



# Nevada Sustainable Transportation Funding Study

Presentation to Nevada Association of County Officials

*September 28, 2022*



Sondra Rosenberg  
Deputy Director, Nevada Department of Transportation

## **AB 413 – Legislative direction for this study**

“The Advisory Working Group shall study during the 2021-2022 interim:

- (a) The needs of all users of different modes of transportation, including bicyclists, pedestrians, drivers of motor vehicles and public transit users;
- (b) Social and user transportation equity;
- (c) The reduction of greenhouse gas emissions;
- (d) The sustainability of the State Highway Fund including, without limitation, an analysis of the Natural Resources Defense Council funding model presented to the Legislative Committee on Energy on August 24, 2020, and Utah’s Road Usage Charge Program; and
- (e) The role of land use and smart growth strategies in reducing transportation emissions and improving system efficiency and equity.”

# Advisory Working Group Membership

## **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.



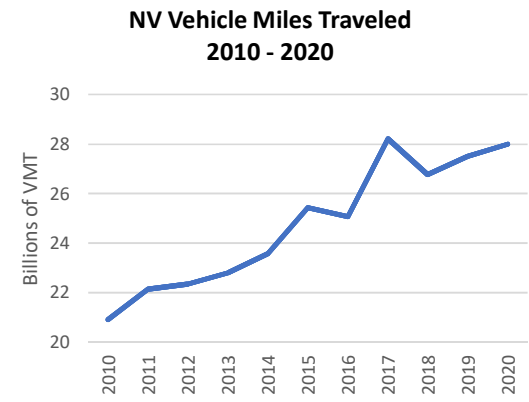
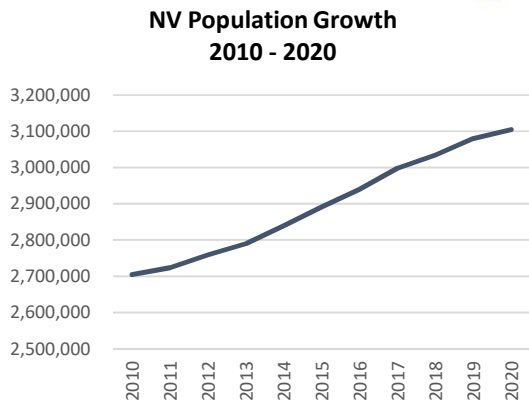


# The Sustainable Transportation Funding Study is in the final stretch

The Advisory Working Group last met in June to discuss their preferences on which options to recommend to the Legislature.

