

ASSEMBLY TAXATION

May 15, 1975

9:30 and 5:30

Members Present: Chairman May (evening)
Mr. Mann (both)
Mr. Bennett (both)
Mr. Christensen (both)
Mr. Harmon (morning)
Mr. Murphy (both)
Mrs. Ford (both)
Mr. Young (both)

Members Absent: Mr. Demers (both)
Mr. Harmon (evening)
Chairman May (morning)

Guests Present: See Attached list

The Meeting was called to order by vice-chairman Mann at the absence of the Chairman at 9:32.

He explained that the purpose of this meeting was to hear testimony on A. B. 793 and S. B. 386.

ASSEMBLY BILL 793

Mr. Joseph E. Degrazia, a cigarette wholesaler, spoke against the bill. He said that the wholesalers are particularly against the optional tax for counties. He explained to the committee that if there was a different tax for each county that it would be almost impossible for the wholesaler to collect it. He said that there would be problems because he would have to have different inventory controls for each county. He added that if the state of Nevada raises its taxes on cigarettes that many people would first find the county with the lowest tax and buy their cigarettes in that county or they would go out of state where the tax would be less.

Assemblyman John Vergiels, author of the bill, told the committee that the hospitals needed money and that this was just one alternative but asked the committee to consider it.

Nick Nicklataria from the Tahoe Vending company spoke against the bill because he said that the people at Lake Tahoe would go to California to buy their cigarettes. He said that when Nevada's cigarette tax was lower than California's, California residents would come over to Nevada and buy their cigarettes. He didn't think that Nevada people would be much different. He added that California rejected this kind of legislation because

they felt it would be unenforceable. He also added that this bill would increase the workload, bookkeeping, and inventory control of the cigarette people. He said that bootlegging would be uncontrolable.

Ms. Thailia Dondero, Clark County Commissioner, spoke in favor of the bill because Southern Nevada Memorial Hospital needs the added 928,000 dollars that it would bring in.

SENATE BILL 386

Senator Mary Gojack spoke in favor of the measure. She gave the committee a set of handouts (ATTACHMENT 1) and briefly explained what they were. She explained that this bill is to help the people on low incomes which included but was not limited to the elderly. She gave the example to the committee of the difference of the tax impact on the family of \$5,000 as compared to the family of \$50,000. Approximately speaking, a family of four spends \$200 a month on food, tax wise this means that they pay about \$80 a year in tax on food. This \$80 a year means an awful lot to the family who has \$2,500 left to spend after the food is purchased ; than does the family who has \$475,000 left to spend. The tax is definately not equal in its impact to poor people as it is to those with money. Senator Gojack emphasized the point that this would cause no loss of money to the State. She also added that Senator Gibson's amendment which separates the three funds has been incorporated in the first reprint.

She gave the committee a poll done in North Las Vegas (ATTACHMENT 2) this poll showed that the people favored this issue above all others asked about. She showed that all age groups, both sexes and a great majority of the people asked, wanted to have the food tax repealed and replaced elsewhere.

THE COMMITTEE WAS ADJOURNED UNTIL AFTER P.M. ADJOURNMENT OF THE ASSEMBLY.

Committee reconvened at 5:23 at the order of Vice-chairman Mann.

ASSEMBLY BILL 793

Mr. Jack Sheehan of the Nevada Tax Commission took no particular side on the issue; he told the committee that passage of this bill as written would cause a lot of administrative headaches. He said that an equal tax was the easiest to administer but with this measure you are giving each county the option to tax as they wish (within limits). He said that it would probably be unenforceable. There are 18 wholesalers in the state, they have a machine to which the Tax Commission has the key. He said that there are four different colors of ink that would possibly used to mark each pack of cigarettes as to the amount of tax paid on them. Presently, the wholesalers purchase so many stamps from the Tax

Commission. He said that if the situation arises that this bill permits then some counties will sell their cigarettes cheaper than others. This bill makes an incentive to people to go elsewhere for their cigarettes if they live in a county with a high rate of tax. He made some suggestions, first, that the Tax Commission would need at least \$50,000 per year to enforce this. Secondly, that the people to whom this revenue goes should decide how much money they need altogether and then put a uniform tax on all packs of cigarettes in all counties. Mr. Mann asked if that happened would not other counties be paying for things they would not be using? He was told that his statement was correct?

Mr. William Morris of the Governor's Southern Nevada Sports Facility Commission spoke in favor of this bill. He said that anytime a new program is started there are initial administrative problems, he added that there is money set aside in the bill for the Tax Commission to operate this new taxing procedure. He suggested that the wholesalers buy a machine similar to those used for postage in offices. He said that the wholesaler could then change a letter or something to indicate what county was to receive what cigarettes with what amount of tax imposed in that particular county. He said that all problems brought out so far with this bill could be solved on a county level. He also suggested that the committee consider amending the bill to just include Washoe and Clark Counties or just to include Clark County. He didn't feel that there should be any major problems implementing these programs.

Mr. Bob Broadbent, Clark County Commissioner, spoke in favor of this bill. He said that the hospital needed funds to operate. He stated that if a new rotunda was built in Las Vegas then they could hold more events which would benefit the residents of Clark County as well as the tourists. He said that the events would be big ones and would attract a lot of publicity nationwide. Presently, the convention center is not large enough to seat the number of people needed to have nationally popular events. He said that the committee should let the people in the separate counties decide whether or not they wanted to impose this tax.

Mr. Robbins Cahill of the Nevada Resort Association spoke in favor of the bill. He said that the Association had supported this principal for a long time and that they would be happy to help out Southern Nevada Memorial Hospital in any way that they could.

Mr. Leo Henrikson representing the Teamsters also spoke in favor of the measure. He said that the new rotunda would be a boom in the labor field. He also added that it was time that Clark County did something for its own citizens and not for the tourists primarily.

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Dr. Otto Ravenholt from Southern Nevada Memorial Hospital told the committee that the Hospital cannot operate on the funds it receives because it has an open door policy to help anyone who needs help regardless of their financial situation. Mr. Mann asked if the committee could just accept the part -of the bill that pertained to raising money for the Hospital and not the part for the new rotunda. He added that he thought that the support for the Hospital was added to the measure when it was felt that the bill was in trouble and that the Hospital would be a worthy cause to ensure support of the whole measure. Mr. Broadbent assured Mr. Mann that the Clark County Commission did not know of the financial situation of the Hospital until later and then added it on when it found out. Dr. Ravenholt continued his testimony by telling the committee that since there have been a number of private hospitals started in the area that the hospital is loosing many of the physicians who donated time to the indigent cases in turn for using the facilities of the Southern Nevada Memorial Hospital. But since the new private facilities are modern and have no need to make the doctors donate their time, the SNMH is loosing its staff.

Mr. Bill Ireland of the University of Nevada at Las Vegas said that they support this measure and that if the rotunda was built that UNLV could become a profit to the community sportwise instead of the meager part it could contribute presently because of the type of competition it would be bringing in if they had a place to schedule in advance for sporting events.

Mr. Bruno Menicucci, Reno City Council, told the committee that the Reno-Sparks area was in favor of this proposal. That they had the support of the public school system and that there was much enthusiasm for this move. He said that he would not like to see the proposal only made for Clark County. He said that he had the support of the Sparks City Council, Reno City Council, the County Commission, and the Fair and Recreation Board.

Mr. Joe Midmore, representing the Tobacco Tax Council, spoke in opposition to the bill. He told the committee that the tax on tobacco is a punitive tax. He gave a brief history of the cigarette tax. He said that cigarettes were already heavily taxed; that if you buy a \$40 pack of cigarettes, that almost 50% of that money was tax. He went on to say that the idea of local cigarette taxes was bad and that the law of diminishing return takes over. People will go out of their way to buy cigarettes cheaper, even if they have to cross state lines or county lines. He cited Missouri, New York City, and the Smoke Shop run by Mr. Steve King in Shurz as examples of this. He reminded the committee that Reno was only 10 miles away from the California state line and that it was only an hour's drive from Las Vegas to California.

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Mr. Midmore told the committee that in New York City they have an extra tax on cigarettes and that since the time of that tax, the Cosa Nostra was the biggest cigarette wholesaler in the area. He said that out of the nine family group organizations, four of them were in the cigarette business. He said that if we adopt this tax option plan that it is just an invitation to have the "families" come out and start business in Nevada. He reminded the committee that with the tourist business and gaming, that would not be helpful to the state. He also told the committee that if they put an optional local tax on cigarettes it would be hard to raise taxes for anything else. Why should people who smoke cigarettes pay for these things that they might not even get to use or even be interested in using? Why pick on the smokers?

Mr. Bill Morris showed the committee six packs of cigarettes of the same brand that he had purchased for from 39¢ a pack to 75¢.

Mr. Young asked those in favor of this proposal what they were supposed to do if the Governor said that he would veto any tax increases. He was told that the Governor was quite aware of this proposal and that he had no opposition. He also added that this proposition would go before the people to vote and it would not just be the Governor approving it.

SENATE BILL 386

Mr. Richard L. Morgan of the Nevada State Education Association spoke in favor of this measure. He told the committee that there had been mixed emotions about the original form of the bill but that after Senator Gibson's amendment was incorporated into the measure, the bill had his association's full support. He added that teachers fell in to the lower and middle income brackets and that they could benefit from this measure.

Mr. Ross Culbertson from the Public Employees Retirement Board submitted a letter to the committee from Mr. Vernon Bennett in support of S. B. 386 (ATTACHMENT 3)

Mr. George Archer from the American Association of Retired Persons spoke in favor of the bill. He said that people on fixed incomes were hit worst by the inflation and that this tax benefit would be gratefully appreciated.

Written testimony from Janice Weaver Gale was submitted to the record. She represented the Consumer Action for Northern Nevada. She said that her group was in favor of the measure. (ATTACHMENT 4)

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Mr. Bob Warren, Nevada League of Cities, spoke in opposition to the bill unless it was amended. He said that he was not in opposition to the principle of the bill, but that the method of raising the money was preempting the legislature's prerogative to raise taxes in the future for relief of the cities and counties and for other causes. He suggested that the tax be put on services that could be taxed. He said that Mr. Jim Lien of the Nevada Tax Commission would speak on that idea.

Mr. May told Mr. Warren that his idea had been suggested in previous years and that a lot of research had already been done in that line of thinking. He said that Mr. Warren's idea had merit and should be looked into.

Mr. Ernest Newton, Nevada Taxpayer's Association, read a statement into the record. (ATTACHMENT 5)

COMMITTEE ACTION

Senate Bill 392 - Mr. May moved a DO PASS, seconded by Mr. Murphy, passed unanimously.

The meeting was adjourned at 7:06.

Respectfully submitted,

Kim Morgan

Kim Morgan

ASSEMBLY
HEARING

POSTED 11:00 May 14

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COMMITTEE ON TAXATION

Date May 15, 1975 Time 9:30 Room 316

Bill or Resolution
to be considered

Subject

THIS AGENDA SUPERCEDES THE PREVIOUS AGENDA FOR THIS DATE

S. B. 386 Provides for submission at next general election of question proposing certain changes in Sales and Use Tax Law

A. B. 793 Authorizes a county cigarette tax, hospital and recreation projects and their financing

SB 392

SPEAKING GUESTS AT TAXATION COMMITTEE MEETING

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May 15, 1975

Mr. Joseph E. Degrazia
Assemblyman John Vergiels
Nick Nicklataria
Thailia Dondero
Senator Mary Gojack
Mr. Jack Sheehan
Mr. William Morris
Mr. Bob Broadbent
Mr. Robbins Cahill
Mr. Leo Henrikson
Dr. Otto Ravenholt
Mr. Bill Ireland
Mr. Bruno Menicucci
Mr. Joe Midmore
Mr. Richard L. Morgan
Mr. Ross Culbertson
Mr. George Archer
Janice Gale
Mr. Bob Warren
Mr. Ernest Newton

Attachment 1

SENATE TAXATION COMMITTEE
APRIL 7, 1975

1.
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The regular meeting was called to order at 4:15 pm by Chairman Mahlon Brown with the following members present:

PRESENT: Senators Mahlon Brown, Wm. Raggio, Thomas Wilson,
Mel Close and Helen Herr
Guest Senator Mary Gojack

SENATE BILL 386: Provides for submission at next general election of a question proposing certain changes in Sales and Use Tax Law.

This measure would provide for the submission to the voters at the general election in 1976 of the question whether the Sales and Use Tax Act of 1955 should be amended to create certain exemptions, increase the rate of tax and repeal administrative provisions.

The bill provides for exemption of food from Nevada's sales tax and increasing the levy to 4 % on remaining items and services. It is felt this proposal would be of particular benefit to families and those living on fixed incomes.

Senator Brown stated he has studied the bill and feels first, the committee must be convinced that this is something we can do and still make money available in roughly the same proportion that we are now receiving.

Senator Gojack testified on the bill, explaining she has been working with the Tax Commission staff addressing themselves to the issues just raised by the Chairman. She distributed a report, prepared by Mr. Lien, and called attention to the third page as far as what it will do to the General Fund. The figures reflect an increase of \$3,108,000 to the General Fund. On page four, the figures have been broken down to show what the city-county distribution is under the present formula and under the proposed change. In all cases there is some increase but there is no instances in which a negative action would take place.

Mr. John Sheehan, Executive Secretary to the State Tax Commission, said the Commission is neutral and not opposed to the measure. He indicated administering a single four percent tax would be easier than administering a combined maximum 4.5 percent tax which included a school tax. Additionally, he explained it would give jurisdiction of the tax back to the Legislature rather than the present situation in which local entities may levy a local option tax. He feels, overall, the measure warrants favorable comments from the Tax Commission.

