



Nevada Department of Transportation | **Legislative Update**  
**September/October 2025**

## **NDOT Federal Policy Priorities**

### **NDOT Reauthorization Priorities – Funding, Formula, Flexibility**

As the IIJA expires in one year, it is imperative Congress work to develop and pass a robust surface transportation bill prior to expiration, providing stable and predictable funding to state DOTs with maximum flexibility. NDOT recommends Congress focus on funding levels, the formula program, and maximizing flexibility for states to deliver the right projects at the right time.

#### **ISSUE: FUNDING LEVELS AND STABILITY**

- IIJA provided a sizable increase to formula and discretionary programs.
- Unprecedented inflation prior to and during IIJA investment years eroded that increase.
- Uncertainty and delays in funding, such as: extensions, continuing resolutions and changes in administration priorities creates difficulties in planning leading to delays in project delivery and potential cost increases.

#### **RECOMMENDATIONS:**

- Deliver a multi-year bill prior to IIJA expiration to support a sustained investment in transportation.
- Baseline funding for the next bill should grow from current levels and include annual inflation adjustments to advance safety and mobility in a meaningful way.
- Continue and enhance the user pay principle by ensuring all vehicle types pay their fair share and continue to evaluate strategies to shore up the Highway Trust Fund.

#### **ISSUE: FORMULA BASED VS DISCRETIONARY FUNDING**

- A significant portion of IIJA funding was for discretionary programs (existing and new) as well as new formula programs.
- New programs and discretionary grants take time and effort to develop and review, creating a delay in delivery. Core formula programs are known and planned for years, if not decades out.
- The grant process is burdensome on time and financial resources. Timelines are uncertain and the agreement process is lengthy.

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## RECOMMENDATIONS:

- Prioritize formula funding for core highway and transit programs such as the Surface Transportation Block Grant, National Highway Performance Program, Highway Safety Improvement Program, National Highway Freight Program and Bridge Formula Program.
- Consolidate programs that have similar policy objectives and allow states and local governments flexibility to optimize delivery.
- Reduce the number of grants through strategic consolidation and streamline the process for the remaining programs.
- Reserve discretionary grants only for projects of national and regional significance.
- Manage discretionary grants awarded to state DOTs like a project administered through FHWA's formula funding program.
- Improve transparency and documentation on the analysis used to select projects.
- Improve the understanding of an applicant's ability to deliver a federal project prior to grant award.
- Any increase in suballocation, new formula programs or grant programs should not come at the expense of core formula programs. Those programs should be considered above the baseline core formula program.

## ISSUE: OBLIGATION LIMITATION, SUBALLOCATION, AND REDISTRIBUTION

Although surface transportation bills generally authorize funding levels for multiple years, each annual appropriations bill sets a limit on how much of those funds can be obligated and used each year. The remaining balance, including all programs (grants, loans, etc., not just formula) is offered up for "redistribution" to state DOTs with one month to obligate. This greatly limits both flexibility as well as the ability to plan to fully use all authorized funds.

- The balance available for redistribution has been at all-time highs for the last several years due, in large part, to the slower to spend discretionary programs.
- While the balance has been high, NDOT's ability to capitalize on that opportunity is limited by the contract authority by program.
- The estimated "fair share" of August Redistribution for Nevada was approximately \$44M.
- NDOT had already spent down most categories of funding in prior years, including use of transfers and advance construction conversion, and NDOT was unable to request more than \$110K.
- Remaining contract authority balances are primarily in suballocated programs or categories where the state has mandated specific uses of new program funds.

## RECOMMENDATIONS:

- Include language in the bill that would provide a four-year obligation limitation for all allocated Highway Trust Fund programs. This would return August Redistribution to historical averages within three years.
- If direct allocations to MPOs or local agencies is considered, those balances should not be considered part of the state's authority, either for obligation limitation or oversight of the projects and programs.
- Increase the percentage of formula dollars available for obligation limitation at the beginning of the year.