Appendix C:

Evaluation of Potential Funding Mechanism Ideas

Evaluation of potential funding mechanism ideas

Funding mechanism ideas were evaluated by an interdisciplinary team that included engineers, planners, economists, and legal counselors.

All evaluations were discussed by the entire team. Preliminary results were shared with the ONE TAHOE Project Delivery Team composed of representatives from the governmental agencies with members on the Tahoe Transportation District.

Broad general directions were given by the client to the team:

1. No funding mechanism ideas were "off the table" except where they would require an amendment to the constitutions of either Nevada or California or a mandatory statewide vote of the people in either state.
2. All ideas could be considered whether there was existing legislative authority or not, or if existing statutory or policy language specifically prohibited the proposed mechanism.
3. For evaluation purposes, it should be assumed that funding mechanisms would be applied uniformly across the Tahoe Basin regardless of governmental jurisdiction boundaries.

Since there were a very large number of variations possible within many of the funding ideas, the evaluation team adopted a reasonable scenario for each mechanism for the purposes of evaluation.

Where funding mechanism ideas were duplicative or very similar, the consultant chose to combine these for evaluation.

The evaluation process was conducted to inform the final recommendations made by the consultant to the TTD on the most appropriate funding mechanism(s) given Tahoe's unique circumstances. The consultant was at liberty to blend and mix elements of the funding mechanisms to achieve this.

The notes on the evaluation process for all three tiers of the screening process follow.

Tier 1 Screening

1. Name of proposed mechanism: Sales Tax Increase

Description: This mechanism would add an additional increment of sales tax within the Tahoe Basin dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw) - If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the imposition of such a tax. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Yield would be dependent on the tax rate and taxable sales; an additional 1% sales tax increment is estimated to yield $3.3 million in 2019.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The level of taxable sales is largely driven by economic conditions and level of visitation in the Tahoe Basin. The Tahoe Basin is projected to have continued growth in visitation.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: There is no relationship between sales tax and the price of transportation infrastructure or services.

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: Tahoe Prosperity reports Tahoe Basin sales tax revenue of $23 million in 2015-16 on p. 73. Sales tax rates currently are: City of South Lake Tahoe 7.75%, El Dorado County is 7.5%, Incline Village is 8.2%, Douglas County is 7.1%

Tier 1 Screening

2. Name of proposed mechanism: Income Tax

Description: This mechanism would impose a personal income tax within the Tahoe Basin dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw) - If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: Article 10, Section 9 of the Nevada Constitution specifically prohibits a personal income tax.

Rating: Fail

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: NA due to fatal flaw.

Rating: NA

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: NA due to fatal flaw.

Rating: NA

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that

distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: NA due to fatal flaw.

Rating: NA

Summary rating: NA

Go/no go decision to advance to next tier: No go.

Notes:

Tier 1 Screening

3. Name of proposed mechanism: Property Tax

Description: This mechanism would add a property tax increment over the current rates within the Tahoe Basin with proceeds from this increment dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There is no prohibition in the California or Nevada Constitution against the property tax. The impact of this funding mechanism on specific limitations on property tax rates and the designation of the property tax to specific uses would be subject to further review.

Rating: Pass

Adequacy (2) - Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Although property taxes are capable of generating significant amounts of revenue and are, in fact, the single largest source of revenue for most general-purpose local government entities in California and Nevada, the ability to increase tax rates is limited and typically difficult. A greater challenge is the reality that local governments are attempting to meet a very large number of budget priorities that are funded by the property tax. Therefore, it seems unlikely that, now or in the future, additional property tax revenue would be dedicated solely to meet Tahoe Basin transportation needs.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles

become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The property values within the Tahoe Basin are projected to increase and should result in a relatively steady and predictable yield of funds through property taxes.

Rating: High

Economic efficiency (1) - This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The use of the transport system and property value related levies are unrelated. No behavioral or pricing signals exist and thus property taxes do not contribute to efficient use of the transportation system.

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No go

Tier 1 Screening

4. Name of proposed mechanism: Local Option Fuel Taxes

Description: This mechanism would add a local option motor vehicle fuel tax with an indexing provision, over the current local fuel tax rates within the Tahoe Basin with proceeds from this increment dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the use of VMT fees. Article 9, Section 5 of the Nevada Constitution would appear to limit the use of these revenues to the public highway system. Limitations on the use of revenue in California would be dependent upon whether the revenue mechanism was imposed at the state or local level. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2) - Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: There is limited fuel sales in the Tahoe Basin, and the availability of refueling nearby but outside the Tahoe Basin (Truckee, Reno, Carson City, Minden/Gardnerville, Placerville) would likely reduce fuel sales with the Tahoe Basin if there is a significant cost savings in purchasing outside the Tahoe Basin.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles

become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The revenue generation of this measure is based upon the volume of fuel sold and rate of the fuel tax. This measure would be generally stable, but would be negatively affected by the decision to refuel outside the Tahoe Basin.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: There is a strong correlation between this revenue source and the use of the system. However, this relationship is threatened in the long run with the advent of alternative fuels and growing fuel efficiency.

Rating: High

Summary rating: Low

Go/no go decision to advance to next tier: No-go

Notes:

Tier 1 Screening

5. Name of proposed mechanism: Gross Receipts Tax

Description: This mechanism would add a gross receipts tax on all businesses within the Lake Tahoe Basin dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw) - If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the imposition of a gross receipts tax. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating:

Adequacy (2) - Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Assuming minimal exemptions, the revenue from a gross receipts tax on businesses within the Tahoe Basin could raise substantial revenue.

Rating: High

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The revenue generation of this measure is based upon the volume of economic activity and rate of the gross receipts tax. This measure would be generally stable, as the level of economic activity is projected to grow in the Tahoe Basin.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The use of the transport system and a gross receipt tax are unrelated. No behavioral or pricing signals exist and thus a gross receipt tax does not contribute to efficient use of the transportation system.

Rating: Low

Summary rating: Medium

Go/no go decision to advance to next tier: Go

Notes: If the gross receipts tax is limited to business associated with tourism, there will be a loss of revenue as well as a reduction in the predictability of revenue.

Tier 1 Screening

6. Name of proposed mechanism: Employee Payroll Tax

Description: This mechanism would add a payroll tax increment on wages paid by employers within the Tahoe Basin with proceeds from this increment dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: If this tax is paid by the employer, it may not be subject to the prohibition on personal income tax in Article 10, Section 9 of the Nevada Constitution. There appears to be no Constitutional prohibition against such a tax in California. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass.

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: The proceeds of a payroll tax on all wages paid in the Tahoe Basin would raise substantial revenue. Some employers might try to avoid the payroll tax by shifting some wages to non-cash benefits.

Rating: High

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The revenue generation of this measure is based upon the total wages paid in the Tahoe Basin and rate of the payroll tax. This measure would be generally stable, as the level of economic activity is projected to grow in the Tahoe Basin.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The use of the transport system and a payroll tax are unrelated. No behavioral or pricing signals exist and thus a payroll tax does not contribute to efficient use of the transportation system.

Rating: Low

Summary rating: Medium

Go/no go decision to advance to next tier: Go

Notes: Tahoe Prosperity report (p.35) shows that per capita income in the Tahoe Basin was $30,000 in 2015, thus total income for Basin residents is $30,000 X 55,000 residents equals $1.65 billion in income. This is very rough-obviously some income received by residents in the Tahoe Basin is not paid by employers in the Basin, some wages paid by employers in the Basin goes to employees living outside the Basin, and some portion of this income may not be from wages.

Tier 1 Screening

7. Name of proposed mechanism: New sustained Federal funding

Description: This mechanism would add a new Federal funding allocation dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There is no prohibition in the California or Nevada Constitution against Congress allocating funds for projects and services contained in the Tahoe RTP.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Although Congress budgets and appropriates hundreds of billions in revenues each year, it would be extremely difficult to have an annual appropriation set aside for Tahoe transportation needs. In fact, Congress is dealing with annual deficits of more than $700 billion at this point in time. Even if Congress does find more money through additional taxation, which seems very unlikely, there are many pressing needs across the nation that are currently underfunded or unfunded. What is much more likely is Congressional cost-cutting in the current level of Federal funding for transportation, environmental quality, and National forests, just to name a few of the federal funding categories currently benefitting the Tahoe Basin. Tahoe has had past success obtaining federal discretionary funding, particularly for environmental projects, but these funds are becoming more difficult to obtain each year, and seeming impossible to obtain on a consistent basis moving forward.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles

become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: Should a Tahoe Basin program be part of a reauthorized Federal-aid Highway Program or Federal transit program, annual appropriations would still be necessary. While predictability during the multi-year authorization periods covered by Federal legislation is better than most other Federal programs, it is not guaranteed. Additionally, the typical Federal re-authorization only covers 6 years, after which the struggle to maintain the Tahoe authorization would begin again. Further, federal funding has been focused on capital and capital maintenance, thus the pressing need for operations funding in Tahoe would not be addressed.

Rating: Low

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The use of the transport system and a federal funding allocation for the Tahoe Basin are unrelated. No behavioral or pricing signals exist and thus this funding measure does not contribute to efficient use of the transportation system.

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: Long range strategy is needed to try and protect current federal funding levels that benefit the Tahoe Basin, given the high probability of Congress trying to cut back current funding levels as it attempts to resolve the huge budget deficits.

Tier 1 Screening

8/9. Name of proposed mechanism: New sustained State funding

Description: This mechanism would add a new State (California and/or Nevada) funding allocation dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There is no prohibition in the California or Nevada Constitution against allocating funds for projects and services contained in the Tahoe RTP.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Although the California and Nevada state budgets appropriate billions in revenues each year, it seems unlikely that either state would be able to set aside an annual appropriation for Tahoe transportation needs. Similar to the funding challenges facing the federal government, there are many unfunded needs that would be competing with Tahoe in the event that new funding was to become available. Tahoe has had past success obtaining state discretionary funding, particularly for environmental and trail projects, but these funds continue to be difficult to obtain, and very unlikely to obtain on a consistent basis moving forward.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: Funding for needs in the Tahoe Basin from either or both states will be welcome, but it seems unlikely that it will exceed the assumed continuation of funding from discretionary sources already contained in the Tahoe RTP.

Rating: Low

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The use of the transport system and a state funding allocation for the Tahoe Basin are unrelated. No behavioral or pricing signals exist and thus this funding measure does not contribute to efficient use of the transportation system.

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: Long range strategy is needed to try and protect current state funding levels that benefit the Tahoe Basin, given the high probability of states trying to cut back current funding levels as they deal with many unfunded needs and difficulty in raising new revenues.

Tier 1 Screening

10. Name of proposed mechanism: Increase Local Government General Fund Contributions

Description: The local governments that lie in whole or in part within the Tahoe Basin (El Dorado, Placer, Washoe, and Douglas Counties, Carson City, and the City of South Lake Tahoe) would increase their funding for Tahoe Basin transportation needs from their General Fund.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against this proposed mechanism.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the size of the local government general funds, there is theoretical potential for this mechanism to generate substantial funding. However, the practical reality is that local governments face many competing demands for available funding, and diverting existing general funds to Tahoe Basin transportation would defund other priorities. Local governments are already facing funding shortfalls in the Tahoe Basin as evidenced by the operations/maintenance funding shortfall in the Tahoe RTP Unconstrained funding scenario.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue source is theoretically high, given the general fund will perform similar to the regional economy. However, the reality is that the general fund is used to fund a wide variety of needs, including emergency services, so it is possible that even with stable revenue growth, the competing needs could reduce or eliminate the funding available for Tahoe Basin transportation.

Rating: Low

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The use of the transport system and a local government general fund allocation for the Tahoe Basin are unrelated. No behavioral or pricing signals exist and thus this funding measure does not contribute to efficient use of the transportation system

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No Go

Notes: While the local government General Fund has some potential, it is generally recognized that revenue sources that have a much closer connection to transportation needs and use (fuel taxes, transportation impact fees) are preferable as a funding source. In the Tahoe Basin, much of the transportation need is the result of vehicles utilized by visitors so other revenue mechanisms that target visitor activity (transient occupancy fee, sales tax, visitor trip fee) would be more appropriate than the General Fund.

Tier 1 screening

11. Name of proposed mechanism: Cordon pricing (also includes basin entry fee [item 23])

Description: All users would be required to pay a fee for entering the Lake Tahoe Basin. The revenue from the fee would be dedicated to supporting the multimodal transportation system within the basin. Similar to cordon pricing systems elsewhere in the world (e.g., London, Stockholm) basin resident and businesses would be allowed a number of free entries annually. Fees would be billed to users using license plate capture technology and/or transponders. Fee rates would be adjusted annually for inflation.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the imposition of such a fee. In Nevada, the language would need to be precisely crafted so that the fee is not interpreted as being subject to Article 9, Section 5, of the Nevada Constitution. Limitations on the use of revenue in California would be dependent upon whether the revenue mechanism was imposed at the state or local level. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the characteristics of travel into the basin, this mechanism is capable of raising significant amounts of revenue at relatively modest fee rates.

