



May 13, 2021

In a unanimous decision today, the Nevada Supreme Court ruled against Democrat legislators, stating that their two tax bills passed during the 2019 Legislative session were unconstitutional, violating Article 4, Section 18(2) of the Nevada Constitution which requires the agreement of at least two-thirds of the members of each house of the Nevada Legislature to pass any bill *"which creates, generates, or increases any public revenue in any form, including but not limited to taxes, fees, assessments and rates, or changes in the computation bases for taxes, fees, assessments and rates."*

In 2019, the Republican legislators opposed two tax bills on the grounds that the Democrat legislators did not have the supermajority votes required to increase revenue through taxation. Democratic legislators proposed a bill that would allow the Department of Taxation to collect an estimated \$98.2 million in payroll taxes during the following biennium. After the Senate fell one vote short of a supermajority, the bill was reconsidered and ultimately passed with less than a supermajority.

The Republican legislators who opposed the bill brought suit asking the district court to invalidate the bills for failure to obtain the necessary supermajority. After a hearing, the district court's final order found both bills generated revenue and therefore were subject to the state constitution's supermajority provision. The district court reasoned that, "[b]ut for" the bills, the State would not have realized an additional approximate \$14 million through the extended DMV fee and \$98.2 million after removing the reduced computation rates under the MBT." As to the MBT bill, the district court invalidated those sections subject to a supermajority vote and invalidated the DMV tax bill.

In its decision, the Nevada Supreme Court wrote that "based on the plain language of the supermajority provision, we conclude that it applies to the subject bills because they create, generate, or increase public revenue. Because the bills did not pass by a two-thirds majority in the Senate, those portions of the bills that would require a supermajority vote are unconstitutional."

This seminal State Supreme Court decision is a victory for all Nevadans who support economic prosperity. It's also a win for those who believe that the wording in our Constitution means exactly what it says and isn't subject to loose interpretations for political convenience.

Keystone Corporation is proud to have supported this lawsuit in defense of all businesses and Nevada citizens who see the Constitution as a safeguard of their individual rights. Keystone Corporation congratulates the Republican legislators, their counsel and staff for their relentless pursuit of justice.

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