Mr. Lien spoke in behalf of the bill, explaining they had been in contact with major retailers throughout the state about the problems of their administering the tax and found there was little or no opposition to the bill. He stated twelve percent of total sales tax revenue now comes from levies on human food. He ex-

10 copies

Gojack

plained they feel we can easily recapture those dollars being lost through exemption by going to the four percent levy on non-exempt items.

He suggested two items for consideration: 1. Be sure we do not affect the small cities or counties which have sales and use tax and one-half cent option tax. They have gone through their allocated receipts, from the four percent basis, so that we will return to the counties and cities and return for school purposes, that amount which they are now receiving and 2. Among the discussion that comes from the School Districts is the suggestion that they would prefer to see their portion of the money returned directly to them rather than going into the State Distributive School Fund. The Tax Commission has no quarrel with that idea and can see no problems if the bill were amended to allow that. Both of the large school districts (Clark and Washoe) have indicated their preference for direct distribution.

One of the new aspects of the distribution of monies back to the entities is that they have included new entities which have never received money before. Money has previously been distributed only to the cities. There has been built into this bill, a formula by which the counties would receive a small percent off the top; the remainder would be distributed to the cities within those counties. No one, however, would receive less dollars than what they are receiving now.

Senate Bill 386 would yield in addition to what we are receiving, a \$3-million increase in sales taxes in the first full fiscal year. Almost a \$1-million increase in taxes in partial year 1976-1977; \$3.1-million in second year (1977-78). This would produce an additional \$3.1-million above what the present system would bring in. Part of that is due to the fact that it would be a statewide levy rather than only 11 counties.

The one question they have heard from the cities is their not wanting to be 'locked' into a situation where they couldn't come back and ask for additional monies.

They have not had much luck in getting information on what the reaction would be if the tax were extended into more service areas.

They have contacted 16 store owners, ranging from small independent stores to large independent and chain stores throughout the state and found only one individual that felt there might be a problem in administering this tax. He expressed concern over the concept of the bill, rather than administration of its provisions. The business people, on a whole, felt there would be no problem identifying what is taxable from nontaxable items as the act is reasonably delineated.

An analysis and report has been prepared by the Nevada Tax Commission and was gone over in depth with general discussion about primary areas.

Senator Gojack indicated she would have no quarrel with the proposed amendment to distribution of the monies directly to the school districts as opposed to the State Distributive Fund.

She also indicated she has discussed this with the Governor and he has indicated he would allow this to go to the vote of the people.

Dr. Glen Atkinson of the Department of Economics of the University of Nevada, testified in support of the measure. Information was distributed to the members of the committee by him, supporting some of the statements he made. He stated one major reason for the bill is that sales tax is regressive with respect to income. In a study done it is indicated that the Nevada sales tax is a bigger burden than in the State of California. The burden of sales tax in Nevada is quite high, mostly because of sales taxes on food. Additionally, he pointed out that it is said that out of state visitors pay most of Nevada taxes; this is not true. Tourists primarily spend money at eating and drinking establishments but not food taxes. We should shift the burden to tourist-oriented businesses and exempt foods.

He stated the dollars saved on non-taxable food items will probably be spent on something else that is taxable. And last, he pointed out that we have six jurisdictions that do not impose a city-county relief tax and many of these areas cannot finance their own governments. This bill has added strength for raising revenue for those smaller areas.

Mr. Richard Segal, University of Nevada, Reno, Department of Political Science testified in behalf of the bill. He discussed the material distributed by Senator Gojack and stated he considers this to be one of the most beneficial issues the legislature will be asked to vote on this session. He urges very strong support for the measure.

Father Dunphy with the Franciscan Center spoke on the bill explaining this would be of particular benefit to people on fixed and lower incomes. A great number of national groups that are concerned with poverty programs have this as one of their recommendations.

Ms. Janice Gale, Vice President of Consumer Action of Northern Nevada, testified as wholeheartedly endorsing this bill. She feels taxation of food items is an unfair tax.

In discussing what services are being contemplated for taxation, it was pointed out that it was not unusual to tax shoe repair shops cleaning and laundry establishments, automobile repair, barber and beauty shops, almost all shops and repair businesses, however, most professional services were exempt.

Mr. Bob Warren, Nevada League of Cities, stated he was not appearing in opposition to the bill because this is not a bill that, on the surface, would injure the cities. It was pointed out that the revenue received would be substantially the same, but there would be a shift in the formula. In 1973 he appeared before the Legislature seeking

some relief for the cities in the form of a one-half cent sales tax. He pointed out that fiscal conditions of the cities have deteriorated since then and the legislature does have the responsibility to provide a sound fiscal base to provide for services.

It has been determined that the cities would be approaching the legislature with the possibility of an additional one-half cent sales tax for their use. If this bill should go through, it will preempt the cities from any consideration of a tax increase, as he feels the public would not approve a four and one-half cent increase.

General discussion followed on this bill and:

SENATE BILL 378: Proposes to amend Sales and Use Tax Act of 1955 to exempt food products for human consumption.

Mr. Lien stated we would be talking about a straight loss as SB 378 has no provision for recapture. There seemed to be no appetite for this bill.

A discussion was held on proposed amendments to Senate Bill #386, which will affect distribution of a portion of the sales tax directly to the several county school districts. The change in the allocation formula will require an amendment to pages 26 thru 28.

Mr. Marvin Piccolo, from the Washoe County School District testified in support of the bill, stating he had discussed this with Mr. Kenny Quinn of Clark County School District and they are both of the opinion that the money should be distributed directly to the schools. He stated it would help the schools in making application for federal funds inasmuch as their approval is determined to some degree on what amount of local support money they have.

Some discussion held on the difficulties that might present themselves at some time in the future if we should want to raise the sales tax. It was felt we might have a difficult time and was recognized as a possible problem. The committee felt, however, there are other sources that might be tapped.

Senator Gojack stated that while it may be politically expedient to wait until years from now, she felt we should really get down to the basic problems. She would hate to see something like this passed over especially in view of the fact that we are not really going to be losing anything and would be gaining \$3-million per year.

Senator Raggio asked if we could explore other ideas for addition revenue without raising the tax levy to 4%. It was pointed out that the people would make the final decision in this case due to the question being put on the ballot.

Mr. Lien pointed out that there are three broad-based taxes: property, sales and gaming. We could explore the gaming aspect t

see what kind of increases would be necessary in order to recapture the same amount of tax without going to the 4% levy.

He was requested to explore other avenues of raising money and bring his suggestions back to the committee.

ASSEMBLY BILL 298: Provides for the distribution of a portion of the county-city relief tax collected from the sale of a mobile home to the county of its location if different from the county of sale.

Brief discussion held on this measure, however, there was not much appetite for the proposal and a motion was made by Senator Raggio seconded by Senator Brown (who was not presiding at the time) to postpone action indefinitely. Motion was passed by a majority vote of 4 to 1.

ASSEMBLY BILL 283: Requires report of tax dollar loss from exemption granted to certain properties used for air or water pollution control.

A brief discussion was held, resulting in a motion by Senator Raggio to recommend "do pass"; seconded by Senator Close and carried unanimously.

ASSEMBLY BILL 411: Supplies omission in reform of certain tax penalties.

The bill amends the Local School Support Tax Law to conform to the 1974 amendment of the Sales and Use Tax Act.

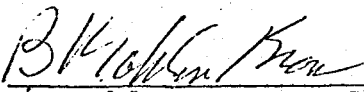
Mr. Lien explained this was approved by the voters last November. Now they can reduce the penalty but they still have to impose one. What they are asking for is authority to conform this to what the voters have approved.

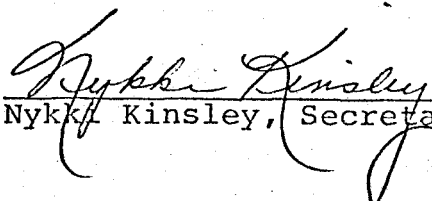
A motion was introduced by Senator Close to recommend "do pass", seconded by Senator Raggio and carried unanimously.

There being no further business, the meeting was adjourned.

Respectfully submitted,

APPROVED:


B. Mahlon Brown, Chairman


Nykka Kinsley, Secretary

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AB 158: INCREASES OIL, COAL, OR GAS ROYALTY REQUIRED FROM LESSEE OF STATE-OWNED LAND.

Mr. John Meder, State Land Use planning Agency, suggested amendments to the bill which would allow the inclusion of "geothermal" royalties. He explained this would be within the same practice as other states.

Senator Raggio - Motion to rescind the previous action whereby this was recommended for "DO PASS"
Senator Close - 2nd
Motion Carried.

Senator Raggio - Motion to amend and "DO PASS"
Senator Close - 2nd
Motion Carried.

AB 580: DISPENSES WITH RECEIPT FOR PROPERTY TAX UNLESS REQUESTED

Mr. Bill Byrne, Deputy Assessor for Clark County, was requested to comment on this bill in behalf of his Tax Receiver's office. He stated that Mr. Galloway was required, by law, to send a receipt for each tax payment. If the law could be amended to eliminate this requirement and maintain the provision that a receipt would be sent, upon request, it would save a considerable amount of money each quarter. He was speaking in support of the measure.

Senator Close - "DO PASS"
Senator Raggio - 2nd
Motion Carried.

AJR 25: MEMORIALIZES CONGRESS TO ENACT LEGISLATION RESTRICTING STATES FROM WITHHOLDING INCOME TAX OF NONRESIDENTS.

Mr. Lien testified that some people live in one state and are employed by a firm in another state, are being required to pay income tax in that state. This is felt to be an unfair tax situation.

Senator Close - "DO PASS"
Senator Echols - 2nd
Motion Carried.

SB 386: PROVIDES FOR SUBMISSION AT NEXT GENERAL ELECTION OF A QUESTION PROPOSING CERTAIN CHANGES IN SALES AND USE TAX LAW.

Senator Brown explained they had asked Mr. James Lien, Nevada Tax Commission, for some figures as to what other sources of revenue can be taxed rather than Sales Tax and they have provided those figures in a report which was distributed to the committee members.

He explained they were also waiting for confirmation from the Clark County School District that this proposed amendment satisfied them. The Supervisor of Washoe County School District has indicated he is in favor of it.

Senator Brown gave a brief history of the sales tax in Nevada and why it was adopted. He stated the one concern that has been expressed is that once we lose that 1% going

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into the school tax, there is that possibility that we might be precluded in the future of reenacting it.

Mr. Frank Daykin has prepared a legal opinion which was read and made a part of the record in which he submitted three conclusions:

1. To exempt from all currently operative taxes on retail sales the purchase of:
 - (a) Foods for human consumption, as narrowly defined in the bill. Thus, ordinary food products purchased in a store for preparation or consumption at home would be exempt, but restaurant or "fast-food" (drive-in, McDonald's, etc.) meals would be taxable.
 - (b) Certain health care products, such as eyeglasses, hearing aids, crutches and insulin.
2. To consolidate all currently operative taxes on retail sales into a single tax at the rate of 4 percent. The loss of overall revenue from the new exemption is made up, according to the estimates of the Nevada Tax Commission, by the increase from the present combined rate of 3.5 or 3 percent (depending on whether a county has adopted a city-county relief tax). The individual losses of revenue to school districts, cities and counties are made up, according to the same estimates, by the new apportionment of the augmented sales tax fund in section 118 of the bill.

Thus the tax burden is not reduced but shifted in part from those who spend a larger part of their incomes for food or medical supplies to those who spend a larger part for other consumer goods, and to tourists whose food is in the category.

3. To withdraw from the Sales and Use Tax Act, which is a referred measure amendable only by vote of the people, those provisions which deal primarily with administration of the tax, and reenact them in a form amendable by the legislature as circumstances may require. The definitions, the exemptions and the rate are left in the referred measure, preserving the control of the people over these features.

He stated that in his opinion, we would not be jeopardizing any future with the school tax. We would be saying: "for the time being 4% is all the money we need and we are going to put it all in the general fund" but this doesn't preclude the legislature from saying at some later time "we do need 1% to 1 1/2% for some other designated purpose". This might be for the schools, it might be for the cities, etc., as long as the money is earmarked and not placed directly in the general fund. We are not repealing the school fund by referendum, and will not lock us into any situation that we can't change our mind.

The school fund is not identified in the bill; all we do is make provision from the general fund to replace the revenue lost.

Mr. Daykin said if we were to leave the language as it is under the present law, then we would be 'locked in' but we are not. No longer will any money be earmarked. That portion of the bill does not go to the voter for their vote, only that portion of 4%. The only substantive change is in Section 118 which is the new apportionment of the sales tax fund.

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There was discussion on the ballot question as to why the difference in language between section 4 and section 5; it is due to the limitation of the number of words on the paper ballots as opposed to machine ballots.

Senator Hilbrecht stated he feels Section 4 it is better of the two and can see no reason why the question can't be the same in both cases. Senator Raggio asked if the language was a fair statement inasmuch as it doesn't mention the 4% increase. Could we add the words: "increased to 4%". Senator Hilbrecht would recommend we amend the bill so the question would be printed the same for all people and that the 4% increase be included.

Mr. Richard Morgan, Nevada State Educators Association, said he is appearing in behalf of the Washoe County Schools Association. He stated that this is the first time the Association has been split on a legislative issue affecting the schools. He feels the difference between the two sections of the state is due to not understanding the measure. The Washoe County Association favors the bill for the following reasons:

1. It was a campaign issue in Northern Nevada during the last election. Therefore, voters had an opportunity to be informed.
2. They feel this measure will be of benefit to those of fixed and middle incomes.

