



STAFF REPORT

Report To:	Board of Supervisors	Meeting Date:	May 21, 2020
Staff Contact:	Nancy Paulson, City Manager		
Agenda Title:	For Possible Action: Discussion and possible action to introduce, on first reading, an Ordinance amending Title 21 of the Carson City Municipal Code to impose a five cent per gallon diesel tax. (Nancy Paulson, npaulson@carson.org; Lucia Maloney, lmaloney@carson.org; Darren Schulz, Dschulz@carson.org)		

Staff Summary: The Board of Supervisors is authorized by NRS 373.062 to enact by ordinance a zero to five cent per gallon tax on the sale of diesel fuel within Carson City. The attached proposed ordinance imposes the diesel fuel tax effective August 1, 2020, with a sunset provision for the expiration of the diesel fuel tax on December 31, 2022, unless the continuation of the diesel fuel tax is approved by the voters through a ballot question. The diesel fuel tax would generate approximately an additional \$400,000 annually that would be used for Carson City's roads. The diesel fuel tax is supported by many in the trucking industry as a portion of the proceeds statewide would be used to construct roadside parking for commercial trucks to allow truck drivers to rest in safe areas.

Agenda Action:	Formal Action / Motion	Time Requested:	20 minutes
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Proposed Motion

I move to introduce, on first reading, Ordinance No. _____.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

November 7, 2019 - The Carson City Board of Supervisors directed staff to pursue implementation of the \$0.05/gallon diesel fuel tax by ordinance and to subsequently take approval of that tax to a vote of the people no later than the 2nd general election following enactment of the Ordinance. A failed vote of approval would result in a sunset of the Ordinance.

September 11, 2019 - The Carson City Regional Transportation Commission (RTC) voted 4-1 to recommend to the Board of Supervisors that a \$0.05 diesel fuel tax be adopted by ordinance.

Background/Issues & Analysis

All counties are enabled to impose a nine-cent tax on regular gasoline that goes to road maintenance. In contrast, counties with populations less than 100,000 currently receive no revenue from existing diesel fuel taxes collected at the pump. Rural counties, however, are responsible for maintaining the majority of roads in their counties and revenues from gasoline taxes alone are not enough to repair many already failing roads. Road maintenance needs in some rural counties are so great that public safety is impacted.

The following table provides a breakdown of the existing tax charged for gasoline and diesel fuel sold in Carson City by federal, state, and local governments.

TABLE 1.0 - Distribution of Fuel Revenue per Gallon Sold in Carson City

	Gasoline	Diesel
FEDERAL	\$0.1840	\$0.2440
STATE	\$0.1879	\$0.2775
CARSON CITY	\$0.1502*	\$0.0000
TOTAL	\$0.5221	\$0.5215

*2% retained by State of Nevada for administration prior to distribution to Carson City

NRS 373.062, enacted as SB 48 (2019) and sponsored by the Nevada Association of Counties (NACO), was drafted to help bridge the road maintenance funding gap by enabling rural boards of county commissioners to vote to impose a tax on diesel fuel up to five cents per gallon, or ask voters to approve such a tax. A portion of the new revenue collected would also go to provide much needed parking for commercial trucks so that drivers can rest in safe and designated areas.

NACO also estimated the annual net proceeds for each county if a 5 cent diesel tax was implemented based on FY 17-18 diesel gallons sold. Carson City's estimated annual net proceeds from a 5 cent diesel tax are approximately \$400,000. NACO's estimates are included as an attachment to this staff report. Carson City's annual budget for roads is approximately \$4-million with an annual estimated funding deficit of \$15-million. While the proceeds from this tax would not fill the full funding gap, it would represent a roughly 10% increase in the City's funding for roads and would serve as a critical addition to our annual budgets.

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapters 225 and 373; Senate Bill 48, 80th (2019) Session

Financial Information

Is there a fiscal impact? Yes

If yes, account name/number: Regional Transportation fund, Diesel Tax 5 cent account / 2500087-435010

Is it currently budgeted? No

Explanation of Fiscal Impact: If a 5 cent diesel fuel tax is implemented, the Regional Transportation Fund is estimated to increase by approximately \$400,000 annually.

