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DRAFT February 12, 2016

Mike Williams  
FAA Airports  
Western-Pacific Region  
Phoenix Airports District Office  
3800 N. Central Ave., Suite 1025  
Phoenix, AZ 85012

**Re: *Fuel tax revenue status and compliance plan  
Carson City Airport (KCXP)***

Dear Mr. Williams:

This letter is sent to both explain the fuel tax revenue process as it exists today, and, as our compliance plan regarding avgas fuel tax revenues for the Carson City Airport (KCXP). In Nevada, there are separate taxes on jet fuel and on avgas. Per NRS 365.170, those taxes are 1 cent per gallon, and 2 cents per gallon<sup>1</sup>, respectively.<sup>2</sup>

1. **Jet fuel tax.** The Carson City Airport Authority has confirmed that the current tax of 1 cent per gallon is being collected by the State Department of Taxation and remitted to the Carson City Airport monthly. Thus, we are in compliance with 49 U.S.C. 47107 (b) and 47133, as well as NRS 365.545, which expressly requires that the jet fuel tax come back to the governmental entity (in our case, the Carson City Airport Authority):

**NRS 365.545 Proceeds of taxes on fuel for jet or turbine-powered aircraft.**

1. The proceeds of all taxes on fuel for jet or turbine-powered aircraft imposed pursuant to the provisions of [NRS 365.170](#) or [365.203](#) must be deposited in the Account for Taxes on Fuel for Jet or Turbine-

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<sup>1</sup> NRS 365.170 Rates of taxes on aviation fuel and fuel for jet or turbine-powered aircraft; duties of dealers. Every dealer shall:

1. Not later than the last day of each calendar month, submit to the Department a statement of all aviation fuel and fuel for jet or turbine-powered aircraft sold, distributed or used by the dealer in this State, as well as all such fuel sold, distributed or used in this State by a purchaser thereof upon which sale, distribution or use the dealer has assumed liability for the tax thereon pursuant to NRS 365.020, during the preceding calendar month; and

2. In accordance with the provisions of NRS 365.330, pay an excise tax on:
  - (a) All fuel for jet or turbine-powered aircraft in the amount of 1 cent per gallon, plus any applicable amount imposed pursuant to NRS 365.203; and
  - (b) Aviation fuel in the amount of 2 cents per gallon, plus any applicable amount imposed pursuant to NRS 365.203, so sold, distributed or used.

<sup>2</sup> There are also provisions for additional optional taxes, but none have been adopted in Carson City.

Powered Aircraft in the State General Fund and must be allocated monthly by the Department to the:

(a) Governmental entity which operates the airport at which the tax was collected, if the airport is operated by a governmental entity;...

Procedurally, the Airport manager receives the monthly checks for the jet fuel tax, and such funds are deposited into Airport Authority accounts and used for airport operating costs (per 47 USC 47133).<sup>3</sup> These funds are also confirmed by our annual audits performed by an outside CPA. As such, we are in compliance on the jet fuel tax. If additional information is needed on this, we can provide it.

2. **Avgas tax.** As noted above, the current tax is 2 cents per gallon. There is also an optional avgas tax, but that has not been adopted for Carson City. The Airport Authority has confirmed that the Avgas tax revenues do NOT come back to the Carson City Airport. Rather, NRS 365.565 states that Avgas tax revenues are transferred to the Civil Air Patrol.<sup>4</sup> In discussions with the Nevada Department of Transportation, Aviation Department, they have initiated the process that will lead to legislative change of NRS 365.565 so that the tax revenues will instead go to each airport in the same way that the jet fuel tax is collected and distributed. Attached is a copy of the letter to your office. The Carson City Airport Authority will support the legislative change that corrects the direction of avgas tax revenues back to the airport on which it was collected.

As you know, the FAA Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel, (79 Fed. Reg. 6628) (referred to as the “Amendment”) is being applied by the FAA prospectively, and requires airports to adopt a strategic plan for

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<sup>3</sup> 47 US Code 47133 states: “(a) Prohibition.—Local taxes on aviation fuel (except taxes in effect on December 30, 1987) or the revenues generated by an airport that is the subject of Federal assistance may not be expended for any purpose other than the capital or operating costs of—

(1) the airport;  
(2) the local airport system; or  
(3) any other local facility that is owned or operated by the person or entity that owns or operates the airport that is directly and substantially related to the air transportation of passengers or property.”

<sup>4</sup> NRS 365.565 Proceeds of tax derived from aviation fuel.

1. The tax derived from aviation fuel must be distributed quarterly from the Account for Taxes on Aviation Fuel in the following manner:

(a) The amount of any optional tax must be remitted to the:  
(1) Governmental entity which operates the airport at which the optional tax was collected, if the airport is operated by a governmental entity;  
(2) Governmental entity which owns the airport at which the optional tax was collected, if the airport is owned but not operated by a governmental entity; or  
(3) County in which is located the airport at which the optional tax was collected, if the airport is neither owned nor operated by a governmental entity.

(b) After deducting the amount allocated pursuant to paragraph (a) [the optional tax if any], there must be transferred to the Civil Air Patrol Account, which is hereby created, for the ensuing fiscal year, the total amount remaining in the Account for Taxes on Aviation Fuel.

compliance within 3 years of December 8, 2014, i.e. by December 8 of 2017. The Nevada Constitution only allows for Legislative Sessions every 2 years and only for a 6 month period. The next Legislative Session begins on February 3, 2017 and will be completed by June of that year. As such, our timing should meet the 3 year deadline.

This strategic plan has been adopted, after public notice and vote, by the Carson City Airport Authority for the benefit of the Carson City Airport (KCXP) on February 17, 2016.

We respectfully request that you treat this as our compliance plan. We will keep you posted on the correction to the statute when it occurs.

If you have any questions, do not hesitate to contact the undersigned.

Sincerely,

Steven E. Tackes

Cc: Karl Hutter, Chairman, Carson City Airport Authority  
Members, Carson City Airport Authority  
Tim Rowe, Airport Manager  
Kurt Haulkohl, NDOT, Aviation