

**Nevada Sustainable Transportation Funding Alternatives Study**  
**Advisory Working Group Meeting #8**

**Meeting Minutes**

**June 14, 2022**

**9:00 AM – 11:00 AM**

**Meeting Locations:**

Online-only Meeting

**1. Welcome, Call to Order**

Vice Chair Harshal Desai of Atlas welcomed AWG members and their alternates attending virtually. Vice Chair Desai read the attendance roll, declared a quorum, and called the meeting to order.

**2. Public Comment**

One public comment was submitted by e-mail from Sarah Marks, a resident of Henderson, Nevada, who has suggested the AWG consider the \$100 specialty license plate fees that are now available for electric vehicles as a drivers' contribution to roadway maintenance. Vice Chair Desai read it into the record.

**3. Preview of Today's Meeting**

Jeff Doyle, the project leader for the consulting team, outlined the agenda for the upcoming meeting.

**4. GST constraints and delivery fee research**

Travis Dunn of the consulting team gave a presentation on some new information on Governmental Services Tax (GST) implementation considerations and delivery fee research.

Bill Thomas of the RTC of Washoe County asked for clarification on the specifics of statutes that around the GST.

A question in the chat asked to check with LCB staff about whether counties could raise assessment values through statutory provisions.

**5. Transit funding and program types in other states**

Mike Rabinowitz of the consulting team gave a presentation on state level transit funding practices in other US states.

Paul Moradkhan of the Las Vegas Chamber of Commerce asked a clarification about the process local municipalities go through to tax themselves to fund transit.

Virginia Valentine of the Nevada Resort Association suggested that the project team share this information with the RTC of Southern Nevada.

Bill Thomas of the RTC of Washoe County asked whether this information would be part of the report or be used for a specific recommendation. Jeff Doyle responded that it would be included in the report as information unless the working group decides to do something more with it.

MJ Maynard of the RTC of Southern Nevada recommended that the TRAC effort be aligned with the AWG effort. Kristina Swallow of NDOT agreed.

## **6. High-level findings, recommendations, and AWG feedback**

Jeff Doyle described the high-level findings and recommendations as they currently stand. He then invited each AWG member to give their reactions.

*David Bobzien of the Governor's Office of Energy:*

For Item 1D (Increase GST) and considering ways to make the fuel tax more transparent, Mr. Bobzien believes that making the depreciation schedule more transparent is harder than trying to find ways to make the fuel tax more transparent.

For Item 1E (Near-term), specifically the choice between the flat higher annual fee for EVs and per mileage charge equal to what the average vehicle would pay in state fuel taxes. To fully support that, there's a need to look closely at the rate table in Item 3 to get the balance right and understand the schedule. If the flat fee on EVs is going to be a bridge to the future of a per mileage charge, policymakers must understand how long that needs to last. The greatest concern is knowing the pressures that will be on lawmakers when this suite of recommendations come forward. Other items could drop off quickly and then we'd just be left with Item E to try and solve all our issues.

For Item 4A (land use recommendations), the proposed commission is important, because if it comes into being, it will be looking at property tax depreciation which is driving land use patterns.

*Doug Busselman of the Nevada Farm Bureau Federation:*

Given that fuel prices are so high, and that inflation is at its highest level in the past 40 years, Mr. Busselman is not prepared to support any kind of tax increase and is adamantly opposed to Indexing.

For Item 1E (Near-term), there is potential for new revenue from vehicles that are not paying a fuel tax.

*Julie Butler of the Department of Motor Vehicles:*

The DMV's ability to implement these recommendations is going to depend on effective dates and the level of complexity that is introduced. The DMV has some general questions:

For Item 1C (increasing vehicle fees), it wasn't clear what was meant by vehicle fees. Are they registration fees? Registration and GST? The more complex these mechanisms are, the longer the lead time DMV will need. Are annual caps like property taxes where one does not pay any more past a certain threshold or does it mean it goes up every year and is capped by the percentage it can rise?

For Item 1D (increasing GST) there should be some sort of guarantee that the funds couldn't be swept by the state for other needs and would be devoted to the highway fund. Having a different rate of GST per county would add complexity for the DMV to deal with; adding complexity adds time.

For Item 1E (new mechanism to capture RUC for EVs) the DMV likes offering a choice, though there are details to consider. How would the average vehicle gas mileage be defined? What's the methodology? Does start simple mean that we're going to start with what DMV already collects in terms of the odometer or another solution? The DMV is looking at modernization though this is several years out before. The DMV could look at outsourcing options as well.

For federal funding, there should be coordination with NDOT.

