

Nevada News

Serving the Retail Community Since 1989

Card Skimming On the Rise

Edited by Randi Thompson, original article from KOMO TV in Seattle

Is someone stealing your account information at the ATM? While you're getting money or making a payment at the cash machine, crooks are using hidden devices to steal your account information to make copies of your card. It's called "skimming" and crooks have been attaching illegal card readers to ATMs with increasing frequency.

One man in Seattle relayed a story of how a card reader fell off when he swiped his card at an ATM at an ARCO Mini-Mart. "When I pulled the card out, something fell off the debit card reader and landed on my feet," he said. They were watching him when he picked up the skimmer. "The guy was really close to me and he was holding some kind of palm reader or blackberry or PDA or something," he said.

"They attached a device to one of our machines," said the Mini-Mart manager. The doctored card reader was attached directly over the real reader on one of the point-of-sale ATMs at the gas pump. When customers put in their cards to pay, the cards were actually being swiped twice. The U.S. Secret Service took the device.

The device was configured for downloading the information copied from the magnetic stripes, called a FireWire connector, which connects to a computer. With these devices, skimmers can download account information and make hundreds of cloned cards in a matter of hours. This time, the crooks took off when the police were called. "I mean, they were agitated that we had the device. Obviously we stopped them from gathering any infor-

mation," said the manager. But the Arco manager said surveillance video shows the two men installing the skimmer about half an hour before the victim showed up.

Investigators suspect an organized theft ring. Recent arrests across the country point to a common link involving Romanian nationals. Two suspected ringleaders were picked up in Northern California in January.

Finding Skimming Devices Is Rare

It's not just Arco or gas stations that are targeted. Scammers are using skimming devices virtually anywhere you can swipe a debit or credit card.

One device was found by maintenance crews on a Boeing Employees Credit Union ATM in Woodinville, Washington. Investigators say finding the devices is rare, because the crooks usually retrieve them before anyone catches on. The skimmer found in Woodinville was nearly undetectable. The slot for customer cards on the ATM is usually flush with the face of the ATM, but the skimmer sat right on top, capturing card numbers information as customers inserted their cards. It was painted the same color as the machine and made to look like a legitimate piece of the ATM.

The skimming attachment even had a slot for receipts to be printed out for customers, so the transaction appeared to take place normally and they had no idea their ATM card number and PIN were just stolen.

Inserting a card activated a tiny hidden

Continued on page 2



Card Skimming

Continued from page 1

camera that was positioned directly over the key pad to record customer keystrokes and get their pin numbers.

One man discovered a similar skimmer on an ATM in a strip mall in Bellevue, Washington. "The front was a little bit different," he said. "I pried it a little to get my receipt out and a whole section of the panel came off and I noticed inside the panel there was a card reader, self-powered and had memory to store the card numbers on it."

The man took the device home and called police. "And then I called the bank and canceled my card right away," he said.

Skimming in Restaurants

Thieves even pay waiters to use hand-held skimmers in restaurants - a trend first warned about in 1999. While most restaurant workers are honest, recent police reports across the country reveal skimming devices in eating places are becoming more common.

Skimming On the Rise Nationwide

Banks, restaurants and even law enforcement officials are quick to insist skimming is not a major problem. But there's no getting around the fact that skimming is on the rise nationwide.

The hot spots are California and Florida. But it's hitting thousands of victims for millions of

dollars — from the east coast to the west.

Based on the Secret Service's own estimates, skimming accounted for only one percent of all credit card fraud in 1990. By 2000, it was up to 20 percent, and it continues to climb.

The estimated losses are between \$110 million to \$127 million a year.

Banks and businesses are beefing up security, increasing their patrol of ATMs and educating customers and employees.

Concerned about public over-reaction, they emphasize that card skimming is not a big problem. But indications are it will continue to grow in the United States.

How to protect yourself:

- Only use cash machines you're familiar with and always look for anything out of place.
- Watch for people sitting in cars or standing nearby monitoring the ATM activity.
- Test the card reader with your hands to see if it's loose.
- When you enter your pin number, cover your keystrokes with your other hand.
- And always check your bank statements. In fact it's good idea to check your balance several times a month so if something is off, you can catch it. ■

Carson City's Sales Tax Will Rise to 7.125 percent beginning April 1

Nevada Appeal Staff Report

The increase of .125 percent will be used to pay back the \$15 million in bonds issued for reconstruction of the historic Virginia & Truckee Railway.

Though the tax could last for up to 20 years, the Carson City Board of Supervisors is expected to repeal the tax increase once the money has been repaid.

Supervisors approved the tax-rate increase in November.

While consumers who buy things in the city have to pay more and local businesses have to collect it, businesses outside the city that sell into it need to adjust for the tax-rate increase, too, the state Department of Taxation warned.

