

NOTICE OF PUBLIC MEETING
of the
Board of Directors of
SOMERSET ACADEMY OF LAS VEGAS

Notice is hereby given that the Board of Directors of Somerset Academy of Las Vegas, a public charter school, will conduct a public meeting on May 7, 2020 beginning at 6:00 p.m. via Zoom Meeting.

Join Zoom Meeting:

<https://us02web.zoom.us/j/82905574616?pwd=VFNqVUVpV0g4S0ZES0JSRVZVaWtHQOT09>

Meeting ID: 829 0557 4616 Password: 979737;

or join via audio by calling: +1 301 715 8592 US +1 253 215 8782 US

Attached hereto is an agenda of all items scheduled to be considered. Unless otherwise stated, the Board Chairperson may 1) take agenda items out of order; 2) combine two or more items for consideration; or 3) remove an item from the agenda or delay discussion related to an item.

Reasonable efforts will be made to assist and accommodate physically handicapped persons desiring to attend or participate at the meeting. Any persons requiring assistance may contact Dena Thompson at (702) 431-6260 or dena.thompson@academicnv.com two business days in advance so that arrangements may be conveniently made.

If you would like copies of the meeting agenda, support materials or minutes, please visit the school's website at somersetacademyoflasvegas.com. For copies of meeting audio, please email dena.thompson@academicnv.com

Public comment may be limited to three minutes per person at the discretion of the Chairperson.

AGENDA

May 7, 2020 Meeting of the Board of Directors of Somerset Academy of Las Vegas

A College Prep School

Cultivating Effective Leaders, Good Character and a Desire to Render Service

We prepare students to excel in academics and attain knowledge through life-long learning by dedicating ourselves to providing equitable, high-quality education for all students. We promote a culture that maximizes student achievement and fosters the development of accountable 21st Century learners in a safe and enriching environment.

(Action may be taken on those items denoted “For Possible Action”)

1. Call to order and roll call (For Possible Action)
2. Public Comment and Discussion *(No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)*
3. Discussion and Possible Action Regarding Revised Grade-Level Maximum Enrollment for the 2020/2021 School Year (For Possible Action)
4. Member Comment (Information/Discussion)
5. Public Comment and Discussion *(No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)*
6. Adjournment (For Possible Action)

This notice and agenda has been posted on or before 9 a.m. on the third working day before the meeting at the following locations:

- 1) Somerset Aliante Campus – 6475 Valley Dr., North Las Vegas, NV 89084
- 2) Somerset Lone Mountain Campus – 4491 N. Rainbow Blvd., Las Vegas, NV 89108
- 3) Somerset Losee Campus – 4650 Losee Road, North Las Vegas, NV 89081
- 4) Somerset North Las Vegas Campus – 385 W. Centennial Pkwy, North Las Vegas, NV 89084
- 5) Somerset Sky Pointe Campus – 7038 Sky Pointe Dr., Las Vegas, NV 89131
- 6) Somerset Skye Canyon Campus – 8151 N. Shaumber Road, Las Vegas, NV 89166
- 7) Somerset Stephanie Campus – 50 N. Stephanie St., Henderson, NV 89074
- 8) Notices.nv.gov

SOMERSET ACADEMY OF LAS VEGAS

Supporting Document

Meeting Date: May 7, 2020

Agenda Item: 3 – Discussion and Possible Action Regarding Revised Grade-Level Maximum Enrollment for the 2020/2021 School Year

Number of Enclosures: 7

SUBJECT: Revised Grade-Level Maximum Enrollment for the 2020/2021 School Year

- Action
- Appointments
- Approval
- Consent Agenda
- Information
- Public Hearing
- Regular Adoption

Presenter (s): Trevor Goodsell/Crystal Thiriot

Recommendation:

Proposed wording for motion/action:

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 5-10 Minutes

Background: Due to anticipated budget cuts stemming from the pandemic, maximum enrollment targets need to be examined to help bridge the gap in funding.

Submitted By: Staff

ONE HUNDRED ONE NORTH CARSON STREET
CARSON CITY, NEVADA 89701
OFFICE (775) 684-5670
FAX NO. (775) 684-5683



555 EAST WASHINGTON AVENUE, SUITE 5100
LAS VEGAS, NEVADA 89101
OFFICE (702) 486-2500
FAX NO.: (702) 486-2505

Office of the Governor

April 3, 2020

Dear Directors, Executive Directors & Administrators:

Just a few weeks ago, my newly established subcabinet groups began the hard work of meeting and formulating the means and ways to successfully implement my vision of a child and family centered Nevada government. In just a short period of time, we saw agencies working together, using their shared expertise to reach a unified goal, and breaking down the silos that plague every organization of this size. My staff and I observed a refreshing optimism and an invigoration of ideas that was carrying us through as we worked towards these focused priorities and toward a new and optimistic budget.

Unfortunately, the unimaginable has happened, and the magnitude of the COVID-19 public health crisis could not have been anticipated. Since my inauguration, I've welcomed honesty in your advice and expertise. Now, I will be honest with you.

We are headed into a new reality and need to take a different direction with our state budget that reflects this reality. One does not have to be a statistician or budget analyst to know that government budgets are taking significant hits as actual revenue will not meet our previous projected revenue expectations. That is why I have asked the Governor's Finance Office to send you the attached direction to begin that hard process of working together with your Governor's Finance Office budget analyst to jointly review your respective budgets and make recommendations for budget reserves. In this unprecedented and unfortunate situation, we need to make these difficult decisions together.

My direction to my staff and the Governor's Finance Office is that we will be surgical and thoughtful in our approach to this problem. While we must have percentage targets to start this process, we will not just simply make a strict percentage cut across the board to our budgets. I believe to do so would be a disservice to the citizens of Nevada. All budgetary decisions made in the coming weeks and months will be made with an eye toward prioritizing our state resources to protect the health and safety of our citizens and to get us on the path toward a healthy recovery, both physically and economically.

We cannot - *and I will not* - cut the budgets of those agencies that provide the necessary resources for those on the front lines of the COVID-19 response. This moment in history is unique as this is a public health crisis of a magnitude that Nevadans have never seen. We must prioritize our resources so that we can effectively address, mitigate, and resolve this crisis as soon as possible and return to social and economic normalcy. We cannot accomplish this mandate if we cut the vital areas needed to execute an effective COVID-19 response.

I wish we weren't facing the reality of this crisis, and I wish I didn't have to write this letter. However, as all Nevadans – including family households, small businesses, and even our largest employers – are looking at their finances and budgets differently right now, so should the State of Nevada. All Nevadans will be making cuts to their budgets, and we need to as well.

I know it is an all too familiar exercise for many of you to be asked to review your budgets for recommendations to remove resources, contract desired expansions, and set aside planned improvements all in the vein of shared sacrifices. In the little over a year since taking office, my staff and I have seen ample evidence of the extraordinary ideas and vision you have as state leaders, and it saddens me to ask you to postpone some of those aspirations for the time being. However, it is my hope that we can learn from this challenge and build a new paradigm so that we will come out stronger on the other end and get back to that work of building the state government that I have envisioned – one that is centered on the needs of the children, families and communities of Nevada.

Sincerely,



Governor Steve Sisolak
State of Nevada

**State of Nevada
Budget Reserve Targets
2020 - 2021 Biennium
As of March 2020**

	2019-2020		2020-2021				Biennium	
	General Fund Appropriations	Budget Cuts 4.00%	General Fund Appropriations	Budget Cuts 6.00%	Additional 4.00%	Additional 4.00%	Total Budget Cuts	
Office of the Governor	2,733,781	109,351	2,768,567	166,114	110,743	110,743	387,599	496,951
Governor's Mansion	340,671	13,627	374,414	22,465	14,977	14,977	52,418	66,045
Office for New Americans	176,285	7,051	196,082	11,765	7,843	7,843	27,451	34,503
Department of Sentencing Policy	404,492	16,180	488,311	29,299	19,532	19,532	68,364	84,543
Office of Indigent Defense	2,672,393	106,896	2,862,995	171,780	114,520	114,520	400,819	507,715
Governor's Finance Office - Budget Division	4,026,488	161,060	4,580,881	274,853	183,235	183,235	641,323	802,383
Governor's Finance Office-Special Appropriations	5,275,000	211,000	5,250,000	315,000	210,000	210,000	735,000	946,000
Governor's Finance Office - Internal Audits	1,680,294	67,212	1,743,158	104,589	69,726	69,726	244,042	311,254
Governor's Finance Office - Smart 21	2,129,463	85,179	2,059,147	123,549	82,366	82,366	288,281	373,459
Nuclear Waste Project Office	1,326,582	53,063	1,441,612	86,497	57,664	57,664	201,826	254,889
Governor's Office of Energy	100	0	100	0	0	0	0	0
Office of Science, Innovation and Technology	4,121,613	164,865	4,139,459	248,368	165,578	165,578	579,524	744,389
Office of Workforce Innovation	2,541	102	2,541	152	102	102	356	457
Nevada P20 Workforce Reporting	873,633	34,945	877,402	52,644	35,096	35,096	122,836	157,782
Western Interstate Commission for Higher Education -Admin	400,983	16,039	425,265	25,516	17,011	17,011	59,537	75,576
Western Interstate Commission for Higher Education -Loans & Stipends	913,134	36,525	919,512	55,171	36,780	36,780	128,732	165,257
Lieutenant Governor	713,060	28,522	747,758	44,865	29,910	29,910	104,686	133,209
Office of Attorney General	6,733,361	269,334	5,292,380	317,543	211,695	211,695	740,933	1,010,268
Office of Secretary of State	18,420,868	736,835	19,400,913	1,164,055	776,037	776,037	2,716,128	3,452,963
Office of State Treasurer	621,451	24,858	629,223	37,753	25,169	25,169	88,091	112,949
Office of State Controller	5,335,084	213,403	5,505,823	330,349	220,233	220,233	770,815	984,219
Department of Administration	5,662,000	226,480	5,772,604	346,356	230,904	230,904	808,165	1,034,645
Merit Award Board	3,621	145	1,128	68	45	45	158	303
National Judicial College and National College of Juvenile & Family Justice	467,500	18,700	387,500	23,250	15,500	15,500	54,250	72,950
Department of Taxation	37,294,224	1,491,769	38,796,604	2,327,796	1,551,864	1,551,864	5,431,525	6,923,294
Legislative Fund	38,938,897	1,557,556	37,144,188	2,228,651	1,485,768	1,485,768	5,200,186	6,757,742
Supreme Court of Nevada	7,726,354	309,054	7,708,487	462,509	308,339	308,339	1,079,188	1,388,242
Court of Appeals	3,129,363	0	3,031,831	0	0	121,273	121,273	121,273
Law Library	1,883,264		1,932,457		77,298	77,298	154,597	
Senior Justice & Senior Judge Program	1,025,708		1,023,348		40,934	40,934	81,868	
Judicial Programs and Services	1,370,185	54,807	1,432,979	85,979	57,319	57,319	200,617	255,424
Judicial Retirement System	1,409,432	0	1,505,006	0	0	0	0	0
Specialty Court	3,640,718	0	4,384,251			0	0	
Commission on Judicial Discipline	960,109	38,404	964,109	57,847	38,564	38,564	134,975	173,380
District Judges' salaries	23,777,848	0	22,946,133	0	0	0	0	0
Governor's Office of Economic Development	14,513,592	580,544	9,988,911	599,335	399,556	399,556	1,398,448	1,978,991
Nevada System of Higher Education	684,707,608	27,388,304	694,855,461	41,691,328	27,794,218	27,794,218	97,279,765	124,668,069

