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Testimony of Lincoln County, Nevada on SB 475

Assembly Committee On Taxation

Doug Carriger,
Lincoln County Manager
April 15, 2003

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ASSEMBLY COMMITTEE ON TAXATION
DATE: 4/15/03 ROOM: 3148 EXHIBIT E
SUBMITTED BY: DOUG CARRIGER
HAL KEITON

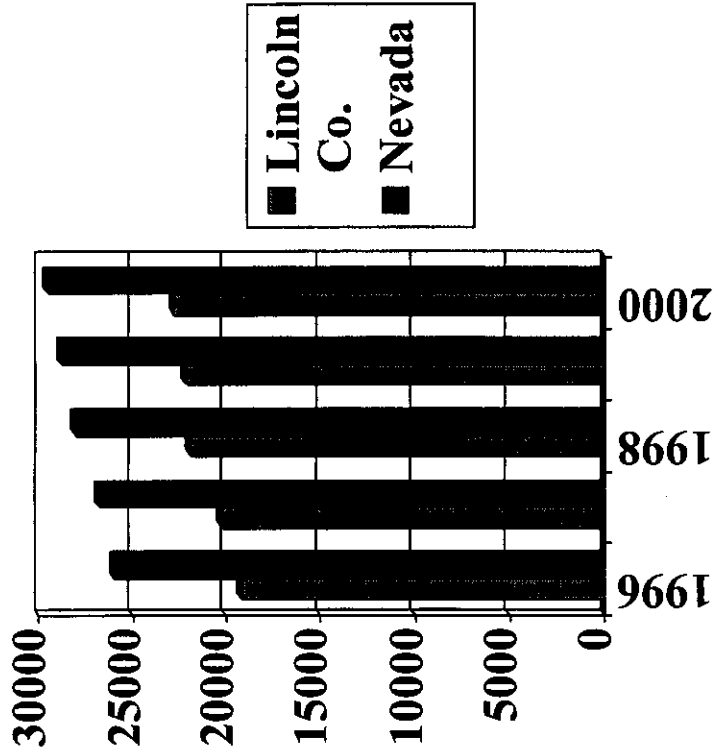
Why Has Lincoln County Requested SB 475?

- Lincoln County seeks to expand and diversify its economy, creating a stable tax base
 - the federal government administers 98 % of the land area in Lincoln County
 - growing restrictions on use of public land have resulted in economic stagnation
 - existing tax base is narrow, based largely on government employment and agriculture
 - Highest combined tax rate in Lincoln County (City of Caliente) is 3.6375

Why Has Lincoln County Requested SB 475?

Contd.

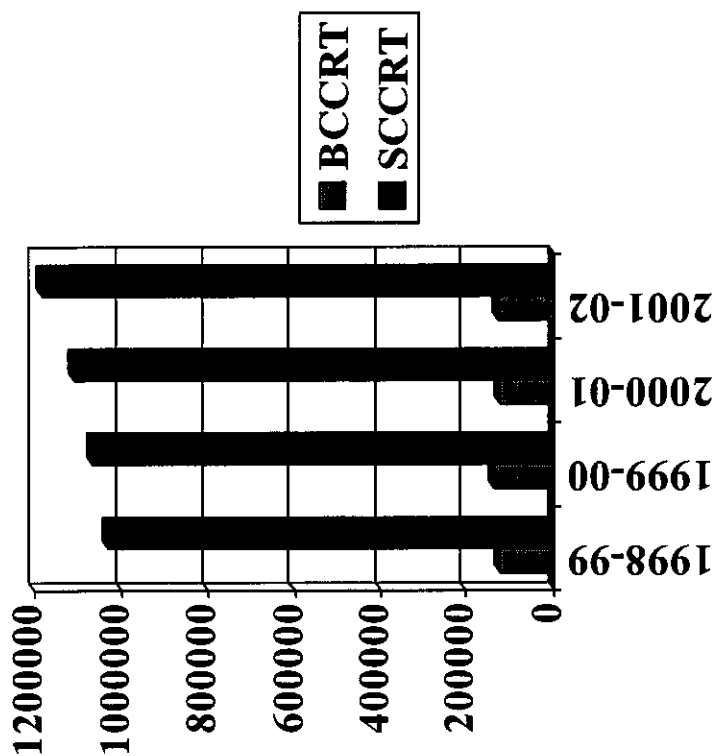
- Per capita personal income in Lincoln County is well below State of Nevada average



Why Has Lincoln County Requested SB 475?