The first phase of the \$40 million train project that will roll between Virginia City and Carson City was completed last year. And the Nevada Commission for the Reconstruction of the V&T Railway announced last week that it has purchased four acres in east Carson City off Drako Way and Highway 50 East to potentially be used as a terminal or engine house. The full 18-mile tourist track is slated for completion in 2009. ■



Nevada Ranks 45th in Return of Tax Dollars

A Tax Foundation study released this month shows that Nevada gets back only 73 cents in federal spending for every dollar that its citizens pay in federal income taxes.

The return ties the state for fifth lowest in the nation, trailing only much higher-income states such as New Jersey, Connecticut and Minnesota.

New Mexico received \$2 back for every dollar its citizens paid in federal income taxes and stands out as the leading "recipient" state in the nation, according to the 2004 study. Alaska ranks second with a \$1.87 return.

Tax Foundation President Scott Hodge said residents should not blame their members in Congress for failing to bring home the pork, but rather the progressive income tax.

"It is natural to think of this issue as a pork-barrel issue," Hodge said. "But it really isn't. In most cases, lawmakers can't use the purse to make huge differences in their states. Having control of Congress is not going to dramatically affect the spending pattern."

He said the "donor" states tend to be those where a high concentration of residents are in the 33 percent and 35 percent income tax brackets. Nevadans in 2004 had a per capita income of \$33,405, slightly more than the \$32,937 national average.

Curtis Dubay, an economist with the Tax Foundation, calculated that to break even on tax distribution, Nevada should have received an additional \$1.8 billion

in federal spending in 2004, or \$805 per resident.

Hodge said Nevada might be hurt primarily because a large percentage of its land, 87 percent, is controlled by the federal government.

He noted that other Western states with large amounts of federal land, such as Utah and Wyoming, have popular national parks and receive more in federal spending.

In 1994, Nevada received 71 cents back for every dollar paid in federal income taxes. One element that impacts the low rate is that the federal payments Nevada receives in lieu of taxes do not make up for the large concentration of federal land in the state. These are payments the federal government makes to communities to offset property tax losses because of the nontaxable land in their counties.

New Mexico, Idaho and Utah all received more money in lieu of tax payments, despite the fact that they have a lower percentage of federally managed land than Nevada. That is likely due to the fact that property taxes in rural areas of Nevada are less than those in other states. Nevada also has two of the largest military installations in the nation, Nellis Air Force Base and the Naval Air Station at Fallon.

The Tax Foundation is a Washington-based, nonprofit organization probably best known for its annual calculation of "Tax Freedom Day," the day each year when Americans have earned enough to pay their federal income taxes. ■

Mark Your Calendar

APRIL 3-4

Advanced Category Management Seminar

A systematic and disciplined approach to category management is one way for store operators and suppliers to work together to build a competitive advantage. The Advanced program will focus on promotions, shelf management and the use of third party data.

APRIL 5-6

2006 NACS SOI Summit in partnership with CSP

The NACS State of the Industry (SOI) Summit in partnership with CSP is the industry's premier benchmarking conference where attendees can examine the convenience and petroleum retailing industry's operational and financial performance with top retailers, suppliers and analysts. Featuring a comprehensive review of the data from the annual NACS SOI survey and an in-depth look at key categories, the Summit provides attendees with critical information that can be used immediately. (NACS members only)

SEMINARS

APRIL 2006

■ **Western Association of Food Chains Annual Convention**

April 1-6, 2006,
Palm Desert, CA

Contact: www.wafc.com

■ **NACDS**

April 29-May 3, 2006
Palm Beach, FL

Contact: 703-837-4300

MAY 2006

■ **NRA Annual Show**

May 20-23, 2006, Chicago

Contact: www.wafc.com

ABBREVIATIONS:

FMI • Food Marketing Institute
NACDS • National Assn. of Chain Drug Stores
NRA • National Restaurant Association
NRF • National Retail Federation
PLMA • Private Label Manufacturers Assn.



Retailers Start New Year With a Bang

According to National Retail Federation, Gift Card Redemption and Clearance Sales Give Retailers Strong January

The holiday season extended into January for many retailers, as consumers flooded the stores with gift cards in-hand ready to take advantage of clearance sales. According to the National Retail Federation (NRF), retail industry sales for January (which exclude automobiles, gas stations, and restaurants) increased a solid 7.6 percent over last year and rose 2.0 percent seasonally adjusted over December.

“The spectacular growth we saw in January was an unexpected surprise for the industry,” said NRF Chief Economist Rosalind Wells. “While our 2006 outlook for the retail industry remains cautious, consumers responded well to the popularity of gift cards, mild winter weather and aggressive clearance sales. We expect to see a continuation of the heavily promotional environment.”

