IN THE SUPREME COURT OF THE STATE OF NEVADA

JEFF MYERS, individually and on behalf of others similarly situated,

Supreme Court Caste to or 80448 Filed District Ct. #CV15M4389 2021 01:10 p.m. Elizabeth A. Browh Clerk of Supreme Court

Appellant,

VS.

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RENO CAB COMPANY, INC.

Respondent.

ARTHUR SHATS and RICHARD FRATIS, individually and on behalf of others similarly situated,

Case No.: 80449

District Ct. #CV15-01385

Appellants,

14 VS.

> ROY L. STREET, individually and dba CAPITOL CAB,

> > Respondent.

RESPONDENTS' SUPPLEMENTAL BRIEF PURSUANT **TO COURT'S ORDER OF FEBRUARY 26, 2021**

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SUMMARY OF THE SUPPLEMENTAL ARGUMENT

Statutorily defined independent contractors are not subject to the MWA. This appeal focuses on the authority of the Nevada Legislature to enact laws defining what is a statutory "independent contractor" relationship. The statutorily defined taxicab driver "independent contractor" relationship at issue in this appeal predates the enactment of the Nevada Constitution, Article 15, Section 16, commonly known as the Minimum Wage Amendment (the "MWA") by thirty-three (33) years.

This Court's recent decision in <u>Doe Dancer I v. LaFuente, Inc.</u>, 137 Nev. Adv. Op. 3, ___P.3d ___ (2021) (hereinafter "*Dancer*") has very limited application to resolution of this appeal. *Dancer* does relate to a prior order of the district court <u>denying</u> summary judgment. *Dancer* does not relate to the dispositive order of the district court which <u>granted</u> summary judgment in favor of Respondents. This appeal focuses primarily on the inapplicability of the MWA in relation to the preexisting legally defined "independent contractor" relationship embodied in NRS 706.473.

This Supplement demonstrates *Dancer* is applicable based upon the following:

 Dancer clarifies that NRS 608.0155 does apply to the Taxi Driver's NRS Chapter 608 claims.

2. Dancer clarifies that NRS 608.0155 does not apply to the Taxi Driver's MWA claims.

This Supplement also demonstrates *Dancer* is not applicable to the Taxi Driver's claims under Chapter 608 or the MWA based upon the following:

- 3. *Dancer* did not address NRS 706.473's statutorily defined independent contractor relationship.
- 4. *Dancer* did not address the existence of any pre-existing statutory defined independent contractor relationships.
- 5. Dancer did not address this Court's decision in Yellow Cab of Reno
 v. District Court, 127 Nev. 583, 592, 262 P.3d 699, 704 (2011) and
 the application of stare decisis.
- 6. *Dancer* does not apply because a statutory "independent contractor" is not subject to the MWA.
- 7. *Dancer* does not apply because the statutory "independent contractor" relationship preexisted the MWA.
- 8. *Dancer* does not apply because the MWA and NRS 706.473 can be read in harmony.
- 9. Dancer does not apply because the Legislature, not the Court, is solely vested with the authority to change the law embodied in NRS 706.473.

10. *Dancer* does not apply because the MWA cannot impair the contractual obligations established in NRS 706.473.

RELEVANT PROCEDURAL BACKGROUND

The Appellants Jeff Myers, Arthur Shatz and Richard Fratis (hereinafter "Taxi Drivers") all leased taxicabs from Reno Cab Company, Inc. and Roy L. Street, an individual doing business as Capitol Cab Company (hereinafter "Reno Cab") under a statutorily defined and regulated independent contractor lease agreement. The independent contractor lease agreements were approved by the Nevada Transportation Authority ("NTA") and complied with all provisions of NRS 706.473 and NAC 706. III JA 598 ("In this case, all of the requirements of NRS 706.473 and NAC 706.3753 have been satisfied, thus creating an independent contractor relationship between the Plaintiffs and the Defendants."). The Taxi Drivers' Complaints sought damages for an alleged breach of the MWA and for damages under NRS 608.040. I JA 1-18.

Reno Cab moved for summary judgment, asserting that the "economic realities" test was for Chapter 608 claims and was abrogated and superseded by the Nevada Legislature's enactment of NRS 608.0155. Further, Reno Cab argued that the MWA was not implicated because as a matter of law, the Taxi Drivers were not employees but were statutorily defined "independent contractors." The district court agreed with Reno Cab and entered summary judgment on these issues and

held that the Nevada Legislature's "conclusive presumption" test embodied in NRS 608.0155 was the new test applicable to an independent contractor versus employee status disputes.¹ II JA 401-415. This determination is directly impacted by *Dancer*.

This appeal, however, primarily focuses on the summary judgment rendered in favor of the Reno Cab on the grounds that the Taxi Drivers were independent contractors as a matter of law pursuant to the provisions of NRS Chapter 706.473 and therefore, the MWA and NRS Chapter 608 does not apply. Specifically, the district court found as follows:

Because all statutory and administrative requirements have been satisfied, the Plaintiffs are independent contractors as a matter of law. As such, the protections afforded to "employees" in the Minimum Wage Amendment ("the MWA") and NRS 608.040 do not apply.

III JA 600. Of clarification on this appeal, the district court did not evaluate whether the economic realities test applied to determination of "employee" status under the MWA. Of course, *Dancer* did address this particular point.

