

ASSEMBLY COMMITTEE ON TAXATION
HEARING ON FOUR BILLS RECOMMENDED BY THE LEGISLATIVE COMMITTEE
ON LOCAL GOVERNMENT TAXES AND FINANCE

APRIL 17, 2003

AS YOU KNOW, I SERVED AS CHAIRMAN OF THE LEGISLATIVE COMMITTEE FOR LOCAL GOVERNMENT TAXES AND FINANCE DURING THE 2001-02 INTERIM. THAT COMMITTEE MADE A NUMBER OF RECOMMENDATIONS TO REVISE CERTAIN PROVISIONS AND FORMULAS THAT AFFECT HOW VARIOUS TAXES ARE IMPOSED, DISTRIBUTED AND USED FOR THE SUPPORT OF LOCAL GOVERNMENTS. THE ASSEMBLY COMMITTEE ON TAXATION HAS ALREADY PROCESSED TWO BILLS THAT WERE RECOMMENDED BY THE INTERIM COMMITTEE. TODAY'S AGENDA CONSISTS OF FOUR BILLS RECOMMENDED BY THE COMMITTEE ON LOCAL GOVERNMENT TAXES AND FINANCE THAT WERE THE DIRECT RESULT OF THE HARD WORK OF A TECHNICAL ADVISORY COMMITTEE TO THE LEGISLATIVE COMMITTEE THAT CONSISTS OF 11 MEMBERS, INCLUDING THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF TAXATION AND 10 OTHER MEMBERS APPOINTED BY GROUPS REPRESENTING LOCAL GOVERNMENTS AND REPRESENTING VARIOUS GEOGRAPHICAL AREAS OF THE STATE.

I WILL PROVIDE A BRIEF OVERVIEW OF EACH OF THE FOUR BILLS BEFORE THE TAXATION COMMITTEE CONSIDERS THEM SEPARATELY. THEY DEAL WITH FOUR DISTINCT SUBJECTS, AND I WILL DEFER ANY OF THE TECHNICAL DETAILS TO THE MEMBERS OF THE TECHNICAL ADVISORY COMMITTEE WHO DEVOTED SIGNIFICANT EFFORT OVER THE LAST INTERIM AND SHOULD BE COMMENDED FOR THEIR EFFORTS. THEY ARE PRESENT AT TODAY'S MEETING.

IN NUMERICAL ORDER:

- SB 465 REPEALS A PROVISION ADOPTED BY THE 2001 LEGISLATURE THROUGH AB 501 WHICH PROVIDES THAT A PAY-AS-YOU-GO PROPERTY TAX RATE FOR SCHOOL CAPITAL PROJECTS IS TO BE INCLUDED AS PART OF THE SCHOOL TAX RATE USED TO DETERMINE A SCHOOL DISTRICT'S SHARE OF

GOVERNMENT SERVICES TAX REVENUE. THIS MEASURE AFFECTS ONLY THE DISTRIBUTION OF GST REVENUES IN ELKO COUNTY BECAUSE THAT COUNTY IS THE ONLY ONE WITH A SCHOOL DISTRICT THAT IMPOSES THE PAY-AS-YOU-GO TAX. THE PROVISIONS OF AB 501 INCREASED THE MONEY FOR CAPITAL PROJECTS FOR THE ELKO SCHOOL DISTRICT AT THE EXPENSE OF OTHER LOCAL GOVERNMENTS IN ELKO COUNTY. HOWEVER, AB 501 ALSO REDUCED THE OPERATING REVENUES OF THE ELKO COUNTY SCHOOL DISTRICT. AS A RESULT, NOT ONLY DO LOCAL GOVERNMENTS IN ELKO COUNTY SUPPORT REPEAL OF THIS PROVISION, BUT THE SCHOOL DISTRICT ALSO SUPPORTS REPEAL TO RESTORE MORE THAN \$400,000 IN ANNUAL OPERATING REVENUES.

- SB 467 CORRECTS THE EXISTING STATUTORY LANGUAGE TO ALLOW A SPECIAL DISTRICT TO PLEDGE REVENUES RECEIVED FROM THE CONSOLIDATED TAX DISTRIBUTION FORMULA FOR THE PAYMENT OF BONDS ISSUED BY THE DISTRICT. THE CURRENT STATUTE ALLOWS A SPECIAL DISTRICT TO USE THE REVENUE TO REPAY DEBT ISSUED BY A LOCAL GOVERNMENT. HOWEVER, FOR PURPOSES OF THIS SECTION THE DEFINITION OF "LOCAL GOVERNMENT" DOES NOT INCLUDE A SPECIAL DISTRICT.
- SB 469 MAKES THREE MINOR TECHNICAL CORRECTIONS TO THE CONSOLIDATED TAX DISTRIBUTION FORMULA TO PREVENT CERTAIN UNINTENDED AND INEQUITABLE DISTRIBUTIONAL CONSEQUENCES FROM OCCURRING IN SOME ATYPICAL CIRCUMSTANCES. THESE CIRCUMSTANCES WILL BE DISCUSSED IN MORE DETAIL WHEN THE BILL IS HEARD.
- FINALLY, SB 470 ALLOWS A CITY THAT OPERATES AN AIRPORT TO IMPOSE THE OPTIONAL JET FUEL AND AVIATION FUEL TAXES. CURRENT LAW ALLOWS ONLY A COUNTY TO IMPOSE THE TAX, WHICH RESULTS IN THE COUNTY COMMISSION HAVING TO IMPOSE A TAX FROM WHICH IT RECEIVES NO BENEFIT. THE BILL ALSO PROVIDES THAT THE PROCEEDS FROM THE OPTIONAL TAXES ARE TO BE DISTRIBUTED TO THE ENTITY THAT OPERATES THE AIRPORT.

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THAT CONCLUDES MY PREPARED REMARKS. NOW I'LL LEAVE IT TO THE TECHNICAL EXPERTS TO DISCUSS THE BILLS IN MORE DETAIL. THANK YOU.