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Senate Taxation Revenue Plan (in millions)

24-May-03

Prior Committee Action Shaded

Tax	FY 2004	Tax	FY 2005	Effective
Reduce Cigarette Stamp Fee to 1.5%	1.1	Reduce Cigarette Stamp Fee to 1.5%	1.5	7/1/2003
Reduce Liquor Tax Allowance to 1.5%	0.6	Reduce Liquor Tax Allowance to 1.5%	0.6	7/1/2003
Reduce State/LSST Retailer Allowance to Zero	19	Reduce State/LSST Retailer Allowance to Zero	20	7/1/2003
BLF **(SB 298)**	3.9	BLF **(SB 298)**	4.6	
BLT (Temporary Increase to $200 per year)	0	BLT (Reduced to $140 on January 1, 2005)	0	
Property Tax	0	Property Tax	0	
Cigarettes (35 cent increase in FY 04)	55.1	Cigarettes (35 cent increase in FY 04)	55.2	7/1/2003
Liquor (100 percent Increase)	20.2	Liquor (100 percent Increase)	20.7	7/1/2003
Gaming (New tier over $1m at 6.75%)	35.1	Gaming (New tier over $1m at 6.75%)	39.8	7/1/2003
RE Transfer Tax ($2.25 per $500; exempt first $200,000)	33.6	RE Transfer Tax ($2.25 per $500; exempt first $200,000)	49.3	10/1/2003
Room Tax (1 %)	0	Room Tax (1 %)	0	
Restricted Slots (33% Increase)	2.3	Restricted Slots (33% Increase)	2.4	7/1/2003
Secretary of State Fees **(SB 298)**	21.2	Secretary of State Fees **(SB 298)**	25.7	
		Services Tax (1%; Effective 1-1-05)	113.9	1/1/2005
Total	**192.1**		**333.7**	
		Biennium Total	**525.8**	

Additional Proposals Presented To Committee

Figures include additional funds that would be added only

Tax	FY 2004	Tax	FY 2005	
Reduce Cigarette Stamp Fee to 0.5%	0.7	Reduce Cigarette Stamp Fee to 0.5%	1	
Reduce Liquor Tax Allowance to Zero	0.6	Reduce Liquor Tax Allowance to Zero	0.6	
	0	Transfer share of property tax growth to State (SB 308)	52	7/1/2004
Reduce Liquor Tax Increase from 100% to 50%	-10.1	Reduce Liquor Tax Increase from 100% to 50%	-10.4	
Live Entertainment Tax (8% on Casino and Non-Casino)	18.1	Live Entertainment Tax (8% on Casino and Non-Casino)	23.1	10/1/2003
Business Surcharge **ESD** (1% on Taxable UI Wages)	71.2	Business Surcharge **ESD** (1% on Taxable UI Wages)	91.2	10/1/2003
Business Surcharge **Taxation** (1% on Taxable UI Wages)	58	Business Surcharge **Taxation** (1% on Taxable UI Wages)	91.2	1/1/2004
Additional Increase in Restricted Slot Tax	7.7	Additional Increase in Restricted Slot Tax	7.7	
Tax on Satellite TV Providers (5%)	3.7	Tax on Satellite TV Providers (5%)	3.9	7/1/2003
Universal Business Tax	64.3	Universal Business Tax	146.5	1/1/2004
Retail Gross Receipts Levy (Tiered Rates)	499	Retail Gross Receipts Levy (Tiered Rates)	501.9	7/1/2003
Real Property Transfer Tax ($500,000 exemption)	-16.6	Real Property Transfer Tax ($500,000 exemption)	-26.6	10/1/2003
Financial Institutions Tax (7% of net income)	29.4	Financial Institutions Tax (7% of net income)	30.9	7/1/2003

EXHIBIT C Committee on Taxation

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Real Property Tax

One-cent generates approximately $6.213 million in FY 2004 and $6.673 million in FY 2005.

