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***Guinn Center Releases Report Comparing 2015 Tax Proposals
And Hosts Town Hall to Discuss***

LAS VEGAS, NV— The Nevada Legislature is currently considering several tax proposals to increase funding for education. The Governor has proposed restructuring the Business License Fee (SB252). Other proposals include a Special Revenue Fee (SB378) and an increase in the Modified Business Tax (AB464).

To inform legislative debate and help community members and business owners understand the proposals and how they could affect different types of businesses, the Guinn Center for Policy Priorities has released a report titled, ***Comparison of 2015 Nevada Tax Proposals***. The report compares each tax proposal, and offers a set of policy considerations and recommendations. "Each of the tax plans contain elements of good tax policy," said Dr. Nancy E. Brune, Executive Director of the Guinn Center for Policy Priorities. Recommendations are summarized below.

Recommendations:

1. Adopt a gross receipts tax.

There is a compelling state interest to diversify Nevada's tax structure and grow the revenue base. A gross receipts tax, as proposed by SB 252 and SB 378, would diversify Nevada's tax base. Approximately 60 percent of general fund revenues are derived from two sources: gaming taxes and sales and use taxes. And only 4.3 percent of the businesses registered in Nevada pay the Modified Business Tax (MBT).

2. Adopt a single/limited gross receipts tax rate.

Under SB 252, the revised Nevada Business License Fee (BLF) structure has approximately two dozen rates. The different rates introduce greater complexity and uncertainty. Nevada lawmakers should adopt a single rate or limited rate schedule, similar to the gross receipts tax structure implemented in Ohio and Kentucky.

3. If SB 252 tax rates are adopted as proposed, establish an Interim Legislative Committee to improve collection of information on businesses operating in Nevada and review (and revise) preliminary rates as more accurate information is collected.

If multiple rates are adopted as proposed in SB 252, the Legislature should establish an Interim Legislative Committee to review the rates to ensure they accurately reflect and capture Nevada's economy. This review should take place after the first year. Legislators should include a provision that requires review of BLF rates every four years.

4. Allow companies to file consolidated returns.

One criticism of gross receipts taxes is that they may lead to pyramiding, the imposition of a tax on each stage of production. However, tax policy experts suggest that one way to reduce pyramiding is by

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allowing companies (especially those that are vertically integrated) to file consolidated returns.

5. Eliminate MBT health care premium deductions and reduce payroll deductions.

The Guinn Center views favorably AB 464's provisions that seek to improve Nevada's overall tax structure by reducing and/or eliminating deductions. The Legislature should eliminate MBT health care premium deductions and reduce payroll deductions.

6. Eliminate the higher rate MBT for financial institutions and mining.

The Guinn Center supports AB 464's provision to eliminate industry-specific tax rates and the disparate treatment of financial institutions. Similarly, Legislators should eliminate the Branch Bank Excise Tax. We support not increasing the MBT rate for the mining industry, which would occur under the Governor's proposal. Under AB 464, the mining industry would pay the same rate as other industries.

7. Adopt a Hybrid: Implement a gross receipts tax with single/limited rates and revise the MBT to eliminate/reduce deductions and eliminate industry-specific rates.

The Guinn Center recommends that Legislators adopt the various elements of good tax policy contained in each of the tax proposals under consideration.

- In order to diversify Nevada's tax base, Legislators should implement a gross receipts tax, which would reduce the State's vulnerability to economic downturns and would grow with and capture Nevada's diversifying economy.
- Adopt a single (or limited) gross receipts tax rate, which will reduce the transaction costs.
- Given that Nevada does not collect information on gross receipts currently, Legislators should consider adopting both a gross receipts tax and AB 464 in order to meet revenue targets while diversifying the State's tax base.
- Upon adoption of a gross receipts tax, explore the possibility of reducing the MBT rate (as proposed under AB 464 at 1.56 percent) so as to meet desired revenues for 2015-2017 biennium.
- Establish an Interim Legislative Committee that would review SB 252 BLF rates and the combined impact of SB 252 and the MBT on industries. Policymakers should ensure that certain industries are not disproportionately experiencing the burden of these taxes.

To help inform the general public about the tax proposals, **the Guinn Center is sponsoring a Tax Policy Town Hall** on April 21, 2015. The event will feature a panel discussion with tax policy experts, followed by a question and answer session. Panelists will include Dr. Nancy E. Brune and Victoria Carreón of the Guinn Center, UNLV William S. Boyd Law Professor Francine Lipman, Former Assembly Speaker Barbara Buckley (D-Las Vegas), and former Senator Randolph Townsend (R-Washoe County).

The event is cosponsored by the UNLV William S. Boyd School of Law, College of Southern Nevada, Las Vegas Global Economic Alliance, Accion Nevada, the Urban Chamber of Commerce, and the Latin Chamber of Commerce. The event is free and open to the public. Event details are shown below:

Event: Tax Policy Townhall

Date: Tuesday, April 21, 2015

Time: 6 pm to 8 pm

Location: CSN West Charleston Campus, 6375 W. Charleston, Las Vegas, 89146, Building K, Room 101

RSVP: <http://guinncenter.org/events/tax-policy-town-hall/>

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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