For Item 2A and 3B, it's unclear what the true deficit is, is it \$500M or \$1B

*Cindy Creighton of the Nevada Taxpayers Association:*

The complexity of having different GST in different counties speaks against the Nevada Taxpayer Bill of Rights which talks about equality and transparency and that it complies across the board.

For parcel delivery fees- The thought is to capture delivery fees from Uber and Lyft for items that sales and use taxes are collected on, but does that include items like flower and auto part deliveries that have a sales tax attached to them?

For Item E (near term), how do can it be determined how many miles on a car's odometer are from driving in Nevada?

*Kyle Davis of Pinyon Public Affairs:*

Mr. Davis has been consistent in my view that the gas tax is not fundamentally flawed. The status quo is a built-in incentive to discourage consumption, to reduce pollution and to gain the most contribution from those that use the system the most. This group has an opportunity to modernize the system in a way that maintains the benefits of the gas tax but allows it to grow into the future where electric vehicles will be more prevalent. Mr. Davis supports many of these recommendations.

For Item B (index the fuel tax outside of Clark & Washoe) Indexing the gas tax to inflation on a statewide basis makes a lot of sense and is long overdue. Mr. Davis favors indexing the total fuel consumption to account for increasing fuel economy, building off the work of AB 483. Developing

the ability to implement distance-based charging is a necessary step; distance-based charging of EVs makes a lot of sense if the efficiency incentive is maintained.

For Item E (near term), Mr. Davis is concerned about distance-based charging being tied to the average vehicle, since this eliminates the incentive to purchase and use more fuel-efficient vehicles that is built into the current gas tax. The average vehicle will become more fuel efficient over time, which is why he has advocated for a fee based on the vehicle's mile per gallon or mile per gallon equivalent.

For Item F (medium term) offering an option for a distance fee or gas tax will result in less revenue collected from the most fuel if inefficient vehicles on the road.

The role of this group is to recommend a long-term solution for sustainable transportation funding that can grow and adjust as technology changes and our overall vehicle fleet transitions to zero emission. The building blocks exist in these recommendations, but we should not move entirely away from the gas tax to implement them.

*Bradley Crowell of the Nevada Department of Conservation and Natural Resources:*

For Item E (near term) getting this component right is critically important. Making sure it's synchronized with a way that the DMV can do its job effectively is essential. Recommendations need to be paired with the DMVs ability to implement.

Not moving on indexing because gas prices are high would be a short-term reaction that is not going to help solve the long-term problem. This group must join together and have some impact on getting to the solution.

Getting EV charging right is going to be iterative over time. In the near term it's important to set a flat fee that is a bit more on the higher side. It's important to avoid disincentivizing EV adoption but the flat fee needs to be something that helps address the revenue needs and is reflective of the consumers who are buying EVs now.

*Harshal Desai of Atlas*

Most of the conclusions and recommendations are aligned with previous discussions.

Everything we is based on the conclusion that Nevada has an unmet need of \$100M and we are trying to mitigate that. It would be beneficial for the final report to put enough data and transparency that defines that need.

For Item 1 (revenue mechanism recommendations) for coordinating the timing of fuel tax increases versus RTC funding, it is Mr. Desai's understanding that the implication is to extend the FRI. This group should discuss other RTC funding or ballot measures that could be initiated. We need to coordinate the timing of any new measures, otherwise the voters may think that there will be a rate increase every few years.

*Sherry Ely Mendez of the Pyramid Lake Paiute Tribe:*

For Item 1 (revenue mechanism recommendations), there should be a way to make the fuel taxes more transparent.

For Item E (near term), some clarification on how the odometer reading would work would be helpful because that's something that's already being used when registering vehicles.

For Item F (medium term), vehicles that will pay more in gas tax would not be subject to distance charges. The equity of the measures would then be more equalized but in 5 to 10 years we're not sure what that's going to look like. So, more thought in those areas is important.

The findings and conclusions tables will be helpful to visualize the discussions we've had and where we're going with the recommendation.

*Paul Enos of the Nevada Trucking Association:*

Appreciated the comments on the parcel tax today. USPS cannot be taxed, so an issue Mr. Enos has with that tax is that it could create a competitive disadvantage for the private sector.

For Item E (near term), Mr. Enos is in favor of taking the fuel tax system and applying it to EVs for the sake of equity and fairness and where there is the smallest number of taxpayers possible paying that. It's difficult to do with vehicles being charged at home. But it can be done with commercial charging stations and medium- and heavy-duty trucks can be the guinea pigs for that.

