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Board of County Commissioners

COUNTY OF ELKO
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April 1, 2003

Senator Mike McGinness, Chairman
Senate Taxation Committee
Nevada State Legislature
Legislative Building
Carson City, NV 89701

Re: Senate Bill 308 - The manner in which revenue from property taxes is distributed.

AN ACT relating to taxation; requiring certain revenue from property taxes imposed by counties and other local governments to be paid to the Department of Taxation for credit to the State General Fund; and providing other matters properly relating thereto.

Chairman McGinness and distinguished members of the Senate Taxation Committee:

Currently Elko County is in a unique position of a declining assessed value due to a decline in mining activity on northeastern Nevada. This reduction in assessed value means that no revenue will be diverted to the State of Nevada should SB 308 become law. However, the current economic decline will not last forever thus causing the eventual diversion of tax dollars from the County to the State.

While the County is experiencing a current decline in assessed value it is not expected to continue. Preliminary analysis of past trends indicates that approximately \$200,000 would be diverted to the State. This is predicated on the recovery of the mining industry and/or other economic expansion in northeastern Nevada. This loss of revenue will impact the General Fund operations as well as Towns, Cooperative Extension, Medical Assistance, County Capital and the Northeast Area Fire District.

Elko County currently has a \$3.64 tax cap issue with the City of Carlin which will be enhanced by Senate Bill 308. The various tax rates of the County will need to be increased just to pay the diversion of resources to the State. The General County tax rate would need to be increased approximately 2 ½ cents to pay the approximate diversion of \$200,000, this ignores the needs of the local government. The rate creep that will occur will accelerate the \$3.64 statutory cap issues that are facing us. If this act becomes law, and 50 percent of the future growth in assessed value is diverted to the State, local governments will be required to double any rate increase to generate the same revenue. For those local governments with tax cap issues it means a loss of resources and a reduction in the services provided to the taxpayer.

The County is just completing its tentative budget for FY2003/2004. In an effort to maintain the recommended ending fund balance of 8.3% we need to make reduction of one million dollars or find ways to increase revenues. A property tax increase poses a problem due to our tax cap issue with the City of Carlin. We have had a reduction in work force for the FY2002/2003 and have

EXHIBIT I Committee on Taxation

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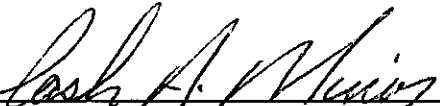
instituted a hiring freeze in an attempt to reduce expenditures. Infrastructure issues which need to be addressed have been frozen at this time due to a lack of resources.

Ultimately taxpayers and residents will bear the cost of this proposal either through increased taxes or a reduction in service levels

We appreciate your consideration of SB308, but Elko County **does not support** passage of SB308. Should you have any questions do not hesitate to contact us.

Respectfully submitted,

John Ellison, Chairman
Board of Elko County Commissioners

By: 
Cash A. Minor
Chief Financial Officer
Elko County

Eiiko County
Analysis of Assessed Value Growth

	Assessed Value W/O Net Proceeds	\$ Increase in Assessed Value	Percentage Increase	CPI	CPI Average	Assessed Value Growth At CPI	Growth Difference	Tax Rate Collected	Tax Dollars Collected	50% Amount
1995-96	656,079,055									
1996-97	705,262,008	49,182,953	7.50%	3.30%	2.83%	674,667,962	30,594,046	2.4828	759,589	\$ 379,794.49
1997-98	755,146,300	49,884,292	7.07%	1.70%	2.50%	722,893,558	32,252,742	2.4817	800,416	\$ 400,208.15
1998-99	786,991,056	31,844,756	4.22%	1.60%	2.20%	771,759,519	15,231,537	2.4387	371,452	\$ 185,725.75
1999-2000	834,439,079	47,448,023	6.03%	2.70%	2.00%	802,730,877	31,708,202	2.4626	780,846	\$ 390,423.09
2000-2001	861,338,895	26,899,816	3.22%	3.40%	2.57%	855,856,349	5,482,546	2.4262	133,018	\$ 66,508.77
2001-2002	864,632,885	3,293,990	0.38%	1.60%	2.57%	883,446,593	(18,813,708)	2.4262	(456,458)	\$ -
2002-2003	871,951,191	7,318,306	0.85%	2.40%	2.47%	885,960,496	(14,009,305)	2.5377	(355,514)	\$ -
2003-2004	864,466,539	(7,484,652)	-0.86%	2.47%	2.16%	890,756,272	(26,289,733)			
							Net Loss of Revenues			\$ 1,422,660.25

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