

**Meeting of the "Blue Ribbon Task Force"
to Evaluate Nevada Department of Transportation Long Range Projects
July 27, 2006**

Chairman Peckman called the meeting to order and asked Director Fontaine to take roll. Member Russell, Member Woodbury, Member Madole, Member Skancke, Member Cashman, Member Geeser, Member Vilardo, Member Hadfield and Member Enos were present in Las Vegas. Vince Alberta sat in for Member Ralenkotter in Las Vegas. Member Mayer participated by video conference from Carson City. Vice Chairman Goodman and Member Ellison participated by video conference from Elko. Member Landreth, Member Murphy and Member Porter were not present.

1. Approval of June 22, 2006 Task Force Meeting Minutes - Action Item

Member Vilardo made a motion for approval and Member Skancke seconded the motion.

Chairman Peckman received 14 votes to the affirmative and declared the item passed.

2. Nevada Department of Transportation Director's Report - Informational Item Only

Director Fontaine explained that this item is a routine item for the agenda, but he has nothing additional to report at this time.

3. Discussion and Possible Approval of "Blue Ribbon Task Force" Findings and Policy Recommendations Regarding the Need for Future Nevada Department of Transportation Projects, Project Costs, Revenues and Funding Options - *Action Item*

Director Fontaine explained that last week he had sent out draft findings and recommendations for comment by Task Force members. He then distributed the draft findings, which incorporated most of the comments that were received. He also prepared a document, Proposed Policy Recommendations, that was separate from the findings. He asked the Chairman how he wanted to go through these documents. The Findings are very detailed and suggested that the Task Force may want to review these again and perhaps voted on at the next meeting and spend some time during this meeting going over the Draft Policy Recommendations to get some additional feedback, finalize those and bring them back also for final adoption at the next meeting. He wants to know if these 14 policy recommendations, are what the Task Force feels are appropriate policy statements in terms of just the message. It can always be wordsmithed over the next couple of weeks.

Chairman Peckman suggested that the Task Force spend some time going through the Draft Policy Recommendations and see how the time goes.

Director Fontaine continued that there are 14 policy recommendations, which are basically things that he understands that the group has reached some sort of consensus on. The first one is, "The Nevada Department of Transportation should be given the authority to enter into public-private partnerships for the financing, design, construction, maintenance and operation highways and bridges." We've had several presentations on public-private partnerships and how they're being used throughout the country. The second item is, "The Nevada Department of Transportation should be given the authority to

implement user fees such as toll roads, high occupancy toll (HOT) lanes and congestion pricing". Third, "The Nevada Department of Transportation should pursue advance right-of-way acquisitions for projects, including "Super and Mega Projects," as soon as possible, contingent on funding." The fourth, "The State of Nevada should consider utilizing general fund surpluses and redirecting existing revenue sources for on-time expenses including advance right-of-way and highway construction contracts." Number five, "An assessment for State highways should be authorized for future land sales through the Southern Nevada Public Land Management Act." Those are the first five.

Member Skancke asked regarding toll roads, would specific truck toll lanes also be considered.

Director Fontaine responded that under Item Number two, truck toll lanes would be also be under consideration.

Member Enos asked if that would just be for new construction or if it would be on existing facilities also that have already been paid for.

Director Fontaine responded that new construction would be his personal recommendation, however he cannot speak for the Task Force and there may be some interest in doing them on existing facilities also.

Chairman Peckman asked if meant that there was a language change for Item Number two.

Director Fontaine responded that "for new capacity" can be added under Item Number two.

Member Madole asked what would happen if some existing roads were totally falling apart and there was no other way to fund it? He hates to start with statements that preclude a specific funding mechanism.

Member Vilardo suggested since there is going to be extensive discussions regarding toll roads, perhaps a statement should be added at the end that said, "And the highway be reviewed every other year or whatever time frame recommended by this committee to consider any changes that might be needed given changes in funding circumstances or anything else in federal law."

Chairman Peckman responded that this is just a policy and nobody is getting any authority. All of these things are going to be debated. For me, it's fine the way it is, whether it's new or existing. The Task Force is not going to be able to develop perfect recommendations. He does not think that this ties us up the Task Force one way or another.

