



Legislative Update

March 12 - 16, 2007

Special Edition on Highway Funding

Care is Needed When Looking at Nevada's Highway Funding Options

Driving on our state's roads, especially in the two urban areas, we know that there is a problem on our roads. During the NBA All-Star game last month the sportscasters even commented on the "infamous Las Vegas traffic." To address these issues we must be very cautious in how we generate the needed revenue. Good policy dictates that taxes should be broad based, have a low rate, and have a substantial nexus to what that tax is being used for.

As a participant on Governor Guinn's Blue Ribbon Task Force, the Nevada Motor Transport Association reviewed and recommended a number of different revenue generating options that we felt contained the tenants of a good tax policy. The recommendations made by the Blue Ribbon Task Force are:

- Adjust vehicle depreciation schedules to generate \$ 95 million;
- Redirect 2% of the sales tax on vehicles and repairs to generate \$ 140 million annually ;
- Index the state gasoline and diesel tax to inflation of maximum of 4 ½ percent to generate \$ 31 million per year at a 2.7 % inflation rate ; and
- Increase driver's license fee by \$ 20 to generate \$11.5 million annually.

We do not support taxes that single out a particular industry or do not have a justifiable nexus to roads. These include industry specific taxes on banking, gaming, or the trucking industry. We do not support an increase in the Modified Business Tax or any other tax scheme that could damage Nevada's business climate.

Our support for these tax increases however is conditional on increased accountability and transparency from the Nevada Department of Transportation. We want to be sure that every dollar raised through new taxes is spent in a responsible and efficient manner. We are encouraged by the assurances that the Governor's office, Controller Kim Wallin and the new NDOT Director, Susan Martinovich have given us about applying benefit-cost analysis to new highway projects and implementing performance measurements within the Department.

We are very lucky that there are many legislators and other stakeholders who want to address this issue in a responsible manner to find a solution to fixing this statewide problem.

If you have any questions please call (775) 673-6111 or e-mail us at admin@nmta.com

Regards,

Paul J. Enos

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