



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: December 6, 2018

Staff Contact: Nancy Paulson, City Manager

Agenda Title: For Possible Action: To adopt, on second reading, Bill No. 119, an ordinance amending Title 21 (Taxation), Chapter 21.06 (V&T Railroad Sales Tax) of the Carson City Municipal Code to revise various provisions relating to the purpose, imposition, refund and use of the V&T Railroad Sales Tax.

Staff Summary: Pursuant to the Carson City Municipal Code (CCMC), sales tax revenue may only be utilized for the payment of interest and principal on the V&T historical bonds and any bonds issued to refund the V&T historical bonds. The purpose of this amendment to the CCMC is to also pay for certain streets and highway infrastructure projects described in the Amended Plan of Expenditure with any sales tax revenue received in each fiscal year which exceeds the amount required for that fiscal year to pay debt service on the V&T historical bonds and any bonds issued to refund the V&T historical bonds. The sales tax may only be used to fund projects included in the Amended Plan of Expenditure.

Agenda Action: Ordinance - Second Reading

Time Requested: 5 minutes

Proposed Motion

I move to adopt, on second reading, Bill No. 119, an ordinance amending Title 21, Chapter 21.06 of the Carson City Municipal Code to revise various provisions relating to the purpose, imposition, refund and use of the V&T Railroad Sales Tax.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

On November 3, 2005, the Board adopted the provisions to the CCMC that are now proposed to be amended. On November 1, 2018 the Board introduced, on first reading, the proposed amendments before the Board now for adoption.

Background/Issues & Analysis

The Board requested staff bring forward a proposal amending the Plan of Expenditure on the V&T Railroad Sales Tax to include certain streets and highway infrastructure projects. The sales tax would only be used to fund those projects included in the Amended Plan of Expenditure. The CCMC amendments are needed for the amended Plan of Expenditure.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 377B; CCMC Title 21, Chapter 21.06; Article 2 of the Carson City Charter

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Fund 253 (V&T Special Infrastructure Fund)

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: Plan to use savings from fund balance and excess annual revenues.

Alternatives

1. Decline to adopt CCMC changes;
2. Refer matter back to staff with instructions.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Summary: An ordinance amending various provisions relating to the V&T Railroad Sales Tax.

BILL NO. 119

ORDINANCE NO. 2018-_____

AN ORDINANCE RELATING TO TAXATION; AMENDING TITLE 21 (TAXATION), CHAPTER 21.06 (V&T RAILROAD SALES TAX) OF THE CARSON CITY MUNICIPAL CODE TO REVISE VARIOUS PROVISIONS RELATING TO THE PURPOSE, IMPOSITION, REFUND AND USE OF THE V&T RAILROAD TAX; AND PROVIDING OTHER MATTERS PROPERLY RELATED THERETO.

The Board of Supervisors of Carson City do ordain:

SECTION I:

That Title 21 (Taxation), Chapter 21.06 (V&T Railroad Sales Tax) is hereby amended (**bold, underlined** text is added, ~~stricken~~ text is deleted) as follows:

Chapter 21.06 - V&T RAILROAD AND STREETS AND HIGHWAY SALES TAX

[~~Sections:~~]

SECTION II:

That Title 21 (Taxation), Chapter 21.06 (V&T Railroad Sales Tax), Section 21.06.010 (Purpose) is hereby amended (**bold, underlined** text is added, ~~stricken~~ text is deleted) as follows:

21.06.010 – Purpose; Use of Proceeds of the tax.

[~~The purpose of this ordinance is to~~] **1. The board hereby declares that the provisions of this chapter are enacted for the following purposes:**

a. To pledge sales tax revenue in an amount at least equal to the amount required in each **fiscal** year for the payment of interest and principal on the bonds known as the V&T historical bonds and any **other** bonds **that are lawfully** issued to refund the V&T historical bonds; **and**

b. To pay, in whole or in part, the cost of any project, facility or activity described in the Amended Plan of Expenditure adopted by the board in accordance with subsection 7 of NRS 377B.100 and authorized pursuant to subsection 3 of NRS 377B.160, through the expenditure of any sales tax revenue received in each fiscal year which exceeds the amount required for that fiscal year to meet the requirement set forth in paragraph a. Nothing in this paragraph shall be construed to impair any right or obligation arising from the issuance of the bonds known as the V&T historical bonds, any bonds issued to refund the V&T historical bonds or the security therefor.

