

**MINUTES OF THE  
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Eightieth Session  
February 28, 2019**

The Senate Committee on Revenue and Economic Development was called to order by Chair Marilyn Dondero Loop at 1:37 p.m. on Thursday, February 28, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Marilyn Dondero Loop, Chair  
Senator Julia Ratti, Vice Chair  
Senator David R. Parks  
Senator Ben Kieckhefer  
Senator Heidi Seevers Gansert

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Bryan Fernley, Committee Counsel  
Barbara Williams, Committee Secretary  
Lex Thompson, Committee Secretary

**OTHERS PRESENT:**

Dagny Stapleton, Nevada Association of Counties  
Dawn Lietz, Administrator, Motor Carrier Division, Department of Motor Vehicles  
Mary Walker, Carson City; Douglas County; Lyon County; Storey County  
Paul Enos, CEO, Nevada Trucking Association  
Jeff Page, Lyon County  
Joe Mortensen, Vice Chair, Board of Commissioners, Lyon County  
Alexis Motarex, Nevada Chapter of the Associated General Contractors of America, Inc.

Andy Peterson, Retail Association of Nevada  
Michael Pelham, Nevada Taxpayers Association  
Bob Hastings, Chair, Board of Commissioners, Lyon County  
Jay Carmona, Board of Commissioners, Storey County  
Jim French, Chair, Board of Commissioners, Humboldt County  
Cliff Eklund, Board of Commissioners, Elko County  
Bob Crowell, Mayor, Carson City  
Mike Draper, Nevada Builders Alliance  
Marla McDade Williams, Churchill County  
Jon Erb, P.E., Transportation Engineering Manager, Public Works, Douglas County;  
Regional Transportation Committee, Douglas County  
Janine Hansen, Nevada Families for Freedom  
Marcus Lopez, Americans for Prosperity Nevada  
Wiz Rouzard, Americans for Prosperity Nevada  
Kevisha Matthews, Americans for Prosperity Nevada  
Nick Vander Poel, City of Fernley

CHAIR DONDERO LOOP:

I will open the hearing on Senate Bill (S.B.) 48 concerning diesel taxes.

**SENATE BILL 48**: Authorizes certain local governments to increase diesel taxes under certain circumstances. (BDR 32-481)

DAGNY STAPLETON (Nevada Association of Counties):

Senate Bill 48 is one of five bill draft requests the Nevada Association of Counties (NACO) has submitted this Legislative Session. Its purpose is to help provide critical funding for road construction and maintenance in Nevada's rural counties.

Counties in Nevada own and maintain over 65 percent of the roads in the State. For some of Nevada's rural counties, dedicated funding streams for roads meet only a fraction of the need for county road repair. The road conditions in some of those counties are dire. In a 2018 study by the American Society of Civil Engineers, Nevada roads were given an overall C grade, meaning the average condition of the roads was in fair condition. However, the report noted much of the road repair backlog is actually in Nevada's rural counties, where roads are comparatively worse than in the urban counties. We regularly hear stories from our rural county members about the condition of rural roads and the gap between available revenues and capital project needs.

You will hear directly from a handful of county representatives who are here to testify in favor of the bill today. I want to highlight just a few examples of the situation in the rural counties. In Lyon County, the cost to fix its worst roads—those rated as actually failing—is \$33 million. Available road maintenance funds are only \$2 million a year. Other rural counties are discussing removing existing street pavement and replacing with dirt roads, which are far cheaper to maintain. In Elko County, there is a \$2 million annual shortfall in its road maintenance budget even after a voter-approved gasoline tax increase.

Without the ability to raise additional revenue to address roads in rural Nevada, the gap in some rural counties between needed repairs and available funds will only grow. As roads continue to deteriorate, the cost of repairs will increase along with impacts to economic development in public safety.

Part of the reason rural counties do not have the revenue needed to fund road repairs is because they do not have the authority to impose or collect a tax on diesel fuel. Counties do have the authority to enact a 5-cent tax on regular gasoline; however, the Legislature has not enabled rural county commissions to enact a corresponding 5-cent diesel tax. That means, diesel-powered cars and trucks that fuel up and drive in rural counties do not contribute to funding those roads.

The same is not true for our urban counties. Clark County and Washoe County have enacted fuel tax indexing on a portion of their gas taxes. This indexing does include diesel. As a result, the urban counties do collect taxes from diesel vehicles to fund local roads.

Senate Bill 48 would allow rural county commissions to vote to raise a 5-cent diesel tax to fund needed improvements to local roads. Any such vote would require a two-thirds majority of the commission members; alternately, S.B. 48 would allow the commission to put a question on the ballot asking voters in the county whether they would approve the tax.

