129 Nev., Advance Opinion 5

IN THE SUPREME COURT OF THE STATE OF NEVADA

THE EDUCATION INITIATIVE PAC, A NEVADA POLITICAL ACTION COMMITTEE,
Appellant,
vs.
COMMITTEE TO PROTECT NEVADA JOBS, A NEVADA NONPROFIT COMPANY; AND ROSS MILLER, IN HIS OFFICIAL CAPACITY AS THE NEVADA SECRETARY OF STATE,
Respondents.

No. 61996

Appeal from a district court judgment in a declaratory and injunctive relief action challenging a ballot initiative. First Judicial District Court, Carson City; James E. Wilson, Judge.

Affirmed in part and reversed in part.

Dyer, Lawrence, Flaherty, Donaldson & Prunty and Michael W. Dyer, Francis C. Flaherty, and Sue S. Matuska, Carson City,
for Appellant.

Brownstein Hyatt Farber Schreck, LLP, and Joshua J. Hicks, Las Vegas; Brownstein Hyatt Farber Schreck, LLP, and Sean D. Lytlle and Clark V. Vellis, Reno,
for Respondent Committee to Protect Nevada Jobs.

Catherine Cortez Masto, Attorney General, and K. Kevin Benson, Deputy Attorney General, Carson City,
for Respondent Secretary of State.

BEFORE THE COURT EN BANC.

13-03235

OPINION

By the Court, HARDESTY, J.:

In this appeal, we consider the proper standard of review to be applied when reviewing the adequacy of a ballot initiative's description of effect. Nevada's Constitution permits the Legislature to provide procedures to facilitate the initiative process. In 2005, the Legislature enacted NRS 295.009(1)(b), which requires a ballot initiative to provide in 200 words or less a description of the effect of the initiative. A description of effect serves a limited purpose to facilitate the initiative process, and to that end, it must be a straightforward, succinct, and nonargumentative summary of what the initiative is designed to achieve and how it intends to reach those goals. Given that limited purpose and the 200-word restriction, the description of effect cannot constitutionally be required to delineate every effect that an initiative will have; to conclude otherwise could obstruct, rather than facilitate, the people's right to the initiative process. In reviewing an initiative's description of effect, a district court should assess whether the description contains a straightforward, succinct, and nonargumentative statement of what the initiative will accomplish and how it will achieve those goals. Because we conclude that the description of effect at issue in this case satisfies this requirement, and because the single-subject challenge to the initiative lacks merit, we affirm in part and reverse in part the district court's order invalidating the initiative here.

BACKGROUND

Appellant, The Education Initiative PAC (EI PAC), a Nevada political action committee, seeks to enact a law through Nevada's ballot initiative process to provide a new funding source for the state's public school K-12 education needs. This proposed law, which EI PAC entitled

"The Education Initiative," would impose a two-percent margin tax on all Nevada businesses with annual revenue of more than $1 million.[1] After filing the proposed ballot initiative with the Secretary of State, EI PAC began circulating petitions to gather the necessary signatures so that the Initiative could be presented to the Legislature in 2013 and, if necessary, be placed on the 2014 general election ballot.

Respondent Committee to Protect Nevada Jobs filed a complaint for declaratory and injunctive relief in the First Judicial District Court challenging the Initiative. In its complaint, the Committee sought a declaration that (1) EI PAC's Initiative violated NRS 295.009's single-subject rule because it sought to enact a multi-subject law, and (2) its description of effect was misleading in several respects. The Committee asked the district court to enjoin the Secretary of State from presenting the Initiative to the Legislature in 2013 and from eventually placing the Initiative on the 2014 general election ballot.

Although the district court rejected the Committee's single-subject rule challenge, it found that the Initiative's description of effect was "incomplete, deceptive, [and] misleading." As a result, the district court granted the Committee's requested relief in part, enjoining the Secretary of State from presenting the Initiative to the Legislature, but rejecting the Committee's request that EI PAC be enjoined from continuing to gather petition signatures.[2] This appeal followed.

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[1]A complete copy of the Initiative is attached to this opinion as an addendum.

[2]While this appeal was pending, EI PAC continued to obtain and ultimately submitted more than the required number of voter signatures.

