

TAX TOPICS

A Publication of the Nevada Taxpayers Association serving the citizens of Nevada since 1922

ISSUE 1-03

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COUNT DOWN TO SESSION

On February 3, the 72nd legislative session will convene. It is a session that is expected to deal with some of the most serious and contentious issues that have faced the state in over a decade. It is no great surprise to anyone that fiscal issues - taxes and expenditures - are at the top of that list. Following close behind as contentious issues are medical malpractice insurance and construction defects. Taking the latter issues first, the legislature will have 40 days from convening to take action on the initiative petition for statutory changes to reform the medical malpractice insurance legislation of the 18th Special Session held July 29, 2002 to August 1, 2002. The construction defects legislation of last session apparently has had no impact on reducing the huge increases in insurance premiums to the builders. In both of these issues the face off will be between the trial lawyers and the doctors and insurance companies, and the trial lawyers and the home builders.

State of the State Details Increased Taxes and Spending

All speculation and rumor concerning what the Governor would accept from the recommendations made by the Tax Task Force ended with the delivery of the State of the State on the 20th of January by Governor Guinn.

The Governor set the tone for the address early on by speaking of the State being “fragile”, of “threatening fiscal clouds” becoming “a full blown storm”, and a broken revenue system. He was strident in his call to legislators to have the courage not only to increase taxes to cover the shortfall - but to cover enhanced spending. All total, the revenue increases proposed for the biennium are slightly over \$1 billion for total general fund expenditures of \$4.89 billion. All recommendations made by the Task Force were included. However, in the case of the business license tax and the cigarette tax, the recommended increases were considerably above the recommendations of the Task Force. See revenue enhancement chart on page 2.

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INVITATION AND RESERVATION
FORM FOR NTA ANNUAL
MEETING AND LEGISLATIVE
DINNER IN CARSON CITY,
FEBRUARY 27, 2003.

THE REVENUE ENHANCEMENTS

The following are the major revenue enhancements that were referenced in the Governor's State of the State address. The *Budget in Brief* also includes references to some fee increases and changes which are not detailed below. They will be identified as the bills are introduced in NTA's publication *Legislative Report*.

REVENUE SOURCE	EXISTING RATE	TASK FORCE PROPOSAL	GOVERNOR'S PROPOSAL	NEW REVENUE - ANNUALLY ¹	DATE OF IMPOSITION ²
Cigarette Tax	35 cents	35cents for total of 70 cents	70 cents for total of \$1.05	\$120 million	This fiscal year
Alcohol	varies by alcoholic content	Increase - 89%	same as Task Force	\$17 to \$18 million	This fiscal year
Secretary of State Fees	varies	50% increase	same as Task Force	\$30 million	This fiscal year
Business License Fee	\$25 initial filing	\$50 annually	\$100 annually	\$9 to \$10 million	This fiscal year
Business License Tax	\$100 per FTE per year	\$140 per FTE per year	\$300 per FTE per year	\$176.1 million	This fiscal year
Slot Route Tax	varies	50% increase	same as Task Force	\$2.5 million	This fiscal year
Property Tax ³	None for state operating	15 cents per \$100 of assessed value	same as Task Force	\$100 million	July 2004
Gross Receipts Tax ⁴	Doesn't exist	impose at 0.25%	same as Task Force	\$228 million	July 2005
Amusement/ Admissions Tax	Doesn't exist	impose at 6.5%	impose at 7.3%	\$82.5 million	July 2003

Sources: *State of Nevada 2003-2005 Executive Budget in Brief and Final Report - Governor's Task Force on Tax Policy in Nevada*

NOTES

- ¹ Based on the Governor's proposals.
- ² The Governor has requested that the legislature implement these taxes effective April 1, 2003 for the purpose of generating additional revenue for the current biennium.
- ³ The *Budget in Brief* indicates that effective July 1, 2003 the property tax rate would be increased by one cent per \$100 assessed valuation for the purpose of increasing the state's debt levy, currently imposed at 15 cents.
- ⁴ It is also expected that if the Gross Receipts Tax is imposed that the current top rate of the gross gaming tax currently 6¼% would be increased to 6½%.

2003 LEGISLATIVE COMMITTEE ASSIGNMENTS

The first legislator listed is the committee chairperson; the second legislator listed is the committee vice chairperson.

SENATE

COMMITTEE	COMMITTEE MEMBERS
COMMERCE & LABOR	Townsend, Hardy, O'Connell, Shaffer, Neal, Schneider, Carlton
FINANCE	Raggio, Rawson, Rhoads, Cegavske, Tiffany, Coffin, Mathews
GOVERNMENT AFFAIRS	O'Connell, Tiffany, Raggio, Townsend, Hardy, Titus, Care
HUMAN RESOURCES & FACILITIES	Rawson, Cegavske, Washington, Nolan, Neal, Mathews, Wiener
JUDICIARY	Amodei, Washington, McGinness, Nolan, Titus, Care, Wiener
LEGISLATIVE AFFAIRS & OPERATIONS	Washington, Cegavske, Raggio, Rawson, Titus, Mathews, Wiener
NATURAL RESOURCES	Rhoads, McGinness, Shaffer, Amodei, Coffin, Schneider, Carlton
TAXATION	McGinness, Rhoads, Townsend, O'Connell, Tiffany, Neal, Coffin
TRANSPORTATION	Shaffer, Nolan, Amodei, Hardy, Schneider, Care, Carlton

