

Funding Transportation & Infrastructure for the Next Generation

Nevada Sustainable Transportation Funding Study

February 15, 2022



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NV Department of Transportation

Agenda

- 1 Nevada's Transportation Funding Situation
- 2 Sustainable Transportation Funding Study & Advisory Working Group
- 3 Guiding Revenue Principles
- 4 Next Steps for the Advisory Working Group

Nevada's growing population and broader inflation in construction costs are straining the existing system.

Population Growth

Source: US Census Bureau, ACS

15%

Nevada Population Increase, 2010 - 2020

7%

US Population Increase 2010 - 2020



US Construction Costs

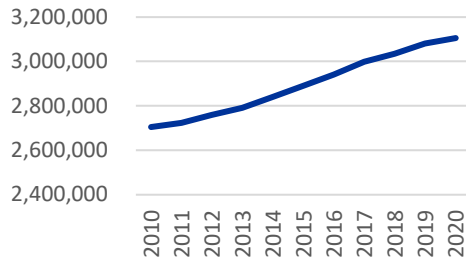


15%

Increase Jan. 2020 - Oct. 2021

Source: FRED Economic Data, 2021

NV Population Growth 2010 - 2020



Vehicle Miles Traveled

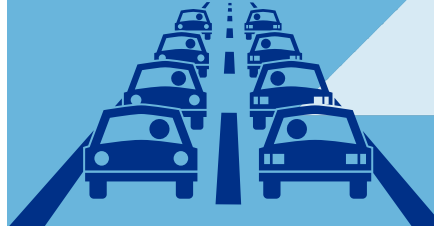
U.S. Federal Highway Administration

34%

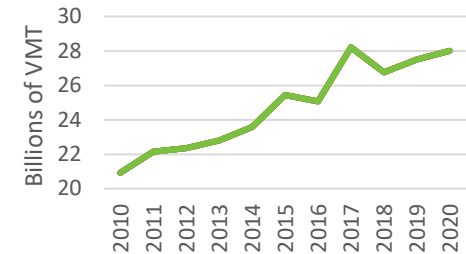
Statewide Increase 2010 - 2020

11%

US Increase 2010 - 2020

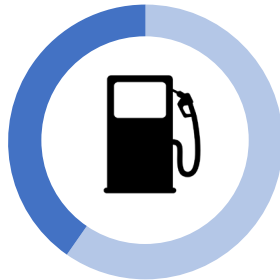


NV Vehicle Miles Traveled 2010 - 2020



The gas tax remains the largest single source of transportation funding in Nevada.

Transportation Revenue Sources – State of Nevada



42%

Fuel Taxes

*State gas taxes and special
fuels (diesel) taxes*



34%

Taxes on Vehicles and Drivers

*Vehicle registration fees,
Motor carrier fees, Drivers'
license fees*



24%

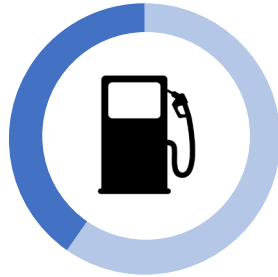
All Other Taxes and Fees

*DMV & Public Safety revenue,
Other taxes and fees*

**Bond proceeds not included because they are not "revenues collected"*

Counties are also heavily reliant on gas tax revenue.

Transportation Revenue Sources – Counties



39%

Fuel Taxes

Mandatory and optional county gas taxes; Inflation indexes on gas tax and special fuels tax (Clark and Washoe); and Alternative Fuels taxes



43%

Taxes on Vehicles and Drivers

County taxes, licenses and fees on motor vehicles, primarily the county portion of the governmental services tax



