

COMMISSION ON
SCHOOL FUNDING

K12 FUNDING CONSIDERATIONS





Nevada Has a Number of Alternative Revenue Sources...



Few Can Provide Sufficient Revenue and Have a Rational Nexus to K-12 Education





Ad Valorem (Property) Tax

Current Tax Base:	\$139.8 Billion
Current Tax Rate (Average):	\$3.19 / \$100 of Value
Current Tax Yield:	\$3.4 Billion

Yield Potential:	
1 Cent (Inside Abatement)	\$1.6 Million
1 Cent (Outside Abatement)	\$12.4 Million

Reform Potential:	Modifying Emergency Abatement Modifying Depreciation Assessing at Market Value Reset on Sale Income Approach Reset
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Challenges:	Abatements Are Popular Impacts Residential Taxpayers Some Reforms Constitutional
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Sales and Use Tax

Current Tax Base:	\$58.9 Billion
Current Tax Rate (Statewide):	6.85 Percent
Current Tax Yield:	\$4.8 Billion

Yield Potential:	
0.25% Rate Increase	\$147.3 Million
\$1 Billion Base Expansion	\$82.2 Million

Reform Potential:	Expand Base to Include Services Include Digital Goods Revisit Explicit Exemptions
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Challenges:	Sales Tax Tends to Be Regressive Current Sales Tax Rate is High Identification of Services to Include Local-State-Education Split
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Gaming/ Tourism Taxes

(Gaming, Rooms, LET)

Current Tax Base:	\$10.7 Billion
Current Tax Rate (Weighted Avg.):	8.1 Percent
Current Tax Yield:	\$863.1 Million

Yield Potential:	
0.25% Rate Increase Gaming Fee	\$21.0 Million
0.25% Rate Increase Rooms	\$5.7 Million
0.25% Rate Increase LET	\$2.0 Million

Reform Potential: Create Equity Between Restricted and Non-Restricted Gaming Licensees
Address Exemptions in Live Entertainment Tax

Challenges: Tourism Already Bears a Disproportionate Share of the Total State Funding Sector in Historic Recession



Business Taxes

Current Tax Base:	\$166.2 Billion
Current Tax Rate (Statewide):	0.5 Percent
Current Tax Yield:	\$813.4 Million

Yield Potential:	
0.01% Increase in MBT	\$4.1 Million
0.01% Increase in Commerce Tax	\$14.8 Million

Reform Potential:	Greater Alignment Between Labor-Intensive and Capital-Intensive Businesses
	Decrease Standard Deductions to Capture More Business Activity

Challenges:	Combined Tax Rates Relatively High
	Base Expansion Will Impact Smaller Businesses



Mining Taxes

Current Tax Base:	\$8.2 Billion
Current Tax Rate (Statewide):	5.0 Percent
Current Tax Yield:	\$156.0 Million

Yield Potential:	
0.01% Increase on Net Proceeds	\$311,991
0.01% Increase on Gross Proceeds	\$818,457

Reform Potential:	Senate Joint Resolution 1
	Assembly Joint Resolution 1
	Assembly Joint Resolution 2
	Adjustment to Allowable Deductions

Challenges:	Constitutional Changes
	Potential Economic Instability in
	Rural Nevada

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