One important provision in the bill would require that any county—that chooses to raise the tax and subsequently sells greater than 10 million gallons in diesel—remit up to 10 percent of the total diesel proceeds to the Nevada Department of Transportation (NDOT) to pay for the construction of commercial truck parking along State highways. Truck parking would help ensure that

truckers have safe rest areas away from residential neighborhoods. This is an innovative solution to the problem of availability for truck parking. Throughout our State, commercial trucks are often forced to park on roadways and in residential areas during their rest periods. This legislation would be a big step forward in rectifying that issue.

I will walk you through the bill. Section 2 of S.B. 48 defines truck parking. If this bill is enacted, that provision is included. Nevada would be the first state in the Union to provide public funding for truck parking. The Nevada Trucking Association (NTA) will provide a more-detailed explanation of the need for more truck parking and the importance of this provision.

Section 3 allows counties with populations under 100,000, which are the 15 rural counties, to raise the tax either through a two-thirds vote by their commissions or a vote of the people. Subsections 4 and 5 provide details on adopting and capping the tax at 5 cents as well as the beginning date for collection of the tax if raised. Subsection 6 includes an important provision exempting red diesel from the imposed tax. Red diesel is diesel fuel dyed red to indicate it is tax-exempt. This fuel is used for certain nontaxable activities related to agriculture and mining.

Section 5 includes truck parking into those projects that are approved to be constructed using fuel taxes.

Sections 6 through 8 include the language regarding the truck parking provisions of the bill. International Fuel Tax Agreement (IFTA) is a complicated but important system allowing interstate truckers to be reimbursed for fuel taxes paid in one state if they drive into and use the fuel in another. Dawn Lietz from Department of Motor Vehicles (DMV) is here to help explain the IFTA system. Through IFTA, the dollars for truck parking will be taken out of the revenues potentially raised. The way the mechanism would work is for any county that enacts the tax and sells over 10 million gallons, up to 10 percent of the revenues would be provided to NDOT to put toward the truck parking.

Sections 9 through 14 provide this new revenue that would be administered, allocated, distributed and used in the same manner as the existing 9-cent county tax on gasoline. In terms of distribution, this tax would utilize the existing regional transportation commission (RTC) distribution to local jurisdictions within counties. That distribution has been in effect for decades.

In discussion with the DMV this week, it was determined there is a technical amendment we need to make to the bill. Dawn Lietz will explain that. Basically, the dollars for truck parking is a new mechanism, administratively, for the DMV, so there are a couple tweaks they need to make in order to carry out the bill as intended and written.

We have provided a spreadsheet showing estimated revenue for each rural county ([Exhibit C](#)) if it raised the 5-cent diesel tax and a document including resolutions in support ([Exhibit D](#)) from a number of Nevada's rural counties. This bill is a priority for our rural members. As you can see from [Exhibit D](#), many of those county commissions individually discussed the potential benefits if the bill was passed and made official statements in support. The resolutions together with people here in the audience represent 12 of the 15 rural counties that would like to indicate official support for this bill.

DAWN LIETZ (Administrator, Motor Carrier Division, Department of Motor Vehicles):

My presentation explains IFTA ([Exhibit E](#)). It is an agreement among the 48 contiguous United States and the 10 Canadian Provinces. The purpose is for uniform distribution of collection and distribution of the fuel tax revenues based on how the users of the fuel travel. Prior to IFTA, the trucking companies, also known as motor carriers, filed fuel tax returns in every jurisdiction they traveled. After IFTA, motor carriers were only required to file a single tax return in the state in which they are domiciled. They record the travel in each other jurisdiction, and their fuel purchases are netted out. A tax return is prepared for the total amount of taxes due. The taxes are redistributed based on where the fuel was actually consumed.

Slide 4 is a map of the IFTA jurisdiction showing the 5 regions. The trucking companies can travel in any of these jurisdictions, record their distance, record their fuel purchases, and then report them on their IFTA tax return.

It makes fuel tax collections easier for Nevada. Each IFTA member jurisdiction means increased taxpayer compliance. For each person filing an IFTA tax return, rather than doing them individually with the states, they file one individual return which streamlines revenue and distribution. Rather than the DMV having to go out to every state where a motor carrier may be domiciled while operating in our State and audit to make sure it is paying proper fuel taxes, it is done

through the IFTA program. Each jurisdiction is responsible for only the carriers in their region.

Jurisdictions still have individual sovereignty to set their own tax rates according to their individual road construction needs. Each quarter, if there is a change in the tax rate, the change gets uploaded into the IFTA clearing house for a matrix where the taxpayer knows the tax rate has changed for that particular jurisdiction. It makes an efficient way for the motor carrier to go in, file the tax return and make the payment.

Nevada's participation in the IFTA program means that the motor carrier deals with a single jurisdiction to file its fuel tax use, licensing and reporting as well as the auditing function.

Slide 7 explains what IFTA does for Nevada. On Slide 8 shows how IFTA helps the motor carrier.

I am here to explain how indexing and the local taxes affect the IFTA carriers. Local taxes including indexing are not included through the IFTA programs; therefore, any credit of the tax for fuel consumed outside of Nevada is not covered. *Nevada Revised Statutes* (NRS) 373.083 is explained on Slide 9, and Slide 10 explains what S.B. 48 will do.

