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Senate Taxation Revenue Plan (in millions)
 Prior Committee Action Shaded
 Suggested New Proposals in Bold
 Proposed to Remove Lined Through

May 19, 2003

	FY2004		FY2005	
Tax				
Reduce Cigarette Stamp Fee to 1.5%	1.1	1.1	Reduce Cigarette Stamp Fee to 1.5%	1.5
Reduce Cigarette Stamp Fee to 0.5%	1.8	1.8	Reduce Cigarette Stamp Fee to 0.5%	2.5
Reduce Liquor Tax Allowance to 1.5%	0.6	0.6	Reduce Liquor Tax Allowance to 1.5%	0.6
Reduce Liquor Tax Allowance to Zero	1.2	1.2	Reduce Liquor Tax Allowance to Zero	1.2
Reduce State/LSST Retailer Allowance to Zero	19	19	Reduce State/LSST Retailer Allowance to Zero	20
BLF (SB 298)	3.9	3.9	BLF (SB 298)	4.6
BLT (Temporary Increase to \$200 per year)	0	0	BLT (Reduced to \$140 on January 1, 2005)	0
BLT (Increase to \$200 per year)	81.2	81.2	BLT (Increase to \$200 per year)	83
Property Tax (33-cent Rate; exempt 1 st \$70,000 AV)	93.2	93.2	Property Tax (33-cent Rate; exempt 1 st \$70,000 AV)	100.1
Cigarettes (35 cent increase)	55.1	55.1	Cigarettes (35 cent increase)	55.2
Liquor (100 percent increase)	20.2	20.2	Liquor (100 percent increase)	20.7
Gaming (New tier over \$1 million at 6.75%)	35.1	35.1	Gaming (New tier over \$1 million at 6.75%)	39.8
RE Transfer Tax (\$2.25 per \$500; exempt first \$200,000)	44.8	44.8	RE Transfer Tax (\$2.25 per \$500; exempt first \$200,000)	49.3
Room Tax (1%)	0	0	Room Tax (1%)	0
Restricted Slots (33% Increase)	2.3	2.3	Restricted Slots (33% Increase)	2.4
Restricted Slots	10	10	Restricted Slots	10
Secretary of State Fees (SB 298)	21.2	21.2	Secretary of State Fees (SB 298)	25.7
Business License Surcharge	90	90	Business License Surcharge	95
Finance Industry Surcharge	24	24	Finance Industry Surcharge	28
UBT	75	75	Share future growth / property tax / SB 308	52
Live Entertainment Tax	25	25	UBT	140
Satellite Broadcasters	5	5	Live Entertainment Tax	28
Total (without changes // with all new changes)	296.5 / 605.7	296.5 / 605.7	Satellite Broadcasters	5
			Total (without changes // with all new changes)	433.8 / 760.1

The BUSINESS LICENSE SURCHARGE is built out of Nevada Employment Security Division's "Employer's Quarterly Contribution and Wage Report." (Create the tax within Title 32 under NRS 364A.140.)

This is a very simple filing for employers. The calculation begins by capturing the employer's reported amount for "Taxable Wages," currently shown on Line Five of that form. The rate is applied to that total taxable wages amount to produce the tax owed.

This requires some set-up and administrative costs – the forms, reporting data and filing procedures are all related to administrative systems already fully in place. Administrative costs to the Employment Security Division will amount to \$2.8 million in FY2004 and \$1.4 million in FY2005. The State of Nevada must stay within the administrative guidelines of the U.S. Department of Labor.

Revenues will grow with growth – and the tax directly reflects the actual economic activity of state's economy.

The tax is paid quarterly, but the assessment is applied to a capped amount of annual wages for any single full-time employee. The per employee annual wage cap for FY2003: \$21,500. This proposal assumes a 1 percent rate.

This tax will be assessed only on companies with 25 or more full time employees. Using FY2003 data, the assessment is applied to 4,902 companies; 40,788 companies with fewer than 25 employees are exempted. Also, 522 companies are exempted. Exemptions are provided for health care providers, public utilities and gaming.

The Department needs time to adjust its system to the new function; therefore, they will not be able to begin the assessment until October 1, 2003. Therefore, for this first year, a 1.25 percent will be applied beginning October 1st delivering an annual rate of 1 percent first year, rolled back to 1 percent on July 1, 2004 for continuing rate of one percent.

FY 2004 Yield: \$ 90 million

The FINANCE INDUSTRY SURCHARGE is built out of Nevada Employment Security Division's "Employer's Quarterly Contribution and Wage Report." (Create the tax within Title 32 under NRS 364A.140.)

This is a very simple filing for industry employers. The calculation begins by capturing the employer's reported amount for "Taxable Wages," currently shown on Line Five of that form. The rate is applied to that total taxable wages amount each quarter throughout the fiscal year to produce the tax owed.

This tax will be assessed on all Banking and Finance Industry Contributory Employers filing within the Employment Security Division's banking/finance codes as listed in the North American Industry Classification System (NAICS) Manual.

The tax is paid quarterly, but the assessment is applied to a capped amount of annual wages for any single full-time employee. This year's per employee annual wage cap: \$21,500.

This surcharge will be assessed separately, and in addition to the Business License Surcharge, and would employ exactly the same formula and method of collection employed in our Business License Surcharge, one which:

1. Caps any single employee's wages at the determined amount for FY2004 and
2. Provides a collection mechanism built directly into the Employment Security Division's "Employer's Quarterly Contribution and Wage Report."

Finance Industry Surcharge is proposed to begin October 1, 2003 @ 6.25 percent, yielding an annual collection of 5 percent for FY2004. The rate will roll back to 5 percent on July 1, 2004.

Total companies assessed and total assessment using FY2003 data: 2,300 companies, collecting per a five percent assessment.

FY 2004 Yield: \$ 24 million

The LIVE ENTERTAINMENT TAX is built out of Nevada's existing entertainment tax systems. These provisions would amend NRS 463.4015, "Types of entertainment which are not subject to casino entertainment tax," by removing and redefining the exemptions.

This proposal removes most of the exemptions contained in the current Casino Entertainment Tax, to be renamed "Live Entertainment Tax," and further expands the entertainment venues where those tax assessments will apply.

First, this proposal would remove many of the exemptions contained in NRS 463.4015 (1), exempting only those payments related directly to charitable benefits, trade-shows, and the purchase of merchandise, drinks and food at these events. It would include wrestling but would exclude boxing. Further, this proposal would reduce the rate of the tax from 10 percent to 5 percent.

Second, this proposal would redefine the gaming related locations within which the new Live Entertainment Tax would apply. Within casino properties, the tax would apply to all entertainment events and expenses beyond those listed among the exemptions that remain in NRS 463.4015 (1). Further, these activities would be taxable when offered by any unrestricted gaming licensee in an area commonly referred to as the "curb to curb" region of any individual gaming property, or any other group or individual within the locale.

Third, this proposal would expand the application of the Live Entertainment Tax to include all entertainment activities provided by private, for profit entities within the limitations of the law as amended in NRS 463.4015 (1) as described above. Further, expenses for golf, bowling, movie tickets and renting of videos would be added to the new law as entertainment activities that would be exempt.

State regulatory and enforcement jurisdiction for the redefined and expanded Live Entertainment Tax will be divided between the Gaming Control Board and the Nevada Department of Taxation. The Gaming Control Board will maintain authority over all Entertainment Taxation issues related to and within the property of any and all unrestricted gaming licensees; the Department of Taxation will be authorized to oversee all Entertainment Taxation issues in all other venues.

FY 2004 Yield: \$ 25 million