

TAX TOPICS

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

ISSUE 1-07

JANUARY 2007

ELECTION RESULTS

The Statewide Ballot Questions

Out of the 10 statewide ballot questions, voters approved five. Defeated were constitutional amendments proposed by the legislature to change the manner of electing and number of University Regents, to allow legislators to call special sessions and to pay legislators for each day of service. Voters gave themselves a tax break by approving the trade-in allowance on motor vehicles, while they once again defeated the legalization of marijuana, both of which were statutory changes, the latter on the ballot via the initiative process. For the two other statutory initiatives, a.k.a. the dueling nonsmoking initiatives, voters approved the more stringent of the two.

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STATEWIDE BALLOT QUESTIONS

(Note: Due to under voting and/or rounding, the percentage totals in some cases may not equal 100%.)

		Yes	%	No	%
Registered Voters:	#1. Funding education first	311,612	54.7	258,635	45.4
	#2. Eminent Domain	353,683	63.1	206,917	36.9
993,421	#3. Tax and Spending Reform (TASC)	Removed from ballot by Supreme Court			
Votes Cast:	#4. Prohibit Smoking in Certain Places	275,705	48.0	298,972	52.0
	#5. Prohibit Smoking in Public Places	310,507	53.9	265,360	46.1
585,986	#6. Minimum wage	395,354	68.7	180,071	31.3
58.99%	#7. Legalize marijuana	253,711	44.1	321,897	55.9
	#8. State sales tax exemptions	384,855	68.8	174,724	31.2
	#9. Change Board of Regents	269,791	49.3	277,701	50.7
	#10. Special Sessions	261,075	47.6	287,076	52.4
	#11. Legislative Pay	165,117	29.7	391,424	70.3

LOCAL BALLOT QUESTIONS

(Note: Due to under voting and/or rounding, the percentage totals in some cases may not equal 100%.)

COUNTY		YES	%	NO	%
CARSON CITY	<u>County Wide</u>				
Registered Voters: 25,374	#CC1- School district bond - use	11,185	63.0	6,561	37.0
Votes Cast: 71.95% 18,257	existing property tax rate for 20 years.				
CHURCHILL COUNTY	<u>County Wide</u>				
Registered Voters: 12,169	#1 - Increase commissioners to five	3,814	47.9	4,142	52.1
Votes Cast: 66.84% 8,134	#2 - Property tax (\$0.04 for 6 years) for fire department equipment	3,895	48.8	4,093	51.2
CLARK COUNTY	<u>Boulder City</u>				
Registered Voters: 650,051	#1 - Expenditures for facilities - advisory	4,129	62.3	2,499	37.7
Votes Cast: 55.75% 362,410	#2 - Expenditures for equipment-advisory	3,881	58.5	2,749	41.5
	#3 - Sale of city-owned land - advisory	4,160	62.7	2,474	37.3
	<u>North Las Vegas</u>				
	#1 - Ward system for council members	17,464	69.4	7,692	30.6
	#2 - Adult cabarets - advisory	6,002	23.2	19,907	76.8
	#3 - Adult theaters - advisory	4,998	19.3	20,915	80.7
	#4 - Adult bookstores - advisory	5,953	23.0	19,926	77.0
	#5 - Pawn shops - advisory	7,318	28.4	18,472	71.6
	#6 - Payday loan stores - advisory	4,817	18.6	21,067	81.4
DOUGLAS COUNTY	<u>County Wide</u>				
Registered Voters: 27,204	#1 - 1/2% Sales tax for police - advisory	8,533	45.1	10,384	54.9
Votes Cast: 71.5% 19,450	#2 - 1/4% Sales tax seniors, parks, libraries	8,129	43.0	10,794	57.0
	#3 - Property tax for Historical Society to operate museums	4,229	22.4	14,618	77.6
ELKO COUNTY					
Registered Voters: 18,173	There were no local ballot questions.				
Votes Cast: 65.29% 11,865					
ESMERALDA COUNTY					
Registered Voters: 645	There were no local ballot questions.				
Votes Cast: 68.53% 442					
EUREKA COUNTY	<u>County Wide</u>				
Registered Voters: 915	#1 - Increase commissioners to five	286	40.2	426	59.8
Votes Cast: 79.56% 728	#2 - Commissioners elected from districts	348	49.2	359	50.8
HUMBOLDT COUNTY					
Registered Voters: 5,903	There were no local ballot questions.				
Votes Cast: 76.76% 4,531					
LANDER COUNTY	<u>County Wide</u>				
Registered Voters: 2,359	#1 - Increase commissioners to five	895	50.7	869	49.3
Votes Cast: 76.26% 1,799					