CHAIR DONDERO LOOP:

Is there an actual definition of what constitutes diesel fuel?

Ms. LIETZ:

The friendly technical amendment that DMV is proposing will actually provide a definition for diesel.

MARY WALKER (Carson City; Douglas County; Lyon County; Storey County):

We are here to support S.B. 48. I will read my written testimony ([Exhibit F](#)). The two-thirds vote is consistent with the Legislature for new taxes. Nationally, there is a problem with the lack of truck parking. Trucks are sometimes parking in neighborhoods and we are trying to rectify that issue.

This bill addresses taxpayer inequities and road funding for rural roads. Diesel vehicles do not pay \$1 for any local roads, but gasoline vehicles pay 15.3 cents

in gas taxes. We are trying to follow existing tax distribution that has been in place since the 1980s. This is not creating a new tax distribution.

There was discussion last Session between the Nevada League of Cities and Municipalities (NLCM) and NACO regarding what tax mechanism should be used to distribute this funding between the cities and counties. What was agreed between NACO and NLCM is we would use the RTC. Senate Bill 48 continues to honor that agreement between the cities and the counties.

I have been in local government finance for about 30 years with 20 consecutive years on the Committee on Local Government Finance, which oversees various local government finance issues in this State. I have never heard or seen any problems with the RTC distribution between the cities and the counties. We have seen issues with the Consolidated Tax Distribution and other things but not the RTC distributions. For me, that was one of the benefits of using a tried-and-true method.

Decades ago, Lyon County established the RTC distribution between the City of Fernley and the County based on the proportionate share of assessed value. The chart at the bottom of [Exhibit F](#) is an example for RTC distribution based on assessed valuation for actual diesel gallons sold in 2018. I want to point out even though the City, would get 38.9 percent of proceeds based on assessed value split, the percentage of road miles is only 14.51 percent.

We would appreciate your support on S.B. 48. It is good tax policy as it addresses taxpayer inequities in rural Nevada. It only enables a rural board of county commissioners to enact the tax, either by a two-thirds majority by the elected board or the board can decide to take it to the vote of the people. It is a local issue with local taxes for local services.

CHAIR DONDERO LOOP:

The tax and figures shown on [Exhibit F](#) are pointing out Fernley and Yerington. Are the rest of the small cities in that County included in the Lyon County pot?

MARY WALKER:

Yes, the County distributes the RTC 9 cents through assessed valuation split. They have been doing this for decades, and we would continue with that distribution.

PAUL ENOS (CEO, Nevada Trucking Association):

We are here to support S.B. 48. When we use our roads in our daily lives, we drop our kids off at school, we drop off dry cleaning, we go to work or church. Oftentimes, we do not think about how important those connections outside of our little communities are. We do a tremendous amount of transportation in our rural areas. Bringing the 92 percent of all everyday goods, we use—we are not just using urban roads—roads in Elko County, Lyon County, Humboldt County and Nye County. We use roads everywhere.

I appreciate working with NACO, the supporters of this bill and the local governments trying to address problems we have. It is not just problems in rural governments; it is a problem in urban areas. I have spoken numerous times in the last few years with former Clark County Commissioner Susan Brager, North Las Vegas Mayor John Lee and Clark County Commissioner Marilyn Kirkpatrick regarding the truck parking issue in Las Vegas. In Washoe County, it is a problem when Interstate 80 is closed.

When looking at infrastructure in a broader sense, we are not just looking at the roads, we are looking at places where those trucks in Nevada—that deliver 92 percent of our freight—can go and park for truckers to get their mandated rest time. Truck drivers are limited to the amount they can drive. They can be on the road for 11 total hours a day and before their clock can restart, they need to find a place where they can rest for 10 hours.

When you have a lack of truck parking and lack of safe places for these truckers to go, where are they parking? They are parking on the interstate, on the off-ramp and in neighborhoods. Truckers are parking in places not just detrimental to the safety of all of those driving around them but, unfortunately, the safety of themselves as well.

In 2013, Jason's Law became a federal law that dealt with a truck driver who pulled over to rest in a spot in South Carolina that was not lit—his name was Jason Rivenburg and he was killed. We want to make sure the places we are constructing are safe for truckers to park. Nevada would be the first state in the Country to have money addressing this issue. Seventy-two percent of all fuel truckers buy is diesel. It is used because it is energy-dense. We can go farther with less weight with diesel fuel than with any other source. That is why diesel fuel still powers the trucking industry.



What we will pay in taxes will not just go to pay for the roads we use. It will also help solve the truck parking issue. It is not just a problem for truckers but ends up being a problem for communities and folks truckers serve as well. We have done a lot in this State in terms of truck parking. We had a freight plan we worked on with NDOT in 2016 that we adopted. It was part of the requirements for the Fixing America's Surface Transportation Act or "FAST Act." We put in a truck parking study and are about halfway through the study. We are identifying places today in the Silver State that need to have enhanced truck parking. We have a place to spend this money, have a blueprint and direction.