Member Russell stated that he agrees. He would be concerned about putting limitations on potential sources of funding. There may be situations where it is necessary. He just thinks that it is a bad idea to put that kind of restriction on at this time.

Member Skancke stated that he was not trying to single out any industry. Toll roads are defined differently in each state across the country and if you don't put everybody in, then when you get to the policy discussion, someone's left out and then they try to go back to

intent. And he just wanted to make sure that he understood the definition of toll roads to be all inclusive.

Director Fontaine wanted to add that federal government also has a role in this and some of the things that are being talked about would be precluded by federal law anyway, since we're talking about almost all of the projects being on federal highways. So we're pretty much precluded anyway from putting a toll on an existing interstate. We have to follow those guidelines.

Chairman Peckman stated that it seems that the first five items discussed are ok as they are.

Director Fontaine stated that he will take Item Number six and Number seven together because they deal with discussion that this group has had on two petition initiatives. Number six is, "The Nevada Department of Transportation should provide information to the State Transportation Board regarding how the requirement for voter approval to issue highway construction bonds as contained in the Tax and Spending Control (TASC) petition will add a cost to the bonds, and possibly delay projects." The way that it is possible that a project could be delayed is since you can only have a ballot initiative once every two years, if you have phasing of a project that requires bonds sooner or later, they may not necessarily be in synch so the bottom line is you've taken the flexibility away from administratively being able to time the issuance of your bonds to match up with your project. As far as we can tell, the other provisions of TASC don't apply to the highway fund. There is consideration of increasing taxes or adding new taxes, but specifically in terms of what we have today, it's the requirement for voter approval of bond issuance.

Chairman Peckman asked if there was any discussion on whether or not with the Department of Transportation should provide information on what effect TASC would have.

Director Fontaine explained that Number seven has to deal with the petition initiative or the Property Owner's Bill of Rights and we had a lot of discussion about how this would likely impact the Department of Transportation. We believe that this particular petition would definitely affect the Department of Transportation. We're going through an analysis now to try to specifically quantify what that impact would be in terms of hard dollars and that should be available at the next meeting. We do know what our right-of-way needs are estimated to be over the next nine years for these projects we've been talking about and based upon what we see in that petition initiative, we believe that right-of-way costs will be increased significantly. They could increase to the extent that it might actually cause us to not be able to fully build out the projects we are planning. The specific language reads, "The Nevada Department of Transportation should provide information to the State Transportation Board regarding how the People's Initiative to Stop the Taking of Our Land (PISTOL) petition will limit its ability to acquire advance right-of-way, discourage the settlement of eminent domain cases and substantially increase the cost of the estimated \$1.2 billion in right-of-way needed for the highway projects to be constructed in the next nine years." There are a lot of other provisions in that petition initiative. What he proposed is when the Task Force is ready to adopt this or the findings that the actual analysis of the petition be included as an appendix to this report.

Member Woodbury agreed and suggested that perhaps the language should be expanded slightly in two respects. The first one is because of the potential obvious violation of

federal law in terms of definition set forth and secondly, maybe the language that talks about how NDOT and the state will be subject the potential new unlimited liability because of action by NDOT, or the transportation board whether it's setting priorities, or locating a highway, denying access points, for safety reasons, putting in traffic signals, basically like all other entities will be incurring liability.

Director Fontaine responded that Commissioner Woodbury was correct on both of those accounts. On the first one, providing the federal funding, we have been advised by the Federal Highway Administration that that provision would be in violation of their regulations with regard to using federal funds to acquire right-of-way. The reason for that is that the federal government provides money for acquisition of right-of-way that at the end of the project, becomes surplus right-of-way, and they expect some return on their investment. They also do have some concern about the definition of what used to be fair market value to some other definition. With respect to how it would affect federal funds, we're working with Federal Highways now to get their analysis and get something in writing. On the second issue, as far as expanding the definition of damages, there are a lot of actions that NDOT takes in developing projects that now could be subject to litigation.

Chairman Peckman asked what Director Fontaine was asking the Task Force to do in this regard.

Director Fontaine responded that he is asking the Task Force for guidelines. There are 14 provisions in this property owners' bill of rights and probably ten of those directly affect NDOT. He asked if the Task Force wanted this analysis included in the Policy Recommendations or to be presented as an appendix.

