Tax increases likely in Douglas County's future



Douglas County wants to increase revenues so it can improve infrastructure. Photo/LTN

By Kathryn Reed

Douglas County commissioners will be faced with three tax related issues at a special meeting next week.

Sales and excise fuel taxes are likely to increase as well as the fee various utility companies pay. The county believes these tax increases will allow it to pursue state and federal dollars for projects – namely transportation – that require matching funds.

"As surrounding communities such as Carson City invest in their future, we need to plan for Douglas County's future as well. It is imperative we ensure the safety of our residents for generations to come, while maintaining a financially stable, highly livable community for all of us to enjoy," Jim Nichols, county manager, said in regards to why the hikes are

necessary.

Commissioners can make the decision Oct. 5 without going to the voters. This is because Nevada statutes allow county commissioners to impose some of these taxes. The sales tax is proposed to go from 7.1 percent to 7.35 percent. That rate would exist indefinitely or until commissioners vote for a different percentage.



Douglas County Manager Jim Nichols believes increased taxes will keep the county solvent.

Projections are this will bring in $1.5 million to county coffers. The additional sales tax revenue would be earmarked for street and highway construction, and maintenance, as well as pedestrian amenities that would include trails.

“The proposed new sales tax will be treated similar to our PALS tax, it is a separate tax component in our property tax rate. What the county receives will be based on the actual collections in the county. The other component of the sales taxes we receive, and the biggest, is consolidated at the state level and then distributed. Douglas County is called a receiving county, which means we receive more from the state

than we contribute of the consolidated funds," Nichols explained.

Sales tax represents about 21 percent of this year's general fund revenues.

Douglas County voters in 2018 will be asked to approve an additional one-half percent sales tax increase.

"The voters are being asked to consider a 0.5 percent increase to aid in addressing some of the connectivity projects identified for implementation. This tax increase would be in lieu of the 2.5 percent utility operator fee increase," Nichols told *Lake Tahoe News*. Per Nevada statutes this particular tax has to go to voters.

It's estimated to bring in $3 million per year. Some of that money could go toward public transit, whereas the first sales tax increase cannot be used for that per state law.

The 2.5 percent fee on utility operators is also on Monday's agenda. The surcharge will be 0.5 percent on natural gas, 2.5 percent on electricity and 2.5 percent on telecommunications. These utility operators are already paying a 2.5 percent tax to the county.

"It is important to note that this fee increase would only go into effect if the proposed 0.5 percent sales tax is not approved by the voters (in 2018). If the utility operator fee increase is enacted, it could be used to leverage additional funds for regional transit and various transportation construction projects," Nichols said. The county expects the utility fee to generate $1.6 million per year.

The utility fee does not alter the franchise agreements the county has with the various entities.

Currently, the county has 4 cents per gallon excise tax on fuel that was implemented by commissioners in 2001. What is on

next week’s agenda is an additional 5 cents gas tax. The projected $900,000 it would generate is designated for road maintenance and to leverage funds for transportation construction projects.

While the state of Nevada prides itself on being tax friendly, counties are being faced with less revenue flowing from Carson City to their coffers and therefore need a way to pay the bills.

“Douglas County has an opportunity to address many of the transportation issues in the county, some of which are safety hazards to our children, bicyclists, pedestrians and drivers. In addition we can implement many of the projects identified in our Master Plan, Transportation Plan, the Valley Vision, South Shore Vision and other related documents. We can do this by leveraging grant funds if we have a match to make us competitive,” Nichols said. “We can also achieve full funding for regional road maintenance. We would be joining many of our surrounding communities that already have these and higher taxes in place and yet they are still considered tax friendly.”

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Notes:

· The meeting is Oct. 5 at 1pm at the Douglas County Historic Courthouse, 1616 8th St., Minden.