There are a couple of reasons we like fuel taxes. Number one, fuel taxes are difficult to evade. Truckers do not pay on where they buy the fuel but where they use the fuel—which is how IFTA is determined. If you are buying fuel in a low-tax state but using it in a high-tax state, you will pay the tax rate in the high-tax state. The trucker is not evading the tax. When you look at fuel taxes, generally, we have \$.97 of every \$1 going back to the roads. It is efficient, and we like it better than any other mechanism. We know, as truckers, the money we are paying at the pump is going back to the roads and infrastructure. Nevada has a segregated State Highway Fund constitutionally protected.

I appreciate the Committee's consideration of the bill, for this innovative plan a second time. This time, we will try to get over the finish line. We support S.B. 48 not just to pay for our roads but to address this bigger truck parking problem.

CHAIR DONDERO LOOP:

When we met before Session started, you showed me some safety statistics with truckers. Anything we can do to keep our roads safe and our truckers safe is important.

JEFF PAGE (Lyon County):

Lyon County supports S.B. 48 as presented. We understand the need for technical amendments to address concerns of the Committee and both Houses.

As already testified by NACO and Ms. Walker, Lyon County has some issues. Why do they pick on Lyon County? We are one of those counties that generated 10 million gallons or more of diesel fuel sales last year and will do so this year as well. Providing a mandate to follow a formula on how we fund the cities of Yerington and Fernley is part of the beauty of the bill. It keeps politicians honest

in future years to make sure the respected cities get what they are supposed to and provides much-needed dollars.

The possibilities of counties replacing paved or chip seal roads with gravel has also been discussed. The last several years, Lyon County has been looking at that through pavement analysis studies. The County is looking at roads not traveled a lot or that have few nearby residences and taking them from chip seal or pavement back to gravel—especially roads that are failing or at failure. We have a number of miles in that category in rural areas.

Our primary focus with the funding we receive, if this bill passes, is to address our arterials and collectors—specifically on the Highway 50 corridor from Carson City to Churchill County—and ensure we can get those paved roads back up to a standard. As an example, Dayton Valley Road has three schools plus the majority of the Dayton community population living on that road. It is failing in some spots with a cost of \$1 million a mile to repave, and the funds from this bill will go a long way to help.

It also provides for seed money for BUILD Transportation Grants—it used to be Transportation Investment Generating Economic Recovery (TIGER) grants—for shovel-ready projects. We have a number of shovel-ready projects throughout the Highway 50 corridor. This provides us seed money to meet the match for those grants.

There is the equity issue. I live in Yerington, which is the southern part of the County—the most rural portion. Within my family, I would like my sister and mother-in-law to start paying their fair share of road taxes. They own diesel vehicles and I have a gas pickup. I pay to maintain their use of the roads. The County feels it is an equitable bill.

I work for a very conservative board, Lyon County Board of Commissioners. The fact it requires a two-thirds vote of the Commissioners or goes to a vote of the people is a good thing. It provides the Board some opportunities to have discussions and make a determination which way to go. It requires a significant vote of the Board or a general election question to address the issue. There is representation on the taxation and not just government throwing more taxes out there for the sake of having taxes.

Finally, when this issue came up last Session, a number of folks in both Houses said part of our problem was we allowed development in our County. By allowing that development, we allowed them to pave; by allowing them to pave, we now have taken on a burden we should not have taken on. Initially, my reaction was not the most pleasant because that is our business. The more we thought about it, the more we realized there was some truth to what was said. Probably toward the end of this calendar year, we are bringing before the Board a bill to change our land use and development code. It will change the requirement of any subdivisions that are five-acre parcels or more from having to pave those roads to making those gravel roads. This would mean a standard so emergency vehicles can get in when needed.

While the price of oil fluctuates, the price of paving keeps going up. We realize we will never catch up where we need to be to address the issues. We can, however, start fixing some of the problems now. The passage of S.B. 48 provides us with about \$1.3 million to \$1.5 million, depending on the sales of diesel fuel. It will provide the City of Fernley about \$900,000 in addition to the \$180,000 we provide. About \$30,000 will help the City of Yerington on an annual basis. This is an opportunity for all three entities to work together to deal with road issues. For us, it is a plausible bill.

JOE MORTENSEN (Vice Chair, Board of Commissioners, Lyon County):

I have been a City Councilman for seven years and County Commissioner for ten years. I have always tried to be as fair as possible. We have thousands of diesel vehicles on the road not paying a diesel tax to the County while gas vehicles are paying 9 cents per gallon which is unfair. I want to emphasize and point out, you are not voting for a tax, you are voting to give the counties the ability to either impose up to a 5-cent tax on diesel or put it to a vote of the people. Two years ago, we were hit hard with the vote left up to the people. Our revenue sources are still limited.

