percentage specified by the board in any ordinance imposing a tax pursuant to this section.

(c) "Average highway and street construction inflation index" means for a fiscal year the average percentage increase in the highway and street construction inflation index for the 10 calendar years immediately preceding the beginning of that fiscal year.

(d) "Highway and street construction inflation index" means:

(1) The Producer Price Index for Highway and Street Construction until that index ceased to be published; and

(2) The Producer Price Index for Other Nonresidential Construction thereafter or, if that index ceases to be published by the United States Department of Labor, the published index that most closely measures inflation in the costs of highway and street construction, as determined by the commission.

(e) "Special fuel" has the meaning ascribed to it in NRS 366.060.

Sec. 2. NRS 373.067 is hereby amended to read as follows:

373.067 1. Any ordinance that imposes a tax pursuant to:

(a) The provisions of paragraph (a) of subsection 1 of NRS 373.066 *or paragraph (a) of subsection 1 of section 1 of this act* must require the allocation, disbursement and use in the county of the proceeds of that tax in the same proportions and manner as the allocation, disbursement and use in the county of the proceeds of the tax imposed pursuant to NRS 365.180.

(b) The provisions of paragraph (b) of subsection 1 of NRS 373.066 *or paragraph (b) of subsection 1 of section 1 of this act* must require the allocation, disbursement and use in the county of the proceeds of that tax in the same proportions and manner as the allocation, disbursement and use in the county of the proceeds of the tax imposed pursuant to NRS 365.190.

(c) The provisions of paragraph (c) of subsection 1 of NRS 373.066 *or paragraph (c) of subsection 1 of section 1 of this act* must require the allocation, disbursement and use in the county of the proceeds of that tax in the same proportions and manner as the allocation, disbursement and use in the county of the proceeds of the tax imposed pursuant to NRS 365.192.

(d) Any of the provisions of paragraphs (d) to (m), inclusive, of subsection 1 of NRS 373.066 *or paragraphs (d) to (m), inclusive, of subsection 1 of section 1 of this act* must, except as otherwise required by subsection 6 of NRS 373.140, require the allocation,



disbursement and use in the county of the proceeds of that tax in the same proportions and manner as the allocation, disbursement and use in the county of the proceeds of the tax imposed pursuant to NRS 373.030.

2. Any ordinance adopted pursuant to NRS 373.066 *or section 1 of this act* must:

(a) Include a provision prohibiting the imposition of any penalties and interest for the failure to make any payments of any tax imposed by the ordinance which become due within the initial 6 months after the ordinance becomes effective. This provision must apply only to taxes imposed pursuant to NRS 373.066 *or section 1 of this act* and must not apply to any tax imposed pursuant to any other ordinance.

(b) Require the commission:

(1) To review, at a public meeting conducted after the provision of public notice and before the effective date of each annual increase imposed by the ordinance:

(I) The amount of that increase and the accuracy of its calculation;

(II) The amounts of any annual increases imposed by the ordinance in previous years and the revenue collected pursuant to those increases;

(III) Any improvements to the regional system of transportation resulting from revenue collected pursuant to any annual increases imposed by the ordinance in previous years; and

(IV) Any other information relevant to the effect of the annual increases on the public; and

(2) To submit to the board any information the commission receives suggesting that the annual increase should be adjusted.

Sec. 3. NRS 373.068 is hereby amended to read as follows:

373.068 1. Any tax imposed pursuant to the provisions of:

(a) Paragraphs (a) to (f), inclusive, of subsection 1 of NRS 373.066 *or paragraphs (a) to (f), inclusive, of subsection 1 of section 1 of this act* does not apply to any fuel described in NRS 365.220 or 365.230.