January retail sales released by the U.S. Commerce Department show that total retail sales (which include non-general merchandise categories such as autos, gasoline stations and restaurants) rose 2.3 percent seasonally adjusted from December and increased 8.9 per-

cent unadjusted year-over-year.

There was strong year-over-year sales growth across most retail categories in January. The impressive showing came from building material and garden equipment and supply dealers. Consumers are not quite finished investing in their homes as sales in this category increased a staggering 17.6 percent year-over-year. Furniture and home furnishing stores also showed strong gains. Sales were up 9.5 percent from January 2005.

Additionally, strong year-over-year gains were seen at clothing and clothing accessories stores (9.7%), health and personal care stores (8.1%) and sporting goods, hobby, book and music stores (6.5%).

The National

Retail Federation is the world’s largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry’s key trading partners of retail goods and services. ■

“The spectacular growth we saw in January was an unexpected surprise for the industry,” said NRF Chief Economist Rosalind Wells.

Patriot Act Targets “Threat” from Flu, Allergy and Cold Medicines

The President signed the Patriot Act earlier this month, imposing new restrictions on over-the-counter medications in an effort to crack down on methamphetamine labs.

The bill takes aim at the production of methamphetamine, a highly addictive drug that cannot be manufactured without a key ingredient of everyday cold and allergy medicines. The bill would impose new limits next month for how much relief a person can buy over the counter. And beginning Sept. 30, it’ll take a flash of ID to buy that medication.

The provisions that take affect in 30 days include the following:

- 3.6 gm/days sales limit
- 9 gm/30 day purchase limit
- Blister package requirements
- Mail order restrictions

All other provisions take affect Sept. 30, 2006, including requirements related to ID, log books, product placement, and training.

The bill affects products that contain pseudoephedrine, ephedrine, and phenylpropanolamine. Products containing these must be placed behind the counter and out of the reach of meth cooks.

“If we leave it up to local jurisdiction, we’re simply going to move the problem from one jurisdiction to another without addressing the root cause,” said Fresno, Calif., Police Chief Jerry Dyer.

Rather than wait for localities to stitch together a patchwork of anti-meth policies, the provision in the Patriot Act would leave meth producers nowhere to run but out of the country. It takes aim at the meth trade’s weakest point – the supply of pseudoephedrine.

Continued on next page



WRAP RAGE — Marketers Make Packages Impossible to Open

Ever had the urge to take a box cutter to your new CD? You're not alone.

Consumers are fighting violent impulses when confronted with today's hard-to-open packaging. Whether it is a Barbie doll, a cell phone, or cereal, manufacturers and retailers seem more interested in how a product looks on the shelf, than whether you can open it or not.

Consumer Reports, in fact, announced its first-ever Oyster Awards in this month's issue, with first prize going to the hard-plastic clamshell packaging for the Uniden Digital Cordless Phone set, which took nine minutes and 22 seconds to open – not the longest, but by far the most dangerous, requiring box cutters and a razor blade. Second prize went to “American Idol” Barbie and her packaging, which didn't require the same kinds of lethal weapons but took 15 minutes and 10 seconds to untie all the wires, rip the stitches from her hair and slice the thick plastic manacles off her arms and torso.

“Today's packages force consumers to fight tooth and nail to get at what's inside,” said Todd Marks, a senior editor at Consumer Reports, who conducted the tests and also singled out video games, pills in blister packs and cereal packaging as high up on the frustration meter.

Concerns about hard-to-open

packaging may not be just about consumer inconvenience. According to 2001 Census Bureau data, people suffered more than twice as many injuries related to household packaging and containers than from skateboards or swimming pools (although those numbers include injuries that involve dropping a package on a foot).

Security, above all else, is behind all that bullet-proof plastic packaging.

“Organized retail theft is a huge, multi-billion dollar problem, and unless someone can invent a pilfer-proof package, manufacturers are not going to change,” said Mary Ann Falkman, editor-in-chief of Packaging Digest, an industry magazine. “These products are very high-theft items, and larger retailers like Wal-Mart and Toys ‘R Us cannot afford the amount of theft that occurs in their stores otherwise.”

Ken Sullivan, director of marketing for SCA Consumer Packaging, the nation's largest manufacturer of clear molded plastic “blister” or “clamshell” packaging, says his company has regularly proposed easier opening technology to manufacturers. An electronic article surveillance tag could be embedded in the product that can be de-activated at the cash register, he said, but it's too expensive for most manufacturers.

“The loss prevention managers at these big retailers are really the driving forces behind it,” Mr. Sullivan said.

“They're really concerned about gangs of people who come in and scoop up all this kind of stuff.”

Regardless of the reasons behind the customer-proof packaging, some enterprising firms are looking for ways to defeat them. Late night TV advertises “Package Shark,” which promises to cut through the thickest plastic, and at DiscCap.com, you can order special cutting tools in “five hot colors” to “open disk labels fast.”

