

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 1, 2017

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Property Tax (Revenue)		(\$696,461)	(\$1,392,922)	(\$4,875,230)
Total	0	(\$696,461)	(\$1,392,922)	(\$4,875,230)

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached

Name Deonne Contine

Title Executive Director

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, March 31, 2017

The agency's response appears reasonable.

Name Susan Brown

Title Executive Budget Officer

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 32-201

Name of Agency: Department of Taxation

Division/Department: _____

Date: March 21, 2017

BDR 32-201 proposes to enact provisions to provide partial abatements of property taxes and local sales and use taxes, as well as, expedited permits for the development of facilities for smelting, processing or refining ores or metal in this State.

Property Tax

There will be a fiscal impact on both State and Local Government entities on the effects of the property tax abatement portion of the bill; this fiscal note does not address the sales and use tax portion or the expedited permit portion of this BDR.

A brief explanation of the methodology used to develop the fiscal impact follows:

- 1) Information was collected to determine the amount of new property that mines have constructed in this State historically for the last ten years.
- 2) An average of the new construction was taken. All of the new construction would be available for abatement,
- 3) The assumption is made that 10% of the new construction would apply for and be granted the abatement each year. 10% was reached by analyzing application rates of other available abatements. It is difficult to estimate exactly how many companies would take advantage of the abatement and possible fiscal impact is greater if more companies apply for the abatement.
- 4) Property tax estimates were computed based on the average statewide tax rate of \$.0315 for the 2016-17 year, which can be found in the latest Property Tax Rates for Nevada Local Governments publication; allocations of the total were calculated for the State at a rate of \$.0017, for the Schools at a rate of \$.0075, and for the Other Local Governments from the remaining portion of the statewide rate.
- 5) No adjustment was made for new construction that will take place that normally wouldn't if no abatement was available. Assumption made that new growth would be close to historical average.
- 6) The abatement is for 20 years, the table below shows the fiscal impact from fiscal year 2017-2018 through 2020-2021

The Table shows the breakout of the taxes due to the State, the School Districts and to the other Local Governments.

	If 10% of new construction applies for abatement; 55% of the Total Tax Possible (Taxes available for Abatement)	Total Taxes Due to State (.0017)	Total Taxes due to School Districts (.0075)	Total Taxes Due to other Local Governments (.0223)
2017-2018	\$ 696,461.45	\$ 37,586.81	\$ 165,824.15	\$ 493,050.48
2018-2019	\$ 1,392,922.89	\$ 75,173.62	\$ 331,648.31	\$ 986,100.97
2019-2020	\$ 2,089,384.34	\$ 112,760.42	\$ 497,472.46	\$ 1,479,151.45
2020-2021	\$ 2,785,845.78	\$ 150,347.23	\$ 663,296.61	\$ 1,972,201.93

Sales and Use Tax

The impact to revenue cannot be determined.

Expenses:

The Department can administer these changes without additional fiscal impact.