(b) Paragraphs (g) to (m), inclusive, of subsection 1 of NRS 373.066 *or paragraphs (g) to (m), inclusive, of subsection 1 of section 1 of this act* does not apply to any sales or uses described in NRS 366.200, except to any sales or uses described in subsection 1 of that section of any special fuel to which dye has not been added pursuant to federal law or the law of this State, of a type which is lawfully sold in this State both:

(1) As special fuel to which dye has been added pursuant to such law; and



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(2) As special fuel to which dye has not been added pursuant to such law.

2. Each tax imposed pursuant to NRS 373.066 *or section 1 of this act* is in addition to any other motor vehicle fuel taxes and special fuel taxes imposed pursuant to the provisions of this chapter and chapters 365, 366 and 590 of NRS, except that on the effective date of an ordinance adopted pursuant to:

(a) Paragraph (a) of subsection 1 of NRS 373.066, any tax increase imposed in that county pursuant to subparagraph (2) of paragraph (a) of subsection 1 of NRS 373.065 on the first day of the current fiscal year, and the authority to impose any additional tax increases in that county pursuant to that subparagraph on the first day of each subsequent fiscal year, expire by limitation.

(b) Paragraph (b) of subsection 1 of NRS 373.066, any tax increase imposed in that county pursuant to subparagraph (2) of paragraph (b) of subsection 1 of NRS 373.065 on the first day of the current fiscal year, and the authority to impose any additional tax increases in that county pursuant to that subparagraph on the first day of each subsequent fiscal year, expire by limitation.

(c) Paragraph (c) of subsection 1 of NRS 373.066, any tax increase imposed in that county pursuant to subparagraph (2) of paragraph (c) of subsection 1 of NRS 373.065 on the first day of the current fiscal year, and the authority to impose any additional tax increases in that county pursuant to that subparagraph on the first day of each subsequent fiscal year, expire by limitation.

(d) Paragraph (d) of subsection 1 of NRS 373.066, any tax increase imposed in that county pursuant to subparagraph (2) of paragraph (d) of subsection 1 of NRS 373.065 on the first day of the current fiscal year, and the authority to impose any additional tax increases in that county pursuant to that subparagraph on the first day of each subsequent fiscal year, expire by limitation.

Sec. 4. NRS 373.070 is hereby amended to read as follows:

373.070 1. Any fuel tax ordinance enacted under this chapter must include provisions in substance as follows:

(a) A provision imposing the additional excise tax and stating the amount of the tax per gallon of fuel.

(b) If the ordinance imposes a tax on motor vehicle fuel:

(1) Provisions identical to those contained in chapter 365 of NRS on the date of enactment of the ordinance, insofar as applicable, except that:

(I) The name of the county as taxing agency must be substituted for that of the State; and

(II) An additional supplier's license is not required.

(2) A provision that all amendments to chapter 365 of NRS subsequent to the date of enactment of the ordinance, not



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1 inconsistent with this chapter, automatically become a part of the
2 motor vehicle fuel tax ordinance of the county.

3 (c) If the ordinance imposes a tax on special fuel:

4 (1) Provisions identical to those contained in chapter 366 of
5 NRS on the date of enactment of the ordinance, insofar as applicable
6 and not inconsistent with this chapter, except that:

7 (I) The name of the county as taxing agency must be
8 substituted for that of the State;

9 (II) An additional special fuel supplier's license is not
10 required;

11 (III) The ordinance must not include any provisions
12 identical to NRS 366.175 other than the provisions relating to
13 auditing; and

14 (IV) The ordinance must include provisions which carry
15 out the requirements of paragraph (b) of subsection 1 of NRS
16 373.068 and which prohibit the refund of any tax paid on any
17 taxable sales or uses described in that paragraph.

18 (2) A provision that all amendments to chapter 366 of NRS
19 subsequent to the date of enactment of the ordinance, not
20 inconsistent with this chapter, automatically become a part of the
21 special fuel tax ordinance of the county.

