



WASHOE COUNTY

Integrity Communication Service

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CM/ACM	<u>X</u>
Finance	<u>X</u>
DA	<u>X</u>
Risk Mgt	<u>n/a</u>
HR	<u>n/a</u>
Other	<u>n/a</u>

STAFF REPORT

BOARD MEETING DATE: January 24, 2017

DATE: Thursday, January 19, 2017

TO: Board of County Commissioners

FROM: Mark Mathers, Budget Manager
(775) 328-2071, mmathers@washoecounty.us

THROUGH: Christine Vuletich, Assistant County Manager
(775) 328-2016, cvuletich@washoecounty.us

SUBJECT: Second reading and possible adoption of an ordinance imposing additional sales and use taxes as required by the passage of S.B. 411 of the 78th Nevada Legislature and Washoe County Question 1 (2016) by amending chapter 21 of the Washoe County Code (Miscellaneous And Additional Taxes) by adding section 21.212 (Imposition and rate of additional sales tax) to impose an additional 0.54 % sales tax, and by adding section 21.382 (Imposition and rate of additional use tax) to impose an additional 0.54 % use tax, and providing for other matters properly relating thereto. (All Commission Districts).

SUMMARY

On November 8, 2016, registered voters of Washoe County approved the imposition of an increased tax of 0.54% on the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in the County. The proceeds of this increase to the sales and use tax are restricted to the acquisition, construction, repair and renovation of Washoe County School District's school facilities. Senate Bill 411 (2015) requires the Board of County Commissioners to adopt an ordinance imposing the taxes upon approval of the voters. The State Department of Taxation has indicated an effective date of April 1, 2017 for the increased tax rate.

Strategic Objective supported by this item: *Stewardship of our community.*

PREVIOUS ACTION

On March 22, 2016, the Board of County Commissioners (Board) adopted a resolution designated as the "2016 School Financing Election Resolution", approving the submittal of a question to the registered voters of Washoe County at the General Election on Tuesday, November 8, 2016, concerning the imposition of an increased sales and use tax rate of 0.54%. This was done consistent with the requirements of Senate Bill 411 of the 2015 legislative session.

On November 29, 2016, the Board of County Commissioners approved the request by the County Manager's Office through the County to amend the Washoe County Code to enact the increase to the County's sales and use tax rate as approved by voters in Washoe County on November 8, 2016, and directed the Clerk to submit the request to the District Attorney for preparation of a proposed ordinance pursuant to Washoe County Code 2.04.

On January 10, 2017, the Board of County Commissioners introduced and held a first reading of the ordinance.

BACKGROUND

The Washoe County Public Schools Overcrowding and Repair Needs Committee ("Committee") was created by resolution of the Washoe County School Board of Trustees pursuant to Senate Bill 411 of the 2015 legislative session. This Committee was created to address overcrowding and repair needs in the Washoe County School District. The Committee was charged with preparing and submitting its recommendations to the Board of County Commissioners for the imposition of one or more taxes in Washoe County to provide funding for capital projects for the School District.

The Committee unanimously voted to recommend the imposition of an increased tax of 0.54% on the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in the County. The Committee adopted its recommendation on March 4, 2016, which confirmed the above referenced tax and requested that the Board of County Commissioners place the question on the ballot. On November 8, 2016, registered voters of Washoe County approved the imposition of the increased tax of 0.54%. In accordance with Senate Bill 411, the Board of County Commissioners is required to adopt an ordinance imposing the taxes upon approval of the voters.

Where necessary, changes to Chapter 21 of County Code to reflect these changes must be handled through the preparation of a proposed ordinance pursuant to Washoe County Code 2.040.

FISCAL IMPACT

There is no fiscal impact to the County related to the imposition of this sales tax other than a small cost associated with the staff time to distribute sales taxes collected by the State to the Washoe County School District on a monthly basis.

RECOMMENDATION

It is recommended that the Board of County Commissioners adopt the proposed ordinance imposing additional sales and use taxes as required by the passage of S.B. 411 of the 78th Nevada Legislature and Washoe County Question 1 (2016) by amending chapter 21 of the Washoe County Code (Miscellaneous And Additional Taxes) by adding section 21.212 (Imposition and rate of additional sales tax) to impose an additional 0.54 % sales tax, and by adding section 21.382 (Imposition and rate of additional use tax) to

impose an additional 0.54 % use tax, and providing for other matters properly relating thereto. (All Commission Districts).

