

Nevada court clears bid to raise casino tax

Los Angeles (Reuters) – A Nevada state court has ruled that sponsors of a ballot initiative aimed at raising taxes on casino winnings can begin collecting signatures to secure a spot on the November ballot.

The ruling deals a blow to the Nevada Resort Association, which had argued that the measure violated state law.

A Carson City District Court ruled on Thursday that the proposed referendum, which would raise the state's tax on large casinos to 9.75 percent from 6.75 percent, is valid.

„We are still reviewing the measure ... we are considering an appeal,“ Bill Bible, president of the association representing Nevada's casino resorts, said on Friday.

The ballot measure is backed by the Nevada State Education Association, which is calling for a higher gambling tax in order to fund an increase in teacher salaries and programs designed to improve student achievement.

Polls have found that a majority of Nevada voters would support such a petition, and the teachers association would have to collect around 58,000 signatures by late May in order to secure a spot on the November ballot.

In order for the tax increase to take effect, voters would have to approve the referendum both on the November 2008 and November 2010 ballots.

„While we recognize that the proposed gaming tax increase is far from finalized, we believe that such a tax increase that takes effect in 2011 could put pressure on the USD 30 billion in planned capital spending for casino development in Nevada,“

Wachovia analyst Brian McGill said in a research note on Friday.

He said Nevada's Supreme Court has already made one ruling on the matter and may be reluctant to side with the resorts.