

TABLE 1

**ANALYSIS OF THE IMPACT ON STATE GOVERNMENT AND LOCAL GOVERNMENTS FROM THE
REQUESTS FOR A REFUND OF SALES/USE TAX PAID BY TYPE OF REQUEST**

Distribution of Estimated Impact between the State General Fund and Local Governments			
	Estimated Impact on State Government	Estimated Impact on Local Governments	Estimated Total Impact
Request for Refund of Sales/Use Tax Paid on Coal Purchases			
Sales/Use Tax Refund Amount	59,653,487	42,313,976	101,967,463
Interest on the Refund Amount through February 2010	21,048,290	15,181,519	36,229,809
TOTAL from Coal Purchase Refund Request [1.]	80,701,777	57,495,495	138,197,272
Request for Refund of Sales/Use Tax Paid on Comped Meals to Employees and Patrons			
Sales/Use Tax Refund Amount	85,966,675	68,015,423	153,982,098
Interest on the Refund Amount through February 2010	31,454,000	24,885,889	56,339,888
TOTAL from Comped Meals Refund Request [1.]	117,420,675	92,901,312	210,321,986
Request for Refund of Sales/Use Tax Paid on Aircraft Purchases			
Sales/Use Tax Refund Amount	4,747,007	3,856,163	8,603,169
Interest on the Refund Amount through February 2010	985,739	800,751	1,786,490
TOTAL from Aircraft Purchases Refund Request [1.]	5,732,746	4,656,914	10,389,660
TOTAL REQUEST FOR REFUND ESTIMATED POTENTIAL IMPACT			
Sales/Use Tax Refund Amount	150,367,169	114,185,562	264,552,730
Interest on the Refund Amount through February 2010	53,488,029	40,868,159	94,356,188
TOTAL from Refund Requests [1.]	203,855,197	155,053,721	358,908,918

NOTES:

1.) The total estimated impact for each different refund request listed in the table consists of the cumulative amount for each entity requesting a refund for all of the months for which the refund was requested. The total amount to be refunded for a specific month is the sum of the amount of the actual sales/use tax paid in that month that is being requested to be refund plus the interest on that sales/use tax amount. The interest required to be paid as part of the total amount of the refund to the entity is based on each monthly refund request amount times 0.5% per month times the number of months between the month the sales/use tax was originally submitted to the Department of Taxation and the month in which the refund would be paid. All interest amounts shown for this analysis are based on an interest calculation through February 2010.

2.) The Sales/Use Tax Refund Amount shown under the Estimated Impact on State Government column represents the estimate based on the following sales tax rates or revenue sources related to the sales tax rates that will result in an impact on the State through the State General Fund: 1.) State 2% Sales Tax Rate, 2.) State General Fund Revenue from the 0.75% General Fund Commission from the Local Sales Tax Rates, and 3.) Local School Support Tax (LSST) Rate. The LSST rate impacts the State General Fund through the requirement to make up for the potential refund impact of the LSST on the Distributive School Account (DSA) through appropriations from the State General Fund.

3.) The Sales/Use Tax Refund Amount shown under the Estimated Impact on Local Governments column represents the estimate based on the following sales tax rates that will result in an impact on Local Governments through their general operating funds or debt service funds: 1.) Basic City/County Relief Tax (BCCRT), 2.) Supplemental City/County Relief Tax (SCCRT), and 3.) various local option rates imposed in certain counties as authorized in various sections of the NRS or special local acts.

