

NV WATCHDOG

Cato Institute: Nevada among freest U.S. states, but work to be done on taxes, regulations

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August 30, 2018

The Cato Institute recently released their **“Freedom in the 50 States”** report. It’s a study of how the policies of each state affect its residents and businesses. Nevadans were not surprised to learn that their state was sitting comfortably in the top ten.

In fact, the report ranked Nevada as the fifth “freest” state in the union. The ranking was unchanged from the last time the study was published in 2014. While the study particularly cited high levels of personal freedoms that residents of Nevada enjoy, the authors also recognized the above-normal land-use freedoms as well.

Holding the state back from ascending higher were a pair of fiscal-based policies.

“Nevada’s fiscal policy has worsened since 2002, a fact that might have something to do with a 2003 state Supreme Court decision setting aside part of the state constitution, which required a supermajority for tax increases,” the report says.

It also took issue with the high level of regulations in a disparate selection of industries, including epidemiology, sign language interpretation, athletic training and well drilling.

Michael Schaus, executive director of National Employee Freedom and the communications director of the Nevada Policy Research Institute, expressed similar concerns with the state's occupational licensing practice.

“This might be one of the most overlooked reasons for Nevada not climbing to the top spot for freedom,” Schaus said. “Nevada has some of the most egregious licensing requirements for skilled and unskilled labor.

“Interior decorators, landscapers, barbers and numerous other occupations require a permission slip from a government board – usually made up of industry insiders,” he continued. “This has the effect of barring new entrants, discouraging entrepreneurs and burdening working-class Nevadans. Simply limiting occupational licenses to professions where there is a legitimate and provable threat to public safety would open up countless opportunities for Nevadans who are hungry for work.”

Taxes were a component of the study as well. State taxes stand at about 5.8 percent of adjusted personal income while local taxes are around 3.4 percent.

“As part of the record-breaking \$1.5 billion tax hike in 2015,” Schaus said, “the legislature passed a gross-receipts tax on businesses. As damaging as the tax is, it’s just the latest example of how lawmakers are willing to dip into the pockets of business owners and entrepreneurs as the economy recovers from the effects of the great recession.”

The four states ahead of Nevada in the rankings are Colorado (first overall), Indiana, New Hampshire and Florida. It’s telling that two of the top five are western states, but it wasn’t surprising to the study’s authors.

Jason Sorens, one of the authors and a lecturer in the Department of Government at Dartmouth College, said of Colorado and Nevada: “. . .they are both Western states and, like other Western states without a large Mormon population, tend to be libertarian on issues like guns, marijuana, same-sex marriage, alcohol and gambling.”

One of the key issues called out in the study was the path of the educational system in the state. “Mediocre” was the word that was used to describe it in Nevada.

“Nevada tightly regulates private and home schools, which hurts their freedom score,” Sorens said. “Luckily, the state does have a broad tax-scholarship program for low income families – but a more robust competitive market for educational options would go a long way toward increasing economic opportunity throughout the state.”

Sorens said most of Nevada's shortcomings as detailed in the study can be addressed by the legislature thanks to the political makeup of the state.

“They [Nevada and Colorado] are both 'purple' states and less conservative than Arizona and Wyoming on social issues like marijuana and same-sex marriage,” he said.

While admitting there is still work to be done, Schaus acknowledges that opportunity still exists for residents of Nevada.

“On the bright side, Nevada remains freer than most, with countless opportunities for those who have drive and ambition," he said. "As a result, it’s no wonder we see so many citizens in neighboring regions consider relocation to the Silver State in recent years. “