We are a bedroom community for Pershing County. We have residents who travel to Pershing County to work the prisons and mines. In Churchill County, they work at the Fallon Naval Air Station and Storey County at the Tahoe-Reno Industrial Center. Washoe County, Reno-Sparks, Douglas County, Carson City residents travel various places for work. We have people who commute all over the State to work at different mines. For us to make ends meet, it is always difficult. We are trying to keep as lean a ship as possible where spending and finances are concerned.

We have considered removing the asphalt and just grading County roads. We used to grade the roads on a quarterly time schedule, but we are down to once or twice a year because of the economic situation we are in.

ALEXIS MOTAREX (Nevada Chapter of the Associated General Contractors of America, Inc.):

The Associated General Contractors of America, Inc. has long been a proponent of adequately and fairly funding road projects so we can meet the needs of Nevadans. Over the years, our cars have become more fuel efficient and the revenue structure has not kept pace with vehicle miles traveled. We have fallen woefully behind. Therefore, we support S.B. 48 as a means to help address this growing shortfall in our smaller counties.

ANDY PETERSON (Retail Association of Nevada):

What does this have to do with retail? If you are buying—groceries, pharmaceuticals, alcohol—any number of retail items, they come on a truck. We appreciate and support this bill that helps the trucking industry bring our goods to serve us.

MICHAEL PELHAM (Nevada Taxpayers Association):

I support S.B. 48. The basis for supporting this bill has been stated by several people already. Washoe County and Clark County both have diesel fuel taxes. Those taxes are indexed to inflation; however, the bill we are talking about right now does not have fuel indexing. We support the parameters of the bill in the 5-cent cap as well as the mechanism for the enactment, the two-thirds vote from the county commissioners or vote of the people. Diesel fuel vehicles do not share the cost of maintenance on local roads. This bill will change that.

Among the principles of good tax policy, we have equity, ease of compliance and administration, simplicity, neutrality, transparency, visibility, predictability, reliability and stability. The tax should have a nexus for what the revenue is being used for.

This tax is equitable. The rate would be the same across the participating counties. All vehicles will be paying the tax for roads. The compliance and administration are not overly burdensome, so collection of the tax is at the source, which in this case is the last licensed supplier and not at the pump. The tax is simplistic. It is easy to understand. There is neutrality, meaning this system is designed to raise revenue and not designed to change behavior.

There is transparency and visibility. Taxpayers will know the tax is there and will have the opportunity to have their say in the process, since the county commissioners will need multiple meetings in order to enact an ordinance. The bill is predictable, reliable and stable. Local governments should be able to determine when and how much revenue the tax will generate. Finally, there is sufficient nexus, or a close relationship to the actual tax, and what the tax will be used for.

BOB HASTINGS (Chair, Board of Commissioners, Lyon County):

When I took office six years ago, we were somewhere south of \$30 million behind in road maintenance. We are now at \$33 million, which is what you heard from NACO. This problem is not going away. It is only going to get worse for rural counties. On behalf of the Lyon County Board of Commissioners, I would like to support S.B. 48.

JAY CARMONA (Board of Commissioners, Storey County):

I am here to support S.B. 48. About 80 percent of the diesel purchased in Storey County is by truckers, so it would not heavily impact our local citizens. In 2016, we got an estimate to repair about 75 miles of roads, and it was about \$6.5 million. That was a slow economy, and I am sure that cost has gone up.

JIM FRENCH (Chair, Board of Commissioners, Humboldt County):

I represent our County Commissioners in support of S.B. 48. This bill will actually provide much-needed revenue for Humboldt County. We are falling short by about 50 percent annually to keep up just the maintenance, and that is in good years. In the bad years, like last year's spring, we had 36 system roads and 3 bridges under water at the same time. We found ourselves in the unenviable position of having to prioritize which roads we were going to open and repair. As I was traveling down here this morning for this hearing, I received an email from Paradise Valley, which is north of northern Humboldt County, and it is under water already. Senate Bill 48 is needed at this stage of the game. About 90 percent of folks I have spoken with in Humboldt County are in favor of some sort of revenue enhancements to repair and keep our roads up to speed.

CLIFF EKLUND (Board of Commissioners, Elko County):

I would like to read our letter from the Elko County Board Commissioners on page 4 of [Exhibit D](#).

We have approximately 15,000 miles of roads in Elko County. We have RTC funds, a 0.25 percent sales tax for roads and infrastructure recently voted in as well as general funding with a budget of \$6 million. That allows us maintenance, on a good year, of 1,200 miles of those 15,000 miles. This would generate approximately \$1.9 million for us. We go \$2 million in the hole every year, so this would help to bring this up to an even keel.

BOB CROWELL (Mayor, Carson City):

I am here on behalf of Carson City and the County of Carson City. Last week, our Board voted unanimously to support S.B. 48. In Carson City, there are renovations to Carson Street and Curry Street, and additional planning to complete street construction from Fifth Street in front of the Legislative Building going south to near the Highway 50 intersection.

