

# Nevada contractors turn to NDOT to secure funds

By Sean Whaley, Nevada News Bureau

CARSON CITY – About \$87 million in state taxes that could be parlayed into 10 times as much to pay for critical road improvements are ready to flow to the state Department of Transportation next year, but there are concerns the money could be diverted to other needs.

The Nevada Chapter of the Associated General Contractors has asked the Nevada Department of Transportation's Board of Directors to work with the Legislature to ensure the revenue remains dedicated to the State Highway Fund.

An estimated 25,000 jobs could be created with the funding if the money was used to sell bonds, said John Madole, executive director of the Nevada AGC. About \$870 million could be generated for road projects in the next two-year budget under this option, he said.

"We think it's important as the fiscal 2014-2015 budget building process begins, that policymakers are mindful of continuing the commitment made several years ago to improve funding for Nevada's highways," Madole said. "This funding infusion comes at a crucial time for Nevada, since the current ending fund balance in the State Highway Fund is now depleted to record low levels not seen in more than two decades."

The additional tax money is set to flow to NDOT as the result of two separate measures already approved by the Legislature.

Senate Bill 429 of the 2009 session raised money for the cash-strapped general fund in part by slowing the depreciation on vehicles when motorists pay their registration fees. The measure required, however, that the additional revenue from

the governmental services tax go to the State Highway Fund instead of the general fund starting on July 1, 2013. About \$61 million a year would be made available for road projects.

Senate Bill 429 became the package of taxes proposed to sunset on June 30, 2011, but extended in the current budget as part of a deal between Gov. Brian Sandoval and a majority of state lawmakers.

The other measure is contained within Senate Bill 503 of the 2011 session, which temporarily increased the amount of money the Department of Motor Vehicles could spend on administrative costs for two years. The expiration of this provision will provide an additional \$26 million a year to the Highway Fund beginning in July 2013.

DMV spokesman Kevin Malone said today the agency will be seeking the lower level of administrative costs in the next budget.

But Nevada's general fund demands, from funding for public education to an expanding Medicaid population, could potentially put these funding streams for road projects at risk.

Sandoval said in March he will extend the "temporary" tax package into the next two-year budget to avoid cuts to education, including a 0.35 percent sales tax increase and a higher tax rate for large businesses under the payroll tax. Whether this means the vehicle registration money will also be retained to support the general fund is not yet clear.

The process of preparing the next two-year spending plan is now under way and Sandoval spokeswoman Mary-Sarah Kinner said today the budget issues must be analyzed first before decisions are made on all of the elements of the sunseting tax package, such as the motor vehicle registration revenue.

Madole said the job creation potential from the increased

highway funding would help Sandoval meet his goal of creating 50,000 new jobs in Nevada by the end of 2014.

A draft resolution of support for ensuring the revenues go to the State Highway Fund as planned was submitted to the NDOT Board of Directors by Madole last month with a request that it be considered at its July 23 meeting. Sandoval is chairman of the board.

“I think it’s very important because since 1992 . . . there have been no increased revenues for state highway funding,” Madole said. “We believe that that money, because it is an identifiable source that’s a pretty stable source of revenue, I’m not a bonding expert, but we’ve had others look at it and say that money could support bonds.”

The gas tax has not been increased since that time while inflation has probably risen by 35 percent to 45 percent during the same period, he said.

Gas tax revenues are declining in part because of increased fuel efficiency, causing the NDOT to consider alternative ways of raising revenue for roads. NDOT is in the midst of a multi-year study of the Vehicle Miles Traveled (VMT) tax, which would replace the existing fuel tax and be levied based on the number of miles a car travels rather than the amount of gas it consumes.