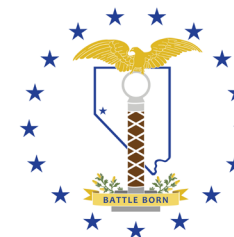


Navigating Economic Challenges: Nevada's Recoveries, Current Federal Support, and Future Revenue Strategies

March 25, 2025

Presentation to the Assembly Committee on Ways and Means
83rd (2025) Legislative Session

Sarah Coffman, Assembly Fiscal Analyst
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst



Nevada
Legislature
LEGISLATIVE COUNSEL BUREAU
FISCAL ANALYSIS DIVISION

Nevada's Recoveries, Current Federal Support, and Future Revenue Strategies

- The Great Recession (December 2007 – June 2009)
 - Lead up to the Great Recession
 - Actions Taken During the Great Recession
 - Recovery
- The Pandemic Recession (February 2020 – April 2020)
 - Lead up to the Pandemic Recession
 - Actions Taken During the Pandemic Recession
 - Recovery

Nevada's Recoveries, Current Federal Support, and Future Revenue Strategies

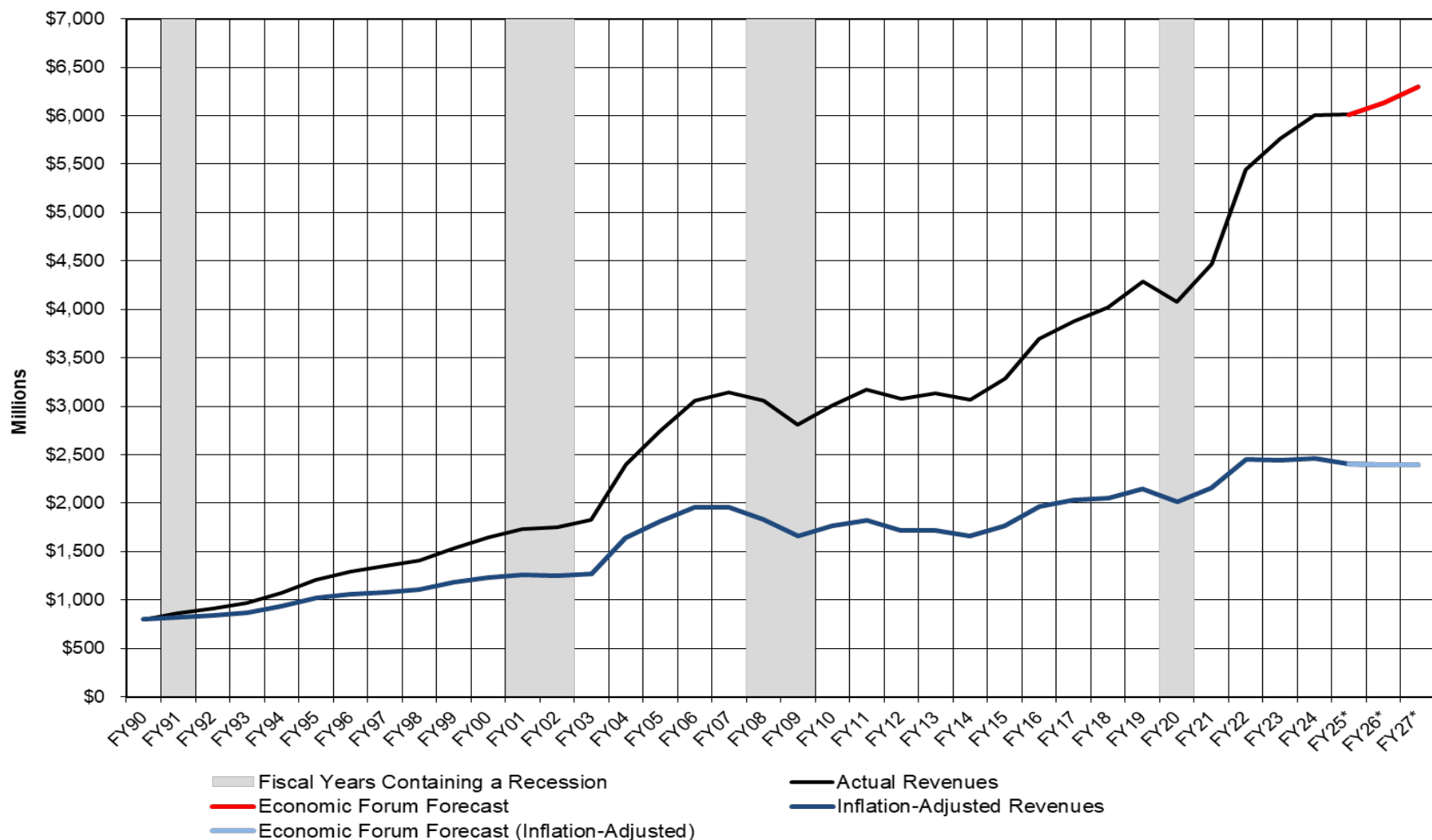
- Overview of Federal Funds Currently Received by the State of Nevada
 - Total federal funds projected annually for the 2025-27 Biennium
 - Percentage of Nevada's budget supported by federal funds
 - Key areas of federal funding allocations
 - Potential impact of federal funding cuts
- Potential Revenue Considerations
 - Constitutional limitations
 - State General Fund revenue and tax credits
 - State Education Fund and State Highway Fund
 - Other areas for consideration

