

TAX TOPICS

*A publication of the Nevada Taxpayers Association
Serving the citizens of Nevada since 1922*

ISSUE 1-17

January 2017

COST RELEASES 2016 ADMINISTRATIVE “SCORECARD” – RANKS NEVADA AMONG THE WORST

In December, the Council on State Taxation (COST) released its sixth administrative “scorecard” of the states, titled “The Best and Worst of State Tax Administration”. The report, first released in 2001, updates research in nine key categories of issues impacting fair and efficient state tax administration. These include:

- Independent tax tribunals
- No “pay-to-play”
- Even-handed statutes of limitation
- Even-handed interest rates
- Sufficient protest periods
- Ease of corporate filing, and
- Transparency in tax guidance and rulings
- Retroactivity and other fairness issues

The scorecard commends Arkansas as “most improved”, resulting from its enactment in 2015 of legislation eliminating pay-to-play in circuit court and providing other reforms. They also gave special recognition to Alabama, Louisiana, Mississippi, and New Mexico for improving their scorecard grades. They handed out “demerits” to Michigan, New York, Oklahoma, and Washington, and particularly condemned the trend in some states to restrict interest paid on refunds.

Nevada ranked at the bottom with a grade of D+. The only category in which Nevada was not given demerits was for its even-handed statutes of limitations. The state received poor ratings in the following categories:

- Independent tax dispute form
- Pay-to-play
- Even-handed interest rates
- Number of days to protest an assessment
- Transparency in tax guidance and rulings
- Retroactivity and other fairness issues

The entire report can be viewed [here](#).

STATE AND LOCAL BUSINESS TAXES: STATE-BY-STATE ESTIMATES FOR FISCAL YEAR 2015

Also in December, COST released its fourteenth annual study of state and local business tax burdens. The report shows all state and local business taxes paid in each of the 50 states and the District of Columbia. The business share of state tax revenue was 44.1% for FY2015 and has been within one percentage point of 45% since FY 2003.

Business paid more than \$707.5 billion in state and local taxes in FY15, an increase of 1.9% from FY14. State business taxes grew less quickly than local taxes. Taxes included in this study include:

- Business property taxes
- Sales and excise taxes paid by business on their input purchases and capital expenditures
- Gross receipts taxes
- Corporate income and franchise taxes
- Business and corporate license taxes
- Unemployment insurance taxes
- Individual incomes taxes paid by owners of noncorporate (pass-through) businesses; and
- Other state and local taxes that are the statutory liability of business taxpayers.

NEVADA BUSINESS SHARE OF TOTAL STATE AND LOCAL TAXES, FY15

Business share of state taxes	Business share of local taxes	Business share of total state and local taxes
52.5%	56.3%	53.6%

**COMPOSITION OF STATE AND LOCAL NEVADA BUSINESS
TAXES BY TYPE, FY15**

Property Tax -	22.7%
Sales Tax -	32.1%
Excise Tax -	15.3%
Corporate income tax -	N/A
Unemployment insurance tax -	10.1%
Individual income tax on pass-through income -	N/A
License and other taxes -	19.8%
TOTAL -	100.0%

Nevada's business tax burden FY15 (\$billions)

Property tax -	\$1.5
Sales tax -	\$2.1
Excise tax -	\$1.0
(including public utilities and insurance)	
Corporate income tax -	N/A
Unemployment insurance tax -	\$0.7
Individual income tax on business income -	N/A
License and other taxes -	\$1.3
Total business taxes NV -	\$6.6
Total business taxes U.S. -	\$707.5

The entire report can be viewed [here](#).

Nevada Taxpayers Association's 95th Annual Dinner

Wednesday, February 22, 2017 at the Carson Nugget, Carson City, NV

The event includes:

- Keynote address by Kil Huh from **The Pew Charitable Trusts** on States' Fiscal Health,
- Presentation of the **19th Annual Cashman Good Government Award**, and
- Presentation of the **Free Enterprise Award**

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To accommodate printing deadlines, you must reserve your table by **Thursday, January 26, 2017**.

Contact Cindy at (702) 457-8442 or ccreighton@nevadataxpayers.org to reserve your table today!

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Is a publication of the

NEVADA TAXPAYERS ASSOCIATION

www.nevadataxpayers.org ❖ info@nevadataxpayers.org

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