Rating: High

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time

because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue source is enhanced with the assumption of annual fee rate adjustments to address purchasing power lost due to inflation. The revenues could be impacted by lower demand (i.e., visitation). This is expected to be offset to some degree by the improved quality of the transportation system which should make Tahoe a more desirable destination.

Rating: High

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion**:** Since this fee would be collected from travelers and is directly related to the provision of transportation and transportation related projects and services included in the Regional Transportation Plan, this mechanism would have a high degree economic efficiency.

Rating: High.

Summary rating: High

Go/no go decision to advance to next tier: Go

Notes:

Tier 1 screening

12. Name of proposed mechanism: Vehicle Miles Traveled (VMT) Fees

Description: Users would be required to pay a fee for each mile driven within the Lake Tahoe Basin. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Per mile fee rates would be set to generate a targeted amount of revenue and adjusted annually for inflation. Deployment of a pay-at-the-pump VMT fee system in the Tahoe Basin alone would probably not be feasible given the large number of day visitors that would be fueling outside of the Basin. Collection of VMT fees as a separate transaction from fueling would involve significant deployment of new technology onboard the motor vehicles to record and capture odometer readings of mileage driven within the basin or GPS type technology to track vehicles and record mileage.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the use of VMT fees. Article 9, Section 5 of the Nevada Constitution would appear to limit the use of these revenues to the public highway system. Limitations on the use of revenue in California would be dependent upon whether the revenue mechanism was imposed at the state or local level. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the characteristics of travel within the basin, this mechanism is theoretically capable of raising significant amounts of revenue. However, there would also be substantial costs to install

technology onboard vehicles participating in the system unless these costs are spread over implementation for a much broader geographic area (e.g., state, region, etc.). In addition, the use restrictions on these revenues imposed by the Nevada Constitution, and potential use restrictions imposed by the California Constitution could severely limit the adequacy of this funding source for addressing the overall transportation funding shortfall.

Rating: Medium

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue source is enhanced with the assumption of annual fee rate adjustments to address purchasing power lost due to inflation. The revenues could be impacted by lower demand (i.e., visitation). This is expected to be offset to some degree by the improved quality of the transportation system which should make Tahoe a more desirable destination. Use restrictions on the revenues may also negatively impact predictability.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: VMT fees are directly related to the use of the transportation system. Since fee rates would be set at levels to support implementation of eligible transportation projects and services identified in the plan, this mechanism would have a high degree economic efficiency.

Rating: High

Summary rating: Medium

Go/no go decision to advance to next tier: Go

Notes: Extensive, detailed legal research and consultation with state and federal agencies would need to be undertaken to assess the impacts of use restrictions on the usefulness of this proposed revenue mechanism.

Tier 1 screening

13. Name of proposed mechanism: Transportation Utility Special District (combination of "special district" [item 13] and "road utility" [item 27])

Description: A "special district" is a form of government not a revenue mechanism per se. Both California and Nevada have an extensive history with a variety of special districts providing a wide range of services. The scenario considered in this analysis is a special district established across the Tahoe Basin empowered to provide, operate and maintain transportation and transportation related facilities and services. The funding mechanism would be an annual transportation fee levied against each parcel of land within the basin based upon the trip generation of the land use. Fee rates would be set to generate a targeted amount of revenue supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Fee rates would be automatically adjusted annually for inflation.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw) - If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the creation of a Transportation Utility Special District nor the imposition of a fee as described in the concept. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the characteristics of trip generation within the basin, this mechanism is capable of raising significant amounts of revenue.

Rating: High

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue source is enhanced with the assumption of annual fee rate adjustments to address purchasing power lost due to inflation. The revenues could be impacted significant net changes in land use to uses generating fewer trips but this would also tend to lower the revenue needed for building, operating, and maintaining, the transportation system. This is expected to be offset to some degree by the improved quality of the transportation system which should make Tahoe a more desirable destination.

Rating: High

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: For residents, there is a reasonably direct connection between this fee and use of the transportation system. Presumably, commercial property uses would charge their customers indirectly for the fee to recoup the expense making the connection to use of the transportation system less direct. Considering both these aspects, this mechanism is rated as having a high degree of economic efficiency.

Rating: High.

Summary rating: High

Go/no go decision to advance to next tier: Go

Notes: A significant portion of land within the basin is owned by the federal and state governments which are often significant generators or trips. It is likely that federal and state lands would be exempt from a transportation utility special district fees.

Tier 1 screening

14. Name of proposed mechanism: Tolling

Description: Users would be required to pay a toll for travel into or through specified toll zones on the major arterial roadways in the Basin. Trips made entirely within a single toll zone would not be charged. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Toll rates would be set to generate a targeted amount of revenue and adjusted annually for inflation.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the use of tolls. Article 9, Section 5 of the Nevada Constitution would appear to limit the use of these revenues to the public highway system. Limitations on the use of revenue in California would be dependent upon whether the revenue mechanism was imposed at the state or local level. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature. (Tolling of US-50, because it is a federal-aid highway, creates additional restrictions administratively and on the use of revenues.)

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the characteristics of travel within the basin, this mechanism is theoretically capable of capable of raising significant amounts of revenue at relatively modest fee rates. However, this is offset by what would appear to be significant use restrictions in the Nevada and California constitutions constitution, and federal statutes.

Rating: Medium

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue source is enhanced with the assumption of annual fee rate adjustments to address purchasing power lost due to inflation. The revenues could be impacted by lower demand (i.e., visitation). This is expected to be offset to some degree by the improved quality of the transportation system which should make Tahoe a more desirable destination. Use restriction on the revenues may also negatively impact predictability.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: Tolls are directly related to the provision of transportation projects and services. Since toll rates would be set at levels to support implementation of eligible transportation projects and services identified in the plan, this mechanism would have a high degree economic efficiency.

Rating: High.

Summary rating: Medium

Go/no go decision to advance to next tier: Go

Notes: Extensive, detailed legal research and consultation with state and federal agencies would need to be undertaken to assess the impacts of use restrictions on the usefulness of this proposed revenue mechanism.

Tier 1 screening

15. Name of proposed mechanism: Joint Powers Authority

Description: A "joint powers authority" (JPA) is a form of governance not a revenue mechanism per se. In a JPA, existing entities (usually governmental) come together and pool their existing powers to accomplish a specific set of purposes. JPAs do not create any new powers but rely upon the existing powers of the JPA members. In regards to revenue generation in the Lake Tahoe Basin, a JPA would have only the revenue mechanisms at its disposal that the individual members have, (e.g. property taxes, sales taxes, etc.). Since these existing mechanisms are being analyzed individually in the Tier 1 screening process, a JPA will not be evaluated as a separate proposed mechanism. In the event that a JPA is particularly advantageous as a governance structure for one or more promising revenue mechanisms, this can be considered within the context of the final recommendations.

Go/no go decision to advance to next tier: No go

Tier 1 screening

16. Name of proposed mechanism: Zoned transportation user fee (also includes hourly transportation fee [item 20])

Description: All users would be required to pay a fee dedicated to supporting the multimodal transportation system within the basin. Basin residents and resident businesses would pay a flat fee for one of six community transportation zones plus a daily fee for travel within the basin outside of the community transportation zone where they reside when such trips are made. Non-residents would pay a daily fee. The resident flat rate fee could be billed by piggybacking on the collection of residential and commercial property taxes or by a utility service type billing. Fees for non-resident use and for resident use outside of the community transportation zone could be billed through license plate capture technology and/or transponders. Fee rates would be adjusted annually for inflation.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the imposition of such a fee. In Nevada, the language would need to be precisely crafted so that the fee is not interpreted as being subject to Article 9, Section 5. Limitations on the use of revenue in California would be dependent upon whether the revenue mechanism was imposed at the state or local level. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the characteristics of travel within the basin and duration of visitor stays, this mechanism is capable of raising significant amounts of revenue at relatively modest fee rates.

Rating: High

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue source is enhanced with the assumption of annual fee rate adjustments to address purchasing power lost due to inflation. The revenues could be impacted by lower demand (i.e., visitation). This is expected to be offset to some degree by the improved quality of the transportation system which should make Tahoe a more desirable destination.

Rating: High

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: This fee is directly related to the provision of transportation projects and services. The revenue from this fee would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Since fee rates would be set at levels to support implementation of transportation projects and services identified in the plan, this mechanism would have a high degree economic efficiency.

Rating: High.

Summary rating: High

Go/no go decision to advance to next tier: Go

Notes: Flat resident user fees could be varied by land use as it relates to trip generation. These fees could vary from community transportation zone or could be uniform. This proposed mechanism would lend itself to congestion pricing, if desired by the community. Accommodations could be made to discount fee rates for commuters, incidental and short term through trips, etc. Accommodations would need to be made for vehicles that are spending a short time within the basin (e.g. straight through travelers on US 50); this could be done by not charging the fee unless the user dwell time in the basin exceeds one hour.

Tier 1 screening

17. Name of proposed mechanism: Transportation fee collected with vehicle registration

Description: Users with vehicles registered in the Tahoe Basin would be required to pay an annual Tahoe Transportation Fee. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Fee rates would be set to generate a targeted amount of revenue and adjusted annually for inflation.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the use of tolls. Article 9, Section 5 of the Nevada Constitution would appear to limit the use of these revenues to the public highway system. Limitations on the use of revenue in California would be dependent upon whether the revenue mechanism was imposed at the state or local level. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Given the number of vehicles registered within the basin, these fees would need to be hundreds of dollars annually to raise any appreciable revenue.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles

become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: This revenue should be fairly predictable but will probably be diminished if the level of the fee incents owners to try and register their vehicles outside of the Tahoe Basin.

Rating: Low

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: Since fees are directly related to the provision of transportation projects and services, and collected at the time of vehicle registration, they would have a high degree economic efficiency.

Rating: High.

Summary rating: Low

Go/no go decision to advance to next tier: No go

Notes:

Tier 1 Screening

18. Name of proposed mechanism: Paid Parking

Description: Add a fee for existing recreation parking spaces around Tahoe Basin to be dedicated to funding projects and services contained in the Tahoe RTP. This proposal would not affect any privately owned parking or the public parking available in Tahoe residential areas.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against this proposed mechanism. There may be limitations, especially in California, for the parking fee not to exceed the costs to operate and maintain the parking spaces. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: The ability of paid parking to generate revenue is a function of the level of utilization, price paid for parking and cost to operate the parking spaces. There is not a substantial amount of information available on the potential to add or increase parking fees in the Tahoe Basin, but the Linking Tahoe Corridor Connection Plan did identify approximately 5600 existing recreation parking spaces in the Tahoe Basin. It should be noted that some of these spaces already have parking fees charged for their use. Assuming these spaces are in high demand areas, and could net an additional charge of $5 per use, with 2 uses per day, for six months of the year, the annual revenue potential is approximately $10 million per year. Obviously, the actual cost of parking would exceed $5 per use in order to capture the operating cost of collection and monitoring the parking spaces. Depending on the location, the cost of monitoring and collection could vary. In addition, depending upon the location, parking evasion could become an unintended problem. Both commercial and residential parking could become a target

for those trying to evade the paid parking spaces, creating problems, particularly for businesses that require customer access to their parking.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue is a function of visitor trips as well as the pricing structure, so there would be some ability to adjust prices to reach revenue targets. The number of visitors to the Tahoe Basin is growing, absent a major economic downturn. However, the higher the price, the higher the likelihood of attempts to evade paid parking. In addition, raising parking charges to generate revenue over and above operating costs will be subject to tax approval requirements at least in the state of California.

Rating: Low

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The revenue from this source would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Charging vehicles brought into the Tahoe Basin by visitors for parking results in a funding mechanism with a direct relationship to the cost of using the transportation system.

Rating: High

<u>Summary rating: Low</u>

<u>Go/no go decision to advance to next tier:</u> No Go

Tier 1 Screening

19. Name of proposed mechanism: Increase Developer Impact Fees

Description: Development impact fees are charged to new development to generate funds that pay for new infrastructure necessary to mitigate their impacts. Typically, impact fees are a one-time fee and are used for capacity expansion. This funding measure would be an additional increment of impact fees that are dedicated to the transportation needs identified in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: The California and Nevada constitutions do not prohibit this proposed mechanism. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: New development is limited in the Tahoe Basin, due to environmental and other constraints. Developer impact fees are already charged for new development in the Tahoe Basin, by TRPA as well as the local governments. The TRPA vehicle impact fee is currently $325 per daily vehicle trip and is estimated to generate $400,000 per year in the Tahoe RTP. Assuming a new impact fee increment that is 50 percent of the existing TRPA fee, it would generate approximately $200,000 per year

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles

become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue is a function of the rate of development in the Tahoe Basin. Growth in the Tahoe Basin is projected, absent a major economic downturn. However, the exact timing of the development can be difficult to predict.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The revenue from this source would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Charging new development a new increment of impact fees does not directly assess the user of the transportation system for the cost of using the system.