Member Vilardo recommended that they be included as an appendix to the report so that they are not lost.

Chairman Peckman asked if the first line was alright and then listing the appendix also. He requested that staff reword that and then circulate it to the Task Force members.

Member Skancke asked if the chairman wanted to adopt this today.

Chairman Peckman responded that since the wording has not resolved, he does not see how it can be adopted.

Member Skancke asked if time was of the essence on any of these provisions.

Chairman Peckman stated that the concept that he is hearing everybody say is that information needs to be provided to the State. The increase in the cost of right-of-way, increase in liability, potential construction delays and interference with federal guidelines are items of concern and that is a concept that can be approved of by the Task Force.

Director Fontaine continued with Item Number eight, "The State of Nevada should provide non-traditional highway revenue sources for highways." Traditional highway revenue sources are the gas tax, diesel tax, registration fees and so forth and this group has looked at other revenue sources that traditionally have not gone into state highway funds.

Vice Chairman Goodman stated that he thinks that the Task Force should just say "may" and leave it at that. He doesn't think that the Task Force needs to get caught up in the verbiage because he doesn't think that anything can be adopted today anyway.

Member Cashman wanted to address Item number 11 because he has a concept that applies to Item number eight. He believes that the Task Force needs to have a statement that refers back to sound tax policy and that priorities should be given to funding sources that have a solid nexus with the use of the funds, matching of the revenue to the use. Gas taxes to roads is a strong nexus. He distributed his suggested wording, which read, "Individuals and businesses from within and without Nevada rely on our state highway system. Any new or increased taxes for highway maintenance and improvements should be fairly allocated to those who benefit from the use of our highways. Sound tax policy dictates that taxes which have the greatest nexus to highway maintenance and construction should be given priority consideration."

Member Russell suggested combining what Member Cashman had distributed with a "but" or "however".

Member Cashman had come up with this wording because he does not feel comfortable with the words "broad based."

Chairman Peckman stated that he would hate to preclude any revenue source that could be used for roads if it needs to be. He understands the issue with the original nexus because there's not enough money in the highway fund. So if we recommend that the gas tax be raised because of the nexus, that's an issue. The gas tax has the biggest nexus, but he is not sure that anybody's going to pass a gas tax.

Member Hadfield stated that the way he reads number 8 is you're saying that it's a priority consideration. You're not exclusive in that, but I will say based on life in the legislature building, they're going to go there first anyway, and the greatest fight is going to come from the tax people who will say this doesn't have anything to do with road. And I think by reading this, should be given priority consideration definitely recognizes you understand the issue but it doesn't preclude from you making recommendations to other source that do not have a direct nexus. I think it gives more credibility to the state by recognizing if at all possible you want to go first where it's the logical connection. If that doesn't work, we're not saying you can't go somewhere else. I don't see it as being restrictive.

Member Skancke stated that he agrees that they're going to go directly to the source because it's easy. The tax policy in this state is not good sound tax policy. Most of the taxes that we pass have no nexus. Let's look at those industries that are being affected and what's the nexus to that?

Member Cashman stated that we have to have sound policy and sound thinking as it relates to how we're going to fund these highways. It means we need to look at these highway user fees that we've traditionally used, but maybe there's some nontraditional ones as well as looking at the other nontraditional sources.

Chairman Peckman suggested that we take out the existing Item numbers eight and 11 and put this wording in for Item number eight.

Member Skancke stated that with what he learned at the national commission, it is clear that we can no longer just rely on the gas tax. We have we got a report yesterday that the highway trust fund is not only going to be bankrupt in 2009, it could happen in 2007. We may have to look at some of the non-traditional sources, but before we get there, let's encourage the Legislature to at least prioritize to say that those things that provide a direct nexus should be considered first and if they don't provide enough revenue, look at the other sources.

Member Vilardo thinks that the recommendation by Member Hadfield is the right way to go. Leave Item number eight in, but transition from eight and say we need to provide nontraditional sources because we know that's going to happen.

Member Vilardo continued, "Sound fiscal policy dictates taxes and fees which have the greatest nexus should be given priority consideration".

