

**EXECUTIVE AGENCY  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 1, 2021

Agency Submitting: Department of Motor Vehicles, Office of Project Management

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>	<b>Effect on Future Biennia</b>
New Reno SGST (Revenue)			\$4,623,038	\$18,492,152
DMV Commision (Revenue)			\$295,088	\$1,180,350
New Reno Sales Tax Proceeds (Revenue)			\$3,673,979	\$14,695,914
Motor Carrier Vendor Cost (Expense)		\$60,000		
Total	0	\$60,000	\$8,592,105	\$34,368,416

Explanation

(Use Additional Sheets of Attachments, if required)

Senate Bill 73/BDR S-432 authorizes Reno City Council to establish a committee which can recommend imposing certain taxes or reallocating existing revenue for certain purposes. The taxes under consideration are: lodging tax, SGST imposition, real property transfer tax, additional sales/use tax or additional property tax. All of the taxes under consideration will be specific to the City of Reno. If the committee approves, the City Council will submit question language to be included on the 2022 general election ballot, with the rates and details of the tax impositions clarified at that time. Revenue collected would go to fund certain capital and operational costs of the city. The bill becomes effective upon passage and approval.

If a new SGST tax source is approved by the city council and voters in 2022, implementing this bill will require programming across all Department platforms to calculate the tax, identify on renewal notices and online fee estimators, creation of new account codes for collection and distribution of new revenue, and modifications to Department procedures, forms and manuals. A precise estimate of potential revenue from a new SGST source or increased sales tax is difficult because the rate has not yet been specified. For the purposes of this fiscal note, existing SGST and Washoe County Sales Tax rates have been used to provide estimates.

The Department estimates a total of 854 in-house programming hours is required in addition to programming to be completed by the Motor Carrier Division registration program vendor. While DMV is willing to absorb the cost of in-house programming hours, the full impact cannot be determined until the cumulative total of approved 2021 legislation is assessed. DMV may request an appropriation or return to the Interim Finance Committee in the 2021-2023 biennium should the cumulative workload increases necessitate additional resources.

Name Angela Smith

Title Administrator

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

Date Friday, January 29, 2021

The agency response appears reasonable.

Name Tiffany Greenameyer

Title Deputy Director

**Basis for Calculation:**

(1) Reno population accounts for approximately 54% of the total population in Washoe County. Total BGST collection for Washoe County in FY20 was \$76,405,316; 54% of that total is \$41,258,870.

(2) SGST calculations are 25% of BGST figures. Multiplying adjusted total of \$41,258,870 for Reno by 25% calculates projected new Reno city SGST revenue of \$10,314,718.

(3) The 2022 General Election will take place in November 2022 so calculations are based on an assumed implementation date of 1/1/2023. Note: DMV implementation will depend on effective date specified on the ballot and allotted programming time.

(4) Department Blue Book growth rates for BGST are as follows: FY21=-2.95%; FY22= -1.74%; FY23= no growth or decline (flat).

(5) Estimated revenue figures for future FY's based on Department's growth rate applied to base estimate of \$10,314,718.

FY21: \$10,314,718 X -2.95% = \$10,010,433

FY22: \$10,010,433 X -1.74% = \$9,836,251

FY23: \$9,836,251 (no growth or decline)

(6) DMV receives 6% commission for all BGST/SGST revenue. Projected DMV Commission = Projected Total New SGST amount multiplied by 6%.

(7) Reno SGST Revenue = Projected Total New SGST - Projected New SGST DMV Commission

(8) Total Sales Tax collected for Washoe County in FY20 was \$6,463,569

{ \$1,564,049 (General Fund Full Sales Tax) + \$4,899,520 (Local Government Full Sales Tax) = \$6,463,569}. Reno Sales Tax = \$6,463,569 multiplied by 54% (Reno population percentage identified in item #1)

(9) Department Blue Book growth rates for Sales Tax are as follows: FY21=15.18%; FY22= -1.30%; FY23= no growth or decline (flat).

(10) Estimated revenue figures for future FY's based on Department's growth rate applied to base estimate of \$6,463,569.

FY21: \$6,463,569 X 15.18% = \$7,444,739

FY22: \$7,444,739 X -1.30% = \$7,347,957

FY23: \$7,347,957 (no growth or decline)

(11) Motor Carrier registration program vendor estimates a cost of \$35,000-\$60,000 to implement this fee. This fiscal note uses the high estimate of \$60,000.

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**Summary of Totals**

<b>Category</b>	<b>FY 20/21 (Based on FY20 Actuals)</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>Future Biennia (FY24 + FY25)</b>
<b>Reno SGST Revenue</b>			\$ 4,623,037.97	\$18,492,152
<b>DMV New SGST Commission</b>			\$ 295,087.53	\$1,180,350.12
<b>Total New SGST Revenue</b>			\$ 4,918,125.50	\$19,672,502
<b>Potential Sales Tax Revenue</b>			\$ 3,673,978.50	\$14,695,914
<b>Motor Carrier</b>	\$ -	\$ 60,000.00	\$ -	\$ -