R-51-2001

RESOLUTION OF THE CITY OF LAS VEGAS OPPOSING ASSEMBLY BILL 653

WHEREAS, a bill has been introduced in the current session of the Nevada Legislature, identified as Assembly Bill 653, that will:

1. Revise the consolidated tax formula which provides for the distribution of certain revenues among local governments; and

2. Adjust the base allocation of certain local governments, namely Las Vegas, Clark County, and Henderson; and

WHEREAS, the stated intent of Assembly Bill 653 is to redistribute $4 million of the consolidated tax base to Henderson, of which $2 million is to come from Las Vegas; and

WHEREAS, Assembly Bill 653 will also eliminate certain elements of the consolidated tax formula (as it applies within Clark County) which have been designed and implemented to create constancy and consistency in tax distribution, and to provide assurance that revenues from growth will pay for the costs of growth; and

WHEREAS, by eliminating such elements from the formula, an environment will exist wherein slow growth or no growth communities will be forced to reduce services in order to give up portions of increases in their consolidated tax revenues to high growth communities; and

WHEREAS, the loss of these revenues shall result in either program reductions or potential tax increases in these communities; and

WHEREAS, the proposed revision to the consolidated tax formula and the redistribution of the base represents in essence a subsidy from the taxpayers of Las Vegas and other communities in Clark County to Henderson; and

WHEREAS, the consolidated tax was passed into law in the 1997 session after two years of effort by the SCR40 interim committee and participation by representatives of all local governments throughout the State of Nevada; and

WHEREAS, the Nevada Legislature in 1997 created a committee known as the SB253 Committee to review, study and evaluate perceived disparities and suggested modifications to the consolidated tax formula in an orderly and systematic way; and

WHEREAS, the SB253 Committee has functioned effectively in fulfilling that responsibility, and should be allowed to continue to do so and to recommend to the Legislature modifications that are based upon the Committee's expertise and that reflect its carefully considered work.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAS VEGAS to urge the Nevada Legislature not to adopt Assembly Bill 653 and, if necessary, to explore other more reasonable means of addressing any perceived need to reallocate revenues among local governments through the procedures established and enabled by the SB253 Committee.

PASSED, ADOPTED, AND APPROVED this 18th day of April, 2001.

CITY OF LAS VEGAS

By [signature]
OSCAR B. GOODMAN, Mayor

ATTEST:

[signature]
BARBARA JO RONEMUS, City Clerk

APPROVED AS TO FORM:

Val Steed 4-9-01
Date

CITY COUNCIL MEETING OF APRIL 18, 2001 Pg. 529

ASSEMBLY BILL NO. 653–COMMITTEE ON TAXATION

MARCH 26, 2001

Referred to Committee on Taxation

SUMMARY—Makes various changes to formula for distribution of certain revenues. (BDR 32-1459)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.
Green numbers along left margin indicate location on the printed bill (e.g., 5-15 indicates page 5, line 15).

AN ACT relating to taxation; revising the formula for the distribution of certain revenues among local governments; providing for an adjustment to the base allocation of certain local governments; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 360.680 is hereby amended to read as follows:

360.680 1. On or before July 1 of each year, the executive director shall allocate to each enterprise district an amount equal to the amount that the enterprise district received from the account in the immediately preceding fiscal year.

2. Except as otherwise provided in NRS 360.690 and 360.730, the executive director, after subtracting the amount allocated to each enterprise district pursuant to subsection 1, shall allocate to each local government or special district which is eligible for an allocation from the account pursuant to NRS 360.670 ~~[an]~~ ***:***

(a) If the local government or special district is located in a county whose population is 400,000 or more, an amount from the account that is equal to the amount allocated to the local government or special district for the preceding fiscal year .

(b) If the local government or special district is located in a county whose population is less than 400,000, an amount from the account that is equal to the amount allocated to the local government or special district for the preceding fiscal year multiplied by one plus the percentage change in the Consumer Price Index (All Items) for the year ending on December 31 immediately preceding the year in which the allocation is made.

