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*Testimony by D. Taylor
Before the Assembly Taxation Committee
March 20, 2003*

Good afternoon, Chairman and committee members. My name is D. Taylor, and I am the Secretary-Treasurer of the Culinary Union. I have with me a couple of our members who work in Las Vegas casinos, and I want to commend you for coming to Las Vegas to hear from working citizens on this critical issue.

Nevada is at a fork in the road. We have two roads ahead of us, and what road you lead us down will be felt for generations. The Culinary Union represents approximately 50,000 working Nevadans and their families, and our members have a vested stake in your decision.

One road has Nevada doing more of the same. We can patch a few tax-holes, raise the taxes we currently have, and flip a coin about whether to cut critical funds from schools, public safety or health care, which together represent 91% of the state budget.

This road has led Nevada to be last or almost last in the education we provide our children and the health care we offer (or don't offer) our citizens. We can continue to rely on a tax base that is not only cyclical and unstable, but also shrinking on a per capita basis, because our population is growing faster than our tax base. And, we can continue to ignore the facts – the fact that businesses other than gaming contribute almost nothing to

the state's tax base, and the fact that Nevada has grown beyond the means of one sole industry.

Or we can travel a road of good schools, jobs with affordable health insurance, and a broad-based tax structure that is supported by the business of Nevada, one that grows as we grow.

We have heard a lot of people argue that Nevada faces a crisis in spending, not a crisis in revenues. I would argue – and our members will attest – that you only have to look one place to understand that our state is not spending too much. That place is education.

As of the 2000-01 school year, the latest data available, Nevada ranks 46th in per pupil spending for K-12 education, falling dramatically from 36th in 1998. According to the U.S. Census Bureau, Nevada spent 21% less than the national average per pupil. I would say we can't get much worse than that; however, in the wake of 9/11, school districts had to cut \$100 million from their budgets because tax revenues evaporated.

What those numbers mean to our members and their children is this: frequently 40 children in a classroom, students without desks, teachers who have to pay for supplies out of their pockets, schools in some parts of Las Vegas that do not have books for every student. We have 38,000 Culinary children in Clark County's school system, and 15,000 Culinary pre-schoolers. Our members work hard to provide opportunity and dreams

for their children, and simply put, that opportunity is being taken away by a substandard educational system. Administrators, teachers, Governor Guinn, parents and others have asked for increases in education funding to bring our state closer to the national average. That cannot be done under our existing, crippled tax structure.

Our road for better schools depends on the big non-gaming businesses in Nevada actually contributing to Nevada's education.

Take the banking industry.

- The Business Activity Tax is the only tax businesses pay into the State's General Fund.
- In 2002, the Finance Sector paid an estimated \$2.4 Million under the that tax.
- That's less than half of 1% of the State's General Fund revenues.

Finance is a very profitable business.

- In 2002 – a year of recession – Bank of America made a net profit of over \$9 Billion.
- Its profit was more than 4 times the size of Nevada's General Fund.
- BofA pays income taxes in almost every state. In fact California is BofA's largest regional market, despite the business taxes there.

- In 2001, BofA paid state income taxes of \$364 Million, none of which went to the State of Nevada.

Or, let's look at the retail industry in our state.

- In 2002, the Retail Sector paid an estimated \$19 Million under the BAT tax.
- That equals just 1% of the State's General Fund revenues.
- Wal-Mart Stores, a major retailer in the state, had a profit of \$8 Billion in last year's recession.
- Its share of the BAT tax in Nevada was less than \$1 Million - heck, they make that much on any weekend of the year.
- In 2001, states other than Nevada got \$310 Million from Wal-Mart.

Wal-Mart also afflicts Nevada with the costs of uninsured workers. More than 60% of Wal-Mart's workers nationally do not have health insurance because they cannot afford it. Studies show that the cost of Wal-Mart's insurance for workers amounts to 35% of their paychecks.

You and I pay for their workers' health care. I'll give you one concrete example. In 2000, University Medical Center commissioned a study that showed what percentage of uncompensated care (i.e. paid for by taxpayers) was used by working families and what industries they worked in. The Retail Trade industry was among the worst industries in the study.

