BDR 31-659
SB 415

LOCAL GOVERNMENT

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 1, 2015

Agency Submitting: Local Government

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
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. 415 / BDR 31 - 659

City/County: **Carson City**
Approved by: Nickolas A. Providenti, Finance Director
Comment: No impact.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	$0	$0	$0	$0

City/County: **Clark County**
Approved by: David Dobrzynski, Assistant Director of Finance
Comment: The fiscal impact will be positive in that the County will receive additional property tax revenue. This bill increases the commercial property tax cap to no less than 6% which will generate additional property tax revenues. In addition, the bill enables the Board to increase property tax rates up to 5 cents. The 5 cents increase will not be subject to property tax abatements. For every 1 cent increase in the countywide property tax rate that is not subject to property tax abatements, will generate approx. $6.3 million. Currently, 1 cent with property tax abatements generates $5.4 million.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

City/County: **Churchill County**
Approved by: Eleanor Lockwood, County Manager
Comment: This is an outstanding bill that improves various provisions related to public financial administration. Furthermore, it allows Counties to impose an additional 5 cents of ad valorem rate for capital projects such as funding for our much needed jail. This additional five cent tax rate would generate approximately $314,500 annually at the FY 2016 assessed value.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$314,500	$314,500	$314,500

City/County: **Humboldt County**
Approved by: Jeff Johnson, Assesssor
Comment: It would obviously have an impact but it is impossible to determine to what extent, and if it were possible it could take months to calculate. Expense impact would be the cost of explaining and going to Tax Commission hearings to demonstrate obsolescence calculations.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

City/County: **White Pine County**

Approved by: Elizabeth Frances, Finance Director

Comment: A portion of the changes impact the calculation for the annual partial abatement of property taxes. A percentage was increased from zero to six percent. This has the potential to decrease revenues for the County by increasing the annual abatement, however the exact amount cannot be determined at this time. There is the opportunity to increase taxes by five cents per $100, however, the funding appears to be limited to school district capital improvements and school district technology which would be of no benefit to the County. Finally, changes allow for the borrowing of funds from the State through the Local Government Pooled Investment Fund. Without an understanding of what the rates may be on these funds it cannot be determined whether or not this would be a benefit to the County. In summary the increase of the annual partial abatements to taxpayers would have adverse impact on the County in the form of lost revenues.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

City/County: **City of Henderson**

Approved by: Mike Cathcart, Business Operations Manager

Comment: This legislation would have a positive impact by setting a floor for the commercial property caps at 6%. Currently the commercial caps are at 3%, an analysis would need to be completed on all commercial properties to determine the true impact of this legislation.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	$0	$0	$0	$0

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

Approved by: Michelle Thackston, Administrative Secretary

Comment: Passage of this bill would add additional PTAX proceeds due to the addition of the 6% language to the property tax cap factors for non-residential properties. Currently, the percentage is calculated by the greater of twice the CPI or the ten year rolling average for Assessed Valuation. Also included was a third limit of zero which protected this figure from going subzero in the case that CPI and AV were negative. This BDR replaces a zero value with a 6% value which places a limit to how low the non-residential cap can go. This cap for the last two years has hovered around 3%, so going forward these properties would be capped at 6-8% which would give the City a boost on the PTAX side. In the coming years the FED would like to keep inflation at around 2% and on the AV side the declines noted from FY11 to FY14 will drag down the 10 year average so for the coming years (3-5 years) it's likely we'll see the 6% cap come into play right away. The addition of the 6% language could add an additional $300-$500k in revenue annually for the City of Las Vegas. The RDA would receive additional revenue as well.

The 5 cents per $100 addition in this bill should not affect the City of Las Vegas. It is levied County-wide and earmarked for the school district. This tax is outside the current cap of $3.64 so it wouldn't affect our ability to raise our operating rate. Section 9 looks to change how the State manages its loans out of the LGIP to local governments. Primarily, and the most obvious change, is the extension of terms. Currently written, the entire principal on the loan was required to be paid back by 49 months (a little over 4 years). Now they are attempting to extend this provision to 360 months (30 years). We are not sure if this would affect the City of Las Vegas other than giving us another avenue to acquire funds if needed.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

City/County: **City of Mesquite**

Approved by: David R Empey, Finance Director

Comment: The provision to allow board of county commissioners to increase ad valorem tax rates, without voter approval, by up to 5 cents per $100 AV would no doubt help local govt's revenues's recover more quickly than waiting out the abatement period. This provision would be helpful as well as the provision that these funds could not be accessed for purposes of collective bargaining or settling disputes/arbitration/settlements concerning salaries and benefits of local gov't employees.

That this imposed tax is not subject to the current maximum $3.64 / $100 AV tax...does not this raise questions of 'taxation without representation' ??