**State of Nevada
Budget Reserve Targets
2020 - 2021 Biennium
As of March 2020**

	2019-2020		2020-2021				Biennium	
	General Fund Appropriations	Budget Cuts 4.00%	General Fund Appropriations	Budget Cuts 6.00%	Additional 4.00%	Additional 4.00%	Total Budget Cuts	
Department of Tourism and Cultural Affairs	3,955,668	158,227	3,793,298	227,598	151,732	151,732	531,062	689,288
Department of Health and Human Services	1,340,623,442	53,624,938	1,459,853,598	87,591,216	58,394,144	58,394,144	204,379,504	258,004,441
Child Welfare Programs	79,892,404	1,597,848	80,830,927	2,424,928	1,616,619	1,616,619	5,658,165	7,256,013
Juvenile Justice Programs	2,967,825	0	3,003,819	0	0	0	0	0
Office of the Military	4,933,767	197,351	5,297,557	317,853	211,902	211,902	741,658	939,009
Office of Veterans' Services	2,444,312	97,772	2,537,166	152,230	101,487	101,487	355,203	452,976
Department of Corrections	311,903,286	12,476,131	320,589,258	19,235,355	12,823,570	12,823,570	44,882,496	57,358,628
Department of Business and Industry	4,168,426	166,737	4,545,673	272,740	181,827	181,827	636,394	803,131
Department of Agriculture	3,374,478	134,979	3,538,928	212,336	141,557	141,557	495,450	630,429
Department of Conservation and Natural Resources	39,489,210	1,579,568	41,166,442	2,469,987	1,646,658	1,646,658	5,763,302	7,342,870
Department of Wildlife	1,294,162	51,766	1,314,207	78,852	52,568	52,568	183,989	235,755
Department of Employment, Training and Rehabilitation	5,058,000	202,320	5,234,615	314,077	209,385	209,385	732,846	935,166
Department of Motor Vehicles	33,876	1,355	34,326	2,060	1,373	1,373	4,806	6,161
Department of Public Safety	11,031,803	441,272	11,281,073	676,864	451,243	451,243	1,579,350	2,020,622
Public Safety - Parole and Probation	55,641,345	2,225,654	57,366,378	3,441,983	2,294,655	2,294,655	8,031,293	10,256,947
Public Safety - Parole Board	3,384,302	135,372	3,427,032	205,622	137,081	137,081	479,784	615,157
Commission on Ethics	245,698	9,828	244,951	14,697	9,798	9,798	34,293	44,121
General Fund Salary Adjustment	30,401,904	1,216,076	30,741,594	1,844,496	1,229,664	1,229,664	4,303,823	5,519,899
Department of Education	64,733,905	2,589,356	64,902,558	3,894,153	2,596,102	2,596,102	9,086,358	11,675,714
Distributive School Account (DSA)	1,166,677,713	46,667,109	1,162,939,824	34,888,195	11,629,398	11,629,398	58,146,991	104,814,100
School Remediation Trust Account	131,107,961	5,244,318	129,930,131	7,795,808	5,197,205	5,197,205	18,190,218	23,434,537
Other Education Programs	92,038,675	3,681,547	90,716,059	5,442,964	3,628,642	3,628,642	12,700,248	16,381,795
New Nevada Education Funding	69,937,000	2,797,480	69,937,000	4,196,220	2,797,480	2,797,480	9,791,180	12,588,660
School Safety	23,062,183	922,487	27,841,066	1,670,464	1,113,643	1,113,643	3,897,749	4,820,237
Gaming Control Board	31,237,533	1,249,501	31,333,875	1,880,033	1,253,355	1,253,355	4,386,743	5,636,244
Gaming Commission	802,642	32,106	834,608	50,076	33,384	33,384	116,845	148,951
Tahoe Regional Planning Agency	1,920,215	76,809	1,820,215	109,213	72,809	72,809	254,830	331,639
PEBP- Non State Retiree Rate Mitigation	1,035,547	0	458,176	0	0	0	0	0
						0	0	
Total Operating Appropriations	\$4,368,808,982		\$4,507,094,894					

The Proposed Budget Reserves Process for State Funding in Nevada

In December 2019, Nevada's economy was [humming](#): year-over-year growth in total non-farm employment was approximately 2.2 percent; the unemployment rate of about 4.1 percent was near the State's historical low; and tax policy changes implemented during the 80th (2019) Legislative Session collectively were expected to raise total State-generated revenue by roughly \$195.6 million over the biennium, or Fiscal Year (FY) 2020 and FY 2021.

The coronavirus pandemic appears likely to have altered that trajectory. While there is too much uncertainty to model potential economic impacts, the closure of non-essential businesses, reinforced by the stay-at-home order [declared](#) by Governor Steve Sisolak that is in effect through April 30, 2020, is expected to have wide-ranging consequences for Nevada's economy. Unemployment rates have not been released for March 2020 at the time of this writing, but initial unemployment insurance weekly claims serve as a useful proxy. Over 6,000 initial claims ([6,356](#)) were filed in the week ending March 14, 2020. The following week – that is, the week ending March 21, 2020, in which non-essential businesses first were closed – [92,298](#) initial claims were filed, representing a 1,352.1 percent increase.

Like families across Nevada, the State budget is not insulated from the economic shock. Dependence on sales/use and gaming taxes, which together, comprise nearly half ([47.7 percent](#)) of the State's major operating fund, the General Fund, has exposed vulnerabilities in our overall revenue structure. Depressed tourism dollars that typically bolster the sales tax, coupled with shuttered casinos, means that the two largest revenue sources in the General Fund likely will fall short of projections.

Governor Sisolak acknowledged as such, writing in a [memo to State agencies](#), "All Nevadans will be making cuts to their budgets, and we need to as well." The governor [stated](#) that actual revenue will not meet previous projected revenue projections and that he is examining the necessity of recommending budget reserves. In practice, these budget reserves are recommended budget cuts to General Fund appropriations for departments and operational costs within certain departments. Departments must meet [certain targets](#), though these are subject to change as the economy recovers.

The [budget reserves](#) that each department must meet are up to four percent for FY 2020 and from six percent to fourteen percent for FY 2021. The Governor's Finance Office prepared a [spreadsheet](#) that itemizes, by agency, division, and/or budget account (e.g., programs, salaries), General Fund appropriations for each fiscal year and budget cut amounts at each potential budget cut point. In considering their budget reserves, agencies are directed to use certain [decision units](#), which means areas for potential cuts, which include, amongst others: staffing reductions, elimination/reduction of new programs, reductions to services, and elimination of capital improvement projects.

Using data contained in the [spreadsheet](#), we evaluate the budget reserve targets and the implications for State funding in the current biennium (FY 2020-FY 2021). We note the following in advance:

- (1) we assess funding in the context of deepest cuts – though the data makes possible consideration of other scenarios;
- (2) General Fund appropriations for certain departments, divisions, and budget accounts in the spreadsheet are displayed without an accompanying budget cut amount (or an amount set to zero),

and in those cases, we excluded them from the data; this means that total General Fund appropriations for the biennium in the original data do not match the totals reported here; and

(3) agencies rely on a diverse mix of funding sources, including federal revenue and restricted money, and, as such, these are cuts only to General Fund appropriations, the [basis](#) of which is State collection of taxes, certain licenses/fees, and use of money and property.

Categorization of Budget Reserve Targets

Examination of budget reserve targets requires a closer look at the institutional organization of the cuts, as they are differentially distributed across departments. Table 1 categorizes the departments by institutional impact and is organized by the major functional areas of State government. There are four categories: (1) departmental-level cuts only, which means that budget reserve targets are recommended solely for the department as a whole; (2) departmental- and sub-departmental level cuts, whereby budget reserve targets are recommended both for the department as a whole *and* for divisions and/or budget accounts within agencies (e.g., programs, salaries); (3) sub-departmental level cuts, which are cuts to divisions or budget accounts within a department but not for the department itself; and (4) departments for which no budget reserve targets were recommended.

Of the 41 State-level departments, more than half, or 22, have recommended budget reserve targets at the departmental level only. These tend to be either midsize departments, as defined by budget size, and/or those that receive a relatively small General Fund contribution. For example, the Treasurer's Office has a budget of [\\$838.6 million](#) for the biennium, making it the sixth largest department by budget size. However, it receives just under \$1.3 million from the General Fund appropriation, or roughly 0.1 percent of its total budget. The exception is the Nevada System of Higher Education (NSHE), which is the third largest department in the current biennium at over [\\$2.1 billion](#); at nearly \$1.4 billion, the General Fund appropriation constitutes a 65.2 percent share of NSHE's total biennial budget.

Six departments have budget reserve targets for the department itself and divisions and/or budget accounts within those departments. The Nevada Department of Health and Human Services (DHHS), the largest department in the State, falls into this category. While there is budget reserve target for the department as a whole, in accordance with Governor Sisolak's [commitment](#) that the State "will not cut the budgets of any agency that provides 'necessary resources for those on the front lines of the COVID-19 response,'" sub-departmental level cuts are not specific to public health. However, recommended budget reserve targets at the sub-departmental level center on child welfare programs, which [include](#) "child protective and child welfare service delivery in rural Nevada and oversight of urban county-operated child protective and child welfare services programs." Some [advocates](#) have raised concerns that stay-at-home orders have put more children at greater risk of abuse. But it should be noted that these programs do receive considerable federal funding, which may lessen the impact.

The second largest department in the State, the Nevada Department of Education (NDE) has budget reserve targets both at the departmental- and sub-departmental level, as well. The Distributive School Account (DSA), the School Remediation Trust Account, Other Education Programs, New Nevada Education Funding, and School Safety were identified for budget reserve targets. The DSA provides direct State financial aid to school districts and charter schools for K-12 public education in Nevada. It is the primary mechanism through which State funding is [allocated](#) to schools.

Table 1. Categorization of Nevada Departments’ Budget Reserve Targets, by Functional Area and Organizational Level

Categorization of Nevada Departments’ Budget Reserve Targets, by Functional Area and Organizational Level				
Functional Area	Departmental-Level Cuts Only	Departmental- and Sub-Departmental Level Cuts	Sub-Departmental Level Cuts	No Cuts
Health and Human Services	<i>Dept. of Employment, Training and Rehabilitation (DETR)</i>	<i>Dept. of Health and Human Services (DHHS)</i> • Child Welfare Programs		
Education	<i>Nevada System of Higher Education (NSHE)</i>	<i>Dept. of Education (NDE)</i> • Distributive School Account (DSA) • School Remediation Trust Account • Other Education Programs • New Nevada Education Funding • School Safety		<i>State Public Charter School Authority</i>
Infrastructure	<i>Dept. of Conservation and Natural Resources</i> <i>Dept. of Wildlife</i> <i>Tahoe Regional Planning Agency</i>			<i>Colorado River Commission</i> <i>Dept. of Transportation (NDOT)</i>
Special Purpose Agencies	<i>Commission on Ethics</i> <i>Dept. of Indigent Defense Services</i> <i>Dept. of Sentencing Policy</i> <i>Dept. of Veterans Services</i>		<i>Office of the Military (Adjutant General)</i>	<i>Civil Air Patrol</i> <i>PEBS</i> <i>PERS</i> <i>Silver State Health Insurance Exchange</i>
Public Safety	<i>Dept. of Corrections</i> <i>Dept. of Motor Vehicles</i>	<i>Dept. of Public Safety</i> • Public Safety - Parole and Probation • Public Safety - Parole Board		<i>Commission on Peace Officer Standards and Training</i>
Elected Officials	<i>Attorney General’s Office</i> <i>Controller’s Office</i> <i>Judicial Discipline Commission</i> <i>Lieutenant Governor’s Office</i> <i>Secretary of State’s Office</i> <i>Treasurer’s Office</i>	<i>Governor’s Office</i> • Nuclear Waste Project Office • Office of Science, Innovation and Technology • Office of Workforce Innovation • Governor’s Mansion • Office for New Americans • Governor’s Finance Office - Budget Division • Governor’s Finance Office - Special Approps. • Governor’s Finance Office - Internal Audits • Governor’s Finance Office - Smart 21 • Nevada P20 Workforce Reporting • WICHE - Admin • WICHE - Loans and Stipends • General Fund Salary Adjustment	Supreme Court of Nevada, Court of Appeals, and Judicial Programs and Services (<i>Judicial Branch</i>) Legislative Fund (<i>Legislative Branch</i>)	
Commerce and Industry	<i>Dept. of Agriculture</i> <i>Dept. of Business and Industry</i> <i>Dept. of Tourism and Cultural Affairs</i> <i>Governor’s Office of Economic Development</i>	<i>Gaming Control Board</i> • Gaming Commission		<i>Commission on Mineral Resources</i> <i>Public Utilities Commission</i>
Finance and Administration	<i>Dept. of Taxation</i>	<i>Dept. of Administration</i> • Merit Award Board • Nat’l Judicial College & Nat’l College of Juvenile and Family Justice		

Source: [State of Nevada, Budget Reserve Targets, 2020-2021 Biennium \(as of March 2020\)](#)

The other four agencies with both departmental-level and sub-departmental budget reserve targets are the Department of Public Safety, the Governor’s Office, the Gaming Control Board, and the Department of Administration. In fact, the governor has not only set budget reserve targets for his office at the departmental level but for a substantial number of divisions and budget accounts at the sub-departmental level, as well.

Only three departments have sub-departmental level budget reserve targets without corresponding departmental-level recommended cuts: (1) the Adjutant General; (2) the Judicial Branch; and (3) the Legislative Branch.

Ten departments have no budget reserve targets, as itemized in the “No Cuts” column. The reason for these exclusions is that none receive General Fund appropriations, which means that no reductions are possible. Consider, for example, the Nevada Department of Transportation (NDOT). It is the fourth largest department in the current biennium with a budget of more than [\\$2.0 billion](#). NDOT [receives](#) 47.6 percent of its funding from the State Highway Fund, 36.0 percent from the Federal Fund, 16.0 percent from the Other Fund, and 0.4 percent from Interagency Transfer.

Department-Level Budget Reserve Targets

In this section, we examine the recommended cuts by functional area and State-level department. For sub-departmental level cuts, we aggregated to the departmental level to assess the effects on departments in their entirety. An example is the Nevada Department of Health and Human Services (DHHS), which includes both the department-level cut as a whole *and* the sub-departmental level cut to child welfare programs. This will allow us to determine whether some departments or functional areas are more affected than others. The data is compiled in Table 2.

With the exception of Education, total percent decreases across functional areas are fairly uniform, ranging from 8.8 percent for Elected Officials and Commerce and Industry to 9.2 percent for Special Purpose Agencies. Education is the outlier with a functional area decrease of 6.7 percent. The pattern at the departmental level, when aggregated with their sub-departmental divisions and/or budget accounts, parallels that of the functional areas. Most departments have recommended budget reserve targets that amount to approximately 9.1 percent.

