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Nevada Business Organizations Join Legal Challenge of Legislative Tax Extensions

The Retail Association of Nevada, Nevada Trucking Association, Nevada Franchised Auto Dealers Association, and the National Federation of Independent Businesses announced today they have joined the lawsuit challenging the constitutionality of tax and fee increases passed without a two-thirds majority in both houses by Governor Steve Sisolak and Democratic Leader Nicole Cannizzaro during the 2019 Legislative Session. The potential consequences, should SB551 and SB542 be found constitutional, are not limited to the taxes passed in the 2019 session but rather could subject many more Nevadans to the commerce tax or raise property taxes and many other fees all on a simple majority vote.

“Forcing through these extensions without a two-thirds majority vote in each house sets a dangerous precedent and shows a disregard for the state constitution and the Nevada voters who overwhelmingly supported this additional check on legislative taxation,” said Paul Enos, CEO of the Nevada Trucking Association. “The Constitution is not a document that should be open to the partisan interpretation by the party in the majority.”

“Nevada needs to have an in-depth and thorough debate on financing education as we move further into the 21st century, instead we see our education community once again used as a pawn in a quest to rewrite our Constitution,” said Bryan Wachter, Senior Vice President of the Retail Association of Nevada. “While Governor Sisolak has identified other resources to make sure education is funded regardless of the judicial outcome, it raises further questions of whether the motivation behind these votes was increasing revenue or an attempt to erode the voter-mandated two-thirds requirement.”

“Nevada’s smallest businesses were disappointed by Senate Majority Leader Cannizzaro’s reaction to the lawsuit,” according to Randi Thompson of the National Federation of Independent Business. “The vast majority of Nevada’s businesses have fewer than 20 employees and many are required to pay this tax, so to claim that only large corporations pay the Modified Business Tax is inaccurate and misleading.”

Andy MacKay, Executive Director of the Nevada Franchised Auto Dealers Association shared, “Nevada’s Auto Dealers, as well as our partners, have consistently supported the modified business tax as a reasonable and easy to understand method of taxation. Legislation that makes changes in the computation bases for taxes can be complex, and we hope in the future bills like SB551 might be introduced earlier in the session so these issues can be addressed.”

Enos, Wachter, Thompson and MacKay each testified several times during the legislative session, urging lawmakers to err on the side of caution when it comes to the voters’ intent. They are confident that this judicial ruling will reconfirm and uphold the long-held practice of requiring a two-thirds majority vote for any legislation regarding taxation.

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