

LEGISLATIVE UPDATE

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LEGISLATIVE PAY ENDS

April 3 not only marked the half-way point of this session, but it was also the last pay day for Legislators.

TAXES, TAXES, AND MORE TAXES

With all the discussion about tax plans and all the tax bills introduced to date, including the latest scheme to tax financial institutions, nothing has moved and there is only hallway rumor and innuendo about what the final plan will look like. Speculation is also running rampant as to whether it will be a package or pieces of a number of bills.

The second hearing held last Monday by the joint Tax Committees on the "bridge bills" ended with no action on either SB 219 or AB 204. The majority of the audience came to the conclusion no action would be taken early on when both Chairmen announced that their respective committee meetings, posted to be held on adjournment of the joint meeting, were cancelled. The joint hearing ended upon the completion of testimony by the Director of Administration, Perry Comeux, who presented three scenarios to support the Administration's request for imposition of the short-term revenue proposals.

SOME PERSONAL OBSERVATIONS BY NTA PRESIDENT, CAROLE VILARDO

(Please note, these observations and comments do not necessarily reflect the position of the Board or membership of the Association.)

Proponents of the Gross Receipts Tax proposals contained in the Governor's Tax bill and the Task Force bill consistently cite the need for a broad-based business tax which would stabilize the state's revenue stream.

Would someone please explain:

- *How the Gross Receipts tax proposals can be considered broad-based when depending on the bill, 50% to 62% of the businesses in the state are exempted from paying the tax?*
- *How this will stabilize the State's revenue stream when in either bill the revenue generated is only approximately 10% of the State's general fund?*
- *How can this be called the third leg of the stool? By my count, this would represent the fourth leg of the stool since the third leg was represented to be the Business Licence Tax which was imposed during the last cyclical shortfall in 1991.*

A tax on services and the desirability of lowering the sales and use tax (rate) over time were specifically identified as items to be reviewed in ACR 1 which created the Governor's Task Force on Tax Policy. While the Task Force considered (briefly) the issue, it was relegated to Section 8 of their Report as something that should be looked at in the future.

Would someone please explain:

- *Why some members of the business community and some legislators are being vilified for suggesting that the sales tax should be expanded to services?*

The reality is that so long as the sales tax (as currently imposed) and the gaming tax represent approximately 75% of the State's general fund revenues, these taxes need to be restructured to better reflect the economy and the way business is done.

With all the backroom discussions taking place, is there any hope that what ultimately passes in revenue enhancements will have a basis founded in sound policy that will take us through a decade or more? Or will we be subjected to taxation based on politics, and who has to come out a winner?

DATES OF IMPORT

April 8 - Senate Taxation will hear the Amodei/Care Tax Proposal - SB 382

April 10 - Assembly Taxation subcommittee to hear Reduction of Government Services Tax - AB 387 and the Financial Institutions Tax - AB 517.

April 11- All bills must be out of the committee in house of origin unless they have an exemption. All finance bills have an exemption and both the Governor's Tax bill and Task Force bill have exemptions.

April 22 - All bills must be passed out of the house of origin.

May 1 - Economic Forum Revenue Projections