STAFF REPORT

Report To: Board of Supervisors  Meeting Date:  April 18, 2024

Staff Contact: Darren Schulz, Public Works Director

Agenda Title: For Possible Action: Discussion and possible action regarding (1) two proposed ballot questions for the November 2024 Carson City General Election concerning (a) a 0.25% increase in the Special Purpose Sales Tax (“Sales Tax”) and (b) a Supplemental Government Services Tax (“GST”) of $0.01 on each $1.00 of valuation for vehicles registered in Carson City, with proceeds from the Sales Tax and GST to be used solely for the construction, maintenance and repair of local, public roads in Carson City; and (2) proposed language for the Sales Tax and GST ballot questions for the November 2024 general election. (Nancy Paulson, npaulson@carson.org and Chris Martinovich, cmartinovich@carson.org)

Staff Summary: Staff has been analyzing several funding sources to improve the condition of Carson City’s roadway pavement and fund transportation related activities. Two of the options analyzed by staff include the enactment of a Sales Tax authorized under Nevada Revised Statutes (“NRS”) Chapter 377A, and a GST authorized under NRS Chapter 371. This item is for the Board of Supervisors (“Board”) to consider whether the City should pursue ballot questions intended to generate additional revenue for the construction, maintenance and repair of local, public roads. If the Board determines the City should pursue ballot questions on the Sales Tax, GST or both, the Board must also review and approve language for the ballot questions themselves. The proposed ballot questions include the question, explanation, digest and description of anticipated financial effect. Arguments for and against passage will be developed by committees or by the Carson City Clerk-Recorder in consultation with the District Attorney’s Office.

Agenda Action: Formal Action / Motion  Time Requested:  15 minutes

Proposed Motion
I move to approve the Sales Tax and Government Services Tax ballot questions for the November 2024 Carson City General Election and to approve the language for the ballot questions.

Board's Strategic Goal
Efficient Government

Previous Action
March 13, 2024 (Item 5.A) – The Carson City Regional Transportation Commission (“RTC”) recommended that the Board pursue two ballot questions at the November 5, 2024 General Election that
would generate revenue through the Sales Tax and GST, with that revenue to be deposited in a separate fund to be used only for the construction, maintenance and repair of local, public roads in Carson City.

**Background/Issues & Analysis**

NRS 377A.020 authorizes the Board to enact an ordinance imposing a Sales Tax in Carson City at a rate of up to one-half of one percent (0.5%) for the purposes of maintaining a public transit system; for the construction, maintenance and repair of public roads; for the improvement of air quality; or for any combination of those purposes. Carson City previously enacted a Sales Tax of 0.25% via Carson City Municipal Code ("CCMC") Chapter 21.04, meaning there is an additional 0.25% in potential Sales Tax revenue available. The Board may enact an ordinance raising the Sales Tax from 0.25% to 0.5% upon approval by a majority of the registered voters in the municipality who vote on the ballot question concerning the imposition of the Sales Tax.

The RTC recommended to the Board that the Sales Tax be solely for the construction, maintenance and repair of public roads with a functional classification of ‘local’. If the Sales Tax is enacted for the construction, maintenance and repair of local public roads, NRS 377A.080 allows the RTC to administer the revenue associated with the Sales Tax revenue. This includes the appropriation of the funding, approval for the maintenance and repair of public roads and issuance of bonds.

NRS 371.045 authorizes the Board to enact an ordinance imposing a GST of not more than $0.01 on each $1.00 of valuation for vehicles based in Carson City. Carson City must use any GST proceeds for projects related to the construction and maintenance of sidewalks, streets, avenues, boulevards, highways and other public rights-of-way used primarily for vehicular traffic, including, without limitation, overpass projects, street projects or underpass projects. Carson City may also issue bonds against the GST.

The amount generated by the GST is based on a valuation of vehicles assessed. The valuation of vehicles is set at 35 percent of the manufacturer’s suggested retail price in Nevada, as determined by the Department of Motor Vehicles. The maximum GST collected is 100% of that valuation and decreases annually as the vehicle ages to a minimum of 15% once a vehicle reaches 9 years of age.

Similar to the Sales Tax, the RTC recommended to the Board that the GST be solely for the construction, maintenance, and repair of local public roads.

The estimated annual revenue generated by the proposed Sales Tax and GST is as follows:
- Sales Tax increase from 0.25% to 0.5% (NRS Chapter 377A) = $4 million to $4.5 million annually.
- GST (NRS Chapter 371) = $2.5 million annually.

All revenue collected from the Sales Tax and GST is distributed to Carson City minus a small percentage retained by the State of Nevada for administrative purposes.

The annual estimated funding deficit for road construction, maintenance and repair is $21 million. Carson City’s annual available budget for road projects is approximately $4.5 million. While the proceeds from Sales Tax and GST do not fill the full funding deficit, they represent an over 200% increase in the City’s funding for roads and serve as a critical addition to the City's annual budgets.

Staff is seeking Board approval to pursue both the Sales Tax and GST through ballot questions during the November 5, 2024 General Election. If the Board wishes to do so, it must approve of the language for the ballot questions. The proposed ballot question language was developed by the District Attorney’s Office with support from Public Works’ staff. The draft ballot language includes the question, explanation, digest and a description of anticipated financial effect.
Arguments for and against passage will be prepared by committees appointed by the Board pursuant to NRS 295.121. If the Board is unable to appoint committees, the arguments advocating and opposing the ballot question will be prepared by the Carson City Clerk-Recorder in consultation with the District Attorney’s Office. The Clerk-Recorder is seeking the appointment of ballot question committees through a separate agenda item, with one committee supporting and one opposing the ballot questions.

**Applicable Statute, Code, Policy, Rule or Regulation**
NRS 293.481, 295.121, 371.045 and 377A.020; CCMC Chapter 21.04.

**Financial Information**
Is there a fiscal impact?  No

If yes, account name/number:  N/A

Is it currently budgeted?  No

**Explanation of Fiscal Impact:** If passed, the Sales Tax and GST are estimated to generate between $6.5 million and $7 million per year in additional revenue beginning in the latter half of fiscal year 2025. Revenue generated would be deposited in a separate fund dedicated solely to constructing, maintaining and repairing local public roads.

**Alternatives**
Decline to pursue one or both potential ballot questions, modify the proposed ballot language and/or provide alternative direction to staff.

**Attachment(s):**
Local Road Ballot Questions - Presentation.pdf

2024 - Proposed Questions (NRS 371 377A)-ccm_at (Clean)_np_np (Clean).pdf

Motion: _________________  1) ________________  Aye/Nay
       2) ________________

   (Vote Recorded By)