

NEVADA COMMISSION ON SCHOOL FUNDING

Sales and Use Tax Considerations

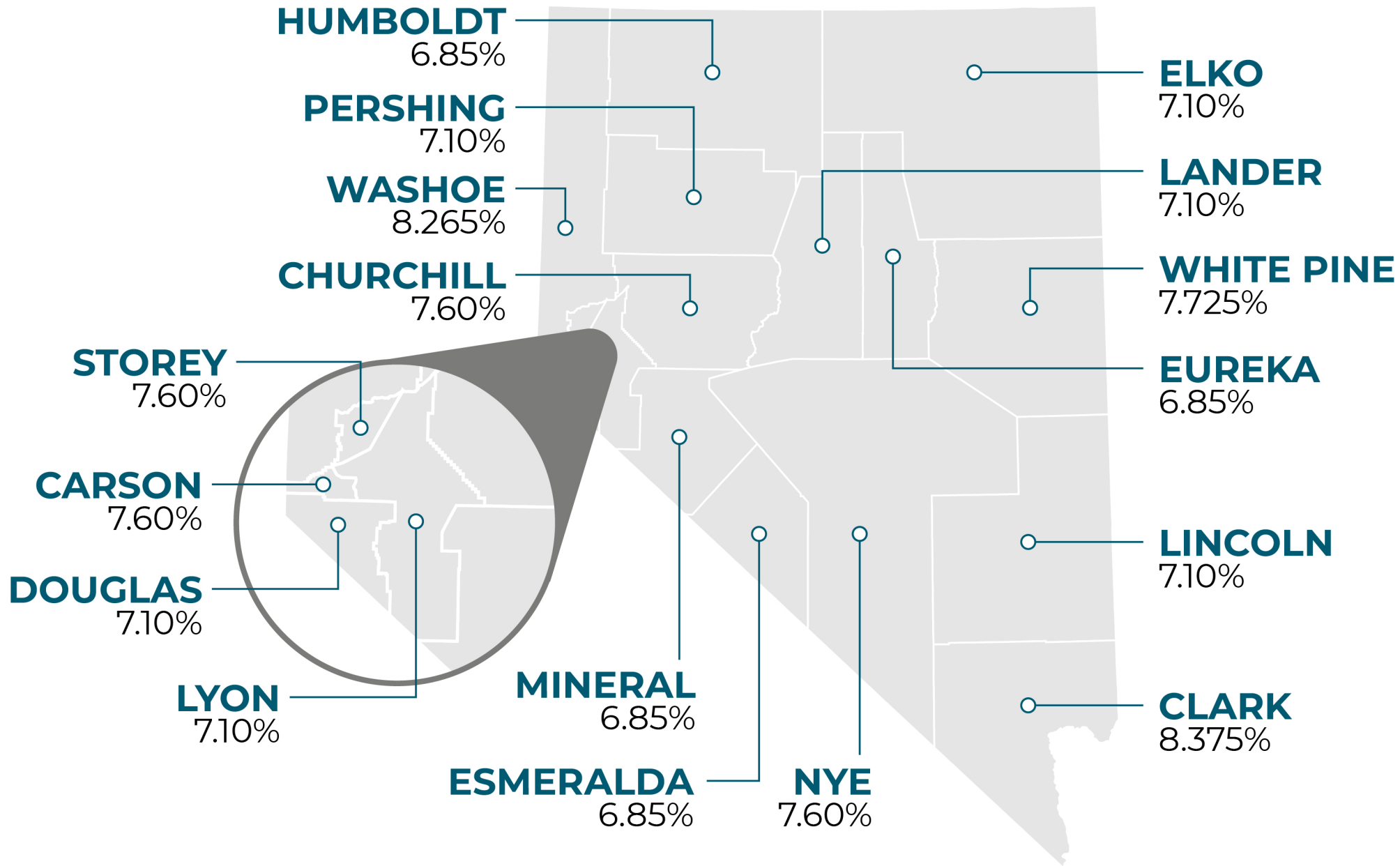
July 19, 2024





INTRODUCTION & BACKGROUND





Retail Sales Tax Allocation

(Minimum Statewide Rate of 6.85%)

Supplemental City-County Relief Tax 1.750%

Basic City-County Relief Tax 0.500%

Local School Support Tax 2.600%

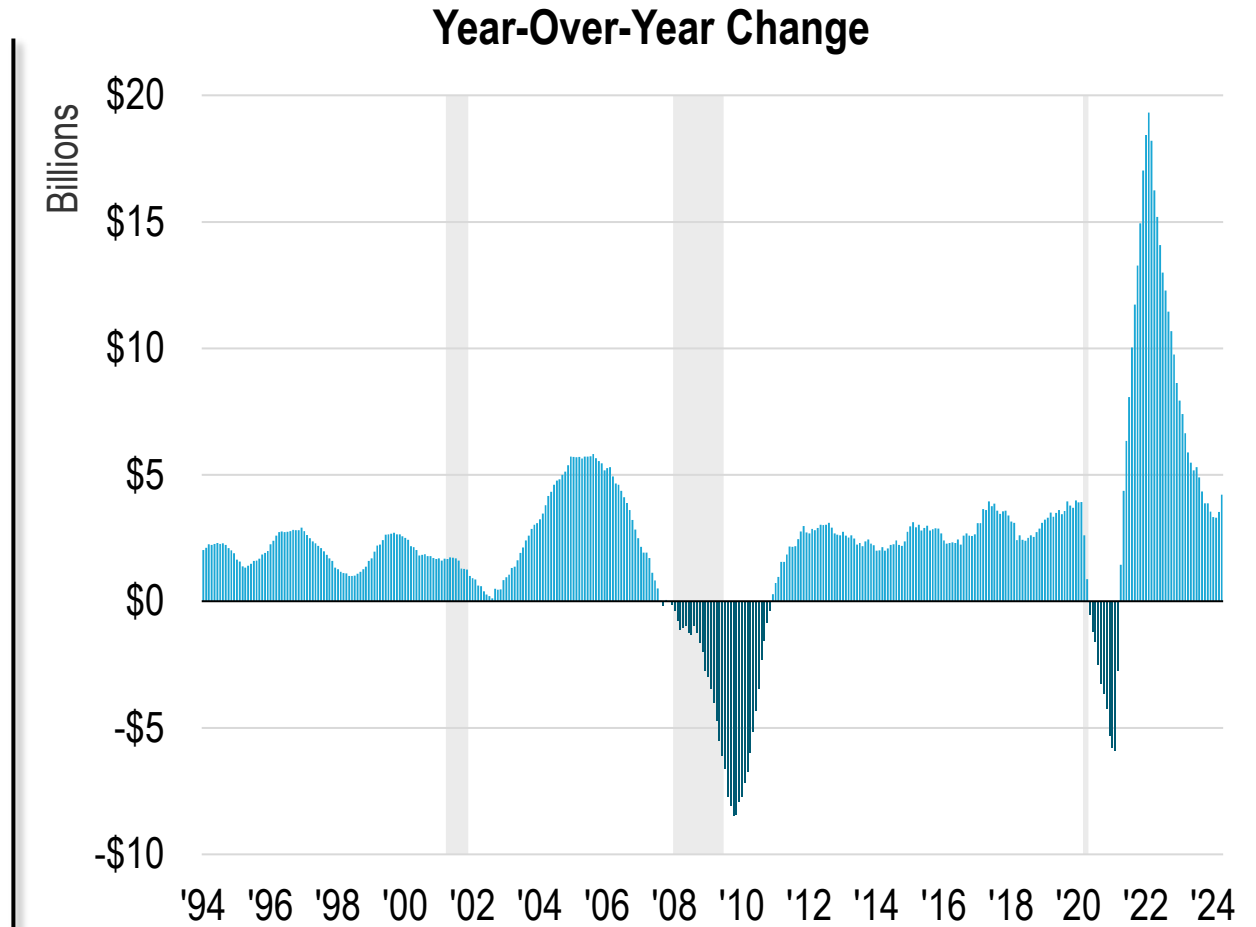
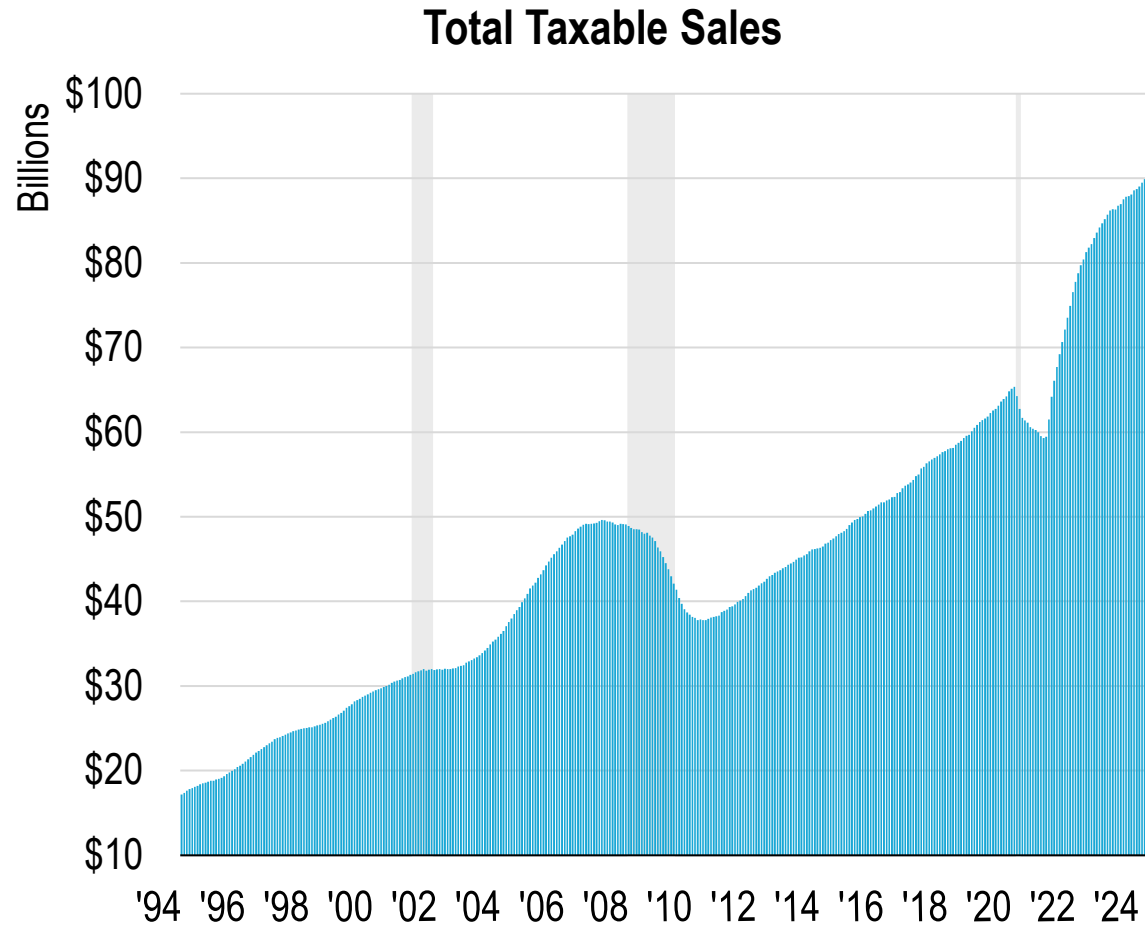
Sales Tax 2.000%

