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ATTACHMENT A
POSSIBLE TECHNICAL AMENDMENTS TO THE SECOND TIER
CONSOLIDATED TAX DISTRIBUTION FORMULA

ITEM	FORMULA SECTION	CONDITION	PROBLEM	PROPOSAL
1	Deficit Distribution	The deficit distribution allocation rate for each entity is calculated based on each entity's percent of total prior year's total distribution.	Entities that receive a greater percent of an excess distribution in the prior year (i.e., higher growth entities) will also receive a higher deficit distribution allocation rate in the subsequent year. This condition compromises the stability objective of the constant dollar base allocation.	Calculate deficit allocation rates according to the proportional share of the current year base (i.e., lesser of actual distribution or prior year base, indexed by the CPI).
2	Excess Distribution	There is no provision in state law to distribute excess revenues when all entities have a negative excess distribution growth factor (i.e., change in population and change in assessed value).	When the formula is calculated using negative growth factors, the excess distribution results are reversed. Therefore, under this condition, the faster declining entities receive a greater share of the excess.	When there are excess revenues and all entities have a negative excess distribution growth factor add a 1 to the negative growth factor.
3	Excess Distribution	Currently, there are counties with declining population but increasing assessed value. The population decline is outpacing the growth rate in assessed value, therefore governmental entities (i.e., County, Cities & Towns) have a negative excess distribution growth factor, but special districts have a positive growth factor.	Under this condition special districts receive 100% of the excess revenue.	When then combined government entities growth factors are negative, special district's growth factor is positive and excess revenues exist, then use county population as a second growth factor for special districts.