



# STOREY COUNTY BOARD OF COUNTY COMMISSIONERS MEETING

WEDNESDAY, JULY 27TH, 2016 9:00 A.M.  
DISTRICT COURTROOM  
26 SOUTH B STREET, VIRGINIA CITY, NEVADA

## SPECIAL MEETING MINUTES

MARSHALL MCBRIDE  
CHAIRMAN  
ATTORNEY

ANNE LANGER  
DISTRICT

LANCE GILMAN  
VICE-CHAIRMAN

JACK MCGUFFEY  
COMMISSIONER

VANESSA STEPHENS  
CLERK-TREASURER

---

**Roll Call:** Chairman Marshall McBride, Vice-Chairman Lance Gilman, Commissioner Jack McGuffey, County Manager Pat Whitten, District Attorney Anne Langer, Deputy District Attorney Keith Loomis, Planner Jason VanHavel, Clerk & Treasurer Vanessa Stephens and Senior Planner/Administrative Officer Austin Osborne.

- 1. CALL TO ORDER REGULAR MEETING AT 9:00 A.M.**  
The meeting was called to order by the Chair at 9:06 a.m.
- 2. PLEDGE OF ALLEGIANCE**  
The Chair led those present in the Pledge of Allegiance.
- 3. DISCUSSION/POSSIBLE ACTION:** Approval of Agenda for July 27, 2016  
**Motion:** Approve Agenda for July 27, 2016, **Action:** Approve, **Moved by:** Vice Chairman Gilman, **Seconded by:** Commissioner McGuffey, **Vote:** Motion carried by unanimous vote, **(Summary:** Yes=3)
- 4. DISCUSSION ONLY (No Action - No Public Comment):** Committee/Staff  
None
- 5. BOARD COMMENT (No Action - No Public Comment)**  
None
- 6. DISCUSSION/POSSIBLE ACTION:** Approval of ballot language for Storey County Ballot Question 16-001, "Shall the Storey County Board of Commissioners enact an ordinance to impose, for the period beginning on January 1, 2017 and ending on December 31, 2026, annual increases to the taxes on certain vehicle fuels based on construction inflation in an amount not to exceed 8 cents per gallon the first year and 3 cents per gallon for remaining years for the sole purpose of building,

maintaining and repairing roads (and projects that will reduce traffic congestion and enhance public safety) located only in Storey County?”

Jason VanHavel provided a presentation regarding the history of AB 191 and the background on fuel indexing:

- AB191 directs counties to include the fuel tax indexing question on the November 2016 ballot.
- If approved, the Commission must implement the indexing to become effective January 2017.
- The legislation caps the indexing at 7.8%.
- In 1992, \$10 of \$20 in the cost of fuel for 20 gallons was tax. In 2016, the same amount of gas, 20 gallons, cost \$40 - the tax is \$10. Fuel taxes haven't changed since 1992 because it based on the number of gallons, not the cost.
- On gas, there is Federal, State, County mandatory and County optional, tax.
- On diesel, there is Federal and State tax. The County has zero.
- In 1992, 50% of the cost was tax - 2016, less than 20% is tax.
- Under indexing, the County does not have to increase the County optional from 4 cents to 9 cents - as indicated in the packet.
- The increase must be applied to every tax on gas and diesel - the Federal, State, County mandatory and optional.
- Per NRS, the index is a “producer price index”.
- Over the last ten years, a review of producer price index indicates the highest annual was 3.9% and the lowest annual .5%.
- DMV projections - the total produced by implementing the index - were based on 3 cents per gallon inflation, or index, translating to approximately 5.3% inflation index.
- With a 5% inflation index on gasoline - the increase is 2.61 cents per gallon (for all taxes). It is similar for diesel.
- There is no County mandatory or optional tax for diesel.
- On diesel, the additional revenue created from the index on the Federal tax comes from the County for the County to control. The additional revenue from the State tax goes to the State for the State to control - it must be spent in the County of origin, on State highways in the county.

Mr. Whitten: On diesel, the only potential gain by the County, is what the State and Fed's pour back into the County's two or three highways? The County cannot enact its own diesel - local tax?

Mr. VanHavel: The only diesel tax the County has any influence on is the indexing. The County would derive diesel tax from this implementation. The additional index revenue derived on the Federal tax comes back to the County to spend on streets, highways, maintenance, construction - any way the County wants. The additional revenue created on the State tax goes to NDOT to control to spend in the County of origin on the State system.

