

# THE TAX PROPOSALS

*The following are the major tax proposals that are currently in bill form or being considered. Please note: The Task Force Bill - AB 281 has received an exemption from the deadline dates as has the Governor's Bill - SB 238. Listed under the heading of "Other" are provisions from various bills (which did not receive an exemption and are "deadline dead") or concepts which have been seriously discussed. It is possible that some elements contained in other bills and other concepts being discussed might be amended into whatever bill or bills are chosen for the tax package.*

*Please note that the dollar amounts indicated are from sources cited by the proponents.*

REVENUE SOURCE	EXISTING RATE	TASK FORCE BILL - AB 281	GOVERNOR'S BILL - SB 238	OTHER
<b>Cigarette Tax</b>  Effective Date:  New Dollars:	35¢ per pack of 20.	35¢ per pack for total of 70¢  July 1, 2003  \$60 million - FY 04	70¢ per pack for total of \$1.05  July 1, 2003  \$120 million - FY 04	Amodei/Care - SB 382 40¢ phased in  July 1, 2003 for 25¢ July 1, 2004 for 15¢ \$41 million - FY 04 \$66 million - FY 05
<b>Alcoholic Beverage Tax</b>  Effective Date: New Dollars:	Varies by alcoholic content. See Appendix 1, Table A for detail	Increase - 89% See Appendix 1, Table A for detail  July 1, 2003 \$17 - \$18 million	Same as Task Force See Appendix 1, Table A for detail  July 1, 2003 \$17-\$18 million	Amodei/Care - SB 382 Same as Task Force see Appendix 1, Table A for detail  July 1, 2004 \$17-\$18 million
<b>Secretary of State Fees (SOS)</b>  Effective Date: New Dollars:  Effective Date: New Dollars:	Varies by filing or service performed	50% increase  July 1, 2003 \$30 million	same as Task Force  July 1, 2003 \$30 million	Amodei/Care - SB 382 Increases all SOS fees not increased in 2001 Session by 50% and increases the maximum threshold for initial filing from \$25,000 to \$37,500.  July 1, 2003 \$17.2 million <hr/> SB 298 & AB 439 Proposed by Resident Agents, raises fees not raised last session July 1, 2003 \$20 million

REVENUE SOURCE	EXISTING RATE	TASK FORCE BILL AB 281	GOVERNOR'S BILL SB 238	OTHER
<p><b>Business License Fee</b></p> <p>Effective Date:</p> <p>New Dollars</p>	<p>\$25 initial filing</p>	<p>Initial filing the same. Creates an annual renewal of \$25.</p> <p>July 1, 2003 - Sunsets July 1, 2005</p> <p>\$2.5 million</p>	<p>Initial filing the same. Creates an annual renewal of \$100.</p> <p>July 1, 2003</p> <p>\$10 million</p>	<p>Care/Amodei - SB 382</p> <p>Creates an annual renewal of \$50.</p> <p>July 1, 2003</p> <p>\$5 million</p>
<p><b>Business License Tax</b></p> <p>Effective Date:</p> <p>New Dollars:</p>	<p>\$100 per FTE per year</p>	<p>\$140 per FTE, per year. With imposition of Gross Receipts Tax (GRT) in 2005, a \$100 credit is allowed to businesses paying the GRT. Also removes exemption from payment of tax for sole proprietors and first person of an unincorporated filer</p> <p>July 1, 2003</p> <p>\$112 million until imposition of GRT at which time a credit is allowed against GRT.</p>	<p>\$300 per FTE, per year</p>	