38%

of Minimum Statewide Rate Inures to the Benefit of Education

Nevada Taxable Sales

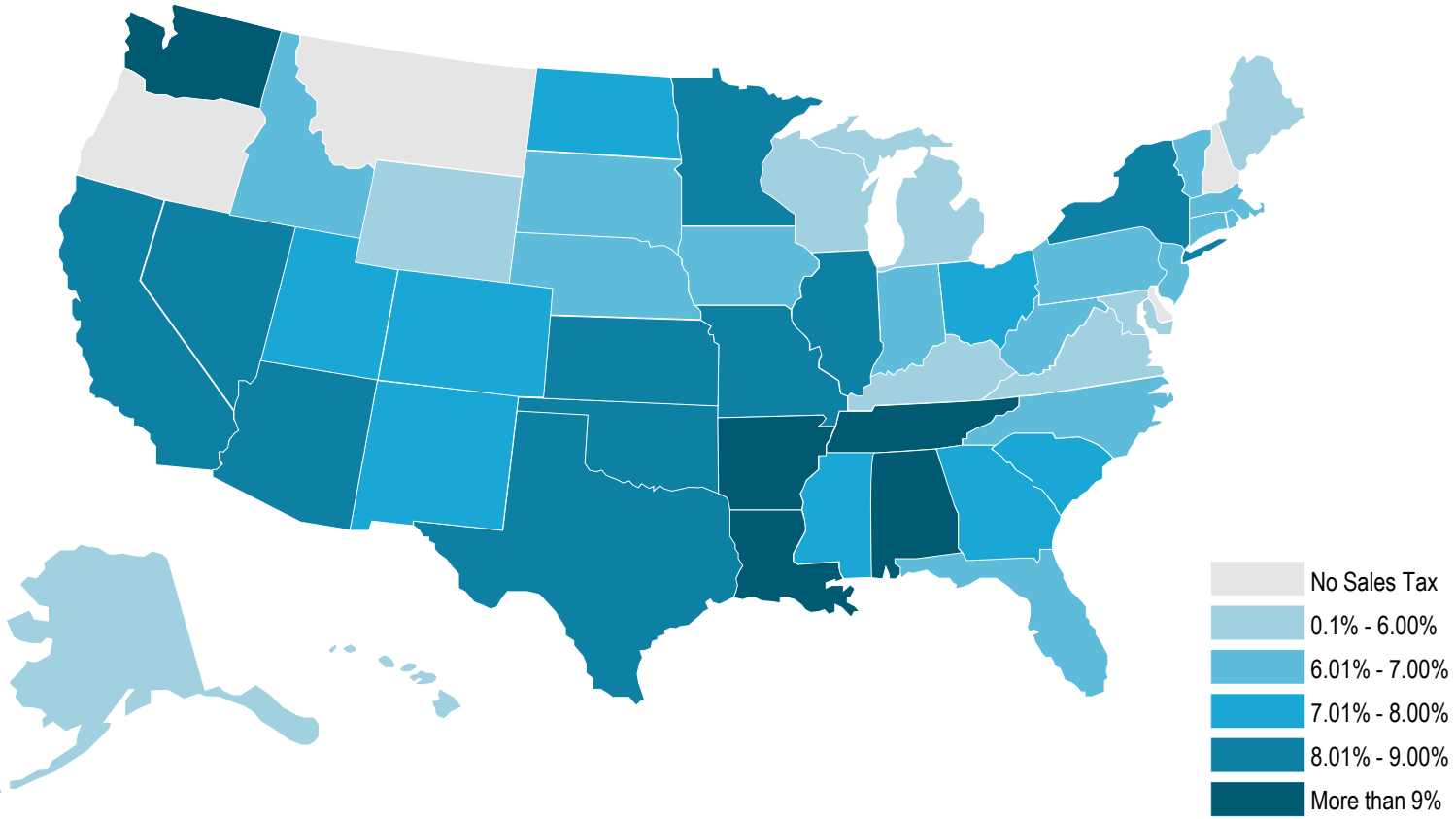
Trailing 12-Month Totals



Source: Nevada Department of Taxation. Note: Data through April 2024 (latest available).