TABLE 2
ANALYSIS OF THE REQUEST FOR A REFUND OF SALES/USE TAX PAID
FOR COAL PURCHASES MADE TO ENTITIES IN NEVADA

Distribution of Estimated Impact by Tax Rate/Revenue Source [1.]			
Sales Tax Rate/Revenue Source	Estimated Sales/Use Tax Refund Amount	Estimated Interest through February 2010	Estimated Total: Tax Refund & Interest
State 2% [2a.]	27,921,757	9,851,091	37,772,848
State General Fund Commission [2b.]	555,343	197,840	753,183
LSST (2.25%) [2c.]	31,176,387	10,999,359	42,175,746
BCCRT (0.5%) [2d.]	6,928,086	2,444,302	9,372,388
SCCRT (1.75%) [2e.]	24,248,301	8,555,057	32,803,358
LOPT (Rates vary by county) [2f.]	11,137,589	4,182,161	15,319,750
TOTAL [3.]	101,967,463	36,229,809	138,197,272
Distribution of Estimated Impact between the State General Fund and Local Governments			
Portion Impacting the State General Fund (State 2%, State GF Commission, and LSST) [2a., 2b., & 2c.]	59,653,487	21,048,290	80,701,777
Percent of Total	58.5%	58.1%	58.4%
Portion Impacting the Local Government Distributions (BCCRT, SCCRT, and LOPT) [2d., 2e., & 2f.]	42,313,976	15,181,519	57,495,495
Percent of Total	41.5%	41.9%	41.6%
TOTAL [3.]	101,967,463	36,229,809	138,197,272
Estimated Interest per Month/Year Incurred until the Refund Request is Resolved			
Interest Per Month	509,837		
Interest Per Year	6,118,048		

NOTES:

[1.] The analysis displayed in this table is based on requests for a refund of the sales/use tax paid on the purchase of coal by Southern California Edison and NV Energy.

[2.] The following provides a description of each sales tax rate or revenue source and whether it impacts the state or local governments:

- a.) State 2%: This is the 2% rate imposed pursuant to NRS Chapter 372 and is dedicated to the State General Fund.
- b.) State General Fund Commission: The Department of Taxation is required to retain a commission on the amount of sales/use tax revenue collected and distributed to local governments from their local rates with the proceeds dedicated to the State General Fund. The commission rate in effect for the periods representing the bulk of the refund requests was 0.75%.
- c.) LSST (2.25%): This is the sales/use tax rate imposed pursuant to NRS Chapter 374 which is dedicated to the Distributive School Account as part of the Nevada Plan that provides funding for K-12 education. Although the revenue from this rate is dedicated to the DSA, it impacts the State General Fund through the requirement for the state to provide General Fund appropriations to make up for the loss of revenue due to the refund amounts.
- d.) BCCRT (0.5%): This is the sales/use tax rate imposed pursuant to NRS Chapter 377 with the proceeds distributed back to the county of the origin of the sales tax. The amount distributed to the county from the BCCRT is then distributed through the Consolidated Tax Distribution formula (CTX) to all the local government entities within the county (county, cities, towns, and special districts) that are entitled to receive a distribution under the statutory provisions for the CTX.
- e.) SCCRT (1.75%): This is the sales/use tax rate imposed pursuant to NRS Chapter 377 with the total statewide proceeds distributed to each county based on the first-tier distribution provisions of the Consolidated Tax Distribution formula (CTX). The amount distributed to the county from the SCCRT CTX distribution formula is then distributed through the CTX to all the local government entities within the county (county, cities, towns, and special districts) that are entitled to receive a distribution under the statutory provisions for the CTX.
- f.) LOPT (Rates vary by county): This represents the various local option rates that can be imposed in a county as authorized by NRS Chapter 377A and 377B as well as various special acts. The proceeds from each local option rate are distributed back to the county in which the sales tax was paid. The revenue generated by the various local options rates imposed by some of the counties are authorized for specific purposes, such as flood control, transportation projects, or police.

3.) The total estimated impact for each different refund request listed in the table consists of the cumulative amount for each entity requesting a refund for all of the months for which the refund was requested. The total amount to be refunded for a specific month is the sum of the amount of the actual sales/use tax paid in that month that is being requested to be refunded plus the interest on that sales/use tax amount. The interest required to be paid as part of the total amount of the refund to the entity is based on each monthly refund request amount times 0.5% per month times the number of months between the month the sales/use tax was originally submitted to the Department of Taxation and the month in which the refund would be paid. All interest amounts shown for this analysis are based on an interest calculation through February 2010.