Member Hadfield thinks the problem arises in Item number 11 where you say any new or increased taxes for highway maintenance and improvements should be fairly allocated to benefit use of our highways, that needs the same fudge language, if you want to put priority should be given to doing that, because we can't do that. But we can give priority to anything we want. He doesn't think we're going to make it without going outside the ones that we can say, hey, this directly relates to your vehicle. I don't think the statement precludes this, because we will demonstrate that we did that and we couldn't generate enough money.

Member Skancke stated that the manner that Mr. Woodbury conducted the previous committee was superb. The Task Force should start with the taxes that have the nexus like they did on Question 10. They started with the taxes that had nexus to the transportation system, then when they saw at that juncture that they weren't going to make it, they went out to nontraditional sources that didn't have a nexus. He thinks that it is logical to look at the way it is outlined and it is a good starting point and if we don't make, then we look elsewhere.

Chairman Peckman clarified that what Member Skancke was saying is that it is the policy of this committee that when a policy recommendation is made to the State Transportation Board of Directors that it is recommended that on tax increases that we will first consider nexus taxes before we make a recommendation on any other taxes?

Member Skancke agreed that would be correct from his point of view and it is a precedent that has been set previously.

Member Vilardo suggest that if that's a policy of this committee, perhaps we should say funding instead of taxes because funding could include such things as public-private partnerships.

Chairman Peckman continued and asked if the Task Force should have that as a fundamental preamble to this? That should take care of Commissioner Woodbury's concern. Examine everything. In this committee. And if that's the policy of this committee, then maybe we could put it that way.

Director Fontaine asked if he could recite the way the he thinks that Item number eight should now read, "It is the policy of this committee, this task force -- I'll put, the but the policy of this task force to provide nontraditional -- there should be nontraditional highway revenue sources for highways. However, sound fiscal policy dictates that any taxes, fees, or other revenues, which have the greatest nexus to highway maintenance and construction should be given consideration first and priority before others."

Chairman Peckman heard minor suggestions from some of the other Task Force member and determined that exact wording could be determined at a later time and wanted to continue to go through the list of Policy Recommendations.

Director Fontaine continued with Item number nine, "Highway fund revenue sources should be tied to inflation and population growth."

Member Geeser asked if any other member of the Task Force felt uncomfortable with the intent of this segment to include a time frame for review attached.

Member Hadfield thinks that the idea is to have the Transportation Board continuously review this, to do something in this session. We have a strong overall recommendation of the policies and recommendations that should be continuously reviewed and updated on an annual basis or bi-annual basis to keep this document alive. Is that the view of the rest of the Task Force?

Chairman Peckman stated that he believes that would be part of the policy recommendation that all of these recommendations be reviewed on an annual basis.

Director Fontaine reminded the Task Force that there are three things that affect the highway trust fund and why we're going to be in deficit. The first is reduction in per capita fuel consumption. The second is the increase in per capita travel, and the third is inflation. Now, unless this task force wants to start addressing policy to try to further discourage the use or consumption of fuels, which I think may be beyond the purview of this task force, then you're left with two other factors.

Member Vilardo does not think that this belongs in this policy recommendation because to know how it is being addressed, you have to know what revenue sources it might apply to, whether it's inflation or population. She thinks that it could be added when we have better definition and delineation of what revenue sources we're looking at.

Member Hadfield asked what would happen if we increased population growth to capacity need. The Task Force could make all these recommendations, but there's some counties in this state where they are going to generate 15 bucks and isn't going to help anybody. Clark County has initiative and put in a lot of efforts in question 10, but half of the managed counties don't have rooms or gas stations. They don't have any commerce or businesses. What about the need to recognize the differences that this State has.

Member Vilardo stated that the problem that she still has with capacity is that the revenue sources need to be designed to recognize the needs of increased capacity. She can not see capacity with indexing at this point, but it could be added later when we know what we are talking about.

Vice Chairman Goodman stated that he thinks that the Task Force needs to get back to the looking at funding for long-range projects, specifically about ten megaprojects, super megaprojects. It seems that they are getting caught up in the purview of the Department of Transportation Board of Directors and the system itself. He agrees with Member Hadfield regarding population growth. There are eight counties in this State that do not participate in the growth of the state as far as population, so he thinks it would be difficult for them to have anything happen there, unless we're talking that the state highway system will no longer provide maintenance on some of those state highways because there's no population growth there. He thinks that the Task Force needs to get back to the long-range projects and possible funding sources for those. But our task, according to what we were told to do, was to review the need and look at possible funding sources for the ten megaprojects, the \$3.8 billion short fall.

