

**LOCAL GOVERNMENT  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 28, 2015

Agency Submitting: Local Government

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2014-15</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2016-17</b>	<b>Effect on Future Biennia</b>
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

See attached.

Name Michael Nakamoto

Title Deputy Fiscal Analyst

The following responses from local governments were compiled by the Fiscal Analysis Division. The Fiscal Analysis Division can neither verify nor comment on the figures provided by the individual local governments.

Local Government Responses  
**S.B. 170 / BDR 32 - 765**

City/County: <b>Carson City</b> Approved by: Nickolas A. Providenti, Finance Director Comment: This bill shouldn't have a fiscal impact to Carson City. The requirements of building a facility that requires an investment of \$100,000,000 is very unlikely to happen in Carson City.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: <b>Churchill County</b> Approved by: Eleanor Lockwood, County Manager Comment: Currently, Churchill County does not have any businesses that meet the definition provided in BDR 32-765. It is unlikely that a data center making over a \$100M investment and employs 100 or more full-time employees would be located in Churchill County.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	\$0	\$0	\$0	\$0

City/County: <b>Clark County</b> Approved by: David Dobrzynski, Assistant Director of Finance Comment: There may be a potential impact but it is difficult to calculate because of unknown factors such as measuring the actual increased economic activity expected to be generated by employees either directly or indirectly hired by companies and the anticipated capital investment in our community. It is inevitable that there will be a demand to provide countywide or municipal type services for the proposed facility and its employees/residents. There will be an impact if the projected cost of services that Clark County will be required to provide exceeds the amount of tax revenue that is projected to be received as a result of the abatement. Additionally, there will be a fiscal impact if the projected financial benefit from the additional employment of residents and from capital investments does not exceed the projected loss of tax revenue from the abatement. While it is difficult to calculate a fiscal impact, the amount of revenue that is not received by Clark County because of abatements is in the millions. For example, the total amount of LEED abatements in Clark County is \$9.3 million. Additionally, the Department of Taxation reports that the standard sales tax abatement for Clark County in Fiscal Year 2014 is \$3.4 million. Total amount of abatements just for LEED and the standard sales tax in Clark County is \$12.7 million. It is very difficult to determine if the increased economic activity will increase by the amount that exceeds the projected loss in tax revenues which is \$12.7 million for LEED and Sales Tax abatements.				
Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: <b>Douglas County</b> Approved by: Lisa Granahan, Economic Vitality Manager Comment: The fiscal impact on Douglas County would be minimal given the small number of businesses that would be expected to apply for the partial abatement. Even though Douglas County would forgo lost revenue from personal property, the additional revenue from the balance of personal property and real property is expected to offset the abatement amount.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: <b>Esmeralda County</b> Approved by: Ruth P. Lee, Assessor Comment: Has an impact, but no way to tell the total impact				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: <b>Humboldt County</b> Approved by: Sondra Schmidt, Comptroller Comment: While this would have a significant impact, it is impossible to determine the amount since it is impossible to know the value of a data center without it being built. The fiscal impact would be a loss in revenue to the County and the State plus the expense of valuing the property.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: <b>Washoe County</b> Approved by: Liane Lee , Government Affairs Manager Comment: This bill provides for certain tax abatements for data centers and co-located businesses. Washoe County cannot predict which data centers may in the future choose to locate in the county and therefore no estimate of the reduction in personal property taxes and sales tax can be made.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **White Pine County**

Approved by: Elizabeth Frances, Finance Director

Comment: Amendments to the law that allow the abatement of taxes will result in adverse impact to the County in the form of lost revenues. A data center that employs 100 to 200 employees will require a considerable effort by the County in all areas of government to provide for the new citizens that relocate here. The lost tax revenue will force the County to identify other ways in which to fund the required services. However, NRS limits the County's ability to increase fees or taxes. Because specifics cannot be identified, estimates cannot be calculated. However, this will result in adverse impact to the County.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

City/County: **City of Henderson**

Approved by: Mike Cathcart, Business Operations Manager

Comment: This legislation would add partial abatement of taxes. The City of Henderson cannot determine the fiscal impact of this program at this time. There is no dependable approach to determine the participation in this type of program and what the off-setting positive economic impact may be.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Las Vegas**

