

OPINION

Legislators should try to avoid taxes — and California's fate

As the legislative session comes to an end and a number of proposed tax increases seem headed our way, the chamber maintains that we cannot tax or cut our way out of this crisis. Although some tax increases seem inevitable, reforms to government programs and spending must also be addressed. The following tax position of the chamber was written thanks to board member Joe Cain (Silver Nugget Gaming) and our lobbying firm Ferrari-Smith.

The North Las Vegas Chamber of Commerce is philosophically opposed to tax increases of any kind, especially in the current economic environment. Our business members are struggling and many have closed their doors. Many others have made painful cutbacks including layoffs of valued, long-term employees. Some businesses are barely hanging on and tax increases, or other government-imposed regulatory burdens, might be enough to push these businesses over the edge. As a result, there has never been a worse time to raise taxes.

The North Las Vegas Chamber recognizes that our



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Nevada legislators are in a very difficult position. Despite the already significant cuts that have been made, the overwhelming consensus among policymakers, interest groups and pundits, is that tax increases are required unless the state is willing to allow Draconian cuts from which our government infrastructure may never recover. This is the unfortunate reality we are faced with as a state.

Although we know something must be done to offset the loss of revenue, creation of new bureaucracy and taxes will only damage our state's credibility as a great place to do business. We are mindful that the economy ebbs and flows, and that after

our economic challenges in 2003, the state ended up returning dollars to taxpayers as the need was overstated. We only need to look to California to confirm that paying more taxes does not create stability; belt-tightening and planning are key.

The current economic crisis was not created overnight. The North Las Vegas Chamber believes we are paying for the actions of our past when unsustainable decisions were made without close scrutiny, and passed during a healthier economy amid growing government revenues. If businesses are asked to pay additional taxes, this should not occur without government also taking significant steps to change the way it conducts its affairs. The Legislature must increase allocations to the state rainy day fund and create budget stabilization accounts.

We are further concerned that government cannot sustain its obligations to public employees in the long-term and a serious discussion and reform with regard to salary and retirement benefits must occur as part of this budget discussion. While such policy decisions may not

affect our budget woes today, they will serve as meaningful, long-term reforms that will help our state to keep its commitment to hard-working employees and taxpayers.

As Nevada's budget will use available federal stimulus dollars to balance this biennium, it is important to remember that we will need to replace those "one-shot" project dollars with state tax revenue in the next biennium to sustain funding levels. If we don't plan carefully, this could result in additional discussions of tax increases in the 2011 legislative session, or before.

Many businesses are struggling and simply cannot afford to pay more taxes. Nevada's competitive business tax environment is also of paramount consideration for many businesses thinking of expanding in, or moving to, Nevada. If we demonstrate poor management of our tax system by layering burdensome new taxes on businesses, we may never pull ourselves out of this economic slump.

As a result, we believe any new tax or tax increase imposed to address the shortfall, must:

- At a minimum be broad-

based.

- Should not create a new tax bureaucracy.

- Should contain sunset provisions.

The North Las Vegas Chamber believes neither cutting budgets nor raising taxes is the answer to the state's current budget woes. This is an opportunity to affect meaningful changes to the way government conducts its affairs. Without such steps, the North Las Vegas Chamber cannot support additional tax burdens on businesses at a time when businesses are fighting for survival. New tax increases, fees, and regulatory burdens are enacted on businesses at each legislative session and the cumulative burden continues to creep upward with the passage of time. Continuing to ratchet taxes upward every two years is unsustainable in the long run and we must seize the opportunity presented by this current crisis to enact meaningful and sustainable policy reforms that allow government to operate more efficiently.

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