

NEVADA COMMISSION ON SCHOOL FUNDING

REVIEW OF TARGETS AND REVENUE ALTERNATIVES

June 21, 2024



Review of Funding Targets and Alternatives

1

Review Funding Targets

Provide a summary of potential funding level requirements over the course of the next 10 years (review from last meeting)

2

Review Property Tax Scenarios

Provide a summary of the potential funding impacts sourced to various adjustments to abatements, depreciation and property assessment levels

3

Review Sales Tax Scenarios

Provide a summary of potential funding impacts sourced to various adjustments to the sales tax base and rates

Review of Funding Targets and Alternatives

1

Review Funding Targets

Provide a summary of potential funding level requirements over the course of the next 10 years (review from last meeting)

2

Review Property Tax Scenarios

Provide a summary of the potential funding impacts sourced to various adjustments to abatements, depreciation and property assessment levels

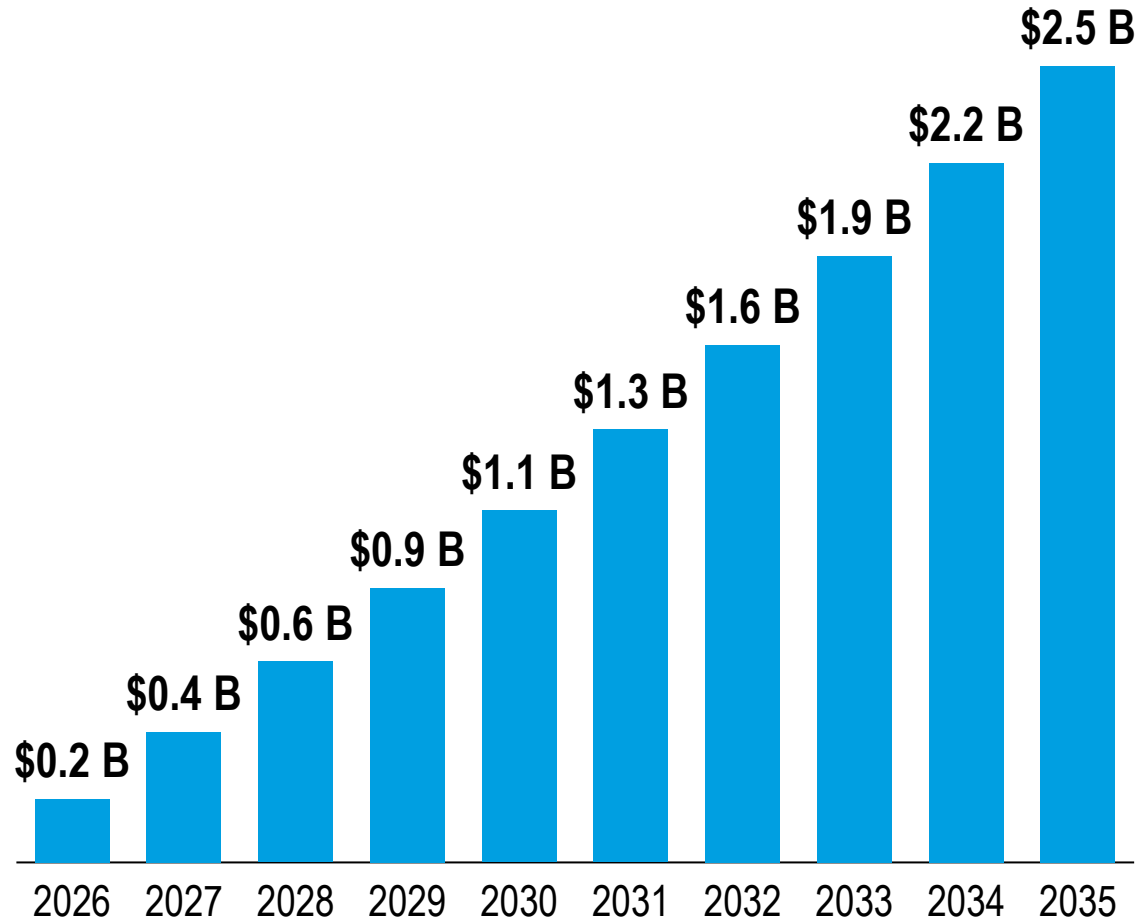
3

Review Sales Tax Scenarios

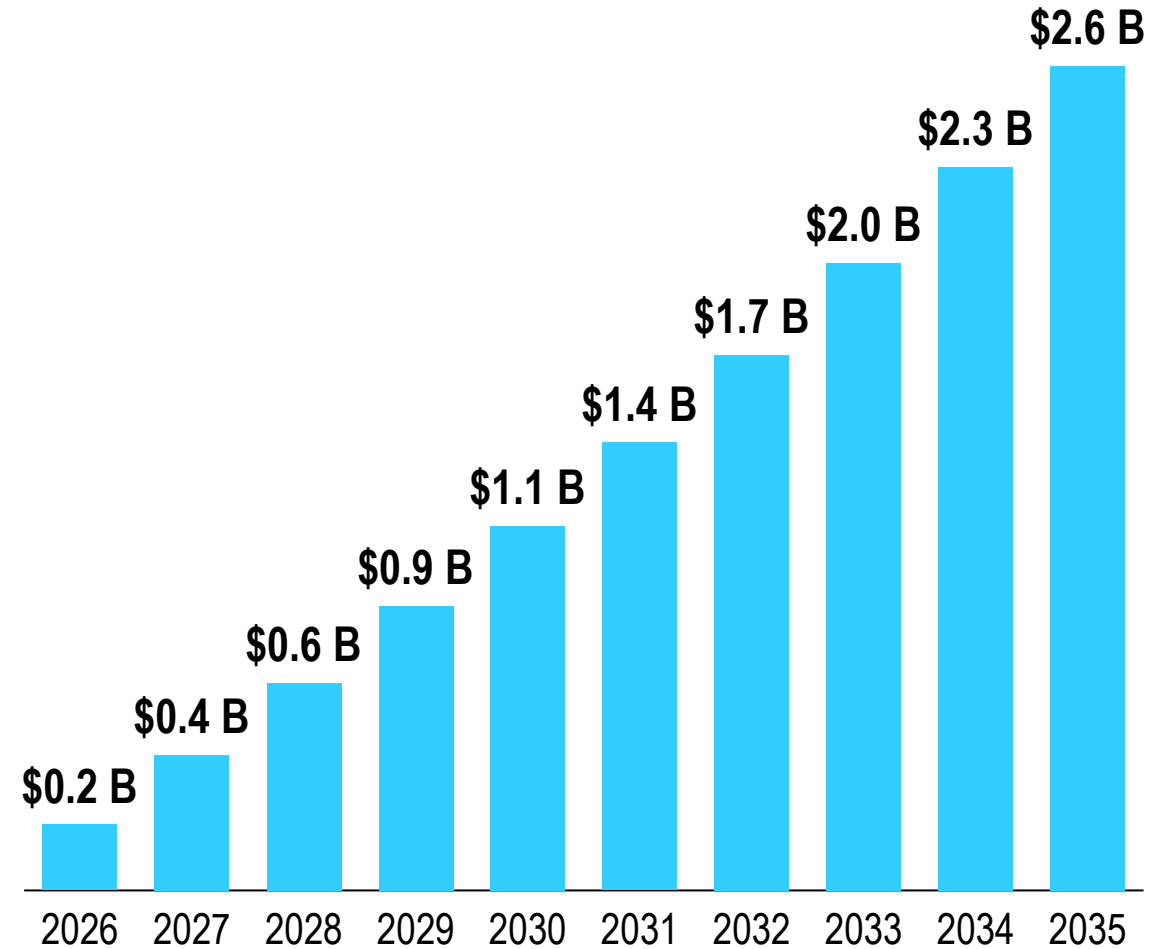
Provide a summary of potential funding impacts sourced to various adjustments to the sales tax base and rates

Funding Level Requirements: 10-Year Phase In

National Average Shortfall



APA Shortfall



Note: Aggregate funding and per pupil funding figures are preliminary estimates and subject to change.