LOCAL BALLOT QUESTIONS CONTINUED						
COUNTY			YES	%	NO	%
LINCOLN COUNTY						
Registered Voters:	2,683	There were no local ballot questions.				
Votes Cast: 69.44%	1,863					
LYON COUNTY		County Wide				
Registered Voters:	22,405	#14 - School bond	8,633	59.2	5,957	40.8
Votes Cast: 67.57%	15,138	#15- Sales tax for seniors, parks	6,499	44.3	8,180	55.7
		Smith Valley				
		#16 - Mosquito GID	432	49.7	438	50.3
MINERAL COUNTY						
Registered Voters:	2,636	There were no local ballot questions.				
Votes Cast: 80.27	2,116					
NYE COUNTY		County Wide				
Registered Voters:	20,698	#1 - School district bonds	6,399	55.6	5,101	44.4
Votes Cast: 57.59%	11,919	#2 - Sales tax increase - advisory	5,806	50.1	5,788	49.9
PERSHING COUNTY						
Registered Voters:	2,145	There were no local ballot questions.				
Votes Cast: 72.17%	1,548					
STOREY COUNTY						
Registered Voters:	2,478	There were no local ballot questions.				
Votes Cast: 75.91%	1,881					
WASHOE COUNTY		County Wide				
Registered Voters:	192,873	#WC1 - Sales tax increase - advisory	56,723	48.3	60,806	51.7
Votes Cast: 62.50%	120,547					
WHITE PINE COUNTY						
Registered Voters:	4,710	There were no local ballot questions.				
Votes Cast: 71.30%	3,358					

State Ballot Questions - Continued from Page 1

The three remaining statewide questions on the ballot were Constitutional initiatives. Of the three, Education First and the Minimum Wage increase were approved for the second time and are now law. Question 2 - eminent domain - was passed for the first time and will again appear on the 2008 general election ballot.

The Local Questions

In the nine counties with local ballot questions, half of the questions (23) dealt with taxes. Approval of those questions was a mixed bag.

The three school districts (Carson, Lyon and Nye) received overwhelming approval from their voters to continue their existing debt levy rate to sell bonds.

Ballot questions to increase the local sales tax option for public safety (police and/or fire), senior centers, libraries and parks failed in all but Nye County. Voters in Nye county approved the advisory question for police and fire by just one-tenth of a percent.

The three remaining questions which asked for increased property tax rates were defeated.

OTHER ELECTION RESULTS

The Constitutional Officers

Republicans lost their hold on the six Constitutional offices, only the offices of Governor and Lieutenant Governor remain Republican with the election of Jim Gibbons and Brian Krolicki. Secretary of State, Treasurer, Controller and Attorney General are now held respectively by Democrats, Ross Miller (son of former Governor Robert Miller), Kate Marshall, Kim Wallin, and Catherine Masto.

The Legislature

Democratic control continues in the Assembly where for the first time a woman, Assemblywoman Barbara Buckley (LV), will be the Speaker. Assemblyman Garn Mabey (LV) is the Minority Floor Leader.

