SOLVING THE TAX DILEMMA

As you read about gas taxes, RTC5, the Proposed EV tax (both to pay for roads and maintenance) and that Washoe School District (WCSD) is closing schools due to falling enrollment, it all comes together in a potentially obvious solution.

The 2027 Nevada Legislature has an opportunity to address this.

But first in Washoe and Statewide the Regionally Transportation Commission (RTC) under Washoe County must start to play well with others. We need, statewide for all to come together and bring in a mediator if needed, to address the broken tax system. Almost everyone agrees the system is outdated.

Frankly, having been involved for years, the RTC is the bully on the playground and now playing catch with themselves.

Yes I can give multiple examples:

The RTC at the last minute, two weeks before the deadline got the Anti EV measure on the ballot without ever reaching out to stakeholders.

To do so, they used a lot of our tax dollars to promote a tax increase even hiring a highly paid lobbying firm!

To do so, they love to quote “The Guinn Study” but wait… they paid for the study. There’s more, no where in the Anti-EV study does it mention clear air, less dependence on foreign oil nor did they talk to the obvious stakeholder, the Washoe Air Quality Management Division! Why, because RTC would not let them! Then they proposed a tax on steroids, not found anywhere in their own “Guinn Report”.

On the RTC5 gas increase, they put it through with no (action item) RTC hearing as they had done 2009 to 2022.

Then they did their own “in house” questionable calculations, not the DMV or Department of Taxation. What could go wrong?

Then it was implemented with no public hearing by our elected officials at Washoe County. They ignored a whole system of checks and balances.

It is their way or the highway! (Pun intended and that highway we paid for)

And if you followed the news, we are stuck with a WC1 (2016) sales tax (.54%)for building schools but now WCSD is closing schools- about five on the chopping block. Predicted enrollment of 71,000 is really 59,000 and dropping.

So let’s bring that all into focus.

Like addicts, WCSD, RTC and Washoe County always want mo' money. The gas tax is a 1990 idea gone bad. Taxing EVs out of existence isn't the answer. Ponder this:

So if RTC, Washoe or the Legislature wants to listen here's an easy solution.

Option 1: Reduce the Tax
One option would be reducing the sales tax to the politically and psychologically important 7.999% threshold from the current 8.265%.

That would still provide substantial funding for school maintenance while making Washoe County more competitive and potentially encouraging vehicle buyers to return to Reno instead of purchasing in neighboring counties. That increases revenue!

This would be great for all except it doesn't help the roads. Of course they could live within their means and budget.

While I like Option 2, lowering sales tax and dividing it up, Option three, may be a "hold you nose" and support with oversight. No sales tax increase but RTC 5 capped or reduced.

Option 2: Adjust the Tax and Address Transportation Needs

Another option would be to reduce the sales tax—perhaps to 7.999%—while dedicating a portion to school maintenance and redirecting the majority of the remaining revenue toward roads and transportation infrastructure. How much? I'm no math wiz but that would allocate about ".1% to WCSD and .2% to RTC which is actually a lot.

"A large portion of the sales tax is pooled into Nevada's Consolidated Tax (C-Tax) fund alongside minor excise taxes. For Fiscal Year 2024, the state distributed $312.9 million back into the Washoe County region from this fund." (WC)

Then you cap and reduce RTC5 after being sure that projected revenue doesn't endanger and bonds. You allow WCSD discretion in how to use the money vs the current building & maintenance restriction. Ditch the terrible EV tax but that can be on the table statewide in a more reasonable manner after working with all sides. And allow RTC the discretion of supporting trolley or light rail systems not just "highways".

Remember that WCSD has 5+ schools to sell, BTW RTC wants to buy Wooster HS. That income could pay for maintenance for years and years to come.

Unlike the proposed RTC EV fee, a sales tax affects everyone, including visitors who shop and spend money in Washoe County.

The biggest objection here is likely RTC saying that the increase in revenue is not enough.

A lower rate could make Washoe County more competitive while reducing incentives for consumers to take major purchases elsewhere.

Of course, neighboring counties such as Lyon and Carson City may not like the idea—because they benefit when Washoe County shoppers leave.

Option 3: Redirect the WC1 Sales Tax to Roads

The goal should be a tax system that is fair, transparent, and responsive to changing realities. Cancel or reduce the RTC5 tax and give WCSD a limited discretionary fund (plus their revenue from selling schools) and redirect the rest of the sales tax to roads and or light rail (discretionary). So the legislators would get credit for lowering taxes and the sales tax is paid for by locals (including those working under the radar) and by visitors. In theory, everyone is happy.

So sales tax is 8.265%, higher than Lyon and Carson. Option 2 is reducing that to 7.999 to bring back business. Under option 3 it stays the same, no increase but about .5% switches from WCSD to RTC Roads and WCSD still gets .04 and switches from Capital Projects to discretionary general fund. A Win-Win-Win. Meanwhile RTC5 is capped and reduced as the math experts figure out the right mix. At a minimum RTC5 is capped and Sales

tax does not go up. The EV proposal is shelved pending statewide arm twisting to find a reasonable fixed tax that doesn't kill EVs and supports clean air and reduction of demand on foreign oil. The sales tax is paid by only those that buy, local or visitors. And we allow RTC the discretion of roads or light rail.

And a pipe dream: Imagine a rail Carson to Downtown (revitalized) and UNR and out to USA Parkway and Fernley! Imagine that on the same track gauge as the historic V&T railroad in Cason to allow special tourist trips to Reno.

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