

Truckee River Flood Control Project Needs Committee

Assembly Bill 375, 79th Session of the Nevada Legislature (2017).

A Recommendation to impose a property tax in the amount of \$0.0248 per \$100 of assessed valuation pursuant to the provisions of Assembly Bill 375, 79th Session of the Nevada Legislature (2017), for the purpose of paying for the cost of designing, acquiring, constructing, improving and equipping a flood protection project for the Truckee River.

Whereas:

- A. Pursuant to Assembly Bill 375 of the 79th Legislative Session of the State of Nevada (AB 375), the Truckee River Flood Management Authority (TRFMA) determined by resolution that a Truckee River Flood Control Project Needs Committee (Committee) is necessary to consider the imposition of one or more taxes, fees, rates, charges, levies or assessments to fund the cost of or debt service for designing, acquiring, constructing, improving and equipping the approved flood protection project for the Truckee River;
- B. Pursuant to AB 375, the Committee may recommend the Board of County Commissioners of Washoe County submit a question to the voters of Washoe County asking whether a tax or taxes as identified in AB 375 should be imposed by the County for services or facilities rendered by the flood management project pursuant to NRS 244A.063 and 268.738 and any interlocal agreement entered into pursuant to chapter 277 of NRS;
- C. The Truckee River Flood Management Authority has planned and approved a Truckee River Flood Protection Plan pursuant to the Interlocal Cooperative Agreement (Truckee River Flood Management Project) of March 14, 2011 between Washoe County, the City of Reno, Nevada and the City of Sparks, Nevada;
- D. The Committee has considered the costs of the Truckee River Flood Protection Plan and determined that additional funding is necessary to design, acquire, construct, improve and equip the project;
- E. The Committee has determined that the best mechanisms for providing additional funding for the design, acquisition, construction, improvement and equipping of the Truckee River Flood Protection Plan is the imposition of a flood protection rate or fee in conjunction with an increase to the tax on the assessed valuation of taxable property within Washoe County, and;



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- F. The funds raised per AB 375 may only be used to pay for the project or debt service issued to fund the project.
- G. The Committee has voted to recommend the tax on the assessed valuation of taxable property within Washoe County be increased in the amount of \$0.0248 per \$100 assessed valuation;

NOW, THEREFORE, BE IT RESOLVED THAT:

Pursuant to Sections 2(1)(a)(2), 2(1)(b), and 2(3)(b) of Assembly Bill 375, 79th Session of the Nev. Leg. (2017), the Truckee River Flood Control Project Needs Committee (Committee) hereby recommends that the Washoe County Board of County Commissioners submit a question to the voters of Washoe County at the General Election to be held on November 6, 2018 seeking approval of an increase of the property tax in the amount of \$0.0248 per \$100 of assessed valuation.

The Committee does not intend the language of the proposed ballot question to be exclusive, and anticipates that Counsel for the TRFMA, the Washoe County District Attorney, and staff of Washoe County may make changes to the language of the ballot question to ensure that a ballot question is presented to the voters of Washoe County that complies with all necessary legal requirements. The ballot question must clearly state that it is proposed that the tax on the assessed valuation of taxable property within Washoe County be increased in the amount of \$0.0248 per \$100 assessed valuation, and that the new property tax will sunset upon payment of the bonds issued for the project. The Committee recommends that the ballot questions state in substantial part:

Shall Washoe County be authorized to levy an additional property tax rate for the purpose of paying for the cost of designing, acquiring, constructing, improving and equipping a flood protection project by the Truckee River Flood Management Authority for the Truckee River in the amount of \$0.0248 per \$100 of assessed valuation and to issue up to \$82,000,000 of general obligation bonds for those purposes? The bonds are expected to require a property tax levy of 30 years for each series of bonds from the dates of issuance. The tax will terminate when these bonds have been retired in approximately 30 years from the dates they are issued. The cost of the \$0.0248 property tax levy for the owner of a new \$100,000 home is estimated to average \$8.68 per year. If this question is approved by the voters, any property tax levied as authorized by this question will be outside of the caps on a taxpayer's liability for property (ad valorem) taxes established by the legislature in the 2005 session and exempt from partial abatement from taxation as provided by NRS 361.4722, 361.4723 and 361.4724

