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Testimony of Lincoln County, Nevada
on SB 475

Senate Committee On Taxation

Doug Carriger,
Lincoln County Manager

April 1, 2003

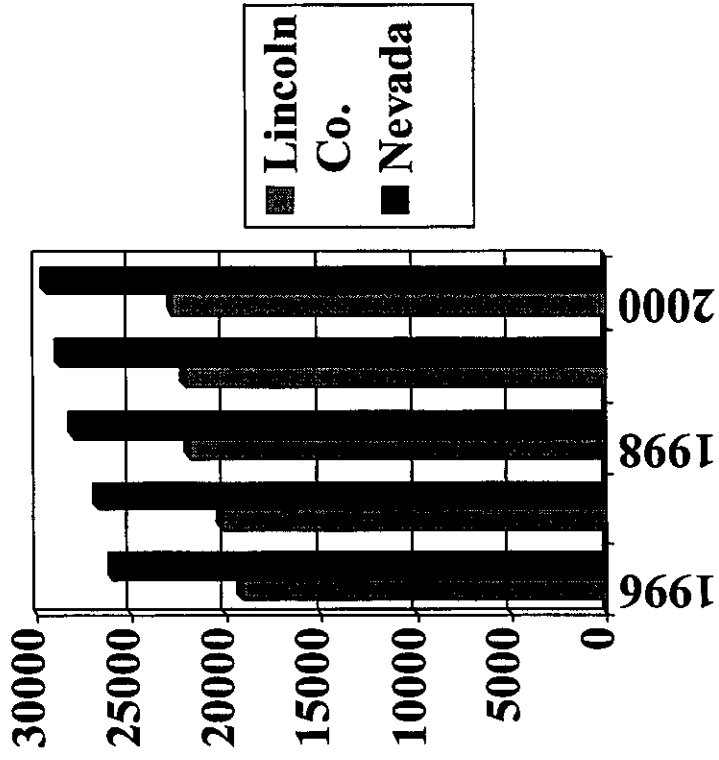
Why Has Lincoln County Requested SB 475?

- 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 (see Attachment 1)

Why Has Lincoln County Requested SB 475?

Contd.

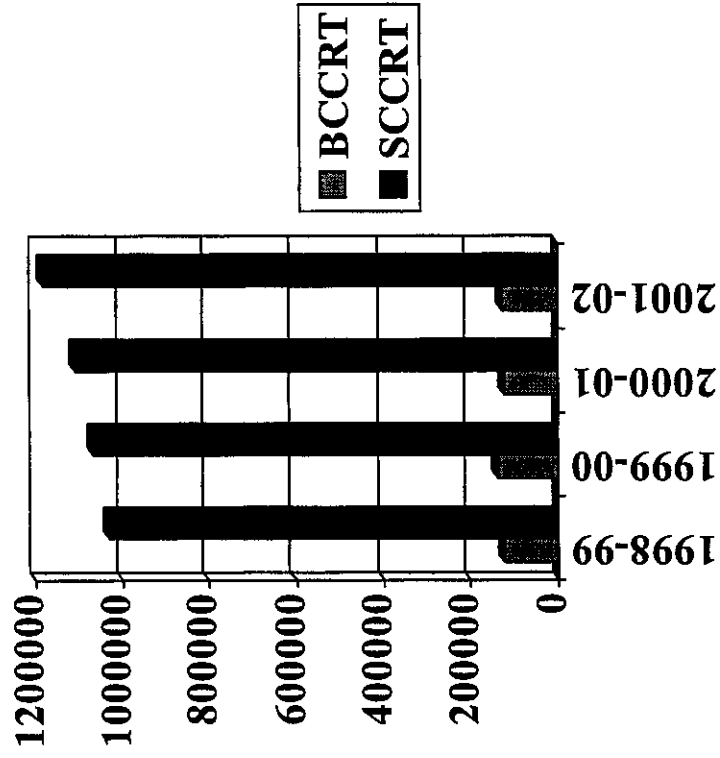
- Per capita personal income in Lincoln County is well below State of Nevada average



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 from 2.7118 to approximately 1.00
- 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 in Lincoln County Under Existing Law Without the Toquop Energy Project?

