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Tax fairness comes first

We frequently see our state at the wrong end of national rankings. Our colleague Cory Farley once quoted an acquaintance of his saying that Nevada is high in everything you want to be low in and low in everything you want to be high in, and that observation has become a Silver State cliché.

But the impact of those repeated quality of life rankings is not a cliché. It is an omnipresent force in the lives of good people and a reminder of the failure of state leaders.

To see another demoralizing ranking—perhaps the most important of all—go to www.itepnet.org/whopays3.pdf.

It's a report on fairness in state tax systems by the Institute on Taxation and Economic Policy. Near the top is a table showing the 10 most regressive tax systems in the nation—that is, the states that soak the working poor the worst. There's Nevada, at No. 8.

“These 10 states ask their poorest residents—those in the bottom 20 percent of the income scale—to pay up to six times as much of their income in taxes as they ask the wealthy to pay,” reads the report. “Middle income families in these states pay up to three times as high a share of their income as the wealthiest families. (These figures are before the tax benefits the wealthy enjoy from federal itemized deductions.)”

In common with most of the other 10 states, the report shows, Nevada offers property taxpayers no homestead exemption or low-income credit. Nevada relies heavily on sales and excise taxes and imposes a business payroll tax instead of a corporate profits tax.

None of this is news to Nevada politicians. Inequity in taxation is also instability in government finance. They've known for years that the heavy sales tax reliance has caused chronic budget disasters—in 1981-82, in 1990-91, in 2001, and since 2007. They've known that the state needs lower—or no—sales taxes, but they've been too craven to pay the political costs of reform and face down corporate lobbyists trying to protect their cushy nests. Well, frankly, we don't care whether state legislators survive in their dinky little seats. We want *Nevada* to survive, and we want legislators who will take the risk and do

their jobs.

Also at fault are those who advocate for the public, such as the Nevada Women's Lobby and the Progressive Leadership Alliance of Nevada and the members of the PLAN coalition—labor unions, good government groups, and so on.

Legislature after legislature, they have advocated on trees, not on forests. The disaster of the moment is not as important as the ongoing failings of a tax system that affects every other Nevada national ranking. What's the point of patching together another spending plan for education this year if it will all fall apart again in two or four years?

Tax equity should be Nevadans' first demand, not one that is tossed overboard in order to focus on the crisis of the moment. Tax equity is more important than education, human services, and safety nets, because its absence keeps undercutting all of those. Waiting until the latest crisis is dealt with doesn't work—there's *always* going to be a crisis, particularly in education, until the tax system is fixed. It has been too easy for state legislators to ignore tax fairness because they feel no pressure in its behalf. If those groups don't speak for tax equity first, above all other issues, legislators are free to do nothing.