

Nevada businesses sue to stop 'Education Initiative'

By Sean Whaley, Nevada News Bureau

CARSON CITY – The Committee to Protect Nevada Jobs filed a lawsuit this week against the “Education Initiative” (margin tax initiative) charging that the petition’s description of effect is deceptive and incomplete and that it violates the single-subject rule.

The complaint was filed in Carson City District Court.

“From the title on down, the initiative is deeply flawed and misleading,” said Josh Hicks, of Brownstein Hyatt Farber Schreck, the attorney for the Committee to Protect Nevada Jobs. “The initiative has nothing to do with education and includes many aspects that are not mentioned in the initiative’s description. We believe that as written, this initiative violates Nevada law.”

The complaint notes that the 26-page “Education Initiative” mentions education only once in its description of effect and that it makes no provision for requiring that education funding be increased over current levels by “even a penny.”

The complaint also notes that the petition’s terms allow for a decrease in classroom funding, which would be an “unpleasant surprise” to Nevadans who sign it.

The Nevada State Education Association filed its petition with Secretary of State Ross Miller on June 6. It would levy a 2 percent tax on companies making gross revenues in excess of \$1 million a year.

NSEA President Lynn Warne said at the time the tax would bring in an estimated \$800 million a year from large Nevada

corporations. She also said the petition is expected to withstand any legal scrutiny.

Hicks said the initiative imposes a margin tax on businesses and increases the size of the Nevada Department of Taxation, a multi-million dollar government agency, to administer and audit the new tax.

“The petition’s title and description of effect will confuse Nevada voters and mislead them into signing a petition that does not do what it purports to do and that does do many things that are hidden from view,” he said.

As an example, Hicks noted that the description of effect makes no mention that taxpayer information will be posted on the internet in clear violation of taxpayer privacy rights guaranteed by Nevada law since 1979. In addition, the complaint notes that the description does not mention that even unprofitable and failing businesses that are losing money will still be subject to the tax and that “an increased taxation on failing businesses is certainly not going to improve the unemployment rate.”

“Quite clearly, this initiative is designed solely to increase general tax revenues and to take advantage of citizen’s concerns about education in order to mislead them into signing the petition and, later, into voting for it,” Hicks said. “Nevada law is quite clear in prohibiting such deceptions.”