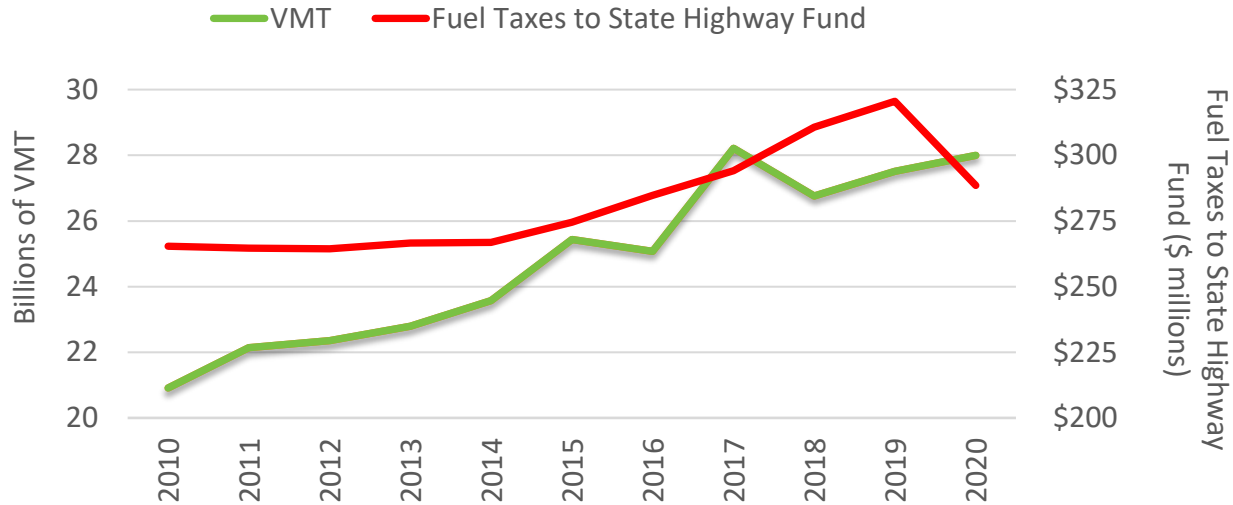
9%*

All Other Taxes and Fees

Impact fees, sales tax, etc.

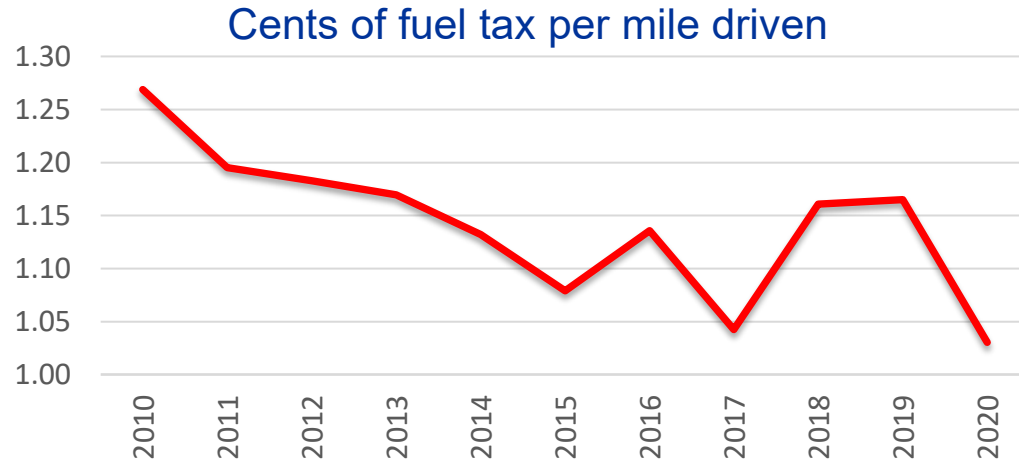
Transportation revenue is not keeping pace with the system costs and demands.


State and federal gas tax rates have not been increased since the early 1990's.



The erosion in gas tax revenue will accelerate as more vehicles use less gasoline (or no gas at all).

A new generation of drivers, vehicles, technologies, and fuel sources has arrived. A next-generation funding method is needed to pay for the roads.