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No go

Tier 1 screening

21. Name of proposed mechanism: Congestion pricing

Description: Congestion pricing incents transportation users to make discretionary trips at time when there is less demand on the transportation system by charging them a higher rate for trips made during peak times versus off-peak times. The intent is to reduce peak travel congestion and provide more efficient use of the facility. As such, congestion pricing is not a revenue collection mechanism but could be incorporated into the fee structure of a revenue mechanism. Congestion pricing could be applicable to a number of the revenue mechanisms under consideration including: tolls, VMT fees, cordon pricing, paid parking, etc. Since these mechanisms are being analyzed individually in the Tier 1 screening process, congestion pricing will not be evaluated as a separate proposed mechanism. In the event that congestion pricing is particularly advantageous when incorporated into the fee structure for one or more promising revenue mechanisms, this can be considered within the context of the final recommendations.

Go/no go decision to advance to next tier: No go

Tier 1 Screening

22. Name of proposed mechanism: Increase Transit Fares

Description: Transit fares are paid by passengers on the public transit systems serving the Tahoe Basin. Tahoe Area Regional Transit (TART) serves the north shore of Tahoe and BlueGo serves the south shore of Tahoe. It should be noted that the adopted policy of the Tahoe RTP and the Tahoe Transportation District is to eliminate fares when a new public transit funding source is adopted.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: The California and Nevada constitutions allow this proposed mechanism.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: The current fare structure generates a relatively small revenue stream (approximately $1 million/year) for Tahoe public transit. An increase in fares will have two effects, increase revenue per fare, but also reduce demand due to the higher price; the difference between the ridership loss versus the fare increase represents the elasticity of demand. TTD staff has estimated that a 25% fare increase might increase revenue approximately 9 percent, thus generating approximately $100,000 per year.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue mechanism is a function of the level of ridership on transit services in the Tahoe Basin. This should be fairly stable, although an economic downturn, or a lower elasticity of demand than projected would reduce revenue from this mechanism.

Rating: Low

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The revenue from this source would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Charging passengers a higher fare for public transportation to help fund more service results in a funding mechanism with a close relationship to transportation needs.

Rating: High

Summary rating: Low

Go/no go decision to advance to next tier: No go

Tier 1 Screening

24. Name of proposed mechanism: Vacancy Tax

Description: The number of 2nd home residences in the Tahoe Basin is substantial, and the majority are vacant. This funding measure would impose a tax on residences that are vacant a substantial portion of the year.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: The California and Nevada constitutions do not appear to prohibit this proposed mechanism, although California Proposition 13 provisions requires that the Vacancy tax be a flat parcel tax or utility fee. The City of Oakland enacted a Vacancy tax in November 2018.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: The Vacancy Tax would be a new funding mechanism in the Tahoe Basin. Given the large number of residences that are 2nd homes (50% in South Lake Tahoe, and 56% to 93% in other jurisdictions in the Tahoe Basin), a majority of these homes would be subject to the Vacancy tax, although the exact number would depend upon the definition of "vacant". The rate of the tax would be the other factor in determining revenue generation. The City of South Lake Tahoe could generate approximately $27 million per year at $3,000 per vacant residence. (Source: Devin Middlebrook)

Rating: Medium

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue mechanism is a function of the number of vacant residences and the rate at which the tax is applied. In addition, the definition of "Vacancy" in any tax measure will have a huge impact on what residences are required to pay the tax, and therefore the predictability of this revenue source. Some property owners would respond to the vacancy tax by putting residences in the rental market, with a high tax creating more conversion to rentals and a lower tax creating less conversion to rentals. Logically, the higher the tax rate, the more likely vacancy tax revenue will decline over time as property owners seek to avoid the tax and offer their residences for rental. This is the policy objective of the City of South Lake Tahoe, but would not be desirable for funding transportation operations. Predictability could be improved if transportation funding were given first priority in the allocation of these revenues.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The revenue from this source would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Charging properties a Vacancy tax will encourage more occupancy and higher demand for transportation services.

Rating: Low

Summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 1 Screening

25. Name of proposed mechanism: Increase Transient Occupancy Tax

Description: There are currently Transient Occupancy Taxes (TOT) charged by all jurisdictions in the Tahoe Basin. The TOT is charged as a percent of the room rate and added to the bill charged to the visitor. This funding measure would impose an additional increment in the TOT that would be used to fund transportation improvements in the Tahoe Basin.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: The California and Nevada constitutions allow this proposed mechanism.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: The revenue generated by an increase to the TOT would be subject to the percentage increase and the room rate and the number of rooms rented. The existing TOTs range from 10% to 14% and generate approximately $39 million per year (2016), thus a 40% increase in the tax rate would generate approximately $15 million per year.

Rating: Medium

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue mechanism is relatively stable. There has been substantial TOT revenue growth in the last 10 years and is likely to continue to grow absent a major economic downturn.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The revenue from this source would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Charging visitors a higher TOT is not a direct charge for the use of the transportation system.

Rating: Low

Summary rating: Medium

Go/no go decision to advance to next tier: Go

Notes: Eastern Placer Co TOT rate is 10%, Washoe Co TOT is 13% at Incline Village, City of South Lake Tahoe is 12-14%, Douglas Co TOT is 14% at Tahoe Township

Tier 1 Screening

26. Name of proposed mechanism: Increase Rental Car Fee

Description: There is currently a fee of $5.50 per day assessed for cars rented in the Tahoe Basin. This funding is used for transit operations. The proposed increase in this fee of $2.75 would be used to fund transportation improvements in the Tahoe Basin.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: The California and Nevada constitutions allow this proposed mechanism.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: The revenue generated by the current rental car fee is $120,000 per year. A 50% increase to the fee would generate approximately $60,000 per year, assuming no decrease in demand.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The predictability of this revenue mechanism is relatively stable. There has been substantial visitor growth in the last 10 years and is likely to continue to grow absent a major economic downturn.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: The revenue from this source would be dedicated to supporting the robust multimodal transportation system envisioned by the community in the Regional Transportation Plan. Charging visitors a higher rental car tax will generate more revenue to address the travel demand created by additional visitors, although the users of rental cars are less likely to use transit options.

Rating: Medium

Summary rating: Low

Go/no go decision to advance to next tier: No Go

Tier 1 Screening

28. Name of proposed mechanism: Ski Lift Ticket/Pass Fee

Description: This mechanism would add a fee to ski lift ticket and ski pass sales within the Tahoe Basin dedicated to funding projects and services contained in the Tahoe RTP.

Evaluation ranking for each criterion:

Constitutional Amendments/Statewide Vote (fatal flaw)- If a proposed funding mechanism would require an amendment to the CA or NV constitutions, or a statewide vote of the people in either state, this is considered a fatal flaw. The ability to accomplish either of these is considered beyond the reasonable capability of the TTD and its partners.

Discussion: There appears to be no outright prohibition in either the California or Nevada constitutions against the imposition of such a fee. There appears to be no constitutional or statutory requirement for a state-wide vote of the people in either California or Nevada. A state-wide vote in California or Nevada would only be required if mandated by the legislature.

Rating: Pass

Adequacy (2)- Strategies are given a "high" rating if they are capable of producing large amounts of revenue assuming reasonable fee/tax rates. In particular, fuel taxes have been the mainstay of transportation revenues for decades, receiving generally a "high" rating related to yield. Sources or strategies are given a "low" rating if the strategies are inherently short-term or low-yield. For example, a revenue source like transportation impact fees used to recover the costs incurred for the expansion of the transportation network necessary to serve demands generated by new development would rank "low" in adequacy, given its narrow tax base, the limited new growth, and the fact that it is a onetime charge.

Discussion: Yield would be dependent on the fee rate and ski lift ticket and pass sales; an additional 10% in the price is estimated to yield $ 4.4 million in 2019.

Rating: Low

Predictability (2)- A funding strategy with a "high" rating produces revenues that are predictably sustained over time, whereas a "low" rating refers to funding sources whose revenue generation potential over time is more uncertain. For example, motor fuel taxes may not be reliable over time because, if not indexed, the revenue degrades with both inflation and lower consumption as vehicles become more fuel efficient. If they are indexed, the inflation impact is removed, and revenues are only impacted by lower demand.

Discussion: The level of ski ticket and pass sales is largely driven by snow conditions and level of visitation in the Tahoe Basin. The Tahoe Basin ski resorts have invested heavily in snow making

equipment to reduce the impact of low snow winters and visitation is projected to have continued growth. Obviously, this fee ignores virtually all non-ski visits to the Tahoe Basin.

Rating: Medium

Economic efficiency (1)- This criterion refers to the extent that a strategy provides clear pricing signals that encourage users and providers to minimize unproductive travel and maximize economic growth. Therefore, strategies with "high" economic efficiency are those that help to make the marginal prices of goods and services reflect their true costs. Strategies with "low" economic efficiency are those that distort the market by collecting fees that are unrelated to the services they help fund. For example, hotel/lodging taxes would be considered "low" in economic efficiency, as these are not directly related to transportation and would not send direct signals of efficient use of the transportation network. A robust measure of economic efficiency includes the full network effects that are gained from completing a single segment of roadway.

Discussion: There is no relationship between a fee on ski lift tickets and the price of transportation infrastructure or services.

Rating: Low

Summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: source: https://tahoequarterly.com/outdoors/report-ski-resorts-see-revenue-despite-drought

Tierney study for 2013-14 ski season:

"Tierney's study, the first of its kind in the Tahoe Basin to go public, collected data from Lake Tahoe's nine largest resorts: Alpine Meadows, Heavenly, Homewood, Kirkwood, Sugar Bowl Resort, Mt. Rose, NorthStar California, Sierra-at-Tahoe and Squaw Valley. Combined, these resorts represent more than 75 percent of all skier visits to the Tahoe area and roughly half of all skier visits in California, a cumulative 2.72 million visits."

Outside Tahoe Basin resorts: Alpine Meadows, Kirkwood, Sugar Bowl, Mt. Rose, NorthStar, Sierra at Tahoe and Squaw Valley. It would be optimistic to assume that the resorts in the Tahoe Basin (Heavenly and Homewood) have 30% of sales; Homewood is quite small, Heavenly is large.

"Hard numbers support Monson's logic. Restaurant, food and beverage revenue is earmarked as the leading skier expenditure, according to Tierney's study. Food and beverage sales account for $98.2 million, nearly 20 percent of the ski industry's total economic impact last season. Lift tickets were a close second at $90.9 million, largely thanks to help from season pass sales. Lodging kicked in another $75.3 million, followed by shopping and retail at a cool $66.2 million."

Tahoe Basin Resort Percent of total ski economic impact: 30%

2014 total ski ticket/pass revenue: $91 million

2014 total ski ticket/pass revenue in Tahoe Basin: $91 million *30%=$27.3 million

2014 Tahoe Basin ski lift ticket/pass revenue increased by 10% per year for 5 years (5% price inflation and 5% visitation growth) =

$ 2,014.00	$ 2,015.00	$ 2,016.00	$ 2,017.00	$ 2,018.00	$ 2,019.00
$ 27.30	$ 30.03	$ 33.03	$ 36.34	$ 39.97	$ 43.97

2019 Tahoe Basin ski lift ticket/pass fee revenue applied at rate of 10%: $ 44 million * 10%= $4.4 million

Tier 2 Screening

5. Name of proposed mechanism: Gross Receipts Tax

Description: This mechanism would add a gross receipts tax on all businesses within the Lake Tahoe Basin dedicated to funding projects and services contained in the Tahoe RTP.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: Medium

Economic efficiency (1) rating: Low

Tier 1 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: A gross receipts tax falls onto businesses; however, it can be expected to be passed on indirectly to the customers of such businesses. Low-income populations have to spend a higher share of their income to pay the tax or fee compared to other groups, or are unfairly restricted from using basic transportation services.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the

transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Gross receipt taxes would be paid primarily in-basin, by local businesses. Since about 42% of visitor trips are day trips, which may occasion little or no economic activity within the basin, the share that is attributable to purchases from visitors would offer some relief but only indirectly.

Rating: Low

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: Gross receipts taxes have little direct impact on achieving VMT reduction, GHG emissions, or TMDL standards.

Rating: Low

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue

options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: The gross receipts tax is not perceived as friendly by the business community. It would be burdensome to comply with and pay, and place significant disproportionate costs on business activities.

Rating: Low

Tier 2 summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: If the gross receipts tax is limited to business associated with tourism, there will be a loss of revenue as well as a reduction in the predictability of revenue. This mechanism may be considered for inclusion in a final recommended package if it is useful to address resident versus non-resident equity or to address other factors.

Tier 2 Screening

6. Name of proposed mechanism: Employee Payroll Tax

Description: This mechanism would add a payroll tax increment on wages paid by employers within the Tahoe Basin with proceeds from this increment dedicated to funding projects and services contained in the Tahoe RTP.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: Medium

Economic efficiency (1) rating: Low

Tier 1 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) – This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: Since an employee would be likely to be proportional to the wages it was levied upon, the burden could be considered fairer. However, if the tax was implemented on a flat, per capita basis, it would be regressive.

