

June 6, 2016

State of Nevada
Department of Taxation
Committee on Local Government Finance

SUBJ: WC1 Proposed Sales Tax Increase/ NRS 281A

I am on a two person committee to draft an opposition argument as required under NRS 295.121 etc. to the WC1 Sales Tax ballot Measure. This is a multi-billion dollar measure- quite a responsibility. In ten years alone, this never ending measure will generate about one billion dollars.

Accuracy is extremely important. I have requested answers to important ballot issues related to supplantation, transfer of salaries, and the gas tax.

We were referred to Nevada Department of Taxation (Taxation), the official state agency that would oversee tax issues. They replied in part as follows:

“Hi Jeff--

I wanted to let you know I received your questions regarding the sales tax increase for schools. I am out of the office today, but I will work on these when I return tomorrow and get back to you ASAP.”

However instead they referred my questions to the Washoe County School District (herein: WCSD). I received an email back with “answers” that leave more questions. The email seems to intentionally skirt the various questions I asked.

I want the CLGF to be aware of the following:

They claim it does not affect the gas tax.

Regarding supplantation they offered the following confusing response:

“Finally, most school districts in Nevada (some of the mining counties being the exceptions) do not use their general fund to perform capital project type expenditures, so there is no opportunity to “supplant” expenses.”

However: FROM THE WCSD CAFR (Audit): (underline added)

The largest and main general revenue sources for the District are property taxes (Ad Valorem), local school support taxes, government service taxes and state aid not restricted to specific purposes, which comprise 78.6% of total revenues. The largest support expenditures are operation and maintenance at 20.8%, school administration at 14.8% and facilities at 13.2% of total support services expenses.

So as a lay person seeking clarity, it seems that over 78% of school funding is unrestricted. In addition to above the Commerce Tax provided a .35% (non sunset) tax for schools. Then 34% of the expenditures are for operation, maintenance or facilities. It would seem that all or part of the 34% is related and transferable to the WC 1 ballot measure as "the acquisition, construction, repair and renovation of school facilities."

Then we have an issue with WCSD compliance with NRS 281A including NRS 281A.520.

Does the Department of Taxation have an obligation to oversee and report violations of NRS 281A?

If so please contact me for more detailed information but the WCSD held a series of townhalls (see attachments) in which the opposition was stifled from speaking or distributing opposing material. The townhalls specifically discussed the ballot measure and gave opinions on supplantation and salaries (believed to be false). They seemed to support WC1 simply by using the code word "additional finding" and making claims of what would happen if they didn't receive the funding, "Without Additional funding Double Sessions" (brochure page 1)

They addressed the ballot specifically indicated it was for \$781million in funding- not true, it is never ending.

This went so far as distributing a brochure at taxpayer expense that referenced said "additional funding" and made a number of statements ranging from wordsmithing to false info all clearly promoting additional funding/.

Without going into detail they have given information contrary to that they testified to in the legislature. They have used inflated figures such as \$110,000 to \$135,000 million for a high school versus \$85 million they claimed a year ago (which is supported by facts). The \$135,000 is even sky high in California. Page 7 makes various highly disputed claims about vetting, citizen oversight and a prohibition on capitol funds being used for school administrators.

I urge the Department of Taxation to help clarify the billion dollars questions and please review the provided material and contact me regarding the WCSD covert support for WC1 and possible violations of NRS not limited to NRS 281A.

Sincerely,

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Building Community Plan

Our Kids, Our Schools, Our Future



**Washoe County
School District**

KEY TOPICS

School Overcrowding & Repair Needs

Current & Future
Conditions

Specific Needs

Two Paths Forward

Without Additional Funding

Double Sessions

Repair Needs Increase

With Additional Funding

Build New Schools

Repair Existing
Schools

Community Oversight

Plan Development

Future Approval

Community-Driven Process

\$781 Million Need: Community Conclusion

An independent, 15-member community committee determined that this additional funding amount, and the specific plan it funds, was necessary to adequately address school construction and repairs. This local committee critically examined the issue, researched the district's costs, projections, history, and specifics on what goals could be met and projects completed at different levels of funding.

The committee also worked with WCSD to create a higher level of citizen control and oversight for school construction and repairs.

Citizen Control and Oversight

A new, independent citizen's committee must first approve all new or changed capital projects. Another independent group must certify that debt (bonding) is only being issued to build or repair schools. Both groups hold public, open meetings.

Community Input

This plan was vetted through public meetings and an independent community group.

Many details need finalizing through community input. We want to hear from you now, and through the independent community board that will oversee any building or spending plan going forward.

Construction ("Capital") Funds vs. Operating Funds

All current and future capital funding by law can only be used to build or repairs schools. This money cannot be used for teachers, school administrators, or other school operations.

Similarly, some academic funding, including most of the recently-approved tax increases for education funding, cannot be used for school construction and repairs.

INDEPENDENT ANALYSIS OF NEED

Community
Involvement

Citizen Oversight
and Control

Construction
Funds vs. School
Operating Funds