Our City passed a 0.125 percent sales tax, which we leverage into sufficient money to redo, revitalize and complete street projects on Carson Street as well as Curry Street. Some of that money is allocated for South Carson Street as well as the other entrances into our community. South Carson Street has an \$18 million project with funding of \$7.5 million from the federal government.

Last year, we applied for a competitive TIGER grant. We were 1 of 41—out of 540—applications in the Nation to receive that grant. We have another \$5.1 million from the State pursuant to our agreement upon the freeway being mostly completed. The balance will come from our 0.125 percent sales tax or our water and sewer funds that we will be doing as well.

We collect about \$8 million in RTC funds. With the maintenance we do that other counties have talked about, that leaves us about \$2 million for major reconstruction projects. Our Pavement Condition Index is 62, which is fair. We anticipate that if nothing is done, just to maintain that construction index, we will have to have at least another \$12 million a year for major reconstruction for our roads.

You can see the damage with storms this year and flooding last year, and what it does to our roads. There are many concerns about the number of potholes in our roads. That comes out of road maintenance funds. This bill would provide approximately \$400,000 to Carson City. It is not a lot of money, but it is a step in the right direction for us, and we urge passage of S.B. 48.

MIKE DRAPER (Nevada Builders Alliance):

We represent more than 800 members around the State. We have tens of thousands of workers and employees as part of our membership. While those members see the benefits of growth and development over the last several years that our State has worked so hard to encourage, we also are intimately aware and come into contact with the problems created by that growth and development—the strain on our infrastructure. We firmly believe S.B. 48 provides a tool for many of our rural counties to address infrastructure needs in a fair and equitable way. We strongly urge the support of this bill.

MARLA MCDADE WILLIAMS (Churchill County):

The County just wants to go on record in support of this measure.

JON ERB, P.E. (Transportation Engineering Manager, Public Works, Douglas County; Regional Transportation Committee, Douglas County,):

We are in support of this bill. Douglas County has a shortfall and is continuously trying to keep up with our backlog in maintenance. With winters like we are having, you are snowplowing one day, doing flood control the next and snowplowing again. It is hard on the roads. As an engineer, these are the worst conditions you can have. Like the counties, we are all in the same boat.

CHAIR DONDERO LOOP:

I appreciate and would like to thank all of you for traveling on those roads to visit with us and submit testimony. It takes time out of your day to drive many miles, and I have driven many of those miles. It is an important subject.

JANINE HANSEN (Nevada Families for Freedom):

I live in Elko County on a dirt road which I do not anticipate will be paved. The main reason I oppose this bill is the wording under section 3 subsection 2, paragraph (a) where the last word is "or." Last Session it said "and." This bill allows the county commissioners to completely bypass the will of the people. It can either pass by county commissioners with a two-thirds vote or by will of the people. It is interesting to note less than two years and three months ago, every rural county voted overwhelmingly against gas and diesel tax increases. I have provided information showing the results in 2016 ([Exhibit G](#)).

In Churchill, Esmeralda, Eureka, Mineral, Pershing and Storey Counties, there are only three board of county commissioners. It would only take two people to raise this tax in those counties.

Many people are suffering in our Country. According to a recent Federal Reserve Survey of Household Economics and Decisionmaking, 40 percent, or 4 out of 10 people, could not cover a \$400 expense with cash savings. They are living on the edge. These people could have covered the money by borrowing or using a credit card but are unable to cover with cash savings.

In Elko County, many people have diesels because they cannot get to their house without a four-wheel drive vehicle. It is not a luxury in the rural counties, often it is a necessity. I encourage you to add, as an amendment, the word "and," so you do not bypass the spoken will of the people.

MARCUS LOPEZ (Americans for Prosperity Nevada):  
We stand in opposition to S.B. 48 allowing counties under 100,000 population to raise diesel fuel taxes.

Gas taxes, diesel or gasoline, are regressive in nature. They harm low-income families and individuals the most. It is these individuals and families who spend a higher percentage of their income on food and gas.

A report by the University of Nevada Cooperative Extension cited that "most of the food consumed in Nevada is imported from distances greater the 500 miles away" and that in 2011, "the state of Nevada imports \$93.8 million of vegetables and melons and \$195 million worth of fruits every year." Since 2012, these numbers have likely increased. Higher transportation costs will be passed on to the consumer in the form of higher prices.

If this Committee wants to tackle infrastructure problems, it should be carried out in the most efficient and effective way possible. Efforts to improve our infrastructure should focus on maximizing taxpayer dollars to cover the most ground by removing regulatory burdens that drive up cost and delay projects, while assuring there is proper oversight and accountability.

One way is to eliminate welfare for unions like prevailing wage laws and project labor agreements. State prevailing wage laws require any construction contract receiving government funds to pay wage rates predetermined by the government—typically about 20 percent above market rates—with the benefits predominantly falling to unions while fleecing taxpayers.



