Draft Funding and Financing Plan

June 2017

ONE NEVADA

TRANSPORTATION PLAN

Prepared For:

NEVADA DOT
SAFE AND CONNECTED

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TABLE(S)

Acronyms and Abbreviations

ARTBA	American Road and Transportation and Builders Association
DOT	Department of Transportation
FAST ACT	Fixing America's Surface Transportation Act
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
GARVEE	Grant Anticipation Revenue Vehicle
HOT	High Occupancy Toll
HSPR	High Speed Passenger Rail
ICC	Inter-county Connector in Maryland
INFRA	Infrastructure for Rebuilding America
LTAF	Local Transportation Assistance Fund
LVCVA	Las Vegas Convention and Visitors Authority
MAP-21	Moving Ahead for Progress in the 21st Century
MdTA	Maryland Transportation Authority
MFT	Motor Fuel Tax
NRS	Nevada Revised Statutes
O&M	Operations and Maintenance
P3	Public- Private Partnership
RUC	Road User Charge
SAFETEA-LU	Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users
SB	Senate Bill
SCDOT	South Carolina Department of Transportation
SHC	Self-Help Counties
SIB	State Infrastructure Bank
STIP	State Transportation Improvement Program
TIAC	Transportation Investment Advocacy Center
TIFIA	Transportation Innovation Finance Investment Act
TIGGER	Transit Investments in Greenhouse Gas and Energy Reduction
TIGER	Transportation Investment Generating Economic Recovery
US	United States
VMT	Vehicle Miles Traveled

Funding and Financing

Historically, construction, maintenance, and operation of Nevada's public roads have been funded through a variety of mechanisms including fuel taxes on both gasoline and diesel, registration and licensing fees, and Federal funds derived primarily from fuel taxes. Of all these sources, fuel taxes represent the most prevalent highway revenue source for Nevada.

This memorandum discusses funding and financing options and ideas for the ***One Nevada Transportation Plan***. First, the current primary funding sources employed by the State of Nevada for transportation are summarized. This is followed with discussion of some additional funding sources that are not currently being employed by the state, but are being used or being considered for use elsewhere. Next, there are recommendations on financing strategies that can be employed by the state to enhance the accessibility of funds. Finally, recommendations are outlined for funding Nevada future transportation facilities and services to meet the state's growing transportation and economic development demands.

1.0 Primary Existing Transportation Funding Sources

The following discussion provides a high-level summary of significant funding sources utilized or allowed at the federal, state, and regional/local levels.

1.1 Federal

Federal transportation revenue and spending are governed by authorization bills enacted by Congress. Federal transportation funding is typically provided to each state through several conduits. In close coordination with the State's Metropolitan Planning Organizations (MPO's), the Statewide Transportation Improvement Program (STIP) is developed. This is a four year, fiscally constrained, planning and programming document created within federal guidance from the Code of Federal Regulation which complies with current federal legislation, state and local laws. With guidance from the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA), information to forecast funding anticipated for the four year STIP period is used by State and local staff to create a prioritized list of projects by year. The Nevada Department of Transportation (NDOT) Board of Directors approves the STIP annually.

For surface transportation, revenues raised through various taxes on fuel are deposited into the highway account of the Highway Trust Fund (with the remainder going to the mass transit account) and allocated into different federal highway authorizations. Transit funding identified for urban areas is typically sent directly to the agency responsible for the individual transit systems with some allocation to NDOT for transit in rural areas. Federal aviation funding is likewise sent directly to the agencies responsible for the airports. In addition to the funding coming through the traditional highway, transit, and rail transportation programs, recent legislation has created special programs that bring additional funding for transportation to accomplish specific objectives.

1.1.1 Federal Funding Legislation

The Moving Ahead for Progress in the 21st Century Act (MAP-21), enacted in 2012, included provisions to make Federal surface transportation programs more streamlined, performance-based, and multimodal, as well as to address challenges facing the U.S. transportation system that include improving safety, maintaining infrastructure condition, reducing traffic congestion, improving efficiency of the system and freight movement, protecting the environment, and expediting project delivery. While it only provided two years of funding certainty, these policy changes made MAP-21 a landmark bill for federal surface transportation policy and subsequent legislation built on the changes made by MAP-21.

On December 4, 2015, President Obama signed into law Public Law 114-94, the Fixing America's Surface Transportation Act (FAST Act). The FAST Act is the current law of the land governing and funding surface transportation programs—including, but not limited to, Federal-aid highways—at over $305 billion for fiscal years (FY) 2016 through 2020. It is the first long-term surface transportation authorization enacted in a decade, providing five years of funding certainty for surface transportation.

- FAST Act authorizes ~$305 billion – an increase of $20.2 billion compared to maintaining (FY) 2015 funding allocated under MAP-21
    - $225.2 B for Federal-aid Highway program
    - $61 B for Federal Transit programs
    - $4.7 B for National Highway Traffic Safety Administration
    - $3.2 B for Federal Motor Carrier Safety Administration
    - $10.3 B for Federal Railroad Administration and Amtrak.

Error! Reference source not found. shows Estimated Federal Highway Administration (FHWA) Apportionments for Nevada from the FAST Act as enacted. Every year Congress must pass the Transportation-HUD appropriations bill as part of their budgetary process. While the Appropriations Committee historically includes the full authorized amount that the authorizing Committees (House Transportation and Infrastructure and Senate Environment and Public Works) enacted, they are not under a legal obligation to do so. Therefore, the funding is not official until the appropriations process is finished. Likewise, a federal government shutdown prevents FHWA funding from reaching state DOTs.

Table 1. Estimated Nevada FHWA Apportionments
Source: FHWA FAST ACT

Program	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
National Highway Performance Program	$199,908,721	$204,345,572	$208,231,028	$212,539,820	$216,968,180
Surface Transportation Block Grant Program	$100,207,991	$102,562,796	$104,755,400	$106,626,249	$108,972,195
Highway Safety Improvement Program	$20,811,661	$21,274,227	$21,676,200	$22,070,084	$22,518,347
Railway-Highway Crossings Program	$1,125,000	$1,150,000	$1,175,000	$1,200,000	$1,225,000
CMAQ Program	$32,443,244	$33,163,302	$33,793,873	$34,412,497	$35,111,432
Metropolitan Planning	$3,269,120	$3,335,318	$3,405,393	$3,478,509	$3,559,477
National Freight Program	$10,566,287	$10,106,883	$11,025,691	$12,403,902	$13,782,114

Program	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Apportioned Total	$368,332,024	$375,938,098	$384,062,585	$392,731,061	$402,136,745
	+5.1%	+7.3%	+9.6%	+12.1%	+14.7%
Percentage is based on FY 2015 actuals, the final year of MAP-21. Before post-apportionment set asides, before penalties, before sequestration.					

1.1.2 Special Programs and Grants that Bring Additional Funding for Transportation Projects

As noted above, as part the FAST Act and previous legislation, Congress also authorized special programs that bring additional funding for transportation to accomplish specific objectives that were deemed to be in the national interest.