Sales Tax Rates

Nationwide Comparison | 2024 Combined* Sales Tax Rate



Rank	State	Rate
1	Louisiana	9.57%
2	Tennessee	9.56%
3	Arkansas	9.47%
4	Washington	9.45%
5	Alabama	9.29%
6	Oklahoma	9.00%
7	Illinois	8.87%
8	California	8.80%
9	Kansas	8.78%
10	New York	8.53%
13	NEVADA	8.24%

Source: Sales Tax Clearinghouse; Tax Foundation; State revenue department websites. Notes: *Combined rate includes state tax rate and average local tax rate. City, county and municipal rates vary. These rates are weighted by population to compute an average local tax rate. The sales taxes in Hawaii, New Mexico and South Dakota have broad bases that include many business-to-business services. D.C.'s rank does not affect states ranks.

SALES TAX ANALYSIS



**INCREASE
RATE**
(Current Base)



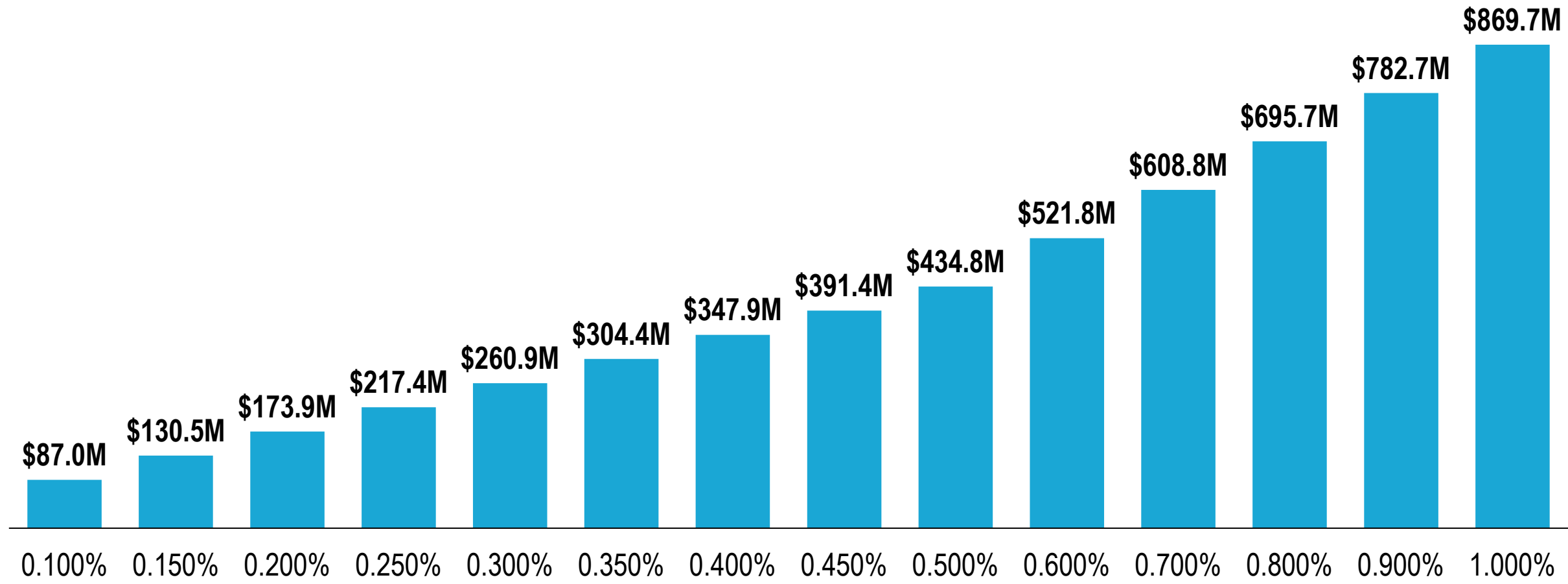
**SALES
TAX**



**EXPAND
BASE**
(New or Existing Rate)

Sales Tax Incremental Increase

FY 2023 | At Various Incremental Rates Dedicated to Education



Source: Nevada Department of Taxation; Applied Analysis.

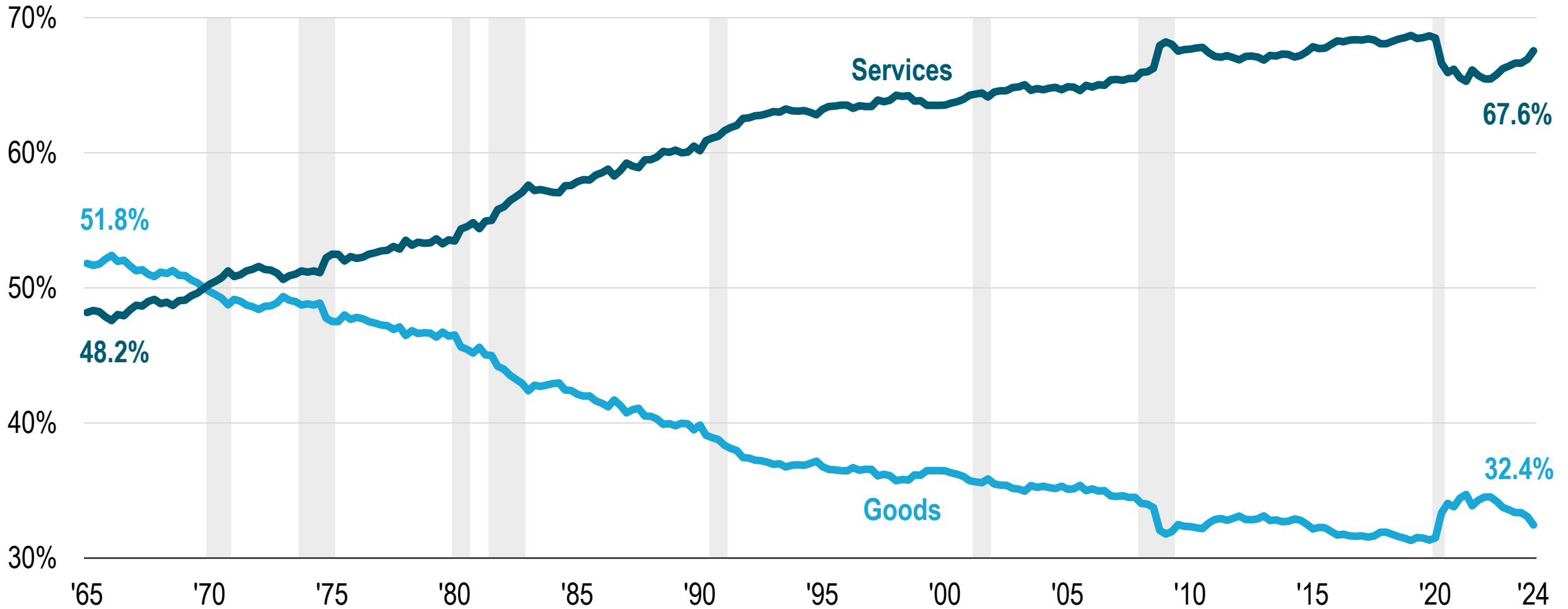
60.7%

Of Total Expenditures in Nevada are Non-Taxable

Source: IMPLAN; Bureau of Economic Analysis; Nevada Department of Taxation; Applied Analysis. Note: Based on 2022 values.

Personal Consumption Expenditures By Type

United States | Q1 1960 – Q1 2024



Source: U.S. Bureau of Economic Analysis; Applied Analysis.

Expanding the Taxable Base

Three Pathways

1

ELIMINATE EXEMPTIONS
(Remove all or selected explicit exemptions)

2

CURRENT TAX RATE
(Apply current sales tax rate to selected services)

3

NEW TAX RATE
(Apply dedicated education tax to selected services)

Expanding the Taxable Base

Three Pathways

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(Apply current sales tax rate to selected services)

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NEW TAX RATE
(Apply dedicated education tax to selected services)

**EXPLICIT EXEMPTIONS ARE DEFINED IN CHAPTER
372 OF THE NEVADA REVISED STATUTES.
EXEMPTIONS MUST BE EITHER VOTER APPROVED
OR LEGISLATIVELY APPROVED.**

Explicit Exemptions



Source: Nevada Revised Statutes.