On the Federal side, it is an “index “on the Federal tax - it (the index) is not a Federal tax, it goes directly back to the County.

Mr. VanHavel continued review:

- NDOT 10 year projections indicate that the County would have \$5.3 million to control and utilize on the County streets and highways, and
- NDOT would have \$4.8 million to spend back in the County on the State (highway) system.
- County staff projections (for the 10 years) indicate \$4.1 million to the County and \$3.6 million to the State (NDOT).

Chairman McBride: Currently the County is not getting any revenue back on the diesel side of the tax, only on gasoline. Are these numbers an increase in revenue the County would receive, or the total revenue?

Mr. VanHavel: It would be an increase.

- From the new revenues created from AB191, the gas side will bring approximately 64-65% back to the County for the County to control. On the diesel side, roughly 47% comes back to the County for the County to control.

Chairman McBride: At the end of the ten years of this bill, does it sunset? Would what it is then be the baseline?

District Attorney Keith Loomis: That is the understanding.

Mr. VanHavel:

- The implications to the average driver with 1,000 miles per month getting 25 miles per gallon, with purchase of 40 gallons per month: a 5% index to the taxes would equal an impact of \$1.04 per month.

Something has to go on the ballot this fall. It is hoped this presentation has shed light on the issue so that accurate information can be conveyed to the voters.

Mr. Whitten: Apologize for misstatements, misinformation throughout the process. Mr. VanHavel did this with NDOT and the Legislature and took the lead. If five people were asked about this issue there would be many different answers. The Commissioners are asked to consider the most recently revised language for the ballot. Thank you to Mr. Van Havel and Deputy District Attorney Loomis for a tremendous job.

Commissioner McGuffey: NACO had many variations because each counties requirements are different, so NACO backed off. The Legislature is forcing each county to put this on the ballot but it is up to each county to decide what to ask for. It needs to be simple - people understand "cents" versus percentages.

Vice Chairman Gilman: Talking about a revenue stream for the County, there is a limited number of gas stations. The potential is in TRI and it could be significant. With the responsibilities for maintenance, especially in TRI, there will be a lot of County pressure to maintain the roadways. Although it is a tax, it is important.

Mr. Whitten: The largest share of taxes comes out of TRI, looking at diesel and gas sales which are equally busy. Whatever the increase is, mandatory and optional, there will be more truck stops in TRI because Reno and Sparks have high tax rates on fuel. People will continue to go to Storey County gas stations when traveling on USA Parkway. There are many reasons why this will benefit the County. The conservative estimate (5%) of the number of gallon growth, will probably be more like 50%.

Vice Chairman Gilman: This is the focus of the revenue stream for the County. There will be a lot of pressure on the infrastructure and companies are being incentivized to come in. There are at least three probable new truck stops.

Mr. Whitten: It is clear that the County's mandate is to get property tax reduction and costs overall to the taxpayers reduced somehow - whether through a rebate process or rate rollback, or whatever there is. Currently the existing road budget is augmented by the General Fund each year as there is not enough money to support that budget. The potential revenues from the index could eliminate this. The savings would enable the County to do what has been mandated.

Mr. VanHavel: The action needed today is to look at the question as updated in the staff report where the 8 cents per gallon is removed because the County does not have to increase the "optional". If the Commission is comfortable, this can be adopted as the ballot language. There are minute differences between Mr. VanHavel's version of the impact and those of the District Attorney's Office. Staff is requested to direct Mr. VanHavel and the District Attorney's office to work together, in conjunction with the Clerk's Office to finalize those differences, as time is of the essence. The deadline requested by the State to get this on the ballot has passed - more time was given but there is pressure from the State to get this information in.

Mr. Whitten: Please clarify the information and which document it appears on so that everyone has it in writing.

Mr. VanHavel: The document with the reference to 8 cents per gallon crossed out - with that removed - Planning staff and the District Attorney's Office are in agreement with that language to be on the ballot. The implication of that is the State's statute has a maximum increase of the index to 7.8% - this question says the annual increase can be no more than 3 cents per gallon, translating to an approximate 5.2 or 5.5% increase. By agreeing to this, the County is agreeing to bring the cap down to about 5.5%, lowering the maximum top tax rate.