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DISCUSSION

If enacted, the Education Initiative would require, among other things, that the margin tax revenues raised under the new law be deposited into the state Distributive School Account, which, in essence, is a subaccount of the State General Fund, NRS 387.030(1), and then be "apportioned among the several school districts . . . at the times and in the manner provided by [existing] law for the money in the State Distributive School Account." To understand the arguments raised by the parties to this appeal and this court's legal conclusions, we begin by examining the initiative process before addressing the parties' contentions.

Nevada's ballot initiative process

Since 1912, Nevada's Constitution has secured to the citizens of this state "the power to propose, by initiative petition, statutes and amendments to statutes . . . and to enact or reject them at the polls." Nev. Const. art. 19, § 2(1). The constitution requires the ballot initiative

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The Secretary of State subsequently completed the process of verifying those signatures. Nev. Const. art. 19, § 2(3).

Because this appeal required resolution before the 2013 Legislature convened, and since the issues involved are purely legal, both EI PAC and the Committee agreed to not file appellate briefs. Thus, all of the arguments that the parties made in the district court—including those made by the Committee and rejected by the district court—are de facto before this court. Cf. Ford v. Showboat Operating Co., 110 Nev. 752, 755, 877 P.2d 546, 548 (1994) (recognizing that a party "who is not aggrieved by a judgment need not appeal from the judgment in order to raise arguments in support of the judgment not necessarily accepted by the district court"). Additionally, respondent Secretary of State Ross Miller indicated, in the initial stages of this matter, that he took no position on the merits of the initiative petition at issue in this appeal.

proponent to file a copy of the initiative with the Secretary of State and then gather a required number of signatures from registered voters who likewise support the initiative's ideas. Nev. Const. art. 19, § 2(2), (3). Once the required number of signatures are gathered, the proponent must then submit the signatures to the Secretary of State for verification. Nev. Const. art. 19, § 2(3). If the Secretary verifies that the required number of signatures has been gathered, the Secretary must transmit the initiative to the Legislature "as soon as the Legislature convenes and organizes" for its next legislative session. Id. At that point, if the Legislature chooses to enact the initiative and the governor approves it, the initiative becomes law. Id. If, however, the Legislature rejects the initiative or simply fails to take action on it during the first 40 days of the session, the Secretary must then place the initiative on the next general election ballot, id., which in this case would be in 2014.

The constitution authorizes the Legislature to "provide by law for procedures to facilitate" the people's power to legislate by initiative. Nev. Const. art. 19, § 5. Before an initiative can be placed on the ballot, NRS 293.250(5) requires the Secretary of State to prepare an explanation of what the initiative entails, which "must be in easily understood language and of reasonable length." In addition, the Secretary must appoint two committees, one of which writes arguments advocating passage of the initiative, while the other drafts arguments in opposition to its passage.[3] NRS 293.252(1), (5)(d). Each committee also writes

[3]Each committee consists of three people, all of whom are appointed by the Secretary. NRS 293.252(1). In making the appointments, the Secretary "shall consider" appointing "[a]ny person who has expressed an interest in serving on the committee." NRS 293.252(4)(a).

rebuttals to the other committee's argument. NRS 293.252(5)(e). Among other things, each committee's argument and rebuttal "[s]hall address . . . [t]he fiscal impact of the initiative." NRS 293.252(5)(f)(1). Once the Secretary approves each committee's argument and rebuttal, they are placed on the sample ballot distributed to the voters before the general election along with the Secretary's explanation of the initiative. NRS 293.097; NRS 293.252(8). Thus, before casting their votes, voters are presented not only with the Secretary's neutral explanation of the initiative, but also with arguments for and against the initiative's enactment prepared by people with an interest in seeing the initiative pass or fail.

In 2005, the Legislature enacted NRS 295.009, the statute at issue in this appeal, which made two key modifications to the initiative process. Specifically, NRS 295.009 sets forth two requirements that the proponent of a ballot initiative must satisfy: (1) the proposed law must embrace only "one subject," NRS 295.009(1)(a); and (2) when gathering petition signatures, the proponent's petition must include, "in not more than 200 words, a description of the effect of the initiative or referendum if the initiative or referendum is approved by the voters."[4] NRS 295.009(1)(b). "The description must appear on each signature page of the petition." Id.

