

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 9, 2015

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
(Revenue)		(\$666,059)	(\$686,040)	(\$1,434,417)
Total	0	(\$666,059)	(\$686,040)	(\$1,434,417)

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached exhibit.

Name Deonne Contine

Title Executive Director

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Monday, February 09, 2015

The agency's response appears reasonable.

Name Julia Teska

Title Director

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 32-297

Name of Agency: Department of Taxation

Division/Department: _____

Date: January 28, 2015

BDR 32-297 revises property tax exemptions for certain veterans, allows deductions to the payroll tax for businesses who hire certain employees and provides for certain exemptions from sales and use taxes.

Property Tax

Section 1 provides that individuals receiving an un-employability rating are deemed to have a total 100% permanent disability.

Data from the Office of Veterans Services was used to determine the size of the Nevada population of veterans who have an individual unemployable (IU) rating. The Department assumed no change in the number of veterans for FY 2016, 2017, or future biennia.

The IU veterans should already be receiving an exemption of either \$12,800 if rated at 60% or \$19,200 if rated at 80%. The Department assumed 50% of the veterans would fall into each category. The total exempt amount for the average current exemption was adjusted by 3% to reflect anticipated growth in CPI.

The amount of exemption of \$20,000 for total disability, as adjusted by the CPI to current year of \$25,600, was then multiplied by the number of eligible veterans for an estimate of the total exempt assessed value. The difference was calculated between the anticipated 100% disability exemption and the current average exemption already claimed. The difference in assessed value was then multiplied by the 2 cents tax rate to determine the impact on the capital projects and conservation of natural resources funds; by 15 cents for the State Debt fund; and by 75 cents for the School Operating fund.

Applying this same process to the 2015-16 year, the total impact is a reduction in revenue from property taxes of \$666,059; for 2016-17, \$686,040; and for future biennia, \$1,434,417. See exhibit 2 for further details.

Modified Business Tax

Section 2 and Section 3 of the bill reflect that an employer may deduct from total gross wages all wages paid to an employee who meets certain criteria as related to being a veteran, previously unemployed and being hired into a full time position.

In order to administer these sections of the bill, the Department will need to modify the Modified Business Tax returns as well as make changes to the Unified Tax System. The Department can absorb the cost of making these changes.

Sales & Use Tax Exemption

Section 5, 6, 7 & 8 reflect that all tangible personal property that is sold to a relative of a deceased member of the Nevada National Guard who meets certain criteria may be granted an exemption from Sales & Use Tax. The person who is eligible for the exemption will need to obtain an exemption letter from the Department.

The Department can administer these sections of the bill with current resources.

BDR-32-297 ESTIMATED FISCAL IMPACT

STATEWIDE NEVADA VETERANS EXEMPTIONS 2015-2019

FISCAL YEAR	100% IU	% of Claim Growth	AVERAGE EXEMPTION CLAIMED	AVERAGE CURRENT EXEMPTION ALREADY CLAIMED	AVERAGE ADDITIONAL EXEMPTION CLAIMED	ADDITIONAL EXEMPT ASSESSED VALUE	Capital Projects/ Conservation of Nat'l Resources	TOTAL POSSIBLE STATE DEBT IMPACT	TOTAL POSSIBLE SCHOOL OPERATING IMPACT	TOTAL POSSIBLE STATE REVENUE IMPACT	Total Possible Property Tax Revenue Impact
2015	3,701	3%	\$ 25,600	\$ 16,000	\$ 9,600	\$ 35,529,600	\$ 7,106	\$ 53,294	\$ 266,472	\$ 326,900	\$ 646,666
2016	3,701	3%	\$ 26,368	\$ 16,480	\$ 9,888	\$ 36,595,488	\$ 7,319	\$ 54,893	\$ 274,466	\$ 336,700	\$ 666,059
2017	3,701	3%	\$ 27,159	\$ 16,974	\$ 10,185	\$ 37,693,353	\$ 7,539	\$ 56,540	\$ 282,700	\$ 346,800	\$ 686,040
2018	3,701	3%	\$ 27,974	\$ 17,484	\$ 10,490	\$ 38,824,153	\$ 7,765	\$ 58,236	\$ 291,181	\$ 357,200	\$ 706,617
2019	3,701	3%	\$ 28,813	\$ 18,008	\$ 10,805	\$ 39,988,878	\$ 7,998	\$ 59,983	\$ 299,917	\$ 367,900	\$ 727,800

ASSUMPTIONS

- 1 Population of "IU" veterans, provided by Office of Veterans Services of 3701 as December 2014,
- 2 All of "IU" Veterans will claim maximum exemption
- 3 In order to be claimed IU a veteran needs to already have a disability of greater than 60%,
the IU Veterans should already be receiving an exemption of either \$12,800 or \$19,200 depending on current disability,
assumption made is 50% of veterans will fall into each category and that exempt amount will grow at 3%.