The Senate maintains its Republican edge by just one seat, 11- 10. Senate leadership remains the same as last session with William "Bill" Raggio (Reno) as Majority Leader and Senator Dina Titus (Las Vegas) Minority Leader.

There are a number of changes in committee assignments, but outside of membership changes, perhaps the most notable changes occur in the Assembly. The Infrastructure Committee (created in 2005 to replace the Taxation Committee) is eliminated and the Taxation Committee is reestablished. Also created is the Select Committee on Corrections, Parole, and Probation. See page 5 for committee assignments.

ELECTION IMPACT ON THE SESSION

Two of the top questions as the 2007 session nears the opening date of February 5 are, can the rancor and partisanship in many of the races be overcome and can a special session be avoided?

Hope springs eternal for a positive outcome to both questions.

The Major Issues

Multiple bill draft requests can be found in the categories of education, eminent domain, ethics, health care, public employee retirement, substance abuse (meth), water and worker's compensation.

The Budget

The State of the State to be delivered by Governor Gibbons on January 22 will be the first indication of

what his budget priorities will be and how different they will be from the initial budget which was prepared by former Governor Guinn.

At just less than \$7 billion, and for the first time since its enactment in 1979, the state's expenditure cap for the general fund has been reached. What if any attempts will be made to adjust the cap are unknown. As of December 30, 2006, one bill had been requested on the expenditure cap.

Budget issues of substance in the general fund will fall primarily in the areas of education, public safety functions, and health care and related issues. The major non general fund revenue issue will be transportation.

Some of the issues driving the funding needs in these categories are found below.

K-12 EDUCATION - Funding all day kindergarten, increased teachers' salaries, the School Superintendent's INvest study and the ACR 10 School Adequacy study.

UNIVERSITY SYSTEM - Funding for a medical science complex.

HEALTH CARE - Providing affordable medical insurance for all Nevadans.

PUBLIC SAFETY - Additional funding for prisons and funding for anti-meth programs.

PUBLIC EMPLOYEES

Salary increases and addressing the unfunded liabilities of the Public Employees Retirement System (PERS) and retirees' health care insurance.

Note: This issue of unfunded liabilities first surfaced last session due to changes in financial reporting required by the Governmental Accounting Standards Board. PERS has a plan in place to fund its liability. However, there is no plan in place to address the unfunded liability for public employees' retirees health insurance of at least \$4 billion.

TRANSPORTATION - \$3.8 billion for 10 "super" projects.

Note: Recommendations that were made by the Blue Ribbon Task Force for Highway Financing include revenue increases which are expected to be DOA. The cost is in 2006 dollars and lack of funding will only increase costs as transportation construction inflation has ranged between 30% and 40% over the last couple of years.

THE INITIATIVE QUESTIONS & UNINTENDED CONSEQUENCES

Three ballot questions placed on the 2006 general election ballot by initiative and approved by the voters proposed to amend Nevada's Constitution. Two, Questions 2 and 6, were opposed by the Association (see November 2006 Tax Topics) for a number of reasons, but most importantly because *they were not policy statements*. Further, because of the specificity of their language they were better suited as statutory measures.

Question 6 which raised the minimum wage (approved by the voters for a second time and now law) is a poster child for unintended consequences. This amendment does not provide an exemption for nonprofit associations that have training programs for developmentally disabled persons. As a result, these nonprofits are faced with trying to raise more funds or, what seems to be the more immediate solution, reducing the clientele population they can serve. Inclusion of the health insurance provision has resulted in concerns that certain provisions of ERISA have been violated. This is currently being researched. Additionally, the inclusion of the health insurance provision has resulted in a tiered minimum wage that must be calculated for each employee. This effectively complicates compliance audits conducted by the office of the Labor Commissioner and adds to the record keeping requirements by business.