Taxi Drivers appealed both orders of the district court. But, as discussed,

Dancer only applies to one issue in the order denying summary judgment, i.e.,

608.0155 does supersede the economic realities test for claims brought under NRS

¹ The application of NRS 706.473 was also raised in Reno Cab's initial motion for summary judgment, however, the district court did not address its application at that time. II JA 413, fn.6.

Chapter 608 abrogating the decision in <u>Terry v. Sapphire Gentlemen's Club</u>, 130 Nev. 879, 336 P.3d 951 (2014) ("<u>Terry</u>"). Taxi Drivers' supplemental brief merely argues that *Dancer* resolves all issues in the Taxi Drivers' favor and the economic reality test supersede any and all laws in Nevada regardless of whether the law preexisted or post-existed the enactment of the MWA. Supp. B., p.3. Reno Cab disagrees with the Taxi Drivers' overgenerous mischaracterization.

ARGUMENT

I. DANCER DOES APPLY TO RESOLUTION OF THE TAXI DRIVER'S NRS CHAPTER 608 CLAIMS.

In *Dancer*, the Court recognized that its prior decision in <u>Terry</u> was limited to an analysis of an "employee" under the state's statutory minimum wage laws embodied in NRS Chapter 608. *Dancer* was the sequel to Terry and was tasked with determining if NRS 608.0155's provisions applied to the definition of "employee" under the MWA and/or if the economic realities test applied instead.²

As with the dancers in *Dancer*, the Taxi Drivers in this action brought claims under both Chapter 608 and the MWA. *Dancer*, *6. However, on appeal,

² Dancer, *1 ("To resolve Doe Dancers' appeal, we must again interpret the term 'employee,' this time pursuant to the MWA, apply that interpretation to the circumstances at issue here, and then determine whether NRS 608.0155's statutory expansion of the definition of independent contractor . . . excludes workers who would otherwise be MWA employees from its protections.").

the appellants in *Dancer* "abandoned their statute-based claims, instead relying solely on the constitutional protections the MWA extends to 'employees.'" <u>Id.</u>, *7. Accordingly, *Dancer* did not include an analysis of the application of NRS 608.0155 to any state law claim premised on NRS Chapter 608, because those claims had been abandoned in *Dancer*.

As this Court is aware, in <u>Terry</u>, the Court focused on NRS Chapter 608 to determine "employee" status and adopted "the economic realities test that federal courts use" in examining employment relationships. <u>Id</u>. The Court adopted the federal test in the absence of direction by the Legislature, and to drive this point home, this Court stated:

[T]he Legislature has not clearly signaled its intent that Nevada's minimum wage scheme should deviate from the federally set course, and for the practical reasons examined above, our state's and federal minimum wage laws should be harmonious in terms of which workers qualify as employees under them. We therefore adopt the FLSA's "economic realities" test for employment in the context of Nevada's minimum wage laws.

<u>Id</u>. (emphasis added). Because the Nevada Legislature had not spoken, the Court in <u>Terry</u> adopted the federal economic realities test to define an "employee" under NRS Chapter 608.³

³ Dancer, *2 ("As noted, in <u>Terry</u>, we determined that certain performers . . . were "employees" within the meaning of NRS Chapter 608 (governing "Compensation, Wages and Hours") . . . such that they were entitled to the state statutory minimum wage.").

In the present action, the district court ruled that the Legislature's enactment of NRS 608.0155 abrogated the "economic realities" test under Nevada Chapter 608 claims and held:

[T]he Court construes NRS 608.0155 to supersede the decisions in *Thomas* and *Sapphire*, and abrogate the Supreme Court's adoption of the federal economic realities test [in Terry].

II JA 409. In support of its decision, the district court reasoned: [NRS 608.0155's test] acknowledges a purposeful modification of Nevada's statutory scheme made in response to Supreme Court opinions the Legislature found to necessitate clarification." <u>Id.</u>, 410. Accordingly, the district court did in fact rule that NRS 608.0155's criteria applied to Taxi Drivers' NRS Chapter 608 claims.

Dancer confirmed that the district court's analysis on this particular issue was proper and appropriate. Specifically, in *Dancer* this Court implicitly affirmed the district court's ruling and held that 608.0155 applies to Chapter 608 claims as follows:

[T]he definition of independent contractor in NRS 608.0155 applies only to NRS Chapter 608 claims "

Dancer **21-22 (emphasis added).

Strangely, Taxi Drivers argue that because of *Dancer*, this Court must reverse and remand to the district court to apply NRS 608.0155's factors when evaluating Taxi Drivers' NRS Chapter 608 claims. Supp., p. 5 ("To the extent the

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proper test for employee status under NRS 608.040 is the one set forth in NRS 608.0155, reversal is required so the district court can properly apply that test."). Taxi Drivers fail to recognize that the district court did in fact rule that NRS 608.0155 was the proper test to apply in determining Taxi Drivers' NRS Chapter 608 claims and also failed to address the district court denied summary judgment on the NRS 608.0155 analysis finding questions of fact existed.⁴

Regarding the Taxi Driver's Chapter 608 claims, the district court correctly held that the Legislature's enactment of NRS 608.0155 was an appropriate act in response to this Court's decision in <u>Terry</u>. In rendering its decision, the district court correctly applied the foregoing principals and concluded that the Legislature clearly "signaled" its intention to deviate from the "economic realities" test by enactment and implementation of NRS 608.0155. II JA 408-409. The district court also correctly held that under the separation of powers, the Legislature had the power to enact the laws for the judiciary to enforce and when the Legislature enacted NRS 608.0155, abrogating the economic realities test such action was "a

⁴ Taxi Drivers' Supplemental Brief offers no explanation why they ignore the

on this issue is facially erroneous.

district court's analysis which specifically is captioned "III. Application of the NRS 608.0155 Test" in the district court's order. II JA 410. Further Taxi Drivers offer no explanation why they do not address the district court's finding that there were questions of fact regarding "three of the five" criteria in NRS 608.0155(c) so summary judgment on this analysis was denied. <u>Id.</u>, 412. Taxi Drivers' argument

purposeful modification of Nevada's statutory scheme' made in response to this Court's opinions. II JA 409-410.

