Summary of a “Yes” Vote on Ballot Measure 3

In November, Measure 3 (also known as the Margin Tax Initiative) will be on the ballot for Nevada voters. Upon voter approval, the measure will impose a two percent margin tax on revenue from businesses operating in the state of Nevada. Revenue from this tax will be collected and allocated to public education, kindergarten through 12th grade, and will be kept in the State Distributive School Account.

The two percent tax could be determined using a couple of different methods: 1) Taxation of 70% of total revenue of the business or 2) Taxation of the business total revenue minus compensation to owners and employers or cost-related to goods sold. A business can choose to subtract compensation or cost of goods sold, but not both. The 2% tax would be imposed on the percentage of this margin that corresponds to the percentage of the entity’s total business that is done in Nevada. A business entity that pays the existing tax on payroll, commonly referred to as the modified business tax, would be credited for that amount against the amount it would owe under this measure.

The measure will also call for a temporary increase on the two percent modified business tax on financial institutions, and the revenue generated from that would be used to pay for the administration of the tax. If approved by voters, the margin tax begins to accrue January 1, 2015.

If approved by the voters, proceeds from the tax would be deposited in the State’s Distributive School Account (DSA) in the State General Fund and will be apportioned among the county school districts and charter schools in the manner provided by state law to fund K-12 public education. The DSA provides the primary source of public education funding for Nevada’s 17 county school districts and its various charter schools. The DSA is funded by legislative appropriations from the State General Fund and other revenues. The ballot measure does not change how funds in the DSA can be spent or allocated.

A “yes” vote would impose a two percent margin tax on Nevada businesses, with revenue in excess of $1 million with the tax proceeds being deposited into the State Distributive School Account in the state general fund and used for K-12 education.

For more information on Measure 3 Margin tax, visit:

<http://www.theeducationinitiative.com/> and <http://ballotpedia.org/Nevada_Margin_Tax_for_Public_Schools_Initiative,_Question_3_(2014>)