To resolve this appeal, we begin by examining the function of a description of effect in the initiative process and how a court should analyze a description of effect in reviewing a challenge to the sufficiency of

[4]By its terms, NRS 295.009 applies to both initiatives and referendums. Accordingly, the analysis in this opinion is equally applicable in the referendum context.

this description. We then consider whether the initiative violates the single-subject rule.

The Initiative's description of effect adequately summarizes the Initiative

In determining whether a ballot initiative proponent has complied with NRS 295.009, "it is not the function of this court to judge the wisdom" of the proposed initiative. Nevada Judges Ass'n v. Lau, 112 Nev. 51, 57, 910 P.2d 898, 902 (1996). When a district court's decision to grant declaratory and injunctive relief depends on a pure question of law, our review is de novo. Nevadans for Nevada v. Beers, 122 Nev. 930, 942, 142 P.3d 339, 347 (2006).

Pursuant to NRS 295.009(1)(b), EI PAC included with its petition the following description of effect of its Initiative:

> This statutory initiative proposes to impose a 2-percent margin tax on business entities doing business in Nevada. Exemptions include: natural persons not engaged in business; entities with total revenue of $1,000,000 or less; passive entities; Section 501(c) organizations. Margin is the lesser of: (1) 70 percent of entity's total revenue from its entire business; or (2) entity's total revenue from its entire business, minus (at its election) the cost of goods it has sold or amount of compensation it has paid to owners and employees. An entity's taxable margin, against which the tax is imposed, is that part of its margin apportioned to Nevada. Revenues from the tax would be deposited in the State Distributive School Account in the State General Fund, and used for the support of K-12 education. The 2-percent modified business tax now paid by financial institutions would temporarily be increased to 2.29 percent, and potentially to 2.42 percent, to provide money for the Department of Taxation to begin to administer the margin tax. Liability for the margin tax would begin to accrue

> on January 1, 2014, if the initiative is approved by the Legislature, or January 1, 2015, if approved by voters.

Relevant to this appeal, EI PAC's description of effect states that the Initiative seeks to impose a new margin tax, describes certain exemptions from the tax, and briefly summarizes how the tax will be calculated. It then provides that the margin tax revenues "would be deposited in the State Distributive School Account in the State General Fund, and used for the support of K-12 education" and notes that the two-percent modified business tax will be temporarily increased to cover initial administrative costs for the margin tax.

This court has previously declared that a description of effect must be "'straightforward, succinct, and nonargumentative,'" Las Vegas Taxpayer Comm. v. City Council, 125 Nev. 165, 183, 208 P.3d 429, 441 (2009) (quoting Herbst Gaming, Inc. v. Sec'y of State, 122 Nev. 877, 889, 141 P.3d 1224, 1232 (2006)), and it must not be deceptive or misleading.[5] See Stumpf v. Lau, 108 Nev. 826, 833, 839 P.2d 120, 124 (1992), overruled on other grounds by Herbst Gaming, 122 Nev. at 888, 141 P.3d at 1231. However, the description of effect does not need to explain "hypothetical" effects of an initiative. See Herbst Gaming, 122 Nev. at 889, 141 P.3d at 1232. The opponent of a ballot initiative bears the burden of showing that

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[5]In Las Vegas Taxpayer Committee, 125 Nev. at 181-82, 208 P.3d at 440, we invalidated a ballot initiative because it violated the single-subject rule. In addition, we considered the initiative's description of effect and agreed with the district court's conclusion that the description was "materially misleading." Id. at 182-83, 208 P.3d at 440-41. The "materially misleading" standard alluded to in Las Vegas Taxpayer Committee is thus attributable to the district court and is not intended to be part of this court's standard for reviewing descriptions of effect.

the initiative's description of effect fails to satisfy this standard. See Las Vegas Taxpayer Comm., 125 Nev. at 176, 208 P.3d at 436 (explaining that the party seeking to invalidate the initiative bears the burden of establishing that the initiative is "clearly invalid").

