

# TIME

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FROM THE MAGAZINE

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Kenny Guinn | Nevada

## **A Gambling Governor Makes a Smart Bet**

By DANIEL EISENBERG

More often than not, incurring the wrath of your own party is a recipe for failure in politics. But in 2003, when Nevada Governor Kenny Guinn fought for the largest tax increase in state history, he not only infuriated his core Republican supporters but also sparked a bitter legal battle and a short-lived recall campaign against him. So it is a testament to Guinn's savvy and leadership that instead of being wounded in the civil war, he actually came out stronger, eventually broadening his public support and raising his standing among good-government watchdogs. "The state will be better off for years to come," says Alan Ehrenhalt, executive editor of *Governing* magazine.

As Guinn enters the final year of his busy two terms in office, his signature achievement remains the \$830 million tax hike, a still controversial but realistic step to shore up the overstretched budget of the nation's fastest-growing state. "People say, 'Well, growth ought to pay for growth,' but I'm here to tell you, it doesn't," says Guinn, 69. When he was elected in 1998, little about Guinn's low-key personality or career background indicated he would try to be such a radical reformer or turn out to be such a polarizing figure. Having spent most of his career as an education administrator and corporate executive in banking and energy, he was widely viewed as the handpicked candidate of the state's casinos, a proven consensus builder and skilled manager who could smoothly shepherd Nevada's pro-business agenda.

While the economy has continued to thrive on his watch, Guinn has tried to leave Nevada with a broader and more solid foundation for the long-term future. Most notably, he established a Millennium Scholarship program to help high school graduates pay for college, and privatized the state's underfunded workers' compensation program--a move that took the \$2 billion shortfall off Nevada's books and helped lower the insurance rates companies pay into the system. Along the way, Guinn helped fight the Federal Government's plan for a nuclear waste site at Yucca Mountain; moved to diversify Nevada's gambling-dependent economy; and worked to address its

many social ills, which include some of the nation's highest rates for suicide, teen pregnancy, youth violence and high school dropouts.

Guinn's critics say he has failed to fulfill many of his goals--especially to improve health care--and that he has been inconsistent in his plans to finance them. Long-term funding for the scholarships, for instance, is still up in the air. And during his seven years in the Governor's mansion, Guinn initially ruled out raising taxes, then embraced the idea, and most recently has, of all things, pushed through a one-time \$300 million tax rebate. Still, no matter how he went about it, Guinn managed to put Nevada's long-term fiscal health above his own or his party's political considerations. That's a risky gamble for any politician. But with his approval numbers back near 60%, Guinn has gone a long way in showing that it can pay off in the end.