On behalf of over 50,000 activists in our State, we urge you to reject S.B. 48. As a grassroots organization, we will be fighting this, even if it passes. To the commissioners and all the counties, you will have a fight on your hands.

WIZ ROUZARD (Americans for Prosperity Nevada):

I ask the Committee to oppose S.B. 48. I am an ordinary citizen when talking about these taxes. The ordinary citizens are the individuals who have to pay the tax. Most people come to the State because they feel their bucks actually go the farthest, where they can enjoy the quality of life.

More taxes and regulations imposed on the trucking industry through diesel tax hit the consumers in the cost of food we consume. Clark County is the biggest consumer of food in the State, and our county will suffer. It will hurt families and individuals like myself when it comes to purchasing food.

More importantly, this protects corporate carveouts for red diesel fuel by allowing certain industries like agriculture and mining—which is the biggest industry in the State—to walk away from this and allow it to be thrown on the people. Where is fair and equitable in the dialog dealing with red diesel fuel? Why do people who are working hard, barely making it paycheck to paycheck, have to ensue this responsibility when corporate carveouts are protected?

I agree with Ms. Hansen in terms of the power this relegates to the DMV and the counties. The word "or" versus "and" really differentiates the power in this bill. It does not protect the people. It actually tells the people there is a conflict of interest if county commissioners oppose what the people voiced in 2016 in terms of rejecting taxes on diesel fuel.

I disagree with the gentleman who used his mother-in-law and sister as an example of fair share. They may use the roads less than agriculture or mining companies. Where is the fairness and equitable responsibility being advocated on their part?

I ask as a field director with Americans for Prosperity, grassroots local activist, a father and strong Nevadan to oppose this bill. This has to be reconsidered, and there has to be work done with the oversight in equitable and fair share.

KEVISHA MATTHEWS (Americans for Prosperity Nevada):

I am opposed to this bill. Gas taxes are regressive and hurt lower-income individuals who spend a large share of their income on food and gas.

MS. LIETZ:

The Motor Carrier Division, DMV, administers the fuel tax program and we are neutral on S.B. 48. There are 15 counties that will qualify to impose this additional tax. As of FY 2018, of the 15 counties with a population under 100,000, only 4 qualify for an additional 20 percent reimbursement holdback that affects IFTA. Section 7 requires, 10 million gallons of fuel sold in that county before that holdback provision is required.

The Department is working with the bill sponsors and affected stakeholders to provide a friendly technical amendment as discussed earlier. There are three sections of the bill in which we need to make technical adjustments.

First, remove the additional conditions associated with the 20 percent holdback provision in section 7, subsection 5 that refers to the truck parking. The truck parking will still be a part of this bill; however, rather than the DMV administering that part, the excess funds from the 20 percent will go back to the county. The county will make sure the funds get distributed back to NDOT, or wherever it needs to go for that truck parking provision. These additional conditions differ from the Clark County indexing and reimbursement provision already programmed into our system. Rather than creating additional programming to add this condition, we are asking the money go back to the county and the county take care of it.

Second, as pointed out earlier, there is no definition in statute for diesel. To clarify, diesel would be the only sales subject to this additional tax. It would include such diesel products as biodiesel, biodiesel mass and kerosene if blended with diesel and put into diesel-powered vehicles. It would only be on kerosene if blended as it would then become a diesel blend.

Lastly, we are asking to add language to NRS 373.080 to include section 3 providing authority for the DMV to amend the contracts with any county that enacts this diesel tax for the Department to retain 1 percent of the tax collected for its services rendered on behalf of the county. This amendment then corresponds with the contacts the Department already holds under

NRS 373.065, NRS 373.066, and NRS 373.0663 with Clark and Washoe County indexes.

The technical amendment recommendation by the Department will minimize the amount of programming needed to implement this bill if passed.

SENATOR KIECKHEFER:

Under IFTA on the tax that is paid now, are motor carriers eligible for 100 percent reimbursement for mileage accrued outside of Nevada?

Ms. LIETZ:

One hundred percent of the taxes are reconciled under IFTA. Whatever the motor carrier purchases in Nevada and consumes outside of the State is reconciled with the tax rate of the state wherein it was consumed. The difference is paid to that state. With the local taxes, that cannot be included under IFTA. The reimbursement provision was put in for Clark County in A.B. No. 413 of the 77th Session that would hold 20 percent of the index tax in the Local Fuel Tax Indexing Fund the DMV holds and eligible companies—anyone who is buying fuel in Clark County, paying that index and then consuming it outside of the State—can file for a reimbursement with the Department for the portion of the tax consumed outside of Nevada. For example, they pay a \$100 filing fee, keep their receipts for a year and then submit a reimbursement request to us. We process the reimbursement and use the 20 percent reserve to pay that indexed portion back to the company. The balance of the 20 percent at the end of the fiscal year reverts back to the County. The money is kept in an interest-bearing account. At the end of the year, Clark County gets that money plus any interest and the remaining amount not paid through reimbursements.