Alternatives

Do not introduce the Ordinance and provide alternate direction to staff.

Attachments:

[Diesel Ordinance_REVISED.pdf](#)

Board Action Taken:

Motion: _____

1) _____
2) _____

Aye/Nay

(Vote Recorded By)

SUMMARY: An ordinance imposing a tax on diesel fuel sold in Carson City.

BILL NO. ____

ORDINANCE NO. 2020-____

AN ORDINANCE RELATING TO TAXATION; AMENDING TITLE 21 (TAXATION), CHAPTER 21.05 (PUBLIC ROAD REPAIR AND RESTORATION (MOTOR VEHICLE FUEL EXCISE) TAX) OF THE CARSON CITY MUNICIPAL CODE TO IMPOSE A TAX ON DIESEL FUEL; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

The Board of Supervisors of Carson City do ordain:

SECTION I:

That Title 21 (TAXATION), Chapter 21.05 (PUBLIC ROAD REPAIR AND RESTORATION (MOTOR VEHICLE FUEL EXCISE) TAX) is hereby amended (**bold, underlined text** is added, ~~stricken~~ text is deleted) as follows:

Chapter 21.05 - PUBLIC ROAD REPAIR AND RESTORATION ~~{MOTOR VEHICLE FUEL EXCISE}~~ TAX

SECTION II:

That Title 21 (TAXATION), Chapter 21.05 (PUBLIC ROAD REPAIR AND RESTORATION (MOTOR VEHICLE FUEL EXCISE) TAX), is hereby amended (**bold, underlined text** is added) by adding thereto a new section as follows:

21.05.020 – Imposition of excise tax on diesel fuel. [Expires by limitation on December 31, 2022, unless at a general election before December 31, 2022, the majority of the registered voters of Carson City vote upon a question on a ballot to continue the imposition of the tax.]

1. Pursuant to NRS 373.062, there is hereby imposed an excise tax of 5 cents per gallon on diesel fuel sold in Carson City.

2. The receipts of the excise tax imposed by subsection 1, as apportioned to Carson City, must be deposited in the Carson City Regional Transportation Fund, or an equivalent successor fund, for the sole purpose of construction, maintenance, or repair of public highways, roads, streets and alleys, other than those maintained by the federal government and State of Nevada.

3. An amendment to a provision of chapter 366 of NRS that becomes effective on or after the effective date of this section, relates to the tax imposed by subsection 1 and does not conflict with any provision of chapter 373 of NRS is

deemed to be incorporated by reference to this chapter on the effective date of any such amendment.

SECTION III:

That no other provisions of Title 21 of the Carson City Municipal Code are affected by this ordinance.

SECTION IV:

The contract made under NRS 373.070(1)(d) between Carson City and the State of Nevada, by and through the Nevada Department of Motor Vehicles (DMV), for the DMV to perform all functions incident to the administration or operation of the fuel tax ordinance shall be amended before the effective date below to include the diesel fuel tax imposed by this ordinance, unless the Board of Supervisors, with the written concurrence of the Carson City Regional Transportation Commission, determines that no amendment of the contract is necessary or desirable.

SECTION V:

This ordinance:

1. Becomes effective:

(a) Upon adoption and required publication for the purpose of performing any preparatory administrative tasks to carry out the provisions of this ordinance; and
(b) On August 1, 2020, for all other purposes.

2. Expires by limitation on December 31, 2022, unless at a general election before December 31, 2022, the majority of the registered voters of Carson City vote upon a question on a ballot to continue the imposition of the tax described in Section II of this ordinance.

PROPOSED on _____, 2020.

PROPOSED by Supervisor _____.

PASSED on _____, 2020.

VOTE: AYES: SUPERVISORS: _____

NAYS: _____

SUPERVISORS: _____

ABSENT: _____

SUPERVISORS: _____

Robert Crowell, Mayor

ATTEST:

AUBREY ROWLATT, Clerk-Recorder