Expanding the Taxable Base

Three Pathways

1

ELIMINATE EXEMPTIONS
(Remove all or selected explicit exemptions)

2

CURRENT TAX RATE
(Apply current sales tax rate to selected services)

3

NEW TAX RATE
(Apply dedicated education tax to selected services)

Revenue Generation Matrix

Annual | Base Expansion at Current Sales and Use Tax Rate

		Sales and Use Tax Category					Total
		Sales Tax	LSST	BCCRT	SCCRT	Other Local	
TAXABLE SERVICES BASE	\$2.0 Billion	\$40.0 M	\$52.0 M	\$10.0 M	\$35.0 M	\$27.6 M	\$164.6 M
	\$3.0 Billion	\$60.0 M	\$78.0 M	\$15.0 M	\$52.5 M	\$41.4 M	\$246.9 M
	\$4.0 Billion	\$80.0 M	\$104.0 M	\$20.0 M	\$70.0 M	\$55.2 M	\$329.2 M
	\$5.0 Billion	\$100.0 M	\$130.0 M	\$25.0 M	\$87.5 M	\$69.0 M	\$411.5 M
	\$10.0 Billion	\$200.0 M	\$260.0 M	\$50.0 M	\$175.0 M	\$138.0 M	\$823.0 M
	\$15.0 Billion	\$300.0 M	\$390.0 M	\$75.0 M	\$262.5 M	\$206.9 M	\$1,234.4 M
	\$25.0 Billion	\$500.0 M	\$650.0 M	\$125.0 M	\$437.5 M	\$344.9 M	\$2,057.4 M
	\$50.0 Billion	\$1,000.0 M	\$1,300.0 M	\$250.0 M	\$875.0 M	\$689.8 M	\$4,114.8 M
	\$75.0 Billion	\$1,500.0 M	\$1,950.0 M	\$375.0 M	\$1,312.5 M	\$1,034.7 M	\$6,172.2 M
	\$100.0 Billion	\$2,000.0 M	\$2,600.0 M	\$500.0 M	\$1,750.0 M	\$1,379.6 M	\$8,229.6 M

Expanding the Taxable Base

Three Pathways

1

ELIMINATE EXEMPTIONS
(Remove all or selected explicit exemptions)

2

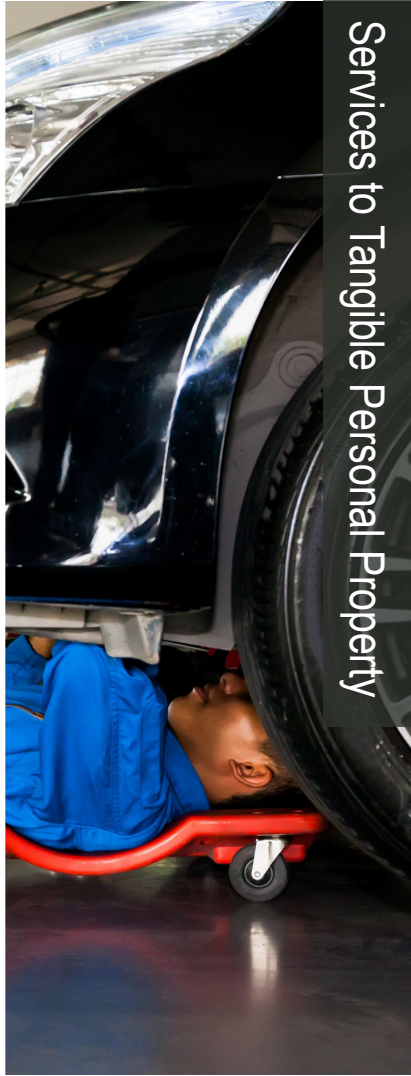
CURRENT TAX RATE
(Apply current sales tax rate to selected services)

3

NEW TAX RATE
(Apply dedicated education tax to selected services)

IMPLICIT EXEMPTIONS ARE NOT SPECIFICALLY IDENTIFIED BY STATUTE, BUT ARE CONSIDERED EXEMPT BASED ON INTERPRETATION OF THE DEFINITION OF SALES AND USE TAX

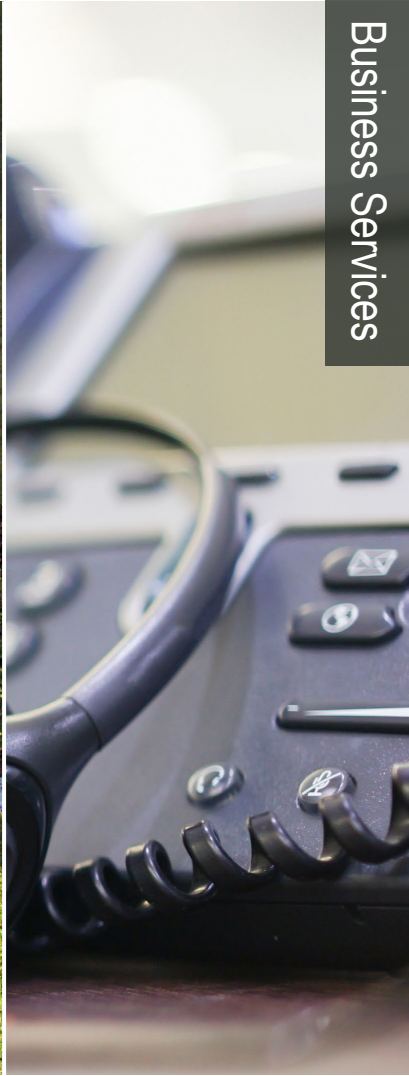
Implicit Exemptions



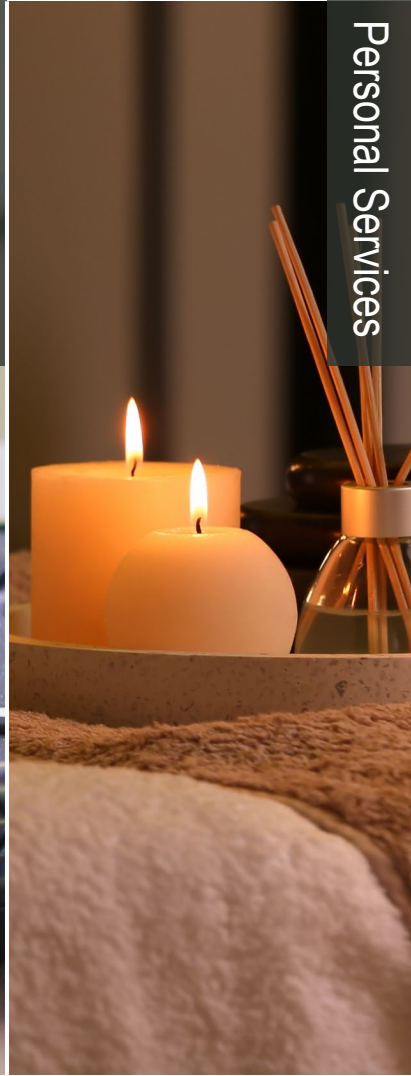
Services to Tangible Personal Property



Services to Real Property



Business Services



Personal Services



Professional Services



Amusement and Recreation

Source: Nevada Revised Statutes.

