

SENATE BILL NO. 96—SENATORS BEERS, CEGAVSKE AND HECK

FEBRUARY 15, 2007

JOINT SPONSORS: ASSEMBLYMEN BEERS AND GOEDHART

Referred to Committee on Taxation

SUMMARY—Reduces the rate and revises the distribution of the basic governmental services tax. (BDR 32-32)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to taxation; reducing the rate of the basic governmental services tax; revising the distribution of the proceeds of the tax; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, a basic governmental services tax is imposed for the privilege of operating a vehicle upon the public highways of this State. (NRS 371.030) The tax is imposed at a rate of 4 cents on each \$1 of valuation of the vehicle as determined by the Department of Motor Vehicles. (NRS 371.040, 371.050, 371.060) **Section 1** of this bill reduces the rate of the basic governmental services tax to 2 cents on each \$1 of valuation of the vehicle.

Existing law provides for the distribution of the proceeds of the basic governmental services tax received or collected for each county. After deducting authorized commissions, a portion of the proceeds of the tax is distributed to the county school district and the remainder is deposited in the Local Government Tax Distribution Account created by NRS 360.660 for distribution to local governments, special districts and enterprise districts within the county. (NRS 482.180, 482.181) **Section 3** of this bill provides that, after deducting authorized commissions, all proceeds of the governmental services tax received or collected for each county must be distributed to the county school district within that county. **Section 4** of this bill provides that the revised distribution provisions apply only to the proceeds of the governmental services tax that are collected for a fiscal year that begins on or after July 1, 2007.



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Section 5 of this bill provides for proportional reductions in the allocations from the Local Government Tax Distribution Account that would otherwise be required by NRS 360.680 to account for the reduced proceeds of the governmental services tax that are deposited in the Account as the result of this bill.

Section 6 of this bill provides that the provisions of this bill do not apply to modify any taxes levied or revenues pledged if the result would be to impair adversely any bond or other obligation of a local government, special district or enterprise district.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 371.040 is hereby amended to read as follows:
371.040 The annual amount of the basic governmental services tax throughout the State is ~~4~~ 2 cents on each \$1 of valuation of the vehicle as determined by the Department.

Sec. 2. NRS 387.328 is hereby amended to read as follows:

387.328 1. The board of trustees of each school district shall establish a fund for capital projects for the purposes set forth in subsection 1 of NRS 387.335. The money in the fund for capital projects may be transferred to the debt service fund to pay the cost of the school district's debt service.

2. The board of trustees may accumulate money in the fund for capital projects for a period not to exceed 20 years.

3. That portion of the governmental services tax ~~whose allocation~~ distributed to the school district pursuant to NRS 482.181 which is ~~based on the amount of the property tax levy~~ attributable to its debt service must be deposited in the county treasury to the credit of the fund established under subsection 1 or the school district's debt service fund.

4. No money in the fund for capital projects at the end of the fiscal year may revert to the county school district fund ~~nor may the money~~ or be a surplus for any other purpose than those specified in subsection 1.

5. The proceeds of the taxes deposited in the fund for capital projects pursuant to NRS 244.3354, 268.0962 and 375.070 may be pledged to the payment of the principal and interest on bonds or other obligations issued for one or more of the purposes set forth in NRS 387.335. The proceeds of such taxes so pledged may be treated as pledged revenues for the purposes of subsection 3 of NRS 350.020, and the board of trustees of a school district may issue bonds for those purposes in accordance with the provisions of chapter 350 of NRS.

Sec. 3. NRS 482.181 is hereby amended to read as follows:

482.181 1. ~~Except as otherwise provided in subsection 5,~~ **After** deducting the amount withheld by the Department and



1 the amount credited to the Department pursuant to subsection 6 of
2 NRS 482.180, the Department shall certify monthly to the State
3 Board of Examiners the amount of the basic and supplemental
4 governmental services taxes collected for each county by the
5 Department and its agents during the preceding month, and that
6 money must be distributed monthly as provided in this section.

7 2. Any supplemental governmental services tax collected for a
8 county must be distributed only to the county, to be used as
9 provided in NRS 371.045 and 371.047.

