

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 01, 2003

Agency Submitting: Compliance Division, Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2002-03	Fiscal Year 2003-04	Fiscal Year 2004-05	Effect on Future Biennia
Local School Support Tax (2.25%) (Revenue)		(\$12,898)	(\$13,621)	(\$27,242)
Basic City Relief (.50%) (Revenue)		(\$2,865)	(\$3,026)	(\$6,052)
Supp. City County Relief (1.75%) (Revenue)		(\$10,031)	(\$10,593)	(\$21,186)
County Optional (.75%) (Revenue)		(\$4,300)	(\$4,541)	(\$9,082)
Category 4 - Notification Costs (Expense)		\$37		
Total		(\$30,131)	(\$31,781)	(\$63,562)

Explanation (Use Additional Sheets of Attachments, if required)

NRS 374.307 allows an exemption from sales and use tax for products or systems using renewable energy to generate electricity. This exemption began January 1, 2002 and currently has an ending date of June 30, 2003. BDR 32-1135 extends this exemption for another four years, until June 30, 2007. Also included in this BDR is an exemption for one additional renewable energy source, and that is products and related components used in solar thermal energy systems to produce solar radiation for heating water. Losses were determined by calculating the revenue lost at the 5.25% tax rate from the two businesses (Independent Power and Alternative Energy Solutions) reporting the 2% State sales tax on renewable energy sources for FY02. This amounts to (\$21,546). Based upon information provided by the two renewable energy businesses listed above for solar thermal energy products sold during FY02, an additional loss was created for products and components used in solar thermal energy systems for heating water. This amounts to (\$5,674). Using Economic Forum projections, these losses were increased by 5.2% for FY03, 5.1% for FY04, and 5.6% for FY05.

Name Dino DiCianno
Title Deputy Executive Director

DEPARTMENT OF ADMINISTRATION'S COMMENT

Date April 03, 2003

The Agency estimate of the fiscal impact appears to be reasonable.

Name John P. Comeaux
Title Director Dept. of Admin.