

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3050S.01I  
Bill No.: SB 749  
Subject: Taxation and Revenue - Sales and Use  
Type: Original  
Date: March 4, 2025

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Bill Summary: This proposal authorizes the city of Nevada to impose a sales tax for public safety.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue*	\$0	\$0 or up to \$7,596**	\$0 or up to \$11,622
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or up to \$7,596**</b>	<b>\$0 or up to \$11,622</b>

\*Represents the potential 1% Department of Revenue collection fee, if voters approve the sales tax(es).

\*\* The estimated fiscal impact for fiscal year 2027 is lesser because FY 2027 is a partial year (8 months).

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0 or up to \$752,017**</b>	<b>\$0 or up to \$1,150,586</b>

\*Pending voter approval.

\*\* The estimated fiscal impact for fiscal year 2027 is lesser because FY 2027 is a partial year (8 months).

**FISCAL ANALYSIS****ASSUMPTION****Section 94.900 - City of Nevada Public Safety Sales Tax**

Officials from the **Department of Revenue (DOR)** note the legislation states any city with more than eight thousand but fewer than nine thousand inhabitants and that is a county seat of a county with more than nineteen thousand but fewer than twenty-two thousand inhabitants can impose a sales tax for public safety services. DOR believes that the City of Nevada is the one allowed the sales tax.

DOR records show that the City of Nevada has taxable sales of:

<b>Fiscal Year</b>	<b>Jul-Sept</b>	<b>Oct-Dec</b>	<b>Jan-Mar</b>	<b>April- June</b>	<b>Total</b>
2020	\$38,208,695	\$44,612,841	\$43,665,437	\$42,989,998	\$38,208,695
2021	\$43,931,887	\$49,116,769	\$46,410,826	\$48,826,592	\$43,931,887
2022	\$43,446,518	\$51,704,817	\$51,124,402	\$52,879,022	\$43,446,518
2023	\$48,624,132	\$53,461,870	\$51,767,032	\$56,676,505	\$48,624,132

The Department notes this proposal allows a one-half of one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount that Nevada would collect, and the fee retained by DOR as:

<b>Fiscal Year</b>	<b>Total Sales</b>	<b>Total Collections</b>	<b>DOR 1% Fee</b>	<b>Final Collection</b>
2026	\$223,415,631	\$1,117,078	\$11,171	\$1,105,907
2027	\$227,883,943	\$1,139,420	\$11,394	\$1,128,026
2028	\$232,441,622	\$1,162,208	\$11,622	\$1,150,586

DOR notes that this proposal would become effective on August 28, 2025, and the first election this issue could be presented to the voters would be the April 2026 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2026 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 8 months.

Nevada	1/2 of 1% Tax	
Fiscal Year	DOR 1%	Local Collection
2026	\$0	\$0
2027 (8 months)	\$7,596	\$752,017
2028	\$11,622	\$1,150,586
*Effective Date 8/28/2025		

If any city passes a sales tax the Department will need to make changes to the department's Revenue Premier system, Rate Manager system, MyTax portal system, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$1,832 per system change (\$7,328) per city that passes the sales tax.

**Oversight** assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

<u>FISCAL IMPACT – State Government</u>	FY 2026	FY 2027 (8 Mo.)	FY 2028
<b>GENERAL REVENUE</b>			
<u>Potential Revenue Gain</u> - \$94,900 - DOR 1% Collection Fee, <b>if</b> approved by voters	\$0	\$0 or up to \$7,596	\$0 or up to \$11,622
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0</b>	<b><u>\$0 or up to \$7,596</u></b>	<b><u>\$0 or up to \$11,622</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026	FY 2027 (8 Mo.)	FY 2028
<b>CITY OF NEVADA</b>			
<u>Potential Revenue Gain</u> - \$94,900 - Public Safety Sales Tax <b>if</b> approved by voters	\$0	\$0 or up to \$752,017	\$0 or up to \$1,150,586
<b>ESTIMATED NET EFFECT ON CITY OF NEVADA</b>	<b>\$0</b>	<b><u>\$0 or up to \$752,017</u></b>	<b><u>\$0 or up to \$1,150,586</u></b>

#### FISCAL IMPACT – Small Business

Small businesses in the City of Nevada would be impacted if the new tax is approved by voters.

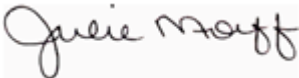
FISCAL DESCRIPTION

Current law authorizes certain cities to impose a sales tax at a rate of 0.5% for the purpose of improving public safety. This act adds the city of Nevada to such list of cities.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue



Julie Morff  
Director  
March 4, 2025



Jessica Harris  
Assistant Director  
March 4, 2025