Although DHHS’s overall budget cuts amount to 9.0 percent of its original General Fund appropriation, its budget reserve target of roughly \$265.3 million is substantially higher than any other department in the State. The Nevada Department of Education (NDE) has the second-highest budget reserve target at about \$173.7 million, making DHHS’s recommended budget reserve target 41.7 percent higher than NDE’s. In part, the comparatively steep recommended General Fund cut may be a consequence of DHHS’s reliance on federal funding, which makes up approximately 61.0 percent of the department’s total budget in the current biennium. As such, State-directed budget cuts may be offset by existing and new federal funds, such as the \$340 billion [emergency supplemental appropriations package](#) for state and local governments provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which may mean additional federal dollars to support public health in Nevada.

Of the 41 departments, the anomaly is NDE. As discussed above, its recommended budget reserve target amounts to around \$173.7 million, which is comparatively large. This total includes a departmental-level cut of approximately \$11.7 million, plus sub-departmental level cuts to the Distributive School Account (DSA), the School Remediation Trust Account, Other Education Programs, New Nevada Education Funding, and School Safety. NDE’s recommended budget reserve target, in the aggregate, decreases from about \$3.1 billion to \$2.9 billion, or 5.6 percent, which is the smallest percent decrease amongst departments. It is skewed by the reduction to the DSA, which, at over \$104.8 million, is considerable. And though this amount represents just a 4.5 percent decrease over its General Fund appropriation, pursuant to Nevada law, there is little flexibility in adjusting the General Fund contribution to the DSA.

Table 2. Budget Reserve Targets, by Functional Area and Nevada State-Level Departments

Budget Reserve Targets, by Functional Area and Nevada State-Level Departments					
Functional Area	Department	General Fund Appropriations	Budget Cuts	Biennium Total After Budget Cuts	Percent Decrease
Health and Human Services	Dept. of Health and Human Services	\$2,961,200,371	\$265,260,454	\$2,695,939,917	-9.0%
	Dept. of Employment, Training and Rehabilitation	\$10,292,615	\$935,166	\$9,357,449	-9.1%
	Total Health and Human Services	\$2,971,492,986	\$266,195,620	\$2,705,297,366	-9.0%
Education	Dept. of Education	\$3,093,824,075	\$173,715,043	\$2,920,109,032	-5.6%
	Nevada System of Higher Education (NSHE)	\$1,379,563,069	\$124,668,069	\$1,254,895,000	-9.0%
	State Public Charter School Authority	\$0	\$0	\$0	-
	Total Education	\$4,473,387,144	\$298,383,112	\$4,175,004,032	-6.7%
Infrastructure	Dept. of Conservation and Natural Resources	\$80,655,652	\$7,342,870	\$73,312,782	-9.1%
	Tahoe Regional Planning Agency	\$3,740,430	\$331,639	\$3,408,791	-8.9%
	Dept. of Wildlife	\$2,608,369	\$235,755	\$2,372,614	-9.0%
	Colorado River Commission	\$0	\$0	\$0	-
	Dept. of Transportation	\$0	\$0	\$0	-
	Total Infrastructure	\$87,004,451	\$7,910,264	\$79,094,187	-9.1%
Special Purpose Agencies	Adjutant General	\$10,231,324	\$939,009	\$9,292,315	-9.2%
	Dept. of Indigent Defense Services	\$5,535,388	\$507,715	\$5,027,673	-9.2%
	Dept. of Veterans Services	\$4,981,478	\$452,976	\$4,528,502	-9.1%
	Dept. of Sentencing Policy	\$892,803	\$84,543	\$808,260	-9.5%
	Commission on Ethics	\$490,649	\$44,121	\$446,528	-9.0%
	Civil Air Patrol	\$0	\$0	\$0	-
	Public Employees Benefits Program	\$0	\$0	\$0	-
	Public Employees' Retirement System	\$0	\$0	\$0	-
	Silver State Health Insurance Exchange	\$0	\$0	\$0	-
Total Special Purpose Agencies	\$22,131,642	\$2,028,364	\$20,103,278	-9.2%	
Public Safety	Dept. of Corrections	\$632,492,544	\$57,358,628	\$575,133,916	-9.1%
	Dept. of Public Safety	\$142,131,933	\$12,892,726	\$129,239,207	-9.1%
	Dept. of Motor Vehicles	\$68,202	\$6,161	\$62,041	-9.0%
	Commission on Peace Officer Standards and Training	\$0	\$0	\$0	-
	Total Public Safety	\$774,692,679	\$70,257,515	\$704,435,164	-9.1%
Elected Officials	Governor's Office	\$109,922,006	\$9,948,844	\$99,973,162	-9.1%
	Legislative Branch	\$76,083,085	\$6,757,742	\$69,325,343	-8.9%
	Secretary of State's Office	\$37,821,781	\$3,452,963	\$34,368,818	-9.1%
	Judicial Branch	\$24,399,199	\$1,764,939	\$22,634,260	-7.2%
	Attorney General's Office	\$12,025,741	\$1,010,268	\$11,015,473	-8.4%
	Controller's Office	\$10,840,907	\$984,219	\$9,856,688	-9.1%
	Judicial Discipline Commission	\$1,924,218	\$173,380	\$1,750,838	-9.0%
	Lieutenant Governor's Office	\$1,460,818	\$133,209	\$1,327,609	-9.1%
	Treasurer's Office	\$1,250,674	\$112,949	\$1,137,725	-9.0%
Total Elected Officials	\$275,728,429	\$24,338,513	\$251,389,916	-8.8%	
Commerce and Industry	Gaming Control Board	\$64,208,658	\$5,785,195	\$58,423,463	-9.0%
	Governor's Office of Economic Development	\$24,502,503	\$1,978,991	\$22,523,512	-8.1%
	Dept. of Business and Industry	\$8,714,099	\$803,131	\$7,910,968	-9.2%
	Dept. of Tourism and Cultural Affairs	\$7,748,966	\$689,288	\$7,059,678	-8.9%
	Dept. of Agriculture	\$6,913,406	\$630,429	\$6,282,977	-9.1%
	Commission on Mineral Resources	\$0	\$0	\$0	-
	Public Utilities Commission	\$0	\$0	\$0	-
Total Commerce and Industry	\$112,087,632	\$9,887,034	\$102,200,598	-8.8%	
Finance and Administration	Dept. of Administration	\$12,294,353	\$1,107,898	\$11,186,455	-9.0%
	Dept. of Taxation	\$76,090,828	\$6,923,294	\$69,167,534	-9.1%
	Total Finance and Administration	\$88,385,181	\$8,031,192	\$80,353,989	-9.1%
TOTAL		\$8,804,910,144	\$687,031,614	\$8,117,878,530	-7.8%

Source: [State of Nevada, Budget Reserve Targets, 2020-2021 Biennium \(as of March 2020\)](#)

In total, the recommended budget reserve targets for the biennium amount to \$687,031,614, which represents a 7.8 percent decrease in General Fund appropriations from the original \$8.8 billion to \$8.1 billion. The proposed \$687 million in cuts more than erases the \$195.6 million additional General Fund revenue – noted in the introduction to this post – that was realized from tax policy changes enacted during the 80th (2019) Legislative Session.

Per Pupil	FY20	Initial Budget	6% Reduction From FY20	10% Reduction From FY20	14% Reduction From FY20
State	6,067	6,138	5,703	5,460	5,218
Local	1,178	1,191	1,107	1,060	1,013
	7,245	7,329	6,810	6,520	6,231
Change Per Pupil		84	(435)	(725)	(1,014)

Per Pupil based on Initial Budget Enrollment (9,320)	67,523,400	68,306,280	63,469,200	60,766,400	58,072,920
Increase (Reduction) in Revenue from FY20		782,880	(4,054,200)	(6,757,000)	(9,450,480)

Going 26:1 & 31:1 (K-8)	9,614
Original Student Count	9,320
Number of students increase System	294

Per Pupil based on Initial Budget Enrollment (9,614)			65,471,340	62,683,280	59,904,834
Increase in DSA Revenue with Added Students			2,002,140	1,916,880	1,831,914

Total Reduction after Added Students			(2,052,060)	(4,840,120)	(7,618,566)
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Other areas of potential decreases by the state:

SPED Discretionary Unit (state SPED amount)

All state grants. These include things like Read by 3 and Social Worker Grant

AB 309 funds

SB 178 funds

20-21 Final	NLV	Sky Pointe	Losee	Stephanie	Lone Mtn	Skye Canyon	Aliante	ED	Somerset
WFTE Gross Value \$	6,520	\$ 6,520	\$ 6,520	\$ 6,520	\$ 6,520	\$ 6,520	\$ 6,520	\$ -	\$ 6,520
Total Students (FTEs)	1,245	2,107	2,153	996	996	996	1,121	-	9,614
Kinder	130	130	156	104	104	104	130	-	858
1st Grade	130	130	156	104	104	104	130	-	858
2nd Grade	130	130	156	104	104	104	130	-	858
3rd Grade	130	130	156	104	104	104	130	-	858
4th Grade	130	130	156	104	104	104	130	-	858
5th Grade	130	130	156	104	104	104	130	-	858
6th Grade	155	155	155	124	124	124	124	-	961
7th Grade	155	186	155	124	124	124	124	-	992
8th Grade	155	186	217	124	124	124	93	-	1,023
9th Grade	-	270	240	-	-	-	-	-	510
10th Grade	-	250	200	-	-	-	-	-	450
11th Grade	-	160	150	-	-	-	-	-	310
12th Grade	-	120	100	-	-	-	-	-	220
Total Students (FTEs)	1,245	2,107	2,153	996	996	996	1,121	-	9,614
PRIOR YEAR NUMBERS									
SPED	130	226	228	137	112	91	117	-	1,041
ELL %	-	-	-	-	-	-	-	-	-
GATE	-	-	-	-	-	-	-	-	-
FRL %	44.88%	13.30%	44.36%	34.78%	19.06%	9.54%	16.36%	-	27.13%
TEACHING STAFF									
Classroom Teachers	45.0	74.0	78.0	36.0	36.0	36.0	41.0	0.0	346.0
SPED Teachers	6.0	11.0	11.0	6.0	4.0	3.0	5.0	0.0	46.0
Art Teacher	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	9.0
Music	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	9.0
PE Teacher	1.0	2.0	2.0	1.0	2.0	1.0	1.0	0.0	10.0
Dance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technology (STEM)	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	9.0
Theatre	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spanish / Language	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	9.0
Additional Elective Teachers	2.0	3.0	2.0	1.5	1.0	2.0	1.0	0.0	12.5
Total Teaching Staff	58.0	98.0	101.0	48.5	47.0	46.0	52.0	0.0	450.5
ADMIN & SUPPORT									
Executive Director & Assistant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	7.0
Assistant Principal	2.0	4.0	4.0	2.0	2.0	2.0	2.0	0.0	18.0
ELL Coordinator(s)	1.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	3.0
Counselor/ Student Support Advocate / Dean	2.0	2.0	3.0	2.0	2.0	2.0	2.0	0.0	15.0
Curriculum Coach	2.0	2.0	2.0	2.0	2.0	1.0	1.0	0.5	12.5
Office Manager	1.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	10.0
Registrar	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	9.0
Clinic Aide/ FASA	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.0	9.0
Receptionist	1.0	2.0	2.0	1.0	1.0	1.0	1.0	0.5	9.5
Teacher Assistants	13.0	15.0	13.0	10.0	11.0	11.0	10.0	0.0	83.0
Campus Monitor/Custodian	2.0	6.0	6.0	1.0	2.0	1.0	2.0	0.0	20.0
Cafeteria Manager	1.0	1.0	2.0	1.0	1.0	1.0	1.0	0.0	8.0
SPED Facilitator	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.0	6.0
Speech Pathologist	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	3.5
School Psychologist	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
School Nurse	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0
Gate Teacher	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Admin & Support	29.5	41.0	44.0	25.0	27.0	23.5	23.5	2.0	215.5
Total # Teachers	58.00	98.00	101.00	48.50	47.00	46.00	52.00	0.00	450.50
Total # Admin & Support	29.50	41.00	44.00	25.00	27.00	23.50	23.50	2.00	215.50
Total Staff	87.50	139.00	145.00	73.50	74.00	69.50	75.50	2.00	666.00
Total Salaries & Benefits as % of Expenses	61%	62%	70%	74%	74%	61%	59%	70%	66%
Instruction Salaries as % of Total Salaries	72%	75%	72%	71%	70%	72%	75%	0%	72%
Admin & Support Salaries as % of Total Salaries	28%	25%	27%	28%	30%	27%	24%	100%	27%
Rent as % of Expenses	15.38%	13.25%	15.04%	11.13%	12.40%	13.11%	15.88%	0.00%	13.87%

REVENUE (@ 95%)										
3110	Budget Revenue	7,711,530	13,050,758	13,335,682	6,169,224	6,169,224	6,169,224	6,943,474	-	59,549,116
4500	NSLP	311,786	156,369	532,930	193,296	105,929	53,020	102,335	-	1,455,665
4500	Special Ed Funding (Part B)	123,500	214,700	216,600	130,150	106,400	86,450	111,150	-	988,950
3115	SPED Discretionary Unit	404,300	702,860	709,080	426,070	348,320	283,010	363,870	-	3,237,510
	Total Revenues	8,551,116	14,124,687	14,794,292	6,918,740	6,729,873	6,591,704	7,520,829	-	65,231,241
3110	Actual Revenue	8,117,400	13,737,640	14,037,560	6,493,920	6,493,920	6,493,920	7,308,920	-	62,683,280
4500	NSLP	311,786	156,369	532,930	193,296	105,929	53,020	102,335	-	1,455,665
4500	Special Ed Funding (Part B)	123,500	214,700	216,600	130,150	106,400	86,450	111,150	-	988,950
3115	SPED Discretionary Unit	404,300	702,860	709,080	426,070	348,320	283,010	363,870	-	3,237,510
	Total Actual Revenues:	8,956,986	14,811,569	15,496,170	7,243,436	7,054,569	6,916,400	7,886,275	-	68,365,405