At some point, Nevadans must take a hard second and third look at financing at the cost of state and local government including administration and educational financing. This bill, if enacted, could force that decision at an earlier date.

He spoke in support of Senate Bill 386.

Senator Brown read into the record a telegram received from Connie Larson, President of the State PTA in opposition to this bill and asked that it be made part of the record.

Those speaking in opposition to the bill:

Joyce Woodhouse, President of the Clark County Classroom Teachers Association, stated that her group met on this measure and were opposed to it. They felt it might jeopardize future financing for education and did not want to do anything that might 'put a lid' on possible increased in taxes for schools.

It was explained that, according to Mr. Daykin, this is not something that could happen. She was asked if it would be possible that her members would change their mind, in light of Mr. Daykin's opinion. Ms. Woodhouse did not wish to comment. Senator Gojack advised the members of the committee that she had spoken with Ms. Woodhouse earlier during the day and at that time she was in support of the bill. She explained she has done a considerable amount of studying and research with Mr. Lien and is confident this bill will not do any harm to education.

Mr. Bob Warren spoke in opposition to the measure addressing himself to the political aspect. He said he has conferred with the cities and they want to propose an amendment. The cities feel that passage of this bill in its present form will have the effect of pre-empting all cities of broader or more comprehensive taxes. They feel that the voters will balk at levying any additional taxes and in view of their deteriorating financing it would be detrimental to them. Their proposed amendment would read: "that the 4% sales tax levy be expanded to include taxes on services as well as on all tangible personal property." They further propose that some of the monies raised

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be added to the city-count relief tax. Their proposal is not to increase above the 4%, but to include additional service categories.

Their position is that the bill should be amended; if it is not amended they can't support it. He doesn't feel, however, that they would offer any opposition.

Mr. Marvin Pecollo, Superintendent of Washoe County School District has sent a letter supporting the measure. He did want to clarify it to the point that if Mr. Daykin's opinion is correct, the letter stands. If there is any question that the legislature cannot have the authority to impose additional taxes if they feel it is necessary, they would have to withdraw their support.

Mr. Robert Petroni, Attorney for the Clark County School District, spoke on the bill saying he had some concern. He suggested obtaining an opinion from the Attorney General.

Senator Close suggested drafting language that the legislature retain the power to impose additional sales taxes in addition to the 4% rate if and when we feel it is necessary to fund the expanding programs of state government. He feels that should be on the ballot in such a way as to not negatively affect the bill.

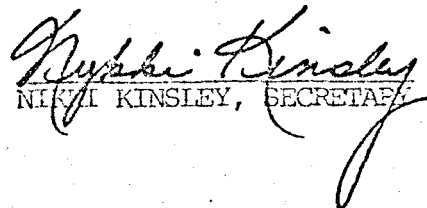
Senator Gojack stated she has several letters and telegrams that she would like to see made part of the record, all in support of the measure.

It was the consensus of opinion that we should make the proposal as clear as possible for the voters so they will know exactly what they are voting for, or against.

Mr. Lien will work with Mr. Daykin and frame some language that can be put on the ballot in a clear, concise form. This will be brought back to committee for their consideration.

There being no further business, the meeting was adjourned.

RESPECTFULLY SUBMITTED:


NIKI KINSLEY, SECRETARY

APPROVED BY:


B. MAHLON BROWN, CHAIRMAN

It was proposed that the bill be amended in Section 1, page 1 by deleting line 8 and inserting, 'part of a permanently-installed irrigation system of pipes or concrete-lined ditches and.' Amend Section 1, page 1 by deleting 'concrete-lined ditches or pipes' and inserting on lines 11 and 12, 'pipes or concrete-lined ditches', and section 1, page 1, after line 13 by inserting conforming language.

A motion was then introduced by Senator Wilson to recommend 'do pass', as amended; seconded by Senator Raggio and carried unanimously.

ASSEMBLY BILL 346: Clarifies statutory language relating to taxation and transfers of unregistered vehicles, requires tax sticker for movement of certain slide-in campers and applies specified fee to certain vehicles.

Mr. Lien explained this was an act for the purpose of clarifying statutory language to taxation and transfers of unregistered vehicles. Also, requiring a tax sticker for movement of certain slide-in campers, and applying specified fee to certain vehicles.

He explained the difference between slide-in campers and campers as being anything that is outfitted for overnight use is considered to be a camper; a slide-in camper is a shell, only.

The chassis-mount camper, mini-motor homes, motor home, traveler and utility trailers are required to be registered with the Department of Motor Vehicles and are subject to the personal property tax. This bill provides that the county assessor shall issue each year, to the owner of a slide-in camper exempt from taxation, a tax plate or sticker which the owner shall affix to the slide-in camper. There is no charge for this sticker. The slide-in campers will go under the privilege tax basis rather than the personal property tax.

He advised the committee that the law enforcement officers are having problems trying to determine whether the vehicles are those that are untaxable or whether it is someone that has not paid their fee. This sticker would eliminate that problem.

At the conclusion of the discussion, a motion was introduced by Senator Close to recommend 'do pass'; seconded by Senator Herr and carried unanimously.

SENATE BILL 386: Provides for submission at next general election of question proposing certain changes in Sales and Use Tax Law.

Senator Brown advised Mr. Lien that several Senators had questioned the percentage stated by him on the amount of items to be non-taxable. They believe the percentage should be much higher.

Senate Taxation Committee
Meeting of April 14, 1975
Page four

Mr. Lien explained that when the sales tax first went into effect, the percentage was higher, however, through the years, it has fluctuated from a high of 15% to a low of 10 1/2 percent, averaging between 11 and 12 1/2%. He stated he was quoting what the statistics show from 1955 until now.

An amendment has been submitted to direct the monies to the school districts rather than the State Distributive School Fund.

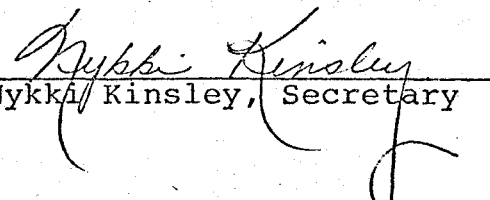
Mr. George Bryhton, Washoe County School District, testified in support of the bill and concurs with the proposed amendment.

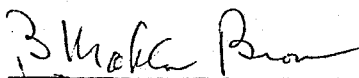
There was no action taken on the bill at this time.

There being no further business, the meeting was adjourned.

Respectfully submitted,

APPROVED:


Nykka Kinsley, Secretary


B. Mahlon Brown, Chairman

CARSON CITY, NEVADA 89701

Telephone (702) 885-4820
In-State Toll Free 800-992-0900

MIKE O'CALLAGHAN, Governor

JOHN J. SHEEHAN, Secretary

May 5, 1975

MEMORANDUM

TO: Senator Mary Gojack

FROM: James Lien, Assistant Secretary

SUBJECT: SB 386, Fiscal Impacts

Attached is a Summary Sheet comparing the proposed tax receipts under SB 386 to receipts under the present system. Further attached to the Summary is a breakdown of the LSST to counties and the CCRT to counties/cities.

Overall, the proposed system will increase receipts by \$1,044,500. School districts will share \$392,955 and cities/counties \$902,630 while the State has a contraction of approximately \$251,000. Recovery to the General Fund is not 100%; however, the State Distributive School Fund receives a windfall as exempt food sales constitute a lesser amount of these receipts since out-of-state sales are of more durable type goods and materials. The other entities have a surplus due to a levy in excess of that necessary to recover losses.

Should you have some questions, please contact me.

JCL/mw

Attach

SUMMARY

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	1977-78 Present System 3 to 3½% Levy	1977-78 Proposed System 3.4 to 4% Levy	Difference
State General Fund	\$ 70,941,608	\$ 70,516,615	\$ -424,993
State School Distributive Fund	2,147,000	2,320,907	+173,907
County School Distributive (See Attachment A)	32,746,243	33,139,198	+392,955
County/Cities (See Attachment B)	<u>16,118,370</u>	<u>17,021,000</u>	<u>+902,630</u>
Totals	\$121,953,221	\$122,997,720	+\$1,044,499

Fiscal 1977-78 was used as it will be the first full fiscal year following implementation of the increased ratio on January 1, 1977.

LOCAL SCHOOL SUPPORT TAX

	1977-78 Present System	1977-78 Proposed System	
Carson City	\$ 1,077,351	\$ 1,090,280	
Churchill	386,406	391,043	
Clark	18,655,535	18,879,401	
Douglas	880,874	891,444	
Elko	799,008	808,596	
Esmeralda	16,373	16,570	
Eureka	42,570	43,081	
Humboldt	402,779	407,612	
Lander	157,182	159,068	
Lincoln	65,492	66,278	
Lyon	350,385	354,589	
Mineral	157,182	159,068	
Nye	137,534	139,185	
Pershing	114,612	115,987	
Storey	45,845	46,395	
Washoe	8,870,957	8,977,409	
White Pine	586,158	593,192	
Totals	\$32,746,243	\$33,139,198	+\$392,955

COUNTY/CITY RELIEF TAX

	1977-78 Present System	1977-78 Proposed System	
Churchill	\$ 265,742	\$ 280,073	
Fallon	104,094	109,708	
Clark			
Boulder City	273,470	288,803	
Henderson	858,405	906,533	
Las Vegas	6,585,933	6,955,189	
North Las Vegas	1,896,187	2,002,501	
Douglas	242,098	255,315	
Elko			
Carlin	64,376	68,061	
Elko	373,653	395,045	
Wells	53,001	56,035	
Humboldt	98,081	104,214	
Winnemucca	126,190	134,080	
Lincoln	57,732	61,172	
Caliente	32,225	34,146	
Lyon	218,501	230,184	
Yerington	70,711	74,492	
Mineral	248,046	262,123	
Nye	166,220	175,241	
Gabbs	30,746	32,415	
Pershing	38,659	40,635	
Lovelock	55,263	58,087	
Washoe			
Reno	3,197,591	3,376,210	
Sparks	1,061,446	1,120,738	
Total	\$16,118,370	\$17,021,000	+902,630

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10 copies

MIKE O'CALLAGHAN, Governor

JOHN J. SHEEHAN, Secretary

MEMORANDUM

March 13, 1975

TO: Senator Mary Gojack

FROM: James C. Lien, Assistant Secretary

SUBJECT: Revised Impact Study Regarding Food Exemption Plan

The proposed system is based on exempting food for human consumption (bought from grocery stores) from the sales tax. Accordingly, Chapters 374 and 377, Nevada Revised Statutes, would be repealed with a statewide sales and use tax levy of 4% being imposed in lieu of the present maximum levy of 3½%. The amount collected would be split between the State General Fund (57% or 2.28), the State School Distribution Fund (28% or 1.12), and the Counties and Cities (15% or .60). That amount now levied as Local School Support Tax and deducted as local effort from the amount computed as the Distribution Fund allocation to a school district will be put into the State Distribution School Fund. Accordingly, school funding is not affected.

The proposed system actually generates additional tax dollars and becomes a new source of revenue to some entities without loss to entities now receiving the ½¢ County/City Relief Tax. All 17 Counties and 16 Cities will receive an allocation. The .60% will be allocated to counties on a population basis. In counties with one or no city, that amount will be distributed on the basis of population ratio. In counties with two or more cities (Clark, Elko and Washoe) the county will receive 2/3 of the total county allocation with the balance being distributed to the cities as a population basis. The proposed system has no adverse impact on the State General Fund, school or local funding.

JCL/nw

Attach

STATE SALES AND USE TAX RATES

County	State Rate	Local School Rate	County & City Rate	Total
Carson City	2%	1%		3 %
Churchill	2%	1%	½%	3½%
Clark	2%	1%	½%	3½%
Douglas	2%	1%	½%	3½%
Elko	2%	1%	½%	3½%
Esmeralda	2%	1%		3 %
Eureka	2%	1%		3 %
Humboldt	2%	1%	½%	3½%
Lander	2%	1%		3 %
Lincoln	2%	1%	½%	3½%
Lyon	2%	1%	½%	3½%
Mineral	2%	1%	½%	3½%
Nye	2%	1%	½%	3½%
Pershing	2%	1%	½%	3½%
Storey	2%	1%		3 %
Washoe	2%	1%	½%	3½%
White Pine	2%	1%		3 %

PRESENT SYSTEM3 to 3 1/2% Levy

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	1975-76	1976-77	1977-78
State General Fund	59,401,000	64,737,000	71,210,700
State School Distr. Fund	1,840,000	1,970,000	2,147,000
County School Distribution	27,266,490	29,751,130	32,746,243
Subtotal	88,507,490	96,458,130	106,103,943
*County/Cities	13,443,277	14,653,063 A	16,118,370 C
Total	101,950,767	111,111,193	122,222,313

*23 Entities in 11 Counties

PROPOSED SYSTEM4% Levy Statewide with Food Exempt

	1976-77	1977-78
State General Fund	64,944,158	71,438,574
State School Distr. Fund	31,902,394	35,092,633
Subtotal	96,846,552	106,531,207
**County/Cities	17,090,568	18,799,625 D
Total	113,937,120	125,330,832

** 33 Entities in 17 Counties - Distributed on basis of population. (Counties with 2 or more cities will receive .05% of the county's total allocation, the cities will receive .55% of that allocation distributed on a population basis.)