Table 2. Special Programs

Program	Overview
INFRA – Infrastructure For Rebuilding America	Program to provide financial assistance – grants or credit assistance – to nationally and regionally significant freight and highway projects that align with the program goals to: (1) Supporting economic vitality at the national and regional level (2) Leveraging Federal funding to attract non-Federal sources of investment, as well as accounting for the life-cycle costs of the project (3) Using innovative approaches to improve safety and expedite project delivery (4) Holding grant recipients "accountable" for their performance and achieving specific pre-determined outcomes In FY2018 -$1.56 billion is available for grants in this round of INFRA, which is also using leftover FY2017 funding. The program is authorized to gain an additional $50 million each year until it expires after $1 billion in 2020, but the amount may change depending upon each fiscal year's federal appropriation.
TIGER - Transportation Investment Generating Economic Recovery	Grant program supporting innovative projects, including multi-modal and multi-jurisdictional projects, which are difficult to fund through traditional federal programs. Awards focus on capital projects that generate economic development and improve access to reliable, safe and affordable transportation for communities, both urban and rural. In FY2017 -$500 million is available for grants in this round of TIGER. The amount may change depending upon each fiscal year's federal appropriation.

Program	Overview
Advanced Transportation and Congestion Management Technologies Deployment Initiatives	Provide grants to develop model deployment sites for large scale installation and operation of advanced transportation technologies to improve safety, efficiency, system performance, and infrastructure return on investment. For each fiscal year from 2016 through 2020, a maximum of $60 million (less up to $2 million for DOT administrative expenses) will be available to make 5 to 10 awards not exceeding $12 million each.
Regional Infrastructure Accelerator Demonstration Program	A program to assist entities in developing improved infrastructure priorities and financing strategies for the accelerated development of a project that is eligible for funding under the TIFIA program. This program has been authorized for $12 million per year, but has yet to be funded by the Appropriations Committee.
Surface Transportation System Funding Alternatives	Provide grants to states to demonstrate user-based alternative revenue mechanisms that utilize a user fee structure to maintain the long-term solvency of the Highway Trust Fund. The program is funded at $20 million in FY2017 and is authorized for another $20 million each fiscal year through 2020.
Federal Lands Access Program	Funds are distributed based on State's share of recreational visitation, Federal land area, Federal public road miles, and Federal public bridges. About 86% of the land in Nevada is managed by the Federal Government. Current funding is estimated at $7M per year over 4 years from 2015 – 2019.

(1) On June 29, 2017 the USDOT announced a change to the FASTLANE program's name and focus. The new $1.5 Billion program is called INFRA (Infrastructure for Rebuilding America). The program has four key objectives:

- *Supporting economic vitality*
- *Leveraging Federal funding with state, local and private sector contributions (with consideration for the availability of resources in rural areas)*
- *Innovation as it relates to environmental reviews and permitting, Special Experimental Authorities, and Safety and Technology*
- *Performance and Accountability*

Information will be forthcoming with public notice in the federal registry.

1.2 State

State taxes on motor fuels are the largest single source of state revenue for highway and transportation projects. Transportation funding at the state level comes in many varieties and variations.

The Nevada Legislature approves the overall NDOT budget in its biennial session. The biennial approval is for two 12-month budgets; fiscal year begins July 1. The budget is based on investment priorities coming out of the planning process, including the approved STIP, other federal requirements, and working with the Governor and the NDOT Transportation Board of Directors.

State transportation funds are allocated to NDOT based on legislatively approved expenditure categories for the department and may reflect expenditures for specific programs.

Table 3 is a general summary of the significant funding sources allocated into the state highway fund or being utilized within Nevada.

Table 3. State Funding Sources

Source	Highway	Transit
Federal Transportation Funds (All sources)	X	X
State Gas Tax (Including County Mandatory Gas Tax and County Optional Gas Tax)	X	
Special/Alternative Fuels Tax	X	
General Funds	X	
General Sales Tax	X (1)	
Vehicle/truck registration and/or license fees	X	
Occupational and business licensing fees	X	
Governmental service taxes	X	
Passenger carrier excise taxes	X	

(1) Portion collected on vehicle sales dedicated to transportation

The state constitution dedicates motor vehicle fuel taxes to public highways and administrative costs. State statute established the State Highway Fund, which receives the fuel taxes and other vehicle-related revenues and repeats the constitution restriction of how funding is spent to authorize NDOT to develop, construct, improve, maintain, or operate transportation facilities.

Tolls are prohibited. In statute, the definition for the term "transportation facilities" specifically excludes toll bridges and toll roads.

Table 4 is NDOT's Capital outlay budget information is shown below:

Table 4. NDOT Capital Outlay Budget ($ in Millions)
Source: NDOT Financial management

	SFY 2017	SFY 2018*	SFY 2019*
Federal	$335	$315	$315
State	$235	$215	$211
Total	$570	$530	$526

Note: Above figures exclude bonding, AB595, SB5 budgets, and NDOT FRI2 Budgets
* FY 2018 and FY 2019 figures assume approved work programs of $110 M per SFY (approx. $10M/SFY is to be used for a radio system replacement and approx. $5M/SFY for a fueling system upgrade)

1.3 Regional / Local

Regional transportation commissions in Clark and Washoe counties are annually allocated 70 percent and 20 percent, respectively, of any revenues that exceed $7.5 million in the Fund for Cleaning Up Discharges of Petroleum. Nevada also allocates state transportation funding to local entities by legislative appropriation. Local governments are not eligible to receive appropriations from the Highway Fund, which may only be used for the construction, maintenance, and repair of public highways of the state, but they do receive local gas tax revenue for the construction and maintenance of roads. As summarized in Table

5, a wide variety of transportation funding sources are allowed for use by cities, counties, and regional authorities to support highway and transit capital and operating expenses.

Transportation funding from local and regional sources plays a significant role in Nevada. Over the past twenty or more years, local and regional governments in the states have made tremendous strides in implementing a diverse array of new transportation funding sources. In Clark County, local funding is comparable to the resources provided by the state and federal partners. This is a clear indication that some of the communities in Nevada understand the importance of transportation and are committed to an active role in funding and decision-making.

Based upon the current federal political climate, the primary source for new transportation funding in the near to mid-term will probably be from the local/regional level.

Table 5. Regional/Local Transportation Funding Sources

Source	Highway	Transit
Federal Transportation Funds	X	X
Nevada gas taxes • State – 18.455 cents/gallon • County Mandatory – 6.35 cents/gallon • County Option – 0 to 9 cents/gallon(4)	X (1)	
Local special fuel taxes	X (2)	
General sales tax	X	X
General funds	X	X
Tolls	X (3)	
Transit fares		X
Impact fees	X	
Development tax	X	
Government services tax	X	
Value capture: tax increment districts, assessments	X	

(1) All counties have mandatory fuel taxes and optional local fuel taxes; Clark and Washoe Counties index gas taxes to capture lost purchasing power on all gas taxes (federal, state, and local)

(2) Special fuel taxes (primarily diesel) indexed by Washoe County and Clark County (temporary) to capture lost purchasing power on all special fuel taxes (federal, state, and local)

(3) Only pilot project for Boulder City Bypass authorized for RTC Southern Nevada

(4) All counties except 3 (out of 17) are at $.09. Lincoln, Storey and Esmeralda Counties are at $.04

State statute authorizes counties to levy a local option fuel tax for road and street uses. In 2008 the voters of Washoe County, Nevada approved the indexing of all taxes on motor fuels sold in the county to recover the purchasing power due to inflation in the cost of road construction. The state legislature passed the requisite enabling legislation and the county commission enacted the implementing ordinances. Indexing is applied to taxes collected at all levels, federal, state, and local, and to all fuels, including diesel. Because the county does not have the authority to directly index federal and state taxes, these inflationary adjustments are technically local option fuel taxes. Fuel tax indexing will generate an estimated $15 billion in additional transportation funding through 2040 and does not sunset.