Chairman Peckman stated that these policy recommendations were developed based on what Director Fontaine understood from the prior meetings. The concept is that these are broad based items. It would be a broader policy that this committee would recommend to tie this to inflation.

(5 Minute Break)

Chairman Peckman stated that he would like to get through the remaining Policy Recommendations. The Task Force might want to consider adopting a couple of them today and come back and review them all for next meeting.

Member Cashman recommended strengthening Item number four by moving the word consider from after should to behind the first. So it would read, "The state of Nevada should utilize general fund surpluses and consider redirecting existing revenue sources."

Director Fontaine continued with Item number ten, "The Nevada Department of Transportation should continue to work in a cooperative manner with counties and cities to transfer the responsibility for maintenance on roads that are no longer appropriate for inclusion on the State's highway system. NDOT should also consider abandoning and reducing maintenance on these roads."

Member Hadfield stated that he is not debating the issue about what's appropriate to be in the state system, but he would not want to see this committee send out a report that advised the county entities that they can absorb \$23 million worth of roads and maintenance without their own expanded revenue source. The Task Force has to be very careful not to imply that they are insensitive to that issue.

Chairman Peckman suggested that the last sentence of Item number ten be deleted and it is not going to be voted on.

Director Fontaine stated that Item number 11 had been discussed previously and Item number 12 reads, "Preservation of the existing highway system is important and should not be reduced, even temporarily, to free up money for new projects." This can be wordsmithed later. Item number 13, "Highway investments should be based on prioritizing projects, while recognizing the importance of equity in providing services throughout the State." Item number 14, "The Nevada Department of Transportation should recognize tourism and gaming industry to the State's economy in prioritizing projects."

Chairman Peckman stated that the idea here is not to adopt all of these today, but at the next meeting. We will send these out for comment and hopefully the Task Force all agrees with the concepts. Somebody has asked if some of these might be adopted today and because of the timing, that would be numbers six and seven.

Member Vilaro stated that she would like the Task Force to consider adopting a position of opposition to these two initiatives to be presented to the State Transportation Board with a recommendation that they would do same.

Chairman Peckman asked if she was recommending that the Task Force adopt Item number six and seven as well as formally oppose the two initiatives and if the Task Force was allowed to do that with the agenda listed the way it is.

Member Woodbury stated that the committee was charged with the possibility of making recommendations to NDOT's Transportation Board and these initiatives would have a devastating effect on the road construction, so he think it's certainly within the job description, but whether or not it is allowed on the current agenda is another matter.

Member Mayer stated that if that was a motion, then he would second the motion.

Chairman Peckman stated that it was not a motion, but if he would hold that thought for a moment.

Member Russell expressed concerns about the Task Force taking this kind of action because it had not been properly listed on the agenda. He asked the attorney general to respond as to whether or not the Task Force is outside the authority condition but maybe more importantly, our charge is to take a look at these funding areas, and I think if we report back to the Transportation Board, immediately, negative concerns, or the issues of the negative problems with the two initiatives. That we avoid all of those problems. And the message is delivered without taking either that kind of -- not like I don't want to vote, don't want to take a position, but I'm very concerned about -- I think if we pass these two, with the comments and instruct NDOT to report immediately back to the board on the legal and policy concerns that are built into the initiatives, that we get what we need to get, a lot cleaner and a lot safer.

Terri Theinhaus, of the Attorney General's Office, does not believe that there is a problem taking action because in looking at what the issues would be, which would be noted in this particular item, and since the agenda says discussion and possible approval, findings of policy recommendations regarding the future Department of Transportation projects, and that's an action item on here, so any member of the public noticed, this was agenda'd today. The only thing that gives me a little bit of concern looking at those the statute is whether or not that means that this document is what is up for approval today. And only this document, and not anything outside of it. I'm not sure...