Accordingly, *Dancer* affirms the district court's analysis that the enactment of NRS 608.0155 abrogated the adoption of the federal economic realities test in Terry for NRS Chapter 608 claims.

II. DANCER CLARIFIES THAT NRS 608.0155 DOES NOT APPLY TO THE MWA.

However, the district court also held that NRS 608.0155 applied to the Taxi Drivers MWA claims. Specifically, the Court held "to allow the MWA to be interpreted by the economic realities test rather than by NRS 608.0155, the MWA's application would be substantially expanded beyond the limits set by the duly elected members of the Nevada Legislature." II JA 414.

Dancer has resolved the issue that NRS 608.0155 does not apply to the Taxi Drivers' WMA claims. Accordingly, the district court's analysis that the term "employee" in the MWA is subject to the NRS 608.0155 test is incorrect.

However, while important, this determination is only relevant if this case is remanded. This is because unlike in *Dancer*, the district court did not grant summary judgment on this ground. Instead, the district court granted summary judgment finding that the MWA and Chapter 608 did not apply as a matter of law to statutory independent contractors under NRS 706.473.

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III. DANCER DID NOT ADDRESS NRS 706.473'S STATUTORILY DEFINED INDEPENDENT CONTRACTOR RELATIONSHIP.

This argument is self-explanatory. *Dancer* did not address NRS 706.473 so has no precedential value to an analysis of this statute. If a case does not address a legal concept or issue, it has no precedential effect. Webster v. Fall, 266 U.S. 507, 511, 45 S. Ct. 148, 149, 69 L. Ed. 411 (1925) ("Questions which merely lurk in the record, neither brought to the attention of the court nor ruled upon, are not to be considered as having been so decided as to constitute precedents."); Losada v. Golden Gate Disposal Co., 950 F.2d 1395, 1399 (9th Cir. 1991) ("The character of the payments under the relevant state law [on worker's compensation] was not at issue" in prior case so no inconsistency); Bershauer/Phillips Const. Co. v. Seattle School Dist. No.1, 881 P.2d 986, 991 (Wash. 1994) ("In cases where a legal theory is not discussed in the opinion, that case is not controlling on a future case where the legal theory is properly raised.").

IV. DANCER DID NOT ADDRESS THE EXISTENCE OF OTHER PRE-EXISTING STATUTORY EXCLUDED EMPLOYMENT RELATIONSHIPS.

The Legislature has created a statutory exemption from Nevada's unemployment compensation provisions for licensed real estate sales persons, brokers and time share workers. See e.g., NRS 612.133 ("'Employment' shall not include services performed by a licensed real estate salesman or licensed real estate

broker who is employed as a salesman or associate broker by another licensed real estate broker, whether such services are performed for such employer or for a third person, if such services are performed for remuneration solely by way of commission."). This Court has not hesitated to enforce this statute.

Specifically, in Nevada Employment Sec. Dept. v. Capri Resorts, Inc., 104

Nev. 527, 529, 763 P.2d 50, 52 (1988) this Court held that time share workers were

"not employees as contemplated by the unemployment compensation statutes". In
so holding, this Court stated: "Upon our review of the applicable statutes, we
conclude that a timeshare sales agent fits within the statutory exemption created for
a licensed real estate salesperson." Id. at 428, 763 P.2d at 51.

Of relevance and import to this case, the foundational reasoning of this

Court in <u>Capri Resorts</u> to uphold the employment exclusion of real estate

professionals was due to the extensive regulatory oversight of these professionals

and, as such, the Legislature properly determined they did not need other

employment related protections. Specifically, the Court analyzed the following:

The Real Estate Division has promulgated extensive regulations concerning timeshare sales agents in accordance with its *529 statutory duty. See Nev. Admin. Code Ch. 119A. Timeshare sales agents must meet the educational requirements set by the Division. NAC 119A.375. Their activities are closely supervised by the project broker, who is also licensed by the Division. NAC 119A.240, 119A.265(2). Each project office is supervised by a licensed real estate broker, who is responsible for reporting to the Division any circumstances surrounding the discharge of a sales agent. NAC 119A.100, 119A.115. The project brokers are responsible for

informing the sales agents of the regulatory requirements of Chapter 119A, and any necessary disciplinary measures are taken by the Real Estate Division against the brokers and sales agents. NAC 119A.245, 119A.290.

<u>Id</u>. at 528-529, 763 P.2d at 52.

