

BDR 32-119

SB 396

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 31, 2015

Agency Submitting: Department of Motor Vehicles, Management Services and Programs Division

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
GST/SGST: Difference 35% to 17.5% Valuation (Revenue)		(\$160,075,090)	(\$169,089,516)	(\$338,179,032)
GST Penalties: Difference 35% to 17.5% Valuation (Revenue)		(\$2,701,493)	(\$2,906,266)	(\$5,812,532)
DMV Commissions: Difference 35% to 17.5% Valuation (Revenue)		(\$11,407,578)	(\$11,951,145)	(\$23,902,290)
Assessor Commissions: Difference 35% to 17.5% Valuation (Revenue)		(\$77,846)	(\$79,364)	(\$158,727)
General/Highway Fund Allocation: Difference 35% to 17.5% Valuation (Revenue)		(\$31,270,797)	(\$31,339,593)	(\$62,679,186)
Contract Programming (Expense)		\$104,700		
Total	0	(\$205,637,504)	(\$215,365,884)	(\$430,731,767)

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 32-119 amends chapter 371 of NRS reducing the valuation of vehicles in the calculation of governmental services tax (GST). Section 1 and 2 reduce the valuation by half, from 35% to 17.5% of the manufacturer's suggested retail price (MSRP). Sections 3, 4 and 5 states that the effective date for the reduction in valuation would not occur until other tax revenues are passed by the current Legislature that would replace the loss in revenues as a result of this bill. There is no indication in this bill what new taxes would make up for the revenue loss, or who would collect the new taxes. A 50% reduction in valuation would equate to a 50% reduction in GST revenue, including Basic Governmental Services Tax (BGST), Supplemental Governmental Services Tax (SGST), DMV Commission, Assessors' Commission, GST penalties and the General/Highway Fund Allocation. The largest loss of revenue would directly impact the counties and school districts. The loss of revenue from DMV commission and GST penalties would require more Highway Fund appropriation needed under the 22% cap. Whereas, the bill indicates that this reduction would only go into effect if other revenue sources are found, it does not address how revenue losses to DMV and Assessors' Commission will be replaced. Due to the Department's existing priorities and mandates, funding for a computer systems Master Service Agreement programmer(s) is included in this fiscal note. The estimated contract programming hours are 1,047 at \$100 per hour, for a total of \$104,700. The Department could not meet the earliest effective date as stated in the bill if the effective date is July 1, 2015 or October 1, 2015.

Name Cyndie Munoz

Title Deputy Chief of Administration

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Thursday, March 26, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director