In Southern Nevada, the Regional Transportation Commission (RTC) has implemented Fuel Revenue Indexing (FRI) since 2013. The FRI program generates funds through a dime per gallon charge on fuel, which as of March 31, 2017 had generated $430 million total. Because of the success of the program, it was voted in November, 2016 to be extended for a 10-year period. This will generate up to $3 billion in revenue for roadway projects in Clark County over the next 10 years (RTC 2017).

In Clark County, a room tax is collected to return revenue to the Las Vegas Convention and Visitors Authority (LVCVA) to fund tourism, education, transportation, and other initiatives. According to the LVCVA, Clark County room tax projections for FY 2018, a total of $823 million is anticipated with approximately $62 million of that going to Clark County Transportation and $21 million going to NDOT to serve as payment for the bonds that were issued as part of the 2007 legislation.

2.0 Innovative State and Local Funding Mechanisms

Looking at the 2017 Legislative sessions nationwide, there were over 130 transportation funding bills being considered in 36 states. Per the American Road and Transportation and Builders Association (ARTBA), transportation funding continues to be a largely bipartisan issue. ARTBA's Transportation Investment Advocacy Center ™ (TIAC) has tracked the states' funding initiatives.

2.1 Emerging Funding Sources

Motor fuel taxes remain the most popular revenue proposal funding source in 2017, with 42 bills introduced in 21 states that included a motor fuel tax increase. Non-fuel tax recurring funding is the second most proposed topic, with 30 bills including either registration fee increases, tolling, sales taxes, license and weight fees, or another source of revenue that would continually contribute to the state's transportation fund. Local funding and electric vehicle fees are also increasingly popular transportation revenue topics this legislative session.

State taxes on motor fuels are the largest single source of state revenues for highways, representing more than 30 percent of such revenues nationwide. What is challenging is the federal fuel and state fuel taxes have remained at a static, fixed cents-per-gallon rate that have declined in purchasing power as costs have risen. To combat this, many states have structured their taxes to change over time or have become more creative in identifying funding sources from non-traditional methods. Funding sources that could have application for the future are listed below.

- Dynamic tolling
- Truck only toll lanes
- Managed lanes/Congestion pricing
- Fuel tax indexing
- Traffic impact fees
- Mileage-based user fees
- Occupancy fees from road and non-road users of the corridor
- Sale taxes on motor fuels – gas and diesel
- Sales tax on new light duty vehicles
- Sales tax on auto-related parts and services
- Registration fees – all vehicles or specific vehicles (hybrid/electric)
- Tire tax
- Income tax
- Area congestion charging

2.2 Funding Mechanisms in Use, Recently Enacted, or Being Considered in Other States

Note that not all states that increased fuel taxes are listed. Those listed include a variation or emerging mechanism for funding alternatives.

2.2.1 California

Self Help Counties

Beginning with Santa Clara County in 1984, voters in 19 of California counties have voted to impose sales taxes on themselves to improve transportation. These 19 self-help counties (SHC) represent 81 percent of the population in California or roughly 30 million people. SHC agencies realize estimated annual transportation revenue of $4.2 billion from these dedicated local sales taxes. Existing SHC programs represent a total investment (over the life of all measures) of more than $140 billion in local sales tax dollars for transportation.

Senate Bill 1

The California State Legislature passed SB 1 in early April 2017 to increase transportation funding. The bill creates the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The additional funds are achieved via the following:

- Increase the base excise tax on gasoline by 12 cents per gallon (bringing it to 30 cents), with an inflation adjustment. This takes effect on November 1, 2017.
- Eliminates the annual adjustment required by the "gas tax swap" of 2010 and re-establishes the price-based excise tax at its original rate of 17.3 cents, with an inflation adjustment. This takes effect on July 1, 2019.
- Increase the diesel excise tax to 20 cents per gallon, with an inflation adjustment. This takes effect on November 1, 2017.
- Add new transportation improvement fee (as part of the Vehicle License Fee) with a varying fee between $25 and $175 based on vehicle value, with an inflation adjustment. This takes effect January 1, 2018.
- Add a new $100 annual vehicle registration fee for zero-emission vehicles model year 2020 and later, with an inflation adjustment.

2.2.2 Georgia

House Bill 134

Provides for local funding. Permits counties to ask for voter approval for a five-year transportation special option local sales tax (T-SPLOST) for capital projects. The final amount of 1 percent must be reached in .05 percent increments. HB 134 would also permit counties to simultaneously levy a 20-year T-SPLOST for local transit projects, if the combined local taxes do not exceed 1 percent.

2.2.3 Hawaii

Senate Bill 1012

Being considered in 2018 is legislation to increase the state fuel tax by 10 cents-per-gallon (to 26 cents per gallon). Increase annual vehicle registration fee by $5 and annual per-pound motor vehicle weight tax by 0.25 cents (up to 10,000 pounds).

2.2.4 Idaho

Senate Bill 1206

Creation of a new Transportation Expansion and Congestion Mitigation Fund (funded by a 1 percent share of the state sales tax, and rerouting cigarette taxes currently being directed to the Idaho Transportation Department's strategic initiatives program).

2.2.5 Indiana

House Bill 1002

In April 2017, the Indiana legislature approved ten cents per gallon motor fuel tax increase, indexed to adjust annually according to changes in the Consumer Price Index for all Urban Consumers (capped at a penny increase per year, as amended by the House Transportation Committee); a new $15 annual "transportation infrastructure improvement" vehicle fee and a $150 annual electric vehicle fee; a 50 percent increase on alternative fuel decal fees; and dedicated the entirety of the gasoline use tax to transportation purposes.

2.2.6 Massachusetts

Senate Bill 1551/ House Bill 1640

Pending bill to permit cities and towns to create a local payroll, sales, property or vehicle tax in order to fund transportation projects. The measures would need to be approved by local residents on the ballot. If approved, the funding source would expire after 30 years. The bill would also allow the state to seek permission for toll roads. Additions by the Senate Tax and Fiscal Policy Committee include a $5 tire fee, a $100 commercial vehicle license plate fee, and gradually phasing in the gas tax over two years.

2.2.7 Minnesota

House File 3/ House File 5

Passed in May 2017, a bill to create a $75 annual fee for electric vehicles. Provide $235 million in new revenue for roads and bridges and an additional $71 million in general fund revenue for the Metropolitan Area transit for the next two years. Dedicate the motor vehicle lease sales tax and sales tax on rental vehicle to transportation purposes (previously deposited in the General Fund). Authorize $300 million for the Corridors of Commerce program and $640 million for the State Road Construction program through additional trunk highway bonds.