Approved by: Michelle Thackston, Administrative Secretary

Comment: This could potentially have a positive fiscal impact on the State and the City of Las Vegas, but is difficult to compute.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Sparks**

Approved by: Jeff Cronk, Financial Services Director

Comment: Granting tax abatements as incentives for business economic investment and growth will result in fiscal impacts to applicable local municipalities. However, without knowing the specifics (e.g., whether it involves a company new to the area or one that is expanding current operations), it's impossible to know if the impact is ultimately positive or negative. In reality, even if specific information was known, the conclusion that such incentives are fiscally positive or negative will likely not be known for many years.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

City/County: **City of Reno**

Approved by: Ryan High, Budget/Strat. Initiatives Mgr.

Comment: While there may be some effect to the City of Reno, the fiscal impact can not be determined at this time.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Carson City School District**

Approved by: Andrew J Feuling, Director of Fiscal Services

Comment: I'm sure this would have an impact by decreasing potential revenues but there is no way to determine the magnitude as it is dependent on too many variables.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Clark County School District**

Approved by: Nikki Thorn, Deputy CFO

Comment: CCSD would have impact in both property tax and LSST revenue. Please note that the impact is calculated assuming a \$1M assessed value and purchase value so that the impact can be easily scaled up to evaluate total impact based on actual investment and abatement received. The impact was only calculated to include the delta between a typical abatement at 50% compared to the proposed abatement at 75%. It should be noted that District impact is even higher when consideration is given to comparing the allowance of an abatement compared to not allowing abatement. Property tax and LSST effects can be mitigated to CCSD if the state honors the decrease in those two areas by increasing the guarantee within the DSA. However, in the past that has not always been the case.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Has Impact	\$0	\$8,375	\$8,375	\$16,750

School District: **Douglas County School District**

Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES

Comment: Douglas County School district is a recipient of a portion of receipts from property and/or sales and use taxes. Such receipts would be influenced by this BDR. However, there is not sufficient information to determine or calculate the effects or to provide a meaningful or substantial submittal on behalf of the school district.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: <b>Esmeralda County School District</b> Approved by: Monie Byers, Superintendent Comment: Cannot determine impact.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: <b>Lincoln County School District</b> Approved by: Steve Hansen, Superintendent Comment: No fiscal impact to Lincoln County School District because we receive no property, sales and use, or business taxes from data centers in Lincoln County.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
No Impact	\$0	\$0	\$0	\$0

School District: <b>Lyon County School District</b> Approved by: Philip Cowee, Director of Finance Comment: The fiscal impact cannot be determined until an event happens that triggers an abatement. Any loss of revenue from the abatement would be partially offset by the positive economic effects into our communities.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: <b>Nye County School District</b> Approved by: Kerry Paniagua, Executive Secretary Comment: No Impact				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
No Impact	\$0	\$0	\$0	\$0

School District: <b>Pershing County School District</b> Approved by: Dan Fox, Superintendent Comment: The district does not have the appropriate information to make a fiscal impact estimate.				
<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

School District: **Washoe County School District**

Approved by: Lindsay E. Anderson, Director of Government Affairs

Comment: Washoe County School District cannot determine the financial impact on our revenue as a result of this legislation as we cannot predict the number of data centers that may take advantage of this abatement, but any reduction in sales and property tax as a direct negative impact on school funding.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Has Impact	\$0	\$0	\$0	\$0

School District: **White Pine County School District**

Approved by: Paul Johnson, CFO

Comment: Any legislation that increases the potential for tax abatements will impact the amount of revenue local governments have to operate. Unfortunately the impact can not be determined until an application is filed that provides the nature and extent of the abatement.

<b>Impact</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Future Biennia</b>
Cannot Be Determined	\$0	\$0	\$0	\$0

**The following cities, counties and school districts did not provide a response:** Elko County, Eureka County, Lander County, Lincoln County, Lyon County, Mineral County, Nye County, Pershing County, Storey County, Boulder City, City of Elko, City of Mesquite, City of North Las Vegas, Churchill County School District, Elko County School District, Eureka County School District, Humboldt County School District, Lander County School District, Mineral County School District, and Storey County School District.