FINANCIAL IMPACT OF THE SUPPORT OUR SCHOOLS INITIATIVE

FINANCIAL IMPACT – CANNOT BE DETERMINED

The Support Our Schools Initiative (Initiative) proposes to amend Chapter 244 and Chapter 387 of *Nevada Revised Statutes* to provide for an additional tax on the rental of transient lodging in certain counties. The Initiative requires the imposition of an additional tax on the rental of transient lodging in counties with a population of 300,000 or more of up to 3 percent, such that the total rate cannot exceed 13 percent when combined with the rates imposed in those counties on July 31, 2008. If the rate in a county exceeds 13 percent, then no additional tax may be imposed under this Initiative.

Revenues generated from the tax imposed under this Initiative between its enactment date and June 30, 2011, less a collection commission that may be kept by the county, would be transferred to the State General Fund. Revenues in all subsequent years, less the collection commission, would be transferred to the State Supplemental School Support Fund, which is created under the Initiative for the purpose of improving the achievement of students and for the payment of salaries for teachers and non-administrative employees of school districts and charter schools throughout the state. The revenues deposited into this Fund are intended to supplement existing funding for elementary and secondary education and may not replace or supplant other monies that are appropriated, approved, or authorized for this purpose.

FINANCIAL IMPACT OF THE INITIATIVE

The provisions of the Initiative would impose an additional room tax in Clark and Washoe Counties at a rate of up to 3 percent, such that the total rate may not exceed 13 percent. If the rate of the room tax exceeds 13 percent as of July 31, 2008, then no additional tax may be imposed. Tables 1 and 2 below contains a list of the rates of those taxes currently imposed in these counties, as well as the rate of the additional tax that would be imposed in affected cities, towns, and counties due to the enactment of this Initiative:

County/City/Town	Current Transient Lodging Tax Rate	Rate Of Tax Imposed Upon Passage of Initiative	Rate Increase Resulting from Initiative
Clark County	**7.0%**	**10.0%**	**3.0%**
Resorts and Others Within 35 Miles of Convention Center	9.0%	12.0%	3.0%
Boulder City (Over 100 Rooms)	9.0%	12.0%	3.0%
Boulder City (Under 100 Rooms)	7.0%	10.0%	3.0%
Henderson (Resort)	10.0%	13.0%	3.0%
Henderson (Commercial)	9.0%	12.0%	3.0%
City of Las Vegas	9.0%	12.0%	3.0%
City of Las Vegas (Less Than 75 Rooms - Fremont Street)	10.0%	13.0%	3.0%
City of Las Vegas (75 Rooms or More - Fremont Street)	11.0%	13.0%	2.0%
Mesquite	9.0%	12.0%	3.0%
North Las Vegas	9.0%	12.0%	3.0%

Table 1: Current and proposed room tax rates for Clark County

County/City/Town	Current Transient Lodging Tax Rate	Rate Of Tax Imposed Upon Passage of Initiative	Rate Increase Resulting from Initiative
Washoe County	**12.0%**	**13.0%**	**1.0%**
Sparks	13.5%	13.5%	0.0%
Reno	12.0%	13.0%	1.0%
Reno Downtown	13.5%	13.5%	0.0%

Table 2: Current and proposed room tax rates for Washoe County

If the provisions of the Initiative are enacted, the room tax rate would increase by 3 percent in all areas of Clark County except for those establishments on Fremont Street with 75 or more rooms, where the rate would increase by 2 percent. In Washoe County, establishments in downtown Reno and Sparks would see no increase in room taxes, and all other establishments in Reno and Washoe County would see a 1 percent increase in the room tax rate.

Had the provisions of the Initiative been in effect during Fiscal Year 2006-07 (the last full year for which actual room tax collections are available), the imposition of additional taxes as specified in Tables 1 and 2 would have generated approximately $129.9 million in Clark County and approximately $1.6 million in Washoe County during that fiscal year. The amount of revenue that is actually collected under the provisions of this Initiative in future fiscal years (beginning in Fiscal Year 2009-2010, the first full fiscal year this tax could possibly be imposed) would depend upon future tourist activity in Clark and Washoe Counties, any increases or decreases to the available room stock in these counties, and the amount of commission that the Legislature allows the counties collecting the tax to retain.

The provisions of the Initiative require that all proceeds from this room tax generated between its enactment date and June 30, 2011, be deposited by the State Treasurer into the State General Fund. These provisions may have a positive impact on state General Fund revenue during Fiscal Years 2009-2010 and 2010-2011 if the Legislature approves the Initiative and the Governor signs it into law pursuant to Article 19, Section 2 of the *Nevada Constitution*; however, if the Legislature or Governor does not act on the Initiative, there would be no impact on state General Fund revenue, as the provisions of the Initiative could not take effect until after June 30, 2011, if the Initiative is approved by voters at the 2010 General Election. Since the Fiscal Analysis Division cannot predict whether the Legislature and Governor will act on the Initiative, the effect on state government, if any, cannot be determined with any reasonable degree of certainty.

The provisions of the Initiative require that all proceeds from this room tax generated after June 30, 2011, be deposited by the State Treasurer into the State Supplemental School Support Fund, for the purpose of improving the achievement of students and for the payment of salaries for teachers and non-administrative employees of school districts and charter schools throughout the state. The money within the Fund would be distributed among all school districts and charter schools within the state in proportion to the number of pupils enrolled in each district as of the last day of the first school month in each school year. The Initiative would have a positive financial impact upon all school districts and charter schools in the state in Fiscal Year 2011-2012 and future fiscal years; however, the specific impact upon each school district and charter school cannot be determined with any reasonable degree of certainty.

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