REVENUE SOURCE	EXISTING RATE	TASK FORCE BILL - AB 281	GOVERNOR'S BILL - SB 238	OTHER
<b>Slot Route Tax</b> (Restricted)	<ul style="list-style-type: none"> <li>•1-5 machines- \$61 per machine, per quarter</li> <li>•Over 5 machines but less than 16 - \$305 plus \$106 per machine in excess of 5 up to 15 per calendar quarter</li> </ul>	50% increase \$81 per machine, per quarter. Over 5 machines, but less than 16- \$405 plus \$141 per quarter, per machine in excess of 5 up to 15.	same as Task Force	Amodei/Care - SB382 \$80 per machine, per quarter. Over 5 machines, but less than 16 - \$412 plus \$143 per quarter, per machine in excess of 5 up to 15.
Effective Date: New Dollars:		July 1, 2003 \$2.5 million	July 1, 2003 \$2.5 million	July 1, 2003 \$2.5 million
<b>Gross Receipts Tax</b>	Doesn't exist	Impose at 0.25% Provides a threshold exemption of \$350,000. Provides various exemptions and deductions . See Appendix 1, Table 2 for exemptions and deductions.	Impose at 0.25% Provides a threshold exemption of \$450,000. Provides various exemptions and deductions. See Appendix 1, Table 2 for exemptions and deductions.	
Effective Date: New Dollars:		July 1, 2004 ?	July 1, 2005 \$229 million FY 2006	
<b>Amusement/ Admissions Tax</b>	Doesn't exist	Impose at 6.5% on spectator events only. For Detail of exemptions see Appendix 1, Table 3	Impose at 7.25% on spectator events only. For Detail of exemptions see Appendix 1, Table 3	Amodei/Care - SB 382 Impose at 3% on both spectator and participatory events and amusements. First \$10 of <u>each</u> admission price exempt from tax.
Effective Date: New Dollars:		July 1, 2003 \$90 million	July 1, 2003 \$90 million	January 1, 2004 \$41 million
<b>Gross Gaming Tax</b>	<ul style="list-style-type: none"> <li>! 1<sup>st</sup> Tier \$50K per month -3%</li> <li>! 2<sup>nd</sup> Tier \$50K - \$134K per month - 4%</li> <li>! 3<sup>rd</sup> Tier Over \$134 K per month-6¼%</li> </ul>	Increases each tier by ¼%	Same as Task Force Bill.	Amodei/Care - SB 382 Creates a fourth tier - over \$250,000 per month a rate of 6¼% is imposed.
Effective Date: New Dollars:		July 1, 2004 \$24.4 million	July 1, 2004 \$24.4 million	July 1, 2003 ?



REVENUE SOURCE	EXISTING RATE	TASK FORCE BILL - AB 281	GOVERNOR'S BILL - SB 238	OTHER
<b>Transient Lodging Tax</b> (a.k.a Room Tax)  Effective Date:  New Dollars:	State Rate is 3/8 of 1%. Local Rates vary from 3% to 13%			Amodei/Care Bill Phase in a total rate of 3%  2% on July 1, 2003 1% additional - July 1, 2004 \$65 million - FY 04 \$102 million-FY 05 <hr/> Mortenson Bill \$3.00 per room, per night  July 1, 2003 \$155.6 million
<b>Real Property Transfer Tax (RPTT)</b>  New Dollars:				Hettrick Proposal - Increase the RPTT ½ % for the State general fund. <u>Details unknown at this time.</u> \$137.4 million

### THE PASSIVE REVENUE GENERATORS

REVENUE SOURCE	BILL	MISCELLANEOUS NOTES
Additional interest income earned from electronic funds reporting and transfers in addition to acceptance of debit and credit cards	Task Force Bill  Governor's Bill  Amodei/Care Bill	Requires the Tax Commission to adopt regulations for the acceptance of electronic reports and funds transfers, in addition to accepting debit and credit cards for payment.  Same as Task Force Bill  Requires that all agencies that receive over \$1 million will adopt program for electronic funds reporting and transfers, including the acceptance of credit and debit cards.
Reduction of retail collection allowance. Earlier submission of sales tax in order to receive collection allowance.	Task Force Bill  Governor's Bill	Provides for collection allowance of 1¼% if tax is remitted within 7 days of due date; ¾% if remitted within 30 days.  Same as Task Force Bill

**THE PASSIVE REVENUE GENERATORS CONTINUED**

REVENUE SOURCE	BILL	MISCELLANEOUS NOTES
Contractors required to register for use tax prior to receiving contractors license.	Task Force Bill Governor's Bill Amodei/Care Bill	
Mandatory registration for Use Tax by all businesses at the same time as registration for business license.	Task Force Bill Governor's Bill Amodei Care Bill	

**TAX REVENUE AND EXPENDITURE REFORMS**

Review of Exemptions	Task Force Bill	Requires the Standing Committee on Local Government Taxes and Finance to review and make recommendations
Vacancy factor to be justified.	Amodei/Care Bill	Requires a report to be submitted to LCB and Budget Division prior to Executive Budget being finalized which identifies each position within an agency that has been vacant for longer than 12 months and the reason.
Increase in percentage that can go into Rainy Day Fund.	Amodei/Care Bill	Increase from 10% to 15%
Disaster Relief Fund to be made sub-account in Rainy Day Fund.	Amodei/Care Bill	
Program budget pilot for all substance abuse programs	Amodei/Care Bill	
Limits future tax increases	Amodei/Care Bill	Provides that any tax(es) or fees which were increased per their bill could not be increased for a period of 10 years.
Budget Reduction	Amodei/Care Bill	Requires the Executive Branch to reduce the proposed budget for the next biennium \$25 million each year.

