

2018 Election Analysis & 2019 Legislative Update

By

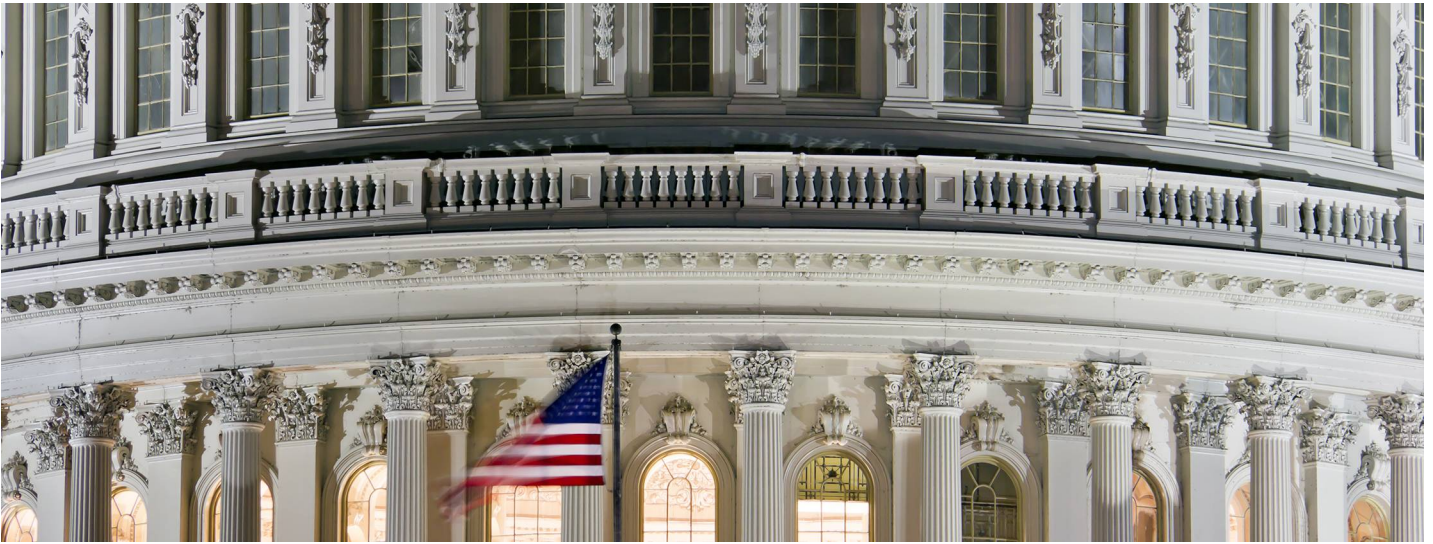
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2018 MID-TERM ELECTION OVERVIEW



Voters approach Mid-Term Elections with the same enthusiasm they show when shopping for a new refrigerator; some just grumble and go, and others put it off until the next time an issue arises. Yet, a variety of factors, most notably the Donald Trump presidency, energized Nevada voters for the 2018 Mid-Term Election, and Nevadans turned out in record numbers. Nevada Democrats used their substantial registration advantage to sweep nearly every contested race on the ballot, from U.S. Senate to Governor to those deep down-ticket. Pushing registration and early voting in Clark County, the Democrats banked a more than 35,000-ballot lead before Election Day, which created a firewall that the Republicans could not overcome on November 6.

With respect to state races, the 2018 election saw the Democrats take the Governor's Mansion, Lt. Governor, Attorney General, Treasurer, and Controller; all constitutional offices except Secretary of State. Democrats also increased their majorities in both the Nevada Assembly and Senate chambers. The GOP lost 2 seats in the Assembly races, giving the Democrats a 29-13 supermajority. The Nevada Senate, previously controlled by a 11-9-1 Democrat majority, moved further left with the Democrats picking up 2 seats and splitting the chamber 13-8, just one seat shy of a supermajority.