Sec. 2. NRS 360.690 is hereby amended to read as follows:

360.690 1. Except as otherwise provided in NRS 360.730, the executive director shall estimate monthly the amount each local government, special district and enterprise district will receive from the account pursuant to the provisions of this section.

2. The executive director shall establish a base monthly allocation for each local government, special district and enterprise district by dividing the amount determined pursuant to NRS 360.680 for each local government, special district and enterprise district by 12 and the state treasurer shall, except as otherwise provided in subsections 3~~[, 4 and 5,]~~ ***to 6, inclusive,*** remit monthly that amount to each local government, special district and enterprise district.

3. If, after making the allocation to each enterprise district for the month, the executive director determines there is not sufficient money available in the county's subaccount in the account to allocate to each local government and special district the base monthly allocation determined pursuant to subsection 2, he shall prorate the money in the county's subaccount and allocate to each local government and special district an amount equal to the percentage of the amount that the local government or special district received from the total amount which was distributed to all local governments and special districts within the county for the fiscal year immediately preceding the year in which the allocation is made. The state treasurer shall remit that amount to the local government or special district.

4. ~~[Except]~~ ***In a county whose population is 400,000 or more, except*** as otherwise provided in subsection ~~[5,]~~ ***6,*** if the executive director determines that there is money remaining in the county's subaccount in the account after the base monthly allocation determined pursuant to subsection 2 has been allocated to each local government, special district and enterprise district, he shall immediately determine and allocate each:

(a) Local government's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by ~~[one plus]~~ the sum of the:

(I) Percentage change in the population of the local government for the fiscal year immediately preceding the year in which the allocation is made, as certified by the governor pursuant to NRS 360.285 except as otherwise provided in subsection ~~[6;]~~ *7;* and

(II) Average percentage of change in the assessed valuation of the taxable property in the local government, including assessed valuation attributable to a redevelopment agency but excluding the portion attributable to the net proceeds of minerals, over the year in which the allocation is made, as projected by the department pursuant to NRS 361.390, and the 4 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each local government an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (b), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount; and

(b) Special district's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by ~~[one plus]~~ the average change in the assessed valuation of the taxable property in the special district, including assessed valuation attributable to a redevelopment agency but excluding the portion attributable to the net proceeds of minerals, over the 5 fiscal years

immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each special district an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (a), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount.

The state treasurer shall remit the amount allocated to each local government or special district pursuant to this subsection.

5. ***In a county whose population is less than 400,000, except as otherwise provided in subsection 6, if the executive director determines that there is money remaining in the county's subaccount in the account after the base monthly allocation determined pursuant to subsection 2 has been allocated to each local government, special district and enterprise district, he shall immediately determine and allocate each:***

(a) Local government's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by one plus the sum of the:

(I) Percentage change in the population of the local government for the fiscal year immediately preceding the year in which the allocation is made, as certified by the governor pursuant to NRS 360.285 except as otherwise provided in subsection 7; and

(II) Average percentage of change in the assessed valuation of the taxable property in the local government, including assessed valuation attributable to a redevelopment agency but excluding the portion attributable to the net proceeds of minerals, over the year in which the allocation is made, as projected by the department pursuant to NRS 361.390, and the 4 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each local government an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (b), respectively, for the local governments and special districts located in the same county multiplied by the total amount available in the subaccount; and

(b) Special district's share of the remaining money by:

(1) Multiplying one-twelfth of the amount allocated pursuant to NRS 360.680 by one plus the average change in the assessed valuation of the taxable property in the special district, including assessed valuation attributable to a redevelopment agency but excluding the portion attributable to the net proceeds of minerals, over the 5 fiscal years immediately preceding the year in which the allocation is made; and

(2) Using the figure calculated pursuant to subparagraph (1) to calculate and allocate to each special district an amount equal to the proportion that the figure calculated pursuant to subparagraph (1) bears to the total amount of the figures calculated pursuant to subparagraph (1) of this paragraph and subparagraph (1) of paragraph (a), respectively, for the local governments and special districts located in the same county multiplied by the total amount in the subaccount.