House File 894 / Senate File 884

Create a motor fuels gross receipts tax of 6.5 percent of the average wholesale price of gasoline within the state (calculated annually), imposed on the first licensed distributor receiving motor fuel. The variable-rate tax would have a floor of $2.50 per gallon. Additionally, authorize $2 billion in transportation bonds, and permit metropolitan areas to utilize a local transit sales and use tax.

2.2.8 Montana

House Bill 650

Imposes a 3 percent administrative fee for Department of Motor Vehicle transactions and a new tax on light vehicles and motor homes valued at over $150,000 – a 1 percent fee on vehicles' market sale retail price if less than a year old, 0.9 percent if the vehicle is between one to two years old, and 0.8 percent if the vehicle is two to three years old.

2.2.9 Oregon

House Bill 2017

A Motor Fuel Tax Increase, Electric Vehicle Fee, Recurring Revenue bill pending. It provides for a 10-year, $8.2 billion transportation funding increase through a combination of higher state motor fuel taxes (8 cents-per-gallon), increased vehicle title and registration fees, a new $100 electric vehicle fee, an additional fee assessed on a vehicle’s mileage (beginning 2020), a statewide employee payroll tax for public transit, a new dealer excise tax on vehicle sales, a sales tax on new adult bicycle purchases, and tolls on portions of Interstate 5.

2.2.10 South Carolina

House Bill 3102

Pending legislation to ask voters if the state should legalize gambling in specific areas, with revenue used for highway, road and bridge maintenance, construction and repair.

House Bill 3315

Pending legislation for additional motor fuel user fee equal to approximately 10 cents per gallon, with revenue deposited in the State Highway Fund, and exemptions to individual residents including allowing taxpayers to claim an income tax credit of 10 percent of the additional user fee paid.

House Bill 3516

Legislation vetoed by Governor, but overridden to gradually increase the motor fuel user fee by 10 cents-per-gallon (phased in over five years); increase the sales tax cap on vehicle sales from $300 to $500; create a new biennial $60 fee for hybrid vehicles and $120 fee for electric vehicles; establish a $250 vehicle registration fee on out-of-state vehicles; and transition from a property tax for motor carriers to a road user fee.

2.2.11 Tennessee

House Bill 534/ Senate Bill No. 1221 (Haslam Amendment)

The Improving Manufacturing, Public Roads and Opportunities for a Vibrant Economy (IMPROVE) Act. (pending) As proposed:

- Raise the state gasoline tax by 6 cents-per-gallon and the diesel tax by 10 cents-per-gallon, indexed to the Consumer Price Index and with a ceiling in place.
- Institute a $100 registration fee for electric vehicles, adjusted biennially to changes in inflation documented in the Consumer Price Index for all urban consumers.
- Increase vehicle registration fees and create a 3 percent charge on rental cars.
- Raise taxes on alternative fuel.
- Permit municipalities to seek voter approval for a surcharge on their local sales tax, dedicated to public transit projects.
- Eliminate diversions on the transportation fund and repay previous diversions.
- Offset taxes, including reducing the state’s sales tax on groceries by 0.5 percent, decreasing the franchise and excise tax paid by businesses, and cutting the Hall income tax— previously scheduled to be eliminated by 2022— by 3 percent by 2019.

2.2.12 Utah

Senate Bill 276

Legislation passed in 2015 authorized a variable-rate state gas tax, based on the average wholesale price (AWP) of gasoline, to kick in once the AWP reaches $2.45 per gallon. SB 276 would move the start date of the variable-rate state gas tax to begin when the AWP reaches $1.78 per gallon (estimated Jan. 1, 2019). The bill also increases the variable-rate from 12 percent of the AWP of gasoline to 16.5 percent of the AWP of gasoline. SB 276 directs 35 percent of the gas tax to the general fund, where lawmakers could choose to spend it on non-transportation related purposes.

2.2.13 Wyoming

House Bill 0218

Approved to increase vehicle registration fees for passenger motor vehicles and school buses, and weight fees on commercial motor vehicles.

2.3 Other Potential Transportation Funding Sources

2.3.1 Road User Charge

Fuel taxes represent the most prevalent highway revenue source for states. However, improvements in vehicle fuel economy and conversion of the fleet to other energy sources (e.g., electric vehicles), is undermining fuel tax revenues. This erosion of fuel tax revenue exacerbates the inability of state and local governments to adequately maintain the transportation system.

Mileage-based, direct user fees that apply on all roads and all driving are known as vehicle miles traveled (VMT) fees or more recently as Road User Charge (RUC). Drivers can be charged for the total number of miles traveled, regardless of the road used or the time of day. These charges can either be a flat fee (e.g., a fixed number of cents per mile, regardless of where or when the travel occurred), a variable fee based on user choice considerations such as time of travel, congestion levels on a facility, type of road traveled on, type and weight of the vehicle, and vehicle emission levels, or a combination of these factors.

Oregon instituted a pilot program that charged a fee by measuring odometer changes through additional onboard equipment and that collected fees through gas stations (in lieu of charging the fuel tax). Oregon is currently considering a state-wide VMT fee system that would apply to electric and hybrid vehicles. Germany has a system of charging trucks tolls for miles traveled, exhaust emissions, and number of axles. The charges are calculated using on-board global positioning satellite system equipment and wireless communication devices. A related method, used in Israel, the Netherlands, and the United Kingdom, is pay-as-you-drive insurance. The fee is collected monthly based on odometer readings transmitted by a wireless device.

California recently initiated and completed a 5,000-person pilot project. Initial findings show no fatal flaw in the feasibility of eventually replacing the fuel tax with a mileage-based road charge. At the same time, road charging, and the many issues associated with this concept, is like the analogy of peeling an onion. The California Road Charge Pilot Program successfully peeled many layers of the road charge onion. There are still many layers to uncover, including adminsitrative approach, compliance and enforcement, new technologies, and future costs. Future pilots should address these to a deeper level.

Federal funding grants are available to explore the opportunity for this alternative funding source.

Road User Charge Fee

Pros—Large revenue yield potential; highly sustainable; appropriate user fee; leads to more efficient use of system

Cons—Public and political opposition remains high while the public maintains assumptions/misperceptions, especially on privacy grounds; considerable costs and challenges (institutional, administrative, and cultural); not enough real-world experience with implementation; not a viable short-term option

2.3.2 Congestion Districts

In a Congestion District drivers are charged for accessing a specific geographic area through tolls or through the sale of passes. This is also sometimes referred to as "cordon pricing." While the principal function of Congestion Districts is to manage demand and reduce congestion during peak hours, it also generates revenues. These fees have typically been applied to central business districts. While Congestion Districts have not been used in the United States, they have been successful in Rome, Milan, Santiago, Brussels, and Singapore in reducing downtown congestion. A proposal to institute a congestion district in Manhattan failed to be implemented in 2008 because it did not gain the approval of the State Legislature.

Congestion District

Pros–The revenues from congestion charge can be spent on other forms of public transport and increasing alternatives to driving; reduces congestion therefore reduce time wasted and reduce costs for business; reduces pollution; and promotes more pedestrians and cyclists in the district.