Revenue Generation Matrix

Annual | At Various Taxable Services Bases and Tax Rates

		TAXABLE SERVICES BASE										
		\$1.0 Billion	\$2.0 Billion	\$3.0 Billion	\$4.0 Billion	\$5.0 Billion	\$10.0 Billion	\$15.0 Billion	\$25.0 Billion	\$50.0 Billion	\$75.0 Billion	\$100.0 Billion
SERVICE TAX RATE	0.10%	\$1.0 M	\$2.0 M	\$3.0 M	\$4.0 M	\$5.0 M	\$10.0 M	\$15.0 M	\$25.0 M	\$50.0 M	\$75.0 M	\$100.0 M
	0.20%	\$2.0 M	\$4.0 M	\$6.0 M	\$8.0 M	\$10.0 M	\$20.0 M	\$30.0 M	\$50.0 M	\$100.0 M	\$150.0 M	\$200.0 M
	0.30%	\$3.0 M	\$6.0 M	\$9.0 M	\$12.0 M	\$15.0 M	\$30.0 M	\$45.0 M	\$75.0 M	\$150.0 M	\$225.0 M	\$300.0 M
	0.40%	\$4.0 M	\$8.0 M	\$12.0 M	\$16.0 M	\$20.0 M	\$40.0 M	\$60.0 M	\$100.0 M	\$200.0 M	\$300.0 M	\$400.0 M
	0.50%	\$5.0 M	\$10.0 M	\$15.0 M	\$20.0 M	\$25.0 M	\$50.0 M	\$75.0 M	\$125.0 M	\$250.0 M	\$375.0 M	\$500.0 M
	0.75%	\$7.5 M	\$15.0 M	\$22.5 M	\$30.0 M	\$37.5 M	\$75.0 M	\$112.5 M	\$187.5 M	\$375.0 M	\$562.5 M	\$750.0 M
	1.00%	\$10.0 M	\$20.0 M	\$30.0 M	\$40.0 M	\$50.0 M	\$100.0 M	\$150.0 M	\$250.0 M	\$500.0 M	\$750.0 M	\$1,000.0 M
	1.25%	\$12.5 M	\$25.0 M	\$37.5 M	\$50.0 M	\$62.5 M	\$125.0 M	\$187.5 M	\$312.5 M	\$625.0 M	\$937.5 M	\$1,250.0 M
	1.50%	\$15.0 M	\$30.0 M	\$45.0 M	\$60.0 M	\$75.0 M	\$150.0 M	\$225.0 M	\$375.0 M	\$750.0 M	\$1,125.0 M	\$1,500.0 M
	1.75%	\$17.5 M	\$35.0 M	\$52.5 M	\$70.0 M	\$87.5 M	\$175.0 M	\$262.5 M	\$437.5 M	\$875.0 M	\$1,312.5 M	\$1,750.0 M
	2.00%	\$20.0 M	\$40.0 M	\$60.0 M	\$80.0 M	\$100.0 M	\$200.0 M	\$300.0 M	\$500.0 M	\$1,000.0 M	\$1,500.0 M	\$2,000.0 M
	2.50%	\$25.0 M	\$50.0 M	\$75.0 M	\$100.0 M	\$125.0 M	\$250.0 M	\$375.0 M	\$625.0 M	\$1,250.0 M	\$1,875.0 M	\$2,500.0 M
	3.00%	\$30.0 M	\$60.0 M	\$90.0 M	\$120.0 M	\$150.0 M	\$300.0 M	\$450.0 M	\$750.0 M	\$1,500.0 M	\$2,250.0 M	\$3,000.0 M
	3.50%	\$35.0 M	\$70.0 M	\$105.0 M	\$140.0 M	\$175.0 M	\$350.0 M	\$525.0 M	\$875.0 M	\$1,750.0 M	\$2,625.0 M	\$3,500.0 M
	4.00%	\$40.0 M	\$80.0 M	\$120.0 M	\$160.0 M	\$200.0 M	\$400.0 M	\$600.0 M	\$1,000.0 M	\$2,000.0 M	\$3,000.0 M	\$4,000.0 M
	4.50%	\$45.0 M	\$90.0 M	\$135.0 M	\$180.0 M	\$225.0 M	\$450.0 M	\$675.0 M	\$1,125.0 M	\$2,250.0 M	\$3,375.0 M	\$4,500.0 M
	5.00%	\$50.0 M	\$100.0 M	\$150.0 M	\$200.0 M	\$250.0 M	\$500.0 M	\$750.0 M	\$1,250.0 M	\$2,500.0 M	\$3,750.0 M	\$5,000.0 M
5.50%	\$55.0 M	\$110.0 M	\$165.0 M	\$220.0 M	\$275.0 M	\$550.0 M	\$825.0 M	\$1,375.0 M	\$2,750.0 M	\$4,125.0 M	\$5,500.0 M	
6.00%	\$60.0 M	\$120.0 M	\$180.0 M	\$240.0 M	\$300.0 M	\$600.0 M	\$900.0 M	\$1,500.0 M	\$3,000.0 M	\$4,500.0 M	\$6,000.0 M	
6.50%	\$65.0 M	\$130.0 M	\$195.0 M	\$260.0 M	\$325.0 M	\$650.0 M	\$975.0 M	\$1,625.0 M	\$3,250.0 M	\$4,875.0 M	\$6,500.0 M	
6.85%	\$68.5 M	\$137.0 M	\$205.5 M	\$274.0 M	\$342.5 M	\$685.0 M	\$1,027.5 M	\$1,712.5 M	\$3,425.0 M	\$5,137.5 M	\$6,850.0 M	

Service-Related Categories | Total Sales

Nevada | 2022

MAJOR TAXABLE SERVICE CATEGORIES

1	TRANSPORTATION	10	AUTO REPAIR
2	BROADCASTS	11	CAR WASH
3	TELECOMMUNICATIONS	12	OTHER REPAIRS
4	INFORMATION	13	PERSONAL CARE
5	FINANCE	14	GIVING & RELIGIOUS
6	PROF. & BUSINESS	15	BUSINESS ASSOC.
7	EDUCATION	16	LABOR & CIVIC CLUBS
8	HEALTHCARE	17	GOVERNMENT
9	RECREATION		

Source: IMPLAN; Applied Analysis.

Service-Related Categories | Total Sales

Nevada | 2022

MAJOR TAXABLE SERVICE CATEGORIES					
1	TRANSPORTATION	\$17.8 B	10	AUTO REPAIR	\$2.2 B
2	BROADCASTS	\$1.0 B	11	CAR WASH	\$1.5 B
3	TELECOMMUNICATIONS	\$2.7 B	12	OTHER REPAIRS	\$1.3 B
4	INFORMATION	\$3.4 B	13	PERSONAL CARE	\$6.2 B
5	FINANCE	\$68.7 B	14	GIVING & RELIGIOUS	\$1.1 B
6	PROF. & BUSINESS	\$45.8 B	15	BUSINESS ASSOC.	\$0.2 B
7	EDUCATION	\$2.3 B	16	LABOR & CIVIC CLUBS	\$1.0 B
8	HEALTHCARE	\$22.4 B	17	GOVERNMENT	\$3.7 B
9	RECREATION	\$4.4 B			

Source: IMPLAN; Applied Analysis.