In addition, the Committee hereby directs General Counsel for the TRFMA, in conjunction with the Washoe County District Attorney's Office and staff of Washoe County, to provide assistance to Washoe County in complying with statutory mandates related to explanations and arguments for and against the proposed ballot question which, may contain the following elements:

Explanation

A "yes" vote will increase property taxes in Washoe County by \$0.0248 per \$100 of assessed valuation. This property tax increase will allow the Truckee River Flood Management Authority (TRFMA) to pay for the cost of acquiring, constructing, improving and equipping the Truckee River Flood Protection Project that will protect properties that are prone to flooding along portions of the Truckee River, Steamboat Creek from its confluence with the Truckee River to two miles southwest of Boynton Slough, and the North Truckee Drain from its confluence with the Truckee River to approximately 1,000 feet upstream of Interstate 80. The need for this project is illustrated by the 1997 flood that caused damage in excess of \$1.0 billion which is the equivalent of annual damages estimated to range from \$22 to \$52 million. The tax increase will also help in potentially securing \$182 million in federal funding for the construction of the flood protection project by ensuring that TRFMA will be able to meet required financial commitments to the United States Army Corps of Engineers. It is anticipated that the Truckee River Flood Management Authority will issue up to \$82 million of general obligation bonds on the proceeds of the property tax increase as well as use the proceeds for cash expenditures to build the Truckee River Flood Protection Project. Revenue from the proposed property tax increase will not be used for the operation or the maintenance of the flood control project. The specific anticipated uses of the funds are:

- Final engineering, design, and permitting of the Flood Protection Project
- Construction of levees and floodwalls along the Truckee River
- Widening of the Truckee River Channel at the Vista Narrows
- Terracing and environmental restoration along the Truckee River
- The elevation of homes within the home elevation project boundaries
- Downstream mitigation project planning, design and construction

A "no" vote means the flood protection project in its current configuration would likely not be built, and if any portion is built at all, could only be built over a very long timeframe that would leave the properties along the Truckee

River unprotected for decades. In addition, \$182 million in federal funding to assist in the construction of the project would likely be lost.

This proposed property tax increase was recommended by the Truckee River Flood Control Project Needs Committee which was organized and operated pursuant to the provisions of Assembly Bill 375, 79th Session of the Nevada Leg. (2017).

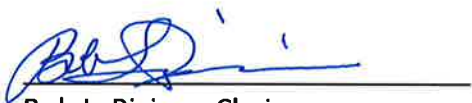
The Committee, in accordance with the provisions of Assembly Bill 375, 79th Session of the Nevada Leg. (2017), has also directed the TRFMA to impose a flood protection fee on properties that are within the flood plain and that will directly benefit from the Truckee River Flood Protection Project. The flood protection fee will be in addition to the proposed increase in the property tax. That fee will be imposed when the properties are substantially likely to receive a benefit from the construction of elements of the flood project sometime after the property tax increase becomes effective.

If the proposed property tax increase is approved it will be exempt from partial abatement from taxation established by the legislature in 2005, as set forth in NRS 361.4722, 361.4723 and 361.4724. This Abatement Act limits increases in property taxes owed by taxpayers to a maximum of 3% per year for primary owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount equal to the average annual change in taxable values over the last ten years, as determined by a formula) per year for all other properties. In addition, the maximum combined property tax rate of \$3.64, which is set forth in the provisions NRS 361.453, will not apply to the property tax increase if this question is approved.

Description of Anticipated Financial Effect:

The tax will terminate when all bonds issued have been retired in approximately 30 years from the dates they are issued. The bonds are expected to be issued over 30 years and each bond issue is expected to have a term of 30 years. The cost of the property tax levy for the owner of a new \$100,000 home is estimated to average \$8.68 per year.

Approved by the vote of the Truckee River Flood Protection Needs Committee on this 29th day of March, 2018.



Bob LaRiviere, Chair
Truckee River Flood Control Project Needs Committee