Cons-Potential lost business within the district; and expensive to administer (collection requires sophisticated technology and chasing up drivers who don't pay or try to avoid).

2.3.3 Carbon Taxes

In the context of surface transportation, a national carbon tax would essentially be a penalty for the amount of emissions produced by a vehicle, most likely translated into an added cost per gallon on fuel imposed by the government (presumably through the existing motor fuel tax collection mechanism).

The amount of revenue a carbon tax may generate depends on the approach used to set the tax rate and the way in which the tax would be implemented. For example, motor fuels emit, on average, about 20 pounds of carbon dioxide per gallon used. Using the current European spot price for carbon dioxide at $30 per ton, this translates into a motor fuels carbon tax of roughly 30 cents per gallon. Less aggressive estimating approaches suggest that a carbon tax of 10 to 13 cents per gallon would begin to have desired effects in reducing motor fuels consumption. Either way, a carbon tax has the potential to generate a large amount of funding: an estimated $18 billion to $54 billion annually at the national level. At issue is what proportion of the proceeds from a carbon tax, if implemented, would go to transportation versus general environmental mitigation or other needs.

Carbon Taxes

Pros–Provides an incentive for firms to use and develop more environmentally friendly production processes; and they can also raise money to be spent on environmental initiatives.

Cons-Can be difficult to measure how much carbon is produced; and difficult to know true cost of carbon emissions on the environment and future generations.

2.3.4 Weight Distance Taxes

Freight-related taxes could be imposed based on either the weight of freight moved (a ton-freight tax) or as a function of both weight and distance (a ton-mile tax). These taxes would take into account the weight and load of a vehicle and essentially impose a premium on heavier vehicles to recover the added wear-and-tear they cause to the system. Variations of these taxes have been imposed by a few states in the past, but there has not been an equivalent tax imposed at the Federal level. Oregon has been charging heavy trucks a weight-mile tax since 1947 and currently does so in lieu of fuel taxes for this vehicle class. Kentucky, New Mexico, and New York also use variations of the weight-mile tax in combination with fuel taxes for their highway use taxation.

Weight Distance Taxes
Pros—Decent revenue yield potential; justifiable as a transportation user fee; potential positive impact on efficient system use
Cons—Strong trucker/rail opposition; impact of tax heaviest on low-value bulk items; significant implementation, administration, and compliance issues; not a viable short-term option

2.3.5 Tourism Taxes Dedicated to Transportation

These are generally "hospitality fees" or sales taxes on such things as lodging, restaurant meals, amusements, golf and theaters. The proceeds are dedicated to tourism-related transportation infrastructure. Depending upon the regional economy, these taxes can generate significant revenues. The room tax rate in Clark County depends on the location of the establishment. The rate varies from 12 percent to 13 percent for resort hotels and from 10 percent to 13 percent at other lodging facilities. According to a study prepared by the Las Vegas Convention and Visitors Authority and the Nevada Department of Taxation in 2015, room tax distribution in Clark County amounted to $53.8 million and $21.2 million revenue towards transportation improvements for Clark County and NDOT respectively.

Other examples include Myrtle Beach, South Carolina (population approximately 31,000) which imposed a 1.5 percent fee in 1997 that is expected to generate $598 million in revenue over the first 20 years to pay for a series of interrelated highway construction projects and roadway enhancements designed to improve mobility in the area.

Tourism Taxes Dedicated to Transportation

Pros – For Southern Nevada, it's an additional source of revenue that can be used for resort corridor improvement.

Cons - Not likely to raise enough revenue to completely meet the need; not a fair way to equitably tying the users of the system to the fee; increased fees could discourage local tourism and therefore cause local political opposition.

2.3.6 Transportation Utility

A transportation utility is similar in concept to utilities established for other services such as sewer, water, or storm drainage in that users are charged a monthly fee based on use of the transportation system. Fees are typically assigned proportionately to road usage based on land use generation, trip intensity, vehicle miles traveled (VMT) or, in some cases, a flat rate. Like any other public utility fee, it is collected from residential and commercial property owners through a regular local utility bill.

Transportation Utility

Pros—Large revenue yield potential and highly sustainable.

Cons—Potential public and political opposition; poor social equity; considerable costs and challenges (institutional, administrative, and cultural); not enough real-world experience with implementation; not a viable short-term option.

2.3.7 Driver's License Surcharge

States charge a fee for issuing drivers' licenses. In some cases, the fee simply recovers the cost of administering the licensing programs. In many states, however, license fees also are used as a source of funding for transportation or other purposes.

Driver's License Surcharge

Pros—Significant revenue yield; well-established in each state with minimal additional administrative cost.

Cons—Strong public and political opposition; different licensing practices in each state; infringes on states' reliance on this fee; poor social equity.

2.3.8 Sales Tax—Auto-related Parts & Services

Similar to the vehicle sales tax, a national sales tax could be established on all products and services related to vehicle use, including part and accessories, lubricants, and repairs.

Sales Tax—Auto-related Parts & Services

Pros—Small tax rate could yield relatively large revenues; strong sustainability; justifiable as a flexible, dedicated source for transportation.

Cons—Significant administrative and compliance issues; social equity issues; little relationship with system use; limited public acceptance; potential to disincentive repairs and create safety issues.

2.3.9 Sales Tax—Bicycles

There is currently no national mechanism to raise funds specifically dedicated to improvements to bike and pedestrian facilities. One approach would be to apply a portion of the sales tax on bicycles to fund these improvements.

Sales Tax – Bicycles

Pros—Strong sustainability; moderately strong relationship between tax user benefit/impact.

Cons—Would not raise a lot of revenue; may require new administration and enforcement framework; limited flexibility on use of funds; could lack geographic equity if spending is concentrated.

2.3.10 Sales Tax—Diesel and/or Gas

A national sales tax on motor fuels could be imposed as a percentage of motor fuel costs. A handful of states currently impose a motor fuels sales tax, most in the 4 to 6 percent range, as a supplement to a traditional cent per gallon tax (note: not all states that impose a motor fuels sales tax dedicate all of the resulting revenues to transportation). The revenue generation capabilities of a national motor fuels sales tax would be driven by several variables, including the price of fuel, the tax collection point (e.g., at the pump vs. points along the distribution network), the basis for the tax (e.g., inclusion vs. exclusion of state and local taxes), and the imposition of tax ceilings or floors.

Sales Tax – Diesel and/or Gas

Pros—Small percentage tax raises significant revenues; sustainable in the short term; provides flexible, dedicated transportation funding.

Cons—Fuel price volatility could lead to unpredictable revenue levels; unsustainable in the long-term; political/public resistance can build during price spikes.

2.3.11 Sales Tax—New and/or Used Light Duty Vehicles

Most likely levied as a percentage of the total sales price for either all new or new/used vehicle purchases (similar to the existing sales tax on trucks and trailers).

Sales Tax—New and/or Used Light Duty Vehicles

Pros—Small fee could raise significant revenue; highly sustainable, captures revenues from alternative fuel vehicle users; could likely be implemented through either existing state tax mechanisms or imposed through vehicle manufacturers.

Cons—Could cannibalize a traditionally important state/local transportation and general fund revenue source; limited user-benefit correlation.

