

CLARK COUNTY ADVISORY QUESTION NO. 5

Room Tax Question

This question is advisory only: Do you support the imposition of an additional hotel and motel room tax of not more than 3 percent to be used in the first 2 years after imposition to avoid large cuts in the funding of education and other state programs and to be used thereafter to increase the funding of K-12 Education, specifically to improve student achievement and for salaries of non-administrative educational personnel?

Yes

No

EXPLANATION

This ballot question will serve to advise the Nevada Legislature of whether the majority of the voting public in this County would support the imposition of a new room tax. If this question is passed, an additional tax would be imposed on revenue from the rental of transient lodging (commonly known as a “room tax”) anywhere within this County, including all cities and towns, on and after July 1, 2009. The amount of the additional tax imposed would vary depending on the sum of all the room taxes currently being imposed in each particular area, but would not exceed 3 percent in any area. If the sum of all current room taxes in a particular area is less than 13 percent, the amount of the additional room tax would be the difference between 13 percent and the sum of all current room taxes in that area, but not to exceed 3 percent. No additional room tax would be imposed in any area where the sum of all current room taxes is equal to or greater than 13 percent. The imposition of this additional room tax, if any, does not affect any current room taxes imposed in the County and does not limit the ability of a local government entity in the County to impose additional room taxes, if authorized by current law.

The proceeds of the tax would be directed to the State to offset the loss of tax revenue over the next two fiscal years from the downturn in the economy of this State, and after that time to increase the funding of K-12 Education, specifically to improve student achievement and for salaries of non-administrative educational personnel. Those proceeds would not be used to replace or supplant any other available funding for schools.

The question is purely advisory and does not place any legal requirement on the County Commission, any member of the County Commission, any officer of the County or the Nevada Legislature.

ARGUMENT ADVOCATING PASSAGE

Nevada, the fastest-growing state in the nation, has struggled to provide its citizens with quality public education, improved transportation, adequate public safety and the many other public services that Nevadans expect and demand. For years, our schools have suffered from overcrowded classrooms, teacher shortages and a lack of money for textbooks and such basic supplies as pencils and paper. Nevada has long ranked near the bottom among all states in the level of school spending per student. Compared to the rest of the nation, Nevada's financial support for public services as a whole has been woefully inadequate.

Despite the growing need for quality schools and other public services, revenue shortfalls have required the Governor and Legislature to *cut* more than \$1 billion from the state budget over the past year. Nevada's schools, which are already under-funded, will now fall further behind. Our children deserve the opportunity to gain job and life skills that will help provide the capable workforce essential to our state's future. Unless we act now, the lack of money for schools and other essential public services will negatively impact our children, our families, our communities and our state.

This question gives you the opportunity to express your opinion on whether a new source of money, a 3-percent tax on the cost of staying in a hotel or other place of public lodging in Clark County, should be created and used to provide additional money for education and other basic services. The money from the proposed room tax would be used in the first 2 years (2009-2011) to restore some of the money recently cut from the state budget. Thereafter, the money would be used to improve student achievement in our schools and to help pay for teachers, classroom aides and other school employees. Because room taxes are largely paid by tourists and other visitors to Las Vegas, the proposed tax would have little or no impact on the average resident of Clark County.

It is important to understand that this question is advisory only. It does not require the Governor or the Legislature to do anything. But it allows you to express your opinion on whether education and other vital services should be funded at a more adequate level with this new source of money. Please vote "YES" on Question No. 5.

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

ARGUMENT OPPOSING PASSAGE

The Legislature has the authority to raise the room tax and direct how the revenue is spent *without* this question. This question is on the ballot to give the Legislature an excuse to implement a deal made this May between the Teachers Union and some gaming interests.

This advisory question, if it is approved by the voters, has many effects that are not obvious or fair to the taxpayers in Clark County. It will have a negative impact on both the residents and governments in Clark County. And, to prove that, let us count the ways.

First - Clark County's largest economic engine is tourism. Adding additional taxes to a hotel bill at a time when tourism is down and hotels have reduced room rates to attract business is a terribly misguided approach. Consider that we have more people out of work since 9/11. In fact, we have more people out of work than anytime since 1994.

Second - The room tax has traditionally been a local government revenue source to be used to serve the needs of local government and its residents.

Third - This question is appearing only on the Clark County and Washoe County ballots. The room tax rate in downtown Reno and Sparks is already over the 13% cap, so there will be no revenue received from these areas. *The majority of the revenue will come from Clark County, but will be spent statewide.*

Fourth - According to this question, after the first two years the revenue is to be used to "... increase the funding of K-12 Education...". Provisions like this (or any other directing where revenue is to be spent) can be extremely difficult to track and enforce. Any future Legislature is free to spend the revenue any way it sees fit, without regard to what is promised by this question.

Fifth - This revenue is supposed to be used to improve student achievement and increase teacher salaries but nowhere in the question or explanation are there accountability provisions or definitions of "improvement in student achievement."

Although advisory questions that pass almost always become the basis for a statute there is no specific language to show what the real impact of voting "YES" will be.

