

TAX TOPICS

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

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Please Note: This issue was written between May 25 and May 26. With the issuance of the Supreme Court Opinion on May 26 the issue of funding the budget has taken on a new dynamic: the concern of replacing revenues taken from various local governments, at an amount expected to be identified on May 27.

On May 26, the Nevada Supreme Court ruled that the taking of the \$62 million from the Clean Water Coalition in Clark County violated three sections of Nevada's Constitution. In essence the Supremes said the State could not take money from a local unit of government to fund state-wide services. In response to the decision, the Governor issued the following statement:

"The Supreme Court decision in Clean Water Coalition v. The M Resort v. State of Nevada has far-reaching implications for how Nevada governors and legislatures will do business from this date forward. The ruling raises questions about certain assumptions in the proposed executive budget, despite some having been used in the past. As a former federal judge, I am cognizant of the legal issues. As governor, I am forced to deal with their ramifications and I am responding by reworking the state budget. I will announce a revised plan on Friday." (Friday refers to May 27.)

THE END IS NEAR - - - OR IS IT?

With less than two weeks left to adjourn as of this writing, this Legislative Session has been marked by polar-opposite positions by the parties on spending and taxes. There has been no movement on the part of the Republican Legislators or the Executive Branch from their position of *no new taxes*. Conversely most Democratic Legislators believe that there needs to be new taxes, or at the very least an extension to June 30, 2013 of the sunsets on the Modified Business Tax, the State Business License and the sales tax increase.

While there has been much discussion about the "end game," at this point it is an idle phrase and begs the question "will there be a special session(s)?" However, that question has as many answers as the what-if scenarios that have been the subject of hallway speculation.

The Major Tax Issues

As of this writing, taxes have been a major issue since March, however it wasn't until early in May that the tax bills that would be in play were identified; the Transaction Tax on Services (AB 569) and the Nevada Margins Tax, somewhat based on the Texas Margins Tax (SB 491 as proposed to be amended). It is a foregone conclusion that neither tax has the necessary 2/3 majority vote required to pass. There is speculation that the Transaction Tax on Services might find its way onto the next general election

continued on page 3

In this issue . . .

Playing Catch-up.	2
Cashman Good Government Award. . .	2
Major Tax Issues <i>continued</i>	3
NTA Elections	3
Sponsor Thanks	4

Playing Catch-up

On February 23, the Association held its 89th general membership meeting in conjunction with its biennial Legislative Dinner at the Carson Nugget. Over 300 members, guests and legislators attended the dinner and heard from keynote speaker Governor Brian Sandoval and applauded the selection of the Cashman Good Government Award winner, see below. Governor Sandoval set a light tone for the evening speaking about transitioning his family into the Governor's mansion, and his optimism for the future of Nevada and Nevadans.

The day began with the annual board meeting, followed by the Policy Advisory Committee Meeting. During the former meeting the NTA budget for the year was approved and the officers of the association were elected. See page 4 for results.



Governor Brian Sandoval

Fourteenth Annual Cashman Good Government Award



Darin Conforti (L), accepting the trophy from Tim Cashman (R).

THE WASHOE COUNTY BUDGET DIVISION, received the Cashman Award and the thanks of Nevada's taxpayers at the NTA Legislative Dinner in Carson City.

The Budget Division developed an electronic, interactive computer budget model using ten years of actual expenditures and revenues. It was created to illustrate the county's fiscal challenges in a transparent and credible way. The budget model, and appropriate training, was provided to all labor units. They were then able to enter proposed wage and benefits approaches, instantaneously see the impacts, and thereby formulate labor cost saving solutions. The tool convinced eight employee unions to once again make voluntary wage concessions totaling \$9.4 million, which helped the County balance its 2010-11 budget. To see a template visit:

www.washoecounty.us/large_files/ibpm_demo.xls.

Congratulations to the other finalists in this year's Cashman Good Government Award contest:

City of Sparks, Annual Report

Dave Crockett, Program Director, WIC, and Ernie Hernandez, Chief,

Office of Informatics & Technology, Health & Human Services

Energy Services Performance Contract, Operations Team, Douglas County School District.

iNtegrate Project, Nevada System of Higher Education.

The 2012 Cashman Good Government Award will be presented in February 2012 at the Association's Annual Meeting and Luncheon in Las Vegas. If you would like to be put on the distribution list for notification when nominations open this Fall, send an email to info@nevadataxpayers.org with your name and return email address.