Put into Effect January 1, 1977 - Blend of Present and Proposed

	1976-77
State General Fund	64,806,052
State School Distr. Fund	11,947,468
County School Distribution	19,834,088
County/Cities	15,465,568 B
Total	112,053,176

Entity	A	B	C	D
	1976-77 Present System	1976-77 Blended Systems	1977-78 Present System	1977-78 Proposed System
Carson City		180,200		594,989
Churchill	241,584	249,109	265,742	290,576
Fallon	94,631	97,580	104,094	113,823
Clark		159,276		875,667
Boulder City	248,609	251,817	273,470	274,111
Henderson	780,368	790,452	858,405	860,418
Las Vegas	5,987,211	6,064,556	6,585,933	6,601,375
No. Las Vegas	1,723,807	1,746,080	1,896,187	1,900,634
Douglas	220,089	226,832	242,098	264,680
Elko		8,135		26,845
Carlin	58,524	59,280	64,376	66,870
Elko	339,685	344,071	373,653	388,129
Wells	48,183	48,803	53,001	55,054
Esmeralda		7,332		24,195
Eureka		11,052		36,471
Humboldt	89,165	91,938	98,081	107,244
Winnemucca	114,718	118,292	126,190	137,978
Lander		31,076		102,552
Lincoln	52,483	54,121	57,732	63,124
Caliente	29,296	30,205	32,225	35,236
Lyon	198,637	204,822	218,501	238,912
Yerington	64,283	66,285	70,711	77,316
General	225,496	232,717	248,046	271,222
Nye	151,109	155,814	166,220	181,750
Gabbs	27,951	28,819	30,746	33,619
Pershing	35,144	36,242	38,659	42,273
Lovelock	50,239	51,808	55,263	60,429
Storey		8,101		26,733
Washoe		70,560		232,848
Reno	2,906,901	2,944,460	3,197,591	3,321,532
Sparks	964,950	977,422	1,061,446	1,102,588
White Pine		46,415		153,172
Ely		71,896		237,260
TOTAL	\$14,653,063	15,465,568	\$16,118,370	18,799,625

STATES WHICH EXEMPT FOOD FROM SALES TAXES

1. Alabama - poultry and other farm, dairy, grove or garden products when in original state.
2. California - food products for human consumption.
3. Connecticut - food products.
4. Florida - foods and drinks for human consumption.
5. Georgia - food sold to approved private elementary and secondary schools.
6. Iowa - gross receipts from sales of food for human consumption which may be purchased with federal food stamps - as of July 1, 1974 all food items.
7. Louisiana - sales of livestock, poultry and other farm products direct from the farms.
8. Maine - food products for human consumption, except meals served on or off the premises of the retailer.
9. Maryland - sales of food for off-premises consumption.
10. Massachusetts - sales of food products for human consumption, sales of livestock and poultry.
11. Minnesota - sales of food products.
12. North Carolina - products of farms when sold by producers in their original state.
13. North Dakota - sales of mixed drinks composed of alcoholic beverages and non alcoholic beverages or ingredients; sales of food supplies to public, parochial or non profit schools.
14. Ohio - food for human consumption off the premises where sold.
15. Oklahoma - non-intoxicating beverages.
16. Pennsylvania - food and beverages for human consumption except (1) soft drinks, (2) malt beverages and liquors and (3) food and beverages sold by caterers and eating places if total price exceeds 10 cents.
17. Rhode Island - food products for human consumption except meals and other food products sold for immediate consumption on or off the premises even though sold on a take out or to go basis.
18. Texas - food and food products for human consumption, not including soft drinks when sold in liquid or frozen forms, and candy.

- 19. Utah - all sales of food, beverage and dairy products from vending machines when proceeds of the sales do not exceed 15 cents.
- 20. Vermont - food, food stamps, food products and beverages sold for consumption off the premises; pet food and food products.
- 21. Wisconsin - food, food products and beverages for human consumption unless sold for direct consumption on the premises.
- 22. Michigan - Food exemption voted in, November General election, 1974.

Source: State Tax Guide, Commerce Clearing House
Compiled by: Council of State Governments
August 6, 1974

State Headlines

February 27, 1975

No. 75-8

GOVERNORS CALL FOR NATIONAL ENERGY CONSERVATION EFFORTS

A massive voluntary energy conservation program was urged for the Nation as Governors held their annual winter meeting in Washington, D.C. The resolution said ingredients for such a program included more vigorous enforcement of lower speed limits, more federal aid for public transportation and stiffer standards to encourage more efficient motor vehicles. Other resolutions from the National Governors' Conference urged extended unemployment benefits for the jobless and a two-year moratorium on state funded matching requirements for impounded highway funds.

MORE STATES FREEZE HIRING, REDUCE SPENDING

More States are tightening their fiscal belts. Among the most dramatic, RHODE ISLAND Governor Philip W. Noel proposed a 5 percent wage and workweek cut for all state employees and ordered a freeze on hiring and curbs on sick-leave abuses. Job freezes were also announced by the Governors of DELAWARE, ILLINOIS, MASSACHUSETTS, MICHIGAN, PENNSYLVANIA, SOUTH CAROLINA and UTAH. Cost cutbacks were directed by the Governors of ARIZONA, FLORIDA, KENTUCKY, NEBRASKA, SOUTH DAKOTA, VERMONT, VIRGINIA and WASHINGTON, among others. MICHIGAN Governor William G. Milliken intends to take a 10 percent pay cut as part of a comprehensive austerity program. CALIFORNIA Governor Edmund G. Brown, Jr., cut his office expenses by 7.6 percent and reduced his top aides' pay by 7 percent.

RELEASE OF PUPILS FOR RELIGION UPHELD IN WISCONSIN

A 1973 WISCONSIN law allowing the release of public school pupils from classes for religious instruction is constitutional, the State Supreme Court ruled February 5.

GOVERNORS PROPOSE TAX CHANGES

Proposals for tax breaks outnumbered calls for tax hikes in the Governors' 1975 state of the state and budget messages. Income tax breaks were asked in six States, sales tax breaks for food and drugs recommended in nine States, and various property tax relief measures called for in 15 States. In order to finance equal educational opportunity, the Governors of NEW JERSEY and SOUTH DAKOTA urged imposition of income taxes. NEW JERSEY's Governor also asked for an offsetting cut in the sales tax. Sales tax increases were suggested by the Governors of CONNECTICUT and WASHINGTON (to fund a proposed tax exemption for food sales). OHIO's Governor tied hikes in the sales and gasoline taxes to ballot proposals for bond issues. Gasoline tax increases were proposed by the Governors of NEW JERSEY, NEW YORK, and SOUTH DAKOTA. Cigarette taxes would be raised under proposals by the Governors of CONNECTICUT and VERMONT. Higher business taxes were advocated by the Governors of CONNECTICUT, NEW YORK, WASHINGTON and COLORADO (corporate incomes over \$25,000). MICHIGAN's Governor advanced a plan for a 2 percent corporate profit and payroll tax to replace the 7.8 percent tax on profits.

ARKANSAS TO HOLD CONSTITUTIONAL CONVENTION

ARKANSAS will hold a constitutional convention beginning May 29 as a result of a 1975 law which was Governor David H. Pryor's top priority for the session. Twenty-seven delegates will be appointed by the Governor, five by the House and three by the Senate. The law provides that certain controversial sections of the constitution cannot be changed by the convention. The new constitution is to be submitted to the voters at a special election in September.

THREE STATES HIKE WORKER PAY, ONE LEGISLATIVE COMPENSATION

Pay raises were granted to state employees by 1975 legislative action in LOUISIANA, NORTH DAKOTA, and TEXAS. The Texas Legislature appropriated \$93 million to fund 13 percent raises for workers earning less than \$876 monthly and 9 percent raises for higher-paid workers. The Texas law also increases travel reimbursement to 16 cents a mile. North Dakota's 10,000 state employees will receive raises averaging 11.9 percent for the last six months of the biennium. Louisiana's Legislature provided \$30.9 million to fund minimum \$400 or 5 percent cost-of-living hikes for state workers and teachers. ALABAMA legislators voted themselves an increase in daily expense allowances from \$30 to \$50.

JOB FREEZES ORDERED BY MORE GOVERNORS

ARKANSAS Governor David H. Pryor, citing sluggish tax collections, ordered a freeze on state hiring in late January, with the exception of additional employees to handle food stamp demands. TENNESSEE Governor Ray Blanton imposed a hiring freeze, placed purchasing of major items on an emergency only basis, and told his cabinet to make immediate budget cuts to avoid a \$71.4 million deficit this June 30. A later opinion by the Tennessee Attorney General's office advised that the State could not run a deficit and all appropriations would cut off when the treasury emptied. MAINE Governor James B. Longley ordered an immediate freeze on hiring state employees and on new purchasing when he took office in January.

FEDS MUST MEET STATE WATER QUALITY STANDARDS

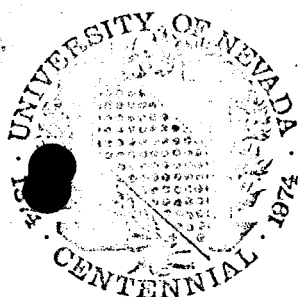
States can regulate sewage discharges from federal installations, including military facilities, the U.S. Court of Appeals in San Francisco ruled February 14. The court upheld the right of CALIFORNIA and WASHINGTON State to apply their more stringent water quality standards to federal facilities. The Federal Environmental Protection Agency had approved the two States' higher standards, but had excluded federal agencies from compliance.

JUDGES MUST BE LAWYERS IN WASHINGTON STATE

A 1973 WASHINGTON State law requiring that justices of the peace and district court judges in counties of the second class and larger be lawyers was upheld February 20 by the State Supreme Court. The Court denied a contention by a nonlawyer former justice of the peace that he should have been allowed to seek reelection under a 1961 law with a grandfather clause. The Court said the 1973 law effectively repeals the grandfather clause.

UNIVERSITY OF NEVADA, RENO

POLITICAL SCIENCE
 Reno, Nevada 89507
 (702) 784-6722



March 12, 1975

The Honorable Mary Gojack
 Nevada State Senator
 State Legislative Building
 Carson City, Nevada 89701

Dear Mary:

Enclosed are the materials on tax impacts that I referred to last week. Both sheets are from Richard A. Musgrave and Peggy B. Musgrave, Public Finance in Theory and Practice, which is probably the leading textbook currently used in that field.

Table 12-5, page 313, shows in relation to a hypothetical sales tax:

1. A broadly based sales tax results in a tax burden for people with \$2,000 adjusted gross income that is twice that of people with AGIs of \$50,000.
2. If food is exempted, the tax burden (percentage of adjusted gross income paid through the given tax) becomes almost equal, though still disadvantageous to the poorer person.

It is not clear whether Musgrave includes a service tax in his "broadly based sales tax". If he does, the Nevada sales tax is considerably more regressive than his broadly based sales tax and would remain quite regressive even with food exempted.

The second sheet, Table 15-1, shows the trend of tax burden through a general sales tax as it relates to total family income rather than AGI. It is more realistic insofar as it shows effects of taxes as actually imposed in 1968. It shows that the general sales tax has a differential impact of almost 7:1 on incomes of under \$4,000 as compared to those between \$35,000 and \$92,000. This presumably lumps together sales taxes that include and exclude food. We can infer from Table 12-5 that if all state and

Senator Mary Gojack
March 12, 1974
Page 2

local sales taxes excluded food this differential burden would have been quite narrow.

Please feel free to reproduce this evidence. I again offer to testify on this evidence if you think it would be useful.

Sincerely,

Richard Siegel

Richard Siegel
Associate Professor

RS:tv

Enc.

able to a set of separate tax administrations. Since it would be exceedingly difficult to integrate a federal value-added tax with retail taxes at the state level, the conclusion is that a federal consumption tax, if it were to be imposed, should also take the retail form.

D. EQUITY ASPECTS

A completely general sales tax is regressive in its burden distribution and hence is given low marks by advocates of progressive taxation. In this section we consider the extent to which this is the case and what can be done to relieve it.

Burden Distribution

A general retail sales tax on consumer goods or a consumption-type value-added tax is equivalent in principle to a general flat-rate tax on consumption expenditures. Looked at from the point of view of *horizontal* equity, such a tax is equitable if the index of equality is defined in terms of consumption. By the same token, it is inequitable if the index is defined in terms of income. Families with similar incomes may have differing consumption (or saving) rates, whether due to age or other differences. Such families will pay different amounts of tax, thus violating horizontal equity. Looked at from the point of view of *vertical* equity, the general sales tax is proportional as related to the consumption, but regressive as related to the income base. This is the case because the sales tax is paid by the consumer and consumption as a percentage of income declines (savings as a percentage of income rises) as we move up the income scale.¹³ Column I of Table 12-5 shows the burden distribution of \$25 billion raised by a progressive income tax, while column II shows the estimated distribution for a broadly based 5 percent sales tax yielding a similar amount. We note that the effective rate (ratio of tax to income) of the income tax rises as we move up the income scale, while that of the sales tax falls.¹⁴ Moreover, though not shown in the table, the sales tax burden at any given income tends to rise with family size. Since the savings rate at a given level of income falls with family size, expenditures and hence the tax burden rise. Thus, it is estimated that at an income level of \$5,500 the Michigan sales tax paid by a family of four is \$128, whereas a single person pays only \$78.¹⁵

¹³For further discussion of sales tax incidence, see the summary picture given in Table 15-1 and the analysis in Chap. 19 where the distinction between lifetime and annual income is raised.