EXPENSES										
		NLV	Sky Pointe	Losee	Stephanie	Lone Mtn	Skye Canyon	Aliante	ED	Somerset
Personnel Costs - Unrestricted Salaries										
104	Executive Director	-	-	-	-	-	-	-	-	-
104	Principal	98,800	142,394	125,000	98,800	95,000	101,400	115,003	-	776,398
104	Assistant Principal(s)	163,800	317,512	309,400	150,800	142,052	154,350	129,000	-	1,366,913
105	ELL Coordinator	60,000	-	124,800	-	-	-	-	-	184,800
105	Curriculum Coach	54,000	58,058	105,820	52,780	54,000	57,886	52,624	31,574	466,743
105/106	Counselor / Student Support Advocate / Dean	127,622	108,356	162,760	109,840	99,705	52,000	52,000	-	712,282
101/103	Teachers Salaries	2,366,000	4,136,850	4,045,500	1,976,250	1,911,350	1,898,450	2,075,050	-	18,409,450
101	SPED Teachers	273,000	523,050	494,450	279,000	177,800	132,450	220,750	-	2,100,500
107	Office Manager/ Registrar / Banker	85,504	199,333	161,200	85,504	85,506	84,240	84,240	62,744	848,270
107	Secretary & FASA	33,440	134,128	83,600	33,440	33,440	41,040	38,000	3,800	400,888
102	Teacher Assistants (including SPED)	238,680	275,400	238,680	183,600	201,960	198,000	180,000	-	1,516,320
107	Campus Monitors	52,800	158,400	146,880	29,555	58,960	24,000	48,000	-	518,595
107	Cafeteria Manager	-	-	-	-	-	-	-	-	-
	Total Unrestricted Salaries	3,553,646	6,053,481	5,998,090	2,999,568	2,859,772	2,743,816	2,994,667	98,118	27,301,158
Personnel Costs - Restricted Salaries										
	SPED Facilitator	62,400	72,400	62,400	72,800	62,400	36,426	36,863	-	405,689
	Speech Pathologist	33,488	47,330	52,000	67,600	-	-	-	-	200,418
	School Psychologist	-	-	67,600	-	-	-	-	-	67,600
	School Nurse	-	-	-	-	37,128	-	-	-	37,128
	Cafeteria Manager - NSLP	18,720	17,280	36,720	18,720	17,280	17,280	17,280	-	143,280
	On Campus Sub	-	41,400	62,100	20,700	20,700	20,700	-	-	165,600
	Total Restricted Salaries	114,608	178,409	280,820	179,820	137,508	74,406	54,143	-	1,019,714
	Total Salaries and Wages	3,668,254	6,231,890	6,278,910	3,179,388	2,997,280	2,818,222	3,048,810	98,118	28,320,873
230	PERS	1,072,964	1,822,828	1,822,828	929,971	876,704	824,330	891,777	28,700	8,283,855
	Insurances/Employment Taxes/Other Benefits	660,286	1,121,740	1,130,204	572,290	539,510	507,280	548,786	17,661	5,097,757
150	Incentives / Bonuses	-	-	-	-	-	-	-	-	-
250	Tuition Reimbursements	8,000	13,000	13,000	8,000	8,000	8,000	8,000	-	66,000
	Subst. Teachers (10 days/Teacher)	95,700	120,300	104,550	59,325	56,850	55,200	85,800	-	577,725
	Total Benefits and Related	1,836,950	3,077,868	3,084,335	1,569,586	1,481,065	1,394,810	1,534,363	46,361	14,025,337
	Total Payroll / Benefits and Related	5,505,203	9,309,758	9,363,245	4,748,974	4,478,345	4,213,032	4,583,173	144,479	42,346,210
Supplies										
	Consumables	124,500	210,700	215,300	99,600	99,600	99,600	112,100	35,000	996,400
561	Dual Enrollment - Student Fees/Textbooks	-	-	-	-	-	-	-	-	-
	Zion's FFE Lease - payments	105,500	400,000	380,000	100,000	140,500	320,000	330,500	-	1,776,500
610	Office Supplies	16,185	27,391	27,989	12,948	12,948	12,948	14,573	6,500	131,482
610	Classroom Supplies	33,615	56,889	58,131	26,892	26,892	26,892	30,267	-	259,578
610	Copier Supplies	4,980	8,428	8,612	3,984	3,984	3,984	4,484	-	38,456
610	Nursing Supplies	3,735	6,321	6,459	2,988	2,988	2,988	3,363	-	28,842
610	SPED Supplies	15,600	27,120	27,360	16,440	13,440	10,920	14,040	-	124,920
	Athletics	1,000	35,000	1,000	1,000	1,000	1,000	1,000	-	85,000
	Total Supplies	305,115	781,849	758,851	263,852	301,352	478,332	510,327	41,500	3,441,178
Purchased Services										
320	Education Contracted Services - Data	10,000	15,000	15,000	10,000	10,000	10,000	10,000	-	80,000
300	Special Education Contracted Services	180,525	316,050	269,125	174,300	99,600	174,300	196,175	-	1,410,075
	Contracted Services - Crossing Guards	-	-	22,600	-	-	-	-	-	22,600
310	Management Fee	560,250	948,150	968,850	448,200	448,200	448,200	504,450	-	4,326,300
310	Payroll Services	-	-	-	-	-	-	-	-	-
340	Audit/Tax	12,000	15,000	15,000	12,000	12,000	12,000	12,000	-	90,000
340	Legal Fees	6,500	13,000	13,000	6,500	6,500	6,500	5,000	-	57,000
352	IT Services - Monthly	52,290	88,494	90,426	41,832	41,832	41,832	47,082	-	403,788
350	IT Set-up Fees	7,500	7,500	7,500	2,500	5,000	5,000	5,000	-	40,000
591	State Administrative Fee (1.25%)	101,468	171,721	175,470	81,174	81,174	81,174	91,362	-	783,541
320	Affiliation Fee - Inc. (1/2 of 1%)	40,587	68,688	70,188	32,470	32,470	32,470	36,545	-	313,416
330	Affiliation Fee - Professional Development (1/2 of 1%)	39,087	65,688	67,188	30,970	30,970	30,970	35,045	-	299,916
330	Affiliation Fee - Battle of the Books	1,500	3,000	3,000	1,500	1,500	1,500	1,500	-	13,500
	Total Purchased Services	1,011,707	1,712,291	1,717,346	841,445	769,245	843,945	944,158	-	7,840,137
Other Operations										
533	Phone and Communications (with E-rate discount)	8,000	15,000	15,000	8,000	8,000	8,000	8,000	-	70,000
535	Internet	9,000	21,000	21,000	9,000	9,000	9,000	9,000	-	87,000
534	Cell Phones	4,380	6,000	6,492	4,800	6,360	6,000	3,600	-	37,632
531	Postage	1,250	3,000	3,000	1,250	1,250	1,500	1,000	-	12,250
535	Website	4,000	8,000	8,000	4,000	4,000	4,000	4,000	-	36,000
443	Copier / Printing	40,000	80,000	80,000	40,000	40,000	40,000	40,000	-	360,000
651	Infinite Campus	2,500	5,000	5,000	2,500	2,500	2,500	2,500	-	22,500
	Total Other Operations	69,130	138,000	138,492	69,500	71,110	71,000	68,100	-	625,382

	Insurances											
521	Property Insurance	40,000	65,000	65,000	35,000	35,000	35,000	40,000	-	-	315,000	
522	Liability Insurance	-	-	-	-	-	-	-	-	-	-	
523	Other Insurances	-	-	-	-	-	-	-	-	-	-	
	Total Insurances	40,000	65,000	65,000	35,000	35,000	35,000	40,000	-	-	315,000	
	Other											
570	Lunch Program - NSLP	294,171	148,781	501,047	183,325	101,595	49,600	95,733	6,000	-	1,380,251	
540	Advertising / Marketing	-	-	-	-	-	-	-	-	-	-	
340	Background and Fingerprinting	600	1,200	1,200	600	600	600	600	-	-	5,400	
810	Dues and Fees	10,000	20,000	20,000	10,000	10,000	10,000	10,000	5,000	-	95,000	
580	Travel Reimbursement	5,000	10,000	10,000	5,000	5,000	5,000	5,000	10,000	-	55,000	
	Loan payments	-	-	-	-	-	-	-	-	-	-	
900	Other Purchases	1,000	4,000	4,000	2,000	2,000	2,000	2,000	-	-	17,000	
	Total Other	310,771	183,981	536,247	200,925	119,195	67,200	113,333	21,000	-	1,552,651	
	Facilities											
622	Public Utilities	99,000	198,000	216,000	69,000	72,000	90,000	75,000	-	-	819,000	
621	Natural Gas	-	-	-	-	-	-	-	-	-	-	
411	Water / Sewer	41,250	82,500	90,000	28,750	30,000	37,500	31,250	-	-	341,250	
421	Garbage / Disposal	24,750	49,500	54,000	17,250	18,000	22,500	18,750	-	-	204,750	
490	Fire and Security alarms	8,000	20,000	20,000	8,000	8,000	8,000	8,000	-	-	80,000	
422	Contracted Janitorial	77,808	230,252	193,148	67,620	69,456	67,560	85,128	-	-	790,972	
610	Custodial Supplies	18,675	31,605	32,295	14,940	14,940	14,940	16,815	-	-	144,210	
430/431	Facility Maintenance / Repairs / Capital Outlay	52,000	85,500	74,500	34,000	32,500	25,000	25,000	-	-	328,500	
420	Lawn Care	10,000	17,000	14,000	10,000	8,050	10,800	8,400	-	-	78,250	
431	AC Maintenance & Repair	16,000	30,000	26,000	16,000	14,000	10,000	10,000	-	-	122,000	
	Total Facilities	347,483	744,357	719,943	265,560	266,946	286,300	278,343	-	-	2,908,932	
	Total Expenses Before Bldg	7,589,409	12,935,235	13,299,124	6,425,307	6,041,193	5,994,809	6,537,433	206,979	-	59,029,490	
	<i>Scheduled Lease Payment</i>	540,567	-	-	-	-	877,500	1,233,750	-	-	2,651,817	
	<i>Scheduled Bond Payment 2015</i>	838,500	1,976,500	-	-	-	-	-	-	-	2,815,000	
	<i>Scheduled Bond Payment 2018/2019</i>	-	-	2,353,500	804,500	855,000	-	-	-	-	4,013,000	
	<i>Assessments</i>	-	-	-	-	-	27,000	-	-	-	27,000	
	Surplus (Revenues-Total Expenses-Lease-Bond)	(417,359)	(787,049)	(858,333)	(311,067)	(166,320)	(307,605)	(250,355)	(206,979)	-	(3,305,065)	
		-4.9%	-5.6%	-5.8%	-4.5%	-2.5%	-4.7%	-3.3%	-	-	-5.1%	

20-21 Final

NLV

Sky Pointe

Losee

Stephanie

Lone Mtn

Skye Canyon

Aliante

ED

Somerset

DEDICATED FUNDING
STREAMS TO
K-12 EDUCATION:
THE STATE
EDUCATION FUND

Dedicated Funding Streams to K-12 Education: The State Education Fund

The Nevada Plan, the Silver State’s mechanism for funding education since 1967, was replaced during the 80th (2019) Legislative Session by Senate Bill (SB) 543 with the Pupil-Centered Funding Plan. It will be implemented beginning with the 2021-2023 biennium. While one purpose of the new funding plan is to differentiate per-pupil funding based on the needs of individual students, another purpose is to make the amount of funding dedicated to K-12 education more transparent. This report addresses the second purpose of the Pupil-Centered Funding Plan – specifically the State/local taxes and fees that will be dedicated to public elementary and secondary education.^a

Unchanged by SB 543, K-12 education funding in Nevada will remain composed of the General Fund contribution and revenues from specific taxes/revenue streams, or “dedicated revenue.” Under the Nevada Plan, many of the dedicated revenue streams were remitted to the Distributive School Account (DSA) for distribution to individual school districts while other revenue streams went directly to the school districts and were not distributed by the State.¹ These were called “outside revenues” because they were not included in the funding formula and, as such, were not guaranteed through the formula. This patchwork configuration of revenue sources, and, by extension, the determination of revenue streams for statewide use versus those only for individual districts, led to significant disagreement over the specific revenues funding K-12 education.