10 3. The ~~["distribution of the"]~~ basic governmental services tax
11 received or collected for each county must be ~~["made"]~~ **distributed**
12 **directly** to the county school district within ~~["each county before any~~
13 ~~distribution is made to a local government, special district or~~
14 ~~enterprise district. For the purpose of calculating the amount of the~~
15 ~~basic governmental services tax to be distributed to the county~~
16 ~~school district, the taxes levied by each local government, special~~
17 ~~district and enterprise district are the product of its certified~~
18 ~~valuation, determined pursuant to subsection 2 of NRS 361.405, and~~
19 ~~its tax rate, established pursuant to NRS 361.455 for the fiscal year~~
20 ~~beginning on July 1, 1980, except that the tax rate for school~~
21 ~~districts, including the rate attributable to a district's debt service, is~~
22 ~~the rate established pursuant to NRS 361.455 for the fiscal year~~
23 ~~beginning on July 1, 1978, but if the rate attributable to a district's~~
24 ~~debt service in any fiscal year is greater than its rate for the fiscal~~
25 ~~year beginning on July 1, 1978, the higher rate must be used to~~
26 ~~determine the amount attributable to debt service.~~

27 ~~— 4. After making the distributions set forth in subsection 3, the~~
28 ~~remaining money received or collected for each county must be~~
29 ~~deposited in the Local Government Tax Distribution Account~~
30 ~~created by NRS 360.660 for distribution to local governments,~~
31 ~~special districts and enterprise districts within each county pursuant~~
32 ~~to the provisions of NRS 360.680 and 360.690.~~

33 ~~— 5. An amount equal to any basic governmental services tax~~
34 ~~distributed to a redevelopment agency in the Fiscal Year 1987-1988~~
35 ~~must continue to be distributed to that agency as long as it exists but~~
36 ~~must not be increased.~~

37 ~~— 6. The Department shall make distributions of the basic~~
38 ~~governmental services tax directly to county school districts.~~

39 ~~— 7.] that county.~~

40 **4.** As used in this section ~~["~~

41 ~~— (a) "Enterprise district" has the meaning ascribed to it in~~
42 ~~NRS 360.620.~~

43 ~~— (b) "Local government" has the meaning ascribed to it in~~
44 ~~NRS 360.640.~~

45 ~~— (c) "Received"]~~, **"received"** or collected for each county" means:



~~[(1)]~~ (a) For the basic governmental services tax collected on vehicles subject to the provisions of chapter 706 of NRS, the amount determined for each county based on the following percentages:

Carson City.....	1.07 percent	Lincoln	3.12 percent
Churchill.....	5.21 percent	Lyon	2.90 percent
Clark.....	22.54 percent	Mineral.....	2.40 percent
Douglas	2.52 percent	Nye	4.09 percent
Elko	13.31 percent	Pershing.....	7.00 percent
Esmeralda.....	2.52 percent	Storey	.19 percent
Eureka	3.10 percent	Washoe.....	12.24 percent
Humboldt.....	8.25 percent	White Pine.....	5.66 percent
Lander	3.88 percent		

~~[(2)]~~ (b) For all other basic and supplemental governmental services tax received or collected by the Department, the amount attributable to each county based on the county of registration of the vehicle for which the tax was paid.

~~[(d) "Special district" has the meaning ascribed to it in NRS 360.650.]~~

Sec. 4. The amendatory provisions of section 3 of this act do not apply to the distribution of any proceeds of the basic governmental services tax collected for a fiscal year beginning before July 1, 2007.

Sec. 5. Except as otherwise provided in section 6 of this act, notwithstanding the provisions of NRS 360.680, with respect to the annual allocations to enterprise districts, local governments and special districts from the Local Government Tax Distribution Account created by NRS 360.660 that would otherwise be required by NRS 360.680, the Executive Director of the Department of Taxation shall, for the fiscal year beginning July 1, 2007, proportionally reduce the allocations as necessary to account for the reduction in the proceeds of the basic governmental services tax that are deposited in the Account as the result of the amendatory provisions of sections 1 and 3 of this act.

Sec. 6. 1. The amendatory provisions of this act do not apply to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of a local government, special district or enterprise district, including, without limitation, bonds, medium-term financing, letters of credit and any other financial obligation, until all such obligations have been discharged in full or provision for their payment and redemption has been fully made.

2. As used in this section:



1 (a) “Enterprise district” has the meaning ascribed to it in
2 NRS 360.620.

3 (b) “Local government” has the meaning ascribed to it in
4 NRS 360.640.

5 (c) “Special district” has the meaning ascribed to it in
6 NRS 360.650.

7 **Sec. 7.** This act becomes effective on July 1, 2007.

