



## **New Nevada Laws Driving Up Cost Of Doing Business**

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Thanks to the Democrat-controlled 2019 legislative session it is going to be more expensive to do business in Nevada this year and in years to come.

The most expensive dictate from lawmakers takes effect July 1, when the first phase of Assembly Bill 456 kicks in raising the minimum wage in Nevada by 75 cents an hour. Currently the minimum wage for those with health insurance coverage is \$7.25 an hour and \$8.25 an hour for those without health benefits. The minimums increase to \$8 and \$9 this year and another 75 cents an hour each year until they reach \$11 and \$12 in 2024.

At the time of his signing the bill Gov. Steve Sisolak was quoted as saying, “Keeping working Nevadans stuck in a 10-year-old minimum wage erodes the real value and purchasing power of the wages of hardworking Nevadans. But with this bill, hundreds of thousands of working Nevadans will see a difference in their paycheck — extra hard-earned money they can use to put food on the table, save for their kids’ education, and re-invest into the economy.”

He did not deign to mention that some will go from minimum wage to no wage as jobs are eliminated and new jobs fail to be created. Others may see their hours cut to compensate for the higher wage cost. One study found the average low-wage worker in Seattle actually lost \$125 a month when the minimum wage was raised to \$15 an hour. Not exactly what the lawmakers and the governor foresee for Nevada.

Of course, raising the minimum wage raises the cost of doing business, which translates immediately into higher costs for consumers. A Cato Institute analysis in 2012 found that a 10 percent increase in the U.S. minimum wage raises food prices by up to 4 percent. AB456 increases the minimum wage in Nevada by more than 50 percent in five years.

In a recent article, the Nevada Appeal in Carson City quoted Johnny Skowronek, owner of staffing company Square One Solutions and incoming Northern Nevada Human Resources Association president, as saying he expects the service and retail industries to be hurt the most by minimum wage increases.

“Most bars, restaurants, casinos and retail operations pay minimum wage, and they are going to have to pass costs onto consumers,” Skowronek said. “The price of everything is going to go up without question in order to absorb this additional hard cost.”

Laura Jacobsen, an attorney with the law firm of McDonald Carano, told the Appeal some businesses are likely to layoff workers and/or move key personnel into salaried positions

“Businesses are doing audits now on their pay scales to see how many folks they can continue to employ, whether they need to eliminate some positions, or have someone higher up absorb more executive responsibilities and be put on salary,” Jacobsen said. “It makes sense to streamline now if they can, but moving folks into supervisor positions, you have to make sure they fit the definition of a very specific exemption under the law. You might really have to tailor that job description and consult legal counsel to make sure (employees) are properly classified as exempt from wage per hour and overtime laws.”

Not only did lawmakers hike the minimum wage, but they also more strictly defined what health coverage is adequate to qualify for the dollar lower minimum wage. Senate Bill 192 requires that for a health benefits package to qualify for the lower-tier minimum wage it must include: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use services, prescription drugs, laboratory services, preventive and wellness services and chronic disease management, pediatric services and other specified coverage.

On top of that Senate Bill 312 now requires private employers with 50 or more workers to provide 40 hours of paid leave each year for full-time workers.

Additionally, Senate Bill 166 adds the threat of civil penalties for any employer who fails live up to the requirement of equal pay for equal work based on gender.

Lawmakers should stop trying to “help” Nevada workers with laws that can do as much harm as good.