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Attn: Governor's Office, State of Nevada

January 10, 2003

As a small manufacturer in Carson City (although not small enough to qualify for the $350,000 annual sales exemption), I would like to share a few facts and thoughts for you to consider regarding the proposed Gross Receipts Tax and how it affects companies like us.

1. Our sales are approx. $15 million annually from the electronics industry and we employ 41 people.
2. **99% of our sales revenues are generated from outside the state of Nevada.**
3. We decided to locate in Nevada 13 years ago because of the favorable tax climate and the "quality of life" factors. By locating in Nevada, we accepted the additional burden and expense of traveling outside the state to our customers.
4. Our lowest paying wages are double the minimum wage standard.
5. We supplement our wages with an employee profit sharing plan and 401k plan
6. We provide excellent medical and dental benefits to our employees.
7. We patronize local businesses, associations, restaurants, hotels, suppliers, banks, and the Reno-Tahoe airport with business-related purchases.
8. We volunteer our time to participate on manufacturing-related and community-related committees and associations.
9. We are a major contributor to local schools, youth programs, and social services.
10. Our employees do not show up on the State's unemployment rolls, welfare rolls, and are not part of the prison population, therefore the only service we require from the State of Nevada is that you educate our children.

To our company, a Gross Receipts tax would mean the following;

1. Finding an additional $300,000 in sales to offset the effect of the tax when manufacturing and the electronics industry is in the midst of a recession (no matter what the Federal government claims otherwise) and our electronics market in North America has shrunk almost 50% in the last 2 years.
2. Less profit sharing to our employees
3. Less money to re-invest and expand our company and facility
4. Less contributions to local community groups, schools, and social services
5. Puts our company in a weaker position with regards to exporting and global competition from China

We represent the type of manufacturer that Nevada should be looking to **Attract to the State; Not Tax**. We bring revenue dollars into Nevada from other states. We provide a higher standard of living for our employees. We pump money into the state economy and we ask little from the state in return. The ripple effect from a strong manufacturing base is endless. You increase the standard of living for families; you reduce the strain on social services and education.

ASSEMBLY COMMITTEE ON TAXATION
DATE: 05/01/03 ROOM: 3142 EXHIBIT L
SUBMITTED BY: David Rund

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Taxes should be applied to the entities that benefit from the services provided or the entities that create the need for the services provided. For example, you impose a tobacco tax to pay for the added medical costs due to smoking. You impose a gasoline tax to pay for road improvements.

WHY WOULD YOU INCREASE THE FINANCIAL BURDEN OF MANUFACTURERS, WHO BRING DOLLARS INTO THE STATE, INCREASE THE STANDARD OF LIVING IN THE STATE, AND REQUIRE LITTLE SERVICES IN RETURN FROM THE STATE, BY LEVYING A NEW TAX ON US??

Most states are facing serious budget deficits and will be raising taxes. California is projecting a $12 billion budget shortfall. Nevada needs to be opportunistic in attracting businesses to Nevada. The legacy of this Governor should be a long-term plan that leaves Nevada vibrant for many years; not a "quick fix" new Gross Receipts tax that will have significant damaging effects to the diversification of this great state in the future.

I implore the Governor to implement strategies to make Nevada more attractive for manufacturers and businesses and to abandon the Gross Receipts tax.

Best regards,

David Rund
President / CEO
Taiyo America, Inc.

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