

# **CTX for New Cities**

## *Perspective from Experience*

**June 12<sup>th</sup> Laughlin residents voted NO** on the matter of incorporation.

**The deciding issue was unpredictable CTX revenues** that would be allocated to the new City of Laughlin, and the resulting equally unpredictable possibility of increased property taxes and/or reduced city services – unpredictability and uncertainty was most distressing to many voters.

**Many voters didn't understand** the complex statutory issues, but they did understand that no one could predict or budget, with reasonable certainty, CTX revenues to be allocated to the new City in conjunction with services to be transferred from the County to the new City – not the Proponents – not the Opponents – not County Finance – not State Department of Taxation – not the Committee on Local Government Finance – **NO ONE!**

**Everyone had "best guess" estimates** based on individual interpretations of existing vague statutes, possibly leaning toward one or the other end of some reasonable range, based on individual perspectives – there's no valid excuse or legislative justification for such lack of statutory guidance.

**Governing Statutes should clarify pre-incorporation issues**, providing proper guidance and direction for reasonable certainty in pre-incorporation fiscal feasibility estimates and budgets – NRS 360.740 and other Statutes deemed relevant should, but don't, provide such direction – existing statutes allow a new City to consider and apply for additional CTX upon incorporation, but there are no provisions for such activities during pre-incorporation fiscal feasibility periods – NRS 360.740 addresses only the application process after a fiscal "estimate or budget" has been prepared, but is silent on the specifics, basis and amount of Additional CTX to be included in such fiscal plans.

**Amending NRS 360.740** was proposed to the CTX Subcommittee at the March 15<sup>th</sup> meeting, and basically suggested clarification and provisions to: 1) Allow a new city to receive the amount of tax that is currently being used to pay for transferred services so that the revenue stream will remain neutral; 2) Challenge the new city to reduce service costs by a minimal of 10% without impacting services; 3) Set up a rainy day fund with at least 50% of the above savings; and, 4) Assure that the Committee on Local Government Finance would provide oversight to the new city to insure compliance.

**Learning from experience** makes the experience worthwhile – many Laughlin residents didn't vote against incorporation, but rather voted against making that decision with revenue and tax uncertainties caused by existing Statutes – those Statutes should be corrected to allow the next proposed new city to have a fair

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- opportunity to reasonably analyze fiscal feasibility – avoiding such Legislative action is a deterrent and disservice to local community growth and governance – on the other hand, corrective Legislative action would do much to soften the uncertainties of the revenue side of Fiscal Feasibility.