Member Enos stated that he does not feel comfortable voting to oppose either of these initiatives at this point in time because it's not here on the policy recommendations and he wants to hear from NDOT the impacts of these initiatives before he makes a decision like this.

Member Hadfield believes that this is clearly under the purview of the Task Force. We know there are cost implications of delaying some of the policies that are being discussed. He thinks that the Task Force can ask the Department to bring to the attention of it's Board the potential ramifications with regard to these two issues and our recommendations.

Member Skancke made a motion to approve number one, two, three, four as amended by Mr. Cashman, 6, 7, 12, 13 and 14. With the caveat on 6 and 7 that the Department of Transportation agendaize a separate item as soon as they can with the findings of item 6 and 7 and that could be voted on and take comments on by phone. That way the Task Force can take action on the items that seem to have consensus and leave out the ones that need further discussion.

Chairman Peckman wanted to know if Task Force could adopt item 6 and 7 today. The policy says this committee is concerned with the passage of these two cost increases to build these roads. And so with that said, I don't see why we couldn't vote on these two initiatives and have the opportunity to do that and have these to the State Board. I would love to entertain a motion to adopt these two.

Member Woodbury pointed out that changes have been made to several of these policy recommendations and he thinks that the Task Force does not have to say yes or no to the exact wording. Any committee or commission can make reasonable changes that apply to the subject matter.

Member Skancke stated that was essentially his motion to take action on the recommendations where there was consensus with the wording changes suggested earlier in the meeting.

Chairman Peckman asked for clarification of the motion that this committee opposes because of the increased cost associated with these two initiatives, liabilities to the state, increased cost to the taxpayers, this committee opposes these two initiatives. He asked if Member Skancke would consider limiting his motion to items six and seven today.

Member Skancke responded that he would consider it, but he thinks if the Task Force can get the majority of the policy recommendations passed today and work out the minor language on the others, then we have advanced the ball and at the next meeting we can consider two or three of these.

Chairman Peckman stated that the Task Force is not going to consider any today.

Member Skancke responded that the agenda listed possible action.

Chairman Peckman said that were so many wording changes, but at the break Member Vilardo had asked if the Task Force could consider 6 and 7 and that's how this discussion started. Then Member Woodbury asked if opposition to the two initiatives could be added if the Task Force intended to pass 6 and 7.

Member Skancke responded that he is going to stick to his original motion and asked for a second.

Member Mayer seconded the motion.

Terri Theinhaus stated that the problem is to stick to the agenda, but as Member Woodbury pointed out, the agenda, I don't know if there's a problem specifically with going forward with a motion, but she thinks it has more to do with sticking with what's on agenda.

Chairman Peckman stated that there had been a motion made and a second, which includes the opposition to these two initiatives.

Member Hadfield agreed that since we're dealing with the voter initiatives and the agenda doesn't say we're going to oppose, what we can do is adopt these and include a letter to the Transportation Board of Directors indicating that based on the belief of the Task Force, these two ballot initiatives will have a detrimental effect on the financing of road projects now and in the future and urge them to take a position.

Member Russell stated that he is going to pose a motion because he does not think that the Task Force should be taking a direct position on the ballot initiative. It's not the position of this committee and he thinks that Member Hadfield's recommendation is much better. He does not think that anything other than 6 and 7 needs to be decided today and he would prefer to see the language written. His preference would be see a motion for 6 and 7 approved as written, with the cover letter that Member Hadfield just described. Subsequently, he wants everybody to understand that he agrees with what's been said today and the changes, but would rather see the language exactly as it is going to be written. He does not think that there is a rush.

Member Skancke called for the question.

Member Woodbury stated that he does not think this is the time to waffle on these issues. They're so incredibly important. They have to do with general policy considerations. The public needs to know there's considerable significant reasons why these should be opposed. It's within our purview to do so.

Chairman Peckman stated that there had been a call for question.

Terri Theinhaus wants to make sure that everybody understand what the language is. Her recommendation is that it be made clear what the exact wording is that is being passed today.

Chairman Peckman asked if she was saying that perhaps it might be better, because this has public notice, that everybody, including the public, should know what we're voting on before we vote?

Terri Theinhaus responded that was correct.

