

**LOCAL GOVERNMENT  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 1, 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  
**A.B. 412 / BDR 31 - 963**

City/County: <b>City of Henderson</b> 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.				
<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: <b>City of Las Vegas</b> 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.				
<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>City of Reno</b> Approved by: Ryan High, Budget/Strat. Initiatives Mgr. Comment: After initial review, there is no fiscal impact to the City of Reno.				
<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

City/County: **City of Sparks**

Approved by: Jeff Cronk, Financial Services Director

Comment: It's expected that section 14 of this bill would have a positive fiscal impact in the form of increased property tax receipts resulting from increasing the cap on certain commercial property. However, we don't have enough data at this time to determine the full amount of the 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: **Carson City**

Approved by: Nickolas A. Providenti, Finance Director

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

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.

<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	\$314,500	\$314,500	\$314,500

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.

<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: Can not figure impact with the cap rates				
<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: <b>Humboldt County</b> Approved by: Jeff Johnson, Assessor Comment: It would obviously have an impact but it is impossible to determine to what extent and if possible it could take months to calculate.				
<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 has several different fiscal impacts: When possible, we included Washoe County agency impacts, as well as impacts to the total tax roll.  Sections 1 and 15 - authorize the levy of up to .10 in additional tax rate. .05 by the BCC, and .05 by the BCC and/or the School Board. <ul style="list-style-type: none"> <li>• These rates are for all parcels in the county, and outside the current 3.64 tax rate cap.</li> <li>• These rates would not be subject to the 3%/8% AB489 tax caps (abatement).</li> <li>• Not considered as “financial ability to pay” during contract negotiations</li> <li>• Budgetary authority for the county and school is expanded to allow for these rates.</li> <li>• Because we have no way to project future year valuations, we have estimated the additional revenue that each .01 of new tax rate would generate for FY 2014/15 and 2015/16, if this bill had been effective for those tax years (which it was not).</li> <li>• Rates would not actually be effective until 7/1/2016 for FY 2016/17</li> </ul> Section 13 -changes the general tax cap, which can currently be anywhere between zero and 8%, based on various factors. This bill would keep the general cap between 6% and 8%. For FY 2014/15 the general cap in Washoe county is 3%. This is a very general estimate, using ½ of the taxes abated at the 3% cap. A more reliable estimate would require a parcel by parcel calculation at a specific cap %. Section 14 – allows that increased tax resulting from assessed values that were reduced in a prior year due to certain obsolescence, and then had obsolescence removed, would not be subject to the 3%/8% AB489 tax caps (abatement). We have had to use several assumptions to come up with this fiscal impact. Attachment has discussion of how the impact was calculated.				
<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: **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.

<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: **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.

<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	\$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.

<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	\$6,100,000	\$6,100,000	\$12,200,000

School District: **Douglas County School District**

Approved by: HOLLY LUNA, CFO, BUSINESS SERVICES

Comment: Appears to have similar characteristics of a few other BDRs in the current pipeline. There may be issues attached to this BDR related to the borrowing section (#9) that is unique to this bill. It is required that 50% of the governments in LGIP would be required to approve a loan which may make this offering impractical, along with potential issues of repayment over 30 years and the application would be required by August 31, 2015.

<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: **Lincoln County School District**

Approved by: Steve Hansen, Superintendent

Comment: This BDR is an exact copy of BDR 31-659, therefore ditto to what was said there.

<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: **Lyon County School District**

Approved by: Philip Cowee, Director of Finance

Comment: The fiscal impacts of BDR 31-963 cannot be determined.

<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: Not sure how it affects the tax cap. Not sure how much money it would generate, but it could help with textbooks, computers & other instructional materials.				
<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: <b>Pershing County School District</b> Approved by: Dan Fox, Superintendent Comment: This is very similar to BDR 31-659, however with additional abatement language which might reduce the estimated additional revenue somewhat. The above figures are based on the existing assessed valuation in 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	\$118,500	\$118,500

School District: <b>Storey County School District</b> Approved by: Robert Slaby , Superintendent 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>White Pine County School District</b> Approved by: Paul Jonson, CFO Comment: \$0.05 cent ad valorem tax would generate approximately \$240,000 per year. This would help would help address facility demands but still insufficient to meet current demand. \$0.02 rate would provide approximately \$96,000 per year for operations.				
<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

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