



The Nevada Policy Research Institute

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Contact Victor Joecks
(702) 222-0642

NPRI analyst: Tax Foundation report shows Nevada is not a ‘low-tax’ state

LAS VEGAS — Nevada ranks 28th-highest in the nation in terms of combined state and local tax collections, and its residents shoulder the second-lowest tax burden in the United States, according to a new report from the Washington, D.C.-based Tax Foundation. In response to the report, Geoffrey Lawrence, deputy director of policy at the Nevada Policy Research Institute, issued the following comments:

Already some Nevada leftists are pointing to the Tax Foundation’s new report as “proof” that Nevada’s budget problems are the result of having the country’s second-lowest tax burden. The Tax Foundation report, however, makes a clear distinction between a state’s tax burden and its tax collections.

The “tax burden” ranking measures the percentage of income that state residents pay directly in state and local taxes, which, in the case of Nevada, excludes all the money the state collects from taxes assessed on the tourism industry.

However, when it comes to combined state and local tax *collections* — how much money government actually has to spend — the Tax Foundation finds that Nevada ranked 28th-highest in the country for Fiscal Year 2009. Further, this ranking actually understates the current level of tax collections, because it does not include any revenues resulting from the largest tax increase in Nevada’s history, which was passed by the 2009 legislature and impacted tax revenues in Fiscal Years 2010 and 2011.

To claim that this report shows Nevada doesn’t collect enough in tax dollars is to misrepresent the report’s clear findings. This report actually shows that Nevada is near the median of states when it comes to state and local tax collections — even before taking into account the largest tax increase in Nevada’s history.

This study shows clearly that Nevada's budget problems are not the result of a lack of tax revenue. As the Nevada Policy Research Institute has highlighted repeatedly, the relatively low quality of K-12 education and other services in Nevada has resulted not from a lack of funding, but rather from poorly designed policies.

Lawrence also noted that tax-burden analysis is an area of controversy among economists, with even Tax Foundation analysts in years past interpreting the actual burden of taxes assessed on Nevada's tourism industry as ultimately falling not on tourists but on investors, vendors and workers receiving lower wages. Said Lawrence:

Regardless of who bears the burden of taxes, lawmakers still have the money to spend. Not including the largest tax hike in Nevada's history, the Tax Foundation report still shows that Nevada has more money to spend per capita than 22 other states.

As this report proves, in terms of tax collections, Nevada is not a "low-tax" state.

More:

Tax Foundation report: "[State-Local Tax Burdens Fall in 2009 as Tax Revenues Shrink Faster than Income](http://www.taxfoundation.org/files/sr189.pdf)" (<http://www.taxfoundation.org/files/sr189.pdf>)

NPRI report: "[Better Budgeting for Better Results](http://npri.org/docLib/20110119_Better_Budgeting_2011-2013.pdf)" (http://npri.org/docLib/20110119_Better_Budgeting_2011-2013.pdf)

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The Nevada Policy Research Institute • 3155 E. Patrick Lane, Suite 10, Las Vegas, NV 89120
Phone: (702) 222-0642 • Fax: (702) 227-0927 • Web site: www.npri.org