As for the language concerning the State Treasurer issuing Bonds which proceeds could then be loaned back to local govt's who make application for this new alternative 30 year loan....does not seem that other than assisting local govt's who have placed themselves in a fiscal position that jeopardizes their financial sustainability through poor management and therefore have no borrowing capacity will now get this bailout legislation. At least a majority of the local govt's who have deposits in the LGIF will have voting rights on approving applicants for this new long term funding source...as for the interest rates, it was less than clear how such borrowing rates would be determined. More than likely higher than market rates plus a 'spread' between bond rate and the rate charged to local gov't borrower?

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	$0	$0	$0	$0

City/County: **City of Sparks**

Approved by: Jeff Cronk, Financial Services Director

Comment: The provisions within section 14 of this bill would increase the tax cap on certain commercial properties which would have a positive fiscal impact on the property tax revenues received by the City. However, we don't have sufficient data at this time to determine the extent of the impact.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

City/County: **City of Reno**

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

Comment: After initial review, there is no fiscal impact to the City of Reno.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	$0	$0	$0	$0

School District: **Carson City School District**

Approved by: Andrew J Feuling, Director of Fiscal Services

Comment: The low estimate would be an additional $650,000 in additional revenue to the school district (the increase of the abatement cap minimum on non-residential properties would help in some years, but I am unable to calculate that) to fund two particularly growing concerns of dealing with deferred maintenance and growing IT utilization in our district classrooms. The fact that it would not be subject to abatement would be much more helpful in budget planning for these large ticket items. The fact that it is outside the Nevada Plan Per Pupil calculation makes it cleaner as well again to budget as we do not have to worry about it impacting our state aid. This would go a long way in helping us deal with $1.2 million annually in technology replacement costs and over $1.0 million annually in major maintenance/safety renovations of our facilities.

Borrowing from the Local Government Pooled Investment Fund would be a nice option for certain situations and if it can lower interest payments for districts, then we get taxpayers more for their money.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$650,000	$655,000	$660,000

School District: **Clark County School District**

Approved by: Nikki Thorn, Deputy CFO

Comment: CCSD expects impact of the ability to impose an additional ad valorem tax as an increase in property tax revenue of approximately $6.1 million per $.01 additional tax.

The ability of local governments to borrow from the Local Government Pooled Investment Fund via the State Treasurer using similar provisions as the State Treasurer has been able to borrow monies is questionable at best, only requires approval by a majority of the local governments that have deposited money for credit in the local government pooled investment fund. This proposal also significantly changes the repayment of the principal from not later than 49 months (approximately four years) to thirty years. Since the loan is backed by the full faith and credit of the State of Nevada, in the event of default by a local government borrowing money, taxpayers will be on the hook.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$6,100,000	$6,100,000	$12,200,000

School District: **Douglas County School District**

Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES

Comment: If I'm interpreting the BDR correctly, it appears as though either county commissioners OR the district's school board of trustees would be allowed to increase the rate, but would be limited to any number of combination that could not exceed 5 cents. Has the potential to raise about $1.35M based on estimated FY16 Assessed Value. Douglas County Schools has current needs in excess of $70M to complete major renovations with little to no ability to meet those needs given the current statutory limit of $3.64 / $100.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

School District: **Lincoln County School District**
Approved by: Steve Hansen, Superintendent
Comment: Has revenue potential for school districts to be used for facility maintenance and construction, however, the amount cannot be determined.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	$0	$0	$0	$0

School District: **Lyon County School District**
Approved by: Philip Cowee, Director of Finance
Comment: The fiscal impacts of BDR 31-659 cannot be determined.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Cannot Be Determined	$0	$0	$0	$0

School District **Nye County School District**
Approved by: Kerry Paniagua, Executive Secretary
Comment: Not sure how it would affect the tax cap. Not sure how much money it would generate, but it could help with textbooks, computers & other instructional materials.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$0	$0

School District: **Pershing County School District**
Approved by: Dan Fox, Superintendent
Comment: Based on the current assessed valuation, the district could see an increase in annual revenues of approximately $118,500 for construction/technology related projects.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$0	$118,500	$118,500

School District: **Storey County School District**
Approved by: Robert Slaby, Superintendent
Comment: No Impact

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
No Impact	$0	$0	$0	$0

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

Approved by: Paul Johnson, CFO

Comment: A $0.05 property tax rate will help but for rural counties with small tax bases still may not be sufficient to keep pace with demand. However, any increase in revenue is a step in the right direction. Based on current assessed values, $0.05 would generate approximately $240,000 annually for capital improvements. Two cents would generate approximately $96,000 for operations.

Impact	FY 2014-15	FY 2015-16	FY 2016-17	Future Biennia
Has Impact	$0	$240,000	$240,000	$480,000

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