¹⁴Regressivity is more pronounced than shown in the table if the *net* burden of the tax is considered. This is the case because the tax is deducted from taxable income under the federal income tax (rather than credited against tax) so that tax savings from the deduction rise with bracket rates.

¹⁵Based on sales tax deductions permitted under the Federal Income Tax. See Individual Income Tax Return, Form 1040, 1971.

TABLE 12-5
Burden Impact of Raising \$25 Billion in Alternative Ways
(Tax as Percent of AGI)

Adjusted Gross Income	Income Tax (I)	Broadly Based Sales or Value-added Tax, 5% (II)	Sales or Value-added Tax with Food Exemptions, 7% (III)	Broadly Based Sales or Value-added Tax, 6% with Credit (IV)
\$ 2,000	—	4.4	3.1	—
4,300	—	3.2	2.9	0.5
5,000	0.5	3.2	2.9	1.0
10,000	2.3	3.0	2.9	3.6
15,000	3.0	2.8	2.9	3.3
50,000	6.0	2.2	2.9	2.6
100,000	8.6	1.8	2.5	2.0

Sources:

Column I: Joint returns, four exemptions. Above \$15,000 assumes 10% as deduction. All income fully taxable. Assuming the yield from present rates at \$100 billion, the above equals one-quarter of present liabilities to yield \$25 billion.

Columns II and III: Ratios estimated on basis of Tax Foundation, *Tax Burden and Benefit of Government Expenditures by Income Classes 1961 to 1965*, New York: 1967; and Joseph A. Pechman, *Federal Tax Policy*, 2d ed., Brookings, 1971, p. 157.

Column IV: \$2,000 of consumption is tax-free. Credit of \$120 to vanish by \$24 for each \$1,000 of income in excess of \$5,000.

This regressive nature of the general sales tax remains but is reduced substantially if home-consumed food is exempted. About half the sales tax states provide such exemptions. Since this results in a substantial reduction in tax base, the rate as shown in column III must be raised from 5 to 7 percent to maintain the yield. While the tax remains regressive at the very bottom and top ends of the income scale, it now becomes more or less proportional over the middle range. The regressive pattern is greatly dampened but it is not removed.

Credit

A more effective way of dealing with regressivity is to tackle the problem directly by permitting a tax-free amount of expenditure. This may be done by permitting the taxpayer a corresponding credit against his state income tax. Such a credit is now used by seven states and the District of Columbia. In some states, the credit is given as a flat amount while in others it is limited to taxpayers below a certain income level. In others, the credit declines as income rises. A credit of \$8 given in Indiana, for instance, capitalized at a tax rate of 5 percent implies a tax-free expenditure of \$400. As the credit is given per person, it allows for the number of dependents. Thus it not only reduces regressivity for a given family size but also reduces the burden for

TABLE 15-1
Estimated Distribution of Tax Burdens by Income Brackets, 1968
 (Taxes as Percent of Total Family Income)

Taxes	INCOME BRACKETS										
	Under \$4,000	\$4,000-\$5,700	\$5,700-\$7,900	\$7,900-\$10,400	\$10,400-\$12,500	\$12,500-\$17,500	\$17,500-\$22,600	\$22,600-\$35,500	\$35,500-\$92,000	\$92,000 and over	All Brackets
Federal Taxes											
1. Individual income tax	2.0	2.8	5.9	7.1	7.9	10.1	10.6	12.7	14.8	18.5	9.9
2. Estate and gift tax	-	-	-	-	-	-	-	0.6	2.0	2.7	0.4
3. Corporation income tax	5.1	6.1	5.0	4.0	4.3	4.6	4.8	5.1	5.3	6.6	5.0
4. Excises and customs	2.5	2.8	3.1	3.0	2.9	2.7	2.1	1.1	0.9	0.6	2.3
5. Payroll tax	5.5	6.3	7.0	6.9	6.7	6.1	5.2	4.2	1.5	0.6	5.2
6. Total	15.2	17.9	20.8	21.6	21.6	23.4	22.6	23.8	24.5	29.1	22.2
7. Total excluding line 5	9.7	11.6	13.9	14.7	14.9	17.3	17.4	19.6	23.0	28.5	17.0
State and Local Taxes											
8. Individual income tax	-	0.1	0.3	0.6	0.7	1.1	1.4	2.3	1.6	1.3	1.0
9. Inheritance tax	-	-	-	-	-	-	-	0.2	0.6	0.8	0.1
10. Corporation income tax	0.4	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.4
11. General sales tax	3.4	2.8	2.5	2.3	2.2	2.0	1.7	1.0	0.5	0.3	1.8
12. Excises	2.7	3.0	3.3	3.0	2.9	2.5	1.9	1.0	0.8	0.6	2.1
13. Property tax	6.7	5.7	4.7	4.3	4.0	3.7	3.3	3.0	2.9	3.3	3.9
14. Payroll tax	0.2	0.5	0.8	1.0	1.0	1.0	1.1	1.2	0.2	0.1	0.8
15. Total	13.4	12.5	11.9	11.6	11.1	10.6	9.7	9.1	7.1	6.9	10.3
16. Total excluding line 14	13.2	12.1	11.1	10.6	10.1	9.6	8.6	7.9	6.9	6.8	9.5
All Levels											
17. Total	28.5	30.5	32.8	33.1	32.8	33.9	32.4	32.9	31.6	35.9	33.0
18. Total excluding lines 5 and 14	22.9	23.7	25.0	25.3	25.0	26.9	26.0	27.5	29.9	33.1	27.0

Source: For brief explanation of estimates, see text.

Notes:

Uneven bracket limits are used for computational reasons.

Line 12: Includes motor vehicle licenses, excises, and miscellaneous revenue.

Totals may not add due to rounding.

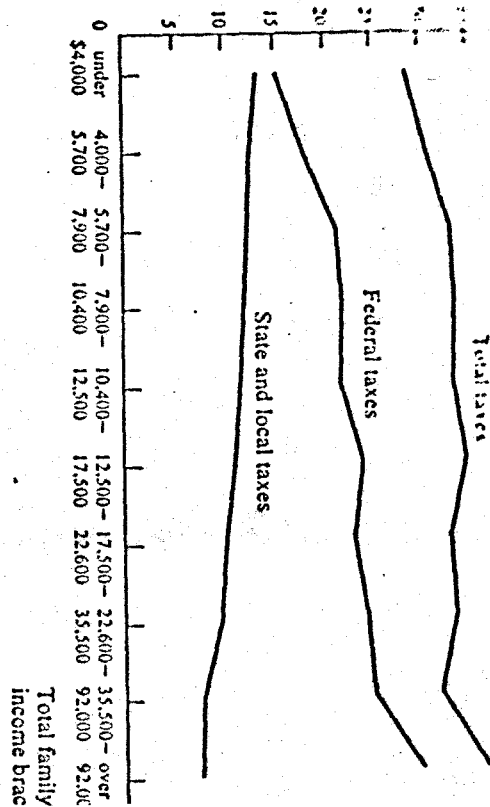


FIGURE 15-2
 Total Taxes as a Percentage of Total Family Income

Notes: Total taxes, federal taxes, and state and local taxes are derived from Table 15-1, lines 17, 6, and 15 respectively.

The state and local picture shows a less progressive pattern for the come tax which in fact turns regressive at the upper end.²² The regressi of the general sales tax (line 11) exceeds that of excises and the property distribution (line 13) is mildly regressive under the assumptions used h The combined pattern, including federal, state, and local taxes (line and Figure 15-2), is the most interesting part of the picture. We find overall burden distribution to be more or less proportional over a wide r dle range—from, say, \$5,000 to \$30,000—which includes the great bul all families. Again this is flanked by progression at both ends of the scale payroll taxes are excluded (line 18), lower-end progression is increased

ALTERNATIVE ASSUMPTIONS We have noted that the choice of the evidence assumptions is the most crucial element in determining the result pattern of burden distribution. This is shown in Table 15-2 where the sig chance of alternative incidence assumptions is explored. The results shown for selected income brackets only.

²²Since bracket rates do not exceed a moderate level, the increasing share of income sub to preferential treatment results in a decline in the average rate as computed on a full inc base.



UNIVERSITY OF NEVADA

RENO

DEPARTMENT OF POLITICAL SCIENCE
RENO, NEVADA 89507

J.

April 30, 1975

Senator Mary Gojack
Nevada State Senator
Carson City, Nevada 89701

Dear Mary:

I enclose copies of a section of a major new study of tax incidence that concludes that "the exemption of clothing, and particularly of children's clothing, from the retail sales tax base tends to make that tax more, rather than less, regressive."

The significance of this to your present sales tax proposal is that:

1. It is not true that the food tax burden on the poor will be transferred from food to clothing tax.
2. Probably no broad category of newly exempted goods other than food will make the retail sales tax more equitable.

Best wishes on this very important tax reform.

Sincerely,

Richard Siegel

Richard Siegel
Associate Professor

RS:tlw

Encs.

The Economics of Public Finance

Essays by

ALAN S. BLINDER and ROBERT M. SOLOW

GEORGE F. BREAK

PETER O. STEINER

DICK NETZER

Studies of Government Finance

THE BROOKINGS INSTITUTION

WASHINGTON, D.C.

George F. Break

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of where family income comes from, these data point up how very different the burden pattern of a tax on wages and salaries is, for example, from one of equal yield on business or property income. The high concentration in the upper income groups of dividends paid on publicly traded corporate shares, furthermore, would indicate that if the incidence of the corporate profits tax on the sources side is confined to corporate shareholders, as some maintain, its vertical burden distribution is clearly more progressive than it is if those burdens are spread broadly to all recipients of business and property income, as others contend.

On the uses-of-income side of household budgets there is wide agreement that, relative to income, any tax burdens that may be said to fall on consumers in general are regressive, as Table 2 shows. In addition to these burdens, which are most evident in the case of broad-based retail sales or value added taxes, there is a widespread and complex set of burdens generated by all taxes that fall on consumers of particular goods and services. Though the general nature of these excise tax effects, as they have been called, is well established, surprisingly little is known either about their relative importance (or unimportance) in the total tax burden picture or about which ones may be said to be progressive and which regressive in relation to family taxpaying abilities. More analyses of these excise tax effects are clearly needed. That the results might run counter to generally accepted beliefs is nicely illustrated by two recent empirical studies showing that the exemption of clothing, and particularly of children's

TABLE 2. Distribution of U.S. Household Income and Consumption Expenditures, by Income Class, 1960

(In percentage of totals)

Family money income	Money income	Consumption expenditures
Under \$2,000	2	4.6
\$ 2,000-2,999	4	7.6
3,000-3,999	5	8.8
4,000-4,999	8	16.1
5,000-7,499	28	38.9
7,500-9,999	20	11.7
10,000 and over	33	12.3
Total	100	100.0

Source: W. Irwin Gillespie, "Effect of Public Expenditures on the Distribution of Income," in Richard A. Musgrave (ed.), *Essays in Fiscal Federalism* (Brookings Institution, 1965), pp. 170-71.

clothing, from the retail sales tax base tends to make that tax more, rather than less, regressive.¹

The distinguishing mark of a good theoretical incidence model is its ability to reveal the basic tax burden picture without simplifying things so much that important details are lost in the process. How well the models so far devised perform these tasks can best be determined by means of empirical analyses of their major assumptions. These matters and other important economic effects of taxation are the concluding topics of this discussion. Attention is given to the effects of taxation on the work-leisure and consumption-saving choices, the impact of tax policy on the level and structure of business investment, and the "welfare" effects of taxation on the allocation of resources. A summary assessment focuses on the influence of taxation on economic growth.

INCIDENCE OF TAXATION

THOUGH EXTREMELY esoteric and abstruse to the layman, incidence theories have had an important impact on everyday ideas about the burdens of different tax levies. Unfortunately, practical men of affairs are currently operating with tax theories which, oversimplified even in their day, have by now been largely discredited by experts. Notable examples are the widely held views that sales taxes and business property taxes are borne by consumers and impose few if any burdens on producers, that the corporate tax burden is split between consumers and shareholders, and that the incidence of residential property taxes falls entirely on current homeowners and tenants. Modern incidence theories support none of these propositions. It seems appropriate, therefore, to assess the state of current thinking in this important fiscal area.

In the extensive and productive discussion of tax incidence theory among economists during the last two decades, three milestones stand out. In the early 1950s Earl R. Rolph, drawing on the neglected work

¹ Jeffrey M. Schaefer, "Clothing Exemptions and Sales Tax Regressivity," *American Economic Review*, Vol. 59 (September 1969), pp. 596-99; and David G. Davies, "Clothing Exemptions and Sales Tax Regressivity: Note," *ibid.*, Vol. 61 (March 1971), pp. 187-89.

RENO EVENING GAZETTE

4—

Saturday, April 12, 1975

Editorials

Abolish food tax

THE NEVADA Legislature should vote to abolish the sales tax on food.

The food tax has long been recognized as inequitable because it hits the poor much harder than it does the wealthy or even the middle-class.

It's easy to see why. Everybody buys food. But food purchases — and the tax on them — take a much larger chunk out of a poor person's total income than they do from the incomes of more affluent persons.

There is no way the poor can avoid this regressive tax unless they wish to starve themselves to death.

Until recently the same problem existed with the sales tax on drugs, which can also be essential to life. But in 1973 the legislature agreed the drug tax was unfair and eliminated it.

Now two bills have been introduced which would permit the state to eliminate the unfair tax on food.

One of these bills was introduced by Sen. Joe Neal, D-Las Vegas; the other, by Sen. Mary Gojack, D-Reno. Mrs. Gojack's bill is preferable because it would offset lost revenue by increasing the remaining sales tax.