Member Skancke stated that since there were no changes in 1, 2, 3, number 4, the change Member Cashman suggested, "The State of Nevada should utilize general fund surpluses and consider redirecting existing revenue sources for one-time expenses including advanced right-of-way and highway construction contract." The change to number 10 would be as it currently exists, excluding the last sentence. Number 11 would read as

amended by Mr. Cashman. Number 12 is as is. Number 13 and 14 stand as is. He did not take notes regarding the changes that were recommended to number 6 and number 7.

Member Vilardo stated that she believes that she made the only suggested change, which was to say see appendix for additional information.

Director Fontaine stated that he was not aware of any suggested change to number 6. On Number 7, the additional language as suggested by commissioner Woodbury was to include a sentence that talks about the unlimited liability for expanding the definition of damages within the petition initiative as well as indicating the appendix would be the analysis that was presented by the Department.

Chairman Peckman asked the Attorney General's office if the Task Force could adopt a policy that recommends to the State Transportation Board opposition of the two initiatives. Would the Task Force be allowed to do that today under the open meeting law?

Terri Theinhaus stated that she would have some concern in this regard because it's not exactly a policy, but a statement of position.

Member Ellison stated that they were having audio problems in Elko and were losing a lot of the statement.

Chairman Peckman stated that this would be instead of Member Skancke's motion.

Terri Theinhaus responded that is a problem. She thinks that leads away from the agenda item.

Member Skancke stated that as a point of order, there's a first, a second and a call for the question. I would like to call for the vote.

Chairman Peckman wanted to make sure that everybody understands what the motion is.

Terri Theinhaus responded that she thinks that Member Skancke listing of all of the changes clarifies it, but she is not sure.

Chairman Peckman verified that all of the Task Force members could hear him and asked for a vote. Those in favor were to signify by saying aye and those opposed were to raise their hands. He counted seven hands raised in opposition of the motion, which made the vote seven in favor and seven opposed.

Member Russell made a motion that the Task Force adopt number six and number seven as drafted, including the comments that were made in the record regarding additional negative impacts and that be coupled with a cover letter from the Chairman of the Task Force, recommending to the Transportation Board of Directors that they oppose TASC and PISTOL.

Member Woodbury seconded the motion.

Chairman Peckman asked for further discussion of the motion and called for a vote. He received twelve votes in favor of the motion and two votes in opposition of the motion and declared the item passed. He then asked Director Fontaine to continue with the agenda.

4. **Discussion and Possible Approval of Recommendations Regarding Additional Revenues to Address Nevada Department of Transportation Funding Shortfalls for State Fiscal Years 2006 to 2015 - *Action Item***

Director Fontaine stated that the last item is the discussion of the possible revenues and shortfalls and since time was running short suggested that Russ Law go through some of the questions from the last meeting regarding this subject.

Russ Law stated that there had been concern about where the money comes from, so staff tried to break it down by residents, tourists, motor carriers, whatever it may be, gaming, nongaming. So start with gas tax. 88% of that is resident use. Diesel tax, overwhelming diesel stacks used by the carrier, power trucks, if you will. 11% of it used by other vehicles. 10% is only motor carriers, not interstate. As far as rental car tax, the information listed is the most questionable. We know that visitors, because visitor towns and percentages rental cars, we know at least half of that money is for rental car tax. But on the high side we estimate it as high as 102%, comes from visitors, so we split the difference and said basically we're guessing as best we can that visitors are renting cars for a day and a half is what it comes down to. So about a quarter of the money comes from residents and 75% from visitors. But it could be that number is as high as 98%. This could be difficult to obtain, we finally used residency rates, transiency rates and sales of houses, statewide, to come up with this. Because it's not tracked. So we found that about 85% of the money comes from residential sales, about 15% of commercial. This one also is a little questionable. The best I can tell, probably plus or minus 10% on those numbers. Business tax, excellent information on this. Gaming industry about 18% of that money, and nongaming sources 82%. And -- and we have a breakdown, by 65 business types, if you care to go into that kind of detail. And since we focus on modified business tax, we decided we better show the part that also comes from financial institutions, which is a different tax rate generates about \$20 million. He asked if there was any questions.

Member Cashman asked about the methodology in come up in gasoline tax, the tourist and the resident proportion?