Nevada Democrats also stunned the GOP on the federal stage. One-term Congresswoman Jacky Rosen (CD 3 - D) defeated incumbent Senator Dean Heller in his re-election bid for U.S. Senate. Of note, Heller lost traditionally supportive Washoe County by nearly 6,900 votes to Rosen, who until 2018, had never run a statewide race. While incumbent House members Dina Titus (CD 1 - D) and Mark Amodei (CD 2 - R) cruised to relatively easy victories and maintained strongholds on their respective districts, newcomer candidate Susie Lee (D) defeated perennial candidate Danny Tarkanian (R) for Nevada's 3rd Congressional District after Rep. Jacky Rosen vacated the seat to run for U.S. Senate. Finally, former Congressman Steven Horsford (D) reclaimed his seat, defeating former Congressman Crescent Hardy (R) in a rematch of the 2014 race for CD 4, an open seat vacated by Congressman Ruben Kihuen (D), who did not seek re-election.

NATIONAL TRENDS – NEVADA IMPACT



Nationally, rural districts were the story of the 2016 Presidential Election, and figured to be devastating to Democrats in 2018, given Democrats' traditional apathy in Mid-Term Elections. However, despite the rural districts' typical heavy performance on election day, Democrats were far more efficient getting out the vote in Nevada's two urban areas, and ultimately withstood the tremendous GOP turnout. To that end, in states with substantial urban population, Democrats were able overwhelm rural GOP voting, and the "Blue Wave" went deep into the ticket.

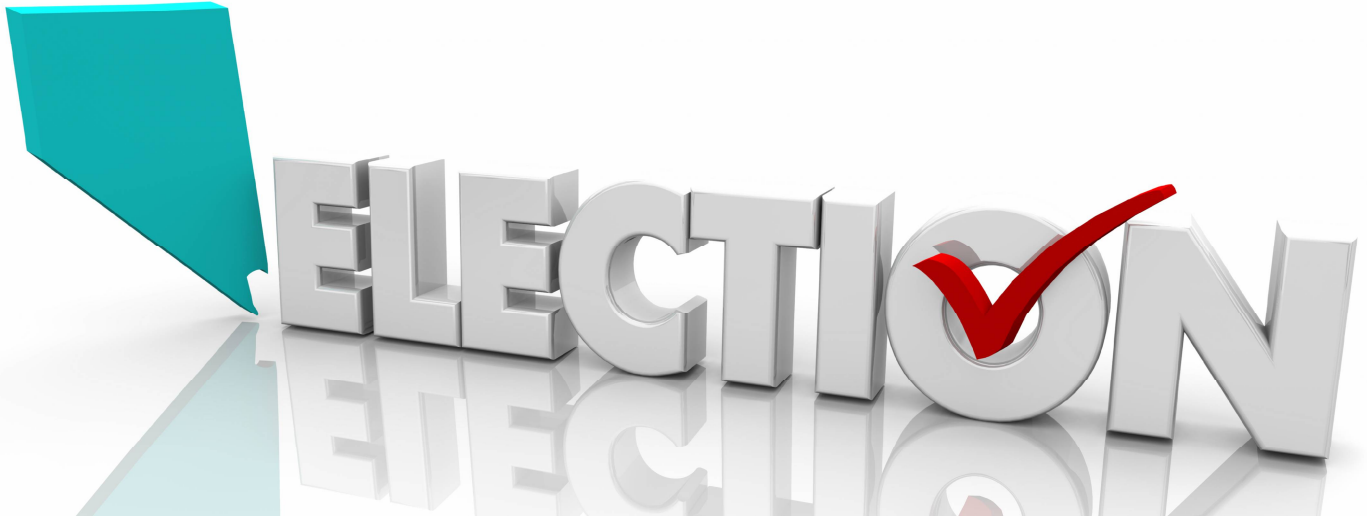
More, the trend away from two-party voting was a substantial factor nationally. On average, the number of voters claiming to be non-partisan approached 20%. Accordingly, this election cycle saw each major party spending substantial time and resources courting the "independent vote" to convince them to break toward the Democrats' or Republicans' respective candidates. In 2016, the independent vote broke toward President Trump, improving the chances for down-ticket Republicans. In 2018, the independents broke – not necessarily toward Democrats (though a substantial number did), but away from Republicans, reducing their overall voter capture, and costing Republicans many offices nationwide. Notably, Republicans lost nearly 30 seats in the U.S. House of Representatives, ceding control to the Democrat party. That said, Republicans nevertheless net-gained at least 2 seats in the U.S. Senate (even after losing Sen. Heller), which was likely a product of statewide voting, as opposed to elections within representative districts.