During the informational meeting held by the Labor Commissioner earlier this month at which the emergency regulations were explained, Commissioner Tancheck acknowledged that many of the issues raised by attendees at that meeting will probably be resolved by the courts. The problem with this amendment is not the increase in the minimum wage. It is that the authors and proponents included provisions without a clear understanding of the ramifications of the language, and further who compounded the potential for problems by amending the Constitution instead of statute.

The second of the ballot questions, Question 2 dealing with eminent domain and which appeared on the ballot for the first time, suffers from the same problem as the minimum wage question. It seeks to amend Nevada's constitution with language which is better suited to a

statute. As with the minimum wage question, this question was sold with sound bites that reeked of motherhood and apple pie. It remains to be seen if the voters in 2008, when this question appears on the ballot for the second time, will understand why a Constitution should be a series of policies and should not be filled with language better suited for a statute.

The third ballot initiative known as Education First was also opposed by the Association. At this point in time there have been no unintended consequences that have been identified; in all probability because it is more of a policy statement.

IN MEMORY OF WALT CASEY

On November 30, 2006, Board Member Emeritus Walt Casey died at age 88. He moved to Las Vegas in 1951 with his wife Peggy. In 1954 he started a small water service business that became known as Walt Casey Water Conditioning and subsequently Walt Casey Culligan. His company not only became the largest in the state, but also one of the largest in the nation. He was recognized for his role as a pioneer in the field and was elected to the Water Quality Association's Hall of Fame in 1997.

In addition to Walt's numerous community activities he was a longtime member of the Association and was elected to the Board of Directors in 1975. He was an active member of the Board of Directors and was elected as Board member emeritus in 1996 in recognition of his longtime service to NTA. Our heartfelt condolences are extended to his family.

Help us spread the word about the benefit of a membership in the Nevada Taxpayers Association. Encourage your business associates to join NTA.

Our membership application and dues structure can be downloaded by going to:

www.nevadataxpayers.org

or call 702/457-8482 or 775/882-2697 to receive a membership application.

Continued next column

2007 LEGISLATIVE COMMITTEE ASSIGNMENTS

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

SENATE	
COMMITTEE	MEMBERS
COMMERCE & LABOR	Townsend, Hardy, Heck, Schneider, Carlton
FINANCE	Raggio, Beers, Rhoads, Cegavske, Coffin, Titus, Mathews
GOVERNMENT AFFAIRS	Hardy, Beers, Raggio, Townsend, Titus, Care, Lee
HUMAN RESOURCES & EDUCATION	Washington, Cegavske, Nolan, Heck, Wiener, Horsford, Woodhouse
JUDICIARY	Amodei, Washington, McGinness, Nolan, Wiener, Care, Horsford
LEGISLATIVE OPERATIONS & ELECTIONS	Cegavske, Raggio, Hardy, Beers, Mathews, Wiener, Horsford
NATURAL RESOURCES	Rhoads, McGinness, Amodei, Hecht, Coffin, Schneider, Carlton
TAXATION	McGinness, Townsend, Rhoads, Amodei, Coffin, Care
TRANSPORTATION & HOMELAND SECURITY	Nolan, Heck, Washington, Amodei, Carlton, Lee, Horsford
ASSEMBLY	
COMMERCE & LABOR	Oceguera, Conklin, Anderson, Arberry, Buckley, Horne, Kirkpatrick, Manendo, Parks, Allen, Christensen, Gansert, Mabey, Settlemeyer
EDUCATION	Parnell, Smith, Bobzien, Denis, Kihuen, Munford, Segerblom, Beers, Hardy, Mabey, Stewart
ELECTIONS, PROCEDURES & ETHICS/CONSTITUTIONAL AMENDMENTS	EYE: Koivisto, Mortenson, CA: Mortenson, Koivisto Conklin, Kihuen; Kirkpatrick, Munford, Ohrenschall, Segerblom, Christensen, Cobb, Gansert, Goedhart, Settlemeyer
GOVERNMENT AFFAIRS	Kirkpatrick, Pierce, Atkinson, Bobzien, Claborn, Kihuen, Munford, Parnell, Womack, Beers, Christensen, Goicoechea, Settlemeyer, Stewart
HEALTH & HUMAN SERVICES	Leslie, Gerhardt, Koivisto, Parnell, Pierce, Womack, Beers, Hardy, Stewart, Weber
JUDICIARY	Anderson, Horne, Conklin, Gerhardt, Manendo, Mortenson, Oceguera, Ohrenschall, Segerblom, Allen, Carpenter, Cobb, Goedhaet, Mabey
NATURAL RESOURCES	Claborn, Hogan, Atkinson, Bobzien, Kihuen, Ohrenschall, Smith, Carpenter, Goicoechea, Grady, Marvel
SELECT COMMITTEE ON CORRECTIONS, PAROLE, AND PROBATION	Parks, Anderson, Horne, McClain, Carpenter, Weber
TAXATION	McClain, Parks, Arberry, Denis, Horne, Mortenson, Pierce, Ohrenschall, Allen, Grady, Marvel, Weber
TRANSPORTATION	Atkinson, Manendo, Bobzien, Claborn, Gerhardt, Hogan, Womack, Carpenter, Cobb, Goedhart, Goicoechea
WAYS AND MEANS	Arberry, Leslie, Buckley, Denis, Hogan, Koivisto, McClain, Parks, Smith, Gansert, Grady, Hardy, Marvel, Weber