Contd.

- Lincoln County is a sales tax importer receiving up to 10 times more in SCCRT than is derived locally in BCCRT



What Is Lincoln County's Strategy For Economic Development and Fiscal Stability?

- Diversify away from traditional agricultural and mining sectors
- Encourage new "basic economic activity"
- Encourage "value-added" uses of water
- Pursue industrial investments characterized by favorable fiscal benefit/cost ratios
- Encourage utilization of strategic industrial locations found in Lincoln County

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How Does Toquop Energy Project Fit Lincoln County Economic Development Strategy?

- \$695,000,000 industrial investment (see Figure 2-1)
- Utilizes only potential site for gas-fired electrical generating facility in Lincoln County (see Map 1-1)
- Converts abundant groundwater into energy product for export outside Lincoln County
- Provides substantial fiscal benefits, requires modest fiscal expenditures
- Provides employment and income opportunities
- Offers Lincoln County vendors possible market for goods and services

How Will SB 475 Help Lincoln County?

- Enable Lincoln County to reduce its General County ad valorem tax rate and/or to accrue needed additional tax revenues
- Reduce ad valorem tax burden on area property owners freeing up dollars for input into the local economy
- Increased local spending will generate additional employment, income and sales tax revenues
- Reduced ad valorem tax rate will be very effective incentive to attraction of additional industrial investment
 - Meadow Valley Industrial Park (Caliente)
 - Alamo Industrial Park

How Much Ad Valorem Revenue is Derived by Lincoln County Under Existing Law Without the Toquop Energy Project?

• FY 2003 Lincoln Co. Taxable Value	\$ 289,503,169
• FY 2004 Value of Property On The	
• FY 2003 Roll	\$ 101,326,109
• FY 2004 Allowable General County Ad Valorem Rate	\$ 1.4240
• FY 2004 Allowable General County Ad Valorem Tax Revenue	\$ 1,592,701

Source: Nevada Department of Taxation, March 15, 2003

How Much Ad Valorem Revenue Could Be Derived by Lincoln County With Toquop Energy Under Existing Law?

- Approximately 17 line miles in Lincoln Co. (9%)
- Approximately 170 line miles in Clark Co. (91%)
- Taxable Value of Toquop Energy \$ 695,000,000
- Assessed Value of Toquop Energy \$ 243,250,000
- Lincoln Share (9%) of Assessed Value \$ 21,892,500
- Assessed Value w/Toquop Energy \$ 123,218,609
- FY 2004 Allowable General County Ad

Valorem Rate	\$	1.4240
Ad Valorem Tax Revenue w/Toquop	\$	1,754,633
Increased Revenue Under Existing Law	\$	161,932

How Much Ad Valorem Revenue Could Be Derived by Lincoln County With Toquop Energy Under SB 475?

• Taxable Value of Toquop Energy	\$ 695,000,000
• Assessed Value of Toquop Energy	\$ 243,250,000
• Assessed Value w/Toquop Energy	\$ 355,096,970
• FY 2004 Allowable General County Ad Valorem Rate w/Toquop Energy	\$ 1.3379
• Ad Valorem Tax Revenue w/Toquop	\$ 4,750,842

