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Good afternoon.

My name is Scianna Augustine, and this is Pamela Gallina. We are the founding partners of Magistra LLC, a new Nevada corporation. Magistra offers business consulting services, including grant writing, information technology, marketing, and training, to non-profit and for-profit organizations. We are here today to speak about the proposal to create a new tax on certain business services.

First, let me say that as private and corporate citizens, we believe it is our civic responsibility to pay our fair share of tax. We believe the state has a responsibility to collect taxes, in order to provide its citizens with needed services. As citizens of Nevada, we are concerned about the state's budget deficit and we certainly agree that the state needs to look for new sources of revenue. New or increased taxes should be part of that strategy, and business should pay its fair share.

That being said, we have deep concerns about the current proposal under discussion. First, this proposed tax on certain services, in our opinion, is not equitable. As a small business, and as a new business, we are compelled to use outside services that larger, more established business can provide in-house. This new tax would mean that we would pay a higher proportion of our income to obtain necessary services. Small businesses like Magistra would bear a higher tax burden if this proposal goes into effect.

We also believe that a tax on business services is not efficient. There's a possibility that Nevada businesses like ours would suffer if our services were taxed, while similar services in neighboring states were tax-free. All things being equal, why would a client use Magistra for consulting services and pay sales tax, if the exact same service were available tax-free in San Francisco?

There is also an additional burden of complying with such a tax. In our case, we offer grant writing services to non-profits. Would we be forced to tax non-profit organizations for those services? Would we be forced to charge higher prices to our for-profit clients?

What about the additional costs to the state for implementing and administering such a tax? Other states such as Florida and Massachusetts have found that a tax on services is too complex, unwieldy, and unpopular to be administered fairly.

These are just a few of the concerns we have. We appreciate the opportunity to speak and be heard in this forum, and we thank you for your attention.

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ASSEMBLY COMMITTEE ON TAXATION

DATE: 4/24/03 ROOM: 4100 EXHIBIT

SUBMITTED BY: SCIANNA AUGUSTINE

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NO TESTIMONY