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KARA KELLEY  
SAM Mc MULLEN

JED

**Business Representatives Group Testimony  
Senate Committee on Taxation, April 8, 2003**

Kara Kelley, President and CEO, Las Vegas:

- Generally supported the Care/Amodei proposal in SB 382.
- Believed that an expansion of the sales tax to services would be the most equitable way to address Nevada's budgetary needs.
- Noted that economic activity was shifting from goods to services.
- Said proposal would stabilize tax base and add some predictability as well.
- Noted that tax would be applied mainly to services consumed by business and by wealthy individuals.
- Predicted that services tax along with elimination of LSST would raise a net of from \$400 to \$500 million in new annual revenues.
- Said that Business Representatives Group also supports doubling of business license tax, higher SOS fees and passive revenue generators.
- Noted that business consumes 53 percent of all services, that the tax could be structured to avoid pyramiding and is an honest and transparent tax and that the tax will allow businesses and affected consumers to make informed choices on how they spend their money.
- Quoted figures regarding net household savings that were clarified by Sam McMullen.

Sam McMullen, Spokesman for Business Representatives Group:

- Noted that proposal would reduce by \$250 per year the average taxes on each household because most consumer services would not be taxed.
- Said services comprise \$55.6 billion, while goods comprise \$37.2 billion of the Nevada economy.
- Provided a handout identifying the services that would not be taxed under the group's proposal.
- Indicated that businesses and wealthy individuals would consume nearly 100 percent of the remaining taxable services.
- Suggested that the services tax could be implemented on January 1, 2004, and that it would eliminate the LSST and still raise additional revenue.
- Noted that LSST would be immediately reduced by 0.5% with additional reductions left to the State Board of Examiners based on triggers that are contingent on the amount of revenue collected from the services tax. A timeline for the triggers was provided in a handout.
- Noted that because of the triggering process, the 2003-05 biennial budget is over-funded and any surplus could be used to restore balances and money in the rainy-day fund.

ASSEMBLY COMMITTEE ON TAXATION

DATE: 4/24/03 ROOM: 4100 EXHIBIT I

SUBMITTED BY: KARA KELLEY + SAM Mc MULLEN