The state treasurer shall remit the amount allocated to each local government or special district.

6. The executive director shall not allocate any amount to a local government or special district pursuant to subsection 4[,] ***or 5, as applicable,*** unless the amount distributed and allocated to each of the local governments and special districts in the county in each preceding month of the fiscal year in which the allocation is to be made was at least equal to the base monthly allocation determined pursuant to subsection 2. If the amounts distributed to the local governments and special districts in the county for the preceding months of the fiscal year in which the allocation is to be made were less than the base monthly allocation determined pursuant to subsection 2 and the executive director determines there is money remaining in the county's subaccount in the account after the distribution for the month has been made, he shall:

(a) Determine the amount by which the base monthly allocations determined pursuant to subsection 2 for each local government and special district in the county for the preceding months of the fiscal year in which the allocation is to be made exceeds the amounts actually received by the local governments and special districts in the county for the same period; and

(b) Compare the amount determined pursuant to paragraph (a) to the amount of money remaining in the county's subaccount in the account to determine which amount is greater.

If the executive director determines that the amount determined pursuant to paragraph (a) is greater, he shall allocate the money remaining in the county's subaccount in the account pursuant to the provisions of subsection 3. If the executive director determines that the amount of money remaining in the county's subaccount in the account is greater, he shall first allocate the money necessary for each local government and special district to receive the base monthly allocation determined pursuant to subsection 2 and the state treasurer shall remit that money so allocated. The executive director shall allocate any additional money in the county's subaccount in the account pursuant to the provisions of subsection 4[. ~~6.~~] ***or 5, as applicable.***

7. The percentage change calculated pursuant to paragraph (a) of subsection 4 ***or paragraph (a) of subsection 5*** must:

(a) If the Bureau of the Census of the United States Department of Commerce issues population totals that conflict with the totals certified by the governor pursuant to NRS 360.285, be an estimate of the change in population for the calendar year, based upon the population totals issued by the Bureau of the Census.

(b) If a new method of determining population is established pursuant to NRS 360.283, be adjusted in a manner that will result in the percentage change being based on population determined pursuant to the new method for both the fiscal year in which the allocation is made and the fiscal year immediately preceding the year in which the allocation is made.

[7.] ***8.*** On or before February 15 of each year, the executive director shall provide to each local government, special district and enterprise district a preliminary estimate of the revenue it will receive from the account for that fiscal year.

[8.] ***9.*** On or before March 15 of each year, the executive director shall:

(a) Make an estimate of the receipts from each tax included in the account on an accrual basis for the next fiscal year in accordance with generally accepted accounting principles, including an estimate for each county of the receipts from each tax included in the account; and

(b) Provide to each local government, special district and enterprise district an estimate of the amount that local government, special district or enterprise district would receive based upon the estimate made pursuant to paragraph (a) and calculated pursuant to the provisions of this section.

~~[9.]~~ ***10.*** A local government, special district or enterprise district may use the estimate provided by the executive director pursuant to subsection ~~[8]~~ ***9*** in the preparation of its budget.

Sec. 3. NRS 354.59813 is hereby amended to read as follows:

354.59813 1. In addition to the allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811, if the estimate of the revenue available from the supplemental city-county relief tax to the county as determined by the executive director of the department of taxation pursuant to the provisions of subsection ~~[8]~~ ***9*** of NRS 360.690 is less than the amount of money that would be generated by applying a tax rate of $1.15 per $100 of assessed valuation to the assessed valuation of the county, except any assessed valuation attributable to the net proceeds of minerals, the governing body of each local government may levy an additional tax ad valorem for operating purposes. The total tax levied by the governing body of a local government pursuant to this section must not exceed a rate calculated to produce revenue equal to the difference between the:

(a) Amount of revenue from supplemental city-county relief tax estimated to be received by the county pursuant to subsection ~~[8]~~ ***9*** of NRS 360.690; and

(b) The tax that the county would have been estimated to receive if the estimate for the total revenue available from the tax was equal to the amount of money that would be generated by applying a tax rate of $1.15 per $100 of assessed valuation to the assessed valuation of the county, multiplied by the proportion determined for the local government pursuant to subparagraph (2) of paragraph (a) of subsection 4 ***or subparagraph (2) of paragraph (a) of subsection 5, as applicable,*** of NRS 360.690.