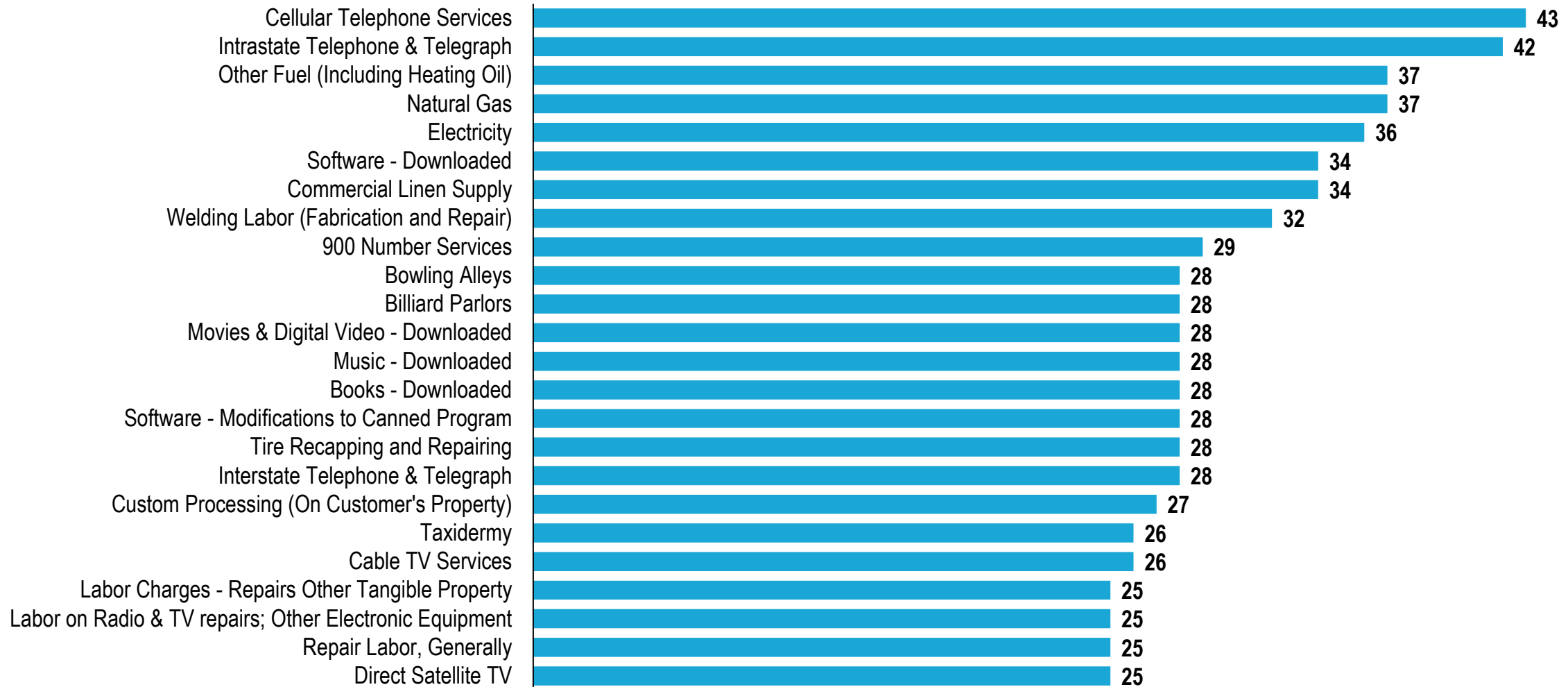
Service-Related Categories | Total Sales

Nevada | 2022

MAJOR TAXABLE SERVICE CATEGORIES					
1	TRANSPORTATION	\$17.8 B	10	AUTO REPAIR	\$2.2 B
2	BROADCASTS	\$1.0 B	11	CAR WASH	\$1.5 B
3	TELECOMMUNICATIONS	\$2.7 B	12	OTHER REPAIRS	\$1.3 B
4	INFORMATION	\$3.4 B	13	PERSONAL CARE	\$6.2 B
5	FINANCE	\$68.7 B	14	GIVING & RELIGIOUS	\$1.1 B
6	PROF. & BUSINESS	\$45.8 B	15	BUSINESS ASSOC.	\$0.2 B
7	EDUCATION	\$2.3 B	16	LABOR & CIVIC CLUBS	\$1.0 B
8	HEALTHCARE	\$22.4 B	17	GOVERNMENT	\$3.7 B
9	RECREATION	\$4.4 B			

Source: IMPLAN; Applied Analysis.

Most Common Services Subject to Sales and Use Tax in Other States but Exempt in Nevada



Source: Federation of Tax Administrators (2017 Survey), Applied Analysis.

Telecommunications

Nevada | 2022 Current Sales Tax Rate

\$222.5 M

TOTAL TAX
REVENUE POTENTIAL

\$69.9 M

LOCAL SCHOOL SUPPORT TAX
REVENUE POTENTIAL

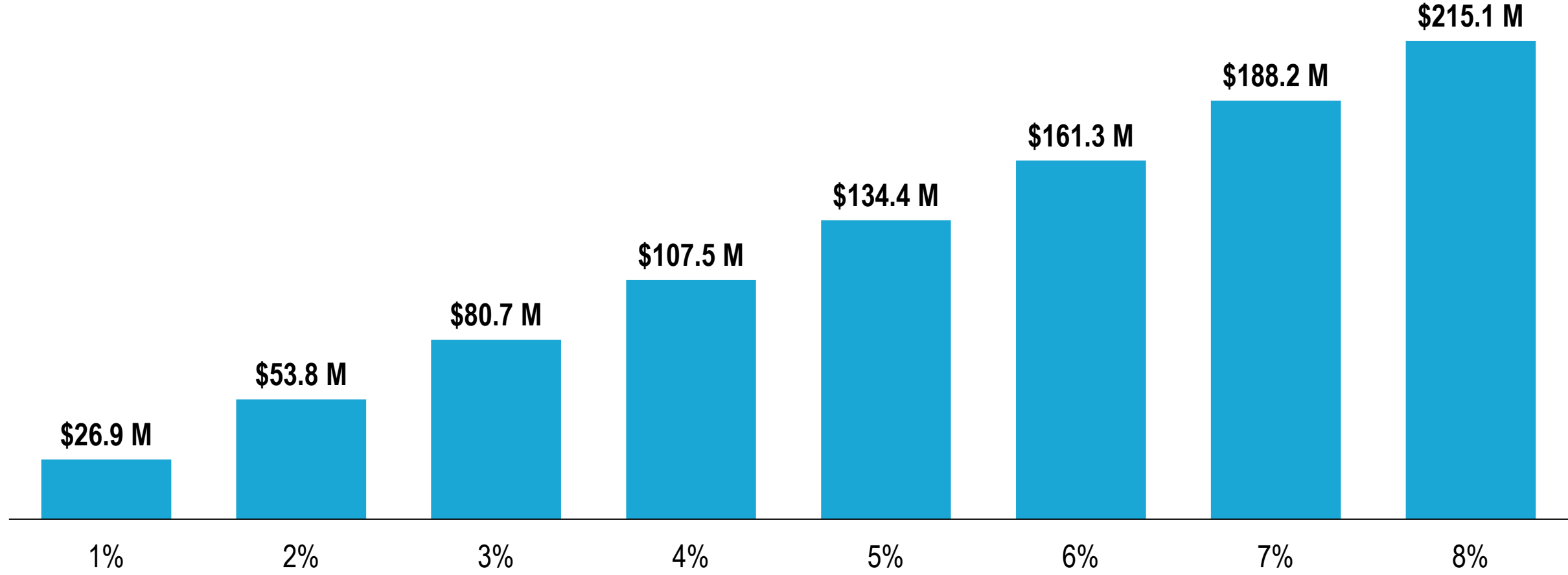
Category	Total Sales	Total Tax Revenue	K-12 Tax Revenue
Wired Telecommunications	\$1,658.9 M	\$137.2 M	\$43.1 M
Wireless Telecommunications ^[1]	\$834.7 M	\$69.0 M	\$21.7 M
All Other Telecommunications ^[2]	\$194.9 M	\$16.3 M	\$5.1 M
TOTAL	\$2,688.5 M	\$222.5 M	\$69.9 M

[1] Does not include satellites

[2] Includes satellite, telecommunications resellers and all other telecommunications

Telecommunications

Nevada | 2022 Dedicated Education Tax



Source: IMPLAN; Applied Analysis.

