

FINANCIAL IMPACT OF THE IT'S TIME FOR GAMING'S FAIR SHARE AND ELIMINATE PROPERTY TAXES INITIATIVE

The It's Time for Gaming's Fair Share and Eliminate Property Taxes Initiative (Initiative) proposes to amend Article 10 of Nevada's Constitution to raise the tax on gross gaming revenue exceeding \$1,000,000 per calendar month from 6.75 percent (the current statutory maximum) to the average of the maximum tax rates imposed on casinos operating in other states where commercial gaming is allowed and eliminate property taxes on primary owner occupied residential homes. The proceeds generated by this new tax rate are required to be used to reimburse counties for the property tax lost from the elimination of property taxes on primary owner occupied residential homes. Any revenue from the new tax rate remaining after the county property tax reimbursement is required to be allocated, as specified in the Initiative, to five different program areas.

Based on the current statutory maximum gaming tax rate (effective as of July 1, 2007) that is imposed in the ten states specified in the Initiative, the new tax rate would be 22.55 percent of gross gaming revenue exceeding \$1,000,000 per calendar month. The new tax rate is required to be adjusted each fiscal year for any changes in the maximum tax rate imposed in the other states specified in the Initiative.

After all counties have been reimbursed for the property tax revenue lost from the elimination of property taxes on primary owner occupied residential homes, any remaining proceeds from the new gaming tax must be allocated as follows to five program areas:

1. 35 percent for road construction, highway improvements, and transportation infrastructure with the amount distributed to each county based on the number of vehicles registered in the county;
2. 25 percent to increase the salaries of teachers in the state's public schools;
3. 5 percent to fund the Millennium Scholarship programs at the University of Nevada, Reno and University of Nevada, Las Vegas;
4. 10 percent to fund the salaries, staff, and office expenses of elected District Court Judges and elected Supreme Court Justices; and
5. 25 percent to fund the construction of solar, wind and geothermal power plants, and to fund the construction of aqueducts that transport water from outside Nevada to be desalinated or purified.

The Fiscal Analysis Division has determined that the Initiative may have a financial impact on local governments depending on whether the amount of revenue generated from the new gaming tax is sufficient to reimburse local governments for the elimination of property taxes on primary owner occupied residential homes, if approved by the voters. The Initiative may also have a financial impact on the five program areas specified in the Initiative based on whether there will be revenue available to allocate to each program area. The Initiative may have a negative financial impact on state government depending on the amount of state funding required to implement the distribution and allocation provisions of the Initiative.

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.