2. Any additional taxes ad valorem levied as a result of the application of this section must not be included in the base from which the allowed revenue from taxes ad valorem for the next subsequent year is computed.

3. As used in this section, "local government" has the meaning ascribed to it in NRS 360.640.

Sec. 4. NRS 354.598747 is hereby amended to read as follows:

354.598747 1. To calculate the amount to be distributed pursuant to the provisions of NRS 360.680 and 360.690 from a county's subaccount in the local government tax distribution account to a local government, special district or enterprise district after it assumes the functions of another local government, special district or enterprise district:

(a) Except as otherwise provided in this subsection and subsection 2, the executive director of the department of taxation shall:

(1) Add the amounts calculated pursuant to subsection 1 or 2 of NRS 360.680 for each local government, special district or enterprise district and allocate the combined amount to the local government, special district or enterprise district that assumes the functions; and

(2) If applicable, add the population and average change in the assessed valuation of the taxable property that would otherwise be allowed to the local government or special district whose functions are assumed, including the assessed valuation attributable to a redevelopment agency but excluding the portion attributable to the net proceeds of minerals, pursuant to subsection 4 ***or 5, as applicable,*** of NRS 360.690 to the population and average change in assessed valuation for the local government, special district or enterprise district that assumes the functions.

(b) If two or more local governments, special districts or enterprise districts assume the functions of another local government, special district or enterprise district, the additional revenue must be divided among the local governments, special districts or enterprise districts that assume the functions on the basis of the proportionate costs of the functions assumed. The Nevada tax commission shall not allow any increase in the allowed revenue from the taxes contained in the county's subaccount in the local government tax distribution account if the increase would result in a decrease in revenue of any local government, special district or enterprise district in the county that does not assume those functions. If more than one local government, special district or enterprise district assumes the functions, the Nevada tax commission shall determine the appropriate amounts calculated pursuant to subparagraphs (1) and (2) of paragraph (a).

2. If a city disincorporates, the board of county commissioners of the county in which the city is located must determine the amount the unincorporated town created by the disincorporation will receive pursuant to the provisions of NRS 360.600 to 360.740, inclusive.

3. As used in this section:

(a) "Enterprise district" has the meaning ascribed to it in NRS 360.620.

(b) "Local government" has the meaning ascribed to it in NRS 360.640.

(c) "Special district" has the meaning ascribed to it in NRS 360.650.

Sec. 5. 1. For the fiscal year beginning on July 1, 2000, the executive director of the department of taxation shall:

(a) Allocate to the City of Henderson, in addition to the amount otherwise allocated pursuant to subsection 4 of NRS 360.690, an amount equal to $4,000,000;

(b) Subtract from the amount otherwise allocated to Clark County pursuant to the provisions of subsection 4 of NRS 360.690, an amount equal to $2,000,000; and

(c) Subtract from the amount otherwise allocated to the City of Las Vegas pursuant to the provisions of subsection 4 of NRS 360.690, an amount equal to $2,000,000.

2. For the fiscal year beginning on July 1, 2001, the executive director of the department of taxation, pursuant to NRS 360.680, shall allocate to:

(a) The City of Henderson, the total net amount allocated pursuant to paragraph (a) of subsection 1.

(b) Clark County, the total net amount allocated pursuant to paragraph (b) of subsection 1.

(c) The City of Las Vegas, the total net amount allocated pursuant to paragraph (c) of subsection 1.

