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## **LV Chamber Releases Report Analyzing Relative Stability of Nevada's State Tax System**

**LAS VEGAS** – Today, the Las Vegas Chamber of Commerce released a report examining the relative stability of Nevada's state tax system and how it compares with that of other states.

The report looks at tax structure from a variety of angles. The report reveals that Nevada is the 9<sup>th</sup> most stable nationally on inflation-adjusted tax collections per capita. It also finds that Nevada ranked 27<sup>th</sup> nationally for state tax collections per \$1,000 of personal income; and ranked 43<sup>rd</sup> nationally in state tax collections as a percent of gross state product.

The report finds that although there has been substantial decline in Nevada's general fund revenue over the past year, "the reality is that every state's tax system is a function of consumption, productivity and/or wealth. When the economy suffers broadly, as is the case in the vast majority of states today, there is no tax system in the nation that is immune to its effects."

The report also examines whether or not local government revenues are more stable than state government revenues. In Nevada, there is a common belief that local governments have an advantage over the state in terms of revenue stability because local government is more dependent upon property taxes, while the state relies more on sales and gaming taxes.

The report finds that this belief is unfounded, and that "the idea that simply trading sales tax for property tax between the state and local level will somehow improve the state's lot lacks foundation."

This report is particularly timely given the fact that once again Nevada lawmakers are faced with another round of budget cuts due to reduced tax revenues. On Monday, the Economic Forum announced that the state must cut an additional \$250 million from the current budget because of tax revenue declines.



“Now is a good time to analyze our state budgeting process to see if it can be improved,” says Hugh Anderson, chairman of the Chamber’s Government Affairs Committee. “This analysis should include a look at the "Rainy Day Fund" size and process. We should also consider establishing a budget stabilization fund specifically dedicated to K-12 education. By setting aside money in good years specifically for education, we protect our schools from having to endure draconian budget cuts during lean times, such as we are facing today.”

The Chamber commissioned a series of reports by Jeremy Aguero of Applied Analysis and Guy Hobbs of Hobbs, Ong & Associates to help determine where taxpayer dollars are currently being spent and to provide a factual foundation from which the Chamber can make informed public policy recommendations.

The Chamber previously released its reports on the Public Employees’ Retirement System (PERS) and the Public Employees’ Benefits Program (PEBP). These reports indicate that the combined unfunded liability of PERS and PEBP is more than \$10 billion. In June, the Chamber released its first two reports focusing on public employee salaries. Those reports found that Nevada’s average local government employee pay ranks 8<sup>th</sup> highest among public sector pay in the United States. The reports also revealed that, on average, a Nevada public sector employee is paid approximately 29 percent more than his or her private sector counterpart.

The complete report can be found on the Chamber’s Web site at [www.lvchamber.com](http://www.lvchamber.com).

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