2.3.12 Sales Tax—Trucks and Trailers

A federal sales tax of 12 percent is imposed on the retail sales price for the first sale of all tractors and trucks over 33,000 pounds in gross vehicle weight (GVW) and trailers over 26,000 pounds in GVW, including parts and accessories associated with the sale.

Sales Tax—Trucks and Trailers

Pros—Strong sustainability that tracks with inflation; strong history that is easy to administer; reasonably acceptable from a public/political perspective; tax at national level creates even playing field; recover heavy vehicles' cost to the system.

Cons—Revenue potential is limited; unstable and highly cyclical; no relationship with system use; disincentive to purchase newer vehicles.

2.3.13 Tire Tax—Bicycles

There is currently no national mechanism to raise funds specifically dedicated to improvements to bike and pedestrian facilities. One approach would be to institute a national sales tax on bicycle tires, whether they are on new bicycles or purchased as replacement items.

Tire Tax – Bicycles

Pros—Strong sustainability; moderately strong relationship between tax user benefit/impact.

Cons—Would not raise a lot of revenue; may require new administration and enforcement framework; limited flexibility on use of funds; could lack geographic equity if spending is concentrated.

2.3.14 Tire Tax—Light Duty Vehicles

A national tax on light-duty vehicle (LDV) tires for both tires on new vehicles and replacement tires. Would likely be implemented in conjunction with the current federal truck tire tax.

Tire Tax – Light Duty Vehicles
Pros—Provides a counter LDV balance to the current truck tire tax; highly sustainable; strong user-benefit correlation.
Cons—Does not raise significant revenues; may discourage timely replacement of worn tires.

2.3.15 Tire Tax—Trucks

A federal tax is imposed on the purchase of all tires with a maximum rated load over 3,500 pounds. The tax is justified in part because it helps to recover some of the additional system damage costs caused by heavier vehicles. The current tax rate is 9.45¢ for every 10 pounds of maximum capacity that exceeds 3,500 pounds.

Tire Tax – Trucks

Pros—Strong correlation between tax and user benefit/impact; easy and cost-effective to administer.

Cons—Does not raise a lot of revenue.

In addition to the above, a range of potential non-traditional funding sources are being used or tested by transit agencies to fund ongoing operations and maintenance and ongoing capital needs, for new or expansion public transportation projects. These include:

- Tax Increment Financing
- Special Tax Assessment Districts
- In-Kind Private Sector Funding / Developer Contributions
- Joint Development
- Intellectual Property Rights
- Energy Cost Savings and Development
- Naming Rights
- Toll Revenues or shadow tolling (for transit)

3.0 Financing Mechanisms

In its simplest terms, funding is real money collected through taxes or fees while financing is a way of borrowing money. Borrowed money must, of course, be repaid and the source for repayment comes from funding. Given Nevada's objective to provide the necessary financial resources to implement worthwhile improvements (projects and services), across the state, operate and maintain these improvements, and ultimately renew them at the end of their service life on a sustainable basis, this distinction is crucial. While financing is important, the key to financial sustainability is having reliable adequate funding.

Historically, the most widely used financing mechanism used to build transportation improvements has been through the issuance of debt instruments such as municipal bonds. The following list provides a summary of some of the instruments that have been used in the past several decades with more details on each of these funding mechanisms shown in Table 6.

- Grant Anticipation Revenue Vehicle (GARVEE)
- Build America Bonds
- Private Activity Bonds
- Transportation Infrastructure Finance and Innovation Act (TIFIA) Assistance
- State and municipal bonds
- State infrastructure banks
- Non-profit 62-20 Corporations
- Short-term bridge or "gap" financing
- Section 129 loans (federal participation in a state loan to support projects with dedicated revenue stream)

3.1 Federal Financing Mechanisms

As summarized in Table 6, the federal government has elaborated and expanded these financing mechanisms by such measures as Grant Anticipation Revenue (GARVEE) bonds, Section 129 loans, Build America Bonds, Private Activity Bonds, tax credit bonds, and various loans and guarantees under the Transportation Innovation Finance Investment Act (TIFIA). Some states have created infrastructure banks or similar type structures to facilitate project finance. Nevada has the ability to secure special obligation bonds for highway construction projects through the State Treasurer's office.

In addition to these public financing mechanisms, there has been the introduction of private sector financing into the transportation infrastructure arena principally coupled with long-term agreements to design/build/operate and maintain facilities or services. This type of investment by the private sector is commonly referred to as a "public-private partnership," or P3. The rationale for using P3s varies from project to project but often cited are:

- Access to private capital financing in lieu of or to supplement traditional public sector borrowing
- Improved efficiency and/or lower costs of O&M due to private sector flexibility
- Risk transfer
- Greater acceptance of private sector rate increases versus public sector

P3s have been successfully used to deliver new facilities, expand capacity on existing facilities, and provide O&M on mature facilities. Essential to a P3 structure is a revenue stream to provide a reasonable return on the private investment. One common component of this revenue stream in many highway P3s are tolls, although these alone are typically insufficient and are often supplemented by considerable public sector funds particularly where significant initial capital investment is required. Nevada Revised Statutes do not allow for tolling. Where the facility is not tolled or where toll revenues are not sufficiently robust or predictable, they can be supplemented or replaced by availability payments. The sale of concessions to operate existing mature facilities (e.g. Chicago Skyway, Indiana Toll Road, etc.) have received increased attention during the recent economic downturn since they may generate significant upfront cash for public agencies allowing them to shore up their weakened financial condition or to make additional needed infrastructure investments for which there is currently no funding.

Some states have authority to enter into public-private partnerships for transportation infrastructure. This authority has also been extended, with some restrictions, to local governmental entities.

Table 6. Federal Financing Mechanisms

Financing Mechanism	Description	Trends and Issues
Grant Anticipation Revenue Vehicle (GARVEE)	*Description:* GARVEEs permit states to pay debt service and other bond related expenses with future federal-aid highway apportionments, generating up front capital for major highway projects that the state may be unable to construct in the near-term using traditional methods. *Benefits:* The GARVEE technique enables a state to accelerate construction timelines and spread the cost of the transportation facility over its useful life rather than just a construction period. *Examples:* Since 1997, 25 states have authorized GARVEE bonding authority. Nationally, GARVEE issuances have totaled over $15 billion.	• GARVEEs were established under SAFETEA-LU, and were continued under MAP-21. GARVEEs would need to be reauthorized under future federal transportation bills to remain an option. • State enabling legislation is needed to allow for GARVEEs in transportation financing.
Build America Bonds (BABs)	*Description:* Authorized with the Recovery Act of 2009, Build America Bonds provide a direct federal payment subsidy for a portion of borrowing costs on taxable bonds, thereby making the taxable bonds nearly equivalent in cost to standard tax-exempt bonds. This attracted many investors who did not normally participate in the tax free bond market to bring capital to municipal finance. *Benefits:* BABs have been credited with increasing the financing available for public infrastructure and lowering overall borrowing costs by increasing competition among lenders. *Examples:* Collectively, the 50 states have utilized $181 billion in BABs for infrastructure improvements including but not limited to highway and transit projects.	• Authority to issue BABs began in April 2009 and expired in December 2011. • Since 2011, there have continued to be proposals to reauthorize BABs or something similar with a different name such as America Fast Forward Bonds).