**MISCELLANEOUS PROVISIONS**

Oversight committee to review implementation	Task Force Bill	Uses the same language for the creation of a Tax Task Force as ACR 1
Office of Federal Grants	Task Force Bill	Creates an office within the Governor's Office to identify at both the State and local government levels existing grants and to identify changes in grants and grants not being received.
Provides Appropriation for Department of Taxation	Task Force Bill Governor's Bill	FY 04- \$30 million FY 05-\$5 million FY 04- \$12.5million FY 05-\$20 million

**APPENDIX 1**

**Table A**

<b>ALCOHOLIC BEVERAGE TAX</b>	<b>EXISTING</b>	<b>TASK FORCE BILL</b>	<b>GOVERNOR'S BILL</b>	<b>AMODEI/CARE BILL</b>
Malt beverage (Beer)	9¢	17¢	17¢	18¢
Liquor ½% to 14% alcohol	40¢	76¢	76¢	80¢
Over 14% to 22% alcohol	75¢	\$1.42	\$1.42	\$1.50
Over 22% alcohol	\$2.05	\$3.87	\$3.87	\$4.10

**Table B -Gross Receipts Tax**

<b>TASK FORCE BILL DEDUCTIONS</b>	<b>GOVERNOR'S BILL DEDUCTIONS</b>	<b>TASK FORCE BILL EXEMPTIONS</b>	<b>GOVERNOR'S BILL EXEMPTIONS</b>
<u>\$350,000 Threshold</u> <ul style="list-style-type: none"> <li>• Revenue attributable to interest from Government Bonds</li> <li>• Fuel taxes collected government bond interest</li> <li>• Pass-through revenue</li> <li>• Revenue received as interest or dividends between a parent and subsidiary</li> <li>• Revenue received by a hospital from a government</li> <li>• Cash discounts allowed by the business</li> <li>• Bad debts written off on the Federal Tax return</li> <li>• Counterfeit money</li> </ul>	<u>\$450,000 Threshold</u> <ul style="list-style-type: none"> <li>• Revenue attributable to interest from Government Bonds</li> <li>• Pass-through revenue</li> <li>• Revenue received as interest or dividends between a parent and subsidiary</li> <li>• Operating revenue received by public utility that provides gas, electric, water or sewer service</li> <li>• Revenue received by a hospital or health care provider from a government</li> <li>• Cash discounts allowed by the business</li> <li>• Bad debts written off on the Federal Tax return</li> <li>• Counterfeit money</li> <li>• Payments received upon claims of health, casualty or life insurance.</li> <li>• Refunds received for defective goods</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue state cannot legally collect</li> <li>• Revenue received by a non-profit</li> <li>• Operating revenue received by public utility that provides gas, electric, water or sewer service                             <ul style="list-style-type: none"> <li>• If business pays Gross gaming tax (NRS 463.370)</li> <li>• If a business pays the the restricted slot revenue fee (NRS 463.373)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Revenue state cannot legally collect</li> <li>• Revenue received by a non-profit</li> <li>• Any revenue received by a natural person from the rental of not more than four residential units</li> <li>• Revenue received from the sale of agricultural products</li> <li>• If a business pays the insurance premium tax (Title 57 of NRS)                             <ul style="list-style-type: none"> <li>• If business pays Gross gaming tax (NRS 463.370)</li> <li>• If a business pays the the restricted slot revenue fee (NRS 463.373)</li> </ul> </li> </ul>

**Table C - Amusement Tax**

<b>EXEMPTIONS - TASK FORCE BILL &amp; GOVERNOR'S BILL</b>	<b>EXEMPTIONS - AMODEI/CARE BILL</b>
<ul style="list-style-type: none"> <li>• Casino Entertainment Tax</li> <li>• Boxing &amp; Wrestling Fees</li> <li>• Government Sponsored Event</li> <li>• Non-profit Event</li> <li>• Convention or Trade Show if not available to public</li> <li>• Participatory Entertainment, and recreational events</li> <li>• Club memberships</li> <li>• Access to participatory sections of amusement parks</li> <li>• Classes of instruction on recreational activities.</li> </ul>	<u>First \$10 of each individual admission price</u> <ul style="list-style-type: none"> <li>• Casino Entertainment Tax</li> <li>• Boxing &amp; Wrestling Fees</li> <li>• Government Sponsored Event</li> <li>• Non-profit Event</li> <li>• Convention or Trade Show if not available to public</li> </ul>