Review of Funding Targets and Alternatives

1

Review Funding Targets

Provide a summary of potential funding level requirements over the course of the next 10 years (review from last meeting)

2

Review Property Tax Scenarios

Provide a summary of the potential funding impacts sourced to various adjustments to abatements, depreciation and property assessment levels

3

Review Sales Tax Scenarios

Provide a summary of potential funding impacts sourced to various adjustments to the sales tax base and rates

Property Tax Model Scenarios

Summary

Scenario Summaries				
ABATEMENT ADJUSTMENTS	No Change	No Change	Cap Abatements at FY23 Level	No Change
DEPRECIATION ADJUSTMENTS	Freeze Accumulated Depreciation Rate (No Increase)	Phase Out Depreciation Between FY24 and FY33	No Change	No Change
ASSESSMENT RATE ADJUSTMENTS	No Change	No Change	No Change	Increase Assessment Rate to 40 Percent
INCREMENTAL REVENUE IN YEAR 10	\$386 Million	\$454 Million	\$540 Million	\$675 Million
SCHOOL OPER. RATE REVENUE IN YEAR 10	\$92 Million	\$108 Million	\$129 Million	\$161 Million

Note: Property tax revenue projections are preliminary estimates and subject to change.

Property Tax Model Scenarios

Summary

Scenario Summaries				
ABATEMENT ADJUSTMENTS	No Change	Phase Out Abatements Between FY24 and FY33	Eliminate Abatements in FY24	Cap Abatements at FY23 Level
DEPRECIATION ADJUSTMENTS	Eliminate Depreciation in FY24	No Change	No Change	No Change
ASSESSMENT RATE ADJUSTMENTS	No Change	No Change	No Change	Increase Assessment Rate to 40 Percent
INCREMENTAL REVENUE IN YEAR 10	\$456 Million	\$1.6 Billion	\$1.6 Billion	\$2.0 Billion
SCHOOL OPER. RATE REVENUE IN YEAR 10	\$109 Million	\$390 Million	\$390 Million	\$477 Million

Note: Property tax revenue projections are preliminary estimates and subject to change.

Property Tax Model Scenarios

Summary

Scenario Summaries				
ABATEMENT ADJUSTMENTS	Cap Abatements at FY23 Level	Phase Out Abatements Between FY24 and FY33	Phase Out Abatements Between FY24 and FY33	Phase Out Abatements Between FY24 and FY33
DEPRECIATION ADJUSTMENTS	Freeze Accumulated Depreciation Rate (No Increase)	Modify Future Depreciation Rate from 1.5% to 1.0%	Modify Future Depreciation Rate from 1.5% to 0.5%	Freeze Accumulated Depreciation Rate (No Increase)
ASSESSMENT RATE ADJUSTMENTS	No Change	No Change	No Change	No Change
INCREMENTAL REVENUE IN YEAR 10	\$1.8 Billion	\$2.0 Billion	\$2.5 Billion	\$2.9 Billion
SCHOOL OPER. RATE REVENUE IN YEAR 10	\$425 Million	\$488 Million	\$587 Million	\$686 Million

Note: Property tax revenue projections are preliminary estimates and subject to change.

Property Tax Model Scenarios

Summary

Scenario Summaries				
ABATEMENT ADJUSTMENTS	Phase Out Abatements Between FY24 and FY33	Eliminate Tax Abatements	Phase Out Abatements Between FY24 and FY33	Eliminate Abatements in FY24
DEPRECIATION ADJUSTMENTS	No Change	No Change	Phase Out Depreciation Between FY24 and FY33	Eliminate Depreciation in FY24
ASSESSMENT RATE ADJUSTMENTS	Increase Assessment Rate to 40 Percent	Increase Assessment Rate to 40 Percent	No Change	No Change
INCREMENTAL REVENUE IN YEAR 10	\$3.1 Billion	\$3.1 Billion	\$6.4 Billion	\$6.4 Billion
SCHOOL OPER. RATE REVENUE IN YEAR 10	\$737 Million	\$737 Million	\$1.5 Billion	\$1.5 Billion

Note: Property tax revenue projections are preliminary estimates and subject to change.

Review of Funding Targets and Alternatives

1

Review Funding Targets

Provide a summary of potential funding level requirements over the course of the next 10 years (review from last meeting)

2

Review Property Tax Scenarios

Provide a summary of the potential funding impacts sourced to various adjustments to abatements, depreciation and property assessment levels