POSSIBLE MOTION

Should the Board approve, a possible motion would be:

Move to “conduct a second reading and adopt the proposed ordinance imposing additional sales and use taxes as required by the passage of S.B. 411 of the 78th Nevada Legislature and Washoe County Question 1 (2016) by amending chapter 21 of the Washoe County Code (Miscellaneous And Additional Taxes) by adding section 21.212 (Imposition and rate of additional sales tax) to impose an additional 0.54 % sales tax, and by adding section 21.382 (Imposition and rate of additional use tax) to impose an additional 0.54 % use tax, and providing for other matters properly relating thereto. (All Commission Districts); and if supported, set the public hearing for second reading and possible adoption of the ordinance on January 24, 2017.”



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SUMMARY

On November 8, 2016, registered voters of Washoe County approved the imposition of an increased tax of 0.54% on the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in the County. The proceeds of this increase to the sales and use tax are restricted to the acquisition, construction, repair and renovation of Washoe County School District's school facilities. Senate Bill 411 (2015) requires the Board of County Commissioners to adopt an ordinance imposing the taxes upon approval of the voters. The State Department of Taxation has indicated an effective date of April 1, 2017 for the increased tax rate.

Strategic Objective supported by this item: *Stewardship of our community.*

PREVIOUS ACTION

On March 22, 2016, the Board of County Commissioners (Board) adopted a resolution designated as the "2016 School Financing Election Resolution", approving the submittal of a question to the registered voters of Washoe County at the General Election on Tuesday, November 8, 2016, concerning the imposition of an increased sales and use tax rate of 0.54%. This was done consistent with the requirements of Senate Bill 411 of the 2015 legislative session.

AGENDA ITEM # _____

impose an additional 0.54 % use tax, and providing for other matters properly relating thereto. (All Commission Districts).

POSSIBLE MOTION

Should the Board approve, a possible motion would be:

Move to “conduct a second reading and adopt the proposed ordinance imposing additional sales and use taxes as required by the passage of S.B. 411 of the 78th Nevada Legislature and Washoe County Question 1 (2016) by amending chapter 21 of the Washoe County Code (Miscellaneous And Additional Taxes) by adding section 21.212 (Imposition and rate of additional sales tax) to impose an additional 0.54 % sales tax, and by adding section 21.382 (Imposition and rate of additional use tax) to impose an additional 0.54 % use tax, and providing for other matters properly relating thereto. (All Commission Districts); and if supported, set the public hearing for second reading and possible adoption of the ordinance on January 24, 2017.”

SUMMARY: An ordinance imposing additional 0.54% sales and use taxes as required by the passage of S.B. 411 of the 78th Nevada Legislature and Washoe County Question 1 (2016).

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE IMPOSING ADDITIONAL SALES AND USE TAXES AS REQUIRED BY THE PASSAGE OF S.B. 411 OF THE 78TH NEVADA LEGISLATURE AND WASHOE COUNTY QUESTION 1 (2016) BY AMENDING CHAPTER 21 OF THE WASHOE COUNTY CODE (MISCELLANEOUS AND ADDITIONAL TAXES) BY ADDING SECTION 21.212 (IMPOSITION AND RATE OF ADDITIONAL SALES TAX) TO IMPOSE AN ADDITIONAL 0.54 % SALES TAX, AND BY ADDING SECTION 21.382 (IMPOSITION AND RATE OF ADDITIONAL USE TAX) TO IMPOSE AN ADDITIONAL 0.54 % USE TAX, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF WASHOE DO ORDAIN:

SECTION 1. Senate Bill 411 passed by the 78th Nevada Legislature and signed by the Governor provides that if a Public Schools Overcrowding and Repair Needs Committee recommends, and the voters at the 2016 General Election approve, the imposition of certain taxes for certain school purposes, this Board of County Commissioners is required to adopt an ordinance imposing the taxes. On November 8, 2016 a majority of Washoe County voters approved Washoe County Question 1. Pursuant to the March 4, 2016 resolution of the Committee the question asked whether the Board of County Commissioners “should be authorized to impose a sales and use tax of 0.54% in Washoe County to fund only capital projects of Washoe County School District for the acquisition, construction, repair and renovation of school facilities.” The canvass of the vote of the 2016 General Election was made on November 15, 2016 and no errors affecting the vote on the question were found.

SECTION 2. Chapter 21 of the Washoe County Code (Miscellaneous And Additional Taxation) is hereby amended by adding section 21.212 which shall read as follows:

21.212 Imposition and rate of additional sales tax.

1. In addition to the amount of tax imposed pursuant to other sections of this chapter, for the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 0.54 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the county.