Mr. Whitten: From legal, logistic, and fiscal standpoints - keeping in mind the County currently receives zero from diesel, which will go to 1.2 cents to begin - the volumes and indexes should provide ample money to fund the roads and be able to, conservatively, to go higher if different ballot language is taken. Any tax increase in the State as a ballot question will have a struggle. This has to pass Statewide and with majority vote in Storey County in order to do this. How much is reasonably and conservatively needed, because that's the cap that is being placed. Going with 3 cents, 2 to 3 cents may be lost by the way the 7.8% works out. Looking at 3 cents, a 10-year economic prediction - knowing the County currently receives nothing from diesel and massive amounts are pumped through the TRI facility - is more than adequate. Mr. Whitten is very comfortable binding the County for 10 years to receive no more than 3 cents, from a fiscal standpoint.

Chairman McBride: This is a reasonable starting point. As more suppliers come on-line there is more volume of product being sold, increasing the revenue stream. This is under the assumption that voters will be in favor of passing this.

Vice Chairman Gilman: Is it correct this is a compounding formula? Three percent per year, not on a baseline but three percent of the past year's increase.

Mr. Van Havel: Three cents, yes - it is a compounding issue.

Mr. Whitten: Up to a maximum of 3 cents. One year there was a very low inflationary index - at that stage, the rate would not be able to be raised 3 cents - only what the percentage calculates out.

Mr. VanHavel: Based on the producer's price index, whatever it is at the time. If it is .5% - then each of the taxes could be escalated .5% for that year.

Mr. Whitten: Which equate to ½ cent, 1 cent, or whatever. This is a cap of 3 cents- not locking into 3 cents. It can never go above no matter what the index goes to.

Mr. VanHavel: Annually. If this language is adopted, it could be a maximum of 3 cents per year over the 10 years.

Chairman McBride: The request is for the Board to approve the question and agree to Planning staff and the District Attorney getting together to form the arguments.

Mr. VanHavel: And the Clerk.

Vice Chairman Gilman: This self-imposed, 3 cent cap in Storey County is to specifically address the impacts on the County's communities. Can this be amended within the 10 years, or is the 3 cents locked in?

Mr. Loomis: AB191 authorizes the Board to change the percentage from time to time. By using a 3 cent cap in the question, the percentage cannot be changed to more than 3 cents.

Mr. Whitten: In any given year, the percentage can be reduced but it cannot be raised beyond 3 cents.

Mr. VanHavel read the staff's recommendation for the ballot question:

“Shall the Storey County Board of Commissioners enact an ordinance to impose, for the period beginning January 1, 2017, and ending on December 31, 2026, annual increases to the taxes on certain vehicle fuels based on construction inflation in an amount not to exceed 3 cents per gallon for the sole purpose of building, maintaining, and repairing roads and projects that will reduce traffic congestion and enhance public safety located on in Storey County?”

Commissioner McGuffey: Should the question begin with “pursuant to Assembly Bill 191” to explain where this is coming from?

Mr. Loomis: This is in the explanation. No, it should not begin with this - it has to start with “Shall Storey County .... enact an ordinance”. This is a requirement of requested language.

Pat Whitten: As Mr. Loomis said, this is covered in the explanation. Based on previous experience, the ballot question should be kept as short and accurate as it can.

Mr. Loomis: “Shall...” is mandatory language. AB191 will be in the explanation stating that AB191 of the 78<sup>th</sup> Legislative Session requires the Board of Commissioners to pose this question to the voters.

Commissioner McGuffey: The question sounds like it is coming solely from the Storey County Board of Commissioners when, in actuality, the Board is directed to ask this question.

Tom Gransberry:

- On page 1 of the handout - the gasoline analysis, using the 3 cent factor. In the second block talking about potential County levies of 15.35 - Carson City, Lyon, and Douglas County are at this rate right now. Storey County is at 10.35. Washoe County is much higher having been indexing for about 10 years.

- 2<sup>nd</sup> page - the diesel analysis using a 3 cent factor. When the indexing is applied to the Federal levy, that's the piece that will come to the County. In the block - analysis on 100 gallons: the indexing tax will be on the Federal piece because of AB189 - that's the portion that will come to the County.
- In the history of the gas gallons by month, 2014 had a large increase over 2013, a small increase in 2015, and now looking at an increase of better than 15% for 2016 over 2015. The gallons are going up, with anticipation of more.
- Referring to Mr. VanHavel's presentation regarding the 7.7 over 10 years it was broken out a little different. Looking at Mr. Gransberry's cumulative total - 2.7 on gasoline, 5 million on diesel, works out to the 7.7. This analysis was on a 1.5 cent cumulative increase

Public Comment:

**Nicole Barde, Storey County Resident:** Given the zip code issue in TRI, will the County get all this money from the gas station?