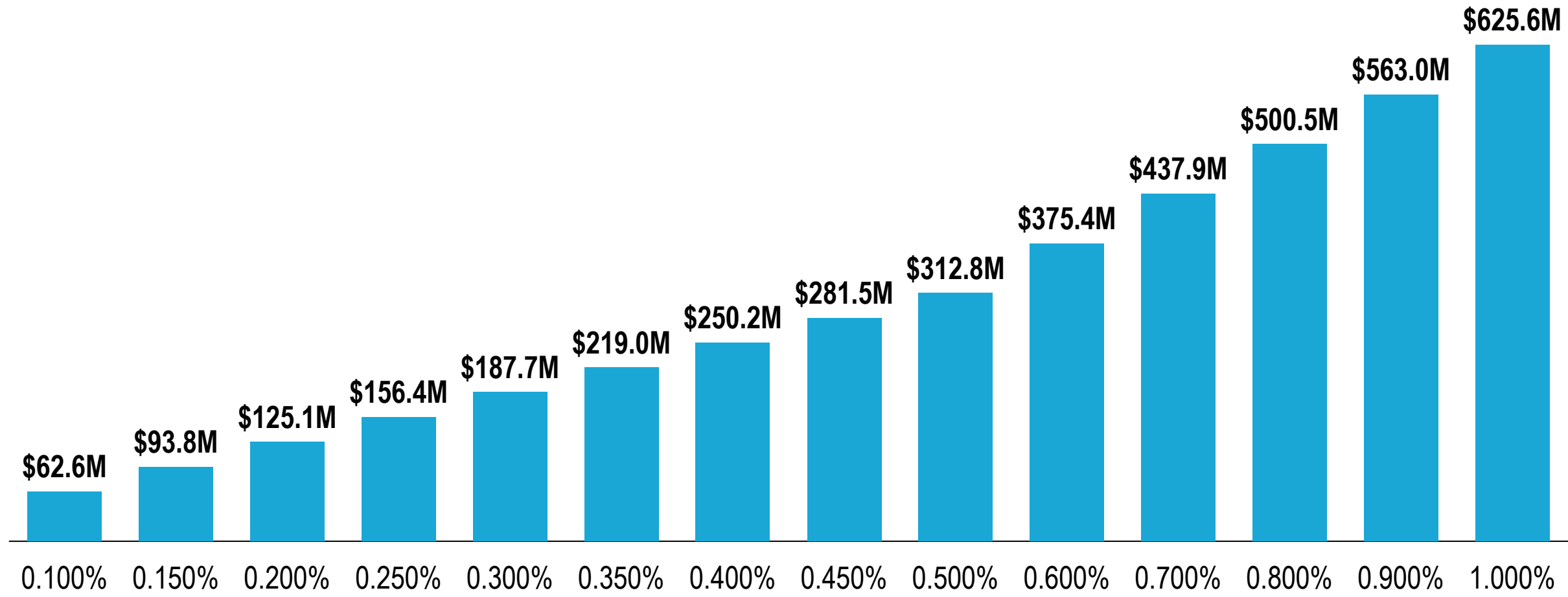
3

Review Sales Tax Scenarios

Provide a summary of potential funding impacts sourced to various adjustments to the sales tax base and rates

Sales Tax Incremental Increase

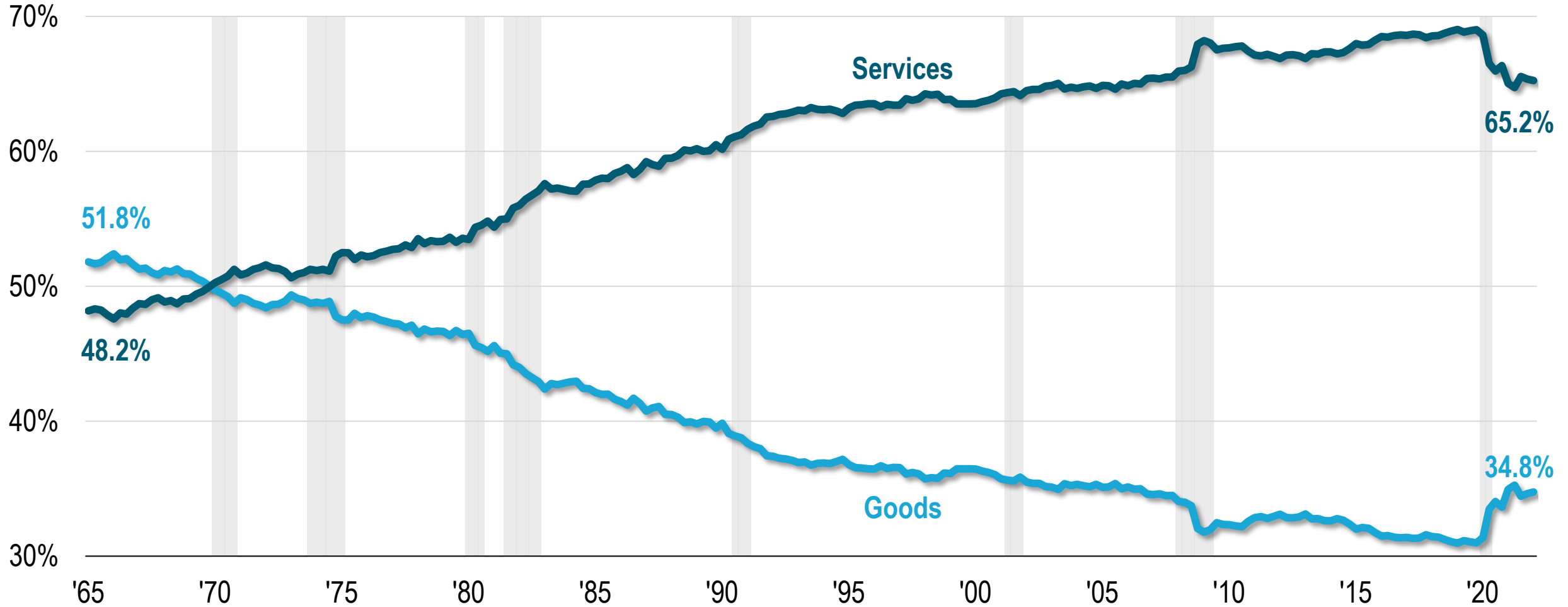
At Various Incremental Rates Dedicated to Education