Nevada's turnout in 2018 was really the story of election night. Protected by a substantial early-voting firewall, Democrats in Nevada cruised to victories in virtually every contested race on the ballot. Nevada voting data demonstrates record-breaking turnout for a Mid-Term Election. In 2014, the last Mid-Term Election, turnout was a dismal 45.56%. In this year's mid-term, Nevada had 1,561,515 registered voters,

and turnout was 62.46%. By way of contrast, in the 2016 Presidential election, turnout was 76.78%. Taking a deeper dive into the voter pickup numbers reveals an interesting anomaly. Near the end of the 2018 campaign cycle, chatter regarding an influx of absentee/mail ballots began to pick up, as Democrats began to openly query the number requested and returned. In the 2018 Mid-Term Election, 87,373 absentee/mail ballots were cast. In the 2016 Presidential election, 72,195 absentee/mail ballots were cast – more than 15,000 less votes. More, only roughly 8,000 of those 15,000 additional absentee/mail votes cast in the 2018 Mid-Term Election came from Nevada's two largest counties; Clark and Washoe. Aside of the fact that increased voter turnout numbers in a Mid-Term Election – in any category – are almost unheard of, that such a substantial part of this mid-term uptick came from such sparsely populated areas is, in a word, inconceivable. These numbers reveal what could be a very interesting storyline for upcoming elections.

LEGISLATIVE RACES



THE NEVADA SENATE

The Democrat firewall did more than simply ensure the Governor's Mansion was delivered to Steve Sisolak; the wall was so pervasive it impacted virtually every down-ticket race on the ballot. Although ten of the seats were up for election in 2018, only three were considered heavily contested; SD 8, SD 9 and SD 20. SD 8 has a 1-point Democrat voter registration advantage, and had been held by Sen. Patricia Farley (I), who chose not to seek re-election. To contest this seat, the GOP tapped former Assemblywoman Valerie Weber (R). Former Assemblywoman Marilyn Dondero-Loop was the Democrat candidate for this seat, and she won this race by nearly 4 points. SD 9, formerly held by Republican Becky Harris, who resigned her seat when she was nominated as Chair of the Nevada Gaming Control Board, has a 7.68-point Democrat registration advantage, and was contested by two new candidates; Tiffany Jones (R), and Melanie Scheible (D), both political newcomers. Scheible defeated Jones by 11 points in a runaway. In SD 20, the seat vacated by former Senate Minority Leader Michael Roberson (R) who chose to run for Lt. Governor, former Assemblyman Keith Pickard (R) faced off against businesswoman and political newcomer Julie Pazina (D). Although SD 20 is nearly evenly-split on voter registration, this district was considered safe for Republicans, given Roberson's success. Pickard defeated Pazina by 28 votes, and this race is currently being recounted as of the writing of this update. The race is significant because should Pickard hold off Pazina, he will have prevented a Democrat supermajority in the Nevada Senate.

Currently, Democrats control the Nevada Senate by a 13-8 majority.

Majority Leader Aaron Ford (D) was elected as Nevada's Attorney General, and will accordingly resign his Senate seat. The day after the election, the Democrats elected Sen. Kelvin Atkinson to be Majority Leader for the 2019 Legislative Session.