Sec. 6. On or before July 1, 2001, the executive director of the department of taxation shall provide to each local government and special district in Clark County the estimates required pursuant to subsections 8 and 9 of NRS 360.690 revised to reflect the provisions of sections 1, 2 and 5 of this act.

Sec. 7. The legislature hereby finds and declares that the provisions of sections 5 and 6 of this act are necessary to correct certain discrepancies in the formula for the distribution of certain revenues set forth in section 35 of chapter 660, Statutes of Nevada 1997, as that formula relates to the region of this state encompassed generally by Clark County and the unique patterns of growth that exist in that region, and therefore a general law cannot be made applicable.

Sec. 8. 1. This section and sections 6 and 7 of this act become effective upon passage and approval.

2. Sections 1 to 5, inclusive, of this act become effective on July 1, 2001.

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CITY COUNCIL MINUTES
MEETING OF
APRIL 18, 2001

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

MAYOR GOODMAN	Agenda Item Number 1. Any items from the morning session that the Council, staff or the applicant wishes to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time.
COUNCILMAN REESE	Yes Your Honor. We've had Item Number 92 has been asked by staff to be held until our first meeting in May. We have Item Number 105 and 106, Bill Number 2001-41 requires health card for persons working as escorts. It has been asked to be held in abeyance by our City Attorney until our first meeting next month. Also Bill Number 106 (sic), which is Bill 2001-42 requires for health care (sic) for person working as outcall entertainers, also, by the City Attorney, has been asked to be held in abeyance. And at this time, Your Honor, I would like to call Item Number 94 forward at this time and take the appropriate action. That Bill is R-51-2001. Discussion and possible action on a Resolution in opposition to Assembly Bill 653, which I think at this time is very important to the City of Las Vegas and the residents that live in the City of Las Vegas.
MAYOR GOODMAN	Very good. I appreciate that. As to Items 92, 105 and 106. May I have a motion?
COUNCILMAN REESE	Yes. I take, I make a motion to bring those items forward and take the appropriate action.
MAYOR GOODMAN	Thank you. Vote on the motion, please. Post, please.
DEPUTY CITY CLERK BEVERLY BRIDGES	I need for you to revote, please.
MAYOR GOODMAN	All right.
COUNCILMAN McDONALD	Lynette you need (inaudible). Lawrence?
DEPUTY CITY CLERK BEVERLY BRIDGES	Councilman Weekly?
MAYOR GOODMAN	Councilman Weekly?
COUNCILMAN McDONALD	Revote.
MAYOR GOODMAN	Okay. Very good. Motion carries. **(Motion carried unanimously).** Thank you. Item Number 92.

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

COUNCILMAN REESE — 94.

MAYOR GOODMAN — 94. 94 is discussion and possible action on a Resolution in opposition to Assembly Bill 653. It's recommended that the City Council adopt this Resolution.

Ms. Valentine or Ms. Fretwell?

CITY MANAGER VALENTINE — Your Honor, members of the Council, what we'd like to do this morning is have Deputy Manager Houchens give you a presentation on the impacts of this Bill. We'd like to read the resolution into the record for you, and then we'd like you to take action. It's our understanding that this Bill will go to the floor of the Assembly today. We'd like to have your action on this item before that Assembly vote occurs. And to do that, we need you to act on this this morning so we can get this to our lobbying team.

MAYOR GOODMAN — Very good. Thank you.

CITY MANAGER VALENTINE — Mr. Houchens?

MAYOR GOODMAN — Mr. Houchens?

DEPUTY CITY MANAGER HOUCHENS — Thank you, Ms. Valentine.

Your Honor, members of the Council, before we read the resolution, I'd like to take just a very brief moment to indicate how the consolidated tax formula came into being.

Prior to 1995, there was considerable infighting between local governments over the distribution of revenues. This was culminated by a very harsh battle between Clark County and Las Vegas over what was referred at that time as the Summerlin South Bill.