Mr. Whitten: Gas and fuel reporting is done by station location. The County set down with the station in TRI and explained that, even though the 89434 zip code is being used, the gallons needed to be reported at "this" rate because of the tax differences. The answer is: we are most confident that it will because it is a totally different, less automated process - more importantly, the substantial difference between the Washoe tax rate and the Storey County tax rate, is a huge incentive for the stations. Mr. Whitten is as sure as can be, and work continues on the zip code in the meantime.

Ms. Barde: If the volume (of gas) goes down, does that affect the indexing? Will the price of gas ever go down?

Mr. VanHavel: If volumes go down, less tax will be generated. The actual index rate is not based on volume.

Mr. Whitten: Regarding the price of gas going down - this is a cap of 3 cents, the Commission could vote lower. Assumably, the price could go down.

Ms. Barde: County by county. The Commission could drop it here?

Mr. Loomis: Say the Board imposes a 3 cent per gallon increase for 2017-18, in 2018-19 the percentage could be adjusted down, but the 3 cents for 2017-18 would still be in place. The percentage would decrease, but there would not be an actual deduction in the tax amount.

Ms. Barde: Is an increase required from year to year - can it be a zero increase?

Ms. Loomis: Yes.

Ms. Barde: Is it known how many "tax" questions will be on the ballot? Any for the State?

Vanessa Stephens, Clerk: Around three but doesn't know for sure.

Ms. Barde: The Fed and State have tax, the tax being discussed today adds to those taxes. The County gets that extra tax. How does the Fed and the State increase their portion of the tax? Does this have voter input?

Chairman McBride: The Fed has not raised its tax since 1992.

Mr. VanHavel: As far as fuel tax revenues, generally the transportation system in America has been a user system. The users of the facilities generally pay for it. It has been historically implemented through some type of fuel tax. In the current situation, the transportation revenues have been static since 1992. \$10 generated then is \$10 now. However, \$10 does not purchase today what it did in 1992. There is a strong national conversation wanting a solid infrastructure to maintain economic competitiveness on an international level. It is recognized that current transportation revenues are inadequate to maintain the transportation system. The responsibility is being pushed down to the State level and then down to the local level. The State has enabled the counties to move forward with an option - AB191 - to be able to address issues on a local level.

Mr. Whitten: There are a number of variables that are being talked about. Weight and distance taxing has been discussed, which would have concerns in the Industrial Park. Another question, how do electric vehicles play into this?

Mr. Whitten read the question: "Shall the Storey County Board of Commissioners enact an ordinance to impose, for the period beginning on January 1, 2017 and ending on December 31, 2026, annual increases to the taxes on certain vehicle fuels based on construction inflation in an amount not to exceed 3 cents per gallon for the sole purpose of building, maintaining and repairing roads, and projects that will reduce traffic congestion and enhance public safety located only in Storey County?"

Vice Chairman Gilman, having a pecuniary interest in the Tahoe Reno Industrial Center and that there may be a revenue driven impact from this ballot question, recuses himself from vote on this item.

**Motion:** Approve the following ballot language for Storey County ballot question 16-001 - "Shall the Storey County Board of Commissioners enact an ordinance to impose, for the period beginning on January 1, 2017 and ending on December 31, 2026, annual increases to the taxes on certain vehicle fuels based on construction inflation in an amount not to exceed 3 cents per gallon for the sole purpose of building, maintaining and repairing roads, and projects that will reduce traffic congestion and enhance public safety located only in Storey County? and to include explanation and arguments for and against the bill as provided by staff, County Clerk, and the District Attorney's Office working together, **Action:** Approve, **Moved by:** Commissioner McGuffey, **Seconded by:** Chairman McBride, **Vote:** Motion carried by unanimous vote, (**Summary:** Yes=2)

7. **PUBLIC COMMENT (No Action)**  
None

8. **ADJOURNMENT**  
The meeting was adjourned by the call of the Chair at 10:16

Respectfully submitted,

By \_\_\_\_\_  
Vanessa Stephens, Clerk-Treasurer