Source: Nevada Department of Taxation, March 15, 2003

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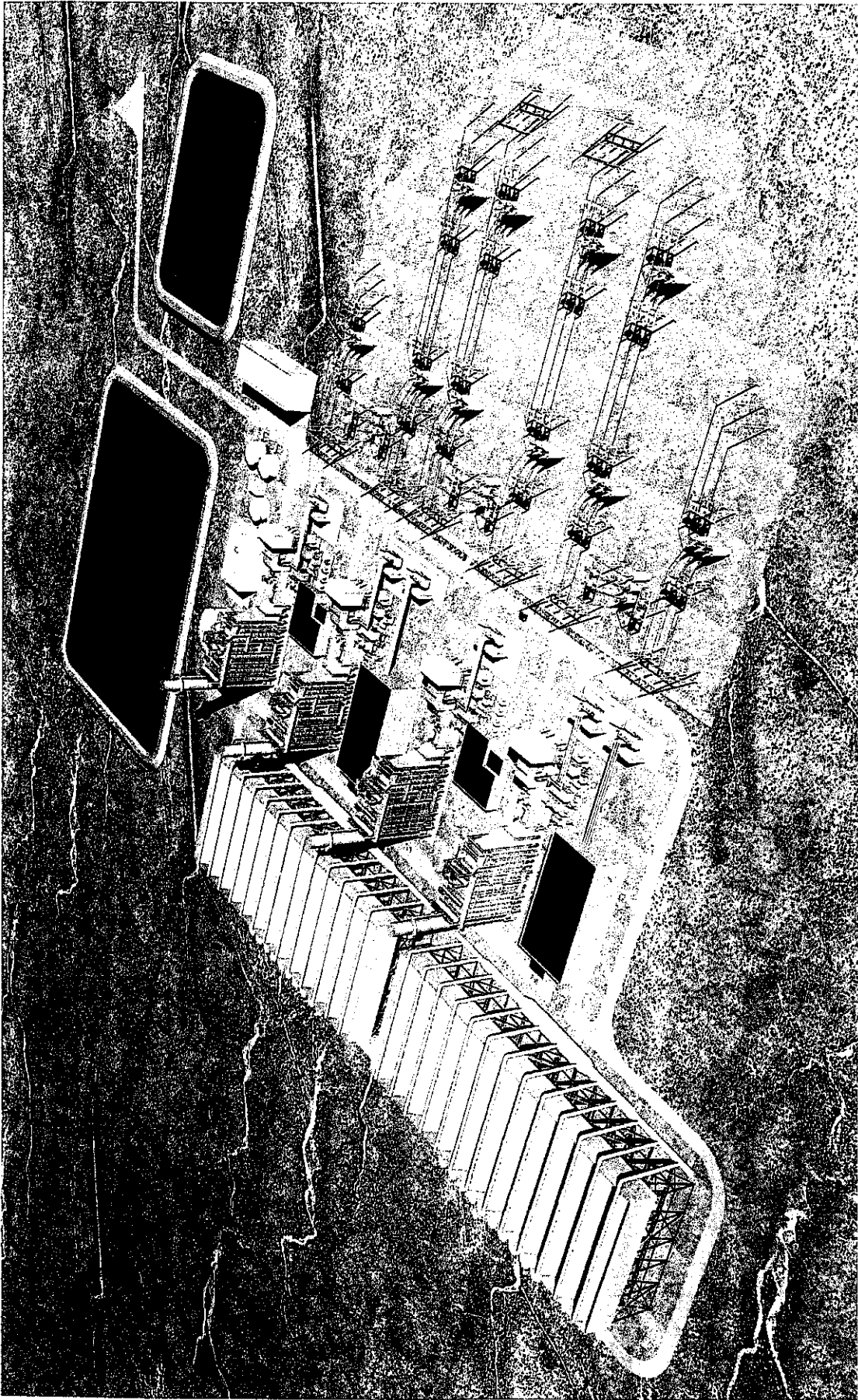
What Could be the New Ad Valorem Rate in Lincoln County With Toquop Energy Under SB 475 and Maintaining Existing Revenue?