Clark County voters should protect this potential revenue source for the needs we have in Clark County and the cities in Clark County. *Just vote NO!*

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

REBUTTAL TO ARGUMENT OPPOSING PASSAGE

The opponents claim that a tourist asked to pay an extra \$3 for a hotel room will not come to Las Vegas. We think this is extremely unlikely, and so do the leaders of the gaming industry who support Question No. 5. They have determined that it will not have a negative impact on tourism.

The claim that most of the money produced by the room tax will be spent outside Clark County is false. The 300,000 children enrolled in public schools in Clark County represent over 70 percent of the school children of Nevada. To contend that the Legislature will ignore the children of Clark County and send "the majority" of the money elsewhere is absurd.

Another falsehood involves "accountability" for school spending. The No Child Left Behind Act and similar laws in Nevada already impose many accountability requirements.

This question is only advisory. It does not attempt to include the details that the Legislature will add. It simply asks you for *your opinion* on the basic question: Do you believe that tourists should help support our state and our schools? If you do, please vote “YES” on Question No. 5.

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

REBUTTAL TO ARGUMENT ADVOCATING PASSAGE

Supporters claim “. . . because room taxes are largely paid by tourists and other visitors to Las Vegas, the proposed tax would have little or no impact on the average resident of Clark County.” *That is simply not true.* It would prevent Clark County governments from using this revenue source to fund the needs of residents in Clark County.

Supporters also ignore the fact that *this revenue does not stay in Clark County - - - it is spent statewide.* Furthermore, this revenue will not be used for education funding until 2012.

As an advisory question appearing on the ballots in just Clark County and Washoe County *this question is nothing more than a government-paid opinion poll.* Supporters acknowledge neither the Legislature, or Governor has to enact the question into law if approved.

Clark County voters will elect the majority of Legislators. That is not an advisory vote! Electing these officials is how voters will have a real impact on the budget, not only in education, but in all government spending in Nevada.

This question is only on the ballot to implement a deal between the Teachers Union and some gaming interests.

Just Vote No!

The above argument was submitted by the Ballot Question Committee as provided for in NRS 295.121

DESCRIPTION OF ANTICIPATED FINANCIAL EFFECT

The imposition of a new tax on the rental of transient lodging in the County would only affect those individuals that stay in transient lodging, such as hotels and motels. The average annual cost that is expected to be incurred by the affected taxpayer if the new tax is imposed would be approximately \$3.51 per night per room, assuming a tax rate of 3 percent and an average room rate of \$117.12. The financial impact on the taxpayer would depend on the current total room tax rate imposed in the location in the County where the rental of transient lodging occurred, as follows:

1. There would be no financial impact on individuals who stay in a location in the County where the current total room tax rate is equal to or greater than 13 percent.
2. In those locations in the County where the current total room tax rate is equal to or less than 10 percent, the room tax rate would increase by 3 percent. The cost of the rental of a room would increase by 3 percent of the price of the room, excluding any other taxes or fees imposed by a governmental entity. For example, if the price of the room were \$100, then the 3 percent tax would increase the cost of the room by \$3 per day the room is rented. A taxpayer who stays an average of two times per year with an average stay of three nights per visit in rooms subject to this additional 3 percent room tax with an average room rate of \$100 would pay an additional \$18 in room taxes in each year.
3. In those locations in the County where the current total room tax rate is greater than 10 percent, but less than 13 percent, the room tax rate would increase by the difference between the current total room tax rate and the 13 percent maximum rate. The cost of the rental of a room would increase by this percentage multiplied by the price of the room, excluding any other taxes or fees imposed by a governmental entity. For example, if the current total room tax rate were 11 percent, then the room tax would increase by 2 percent. If the price of the room were \$100, then the 2 percent tax would increase the cost of the room by \$2 per day the room is rented. A taxpayer who stays an average of two times per year with an average stay of three nights per visit in rooms subject to this additional 2 percent room tax with an average room rate of \$100 would pay an additional \$12 in room taxes in each year.

If approved during the 2009 Legislative Session, the new room tax not to exceed 3 percent would become effective July 1, 2009, and would remain in effect until the statute is repealed. Any tax revenue generated in the County from the imposition of an additional room tax would be transferred to the State to offset the potential loss of General Fund revenue in the 2009-11 biennium (July 1, 2009 through June 30, 2011) and would be dedicated to increase the funding of K-12 Education, specifically to improve student achievement and for salaries of non-administrative educational personnel beginning in the 2011-2013 biennium (July 1, 2011 through June 30, 2013) and every biennium thereafter for as long as the statute remains in effect.

NOTE TO VOTERS: This table displays the current total room tax rates in effect in Clark County:

Clark County	7%
Resorts and Others within 35 Miles of Convention Center	9%
Boulder City (Over 100 Rooms)	9%
Boulder City (Under 100 Rooms)	7%
Henderson (Resort)	10%
Henderson (Commercial)	9%
City of Las Vegas	9%
City of Las Vegas (75 Rooms or Less, Fremont Street)	10%
City of Las Vegas (More than 75 Rooms, Fremont Street)	11%
Mesquite	9%
North Las Vegas	9%