To remedy this, SB 543 replaced the Distributive School Account with the “State Education Fund” and eliminated the “inside/outside” distinction. This means that the State Education Fund will contain both the inside/outside revenue and several additional revenue sources that were allocated to districts directly. To date, no studies have been conducted that examine each of the funding sources delineated in SB 543 (specifically Sec. 2(2)(a)-(t) – the section that identifies the revenue sources for deposit in the State Education Fund). This report seeks to close this gap in understanding through analysis of the specific revenue streams itemized in SB 543:

- State Permanent School Fund
- Room Tax (IP 1)
- Property Tax (75 cents on each \$100 of assessed valuation)
- Net Proceeds of Minerals
- Proceeds from the Forfeiture Account
- Excess in Account for Revenue from Lease of Federal Lands
- Apportionment of Money in the Account for Revenue from the Lease of Federal Lands (25 percent)
- Local School Support Tax (LSST)
- Out-of-State Local School Support Tax (including all fees, taxes, interest, and penalties)
- Wholesale Tax on Medical Marijuana (15 percent)
- Wholesale Tax on Retail Marijuana (15 percent)
- Excise Tax on Retail Marijuana (10 percent)
- Excess Revenue on Medical Marijuana Registration Application Fees
- Annual Slot Tax
- Governmental Services Tax (county portion)
- Franchise Fees

^a Following its standard protocol, the Guinn Center distributed drafts of this report to subject matter experts for review. These subject matter experts review reports for accuracy and to evaluate the balanced treatment of the subject.

Throughout the report, it is noted that these revenue streams will be placed in the State Education Fund beginning July 1, 2021, which marks the start of the State fiscal year (FY) 2022 following the 81st (2021) Session of the Nevada Legislature.

In addition to the funding streams outlined above that are now dedicated to the State Education Fund, the State also appropriates money from the General Fund for K-12 public education. Historically, it appears the General Fund contribution has been the “final dollar” contributed to K-12 funding: after all other funding streams are determined, the General Fund contribution is calculated last in order to achieve the desired per-pupil funding amount. This report does not provide detail on the General Fund contribution because it is not derived from a single source, instead consisting of numerous unrestricted revenue streams. However, it is important to note that SB 543 specifies how the General Fund contribution should be calculated in the future. According to the legislation, it should be calculated based on the prior year allocation, with an increase or decrease based on economic conditions in the State.

In addition to the General Fund contribution, this report does not explore funding streams that are unique to each district. Examples include special taxes or collections that benefit only one school district and may help offset capital construction or debt service. It also does not include categorical funding for programs like Zoom or Victory. Finally, it does not consider grant funding from State or federal sources. While these are all vital components of the K-12 education funding ecosystem, this report’s primary focus is the dollars that will likely fund the base per-pupil allocation in the Pupil-Centered Funding Plan.

The remainder of this report provides an explanation of the taxes and fees itemized in SB 543 as dedicated funding streams, the rates or fees assessed, and any pertinent background information. It also documents – where possible – total revenue collected from each source in fiscal year 2018 (the most recent year data is available). The concluding section synthesizes the foregoing information, along with the General Fund contribution, to form a hypothetical composite of the State Education Fund based on FY 2018 amounts.

The report finds that public K-12 education funding depends heavily on three revenue sources: the State’s General Fund contribution, the proceeds from a portion of the sales tax (the Local School Support Tax), and monies dedicated from the property tax. However, we also note that several of the funding streams for education were recently enacted (e.g., IP 1, marijuana taxes/fees), but some have been in regulations for many years with no recent substantial change in fees/rates.

Interest from the State Permanent School Fund

The Nevada Constitution (Article 11, Section 3) created a State Permanent School Fund which pledges specific money to benefit K-12 education in the State. The assets to be placed in the State Permanent School Fund include:

- All lands granted by the United States Congress to Nevada for educational purposes,
- All estates that revert assets to the State,

- All property given or bequeathed to Nevada for educational purposes – including the proceeds derived from these sources, and
- All fines collected under the penal laws.²

The monetary interest from the State Permanent School Fund must be placed in the State’s Distributive School Account to be allocated amongst the State’s school districts.³ In FY 2022, the interest will be directed to the State Education Fund.

As of June 30, 2018, the value of the State Permanent School Fund portfolio was \$344,761,793.⁴ The interest from this fund that was provided to K-12 education totaled \$5,981,905.⁵ Changing the assets diverted to the State Permanent School Fund or accessing the value of the portfolio would require a constitutional change. Additionally, because the amount of funding provided by the State Permanent School Fund is dependent on the prevailing economic conditions and interest rates, little can be done to change this funding source.

Room Tax (IP 1)

In 2008, education advocates, along with several casinos, proposed an additional 3 percent tax on transient lodging. This recommendation originated as an initiative petition that received approximately 130,000 voter signatures in support of the plan.⁶ Due to the support from both casinos and citizens, the 75th (2009) Legislature approved the 3 percent tax on gross receipts of transient lodging in counties with populations greater than 300,000.⁷ Colloquially, this is referred to as IP 1 (Initiative Petition 1); it comprises a portion of the total Room Tax. Because of the population stipulation, this tax is only collected in Clark and Washoe Counties. Counties can define what constitutes “transient lodging,” but both Clark and Washoe Counties have defined it similarly. The premise is that an additional 3 percent tax is collected on any structure, facility, or room that is intended to be used by transient individuals for temporary dwelling, lodging, and/or sleeping purposes. See the Clark County⁸ or Washoe County Code⁹ for specific dwelling categories that are included/excluded from the definition.

The counties that levy this tax collect the proceeds and can retain a portion to offset the cost of collecting and administering the tax. The remaining portion must be remitted to the State Treasurer’s Office to be placed in the Supplemental School Support Account.¹⁰ The proceeds of this account are transferred each legislative session to the Distributive School Account, where they are combined with other State revenue sources and distributed across all school districts. In FY 2022, the proceeds of the room tax will be placed in the State Education Fund.

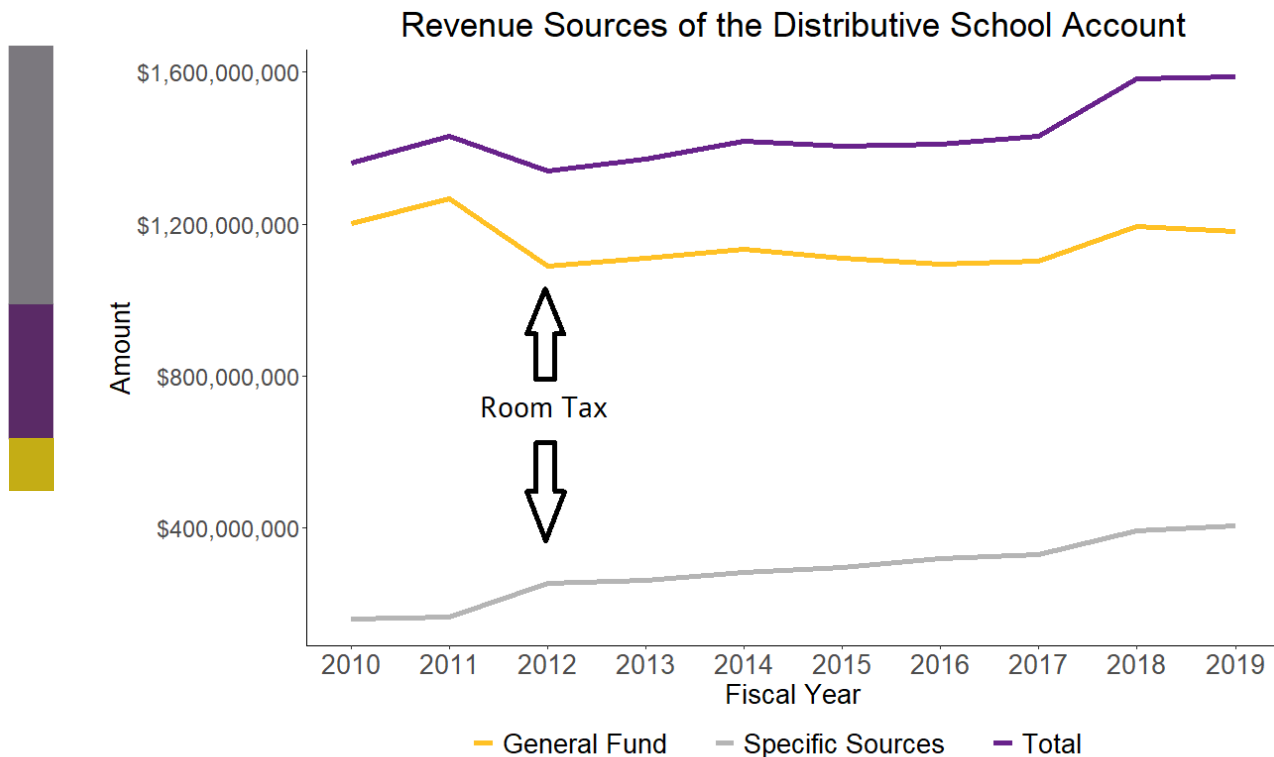
The consensus among many Nevada education advocates was that the proceeds from IP 1 would increase education funding, as implied by the deposit of the proceeds in the State Supplemental School Support Account.¹¹ However, because the funds routinely have been transferred to the DSA and combined with all other State funding sources for education, IP 1 proceeds have been used to “free up” unrestricted State revenue to fund other programs (this freeing up of unrestricted monies for other uses is often referred to as “supplanting”). For

example, in FY 2012 – the first year the room tax was distributed to education – the State of Nevada’s General Fund contribution to education dropped from 88.6 percent of total State funding to 81.2 percent. To illustrate the potential supplanting of General Fund dollars to education, Figure 1 illustrates the breakdown of State guaranteed funding sources and compares it to the State’s General Fund contribution from 2010 to 2019. It is worth reiterating that the provisions within SB 543 that create the State Education Fund were designed to provide more transparency and accountability with respect to those revenue streams that have been dedicated to education. As the figure shows, there is a large decrease in General Fund contribution to the Distributive School Account in 2012 and a large corresponding increase in the “Specific Sources” line.

While it is possible to revise the room tax, it was most recently increased in Clark County in 2017:

- A 1.38 percent increase for properties in the primary gaming corridor (the Las Vegas Strip properties and those in the immediate vicinity),¹²
- A 1.00 percent increase for properties inside the Stadium District (any property within 25 miles of the Clark County Commission Chambers but outside of the primary gaming corridor)¹³
- A 0.50 percent increase for properties in Clark County but outside of the Stadium District.

Figure 1. Revenue Sources in the Distributive School Account



Source: Legislative Appropriations Reports

This increase was to pay for an expansion of the Las Vegas Convention and Visitors Authority (0.50 percent) and for the construction of the new football stadium (0 – 0.88 percent). The result of this increase is that several properties are currently charging a total room tax of 13.38 percent along the Las Vegas Strip and the immediate surrounding areas.¹⁴

In Washoe County, room taxes are currently between 13.0 and 13.5 percent depending on the location of the property.¹⁵

In FY 2018, proceeds from the room tax dedicated to education were \$180,468,823. A comparison of Las Vegas and Reno’s room tax rates to other large cities, Table 1 displays selected urban centers and their related room tax rates as of 2017.

Table 1. Selected Urban Centers Total Lodging Tax Rate Ranking, 2017

Selected Urban Centers Total Lodging Tax Rate Ranking, 2017		
Place	Total	Rank
St. Louis, MO	17.93%	1
Chicago, IL	17.22%	12
Los Angeles, CA	15.50%	27
Nashville, TN	15.25%	32
New Orleans, LA	15.20%	35
Washington, DC	14.80%	49
New York, NY	14.75%	50
Reno, NV	13.50%	80
Las Vegas, NV	13.39%	84
Orlando, FL	12.50%	113
<i>Note:</i> The full table ranks the top 150 urban centers’ lodging tax rates as of 2017. The current rate for Las Vegas and Reno is 13.38 and 13.5 percent, respectively.		

The information in Table 1 suggests that neither Las Vegas nor Reno’s room tax rates are exceptionally high compared to other urban centers. Room taxes in Reno and Las Vegas rank 80th and 84th out of 150 urban areas, respectively, based on data obtained from HVS Convention, Sports, & Entertainment Facilities Consulting.¹⁶

Property Tax and Net Proceeds of Minerals

Property Tax

Property tax is defined generally as, “[a] compulsory charge levied by a governmental unit against the property of a person, natural or corporate.”¹⁷ The Nevada Department of Taxation supplies an operational definition for the State that attaches a purpose to the tax, which is budgetary support for local governments, such as school districts.¹⁸ Put simply, it is the amount levied on the property’s value. Constitutional and statutory requirements place certain limits

on the establishment of property tax rates in Nevada. Property tax rates are “combined,” which means that several funds comprise the total property tax rate in a given entity/tax district.¹⁹ While local jurisdictions have some discretion in setting these rates, school districts’ authority over rates is relatively circumscribed.

Pursuant to Nevada Revised Statutes (NRS) 387.195, 75 cents per \$100 of assessed valuation of the combined property tax rate must be levied for school operating costs – this is referred to as the school tax operating rate.²⁰ School operating costs include salaries, benefits, professional/technical services, property services, and supplies.²¹ The dedicated amount for the support of local public schools in the combined property tax rate is unvarying across tax districts within counties, the latter of which are coterminous with school districts. In other words, the school tax operating rate of 75 cents per \$100 of assessed valuation is the same for every school district in Nevada, and it is levied on all property owners in the State.