SESSION DATES OF IMPORT	
FEBRUARY 5 (MONDAY)	SESSION OPENS
FEBRUARY 12 (MONDAY)	LEGISLATORS' BILL DRAFT REQUESTS BEFORE 5:00 P.M.
FEBRUARY 23 (FRIDAY)	COMMITTEE BILL DRAFT REQUESTS BEFORE 5:00 P.M. & DEPARTMENT OF ADMINISTRATION TO IMPLEMENT BUDGET (ON OR BEFORE)
MARCH 12 (MONDAY)	LEGISLATORS' BILL DRAFTING
MARCH 19 (MONDAY)	LAST DAY FOR LEGISLATORS' BILL INTRODUCTIONS
MARCH 26 (MONDAY)	LAST DAY FOR COMMITTEE BILL INTRODUCTIONS
APRIL 3 (TUESDAY)	START CLOSING BUDGETS
APRIL 13 (FRIDAY)	COMMITTEE PASSAGE FOR FIRST HOUSE COMPLETED
APRIL 24 (TUESDAY)	FIRST HOUSE PASSAGE
MAY 1 (TUESDAY)	ECONOMIC FORUM REPORT DUE
MAY 4 (FRIDAY)	START RESOLVING BUDGET DIFFERENCES
MAY 18 (FRIDAY)	COMMITTEE PASSAGE FROM SECOND HOUSE
MAY 24 (THURSDAY)	FINISH BUDGET DIFFERENCES
MAY 25 (FRIDAY)	SECOND HOUSE PASSAGE
MAY 30 (WEDNESDAY)	BUDGET BILLS INTRODUCED & EXEMPT BILLS FROM COMMITTEE
JUNE 2 (SATURDAY)	CONFERENCE REPORTS TO DRAFTING
JUNE 4 (MONDAY)	SINE DIE

CONTACT INFORMATION UPDATE

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Plan to Join us - - -

TUESDAY, FEBRUARY 27, 2007

for

NTA's BIENNIAL LEGISLATIVE DINNER

at the

CARSON NUGGET in CARSON CITY

Honor - - -

THE MEMBERS OF THE 74TH LEGISLATURE

Celebrate - - -

OUR 85th ANNIVERSARY

Congratulate - - -

THE FINALISTS AND WINNER OF THE
CASHMAN GOOD GOVERNMENT AWARD

AND

THE FREE ENTERPRISE AWARD

Invitations Will be Sent Shortly • Seating is Limited • Sponsorships are Available