In challenging the Initiative in district court, the Committee argued that EI PAC's description of effect was inadequate, both because it failed to include certain information and because the information it did include was misleading. In responding to the Committee's contentions, EI PAC argued that, in light of the 200-word limitation imposed on descriptions of effect, it would be impossible to include all of the information that the Committee believed was necessary for inclusion. Moreover, EI PAC maintained that the perceived inaccuracies in its description stemmed from an overly technical reading of the information contained therein. The district court agreed with certain assertions made by the Committee and concluded that the description was "incomplete, deceptive, [and] misleading" and invalidated the Initiative on that basis.

As explained below, both the Committee and the district court have misapprehended the function of an initiative's description of effect, which we conclude does not need to mention every possible effect of an initiative. Instead, a description of effect must identify what the law proposes and how it intends to achieve that proposal, all within a 200-word limit. Given this constraint and in light of its statutory function to facilitate the initiative process, a hyper-technical interpretation of the requirements for a description of effect may impede the people from exercising their constitutional right to propose laws and is therefore an inappropriate method for assessing the adequacy of a description of effect.

A description of effect serves to broadly inform a petition signer about the initiative

With regard to the function of an initiative's description of effect, in this case, the district court and the parties mistakenly reviewed the description of effect with an eye on hypothetical effects or consequences of the Initiative, without regard for the role that the description of effect serves in the initiative process. This court has recognized that an initiative's description of effect is intended to "'prevent voter confusion and promote informed decisions.'" Nevadans for Nevada v. Beers, 122 Nev. 930, 939-40, 142 P.3d 339, 345 (2006) (quoting Campbell v. Buckley, 203 F.3d 738, 745-46 (10th Cir. 2000)). Consequently, before circulating an initiative for signatures, the proponents must file it with the Secretary of State. NRS 295.015(1). The Secretary does not evaluate or otherwise assess the description of effect before the proponents begin gathering signatures. Id. Instead, the initiative and the description of effect are made available to the public in their entirety, on the Secretary's website. NRS 295.015(4). During the signature-gathering process, signers, before signing the petition, may read the initiative on the Secretary's website or the copy in the circulator's possession, and/or signers may read the 200-word description of effect, which must be located on each signature page of the petition. NRS 295.009(1)(b); see also Herbst Gaming, 122 Nev. at 888-89, 141 P.3d at 1232 (providing that if a petition signer questioned the meaning of a phrase used in the initiative's title, that question could be resolved by reviewing the actual text of the initiative). Under these circumstances, the legislative purpose of requiring that a description of effect accompany the petitions circulated for signature gathering is achieved by providing a summary that captures

what an initiative is designed to achieve and how it intends to reach those goals, albeit within the boundaries of 200 words.

The utility of the description of effect is confined to the preliminary phase of the initiative process, when the proponent seeks to garner enough initial support so that the initiative will be considered by the Legislature and the voters. Our understanding of the function of a description of effect to facilitate the initiative process is informed by the Legislature's deliberations when it considered whether to adopt NRS 295.009(1)(b) and by the Legislature's decision to limit proponents to describing a proposed initiative in 200 words or less.

Legislative deliberations

During the legislative process for enacting NRS 295.009(1)(b), Legislators raised concerns over who would write the description of effect, who would determine its accuracy, and whether it would even be possible to verify the accuracy of a position or opinion presented in the description of effect. Hearing on A.B. 185 and S.B. 224 Before the Senate Legislative Operations and Elections Comm., 73d Leg., at 18-20 (Nev., May 12, 2005). With this in mind, in an initial draft of the bill that would ultimately become NRS 295.009(1)(b), the Legislature considered requiring an initiative petition to contain an "accurate description of the effect of the initiative."[6] A.B. 185, 73d Leg. § 1 (first reprint) (emphasis added) (as discussed by the Senate Legislative Operations and Elections Committee in conjunction with S.B. 224, May 12, 2005). The reasoning behind this

[6]Although NRS 295.009 was enacted into law by Senate Bill 224, most of the Legislature's attention to the description-of-effect requirement comes from discussions of Assembly Bill 185. Shortly before Senate Bill 224's enactment, the Legislature inserted the desirable portions of Assembly Bill 185 into Senate Bill 224.

initial approach was that the Legislature was concerned with the prospect of people signing initiative petitions without understanding what the initiative really entailed. See Hearing on A.B. 185 Before the Senate Legislative Operations and Elections Comm., 73d Leg., at 7-8 (Nev., May 10, 2005).

