



May 3, 2006

An Open Letter to Governor Kenny Guinn: Taxpayers Urge You to Lower Nevada's Gas Taxes!

Dear Governor Guinn:

On behalf of the more than 3,500 members of the National Taxpayers Union (NTU) in Nevada, I once again urge you to take quick and decisive action to provide motor fuel tax relief in your state. We reiterate the request NTU and many other organizations made after last year's energy price spikes: **this is an ideal time to permanently lower or eliminate your state gas tax.** Taxpayers and motorists alike would be heartened by your calling a special legislative session to reduce the gas tax. Although you have stated that you wish to await affirmation from the legislative leadership of the need for such a session, Nevada residents would probably agree that this situation is "special" enough to warrant your immediate action.

Some individuals are clamoring for economically-harmful price fixing and higher taxes on energy producers, but our members understand that reducing the gas tax rate is one of the few options government can take to combat high prices without further distorting our energy market through regulations or taxes. Furthermore, Nevada has the resources to cover the "cost" to repeal the state gas tax. In the first six months alone of Fiscal Year 2006, Nevada is scheduled to take in \$70.6 million more in revenues (5.6 percent higher) than originally expected. Some projections put the state surplus for the current biennial budget to be nearly \$600 million, more than triple the amount brought in under the state gas tax during Fiscal Years 2003 and 2004.

Nevada motorists pay gas tax rates that well exceed the national average. According to the Federation of Tax Administrators, the state holds the dubious honor of having the 13th-highest state gas tax in the country. When a customer pulls up to a gas station in your state, he or she pays a total of 24.805 cents per gallon alone in state gas taxes and fees. Combined with an 18.4 cent per gallon federal gas tax, this means Nevada residents are paying over 43 cents per gallon just for taxes, or the equivalent of \$6.48 on a 15-gallon fill-up. Additional local option taxes of 4 to 9 cents per gallon only add insult to injury for Nevada consumers.

Nevada hopes to collect \$2.94 billion in general fund revenues this year. Surely the state can afford to give back to overburdened motorists by permanently reducing or temporarily suspending the gas tax through the end of the summer driving season. Lowering state gas taxes immediately is a good way to assist Nevadans, as all taxpayers and aspects of your state's economy are affected by rising gas prices. Your active leadership could cushion the blow of high energy prices on Nevadans at a time when they urgently need your help.

Sincerely,

A handwritten signature in black ink that reads "Kristina Rasmussen". The signature is written in a cursive style.

Kristina Rasmussen
Sr. Government Affairs Manager