- Current Lincoln Co. Taxable Value \$ 320,000,000
- Current Lincoln Co. Assessed Valuation \$ 112,000,000
- Current General Co. Ad Valorem Rate 2.7118
- Current Ad Valorem Tax Revenue \$ 3,037,216
- 6% Annual Revenue Growth Cap \$ 182,234

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What Would be the New Ad Valorem Rate in 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
- Lincoln Assessed Value w/ Toquop Energy \$ 133,892,500
- General Co. Tax Rate (at 6% growth cap) 2.4045
- Ad Valorem Tax Revenue w/Toquop \$ 3,219,450

What Would be the New Ad Valorem Rate in Lincoln County

With Toquop Energy Under SB 475?

- Taxable Value w/Toquop Energy \$ 1,015,000,000
- Assessed Value w/Toquop Energy \$ 355,250,000
- General Co. Tax Rate (at 6% growth cap) \$.9062
- Ad Valorem Tax Revenue w/Toquop \$ 3,219,450

SB 475 Would Encourage Development of Energy Projects Throughout Rural Nevada

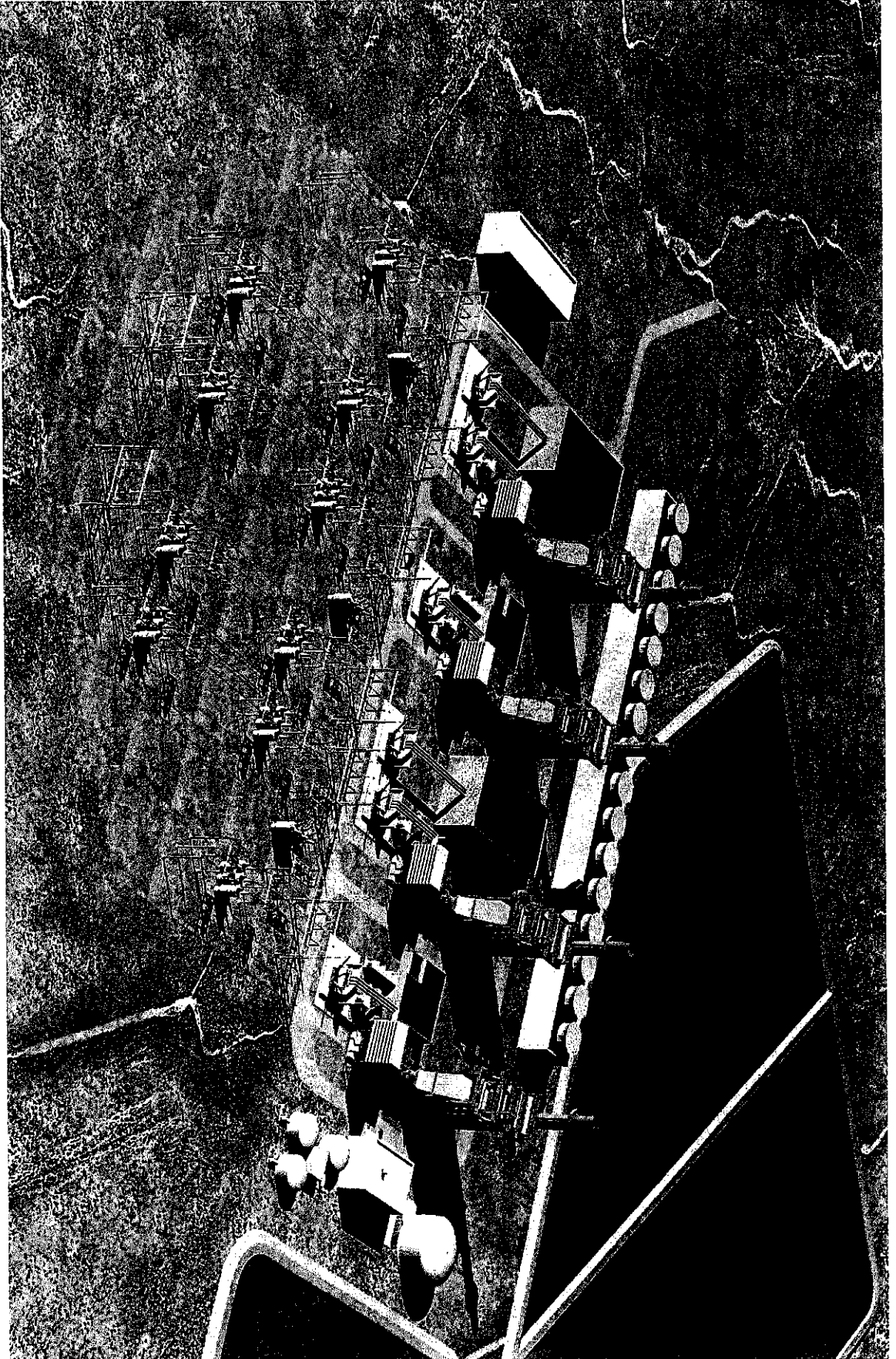
- Rye Patch Geothermal Project Pershing Co.
- Desert Peak 2 Geothermal Project Churchill Co.
- Hot Sulphur Springs Geothermal Proj. Elko Co.
- Ely Wind Generation Project White Pine Co.
- Desert Peak 3 Geothermal Project Churchill Co.
- Blue Mountain Geothermal Project. Humboldt Co.
- Boulder Valley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