At that time there was considerable frustration Statewide over the existing tax distribution methodology. It was apparent to everyone that the method of distributing various taxes at that time was flawed. So much so that the 1995 Legislature created an interim committee to review and revamp the method of tax distribution in the State. The committee, which had Statewide representation, painstakingly reviewed and studied the tax structure and developed what is called the Consolidated Tax Formula. So named because it combined six taxes. Those are the basic City/County Relief Tax, which is a sales tax, the supplemental City/County Relief Tax – also a sales tax – the Motor Vehicle Privileged Tax, the Cigarette Tax, the Liquor

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

Tax, and the Real Property Transfer Tax. Each of these has its own formula. And these were combined into a common fund or pool, if you will, distributed by a relatively simple yet equitable formula.

The committee's recommendation was heard and adopted by the 1997 Legislature, as a way to provide a more predictable and evenly distributed revenue formula for the distribution of revenue to local governments. And to ensure that local governments would not engage in politicized regional battles to see who gets the most revenue to fuel growth. No one wanted to see the Summerlin West issue repeated among local governments.

In addition, the 1997 Legislature recognized that there would be parts of the Consolidated Tax Formula that might need tweaking, and so they created a standing committee known as SB 253, whose function in part is to monitor and adjust the mechanisms of the local tax distribution system. The legislative action of 1997, accompanied by the ongoing review of SB 253 Committee has produced a distribution formula that recognizes the need for a stable, fixed, and well-defined revenue distribution at a local level.

Now, today, through the proposed legislation of AB 653, the integrity of the formula is being placed in question. AB 653 appears to be based on the presumption that the Consolidated Tax Formula is not fair to one entity, that being the City of Henderson. Henderson is only one of many who receive revenue from this pool of taxes.

However, Henderson has artfully created a case in which they believe they have lost significant revenues because of the Consolidated Tax Formula. This is simply not true. Over the three years of the new distribution, Henderson has received an annual increase in excess of 5% per year. Their revenues have gone from $48 million per year to fif', to more than $54 million a year. Their claim is that under the old formula they would have received an excess of 24% per year increased tax distribution. That's right, 24% growth is what they're claiming they're entitled to.

In reality, there's no loss of revenue; they just didn't get what they had projected, or what they anticipated they would get compared to the previous method – of distribution. Which the Legislature, local governments, including Henderson, and virtually everyone else recognized was flawed. Nevertheless, they have now successfully promoted their position in the Assembly Taxation Committee, and the Bill is on the Assembly floor today

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

awaiting passage into the Senate.

The proposed legislation, which is still in its original form, does three things that undermine the integrity of the Consolidated Tax Formula. Number one, it mandates that Clark County and Las Vegas will each take $ 2 million out of their revenue base and give that to Henderson. That's every year. Basically, Henderson receives a $4 million windfall at our cost without raising their property taxes, without increasing their fees only by a legislative fiat.

Number two, the Bill removes the Consolidated (sic) Price Index, or CPI adjustment from the formula. This means that cities or towns that are not rapidly growing, such as Boulder City or Winchester Town, would not be provided with incremental consolidated tax revenues to provide a stable level of services.

In our opinion, in the long run, removal of the CPI – adjustment means that cities that are managing their growth will be forced to reduce primary services so that high-growth communities will get disproportionately more revenue. Indeed, this is the antiphrasis of growth paying for growth.

Number three, the Bill removes what is called the 1+ factor. When the committee created the Consolidated Tax Formula, they were concerned that revenues would be directed to fuel growth in cities or towns without recognizing the fact that Las Vegas Valley is really one large community without physical borders. In other words, a person may live in North Las Vegas, may drive on Las Vegas roads, may work on the Strip in Clark County, and will access services in all those jurisdictions. The 1+ factor recognizes that services required in this community are not always limited to tangible borders.

In summary, staff does not support any of these changes. Indeed, we firmly believe that the vehicle for these changes is the SB 253 Committee, and not the floor of the legislature. If changes are to be made, they should be made out of respect for order and integrity of the system that has evolved over the last six years, and not out of the desire of one City to have more revenue than another.