These facts, coupled with the impacts of 9/11, have converged to create an acute fiscal crisis at UMC. The picture for state funded health care is not likely to be much different.

Right now, the industry that provides the best health care plan for its employees – gaming – pays the largest percentage of the state's taxes. Health insurance premiums for our members and their dependents, covering 150,000 Nevadans, are paid for entirely by the casinos under contract with our Union. We know of no other plan in Nevada which provides full family coverage without deducting premiums from workers' paychecks. As devastating to gaming as 9/11 was – which many of you know from the reductions in gaming taxes – the gaming industry steps up to the plate by funding substantial increases in health care premiums caused by skyrocketing health care costs. In fact, our members do their part too: they forewent a raise this year in order to maintain their family health care coverage.

Gaming pays for family health care for its workers and it funds much of the state budget.

- Gaming pays a tax on its gross gaming receipts, which generated \$555 million for the state in 2002.
- Gaming pays the Casino Entertainment tax, which brought in \$65 million.

- It pays approximately 25% of the Business Activity Tax, another \$20 million.
- Gaming directly funds 38% of the state budget.
- Contrast that with the Retail Sector at 1% and the Banking Sector at less than 1%.

The rest of the budget is paid for by the people in this room and other residents through sales taxes.

We cannot ignore any longer the fact that large corporations other than gaming pay next to nothing to fund our children's education, and in many cases relies on you and me to pay for their healthcare.

We also compared gaming company profits with Bank of America and Walmart's.

- Harrah's Entertainment, a national gaming company, made a profit of \$235 million in 2002.
- Park Place Entertainment, the country's largest gaming company, made a profit of \$160 million.
- That's 2 or 3% of both BofA's \$9 Billion profit and Wal-mart's \$8 Billion profit.

Over the years, gaming has generated more and more revenue for the state, although in times of crisis we are reminded how volatile that tax

source is. Following 9/11, gaming revenues on the Las Vegas Strip plummeted. These declines contributed to hundred-million dollar deficits, and revealed unequivocally that our tax structure is vulnerable to the condition of one industry. We can only hope that war with Iraq doesn't cause the same devastation to our primary source of tax revenues this year.

What should not be lost in the aftermath of 9/11 is this: we are no longer a one-industry state. Nevada's population is growing faster than gaming revenues are growing.

We should look at where the growth in jobs is:

- Banking and retail sector jobs have grown much faster than gaming jobs.
- In the five years between 1996 and 2001,
 - Finance sector jobs grew by 46%,
 - Retail jobs grew by 33%,
 - and Gaming jobs grew just 18%.

We are not a one-industry state any more.

We cannot ignore the facts any longer.

We have to choose the better road for a better future. Culinary children and Nevada children deserve better than 46th in the country. Nevada workers and their children deserve affordable health insurance.

Our state deserves a tax structure that reflects the business of Nevada, that grows as we grow, and that rewards industries that carry their weight. If all the businesses that have professed in hearings to be willing to fund education actually did, our state would have the best education in the country.

And let me be clear about the alternative being pushed by business coalitions: a tax on services is not a broad-based business tax. It is another tax on working Nevadans, who should not have to pay a penny more in taxes until you pass a broad-based business tax. Are we really going to ask working Nevadans to pay taxes on the plumbers who fix their toilets, or the mechanics that repair their cars, because the legislature won't tax Bank of America and Wal-mart on the money they make in Nevada?

Large corporations other than gaming have to pay something toward the education of our children. It is up to you to make that choice.

