

# TAX TOPICS

*A publication of the Nevada Taxpayers Association, serving the citizens of Nevada since 1922.*

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## DISPELLING THE MYTHS ABOUT THE TAXATION OF BUSINESSES

On February 25, Douglas Lindholm, president of COST - The Council on State Taxation - was the featured speaker at the Association's 94<sup>th</sup> general membership meeting and biennial luncheon at Bally's Las Vegas. In his very well received talk, Lindholm reviewed the seven most common myths levied against business about the taxes they pay. He explained how these myths were the basis for rallying support for new and/or increasing taxes on business and citing published information he easily debunked the following myths.

### The Myths

1. Businesses don't pay their fair share of taxes.
2. Corporate tax revenues are declining.
3. Big businesses benefit from tax loopholes not available to small businesses.
4. Big businesses are hiding millions in offshore profits.
5. We need to tax more services to keep up with our expanding service economy.
6. In the name of transparency corporate tax returns should be made publically available.
7. Gross receipts are an effective way to tax businesses.

Visit the COST website for more information  
<http://www.cost.org/>.

### Outstanding Achievement in Tax Reform

The program for the luncheon continued with Joseph Henchman, vice president of legal and state projects for the Tax Foundation, presenting three awards for Outstanding Achievement in Tax Reform. Senator Mark Lipperalli and former Assemblywoman Marilyn Kirkpatrick were honored for their work during the 2015 legislative session which led to simplifying the live entertainment tax. NTA president Carole Vilardo (since retired) was also presented an award for her work on taxes during 2015. Previous awards have honored 10 individuals from 10 states including five governors.

For more information about the Tax Foundation visit  
<http://taxfoundation.org/>.

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Douglas Lindholm, President of COST

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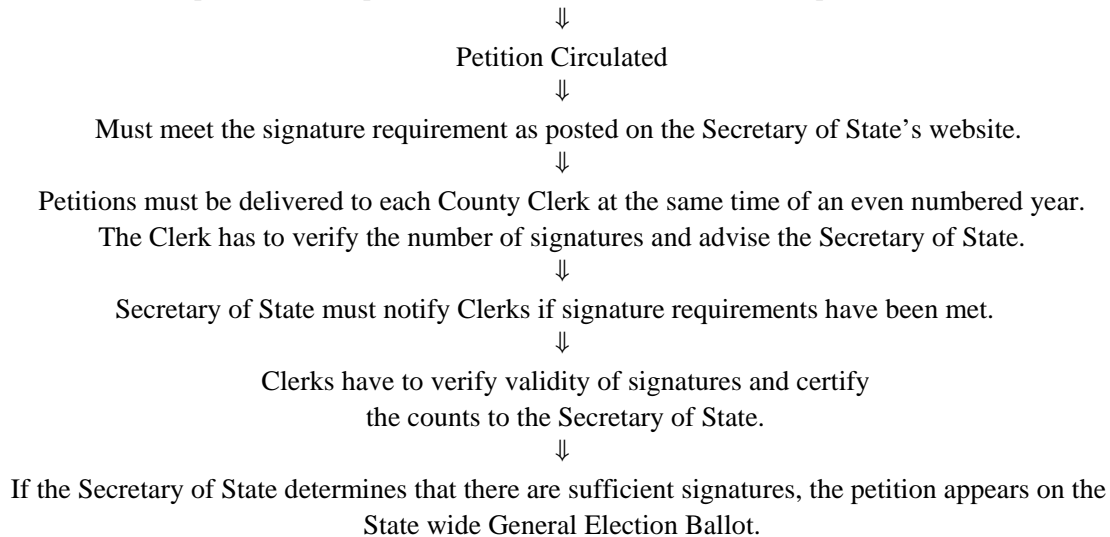
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## Petition Season in Full Swing

In Nevada citizens have the opportunity to file a petition to add a law or change a statute or add or change a constitutional provision or to file a referendum petition to reject or support a law. In this cycle for petitions, its interesting that no initiative petitions have been filed to add or change a statute, but there have been six initiatives filed to amend the Constitution with one petition being withdrawn. Two other petitions being circulated are referendums to approve or disapprove a current state law. A third referendum petition was withdrawn.

### Nevada Petition Process to Amend the Constitution or File a Referendum to Approve or Disapprove a Statute

Copy of the petition for a constitutional initiative or copy of the referendum petition must be filed with Secretary of State's office prior to circulation of the petition. The petition can be filed the year prior to the general election, but not earlier than August 1 for a Referendum petition and September 1 for a Constitutional initiative petition.

