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Study: Tax burden unfair to poor

Group blames Nevada's lack of personal income tax

By ED VOGEL

LAS VEGAS REVIEW-JOURNAL CAPITAL BUREAU

CARSON CITY -- In Nevada, the poor pay more of their income on taxes than the rich largely because the state does not levy a personal income tax, a national study concluded Wednesday.

"The most obvious button Nevada is not pushing is a personal income tax," said Matthew Gardner, who authored the "Who Pays?" study for the Institute on Taxation & Economic Policy.

Gardner's study found that the poorest 20 percent of Nevadans -- those earning less than \$21,000 a year -- paid 8.9 percent of their income in 2007 on state and local taxes.

But earners in the top 1 percent -- those with incomes of at least \$574,000 a year -- paid just 1.6 percent on state and local taxes.

In a conference call from Washington, D.C., Gardner said the tax system in Nevada and throughout the United States is regressive, or "upside down," meaning the more people earn, the less they pay in state and local taxes in terms of percentage.

The results show the need for Nevada legislators to develop a long-term plan for fair taxes that provide sufficient revenue for education and other state programs, according to Bob Fulkerson, state director of the Progressive Leadership Alliance of Nevada.

The state tax system now "soaks the workers and coddles the wealthy" and people want change, he added.

But by a vote of nearly 3 to 1 in 1990, Nevada residents passed a constitutional amendment outlawing personal income taxes. That amendment cannot be changed without another public vote.

Fulkerson's liberal-leaning organization arranged the news conference with Gardner.

The Institute on Taxation & Economic Policy bills itself as a non-profit, non-partisan education and research organization that works on government taxation and spending policy issues.

Andy Matthews, a spokesman for the conservative Nevada Policy Research Institute, said the conclusions were misleading.

Using the study's figures, he calculated the top 1 percent of earners paid 30 times as much in state and local taxes as those in the bottom 20 percent bracket.

"This is class warfare and an absurd implication that the wealthy are not workers themselves," Matthews said about the study. "It shows there are still a lot of people out there who see accumulation of wealth as some kind of injustice."

If Nevada implemented an income tax, then the wealthy would have less to spend on investments that create jobs, he added.

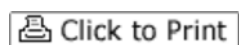
Gardner said his study found Nevada was the eighth most regressive state in terms of taxes. States in this "terrible ten" rely heavily on sales taxes, and cigarette, gas and alcohol taxes, he said.

Launce Rake, a spokesman for PLAN, said an earlier study for his organization found that a 6 percent personal income tax on people earning more than \$200,000 a year would bring in \$1.1 billion a year.

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