The fuel tax is the most efficient tax that we have, but Mr. Enos appreciates talking about looking at this when things moderate. It's incumbent on the AWG to make sure that taxpayers get the most out of any tax we consider. This is why he has an issue with the road usage tax and it's why he thinks the fuel tax is better.

*Jayce Farmer of the University of Nevada Las Vegas:*

While gas prices are rising, it's important to understand that drivers of EVs have to contribute to the cost of the highways.

The AWG might want to consider expanding Nevada's EV charging station corridor with a more specific study.

*Carlos Gomez of the Latino Chamber of Commerce:*

Overall, Mr. Gomez agrees with the recommendations.

For Item C (increase vehicle fees), social equity must be kept in mind.

For Item E (near term), Mr. Gomez sought confirmation that the fee is for cars, medium- and heavy vehicles, not on motorcycles and E-bikes. He agrees to start with a fair flat fee for all EVs.

For Item 2 (needs assessment) Mr. Gomez wants to confirm what the time length of the \$500M need is.

*Vince Guthreau of the Nevada Association of Counties:*

Mr. Guthreau thinks this captured the conclusions and discussions this working group has had.

Mr. Guthreau emphasized that the group should remember the way that transportation revenue is collected now. There is a local option and there are local roads that need to be looked at.

For Item 4A (statewide land use commission), Mr. Guthreau would need more details on what that commission would look like, what their authority would be and what they're tasked with looking at. He understands that the local planning process isn't perfect, but he's sure his members believe that moving it to some sort of state level component wouldn't necessarily improve the process.

*Senator Dallas Harris*

Senator Harris does not want to drive the conversation too much. The legislators will push for the recommendations from this working group regardless of how difficult they may be politically.

*Craig Madole of the Association of General Contractors- Nevada Chapter (North):*

Mr. Madole thinks that the recommendations that being discussed are in concert with what has been discussed as a group and what has decided to put forward. He thinks that the AWG is trying to look for the perfect solution and there is still a lot of work to do to turn this into an 80% solution, but that this represents being on the right path.

It was 90 years ago this month that the federal government implemented the first gas tax. It's going to be difficult to replace but it is something we've been tasked with considering.

*Chris Martinovich of Carson City/ CAMPO:*

Mr. Martinovich referenced some of the earlier comments about supporting and enabling local governments. There is a gas tax structure in place for county and local governments as well as the state, to index to collect taxes.

For Item 1E (near term) developing a formula for EVs, Mr. Martinovich thinks the gas tax structure is an excellent basis to create that. But how do those fees from EVs get distributed? If it's a fee, how does that get distributed back down? Is there a formula? Is it based on VMT?

For Item 1F (medium term), if vehicles pay more gas tax and not the distance charge or vice versa, how does that get distributed back down?

For Item 4A (land use recommendation), a specific concern is if development creates more connections and options for transportations, who is responsible for maintaining those? If it's transit and multimodal, does that pass the burden onto local jurisdictions? So, when talking about funding mechanisms it's important for AWG members to consider those different levels in modes.

*MJ Maynard of the RTC of Southern Nevada*

The RTC Board of Commissioners have varying opinions. They understand the importance of this effort and are anxious to learn more. There is sensitivity around fuel revenue indexing and the fact that indexing in Southern Nevada expires in 2026. They're asking for more information behind statewide taxing.

They've also conversations about charging for EVs, about understanding the term solution and about RUC.

For Item 4A (land use recommendations) Commissioners have gone on record that there is a sensitivity around a statewide Commission rather than leaving this at the local level.

Commissioners would like to receive a report on the recommendations before taking a position.

*Assemblywoman Monroe-Moreno*

Assemblywoman Monroe-Moreno does not want to influence decisions from the AWG. Whatever comes out of this she is committed to helping it move forward, but she wants the members to stay engaged and involved.

*Paul Moradkhan of the Las Vegas Chamber of Commerce*

The Chamber's Government Affairs committee has been briefed but hasn't taken a position yet.

For Item 1A (increase fuel tax statewide) there is a genuine concern on the sensitivity of a fuel tax increase in this moment. The timing always has an impact on these conversations

For Item 1E (near term) Mr. Moradkhan wants to ensure there's equity and contributions from both gas vehicles and EVs. There should be an effort to avoid impacting the increased use of EVs but there need to be contributions made to the road system.

Mr. Moradkhan wants to maximize the utility of federal grants that are available

For Item 4 (land use recommendations) if it's going to be successful it's important to understand the scope. The composition of the committee will be essential for its success.

Mr. Moradkhan agrees with the comments on remote delivery fees made earlier by colleagues from the Taxpayer Association and Trucking Association.