THE NEVADA ASSEMBLY

The Assembly Democrats enjoyed a 27-15 majority in 2017, and began plans to expand upon the majority immediately following the legislative session that year. Leading into the 2018 Mid-Term Elections, the Democrats remained poised to capture the one seat required to reach a supermajority (28), but several tight races, and one with a substantial GOP registration advantage (AD 31) led most observers to cast doubt on Assembly Democrats' ability to win the necessary races. On election night, Democrats won all tight races, including the upside down AD 31, and Democrats now enjoy a 29-13 supermajority in the Assembly. Notable Democrats returning will be Speaker Jason Frierson (D) and all of former Assembly Democrat Leadership. Assembly Republicans will return Jim Wheeler (R), but lost Minority Whip James Oscarson (R) in the primary.

The Assembly Democrat Caucus has reelected Jason Frierson (D) to Speaker. Assemblywoman Teresa Benitez Thompson will return as Majority Leader.. Assembly Republicans have elected Jim Wheeler (R) as Minority Leader. Rising Republican star Jill Tolles is expected to take on a role in Assembly Republican Leadership.

BALLOT QUESTIONS



Nevadans were highly receptive to direct democracy in the 2018 Mid-Term Election, as 5 of 6 initiatives passed with wide margins, 4 of which amended the Nevada Constitution.

Question 1 – Marsy’s Law

Promoted as the “Victim’s Rights Law,” Question 1 would remove responsibilities to provide certain statutory rights to crime victims, and adopts certain expressly stated constitutional rights which may be asserted by crime victims. This measure passed 61% to 39%.

Question 2 – Pink Tax

This initiative sought to exempt feminine hygiene products from the Nevada sales and use tax. The measure passed 56% to 44%.

Question 3 – The Energy Choice Initiative

This measure seeks to amend the Nevada constitution to deregulate the electric energy industry and provide for an open, competitive retail electric energy market by July 1, 2023. This measure failed 67% to 32%.

Question 4 – Durable Medical Equipment

This initiative sought to amend the Nevada Constitution to exempt durable medical equipment from the Nevada sales and use tax. The measure passed 67% to 33%.

Question 5 – Motor Voter

This initiative sought to amend Nevada statute to promote automatic voter registration upon application to the department of motor vehicles for the issuance or amendment of a driver’s license or other identification. This measure passed 60% to 40%.

Question 6 – Renewable Energy

This measure sought to amend the Nevada Constitution to force energy providers in the state of Nevada to increase the amount of renewable energy sourcing to not less than 50% by 2030. This passed 59% to 41%.

2019 NEVADA STATE LEGISLATIVE FORECAST



Although the 2019 Legislative Session begins on Monday, February 4, 2019, the parties have already begun post-election caucus meetings to discuss leadership and committee assignments.

As discussed above, Sen. Kelvin Atkinson (D) will be Majority Leader of the Nevada Senate. Senators Pat Spearman (D) and Nicole Cannizzaro (D) are expected to assume leadership positions, although no announcements have been made. In addition, two vacancies created by the departure of Majority Leader Aaron Ford (D) (Attorney General) and Tick Segerbloom (D) (Clark County Commission) have yet to be filled. Accordingly, determining who ultimately is in leadership for the majority may take some time. Former Minority Leader Sen. Michael Roberson (R) vacated his seat to run for Lt. Governor, and was defeated by Kate Marshall (D). Accordingly, Sen. Ben Kieckhefer (R), Sen. James Settelmeyer, Sen. Joe “Doc” Hardy (R), and Sen. Scott Hammond (R) will likely take prominent leadership positions, though in the minority.

