

Sandoval: Extend taxes to spare education

By Sean Whaley, Nevada News Bureau

CARSON CITY – Gov. Brian Sandoval said today he will propose to extend a package of taxes now set to expire in June 2013 into the next budget to avoid further cuts to education, which he said cannot withstand further reductions.

To maintain a basically flat spending plan for the two-year budget that will begin on July 1, 2013, Sandoval said the modified business tax that was maintained at a higher rate for large businesses in the 2011 legislative session, along with a small increase in the sales tax, must be continued.

The 2011 tax package also eliminated the business tax for 115,000 small Nevada businesses which would continue into the next budget as well.



Nevada Gov.
Brian
Sandoval

“We’re going to keep them,” Sandoval said of the sunseting taxes. “Again, my baseline is this: I’m not going to cut education, and that includes K-12 and higher ed. I am not going to reduce services for the most vulnerable people in our society.

“I’m not going to pit kindergartners against senior citizens,” he said. “I’m not going to pit higher ed students against

people that need essential services.”

This preliminary recommendation for beginning the budget process for the 2013 legislative session could be modified as the state’s fiscal picture becomes clearer in the coming months, Sandoval said.

“We’re going to be having many conversations between now and when the final budget is presented to the Legislature,” he said. “I believe at this point in time, which is very early, it is the responsible thing to do for the future of the state of Nevada.”

Sandoval said an expanding Medicaid caseload, along with costs associated with the expansion of the program under the federal health care law, will consume any revenue increases. Because of this, failing to include the sunseting taxes for budget planning purposes would mean cuts to education.

“In addition to avoiding further cuts to education, this decision means there will be no need for tax increases in the next session,” Sandoval said. “Nevadans will pay no more than they are in the current biennium. The budget building process remains ongoing, but we must begin today.”

Efforts are under way to circulate petitions to put possible tax increases before the voters, including measures that could lead to hikes in both mining and gaming taxes. A gross margin tax on business is also being considered by labor groups and teachers but no ballot measure has been filed yet.

Sandoval made the announcement to the capitol press corps after a meeting of the Board of Examiners. He said his intention with the announcement is to be transparent.

Sandoval strongly opposed continuing the tax increases approved by the 2009 legislature in the 2011 session, but ultimately agreed to do so after a Nevada Supreme Court ruling threw his proposed budget into financial disarray.

The 2013-15 budget planning process begins Thursday with a briefing by state Budget Director Jeff Mohlenkamp to state agencies and representatives of public and higher education.

Today's announcement was immediately welcomed by some Republican lawmakers.

Sen. Michael Roberson, R-Las Vegas, who is expected to lead the Republican Senate caucus in the 2013 legislative session, said he supports Sandoval's preliminary budget instructions.

"I support Gov. Sandoval and his budget instructions that will not impose new taxes on the people of Nevada," Roberson said. "I will continue to lead the fight against new tax increases while working with Gov. Sandoval to improve public education. I will not support additional cuts to public education."

Roberson opposed extending the sunset taxes in the 2011 session, arguing that the Nevada Supreme Court ruling did not create the huge financial hole in the budget that others had suggested.

"Gov. Sandoval has outlined a prudent and fiscally responsible preliminary budget framework," Roberson said. "I am grateful for his tremendous leadership. I will stand with him and support him."

Sen. Ben Kieckhefer, R-Reno, announced his support for Sandoval's proposal via Twitter.

"I applaud the decision by Gov. Sandoval to do what is necessary to protect education from cuts," he said, adding that what that means in the 2013 session is yet to be determined.

Sandoval said the spending will also be prepared using the new approach of performance-based budgeting.