Mrs. Gojack proposed a flat four per cent sales tax all across the state. This would mean a half-cent increase for the 11 counties with a 3½-cent tax, and a one-cent increase for the six counties with a three-cent tax.

At first glance this might seem like a horrible suggestion. But it's not that bad, really.

Mrs. Gojack estimates her new tax would bring in about \$114 million during 1977, compared to \$111 million under the present tax. Therefore the new tax would not appreciably increase the average Nevadan's financial responsibility. But it would shift some of the burden from those who can least afford it to those with greater economic leeway.

The legislature should approve the plan, and send it on to the voters for their consideration in 1976. The voters should then do the fair thing, and adopt Mrs. Gojack's plan.

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NEVADA TAXATION COMMITTEE
LEGISLATIVE BLDG
CARSON CITY NV 89701

OUR WHOLE CLAN MADE UP OF SEVEN FAMILIES IS IN FAVOR OF EXEMPTING FOODS FROM TAXATION KNOWING THAT THE SALES TAX WILL HAVE TO BE INCREASED ON OTHER ITEMS

THE JACOBS', THE DUSHANES', THE HAWKINS', THE CARTERS', THE HAMILTONS', THE JACOBS' AND THE MILES' 9370 FREMONT WAY RENO NEVADA 89508

1945 EST

NGMRNOA RNO

Jacobs
~~Don't know~~
Don't know why I got this to the Commission

RECEIVED
NEVADA TAX COMMISSION
APR 24 12 04 PM '75

What do you think?

THE QUESTION: Have you had any major problems with the new tax break on most foods, which became effective Monday, July 1st?



Ron McCoy, owner of McCoy's Market: "No, we've had no major problems, although it's a little new to some of the clerks. The customers have cooperated real well and most of them are surprised when we tell them there is no tax. It depends on you to keep their tax straight so you can keep your own tax records straight."



Tom Hall, manager of Fareway: "I think it's fine. It hasn't bothered us one bit and is no major problem. Any time anyone can lower taxes, I'm for it. Some of the customers are separating out the non-food items. We have signs posted to remind them to help. In a matter of a few weeks, everyone will take it as a matter of fact."



Bob Zellweger, manager of Hy-Vee: "A lot of the customers have not been aware of the tax exemption although they have read about it, but there's no major problem. Our cash registers are well equipped so that it really doesn't bother much if the food or non-food items are not separated. I think it will work out real well, and I can see where it will save the food consumer many, many dollars."



Curt Olson, manager of Dunn's, Inc.: "We really have had no major problem at all. Everyone seems to understand it all right, and everybody seems to be willing to help keep the food items and non-food items separate. A lot of them do separate the items, and others even apologize when they realize the items aren't separated. Everything is going 100 per cent better than we anticipated."

From the Webster City, Ia Freeman Journal, within about a week after the law going into effect on July 1, 1974.

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April 20, 1975

State Senator Mary Gojack
Nevada State Capitol Bldg.
Carson City, Nevada 89701

RE: SB 386

Dear Senator Gojack:

You are to be commended for introducing the above bill. I had hoped someone would do so this session and that it would go through.

People on fixed income and young families are the hardest hit when taxed on their food, which of course they cannot do without and is certainly not in the luxury class.

There are other areas that need adjusting so this may be brought about without having to raise other taxes. One of the first things is to pare our school expenditures. This has gotten out of hand and the whole picture should be reassessed in view of the fact that while fewer children are entering the school and the population is preponderately middle-aged and older there will be new need for more funds for hospitals so the costs of those can be brought down.

We have been obsessed with the idea of funding our schools and we now have a whole generation that cannot read at all properly and as a result cannot read simple instructions when applying for jobs, while on the job, simple leases, car contracts or much of anything dealing with everyday living. They cannot write a legible hand or figure more than the simplest problem. We are not getting our money's worth and we must pare our schools down to the bare bones of the essentials and cut out all the experimental and expensive programs we have been forced to support.

A stiff tax on cigarettes and liquor, as well as any other truly luxury item should be another source of income.

I do hope this bill goes through and thanks again for introducing it.

Cordially yours

Adelene Bartlett
Adelene Bartlett
1825 Bracken Ave.
Las Vegas, Nevada 89104

P. S. I hope you will support the no smoking in public places such as meetings, buses, elevators, doctor's offices and cafes. Just exclude all gambling places and that ought to do the trick - I don't have to go there and neither does anyone else. I have a chest affliction and smoke is what hurts me the most. I would appreciate your support of a no-smoking bill.

What do you think?

THE QUESTION: Have you had any major problems with the new tax break on most foods, which became effective Monday, July 1st?



Ron McCoy, owner of McCoy's Market: "No, we've had no major problems, although it's a little new to some of the clerks. The customers have cooperated real well and most of them are surprised when we tell them there is no tax. It depends on you to keep their tax straight so you can keep your own tax records straight."



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Nevada State Journal Thursday, April 3, 1974—19

High Cost of Living:

Top Problem Facing Nation; Jobless Worry Rises, Too

By GEORGE GALLUP
(Copyright 1975, Field Enterprises, Inc. All rights reserved. Reproduction in whole or part strictly prohibited, except with the written consent of the copyright holders.)

PRINCETON, N.J., — As the nation's Congressmen return to their constituencies during spring recess, they will find the high cost of living, not unemployment, to be the top concern of most Americans.

Although the proportion (60 per cent) who name the high cost of living as the top problem is three times the proportion who cite unemployment (20 per cent), concern over joblessness has increased dramatically since a September survey. In that survey, only 2 per cent had said unemployment was the chief concern facing the nation.

These two economic problems overshadow all other problems in the current survey. Next most frequently cited are the energy crisis, dissatisfaction with government, and moral decline (each named by 7 per cent).

Despite the explosive situations in the Middle East and in Southeast Asia, only 5 per cent of people in the current survey say that international problems are the most important ones facing the nation.

Following is the question asked and the comparison of the latest results with those recorded in September:

"What do you think is the most important problem facing this country today?"

	Sept.	Latest
High cost of living.....	81%	60%
Dissatisfaction with government.....	6	7
Crime and lawlessness.....	4	5
Corruption in Government/ Watergate.....	3	3
Energy crisis.....	2	7
Unemployment.....	2	20
Moral decline/lack of religion.....	2	7
International problems.....	1	5
Other problems.....	9	21
Can't say.....	2	3

Gallup Poll

(Totals add to more than 100 per cent due to multiple responses.)

The Democratic party has the widest lead over the GOP it has held since 1945 as the party voters see as better able to deal with the nation's top problems. Four in 10 in the current survey (42 per cent) say the Democratic party can do the better job, compared to 14 per cent who say the GOP. At the same time, however, a large proportion (44 per cent) are undecided.

Some years ago the Gallup Poll discovered a close relationship between the public's voting preference and their views on which political party can better handle the problem that concerned them most.

To find out how the parties stand today in respect to this barometer, this additional question was asked in the survey:

"Which party do you think can better handle this problem (the problem most important to the survey respondent)?"

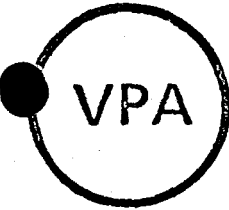
When those who do not express an opinion or who believe that neither party has an advantage are divided equally between the two parties, the resulting figure today is 64-36 per cent — a four-point increase over comparable figures recorded in a survey con-

ducted in October prior to the congressional election. It will be recalled that the election results were 59 per cent Democratic, 41 per cent Republican.

In earlier years this barometer has also had a remarkable record of measuring accurately the political temper of the country.

It would appear then that Republicans as a party have continued to lose ground since the November elections.

The latest results reported today are based upon in-person interviews with 1,576 adults, 18 and older, interviewed in person in more than 300 scientifically selected localities across the nation between Feb. 28 and March 3.



REX GUNN

1151 Skyline Blvd. Reno, Nevada 89502 (702) 826-3204
P. O. Box 336 South Laguna, Ca. 92677 (714) 499-4246

Jan. 16, 1975

This is a report on a Voter Preference Analysis poll, which poll was designed to discover objectively how a sample of registered voters in Clark County's Nevada state Senate District Two would respond in regard to the following objectives: 1) each voter's evaluation of six issues, as to whether or not each issue was important or unimportant; 2) how the voter would rank any or all of the six issues in numerical order of importance; 3) results of a sample election on each of the six issues, 4) whether or not the voters could recall who represents them in the Nevada Senate from Clark County's District Two; and 5) Personal data on the age, religious affiliation, and sex of each voter, to be cross-tabulated with the votes and opinions expressed.

From the data four assumptions about the ERA issue were tested: 1) that older voters would be more opposed to the ERA than middle-aged or young voters; 2) that voters with certain religious affiliations (most notably, LDS members) would be more opposed to the ERA than would Catholics, Protestants, or Jews; 3) that male voters would be more resistant to passage of the ERA in Nevada than female voters, and 4) that Senate District Two of Clark County would be less inclined to support the ERA than would Nevada voters statewide.

Design of the Poll

From the total of forty-five precincts in Clark County's Senate District Two (North Las Vegas) were selected sixteen precincts to assure demographic coverage of all populated areas in the district. The sample was designed to gain responses from a minimum of two per cent (247) of the total number of registered voters in the district (12,344). The district includes 8,741 registered Democrats; 2,677 registered Republicans; 35 I.A.P. members, and 891 nonpartisan voters.

Telephones were used (five of them) to contact every fifth voter on the voter registration lists. If the fifth voter could not be contacted or refused to be polled, the name immediately following was called, and so on, until contact with a registered voter resulted in a completed answer sheet to the questionnaire. In addition to the questionnaire and answer sheet, an introductory manuscript was used by the telephone interviewers (see the three forms attached). The director of VPA, Dr. Rex B. Gunn, trained and supervised the telephone interviewers, and was present at all times during the phoning to ascertain that objective methods were carried out. Calls were made from 6:30 p.m. to 9:30 p.m. on Jan. 7, 8, and 9, 1975. Forms completed then were data processed by Mike Myers of Young and Rue, Las Vegas.

Of approximately 600 calls made, 300 resulted in contact with registered voters, of which 260 resulted in completed forms. So, N (the total number of registered voters who completed the poll) equalled 260 (2.1 per cent of the 12,344 registered voters in Clark County's state Senate District Two).

FINDINGS

Part I

- 1) Each voter's evaluation of six issues, as to whether or not each issue was important or unimportant.
- a) Removal of the Nevada sales tax on groceries.
 - b) Legalized abortion.
 - c) Consolidation of services for communities in Clark County--that is, consolidation of services that cities have in common, i.e., public transport, law enforcement, library facilities, etc.
 - d) Honesty in government, meaning financial disclosure laws (should political candidates have to account for it if they spend twenty times as much on a campaign as they would earn if they should get the office)?
 - e) The Equal Rights Amendment--the proposed 27th amendment to the U. S. Constitution.
 - f) The legal control of handguns.

	<u>Important</u>	<u>Unimportant</u>	<u>No Opinion</u>
✓ Issue <u>a</u>)	203 (78%)	39 (15%)	18 (7%)
Issue <u>b</u>)	176 (68%)	44 (17%)	40 (15%)
Issue <u>c</u>)	180 (69%)	47 (18%)	33 (13%)
Issue <u>d</u>)	232 (89%)	15 (6%)	13 (5%)
X Issue <u>e</u>)	216 (83%)	32 (12%)	12 (5%)
Issue <u>f</u>)	192 (74%)	34 (13%)	34 (13%)

Note: This part of the data was not cross-tabulated with personal data on the voters. No such tabulation was deemed necessary because such tabulations would be made in more meaningful form on the sample election data.

2) How the voter ranks any or all of the six issues in numerical order of importance.

In the following table, showing rank order assigned to the issues by voters, the percentages are tabulated as follows: for first-place rankings, 100% equals 223; for second-place rankings, 100% equals 192; for third-place rankings, 100% equals 154. Those are the bases for the percentages appearing in the first three columns from the left. In the fourth column, indicating the total of first, second, and third-place rankings assigned to each issue by voters, the percentages are tabulated on N (260) as 100%.

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Total</u>
Issue a)	72 (32%)	32 (17%)	17 (11%)	121 (47%)
Issue b)	27 (12%)	28 (15%)	25 (16%)	80 (31%)
Issue c)	23 (10%)	26 (14%)	22 (14%)	71 (27%)
Issue d)	46 (21%)	34 (17%)	28 (18%)	108 (42%)
Issue e)	18 (8%)	38 (20%)	35 (23%)	91 (35%)
Issue f)	<u>37 (17%)</u>	<u>34 (17%)</u>	<u>27 (18%)</u>	<u>98 (38%)</u>
	223 (100%)	192 (100%)	154 (100%)	N = (100%)

Sequential rearrangement of issues in order of rank

<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Total</u>
a	e	e	a
d	d	d	d
f	f	f	f
b	a	b	e
c	b	c	b
e	c	a	c

3) Results of a sample election.

Interviewer's question: "If you were voting for or against each of the issues, how would you vote tonight?"

(N = 260 = 100%).

<u>Issue</u>	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>	
a	173 (67%)	52 (20%)	35 (13%)	260 (100%)	
b	121 (47%)	91 (35%)	48 (18%)	"	"
c	126 (48%)	82 (31%) 71 (28%)	52 (20%) 67 (24%)	"	"
d	221 (86%)	16 (6%)	23 (8%)	"	"
e	181 (70%)	47 (18%)	32 (12%)	"	"
f	151 (58%)	76 (29%)	33 (13%)	"	"

Percentages of Yes and No votes, tabulated with omission of the Undecided votes.

