



The Nevada Policy Research Institute

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NPRI: Sandoval wrong to propose raising taxes

LAS VEGAS — In response to the news that [Gov. Brian Sandoval will instruct government agencies to budget as if the sunset taxes will continue in the next biennium](#), Geoffrey Lawrence, deputy policy director at the Nevada Policy Research Institute, released the following comments:

Taxpayers lose again with Governor Brian Sandoval’s decision to propose extending the so-called “sunset” taxes. This demonstrates, once again, the danger behind the concept of a “temporary” tax increase. Once bureaucracy becomes dependent on that additional revenue to sustain itself, the tax increase rarely goes away.

In 2010, [Governor Sandoval stated that](#) raising taxes is “the worst possible thing you can do” after a recession. His statement is as correct today as it was then — raising taxes on job creators is exactly the wrong thing to do in the aftermath of a recession. Entrepreneurs and job creators have been planning their investments on the promise that “temporary” rate hikes in the modified business tax and business license fees begun in 2009 would disappear next year. Let there be no mistake — proposing to reestablish a tax that is scheduled by law to disappear *is a tax hike*.

After breaking his “no-new tax” promise to voters at the end of the 2011 legislative session, it is extremely disappointing for taxpayers to see Governor Sandoval break his promise again — 10 months before the legislative session even begins.

The governor is correct in noting that the massive Medicaid expansion that ObamaCare seeks to impose on the states would mean a huge new state liability beginning in the next budget cycle, one that would only grow worse over the next decades.

It was disingenuous for Congress and the president to pass such a huge entitlement expansion even though they had no willingness to fully fund it themselves and so levied a huge unfunded liability on the states.

An [econometric analysis performed by NPRI](#) shows that ObamaCare, unless derailed by the U.S. Supreme Court or through the legislative process, will cost the state of Nevada *at least* an additional \$5.4 billion in Medicaid costs by 2023. That’s due to the compulsory

loosening of eligibility requirements and the individual mandate provision, which — taking effect in 2014 — will begin undercutting the state’s ability to finance education and other services. This reality is precisely why NPRI has been critical of ObamaCare from its inception.

Even in the face of ObamaCare’s costs, however, Governor Sandoval was not compelled to expose the struggling Silver State economy to the prospect of higher taxes. Just last week, NPRI released an 88-page guide for cutting costs using proven techniques already implemented in other states. [Solutions 2013](#) explicitly recognizes the impending new Medicaid burden that would be imposed by ObamaCare, but shows how to reduce spending in other areas to offset this liability without sacrificing quality. The governor and his staff should use the ideas in this publication to decrease costs while increasing results, rather than again break his pledges to state taxpayers and prospective job creators.

The rising costs of ObamaCare should be the impetus to transform state government by creating charter agencies, establishing performance audits, outsourcing agency functions competitively, eliminating the billions wasted through prevailing-wage requirements, and by giving parents a choice in their children’s schooling. It should not be used as a weak excuse for raising taxes on struggling Nevada families.

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