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Assembly Committee on Taxation
Carson City, NV

On behalf of the **Las Vegas Valley Tea Party, NevadansCAN**, and myself, I testified before the Taxation Committee in opposition to AB43 on Thursday, March 9, because I believe Nevada's counties should economize and do more with less, not pay for their inflated budgets on the backs of hardworking and retired homeowners. Government should learn to live within its means and stop punishing the rest of the populace because they have made very disadvantageous agreements with public sector labor unions. This situation is unsustainable and must be reversed.

County governments are complaining because they have only received a 0.2% increase in their "income" from property taxes this year. Property values are down, and so the calculation used to determine the annual increase (note that there is no such thing as a decrease) is a paltry amount and county governments claim they cannot properly plan or budget based on this formula. They claim that unless the legislature passes AB43, they will have to cut services: police, fire, infrastructure, services for the homeless and seniors, and the list goes on.

AB43 changes the partial abatement of property taxes for "certain" single family residences and rental properties from no more than 3% (established in 2010 as NRS 361.4723) to no less than 3%. Presumably that keeps residential property taxes from rising to 8% which is the "unabated" tax cap.

The tax statutes are complex and difficult to explain. A retired Air Force colonel, a retired woman whose former business was selling steel manufacturing plants, several retirees with business and finance experience and others testified at Thursday's hearing. We were treated to a number of convoluted and unenlightening explanations of how AB43 would change the calculation for property tax increases. The explanations did not answer the basic question: is 3% a ceiling or a floor? How quickly will the rate be increased to reach the desired 3%? Considering that the rate for 2016-2017 is 0.2%, a rise to 3% will be a significant number for homeowners, especially those on fixed incomes.

Government grows at an unsustainable pace. Disadvantageous contracts with public sector unions and retirement packages resulting in unfunded liabilities of over \$10 billion are well documented and unduly burden taxpayers. Government does not produce anything; it depends on the production of the private sector to fund its "programs."

Ordinary citizens have to live within their means and absorb the impacts of the ever-increasing cost of government taxes and fees by sacrificing their own modest lifestyles and benefits. Those on social security retirement certainly do not see their income rising by 3% per year. It is incumbent on government to reduce the burden on taxpayers by reducing waste, abuse, and fraud, and utilizing private companies to provide services at a substantial savings to taxpayers.

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AB43 treats property taxes as a zero-sum game in which there is a static number of taxpayers and each one has to pay more in order to keep the status quo. The laws of economics, however, apply: higher taxes result in less economic growth, driving the constant need for higher taxes. Taxes on business, like the commerce tax, while not levied on individual taxpayers, affect all citizens (and tourists) by driving prices for everything higher because they are passed on to consumers. Sometimes businesses close because they cannot sustain the higher tax burden. This is a classic death spiral.

The good news is, the tax base is not static, at least in Clark County¹. New construction is going up everywhere in all sectors: office/commercial, medical, multi-family, and single family. This represents new entrants into the property tax pool and positive economic growth. More rental properties and businesses mean more commercial property taxes; more single family homes mean more people are buying houses and paying residential property taxes. More people means more customers for businesses, more goods being sold and more sales tax being collected.

The state can use tax policy to promote and stimulate the private sector economy and broaden the tax base; it cannot indefinitely raise taxes. The public trough is not bottomless. Tax policy directly impacts the influx of people and business from high tax states. Government should reduce non-essential “services,” eliminate waste, and cut back on the number of administrative bureaucrats. Small and medium-sized companies and their employees have to do that all of the time. Why should government feel it is exempt from such simple economics?

State and local governments can positively affect private sector growth simply by getting out of the way. On a national level, the United States is about to experience a significant reduction in government regulation and interference, and the economy is already showing signs of rebirth.

Promote policies that will bring private sector jobs to Nevada and increase the tax base. Then learn to do more with less. Growth of the public sector is not sustainable. Private sector growth is.

Very truly yours,



Michele G. Mueller
Vice President/Secretary
Las Vegas Valley Tea Party
“Taxed Enough Already”



¹ Unfortunately, Nevada’s rural counties suffer, because much of their land is owned by the Federal government and not available for development. That is a topic for another letter.