Financing Mechanism	Description	Trends and Issues
Private Activity Bonds (PABs)	*Description:* These bonds, issued by public entities, are used to attract private financing to projects that will be owned or used by private entities, but have significant public purpose (e.g. airports, toll roads). For qualifying projects, these bonds are exempt from federal tax making them more attractive to some investors and reducing financing costs for owners. Congress uses an annual state volume cap to limit the amount of tax-exempt PABs; USDOT has received an allocation that is separate from the individual state volume caps. Approximately $65 billion in PABs have been issued since 2003. *Benefits:* PABs are credited with leveraging billions of private sector investment in public infrastructure. *Examples:* Virginia-Capitol Beltway HOT Lanes; Texas-North Tarrant Expressway; Colorado-Denver RTD Eagle Project	While private activity bonds have been quite successful and have a strong level of support, there are calls to restrict or eliminate this type of instrument due to the loss of federal tax revenue and perceived abuses.
Transportation Infrastructure Finance and Innovation Act (TIFIA) Assistance	*Description:* TIFIA allows USDOT to provide direct credit assistance, up to 49 percent of eligible project costs, to sponsors of major transportation projects. Credit assistance can take the form of a loan, loan guarantee, or line of credit. In general, to be eligible for TIFIA credit assistance, a project must be eligible for grant assistance from applicable Federal surface transportation funding programs. *Benefits:* Direct loans reimburse a project sponsor's expenditures for eligible project costs including right-of-way acquisition, design, construction, and financing costs. Loan guarantees and lines of credit provide sources of capital should project revenues fall short of amounts needed to repay commercial project investors. TIFIA credit instruments offer project sponsors a means to boost debt service coverage. *Examples:* The North Tarrant Expressway in Texas, a $2.0 billion project for additional tolled and non-tolled capacity in the Dallas area. Financing for this project includes a $650 million TIFIA loan that will be repaid with project revenues, which include all income, tolls, revenues, rates, fees, charges, rentals, or other receipts derived by or related to the operation of the project.	• TIFIA was enacted as part of TEA-21 and was renewed under SAFETEA-LU. MAP-21 renewed and expanded TIFIA authority. • Requires state enabling legislation to allow for TIFIA assistance.

Financing Mechanism	Description	Trends and Issues
State and Municipal Bonds	*Description:* These are typically issued by non-federal governmental entities and are almost always tax exempt. Bonds are typically secured by general obligations or specific revenues. Variations include, tax credit bonds, tax increment bonds, certificates of participation, etc. Bond ratings and interest rates are tied to the creditworthiness of the governmental agency and the strength of the revenue stream used to secure the debt. Variations in this category include general obligation bonds and revenue bonds. *Benefits:* State and municipal bonds have been the primary infrastructure financing tool for state and local governments for decades. This mechanism has allowed the public to receive almost immediate benefits from the construction of infrastructure while paying the cost of construction off in the future. *Examples:* Used by virtually every state and municipality	• Stable, adequate revenue streams will be required for bond repayment. Limitations on the total amount of state/local indebtedness may be an issue. • Bonds allowing for federal/state tax credits must be authorized at federal/state level.
State Infrastructure Banks (SIB)	*Description:* A SIB can provide many types of financial assistance, ranging from loans to credit enhancements. *Benefits:* Establishes infrastructure revolving funds eligible to be capitalized with federal transportation funds. A SIB can offer a range of loans and credit assistance enhancement products to public and private sponsors of Title 23 highway construction projects. *Examples:* The South Carolina Transportation Infrastructure Bank was created in 1997 to assist in financing major projects. The major sources of revenue for the SIB include $66 million from the State General Fund as a one-time source of capitalization and state recurring monies, including a share of a one-cent per gallon gas tax (approximately $22 million annually) and truck registration fees (approximately $53 million annually). Other sources include contributions from the borrowers who have received SIB funding in the form of loan repayments and additional contributions from SCDOT. The South Carolina SIB has leveraged these revenue sources through the issuance of bonds. To date, the SIB has issued $1.2 billion in revenue bonds to finance projects.	• SIBs were established under SAFETEA-LU and have been continued with MAP-21. • Federal legislation requires that States enact enabling legislation which designates how the SIB will be funded and how it will operate if Federal funds will be used.

Financing Mechanism	Description	Trends and Issues
Non-profit 62-20 Corporations	*Description:* Non-profit corporations have been used for many years to construct public buildings such as schools, courthouses, city halls, public housing, etc. More recently these corporations have been formed by private entities to construct transportation infrastructure in partnership with the public sector. Within the limitations of IRS Revenue Ruling 62-20, these corporations may issue debt that is tax-exempt. *Benefits:* 62-20 corporations may issue debt that is tax-exempt. In addition, these vehicles can transfer risk to the private sector and shield the public partner from liability. *Examples:* Transportation projects that have utilized 62-20 corporations include: Virginia's Pocahontas Parkway, South Carolina's Southern Connector, and the Las Vegas Monorail.	• The relationship between the public and private participants in 62-20 corporations strikes a fine balance between the interests of both parties. Establishing governance structures that give the public sector adequate control without undermining the advantages sought by the private sector can be challenging. • Tax exempt debt issued by 62-20 corporations has been criticized for the revenue loss to the federal government. At the same time, there has been criticism that US tax policy does not do enough to exempt such debt and thus encourage private sector investment in infrastructure. A major move in either of these directions may have to wait until there is a major overhaul to the US tax code, in general.
Short-term Bridge or "Gap" Financing	*Description:* Some projects have adequate funding but are inhibited from efficient implementation by the timing of when the funding becomes available. Short-term bridge financing refers to financing mechanisms that deal with these problems by providing "loans" of usually not more than five years to smooth out the lumpiness of cash flows and enable more efficient and timely project execution. This could include short-term borrowings from banks, temporary loans from other governmental funds with sufficient liquidity, revolving lines of credit from private banks or SIBs, etc. *Benefits:* Short term bridge financing can give agencies greater flexibility to bring projects to market when conditions are more favorable. In addition, this flexibility can provide a better match to available industrial capacity at any one time. Finally, this flexibility can accelerate user benefits which may substantially offset short-term financing costs. *Examples:* Virtually all states and municipalities have used some form of formal or informal bridge financing.	• Several factors have created significant new stresses in the area of short-term bridge loans. – Project size – Chaotic federal appropriations process – Out of date regulatory limits • Major projects exceeding $1 billion in size with short-term cash flow deficits of several hundred million dollars are not uncommon. Short-term borrowing from a single lender for these higher amounts may be problematic. The recent erratic history of the federal authorization and appropriations process and sequestration has increased risk and uncertainty for short-term lenders. Some regulatory/statutory limits on short-term borrowings were set decades ago and are now inadequate the current size of programs and projects.