TABLE 3
ANALYSIS OF THE REQUEST FOR A REFUND OF SALES/USE TAX PAID
FOR COMPED MEALS PROVIDED TO EMPLOYEES AND PATRONS

Distribution of Estimated Impact by Tax Rate/Revenue Source [1.]			
Sales Tax Rate/Revenue Source	Estimated Sales/Use Tax Refund Amount	Estimated Interest through February 2010	Estimated Total: Tax Refund & Interest
State 2% [2a.]	40,213,037	14,713,386	54,926,423
State General Fund Commission [2b.]	853,268	312,199	1,165,467
LSST (2.25%) [2c.]	44,900,370	16,428,415	61,328,785
BCCRT (0.5%) [2d.]	9,977,860	3,650,759	13,628,619
SCCRT (1.75%) [2e.]	34,922,510	12,777,656	47,700,166
LOPT (Rates vary by county) [2f.]	23,115,054	8,457,474	31,572,527
TOTAL [3.]	153,982,098	56,339,888	210,321,986
Distribution of Estimated Impact between the State General Fund and Local Governments			
Portion Impacting the State General Fund (State 2%, State GF Commission, and LSST) [2a., 2b., & 2c.]	85,966,675	31,454,000	117,420,675
Percent of Total	55.8%	55.8%	55.8%
Portion Impacting the Local Government Distributions (BCCRT, SCCRT, and LOPT) [2d., 2e., & 2f.]	68,015,423	24,885,889	92,901,312
Percent of Total	44.2%	44.2%	44.2%
TOTAL [3.]	153,982,098	56,339,888	210,321,986
Estimated Interest per Month/Year Incurred until the Refund Request is Resolved			
Interest Per Month		769,910	
Interest Per Year		9,238,926	

NOTES:

- [1.] The analysis displayed in this table is based on requests for a refund of the sales/use tax paid on the comped meals provided by the business entity to their employees and/or customers.
- [2.] The following provides a description of each sales tax rate or revenue source and whether it impacts the state or local governments:
- a.) State 2%: This is the 2% rate imposed pursuant to NRS Chapter 372 and is dedicated to the State General Fund.
 - b.) State General Fund Commission: The Department of Taxation is required to retain a commission on the amount of sales/use tax revenue collected and distributed to local governments from their local rates with the proceeds dedicated to the State General Fund. The commission rate in effect for the periods representing the bulk of the refund requests was 0.75%.
 - c.) LSST (2.25%): This is the sales/use tax rate imposed pursuant to NRS Chapter 374 which is dedicated to the Distributive School Account as part of the Nevada Plan that provides funding for K-12 education. Although the revenue from this rate is dedicated to the DSA, it impacts the State General Fund through the requirement for the state to provide General Fund appropriations to make up for the loss of revenue due to the refund amounts.
 - d.) BCCRT (0.5%): This is the sales/use tax rate imposed pursuant to NRS Chapter 377 with the proceeds distributed back to the county of the origin of the sales tax. The amount distributed to the county from the BCCRT is then distributed through the Consolidated Tax Distribution formula (CTX) to all the local government entities within the county (county, cities, towns, and special districts) that are entitled to receive a distribution under the statutory provisions for the CTX.
 - e.) SCCRT (1.75%): This is the sales/use tax rate imposed pursuant to NRS Chapter 377 with the total statewide proceeds distributed to each county based on the first-tier distribution provisions of the Consolidated Tax Distribution formula (CTX). The amount distributed to the county from the SCCRT CTX distribution formula is then distributed through the CTX to all the local government entities within the county (county, cities, towns, and special districts) that are entitled to receive a distribution under the statutory provisions for the CTX.
 - f.) LOPT (Rates vary by county): This represents the various local option rates that can be imposed in a county as authorized by NRS Chapter 377A and 377B as well as various special acts. The proceeds from each local option rate are distributed back to the county in which the sales tax was paid. The revenue generated by the various local options rates imposed by some of the counties are authorized for specific purposes, such as flood control, transportation projects, or police.
- 3.) The total estimated impact for each different refund request listed in the table consists of the cumulative amount for each entity requesting a refund for all of the months for which the refund was requested. The total amount to be refunded for a specific month is the sum of the amount of the actual sales/use tax paid in that month that is being requested to be refunded plus the interest on that sales/use tax amount. The interest required to be paid as part of the total amount of the refund to the entity is based on each monthly refund request amount times 0.5% per month times the number of months between the month the sales/use tax was originally submitted to the Department of Taxation and the month in which the refund would be paid. All interest amounts shown for this analysis are based on an interest calculation through February 2010.