• Taxable Value w/Toquop Energy	\$ 1,015,000,000
• Assessed Value w/Toquop Energy	\$ 355,096,970
• General County Ad Valorem Rate w/Toquop Energy Required to Maintain Existing Revenue	\$.4485
• Ad Valorem Tax Revenue w/Toquop	\$ 1,592,701

SB 475 Would Encourage Development of Energy Projects Throughout Rural Nevada

- Rye Patch Geothermal Project Pershing Co.
- Desert Peak 2 Geothermal Project Churchill Co.
- Hot Sulphur Springs Geothermal Proj. Elko Co.
- Ely Wind Generation Project White Pine Co.
- Desert Peak 3 Geothermal Project Churchill Co.
- Blue Mountain Geothermal Proj. Humboldt Co.
- Boulder Valley Energy Center Eureka Co.
- EOPT Power Plant Storey Co.
- Toquop Energy Project Lincoln Co.

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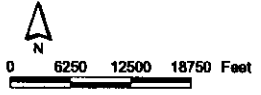
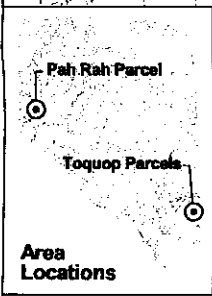
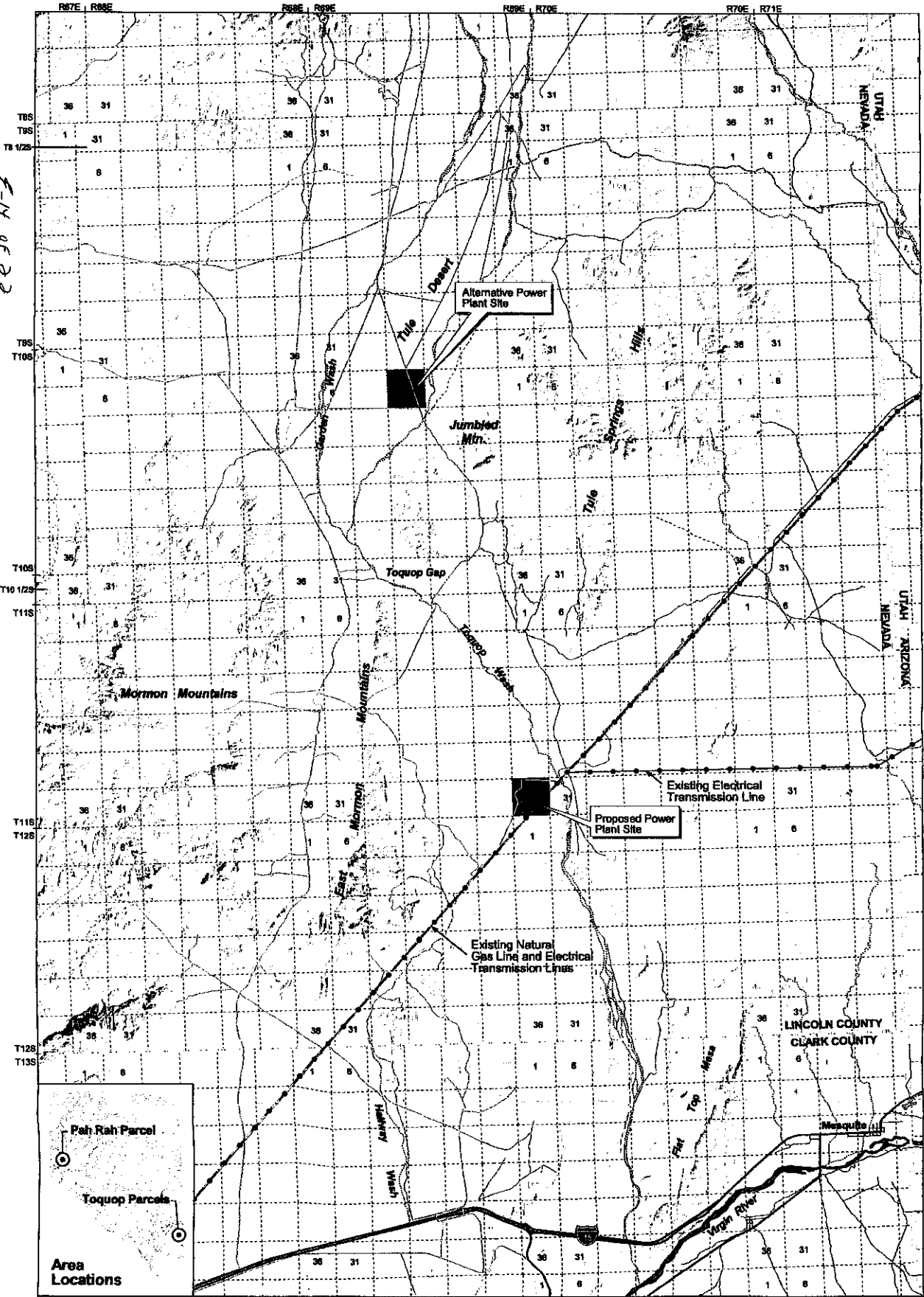
Toquop Energy Project
Air-Cooled Power Plant
Conceptual Rendering