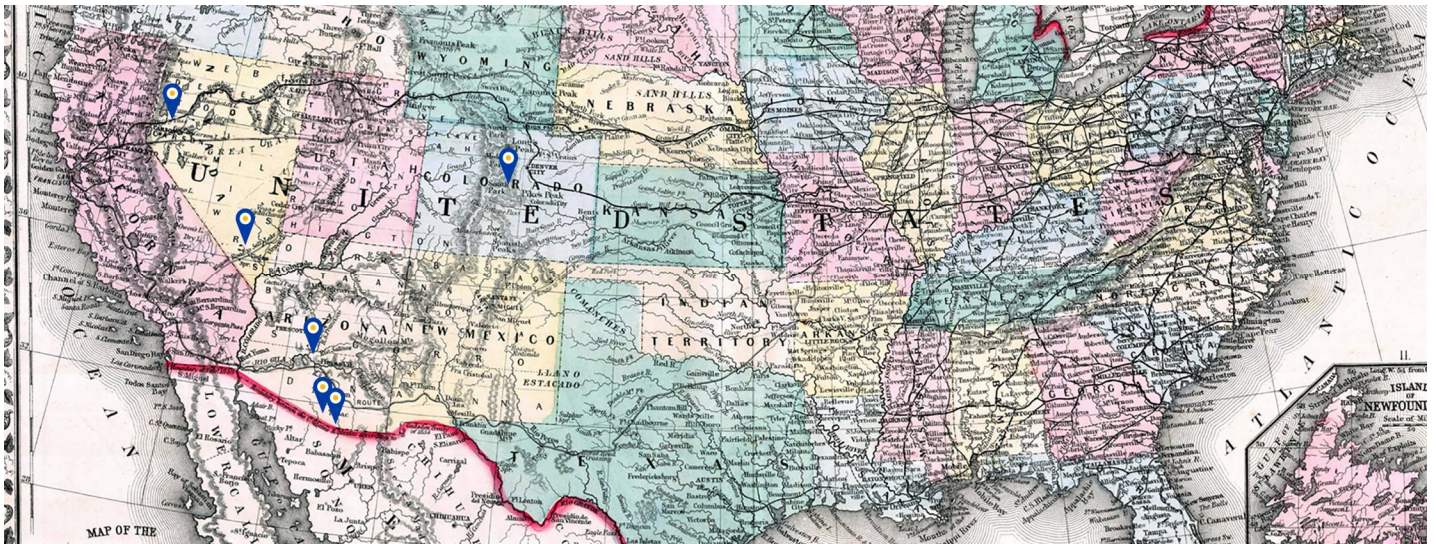
In the Assembly, Jason Frierson (D) will be Speaker and Teresa Benitez Thompson (D) will return as Majority Leader. While committee chair and vice chair positions have not been announced for the Assembly as of this release, the Assembly Democrat Caucus released additional assignments, including Assemblyman Steve Yeager as Speaker Pro Tem, Assemblyman Mike Sprinkle as Majority Whip, Assemblyman Tyrone Thompson as Chief Deputy Majority Leader, and Assemblywoman Heidi Swank and Assemblyman William McCurdy II as Assistant Majority Whips.

Assembly Republicans have announced Jim Wheeler (R) will be Minority Leader, and though no announcements have been made, Assemblywoman Jill Tolles (R) and Assemblyman John Ellison will likely flank the Leader in some capacity. In addition, Assembly Republicans are also dealing with a vacant seat following the death of Dennis Hof prior to the election. Following appointment of a replacement by the County Commissioners from Lyon, Nye, and Clark County, Assembly Republicans will fill out their roster and make appropriate assignments.

Governor-elect Sisolak has made addressing funding services and the corresponding revenue shortfall in state and local government a priority. To bridge this funding gap, several alternatives are being considered including modification of Nevada’s real property tax “caps” and licensing fees. Although

Governor-elect Sisolak has said “nothing is off the table” when it comes to sourcing revenue, Sisolak is known to have a very sharp budget pencil, which may disappoint some progressives. This will undoubtedly translate into many contentious public hearings regarding the financial state of municipalities, school districts, state agencies, etc., and where to come up with the revenue to fund them. The 2019 Legislative Session promises plenty of theatre, and combined with the supermajority achieved by Democrats in the Assembly, and near Democrat supermajority in the Senate, we can expect the GOP in both houses to be both organized and highly motivated, as Carson City comes alive on February 4, 2019.

OVERVIEW



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