



CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

February 25, 2002

Guy Hobbs, Chairman
Governor's Task Force on Tax Policy in Nevada
C/O Legislative Counsel Bureau
401 S. Carson Street
Carson City, NV 89701

Dear Guy:

This is in response to your solicitation of comments regarding the "structural deficit of the State budget". While these comments have not been formally approved by the Board of Supervisors, there is a consensus as to the statements expressed on the issues addressed;

- **Changes to Nevada Tax Policy** - the following are comments on various aspects of current policy and recommendations on needed changes:
 - Currently the ad valorem tax rates are comprised of four major components which include school districts, the State, local government and medical indigent. For Carson City, the percentages break down as follows:

City	42.5%	1.0958
School	47.3%	1.2200 (includes 0.75 for operation and 0.47 of voter approved capital bonding)
State	5.8%	.1500
Medical Indigent	4.4%	<u>.1150</u>
	TOTAL	2.5808

Clearly, the state's component for public education and other state programs is substantial and represents a very stable existing source of revenues for state government.

- Given the State's and local governments' mutual reliance on unreliable consumption-related sources (ie: sales & gaming levies), future structural changes in tax policy should focus on creating both capacity and stability for both levels of government.
- In any proposal which broadens the existing bases, increases the rates of taxation or proposes additional sources of taxation, counties should be provided the authority, responsibility and accountability to residents to establish its own tax base and to maintain local control to provide the desired service levels for the health, safety and welfare to its citizens. This is especially important for counties who have not already reached the statutory \$3.64 cap.

- Counties need to achieve the flexibility to raise revenue from an ad valorem source which are subject to voter approval in increments which should be excluded from the statutory \$3.64 cap.
- **Long term care** - today, the existing structure is failing in an increasing number of rural counties including Carson City. Attached is a schedule showing the number of cases, the annual cost, and the tax rate levied for the last five years for Carson City. Clearly this shows that as our population continues to age statewide, the caseloads will continue to trend upward and Carson City must project future funding deficits. We should not lose sight of the fact that the Medicaid match program is first a State responsibility, yet the counties have been required to make and meet the State's full match as required by the program. As more counties experience larger deficits, it increasingly jeopardizes the federal support and future of the program statewide. We propose that the State rightfully assume the responsibility of this program statewide and in exchange that the counties shift their tax rate capacity to the State.
- **Unfunded mandates** - as overwhelmingly expressed by the voters in the 1992, statewide general election, passing along unfunded Federal and State mandates to local government can no longer continue. Thus, no future legislation can be exempted from this requirement.

Thank you for consideration of our comments and concerns and we stand ready to provide any addition data or clarification that you may need on these issues or our positions.

Sincerely,



John Berkich
City Manager

JB/rg

attachment

c: Board of Supervisors
Bob Hadfield, NACO Executive Director
Mary Walker, Walker & Associates
Kit Weaver, Assessor
Dave Heath, Finance Director

CARSON CITY
LONG TERM INDIGENT CARE COSTS
FISCAL YEAR 1996-97 THROUGH 2000-01

	AVERAGE PATIENT COUNT	LONG-TERM CARE COSTS	AD VALOREM RATE	AD VALOREM REVENUE
FISCAL YEAR 2000 - 2001	73	\$ 986,626	0.10	\$ 874,643
FISCAL YEAR 1999 - 2000	58	\$ 950,790	0.10	\$ 833,783
FISCAL YEAR 1998 - 1999	39	\$ 684,245	0.08	\$ 618,812
FISCAL YEAR 1997 - 1998	30	\$ 529,465	0.10	\$ 750,927
FISCAL YEAR 1996 - 1997	23	\$ 395,460	0.10	\$ 718,281