Financing Mechanism	Description	Trends and Issues
Section 129 Loans	*Description:* Section 129 of Title 23 allows Federal participation in a state loan to support projects with dedicated revenue stream including tolls, excise taxes, sales taxes, real property taxes, motor vehicle taxes, incremental property taxes, or other beneficiary fees. *Benefits:* Federal loan participation can mitigate lender risk concerns. In addition to using the loan proceeds for project expenses, these funds can also be used for credit enhancement activities, such as the purchase of insurance or a capital reserve to improve credit market access or lower interest rate costs. *Examples:* The first and most prominent use of Section 129 was a $139 million loan to the eastern extension of the President George Bush Turnpike in the Dallas, Texas area. The primary source of loan repayment will be from toll revenues.	• Section 129 loans were established under SAFETEA-LU and authority has been extended with MAP-21 and the FAST Act. • Section 129 does not require state legislation per se but state legislation may be required to provide authority for a state agency to enter into a loan agreement.

4.0 Sustainable Funding and Financing Recommendations for Nevada

The significant majority of the Near-, Mid-, and Long-term projects to be considered in the One Nevada Planning process will be extracted from fiscally constrained planning documents. In theory, the funding for these projects will be available from existing or reasonably likely funding sources. In addition to these projects, there are a considerable number of projects that could provide substantial public benefit but could not be included in the fiscally constrained portions of the planning documents because funding cannot be identified to support them. These projects are often identified in the documents as "illustrative," "wish list", or "vision" projects with an indication that they would be undertaken if there was not a funding shortfall. Further, it is recognized that shortfalls in funding can occur even in the fiscally constrained portions of the various plans due to increases in the costs of project and services, or decreases in the projected revenues, or both. Given these factors, Nevada could consider the following funding and financing strategies to help support financial sustainability. A summary of the strategies discussed are represented in Table 7.

Pursue unique, targeted grant Programs

Track unique, targeted funding programs and grants as listed in Table 2. Where these programs are applicable to priority projects, NDOT should consider joint applications with local MPO's and other agencies to broaden support and improve competitiveness. While each program is not funded to meet the demand, there is no downside to additional federal grant dollars on top of FHWA formula dollars.

Continue full use of currently authorized funding sources

Encourage and support local entity efforts to fully implement and obligate all funding mechanisms currently at their disposal.

Consider funding and delivery strategy successes from other states

Evaluate successful funding, financing, and project delivery mechanisms employed by other states ~ best practices and ideas. Potential strategies for Nevada include:

- Transportation Improvement Fee as part of Vehicle Registration
- Transportation Expansion and Congestion Mitigation Fund (funded by a 1 percent share of the state sales tax)
- Dedicate the motor vehicle lease sales tax and sales tax on rental vehicle to transportation purposes
- Create a motor fuels gross receipts tax of 6.5 percent of the average wholesale price of gasoline within the state (calculated annually)
- Impose a 3 percent administrative fee for Department of Motor Vehicle transactions
- Provide a portion of gambling revenue to used be used for highway, road and bridge maintenance, construction and repair.
- Increase motor fuel user fee, with revenue deposited in the State Highway Fund, and exemptions to individual residents including allowing taxpayers to claim a property tax credit of a certain percent of the additional user fee paid
- Eliminate diversions on the transportation fund and repay previous diversions
- Increase weight fees on commercial motor vehicles

Consider the use of tolling, HOT lanes and managed lanes

Work with future state administration leadership and legislators to consider the use of general tolling or HOT lanes on projects where appropriate to optimize the effective use of the infrastructure and to raise revenue for needed improvements.

Continue to use and foster innovative project delivery

Encourage the authorization and use of appropriate project procurement strategies (DB, DBFOM, P3, etc.) to realize delivery savings, acceleration, and/or value-for-money. Seek legislation that allows streamlined joinder to other entity procurements, and joint procurements.

Create corridor-wide projects for maximum impact

Seek opportunities with the MPO's to aggregate individual member improvements to create trans-jurisdictional projects that improve benefits, support, visibility, and competitiveness – also to maximize multi-modal federal funding opportunities.

Innovate for long-term financial sustainability

Collaborate on research, education, and appropriate implementation of funding mechanisms within and beyond the state such as RUC fees, carbon taxes, and fuel tax indexing. Seek and support the implementation of funding mechanisms that are sustainable over the long-term in the face of dramatic technological, environmental, and social change.

Support your partners

Publicly support and endorse efforts of local and state agencies to implement priority projects and policies. Coordinate with other states to share best practices, expertise, and successes.

Table 7. Summary of Funding Opportunities

	State/ National Highways	State Operations	Local Highways and Streets	Transit Infrastructure	Transit Operations	Rail	Air Quality	Safety	Bike and Pedestrian	Planning	Other
Federal Programs											
National Highway Performance Program	●							●		●	
Surface Transportation Block Grant Program	●		●	●				●	●	●	
Highway Safety Improvement Program	●		●					●		●	
Railway-Highway Crossings Program	●		●			●		●	●	●	
CMAQ Program	●		●				●			●	
Metropolitan Planning Funds										●	
National Freight Program	●										
Federal Grants											
INFRA	●					●		●		●	
TIGER	●		●	●			●		●	●	
Advanced Congestion and Technologies Deployment Initiatives		●	●		●						
Regional Infrastructure Accelerator Demonstration Program											●
Surface Transportation system Funding Alternatives											●
Federal Lands Access Program	●		●	●					●	●	
State/Local											
State Gas Tax	●	●	●	●	●		●	●	●	●	●
County Mandatory Tax	●		●	●	●			●	●	●	
County Optional Gas Tax			●	●	●			●	●	●	
Special/Alternative Fuels Tax	●							●	●	●	
General Funds	●	●	●	●			●	●	●	●	
General Sales Tax	●							●	●	●	
Vehicle/truck registration and/or license fees	●							●	●	●	

	State/ National Highways	State Operations	Local Highways and Streets	Transit Infrastructure	Transit Operations	Rail	Air Quality	Safety	Bike and Pedestrian	Planning	Other
Occupational and Business Licensing Fees			●					●	●	●	
Governance Services Taxes	●		●					●	●	●	
Passenger Carrier Excise Fees	●							●	●	●	
Value Capture	●		●					●	●	●	
Fuel tax Indexing	●	●	●	●	●			●	●	●	
Tourism Taxes	●	●	●					●	●	●	
Registration fees	●	●	●					●	●	●	
Innovative Sources**											
Area congestion Districts	●	●	●	●	●			●		●	
Carbon Taxes	●	●	●	●	●			●	●	●	
Weight Distance Taxes	●	●	●					●			
Transportation Utility	●	●	●	●	●			●			
Dynamic Tolling (Managed lanes/Congestion pricing)	●	●	●	●	●		●	●		●	
Truck only Toll Lanes	●							●			
Traffic Impact Fees	●	●	●	●	●			●			
Mileage-based user fees	●	●	●	●	●		●	●	●	●	
Sales taxes on new light duty vehicles	●	●	●					●	●	●	
Sales tax on auto-related parts and services	●	●	●					●	●	●	
Sales taxes on motor fuels – Diesel and/or Gas	●	●	●					●	●	●	
Sales tax on Bicycles								●	●		
Tire tax	●	●	●					●	●		
Income tax	●	●	●	●	●			●			
Registration fees – hybrid/electric	●	●	●					●			

***Not existing funding sources*

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