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Office of the Governor

June 3, 2023

The Honorable Nicole Cannizzaro
Majority Leader of the Nevada State Senate
Nevada Legislature
401 South Carson Street
Carson City, Nevada 89701

RE: Senate Bill 429 of the 82nd Legislative Session

Dear Leader Cannizzaro:

I am returning Senate Bill No. 429 to the 82nd Session of the Nevada Legislature without my approval, accompanied by my letters of objections.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Lombardo".

Joe Lombardo
Governor of Nevada

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The Honorable Nicole Cannizzaro
Majority Leader of the Nevada State Senate
Nevada Legislature
401 South Carson Street
Carson City, Nevada 89701

Re: Senate Bill 429 of the 82nd Legislative Session

Dear Majority Leader Cannizzaro:

I am forwarding to you, for filing within the time limit set forth in the Nevada Constitution and without my approval, Senate Bill 429 ("SB 429"), which is titled as follows:

AN ACT relating to economic development; requiring certain new or expanding businesses to provide certain paid family and medical leave to employees in order to qualify for a partial abatement of certain taxes; and providing other matters properly relating thereto.

SB 429 is purportedly an economic development bill and was presented as such. However, the bill inequitably applies a unique precondition to a narrowly tailored group of businesses who are pursuing Nevada performance-based tax abatements (i.e., Governor's Office of Economic Development applicants) and who employ 50 or more persons to also provide paid Family and Medical Leave Act ("FMLA") on-top of Nevada's existing paid leave measures. See NRS 608.0197, all Nevada businesses with 50 or more employees are already required to provide employees with paid leave.

SB 429 does not outline caps, does not cover how this would be regulated (given that it's set to last indefinitely), and does not explain or provide guidance regarding procedures applied to this specific set of businesses in the event of a merger, acquisition, or bankruptcy.

Furthermore, SB 429 has been presented as a "tie-in" opportunity to Federal IRS Sect. 45S, an opt-in tax credit program for employers to explore and offer paid FMLA to employees. This federal program expires in December 2025, leaving the State with a requirement that is no longer federally mandated.

With future economic headwinds a mere certainty, whether in this biennium or subsequent ones, this bill works against Nevada's already challenging market position in striving to attract diverse industries through economic development.

Nevada is in constant competition to bring good paying jobs to the State and SB 429 would place Nevada at a severe disadvantage in its work to bring desirable businesses within its borders to provide quality career opportunities to Nevadans and to diversify State tax revenues.

My commitment has been and will continue to be maintaining a streamlined and non-overly regulated State Government structure to ensure Nevada remains open for business.

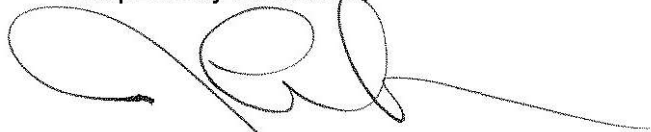
Adding additional preconditions to abatements that would require abated companies to endure a significant year-over-year increase in payroll expenditures compared to other markets of interest would signal worldwide that Nevada is not open for business. Given market conditions, at this time, it is best that my administration and my office of Economic Development have all the tools that prior administrations have had at their disposal.

In times of economic uncertainty, strictly codified regulatory constrictions which remove options and add various preconditions create a situation where Nevada becomes less competitive without an opportunity to adapt quickly.

Since SB 429 reduces our competitiveness in attracting talented hiring candidates as related to peer-states, I cannot support it.

For these reasons, I veto this bill and return it to you without my signature or approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joe Lombardo', with a long horizontal line extending to the right.

JOE LOMBARDQ
Governor of Nevada

Enclosure

Cc: The Honorable Stavros Anthony, President of the Senate (without enclosure)
The Honorable Steve Yeager, Speaker of the Assembly (without enclosure)
The Honorable Francisco Aguilar, Secretary of State (without enclosure)
Brendan Bucy, Secretary of the Senate (without enclosure)
Susan Furlong, Chief Clerk of the Assembly (without enclosure)
Brenda Erdoes, Esq., Legislative Counsel Bureau, Director (without enclosure)
Bryan Fernley, Esq., Legislative Counsel (without enclosure)