22 (d) A provision that the county shall contract before the
23 effective date of the county fuel tax ordinance with the Department
24 to perform all functions incident to the administration or operation
25 of the fuel tax ordinance of the county, including, if the ordinance is
26 enacted pursuant to NRS 373.065 or 373.066, *or section 1 of this*
27 *act*, the calculation of each annual increase in the tax imposed
28 pursuant to the ordinance.

29 2. The provisions of this section do not subject any county fuel
30 taxes imposed pursuant to this chapter to the provisions of NRS
31 366.175 or any agreement made pursuant thereto, except for those
32 provisions of NRS 366.175 and any agreement made pursuant
33 thereto which relate to auditing. The administration, collection and
34 distribution of any county fuel taxes imposed pursuant to this
35 chapter do not affect, and are not affected by, the administration,
36 collection and distribution of any fuel taxes under any agreement
37 made pursuant to NRS 366.175.

38 **Sec. 5.** NRS 373.080 is hereby amended to read as follows:

39 373.080 All fuel taxes collected during any month by the
40 Department pursuant to a contract with a county must be transmitted
41 each month by the Department to the county and the Department
42 shall, in accordance with the terms of the contract, charge the county
43 for the Department's services specified in this section and in NRS
44 373.070, except that in the case of a fuel tax imposed pursuant to



1 NRS 373.065 or 373.066, *or section 1 of this act*, the charge must
2 not exceed 1 percent of the tax collected by the Department.

3 **Sec. 6.** NRS 373.110 is hereby amended to read as follows:

4 373.110 All the net proceeds of any county fuel tax:

5 1. Imposed pursuant to the provisions of NRS 373.030,
6 paragraph (d) of subsection 1 of NRS 373.065 or paragraphs (d) to
7 (m), inclusive, of subsection 1 of NRS 373.066 *or paragraphs (d) to*
8 *(m), inclusive, of subsection 1 of section 1 of this act* which are
9 received by the county pursuant to NRS 373.080 must, except as
10 otherwise provided in NRS 373.119, be deposited by the county
11 treasurer in a fund to be known as the regional street and highway
12 fund in the county treasury, and disbursed only in accordance with
13 the provisions of this chapter and chapter 277A of NRS. After
14 July 1, 1975, the regional street and highway fund must be
15 accounted for as a separate fund and not as a part of any other fund.

16 2. Imposed pursuant to the provisions of paragraph (a), (b) or
17 (c) of subsection 1 of NRS 373.065 or paragraph (a), (b) or (c) of
18 subsection 1 of NRS 373.066 *or paragraph (a), (b) or (c) of*
19 *subsection 1 of section 1 of this act* which are received by the
20 county pursuant to NRS 373.080 must be allocated, disbursed and
21 used as provided in the ordinance imposing the tax.

22 **Sec. 7.** NRS 373.119 is hereby amended to read as follows:

23 373.119 1. Except to the extent pledged before July 1, 1985,
24 the board may use that portion of the revenue collected pursuant to
25 the provisions of this chapter from any taxes imposed pursuant
26 to the provisions of NRS 373.030, paragraph (d) of subsection 1 of
27 NRS 373.065 or paragraphs (d) to (m), inclusive, of subsection 1 of
28 NRS 373.066 *or paragraphs (d) to (m), inclusive, of subsection 1*
29 *of section 1 of this act* that represents collections from the sale of
30 fuel for use in boats at marinas in the county to make capital
31 improvements or to conduct programs to encourage safety in
32 boating. If the county does not control a body of water, where an
33 improvement or program is appropriate, the board may contract with
34 an appropriate person or governmental organization for the
35 improvement or program.

36 2. Each marina shall report monthly to the Department the
37 number of gallons of motor vehicle fuel sold for use in boats. The
38 report must be made on or before the 25th day of each month for
39 sales during the preceding month.

