



For Immediate Release
March 17, 2015

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Guinn Center Releases Policy Brief on Governor's Proposed Business License Fee

LAS VEGAS, NV— Governor Brian Sandoval has proposed restructuring the existing Business License Fee to provide additional funds for education. To provide a guide for Legislators as they consider the proposal, the Guinn Center for Policy Priorities has released a new policy brief, *The Business License Fee: What We Still Don't Know*.

"The proposed Business License Fee embodies characteristics of good tax policy: it is broad-based, stable, and equitable," said Dr. Nancy E. Brune, Executive Director of the Guinn Center for Policy Priorities. "While we have some concerns with the determination of license fee rates and whether they adequately account for the profitability of each industry, we believe that the structure of the revised Business License Fee is worthy of serious consideration by our Legislators." More information on remaining questions and recommendations are summarized below.

What we don't know

1. What are the Business License Fee revenue estimates by industry?
2. Should the allocation of revenues generated by the Business License Fee toward the K-12 and higher education systems be made explicit in the proposed legislation?
3. What is the rationale for the proposed Business License Fee rates?
4. What is the combined impact of the revised Business License Fee and the Modified Business Tax?
5. Will the Business License Fee avoid pyramiding (or the imposition of a tax on a tax)?

Recommendations

1. Begin collecting and reporting data on gross receipts prior to the implementation of any revenue plan.
2. Ensure BLF fee rates are transparent, simple, and reflect the profitability of the industry.
3. Consider the advantages of having a single/limited license fee rate schedule and phasing in over time.
4. Phase out the MBT and adjust rates for the BLF over time to ensure revenue targets are met.
5. Explore the advantages of explicitly earmarking BLF revenues toward education in the legislation.
6. Ensure that any legislative tax proposal helps improve Nevada's overall tax base and structure.

The Guinn Center for Policy Priorities is a 501(c)(3) nonprofit, bipartisan, policy center focused on providing independent and data-driven analysis of critical policy issues facing Nevada and the Intermountain West. The Guinn Center engages policy-makers, experts, and the public with innovative, fact-based research and analysis to advance policy solutions and inform debate.

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