Figure 2-3

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Source: 1:100,000 Vector Linework - BLM Nevada,

Project Area

Map 1-1

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004

ENTITY	(2) COL 6 FY 2003 AD VALOREM REVENUE BASE	(3) FY 2004 VALUE OF PROPERTY ON THE FY 2003 ROLL	(4) (2)x1.06/(3)x100 TAX RATE FOR GROWTH FORMULA CALCULATIONS	(5) FY 2004 ASSESSED VALUE FOR TAX RATE CALCULATION EXCLUDES REDEVELOPMENT	(6) (4)x(5)/100 ALLOWED AD VALOREM REVENUE BASE	(7) LEGISLATIVE AMOUNTS ADDED EACH YEAR	(8) (6)+(7) ALLOWED AD VALOREM REVENUE CALCULATION
LINCOLN CO	\$ 1,361,195	101,326,109	1.4240	111,846,970	1,592,701	-	1,592,701
CALIENTE	116,761	8,306,073	1.4901	8,545,789	127,341	-	127,341
ALAMO	16,263	5,402,904	0.3191	5,626,966	17,956	-	17,956
PANACA	18,536	6,823,445	0.2880	6,926,397	19,948	-	19,948
PIOCHE	46,589	8,171,525	0.6043	8,317,116	50,260	-	50,260
LINCOLN HOSPITAL	272,601	101,326,109	0.2852	111,846,970	318,988	-	318,988
PAHRANAGAT VLY FIRE	17,037	12,393,846	0.1457	12,851,154	18,724	-	18,724
PIOCHE FIRE	35,770	9,322,365	0.4067	9,477,893	38,547	-	38,547

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004

ENTITY	(9) (8)/(5) x 100	(10) FY 2003 TAX RATE SUBJECT TO REVENUE LIMITATIONS	(11) FY 2004 TAX RATE BASED ON THE GREATER OF 9 OR 10	(12) (5)x(11) / 100	(13) PROJECTED NET PROCEEDS OF MINES	(14) (5)+(13)	(15) TAX RATE AUTHORIZED BY VOTER APPROVAL
	FY 2004 TAX RATE SUBJECT TO REVENUE LIMITATIONS			FY 2004 AD VALOREM REVENUE CALCULATED		FY 2004 ASSESSED VALUE INCLUDING NET PROCEEDS OF MINES	
LINCOLN CO	1.4240	1.3379	1.4240	1,592,701	45,000	111,891,970	-
CALIENTE	1.4901	1.3893	1.4901	127,341	-	8,545,789	-
ALAMO	0.3191	0.3186	0.3191	17,956	-	5,626,966	-
PANACA	0.2880	0.2841	0.2880	19,948	-	6,926,397	-
PIOCHE	0.6043	0.5745	0.6043	50,260	-	8,317,116	-
LINCOLN HOSPITAL	0.2852	0.2679	0.2852	318,988	45,000	111,891,970	-
PAHRANAGAT VLY FIRE	0.1457	0.1463	0.1463	18,801	-	12,851,154	-
PIOCHE FIRE	0.4067	0.3878	0.4067	38,547	-	9,477,893	-