40 **Sec. 8.** NRS 373.120 is hereby amended to read as follows:

41 373.120 1. No county fuel tax ordinance may be repealed or
42 amended or otherwise directly or indirectly modified in such a
43 manner as to impair adversely any outstanding bonds issued under
44 this chapter or other obligations incurred under this chapter, until all
45 obligations for which revenues from such ordinance have been



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pledged or otherwise made payable from such revenues pursuant to this chapter have been discharged in full, but the board, with the approval of the governing body of each participating city, may at any time dissolve the commission and provide that no further obligations may be incurred thereafter.

2. The faith of the State of Nevada is hereby pledged that this chapter, NRS 365.180 to 365.200, inclusive, and 365.562, and any law supplemental thereto, including without limitation, provisions for the distribution to any county designated in NRS 373.030, 373.065 or 373.066, *or section 1 of this act*, of the proceeds of the fuel taxes collected thereunder will not be repealed, amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding bonds issued under this chapter or other obligations incurred under this chapter, until all obligations for which any such tax proceeds have been pledged or otherwise made payable from such tax proceeds pursuant to this chapter have been discharged in full, but the State of Nevada may at any time provide by act that no further obligations may be incurred thereafter.

3. *Except as otherwise provided in subsection 4, any continuing increases in any taxes imposed pursuant to section 1 of this act must not be pledged beyond June 30 of the fiscal year that is 5 full fiscal years after bonds or other obligations secured by the taxes imposed pursuant to section 1 of this act are issued or incurred, but the taxes imposed pursuant to section 1 of this act that are in effect on that June 30 must continue to be pledged to those bonds or other obligations until they are paid in full.*

4. *At any time after bonds are issued or other obligations incurred with a pledge of the taxes imposed pursuant to section 1 of this act, the board may, except as otherwise provided in subsection 5 of section 1 of this act, by ordinance:*

(a) *Continue the pledge of the increase in taxes imposed pursuant to section 1 of this act beyond June 30 of the fiscal year that is 5 full fiscal years after bonds or other obligations secured by the taxes imposed pursuant to section 1 of this act are issued or incurred, but not beyond June 30 of the fiscal year that is 5 full fiscal years after the adoption of the ordinance pursuant to this paragraph. The process set forth in this paragraph may be repeated until all bonds or other obligations secured by the taxes imposed pursuant to section 1 of this act have been paid in full.*

(b) *Amend the ordinance imposing the tax to specify a different applicable percentage, including an applicable percentage of zero, but:*

(1) *The applicable percentage must not exceed 7.8 percent;*

(2) *The applicable percentage must not be reduced with respect to any fiscal year preceding the fiscal year following the*



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1 *effective date of an ordinance adopted pursuant to this subsection;*
2 *and*

3 *(3) The effective date of any ordinance reducing the*
4 *applicable percentage must not be sooner than the later of:*

5 *(I) June 30 of the fiscal year that is 5 full fiscal years*
6 *after bonds or other obligations secured by the taxes imposed*
7 *pursuant to section 1 of this act are issued or incurred; or*

8 *(II) June 30 of the fiscal year that is 5 full fiscal*
9 *years after the date of adoption of any ordinance pursuant to*
10 *paragraph (a).*

11 *5. As used in this section, "applicable percentage" has the*
12 *meaning ascribed to it in paragraph (b) of subsection 6 of section*
13 *1 of this act.*

14 **Sec. 9.** NRS 373.131 is hereby amended to read as follows:

15 373.131 1. Money for the payment of the cost of a project
16 within the area embraced by a regional plan for transportation
17 established pursuant to NRS 277A.210 may be obtained by the
18 issuance of revenue bonds and other revenue securities as provided
19 in subsection 2 or, subject to any pledges, liens and other contractual
20 limitations made pursuant to the provisions of this chapter and
21 chapter 277A of NRS, may be obtained by direct distribution from
22 the regional street and highway fund, except to the extent any such
23 use is prevented by the provisions of NRS 373.150, or may be
24 obtained both by the issuance of such securities and by such direct
25 distribution, as the board may determine. Money for street and
26 highway construction outside the area embraced by the plan may be
27 distributed directly from the regional street and highway fund as
28 provided in NRS 373.150.

