



# CENTER FOR JUSTICE AND CONSTITUTIONAL LITIGATION

*At the Nevada Policy Research Institute*

## FACT SHEET

*Little v. State of Nevada, et al.*

### PARTIES:

- **Plaintiff:** Michael Little, taxpayer in, citizen of and business owner in Nevada. Michael Little is also the son of former Democrat Assemblywoman Pat Little.
- **Defendants:** State of Nevada, Nevada Governor's Office of Economic Development, Steven Hill (in his official capacity as Executive Director of the Nevada Governor's Office of Economic Development)

### BACKGROUND:

- The Nevada Constitution, Art. 8, §9 states:  
**Gifts or loans of public money to certain corporations prohibited.**  
The State shall not donate or loan money, or its credit, subscribe to or be, interested in the Stock of any company, association, or corporation, except corporations formed for educational or charitable purposes.
- On three occasions, in 1992, 1996 and 2000, Nevada voters have rejected lawmaker-sponsored ballot measures to formally amend the state constitution to allow loans to or "investments" in private companies.
  - In 1992, the proposal was overwhelmingly defeated by 76.5 percent of voters
  - In 1996 64.8 percent of voters opposed the proposition
  - In 2000, 59.3 percent of Nevadans voted against it
- After construction of the Erie Canal in 1825, states rushed headlong into providing subsidies to private businesses to build canals. This created a debt-based boom, which first crested in 1837 and resulted in states, including Indiana, Illinois and Michigan, going bankrupt, as detailed by University of Maryland economist John J. Wallis.

As railroads began to seek government handouts around 1840, numerous states put anti-gift clauses into their constitutions to avoid the painful economic outcomes of government loans and "investments" in private companies. When Nevada's founders wrote its Constitution, a clause forbidding state gifts to corporations had become part of the necessary template for state constitutions.

## **FACTUAL AND LEGAL ASSERTIONS:**

- Plaintiff Michael Little owns Landfill Alternative, an alternative-energy company that converts recycled landscape trimmings into biomass, which can be converted into various forms of energy.
- On or about March 21, 2013, GOED [approved](#) the Catalyst Fund grant application of the privately held green energy company SolarCity, authorizing the company to receive funds from the Catalyst Fund created and operated by the Governor's Office of Economic Development. SolarCity has either received or is promised to receive \$1.2 million of the Catalyst Fund's \$10 million budget.
- Beginning in 2011, defendants implemented the Catalyst Fund program despite prohibitions that exist in the Nevada Constitution. Implementation of the program resulted in either payment or the contractual obligation to make payment of funds from the State of Nevada to private corporations, at least one of which is SolarCity.
- According to the most recent Bureau of Labor Statistics data, Nevada had over 1.24 million jobs in December 2013. Over 1.08 million of those jobs are in the private sector. Catalyst fund subsidies produce high-profile press conferences, but not the 1 million-plus jobs Nevada's entrepreneurs have already created without government subsidies.
- Defendants violate the Nevada Constitution by operating the Catalyst Fund and undermine the hard work and effort by business owners who bear the full risk of their operating costs without government subsidies and are forced to compete with publicly supported "businesses." Rather than allow consumer choice expressed via the market to dictate which businesses will succeed, the defendants attempt to play that role.

## **RELIEF SOUGHT FROM THE COURT:**

- Declare that all defendants, in operating the Catalyst Fund, violate the Nevada Constitution Art. 8, §9 and/or 10.
- Enjoin all defendants from continuing the Catalyst Fund program or any such program that subsidizes private entities under the guise of economic development or any other such label.
- Award Plaintiff his reasonable costs and attorney fees.
- Other relief as the Court deems appropriate and proper.

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