As the Legislature assessed how best to address this concern, testimony addressing the proposed legislation highlighted a significant problem with the approach taken in the initial draft of this bill, in that the Legislature could not constitutionally require an accurate forecast of all of an initiative's potential effects in 200 words or less. See Hearing on A.B. 185 Before the Senate Legislative Operations and Elections Comm., 73d Leg., at 3 (Nev., May 10, 2005); (statement of John L. Wagner, Burke Consortium of Carson City) (expressing skepticism as to whether a ballot initiative proponent could write an adequate summary in 200 words or less); Hearing on A.B. 185 Before the Assembly Elections, Procedures, Ethics, and Constitutional Amendments Comm., 73d Leg., at 25 (Nev., March 29, 2005) (statement of Janine Hansen, President, Nevada Eagle Forum) (discussing the constitution and explaining that "the Legislature should not be making it any more difficult to petition, but [that it should] facilitate that process"). In the end, the Legislature came to a compromise in which it agreed that the initiative's proponent would write the description of effect, it deleted the word "accurate" from the description-of-effect requirement, and it determined that the only means of assessing a description of effect's adequacy would be for someone to challenge it in court. NRS 295.009(1)(b); NRS 295.061(1).

The Legislature, like in other states, could have prohibited a ballot initiative proponent from gathering petition signatures until the

proponent receives a pre-approved summary from the state official in charge of elections. See, e.g., Alaska Stat. § 15.45.090 (2012) (requiring the lieutenant governor to prepare an "impartial summary"); Cal. Elec. Code §§ 9004, 9008, 9014 (West 2013 Supp.) (requiring the attorney general to prepare a "circulating title" and "summary"); Colo. Rev. Stat. §§ 1-40-105, 1-40-106 (2012) (requiring the secretary of state to convene a "title board," which prepares a "title" and "submission clause"); Or. Rev. Stat. §§ 250.065, 250.067 (2011) (requiring the attorney general to prepare a "ballot title"); Wash. Rev. Code Ann. §§ 29A.72.060-.090 (West 2005) (requiring the attorney general to prepare a "ballot title" and "summary"). But the Legislature chose instead to allow an initiative's proponent to write the required description and to gather signatures before its adequacy has been determined. This approach makes sense because, under Nevada's Constitution, if an initiative is not adopted by the Legislature and thus moves on for presentation to the voters, the voters have the Secretary of State's official explanation and the required arguments for and against its enactment to review in determining whether to vote in favor of or against the initiative. Thus, once proponents have gathered the necessary signatures to file the initiative with the Secretary of State for verification, the description of effect plays no further role in the remaining initiative process, except perhaps, to assist the committees mandated with preparing the pros and cons for the ballot under the Secretary of State's supervision.

200-word limit

The Legislature also chose to restrict the description of effect to a mere 200 words. As EI PAC points out, attempting to comply with the district court's findings regarding what must be included in the description of effect is difficult at best given the 200-word limit. Because a

proponent can only explain so much in 200 words, EI PAC maintains that its description should be deemed adequate because it made a legitimate effort to summarize what it believes to be the Initiative's main components. EI PAC's argument to that effect is persuasive.

Given the 200-word limit imposed on these descriptions, they cannot constitutionally be required to explain every detail or effect that an initiative may have. This is especially true where, as here, the actual text of the Initiative is 25 pages in length. To reach a different conclusion would significantly hinder the people's power to legislate by initiative and effectively bar all but the simplest of ballot measures. Indeed, such a restriction would far exceed the Nevada Constitution's grant of authority to the Legislature to "provide by law for procedures to facilitate" the people's exercise of the initiative process. Nev. Const. art. 19, § 5 (emphasis added); Nevadans for Prop. Rights v. Sec'y of State, 122 Nev. 894, 912, 141 P.3d 1235, 1247 (2006) (indicating that this court "must make every effort to sustain and preserve the people's . . . initiative process").

