

FINANCIAL IMPACT OF THE FUNDING NEVADA'S PRIORITIES ACT INITIATIVE

The Funding Nevada's Priorities Act Initiative (Initiative) proposes to amend Article 10 of the *Nevada Constitution* to provide an additional funding source for elementary and secondary education, public safety, and transportation needs in the state of Nevada. The Initiative requires the county fair and recreation board in a county whose population is 800,000 or more (currently, the Las Vegas Convention and Visitors Authority (LVCVA)) to transfer any portion of the proceeds from a county or city license fee or license tax that exceeds the amount collected for or by the board during Fiscal Year 2006-07 to the State Treasurer. The revenue threshold set forth in the Initiative is to be adjusted annually for changes in inflation and deflation. The Initiative requires that the State Treasurer distribute any excess proceeds as follows:

- One-third of the proceeds must be credited to the Nevada Public Safety Fund, established by the Initiative for the purpose of enhancing public safety, including expenditures for law enforcement, homeland security, fire protection, or corrections, and grants to local police departments, fire departments, or sheriff's offices for similar purposes.
- One-third of the proceeds must be credited to the State Highway Fund for transportation purposes.
- One-third of the proceeds must be credited to the State Distributive School Account for elementary and secondary education funding.

The Fiscal Analysis Division has determined that the Initiative may have a financial impact on the LVCVA, depending on whether future license fee and license tax collections exceed the threshold provided in the Initiative, thereby requiring a transfer of any excess proceeds from the LVCVA to the State Treasurer, if approved by the voters. The provisions of the Initiative requiring that one-third of the proceeds be distributed to the State Distributive School Account may have a financial impact on school districts and state government, depending on the amount of money generated from the provisions of the Initiative for credit to the State Distributive School Account and the decisions made by the Legislature regarding the funding of elementary and secondary education.

The Initiative may also increase funding for state transportation projects, depending on the amount of revenue credited to the State Highway Fund in accordance with the provisions of the Initiative. The provisions requiring that one-third of the proceeds be distributed to the Nevada Public Safety Fund may have a financial impact on state and local government, depending on the amount of money generated from the provisions of the Initiative for credit to the Nevada Public Safety Fund and the decisions made by the Legislature regarding the use of these proceeds.

The Fiscal Analysis Division has not completed the analysis required to estimate the potential financial impact of the Initiative. A fiscal note that includes an explanation of the financial impact will be provided to the Secretary of State when completed for posting on their Internet website, pursuant to NRS 295.105.

Prepared by the Fiscal Analysis Division of the Legislative Counsel Bureau – March 14, 2008