Rating: Medium

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) – The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-

state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: This criterion considers the potential to collect revenues proportionately from visitors versus residents. Employee taxes would be rated "low" because the tax is mainly paid by residents, both full-year and seasonal.

Rating: Low

Supports Attaining Environmental Thresholds (3) - The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: Employee payroll taxes have no impact on achieving VMT reduction, GHG emissions, or TMDL standards.

Rating: Low

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific

industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: This mechanism may have limited opposition by businesses since it would be relatively straightforward to implement and not directly impact business costs. However, since it would indirectly reduce all employee salaries, it may require businesses to increase salaries in order to compensate in order to attract employees to the region.

Rating: Low

Tier 2 summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: Equity of this mechanism could be improved by having a sliding scale for income levels or if it is levied proportionately. This mechanism may be considered for inclusion in a final recommended package if it is useful to address resident versus non-resident equity or to address other factors.

Tier 2 Screening

11. Name of proposed mechanism: Cordon pricing (also includes basin entry fee [item 23])

Description: All users would be required to pay a fee for entering the Lake Tahoe Basin. The revenue from the fee would be dedicated to supporting the multimodal transportation system within the basin. Similar to cordon pricing systems elsewhere in the world (e.g., London, Stockholm, Singapore, etc.), basin resident and businesses would be allowed a number of free entries annually. Fees would be billed to users using license plate capture technology and/or transponders. Fee rates would be adjusted annually for inflation.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: High

Economic efficiency (1) rating: High

Tier 1 summary rating: High

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Tier 2 evaluation rating for each criterion:

Equity (2) – This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: A cordon pricing mechanism is not based on income levels and would be regressive.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake

Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: Tahoe experiences a high percentage of visitor trips from adjacent urban centers in California and Nevada, with 75% of vehicle trips made by visitors each year, with over 40% being day trips. This criterion considers the potential to collect revenues proportionately from visitors versus residents. Tolling and other per vehicle fees would be rated "high" because visitors would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is mainly paid by residents and businesses.

A cordon pricing mechanism would collect revenue directly from all users. Given the assumption that residents would be allowed a certain number of free entries per year, it should be possible to maintain a reasonable balance between the burden borne by residents and non-residents

Rating: High

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: The Tahoe Bi-State Compact and California law require TRPA to meet environmental thresholds to reduce vehicle miles of travel and greenhouse gas emissions. This criterion considers the

potential of a funding measure to reduce vehicle trips and congestion. A congestion charge or vehicle transportation fee, for example, discourages travel at times and places where congestion may occur or vehicle travel in general and would rate highly in attaining environmental thresholds. In contrast, other revenue mechanisms which simply generate revenue, e.g., a property or sales tax, would rate low.

Since a cordon pricing mechanism would have a direct relationship with the cost of using the transportation system within the basin, it could reasonably be expected to influence travel behavior and thus reduce VMT, GHG emissions, etc.

Rating: High

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: While a cordon pricing mechanism would be an additional cost to businesses, it would treat all businesses similarly. This mechanism should not have a significant impact on business operations and the compliance burden would be negligible.

Rating: Medium

Tier 2 summary rating: High

Go/no go decision to advance to next tier: Go

Notes: Equity of this mechanism could be improved by offering discounts for users demonstrating need.

Tier 2 Screening

12. Name of proposed mechanism: Vehicle Miles Traveled (VMT) Fees

Description: Users would be required to pay a fee for each mile driven within the Lake Tahoe Basin. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Per mile fee rates would be set to generate a targeted amount of revenue and adjusted annually for inflation. Deployment of a pay-at-the-pump VMT fee system in the Tahoe Basin alone would probably not be feasible given the large number of day visitors that would be fueling outside of the Basin. Collection of VMT fees as a separate transaction from fueling would involve significant deployment of new technology onboard the motor vehicles to record and capture odometer readings of mileage driven within the basin or GPS type technology to track vehicles and record mileage.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Medium

Economic efficiency (1) rating: High

Tier 1 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: The burden, as compared to fuel taxes, is shared based on use, regardless of income levels. However, user fees are regressive, since they require those with lower incomes to spend a disproportionately higher share of their incomes to pay the fee, compared to other groups.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and

Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: VMT fees would be rated "high" because it would collect revenues from all users including visitors, who would pay their share for using the roadways.

Rating: High

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: This criterion considers the potential of a funding measure to also reduce vehicle trips and congestion. Depending upon the technology used to account for miles driven, a rate could be set to take into account congestion. A flat congestion rate could be charged to discourage travel at times and places where congestion routinely occurs. Real-time charges could go even farther to address behavior however that would entail much more sophisticated tracking systems. Mechanisms that discourage vehicle travel in general and/or in congested periods would rate highly in attaining environmental thresholds. Such mechanisms would have a direct relationship with the cost of using the transportation

system within the basin, it could reasonably be expected to influence travel behavior and thus reduce VMT, GHG emissions, etc.

Rating: High

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: If the form of VMT fee is revenue neutral when compared to motor fuel taxes, there should be minimal resistance which would yield a "high" rating. Two aspects may push that to a medium level: the inconvenience of dealing with something new and unknown in terms of cost to the business, and the concerns by those who have invested in hybrid and alternative fueled vehicles in their businesses, based on the expectation that they will not have to pay user fees associated with the amount that they use their vehicles. Thus, businesses may not be supportive even if there is not an explicit additional cost to businesses, and it would require education and honing of processes to minimize compliance concerns.

Rating: Medium

Tier 2 summary rating: High

Go/no go decision to advance to next tier: Go

Notes: Depending upon the sophistication of the tracking/collection system, a different rate could be charged to facilitate a public policy rationale. For example, lower income individuals or those who are part of a special employment /development program could be charged less. Another example is that the rate charged could be set to encourage alternative features of the vehicle such as emissions. If such regimes were included, the ratings for equity or environment could change. Extensive, detailed legal research and consultation with state and federal agencies would need to be undertaken to assess the impacts of use restrictions on the usefulness of this proposed revenue mechanism.

Tier 2 Screening

13. Name of proposed mechanism: Transportation Utility Special District (combination of "special district" [item 13] and "road utility" [item 27])

Description: A "special district" is a form of government not a revenue mechanism per se. Both California and Nevada have an extensive history with a variety of special districts providing a wide range of services. The scenario considered in this analysis is a special district established across the Tahoe Basin empowered to provide, operate and maintain transportation and transportation related facilities and services. The funding mechanism would be an annual transportation fee levied against each parcel of land within the basin based upon the trip generation of the land use. Fee rates would be set to generate a targeted amount of revenue supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Fee rates would be automatically adjusted annually for inflation.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: High

Economic efficiency (1) rating: High

Tier 1 summary rating: High

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: The transportation utility special district is not based on income levels and would be regressive.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: The transportation utility special district fee assessed on parcel land use would not directly target visitors, particularly day visitors.

Rating: Low

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: The transportation utility special district fee has no direct impact on the price or convenience of travel in the basin, although assessing the fee to parcels based upon trip generation does create an indirect impact on the price of travel in the basin.

Rating: Medium

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: While a transportation utility special district fee would be an additional cost to businesses, it would treat all businesses similarly. This mechanism should not have a significant impact on business operations and the compliance burden would be negligible.

Rating: Low

Tier 2 summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: A significant portion of land within the basin is owned by the federal and state governments which are often significant generators or trips. It is likely that federal and state lands would be exempt from a transportation utility special district fees. This mechanism may be considered for inclusion in a final recommended package if it is useful to address resident versus non-resident equity or to address other factors.

Tier 2 Screening

14. Name of proposed mechanism: Tolling

Description: Users would be required to pay a toll for travel into or through specified toll zones on the major arterial roadways in the Basin. Trips made entirely within a single toll zone would not be charged. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Toll rates would be set to generate a targeted amount of revenue and adjusted annually for inflation.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Medium

Economic efficiency (1) rating: High

Tier 1 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: This criterion refers to the extent that the financial burden is placed on different groups of people or unfairly restricts access to basic transportation services. The burden, as compared to fuel taxes, is shared based on use, regardless of income levels. However, user fees, including tolls, are regressive, since they require those with lower incomes to spend a disproportionately higher share of their incomes to pay the fee, compared to other groups.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More

than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: This criterion considers the potential to collect revenues proportionately from visitors versus residents. Tolling and other trip related vehicle fees would be rated "high" because visitors would pay their share for using the roadways. Depending on the technology used for collection, the travel pattern and state of origin of the vehicle could be determined from the license plate. As such, discounts could be provided for frequent users (in-basin residents).

Rating: High

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: This criterion considers the potential of a funding measure to also reduce vehicle trips and congestion. Mechanisms such as tolls increase the awareness of the cost of driving and influences behavior. Thus, vehicle travel is discouraged and could reasonably be expected to influence travel behavior and thus reduce VMT, GHG emissions, etc. Depending upon the technology used to implement a tolling regime, a rate could be set to take into account congestion, further potentially addressing environmental targets. A flat congestion rate could be charged to discourage travel at times and places

where congestion routinely occurs. Real-time charges could go even farther to address behavior however that would entail much more sophisticated tracking systems.

Rating: High

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: The additional out of pocket costs for commercial trips would be viewed as unfriendly, similar to increases in taxes. Even with all electronic tolling, it may be seen as inconvenient however with greater experience, such inconvenience is minimal. Tolls may be more acceptable if they were to be offset from or in lieu of fuel taxes, that would mitigate the opposition but by adding complexity, tolls would be seen as negative for the business climate.

Rating: Low

Tier 2 summary rating: Medium

Go/no go decision to advance to next tier: Go

Notes: Depending upon the sophistication of the tracking/collection system, a different rate could be charged to facilitate a public policy rationale. For example, lower income individuals or those who are part of a special employment /development program/small business assistance could be charged less. Another example is that the rate charged could be set to encourage alternative features of the vehicle such as emissions. If such regimes were included, the ratings for equity or environment could change. Extensive, detailed legal research and consultation with state and federal agencies would need to be undertaken to assess the impacts of use restrictions on the usefulness of this proposed revenue mechanism.

Tier 2 Screening

16. Name of proposed mechanism: Zoned transportation user fee (also includes hourly transportation fee [item 20])

Description: All users would be required to pay a fee dedicated to supporting the multimodal transportation system within the basin. Basin residents and resident businesses would pay a flat fee for one of six community transportation zones plus a daily fee for travel within the basin outside of the community transportation zone where they reside when such trips are made. Non-residents would pay a daily fee. The resident flat rate fee could be billed by piggybacking on the collection of residential and commercial property taxes or by a utility service type billing. Fees for non-resident use and for resident use outside of the community transportation zone could be billed through license plate capture technology and/or transponders. Fee rates would be adjusted annually for inflation.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: High

Economic efficiency (1) rating: High

Tier 1 summary rating: High

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: A zoned user fee is not based on income levels and would be regressive.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and

Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: A zoned transportation user fee would collect revenue directly from all users. With the appropriate rate structure, it should be possible to have both residents and non-residents pay their fair share for use of the transportation system in the basin.

Rating: High

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: Since a zoned user fee would have a direct relationship with the price of using the transportation system within the basin, it could reasonably be expected to influence travel behavior and thus reduce VMT, GHG emissions, etc.

Rating: High

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: While a zoned user fee would be an additional cost to businesses, it would treat all businesses similarly. This mechanism should not have a significant impact on business operations and the compliance burden would be negligible.

Rating: Medium

Tier 2 summary rating: High

Go/no go decision to advance to next tier: Go

Notes: Equity of this mechanism could be improved by offering discounts for users demonstrating need.

Tier 2 Screening

24. Name of proposed mechanism: Vacancy Tax

Description: The number of 2nd home residences in the Tahoe Basin is substantial, and the majority are vacant. This funding measure would impose a tax on residences that are vacant a substantial portion of the year.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Low

Economic efficiency (1) rating: Low

Tier 1 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: The vacancy tax would likely affect more high-income property owners than low income property owners/residents so there is some progressive impact from this funding measure.

Rating: Medium

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More than 14 million people live in the Northern California Megapolitan and many of them drive to Lake

Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: The vacancy tax would not target visitors and would not address visitor use of the transportation system.

Rating: Medium

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: The vacancy tax has no direct impact on the price or convenience of travel in the basin thus it does not support the attainment of environmental thresholds.

Rating: Medium

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue options. The business community in particular disfavors taxes that are burdensome or complicated to

comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: The vacancy tax does not affect business operations so there should be no burden on Tahoe businesses to comply with this funding measure.