As baby boomers move into middle age and beyond, more companies are starting to think outside the box – literally – by developing new, more user-friendly containers, said Laura Bix, a professor at Michigan State University's School of Packaging, where she works to develop universal design principles.

There are now Folger's coffee cans with a peel-back foil lid, Sherwin-Williams' twist-and-pour paint cans and Starkist Tuna's plastic pouches.

“A few companies have made the leap, taken the risk, gotten out there, innovated and been successful,” said Ms. Bix.

“But economics is still the overarching factor, and I think most companies are completely and solely focused on economics, so while you'll be seeing some changes in packaging, they probably won't be as rapid as consumers would like.” ■

Patriot Act *Continued*

Purchase Limits

One person would be limited to buying 300, 30-mg pills in a month or 120 such pills in a day. The measure would make an exception for “single-use” sales – individually packaged pseudoephedrine products. Many retailers, like Kmart, Walgreens, Target and Wal-Mart, have already adopted guidelines to limit customer access to cold products or to limit their sales.

At the same time, drug agents began finding more meth from Mexican cartels on the street. Still, closing down domestic meth labs is of unique urgency to public health and safety, law enforcement officials said. The drug is made in clandestine labs with battery acid, drain cleaner or other chemicals that help turn the cold and allergy medicine into powder. “One quart of ether, another ingredient, holds the

explosive power of several sticks of dynamite,” said Sgt. Jason Grellner of the Franklin County, Mo., Narcotics Enforcement Unit.

The National Association of Chain Drug Stores is actively pursuing legislation to push back the nine gram/30 day limit to September 30th, to coincide with the log book requirement; and to further clarify the enforcement of the 3.6 gram/a day sales limit. ■



Poll Shows Most Seniors Find New Health Plans Easy to Use... Signing Up is the Challenge

A recent Harris Interactive poll found that most seniors who have enrolled in a Medicare drug plan said they found it difficult to choose a plan, but once enrolled, most found the plan easy to use. About 60% said it was difficult to choose a plan, and 63% said it was difficult to understand the benefits. But once enrolled, only 26% found the plan difficult to use.

Furthermore 60% of seniors said they did not have trouble reaching anyone who could answer questions about their benefit plan.

In mid March, America's Health Insurance Plans (AHIP) released two

polls on Medicare Part D beneficiaries, one surveyed self-enrollees and the other surveyed "dual eligibles" that were automatically enrolled in the program. The poll showed most self-enrollees are already saving money, while a growing number of self-enrollees say the time and effort needed to enroll in a plan was worth it and that they would recommend other seniors sign up.

The polls showed that a vast majority of self- and auto-enrollee seniors have had no problems signing up for or using their new benefits. Of those that had problems, they indicated that progress was being made to resolve them.

Respondents also indicated that seniors see through political attacks on the new benefit and are concerned that some politicians' cynicism might discourage seniors from signing up and saving money on the drugs they need.

The annual "general enrollment period" for Medicare Part B medical insurance ends March 31. About 93% of Medicare's nearly 42 million beneficiaries are enrolled in Part B.

The Bush administration announced in late December that slightly more than a million of the 42 million Medicare beneficiaries had voluntarily signed up for the new prescription drug benefit, while 10.6 million had been enrolled automatically by the federal government or by health maintenance organizations.

In addition, the administration said, Medicare will pay subsidies to employers who provide drug benefits to 5.9 million retirees, and the government is reviewing applications for subsidies from employers with 600,000 additional retirees.

In late January, a few Republican lawmakers joined scores of Democrats in pushing for an extension of the May 15 sign-up deadline.

Some Senators are probing flaws seen since Jan. 1 when the U.S. began offering the first comprehensive drug benefit to American seniors. The problems are making the Medicare drug benefit less attractive to senior citizens, the senators said.

Congress will continue to look into the implementation of the Medicare Part B. Some House and Senate Democrats called for a congressional investigation into the hard-fought 2003 Medicare prescription drug battle, in which an administration official said he was pressured to keep long-term cost estimates hidden from lawmakers. ■

Sources: Wall St. Journal, Washington Post, Chicago Sun Times, Bloomberg.com, Congressional Quarterly,

Reno City Manager Gives "Vision" of Next Decade

Charles McNeely contrasts Reno today compared to 10 years ago. He also outlined the challenges and decisions in the next decade. Challenges include:

ReTRAC Corridor: Critics of the project said the land would not be valuable. The result has been just the opposite with many interested parties coming forward asking to develop. McNeely suggests Council consider drawing up a master plan to ensure this land is used for the best and highest purposes.

Future of Reno: Growth: In 2003-2004, Reno's growth rate was just under 2%. Compare that to North Las Vegas at 13% and Henderson at 6% and you will see Reno is growing, but not at an "explosive" rate. Still, challenges ahead include keeping "small town feel" in the "Biggest Little City."