*Greg McDermott of the City of Las Vegas (for Joey Paskey):*

For Item 2 (needs assessment), the City would like to see details for the \$500M amount and what the horizon timeframe is. The City would also like more details for transit and other unmet needs. Do those include bike and ped projects?

*Julie Regan of the Tahoe Regional Planning Association*

The MPO board hasn't taken any of these up formally. Most of these don't affect Lake Tahoe very much. Mrs. Regan appreciated the formula funding discussion earlier; it would be nice to see that explored more for the final analysis of this report.

For Item 4A (land use recommendations) There is no way to solve transportation and funding problems without policy level land use considerations. A more fleshed out version of the commission would be worth teasing out. Whether it's a smart growth task force versus a land use commission, even the wording is important. It is important to the overall success of trying to maintain the transportation network around the state

*Kristopher Sanchez of Nevada Energy:*

It's important to keep in mind that the state agencies have sustained a 22% reduction because of the pandemic and that will be sustained over the next biennium. The analysis should consider the needed capacity of the appropriate state agency to administer the new programs, meet additional staff requirements and acquire new support technologies. The changes to budgetary requirements will need to be identified.

For Item 4A (land use recommendations) looking at statewide jurisdictional planning models. NV Energy is interested in exploring that further, a lot of good questions have been raised. NV Energy would like to join those conversations as they mature.

*Ann Silver of the Reno/Sparks Chamber of Commerce:*

Public education is critical when it comes to identified of the unmet statewide need. People need to understand what is being talked about in raw financial terms if they're going to be comfortable with any of these recommendations.

For Item 1E (near term), implementing a new mechanism to capture RUC of EVs and to stage for future transitions make sense. The process should start simply with odometer readings and coordinating with DMV.

For Item 4A (land use recommendations) Mrs. Silver thinks the Chamber should be involved so the voice of business is heard.



*Marie Steel of Nevada Energy:*

It's important to stick to the fundamentals and pillars. Transparency and unintended consequences must be considered.

For Item 4A (land use recommendations) Mrs. Steele wants to see more on how the commission would work and make sure it would not be constricted

*Kathleen Taylor of the Nevada Women's Business Center:*

For Item 1C (increase vehicle fees) Mrs. Taylor recommends the removal of Item 1A to increase vehicle fees since Nevada has the highest core sales tax at 8.25% in the nation and ranks 5th nationally as the most expensive state to drive in the United States.

For Item 1E (EVs) Mrs. Taylor recommends the removal of charging a higher annual fee because it penalizes Nevada drivers that are considering converting to EVs.

*Bill Thomas of the RTC of Washoe County*

Washoe and Clark Counties show that indexing is the right answer. Amounts and quantities can be debated but it's allowed the RTC to keep up with the increasing cost. There's value statewide to incentivize other counties to index their tax.

RUC is the answer and Nevada needs need a bridge to the RUC. Mr. Thomas suggests a flat fee and if the concern is to incentivize that then benchmarks can be set by which it can grow gradually.

*Virginia Valentine of the Nevada Resort Association:*

Mrs. Valentine has some concerns about what fuel taxes will look like. She's not necessarily opposed but would like to see the rate table.

RUC should start early with EVs; Mrs. Valentine agrees with those that want to see something simple.

The AWG will need some education on the \$500M unfunded need. People should have a clear sense of what they'll be paying for.

For Item 4A (land use recommendations) most counties would probably resist any kind of state level control but it's worth a discussion.

*Brian Reeder for Bill Wellman of the Nevada Contractors Association (South):*

The NCA is overall supportive, with one important change the group should consider.

For Item 1B (index statewide) the NCA agrees with indexing the entire amount of the fuel tax statewide, but it should also include Clark County and give the board of county commissioners including in Clark the authority to continue indexing. Makes sense in Washoe and Clark and it makes sense to continue to have that revenue.

*Sondra Rosenburg for Kristina Swallow of NDOT*

Many people are interested in a more detailed analysis of the unfunded need; this will be conveyed to this group once it's ready.

Cost of construction is also going up with fuel prices. Revenue is going down on a per mile basis and it's becoming less equitable. Anything that is done for gas taxes and RUC does not address providing alternatives. There are needs for non-highway needs which are important to keep in mind.

Environmental incentives are nice and important, but they are secondary. EVs are not just avoiding gas taxes but the full gas price, so adding more fees to EVs does mean that EVs are still saving money but not paying for gas at all. The state does expect a huge uptick in new EVs and hybrids.

#### **7. Public Comment**

There were no public comments.

#### **8. Adjournment**

Vice Chair Desai adjourned the meeting.