Rating: Medium

Tier 2 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 Screening

25. Name of proposed mechanism: Increase Transient Occupancy Tax

Description: There are currently Transient Occupancy Taxes (TOT) charged by all jurisdictions in the Tahoe Basin. The TOT is charged as a percent of the room rate and added to the bill charged to the visitor. This funding measure would impose an additional increment in the TOT that would be used to fund transportation improvements in the Tahoe Basin.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Medium

Economic efficiency (1) rating: Low

Tier 1 summary rating: Medium

Go/no go decision to advance to next tier: Go

Tier 2 Evaluation rating for each criterion:

Equity (2) –This criterion refers to the extent that each strategy places inequitable burdens on different groups of people financially, or unfairly restricts access to basic transportation services. Excise and sales taxes and user fees are all regressive, since they require those with lower incomes to expend a disproportionately higher share of their incomes to pay the tax or fee. The only funding strategies that are likely to receive a "high" rating are those that levy different fees based on income levels, including income or payroll taxes, property taxes, and vehicle personal property.

Discussion: The transient occupancy tax would not be based on income level and would have regressive effects.

Rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) — The Lake Tahoe Region is an area of regional and statewide significance serving both interstate and intrastate travel. Tahoe experiences a high percentage of visitor use from adjacent urban centers in California and Nevada, in part, as a result of Lake Tahoe's central location in the Northern California Megapolitan, a basin of growing metropolitan areas that extends from San Francisco Bay area to Reno, Nevada. More

than 14 million people live in the Northern California Megapolitan and many of them drive to Lake Tahoe to enjoy its world-class recreation opportunities. Overnight and day use visitors can exceed the Basin's capacity with the peak visitation in summer and winter, putting significant pressures on the transportation system, which consists primarily of six two-lane roadways leading into Tahoe and a bi-state 2 lane highway that loops around the Lake, thus contributing to some of the region's largest water quality, air quality, and emergency management challenges. This criterion considers the potential to share the tax burden with out-of-basin residents/businesses, or if the tax burden is carried by Tahoe residents and businesses. Tolling would be rated "high" because out-of-basin travelers would pay their share for using the roadways, whereas property taxes would be rated "low" because the tax is paid by residents and businesses where the additional property tax is imposed to pay for the project.

Discussion: The transient occupancy tax would target visitors, although it would not address the large number of day visitors and their use of the transportation system.

Rating: Medium

Supports Attaining Environmental Thresholds (3) – The Tahoe Regional Planning Agency (TRPA) operates at a regional level under the authority of the Bi-State Compact (Public Law 96-551) between the states of California and Nevada. The Bi-State Compact states that the TRPA's Regional Plan shall promotes walking, biking, public transit use, and environmental innovation technologies can help preserve a healthy environment. Specifically, the plan shall (a) reduce private vehicles dependency by making more effective use of existing transportation modes and public transit to move people and goods within the Region and (b) to the extent possible, reduce the air pollution that is caused by motor vehicles. The Bi-State Compact requires TRPA establishes environmental threshold that measure the Region's performance in the areas of air quality, water quality, soil conservation, vegetation, noise, recreation, scenic resources, fisheries, and wildlife. This criterion measures the degree to which a given revenue mechanism help achieve TRPA established thresholds. Some revenue mechanisms discourage behavior that causes harmful side effects such as congestion or air pollution. A congestion charge, for example, discourages travel at times and places where congestion may occur and as a result, may contribute to improve air quality. In contrast, other revenue mechanisms simply generate revenue, for example, an income tax.

Discussion: The transient occupancy tax has no direct impact on the price or convenience of travel in the basin thus it does not support the attainment of environmental thresholds.

Rating: Low

Business Climate Friendliness (2) - Business climate friendliness is the way the business community will perceive a given mechanism. As with the Political Feasibility/Public Acceptability criterion, very few (if any) taxes are popular with businesses since they reduce profits. Given this general opposition to taxes, this criterion focuses on the degree of difficulty that might be encountered in gaining acceptance among Tahoe business community to initially implement the revenue mechanism, compared to other revenue

options. The business community in particular disfavors taxes that are burdensome or complicated to comply with or that substantially increase the costs of doing business (especially if they target one business more than its competitors). Of course, there will be variability among the views of specific industrial sectors. For example, the automotive industry is likely to oppose burdensome taxes on auto purchases, while the retail industry is likely to oppose sales taxes. This criterion will consider the business community as a whole.

Discussion: The transient occupancy tax directly affects the visitor industry in Tahoe, which is the single largest business sector. There are existing transient occupancy taxes in Tahoe, so an increase in the rate would not be a compliance burden.

Rating: Low

Tier 2 summary rating: Low

Go/no go decision to advance to next tier: No go

Notes: Eastern Placer Co TOT rate is 10%, Washoe Co TOT is 13% at Incline Village, City of South Lake Tahoe is 12-14%, and Douglas Co TOT is 14% at Tahoe Township.

Tier 3 Screening

11. Name of proposed mechanism: Cordon pricing (also includes basin entry fee [item 23])

Description: All users would be required to pay a transportation fee for each day or portion of a day that they are present in the Lake Tahoe Basin. Similar to cordon pricing systems elsewhere in the world (e.g., London, Stockholm, Singapore, etc.), basin resident and businesses would be allowed a number of free entries annually. The rate structure would also address the unique circumstances of commuters and residents by charging them at a rate different rate. The revenue from the fee would be dedicated to supporting all aspects of the multimodal transportation system within the basin. Fees would be billed to users using license plate capture technology and/or transponders. Fee rates would be adjusted annually for inflation.

Summary of Tier 1 screening results weighting factors in parentheses:

Constitutional amendment/statewide vote of the people (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: High

Economic efficiency (1) rating: High

Tier 1 summary rating: High

Go/no go decision to advance to next tier: Go

Summary of Tier 2 screening results weighting factors in parentheses:

Equity (2) rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) rating: High

Supports Attaining Environmental Thresholds (3) rating: High

Business Climate Friendliness (2) rating: Medium

Tier 2 summary rating: High

Go/no go decision to advance to next tier: Go

Tier 3 evaluation rating for each criterion

Revenue Potential (3) – This criterion measures the ability of the funding mechanisms to generate the needed revenue during the life of the TRPA's Regional Plan. Task 2 has estimated that new local and regional sources will be needed to generate $1.53 billion so that the fully envisioned TRPA's Regional Plan addressing all needs in the region can be implemented over the 23-year forecast period. For each revenue mechanism, this criterion will estimate the funding to be generated over the life of the TRPA's

Regional Plan. Revenue mechanisms will be categorized as low, medium or high if they have the potential to generate low, medium or high gross revenues, over the life of the RTP.

Discussion: High level analysis of multiple variations of this mechanism indicates that it has strong potential to general all the revenue needed to meet the identified transportation funding shortfall of about $67 million annually. The analysis indicated that charging each non-resident, non-commuter groups entering the basin, excluding non-resident commuters, a daily fee of about $4.10, and non-resident commuter groups a daily fee of about $1.00 would be sufficient to generate approximately 95% of the annual net revenue target of $67 million from non-residents. Collecting revenues from residents using this mechanism is somewhat problematic as they are generally in the basin 365 days per year. A theoretical daily charge of about $0.40 per resident household would be sufficient to generate 5% of the revenue from residents.

Rating: High

Administrative Effectiveness (1) – This criterion refers to the cost and ease of administering each fee or tax system; that is, minimizing evasion and minimizing the logistical difficulties imposed on the public in the process of paying the fee or tax in a cost-effective way. The easiest fee-collection systems, designated as having "high" administrative effectiveness are those that piggyback on other payments at the point of sale, including fuel taxes and sales taxes. Strategies are designated as "medium" if they require the user to make a unique payment solely for the purpose of paying fees or taxes, but where this process has been reasonably streamlined. New funding sources or those with high administrative costs are designated as "low."

Discussion: Open road collection systems that can capture billing data from moving vehicles through well proven technologies such as license plate readers (LPR), transponders, etc. have been in use for decades. These technologies would have little to no cost to users and would not impede their travels. Likewise, automated back office operations for billing, collection, and data analysis have been well proven.

Rating: High

Political Feasibility/Public Acceptance (2) - Because all of the funding sources require the public to pay more, it is likely that they will all have some public opposition. Funding sources that are somewhat removed from the transportation project or service they are supporting tend to be particularly unpopular, such as property and income taxes and general revenue. This criterion measures the degree of difficulty that might be encountered in gaining public acceptance to initially implement the revenue mechanism, compared to other revenue options. Public acceptance of revenue mechanisms may improve over time as individuals become more accustomed to the means of collection and how the mechanism impacts their finances, travel patterns, or other activities. Therefore, the acceptability of a new mechanism is measured comparatively, recognizing that some methods will initially be more acceptable than others. This measure will be largely informed through stakeholder input.

Discussion: Public acceptance of the collection and billing technologies is widespread in most of the US. There is strong consensus among voters in both California and Nevada that traffic is a significant problem in the Tahoe Basin and a that it is urgent to be addressed. This sentiment is also echoed in the one-one-one meetings with elected officials and key stakeholders, as well as the attendees at our public listening sessions. Proprietary polling also indicates that most California and Nevada voters fee that a daily charge of $4.30 for groups visiting the Lake Tahoe Basin is reasonable. Many voters residing in the Basin are more reluctant about Basin residents paying more for transportation since they feel that the cost of living at Tahoe is already too high. Despite this, there is a recognition by Basin voters that collecting fees from all travelers in the basin is necessary.

Rating: Medium

Fungibility Across Modes and Jurisdictions in Tahoe Basin (3)-The fact that funding shortfalls are identified for all of the major travel modes and other priority needs requires that any new funding mechanism not be limited to a single mode and ideally would be fungible across all modes of travel and priority needs. In addition, given the many jurisdictions within the Tahoe Basin, it will be critical that any new funding mechanism have the ability to fund projects and services across the entire Tahoe Basin and not be limited to use within the jurisdiction of collection.

Discussion: If this new revenue were dedicated to funding the projects and the services in the Tahoe RTP, and applied across the entire Tahoe Basin, it would require authorizing language from California, Nevada, and possibly the US Congress. The enabling legislation could allow for fungibility across all jurisdictions, transportation modes, and activities.

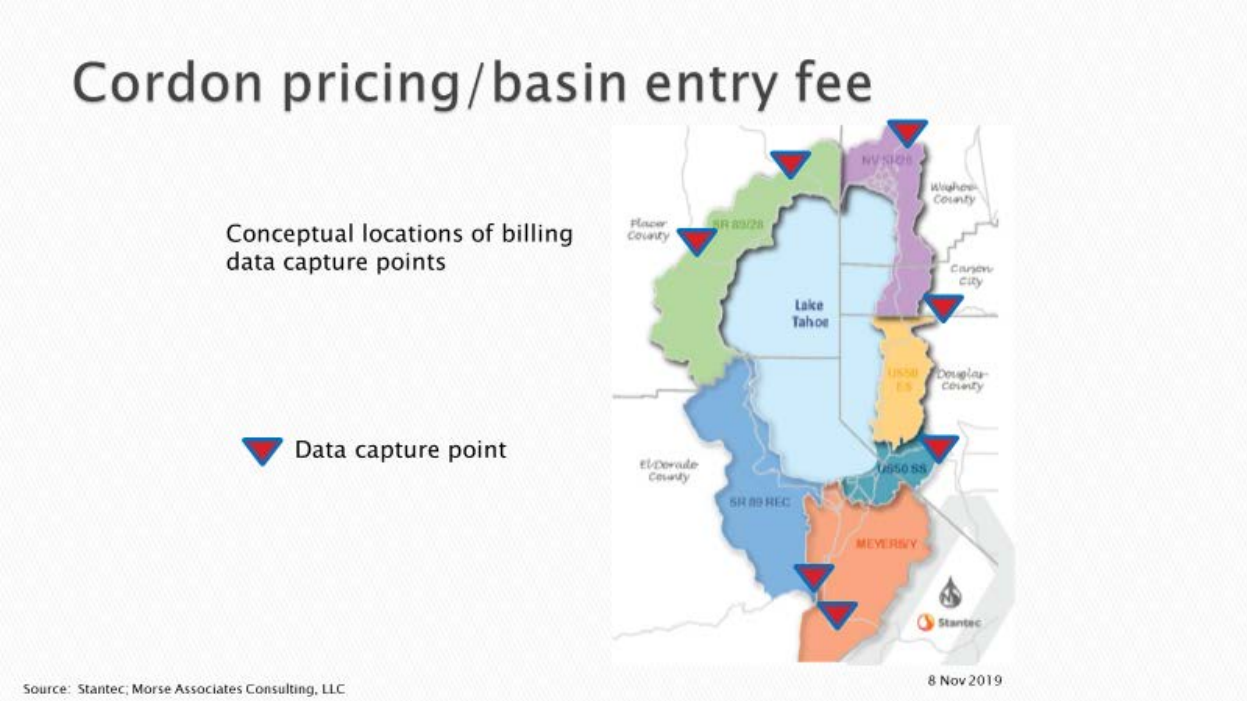
Rating: High

Impacts to the Regional Economy (2) - Money collected through a revenue mechanism is no longer available to the tax/fee payer for other purposes such as investment, saving, or spending. This could be a deterrent to tax/fee payers to visit Lake Tahoe. These impacts could, however, be offset by increased spending on transportation projects and services which can stimulate the regional economy. Improvements to the transportation system may also improve the quality-of-experience for visitors and quality-of-life for residents, thus stimulating additional spending in the region.