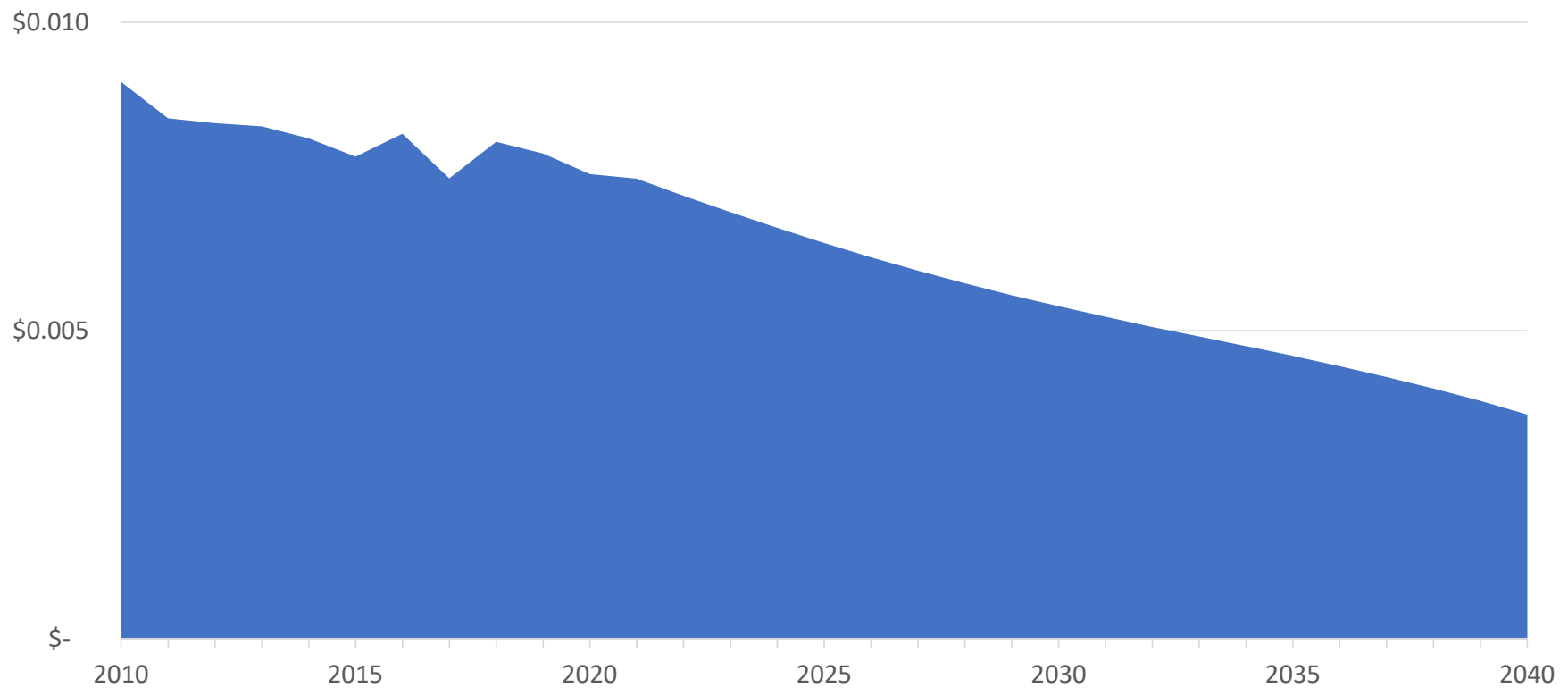


Nevada's growing population and broader inflation in construction costs are straining the existing system.



The state gasoline tax currently generates about 0.8 cents for each mile driven by vehicles on Nevada's roads. In less than 20 years, per-mile revenue will decline 50%.

State Excise Gasoline Tax Per VMT (2010 – 2040)



## **Transportation Funding Needs Analysis**

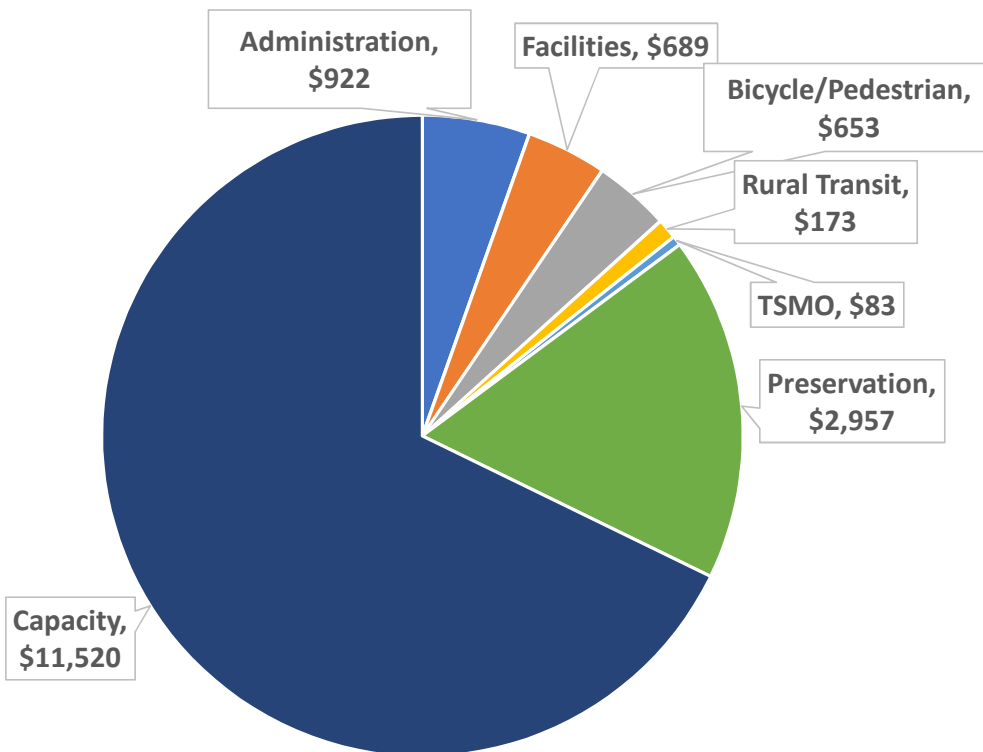
- Independent, planning level assessment of the transportation needs
- Needs are described across high-level categories over a ten-year period.
- Reviewed and classified needs in existing plans and interviewed transportation planning stakeholders
- Completed a revenue forecast for the next 10-years based on existing sources
- Identified low and high scenarios for unfunded backlog

