

“This tax is not based on the ability to pay. For any businesses hurt by this economy that have been struggling to keep their doors open, this tax may prove to be the proverbial straw that breaks the camel’s back.”

CAROLE VILARDO  
NEVADA TAXPAYERS ASSOCIATION



“In addition to killing jobs, the plan, if passed, creates a huge disincentive for small business growth.”

LAS VEGAS REVIEW-JOURNAL EDITORIAL  
“MARGINS TAX INITIATIVE A BUSINESS KILLER”  
2/23/14

LAS VEGAS  
REVIEW-JOURNAL

“There is little doubt that the proposed Nevada margin tax would make the state of Nevada less competitive from a general business tax standpoint.”

LEADING NEVADA ECONOMIC EXPERT  
JEREMY AGUERO, APPLIED ANALYSIS



“This initiative will make it more difficult to diversify our economy and much more difficult for entrepreneurs to grow their business here. The job loss and declining entrepreneurial activity will drive our young talent and college graduates out of the state.”

ECONOMIC DEVELOPMENT AUTHORITY OF  
WESTERN NEVADA (EDAWN)



## **NO** ON 3: Coalition to DEFEAT the Margin Tax Initiative

Partial list of more than 750 founding members\*

Nevada Association of Employers  
National Federation of Independent Business – Nevada  
Nevada Taxpayers Association  
Economic Development Authority of Western Nevada (EDAWN)  
Las Vegas Metro Chamber of Commerce  
Auguste Lemaire, President, Sunvelope Solar, Inc.  
Stuart Litjens, Owner, Boulder Boats  
Nevada Farm Bureau Federation  
The Chamber of Reno, Sparks and Northern Nevada  
Todd Sklamberg, CEO, Sunrise Hospital & Medical Center  
Nevada Restaurant Association  
Nevada Resort Association  
Sandra Olson, Vice President/General Counsel, Roche Constructors, Inc.  
Jeff Grace, President/CEO, NetEffect  
Nevada Retail Association  
Nevada Franchised Auto Dealers Association  
Michael Miller, Principal, CFA Engineering  
Mike Fiannaca, President, Sparks Florist  
Dr. Rex Liu, Owner, Family & Cosmetic Dentistry  
Nevada Mining Association  
Terry Boyle, Partner, Winnemucca Inn  
Todd Vedelago, Principal, Vedelago Petsch Architects, Inc.  
Nevada Bankers Association  
Daniel Gerety, President, Gerety & Associates, CPAs  
Gino Ferraro, Owner, Ferraro’s Restaurant – Wine Bar  
Stephen Jones, Owner, Merlin Contracting & Developing  
Nevada Manufacturers Association  
Gary Klug, Owner, Elko Wireless  
Builders Association of Western Nevada  
Tim Homerding, President, Valley Blueprint  
Elko Area Chamber of Commerce  
*\*Titles & affiliations are for identification purposes only.*

To see the full coalition list, please visit  
[StopTheMarginTax.com](http://StopTheMarginTax.com)

Paid for by the Coalition to Defeat the Margin Tax Initiative

Why Nevadans are  
joining together to urge

# **NO** on 3

the **Margin Tax Initiative**



The deeply flawed and costly  
tax increase proposal on the  
November 2014 ballot

[StopTheMarginTax.com](http://StopTheMarginTax.com)

# Question 3, the Margin Tax Initiative: Deeply flawed and very costly

If passed, the Margin Tax Initiative would:

- Create a flawed and unfair tax that would impact both large employers and thousands of small businesses
- Damage Nevada's already struggling economy & cause the loss of thousands of jobs
- Do nothing to guarantee that the money would go to education
- Increase consumer costs



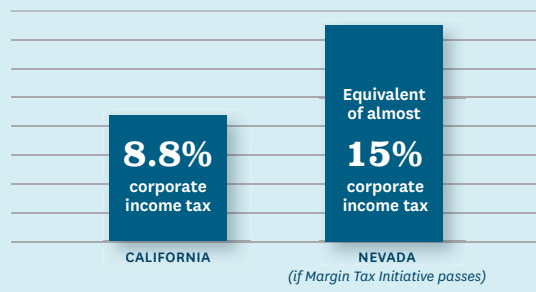
## New tax that would hurt both large employers and thousands of small businesses

The Margin Tax Initiative, Question 3 on Nevada's November statewide ballot, would impose a whole new state tax on Nevada businesses. Businesses with more than \$1 million in annual gross revenues would be subject to a new 2% "margin tax" – regardless of how much, if any, of their revenues are actual profits.

Promoters of this measure portray it as a minor tax on "big businesses" and want voters to believe all the tax revenue would go to education. In reality, the Initiative would impose a major new tax burden on both large employers and thousands of smaller businesses throughout the state.

Imposing the Initiative's tax on top of the state's existing Modified Business Tax would create the equivalent of an almost 15% state corporate income tax – nearly twice as high as the corporate income tax rate in California.

If the Initiative passes, Nevada would have the equivalent of an almost 15% corporate income tax.



(Source: Study by Jeremy Aguero, Applied Analysis, Feb. 2014)

## A flawed, unfair tax formula

The Initiative's new tax on gross revenues would be especially damaging to employers that have high overhead and slim profit margins, such as farmers, ranchers, grocery stores, restaurants and other small retailers, and to those that are already on the brink of closing. It would only allow businesses to deduct some of their actual costs from the revenues subject to the tax. For example, they could deduct their cost of goods or their payroll costs, but not both.

*Question 3 would cause the loss of thousands of existing jobs and make it nearly impossible to attract new businesses and jobs to Nevada.*

Another flaw in the measure is that it would create a "fiscal cliff." A business making one penny less than \$1 million in gross revenues would pay no tax. A business that grossed one penny more than \$1 million would pay the 2% margin tax based on the entire million, even if none of it were profit.

## Would make Nevada's business taxes among the highest in the US

Overall, Question 3 would dump a massive \$750 million increase on the costs of doing business for Nevada employers, making Nevada one of the five highest taxed states in which to operate. This would severely damage our state economy and job market. An April 2014 report by leading economist Jeremy Aguero projects that Question 3 would result in the loss of nearly 9,000 private sector jobs in Nevada.

## No guarantee of more money for education

Under the state constitution, the legislature would have complete authority to divert funds from this new tax to things other than education. Moreover, the Initiative contains no guidelines on how any funds going to education would be spent. It would essentially hand a blank check to politicians and bureaucrats to spend however they want, without requiring any oversight, reviews or accountability.

## More bureaucracy, red tape & lawsuits

The Initiative would create a whole new IRS-like state bureaucracy to implement and enforce its 84 sections of complicated legal requirements, exemptions and technical language. Many sections are so vague and badly written that they would lead to court challenges that would tie the state up in costly lawsuits for years to come.

## Initiative would increase consumer costs

The Margin Tax Initiative would impose a new 2% tax on revenues generated by almost all types of goods and services sold in Nevada, including: food, clothing and other retail store products; gas, electricity and telephone services; prescription medicines sold by pharmacies; and, medical care provided by doctors and hospitals. Ultimately, the providers of these goods and services would pass on some or all of their tax increase to Nevada consumers.

## Please help by joining our coalition!

To join, just visit our website [StopTheMarginTax.com](http://StopTheMarginTax.com). There's no cost to join, but it could save you a lot in the long run and help protect Nevada jobs and our state's economy.