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April 17, 2003

The Honorable Assemblyman David Parks, Chairman
Members of the Assembly Taxation Committee
Legislative Building
401 S. Carson Street
Carson City, NV 89701-4747

Re: Senate Bill 465
"Makes certain changes concerning calculation of amount of basic governmental services tax distributed to county school district."

Honorable Chairman Parks and Committee Members:

Assembly Bill 501, passed by the 2001 Legislature, changed the factors used in distributing motor vehicle privilege tax (basic government services tax) to school districts, cities and counties. (See NRS 482.181) Prior to this bill, property tax rates attributable to "pay as you go" capital projects, as authorized by NRS 387.3285, were not included in the formula. AB 501 added that rate to the formula. The result of this change was added dollars to the school districts capital projects fund at the expense of their general fund. The general funds of the county and all other cities and towns were also negatively impacted. In Elko County, this change resulted in a reduction of over \$400,000 in the Elko County School District General Fund, a reduction of over \$238,000 in the Elko County General Fund, a reduction of over \$90,000 in the Elko City General Fund, and smaller reductions in all other general funds of cities and towns in the County.

In light of projected short falls in operating revenues at the state and local level, the inclusion of "pay as you go" property tax rates in the formula for distribution of basic governmental services tax to school districts is damaging. At the time the legislation was passed, the Elko County School District was unaware of the impact the change would have on their operating revenues, thus they did not oppose the change.

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ASSEMBLY COMMITTEE ON TAXATION ^{2 pages}
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SUBMITTED BY: Linda Ritter

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The Elko County School District is the only school district in the state that uses "pay as you go" property taxes. Therefore, no other local government would be damaged by this change.

Senate Bill 465 corrects this situation and removes the "pay as you go" tax from the calculation for distribution of basic government services tax. This legislation has been endorsed by the Elko County School District and Elko County.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Ritter".

Linda Ritter, City Manager
City of Elko