



The Nevada Policy Research Institute

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Contact Andy Matthews
(702) 222-0642

NPRI analyst: ‘Stakeholder’ recommendations would lead to higher taxes, less freedom for Nevadans

LAS VEGAS — A fiscal policy analyst at the Nevada Policy Research Institute today criticized a newly released Nevada Vision Stakeholder Group draft report prepared by Moody's Analytics, saying that its recommendations would lead to a larger bureaucracy, higher taxes and more state control over the lives of Nevada citizens.

"Although the Nevada Vision Stakeholder Group is trying to present itself as 'representing Nevada's diverse interests,' it is actually a group dominated by union officials, government bureaucrats and others who profit from government largesse," said Geoffrey Lawrence, the NPRI analyst. "Predictably, a group dominated by tax consumers and their facilitators produced a report based on the assumption that extensive government action is necessary to improve Nevadans' quality of life — and, of course, that government should determine what constitutes 'quality of life.'"

According to the timeline laid out by Nevada Vision Stakeholder Group legislative staffer Dave Ziegler, the stakeholders are supposed to review and vote on this draft's recommendations at the group's final meeting on Sept. 10, 2010. Moody's is then scheduled to produce a final report, based on feedback and votes, by Sept. 15, 2010.

"As I first said months ago, the only purpose of this report is to provide political cover for politicians, led by Senate Majority Leader Steven Horsford, to call for tax increases during the 2011 Nevada Legislative Session," said Lawrence. "While Nevada's politicians are no doubt salivating at the thought of a union- and bureaucrat-approved spending list, citizens should be holding onto their wallets. This report even goes so far as to suggest that some 'constitutional barriers' need removing — and previous Nevada Vision Stakeholder Group discussions suggest that those 'barriers' are the prohibition on a personal income tax and the two-thirds legislative requirement for tax increases."

While the report frequently refers to Nevada's 'favorable' tax burden, Lawrence noted that it fails to mention that Nevada's state and local tax collections actually rank above the median of

the 50 states. Lawrence also critiqued the report for presuming that government officials are more capable of allocating economic resources than are individual entrepreneurs who risk their own capital. Specifically, he noted that a centerpiece of the report's economic-growth strategy involves subsidizing politically favored firms, as the report suggests the state should "[a]ttract growth industries by reviewing the state's incentive system and improving upon its already-accommodative regulatory environment."

"It's not just our wallets that these busybodies have their eyes on," said Lawrence. "Nevada Vision Stakeholder Group members want to pressure citizens to use 35 percent less water and to drive less, and they want to 'educate' us about the right foods to eat. Shamelessly, these people believe they can run our lives better than we can."

Lawrence also noted that the NVSG's proposed educational strategies amount simply to a rehash of union demands: more spending on programs, such as pre-kindergarten, that numerous studies have shown have no long-term positive impact on student performance.

"Over the past 50 years, Nevada has nearly tripled its inflation-adjusted, per-pupil spending, and it now has the lowest graduation rate in the country," said Lawrence. "Instead of embracing meaningful reforms that have worked elsewhere, this report includes recommendations that would cost a lot of money and empower the teacher unions, while doing nothing to provide a higher-quality education to Nevada's children."

The rough draft comes several months after Moody's submitted its first Preliminary Rough Draft report, which was roundly criticized by the public and the media for some of its proposals and was ridiculed by the stakeholders themselves for being poorly written and for failing to reflect their intentions.

The Nevada Legislature's Interim Finance Committee is paying Moody's Analytics \$100,000 to produce this report. Moody's was also obligated, under a contract with the IFC, to produce a tax study, but the IFC cancelled the study in late July, claiming that Moody's had not fulfilled its contractual obligations. The IFC will therefore be left with only the Nevada Vision Stakeholder Group's spending wish list, and no accompanying tax study on how to pay for it.

"It's ironic that the Nevada Vision Stakeholder Group claims that diversifying the economy is important in order to stabilize the 'flow of state and local government revenue,'" said Lawrence. "By putting government in control of economic development, all its recommendations would do is ensure that Nevadans pay higher taxes for less economic growth."

Read more:

Nevada Vision Stakeholder Group draft report prepared by Moody's Analytics:

<http://www.leg.state.nv.us/Interim/75th2009/Committee/Interim/NevadaVisionStakeholders/Other/EnvisioningNevadasFutureSept3.pdf>

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