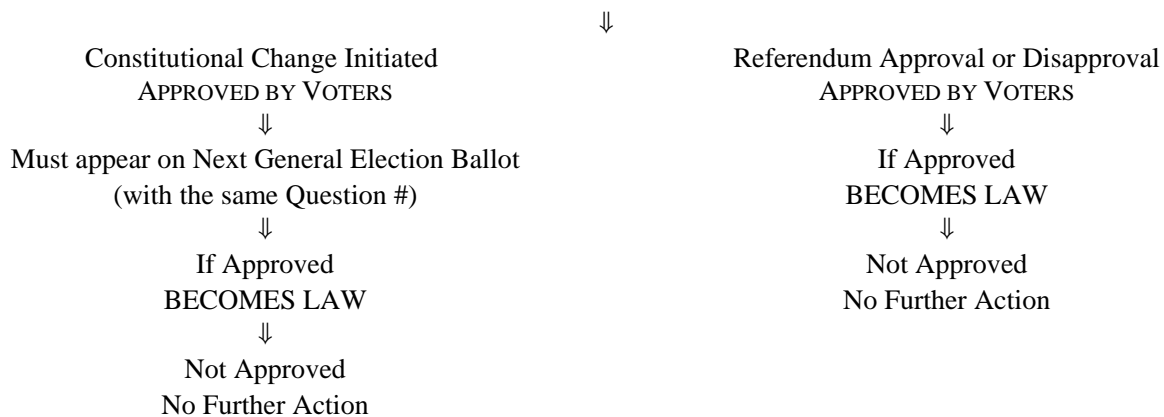



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### Election Results




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### Petitions in Circulation

To read the petitions go to: <http://www.nvsos.gov/index.aspx?page=1541>

#### Referendums

- Certain Provisions Related to Net Metering. (SB 374- 2015 Legislative Session.)

NOTE: On hold as of March 28. District Court ruling: should not have been a referendum. Order stayed pending Supreme Court review and ruling.

- Provisions Related to the Commerce Tax. (SB 483 - 2015 Legislative Session.)

#### Constitutional Amendments

- The Energy Choice Initiative
- Pupil Privacy Protection
- Healthcare Freedom Protection Act
- Voter ID Initiative
- Medical Patient Tax Relief Act

## NTA Position on the Commerce Tax Referendum

In responding to a written survey, the Board of Directors of the Association took a position **OPPOSING** the referendum to repeal the commerce tax provisions found in SB 483 of the 2015 legislature.

The position taken by the Board with regard to the referendum was not taken lightly nor was it reflective of whether they agreed or disagreed with the imposition of the commerce tax. The position was due to the concern of the occurrence of unintended consequences if the referendum qualifies for the November general election ballot. If the Question is on the November 8 ballot, the Board will again be surveyed to determine NTA’s position on the Question.

Under Nevada law, if the referendum to repeal the commerce tax qualifies, is placed on the ballot and the repeal is approved by the voters, the Legislature would be free to enact the same or a similar tax at a later time.

**HOWEVER**, the greater problem occurs if the voters reject repealing the taxes. In that case as required by Nevada’s constitution, only the voters would be able to approve future changes, even to reduce a rate.

Further, the vote on a referendum is counterintuitive. Just look at the language of the petition found in the second paragraph of the description:

*“If this referendum is approved by a majority of voters, the provisions of SB 483 related to the commerce tax may not be amended, annulled, repealed, set aside, suspended or in any way made inoperative except by a vote of the people. If a majority of voters disapproves of this referendum, the provisions of S.B. 483 related to the commerce tax are void which will have the effect of eliminating the commerce tax. Disapproval of the provisions of S.B. 483 related to the commerce tax does not prohibit the Legislature from enacting future legislation that imposes a commerce tax.”*

In other words a “yes” vote is a vote against repealing the commerce tax provisions, while a “no” vote repeals the tax.

### Petition Fast Facts

Signatures Needed to Qualify

- Statewide: 55,234
- In each petition district: 13,809

Signature Requirement

- 10% of the registered voters statewide
- Collected in each of the four Petition Districts 1, 2, 3, 4. Note. The Districts are co-terminus with the Congressional Districts.

Turn in Dates

For State Referendums & Constitutional Amendments:

- To County Clerks for verification: June 21, 2016
- From County Clerks to Secretary of State:  
for Referendums July 11, 2016; and  
for Constitutional Amendments August 10, 2016,  
in order to appear on the general election ballot.

Other Requirements

- All petition documents must be submitted to all counties at the same time.

For Constitutional Amendments:

- If sufficient signatures are received, the petition will be placed on the November 8, 2016 general election ballot.
- If the question is approved by the voters, it must appear again on the ballot for the next general election (November 2018). The ballot question must have the same ballot number as the prior general election.

For Referendums

- If voters approve the referendum, the law remains as it is. If Voters disapprove the referendum, the law becomes void and of no effect.

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Joseph Henchman presenting Award to Commissioner Marilyn Kirkpatrick and Senator Mark Lipperalli

## Board Elections

At the annual board meeting held prior to the annual biennial luncheon,

- David Turner was reelected Chairman of the Board
- Jennifer Lewis was newly elected 1<sup>st</sup> Vice President,
- Jack Stanko was reelected 2<sup>nd</sup> Vice President,
- Keith Pierce was reelected Treasurer, and
- John Gianoli was reelected Secretary.

*With appreciation to our February 25 luncheon sponsors, we gratefully acknowledge . . .*

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