I would refer back to you, Ms. Valentine, for the discussion of the resolution.

MAYOR GOODMAN

Thank you very much. Ms. Valentine?

**CITY COUNCIL MINUTES
MEETING OF
APRIL 18, 2001**

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

CITY MANAGER VALENTINE	Your Honor, with your permission, I would like to read the resolution into the record.
MAYOR GOODMAN	Please.
CITY MANAGER VALENTINE	Whereas, a bill has been introduced in the current session of the Nevada Legislature, identified as Assembly Bill 653, that will: 1) revise the Consolidated Tax Formula, which provides for the distribution of certain revenues among local government, and 2) adjust the base allocation of certain local governments, namely Las Vegas, Clark County, and Henderson; And whereas, the stated intent of Assembly Bill 653 is to redistribute 4 million of the consolidated tax base to Henderson, of which 2 million is to come from the City of Las Vegas; And whereas, Assembly Bill 653 will also eliminate certain elements of the Consolidated Tax Formula, as it applies within Clark County, which had been designed and implemented to create consistency and constancy in tax distribution and to provide assurance that revenues from growth will pay for the cost of growth; And whereas, by eliminating such elements from the formula, an environment will exist wherein slow growth or no growth communities will be forced to reduce services in order to give up portions of fee increases in their consolidated tax (inaudible) to high-growth communities; And whereas, the loss of these revenues shall result in either program reductions or potential tax increases in these communities; And whereas, the proposed revisions to the Consolidated Tax Formula and the redistribution of face represent, in essence, a subsidies (sic) from the taxpayers of Las Vegas and other communities in Clark County to Henderson; And whereas, the consolidated tax was passed into law in the 1997 session after two years of effort by the SCR-40 Interim Committee and participation by representatives of all local governments throughout the State of Nevada; And whereas, the Nevada Legislature in 1997 created a committee, known as the SB 253 Committee, to review, study, and evaluate perceived disparities and suggested modification to the Consolidated Tax Formula in an orderly

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

and systematic way;

And whereas, SB, the SB 253 Committee has functioned effectively in fulfilling that responsibility and should be allowed to continue to do so and to recommend to the legislature, modifications that are based upon the committee's expertise and reflect its carefully considered work.

Now, therefore, be it resolved by the City Council of the City of Las Vegas to urge the Nevada Legislature not to adopt Assembly Bill 653, and, if necessary, to explore other more reasonable means of addressing any perceived need to reallocate revenues among local governments through the procedures established and enabled by the SB 253 Committee.

Passed, adopted, and approved on this day of the City of Las Vegas by Mayor Oscar B. Goodman and the City Council.

MAYOR GOODMAN

Thank you very much, Ms. Valentine. Are there any questions or comments at this time of Ms. Valentine? Anybody wanna be heard?

All right. May I make a **motion then to have the resolution disseminated immediately to the Assembly members in Carson City, that at the same time the letter, which was written to Speaker Richard Perkins, be disseminated to all elected legislators from Las Vegas and Clark County who are responsible for overseeing the welfare of our City. Let them know how we feel about this.**

And also, I think that Mr. Houchens should be congratulated. It probably was the most concise, articulate, and clear description of what the Consolidated Tax Formula was all about. **I would ask that Mr. Houchens' comments also be attached to the material that is going to the legislators, so they can understand the severity of this problem, the exigency of this problem.** And I think they'll learn from your comments, Mr. Houchens, and hopefully they'll do the right thing, as far as the City of Las Vegas is concerned.

So that's my motion. Can we vote on the motion, please. Post, please. Motion carries. **(Motion carried unanimously.)** Thank you very much.

(END OF DISCUSSION)

VERBATIM TRANSCRIPT: ITEM 94: R-51-2001 – DISCUSSION AND POSSIBLE ACTION ON A RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 653

/ac/gpb;