Source: Nevada Department of Taxation; Applied Analysis (at FY 2019 levels)

Personal Consumption Expenditures By Type

United States



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

Service-Related Categories | Total Sales

Nevada | 2019

MAJOR TAXABLE SERVICE CATEGORIES					
1	TRANSPORTATION	\$12.1 B	10	AUTO REPAIR	\$1.7 B
2	BROADCASTS	\$0.4 B	11	CAR WASH	\$1.2 B
3	TELECOMMUNICATIONS	\$3.4 B	12	OTHER REPAIRS	\$1.0 B
4	INFORMATION	\$2.0 B	13	PERSONAL CARE	\$5.8 B
5	FINANCE	\$57.9 B	14	GIVING & RELIGIOUS	\$1.1 B
6	PROF. & BUSINESS	\$34.8 B	15	BUSINESS ASSOC.	\$0.2 B
7	EDUCATION	\$1.9 B	16	LABOR & CIVIC CLUBS	\$0.8 B
8	HEALTHCARE	\$19.1 B	17	GOVERNMENT	\$2.8 B
9	RECREATION	\$4.2 B			

Source: IMPLAN; Applied Analysis.

Service-Related Categories | Total Sales

Nevada | 2019

MAJOR TAXABLE SERVICE CATEGORIES

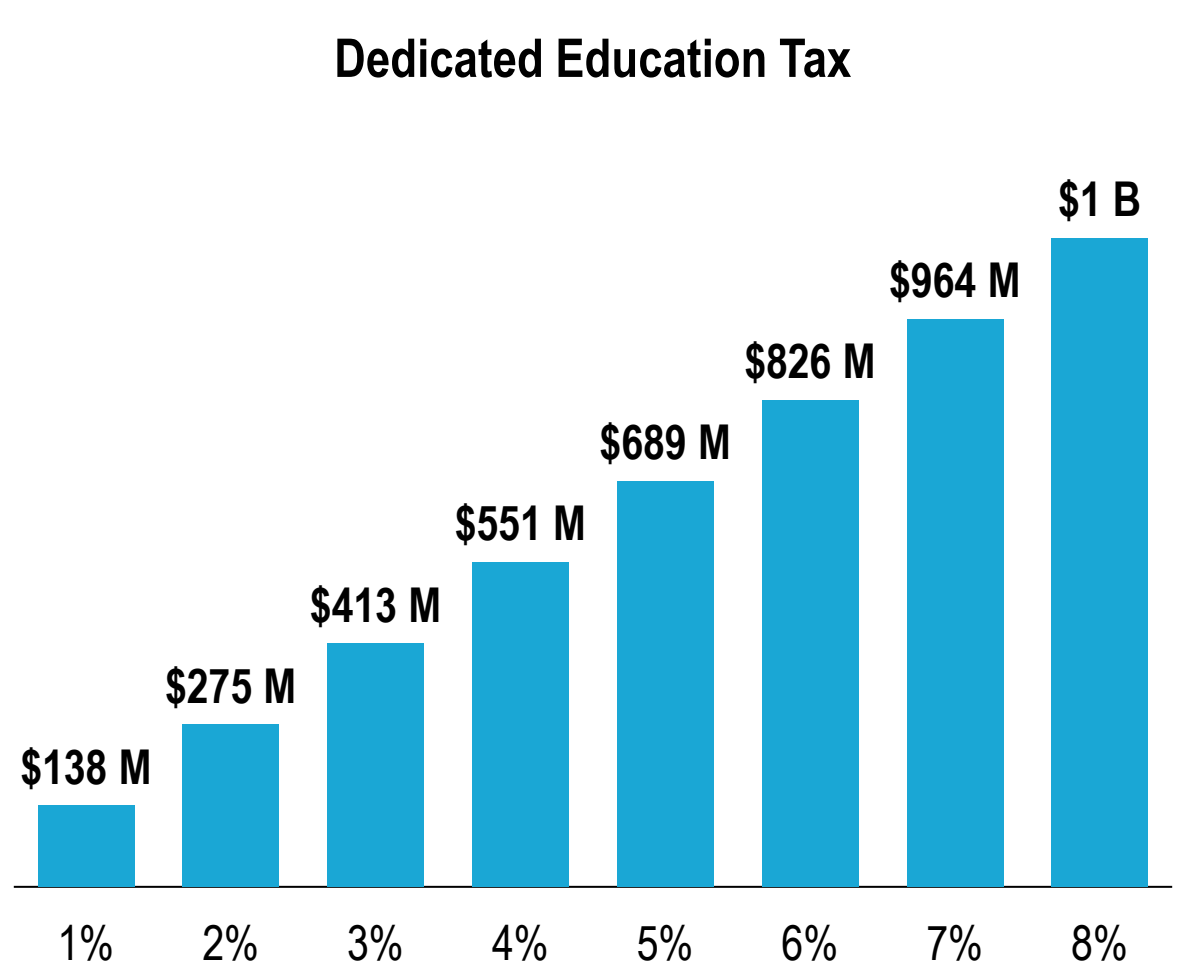
1	TRANSPORTATION	\$12.1 B	10	AUTO REPAIR	\$1.7 B
2	BROADCASTS	\$0.4 B	11	CAR WASH	\$1.2 B
3	TELECOMMUNICATIONS	\$3.4 B	12	OTHER REPAIRS	\$1.0 B
4	INFORMATION	\$2.0 B	13	PERSONAL CARE	\$5.8 B
5	FINANCE	\$57.9 B	14	GIVING & RELIGIOUS	\$1.1 B
6	PROF. & BUSINESS	\$34.8 B	15	BUSINESS ASSOC.	\$0.2 B
7	EDUCATION	\$1.9 B	16	LABOR & CIVIC CLUBS	\$0.8 B
8	HEALTHCARE	\$19.1 B	17	GOVERNMENT	\$2.8 B
9	RECREATION	\$4.2 B			

Source: IMPLAN; Applied Analysis.