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004

ENTITY	(16) REVENUE AUTHORIZED BY VOTER APPROVAL	(17) ACCIDENT INDIGENT LEVY \$.0150 NRS 428.185	(18) MEDICAL INDIGENT LEVY \$.1000 NRS 428.285	(19) CAPITAL ACQUISITION LEVY \$.0500 NRS 354.59815	(20) YOUTH SERVICES REVENUE	(21) TAX RATE NEEDED TO FUND YOUTH SERVICES	(22) CARSON WATER SUB- CONSERVANCY LEVY \$.0300	(23) FAMILY COURT LEVY .0192
LINCOLN CO	-	16,784	111,892	55,946	11,743	0.0105	-	-
CALIENTE	-	-	-	-	-	-	-	-
ALAMO	-	-	-	-	-	-	-	-
PANACA	-	-	-	-	-	-	-	-
PIOCHE	-	-	-	-	-	-	-	-
LINCOLN HOSPITAL	-	-	-	-	-	-	-	-
PAHRANAGAT VLY FIRE	-	-	-	-	-	-	-	-
PIOCHE FIRE	-	-	-	-	-	-	-	-

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004

ENTITY	(24) OTHER LEGISLATIVE INCREASES OUTSIDE REVENUE LIMITATION	(25) FY 2004 AD VALOREM MAKE-UP REVENUE NRS354.59813	(26) TAX RATE INCREASE NEEDED TO FUND COL 25	(27) TOTAL REVENUE FROM LEGISLATIVE OVERRIDES	(28) TAX RATES FOR LEGISLATIVE OVERRIDES	(29) FY 2004 TOTAL ALLOWED AD VALOREM REVENUE	(30) (11)+(15)+(28)
LINCOLN CO	-	63,293	0.0566	259,657	0.2321	1,852,358	1,6561
CALIENTE	-	7,650	0.0895	7,650	0.0895	134,991	1,5796
ALAMO	-	1,895	0.0337	1,895	0.0337	19,851	0,3528
PANACA	-	3,696	0.0534	3,696	0.0534	23,644	0,3414
PIOCHE	-	2,206	0.0265	2,206	0.0265	52,467	0,6308
LINCOLN HOSPITAL	-	7,427	0.0066	7,427	0.0066	326,415	0,2918
PAHRANAGAT VLY FIRE	-	3,488	0.0271	3,488	0.0271	22,289	0,1734
PIOCHE FIRE	-	1,421	0.0150	1,421	0.0150	39,967	0,4217

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004 with Power Plant Addition

ENTITY	(2) COL 6 FY 2003 AD VALOREM REVENUE BASE	(3) FY 2004 VALUE OF PROPERTY ON THE FY 2003 ROLL	(4) (2)x1.06/(3)x100 TAX RATE FOR GROWTH FORMULA CALCULATIONS	(5) FY 2004 ASSESSED VALUE FOR TAX RATE CALCULATION EXCLUDES REDEVELOPMENT	(6) (4)x(5)/ 100 ALLOWED AD VALOREM REVENUE BASE	(7) LEGISLATIVE AMOUNTS ADDED EACH YEAR	(8) (6)+(7) ALLOWED AD VALOREM REVENUE CALCULATION
LINCOLN CO	\$ 1,361,195	344,576,109	0.4187	355,096,970	1,486,791	-	1,486,791
CALIENTE	116,761	8,306,073	1.4901	8,545,789	127,341	-	127,341
ALAMO	16,263	5,402,904	0.3191	5,626,966	17,956	-	17,956
PANACA	18,536	6,823,445	0.2880	6,926,397	19,948	-	19,948
PIOCHE	46,589	8,171,525	0.6043	8,317,116	50,260	-	50,260
LINCOLN HOSPITAL	272,601	344,576,109	0.0839	355,096,970	297,926	-	297,926
PAHRANAGAT VLY FIRE	17,037	12,393,846	0.1457	12,851,154	18,724	-	18,724
PIOCHE FIRE	35,770	9,322,365	0.4067	9,477,893	38,547	-	38,547

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004 with Power Plant Addition

