

July 15, 2002

Governor's Task Force on Tax Policy (ACR 1)
Chairman Guy Hobbs and Committee Members

HAND DELIVERED - July 17, 2002

Dear Chairman Hobbs and Task Force Members:

The attached document is submitted on behalf of the Board of Directors of the Nevada Taxpayers Association and contains various revenue and expenditure proposals for your consideration. It incorporates the earlier submission made in response to the request for solicitations, which has since been expanded.

The work of the Task Force is important to the development of a fiscal structure that balances the needs and methods of obtaining revenue with the needs and methods of providing services. This balance is critical if the economic well being of both Nevada citizens and businesses is to be assured, particularly in "soft" economic times such as we are currently experiencing. Achieving this balance may be difficult and require a longer period of time than was envisioned by ACR 1; however, it is important that the revenue side be reflective of the State's economy and acknowledge the manner in which business is conducted. That should assure that in the long run Nevada will be minimally affected by cyclical downturns in the economy. Needless to say a balanced fiscal system, will also require the acknowledgment and establishment of general and specific expenditure reforms.

Generally the proposals proffered for your consideration at this point in time can be generally classified as: (1) passive revenue generation and revenue reform proposals; (2) modifications and restructuring of existing taxes; and (3) revenue enhancements and distribution changes. Subject to additional information being received from the appropriate sources an attempt has been made to distinguish those sources that could be easily implemented and those that for various reasons would require a longer lead time to implement. It is believed that the proposals contained in the first two categories could cover the baseline shortfall (subject to rates established, where applicable) as identified by the Task Force. The remaining proposals would provide additional revenue at such time as they can be implemented. Appendix A contains a matrix of potential time-lines and dollars amounts (where known) for the proposals contained herein.

As you will note from reviewing the attached document, the Board believes that working primarily within the existing tax frame work achieves the goals set in ACR 1 to stabilize Nevada's tax base and generate new revenue.

Chairman Guy Hobbs and
Task Force Members
July 15, 2002
Page 2

If any of these proposals should prove to be acceptable to the Task Force we offer our assistance in developing the mechanics and procedures necessary for implementation.

On behalf of the Board of Directors and our membership, please accept our thanks for your attention to these suggestions and the efforts you are putting forth to meet the requirements of ACR 1. We anticipate putting forth additional recommendations on the expenditure side for your consideration as well comments regarding other proposals that you might consider.

Respectfully Submitted on Behalf of
the Nevada Taxpayers Association
Board of Directors

s/ *Carole Vilardo*

President