Discussion: Economic analysis of the regional economy was examined using IMPLAN. Since all scenarios assumed the same amount of annual net transportation revenue of $67 million the IMPLAN results were fairly similar and all Tier 3 mechanisms were assigned a “high” rating on this criterion. Perhaps of greater interest was IMPLAN analysis that assumed three scenarios for annual visitation growth between 2017 and 2040: a 1.16% annual increase in visitation reflecting forecast population growth in Tahoe’s major markets; a 0% annual increase; and a -0.212% annual decrease (cumulative 5% drop in annual visitation between 2017 and 2040). While no one can predict what will happen to visitation if the Tahoe “experience” continues to erode, these scenarios offer some food for thought. If Tahoe can maintain its market share the cumulative increase economic output over the slightly negative visitation growth rate is 16%.

Rating: High

Notes: Using unform rates for all users to achieve a 95%-5% split in revenue from non-residents and residents creates an extreme burden on residents. This issue could be addressed through the rate structure or through utilizing an alternative revenue mechanism for residents. Charging the same rate to commuters and recreational visitors is also problematic given the difficulty in attracting and retaining workers in the Basin. This issue would probably best be addressed through a differential rate structure.



Tier 3 Screening

12. Name of proposed mechanism: Vehicle Miles Traveled (VMT) Fees

Description: Users would be required to pay a fee for each mile driven within the Lake Tahoe Basin. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Per mile fee rates would be set to generate a targeted amount of revenue and adjusted annually for inflation. Deployment of a pay-at-the-pump VMT fee system in the Tahoe Basin alone would probably not be feasible given the large number of day visitors that would be fueling outside of the Basin. Collection of VMT fees as a separate transaction from fueling would involve significant deployment of new technology onboard the motor vehicles to record and capture odometer readings of mileage driven within the basin or GPS type technology to track vehicles and record mileage.

Summary of Tier 1 screening results (weighting factors in parentheses):

Constitutional amendment/statewide vote (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Medium

Economic efficiency (1) rating: High

Tier 1 summary rating: Medium

Summary of Tier 2 screening results (weighting factors in parentheses):

Equity (2) rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) rating: High

Supports Attaining Environmental Thresholds (3) rating: High

Business Climate Friendliness (2) rating: Medium

Tier 2 summary rating: High

Tier 3 evaluation rating for each criterion:

Revenue Potential (3)– This criterion measures the ability of the funding mechanisms to generate the needed revenue during the life of the TRPA's Regional Plan. Task 2 has estimated that new local and regional sources will be needed to generate $1.53 billion so that the fully envisioned TRPA's Regional Plan addressing all needs in the region can be implemented over the 23-year forecast period. For each revenue mechanism, this criterion will estimate the funding to be generated over the life of the TRPA's

Regional Plan. Revenue mechanisms will be categorized as low, medium or high if they have the potential to generate low, medium or high gross revenues, over the life of the RTP.

Discussion: While high level analysis of multiple variations of this mechanism indicates that it has strong potential to generate all the revenue needed to meet the identified transportation funding shortfall of about $67 million annually, there are two major issues that negatively impact the suitability of this source for the Tahoe Basin.

First is the restriction in the Nevada constitution that requires revenues collected on the operation of a motor vehicle on state highways to be used on state highways. The most restrictive interpretation of this would mean that VMT fees collected in Nevada could only be used on roads in Nevada. Taking a more liberal interpretation that VMT fees collected in Nevada could be used for roads anywhere in the basin (including roads in California) and that VMT fees collected in California could be used on all transportation uses throughout the basin, still results in significant shortfalls in funding for non-road transportation uses.

Second is the high cost of collection driven by the need to provide technology onboard the vehicles coming into the basin to capture the miles driven and additional technology to capture the VMT readings as vehicles entered and left the basin for billing purposes. Additional equipment to capture VMT data might also be necessary within the basin to capture data from vehicles that never or only infrequently leave the basin. This would not be a one-time cost, but a continuing cost as new vehicles are introduced into the visitor fleet each year.

Taking into account both of these issues, high level illustrative planning estimates were run assuming the best-case interpretation of the Nevada use restrictions. This analysis indicates that a charge of about 30 cents per mile on the miles driven by non-resident, non-commuter vehicles, and 4 cents per mile for residents and commuters would generate sufficient gross revenue to yield a net annual revenue of about $58 million. Dollars collected in excess of this amount would be unusable because of the use restrictions and, as a result, about $9 million in annual non-road transportation needs would be unfunded. This illustrative scenario also meets the desire ad 95%-5% split in the burden between residents and non-residents for the $58 million annual revenue.

Rating: Medium

Administrative Effectiveness (1) – This criterion refers to the cost and ease of administering each fee or tax system; that is, minimizing evasion and minimizing the logistical difficulties imposed on the public in the process of paying the fee or tax in a cost-effective way. The easiest fee-collection systems, designated as having “high” administrative effectiveness are those that piggyback on other payments at the point of sale, including fuel taxes and sales taxes. Strategies are designated as “medium” if they require the user to make a unique payment solely for the purpose of paying fees or taxes, but where this process has been reasonably streamlined. New funding sources or those with high administrative costs are designated as “low.”

Discussion: As noted above, this mechanism would require the installation of equipment in every vehicle

driven in the Tahoe Basin to record VMT as well as equipment to capture this data from the vehicles for billing purposes. Aside for the very substantial costs entailed, the installation of onboard equipment could become quite intrusive and inconvenient particularly for visitors.

Rating: Low

Political Feasibility/Public Acceptance (2) - Because all of the funding sources require the public to pay more, it is likely that they will all have some public opposition. Funding sources that are somewhat removed from the transportation project or service they are supporting tend to be particularly unpopular, such as property and income taxes and general revenue. This criterion measures the degree of difficulty that might be encountered in gaining public acceptance to initially implement the revenue mechanism, compared to other revenue options. Public acceptance of revenue mechanisms may improve over time as individuals become more accustomed to the means of collection and how the mechanism impacts their finances, travel patterns, or other activities. Therefore, the acceptability of a new mechanism is measured comparatively, recognizing that some methods will initially be more acceptable than others. This measure will be largely informed through stakeholder input.

Discussion: There is strong consensus among voters in both California and Nevada that traffic is a significant problem in the Tahoe Basin and a that it is urgent to be addressed. This sentiment is also echoed in the one-one-one meetings with elected officials and key stakeholders, as well as the attendees at our public listening sessions. Despite this, the high relative cost and intrusiveness of a standalone VMT system would probably make this particular mechanism much less acceptable relative to other options.

Rating: Low

Fungibility Across Modes and Jurisdictions in Tahoe Basin (3)-The fact that funding shortfalls are identified for all of the major travel modes and other priority needs requires that any new funding mechanism not be limited to a single mode and ideally would be fungible across all modes of travel and priority needs. In addition, given the many jurisdictions within the Tahoe Basin, it will be critical that any new funding mechanism have the ability to fund projects and services across the entire Tahoe Basin and not be limited to use within the jurisdiction of collection.

Discussion: As noted above in the discussion of revenue potential, the restriction of the Nevada constitution creates major impediments to the fungibility of revenue from a VMT mechanism.

Rating: Low

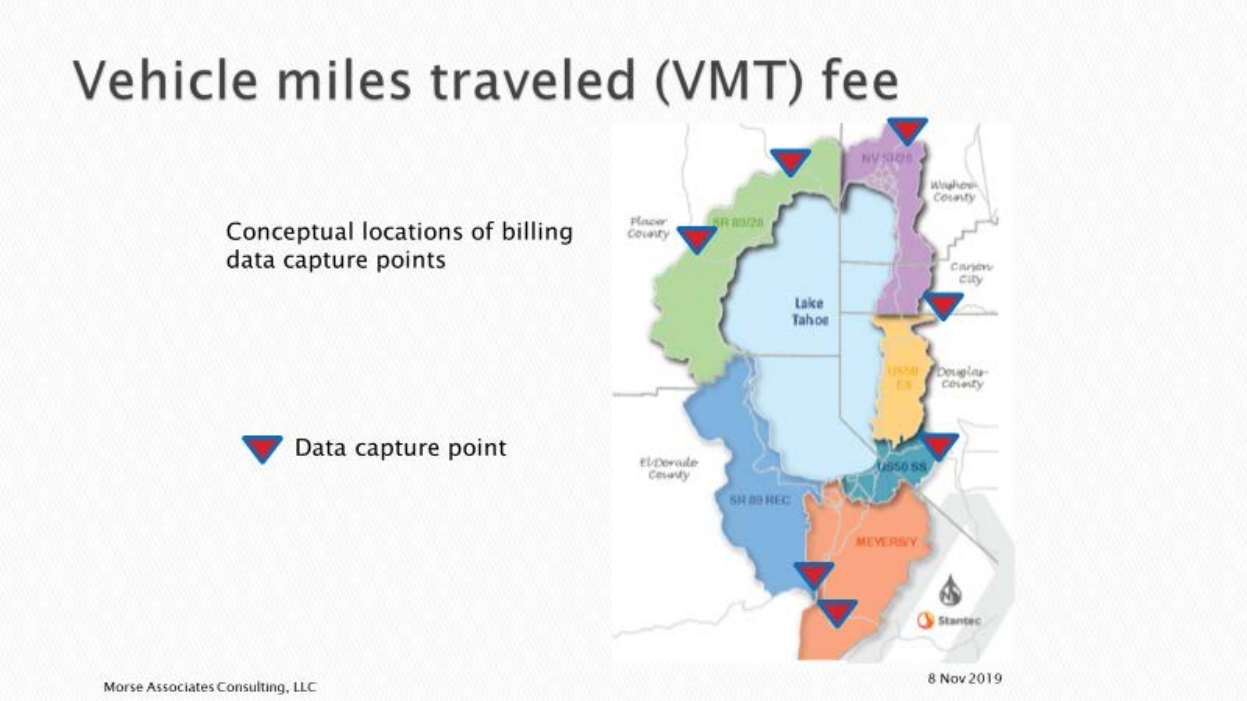
Impacts to the Regional Economy (2)- Money collected through a revenue mechanism is no longer available to the tax/fee payer for other purposes such as investment, saving, or spending. This could be a deterrent to tax/fee payers to visit Lake Tahoe. These impacts could, however, be offset by increased spending on transportation projects and services which can stimulate the regional economy. Improvements to the transportation system may also improve the quality-of-experience for visitors and quality-of-life for residents, thus stimulating additional spending in the region.

Discussion: Discussion: Economic analysis of the regional economy was examined using IMPLAN. Since all scenarios assumed the same amount of annual net transportation revenue of $67 million the IMPLAN results were fairly similar and all Tier 3 mechanisms were assigned a "high" rating on this criterion. Perhaps of greater interest was IMPLAN analysis that assumed three scenarios for annual visitation growth between 2017 and 2040: a 1.16% annual increase in visitation reflecting forecast population growth in Tahoe's major markets; a 0% annual increase; and a -0.212% annual decrease (cumulative 5% drop in annual visitation between 2017 and 2040). While no one can predict what will happen to visitation if the Tahoe "experience" continues to erode, these scenarios offer some food for thought. If Tahoe can maintain its market share the cumulative increase economic output over the slightly negative visitation growth rate is 16%.

Rating: High

Summary Tier 3 rating: Low

Notes: Even under the most optimistic interpretation of Nevada's use restrictions, this mechanism would need to be coupled with other revenue mechanisms to achieve the desired level of funding. Collection costs would be substantial due to a continuing requirement to equip new-to-the-basin vehicles with technology and there could be considerable public resistant to this due to cost and privacy concerns. The collection cost issues largely go away in the future if there is an integrated nationwide VMT system. The possibility of such a system is probably 10+ years in the future.



Tier 3 Screening

14. Name of proposed mechanism: Tolling

Description: Users would be required to pay a toll for travel into or through specified toll zones on the major arterial roadways in the Basin. Trips made entirely within a single toll zone would not be charged. Revenue would be dedicated to supporting transportation and transportation related projects and services included in the Regional Transportation Plan. Toll rates would be set to generate a targeted amount of revenue and adjusted annually for inflation.

Summary of Tier 1 screening results (weighting factors in parentheses):

Constitutional amendment/statewide vote (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Medium

Economic efficiency (1) rating: High

Tier 1 summary rating: Medium

Summary of Tier 2 screening results (weighting factors in parentheses):

Equity (2) rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) rating: High

Supports Attaining Environmental Thresholds (3) rating: High

Business Climate Friendliness (2) rating: Low

Tier 2 summary rating: Medium

Tier 3 evaluation rating for each criterion:

Revenue Potential (3)– This criterion measures the ability of the funding mechanisms to generate the needed revenue during the life of the TRPA's Regional Plan. Task 2 has estimated that new local and regional sources will be needed to generate $1.53 billion so that the fully envisioned TRPA's Regional Plan addressing all needs in the region can be implemented over the 23-year forecast period. For each revenue mechanism, this criterion will estimate the funding to be generated over the life of the TRPA's Regional Plan. Revenue mechanisms will be categorized as low, medium or high if they have the potential to generate low, medium or high gross revenues, over the life of the TRP.