29 2. The board or, in a county whose population is 100,000 or
30 more, a commission, may, after the enactment of any ordinance
31 authorized by the provisions of NRS 373.030, paragraph (d) of
32 subsection 1 of NRS 373.065 or paragraphs (d) to (m), inclusive, of
33 subsection 1 of NRS 373.066, *or paragraphs (d) to (m), inclusive,*
34 *of subsection 1 of section 1 of this act,* issue revenue bonds and
35 other revenue securities, on the behalf and in the name of the county
36 or the commission, as the case may be:

37 (a) The total of all of which, issued and outstanding at any one
38 time, must not be in an amount requiring a total debt service in
39 excess of the estimated receipts to be derived from the taxes
40 imposed pursuant to the provisions of NRS 373.030, paragraph (d)
41 of subsection 1 of NRS 373.065 , ~~and~~ paragraphs (d) to (m),
42 inclusive, of subsection 1 of NRS 373.066 , ~~§~~ *paragraphs (d) to*
43 *(m), inclusive, of subsection 1 of section 1 of this act and, with*
44 *respect to notes, warrants or interim debentures described in*



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1 *paragraphs (a) and (b) of subsection 6, the proceeds of bonds or*
2 *interim debentures;*

3 (b) Which must not be general obligations of the county or the
4 commission or a charge on any real estate within the county; and

5 (c) Which may be secured as to principal and interest by a
6 pledge authorized by this chapter of the receipts from the fuel taxes
7 designated in this chapter, except such portion of the receipts as may
8 be required for the direct distributions authorized by NRS 373.150.

9 3. A county or a commission as provided in subsection 2 is
10 authorized to issue bonds or other securities without the necessity of
11 their being authorized at any election in such manner and with such
12 terms as provided in this chapter.

13 4. Subject to the provisions of this chapter and chapter 277A of
14 NRS, for any project authorized therein, the board of any county
15 may, on the behalf and in the name of the county, or, in a county
16 whose population is 100,000 or more, a commission may, on behalf
17 and in the name of the commission, borrow money, otherwise
18 become obligated, and evidence obligations by the issuance of
19 bonds and other county or commission securities, and in connection
20 with the undertaking or project, the board or the commission, as the
21 case may be, may otherwise proceed as provided in the Local
22 Government Securities Law.

23 5. All such securities constitute special obligations payable
24 from the net receipts of the fuel taxes designated in this chapter
25 except as otherwise provided in NRS 373.150, and the pledge of
26 revenues to secure the payment of the securities must be limited to
27 those net receipts.

28 6. Except for:

29 (a) Any notes or warrants which are funded with the proceeds of
30 interim debentures or bonds;

31 (b) Any interim debentures which are funded with the proceeds
32 of bonds;

33 (c) Any temporary bonds which are exchanged for definitive
34 bonds;

35 (d) Any bonds which are reissued or which are refunded; and

36 (e) The use of any profit from any investment and reinvestment
37 for the payment of any bonds or other securities issued pursuant to
38 the provisions of this chapter,

39 ➤ all bonds and other securities issued pursuant to the provisions of
40 this chapter must be payable solely from the proceeds of fuel taxes
41 collected by or remitted to the county pursuant to chapter 365 of
42 NRS, as supplemented by this chapter. Receipts of the taxes levied
43 in NRS 365.180 and 365.190 and pursuant to the provisions of
44 paragraphs (a) and (b) of subsection 1 of NRS 373.065 and
45 paragraphs (a) and (b) of subsection 1 of NRS 373.066 *and*