Because of such heavy regulatory oversight, this Court "conclude[d] that a fair reading of Chapter 119A reveals legislative intent to place timeshare sales agents squarely within the authority of the Real Estate Division, with all of the corresponding regulatory obligations." <u>Id</u>. at 528, 763 P.2d at 51-52. Subsequently in 1992, this Court reaffirmed its holding in <u>Capri Resorts</u> and held that a time share representative did not fall within the statutory framework excluding specific real estate professionals from the definition of an employee entitled to unemployment benefits. <u>State v. Harich Tahoe Developments</u>, 108 Nev. 175, 178, 825 P.2d 1234, 1236–37 (1992) ("a time-share 'representative' is not a 'sales agent' or a 'licensed real estate salesperson.'").

As detailed in the Answering Brief, taxi drivers are regulated as a profession by the Nevada Transportation Authority (the "NTA"). The Nevada Legislature specifically declared that its purpose and policy in enacting NRS Chapter 706 was "to make it the duty of the [NTA] to regulate [and] enforce the provisions of this chapter and the regulations adopted by the [NTA] pursuant to it." NRS 706.151(1)(a). Further, "[a]ll of the provisions of [NRS Chapter 706] must be administered and enforced with a view to carrying out the declaration of policy

contained in this section." NRS 706.151(2). Crucially, the Legislature delegated authority to the NTA to implementing and adopting regulations to carry out Chapter 706's provisions, including enacting procedures for approving, or revoking, such independent contractor agreements. NRS 706.475(1)(a), (2)(d).

Based upon the foregoing, this Court should refrain from applying the MWA's provisions to taxi drivers, who are defined under the law as statutorily independent contractors. The fundamental concerns of the MWA are not implicated in this statutorily defined independent contractor relationship because these taxi drivers are overseen and regulated by the NTA.

Further, the purpose and reasoning for making taxi drivers' independent contractors furthers a multitude of other public policy and safety concerns. NRS 706.151 details the Legislative purpose for establishing such statutory independent contractor relationship as follows:

- 1. It is hereby declared to be the purpose and policy of the Legislature in enacting this chapter:
 - (a) ... to regulate fully regulated carriers, operators of tow cars and brokers of regulated services to the extent provided in this chapter and to confer upon the Department of Motor Vehicles the power to license all motor carriers and to make it the duty of the Department of Motor Vehicles and the Department of Public Safety to enforce the provisions of this chapter and the regulations adopted by the Authority pursuant to it, to relieve the undue burdens on the highways arising by reason of the use of the highways by vehicles in a gainful occupation thereon.

- (b) To provide for reasonable compensation for the use of the highways in gainful occupations, and enable the State of Nevada, by using license fees, to provide for the proper construction, maintenance and repair thereof, and thereby protect the safety and welfare of the traveling and shipping public in their use of the highways.
- (c) To provide for fair and impartial regulation, to promote safe, adequate, economical and efficient service and to foster sound economic conditions in motor transportation.

2. All of the provisions of this chapter must be administered and enforced with a view to carrying out the declaration of policy contained in this section.

Id. (emphasis added). Accordingly, while the enactment of the MWA has underlying policy considerations, the enactment of NRS Chapter 706 has equally powerful public policy and overriding safety policies in play. Specifically, the NTA with protection of all drivers also ensures they receive "reasonable compensation" for use of the highways in Nevada "in gainful occupations". In addition, the NTA is charged with ensuring the "safety" of drivers, vehicles and passengers in this State, which oversight has enormous impact on the State and the State's tourism industry.

The "independent contractor" relationship in NRS 706.473 is part of a separate and expansive Legislative objective to protect and regulate taxi drivers and others who are gainfully employed in such industry. There is no need to expand the protections of the MWA to such industry as the participants in the transportation industry are already protected.

Lastly, as detailed in the district court's order granting summary judgment, it is undisputed that all NTA regulatory and legal requirements for establishing the independent contractor relationship exist in this case. III JA 600 ("Because all statutory and administrative requirements have been satisfied, the Plaintiffs are independent contractors as a matter of law."). Because compliance with NRS 706.473 by Reno Cab was established as undisputed facts, this Court should uphold the district court's decision that statutorily defined independent contractors do not fall within the definition of "employee" in the MWA.

V. DANCER DID NOT ADDRESS THIS COURT'S DECISION IN YELLOW CAB OF RENO V. DISTRICT COURT, AND THE APPLICATION OF STARE DECISIS.

In Yellow Cab of Reno v. District Court, 127 Nev. 583, 262 P.3d 699 (2011) this Court previously addressed the NRS 706.473 statutorily defined independent contractor relationship. This Court held that although an employment relationship "typically" depends on the issue of control (*i.e.*, an economic realities type analysis), such analysis was irrelevant since compliance with NRS 706.473's provisions was dispositive. Specifically, in Yellow Cab, this Court held if the statute's provisions are established, then an independent contractor relationship existed as a matter of law:

⁵ For an extensive list of the multitude of NRS and NAC provisions applicable to an independent contractor lease, see III JA 519-522.

NRS 706.473 specifically authorizes the licensing of a taxicab to an independent contractor if the requirements of that statute and any administrative regulations promulgated in accordance with NRS 706.475 are met. Thus, under the statutory scheme, the existence of this statutorily created independent contractor relationship turns not on the issue of control, but on whether all of the statutory and administrative requirements for creating such an independent contractor relationship have been established.

<u>Id.</u> at 591-92, 262 P.3d at 704 (emphasis added). Accordingly, this Court has already analyzed and affirmed the validity and legality of NRS 706.473's statutorily defined independent contractor relationship.