TABLE 4
ANALYSIS OF THE REQUEST FOR A REFUND OF SALES/USE TAX PAID FOR
AIRCRAFT PURCHASES

Distribution of Estimated Impact by Tax Rate/Revenue Source [1.]			
Sales Tax Rate/Revenue Source	Estimated Sales/Use Tax Refund Amount	Estimated Interest through February 2010	Estimated Total: Tax Refund & Interest
State 2% [2a.]	2,220,173	461,030	2,681,203
State General Fund Commission [2b.]	47,872	9,941	57,813
LSST (2.25%) [2c.]	2,478,962	514,769	2,993,730
BCCRT (0.5%) [2d.]	550,880	114,393	665,273
SCCRT (1.75%) [2e.]	1,928,081	400,376	2,328,457
LOPT (Rates vary by county) [2f.]	1,377,201	285,983	1,663,183
TOTAL [3.]	8,603,169	1,786,490	10,389,660
Distribution of Estimated Impact between the State General Fund and Local Governments			
Portion Impacting the State General Fund (State 2%, State GF Commission, and LSST) [2a., 2b., & 2c.]	4,747,007	985,739	5,732,746
Percent of Total	55.2%	55.2%	55.2%
Portion Impacting the Local Government Distributions (BCCRT, SCCRT, and LOPT) [2d., 2e., & 2f.]	3,856,163	800,751	4,656,914
Percent of Total	44.8%	44.8%	44.8%
TOTAL [3.]	8,603,169	1,786,490	10,389,660
Estimated Interest per Month/Year Incurred until the Refund Request is Resolved			
Interest Per Month		43,016	
Interest Per Year		516,190	

NOTES:

[1.] The analysis displayed in this table is based on requests for a refund of the sales/use tax paid on the purchase of aircraft in calendar year 2006.

[2.] The following provides a description of each sales tax rate or revenue source and whether it impacts the state or local governments:

- a.) State 2%: This is the 2% rate imposed pursuant to NRS Chapter 372 and is dedicated to the State General Fund.
- b.) State General Fund Commission: The Department of Taxation is required to retain a commission on the amount of sales/use tax revenue collected and distributed to local governments from their local rates with the proceeds dedicated to the State General Fund. The commission rate in effect for the periods representing the bulk of the refund requests was 0.75%.
- c.) LSST (2.25%): This is the sales/use tax rate imposed pursuant to NRS Chapter 374 which is dedicated to the Distributive School Account as part of the Nevada Plan that provides funding for K-12 education. Although the revenue from this rate is dedicated to the DSA, it impacts the State General Fund through the requirement for the state to provide General Fund appropriations to make up for the loss of revenue due to the refund amounts.
- d.) BCCRT (0.5%): This is the sales/use tax rate imposed pursuant to NRS Chapter 377 with the proceeds distributed back to the county of the origin of the sales tax. The amount distributed to the county from the BCCRT is then distributed through the Consolidated Tax Distribution formula (CTX) to all the local government entities within the county (county, cities, towns, and special districts) that are entitled to receive a distribution under the statutory provisions for the CTX.
- e.) SCCRT (1.75%): This is the sales/use tax rate imposed pursuant to NRS Chapter 377 with the total statewide proceeds distributed to each county based on the first-tier distribution provisions of the Consolidated Tax Distribution formula (CTX). The amount distributed to the county from the SCCRT CTX distribution formula is then distributed through the CTX to all the local government entities within the county (county, cities, towns, and special districts) that are entitled to receive a distribution under the statutory provisions for the CTX.
- f.) LOPT (Rates vary by county): This represents the various local option rates that can be imposed in a county as authorized by NRS Chapter 377A and 377B as well as various special acts. The proceeds from each local option rate are distributed back to the county in which the sales tax was paid. The revenue generated by the various local options rates imposed by some of the counties are authorized for specific purposes, such as flood control, transportation projects, or police.

3.) The total estimated impact for each different refund request listed in the table consists of the cumulative amount for each entity requesting a refund for all of the months for which the refund was requested. The total amount to be refunded for a specific month is the sum of the amount of the actual sales/use tax paid in that month that is being requested to be refunded plus the interest on that sales/use tax amount. The interest required to be paid as part of the total amount of the refund to the entity is based on each monthly refund request amount times 0.5% per month times the number of months between the month the sales/use tax was originally submitted to the Department of Taxation and the month in which the refund would be paid. All interest amounts shown for this analysis are based on an interest calculation through February 2010.