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paragraphs (a) and (b) of subsection 1 of section 1 of this act may be used by the county for the payment of securities issued pursuant to the provisions of this chapter and may be pledged therefor. Such taxes may also be used by a commission in a county whose population is 100,000 or more for the payment of bonds or other securities issued pursuant to the provisions of this chapter and may be pledged therefor if the board of the county consents to such use. If during any period any securities payable from these tax proceeds are outstanding, the tax receipts must not be used directly for the construction, maintenance and repair of any streets, roads or other highways nor for any purchase of equipment therefor, and the receipts of the tax levied in NRS 365.190 must not be apportioned pursuant to subsection 2 of NRS 365.560 unless, at any time the tax receipts are so apportioned, provision has been made in a timely manner for the payment of such outstanding securities as to the principal of, any prior redemption premiums due in connection with, and the interest on the securities as they become due, as provided in the securities, the ordinance, in the case of securities issued by a county, or the resolution, in the case of securities issued by a commission, authorizing their issuance and any other instrument appertaining to the securities.

7. The ordinance, in the case of securities issued by a county, or the resolution, in the case of securities issued by a commission, authorizing the issuance of any bond or other revenue security under this section must describe the purpose for which it is issued at least in general terms and may describe the purpose in detail. This section does not require the purpose so stated to be set forth in the detail in which the project approved by the commission pursuant to subsection 2 of NRS 373.140 is stated, or prevent the modification by the board or commission, as the case may be, of details as to the purpose stated in the ordinance authorizing the issuance of any bond or other security after its issuance, subject to approval by the commission of the project as so modified, if such bond or other security is issued by the county and not the commission.

8. Notwithstanding any other provision of this chapter, no commission has authority to issue bonds or other securities pursuant to this chapter unless the commission has executed an interlocal agreement with the county relating to the issuance of bonds or other securities by the commission. Any such interlocal agreement must include an acknowledgment of the authority of the commission to issue bonds and other securities and contain provisions relating to the pledge of revenues for the repayment of the bonds or other securities, the lien priority of the pledge of revenues securing the bonds or other securities, and related matters.



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1 **Sec. 10.** NRS 373.140 is hereby amended to read as follows:

2 373.140 1. After the enactment of ordinances as authorized in
3 NRS 277A.170 and 373.030, all street and highway construction,
4 surfacing or resurfacing projects in the county which are proposed
5 to be financed from any county fuel tax imposed pursuant to the
6 provisions of NRS 373.030, paragraph (d) of subsection 1 of NRS
7 373.065 or paragraphs (d) to (m), inclusive, of subsection 1 of NRS
8 373.066 *or paragraphs (d) to (m), inclusive, of subsection 1 of*
9 *section 1 of this act* must first be submitted to the commission.

10 2. If the project is within the area covered by a regional plan
11 for transportation established pursuant to NRS 277A.210, the
12 commission shall evaluate it in terms of:

13 (a) The priorities established by the plan;

14 (b) The relation of the proposed work to other projects already
15 constructed or authorized;

16 (c) The relative need for the project in comparison with others
17 proposed; and

18 (d) The money available.

19 ➔ If the commission approves the project, the board may authorize
20 the project, using all or any part of the proceeds of any county fuel
21 tax authorized pursuant to the provisions of NRS 373.030,
22 paragraph (d) of subsection 1 of NRS 373.065 or paragraphs (d) to
23 (m), inclusive, of subsection 1 of NRS 373.066, *or paragraphs (d)*
24 *to (m), inclusive, of subsection 1 of section 1 of this act*, except as
25 otherwise required by subsection 6 or to the extent any such use is
26 prevented by the provisions for direct distribution required by NRS
27 373.150 or is prevented by any pledge to secure the payment of
28 outstanding bonds, other securities or other obligations incurred
29 under this chapter, and other contractual limitations appertaining to
30 such obligations as authorized by NRS 373.160, and the proceeds of
31 revenue bonds or other securities issued or to be issued as provided
32 in NRS 373.131. Except as otherwise provided in subsection 3, if
33 the board authorizes the project, the responsibilities for letting
34 construction and other necessary contracts, contract administration,
35 supervision and inspection of work and the performance of other
36 duties related to the acquisition of the project must be specified in
37 written agreements executed by the board and the governing bodies
38 of the cities and towns within the area covered by a regional plan for
39 transportation established pursuant to NRS 277A.210.