To accomplish this, City Council has approved Regional Plan concept:

Regional Centers: These will become "communities within our community" keeping that "small town feel." Each will be unique and allow you to live, work and play in each center.

Rapid Transit: These Regional Centers will be connected by TOD Corridors for rapid transit. RTC plans call for linking downtown Reno to the Redfield Regional Center in 15 years. McNeely asks Council to consider action that would speed up the timetable.

Community Assistance Centers: This would put facilities for Police and City Services in neighborhoods. Right now City is looking at North, Center and South Centers.

Long Range Planning: Annexation Settlement agreement is currently being discussed. If approved by Regional Planning Boards, would allow Reno to grow to the north. ■



Retailers See Customer Centricity as Top Priority *According to NRF Survey*

The latest Customer Centricity Study, conducted by Ogden Associates for the NRF Foundation, the research and education arm of the National Retail Federation (NRF), shows just how important the customer really is to retailers. Results of the study were released at the Retail Advertising and Marketing Association's (RAMA) Retail Advertising Conference (RAC) last month. Among the findings, more and more retailers are utilizing customer data (customer insight) to improve marketing programs and merchandise offerings — a fundamental yet often elusive goal of retailers' customer relationship management (CRM) programs. In perhaps the clearest indication of retailer commitment to customer knowledge-driven strategies, 65 percent of retailers in this latest survey say their technology expenditures for CRM will increase this year.

The study is based on a detailed survey of retailers that was conducted in December 2005 - the fourth such survey conducted by the NRF and Ogden Associates since 2002. More than 200 retailers from a variety of industry segments have participated during the course of this long-term study, including many of the country's largest retail companies.

The Customer Centricity Study found overwhelming support among retailers for strategies that improve the customer experience. Nearly 98 percent of the respondents said that improving the customer experience was important, while another 97 percent cited that

increasing customer satisfaction was a priority.

In pursuing these objectives, retailers have also made major progress in seeking and responding to direct input from customers by probing for better understanding of customers' lifestyles and life stages. The survey finds that retailers are deploying a wide variety of techniques to build customer understanding including market and customer research, focus groups, store intercepts, supplier input, web statistics, third-party data and Internet research.

The study also showed that retailers really are listening these days, with over 35 percent of them obtaining direct customer feedback on a daily basis — a notable increase from 2004 where just under 10 percent of retailers obtained weekly customer feedback.

"Retailers have been gathering consumer trend data for years," said Janet Murphy, title, Ogden Associates. "Understanding the value of CRM technology will help retailers use this information to personalize the relationships with their customers."

Reflecting a major shift toward more strategic use of information, 67 percent of respondents this year say they used customer information for Merchandise Planning, up significantly from 42 percent of respondents in 2004. Retailers also see customer insight as important in developing marketing strategies (92%), advertising budgets (69%), catalogue targeting (67%), promotions (83%) and of course customer service (78%).

"In this business, pleasing the

customer means everything," said Mike Gatti, RAMA Executive Vice President. "Retailers clearly recognize the significance of developing relationships, evaluating customer feedback, and ultimately improving the overall retail experience for the consumer and boosting their own sales."

In spite of these advances, the Customer Centricity Study also shows that retailers are still not achieving the return on investment they seek from customer knowledge-driven strategies and techniques; 60 percent cite lack of proven ROI as an obstacle to the program. Throughout the study there is evidence that retailers still have much more to accomplish in improving their processes and organizational alignment. Only 44 percent of retailers have tackled this piece, although the study does predict that this will be a major focus of activity over the next couple of years. ■

Ogden Associates, the Morristown, NJ-based consulting and retail research firm, provides knowledge-driven, six sigma-based, best practice solutions for Customer Segmentation, Customer-Specific Marketing, and Customer-Inspired Merchandising. www.ogdenconsultants.com

Quick Bites

Compiled by Sam Geist

"Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful."

Samuel Johnson

"You have to be honest with yourself about where your strengths lie."

Kelvin Thompson



A Nevada Style Prop 13... The Time Has Come

By Tom Morris, We The People Nevada

During the 2005 legislative session AB489 was passed, which served to cap Nevada property tax increases at 3% per year for residential property and 8% for commercial property. Not only is this unfair to business property owners, but the law is clearly unconstitutional. The "uniform and equal" clause in our Nevada Constitution states that all property must be taxed equally. Furthermore, the cap is not permanent!

Can we trust the politicians who drafted such blatantly illegal legislation and who recently foisted upon us the unnecessary \$800M tax increase, which was directed primarily at businesses? Isn't it obvious by now, considering the irrational tax and spend behavior of most of our elected representatives, that special interests wield tremendous influence within our state legislature? Only a constitutional amendment can make fair and predictable taxation permanent.