“The lesson of history is that you do not get a sustained economic recovery as long as the financial system is in crisis.”

Ben Bernanke
Former Chairman of the Federal Reserve

The Great Recession

CHART 1
Nevada General Fund Revenues: Actual and Inflation Adjusted (FY 1990 \$'s)
 Actual: FY 2000 to FY 2024 Forecast: FY 2025 to FY 2027*



The Great Recession
 lasted 18 months,
 from
December 2007 to
June 2009

*“HSBC’S Bad Bet on Subprime” –
(Financial Times Feb. 2007)*

*“Subprime Lender New Century Files for Bankruptcy”
(The Wall Street Journal April 2007)*

*“Global Credit Markets Freeze as BNP Paribas Halts
Funds” – (the Guardian August 2007)*

*“Recession Fears Grow as Job Market Slows” –
(The New York Times Dec. 2007)*

2007

Headlines

*Early Signs of the
Financial Crisis*

The Great Recession

November 20, 2007

- Director of the Department of Administration requests 8% budget reserves from all state agencies.

NOV 2007

May 8, 2008

- Governor Gibbons Announces SAGE Commission.

May 23, 2008, IFC

- Governor submits approximately 320 work programs requesting expeditious action to reduce expenditure authority.

MAY 2008

July 2008

- Department of Administration, Budget Division requested agencies identify an additional 3.3% in budget reductions.

JUL 2008

February 3, 2009, IFC

- Five capital improvement projects were impacted to generate savings of \$14.1 million.

FEB 2009

January 24, 2008, IFC

- The Department of Administration made a presentation to the IFC regarding the status of the General Fund budget shortfalls and potential actions to address the shortfall.
- Projected significant decreases in major tax revenue sources, General Fund revenue, Unrestricted General Fund reversions, and Local School Support Tax.
- Total General Fund shortfall of \$541.7 million is projected over the 2007-09 Biennium.

JAN 2008

June 20, 2008

- Economic Forum, Emergency Meeting to announce total General Fund revenue for the 2007-09 Biennium would be at least \$275.0 million less than total General Funds appropriated by the 74th (2007) Legislature.

June 26, 2008

- The Governor signed an Executive Order to convene the Legislature into the 24th (2008) Special Session, beginning June 27, 2008.

JUN 2008

December 5, 2008, IFC

- The Governor signed an Executive Order to convene the Legislature into the 25th (2008) Special Session, beginning December 8, 2008.