40 3. In a county in which two or more governmental entities are
41 represented on the commission, the governing bodies of those
42 governmental entities may enter into a written master agreement that
43 allows a written agreement described in subsection 2 to be executed
44 by only the commission and the governmental entity that receives
45 funding for the approved project. The provisions of a written master



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1 agreement must not be used until the governing body of each
2 governmental entity represented on the commission ratifies the
3 written master agreement.

4 4. If the project is outside the area covered by a plan, the
5 commission shall evaluate it in terms of:

6 (a) Its relation to the regional plan for transportation established
7 pursuant to NRS 277A.210, if any;

8 (b) The relation of the proposed work to other projects
9 constructed or authorized;

10 (c) The relative need for the proposed work in relation to others
11 proposed by the same city or town; and

12 (d) The availability of money.

13 ➔ If the commission approves the project, the board shall direct the
14 county treasurer to distribute the sum approved to the city or town
15 requesting the project, in accordance with NRS 373.150.

16 5. In counties whose population is less than 100,000, the
17 commission shall certify the adoption of the plan in compliance with
18 subsections 2 and 4.

19 6. The proceeds of a tax imposed pursuant to any of the
20 provisions of paragraphs (d) to (m), inclusive, of subsection 1 of
21 NRS 373.066 *or paragraphs (d) to (m), inclusive, of subsection 1*
22 *of section 1 of this act* must be expended in accordance with
23 priorities for projects established in coordination and cooperation
24 with the Department of Transportation.

25 **Sec. 11.** NRS 373.160 is hereby amended to read as follows:

26 373.160 1. The ordinance or ordinances, or the resolution or
27 resolutions, providing for the issuance of any bonds or other
28 securities issued under this chapter payable from the receipts from
29 the fuel excise taxes designated in this chapter may at the discretion
30 of the board or, in the case of bonds or other securities issued by a
31 commission, the commission, in addition to covenants and other
32 provisions authorized in the Local Government Securities Law,
33 contain covenants or other provisions as to the pledge of and the
34 creation of a lien upon the receipts of the taxes collected for the
35 county pursuant to the provisions of NRS 373.030, paragraph (d) of
36 subsection 1 of NRS 373.065 and paragraphs (d) to (m), inclusive,
37 of subsection 1 of NRS 373.066, *and paragraphs (d) to (m),*
38 *inclusive, of subsection 1 of section 1 of this act*, excluding any tax
39 proceeds to be distributed directly under the provisions of NRS
40 373.150, or the proceeds of the bonds or other securities pending
41 their application to defray the cost of the project, or both such tax
42 proceeds and security proceeds, to secure the payment of revenue
43 bonds or other securities issued under this chapter.

44 2. If the board or, in the case of bonds or other securities issued
45 by a commission, the commission, determines in any ordinance or



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1 resolution authorizing the issuance of any bonds or other securities
2 under this chapter that the proceeds of the taxes levied and collected
3 pursuant to the provisions of NRS 373.030, paragraph (d) of
4 subsection 1 of NRS 373.065 and paragraphs (d) to (m), inclusive,
5 of subsection 1 of NRS 373.066 *and paragraphs (d) to (m),*
6 *inclusive, of subsection 1 of section 1 of this act* are sufficient to
7 pay all bonds and securities, including the proposed issue, from the
8 proceeds thereof, the board or, in the case of bonds or other
9 securities issued by a commission, the commission with the consent
10 of the board as provided in subsection 6 of NRS 373.131, may
11 additionally secure the payment of any bonds or other securities
12 issued pursuant to the ordinance or resolution under this chapter by
13 a pledge of and the creation of a lien upon not only the proceeds of
14 any fuel tax authorized at the time of the issuance of such securities
15 to be used for such payment in subsection 6 of NRS 373.131, but
16 also the proceeds of any such tax thereafter authorized to be used or
17 pledged, or used and pledged, for the payment of such securities,
18 whether such tax be levied or collected by the county, the State of
19 Nevada, or otherwise, or be levied in at least an equivalent value in
20 lieu of any such tax existing at the time of the issuance of such
21 securities or be levied in supplementation thereof.