Attachment 1

LINCOLN COUNTY TAX LEVY AS CERTIFIED BY THE NEVADA TAX COMMISSION ON JUNE 25, 2002 AND APPROVED BY THE BOARD OF LINCOLN COUNTY COMMISSIONERS ON JULY 1, 2002.

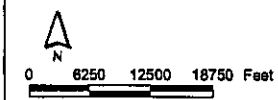
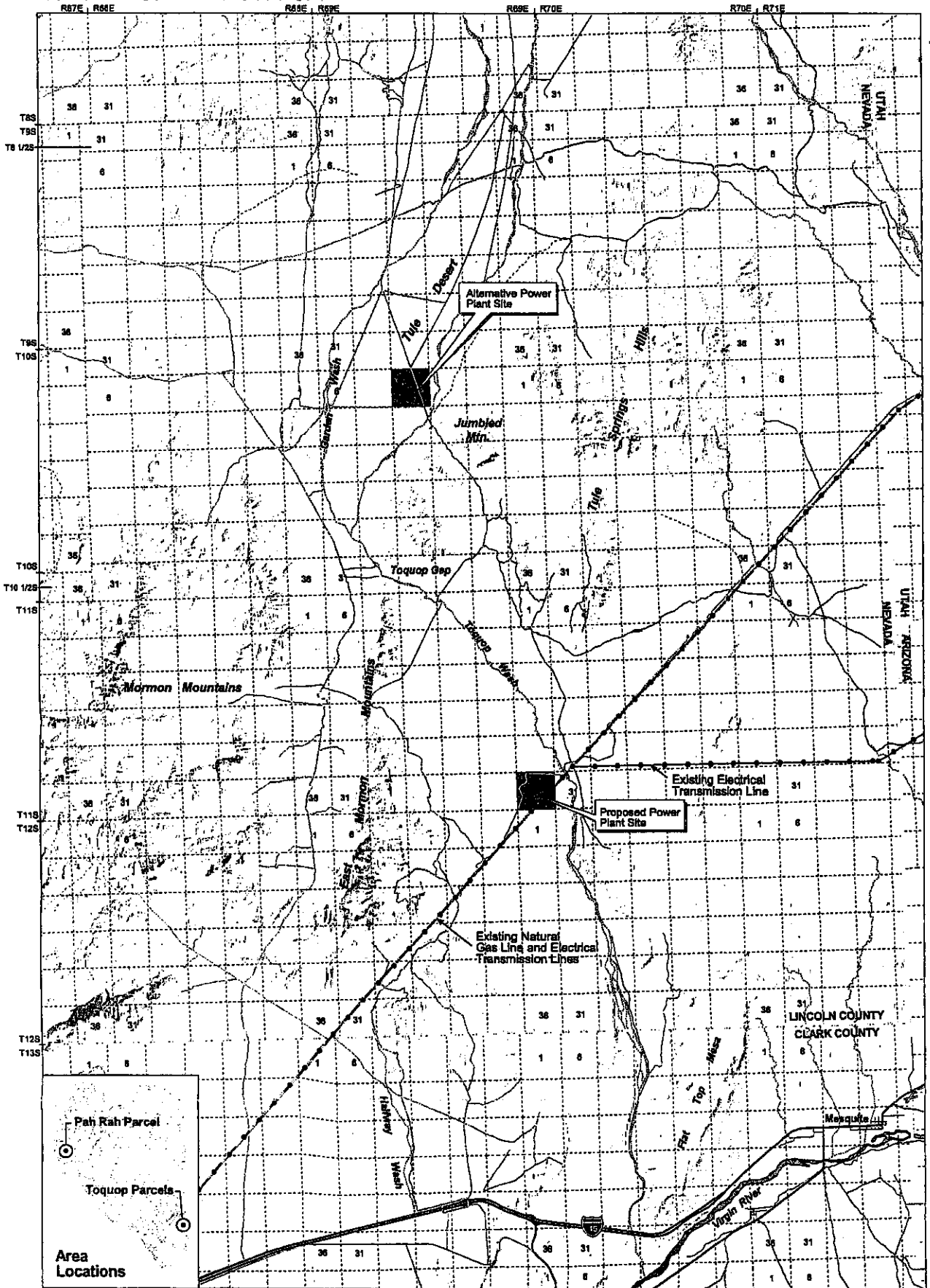
<u>GENERAL COUNTY</u>			2002-2003 TAX LEVY
1	General County		.9307
5	Agriculture Extension		.0100
10	County Indigent		.0359
13	County Capital Projects		.0420
21	State Portion Special Indigent (3241)		.0100
21	State Medical Indigent (3245)		.0150
21	State Levy		.1500
26	Hospital District		.2679
32	School General		.7500
34	School BI&R		.2251
38	Special County Indigent		.0900
54	Alamo Town Capital Projects		.0010
55	Panaca Town Capital Projects		.0020
56	Pioche Town Capital Projects		.0015
57	Caliente City Capital Projects		.0035
61	China Springs Youth Camp		.0080
70	Alamo Clinic		.0425
3	Museum		.0216
6	Library		.0432