Stare decisis requires this Court to affirm the district court's ruling and Dancer does not impact that analysis. In Justice Pickering's dissent in <u>Thomas v.</u> Eighth Jud. Dist. Ct., 133 Nev. 468, 486, 402 P.3d 619, 634 (2017) she artfully and succinctly discusses the application of stare decisis as follows:

Stare decisis requires us to follow existing case law unless "compelling" reasons exist for overruling it. Miller v. Burk, 124 Nev. 579, 597, 188 P.3d 1112, 1124 (2008). "Mere disagreement" will not do. Id. A prior holding must have proven "badly reasoned" or "unworkable" before we will destabilize our case law by overruling it.

Id. Dancer does not impact the NRS 706.473 analysis because Dancer did not consider it and/or Yellow Cab. Because Dancer does not modify, alter or in any way apply to this Court's prior analysis in Yellow Cab, the doctrine of stare decisis applies.

VI. DANCER DOES NOT APPLY BECAUSE A STATUTORY "INDEPENDENT CONTRACTOR" IS NOT SUBJECT TO THE MWA.

This argument is simple and straightforward. NRS 706.473 statutorily defines an independent contractor. Orion Portfolio Servs. 2 LLC v. Cty. of Clark, 126 Nev. 397, 402, 245 P.3d 527, 531 (2010) ("When a statute is clear and unambiguous, this court gives effect to the plain and ordinary meaning of the words and does not resort to the rules of construction."). As independent contractors, the taxi drivers are not subject to the MWA. The Court must enforce the statute according to its plain meaning. The MWA only applies to "employees" and statutory "independent contractors" are not included within the scope of the MWA. Shaw v. North Pennsylvania Rail Road Co., 101 U.S. 557, 565 (1879) ("No statute is to be construed as altering the common law, further than its words import. It is not to be construed as making any innovation upon the common law which it does not fairly express.").

Further, this Court has previously reiterated it has no authority to go beyond the face of an unambiguous statute. Spencer v. Harrah's Inc., 98 Nev. 99, 101–02, 641 P.2d 481, 482 (1982) ("We are not empowered . . . to go beyond the face of the statute to lend it a construction contrary to its clear meaning."); City of Las Vegas v. Macchiaverna, 99 Nev. 256, 258, 661 P.2d 879, 880 (1983) ("'When the language of a statute is plain, its intention must be deduced from such language,

and the court has no right to go beyond it." (citation omitted)). As such, *Dancer* has no application to the interpretation and/or enforcement of NRS 706.473.

VII. DANCER DOES NOT APPLY BECAUSE THE STATUTORY INDEPENDENT CONTRACTOR RELATIONSHIP PREEXISTED THE MWA.

In *Dancer*, this Court looked to the existence of federal law under the Fair Labor Standards Act ("FSLA") because it "predates the MWA by decades". *Dancer*, p.*9. The *Dancer* Court then highlighted the cannon of construction holding that the Legislature is presumed to enact a statute with full knowledge of existing statues relating to the same subject matter.⁶ Applying this cannon of construction this Court held that all legal persons should know that the term "employee" carried with it "the old soil" from its transplanted usage.

Using this identical reasoning, when the MWA was enacted, the statutory "independent contractors" under NRS 706.473 had existed for over three (3) decades. The Court is bound to accept that the voters knew and understood the

⁶ <u>Id</u>. ("Antonin Scalia & Bryan A. Garner, Reading Law: The Interpretation of Legal Texts 324 (2012); cf. <u>Nevada Att'y for Injured Workers v. Nev. Self-Insurers Ass'n</u>, 126 Nev. 74, 84, 225 P.3d 1265, 1271 (2010) (presuming "that the Legislature enacted the statute with full knowledge of existing statutes relating to the same subject" (internal quotations omitted))."). *See also* <u>Nevada Power Co. v. Haggerty</u>, 115 Nev. 353, 364, 989 P.2d 870, 877 (1999) (when Legislature enacts a statute court presumes that it does so "with full knowledge of existing statutes relating to the same subject." (*citing* <u>Runion v. State</u>, 116 Nev. 1041, 1047, 13 P.3d 52, 56 fn.2 (2000)).

existence of these statutorily defined independent contractors and that they were not to be impacted by the MWA.⁷ Zenor v. State, Dep't of Transp., 134 Nev. 109, 111, 412 P.3d 28, 30 (2018) (reasoning that the Legislature's omission of language was intentional). Again, because the MWA did not seek to impact any preexisting statutorily defined independent contractor relationship, the district court's decision must be affirmed.

VIII. DANCER DOES NOT APPLY BECAUSE THE MWA AND NRS 706.473 CAN BE READ IN HARMONY.

Again, using the analytical framework contained in *Dancer*, this Court is to read statutes in harmony so as to avoid any conflict. Dancer, *8 (*citing* Int'l Game Tech., Inc. v. Second Judicial Dist. Court, 179 P.3d 556, 560, 124 Nev. 193, 200-01 (2008) (noting that "a statute's provisions should be read as a whole . . . and, when possible, any conflict is harmonized")). *See also* Allianz Ins. Co. v. Gagnon, 109 Nev. 990, 860 P.2d 720, 723 (1993) ("Whenever possible, this court will interpret a rule or statute in harmony with other rules and statutes.").

The MWA and NRS 706.473's statutorily defined independent contractor relationship are simple to harmonize. The MWA applies to "employees" and not

⁷ <u>Id</u>. ("Ballots; Labor Comm'r; Wages, 05-04 Op. Nev. Att'y Gen. 18, 18 (2005) (stating that in this context "the voters should be presumed to know the state of the law in existence related to the subject upon which they vote" (citing Bounties for Destruction of Predatory Animals, 34-153 Op. Nev. Att'y Gen: (1934)))").