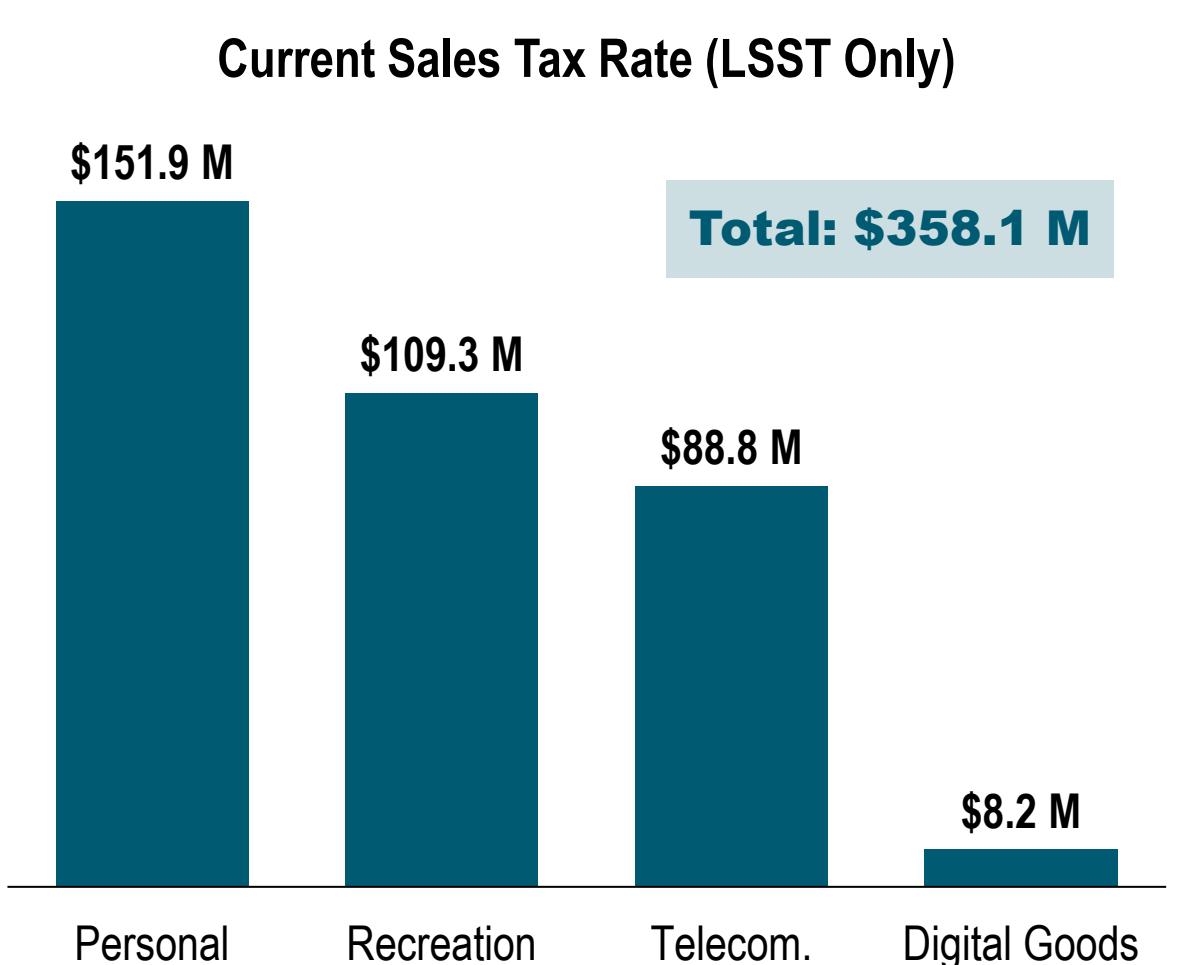
Tax Revenue Potential

Nevada | Telecommunications, Personal, Recreation and Digital

Dedicated Education Tax



Current Sales Tax Rate (LSST Only)



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

Revenue Generation Matrix

Annual | Clark County

	EXPANDED TAXABLE BASE									
	\$2.0 B	\$3.0 B	\$4.0 B	\$5.0 B	\$10.0 B	\$15.0 B	\$25.0 B	\$50.0 B	\$75.0 B	\$100.0 B
Sales Tax	\$29.3 M	\$44.0 M	\$58.7 M	\$73.4 M	\$146.7 M	\$220.1 M	\$366.9 M	\$733.7 M	\$1,100.6 M	\$1,467.4 M
Local School Support Tax	\$38.2 M	\$57.2 M	\$76.3 M	\$95.4 M	\$190.8 M	\$286.1 M	\$476.9 M	\$953.8 M	\$1,430.7 M	\$1,907.6 M
Basic City-County Relief Tax	\$7.3 M	\$11.0 M	\$14.7 M	\$18.3 M	\$36.7 M	\$55.0 M	\$91.7 M	\$183.4 M	\$275.1 M	\$366.9 M
Supplemental City-County Relief Tax	\$25.7 M	\$38.5 M	\$51.4 M	\$64.2 M	\$128.4 M	\$192.6 M	\$321.0 M	\$642.0 M	\$963.0 M	\$1,284.0 M