SENATOR KIECKHEFER:

The goal is to make sure the interstate carriers are only paying for what they use in Nevada?

Ms. LIETZ:

That is correct. The likelihood of a carrier having enough purchases to get a refund back that would be equitable is not going to happen in a small county. That is the reason for the 10 million gallon minimum. The less fuel sold in a small county, the less likely fuel is consumed outside of the State. Rather than having to build a mechanism to hold 20 percent back from a county we do not

anticipate ever seeing any reimbursements, it seemed pointless when discussing this last year. The minimum is to make sure the trucking companies that need this reimbursement would be eligible.

SENATOR KIECKHEFER:

The 20 percent threshold is my question. For example, Lyon County sold almost 52 million gallons of diesel in the last fiscal year. Is the presumption 80 percent of that was consumed on Nevada roads and 20 percent was consumed outside of Nevada? Is that why we hit the 20 percent target to get interstate carriers to 100 percent reimbursement for consumption outside of the State?

MS. LIETZ:

The provision for the 20 percent was basically an estimate. It was determined when we looked at Clark County and how many companies would likely be eligible for consuming that much fuel through the IFTA program. The 20 percent was agreed upon between the NTA and the County, and the DMV is just the administrator. We did not actually determine the 20 percent. That was a ballpark figure the County said it would be willing to reimburse. If it were to exceed that—if we get reimbursement requests that exceed 20 percent—it is on a prorated basis for those companies that filed. It was a protection for the counties so they do not have to give back more, and they could bond on the remaining 80 percent.

SENATOR KIECKHEFER:

Interstate traffic in and out of Las Vegas might look different than interstate traffic through rural Nevada. If you are driving west on Interstate 80 and fill up in Fernley, it is 50 to 60 miles to the California line. You may pay \$1 per gallon fee; the rest would be consumed outside the State, and then reimbursable. If you are driving east, you may consume almost all of the fuel in Nevada.

MS. LIETZ:

That is why the provision states fuel has to be consumed outside of Nevada. If the carrier pays the county local tax at the pump in Fernley in Lyon County, drives east and consumes all or the majority of that fuel in Nevada, the State keeps 5 cents and that county would keep the 5 cents. It would only be for the excess consumed outside of the State. If the 20 percent is not used, the counties are saying they will use that for motor carrier infrastructure within the county.

SENATOR KIECKHEFER:

Is Clark County reimbursing the full 20 percent or is it less?

Ms. LIETZ:

It is considerably less. As the index continues to grow, more and more companies will be eligible for this refund. The 20 percent was in there for a long-term projection.

SENATOR KIECKHEFER:

Motor carriers are getting the full refund amount applied for?

Ms. LIETZ:

That is correct.

NICK VANDER POEL (City of Fernley):

We are testifying in the neutral position for support, with stipulations. In attendance, I have Mayor Roy Edgington, Jr.; and watching online is City Manager Daphne Hooper. Last election, the City of Fernley had an advisory question on the ballot related to diesel fuel revenue trying to capture 5 cents in Fernley. As Ms. Walker identified, the reality is that even though 14.5 percent of the roadway in Lyon County is in Fernley, 95 percent of the fuel is pumped out of Fernley. You talk about the equity side. I do not want to talk about Consolidated Tax. I know you do not want to have that conversation today. It is another matter that we find ourselves exporting revenue outside of the City of Fernley. We look to a political reality if this does not pass in Lyon County should the City be able to capture that revenue. We are trying to bring incorporated cities and counties onto a level playing field. The City of Fernley has S.B. 61 being heard this Session.

**SENATE BILL 61**: Authorizes the imposition of a tax on diesel fuel by certain incorporated cities in this State. (BDR 32-463)

Last Legislative Session, the same thing happened as it relates to marijuana. Lyon County has a moratorium. The City of Fernley came forward, and this Body passed language that benefitted from not only the City of Fernley but the City of West Wendover as well. Elko County has a moratorium on marijuana dispensaries. We acted, they did not. Do we welcome the \$900,000? It is more than we are receiving. Absolutely, we support the bill in that concept.

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CHAIR DONDERO LOOP:

Seeing no public comment, the meeting is adjourned at 2:48 p.m.

RESPECTFULLY SUBMITTED:

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Lex Thompson,  
Committee Secretary

APPROVED BY:

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Senator Marilyn Dondero Loop, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit / # of pages</b>		<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
	B	5		Attendance Roster
S.B. 48	C	1	Dagny Stapleton / Nevada Association of Counties	Estimated Revenue Spreadsheet
S.B. 48	D	12	Dagny Stapleton / Nevada Association of Counties	County Resolutions in Support
S.B. 48	E	11	Dawn Lietz / Department of Motor Vehicles	Presentation
S.B. 48	F	1	Mary Walker / Carson City; Douglas County; Lyon County; Storey County	Written Testimony
S.B. 48	G	1	Janine Hansen / Nevada Families for Freedom	Written Testimony