ENTITY	(9) (8)/(5) x 100	(10) FY 2003 TAX RATE SUBJECT TO REVENUE LIMITATIONS	(11) FY 2004 TAX RATE BASED ON THE GREATER OF 9 OR 10	(12) (5)x(11) / 100	(13) PROJECTED NET PROCEEDS OF MINES	(14) (5)+(13) FY 2004 ASSESSED VALUE INCLUDING NET PROCEEDS OF MINES	(15) TAX RATE AUTHORIZED BY VOTER APPROVAL
LINCOLN CO	0.4187	1.3379	1.3379	4,750,842	45,000	355,141,970	-
CALIENTE	1.4901	1.3893	1.4901	127,341	-	8,545,789	-
ALAMO	0.3191	0.3186	0.3191	17,956	-	5,626,966	-
PANACA	0.2880	0.2841	0.2880	19,948	-	6,926,397	-
PIOCHE	0.6043	0.5745	0.6043	50,260	-	8,317,116	-
LINCOLN HOSPITAL	0.0839	0.2679	0.2679	951,305	45,000	355,141,970	-
PAHRANAGAT VLY FIRE	0.1457	0.1463	0.1463	18,801	-	12,851,154	-
PIOCHE FIRE	0.4067	0.3878	0.4067	38,547	-	9,477,893	-

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004 with Power Plant Addition

ENTITY	(16) REVENUE AUTHORIZED BY VOTER APPROVAL	(17) ACCIDENT INDIGENT LEVY \$.0150 NRS 428.185	(18) MEDICAL INDIGENT LEVY \$.1000 NRS 428.285	(19) CAPITAL ACQUISITION LEVY \$.0500 NRS 354.59815	(20) YOUTH SERVICES REVENUE	(21) TAX RATE NEEDED TO FUND YOUTH SERVICES	(22) CARSON WATER SUB- CONSERVANCY LEVY \$.0300	(23) FAMILY COURT LEVY .0192
LINCOLN CO	-	53,271	355,142	177,571	11,743	0.0033	-	-
CALIENTE	-	-	-	-	-	-	-	-
ALAMO	-	-	-	-	-	-	-	-
PANACA	-	-	-	-	-	-	-	-
PIOCHE	-	-	-	-	-	-	-	-
LINCOLN HOSPITAL	-	-	-	-	-	-	-	-
PAHRANAGAT VLY FIRE	-	-	-	-	-	-	-	-
PIOCHE FIRE	-	-	-	-	-	-	-	-

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Lincoln FINAL PROPERTY TAX RATE CALCULATION FY 2003-2004 with Power Plant Addition

ENTITY	(24) OTHER LEGISLATIVE INCREASES OUTSIDE REVENUE LIMITATION	(25) FY 2004 AD VALOREM MAKE-UP REVENUE NRS354.59813	(26) TAX RATE INCREASE NEEDED TO FUND COL 25	(27) TOTAL REVENUE FROM LEGISLATIVE OVERRIDES	(28) TAX RATES FOR LEGISLATIVE OVERRIDES (27)/(14)	(29) FY 2004 TOTAL ALLOWED AD VALOREM REVENUE (12)+(16)+(27)	(30) FY 2004 TOTAL COMBINED TAX RATE (11)+(15)+(28)
LINCOLN CO	-	63,293	0.0178	661,020	0.1861	5,411,862	1.5240
CALIENTE	-	7,650	0.0895	7,650	0.0895	134,991	1.5796
ALAMO	-	1,895	0.0337	1,895	0.0337	19,851	0.3528
PANACA	-	3,696	0.0534	3,696	0.0534	23,644	0.3414
PIOCHE	-	2,206	0.0265	2,206	0.0265	52,467	0.6308
LINCOLN HOSPITAL	-	7,427	0.0021	7,427	0.0021	958,732	0.2700
PAHRANAGAT VLY FIRE	-	3,488	0.0271	3,488	0.0271	22,289	0.1734
PIOCHE FIRE	-	1,421	0.0150	1,421	0.0150	39,967	0.4217

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