The Committee's own arguments regarding the multitude of issues it believes must be spelled out in an initiative's description of effect illustrate this point. For example, the Committee argues that the Initiative's description of effect misstates how certain tax revenues generated by the margin tax would be used by stating that "[r]evenues from the tax would be deposited in the State Distributive School Account" without noting that a portion of these funds will be used to fund the Department of Taxation's costs of administrating the tax. We disagree. The description of effect recites that the modified business tax ". . . would temporarily be increased . . . to provide money for the Department of

Taxation to begin to administer the margin tax." This statement recognizes the need for the Initiative to provide the Department of Taxation with enough money to cover the administrative costs of the margin tax. See Nev. Const. art. 19, § 6. With the description of effect limited to a mere 200 words, expecting this description to state specifically that a fraction of the revenue generated by the tax will be used for administering the tax would be unreasonable. Moreover, as all statutes enacted by initiative must be self-funding, the inclusion of this information is wholly unnecessary and its omission does not render the description misleading or incorrect.

The Committee's additional arguments focus on omissions that it believes should have been included in the description of effect, specifically the amount of revenue to be generated by the margin tax, the fact that even unprofitable businesses will be required to pay the tax,[7] the fact that businesses subject to the tax might incur compliance costs, the absence of explanations of the meaning of certain key terms, such as "total revenue" and "cost of goods it has sold" as used in the Initiative, the fact that, if enacted, the law will not be capable of amendment or repeal for at least three years, and an explanation of why the modified business tax might increase from 2.29 percent to 2.42 percent. While this is all information that may ultimately be useful for voters, in light of the 200-word limit placed on descriptions of effect, such a level of detail far exceeds

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[7]We note that the description of effect plainly explains that businesses with annual "revenue" of more than $1 million will be subject to the margin tax. Thus, if only by implication, the description of effect already informs petition signers that unprofitable businesses will be subject to the tax.

what a proponent can constitutionally be required to include in a description of effect. See Nev. Const. art. 19, § 5; Nevadans for Prop. Rights, 122 Nev. at 912, 141 P.3d at 1247.

Most ballot initiatives will have a number of different effects if enacted, many of which are hypothetical in nature. We have previously rejected the notion that a description of effect must explain "hypothetical" effects. See Herbst Gaming, 122 Nev. at 889, 141 P.3d at 1232. Thus, if we were to give credence to the Committee's application of the description of effect requirement, any opponent of a ballot initiative could identify some perceived effect of an initiative that is not explained by the description of effect, challenge the initiative in district court, and block the people's right to the initiative process. Statutes enacted to facilitate the initiative process cannot be interpreted so strictly as to halt the process.

A district court must not apply statutory interpretation principles when examining a description of effect

In addition to its errant belief that a description of effect must highlight every nuance and effect of an initiative, the Committee also maintained that the Initiative's description of effect was misleading with regard to the Initiative's overall impact on education funding. The Committee's argument in this regard was based on the description of effect's following sentence: "Revenues from the tax would be deposited in the State Distributive School Account in the State General Fund, and used for the support of K-12 education." By using the word "support," the Committee contended that this sentence suggests to petition signers that margin tax revenues will increase existing education funding. Focusing on what it believed to be a likely outcome of the influx of new education funds from the margin tax enacted by the Initiative, the Committee asserted that the description of effect is misleading because it does not

clarify that margin tax revenues may serve only to replace existing education funds if the Legislature chooses to spend the existing funds elsewhere.

In response, EI PAC ascribed a more colloquial meaning to the word "support" and maintained that the sentence is accurate: the revenues generated from the margin tax will indeed be deposited in the Distributive School Account and will certainly be used to "support," or fund, K-12 education. Thus, according to EI PAC, because the sentence does not mislead petition signers into believing that funding for education will necessarily increase, its otherwise straightforward, succinct, and nonargumentative description of effect does not need to explain a hypothetical scenario in which the Legislature chooses to reallocate existing funds.

The district court agreed with the Committee. Specifically, it concluded that the margin tax's effect "is to free up funds for the Legislature to use as it wishes, for education or non-education purposes." Without explaining why the description of effect, as written, is necessarily misleading in this regard, the district court concluded that this effect is "something those being asked to sign the petition should know" and that the description of effect's failure to provide such an explanation renders it "deceptive and misleading."