Rate	FY 2004	FY 2005
$0.05	$31.1 million	$33.4
$0.06	$37.3 million	$40.0
$0.07	$43.5 million	$46.7
$0.08	$49.7 million	$53.4
$0.09	$55.9 million	$60.1
$0.10	$62.1 million	$66.7
$0.11	$68.3 million	$73.4
$0.12	$74.6 million	$80.1
$0.13	$80.8 million	$86.8
$0.14	$87.0 million	$93.4
$0.15	$93.2 million	$100.1

Business License Tax

Amounts increase would generate without the addition of sole proprietors to the tax base.

Rate	FY 2004	FY 2005
$140	$32.5 million	$33.5 million
$160	$48.7 million	$50.3 million
$180	$65.0 million	$67.1 million
$200	$81.2 million	$83.8 million

Amounts increase would generate with the addition of sole proprietors to the tax base.

Rate	FY 2004	FY 2005
$140	$39.1 million	$43.1 million
$160	$56.3 million	$61.3 million
$180	$73.5 million	$79.4 million
$200	$90.7 million	$97.6 million

Room Tax

Table of Various Tax Rates and Amount Generated (9 months in FY 2004)

Rate	FY 2004	FY 2005
5/8%	$15.4 million	$21.3 million
7/8%	$21.5 million	$29.9 million
1%	$24.6 million	$34.1 million
1 1/8%	$27.7 million	$38.4 million
1 3/8%	$33.8 million	$46.9 million
1 5/8%	$40.0 million	$55.4 million
1 7/8%	$46.1 million	$64.0 million
2%	$49.2 million	$68.2 million
2 1/8%	$52.3 million	$72.5 million

Universal Business Tax

This proposal would tax 0.25 percent of a business entity's total revenue in excess of a quarterly exclusion to a maximum of 1 percent of the gross margin of the business entity in this state for that quarter.

The tax would become effective on January 1, 2004. From January 1, 2004, through December 31, 2004, the quarterly exclusion would be $250,000. From January 1, 2005, through December 31, 2005, the quarterly exclusion would be $125,000, and from January 1, 2006 and thereafter, the quarterly exclusion would be $62,500. Annually the exclusion would be $1 million the first year, $500,000 the second year and $250,000 each year thereafter.

A business entity that is liable for the Business License Tax would be entitled to a credit against the tax on total revenue each quarter in the amount of $25 for each equivalent full-time employee employed by the business entity in this state during that calendar quarter. A business entity that is liable for a tax in another state that is calculated solely on the basis of the number of employees employed by the business entity in that state would also be entitled to a credit against the tax imposed on total revenue in an amount not exceed the tax paid in the other state or $25 for each FTE, whichever is less.

Excise Tax Based on Gross Receipts from Sales of Tangible Personal Property

This proposal would tax the quarterly gross receipts from the sale of tangible personal property in this state at the following rates:

$0-$1,000,000	0.005%
$1,000,001-$5,000,000	0.5%
$5,000,001- $10,000,000	1.0%
$More than $10,000,000	2.0%

Other than the limitation of the tax to the gross receipts from the sale of tangible personal property and the rates listed above, the major provisions of the proposal appear to be identical to the gross receipts tax included in SB 238.

Excise Tax on Financial Institutions

This proposal would impose an excise tax upon each financial institution for the privilege of doing business in this state at the rate of 7 percent of the amount of the net income of the financial institution derived from business conducted by it within this state for the preceding calendar quarter.

All financial institutions licensed, registered or otherwise authorized to do business in this state, other than credit unions, would be required to pay the tax. Net income is defined as gross income minus all ordinary and necessary expenses paid or incurred by a financial institution, including, without limitation, salaries, bad debts, interest paid or accrued on the indebtedness of the institution, the cost of insurance and advertising, losses, taxes, payments or contributions to or under any pension or retirement fund, depreciation and depletion, and amortization of premiums on bonds, debentures, notes or other securities or evidence of indebtedness.