"independent contractors". NRS 706.473 statutorily defines independent contractors. Accordingly, both can be read harmoniously without conflict. The only method a conflict can exist is if this Court holds that in 1973, the Nevada Legislature acted without authority in enacting NRS 706.473's provisions. As briefed herein, there are too many obstacles to such a determination by this Court. We The People Nevada v. Miller, 124 Nev. 874, 881, 192 P.3d 1166, 1171 (2008) ("the interpretation of a statute or constitutional provision will be harmonized with other statutes or provisions to avoid unreasonable or absurd results.").

IX. DANCER DOES NOT APPLY BECAUSE THE LEGISLATURE, NOT THE COURT, IS SOLELY VESTED WITH THE AUTHORITY TO CHANGE THE LAW EMBODIED IN NRS 706.473.

This is another straightforward argument. If the independent contractor protections embodied in NRS 706.473 are to be altered, amended or terminated, or if the entire statutory scheme of NRS Chapter 706 and/or NAC Chapter 706 applicable to the NTA's oversight and regulation of the taxicab industry is to be altered in such a substantial manner, then it is solely within the power of the Legislature to accomplish. Breen v. Caesars Palace, 102 Nev. 79, 86, 715 P.2d 1070, 1075 (1986) ("'It is for Congress, not the courts, to revise longstanding legislation in order to accommodate the effects of changing social conditions."" (citing United States v. Lorenzetti, 467 U.S. 167, 104 S.Ct. 2284, 2292, 81 L.Ed.2d 134 (1984)).

Accordingly, as stated in *Dancer*, this Court only has the "right and the duty . . . to interpret the [legislative] document" not "to rewrite the words." *Dancer*, *8 (*citing* Edward H. Levi, The Nature of Judicial Reasoning, 32 U. Chi. L. Rev. 395. 404 (1965)). Therefore, it is reasoned that this Court is not empowered to alter the statutorily defined "independent contractor" contained in NRS 706.473 under the guise of interpreting the MWA.

X. DANCER DOES NOT APPLY BECAUSE THE MWA CANNOT IMPAIR THE CONTRACTUAL OBLIGATIONS ESTABLISHED IN NRS 706.473.

Reno Cab also contends that ignoring NRS 706.473's provisions and allowing the MWA to disregard such statutorily defined independent contractor in exchange for a broad application of an "economic realities" test would violate the Contracts Clauses of the United States and Nevada Constitutions. U.S. Const. art. 1, § 10, cl. 1; Nev. Const. art. 1, § 15.8 The independent contractor contracts at issue predated the enactment of the MWA. III JA 470, 484, 499. The Contracts Clauses protect against impairment of the independent contractor lease agreements at issue in this case.

⁸ U.S. Const. art. I, § 10, cl. 1 ("No State shall . . . pass any . . . Law impairing the Obligation of Contracts"); Nevada Const. Art. 1, §15 ("No . . . law impairing the obligation of contracts shall ever be passed.").

The independent contractor contracts were authorized and enacted pursuant to the police power of the State to protect the public health, welfare and safety.

NRS 706.151. Therefore, NRS 706.473 and the statutorily defined independent contractor agreements are presumed valid. Koscot Interplanetary, Inc. v. Draney,

90 Nev. 450, 456, 530 P.2d 108, 112 (1974) ("Statutes, if enacted in the exercise of police power, are presumed to promote the public welfare and they come to court with the presumption of validity.").

An interpretation of the MWA that would obviate statutorily defined independent contractor agreements under NRS 706.473 using an "economic realities test" would violate the Contracts Clauses. The United States Supreme Court has established a two-step test to determine whether a state statute violates the Contract Clause. In re LaFortune, 652 F.2d 842 (9th Cir.1981). The court must first determine whether the state law in question "substantially impairs the contractual relationship." Id. at 846. This inquiry contains three components: "whether there is a contractual relationship, whether a change in law impairs that contractual relationship, and whether the impairment is substantial." Gen. Motors Corp. v. Romein, 503 U.S. 181, 186 (1992). Where there is substantial impairment, the state "must have a significant and legitimate public purpose behind the regulation," such as "remedying of a broad and general social or economic problem." Energy Reserves Group, Inc. v. Kansas Power & Light Co.,

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459 U.S. 400, 411–12 (1983); see also <u>U.S. Trust Co. of N.Y. v. New Jersey</u>, 431 U.S. 1, 25 (1977).

Using solely an economic realities test to determine the Taxi Drivers' employment status while ignoring NRS 706.473's statutorily defined independent contractor agreements would substantially impair all such agreements. The independent contractors would no longer be a statutorily defined independent contractor. That impairment is substantial as it would require a wholesale disregard of the NTA's oversight and regulation of an entire industry premised on NRS 706.473 independent contractor agreements.

While the enactment of the MWA may address a social and/or economic problem, the enactment of NRS Chapter 706 and NAC Chapter 706 also address equally compelling and competing public welfare, safety and economic problems. Accordingly, it is suggested that the MWA cannot trump NRS Chapter 706 and NAC Chapter 706 as to do so would violate the Contracts Clauses of the United States and Nevada Constitutions. *See e.g.*, Nicholas v. State, 116 Nev. 40, 44–45, 992 P.2d 262, 265 (2000) ("An employee's rights become absolutely vested when he retires and all conditions for his retirement benefits have been met. That right is constitutionally protected against impairment once absolutely vested. . . . Public employment contracts are within the ambit of the contract clause.").