Nevada Needs a Broad-based Business Tax

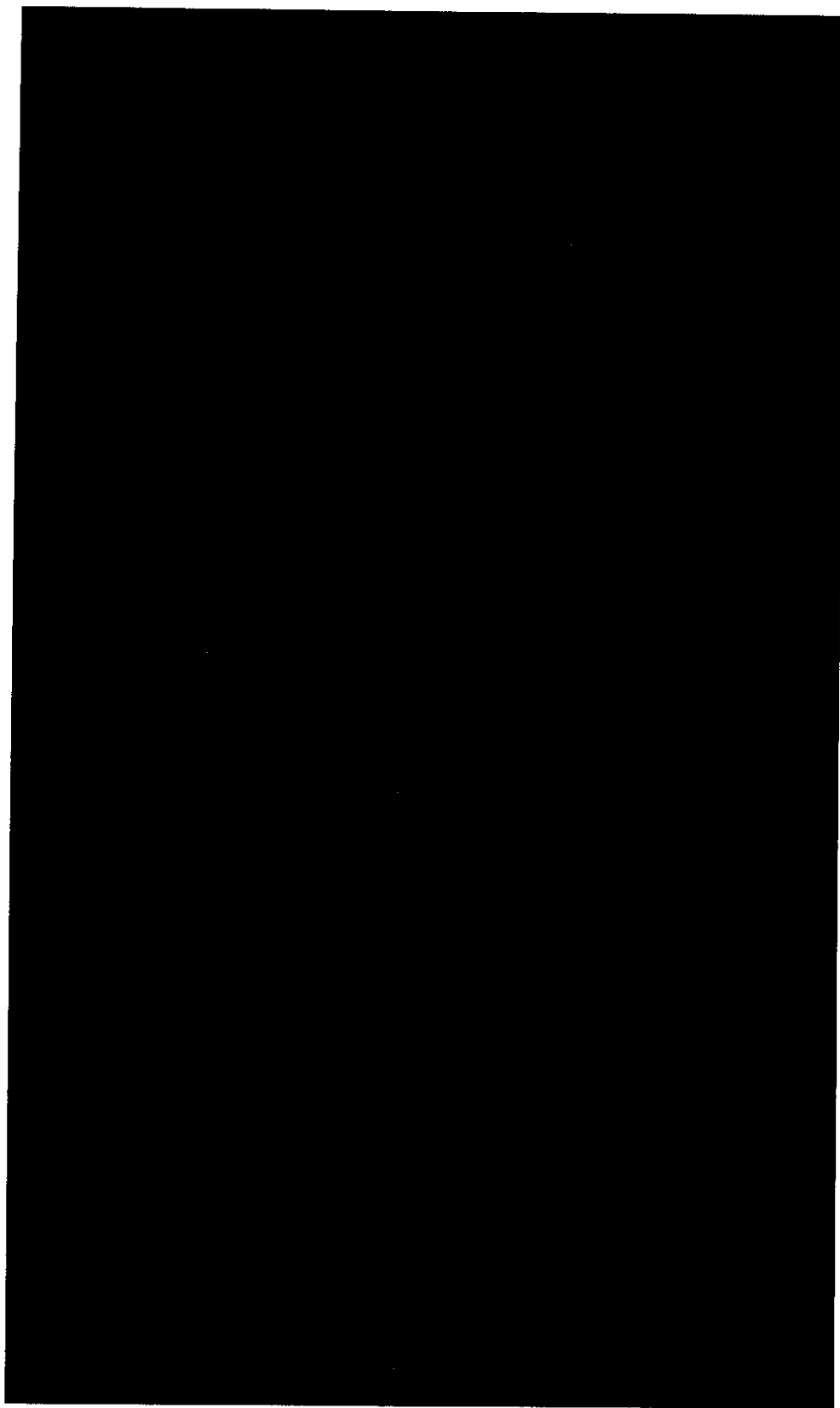
Presented by D. Taylor
Culinary Union Secretary-Treasurer
March 20, 2003

• Nevada ranks 46th in per-pupil expenditures

• Nevada spent 21% less than the national average to educate our children.

• Culinary members have 38,000 kids in schools, and 15,000 pre-schoolers.