2. The proceeds of the tax imposed pursuant to this chapter must not be used for any purpose other than the purposes set forth in this section.

SECTION III:

That Title 21 (Taxation), Chapter 21.06 (V&T Railroad Sales Tax), Section 21.06.020 (Imposition of tax—Rate of tax—Refunds) is hereby amended (**bold, underlined** text is added, [~~stricken~~] text is deleted) as follows:

Section 21.06.020 – Imposition of tax—Rate of tax—Refunds.

1. [~~There~~] **Pursuant to chapter 377B of NRS, there** is hereby imposed a tax of one-eighth of one percent (0.125%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in Carson City. [~~This tax is imposed under authority of NRS Chapter 377B.~~]

2. A purchaser [~~will be~~] **is** entitled to a refund, in accordance with the provisions [~~of~~] **set forth in** NRS 374.635 to 374.720, inclusive, of the amount of the tax required to be paid that is attributable to the tax imposed upon the sale of, and the storage, use, or other consumption in Carson City of, tangible personal property used for the performance of a written contract:

a. Entered into on or before the effective date of the tax; or

b. For the construction of an improvement to real property for which a binding bid was submitted before the effective date of the tax if the bid was afterward accepted.

3. The effective date of the tax shall be the first day of the first month of the next calendar quarter that is at least one hundred twenty (120) days after the date on which a two-thirds (2/3) majority of the board approves on a second reading this ordinance.

4. [~~Upon~~] **The board must, upon** the final payment of interest and principal on the bonds known as the V&T historical bonds and any bonds issued to refund the V&T historical

bonds, [~~this tax shall be repealed by the board which shall take all necessary and proper steps to terminate the collection of this tax~~] **determine whether a necessity exists for the continued imposition of the tax. If the board determines that a necessity:**

a. Does exist for the continued imposition of the tax for one or more purposes set forth in NRS 377B.160, the board must adopt, in the manner prescribed in chapter 377B of NRS, a new plan for the expenditure of the proceeds of the tax for that purpose; or

b. Does not exist, the board must repeal the ordinance that enacted the tax and take all necessary and proper steps to terminate the collection of the tax.

5. Nothing in this [~~ordinance prevents~~] **section shall be deemed to prohibit** the board from optionally redeeming the V&T historical bonds and making a final payment prior to any repayment schedule if [~~it~~] **such redemption and payment** is **made** in accordance with the ordinance authorizing the issuance of the V&T historical bonds.

SECTION IV:

That Title 21 (Taxation), Chapter 21.06 (V&T Railroad Sales Tax), Section 21.06.040 (Use of Proceeds of the tax) is hereby repealed.

[21.06.040 Use of Proceeds of the tax.

~~The proceeds of the tax imposed pursuant to this chapter are to be pledged for payment of V&T historical bonds and any bonds issued to refund the V&T historical bonds.]~~

SECTION V:

That no other provisions of Title 21 of the Carson City Municipal Code are affected by this ordinance.

TEXT OF REPEALED SECTIONS

21.06.040 Use of Proceeds of the tax.

The proceeds of the tax imposed pursuant to this chapter are to be pledged for payment of V&T historical bonds and any bonds issued to refund the V&T historical bonds.

PROPOSED on November 1, 2018.

PROPOSED by Supervisor _____

PASSED on December 6, 2018, by the following vote:

AYES:	_____

NAYS:	_____

ABSENT:	_____

ROBERT L. CROWELL, Mayor

ATTEST:

SUSAN MERRIWETHER, Clerk-Recorder

This ordinance becomes effective upon the earlier of:

1. The effective date of a contract made under NRS 377B.120 to amend the contract entered into between Carson City and the Department of Taxation in accordance with NRS 377B.110 for the performance of functions incident to the administration and operation of the sales tax imposed pursuant to this chapter; or
2. The date that the Board determines, with the written concurrence of the Department of Taxation, that no such amendment is necessary or desirable.