XI. ADDITIONAL CONSIDERATIONS.

Based upon this Supplemental Brief, it is clear that this case presents a very specialized and limited non-application of the MWA. The taxicab industry is heavily regulated by the NTA for the purpose of promoting the health, safety and public welfare of not only drivers, but passengers and all vehicles and equipment used in the transportation industry. Upholding the non-applicability of statutorily defined independent contractors from the MWA promotes the policies of NRS Chapter 706 and also promotes the protections of Chapter 706 that seeks to ensure taxi drivers receive "reasonable compensation" for use of the highways in Nevada pursuing their "gainful occupations."

Recognition of the validity of NRS 706.473's independent contractor agreements will not open Pandora's Box. Instead, upholding the district court's decision will identify a limited non-applicability to the MWA existing in an industry that is already heavily regulated by a Department of the State of Nevada exercising administrative oversight and control over such taxi drivers.

XII. CONCLUSION.

Based upon the foregoing, *Dancer* affirms that NRS 608.0155 <u>does apply</u> to NRS Chapter 608 claims. *Dancer* affirms the district court errored in its analysis that NRS 608.0155 applied to the determination of an "employee" under the MWA and that NRS 608.0155 <u>does not</u> apply to the MWA. However, as extensively

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detailed herein, *Dancer* does not provide any support for disregarding the district court's determination that NRS 706.473's independent contractor relationships are excluded from the scope of the MWA and Chapter 608 as a matter of law.

Accordingly, the district court's grant of summary judgment holding that NRS 706.473's independent contractor relationships are not subject to any claims under NRS Chapter 608 or the MWA as a matter of law must be affirmed.

DATED this ______Z day of March, 2021.

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CERTIFICATE OF COMPLIANCE PURSUANT TO RULE 28.2

1. I hereby certify that this brief complies with the formatting requirements of NRAP 32(a)(4), the typeface requirements of NRAP 32(a)(5), and the type style requirements of NRAP 32(a)(6) because:

This brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14 font and Times New Roman type.

- 2. I further certify that this brief complies with the page- or type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the brief exempted by NRAP 32(a)(7)(C), it is proportionately spaced, has a typeface of 14 points or more, and contains 5,662 words.
- 3. Finally, I hereby certify that I have read this brief, and to the best of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this brief complies with all applicable Nevada Rules of Appellate Procedure, in particular NRAP 28(e)(1), which requires every assertion in the brief regarding matters in the record to be supported by a reference to the page and volume number, if any, of the transcript or appendix where the matter relied on is to be found. I understand that I may be subject to

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sanctions in the event that the accompanying brief is not in conformity with the requirements of the Nevada Rules of Appellate Procedure.

DATED this 23 day of March, 2021.

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DATED: This 23 day of March, 2021.

JODI ALHASAN

ADDENDUM

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I. <u>U.S. CONSTITUTION</u>

U.S. Const. art I, §10, cl. 1

No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility.

II. <u>NEVADA CONSTITUTION</u>

Nev. Const. Art. 1, §15

Sec: 15. Bill of attainder; ex post facto law; obligation of contract. No bill of attainder, ex-post-facto law, or law impairing the obligation of contracts shall ever be passed.

III. <u>NEVADA STATUTES</u>

NRS 608.0155 Persons presumed to be independent contractor.

- 1. Except as otherwise provided in subsection 2, for the purposes of this chapter, a person is conclusively presumed to be an independent contractor if:
 - (a) Unless the person is a foreign national who is legally present in the United States, the person possesses or has applied for an employer identification number or social security number or has filed an income tax return for a business or earnings from self-employment with the Internal Revenue Service in the previous year;
 - (b) The person is required by the contract with the principal to hold any necessary state business license or local business license and to maintain any necessary occupational license, insurance or bonding in order to operate in this State; and
 - (c) The person satisfies three or more of the following criteria:
 - (1) Notwithstanding the exercise of any control necessary to comply with any statutory, regulatory or contractual obligations, the person has control and discretion over the means and manner of the performance of any work and the result of the work, rather than the

means or manner by which the work is performed, is the primary element bargained for by the principal in the contract.

- (2) Except for an agreement with the principal relating to the completion schedule, range of work hours or, if the work contracted for is entertainment, the time such entertainment is to be presented, the person has control over the time the work is performed.
- (3) The person is not required to work exclusively for one principal unless:
 - (I) A law, regulation or ordinance prohibits the person from providing services to more than one principal; or
 - (II) The person has entered into a written contract to provide services to only one principal for a limited period.
- (4) The person is free to hire employees to assist with the work.
- (5) The person contributes a substantial investment of capital in the business of the person, including, without limitation, the:
 - (I) Purchase or lease of ordinary tools, material and equipment regardless of source;
 - (II) Obtaining of a license or other permission from the principal to access any work space of the principal to perform the work for which the person was engaged; and
 - (III) Lease of any work space from the principal required to perform the work for which the person was engaged.

The determination of whether an investment of capital is substantial for the purpose of this subparagraph must be made on the basis of the amount of income the person receives, the equipment commonly used and the expenses commonly incurred in the trade or profession in which the person engages.