ASSEMBLY

COMMERCE & LABOR	Goldwater, Buckley, Arberry, Giunchigliani, Leslie, Oceguela, Parks, Perkins, Beers, Brown, Gibbons, Griffin, Hettrick, Knecht
CONSTITUTIONAL AMENDMENTS	Mortenson, McCleary, Horne, Gustavson, Sherer
EDUCATION	Williams, Horne, Atkinson, Chowning, Koivisto, McCleary, Manendo, Andonov, Angle, Geddes, Hardy, Mabey
ELECTIONS, PROCEDURES & ETHICS	Giunchigliani, Conklin, Anderson, McClain, McCleary, Pierce, Beers, Christensen, Grady, Weber
GOVERNMENT AFFAIRS	Manendo, Williams, Atkinson, Collins, Koivisto, McCleary, Pierce, Christensen, Goicoechea, Grady, Hardy, Knecht, Weber
HEALTH & HUMAN SERVICES	Koivisto, McClain, Horne, Leslie, Pierce, Williams, Angle, Hardy, Mabey, Weber
JUDICIARY	Anderson, Oceguela, Buckley, Claborn, Conklin, Horne, Mortenson, Ohrenschall, Angle, Brown, Carpenter, Geddes, Gustavson, Mabey, Sherer
NATURAL RESOURCES	Collins, Claborn, Atkinson, Conklin, McCleary, Mortenson, Ohrenschall, Carpenter, Christensen, Geddes, Goicoechea, Marvel
TAXATION	Parks, Goldwater, Anderson, Arberry, McClain, Mortenson, Pierce, Gibbons, Grady, Griffin, Hettrick, Marvel
TRANSPORTATION	Chowning, Ohrenschall, Atkinson, Claborn, Collins, Manendo, Oceguela, Carpenter, Goicoechea, Gustavson, Knecht, Sherer
WAYS & MEANS	Arberry, Giunchigliani, Chowning, Goldwater, Leslie, McClain, Parks, Perkins, Andonov, Beers, Gibbons, Griffin, Hettrick, Marve

SENATE LEADERSHIP

President Pro Tempore - Senator Amodei
Majority Leader - Senator Raggio
Assistant Majority Leader - Senator Rawson
Majority Whip - Senator Rhoads
Assistant Majority Whip - Senator Tiffany
Minority Leader - Senator Titus
Assistant Minority Leader - Senator Mathews
Minority Whip - Senator Wiener

ASSEMBLY LEADERSHIP

Speaker - Richard Perkins
Speaker Pro Tempore - Wendell Williams
Majority Floor Leader - Barbara Buckley
Assistant Majority Floor Leader - John Ocegüera
Majority Whip - Bernie Anderson
Assistant Majority Whips - Sheila Leslie &
Mark Manendo
Minority Floor Leader - Lynn Hettrick
Assistant Minority Floor Leader - Josh Griffin
Minority Whips - Sharron Angle & David Brown

The first week of session we will be distributing ***Legislative Report***. Because of the interest by our membership in the various tax issues we will also be providing a new service - ***Legislative Briefs*** - which will be emailed as necessary in order to keep you apprised of the current tax issues. This new publication will be available in email or fax format. In order not to miss out on this information please keep the following form handy and email or fax if your contact information changes.

Please Print and email to info@nevadataxpayers.org or fax to 775/882-8938

Contact Name _____

Business Name _____

Email Address _____

Fax No. _____ Phone No. _____

You are cordially invited to attend the Legislative Dinner and Annual Meeting of the

Nevada Taxpayers Association

Date: Thursday, February 27, 2003
Place: Carson City Nugget
(Convention Center)
Time: 6:00 p.m. No Host Cocktails
7:00 p.m. Dinner
Cost: \$75.00 (per person, prepaid)
\$85.00 (per person at the door)
RSVP: by February 14, 2003

PROGRAM

Featured Speaker - To Be Announced
Presentation of the Cashman Good Government Award

TO ASSURE A RESERVATION, KINDLY COMPLETE AND RETURN THE FORM BELOW.

RESERVATION FORM

NAME _____
COMPANY _____
ADDRESS _____
CITY/STATE/ZIP _____
PHONE _____ E-MAIL _____
GUEST NAMES _____

- ❖ CHECK ENCLOSED FOR \$ _____ FOR _____ PERSONS ATTENDING THE DINNER (GUEST NAMES ABOVE - USE ADDITIONAL SHEET IF NECESSARY).
 ❖ PAY AT DOOR (If you are going to pay at the door you can fax this form to 702/457- 6361.)

*Please mail this form by **February 14, 2003** to :*

Nevada Taxpayers Association • 2303 E. Sahara Ave., Ste. 203 • Las Vegas, NV 89104