Flood Control	\$3.7 M	\$5.5 M	\$7.3 M	\$9.2 M	\$18.3 M	\$27.5 M	\$45.9 M	\$91.7 M	\$137.6 M	\$183.4 M
Regional Transportation	\$3.7 M	\$5.5 M	\$7.3 M	\$9.2 M	\$18.3 M	\$27.5 M	\$45.9 M	\$91.7 M	\$137.6 M	\$183.4 M
Southern Nevada Water Authority	\$3.7 M	\$5.5 M	\$7.3 M	\$9.2 M	\$18.3 M	\$27.5 M	\$45.9 M	\$91.7 M	\$137.6 M	\$183.4 M
Regional Transportation 1/4% Increase	\$3.7 M	\$5.5 M	\$7.3 M	\$9.2 M	\$18.3 M	\$27.5 M	\$45.9 M	\$91.7 M	\$137.6 M	\$183.4 M
Police Support	\$4.4 M	\$6.6 M	\$8.8 M	\$11.0 M	\$22.0 M	\$33.0 M	\$55.0 M	\$110.1 M	\$165.1 M	\$220.1 M
Police Officers	\$1.5 M	\$2.2 M	\$2.9 M	\$3.7 M	\$7.3 M	\$11.0 M	\$18.3 M	\$36.7 M	\$55.0 M	\$73.4 M
Education Programs	\$1.8 M	\$2.8 M	\$3.7 M	\$4.6 M	\$9.2 M	\$13.8 M	\$22.9 M	\$45.9 M	\$68.8 M	\$91.7 M
Total	\$122.9 M	\$184.3 M	\$245.8 M	\$307.2 M	\$614.5 M	\$921.7 M	\$1,536.2 M	\$3,072.4 M	\$4,608.6 M	\$6,144.8 M