- 2. A natural person is conclusively presumed to be an independent contractor if the person is a contractor or subcontractor licensed pursuant to <u>chapter 624</u> of NRS or is directly compensated by a contractor or subcontractor licensed pursuant to <u>chapter 624</u> of NRS for providing labor for which a license pursuant to <u>chapter 624</u> of NRS is required to perform and:
 - (a) The person has been and will continue to be free from control or direction over the performance of the services, both under his or her contract of service and in fact;
 - (b) The service is either outside the usual course of the business for which the service is performed or that the service is performed outside of all the places of business of the enterprises for which the service is performed; and

- (c) The service is performed in the course of an independently established trade, occupation, profession or business in which the person is customarily engaged, of the same nature as that involved in the contract of service.
- 3. The fact that a person is not conclusively presumed to be an independent contractor for failure to satisfy three or more of the criteria set forth in paragraph (c) of subsection 1 does not automatically create a presumption that the person is an employee.
 - 4. As used in this section:
 - (a) "Foreign national" has the meaning ascribed to it in \underline{NRS} 294A.325.
 - (b) "Providing labor" does not include the delivery of supplies. (Added to NRS by 2015, 1743; A 2019, 3159)

NRS 612.133 "Employment": Service by licensed real estate salesperson or broker excluded.

"Employment" shall not include services performed by a licensed real estate salesperson or licensed real estate broker who is employed as a salesperson or associate broker by another licensed real estate broker, whether such services are performed for such employer or for a third person, if such services are performed for remuneration solely by way of commission.

(Added to NRS by <u>1957</u>, <u>59</u>)

NRS 706.151 Legislative declaration of purpose.

- 1. It is hereby declared to be the purpose and policy of the Legislature in enacting this chapter:
 - (a) Except to the extent otherwise provided in <u>NRS</u> 706.881 to 706.885, inclusive, to confer upon the Authority the power and to make it the duty of the Authority to regulate fully regulated carriers, operators of tow cars and brokers of regulated services to the extent provided in this chapter and to confer upon the Department of Motor Vehicles the power to license all motor carriers and to make it the duty of the Department of Motor Vehicles and the Department of Public Safety to enforce the provisions of this chapter and the regulations adopted by the Authority pursuant to it, to relieve the undue burdens on the highways arising by reason of the use of the highways by vehicles in a gainful occupation thereon.

- (b) To provide for reasonable compensation for the use of the highways in gainful occupations, and enable the State of Nevada, by using license fees, to provide for the proper construction, maintenance and repair thereof, and thereby protect the safety and welfare of the traveling and shipping public in their use of the highways.
- (c) To provide for fair and impartial regulation, to promote safe, adequate, economical and efficient service and to foster sound economic conditions in motor transportation.
- (d) To encourage the establishment and maintenance of reasonable charges for:
 - (1) Intrastate transportation by fully regulated carriers; and
 - (2) Towing services performed without the prior consent of the owner of the vehicle or the person authorized by the owner to operate the vehicle, Without unjust discriminations against or undue preferences or advantages being given to any motor carrier or applicant for a certificate of public convenience and necessity.
- (e) To discourage any practices which would tend to increase or create competition that may be detrimental to the traveling and shipping public or the motor carrier business within this State.
- 2. All of the provisions of this chapter must be administered and enforced with a view to carrying out the declaration of policy contained in this section.

(Added to NRS by <u>1971, 690</u>; A <u>1981, 1019</u>; <u>1983, 1222</u>; <u>1995, 2612</u>; <u>1997, 1930, 2670</u>; <u>1999, 492</u>; <u>2003, 1400</u>; <u>2007, 2052</u>)

NRS 706.473 Leasing of taxicab to independent contractor: Authorization in certain counties; limitations; approval of agreement; liability for violations; intervention in civil action by Authority.

- 1. In a county whose population is less than 700,000, a person who holds a certificate of public convenience and necessity which was issued for the operation of a taxicab business may, upon approval from the Authority, lease a taxicab to an independent contractor who does not hold a certificate of public convenience and necessity. A person may lease only one taxicab to each independent contractor with whom the person enters into a lease agreement. The taxicab may be used only in a manner authorized by the lessor's certificate of public convenience and necessity.
- 2. A person who enters into a lease agreement with an independent contractor pursuant to this section shall submit a copy of the agreement to the

Authority for its approval. The agreement is not effective until approved by the Authority.

- 3. A person who leases a taxicab to an independent contractor is jointly and severally liable with the independent contractor for any violation of the provisions of this chapter or the regulations adopted pursuant thereto, and shall ensure that the independent contractor complies with such provisions and regulations.
- 4. The Authority or any of its employees may intervene in a civil action involving a lease agreement entered into pursuant to this section.

(Added to NRS by 1993, 2649; A 1997, 1948; 2011, 1312)

NRS 706.475 Leasing of taxicab to independent contractor: Regulations of Authority.

- 1. The Authority shall adopt such regulations as are necessary to:
 - (a) Carry out the provisions of NRS 706.473; and
- (b) Ensure that the taxicab business remains safe, adequate and reliable.
- 2. Such regulations must include, without limitation:
 - (a) The minimum qualifications for an independent contractor;
 - (b) Requirements related to liability insurance;
 - (c) Minimum safety standards; and
- (d) The procedure for approving a lease agreement and the provisions that must be included in a lease agreement concerning the grounds for the revocation of such approval.

(Added to NRS by 1993, 2649; A 1997, 1949)