

**INDUSTRY DEFENSE FUND
APPLICATION FOR FUNDS**

TO: BOMA IDF Oversight Committee

FROM: BOMA Nevada
(Applicant)

RE: Coalition To Defeat The Margin Tax Initiative IDF Request
(Name of Project)

AMOUNT of REQUEST: \$ 40,000.00

DATE: August 20, 2014

I. PURPOSE:

In completing this section, please pay special attention to the Purpose of the Industry Defense Fund and the Application Process sections of the IDF Rules. In the space provided, please indicate the purpose for which these IDF funds will be used. Please supplement your request by attaching reference materials if appropriate.

The purpose of this project is to educate the voting public regarding the Gross Margins Tax Initiative that will be on this November's Ballot. The intent is to show voters the inadequacy of the initiative, and the detrimental consequences of such a tax upon Nevada's economy. The current ballot initiative is also referred to as the Education Initiative. It is designed to try and relieve a starving education budget that has been cut repeatedly since before 2009. The proposed initiative will dump all its funds into the DSA (Distributive School Account). The idea being that these funds could then be used to reduce class sizes, increases teacher salaries, and hire more teachers. Unfortunately, disbursement of the DSA funds are overseen by the state legislature, and have never been used for education purposes. The AFL-CIO is now opposed to this initiative that they helped create because they realize that there is no written designation in this initiative to guarantee that the funds will go to education, and that it will have far reaching effects upon Nevada's economic recovery. Lawmakers also concur that if the funds go into the DSA, they will disappear into other state projects almost immediately. Also poorly written are the definitions of the proposed margins tax. It is not a true margin tax in that it is not based on profit margin, but rather on gross revenue for any company making more than \$1 million annually. Herein, lies another devastating pitfall for the Nevada economy. If passed, it will stifle current business growth internally, and deter outside businesses from coming to Nevada.

II. MEMBER IMPACT:

In completing this section, please pay special attention to the Purpose of the Industry Defense Fund and the Application Process sections of the IDF Rules.

A. Please indicate the number of BOMA members that will be impacted by the proposed action. For example, "All BOMA members in the City of Los Angeles or LA County, or all BOMA members in the State of Texas".

The tax would adversely impact all BOMA members in the State of Nevada, as well as members in other states which might adopt similar tax initiatives.

B. Please also indicate any regional or nationwide impact to BOMA members.

As mentioned above, states with similar economic make-ups to Nevada, would be inclined to pass like initiatives based upon the passing of this initiative, thus making this type of legislation very contagious.

III. BOMA MEMBERS' INTERESTS IMPACTED:

In the space provided, please indicate which specific member interests will be impacted through this project. Examples might include private property rights, need to maximize return on investment, secure fair tax treatment, etc. Please reference all applicable BOMA policy statements, and list all interests that would be impacted using additional sheets if needed and attach supplemental materials if appropriate.

1. This initiative will stifle new and existing business growth.
2. It will deter companies from relocating/expanding to, or remaining in Nevada.
3. It will substantially increase overhead costs for building/business owners.

IV. PRECEDENT VALUE:

Has this issue been litigated, legislated, or the subject of regulation in another local or state jurisdiction, or at the federal level?

 NO

 √ YES.

If Yes, where and what was the result? :

The State of Texas implemented a successful "franchise tax" based on "earned surplus".

V. MATCHING FUNDS:

In completing this section, please refer to the Application Process and Disbursement of Funds sections of the IDF Rules. The leveraging of additional funds to defend the industry's interests is a key goal of the IDF. Please indicate the amounts and specific source(s) of funds you are dedicating to this issue, and/or the nature of staff and other in-kind resources.

\$40,000.00

Amount of Matching Funds

NAIOP

Source of Matching Funds (Please use additional sheets if necessary)

VI. ACCOUNTABILITY:

A. Please provide the following information on the individual who will serve as lead on this project and will verify all relevant payment requests.

Name Robert McNinch

Address: 7685 Commercial Way, Suite J., Henderson, NV 89011

Phone: (702) 826-2200 FAX: (702) 826-2201

e-mail: robert@tpmservice.com

B. How will project costs be tracked, and how will the required updates, financial statements, and related documentation outlined in the Disbursement of Funds process (Section VII of the IDF Rules) be provided to the IDF Oversight Committee?

This project will be tracked by the BOMA Nevada Advocacy Committee in conjunction with the Coalition's Oversight Committee.

VII. DURATION OF FUNDING:

IDF funds are available for 12 months following the authorization of disbursements. Please indicate the time table for resolution of this issue, including when disbursement of funds will be expected.

The distribution of these funds would be needed immediately for the upcoming elections in November.

VIII. OUTLOOK:

A. Please indicate the likelihood of success of the planned action and your reasons for making such an assessment.

POOR _____ FAIR ✓ GOOD _____ EXCELLENT ✓

The Casino and Taxi Driver Industries have formed the coalition, which have a great deal of political influence in Nevada. We are also getting overwhelming support from other influential groups like NAIOP, and IREM.

B. Please indicate the likelihood of success of planned action without IDF funding and your reasons for making such an assessment.

POOR _____ FAIR ✓ GOOD _____ EXCELLENT _____

Without the combined efforts of this coalition, this initiative could pass. It is being touted as an Education Fund Tax (drafted by the Teachers Union), which carries a great deal of influence with voters in Nevada, as our education system does not rank very well nationally.

IX. SELF HELP:

A. Please list actions already undertaken toward achievement of the stated project goal:

NAIOP has already appropriated \$40,000.00 for the Coalition. A "No On 3" campaign is currently underway on local radio, television, and the internet, but needs to be sustained.

B. Do you have a Government Relations Committee or similar entity to assist and/or provide oversight in pursuing this issue?

This project will be tracked by the BOMA Nevada Advocacy Committee in conjunction with the Coalition's Oversight Committee.

X. WORK PRODUCT:

A. Will this application result in a work product that may be used by other BOMA members, local associations, or state coalitions?

YES √ NO

Please list expected products:

The creation of an effective model that can be replicated by other local associations and coalitions will result from BOMA's participation. It will also result in the creation of "Best Practices", and "Problematic Issues" to assist other organizations in the creation of similar action groups.