Recreation

Nevada | 2022 Current Sales Tax Rate

\$362.4 M

TOTAL TAX
REVENUE POTENTIAL

\$113.7 M

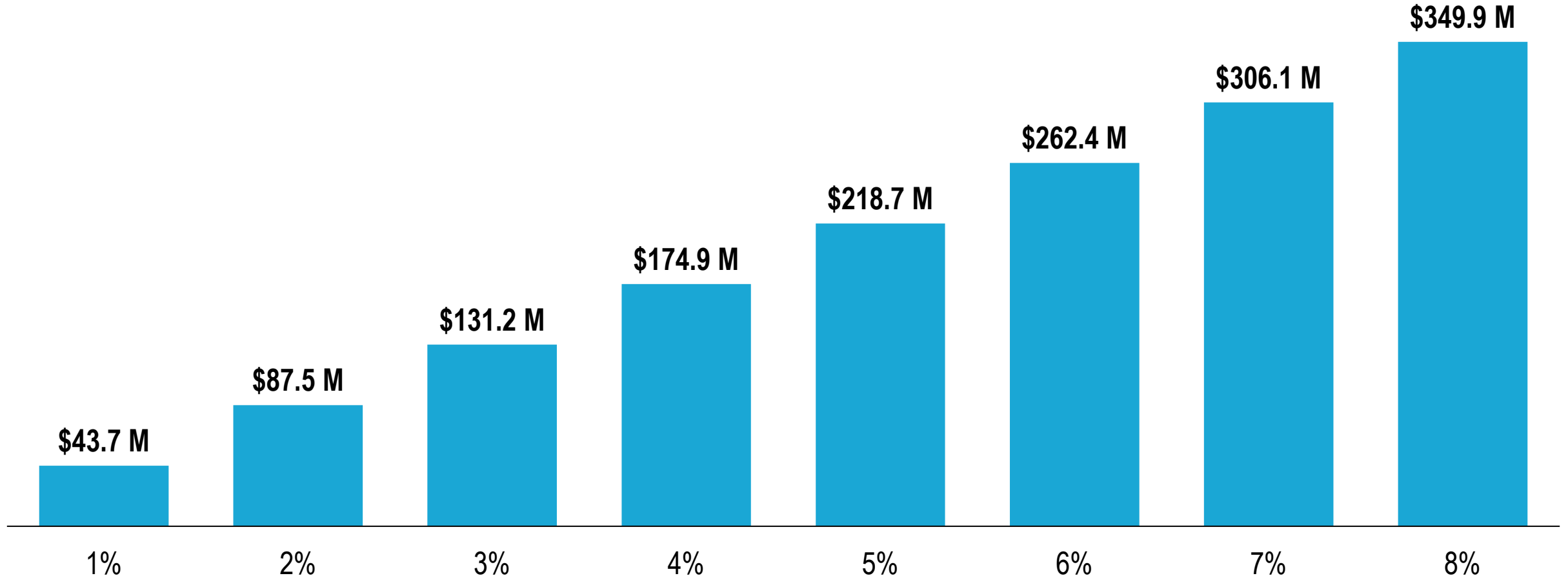
LOCAL SCHOOL SUPPORT TAX
REVENUE POTENTIAL

Category	Total Sales	Total Tax Revenue	K-12 Tax Revenue
Commercial Sports (Except Racing)	\$980.1 M	\$81.9 M	\$25.5 M
Racing and Track Operation	\$37.3 M	\$3.1 M	\$1.0 M
Independent Artists/Writers/Performers	\$634.4 M	\$52.3 M	\$16.5 M
Promotional Services (Arts/Sports/Public Figures)	\$893.2 M	\$74.4 M	\$23.2 M
Museum, Heritage, Zoo, and Recreational	\$169.5 M	\$14.0 M	\$4.4 M
Amusement Parks and Arcades	\$75.3 M	\$6.3 M	\$2.0 M
Other Amusement and Recreation	\$825.1 M	\$67.8 M	\$21.5 M
Fitness and Recreational Sports Centers	\$558.9 M	\$46.3 M	\$14.5 M
Bowling Activities	\$199.4 M	\$16.5 M	\$5.2 M
TOTAL	\$4,373.3 M	\$362.4 M	\$113.7 M

Source: IMPLAN; Applied Analysis.

Recreation

Nevada | 2022 Dedicated Education Tax



Source: IMPLAN; Applied Analysis.

Personal Care Services

Nevada | 2022 Current Sales Tax Rate

\$515.4 M

TOTAL TAX
REVENUE POTENTIAL

\$162.0 M

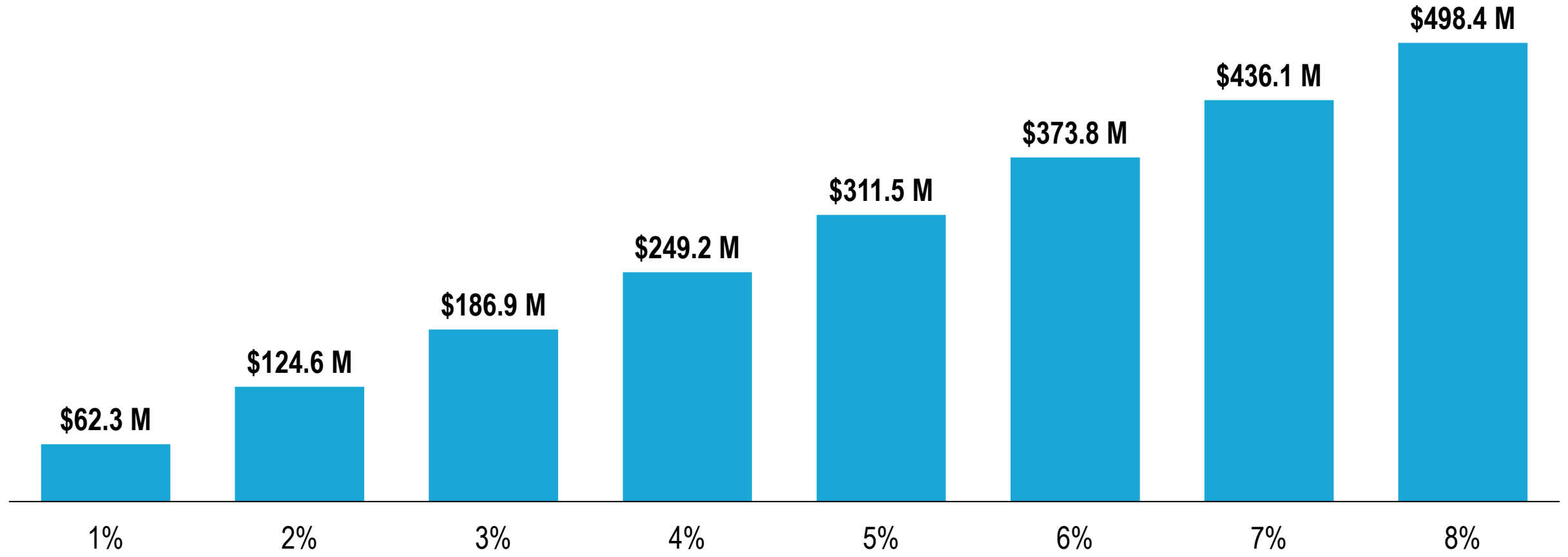
LOCAL SCHOOL SUPPORT TAX
REVENUE POTENTIAL

Category	Total Sales	Total Tax Revenue	K-12 Tax Revenue
Scenic/Sightseeing Transportation Services	\$1,272.0 M	\$104.9 M	\$33.1 M
Photographic Services	\$293.4 M	\$24.4 M	\$7.6 M
Veterinary Services	\$398.8 M	\$32.8 M	\$10.4 M
Travel Arrangement/Reservation Services	\$961.9 M	\$79.7 M	\$25.0 M
Landscape/Horticultural Services	\$1,412.1 M	\$116.9 M	\$36.7 M
Personal Care Services	\$498.8 M	\$41.4 M	\$13.0 M
Death Care Services	\$108.8 M	\$9.0 M	\$2.8 M
Dry-Cleaning/Laundry Services	\$381.2 M	\$31.6 M	\$9.9 M
Other Personal Services	\$710.8 M	\$58.8 M	\$18.5 M
Household Service (Cooking/Housecleaning/Gardening)	\$192.5 M	\$15.9 M	\$5.0 M
TOTAL	\$6,230.3 M	\$515.4 M	\$162.0 M

Source: IMPLAN; Applied Analysis.

Personal Care Services

Nevada | 2022 Dedicated Education Tax



Source: IMPLAN; Applied Analysis.

