



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** April 7, 2022

Staff Contact: Nancy Paulson, City Manager

Agenda Title: For Possible Action: Discussion and possible action regarding the proposed language of a ballot question to be included on the November 2022 general election ballot asking whether to continue collecting a five-cent excise tax on diesel fuel sold in Carson City with proceeds to be used for the sole purpose of constructing, maintaining and repairing public highways, roads, streets and alleys located in Carson City, but which is set to expire by limitation on December 31, 2022. (Nancy Paulson, npaulson@carson.org)

Staff Summary: This item is for the Board of Supervisors to review and approve draft language for a ballot question regarding the continuation or expiration of a five-cent excise tax on diesel fuel sold in Carson City. The ballot language includes the question, explanation, digest and description of anticipated financial effect. Arguments for and against passage will be developed by committees or by the Carson City Clerk-Recorder in consultation with the District Attorney's Office.

Agenda Action: Formal Action / Motion **Time Requested:** 15 minutes

Proposed Motion

I move to approve the language for the diesel fuel tax ballot question as discussed.

Board's Strategic Goal

Efficient Government

Previous Action

June 4, 2020 - the Board of Supervisors adopted Ordinance No. 2020-7 to impose a five-cent per gallon diesel fuel tax with a provision for the tax to expire by limitation on December 31, 2022, unless the expiration is removed by approval of the voters at the next general election.

Background/Issues & Analysis

NRS 373.062 authorizes the Board of Supervisors to enact by ordinance a tax on diesel fuel sold in Carson City in an amount not to exceed five cents per gallon. The Board of Supervisors adopted Ordinance No. 2020-7, now codified at section 21.05.020 of the Carson City Municipal Code ("CCMC"), to impose a five-cent per gallon diesel fuel tax. The tax became effective on August 1, 2020, but it is subject to a sunset provision providing for the expiration of the tax on December 31, 2022, unless Carson City voters approve a ballot question allowing the diesel fuel tax to continue.

The proposed language was developed by staff with input from the District Attorney's Office. The draft ballot language includes the question, explanation, digest and a description of anticipated financial effect. Arguments for and against passage will be prepared by committees to be appointed by the Board of Supervisors pursuant to NRS 295.121 during a separate agenda item. If the Board of Supervisors is unable to appoint committees,

the arguments advocating for and opposing approval of the ballot question will be prepared by the Carson City Clerk-Recorder in consultation with the District Attorney's Office.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 293.481 and 373.062; CCMC 21.05.020

Financial Information

Is there a fiscal impact? No

If yes, account name/number:

Is it currently budgeted?

Explanation of Fiscal Impact:

Alternatives

Modify the proposed language and/or provide alternative direction to staff.

Attachments:

[Proposed CC Diesel Tax Ballot Question_final.pdf](#)

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

PROPOSED NOVEMBER 2022 CARSON CITY BALLOT LANGUAGE

Question No. CC1

Shall Carson City continue to collect an existing excise tax of five cents (\$0.05) per gallon on diesel fuel sold in Carson City, with the revenue generated from the excise tax to be used for the sole purpose of constructing, maintaining and repairing public highways, roads, streets and alleys located in Carson City?

Explanation

NRS 373.062, codified after the passage and approval of Senate Bill 48 during the 2019 session of the Nevada Legislature, and sponsored by the Nevada Association of Counties (“NACO”), was enacted 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, alternatively, to ask voters to approve such a tax. Prior to enactment of this law, counties with populations below 100,000, including Carson City, were not allowed to impose any county taxes on diesel fuel. On June 4, 2020, the Carson City Board of Supervisors enacted Ordinance 2020-7, now codified at section 21.05.020 of the Carson City Municipal Code (“CCMC”), to impose a five cent per gallon diesel fuel tax for a period of approximately two years before submitting the issue directly to Carson City voters in the 2022 General Election. That tax became effective on August 1, 2020, but the tax will automatically expire and no longer be collected after December 31, 2022, unless Carson City voters approve a ballot question allowing the diesel fuel tax to continue.

Through the end of November 2021, a collection period of 16 months, Carson City has received a total of approximately \$685,000 from the five-cent diesel fuel tax, or an annualized amount of approximately \$500,000. This money is used to fund the design and construction of pavement rehabilitation and preservation projects on roads maintained by Carson City. The funding is being used for pavement preservation projects scheduled for the 2021/2022 cycle as part of the City’s Pavement Management Plan, including, but not limited to, roadway projects planned for Saliman Road, Curry Street and Silver Sage Drive.

A “YES” vote would allow Carson City to continue imposing and collecting the five cent per gallon tax on diesel fuel sold in Carson City, with the revenue from the tax to be used solely for repairs and improvements to public highways, roads, streets and alleys located in Carson City.

A “NO” vote would cause the current five cent per gallon tax on diesel fuel to expire and Carson City would no longer collect the tax after December 31, 2022, which would reduce available funding for repairs and improvements to public highways, roads, streets and alleys located in Carson City.

Digest

If passed, this measure would continue to create, generate or increase public revenue. Passage or defeat of this measure by the voters of Carson City would not add to, change or

repeal Nevada state laws which govern county taxes on fuel (NRS chapter 373) and how such taxes must be spent (NRS chapter 365). If passed, the Carson City Board of Supervisors would adopt an ordinance amending CCMC 21.05.020 to remove the language regarding expiration of the diesel fuel tax. Therefore, passage of this ballot measure would require revisions to CCMC 21.05.020.

Description of Anticipated Financial Effect

If passed, this measure would authorize the continued collection of a diesel fuel tax previously adopted by the Board of Supervisors. In 2019, NACO estimated the annual net proceeds for Carson City if a five-cent diesel fuel tax was implemented based on fiscal year 2017-2018 diesel gallons sold at approximately \$400,000. In practice, Carson City has collected an annualized amount of approximately \$500,000 since August 1, 2020.

Arguments for Passage

To be included after preparation and submittal by the committees required to be created pursuant to NRS 295.121.

Arguments Against Passage

To be included after preparation and submittal by the committees required to be created pursuant to NRS 295.121.

Rebuttal

To be included after preparation and submittal by the committees required to be created pursuant to NRS 295.121.