The parties' efforts to advance their respective meanings for the word "support" and the district court's conclusion that the description of effect's use of that word is misleading are grounded in the idea that a reviewing court should apply principles of statutory construction in examining information articulated in a description of effect. Given the limited function ascribed to an initiative's description of effect and the fact

that these descriptions are relevant only at the early stages of the initiative process, we conclude that it is inappropriate to parse the meanings of the words and phrases used in a description of effect as closely as we would statutory text. Such exacting scrutiny comes at too high a price in that it carries the risk of depriving the people of Nevada of their constitutional right to propose laws by initiative, something this court has expressly stated that it will not do. Nevadans for Prop. Rights, 122 Nev. at 912, 141 P.3d at 1247.

We therefore conclude that, when reviewing a description of effect, the district court must take a holistic approach to determine whether the description is a straightforward, succinct, and nonargumentative summary of an initiative's purpose and how that purpose is achieved, Las Vegas Taxpayer Comm. v. City Council, 125 Nev. 165, 183, 208 P.3d 429, 441 (2009), and whether the information contained in the description is correct and does not misrepresent what the initiative will accomplish and how it intends to achieve those goals. Stumpf v. Lau, 108 Nev. 826, 833, 839 P.2d 120, 124 (1992).

Here, a review of the description of effect makes clear that the Initiative is designed to provide funding for education, and the Committee itself acknowledges that the margin tax revenues will be used in some way to fund K-12 education. The Committee's attempt to give meaning to the word "support" is founded entirely on a hypothetical scenario that the Committee believes may occur—that education funding may not increase because the Legislature may choose to use the margin tax revenues to simply replace the existing funds it otherwise would have had to place into

the Distributive School Account.[8] The Committee's hypothetical, however, to provide meaning for the word "support" does not provide a valid basis for concluding that the Initiative's description of effect is inadequate.

Given the early stages of the initiative process at which a description of effect is relevant and the fact that these descriptions are, by necessity, merely short summaries detailing what an initiative is designed to achieve and how it will do so, a district court examining a description of effect must determine whether the description provides an expansive view of the initiative, rather than undertaking a hyper-technical examination of whether the description covers each and every aspect of the initiative. To

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[8]At oral argument, the Committee made several unsupported assertions that the Legislature would be legally compelled to reduce its funding of the Distributive School Account in an amount equal to the margin tax revenues deposited therein. Our independent review of the "Nevada Plan," however, reveals that these assertions are questionable at best. To fulfill its constitutional obligation to fund education, the Legislature created the Nevada Plan, a statutory scheme setting forth the process by which it determines the biennial funding for education. The Nevada Plan assumes certain local money will be "reasonably available" to fund education and envisions funding from three funding sources: local taxes consisting primarily of property taxes, local funds consisting of a portion of the same property taxes and separate sales taxes, and state funds. NRS 387.121; NRS 387.1235(1); NRS 387.195. In addition to financing the State's own share, the Legislature is required to "guarantee" a shortfall in local funds when the local funds are less than projected. NRS 387.121. To be sure, the Nevada Plan does not envision an influx of new revenue being deposited into the Distributive School Account, meaning that it is not entirely clear what the Legislature or the Superintendent of Public Instruction would be authorized to do with the margin tax revenues. By the same token, however, the Nevada Plan's failure to account for a new revenue source means that nothing in the current Plan compels the Legislature to reduce its "guarantee" in the manner suggested by the Committee.

that end, a statutory interpretation-style construction of the description, in which the meaning and purpose of each word and phrase contained in the description of effect are examined, is not appropriate.

As a whole, our review of the Initiative's description of effect reveals that it provides a straightforward, succinct, and nonargumentative summary of what the Initiative is designed to achieve—raise funds to support Nevada's K-12 public schools—and how it intends to do so—enacting a margin tax. The information contained in the description is neither deceptive nor misleading, as it is substantively correct and does not misrepresent what the initiative will accomplish or how it will achieve those goals. As a result, we conclude that the Committee's arguments regarding the description of effect's insufficiency lack merit and, to the extent the district court relied on them to invalidate the Initiative, that conclusion was in error and must be reversed.[9] Nevadans for Nevada v. Beers, 122 Nev. 930, 942, 142 P.3d 339, 347 (2006).

