

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.



PROGRESSIVE LEADERSHIP ALLIANCE OF NEVADA

RENO • CARSON CITY • LAS VEGAS

(775) 348-7557 • Fax: (775) 348-7707 • 1101 Riverside, Reno, NV 89503

(775) 882-3440 • Fax: (775) 882-3440 • 6185 Franktown Rd, Carson City, NV 89704

(702) 791-1965 • Fax: (702) 791-1992 • 1700 E. Desert Inn, #113, Las Vegas, NV 89109

www.PLANevada.org

Member Groups

A Rainbow Place- Northern Nevada's Gay & Lesbian Community Center
 ACLU of Nevada
 AFL-CIO of Nevada
 Alliance for Workers' Rights
 American Lands
 Center for Independent Living
 Citizen Alert
 Committee to Aid Abused Women
 Common Cause of Nevada
 Culinary Workers Union Local #226
 Equal Rights Nevada
 Friends of Nevada Wilderness
 Gay & Lesbian Community Center of Southern Nevada
 Gay, Lesbian & Straight Education Network
 Great Basin Mine Watch
 H.E.R.E. Local #86
 Human Services Network
 Laborers International Union of America #169
 Latinos for Political Education (LAPE)
 Metropolitan Community Church
 NAACP, Northern Nevada Chapter of Las Vegas
 National Association of Social Workers, Nevada Chapter
 Nevada Conservation League
 Nevada Empowered Women's Project
 Nevada Lawyers for Progressive Policy
 Nevada Nurses Association
 Nevada State Education Association
 Nevada Tobacco Prevention Coalition
 Nevada Trial Lawyers Association
 Nevada Tobacco Prevention Coalition
 Nevada Urban Indians
 Nevada Women's Lobby
 Northern Nevada Building Trades Council
 Operating Engineers, Local #3
 P-FLAG Reno/Northern Nevada
 Planned Parenthood Mar Monte of Northern Nevada
 Redress, Inc.
 Reno-Sparks Indian Colony
 Reno-Sparks NAACP Branch #1112
 SEIU Local #1107
 Sierra Club, Toiyabe Chapter
 Spartacus Project
 State of Nevada Employees Association
 Sunrise Sustainable Resources Group
 Unitarian Universalist of Las Vegas Social Action Committee
 Unitarian Universalist for Social Action, Reno
 Washoe Legal Services

March 20, 2003

Chairman Parks and Members of the Assembly Taxation Committee:

My name is Paul Brown and I represent the Progressive Leadership Alliance of Nevada (PLAN). PLAN is a statewide coalition of 45 member groups whose goal is to create more progressive state policies in Nevada through research, public education and leadership development.

We support AB 243, Governor Guinn's legislation that will raise tax revenues to adequately support education and social safety net programs.

PLAN released a report last year—The Two Plus Two Proposal: A Tax Plan to Fund Nevada's Educational and Social Service Needs—that documented the need for increased taxes. (The needs section of our report begins on the bottom of page 10.)

Thank you for the opportunity to briefly talk about that report and taxes in general.

I'd like to open with a famous quote from Will Rogers who said, "All I know is just what I read in the papers." If he were alive today he would know that Nevada faces a budget crisis and that we severely underfund education and social services.

Headlines tell the story: "Nevada among 10 worst states for kids' well-being." "State rated low on education funding." "Bleak Statistics Tarnish Nevada's Glitter." "Medicaid suffering big shortfall." And the list goes on and on.

Two years ago, PLAN hired two out-of-state economists to objectively examine our state's budget in terms of stability and fairness (progressive vs. regressive).

Robert Ginsburg, Ph.D. and Ken Blum reported their findings to PLAN members in July of 2000. We did not like what they had to say.

They said that Nevada has one of the most regressive tax structures in the nation. Regressive taxes are extremely burdensome to the working poor.

Bob Fulkerson, State Director
 Jan Gilbert, Northern Nevada Coordinator
 Paul Brown, Southern Nevada Director

Original Exhibit on File
 in the Research Library

ASSEMBLY COMMITTEE ON TAXATION

DATE: 3/20/03 ROOM: LV EXHIBIT

SUBMITTED BY: Paul R. Brown

M 1 of 4

They said our tax base is too narrow. It lacks stability because it relies on two main taxes: Sales taxes (which are inherently regressive) and Gaming taxes.

