

Nevada in top ten for most regressive tax policies



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WINNEMUCCA — The problems with Nevada's tax structure was best described during the last legislative session as such: we're playing kick the can with tax policy — kicking the daunting task of restructuring the tax system to the next session.

And that has gone on for decades.

There are essentially two issues with Nevada's tax structure, 1) it relies heavily on sales tax and gaming revenue, and 2) it's insufficient for the state's growing needs.

Taxation Fairness: According to a report issued Wednesday (November 18) by the Institute for Taxation and Economic Policy (ITEP), Nevada is in the "Terrible Ten"; that is, the ten states with the most regressive tax system.

Who pays? A Distributional Analysis of the Tax Systems in all 50 States was authored by Matthew Gardner, of the ITEP. Gardner addressed Nevadans in a teleconference on Wednesday (Nov. 18) hosted by the Progressive Leadership Alliance of Nevada (PLAN).

A regressive tax system relies heavily on sales and excise tax for revenue; taxes that hit the poor and middle class the hardest, Gardner explained. However, as the report noted, Nevada does not levy taxes on groceries -- unlike many of its counterparts in the top ten.

Gardner stressed the issue was about fairness in the tax system. He noted one of the findings of the 50-state analysis was that middle- and low-income (non-elderly) families pay much higher shares of their income in state and local taxes than do the very well-off.

"The harsh reality is that most states require their poor and middle income taxpayers to pay the most taxes as a share of their income," he noted in the report

Commenting on Nevada's regressive tax policy was Bob Fulkerson, of PLAN, who said the current system "Soaks the workers and coddles the wealthy. People are sick of that."

Building schools – Paving Roads: In a state without a personal income tax, or a corporate tax, and minimal property taxes, basic services are funded through sales tax and gaming. However, in a bad economy people limit their spending and travel, which has created massive budget shortfalls for state and local governments.

One of the obvious solutions, Gardner noted, was a state income tax.

Even if a state personal income tax were levied only on the top one or two percent of the highest wage earners, the state could raise some much needed revenue and go a long way towards creating a more equitable tax system.

Gardner said taxpayers and politicians in states without a state personal income tax are beginning to talk about the necessity. He pointed out that in Illinois, where the subject of a state personal income tax was once taboo, both gubernatorial candidates are talking about implementing one. He noted in the current economic conditions, "The political climate can change remarkably fast."

There's just one problem: the Nevada Constitution specifically prohibits a state income tax. Gardner acknowledged amending the state constitution would have to be part of the long-term strategy and not a short-term solution.

One tax PLAN would like to see changed is the Net Proceeds to Minerals, which are the taxes mining companies pay. Fulkerson claimed mining companies, which mined \$25 billion worth of gold between 2000-2007, pay just one-half of 1 percent in tax.

For more information, visit the Institute of Taxation and Economic Policy at : <http://www.itepnet.org> or the Progressive Leadership Alliance at <http://www.planevada.org>.