



February 19, 2007

The Honorable Bob Beers
Nevada Senate
Carson City, Nevada 89701

Dear Senator Beers:

On behalf of the more than 3,750 members of the National Taxpayers Union in Nevada, I write to endorse your legislation to cut the car tax imposed on Nevada's motorists in half. If signed into law, Senate Bill 96 would reduce the "basic governmental services tax" from 4 cents to 2 cents on each dollar of vehicle value. As a national taxpayer advocacy group headquartered in a state that partially repealed its own car tax, we can attest that lowering such burdens is a sound policy choice and an excellent way to help set the stage for future economic prosperity.

After having funded yet another multi-million dollar budget surplus, Nevadans are rightfully demanding extensive tax relief. Having a strong tax and spending limit in place would naturally balance this situation by automatically refunding excess revenues to taxpayers, but without such a mechanism residents are now counting on the Legislature to act. We believe that a sizeable reduction of Nevada's car tax would be one appropriate method of refunding the budget surplus, as putting funds back into the hands of taxpayers would help to ease the tight budgets of Nevada's families and businesses.

The car tax is especially worthy of reform because it is a form of double taxation. Consumers pay a 6.5 percent sales tax and other fees on a vehicle during the initial purchase process, yet Nevadans are repeatedly forced to pay the government for the "privilege" of owning that same car year after year. In fact, a Kiplinger.com 2006 national survey on vehicle tax treatment found that "the most expensive state to own a typical car, in terms of taxes and fees, is Nevada." The basic governmental services tax that your bill seeks to cut is one of the main reasons Nevada came in as the least tax friendly place to buy and own a car in the nation. Cutting the car tax in half would likely allow residents to keep an additional \$140 million of their hard-earned money instead of directing it to state coffers.

Significantly reducing the car tax would be a direct way to impact and improve the lives of millions of Nevada residents, and we urge your colleagues to support passage of this important proposal.

Sincerely,

Kristina Rasmussen
Senior Government Affairs Manager