



The Nevada Policy Research Institute

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NPRI study: Margin tax to kill 3,600+ jobs, would have domino effect on thousands of Nevada jobs and families

LAS VEGAS — Over 3,600 jobs will be lost if voters approve Question 3, commonly called the margin tax, this November, a study released today by the Nevada Policy Research Institute finds.

The new study, entitled *The Fiscal and Economic Impact of Establishing a Margin Tax for Nevada*, reports sophisticated econometric modeling of how the margin tax most likely would impact the Silver State economy.

Both private-sector and overall employment would be lowered by the margin tax, the model finds. Investment in Nevada would also be reduced.

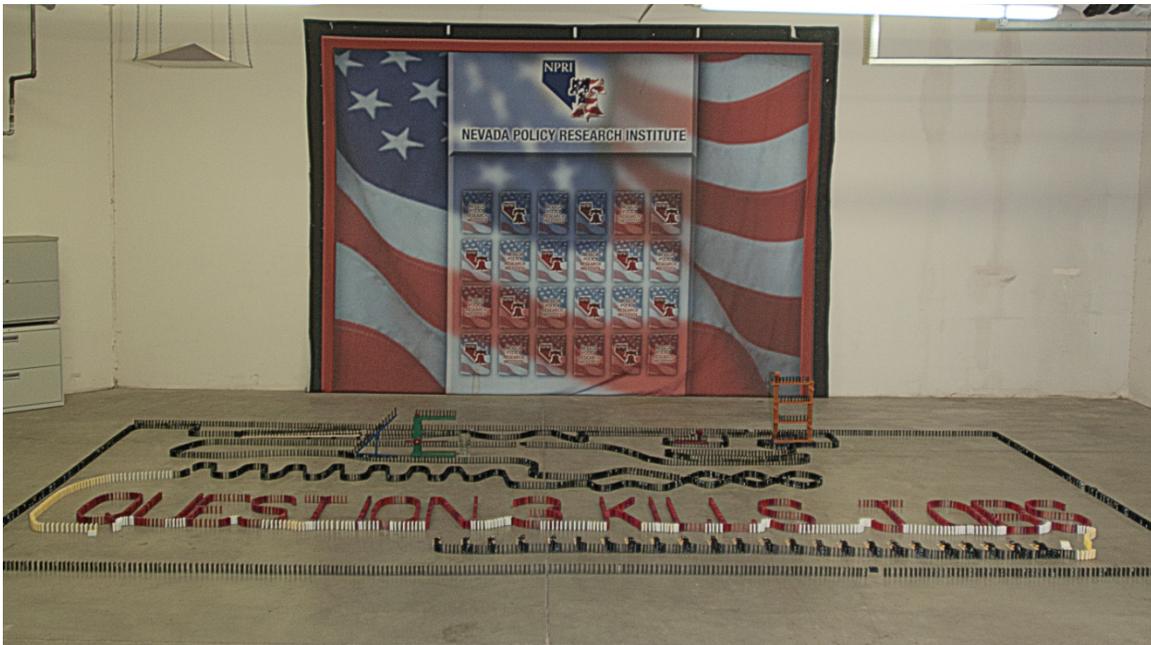
Authored by Paul Bachman, Michael Head and Frank Conte of the Beacon Hill Institute at Suffolk University, the report also sees the margin tax decreasing Nevadans' real disposable household income each year by \$240 million.

“The margin tax isn’t just bad for business,” said NPRI President Andy Matthews. “It would also destroy the jobs of thousands of hard-working Nevadans.”

To illustrate the jobs that would be lost, NPRI set up 3,610 dominoes in a display that spelled out the phrase “Question 3 kills jobs.” Matthews, with “Q 3” written on his finger, used his finger to topple a single domino, demonstrating how jobs would fall like dominoes if voters use their fingers to vote for Question 3.

“Today we watched 3,610 dominoes fall — representing the jobs that Nevada would lose, should the margin tax become law,” Matthews said.

“But these jobs — of individuals and families — are not just statistics. These are real families who will struggle to pay rent or their mortgage, or to put food on the table. Their children could well be marked forever by the family stress resulting when their moms and dads lose their jobs.



“It only took the simple push of a finger to knock down these 3,610 dominoes,” Matthews said. “Likewise, for the voter to push the “Yes” button in support of Question 3 would be akin to voting to knock down the jobs of more than 3,600 Nevadans, stressing their families and reducing the opportunities available to their children.”

To determine the impact that implementation of the proposed margin tax would have across the entire Nevada economy, the econometric study used Beacon Hill’s Nevada State Tax Analysis Modeling Program (NV-STAMP®). The program used five years worth of data to simulate the consequences of the new, higher taxes flowing through the Silver State’s economy.

The loss of jobs, investment and disposable income would also affect other tax sources. Local governments should expect to operate with \$8.5 million less, were the margin tax to pass.

“The creation of a margin tax would result in fewer individuals deciding to invest in starting or expanding businesses in Nevada, thus decreasing investment and employment, incomes and retail sales,” the study’s authors state. “This decline, in turn, drives sales, property and other tax collections lower.”

Under the ballot measure, businesses that bring in at least \$1 million in gross revenue would be subject to a 2 percent tax on each dollar brought in, minus some deductions. Because the tax is on revenue, not profits, even struggling businesses or those losing money will be forced to pay.

Though supporters claim the tax is not applicable to small business, simple math shows otherwise. For example, a mom-and-pop restaurant would only need to bring \$2,739.73 through its registers each day to be subjected to the tax.

Proponents of the tax claim that Nevada needs to spend more on education, but numerous studies have shown [little to no correlation between spending more on education and student performance](#). Moreover, Nevada already spends more on education than most of its neighboring states — while getting worse results.

To address the real sources of the state’s chronically inferior public-education results, NPRI earlier this month released a study titled [33 ways to improve Nevada education without spending more](#). It details many proven innovations that could make Nevada’s broken education system truly superior, but which the teacher union has successfully fought, tooth and nail, in the state legislature.

“Until now, the margin-tax discussion has primarily focused on the businesses it would hurt. But this study makes clear the tax will have just as much, if not more, effect on the individual residents, employees and families of Nevada,” Matthews said. “The tax is burdensome, complicated, void of transparency and, worst of all, it would do irreparable harm to thousands of Nevada families.”

Robert “The Domino Wizard” Speca created the domino spectacle for NPRI, which included special effects such as the Tarzan Swing, the “Bahama Tom Inverted Cascade Slide for Life” and “Up the ladder, walk the plank.” Speca originated the Guinness Book of World Records category for Domino Toppling, and he has held the World Records five times.

The study, *The Fiscal and Economic Impact of Establishing a Margin Tax for Nevada*, can be accessed here: http://www.npri.org/docLib/20140722_BeaconHillmargintaxstudy.pdf

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