DEC 2008

“A total shortfall of \$137,551,949 was projected for FY 2008 and \$148,086,164 was projected for FY 2009 for a total projected shortfall of \$285,638,114 for the upcoming biennium.”

Andrew Clinger, Director
Department of Administration

November 14, 2007, IFC

The Department of Administration provided an informational item on the status of the General Fund.

*** REVISED ***

MEETING NOTICE AND AGENDA

Name of Organization: NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE
Date and Time of Meeting: November 14, 2007 – 9:00 a.m.
Place of Meeting: Legislative Building, Room 4100
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen to it live over the Internet. The address for the legislative website is <http://www.leg.state.nv.us>. For audio broadcasts, click on the link "Listen to Meetings Live on the Internet."

AGENDA

- 2. DEPARTMENT OF ADMINISTRATION
 - a. Status report on the potential General Fund budget reductions.

First Action Taken to Address Revenue Shortfalls

November 20, 2007 – Department of Administration Director requests 8% budget reserves from all state agencies totaling \$135.3 million in FY 2008 and \$145.3 million in FY 2009 to cover estimated shortfall.

Direction was given to:

- Eliminate or reduce one-shot appropriations, including technology investment requests.
- Eliminate new programs not yet rolled out.
- Eliminate positions, defer position start dates, reduce operating, travel, equipment purchases, and training.
- Eliminate budgeted rate increases such as inflation increases.
- Reduce services provided and reduce caseload.
- Eliminate, defer, or reduce the scope of capital improvement projects.

JIM GIBBONS
Governor STATE OF NEVADA ANDREW K. CLINGER
Director



DEPARTMENT OF ADMINISTRATION
209 E. Musser Street, Room 200
Carson City, Nevada 89701-4298
(775) 684-0222
Fax (775) 684-0260
<http://www.budget.state.nv.us/>

ALL AGENCY MEMORANDUM #2007-30

November 20, 2007

TO: All Agencies

FROM: Andrew K. Clinger, Director
Department of Administration

SUBJECT: RECOMMENDATIONS FOR 8% BUDGET RESERVES PROCESS

*“...in the 71 days since the
November 14, 2007,
Interim Finance Committee meeting,
the \$285.6 million shortfall had
increased by \$279.0 million,
or \$3.9 million per day.”*

Andrew Clinger, Director,
Department of Administration

January 24, 2008, IFC

The Department of Administration provided a presentation to the Interim Finance Committee on the status of General Fund budget shortfalls and actions taken, or planned, to address the estimated shortfall.

MEETING NOTICE AND AGENDA

Name of Organization: NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE

Date and Time of Meeting: January 24, 2008 – 9:00 a.m.

Place of Meeting: Legislative Building, Room 4100
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen to it live over the Internet. The address for the legislative website is <http://www.leg.state.nv.us>. For audio broadcasts, click on the link "Listen to Meetings Live on the Internet."

AGENDA

- F. DEPARTMENT OF ADMINISTRATION – Status of General Fund budget shortfall and actions taken or planned to address the estimated shortfall.

State 2% Sales Tax

Projected to decrease 7.1% in FY 2008 and 8.1% in FY 2009, or \$167.5 million over the 2007-09 Biennium.

Gaming Percentage Fees Tax

Projected to decrease 1.7% in FY 2008 and 1.2% in FY 2009, or \$25.6 million over the 2007-09 Biennium.

Modified Business Tax

Projected to decrease 8.4% in FY 2008 and 12.8% in FY 2009, or \$66.7 million over the 2007-09 Biennium.

Real Property Transfer Tax

Projected to decrease 19.0% in FY 2008 and 30.0% in FY 2009, or \$64.1 million over the 2007-09 Biennium.

Shortfall in Revenues from the Economic Forum

Major Revenue Sources

Projected May 1, 2007

Local School Support Tax - The 2.25% portion of the sales tax distributed directly to the school districts was projected to decrease 7.9% or \$90.0 million in FY 2008 and 8.9% or \$109.4 million in FY 2009 for a total of \$199.3 million over the 2007-09 Biennium.