Discussion: While high level analysis of multiple variations of this mechanism indicates that it has strong potential to generate all the revenue needed to meet the identified transportation funding shortfall of

about $67 million annually, there are two major issues that negatively impact the suitability of this source for the Tahoe Basin.

First is the restriction in the Nevada constitution that requires revenues collected on the operation of a motor vehicle on state highways to be used on state highways. The most restrictive interpretation of this would mean that VMT fees collected in Nevada could only be used on roads in Nevada. Taking a more liberal interpretation that VMT fees collected in Nevada could be used for roads anywhere in the basin (including roads in California) and that VMT fees collected in California could be used on all transportation uses throughout the basin, still results in significant shortfalls in funding for non-road transportation uses.

Second is the fact that a toll would be charged on US-50. This would require Federal approvals under 23 U.S.C. 129 (generally referred to as "Section 129"). Once a tolled facility is adequately maintained, excess revenues may be generally be applied to any other purpose for which Federal funds may be obligated under title 23, United States Code including the capital costs of transit projects eligible for assistance under chapter 53 of title 49, United States Code. Given that a substantial portion of the Tahoe transportation funding shortfall is in transit operations and maintenance, the restriction on the use of excess revenues for transit capital poses a significant impediment.

Taking into account both of these issues, high level illustrative planning estimates were run assuming the best-case interpretation of the Nevada use restrictions. This analysis indicates that a charge of about $2.38 per toll zone for non-resident, non-commuter vehicles, and $0.70 per toll zone for residents and commuters would generate sufficient gross revenue to yield a net annual revenue of about $57 million. Dollars collected in excess of this amount would be unusable because of the use restrictions and, as a result, about $10 million in annual non-road transportation needs would be unfunded. This illustrative scenario also meets the desired 95%-5% split in the burden between residents and non-residents for the $57 million of annual revenue.

Rating: Medium

Administrative Effectiveness (1) – This criterion refers to the cost and ease of administering each fee or tax system; that is, minimizing evasion and minimizing the logistical difficulties imposed on the public in the process of paying the fee or tax in a cost-effective way. The easiest fee-collection systems, designated as having "high" administrative effectiveness are those that piggyback on other payments at the point of sale, including fuel taxes and sales taxes. Strategies are designated as "medium" if they require the user to make a unique payment solely for the purpose of paying fees or taxes, but where this process has been reasonably streamlined. New funding sources or those with high administrative costs are designated as "low."

Discussion: Discussion: Open road collection systems that can capture billing data from moving vehicles through well proven technologies such as license plate readers (LPR), transponders, etc. have been in use for decades. These technologies would have little to no cost to users and would not impede their travels. Likewise, automated back office operations for billing, collection, and data analysis have been well proven.

Rating: Medium

Political Feasibility/Public Acceptance (2) - Because all of the funding sources require the public to pay more, it is likely that they will all have some public opposition. Funding sources that are somewhat removed from the transportation project or service they are supporting tend to be particularly unpopular, such as property and income taxes and general revenue. This criterion measures the degree of difficulty that might be encountered in gaining public acceptance to initially implement the revenue mechanism, compared to other revenue options. Public acceptance of revenue mechanisms may improve over time as individuals become more accustomed to the means of collection and how the mechanism impacts their finances, travel patterns, or other activities. Therefore, the acceptability of a new mechanism is measured comparatively, recognizing that some methods will initially be more acceptable than others. This measure will be largely informed through stakeholder input.

Discussion: Even under the most optimistic interpretation of Nevada's use restrictions and the restrictions on revenue generated from toll zones including US-50, this mechanism would need to be coupled with one or more other revenue mechanisms to achieve the desired level of funding. Addressing this issue may require a different set of additional mechanisms in Nevada than in California leading to added complexity and perceptions of unfairness for among residents within the basin.

Rating: Low

Fungibility Across Modes and Jurisdictions in Tahoe Basin (3)-The fact that funding shortfalls are identified for all of the major travel modes and other priority needs requires that any new funding mechanism not be limited to a single mode and ideally would be fungible across all modes of travel and priority needs. In addition, given the many jurisdictions within the Tahoe Basin, it will be critical that any new funding mechanism have the ability to fund projects and services across the entire Tahoe Basin and not be limited to use within the jurisdiction of collection.

Discussion: Discussion: As noted above in the discussion of revenue potential, the restriction of the Nevada constitution creates major impediments to the fungibility of revenue from a VMT mechanism.

Rating: Low

Impacts to the Regional Economy (2)- Money collected through a revenue mechanism is no longer available to the tax/fee payer for other purposes such as investment, saving, or spending. This could be a deterrent to tax/fee payers to visit Lake Tahoe. These impacts could, however, be offset by increased spending on transportation projects and services which can stimulate the regional economy. Improvements to the transportation system may also improve the quality-of-experience for visitors and quality-of-life for residents, thus stimulating additional spending in the region.

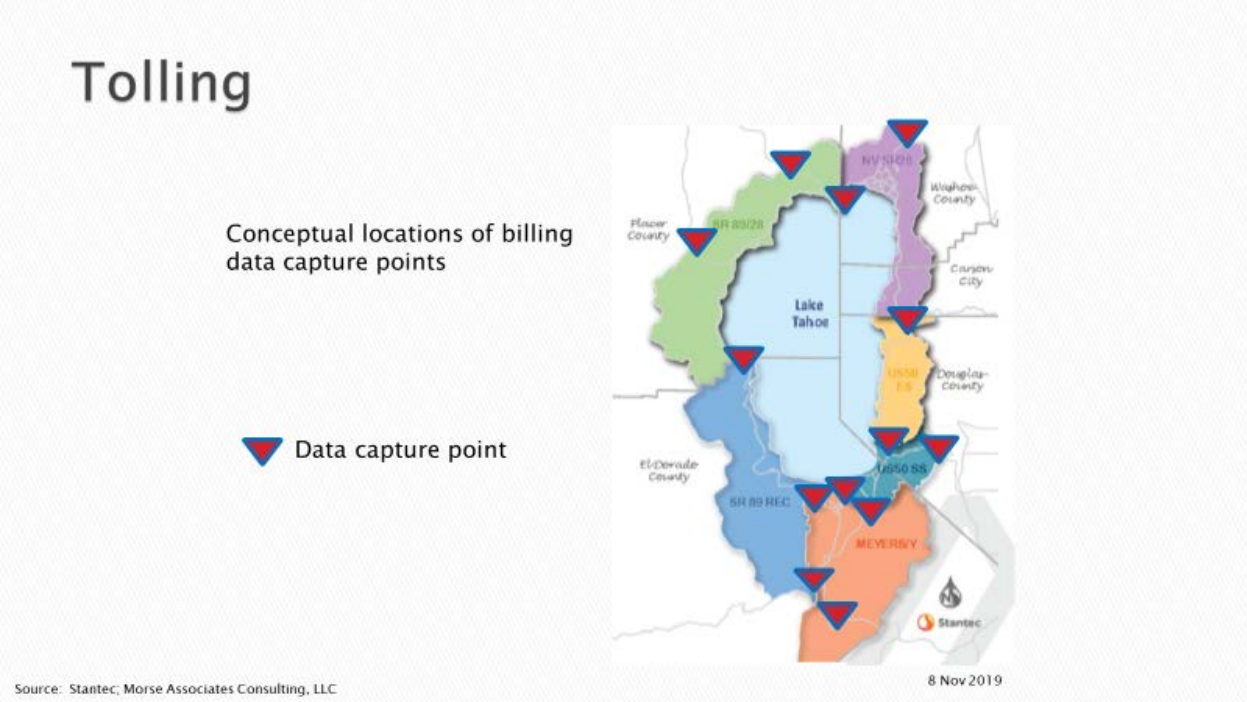
Discussion: Economic analysis of the regional economy was examined using IMPLAN. Since all scenarios assumed the same amount of annual net transportation revenue of $67 million the IMPLAN results were fairly similar and all Tier 3 mechanisms were assigned a "high" rating on this criterion. Perhaps of greater interest was IMPLAN analysis that assumed three scenarios for annual visitation growth

between 2017 and 2040: a 1.16% annual increase in visitation reflecting forecast population growth in Tahoe's major markets; a 0% annual increase; and a -0.212% annual decrease (cumulative 5% drop in annual visitation between 2017 and 2040). While no one can predict what will happen to visitation if the Tahoe "experience" continues to erode, these scenarios offer some food for thought. If Tahoe can maintain its market share the cumulative increase economic output over the slightly negative visitation growth rate is 16%.

Rating: High

Summary Tier 3 rating: Low

Notes: Even under the most optimistic interpretation of Nevada's use restrictions and the restrictions on revenue generated from toll zones including US-50, this mechanism would need to be coupled with one or more other revenue mechanisms to achieve the desired level of funding.



Tier 3 Screening

16. Name of proposed mechanism: Zoned transportation user fee (also includes hourly transportation fee [item 20])

Description: All users would be required to pay a fee dedicated to supporting the multimodal transportation system within the basin. Basin residents and resident businesses would pay a flat fee for one of six community transportation zones plus a daily fee for travel within the basin outside of the community transportation zone where they reside when such trips are made. Non-residents would pay a daily fee. The resident flat rate fee could be billed by piggybacking on the collection of residential and commercial property taxes or by a utility service type billing. Fees for non-resident use and for resident use outside of the community transportation zone could be billed through license plate capture technology and/or transponders. Fee rates would be adjusted annually for inflation.

Summary of Tier 1 screening results (weighting factors in parentheses):

Constitutional amendment/statewide vote (fatal flaw) rating: Pass

Adequacy (2) rating: High

Predictability (2) rating: High

Economic efficiency (1) rating: High

Tier 1 summary rating: High

Summary of Tier 2 screening results (weighting factors in parentheses):

Equity (2) rating: Low

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) rating: High

Supports Attaining Environmental Thresholds (3) rating: High

Business Climate Friendliness (2) rating: Medium

Tier 2 summary rating: High

Tier 3 evaluation rating for each criterion

Revenue Potential (3)– This criterion measures the ability of the funding mechanisms to generate the needed revenue during the life of the TRPA's Regional Plan. Task 2 has estimated that new local and regional sources will be needed to generate $1.53 billion so that the fully envisioned TRPA's Regional Plan addressing all needs in the region can be implemented over the 23-year forecast period. For each revenue mechanism, this criterion will estimate the funding to be generated over the life of the TRPA's

Regional Plan. Revenue mechanisms will be categorized as low, medium or high if they have the potential to generate low, medium or high gross revenues, over the life of the TRP.

Discussion: High level analysis of multiple variations of this mechanism indicates that it has strong potential to generate all the revenue needed to meet the identified transportation funding shortfall of about $67 million annually. The analysis used a rate structure charging each non-resident, non-commuter group within the user zone covering the entire basin, a fee of between $4.00 to $4.50 for each day or portion thereof, and non-resident commuter groups would be charged $1.00 per day. Residents would be charged an annual transportation fee for use of the transportation system within their community zone and in the basin-wide zone averaging about $80 per household, and resident businesses a flat annual fee averaging about $800 per year. This fee structure would meet the target of sharing the burden with visitors at a 95%-5% split.

Rating: High

Administrative Effectiveness (1)– This criterion refers to the cost and ease of administering each fee or tax system; that is, minimizing evasion and minimizing the logistical difficulties imposed on the public in the process of paying the fee or tax in a cost-effective way. The easiest fee-collection systems, designated as having "high" administrative effectiveness are those that piggyback on other payments at the point of sale, including fuel taxes and sales taxes. Strategies are designated as "medium" if they require the user to make a unique payment solely for the purpose of paying fees or taxes, but where this process has been reasonably streamlined. New funding sources or those with high administrative costs are designated as "low."

Discussion: Open road collection systems that can capture billing data from moving vehicles through well proven technologies such as license plate readers (LPR), transponders, etc. have been in use for decades. These technologies would have little to no cost to users and would not impede their travels. Likewise, automated back office operations for billing, collection, and data analysis have been well proven. Collections of the flat portion of the fees for resident households and businesses could be piggybacked on existing collection processes already in place for utility and tax payments.

Rating: High

Political Feasibility/Public Acceptance (2) - Because all of the funding sources require the public to pay more, it is likely that they will all have some public opposition. Funding sources that are somewhat removed from the transportation project or service they are supporting tend to be particularly unpopular, such as property and income taxes and general revenue. This criterion measures the degree of difficulty that might be encountered in gaining public acceptance to initially implement the revenue mechanism, compared to other revenue options. Public acceptance of revenue mechanisms may improve over time as individuals become more accustomed to the means of collection and how the mechanism impacts their finances, travel patterns, or other activities. Therefore, the acceptability of a new mechanism is measured comparatively, recognizing that some methods will initially be more acceptable than others. This measure will be largely informed through stakeholder input.