Revenue Generation Matrix

Annual | Washoe County

	EXPANDED TAXABLE BASE									
	\$2.0 B	\$3.0 B	\$4.0 B	\$5.0 B	\$10.0 B	\$15.0 B	\$25.0 B	\$50.0 B	\$75.0 B	\$100.0 B
Sales Tax	\$5.6 M	\$8.5 M	\$11.3 M	\$14.1 M	\$28.2 M	\$42.3 M	\$70.6 M	\$141.1 M	\$211.7 M	\$282.3 M
Local School Support Tax	\$7.3 M	\$11.0 M	\$14.7 M	\$18.3 M	\$36.7 M	\$55.0 M	\$91.7 M	\$183.5 M	\$275.2 M	\$367.0 M
Basic City-County Relief Tax	\$1.4 M	\$2.1 M	\$2.8 M	\$3.5 M	\$7.1 M	\$10.6 M	\$17.6 M	\$35.3 M	\$52.9 M	\$70.6 M
Supplemental City-County Relief Tax	\$4.9 M	\$7.4 M	\$9.9 M	\$12.3 M	\$24.7 M	\$37.0 M	\$61.7 M	\$123.5 M	\$185.2 M	\$247.0 M
Regional Transportation	\$0.4 M	\$0.5 M	\$0.7 M	\$0.9 M	\$1.8 M	\$2.6 M	\$4.4 M	\$8.8 M	\$13.2 M	\$17.6 M
Local Government Tax Act	\$0.7 M	\$1.1 M	\$1.4 M	\$1.8 M	\$3.5 M	\$5.3 M	\$8.8 M	\$17.6 M	\$26.5 M	\$35.3 M
Flood/Public Safety	\$0.4 M	\$0.5 M	\$0.7 M	\$0.9 M	\$1.8 M	\$2.6 M	\$4.4 M	\$8.8 M	\$13.2 M	\$17.6 M
Railroad Grade Project	\$0.4 M	\$0.5 M	\$0.7 M	\$0.9 M	\$1.8 M	\$2.6 M	\$4.4 M	\$8.8 M	\$13.2 M	\$17.6 M
Regional Transportation ¼% increase	\$0.7 M	\$1.1 M	\$1.4 M	\$1.8 M	\$3.5 M	\$5.3 M	\$8.8 M	\$17.6 M	\$26.5 M	\$35.3 M
School Facilities	\$1.5 M	\$2.3 M	\$3.0 M	\$3.8 M	\$7.6 M	\$11.4 M	\$19.1 M	\$38.1 M	\$57.2 M	\$76.2 M
Total	\$23.3 M	\$35.0 M	\$46.7 M	\$58.3 M	\$116.7 M	\$175.0 M	\$291.6 M	\$583.3 M	\$874.9 M	\$1,166.5 M

NEVADA COMMISSION ON SCHOOL FUNDING

REVIEW OF REVENUE ALTERNATIVES

June 21, 2024