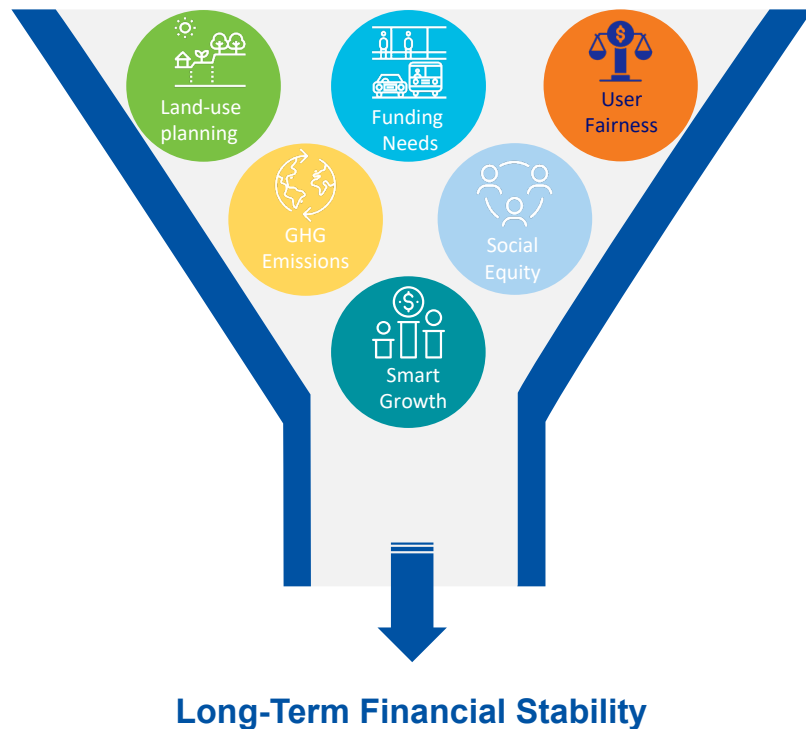


Formation and workplan

**Sustainable Transportation Funding
Study & Advisory Working Group**

Legislature directed NDOT to conduct an in-depth study of sustainable transportation funding.

- Assembly Bill 413 (2021) directs the Nevada DOT to convene an Advisory Working Group (AWG) to study transportation needs of the state and recommend sustainable funding options.
- The momentum behind this AWG traces to SCR3 from 2019, which directed a study on transportation funding and electric vehicles.



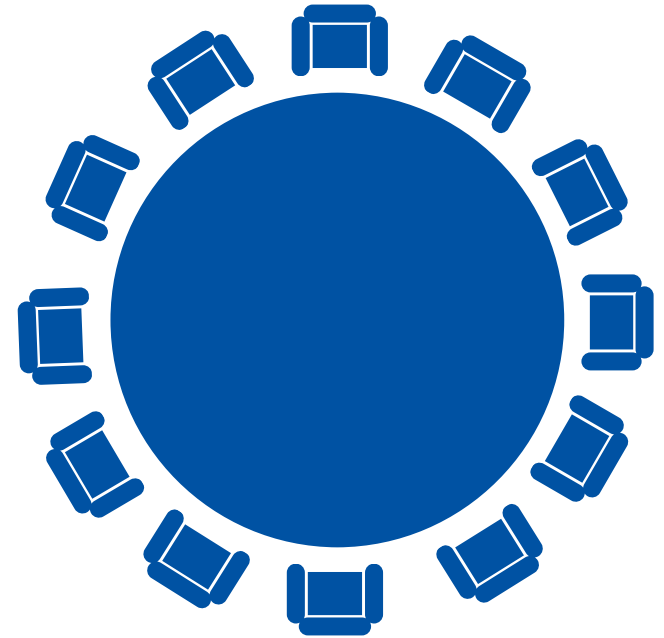
Legislative study:

- An examination of the financial sustainability of the **State Highway Fund** must be undertaken and the recommendations must be included in the final report due to the Legislature by December 31, 2022. This must include an assessment of at least **two alternative transportation funding approaches** that have been identified.
- **Consistent with AB 413**, new approaches to **multimodal** transportation funding **for all users** must take into account the need to improve **social equity, user equity**, and reduce **GHG emissions**. Finally, the role that **land use and smart growth** strategies can play must be considered.

Advisory Working Group Membership: 29 members

Organizations and Expertise Identified in AB 413:

- Metropolitan planning organizations;
- Environmental agencies and organizations;
- Clean energy;
- Tax policy expertise;
- Local, county, tribal, state and federal agencies with expertise in transportation and clean energy;
- The Chairs of the Nevada Senate and Assembly Standing Committees on Growth and Infrastructure;
- Organized labor;
- Local chambers of commerce;
- The Nevada Resort Association;
- Entities that represent or promote the interests of minority groups in Nevada.



Meeting schedule & objectives

Each AWG meeting has an overall objective, with specific agenda items and outcomes to support that objective and reach key project milestones.





Advisory Working Group's
**Transportation Revenue Guiding
Principles and Options**

AWG's Transportation Revenue Guiding Principles

What are they and how were they determined?

- Aspirational outcomes
- Serve as a “ruler” to measure how different funding mechanisms perform (i.e., the degree to which the revenue mechanisms can achieve the desired outcomes)
- AWG members crafted and unanimously adopted these in November 2021.

Guiding Principles for Future Transportation Revenue Sources

Alone or in combination, transportation revenue sources should be capable of:



Financial Sustainability: Yielding sufficient revenue that correlates with ongoing maintenance needs; and demand for future transportation needs, regardless of changes in population, vehicle technologies, ownership, travel patterns, fuel sources, or consumer spending.



