

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
Cigarette Tax 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
Alcoholic Beverage Tax 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
Secretary of State Fees (SOS) 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
Business License Fee Effective Date: New Dollars	\$25 initial filing	Initial filing the same. Creates an annual renewal of \$25. July 1, 2003 - Sunsets July 1, 2005 \$2.5 million	Initial filing the same. Creates an annual renewal of \$100. July 1, 2003 \$10 million	Care/Amodei - SB 382 Creates an annual renewal of \$50. July 1, 2003 \$5 million
Business License Tax Effective Date: New Dollars:	\$100 per FTE per year	\$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	\$300 per FTE, per year With imposition of GRT in 2005 the Business Tax is reduced to \$80 per FTE, per year. Also removes exemption from payment of tax for sole proprietors and first person of an unincorporated filer when GRT becomes effective.	Amodei/Care - SB 382 \$200 per FTE, per year. July 1, 2003 \$160 million
Business Tax Surcharge Effective Date: New Dollars:	Doesn't Exist			Amodei/Care - SB 382 ¹ For employers with under 300 employees, a surcharge of 35% based on quarterly contribution payment made to Employment Security Division; over 300 employees, surcharge is 50%. July 1, 2003 ?

FOOTNOTES

¹ SB 382 did not reflect the tax being phased in over two years which was the intent of the sponsors. Per the intent the phase-in would be on July 1, 2003, the tax would increase from \$25 per FTE per quarter to \$37.50; and on July 1, 2004 from \$37.50 to \$50 per FTE per quarter.

REVENUE SOURCE	EXISTING RATE	TASK FORCE BILL - AB 281	GOVERNOR'S BILL - SB 238	OTHER
Slot Route Tax (Restricted)	<ul style="list-style-type: none"> •1-5 machines- \$61 per machine, per quarter •Over 5 machines but less than 16 - \$305 plus \$106 per machine in excess of 5 up to 15 per calendar quarter 	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
Gross Receipts Tax	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	
Amusement/ Admissions Tax	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
Gross Gaming Tax	<ul style="list-style-type: none"> ! 1st Tier \$50K per month -3% ! 2nd Tier \$50K - \$134K per month - 4% ! 3rd Tier Over \$134 K per month-6¼% 	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
<p>Property Tax</p> <p>Effective Date: New Dollars:</p> <p>Effective Date: New Dollars:</p>	<p>None for state operating. 15¢ for State debt. Combined property tax cap at \$3.64 per \$100 of assessed</p>	<p>15¢ per \$100 of assessed value for state operating. Reduces combined property tax cap of \$3.64 and creates local government property tax cap of \$3.14.</p> <p>July 1, 2004</p> <p>\$100 million</p>	<p>Same as Task Force</p> <p>July 1, 2004</p> <p>\$100 million</p>	<p>Amodei/Care - SB 382 10¢ for each \$100 of assessed valuation phased in over 2 years for State operating</p> <p>July 1, 2004 for 5¢ July 1, 2005 for 10¢ \$32 million - FY 05 \$68 million - FY 06</p> <hr/> <p>Raggio - SB 308 Takes from local governments a percentage of revenue derived from increase in assessed valuation of property.</p> <hr/> <p>Perkins Proposal - Provides an exemption on real property value of \$50,000 to mitigate impact on homeowners of a property tax increase for State operating rate. <u>Details unknown at this time.</u></p>
<p>Transaction Tax on Services</p> <p>Effective Date: New Dollars:</p>	<p>Does Not Exist</p>			<p>Amodei/Care Bill 3% levied on personal and professional services. Exemption for first \$50 of personal service purchased by an individual. Exemptions include: Services provided between affiliated groups; residential construction; child and health care; regulated utility, advertising taxable entertainment; garbage disposal</p> <p>January 1, 2004 \$450 million - FY 05</p>

REVENUE SOURCE	EXISTING RATE	TASK FORCE BILL - AB 281	GOVERNOR'S BILL - SB 238	OTHER
Transient Lodging Tax (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
Real Property Transfer Tax (RPTT) 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

ALCOHOLIC BEVERAGE TAX	EXISTING	TASK FORCE BILL	GOVERNOR'S BILL	AMODEI/CARE BILL
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

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

Table C - Amusement Tax

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