One-third of the proceeds of the school tax operating rate, or 25 cents per \$100 of assessed valuation, is “inside” the Nevada Plan, meaning that is a locally-generated revenue guaranteed by the State.²² The remaining two-thirds, or 50 cents per \$100 of assessed valuation, is “outside” local funding, the proceeds of which are not guaranteed by the State.²³

Since the establishment of the Nevada Plan in 1967, there have been two major legislative changes to the property tax rate for the support of schools:

- In 1979, the property tax rate for the support of schools was reduced from \$1.50 (70 cents mandatory; 80 cents optional) per \$100 of assessed valuation to \$0.50 per \$100 of assessed valuation.²⁴
- The “Tax Shift” of 1981 “changed the primary revenue source of local governments from the property tax to the sales and use tax.”²⁵ In 1983, “the Legislature increase[d] the property tax rate by 25 cents (from 50 cents to 75 cents) and place[d] the extra 25 cents inside the Nevada Plan formula to offset State General Fund appropriations for K-12 public education.”²⁶

While other pieces of legislation have altered the structure of the property tax system over time, the school operating tax rate thus has remained static since 1983.

The county is the fiscal agent for property taxes in Nevada. Under the Nevada Plan, school districts receive the proceeds from the school tax operating rate of 75 cents per \$100 of assessed valuation, which are distributed by the counties in which they are situated. In FY 2018, local (guaranteed) funding from the one-third portion of the proceeds from the 75-cent property tax rate amounted to \$224,713,395.²⁷ Non-guaranteed local property tax revenue, or the two-thirds portion, totaled \$453,047,451.²⁸

When the Nevada Plan expires at the beginning of FY 2022, the “inside”/ “outside” distinction will be eliminated, and the distribution of property taxes will be affected. The proceeds from the entire school tax operating rate in each county will be remitted to the State Education Fund.²⁹ Were the State Education Fund established in FY 2018, property tax proceeds would

have been deposited as a single revenue stream equal to the sum of “inside” and “outside” portions, or \$677,760,846.

Net Proceeds of Minerals

The net proceeds of minerals tax is a tax on mining operations in which the minimum tax rate is two percent or the combined property tax rate where the operation is located.³⁰ The rate cannot exceed 5 percent, per the *Nevada Constitution*.³¹ The tax rate is the ratio of net proceeds to gross yield, and it varies in accordance with net proceeds as a percentage of gross.³²

In the current biennium, proceeds are distributed to local governments (principally counties, though school districts, as well), the State Bond Fund, and the General Fund, which “receive revenue equal to the amount derived from the application of the respective property tax rate where the mine is located.”³³ County treasurers determine the apportionment to local governments based on a formula codified at NRS 362.170.³⁴ Senate Bill 543 adds a new subsection to NRS 362.170 to require that county treasurers remit the portion of the net proceeds of minerals tax that would have been allocated to their respective school districts, based on apportionment, to the State Treasurer for deposit in the State Education Fund.³⁵ This will be in effect in the upcoming biennium.

Net proceeds of minerals typically are included as part of property tax revenue in official State revenue and appropriations reports. While it is reported as a distinct tax revenue in the *Revenue Reference Manual* — which, in its most recent iteration (2019), specifies that the recipients are local governments (principally counties), school districts, the State Bond Interest and Redemption Fund, and the General Fund — amounts are not provided for school districts, specifically.³⁶ Total net proceeds of minerals statewide for FY 2018 amounted to \$155,938,531.³⁷

Proceeds from Forfeiture Account

The governing body of each law enforcement agency may sell forfeited property. Per NRS 179.1187, the proceeds of these sales can be used at the discretion of each agency with a few exceptions.

- The money must not be used to pay for the ordinary operations of the agency,
- Proceeds from property forfeited/obtained from controlled substance seizures must be used to support the enforcement of controlled substance statutes (activities under NRS 453),
- Proceeds from any property obtained that was intended to be used to unlawfully and intentionally hunt any big game animals must be used to enforce wildlife provisions (under title 45 of the NRS),
- Of the amount in the account holding proceeds of forfeited property, 70 percent in excess of \$100,000 must be remitted to the State of Nevada to be placed in the State Education Fund

- Formerly, these proceeds would be given to the local jurisdiction where the forfeiture occurred and would be considered a local revenue source that was “outside” the Nevada Plan.

Annually, each law enforcement agency must provide a report to the Nevada Office of the Attorney General documenting the amount of property forfeited, as well as the use of the proceeds. For the fiscal year ending June 30, 2018, law enforcement agencies reported \$4,910,593 in forfeited property. In the same year, \$1,004,450 was remitted to local school districts – all of which was received from law enforcement agencies in Clark County and thus accrued to the benefit Clark County School District.³⁸

Because of the nature of this funding source, and the volatility expected from it (i.e., there is no way to predict the amount of forfeited property during a given year), it would be very difficult to predict future funding from this source, as well as estimate what a change in legislation would do to funding amounts.

Revenue from Lease of Federal Lands

Title 30 of the United States Code mandates that 50 percent of all federal land leased for mineral exploration and royalties shall be paid back to the state where the leased land is located.³⁹ In Nevada, NRS 328.450 specifies that an amount not to exceed \$7 million must be provided to fund K-12 education and any excess funds must be placed in the “Account for Revenue from the Lease of Federal Lands.”⁴⁰ This account, which is held by the Office of the Nevada State Treasurer, is then distributed as follows (based on NRS 328.460):

- 25 percent to the Distributive School Account
- 75 percent to the counties where minerals are extracted
 - 25 percent of this 75 percent must then be given to the local school districts in these counties.⁴¹

Beginning FY 2022, this will change. SB 543 continues to mandate an amount not to exceed \$7 million to fund K-12 education and any excess placed in the “Account for Revenue from the Lease of Federal Lands.” However, the allocation of this account is altered because the concept of “outside” local funding is being eliminated. Beginning July 1, 2021, the Account for Revenue from the Lease of Federal Lands will be distributed as follows:

- 43.75 percent to the State Education Fund
- 56.25 percent to the counties where minerals are extracted.

In the fiscal year ending June 30, 2018, \$3,820,943 from federal mineral lease revenue was distributed to the DSA,⁴² though the total amount received from the federal government was \$5,352,679.⁴³ Ultimately, \$1,531,736 was allocated to counties – resulting in approximately \$382,900 qualifying to be given to individual school districts.

Because the underlying funding is calculated and provided by the federal government, changing the amount of federal receipts and remittances would require action at the federal

level. The State of Nevada is able to reconsider the allocation of the total revenues received. Currently, Nevada does not receive the initial \$7 million that is eligible to fund K-12 education. As a result, Nevada has split the funding that is received between K-12 education and the counties.

Local School Support Tax

The Local School Support Tax (LSST) is a retail sales tax imposed at a rate of 2.6 percent to provide revenue for K-12 education per Chapter 374 of the NRS.⁴⁴ It is one component of the minimum statewide sales (and use) tax rate that is imposed in all counties. Four separate tax rates comprise the statewide combined minimum sales tax rate of 6.85 percent. Table 2 itemizes these four taxes, their rates, and their recipients.⁴⁵

Table 2. Components of the Statewide Combined Minimum Sales Tax Rate Required to Be Imposed in Each County

Components of the Statewide Combined Minimum Sales Tax Rate Required to Be Imposed in Each County		
Combined Statewide Sales and Use Tax Rate Component	Tax Rate	Recipient of Revenue
State Sales Tax	2.00 percent	State General Fund
Local School Support Tax (LSST)	2.60 percent	School Districts, State Distributive School Account
Basic City-County Relief Tax (BCCRT)	0.50 percent	Counties, cities, towns, and other local governmental entities
Supplemental City-County Relief Tax (SCCRT)	1.75 percent	Counties, cities, towns, and other local governmental entities
TOTAL	6.85 percent	-

Note: Distribution is for the current (2019-2021) biennium, and with respect to the LSST, refers to the Nevada Plan. Does not include any local optional sales tax rates that may also be imposed under NRS or special local acts.

Pursuant to several statutory authorities, some counties impose optional sales taxes (i.e., local option sales and use taxes). This means that there is some county-wide variation in the combined sales tax rate. The rates, by county, range from those in which the statewide combined minimum sales tax rate of 6.85 percent is in effect (Esmeralda, Eureka, Humboldt, and Mineral Counties) to the statewide high of 8.375 percent, which is imposed in Clark County.⁴⁶

In addition, out-of-state businesses with retail sales in Nevada are subject to the LSST at the same 2.6 percent rate.⁴⁷ However, this revenue is not attributed to a particular county, and its distribution under the Nevada Plan differs, which is discussed later in this sub-section.⁴⁸

The LSST has been integral to K-12 funding in the State since the establishment of the Nevada Plan in 1967: the LSST was added to the sales and use tax at a rate of one percent to support districts and schools at that time.⁴⁹ The legislative finding and declaration, which remains in

statute today, states that “...there is no other object of taxation, except retail sales, which is so generally distributed among the several school districts in proportion to their respective population and wealth as to be suitable for the imposition of a tax in each school district for the support of its local schools.”⁵⁰

The LSST’s significance to K-12 funding was reinforced by a series of tax changes in the late 1970s and early 1980s:

- In 1979, the property tax rate for the support of schools was reduced from \$1.50 per \$100 of assessed valuation to \$0.50 per \$100 of assessed valuation, requiring an increase of General Fund appropriations to the DSA to offset the foregone property tax revenue, as well as the exemption of food for home consumption from the sales and use tax, which was approved by voters.⁵¹
- The LSST was increased from one percent to one point five (1.5) percent in 1981 to reduce the cost of K-12 public education to the General Fund.⁵²
- The “Tax Shift” of 1981 “changed the primary revenue source of local governments from the property tax to the sales and use tax.” To ensure that local governments—including school districts—were insulated from revenue instability that may accompany more variable taxes (such as sales and use) during downturns, in 1983, “the Legislature increase[d] the property tax rate by 25 cents (from 50 cents to 75 cents) and place[d] the extra 25 cents inside the Nevada Plan formula to offset State General Fund appropriations for K-12 public education.”⁵³

The LSST rate has increased three times since its implementation: the abovementioned 0.5 percentage-point increase in 1981; a 0.75 percentage-point increase from 1.5 percent to 2.25 percent in 1991; and a temporary increase from 2.25 percent to 2.6 percent in 2009—i.e., beginning in FY 2010—that was continued through the 77th (2013) Legislative Session before being made permanent during the 78th (2015) Legislative Session.⁵⁴

Under the Nevada Plan, the in-state LSST is a locally-collected revenue that is guaranteed by the State (i.e., “inside” the Plan).⁵⁵ It is assessed on taxable in-state retail sales, where taxable may be understood as unless otherwise exempt.⁵⁶ (Exemptions include, but are not limited to, farm machinery and equipment, durable medical equipment, and food for human consumption.)⁵⁷ This portion of the LSST is computed as: taxable in-state retail sales multiplied by 2.6 percent (0.026). An additional 0.75 percent is imposed on the resulting amount for remittance to the General Fund as a collection charge.⁵⁸ The current distribution is as follows:

- The proceeds of the in-state LSST, net of the 0.75 percent collection charge, are “returned to the school district in the county where collected.”⁵⁹ This means that 99.25 percent of in-state LSST proceeds is distributed to school districts, while the remainder is deposited in the State General Fund, unless—
- Pursuant to NRS 271A, the in-state LSST is collected in a Tourism Improvement District (TID), which generally may be understood as a specially designated district to support economic development and tourism.⁶⁰ When the LSST is imposed in a TID, an

additional 0.75 percent collection charge is levied on the proceeds detailed in the previous bullet for General Fund remittance.⁶¹ The remaining proceeds are split, with 75 percent pledged to the TID and the rest returned to the district.⁶² There are five existing TIDs for which these provisions are applicable.⁶³

The out-of-state LSST is non-guaranteed revenue under the Nevada Plan, and, by definition, is not considered a local revenue source.⁶⁴ As it cannot be attributed to any specific county, given that it applies to out-of-state businesses with retail sales in the State, its distribution differs. The out-of-state LSST is deposited in the Distributive School Account, less the 0.75 collection commission that is remitted to the General Fund.⁶⁵ Note that its computation is the same as for the in-state LSST and that TIDs are not a factor.

When the Nevada Plan expires at the beginning of FY 2022, the “inside”/ “outside” distinction will be eliminated, and the distribution of the LSST will change. Proceeds from taxable in-state and out-of-state retail sales, net of their respective 0.75 General Fund collection charges, will be deposited in the State Education Fund.⁶⁶ For the LSST collected in a TID, the remaining amount after collection fees and allocation to the TID will be distributed to the State Education Fund.^{b, 67}

In FY 2018, the in-state LSST amounted to about \$1.3 billion (\$1,313,956,683), net of the General Fund collection charge and any distributions to TIDs; the revenue was allocated to the school districts in the counties in which it was collected.⁶⁸ The out-of-state LSST, less the collection commission, totaled \$148,703,236, and was deposited in the Distributive School Account.⁶⁹ Were the State Education Fund established at that time, the LSST amount would have been deposited as a single revenue stream equal to the sum of the in-state LSST and out-of-state LSST, or approximately \$1.5 billion (\$1,462,659,919).