PLAN is not alone in pointing out the regressive nature of our tax system. The infamous Price-Waterhouse study noted: "Of the portion of the sales tax that is borne by Nevada resident consumers, the distribution is clearly regressive." It went on to say: "The state and local tax system is unfair. There is no tool in the Nevada fiscal system designed to even out the tax burden across income classes."

Keeping these fundamental flaws in mind—our regressive tax structure and narrow tax base—we came up with a tax proposal that did not rely on Sales and Gaming taxes.

Governor Guinn's proposal incorporates variations on three out of our four proposals. A key component of our proposal and the Governor's is some type of business revenue tax.

Forty-six states tax business profits or income. Nevada does not. This is a huge hole in our budget. Out of state corporations such as Wal-Mart and Bank of America pay virtually no state taxes in Nevada; however, they pay these taxes in other states and remain profitable.

Our businesses demand better-educated employees yet refuse to support education through businesses taxes. They cannot have it both ways.

Nevada does not take in enough tax revenue to adequately fund our educational and social safety net programs. How bad is it? Last summer the state had to postpone buying textbooks for students. A June 12, 2002 *Las Vegas Review-Journal* article stated: "The state Board of Examiners held off on buying new algebra textbooks for eighth-graders in Clark County after Gov. Kenny Guinn said he needed the money to balance the state budget."

How bad is it? The Census Bureau ranks us 46th in per pupil spending. How bad is it? We're dead last in per capita Medicaid funding, which provides health care to the poorest of the poor. And if we cut back on Medicaid people will end up at County hospital emergency rooms. That's an extremely expensive way to provide health care. It also unfairly shifts healthcare costs from the state to the counties.

How bad is it in Nevada? The New York Times said it best. The newspaper stated: "Pick almost any index of social well-being, and Nevada ranks at or near the very bottom of the 50 states, though it ranks near the top in personal wealth."

It is not a question of rearranging priorities or cutting out waste. Does anyone on this committee really believe that there is \$700 million dollars worth of waste in the state budget?

We need to raise taxes. And we need to do it fairly. Businesses are not paying their fair share of taxes in Nevada when compared to other states. The working poor are paying more than their fair share due to the regressive nature of our tax structure. Increases in sales taxes will disproportionately affect low-income workers.

Do the right thing: impose a business tax. PLAN supports Governor Guinn's tax proposals. Thank you for your attention.

Sincerely,



Paul R. Brown
Southern Nevada Director
PLAN 702-791-1965 E-mail: pbrown@planevada.org



Progressive Leadership Alliance of Nevada
www.planevada.org

PLAN's

Two Plus Two Proposal

A Tax Plan to Fund Nevada's Educational & Social Service Needs

Reno Office
1101 Riverside Dr.
Reno, NV 89503
(775) 348-7557
Fax: (775) 348-7707

Carson City Office
6185 Franktown Rd.
Carson City, NV 89704
(775) 882-3440
Fax: (775) 882-3440

Las Vegas Office
1700 E. Desert Inn #113
Las Vegas, NV 89109
(702) 791-1965
Fax: (702) 791-1992

Table of Contents

About this report and About the Center for Labor & Community Research	Inside front cover
Acknowledgements	2
Executive Summary	5
PLAN's Two Plus Two Proposal	7
Nevada—Most Regressive; Delaware—Most Progressive (Chart)	8
Per Capita Revenue States Receive From Corporate Profits Tax (Chart)	8
Average Income of Bottom 20% of Population and Top 1% of Population (Chart)	9
Is a Tax Increase Necessary? Yes.	10
Nevada Underfunds Education	11
Lack of Social Services	12
Tough Place to be a Kid	14
Bad Place to be Poor	14
Environmental Woes	15
Conclusion	16
Methodology & What the gaming industry paid in 1999	17
Appendix	19
Impact of the Two Plus Two Proposal on Different Income Groups	19
Rank of Personal Income Per Capita by State	20
State Tax Revenues as Percent of Personal Income	21
Corporate Profits Tax Per Capita by State	22
Progressivity & Regressivity of States Taxes	23
Source of Taxes in the Average State and Source of Taxes in Nevada	24
Total Taxes in Nevada—1999	25
PLAN's Staff & Executive Committee	26
PLAN's Mission Statement and Listing of Member Groups	Inside back cover