Nevada Tax Facts, 2002



Taxes Paid to States other than Nevada, 2001

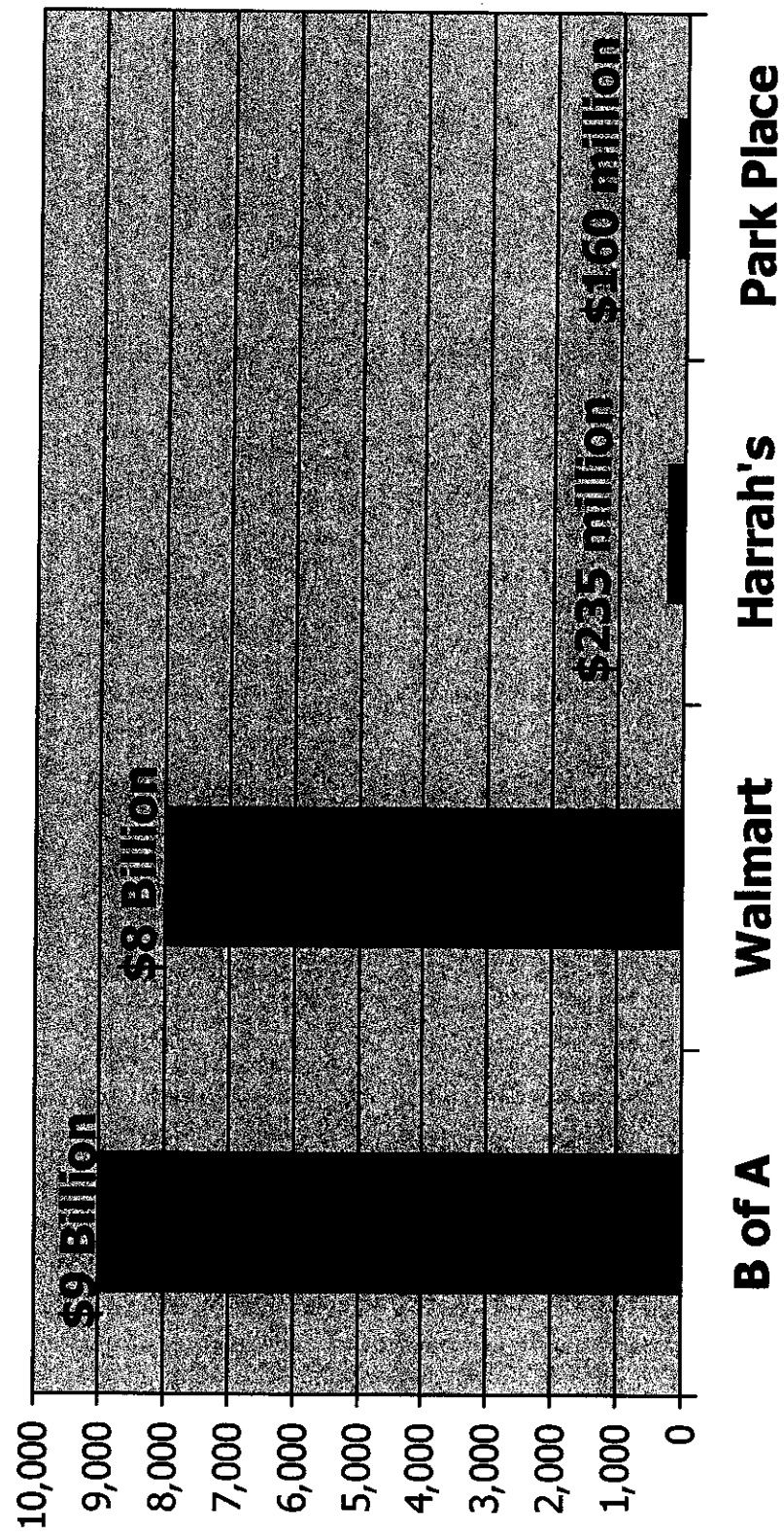
Company	State Income Taxes Paid Outside Nevada
Bank of America	\$364 million
Wal-Mart Stores	\$310 million

Source: Company Securities & Exchange Commission filings

• 60% of retail workers' employers cannot afford co's health insurance

- UMC Study shows:
 - Retail workers used 31% of "free care" in emergency room
 - More than retail's 22% share of county employment

National Companies' Profit Comparison, 2002



Source: Company Securities & Exchange Commission filings

Job Growth, 1996-2001

Employment Sector	% Job Growth
Finance Sector	Up 48%
Banking Sector	Up 33%
Gaming Sector	Up 28%

Source: Nevada Department of Employment, pre-9/11/2001