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CATO Institute give Nevada Governor an ‘F’

Calls Sandoval’s heavy taxes for all businesses, with big breaks for those favored by politicians, a ‘prescription for corruption’

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A national report card on fiscal policies pursued by America’s governors has rated Nevada Governor Brian Sandoval one of the worst governors in the nation.

The free-market oriented Cato Institute, in its 2016 edition of its annual fiscal-policy report card, notes Sandoval “came into office promising no tax increases,” but then, after getting safely reelected, “made a U-turn in 2015 and signed into law the largest package of tax increases in Nevada’s history at more than \$600 million per year.”

“The worst part of the package,” wrote economist Chris Edwards, Cato’s director of tax policy studies, “was the imposition of a whole new business tax in Nevada, the Commerce Tax.”

Noting that the “new tax has numerous deductions and 27 different rates based on the industry,” Edwards also points out the tax “is complex, distortionary, and hidden from the general public.

“As a gross receipts tax, it will hit economic output across industries unevenly, and it will likely spur more lobbying as industries complain that their tax burdens are higher than other industries.

“Imposing the tax was a major policy blunder,” concludes the Cato scholar.

Sandoval received the lowest grade of any nominally Republican governor, ranking 47th out of 50. Only three Democrats ranked lower.

Edwards, before joining Cato, was a senior economist on the congressional Joint Economic Committee, a manager with PricewaterhouseCoopers, and an economist with the Tax Foundation.

He notes that not only did Sandoval impose the “huge \$600 million per year tax increase on businesses, including higher license fees, an increase in the state’s Modified Business Tax, and the imposition of a new Commerce Tax.

“At the same time,” Edwards continues, “Sandoval has been eagerly handing out narrow tax breaks to Tesla, Amazon, data center companies, and other favored businesses.

“So Nevada’s tax policy entails large increases for all businesses, but special breaks for companies favored by the politicians.

“That,” says Edwards, “is a prescription for corruption, not long-term economic growth.”

The Cato website observes that Edwards has testified to Congress on fiscal issues multiple times and that his articles on tax and budget policies have appeared in the *Washington Post*, the *Wall Street Journal*, and other major newspapers.