The time has come for all Nevada citizens, especially business owners, to wholeheartedly support Assembly Woman Sharron Angle's Property Tax Restraint Initiative (NV Prop. 13). Several business friendly provisions include:

1. It provides for a 1% tax rate based upon 2003-2004 taxable value, with a maximum 2% yearly increase, for BOTH residential and commercial property. This tax rate will apply until such time as the property is sold. The 1% tax will then be based upon the current market value for the new owner.

2. Because the tax rate will be stable and predictable, a business owner can budget for property taxes into the future.

3. Property will be transferable to one's spouse, children, or grandchildren at the current taxable value.

4. Other property related taxes, such as the real estate transfer tax, will not be allowed to be increased by the legislature alone.

5. Certain improvements to property, such as those for handicapped accessibility, will not result in increased taxable property values.

Our neighbors in California, passed Proposition 13 to cap property tax increases at 2% per year. And the vast majority of the state's property owners speak very favorably about having enjoyed fair and predictable property taxation over the years. It wasn't long, however, before government had shifted its appetite to other taxes and fees, and resumed growing faster and faster. Quality of life continued to decline, and today many Californians are moving to Nevada, as well as to other states.

Thus, Property tax restraint is only one part of the solution. Along with our Nevada style "Prop. 13", we will be supporting TASC — a Nevada Taxpayer Bill of Rights Initiative, that will constitutionally limit growth of government. Without reigning in spending, property tax restraint will only allow for the taxing of us at higher levels via other taxes and fees. The Angle Property Tax Restraint Initiative will serve to constitutionally en-

sure that Nevadans enjoy fair and predictable taxation on their properties, and TASC (Tax and Spending Control) will serve to prevent government from "going around the back door" and unreasonably taxing us in other ways.

WE NEED HELP from members of our retail community in order to be successful in placing the initiatives on the November ballot. If passed, they will go to the 2008 ballot for a final vote of the people and become law. Upwards of 100,000 signatures will be necessary by early June, and significant costs will be incurred during the signature gathering process. Furthermore, our political consultant tells us that necessary publicity to counter the hysterical misinformation we expect from our special interest opponents will cost \$700,000 or more.

Generous support from the retail community for this very worthy cause will be very much appreciated. Sufficient financing of the effort is an absolute necessity. And, considering the already unfair 8% tax increase cap placed upon commercial property and the likelihood of the legislature's increasing it even more in the future, just whose livelihood is at stake? Actually, all Nevada property owners' are, but the taxing authorities are especially targeting businesses these days.

For more information, call We the People Nevada at 775-624-2022 or access our website at www.wethepeoplenevada.org. Also, feel free to call me at 775-826-6981 or 771-6882. ■

RAN has not taken a position on this initiative and we urge all members to go to the Secretary of State's website and read all the initiatives so that they can make an informed decision as to signing a petition and how they choose to vote on an initiative.



Is Nevada Becoming Another California?

By Carol Vilardo, Executive Director, Nevada Taxpayers Union

It would appear that way in view of all the initiative petitions that have been filed to change Nevada's constitution recently.

In fact, the first initiative filed to amend the constitution would create a California style Prop. 13 for Nevada. And that is where the problem lies. The drafters of the initiative did not distinguish the differences between the laws that govern property taxes in Nevada vs. those of California. And those differences are many.

Some of the more obvious problems with this initiative include, but are not limited to, the following.

The language of the initiative provides that only voter approved debt is outside the cap.

Nevada allows voter approved property tax overrides for operating and maintenance, California does not. As a result the current and future voter approved overrides such as: the 75 cent pay-as-you-go school building program in Elko, the voter-approved overrides in Clark County to support additional police, the voter-approved override for the Senior Citizen Center in Carson City would all be constrained since they would not be outside the cap. Because these overrides are voter approved they, along with any general obligation debt, would have to be funded first thereby impacting the revenue available to fund other services.

How is "converted to another use" interpreted for the purpose of

establishing value?

Is "converted to another use" a change of use when a structure is built on vacant land? Or, is it a change of zoning, i.e. single family homes to apartments, or industrial to retail? If it is the latter interpretation, not every local jurisdiction provides for zoning, which would lead to additional inequities in the valuation for like properties.

Persons of 62 years of age or older, improvements constructed for the safety of occupants or to improve accessibility to the disabled, or a property owner whose property is taken for eminent domain may transfer the base value of the old property to a new comparably priced property.

What value is used if the real property of the owner is based on a taxable value established in 2004 and the property being purchased is valued based on full cash value? What value will be the basis for future increases? Taxable value? Full cash value?

During the 2005 the legislative tax committees held extensive hearings in direct response to the concerns expressed by property taxpayers about escalating property values and corresponding increases in their property tax bills. The result was legislation that capped the increases in property tax bills for owner occupied residential properties to no more than 3%, and no more than 8% for all other property including personal property. Also, the legislature included both real and personal

property. The Prop. 13 initiative includes only real property.

