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## **A.B. 243, S.B. 238**

### **Overview**

## **A.B. 243, S.B. 238 Changes**

- **Admissions and Amusement Rate 7.25%**
- **AAT Excludes Movie & Game Rentals**
- **BAT Reduced to Flat \$80 for all Businesses after GRT Implemented**

## **Phase I: FY 04-05**

- **Increase annual business activity tax (BAT) to \$300/FTE employee.**
- **Enhance liquor tax to reflect an 89% inflation adjustment.**
- **Increase state cigarette tax by \$0.70.**
- **Enhance the restricted slot tax to reflect a 33% inflation adjustment.**

## **Phase I: FY 04-05 (cont.)**

- **Change the one time business activity fee to an annual \$100 fee.**
- **Increase property taxes by \$.15 per \$100 of assessed value**
- **Levy a 7.25 percent levy on "taxable" admissions and amusement expenditures.**

## **Phase I: FY 04-05 (cont'd)**

- **Expand BAT base to include all businesses, employees, and sole proprietors.**
- **Increase all Secretary of State fees by 50%.**

## **BAT FTE Calculation**

- **Calculation is based on full time equivalents, not number of employees.**
- **Total Hours worked by all employees in quarter divided by 468 hours = FTE.**

## Phase I: New Revenue

<b>Taxes and Fees</b>	<b>2003-04 (millions)</b>	<b>2004-05 (millions)</b>
Increase BAT to \$300/FTE/year	\$164.1	\$169.7
Increase Liquor Tax	17.3	17.7
Increase Cigarette Tax	120.9	122.8
Increase Slot Route Tax	2.3	2.4
Annual \$100 Bus. Lic. Renewal	9.1	10.3

## Phase I: New Revenue (cont.)

<b>Taxes and Fees</b>	<b>2003-04 (millions)</b>	<b>2004-05 (millions)</b>
All businesses & FTE's in BAT	12	21
Sec. State Fee Increases	28	28.9
Property Tax Increase (\$0.15)	0	\$99.5
Admissions and Amusement Tax	76.5	79.8
<b>TOTAL NEW REVENUE</b>	<b><u>\$430.2</u></b>	<b><u>\$552.1</u></b>

## Phase II: FY 06-07

- Impose a business tax on business gross receipts (GRT).
- BAT decreases from \$300 to \$80 per FTE employee.
- Increase gaming percentage fee by .25% from 6.25% to 6.50% (top tier example).

## Phase II: New Revenue

Tax	FY 2005-06	FY 2006-07
GRT @.25%	\$198	\$205
Gaming @ 6.50%	24	24
<b>New Revenue</b>	<b>\$222</b>	<b>\$229</b>
<b>Reduce BAT to \$80</b>	<b>-\$130</b>	<b>-\$132</b>
Phase I Receipts in Biennium	\$558	\$580
<b>TOTAL NEW REVENUE</b>	<b><u>\$650</u></b>	<b><u>\$677</u></b>

## Tax Increase on Family of Three

(non-smokers)

Tax	Tax Increase
Property Tax (\$180,000 home @ \$0.15 /\$100 AV)	\$94.50
Liquor Tax (2 six packs/week @ \$0.045 each)	4.68
Admissions/Amusement (2 movies/mth, \$8.50 admission @ 7.25%)	44.37
Admissions/Amusement (3 events, \$50 ea. @ 7.25%)	32.63
<b>Total Annual Tax Increase</b>	<b>\$176.18</b>

## Tax Increase on Family of Three

(smokers)

Tax	Tax Increase
Property Tax (\$180,000 home @ \$0.15 /\$100 AV)	\$94.50
Cigarette Tax (1 pk/day @ \$.70)	255.50
Liquor Tax (2 six packs/week @ \$0.045 each)	4.68
Admissions/Amusement (2 movies/mth, \$8.50 admission @ 7.3%)	44.37
Admissions/Amusement (3 events, \$50 ea. @ 7.3%)	32.63
<b>Total Annual Tax Increase</b>	<b>\$431.68</b>

## Small Business Tax Increase (less than \$450,000 gross, 3.5 FTE)

BAT (@ -\$20/yr. X 3.5)		(\$70.00)
Business License Annual Fee		100.00
Corporate Filing Fee		42.50
Property Tax		49.20
Gross Receipts Tax		
Gross Receipts	\$425,000.00	
Standard Deduction	<u>450,000.00</u>	
Taxable Revenue	0.00	
Tax @.0025	0.00	
BAT Credit	<u>0.00</u>	
Net Tax	\$0.00	<u>0.00</u>
Total Tax Increase		<u>\$121.70</u>

## Small Business Tax Increase (\$1.1 Million Gross, 3.5 FTE)

BAT (@ -\$20/yr. X 3.5)		(\$70.00)
Business License Annual Fee		100.00
Corporate Filing Fee		42.50
Property Tax		49.20
Gross Receipts Tax		
Gross Receipts	\$1,100,000.00	
Standard Deduction	<u>450,000.00</u>	
Taxable Revenue	650,000.00	
Tax @.0025	<u>1,625.00</u>	
Net Tax	\$1,625.00	<u>1,625.00</u>
Total Tax Increase		<u>\$1,746.70</u>



## Large Business Tax Increase (\$2.1 Million gross, 30 FTE)

BAT (@ -\$20/yr. X 30)		(\$600.00)
Business License Annual Fee		100.00
Corporate Filing Fee		42.50
Property Tax		644.24
Gross Receipts Tax		
Gross Receipts	\$2,100,000.00	
Standard Deduction	<u>450,000.00</u>	
Taxable Revenue	1,650,000.00	
Tax @.0025	<u>4,125.00</u>	
Net Tax	\$4,125.00	<u>4,125.00</u>
Total Tax Increase		<u>\$4,311.74</u>