The Initiative complies with NRS 295.009(1)(a)'s single-subject requirement

The final issue that we reach in this appeal concerns the single-subject rule. NRS 295.009(1)(a) requires that a law being proposed by ballot initiative embrace only "one subject and matters necessarily connected therewith and pertaining thereto." The Legislature has clarified that a ballot initiative satisfies the single-subject requirement when the initiative's proposed parts are "'functionally related' and 'germane' to each other and the initiative's purpose or subject." Las Vegas Taxpayer Comm., 125 Nev. at 180, 208 P.3d at 439 (quoting NRS

[9]To the extent that the district court rejected certain arguments by the Committee pertaining to the description of effect, we affirm the district court's determination.

295.009(2)). Thus, in order to determine whether a ballot initiative's parts are "functionally related" and "germane" to each other and the initiative's purpose, this court must first determine the Initiative's primary purpose. Id.

Initiative's primary purpose

EI PAC maintains that the purpose of its Initiative is to fund public education. The Committee counters that this is not the Initiative's true purpose, as once the margin tax revenues are deposited into the Distributive School Account, the Initiative does nothing to ensure that they will be used to increase education funding. The Committee posits that the effect of the Initiative may be to provide the Legislature with a larger general fund if it chooses to let the margin tax revenues cover its education funding requirements and uses the funds it would have otherwise been required to provide for education for other purposes.

A review of the Initiative substantiates EI PAC's stance, as the Initiative expressly provides that the newly generated margin tax revenues must be deposited into the Distributive School Account. Since the Distributive School Account is the account that the Legislature uses to allocate money to cover the State's obligation for funding K-12 education, the Initiative's textual language demonstrates that its purpose is to fund public education. Las Vegas Taxpayer Comm., 125 Nev. at 180, 208 P.3d at 439 (determining a ballot initiative's purpose by considering the initiative's "textual language and the proponents' arguments"). We have little trouble in rejecting the Committee's argument, as it confuses "purpose" with "effect." The Committee is once again seeking to invalidate the Initiative by using a hypothetical, something we have previously declared to be impermissible. Herbst Gaming, 122 Nev. at 889, 141 P.3d at 1232. The Initiative's primary purpose is clearly to fund education.

The Initiative's parts are functionally related and germane to each other and the Initiative's purpose

The Committee's assertion that the Initiative violates the single-subject rule because it seeks to implement a new margin tax and temporarily increase the existing modified business tax is without merit. As previously explained, EI PAC's Initiative is constitutionally required to be self-funding, see Nev. Const. art. 19, § 6, meaning that it must provide the Department of Taxation with enough money to cover its costs of administrating the margin tax. Thus, EI PAC's Initiative also seeks to provide the funding that the Department of Taxation will need to administer and enforce the margin tax. To do so, the Initiative provides for a necessary portion of the margin tax revenues to be allocated each year to the Department of Taxation. Once these revenues are allocated, all remaining revenues are to be deposited into the Distributive School Account. Since the Department of Taxation will necessarily incur administrative costs before margin tax revenues start accruing, the Initiative seeks to temporarily increase a different tax, the modified business tax (or "[p]ayroll tax," see NRS 363A.130), imposed on all Nevada financial institutions. Thus, although the Initiative does seek to implement a new tax and temporarily increase an existing tax, both taxes are functionally related and germane to the Initiative's clear purpose of funding public education. Accordingly, EI PAC's Initiative complies with NRS 295.009(1)(a)'s single-subject requirement, and the district court properly rejected this argument.

CONCLUSION

A description of effect need not articulate every detail and possible effect that an initiative may have. Instead, given that these descriptions are utilized only in the early, signature-gathering phase of

the initiative process and that descriptions of effect are limited to 200 words, they need only provide a straightforward, succinct, and nonargumentative summary of what an initiative is designed to achieve and how it intends to reach those goals. Because the description of effect at issue here complied with these requirements, the district court erred in concluding that the Initiative's description of effect was "incomplete, deceptive, [and] misleading" and invalidating the Initiative on that basis. As the Committee's remaining arguments against the Initiative lack merit, we reverse the district court's grant of declaratory relief invalidating the Initiative and its decision to enjoin the Secretary of State from presenting the Initiative to the 2013 Legislature and from placing it on the 2014 general election ballot.

_____, J.
Hardesty

We concur:

_____, C.J.
Pickering

_____, J.
Gibbons

_____, J.
Parraguirre

_____, J.
Douglas

_____, J.
Cherry

_____, J.
Saitta