Sufficiency: Generating sufficient revenue over targeted investment timeframes for existing and future transportation infrastructure needs.



User Equity: Recovering a proportionate share of the costs from those who use the transportation network.



Social Equity: Improving the distributional impact on historically underserved communities and low-income households.



Flexibility: Funding a wide range of transportation-related projects, programs, or priorities across various agencies to meet the needs of system users across all modes.



Greenhouse Gas Emissions: Aligning with state transportation GHG reduction goals.



Transparency/ Efficiency and Ease of Compliance: Simple to explain, with awareness of how funds are used, cost-effective, and readily administered at statewide and local levels.

Revenue mechanisms being analyzed:



Fuel taxes

1. Increase rate of flat per-gallon excise tax
2. Add inflation index to flat per-gallon excise tax rate
3. Add fuel efficiency index to flat per-gallon excise tax
4. Add sales tax based on price of fuel
5. Add variable-rate excise tax based on price of fuel



Vehicle fees

6. Increase basic license fee
7. Increase value-based rate of governmental services tax
8. Add fee based on vehicle weight
9. Add fee based on vehicle fuel economy rating
10. Add fee based on vehicle engine type
11. Add fee based on vehicle age



Usage-based fees

Direct

12. Add a distance-based charge for light-duty vehicles
13. Add a weight-distance-based charge for medium- and heavy-duty vehicles

Indirect

14. Add a tax on batteries
15. Add a tax on tires
16. Add a tax on EV electricity consumed

Other

17. Value added tax on goods movement
18. Parcel delivery fees
19. Ride-share surcharges
20. Cordon charges in urban areas
21. Carbon tax
22. Street utility fee
23. Payroll tax
24. Land use impact fees
25. General funds

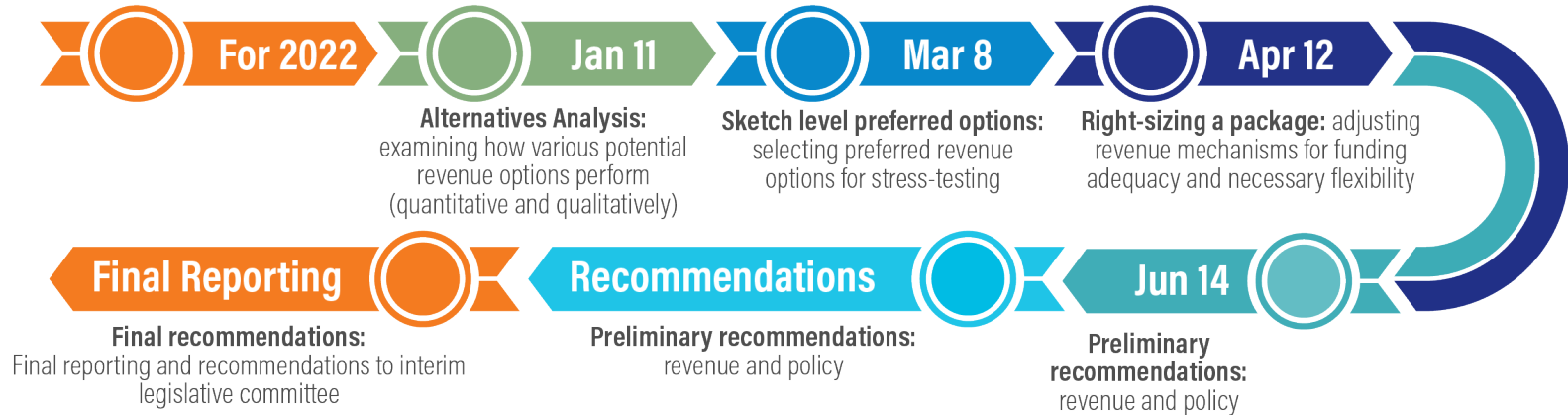


Advisory Working Group and the Study

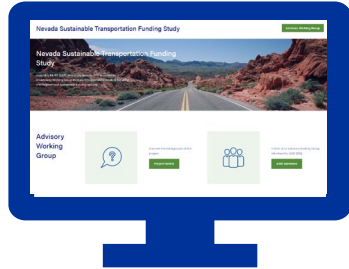
Next Steps

Study timeline and next steps

The AWG met on Tuesday, January 11 to review the analysis and begin narrowing the list of potential sustainable transportation revenue sources.



More information:



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