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TESTIMONY ON SB495
~~DAVE HUMKE, CHAIRMAN~~
WASHOE COUNTY
BOARD OF COMMISSIONERS
MAY 13, 2003

*John Berkich, Asst
City Mgr.*

Good afternoon, Mr. Chairman and members of the Committee. For the record, my name is Dave Humke, and I am the Chairman of the Washoe County Board of Commissioners and I am here to speak in support of the proposed legislation.

For purposes of this legislation, its history begins in Washoe County; however, the concept was first adopted by the State of Kansas in 2002 and today we're informed that there are at least 6 other states considering the same concept. Why? Because the use of sales tax to finance infrastructure makes available a much more significant revenue stream thus allowing the rapid retirement of debt. While the creation of assessment districts and the use of property tax increment is common practice, the notion of using sales tax increment, generated primarily from the growth in tourism, provides a unique mechanism that benefits both the investor and government.

In Washoe County the concept gained the support of the County Commission on March 25th of this year following staff's discovery of the concept through the efforts of a local development team on a proposed county project.

The Commission approved the concept largely because it was designed to develop a project that would become a significant tourism attraction for Northern Nevada. Thus the proposal before you establishes a mechanism using incremental sales tax revenues within a district to finance infrastructure including art and buildings, which serve as a centers for tourism and entertainment. All such infrastructure is to be publicly owned as part of projects that are found to increase tourism thus generating new sales tax dollars.

The process used to make the findings that the project will generate new sales tax revenues from tourists involves the county, the state commission on tourism and the governor. Once this collective finding is made, the amount of sales tax appropriated must be limited to the amount needed for the approved infrastructure but cannot exceed 75% of what can be collected in sales tax. This provides for no less than 25% to be passed through to the state as it otherwise would together with all property taxes and any other special sales tax components.

The legislation also contains a "make whole" provision for the local government for the provision of services to the district by requiring an agreement between the county and the district to reimburse the serving county for the net loss it might experience in providing services to the district.

Finally, all other revenues of the county are protected, as the general fund and taxing power of the county cannot be pledged toward payment of the bonds from the district.

We urge the committee to approve this enabling legislation as proposed as we believe it would provide a powerful new mechanism for local governments in their continuing efforts to promote tourism, increase state and local revenues and enhance their economies.