Discussion: Public acceptance of the collection and billing technologies is widespread in most of the US. There is strong consensus among voters in both California and Nevada that traffic is a significant problem in the Tahoe Basin and a that it is urgent to be addressed. This sentiment is also echoed in the one-one-one meetings with elected officials and key stakeholders, as well as the attendees at our public listening sessions. Proprietary polling also indicates that most California and Nevada voters fee that a daily charge of $4.30 for groups visiting the Lake Tahoe Basin is reasonable. Many voters residing in the Basin are more reluctant about Basin residents paying more for transportation since they feel that the cost of living at Tahoe is already too high. Despite this, there is a recognition by Basin voters that collecting fees from all travelers in the basin is necessary.

Rating: Medium

Fungibility Across Modes and Jurisdictions in Tahoe Basin (3)-The fact that funding shortfalls are identified for all of the major travel modes and other priority needs requires that any new funding mechanism not be limited to a single mode and ideally would be fungible across all modes of travel and priority needs. In addition, given the many jurisdictions within the Tahoe Basin, it will be critical that any new funding mechanism have the ability to fund projects and services across the entire Tahoe Basin and not be limited to use within the jurisdiction of collection.

Discussion: If these new revenues were dedicated to funding the projects and the services in the Tahoe RTP, and applied across the entire Tahoe Basin, it would require authorizing language from California, Nevada, and possibly the US Congress. The enabling legislation could allow for fungibility across all jurisdictions, transportation modes, and activities.

Rating: High

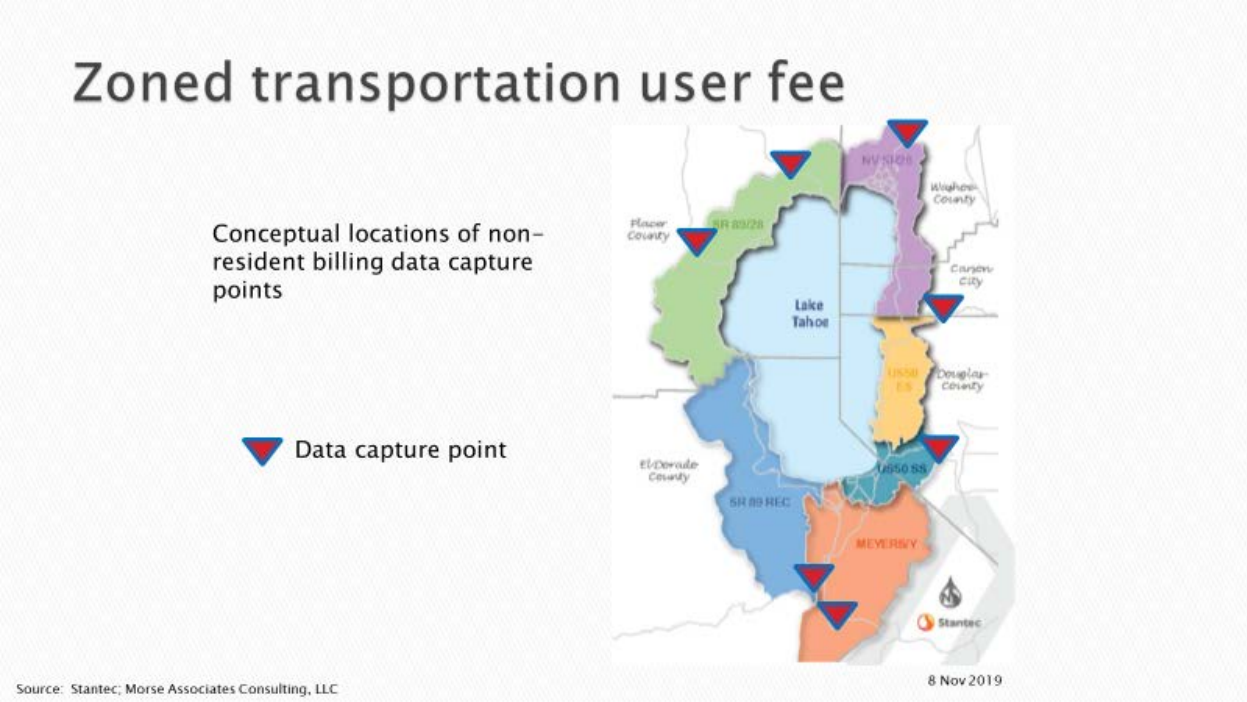
Impacts to the Regional Economy (2)- Money collected through a revenue mechanism is no longer available to the tax/fee payer for other purposes such as investment, saving, or spending. This could be a deterrent to tax/fee payers to visit Lake Tahoe. These impacts could, however, be offset by increased spending on transportation projects and services which can stimulate the regional economy. Improvements to the transportation system may also improve the quality-of-experience for visitors and quality-of-life for residents, thus stimulating additional spending in the region.

Discussion: Economic analysis of the regional economy was examined using IMPLAN. Since all scenarios assumed the same amount of annual net transportation revenue of $67 million the IMPLAN results were fairly similar and all Tier 3 mechanisms were assigned a “high” rating on this criterion. Perhaps of greater interest was IMPLAN analysis that assumed three scenarios for annual visitation growth between 2017 and 2040: a 1.16% annual increase in visitation reflecting forecast population growth in Tahoe’s major markets; a 0% annual increase; and a -0.212% annual decrease (cumulative 5% drop in annual visitation between 2017 and 2040). While no one can predict what will happen to visitation if the Tahoe “experience” continues to erode, these scenarios offer some food for thought. If Tahoe can maintain its market share the cumulative increase economic output over the slightly negative visitation growth rate is 16%.

Rating: High

Tier 3 summary rating: High

Notes: This mechanism is a hybrid combining cordon pricing for non-residents with a differing revenue mechanism for residents in recognition of the unique situation of residents versus non-residents traveling into and around the basin. Other mechanisms could be substituted for the fee for residents and resident businesses such as a transportation utility fee based on land use trip/generation.



Tier 3 Screening

24. Name of proposed mechanism: Vacancy Tax

Description: The number of 2nd home residences in the Tahoe Basin is substantial, and the majority are vacant. This funding measure would impose a tax on residences that are vacant a substantial portion of the year.

Summary of Tier 1 screening results (weighting factors in parentheses):

Constitutional amendment/statewide vote (fatal flaw) rating: Pass

Adequacy (2) rating: Medium

Predictability (2) rating: Low

Economic efficiency (1) rating: Low

Tier 1 summary rating: Medium

Summary of Tier 2 screening results (weighting factors in parentheses):

Equity (2) rating: Medium

Share of Tax Paid by Out-of-basin versus In-basin Residents and Businesses (2) rating: Medium

Supports Attaining Environmental Thresholds (3) rating: Medium

Business Climate Friendliness (2) rating: Medium

Tier 2 summary rating: Medium

Tier 3 screening results (weighting factors in parentheses):

Revenue Potential (3) – This criterion measures the ability of the funding mechanisms to generate the needed revenue during the life of the TRPA's Regional Plan. Task 2 has estimated that new local and regional sources will be needed to generate $1.53 billion so that the fully envisioned TRPA's Regional Plan addressing all needs in the region can be implemented over the 23-year forecast period. For each revenue mechanism, this criterion will estimate the funding to be generated over the life of the TRPA's Regional Plan. Revenue mechanisms will be categorized as low, medium or high if they have the potential to generate low, medium or high gross revenues, over the life of the TRP.

The theoretical potential of the Vacancy Tax to raise revenue is substantial, although it is likely that the higher the tax rate, the larger of number of units will be converted to use and will no longer be subject to the tax.

Discussion: High level analysis of this mechanism indicates that it has strong potential to general all the revenue needed to meet the identified transportation funding shortfall of about $67 million annually. The analysis indicated that of the 34,570 residences in the Tahoe Basin owned by non-residents, a fee of approximately $3,700 per unit per year applied to approximately 52% of these residents that are assumed to be vacant (per the assumptions used by the City of South Lake Tahoe) would generate the needed income. The Vacancy Tax is assumed to encourage property owners to convert their residences to use, so it was assumed 5% of units per year would no longer be assessed the tax. In order to keep the revenue stream constant, this required the tax to be increased each year. Over the course of 10 years, the number of units assessed the tax decreased from approximately 18,200 to 14,400 and the per unit tax increased from approximately $3,700 to 5,900. After 10 years, the simplifying assumption was made that no additional units would be introduced into the rental market so that the number of units subjected to the tax and the tax remained constant

Rating: Medium

Administrative Effectiveness (1) – This criterion refers to the cost and ease of administering each fee or tax system; that is, minimizing evasion and minimizing the logistical difficulties imposed on the public in the process of paying the fee or tax in a cost-effective way. The easiest fee-collection systems, designated as having "high" administrative effectiveness are those that piggyback on other payments at the point of sale, including fuel taxes and sales taxes. Strategies are designated as "medium" if they require the user to make a unique payment solely for the purpose of paying fees or taxes, but where this process has been reasonably streamlined. New funding sources or those with high administrative costs are designated as "low."

Discussion: The Vacancy Tax should be somewhat simple to bill and collect, similar to the property tax process. The determination of whether a property is liable to pay the tax, however, is a more complex issue and will depend in part on the definition of "vacant" and the process that would be used to monitor compliance with the definition of "vacant". The monitoring process is not known, and could become extremely complex and expensive if the definition of "vacant" is not based upon easily available compliance data.

Rating: Low

Political Feasibility/Public Acceptance (2) - Because all of the funding sources require the public to pay more, it is likely that they will all have some public opposition. Funding sources that are somewhat removed from the transportation project or service they are supporting tend to be particularly unpopular, such as property and income taxes and general revenue. This criterion measures the degree of difficulty that might be encountered in gaining public acceptance to initially implement the revenue mechanism, compared to other revenue options. Public acceptance of revenue mechanisms may improve over time as individuals become more accustomed to the means of collection and how the

mechanism impacts their finances, travel patterns, or other activities. Therefore, the acceptability of a new mechanism is measured comparatively, recognizing that some methods will initially be more acceptable than others. This measure will be largely informed through stakeholder input.

Discussion: The political feasibility of the Vacancy Tax, which is a relatively new approach to revenue generation, is somewhat complex. Like the property tax, it will be strongly unpopular with the owners of property that will be found liable for the tax. For non-property owners, the perception that the Vacancy Tax might increase the number of units available and/or lower costs could result in strong support for this type of tax. In November 2018, the Vacancy Tax proposed in the City of Oakland obtained 70% support from the voters.

Rating: Low

Fungibility Across Modes and Jurisdictions in Tahoe Basin (3)-The fact that funding shortfalls are identified for all of the major travel modes and other priority needs requires that any new funding mechanism not be limited to a single mode and ideally would be fungible across all modes of travel and priority needs. In addition, given the many jurisdictions within the Tahoe Basin, it will be critical that any new funding mechanism have the ability to fund projects and services across the entire Tahoe Basin and not be limited to use within the jurisdiction of collection.

Discussion: Vacancy taxes are a relatively new mechanism in California and currently not used at all in Nevada. If these taxes are levied at the local jurisdictional level, there will likely be jurisdictional restrictions on the use of the revenues. Levying these taxes uniformly across the basin by a regional entity may address the jurisdictional fungibility issues. Perhaps a bigger impediment will be the lack of a strong nexus between the collection of a tax on vacant property and the use of these revenues for transportation. A powerful argument would be that taxes being levied on a vacant property should not be used for a transportation system that the vacant properties are not using.

Rating: Low

Impacts to the Regional Economy (2) - Money collected through a revenue mechanism is no longer available to the tax/fee payer for other purposes such as investment, saving, or spending. This could be a deterrent to tax/fee payers to visit Lake Tahoe. These impacts could, however, be offset by increased spending on transportation projects and services which can stimulate the regional economy. Improvements to the transportation system may also improve the quality-of-experience for visitors and quality-of-life for residents, thus stimulating additional spending in the region.

Discussion: Discussion: Economic analysis of the regional economy was examined using IMPLAN. Since all scenarios assumed the same amount of annual net transportation revenue of $67 million the IMPLAN results were fairly similar and all Tier 3 mechanisms were assigned a “high” rating on this criterion. Perhaps of greater interest was IMPLAN analysis that assumed three scenarios for annual visitation growth between 2017 and 2040: a 1.16% annual increase in visitation reflecting forecast population growth in Tahoe’s major markets; a 0% annual increase; and a -0.212% annual decrease (cumulative 5% drop in annual visitation between 2017 and 2040). While no one can predict what will happen to

visitation if the Tahoe "experience" continues to erode, these scenarios offer some food for thought. If Tahoe can maintain its market share the cumulative increase economic output over the slightly negative visitation growth rate is 16%.

Rating: High

Tier 3 summary rating: Low

Notes: Vacancy taxes are a relatively new phenomenon and there is not a large body of law relating to their imposition, and use. In addition, the city of South Lake Tahoe has been contemplating the use of vacancy taxes to incent more rental properties for workers and to pay for things such as affordable housing that have a much stronger nexus to this type of tax.