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Call for corporate tax draws skepticism

Higher education official's plan opposed by businesspeople

BY VALERIE MILLER

The massive budget cuts proposed by Gov. Jim Gibbons could close the University of Nevada, Las Vegas, warns Nevada System of Higher Education Chancellor Jim Rogers. He is promoting a corporate profits tax as the best source of additional funding for the system, but some business leaders and state lawmakers say that extra burden could force already struggling businesses to close.

In remarks Feb. 26 during and after a North Las Vegas Chamber speech, Rogers argued against the \$475 million in budget cuts the governor has planned for the higher education system. Rogers said the cuts amount to slashing the total system's budget by 36 percent and UNLV's budget by 52 percent.

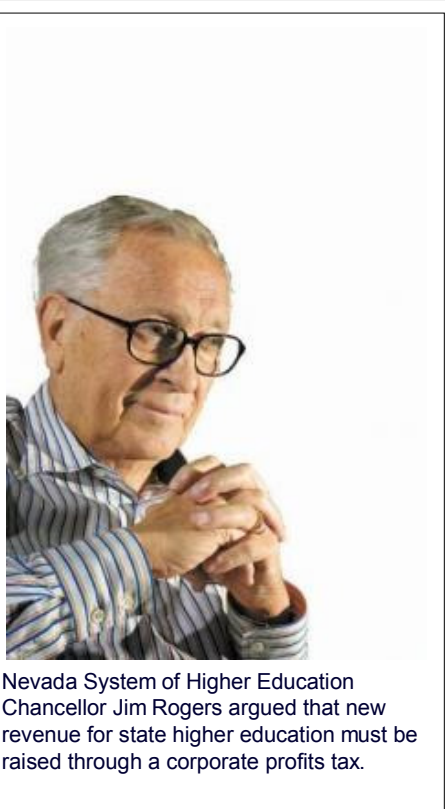
"If you cut (an institution in) the system by 52 percent, it closes. It just closes," he said.

New revenue must be raised through a corporate profits tax, Rogers argued. An increase in the modified business tax, or payroll tax, would not be enough to fund higher education and bridge the funding gap between what Northern Nevada and Southern Nevada institutions receive from the state, he said.

Nevada, which has long used its no-corporate-income-taxes status to lure businesses to the state, can no longer afford to be so generous, Rogers said. He proposed a corporate profits tax that would still be lower than those in competing states.

"If a new car dealership says 'We can't afford it' ... we can't afford you here. We are providing the schools, we are providing the roads," he told chamber members at Aliante Station.

After his speech, Rogers said he was confident that enough



Nevada System of Higher Education Chancellor Jim Rogers argued that new revenue for state higher education must be raised through a corporate profits tax.

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lawmakers would back the corporate tax idea. But some legislative leaders expressed concern about the effect of such a tax during a recession that has hampered nearly every industry.

"I do not support this," state Sen. Bill Raggio, R-Reno, said. "I don't believe I could at this point in time, when the economy is leaving businesses in very bad shape as it is. A corporate income tax and a gross receipts tax is just out of the question."

Southern Nevada would be hurt the most by a corporate income tax, which is what the profits tax would be, Raggio added.

"Businesses are really hurting, especially in Southern Nevada," he said. "(Its) economy is in dire straits. Its industry is already suffering, especially gaming. That would be the final straw."

Nevada Taxpayers Association President Carole Vilardo also said a corporate profits tax essentially corporate income tax.

She said her organization had yet to be polled on the proposal. But she opposed the idea and doubted the tax would find much support. The Progressive Leadership Alliance of Nevada is already proposing a corporate profits tax.

"I don't think we could support it. It would harm businesses and in this economy. I just don't think there is much profit," she said.

The alliance's plan would institute a 5 percent corporate profits tax for business making \$50,000 to \$100,000 a year in profit. Companies making more than \$100,000 a year would be taxed at 7 percent; companies making less than \$50,000 annually would be exempt.

The group will present its proposal March 12 before the Legislature's Joint Committee on Taxation.

Alliance representatives say some companies are still making profits in Nevada, but then taking the money out of state. Jan Gilbert, the alliance's Northern Nevada coordinator, cited Wal-Mart Stores as a company doing so.

"Nobody wants to hurt small businesses," she said. "But 85 percent of the businesses here make less than \$50,000. In reality, we are talking about big-box stores such as Wal-Mart, that take profits and pay taxes in other states."

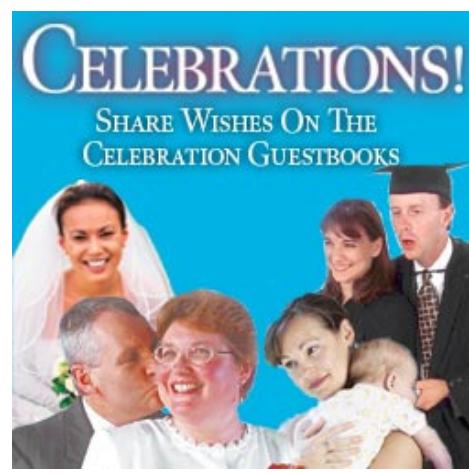
The North Las Vegas Chamber would never back a corporate profits tax because it would hurt industry, Chamber President Sharon Powers said.

"It would kill them," she said.

State Sen. Randolph Townsend, R-Reno, opposes massive cuts in higher education's budget. Instead, the lawmaker said he'd like to increase the system's funding, but not to the detriment of Nevada businesses.

"Education will be funded, but not at the level that some in education would like," he said. "You can't just fix a problem and not look at the long-term solution. This is not a Nevada problem, this is a world economic crisis."

At press time, Nevada's \$2 billion budget gap had grown by another \$100 million, while the Dow Jones industrial average had dipped to 1997 levels.



Townsend said he'd like to see UNLV and the University of Nevada, Reno communicate better with businesspeople about what skills graduates should have. The state's community colleges, along with the UNLV Boyd School of Law and UNLV's hotel and dental schools are already good business partners, he said.

"There has to be a focus on research," Townsend said. "But at the same time, these kids need a job when they get out."

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