## What this Transportation Funding Needs Analysis is Not

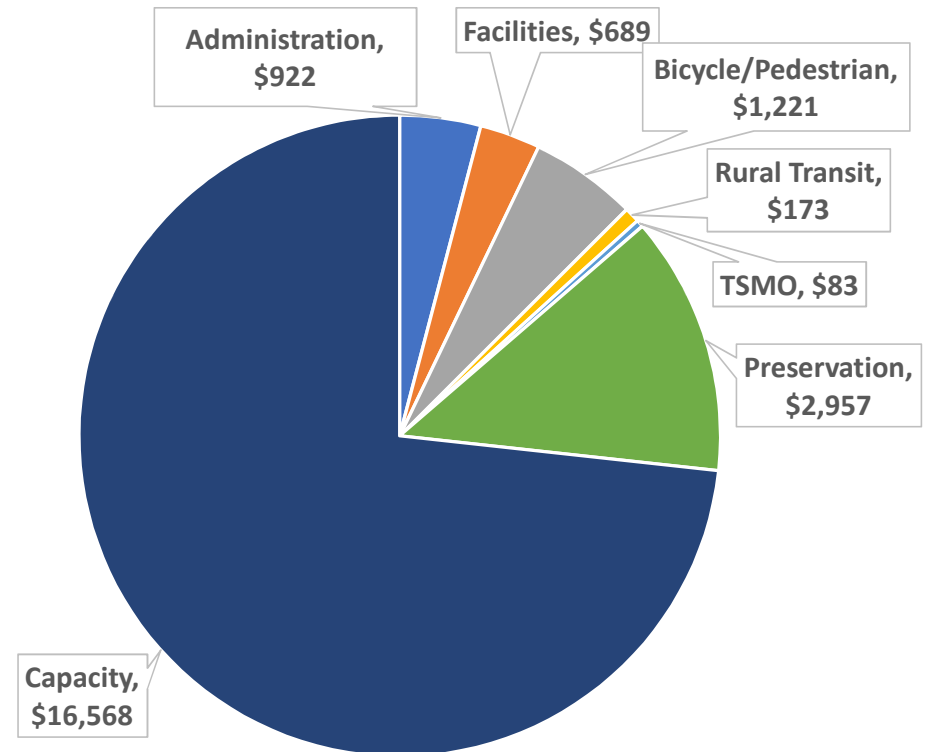
- NOT a compilation of engineering level cost estimates for projects
- NOT a comprehensive inclusion of all ideas/projects being discussed
- NOT a travel model driven exercise on forecast needs from growth of population, development and VMT
- Categories NOT estimated in this analysis:
  - Local roadway operations and expansion,
  - Aviation,
  - Railroads,
  - Other Transportation Technologies.
- Urban transit needs were studied but NOT included in the final assessment.