3.8%

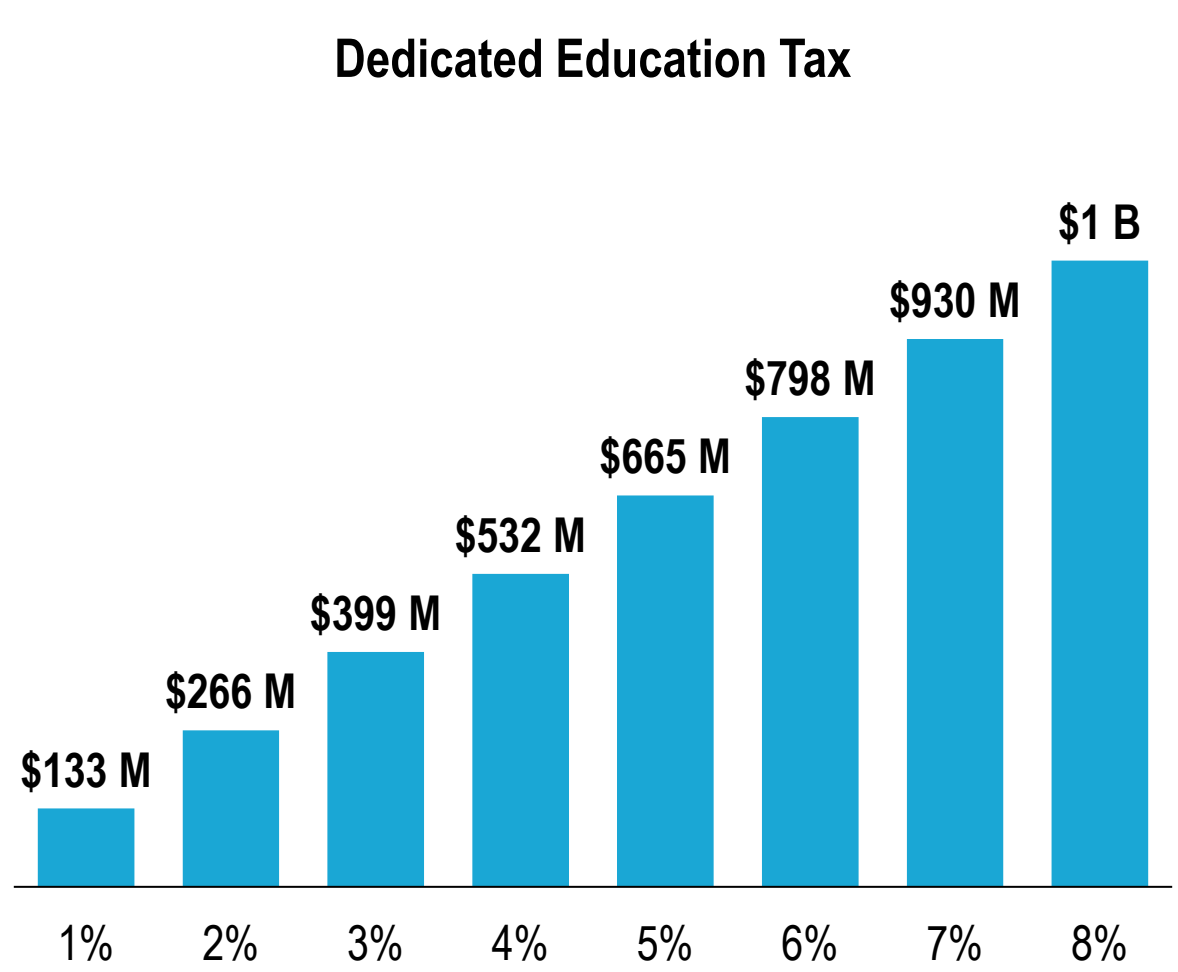
Of Total Expenditures Comprise
Selected Service Categories

Source: IMPLAN; Bureau of Economic Analysis; Nevada Department of Taxation; Applied Analysis. Note: Based on 2022 values.

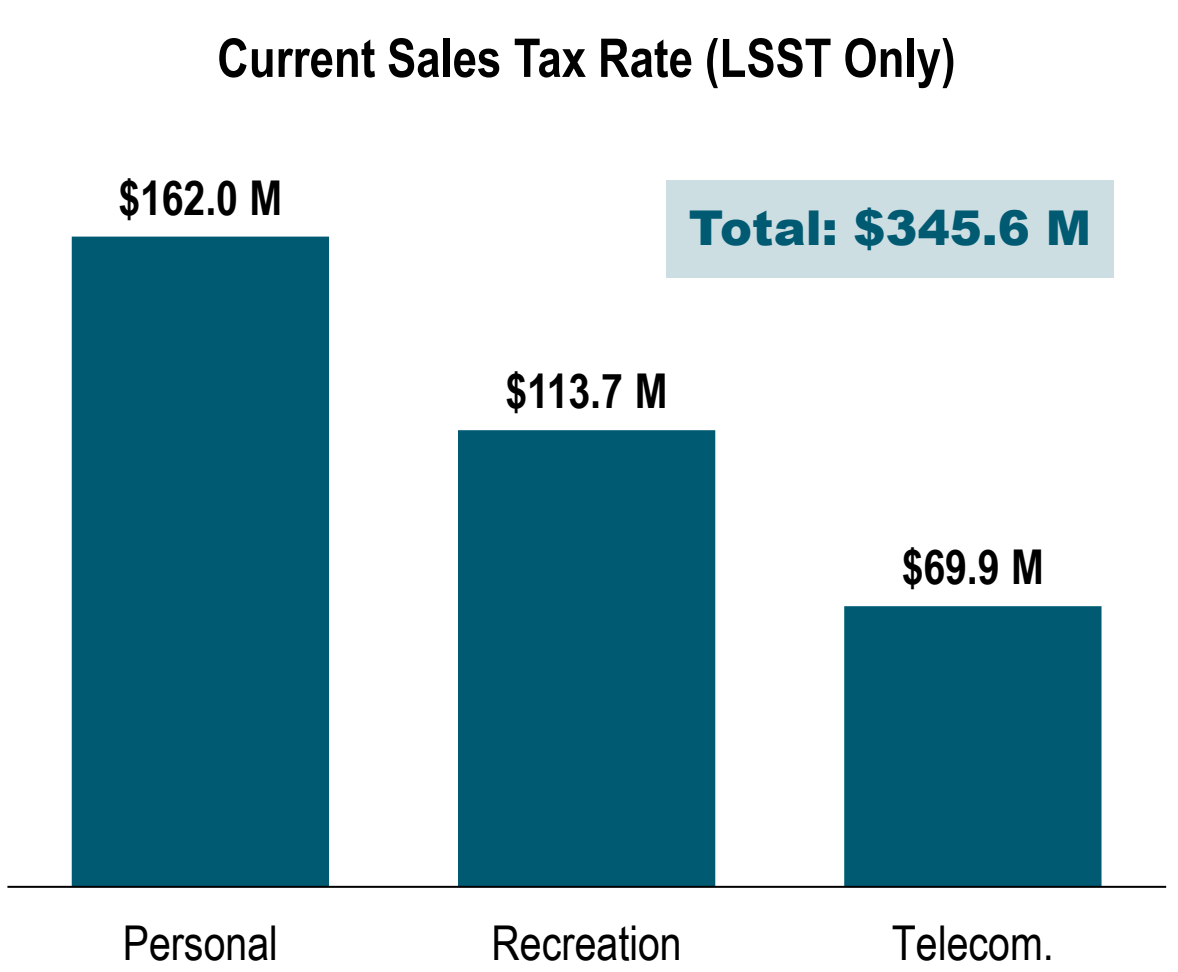
Tax Revenue Potential

Nevada | Telecommunications, Personal and Recreation

Dedicated Education Tax



Current Sales Tax Rate (LSST Only)



Source: Bureau of Economic Analysis; US Census Bureau; Applied Analysis.