22 3. The pledges and liens authorized by subsections 1 and 2
23 extend to the proceeds of any tax collected for use by the county on
24 any fuel so long as any bonds or other securities issued under this
25 chapter remain outstanding and are not limited to any type or types
26 of fuel in use when the bonds or other securities are issued.

27 **Sec. 11.5.** NRS 350.155 is hereby amended to read as follows:

28 350.155 1. Except as otherwise provided in subsection 2, a
29 municipality shall sell the bonds it issues by competitive bid if the
30 credit rating for the bonds or any other bonds of the municipality
31 with the same security, determined without regard to insurance for
32 the bonds or any other independent enhancement of credit, is rated
33 by a nationally recognized rating service as "A-," "A," "AA,"
34 "AAA," or their equivalents, 90 days before and on the day the
35 bonds are sold and:

36 (a) The bonds are general obligation bonds;

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

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

41 2. The provisions of subsection 1 and NRS 350.175 and
42 350.185 do not apply to:

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

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

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



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

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

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

(g) Bonds sold by the municipality to:

(1) The United States or any agency or instrumentality thereof;

(2) The State of Nevada;

(3) Any other municipality; or

(4) Not more than 10 investors, each of whom certifies that he or she:

(I) Has a net worth of \$500,000 or more; and

(II) Is purchasing for investment and not for resale.

(h) Bonds which require unusual methods of financing, if the chief administrative officer of the municipality certifies in writing that the proposed method of financing:

(1) Has not been used previously by any municipality in this state; and

(2) May provide a substantial benefit to the municipality.

(i) Refunding bonds, if the chief administrative officer of the municipality certifies in writing that the use of a negotiated sale may provide a substantial benefit to the municipality which would not be available if the bonds were sold by competitive bid.

(j) Bonds which are sold at a time when, because of particular conditions in the market, a negotiated sale may provide a benefit to the municipality which would not be available if the bonds were sold by competitive bid, if the chief administrative officer of the municipality so certifies in writing.

(k) Bonds which are issued pursuant to chapter 271 of NRS and are not secured by a pledge of the taxing power and general fund of the municipality.

(l) Revenue bonds which are issued pursuant to chapter 350A of NRS and are secured by a pledge of the allocable local revenues of the municipality.

~~[(m) Revenue bonds which are sold pursuant to chapter 373 of NRS.]~~

3. The certificate required by paragraph (h) of subsection 2 must specifically describe the proposed method of financing. The certificate required by paragraph (i) of subsection 2 must



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1 specifically describe the circumstances that may provide a
2 substantial benefit if the refunding bonds are negotiated. The
3 certificate required by paragraph (j) of subsection 2 must
4 specifically describe the particular conditions in the market which
5 indicate that a negotiated sale of the bonds may provide a benefit to
6 the municipality. Each certificate required pursuant to subsection 2
7 must be submitted to the governing body of the municipality at a
8 regularly scheduled meeting of that body and include:

9 (a) The estimated amount of the benefit which will accrue to the
10 municipality.

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

14 4. A copy of:

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

17 (b) The report required pursuant to subsection 3,
18 ➔ must be filed with the debt management commission of the
19 county where the municipality is located, the county clerk and the
20 Department of Taxation. Before entering into a contract to sell
21 bonds, at least two-thirds of the members of the governing body of
22 the municipality must approve the certificate.

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

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

34 **Sec. 12.** This act becomes effective upon passage and
35 approval.