# Transportation Funding Needs Summary



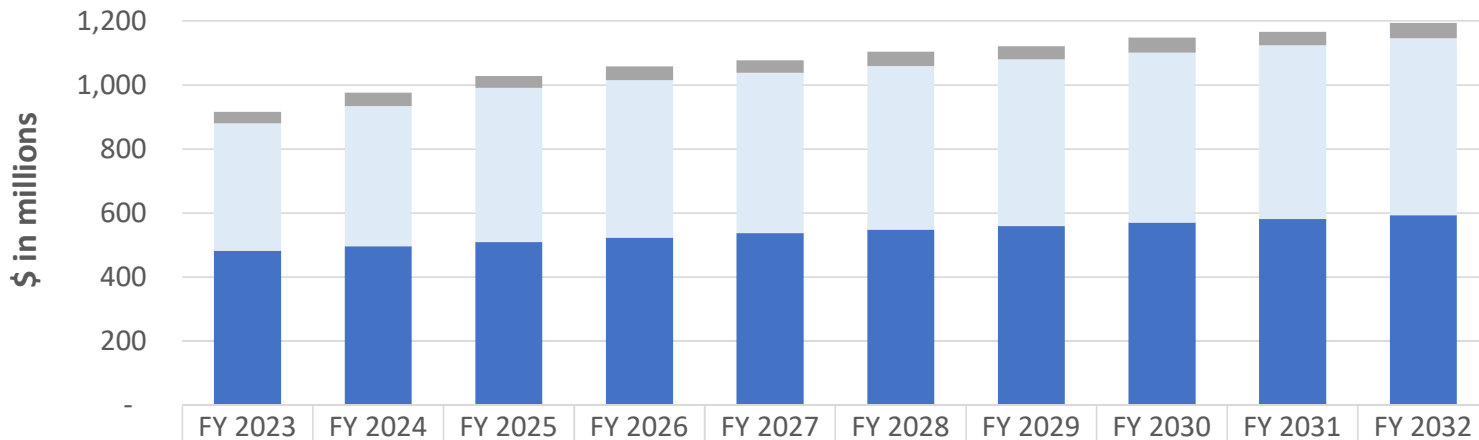
Low Estimate (MM) – Total \$16,997



High Estimate (MM) – Total \$22,613

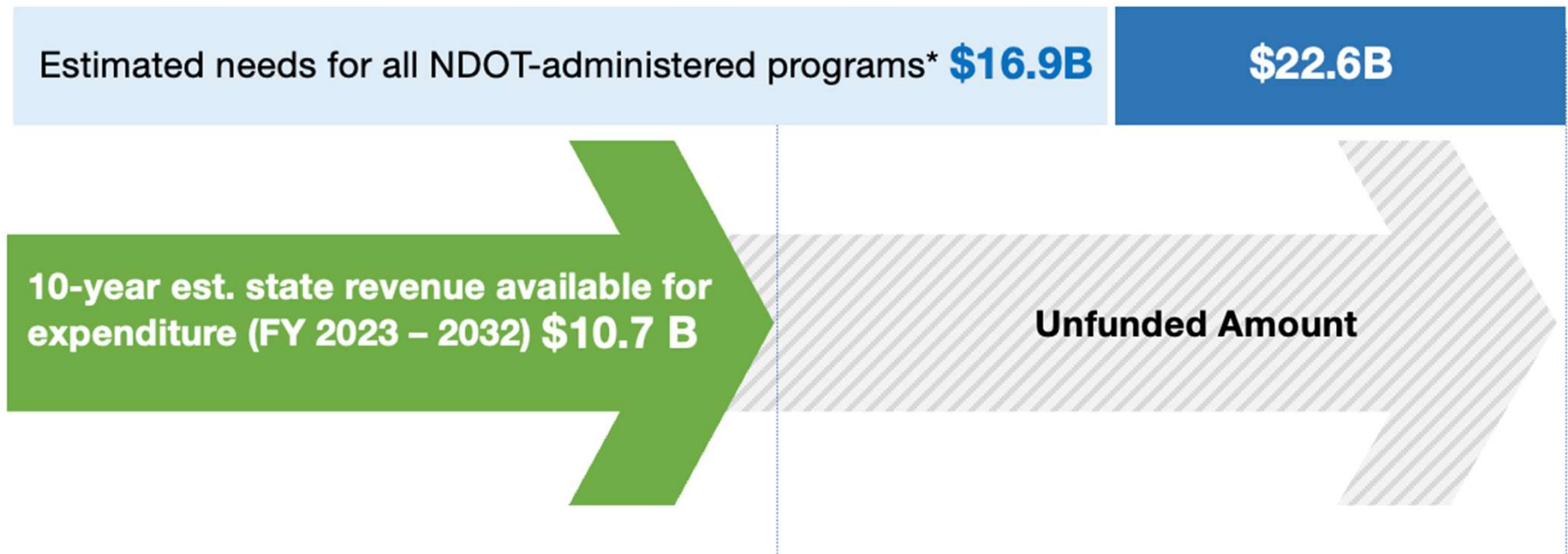
## Revenue Forecast and Inflation

- Revenue projection provides a baseline to compare with transportation needs in NDOT’s sphere.
- Estimate is based on an analysis of all relevant revenue sources that NDOT expects to receive.
- Ten-year revenue estimate is \$10.7B.
- Inflation: used the Federal Highway Administration’s National Highway Construction Cost Index (NHCCI)