Major Tax Issues, continued from page 1

ballot along with the Nevada Margins Tax proposal. Questions put on the ballot by the legislature do not require a 2/3 vote. If the legislature does not put the questions on the ballot, both the head of the teachers' union and the president of the AFL-CIO have publicly stated that they will circulate an initiative petition to impose a business tax. The common guess is that the business tax in question would be the margins tax.

The budget, as recalculated by the Governor after the May 1 meeting of the Economic Forum, proposed spending \$6.1 billion dollars. The Democrats settled on the need for an additional \$1.6 billion dollars over the biennium to be generated by new revenue from the service tax and the margin tax. The funding scheme involved "bridge revenues" - - - extending the sunsets another year for those taxes due to expire on June 30 this year. The implementation of the service tax would be January 1, 2012 and the Nevada Margin Tax July 1, 2012. Realizing that a 2/3 vote was not possible to pass these taxes, the money committees, meeting in joint session, cut the majority of enhancements that had been added to the Governor's budget, with most of the votes along party lines.

To salvage some increase in spending - - - \$712 million - - - the Assembly Ways and Means Committee amended AB 561 on Wednesday, May 25. The bill originally submitted by the Budget and Planning Division was amended to continue the sunsets on the Modified Business Tax, the State Business License, and the increase in the Local School Support Portion of the State sales and use tax, along with continuing the prepayment of the Net Proceeds of Minerals Tax. The bill originally dealt with the sunsets, albeit differently, and required a 2/3 vote which carried over to the amendment. However, all that can be said at this time given the 2/3 requirement is "no deal."

NTA Election Results

Officers elected for 2011:

Chairman of the Board - Barbara Smith Campbell

First Vice Chairman - Mike Benjamin

Second Vice Chairman - Jack Stanko

Secretary - Timothy (Tim) Cashman

Treasurer - David Turner

NTA Election Results, continued

Results of the Board election, conducted by mailed ballot, were announced as follows:

Reelected to the Board were: Larry W. Bennett - Larry Bennett & Associates, Carson City; Randy J. Brown - AT&T Nevada, Reno; Timothy Cashman - Foghorn Consulting, Las Vegas; Jim Dickey - Western Nevada Supply, Sparks; John Gianoli - First National Bank of Ely, Ely; Anne MacFarlane - ArcForm Group, Reno; Monte L. Miller - KeyState Corporate Management, Las Vegas; Ann O'Connell - Retired, Las Vegas; Kevin Orrock - The Howard Hughes Corporation, Las Vegas; Keith Pierce - Grant Thornton, Reno; and Tony Sanchez III - NV Energy, Las Vegas. Newly elected to the Board were Joshua Hicks - Brownstein Hyatt Farber Schreck, LLP, Reno; Jennifer Lewis - Lewis Operating Corporation, Las Vegas; and John H. Pettibone - Haws Corporation, Sparks.

They join current Board members: Mike Benjamin - Benjamin Enterprises, Las Vegas; Michael J. Brown - Barrick Gold Corporation, Washington, D.C.; Barbara Smith Campbell - Consensus LLC, Reno; Margaret Cavin - J&J Mechanical Inc, Reno.; T.J. Day - Dacole Company, Reno; Delia Garcia - Wal-Mart Stores Inc, Phoenix AZ.; Fred D. Gibson, Jr. - Retired, Las Vegas; John R. Gibson - American Pacific Company, Las Vegas; Terry Graves - The Graves Company, Las Vegas; M. Kent (Tim) Hafen - Tim Hafen Ranches, Inc, Pahump.; Karen Haller - Southwest Gas Corporation, Las Vegas; Jay Kornmayer - Well Fargo, Las Vegas; Robert List - Kolesar & Leatham, Las Vegas; Ann Lynch - Kodin; William McKean - Lionel Sawyer Collins, Reno; Berlyn D. Miller - Berlyn Miller & Associates, Las Vegas; Dean Rhoads - Senator/Rancher, Tuscarora; George W. Smith - Bank of America, Las Vegas; Jack Stanko - Champion Chevrolet, Reno; D.J. Steines - Newmont Mining Corporation, Denver CO; Scott Swain - McDonald Carano Wilson, LLP, Las Vegas; David Turner - Turner-Loy & Company, LLC, Reno; and Darren L. Wilson, Sierra Air Conditioning, Inc., Las Vegas.

Board Members Emeritus are: Robert Campbell, Gardnerville; Charles A. Lenzie, Las Vegas; John Marvel, Battle Mountain/Carson City; Jim Murphy, Reno; James Y. Robertson, Carson City; Tito Tiberti, Las Vegas.

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