<u>Issue</u>	<u>Yes</u>	<u>No</u>	<u>Totals</u>
a	173 (77%)	52 (23%)	225 (100%)
b	121 (57%)	91 (43%)	212 (100%)
c	126 (64%)	82 (36%) 71 (33%)	208 (100%) 198 (100%)
d	221 (93%)	16 (7%)	237 (100%)
e	181 (79%)	47 (21%)	228 (100%)
f	151 (67%)	76 (33%)	227 (100%)

FINDINGS

Part II

4) Voters' Knowledge of Representation in the Nevada Senate.
 Interviewer's question: "Do you know who represents you in the Nevada Senate?--that's from Clark County District Two? (Correct answers are: Eugene Echols and Lee Walker, democrats).

N = 260 = 100%.

	<u>Id'd C'y*</u>	<u>Id'd Inc'y*</u>	<u>No Kng*</u>	<u>Totals</u>
Eugene Echols	71 (27%)	30 (12%)	159 (61%)	260 (100%)
Lee Walker	37 (14%)	33 (13%)	190 (73%)	260 (100%)

*Identified Correctly
 *Identified Incorrectly
 *No Knowledge

FINDINGS

Part III

5) Personal data on the voters.
 Interviewer's question: "Are you under 30, over 50, or in between?"

<u>Under 30</u>	<u>Over 50</u>	<u>In Between</u>	<u>Totals</u>
49 (19%)	103 (40%)	108 (41%)	260 (100%)

Interviewer's question: "Are you affiliated with any religious group? (If so), would you tell me which one?"

<u>Protestant</u>	<u>Catholic</u>	<u>Jewish</u>	<u>LDS</u>	<u>Other</u>	<u>Total</u>
85 (33%)	51 (20%)	5 (2%)	59 (22%)	60 (23%)	260 (100%)

Interviewer's Instruction: (Record the sex of the voter).

<u>Male</u>	<u>Female</u>	<u>Total</u>
114 (44%)	146 (56%)	260 (100%)

FINDINGS

Part III (cont.)

Cross-Tabulation No. 1: Vote on the Issues Correlated with Age.

Issue a) Removal of Nevada Sales Tax on Groceries.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Under 30	29 (60%)	11 (23%)	9 (17%)	49 (19% of N)
Over 50	79 (77%)	15 (14%)	9 (9%)	103 (40% of N)
In between	65 (60%)	26 (24%)	17 (16%)	108 (41% of N)
	173 (67%N)	52 (20%N)	35 (13%N)	260 (100% of N).

Issue b) Legalized Abortion.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Under 30	30 (61%)	17 (35%)	2 (4%)	49 (19% of N).
Over 50	42 (41%)	32 (31%)	29 (28%)	103 (40% of N).
In Between	49 (46%)	42 (38%)	17 (16%)	108 (41% of N).
	121 (47%)	91 (35%)	48 (18%N)	260 (100% of N).

Issue c) Consolidation of Services for Cities in Clark County.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Under 30	25 (51%)	13 (27%)	11 ¹⁵ (22%)	49 (19% of N).
Over 50	51 (49%)	35 ²⁵ (34%)	17 ²³ (17%)	103 (40% of N).
In between	50 (46%)	34 (32%)	24 (22%)	108 (41% of N).
	126 (48%N)	82 ⁷⁵ (32%N)	52 ⁵² (20%N)	260 (100% of N).

Issue d) Honesty in Government.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Under 30	41 (84%)	5 (10%)	3 (6%)	49 (19% of N).
Over 50	86 (82%)	6 (6%)	11 (12%)	103 (40% of N).
In between	94 (87%)	5 (5%)	9 (8%)	108 (41% of N).
	221 (86%N)	16 (6%N)	23 (8%N)	260 (100% of N).

Part III (Cont.)

Cross-Tabulation No. 1: Vote on the Issues Correlated with Age.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Issue e) ERA.				
Under 30	39 (80%)	5 (10%)	5 (10%)	49 (19%)
Over 50	79 (77%)	14 (13%)	10 (10%)	103 (40%)
In between	63 (58%)	28 (26%)	17 (16%)	108 (41%)
	181 (70%)	47 (18%)	32 (12%)	260 (100% of N).

Issue f) Legal Control of Handguns.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Under 30	28 (57%)	14 (29%)	7 (14%)	49 (19%N)
Over 50	62 (60%)	31 (30%)	10 (10%)	103 (40%N)
In between	61 (56%)	31 (28%)	16 (15%)	108 (41%N)
	151 (58%)	76 (29%N)	33 (13%N)	260 (100%N).

Part III (cont.)

Cross-Tabulation No. 2: Vote on the Issues Correlated with Religious Affiliation.

Issue a) Removal of Nevada Sales Tax on Groceries.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Protestant	53 (62%)	21 (25%)	11 (13%)	85 (33%N)
Catholic	35 (69%)	11 (22%)	5 (10%)	51 (19%N)
Jewish	2 (40%)	2 (40%)	1 (20%)	5 (2%N)
LDS	35 (59%)	15 (26%)	9 (15%)	59 (23%N)
Other	48 (80%)	3 (5%)	9 (15%)	60 (23%N)
	173 (67%)	52 (20%)	35 (13%)	260 (100%N)

Issue b) Legalized Abortion.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Protestant	46 (54%)	22 (26%)	17 (20%)	85 (33%N)
Catholic	20 (39%)	22 (43%)	9 (18%)	51 (19%N)
Jewish	3 (60%)	1 (20%)	1 (20%)	5 (2%N)
LDS	16 (27%)	36 (61%)	7 (12%)	59 (23%N)
Other	36 (59%)	10 (16%)	14 (25%)	60 (23%N)
	121 (47%)	91 (35%)	48 (18%)	260 (100%N)

Issue c) Consolidation of Services for Cities in Clark County.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Protestant	39 (46%)	26 (31%)	20 (23%)	85 (33%N)
Catholic	29 (57%)	12 (24%)	10 (19%)	51 (19%N)
Jewish	2 (40%)	2 (40%)	1 (20%)	5 (2%N)
LDS	28 (47%)	17 (29%)	14 (24%)	59 (23%N)
Other	28 (47%)	15 (24%)	17 (29%)	60 (23%N)
	126 (48%)	72 (28%)	62 (24%)	260 (100%)

Part III (cont.)

Cross-Tab. No. 2 (cont.)

Issue d) Honesty in Government.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Protestant	72 (85%)	5 (6%)	8 (9%)	85 (33%N)
Catholic	47 (91%)	1 (2%)	3 (6%)	51 (19%N)
Jewish	4 (80%)	0	1 (20%)	5 (2%N)
LDS	51 (86%)	3 (5%)	5 (9%)	59 (23%N)
Other	47 (78%)	7 (12%)	6 (10%)	60 (23%N)
	221 (86%)	16 (6%)	23 (8%)	260 (100%N)

Issue e) The Equal Rights Amendment.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Protestant	70 (82%)	7 (8%)	8 (9%)	85 (33%N)
Catholic	36 (70%)	10 (20%)	5 (10%)	51 (19%)
Jewish	5 (100%)	0	0	5 (100%)
LDS	32 (54%)	19 (32%)	8 (14%)	59 (23%)
Other	38 (63%)	11 (18%)	11 (18%)	60 (23%)
	181 (70%)	47 (18%)	32 (12%)	260 (100%N)

Issue f) Legal Control of Handguns.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Protestant	54 (64%)	19 (22%)	12 (14%)	85 (33%N)
Catholic	36 (71%)	13 (25%)	2 (4%)	51 (19%N)
Jewish	4 (80%)	1 (20%)	0	5 (2%N)
LDS	28 (47%)	22 (37%)	9 (16%)	59 (23%N)
Other	29 (48%)	21 (33%)	10 (19%)	60 (23%N)
	151 (58%)	76 (29%)	33 (13%)	260 (100%N)

Part III (cont.)

Cross-Tabulation No. 3: Vote on the Issues Correlated with sex of the voters.

Issue a) Removal of Nevada Sales Tax on Groceries.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Males	75 (66%)	29 (25%)	10 (9%)	114 (44%N)
Females	98 (67%)	23 (16%)	25 (17%)	146 (56%)
	173 (67%)	52 (20%)	35 (13%)	260 (100%)

Issue b) Legalized Abortion.

M	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Males	56 (49%)	40 (35%)	18 (16%)	114 (44%N)
Females	65 (45%)	51 (35%)	30 (20%)	146 (56%N)
	121 (47%)	91 (35%)	48 (18%)	260 (100%N)

Issue c) Consolidation of Services for Cities in Clark County.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Males	61 (54%)	35 (28%)	20 (18%)	114 (44%N)
Females	65 (45%)	37 (26%)	42 (29%)	146 (56%)
	126 (48%)	72 (28%)	62 (24%)	260 (100%N)

Issue d) Honesty in Government.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Males	95 (83%)	6 (5%)	13 (11%)	114 (44%N)
Females	126 (86%)	10 (7%)	10 (7%)	146 (56%N)
	221 (86%)	16 (6%)	23 (8%)	260 (100%N)

Issue e) The Equal Rights Amendment.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Males	74 (65%)	22 (19%)	18 (16%)	114 (44%N)
Females	107 (73%)	25 (17%)	14 (10%)	146 (56%N)
	181 (70%)	47 (18%)	32 (12%)	260 (100%N)

Issue f) Legal Control of Handguns.

	<u>Yes</u>	<u>No</u>	<u>Undecided</u>	<u>Totals</u>
Males	65 (57%)	38 (33%)	11 (10%)	114 (44%N)
Females	86 (59%)	38 (27%)	20 (14%)	146 (56%N)
	151 (58%)	76 (27%)	33 (14%)	260 (100%N)

PROTESTANTS = Total of 85 (33% of N).

Male									Female								
Under 30			30 to 50			Over 50			Under 30			30 to 50			Over 50		
Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.
6	0	0	9	2	2	12	1	3	6	2	0	17	1	2	19	1	2

CATHOLICS = Total of 51 (19% of N).

Male									Female								
Under 30			30 to 50			Over 50			Under 30			30 to 50			Over 50		
Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.
3	0	1	4	3	1	8	2	1	4	0	0	12	3	1	5	2	1

JEWS = Total of 5 (2% of N).

Male									Female								
Under 30			30 to 50			Over 50			Under 30			30 to 50			Over 50		
Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.
0	0	0	1	0	1	1	0	0	0	0	0	1	0	0	1	0	0

LDS = Total of 59 (23% of N).

Male									Female								
Under 30			30 to 50			Over 50			Under 30			30 to 50			Over 50		
Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.
2	0	1	2	6	1	6	3	1	9	1	0	4	6	4	8	3	2

OTHERS = Total of 60 (23% of N).

Male									Female								
Under 30			30 to 50			Over 50			Under 30			30 to 50			Over 50		
Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.	Yes	No	Und.
3	1	1	7 8	4	8 4	9	1	1	6	1	1	8	2	1	8	2	0
14	1	3	13 20	15	9 10	36	7	6	25	4	1	42	12	8	41	8	5

ALL DENOMINATIONS = Total of 260 (100% of N).

CONCLUSIONS

1. Voters' evaluations of six issues--each voter was asked to decide whether or not each issue was important to him or her.

Each of the six issues was voted "important" by at least a two to one ratio among the 260 voters polled. Going from highest to lowest, the range was from 89% (232 out of 260), to 68% (176 out of 260), with the following placement of the issues.

<u>Issue</u>	<u>Percentage of 260 voters polled who said the issue was important.</u>
Honesty in Government	89% (232)
Equal Rights Amendment	83% (216)
Removal of Nevada Sales Tax from Food	78% (203)
Legal Control of Handguns	74% (192)
Consolidation of Community Services in Clark County	69% (180)
Legalized Abortion	68% (176)

2. Rank order of the issues--each voter was asked to rank any or all of the issues in their order of importance to him or her.

Ranked First

Voters considered the removal of Nevada Sales tax from Food to be the most important of the six issues. Out of 223 voters who ranked any issue as first in importance, 32% (72) placed this one at the top of the list.

Ranked Second

The Equal Rights Amendment was named as the second most important issue. Twenty per cent (38 out of 192 voters who named any issue as second in importance to them) said ERA. The same issue polled 23% (35 out of 154 votes) for the third most important issue among the six issues included in the poll.

Ranked Third

Financial disclosure laws, labeled Honesty in Government, did not lead in any of the polls for first, second, or third-place rankings. However, it received the second highest number of votes for first-place rank (21% or 46 out of 223), and tied for the runner-up spot in second and third-place rankings. So, in cumulative rank, this issue was among the top three.

Ranked Fourth

Seventeen per cent of the voters who ranked issues at all (37 out of 223) named the Legal Control of Handguns as most important or second in importance. Eighteen per cent (27 out of 154) placed it third in importance.

Ranked Fifth

Legalized Abortion polled no higher than fourth in any of the first three rankings. The highest percentage of voters who named it was 16% (25 out of 154) for third rank. It polled 12% (27 out of 223) for first-place ranking and 15% (28 out of 192) for second rank.

Ranked Sixth

The local issue in North Las Vegas, consolidation of community services in Clark County, was named by no more than 14% of the voters who ranked issues for any of the top three rankings. It received 14% (26 out of 192) for second rank, 14% (22 out of 154) for third rank, and 10% (23 out of 223) for first rank.