Other Issues Included in Major Senate Tax Bills

The Governor's Proposal (SB 238)

- Require the departments of taxation, motor vehicles and administration, respectively, to adopt regulations for the electronic submission of returns and payments by credit or debit cards and electronic funds transfers for taxes and fees. (Sections, 61, 71 and 176)

- Increase the fee for the sales and use tax permit from $1.00 to $5.00. (Sections 85. 86, 88 and 89)

- Allow, effective July 1, 2005, a sales tax collection allowance of 1.25 percent only if the tax is remitted within the first seven days of the reporting period and 0.75 percent only if the tax is remitted by the last day of the reporting period. (Sections 87 and 91)

- Require a public body to include provision in bid that contractor will be registered for all applicable licenses and pay the sales and use taxes on equipment, materials and supplies used in the contract. (Section 165)

- Appropriates $12.5 million in FY 2003-04 and $20 million in FY 2004-05 to the Department of Taxation to carry out its duties pursuant to this act. (Section 188)

The Amodei/Care Proposal (SB 382)

Electronic Funds Transfer and Reporting (Sections 146 and 178)

Section 146 requires an agency that annually receives revenues in an amount of $1 million or more to establish a program that provides for payments by credit cards, debit cards or electronic transfers of money and the electronic and telephonic filing of reports received by the agency in association with the payment of money owed to the agency.

Section 178 requires state agencies that are required to comply with section 146 to submit a plan for establishing the program required pursuant to that section to the Fiscal Analysis Division and the Budget Division not later than June 30, 2004 and requires them to submit a progress report to the same agencies not later than January 2, 2005.

Revise Disaster Relief Fund Provisions (Sections 145; 149-160; 162)

Section 150 changes the Disaster Relief Fund from a special revenue fund to a special account in the Fund to Stabilize the Operation of State Government (Rainy Day Fund) and revises the amount that must be transferred to the account from the Rainy Day Fund to not more than 10 percent of the aggregate balance in the Rainy Day Fund.

Section 160 revises the manner in which funds are transferred to the Rainy Day Fund at the end of a fiscal year. Currently the Controller is required to transfer to the Rainy Day

Fund 40 percent of the unrestricted balance of the State General Fund which remains after subtracting 10 percent of all appropriations made from the General Fund during the year. Section 160 would reduce the amount that could be transferred to the Rainy Day Fund by increasing the amount that must be subtracted from the unrestricted balance to 15 percent of all appropriations.

Revise Expenditure Limit Formula (Section 148)

Section 148 revises the formula for calculating the limit upon total proposed expenditures from the State General Fund for purposes other than construction. The current formula uses as a base the expenditure from the State General Fund approved by the Legislature for the 1975-77 biennium and applies population growth and inflation since that biennium to arrive at an expenditure limit for each subsequent biennium. The bill would require that the base be changed to the expenditures from the State General Fund appropriated by the Legislature for the immediately preceding biennium, minus any amount transferred from the State General Fund to any other fund during the biennium and would calculate the increase in population based on the population the first year of the previous biennium to the first year of the current biennium.

Other Provisions

Section 96 requires a business that purchases tangible personal property for storage, use or other consumption in this state to register with the Department of Taxation.

Section 147 requires state agencies on or before September 1 of each even-numbered year to submit to the Chief of the Budget Division the number of positions that have been vacant for at least 12 months, the number of months each position has been vacant and the reason for the vacancy when they submit their expenditure estimates for the next biennium.

Section 161 provides that the State Controller shall act as the collection agent for an agency to whom a debt is owed. Current statute states that the Controller may act as collection agent if an agency requests him to do so.

Section 179 requires the Budget Division and the Fiscal Analysis Division jointly to determine the state agencies that administer programs for the treatment of alcohol and drug abuse, to develop a proposal for coordinating such programs and report their recommendations to the Director of LCB not later than December 1, 2004.