Some claim the legislative capping mechanism is unconstitutional, but since only the courts can determine the issue of constitutionality, and no one has filed a court challenge, this hasn't been proven. Some say the cap is not permanent, which is true. However, there is no reason to believe that it will be changed anytime soon, particularly when it was the legislature that initiated and passed the cap on property tax bills in response to constituent concerns.

Without a provision such as a revenue or expenditure limitation, which proponents acknowledge is necessary, we will see an increase in fees and other revenue sources to make up any major revenue losses. And while there is another initiative to limit revenue, it is not without its own set of unintended consequences and there are no guaranties that it will be approved.

Amending the constitution should not be taken lightly. Changes to the constitution should be in the form of policy statements not the detail one would expect of a statute. Read any petition in its entirety before you sign it; you should be able to understand how it works and whether or not it does what the proponents are representing.

The complete text and accompanying fiscal notes can be accessed from the Secretary of State's website: www.sos.state.nv.us ■

RAN has not taken a position on this initiative and we urge all members to go to the Secretary of State's website and read all the initiatives so that they can make an informed decision as to signing a petition and how they choose to vote on an initiative.



Are processing fees cutting into your profits?



Cut your processing costs and boost your overall savings with our new, discounted payments program from our endorsed processor - Global Payments.

With Global Payments, you get the advantage of industry-leading hardware and software with market specific features designed for retail systems.

- End-to-End Payment Card Processing for Credit Debit, Purchasing, Gift & Loyalty, Stored Value and LBI
- Electronic Check Guarantee, Verification and Recovery
- Comprehensive state-of-the-art Web-based transaction reporting
- Certification with major POS and cash register systems
- Four Decades of Expertise and Reliability

Call Today!
Nancy Hawk
800.420.1900 ext. 100
nancy.hawk@globalpay.com



Important Information for SIG Members

The NRS governing self insured groups requires notifying members of all new members to the Nevada Retail Network Self Insured Group. New members for NRNSIG from February 10, 2006 to March 15, 2006 are listed below. For a complete member list, please call RAN at 775-882-1700.

- | | |
|------------------------------------|---------------------------------------|
| AM Fire & Electronic Services Inc. | Jimmy John's
Gourmet Subs #331 |
| American Polishing & Plating Inc. | Nicklin Maintenance & Janitorial Inc. |
| AWS Glass & Mirror | Port of Subs |
| Buffalo's Southwest Café Mesquite | Resort VIP Parking LLC |
| Desert PCA of Nevada LLC | Sierra Joe's |
| Desert Valley Pool & Spa Repair | T.D.C. |
| Global Art Transport Inc | The Finished Garage |
| Greater Vegas Personal Care LLC | Turf Tech Inc |
| Image Automotive | Vegas Valley Personal Care |

NRNSIG members who wish to register a negative vote on a new group member, please write NRNSIG at 810 E. Fifth Street, Suite A, Carson City, NV 89701, indicating which member and the reason(s) for the negative vote. ■

TAKE CONTROL OF YOUR WORKERS' COMP COST

Be Part of...

The Nevada Retail Network
Certificate #5004



• Self Insured Group •

• Membership in RAN Required •

- Greater management control that cuts overhead costs
- Pre-employment screening at a small co-pay for NRN members only
- Team Safety/Loss Control Program for all members
- Investigation and defense of claims
- Direct savings that give members greater incentive to control losses

Take Control Today...

Call Willeta Kerschner
775-720-8125 or 775-882-1700

Sponsored by:

The Retail Association of Nevada
410 South Minnesota Street
Carson City, NV 89703-4272

MEMBERSHIP INFORMATION: Find out more about RAN's self insured group.

Call Willie Kerschner, 775-720-8125,
or the RAN office at 775-882-1700 (toll free in Nevada 800-690-5959).

Don't forget to check out our website, www.RANNV.org.

www.RANNV.org



Updates

LEGISLATIVE UPDATE

While RILA continues to oppose state health care mandates, the union-backed campaign to enact these mandates persists. Since February 6, new legislation has been introduced in three states:

Alaska (HB 449) – Introduced 2/13/06 - mandates that companies with 10,000 or more employees spend 8 percent of employee payroll on health care;

Colorado (HB 1316) – Introduced 2/06/06 - mandates that companies with 3,500 or more employees spend 11 percent of employee payroll on health care; and Georgia (Bill number not assigned yet) - Introduced 2/13/06 - mandates that companies with 10,000 or more

employees spend 8 percent of employee payroll on health care.

In a few states, lawmakers have successfully stood up to the union pressure tactics and defeated several discriminatory health benefit bills. Versions of this legislation were defeated in Mississippi, and in Wisconsin, the chairman stated he would not move the bill. In Washington, similar bills missed the deadline for being reported out of committee, and are dead. They could be brought up if there is a special session, but that is not expected.