2. The tax imposed pursuant to this section must be administered and enforced in the same manner as the taxes imposed pursuant to chapter 374 of NRS are administered and enforced,

including the exemptions from tax set forth in that chapter. To the extent the other provisions of this chapter relating to the imposition, administration or enforcement of the tax on the sales of tangible personal property are inconsistent with the requirements of chapter 374 of NRS, the provisions of chapter 374 of NRS govern.

3. The proceeds of the taxes imposed pursuant to this section:

(a) Must be deposited in the Washoe County School District's fund for capital projects established pursuant to NRS 387.328, to be held and, except as otherwise provided in subparagraph b, below, expended in the same manner as other money deposited in that fund;

(b) May be pledged to the payment of principal and interest on bonds or other obligations issued for one or more of the purposes set forth in NRS 387.335. The proceeds of such taxes so pledged may be treated as pledged revenues for the purposes of subsection 3 of NRS 350.020, and the board of trustees of the school district may issue bonds for those purposes in accordance with the provisions of chapter 350 of NRS; and

(c) May not be used:

(1) To settle or arbitrate disputes between a recognized organization representing employees of a school district and the school district, or to settle any negotiations; or

(2) To adjust the district-wide schedule of salaries and benefits of the employees of a school district.

SECTION 3. Chapter 21 of the Washoe County Code (Miscellaneous And Additional Taxation) is hereby amended by adding section 21.382 which shall read as follows:

21.382 Imposition and rate of additional use tax.

1. In addition to the amount of tax imposed pursuant to other sections of this chapter, an excise tax is hereby imposed upon the storage, use or other consumption in the county of tangible personal property purchased from any retailer for the storage, use or other consumption in the county at the rate of 0.54 percent of the sales price of the property.

2. The tax imposed by this section is imposed on all property which was acquired out of State in a transaction which would have been a taxable sale if it had occurred within this State.

3. The tax imposed pursuant to this section must be administered and enforced in the same manner as the taxes imposed pursuant to chapter 374 of NRS are administered and enforced, including the exemptions from tax set forth in that chapter. To the extent the other provisions of this chapter relating to the imposition, administration or enforcement of the tax on the sales of tangible personal property are inconsistent with the requirements of chapter 374 of NRS, the provisions of chapter 374 of NRS govern.

4. The proceeds of the taxes imposed pursuant to this section:

(a) Must be deposited in the Washoe County School District's fund for capital projects established pursuant to NRS 387.328, to be held and, except as otherwise provided in subparagraph b, below, expended in the same manner as other money deposited in that fund;

(b) May be pledged to the payment of principal and interest on bonds or other obligations issued for one or more of the purposes set forth in NRS 387.335. The proceeds of such taxes so pledged may be treated as pledged revenues for the purposes of subsection 3 of NRS 350.020,

and the board of trustees of the school district may issue bonds for those purposes in accordance with the provisions of chapter 350 of NRS; and

(c) May not be used:

(1) To settle or arbitrate disputes between a recognized organization representing employees of a school district and the school district, or to settle any negotiations; or

(2) To adjust the district-wide schedule of salaries and benefits of the employees of a school district.

SECTION 4. If any section of this ordinance or portion thereof is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such holding shall not invalidate the remaining parts of this ordinance.

SECTION 5. All ordinances, parts of ordinances, chapters, sections, subsections, clauses, phrases, or sentences contained in the Washoe County Code in conflict herewith are hereby repealed.

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SECTION 6. This ordinance shall be published by title only, together with the names of the County Commissioners voting for or against its passage, in a newspaper published in and having a general circulation in Washoe County, Nevada, at least once a week for a period of two (2) weeks, and shall be in force and effect on April 1, 2017 and thereafter.

[Business Impact Note: The Board of County Commissioners hereby finds that this ordinance imposes sales and uses taxes and pursuant to NRS 237.060(2) is not subject to the business impact statement requirement and other processes of chapter 237 of NRS. The Board also does not have the authority to consider less stringent alternatives because the ordinance is required to be adopted by State statute. NRS 237.070.]

Proposed on the _____ day of _____, 2017.

Proposed by Commissioner _____.

Passed on the _____ day of _____, 2017.

Vote:

Ayes:

Nays:

Absent:

Bob Lucey, Chairman
Washoe County Commission

ATTEST:

County Clerk

This ordinance shall be in force and effect from and after the 1st day of April, 2017.