

A Progressive Statewide Revenue Solution: **PLAN's Two Plus Two Proposal**

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Local and state governments across the country are scrambling to cut their budgets and find new revenue as fiscal crisis becomes the norm. The situation spells trouble for the issues and institutions valued by progressive constituencies. Everything seems to be on the chopping block. Whether it is money for much needed social services, public schools or environmental protection, progressive organizations could potentially find themselves at odds in advocating for how they think increasingly limited dollars should be spent.


The Progressive Leadership Alliance of Nevada (PLAN) positioned itself ahead of the curve in the legislative battle to revise the state's budget and tax structure. PLAN's member groups were tired of going to the legislature to advocate for critical funding and legislation and hearing, "We'd love to do that but there's no funding. Show us where the money would come from." So PLAN decided to answer that question.

In the spring of 2002, PLAN unveiled a proposal to revise Nevada's tax structure to generate the revenue necessary to fund critical social and economic programs. The Two Plus Two Proposal recommends two new taxes and increases in two existing taxes. It would generate over \$900 million in new revenue, while addressing what Paul Brown, PLAN's Southern Nevada Director, calls "two fundamental flaws in Nevada's current tax structure: its lack of stability and its lack of progressivity." Although raising taxes is a difficult task in a bad economy, the Two Plus Two Proposal is getting serious attention. In fact, major components have

been adopted by the state's Republican governor.

Early in 2001, PLAN contracted with the Center for Labor & Community Research (CLCR) based in Chicago to examine Nevada's tax structure. PLAN thought working with someone from outside the state would boost credibility of the research. CLCR is committed to building a sustainable society; their philosophy is "if you don't have your own strategy, you are following someone else's." CLCR presented PLAN's board with an internal report, which their Tax Justice Committee used over the course of a full year to develop the Two Plus Two Proposal.

PLAN's member groups began to work the media, legislators and public in an education campaign. By the time PLAN had unveiled their proposal, there was no denying that Nevada and the rest of the country was in economic recession. It was clear that legislators had to deal with a budget crisis, and needed new strategies. PLAN's two years of advance work positioned them to meet that need.

As we went to print, Nevada's legislature was still in session. But Paul Brown reports promising results. "The development of our proposal and report and the corresponding public education campaign have very much changed the frame of the debate... Now, making our tax structure less regressive is an issue the legislature has to deal with, and people are actually talking about how businesses have a free ride." 

For more information about PLAN's work and their Two Plus Two Proposal, visit their website at www.planevada.org

WHY NEVADA'S TAX STRUCTURE NEEDS TO CHANGE

- Nevada ranks dead last among the 50 states as the most regressive. *(The state's wealthy along with businesses carried the lowest percentage of the tax burden.)*
- Unlike the other 46 states, Nevada does not tax business profits or income, whereas the average state brings in 6.1% of its revenue from this source. Out-of-state corporations such as Wal-Mart and Bank of America are paying virtually no state taxes in Nevada; they pay these taxes in other states and remain profitable.
- Gambling and related industries pay a disproportionately higher amount of taxes compared to other industries, making the state's tax basis narrow and therefore vulnerable in times of economic recession.
- While Nevada ranks 14th among the states in per capita income, it is near the bottom in funding education and social services.
- PLAN found that Nevada needed to raise taxes by \$750 million a year in order to adequately fund schools and social services.