COMMUNICATIONS UPDATE

In announcing this litigation, RILA

stressed three main points;

- These laws are bad public policy that do nothing to improve health care;
- These laws threaten the entire retail industry and are unlawful and unwise; and
- RILA is confident that it will prevail in this litigation.

We saw these messages reflected in the coverage of this litigation. In the week following our announcement, RILA's message reached nearly 28.5 million persons, including mentions in the following outlets: The Associated Press (AP Stories ran in more than 85 news outlets) CNN's American Morning, the Washington Post, and The Baltimore Sun. ■

NATIONAL TAXPAYERS UNION GIVES SENATOR ENSIGN AN "A"

U.S. Senator John Ensign received by far the best taxpayer-protection rating of any Nevada politician holding federal office this year, according to a just-released rankings by the National Taxpayers Union.

Each year the NTU rates U.S. Representatives and Senators on their actual votes — every vote that significantly affects taxes, spending, debt, and regulatory burdens on consumers and taxpayers. Unlike most organizations that publish ratings, the NTU does not focus on a mere handful of Congressional votes on selected issues, but measures the strength of support from Members of C' for reducing spending and regulation and opposing higher taxes.

NEVADA MEMBERS OF CONGRESS

Member	Grade	Percent
Ensign, John	A	82%
Gibbons, Jim	B+	66%
Porter, Jon	C+	56%
Berkley, Shelly	F	21%
Reid, Harry	F	5%

For the full, four-page report:

http://www.ntu.org/misc_items/rating/VS_2005.pdf \t " _blank" http://www.ntu.org/misc_items/rating/VS_2005.pdf



Congress Holds First Full Hearing on Credit Card Interchange

A House subcommittee held Congress's first hearing specifically addressing credit card interchange rates, with both merchant and consumer representatives testifying that credit card companies have tried to keep the fees secret from consumers and that the fees take billions of dollars out of the economy each year.

"Most consumers have no idea that they pay these fees," National Association of Convenience Stores President and CEO Henry O. Armour said. "Our concerns here are similar to our concerns about excise and sales taxes, but at least those taxes are publicly debated and our customers can vote based on their views about their relative costs and benefits. Credit card companies work hard to keep their fees hidden and even if our customers knew about them they can't vote on them."

NACS is a founding member of the Merchants Payments Coalition, which was formed last year by NRF and other trade associations representing businesses concerned about rising in-

terchange rates.

"Consumers know about the interest they pay and late charges and over-limit charges," said NRF Senior Vice President and General Counsel Mallory Duncan. "What they don't know is that credit card companies are collecting a secret checkout fee every time they use their cards. The more consumers learn about these fees, the more they're going to demand that credit card companies be honest about them. And once consumers know how much they're paying, competition can help drive these rates down."

In addition to merchants, the subcommittee heard from consumer groups angered by the rising fees.

Former Federal Trade Commission Chairman Timothy Muris, testifying on behalf of Visa and MasterCard's Electronic Payments Coalition, defended interchange fees as "essential to the existence of the electronic payment card market."

Interchange is a fee of about 2 percent that Visa, MasterCard and their member banks charge retailers each

time a credit or debit card is used. Visa and MasterCard's non-negotiable contracts with merchants require that the fee be built into the advertised price of merchandise, forbid the fees from being shown on receipts, and effectively block cash discounts from being offered in most situations. Other credit card companies don't charge interchange as such because of differences in the way payments are handled, but nonetheless charge similar fees to process transactions.

Visa and MasterCard kept interchange fees largely secret for years, but the issue has emerged as a major public policy concern in the past year. Visa and MasterCard alone collected \$27.6 billion in interchange fees during 2004, while transaction fees charged by other credit card companies brought the total to \$39.2 billion, according to MPC figures.

For more information, contact NRF Senior Vice President and General Counsel Mallory Duncan or Senior Director and Government Relations Counsel Elizabeth Treanor Oesterle at (202) 783-7971. ■



Nevada News is published by the Retail Association of Nevada, a nonpartisan, nonprofit corporation founded in 1969 representing the Retail Community, the Chain Drug Council and the Grocery Industry Council.

Mary F. Lau
President/CEO

Elizabeth MacMenamin
Director of Government Affairs

Willeta Kerschner
Account Executive/Workers' Comp

Lea Lipscomb
*Government Affairs Lobbyist/
Legislative Analyst*

Randi Thompson
Newsletter Editor

Sue Arzillo
Newsletter Design & Layout

Retail Association of Nevada
410 South Minnesota Street
Carson City, Nevada 89703-4272

PRESORTED
STANDARD
U.S. POSTAGE PAID
CARSON CITY, NV
PERMIT NO. 98