37	Nutrition		.0454
46	Ambulance		<u>.0185</u>
TOTAL			2.7118
<u>ALAMO TOWN</u>			
15	Pahrnagat Valley Fire District		.1599
16	Alamo Town		<u>.3186</u>
Total Alamo Town			3.1903
<u>PAHRANAGAT FIRE</u>			
15	Pahrnagat Valley Fire District		<u>.1599</u>
Total Pahrnagat Valley Fire District			2.8717
<u>PANACA TOWN</u>			
17	Panaca Town		<u>.2647</u>
Total Panaca Town			2.9765
<u>PIOCHE TOWN</u>			
18	Pioche Town		.2969
20	Pioche Fire District		<u>.1463</u>
Total Pioche Town			3.1550
<u>PIOCHE FIRE DISTRICT</u>			
20	Pioche Fire District		<u>.1463</u>
Total Pioche Fire District			2.8581
<u>CALIENTE CITY</u>			
22	Caliente City		<u>.9257</u>
Total Caliente City			3.6375

Carrine Hogan
 Carrine Hogan, Lincoln County Clerk



**Toquop Energy Project
Water-Cooled Power Plant
Conceptual Rendering**

Figure 2-1



Sources:
1:100,000 Vector Linework - BLM Nevada.

Project Area

Map 1-1