3. Results of a sample election--each voter was asked to vote yes, no, or undecided on each of the six issues

New laws to encourage financial disclosures by political campaigners, labeled honesty in government, received approval by a 14 to 1 ratio (86% yes votes to 6% no votes with 8% undecided). Two hundred and twenty-one voted for the issue as compared to sixteen against it.

Voters in the sample approved the Equal Rights Amendment by almost four to one (70% for it to 18% opposed, with 12% undecided). One-hundred and eighty-one voted for the ERA as compared to forty-seven against it.

The voters cast their ballots to remove the Nevada sales tax from groceries at a ratio of three to one, with 67% in favor of it, 20% opposed, and 13% undecided. One-hundred and seventy-three voted for the removal of the sales tax from food as compared to fifty-two against it.

Legal control of handguns was approved by a two to one ratio, with 58% in favor of it, 29% opposed, and 13% undecided. One-hundred and fifty-one voted yes, and seventy-six voted no.

Consolidation of community services in Clark County (of services shared in common by North Las Vegas and Las Vegas, most prominently) passed by a three to two ratio. The vote was 48% yes, 28% no, and 24% undecided. One-hundred and twenty-six voters said yes, and seventy-two said no.

Legalized abortion received the lowest vote of approval, with a ratio of seven to five for it-- 47% to 35% with 18% undecided. One-hundred and twenty-one voted for legalized abortion as compared to ninety-one against it.

4. Representation in the Nevada Senate from Clark County's District Two-- Voters were asked if they could recall who represents them in the Nevada Senate from Clark County's District Two.

Twenty-seven per cent of the voters (71 out of 260) recalled the name of State Senator Eugene Echols. Fourteen per cent recalled the name of State Senator Lee Walker (37 out of 260).

5. Influences of age, religious affiliation, and sex of each voter upon the votes and opinions expressed-- The data was used to chart patterns of opinion in relation to four Questions.

THE FIRST QUESTION

Are people above 50 more opposed to ERA than people aged 30 to 50 or people aged under 30? x

CONCLUSION

No. People aged above 50 numbered 40% of the total sample (103 out of 260). Out of that 103, 77% voted in favor of the ERA, 13% against it, and 10% undecided. x

Voters aged 30 to 50 numbered 41% of the total sample (108 out of 260). Out of that 108, 58% voted in favor of the ERA, 26% against it, and 16% undecided.

Voters under 30 numbered 19% of the total sample (49 out of 260). Out of that 49, 80% voted in favor of the ERA, 10% against it, and 10% undecided.

In relation to other issues, the group aged above 50 favored removal of the Nevada sales tax from groceries by a large percentage over the other two age groups (77% as compared to 60% of the group aged 30 to 50 and 60% of the group aged under 30).

The young voters were notably more in favor of legalized abortion than the other two age groups (61% as compared to 46% of the 30-50 age group, and 41% of the group above 50).

Percentages of the three age groups showed little difference on the issues of: control of handguns, consolidation of community services in Clark County, and honesty in government or financial accountability by political candidates.

THE SECOND QUESTION

Are members of the Latter Day Saints church more opposed to the ERA (that is, opposed in greater numbers) than voters with other religious affiliations? X

CONCLUSION

Only one age group from among the LDS members who voted in the sample, showed a notable difference--greater opposition to ERA--than voters with other religious affiliations. That was the 30 to 50 age group among LDS voters, who cast 26% of their votes for ERA, 52% against it, and 22% undecided. That is a remarkable contrast to the other two age groups among LDS voters. The above 50 LDS voters voted in favor of ERA by 64% to 27% opposed and 9% undecided. LDS voters under 30 cast their votes 69% in favor of ERA to 15% opposed and 15% undecided.

Voters of the LDS faith numbered 23% of the total sample (59 out of 260). Out of that 59, 54% voted in favor of the ERA, 32% against it, and 14% undecided.

Voters of the Protestant faith numbered 33% (85 out of 260). Out of that 85, 82% voted for the ERA, 8% against it, and 9% undecided.

Voters of the Catholic faith numbered 19% of the sample (51 out of 260). Out of that 51, 70% voted for the ERA, 20% against it, and 10% undecided.

Only five members of the Jewish faith voted in the poll. Of those five, four voted for the ERA and one was undecided. None voted against it.

Members of faiths other than the ones specified above numbered 23% of the total sample (60 out of 260). Out of that 60, 63% voted for the ERA, 18% against it, and 18% undecided.

THE THIRD QUESTION

Are male voters more resistant to ERA than female voters?

CONCLUSION

No, not in significant numbers.

Male voters numbered 44% of the total sample (114 out of 260). Of that 114, 65% voted for the ERA, 19% against it, and 16% undecided. X

Female voters numbered 56% of the total sample (146 out of 260). Of that 146, 73% voted for the ERA, 17% against it, and 10% undecided.

If the undecided votes are cast aside, and only the yes and no votes are tabulated, the percentage of males who voted for the ERA is reduced from eight to four percentage points lower than that of the females. . . . (77%--74 out of 96 votes) as compared to 81% (107 out of 132 votes).

THE FOURTH QUESTION

Are the voters of Clark County's Senate District Two, the North Las Vegas area, more opposed to the ERA than Nevada voters statewide?

CONCLUSION

No. A recent opinion poll by Pearson reported that 65% of a statewide sample of Nevada voters favored the ERA. In this VPA sample of opinion in Clark County's State Senate District Two, 70% favored the ERA. X

VERNON BENNETT
EXECUTIVE OFFICER

STATE OF NEVADA

WILL KEATING
ASSISTANT EXECUTIVE OFFICER



RETIREMENT BOARD
ELBERT B. EDWARDS
CHAIRMAN 481
ROBERT C. WEEMS
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GLENDFON F. WALTHER

PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

May 15, 1975

The Honorable Paul W. May, Chairman
Taxation Committee
Nevada State Legislature
Legislative Building
Carson City, Nevada 89701

Re: Senate Bill No. 386

Dear Assemblyman May:

Senate Bill No. 386 would provide for a referendum on November 2, 1976 to allow the registered voters to determine whether or not they would like the sales tax removed from food products, with appropriate adjustments made on other items. Passage of this legislation would benefit those persons in the lower income brackets. The Retirement System is interested and supports passage of Senate Bill No. 386 because the majority of our 3,100 retired persons are in the critically lower income brackets.

Out of our present 3,109 retirees, 941, or 30% receive less than \$200 per month and 1,477, or 48% receive between \$200 and \$500 per month. This means that 78% of our retirees receive less than \$500 per month. Only 691, or 22% of our retirees receive over \$500 per month. The System has 491 persons who retired prior to July 1, 1963 who have an average age of 81 years and an average benefit of approximately \$160 per month.

We feel that passage of Senate Bill No. 386 will greatly assist our retirees and people in similar situations. We have discussed this matter with representatives of the retired associations who have indicated to us that they are in favor of this legislation. Therefore, on behalf of our 3,100 retirees, the Retirement Board and our retiree associations we respectfully request your favorable consideration of Senate Bill No. 386.

Sincerely,

Vernon Bennett

Vernon Bennett
Executive Officer

VB:dad

CC: Taxation Committee
Retirement Board

Mr. Orvis Reil, AARP and Mr. Donald Perry, NRTA

JANICE WEAVER GALE
P.O. BOX 924
CARSON CITY, NEVADA 89701
PHONE: # 882-5419

Please enter these remarks into the ⁴²²
record and if you have any questions,
please call me.

Thank you very much, Janice W. Gale

My name is Janice Weaver Gale and I am Vice President of Consumer Action Northern Nevada. Speaking for CANN and for myself, I wholeheartedly endorse Senate Bill # 386, providing for the submission of a referendum to the people of Nevada concerning the removal of the sales tax on food. We believe this tax is regressive and grossly unfair. It hits hardest at those Nevada consumers who can least afford to pay it, specifically those living on fixed incomes such as our senior citizens, and those in the middle and lower income economic groups.

Currently, the poor pay a disproportionate share of their earnings for food and the impact of the general sales tax upon their yearly incomes is, approximately, seven times that of the higher wage earner. Tax on food items has always been a burden on the consumer, but in light of today's inflationary economy and growing unemployment situation, it is particularly distasteful. Food is a necessity, not a luxury. Indeed, if we could find a way to do without it and continue to survive, I assure you we would. With each shopping trip, the consumer grimly finds a new price increase on top of the increase he or she found the week before. The total grocery bill is bad enough, but the sales tax tacked on after, adds "insult to injury".

CANN feels it is time to give the consumer a break, and since we are all consumers, what is good for the consumer, will also be good for Nevada.

ATTACHMENT 4



NEVADA TAXPAYERS ASSOCIATION 423

P.O. BOX 633

200 N. Fall Street

CARSON CITY, NEVADA

Attachment 5

AREA CODE 702
882-2697

R. T. McADAM, RENO
PRESIDENT

JAMES CASHMAN, LAS VEGAS
VICE PRESIDENT

CHARLES MUNSON, RENO
VICE PRESIDENT

FRANK SCOTT, LAS VEGAS
VICE PRESIDENT

CARL A. SODERBLUM, RENO
SECRETARY-TREASURER

E. L. NEWTON, CARSON CITY
EXECUTIVE VICE PRESIDENT

15 May 1975

Mr. Chairman and members of the Assembly Taxation Committee:

I am Ernest Newton, executive vice president of Nevada Taxpayers Association and my testimony is in regard to SB-386. (Incidentally, I am a member of A.A.R.P.) The bill proposes to relieve from each of the three sales tax levies purchases of food in grocery stores; and to increase the tax levies on purchases or use of all other tangible personal property, not otherwise exempt. The bill specifically reserves to the legislature the power, without a vote of the people, to increase the "school support" tax levy, the city-county relief tax levy, and to impose other sales taxes on goods or services as the legislature may determine. It is proposed that the proposed changes be submitted by the legislature to a vote of the people.

Several facts need to be made clear.

(1) Adoption of this proposal, by whatever means, will result in an increased extortion of taxes from Nevada consumers in an amount of at least \$1,000,000 per year; and, I believe, probably much more.

(2) Enactment of the proposal has great "charm" for the voters, particularly for those voters who are promised some economic advantage over their neighbors. Such a promised "advantage" is, in my opinion, so nebulous as to be illusory, and is "supported" by examples which are thoughtlessly inaccurate.

Some few economic facts need to be stated.

(a) Few, if any, households (regardless of their position on the economic income scale) spend more than 25% of gross spendable income for grocery store purchases of food. The nationwide average for all households with incomes of less than \$9,700 is 17%. Other "sales-taxable" purchases by all households with incomes of less than \$9,700 account for 48.7% of spendable income.

(b) Grocery purchases provide approximately 12% of the tax base for sales taxes. The proposal is that the rate is to be increased by 16.66% or 14.28% (depending on whether the present total rate is 3% or 3 1/2%).

(c) Inflation in the price of the "standard grocery market-basket" price has been at an annual rate of about 12% during the past 18 months. The inflation rate in the price of all other taxable purchases has been in excess of 19%.

(3) This legislature has provided economic advantage for the people of the state in a total of about \$20,000,000 per year for the next two years, in addition to previously provided advantages. This total is made up of the so-called property tax relief bill for the elderly-indigent; increases in welfare allocations; increases in unemployment benefits and NIC benefits; increases in public school funding for "disadvantaged" students and their parents; special advantages in the purchase of auto licenses and game and fish licenses; and several more.

(4) This proposal is touted as the "most important" (in the minds of responders) of the six issues under consideration in a Gallup poll, yet it is the only one of the issues bearing on reduction of the cost of government. A much more revealing study would have been a comparison of six possible methods for a reduction of the total cost of government. (Incidentally, government taxation now consumes more of the total wages of Americans than the combined total for food and beverages and housing and household operation.) A comparison of the issue of tax reduction on groceries (or anything else) with such an issue as ERA is a comparison of apples and bananas.

(5) The issue of regressibility, so earnestly advanced by professors at the University of Nevada, is basically, and typically socialistic. It is the argument: "Take from those who are able to pay and give to those who are in need." But such an argument is specious; and particularly inappropriate when applied to sales taxes on tangible personal property. Grocery store food requires a comparatively level expenditure of resources, no matter what the position of an individual on the income scale. As a matter of fact, the higher place one achieves on the income scale, the lower is the total number of dollars spent in the grocery store. The "low-income" family must confine its total food purchases to essential, basic foods. The "higher-income" family has the ability to eat out in restaurants more often; and to make purchases of services which are untaxed by sales levies. It is a fact that the family with a \$25,000 income (before taxes) disposes of only about 30% of its income for sales-taxable purchases, whereas the family with a \$9,700 income uses 48.7% of its resources for sales-taxable purchases.

(6) Sales taxes on tangible personal property are essentially "progressive" rather than regressive when the purpose of the revenue extracted is taken into consideration. All of Nevada's sales taxes are devoted to the provision of school, welfare and city services, which services are of the greatest benefit to persons in inverse proportion to their position on the income scale.

(7) I believe there is grave doubt as to the referral of legislative enactments to the electorate for ratification. The Constitution provides no such procedure. Referendum measures are provided ONLY upon the petition of the electorate. It will take a tortured reading of the Constitution to justify a procedure by which the Legislature may submit a matter to a vote of the people. The procedure contemplated in this bill has never been submitted to the Supreme Court for a decision. I suggest that this proposal is of such far-reaching import that such a test is almost inevitable and would probably not be justicable until some action was taken by the Secretary of State about 15 months from now, and would be difficult to complete before the election in November, 1976.