

Components of the funding formula

-Real estate transfer tax - \$.60 per \$500 of the sales price in a real estate transaction

Example for a \$100,000 home sale: $(\$100,000 \div \$500) = \$200 \times \$.60 = \$120$

-Hotel room tax – 1 5/8% of the price paid for a hotel room in Clark County

-Property tax rate of \$0.5534 per \$100 of assessed value, frozen through 2008

Property is assessed at 35% of its market value as determined by the Clark County Assessor's Office. The Assessor's Office periodically adjusts these rates for depreciation and inflation.

Example for a \$100,000 home:

$\$100,000 \times 35\% = \$35,000$ assessed value

$\$35,000 \div \$100 = \$350$

$\$350 \times \$0.5534 = \$193$ annual tax costs, or \$16,10 per month

How the funding formula tracks growth

Two of the three components of the funding formula, the real estate transfer tax and the property tax bonding capacity, are directly linked to growth. The third component, the 1 5/8% room tax, is indirectly growth-driven in that the Las Vegas Valley's fortunes are bound to the strength of tourism. More growth means more money is generated by the formula because the number of real estate transactions and the size of the property tax base increases. That funding then is available to build the additional schools needed to handle the growth. Conversely, should the rate of growth decrease, the number of real estate transactions and the rate of expansion of the property tax base also decreases, depressing the cash flow. However, a lower growth rate most likely would translate into fewer school-age children moving into the area, so fewer new schools would need to be funded.

The projections used in the '98 CIP were originally developed in 1997. Since then, the growth rate in Clark County has been somewhat higher than anticipated, generating additional revenue. These reports are being used to accelerate the construction of new schools, replace some older campuses as well as fund technology and security upgrades, and other aspects of the modernization program.