Russ Law responded that information came from the Las Vegas Convention and Visitor Authority. And also from Washoe County that shows how many visitors come in for how long and by what mode of transportation. So you're assuminf out of all sales, with that amount of time they buy some gas we make the assumption that if their per day mileage is the same as a resident.

Chairman Peckman? asked about the modified business tax and if it would change how banking institutions were affected.

Russ Law responded that since we looked at a modified business tax, it said it passed it out as a tax that's .3% on businesses. But what we ignored in that, was financial institutes, which are actually taxed at a different rate at 2%, and just because we ignored those, and because there was some attention focused on modified business tax, we decided we better throw that financial institution part of it in there just so people understand that that other portion we've been looking at is not all of the modified business tax.

Member Madole asked about the pipe line scenario that was presented earlier this year. He reads the Wall Street Journal and see what's happening to the oil companies and thinks that they could easily help us with new highways. He wants to make sure that this considered when the final options are presented.

Member Enos stated that as a point of clarification is that we're talking about the import of gas.

Member Madole responded that way he understood it is that any gallon of fuel that came in to the state would have some sort of a importation fee attached to it. Not necessarily a pipeline, he would like to see it for every gallon of fuel that came in the state. Why shouldn't that be taxed.

Member Vilardo stated that she had worked up some different scenarios on the redirection of revenue and would like to raise it with the other members and distributed the hand outs. She would like to have it listed on the agenda for the next meeting.

Chairman Peckman asked Director Fontaine in terms of presentations, is there more information coming?

Director Fontaine responded he did not believe so.

Chairman Peckman asked if any of the Task Force members had questions about taxes, in terms of how much would be generated, who pays them or anything else?

Vice Chairman Goodman asked Russ about the overall projected for fiscal year 2008. On the modified business tax, \$355 million for each 1% of gross wages, is that an increase or if we just had a 1% modified business tax, that's what it would bring in?

Russ Law responded that it was done per unit, in case people wanted to do a 10th of a percent as opposed to a full percentage.

Member Russell stated that he finds this a very useful tool and asked how complicated or how much time would be involved to do this as we start discussing specific alternative revenue sources. To the extent that it is possible, he would like to see this breakdown for those revenue sources as well.

Member Vilardo suggested that since the one potential recommendation for adoption had to do with giving emphasis to nexus, if those could be listed on one page at the next meeting. She would like to see the governmental services tax fees listed as something other than the bump scenario.

Chairman Peckman stated that at the next meeting, we are going to revisit the policy and it will be circulated in the interim. The Policy Recommendations will also be voted on at the next meeting. In addition to that, the Task Force will be looking at making recommendations on funding sources. They will be looking at the broad list of taxes and making recommendations on the funding sources that would be used. They will also be making recommendations on which roads would be built. To rephrase himself, one, the

policy. Two, recommendations on what roads are going to be built. Then the last one is, how are we going to fund them? That will be on the agenda for the next meeting.

Member Skancke agreed that those would be the appropriate items to be discussed at the next, but based upon the time line that was outlined regarding final recommendations by September or October, he suggested that more time be allotted for those discussions.

Member Geeser? asked if prioritizing the roads to be built would be just from the list that NDOT had already provided to the Task Force.

Chairman Peckman responded that it will be just from NDOT's list.

Director Fontaine asked as a point of clarification that the roads that are being discussed are the specific ten super megaprojects. The Task Force is not going to get into detail which overlay is done one which state highway or smaller projects.

Chairman Peckman stated that was correct.

Vice Chairman Goodman asked if the Findings would be discussed at the next meeting.

Director Fontaine responded that all of the Task Force Members had a copy of the last draft and proposed that it being listed as an action item for adoption at the next meeting for action. If anybody had comments prior to the next meeting, they should let him know so that the agenda can be developed accordingly.

Chairman Peckman stated that the next meeting would be in Las Vegas on Thursday, August 24 and after some discussion with other members of the Task Force, it was decided that the meeting would be from noon to 4:00.

5. Public Comment

Chairman Peckman asked for public comment from Carson City and Elko and there was none. He then thanked Assemblyman Parks for attending the meeting and asked if he or any other member of the public in Las Vegas wanted to provide comment. Hearing none, he declared the meeting adjourned.