Recently, the Clark County Education Association (CCEA) filed an initiative petition^c to increase the LSST from 2.6 percent to 4.1 percent in an effort to augment dedicated K-12 education revenue.⁷⁰ According to the Financial Impact statement prepared by the Fiscal Analysis Division of the Legislative Counsel Bureau, the 1.5 percentage-point increase would yield roughly \$999.6 million in estimated additional revenue for school districts and the DSA in FY 2022.⁷¹

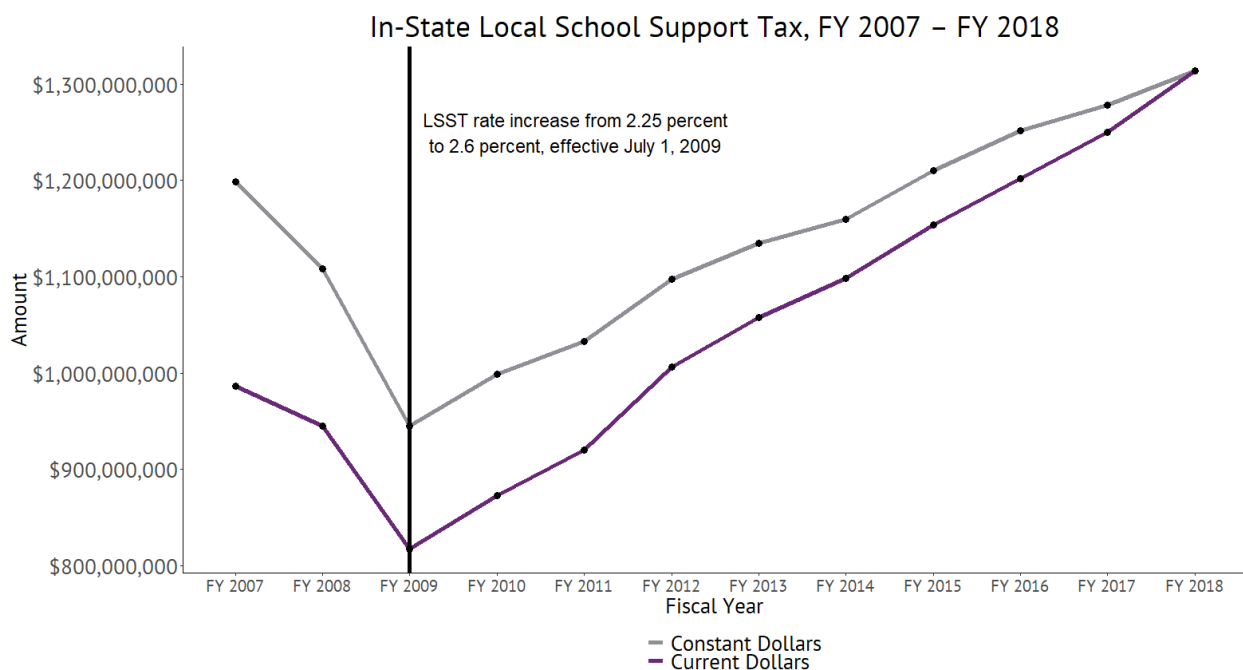
^b NRS 360.850 and NRS 360.855 require that any amounts in excess of those pledged must be received by the State Controller for distribution in an order of priority. Under the Nevada Plan, the excess amounts first would be distributed to school districts, followed by the General Fund, and then other relevant funds. In the upcoming biennium, the excess money will be allocated first to State Education Fund and then the General Fund and other relevant funds. See: Nevada Revised Statutes. § 360.850. Available: <https://www.leg.state.nv.us/NRS/NRS-360.html#NRS360Sec850>; and Nevada Revised Statutes. § 360.855. Available: <https://www.leg.state.nv.us/NRS/NRS-360.html#NRS360Sec855>.

^c CCEA actually filed two initiative petitions – an increase to the LSST and an increase to the Gaming Percentage Fee. The LSST is included here because it is a dedicated revenue stream for education. The initiative petition for the Gaming Percentage Fee was not directed to increase education funding and is therefore not discussed here. For more information, see: <https://new.ccea-nv.org/strategic-horizon-launch/>.

To put the effects of a statutory adjustment to the LSST into perspective, Figure 2 displays the in-state portion over time, with the most recent legislative change—the FY 2010 increase from 2.25 percent to 2.6 percent—marked by the dotted line.⁷²

The purple line shows actual dollar amounts, while the gray line are those dollar amounts adjusted for inflation. The graph indicates that actual in-state LSST (i.e., current dollars) has increased over time, with the dip in FY 2009 likely a function of the Great Recession. In inflation-adjusted terms (i.e., constant dollars), in-state LSST has outpaced inflation over time, which is at least partially attributable to the 0.35 percentage-point rate increase beginning in FY 2010. In real dollars, the FY 2018 in-state LSST is 9.6 percent higher than that in FY 2007.

Figure 2. In-State Local School Support Tax, FY 2007 – FY 2018



Marijuana Taxes and Fees

Medical marijuana was legalized in Nevada in 2001⁷³ and a ballot measure was approved in the November 8, 2016 General Election to legalize recreational marijuana – with legalization occurring on January 1, 2017.⁷⁴ With the legalization of both medical and recreational marijuana, several taxes and fees have been imposed with the general objective to benefit education.

Wholesale and Retail Taxes

Nevada taxes both the wholesale and retail sales of marijuana. While the wholesale tax applies to both medical and recreational marijuana, the retail tax applies only to the sale of recreational marijuana.

- 15 percent wholesale tax on the sale of marijuana from a cultivation facility to a medical or recreational marijuana establishment.⁷⁵
- 10 percent retail tax on the sale of recreational marijuana from a marijuana retailer to a customer.⁷⁶

The proceeds of the 15 percent wholesale tax are distributed so that \$5 million is retained to pay for the regulation and taxation of marijuana, and the remainder is allocated to the Distributive School Account.

The proceeds of the 10 percent tax on retail sales of marijuana were previously assigned to the State of Nevada’s Account to Stabilize the Operation of the State Government (e.g., the Rainy Day Fund), but beginning July 1, 2019, these proceeds were provided to the Distributive School Account to be allocated to school districts.

In fiscal year 2018, the wholesale taxes from the sale of marijuana was \$32,518,741, with \$27,518,741 going to the Distributive School Account. The retail tax proceeds on the sale of marijuana in FY 2018 were \$42,489,202 – of which none went to education (they were placed in the State’s Rainy Day fund). However, as noted previously, beginning on July 1, 2019, the retail tax on the sale of recreational marijuana is provided to fund education.⁷⁷

Eleven states, plus the District of Columbia, have legalized the use of marijuana for recreational purposes.⁷⁸ Table 3 provides a summary of the taxes imposed on recreational marijuana in these 12 jurisdictions.⁷⁹ Comparing Nevada’s tax rates to other states, the Silver State’s wholesale marijuana tax rate places it near the top of all states levying such a tax, while the retail tax rate is on par with other states – if not slightly below average.

Similar to IP 1, whereby marijuana taxes are deposited in the State’s Distributive School Account and combined with all guaranteed State sources for K-12 education, some believe that while the marijuana tax proceeds from wholesale taxes are distributed to education, they actually supplant General Fund dollars (i.e., they are “freed up” to be allocated elsewhere).⁸⁰ However, because the funding from the marijuana taxes is relatively minor compared to other sources, the change in General Fund contribution is less pronounced than the effect of IP 1 (refer to Figure 1 on page 4).



Table 3. Taxes on Recreational Marijuana

Taxes on Recreational Marijuana				
State	Cultivator Tax	Wholesale Tax	Retail Tax	Other Taxes
Alaska	<ul style="list-style-type: none"> • \$50/ounce for flowers • \$15/ounce for stems and leaves • \$25/ounce for immature flowers/buds 	-	-	-
California	<ul style="list-style-type: none"> • \$9.65/ounce for flowers • \$2.87/ounce for leaves • \$1.35/ounce for fresh plant materials 	-	15%	State retail sales tax applies (7.25% plus local taxes)
Colorado	-	15% of average market rate, sales to retail stores	15%	Local option retail tax up to 8%
District of Columbia	-	-	-	-
Illinois	-	7%	<ul style="list-style-type: none"> • 10% on marijuana with THC level of 35% or less • 20% on cannabis-infused products • 25% for marijuana with THC level above 35% 	Local option tax up to 3%
Maine	<ul style="list-style-type: none"> • \$335 per pound – flower • \$94 per pound – trim • \$1.50 per seedling • \$0.35 per seed 	-	10%	-
Massachusetts	-	-	10.75%	6.25% retail sales tax applies Local option excise tax of up to 3% is permitted
Michigan	-	-	10%	-
Nevada	-	15%	10%	Sales tax imposed 6.85% (plus local)
Oregon	-	-	17%	Local option sales tax up to 3%
Vermont	-	-	-	-
Washington	-	-	37%	6.5% retail sales tax (plus local tax)

Note: Per the Tax Foundation, “Vermont legalized the possession of marijuana in 2018 but did not create a legal market. D.C. also allows for possessing and growing of marijuana but does not allow for sales in a legal market.” See: Janelle Cammenga. “How High Are Taxes on Recreational Marijuana in Your State?” Tax Foundation. April 24, 2019. Available: <https://taxfoundation.org/2019-recreational-marijuana-taxes/>.

Excess Revenue on Medical Marijuana Registration & Application Fees

In addition to the taxes on both wholesale and retail sales of marijuana, the State of Nevada collects medical marijuana application and registration fees. Those fees are detailed in Table 4.

Table 4. Medical Marijuana Registration & Application Fees

Activity	Fee
One-time, nonrefundable application fee	\$ 5,000
For the initial issuance of a medical marijuana establishment registration certificate for a medical marijuana dispensary	30,000
For the renewal of a medical marijuana establishment registration certificate for a medical marijuana dispensary	5,000
For the initial issuance of a medical marijuana establishment registration certificate for a cultivation facility	3,000
For the renewal of a medical marijuana establishment registration certificate for a cultivation facility	1,000
For the initial issuance of a medical marijuana establishment registration certificate for a facility for the production of edible marijuana products or marijuana-infused	3,000
For the renewal of a medical marijuana establishment registration certificate for a facility for the production of edible marijuana products or marijuana-infused	1,000
For each person identified in an application for the initial issuance of a medical marijuana establishment agent registration card	75
For each person identified in an application for the renewal of a medical marijuana establishment agent registration card	75
For the initial issuance of a medical marijuana establishment registration certificate for an independent testing laboratory	5,000
For the renewal of a medical marijuana establishment registration certificate for an independent testing laboratory	3,000
<i>Source: NRS 453A.344</i>	

The proceeds from these fees are to be used to recover the costs incurred to regulate medical marijuana. Any excess proceeds above what is necessary to cover the costs of regulation are to be placed in the Distributive School Account (or, beginning July 1, 2021, the State Education Fund).

Total collections from medical marijuana application and registration fees in fiscal year 2018 were \$11,671,035.⁸¹ Unfortunately, it is unclear what amount was transferred (if any) to fund education. Based on the most recent Legislative Appropriations Report, only \$27,518,741 was provided to education from marijuana sources (and this amount agrees to the wholesale marijuana taxes). This would suggest there were no excess proceeds from the application or registration of medical marijuana establishments.

Annual Slot Machine Tax

NRS 463.385 imposes an annual slot machine tax of \$250 per machine. Only a portion of this tax is distributed to K-12 education, with the total collections allocated as follows:

- \$5,000,000 of the tax in the Capital Construction Fund for Higher Education,
- 20 percent of the tax in the Special Capital Construction Fund for Higher Education, and
- The remainder of the tax in the State’s Distributive School Account in the State’s General Fund.⁸²

The Annual Slot Machine Tax was created in 1967 through the adoption of Assembly Bill (AB) 174. At that time, all collections were provided to the Distributive School Account – meaning the entirety went to K-12 education. In 1971, AB 601 diverted \$5 million to the Capital Construction Fund for higher education. Finally, in 1979, AB 63 enacted the current tax rate of \$250 per slot machine and diverted another 20 percent of the total collections to the Special Capital Construction Fund for higher education. Minor revisions to the law have been made since 1979, but none of those altered the actual tax amount on slot machines or allocation of the tax collections.^d

In FY 2018, the annual slot machine tax provided revenues of \$41,662,619, of which \$28,330,095, or roughly 68.0 percent, was remitted to the Distributive School Account.⁸³

Governmental Services Tax

The Governmental Services Tax (GST) is paid annually by owners of motor vehicles as part of their vehicle registration. The tax is calculated on 35 percent of the manufacturer’s suggested retail price (the taxable price of the vehicle). This taxable price is then multiplied by a depreciation factor, which is between 0.15 and 1.0 (depending on the age and type of vehicle). This provides the taxable value of the vehicle. The basic GST rate is applied to the taxable value at a rate of 4 cents on every dollar.

For vehicles that are one year old or older, the tax generated from 10 percent of the taxable value is to be distributed 75 percent to the State Highway Fund and 25 percent to the State’s General Fund.⁸⁴ With few exceptions, the remaining revenues received from the GST are returned to the county where the vehicles are registered. A portion of the revenue is provided to school districts in the county of receipt, and the remaining funding is distributed to governments within the same county. The school district portion is based upon its FY 1981 operating tax rate and the higher of its

^d While taxes are not generally increased based on inflation, it is interesting to note that \$250 in 1979 is equivalent to \$921 in 2019. For comparative purposes, we note that Nevada’s levy is neither the highest, nor the lowest, of the taxes levied by the selected states. For example, as of 2017, Indiana’s tax is \$100 per gaming machine (racinos); Maryland’s is \$3 million for every 500 gaming machines; Massachusetts’ is \$600 per gaming machine; New Jersey’s is \$500 per gaming machine, New Mexico’s is \$25 per gaming machine, and New York’s is \$500 per gaming machine (racinos excluded). Source: American Gaming Association. 2018. “State of the States 2018: The AGA Survey of the Commercial Casino Industry.” Available: https://www.americangaming.org/wp-content/uploads/2018/08/AGA-2018-State-of-the-States-Report_FINAL.pdf

FY 1979 debt rate or its current debt rate plus any rate for capital projects and its current assessed valuation.⁸⁵

Effective beginning FY 2022, the portion of revenue that would be provided to local school districts will be placed in the State Education Fund to be allocated based on the new funding formula. However, the method to determine the amount to be placed in the State Education Fund will be the same as noted in the previous paragraph. Further analysis of what impact updating the legislation to a more recent operating tax or debt rate to determine the allocation of GST revenues would be beneficial, but outside the scope of this report due to the unavailability of data necessary to do such an analysis.

