



# WASHOE COUNTY

## OFFICE OF THE COUNTY MANAGER

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TO: Washoe County Debt Management Commission

FROM: Christine Vuletich, Assistant County Manager Finance and Administration

RE: Information on Nevada Revised Statute (NRS) 350.0155(1) requiring the Debt Management Commission to specify a percentage of limitation on total ad valorem tax levy.

DATE: August 14, 2019

Nevada Revised Statute (NRS) 350.0155(1) requires each county debt management commission (DMC) to specify a “percentage of limitation on [the] total ad valorem tax levy”, or essentially a percentage threshold on the property tax rate, for any new ad valorem general obligation proposal received which would result in a combined property tax rate in any of the overlapping entities within the county which exceeds the limitation on total ad valorem property tax provided in NRS 361.453. Pursuant to NRS 350.0155(1), the percentage limitation set by the DMC must not be less than 75 percent.

Pursuant to NRS 350.0155(1), the DMC must determine at its annual meeting in August this threshold, which must be between 75 and 100 percent. As an example, a threshold of 75% of the statutory maximum property tax rate of \$3.64 equals \$2.73 per \$100 of assessed valuation. If the DMC chose to set a threshold percentage of 75 percent, any new ad valorem general obligation proposal received which resulted in a property tax rate in this example above \$2.73, would require the DMC to weigh the proposal against other public needs of entities within Washoe County.

Any general obligation bond proposal received by the debt commission that would result in a property tax rate that exceeded this threshold would:

1. Require the debt commission to consider the public need to be served by the proceeds from the proposed debt or tax levy, and
2. Compare that public need with other public needs that appear on the statements of current and contemplated debt and special elective taxes filed with the debt management commission.

In Washoe County, this issue is largely moot since in incorporated areas, the current tax rate is at the maximum of \$3.64, thereby restricting entities in these areas from proposing any new ad valorem-financed general obligation bonds. Since 2001, the DMC has kept the threshold percentage at 90%, or \$3.28, which was the fixed threshold set in State law prior to 2001.

DMC 8-16-19 #10