	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Other Revenue Sources	35	42	38	44	39	45	41	47	43	48
Federal Aid Reimbursement	398	438	482	491	501	511	521	532	542	553
NDOT State Highway Funds	482	495	509	523	537	547	558	569	581	592
<b>Total</b>	<b>915</b>	<b>975</b>	<b>1,028</b>	<b>1,058</b>	<b>1,077</b>	<b>1,103</b>	<b>1,120</b>	<b>1,148</b>	<b>1,166</b>	<b>1,194</b>

## Unfunded Backlog: Estimated 10-year needs compared to forecasted revenues



*\*Includes all state-funded transportation projects and programs, including NDOT operations, bicycle/pedestrian, and rural transit*

Low Estimate  
High Estimate

# 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.

# All revenue mechanisms were 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



# Six remaining revenue options for analysis and consideration

## Longer-term sustainable statewide revenue sources

- Distance-based charge for light-duty vehicles (RUC)
- Increase value-based rate of governmental services tax (GST) *f*

## Near-term statewide revenue sources

- Increase rate of flat per-gallon gas and diesel excise tax
- Increase the basic vehicle license fee for all vehicles
- Add inflation index to flat per-gallon excise tax rate
- Distance-based charge for EVs (RUC), with option to pay flat fee for unlimited mileage in lieu of RUC

## Better suited as local revenue sources

- Street utility fee *f*
- Cordon charge in urbanized areas
- Ride-share surcharges + *f*
- Land use impact fees +

## No longer under consideration

- Parcel delivery fee + *f*
- Add a tax on tires *f*
- Add fee based on vehicle engine type
- Land use impact fees
- Carbon tax + *f*
- Add fee based on vehicle weight
- Add fee based on vehicle fuel economy rating
- Add fee based on vehicle age
- Weight-distance-based charged for medium- and heavy-duty vehicles
- Taxes on electricity consumed by electric vehicles *f*
- Add a tax on EV batteries *f*
- Payroll tax *f*
- Value added tax on goods movement *f*
- General fund transfers *f*
- Income tax *f*

### Key:

● ● ● ● = Guiding Principles composite rating.    + possible policy recommendations forthcoming    *f* = flexible transportation funding

## The AWG is considering making these recommendations to the legislature

### 1. Revenue mechanisms the Legislature can rely upon in the near term:

- (A) increase the fuel tax statewide;
- (B) index the entire amount of fuel tax outside Clark and Washoe to keep pace with longer-term construction cost increases;
- ~~(C) increase vehicle fees~~
- (D) increase GST;
- (E) implement a new mechanism to capture road usage of electric vehicles and set the stage for a future transition

### 2. Revenue mechanisms the Legislature can develop to eventually replace the gas tax in the longer term:

- (F) extend the distance-based charge on new vehicles as an eventual replacement of the gas tax

### 3. Land use recommendations

Establish a broad-based statewide land use commission to recommend examine land use laws and regulations, and address, among other things, the cost of land use decisions on transportation & other public infrastructure and mechanisms for capturing these costs.

## Final report to the Legislature: Findings, Conclusions, & Recommendations



## Final report to the Legislature: remaining milestones for on-time delivery



### November 2022 | FINAL AWG Meeting:

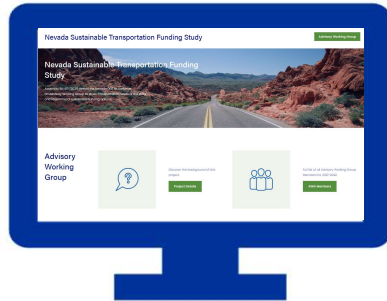
- Review, discuss, and approve final report and recommendations



### December 2022 | Final Report Production and Delivery:

- Final report edited and produced
- Formal transmittal to the Legislature by December 31, 2022

## More information:



**[www.NVTransportationFuture.org](http://www.NVTransportationFuture.org)**

**[info@NVTransportationFuture.org](mailto:info@NVTransportationFuture.org)**