In FY 2018, school districts in Nevada received a total of \$140,389,846 from the GST.⁸⁶ Data is not available to recalculate the GST in such a manner as to estimate the effect of a potential change in depreciation factors and/or changing the rate would have on education funding.

Franchise Fees

In Nevada, Boards of County Commissioners can grant a franchise to construct, maintain, and operate “street railways, electric light, heat and power lines, gas and water mains, telephone lines, and all necessary or proper appliances used in connection therewith.”⁸⁷ Franchisees are required to make annual payments to the county in which they received the franchise, with a portion of these payments provided to local school districts. These payments trace their origin back to Section 7, chapter 168 from the Nevada Statutes, 1909.

Note that these are not franchises in the common business vernacular of a franchised restaurant, convenience store, hotel, etc. These business types are not included in this law and are not required to make the payments described in the preceding paragraph.

NRS 709.110, NRS 709.230, and NRS 709.270 require an annual payment by the franchisee of 2 percent of net profits to the county treasurer in the county of operation.⁸⁸ This 2 percent is then provided by the county to the local school district. Beginning July 1, 2021, this 2 percent payment will be paid to the State Treasurer and will be deposited in the State Education Fund. NRS 709.110 originated in the Nevada Statutes, 1909, with NRS 709.230 and 709.270 introduced in 1919. No significant changes have occurred since this time, meaning that this percentage has not been updated since the fees’ inception in 1909 or 1919 (depending on the type and location of service).

In FY 2018, all school districts in Nevada received \$5,572,025 from the 2 percent franchise fee payments.⁸⁹ A search of net profit calculations and county collections did not yield any data, making it difficult to project the impact a change in the 2 percent net profit franchise fee would have on K-12 education funding.

Conclusion

The State Education Fund and the Path Forward for K-12 Education Funding

Our analysis reveals that most of the dedicated K-12 funding sources are nominal in comparison to the General Fund contribution, the proceeds of the local school support tax (LSST), or property taxes. For example, the annual slot machine tax would be the 6th-largest dedicated K-12 education revenue stream placed in the State Education Fund, but when the General Fund contribution is included, it accounts for less than 1 percent of the total funding. The IP 1 portion of the room tax is the 3rd-largest dedicated revenue stream, but it is less than 5 percent of total K-12 education funding.

To summarize all the revenue streams explored in this report, as well as to contextualize how much money each contributes to the State Education Fund (replacing the Distributive School Account beginning on July 1, 2021), Figure 3 displays the FY 2018 proceeds from each of the distinct taxes and fees. While the State Education Fund is not yet in existence, the figure attempts to understand what amount would have been included for the most recent year data is available.

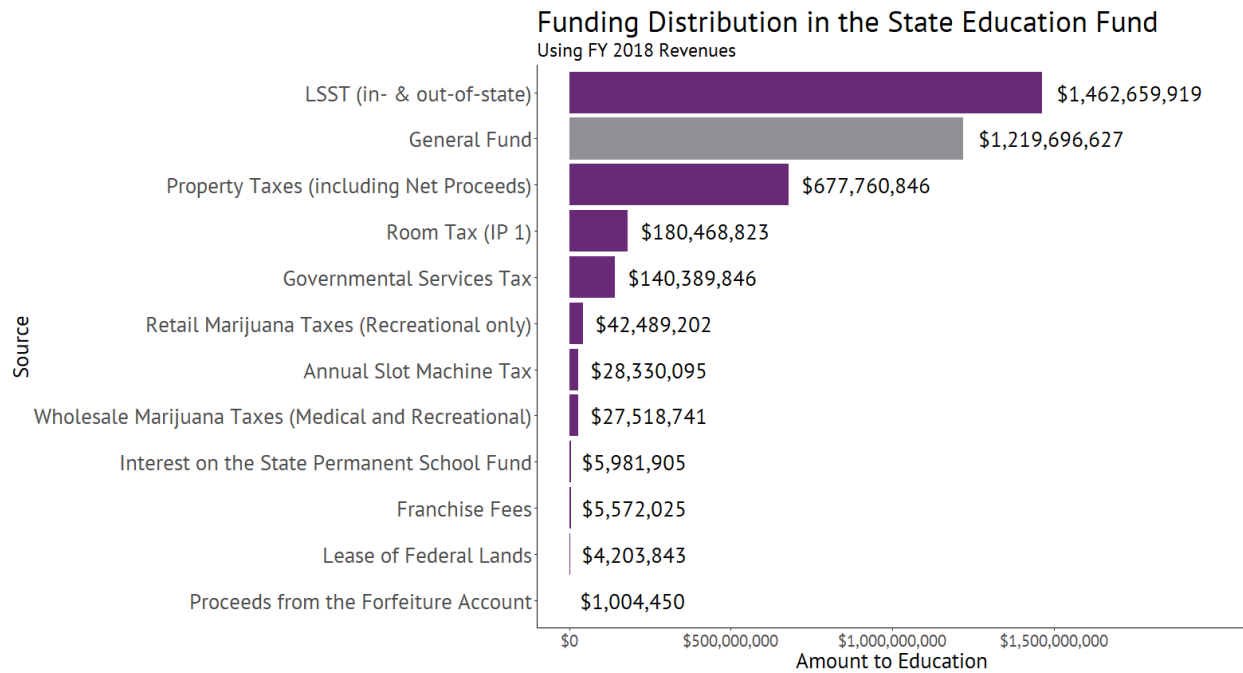
Excluding the General Fund contribution, the dedicated funding sources identified in SB 543, Sec. 2(2)(a)-(t), total \$2,576,379,695. Including the General Fund contribution, the State Education Fund totals \$3,796,076,322. LSST is the largest contributor to the State Education Fund, contributing approximately 39 percent of the total revenue. The General Fund contribution and property taxes are approximately 32 and 18 percent of the State Education Fund, respectively. All other dedicated revenue sources (from nine different streams) amount to approximately 11 percent of the total. Clearly, the State Education Fund will be reliant on three sources of revenue – LSST, the General Fund contribution, and property taxes.

This reliance on sales taxes (of which the LSST is part) and property taxes raises an even bigger issue in Nevada – how much reliance should the State place on either of these funding streams since both are significant contributors to total State funding as well?

When the State Education Fund is created as a special revenue fund in FY 2022, it will contain proceeds from both State and local revenue sources. But that will not diminish the significance of local funding to K-12 education in Nevada. Local revenue will remain the cornerstone of public elementary and secondary financing in the State, as Figure 3 indicates.

The LSST, which is the portion of the State sales tax reserved for the support of schools, typically supplies the largest dedicated share of total operating revenues, while property taxes are the second-largest contributor (this excludes the General Fund contribution, which is not a dedicated revenue source or single stream). Under the Nevada Plan, “the local share of public K-12 education revenue...has historically been one of the highest in the nation.”⁹⁰ This is a consequence of the shift from property taxes to sales taxes as the primary source of revenue for K-12 education in the early 1980s (the “Tax Shift” of 1981). To examine this empirically, the Guinn Center ranked all states on two metrics, from highest to lowest: (1) local revenue as a share of total public education revenue; and (2) property tax revenue as a share of local revenue for education.⁹¹

Figure 3. Funding Sources and Amounts in the State Education Fund



Comparatively, Nevada is more dependent on local revenue sources to fund education than most other states. Nevada ranks ninth in the nation, meaning that the Silver State is one of the most dependent of all states on local revenues to finance elementary and secondary school education. Conversely, in terms of property tax revenue as a percentage of local revenue, Nevada's share was but 44.8 percent, for a ranking of 47th in the nation. Connecticut, which is ranked first, had a share of 97.6 percent. Thus, nationwide, Nevada is one of the least dependent states on property taxes as a source of local revenue. Taken together, this suggests that there is a disconnect between Nevada's reliance on local revenues to support K-12 education, and its dependence on the property tax as a source of that revenue. This is because Nevada relies heavily on the sales tax, which is a generally considered to be a regressive tax and is more prone to volatility based on economic conditions at the time.

Policy choices regarding dependence on particular sources of financing produce trade-offs that can be consequential in the long term. Property tax is viewed generally as the most stable of the revenue sources used to finance state and local governments, due to the immovable nature of property and the fixed supply of land.⁹² Yet the property tax's asymmetrical nature can concentrate wealth and poverty that often translates into resource-rich versus resource-poor schools and districts. The sales tax is more volatile than the property tax, given its tendency to fluctuate with short- and long-term local and national economic conditions.⁹³ However, the sales tax, albeit not shielded from economic downturns, may produce more distributionally equitable outcomes, as Nevada legislators observed in 1967.

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Guinn Center | 3281 S. Highland Drive, Suite 810 | Las Vegas, Nevada 89109
Phone: (702) 916-0746 | Email: info@guinncenter.org | Website: www.guinncenter.org

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Contact Information

3281 S. Highland Drive, Suite 810

Las Vegas, Nevada 89109

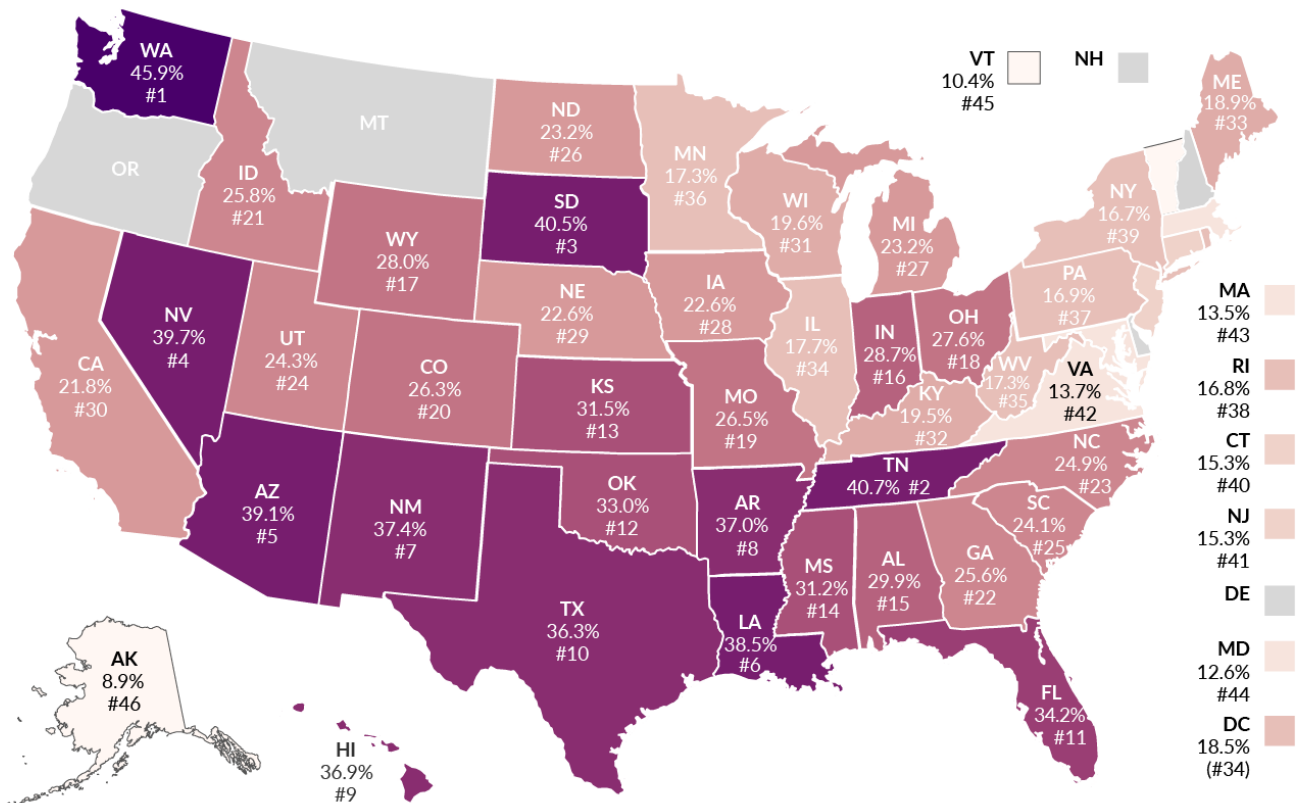
Phone: 702-916-0746

Email: info@guinncenter.org

Website: www.guinncenter.org

To What Extent Does Your State Rely on Sales Taxes?

Sales Tax Collections As a Percent of Total State and Local Tax Collections, FY 2015



Source: Census Bureau; Tax Foundation calculations.