State General Fund Revenue was projected to decrease 5.0% or \$164.0 million in FY 2008 and 6.6% or \$231.3 million in FY 2009 for a total revenue shortfall over the 2007-09 Biennium of 5.8% or \$395.3 million.

Unrestricted General Fund Reversions, which were unspent General Fund appropriations anticipated to be reverted to the state, were projected to decrease by 26.3% or \$25.0 million in FY 2009 only.

Governor's Proposals to Resolve the General Fund Shortfall Presented at the January 24, 2008, IFC Meeting

Capital Improvement
Budget Reserves
totaling \$27.4 million

Reduction of
One-Time Appropriations
totaling \$23.1 million

4.5% Budget Reserves of
Ongoing Appropriations
totaling \$263.9 million

Grant Sawyer Office
Building Settlement
totaling \$5.2 million

Spend-Down
Unappropriated
General Fund Balance
of \$13.3 million

Transfer from the Fund to
Stabilize the Operation of
State Government, the
"Rainy Day Fund," of
\$232.0 million, leaving a
\$35.0 million balance

May 23, 2008, IFC

Governor Gibbons submitted approximately 320 work programs to the IFC, requesting expeditious action pursuant to NRS 353.220(5)(b), to reserve for reversion the majority of the General Funds identified to implement the 4.5% Budget Reserves identified at the January 24, 2008, IFC meeting.

State Of Nevada Projected General Fund Shortfall 2007 - 2009 Biennium

	As of January 24, 2008	As of April 9, 2008	Difference
Unappropriated General Fund Balance - July 1, 2007 Shortfall	\$ 23,109,631	\$ 23,109,631	\$ -
Projected General Fund Revenue Shortfall FY 2008 & 2009	395,338,441	595,015,627	199,677,186
Projected Reversion Shortfall	25,000,000	25,000,000	-
Additional Distributive School Account Support Required	121,311,689	194,145,538	72,833,849
Medicaid Shortfall due to higher than budgeted caseloads	-	60,725,608	60,725,608
Shortfall in Division of Welfare and Supportive Svcs. Assistance to Aged and Blind	-	280,000	280,000
Shortfall in the Division of Child and Family Services	-	15,471,227	15,471,227
Total Projected Shortfall 2007 - 2009 Biennium	\$ 564,759,761	\$ 913,747,631	\$ 348,987,870

Solutions to Projected Shortfall:

Budget Reserves of "Ongoing" Appropriations - 4.5%	230,819,025	228,455,066	(2,363,959)
Capital Improvement Budget Reserves	36,003,092	185,770,686	149,767,594
Budget Reserves of "One-Time" Appropriations - 4.5%	45,433,728	45,433,728	-
Grant Sawyer Office Building Settlement	5,151,153	5,151,153	-
Transfer from Fund to Stabilize Operation of State Government	232,000,000	267,000,000	35,000,000
Corrections & DCFS debt forgiveness for FY 2008 & 2009	-	4,914,492	4,914,492
Transfer from the Bond Interest & Redemption Account	-	10,000,000	10,000,000
AB 544 - Transportation Funding Reserve	-	40,000,000	40,000,000
Public Employees Benefit Program (PEBP) rate holiday (GF Savings)	-	10,000,000	10,000,000
AB 617 - IFC / Fund to Stabilize Operation of State Government	-	36,000,000	36,000,000
Treasurer's Adjustment to Unclaimed Property Receipts Forecast	-	11,737,000	11,737,000
Transfer from the Bond Interest & Redemption Account	-	8,000,000	8,000,000
Eliminate Retiree Pre-funding of Health Insurance	-	17,500,000	17,500,000
Transfer from the Healthy Nevada Fund ^a	-	10,000,000	10,000,000
Commission on Tourism - Grants to small airports	-	477,500	477,500
Department of Information Technology - General fund payback	-	545,498	545,498
Division of Insurance - Insurance Examiners examination fees	-	500,000	500,000
Reduced Requirement to Transfer Funds to the Disaster Relief Account	-	500,000	500,000
Defer Construction of One Housing Unit at SDCC - CIP 07-C07	-	4,820,228	4,820,228
Deferred Maintenance in Operating Budgets (Dec Units M425, M750 & E256)	-	808,053	808,053
Special Appropriations Account:			
White Pine County Juvenile Detention Facility	-	2,101,000	2,101,000
City of Sparks - Larry D. Johnson Community Center	-	156,391	156,391
City of Fernley - Construction of a sound barrier	-	82,359	82,359
City of Caliente - Bridge over the Clover Creek Wash	-	286,500	286,500
Interim Finance Funds:			
AB 628 Sec. 70 - Utility funding for State Agencies and NSHE	-	3,923,243	3,923,243
AB 628 Sec. 37 - Costs of housing inmates and/or other programs	-	4,230,798	4,230,798
AB 628 Sec. 40 - Interstate Compact on Juveniles	-	231,552	231,552
AB 628 Sec. 42 - Balance of funding to support a state fusion process	-	307,057	307,057
Spend-down unappropriated General Fund balance	15,352,763	5,287,861	(10,064,902)
Transfer from the Public Health Trust Fund ^b	-	9,527,466	9,527,466
Total Solutions to Projected Shortfall	\$ 564,759,761	\$ 913,747,631	\$ 348,987,870

Net Shortfall \$ - \$ 0 \$ 0

^a Requires eliminating Dental benefits which were added to the Senior Rx and Disability Rx programs at the January 24, 2008 IFC meeting. This also requires Legislative action.

^b Requires Legislative action.

REVISED

EMERGENCY MEETING NOTICE AND AGENDA

Name of Organization: NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE

Date and Time of Meeting: May 23, 2008 – 3:00 p.m.

Place of Meeting: Grant Sawyer State Office Building, Room 4401
555 East Washington Street
Las Vegas, Nevada

Note: Some members of the committee may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following locations:

Legislative Building Room 3137 401 South Carson Street Carson City, Nevada	NSHE System Administration Main Conference Room 2601 Enterprise Road Reno, Nevada	Greenhaw Technical Arts Bldg, #118 Great Basin College 1500 College Parkway Elko, Nevada
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If you cannot attend the meeting, you can listen to it live over the Internet. The address for the legislative website is <http://www.leg.state.nv.us>. For audio broadcasts, click on the link "Listen to Meetings Live on the Internet."

AGENDA

*C. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(b) – REQUIRES EXPEDITIOUS ACTION WITHIN 15 DAYS ([list available upon request](#)).

May 8, 2008 - Governor Gibbons Announces SAGE Commission

Key Objectives:

- Evaluate government spending
- Improve operational efficiency
- Enhance revenue management
- Implement private-sector best practices

Major Recommendations:

- Reduce state employee salaries and benefits to control labor costs
- Consolidate government agencies and eliminate redundant services
- Outsource certain state functions to the private sector
- Increase the use of technology to improve efficiencies and reduce operational costs

The Spending and Government Efficiency (SAGE) Commission was composed of 20 private-sector leaders and business executives tasked with identifying cost-saving measures and efficiencies within state government operations.

Comparison of the Economic Forum's June 20, 2008 Revised Forecasts for Selected General Fund Revenues for FY 2008 and FY 2009 to the Economic Forum's May 1, 2007, Forecast for the Selected General Fund Revenue Forecasts

Forecast Revenues are in Millions of Dollars

Economic Forum June 20, 2008, Meeting: 6-20-08 1:45 PM

	FY 2006	FY 2007		FY 2008			FY 2009			2007-2009 Biennium		
	Actual: Millions \$'s	Actual Millions \$'s	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ²	% Change
Sales and Use Tax	\$985.036	\$1,000.217	1.5%									
Economic Forum - June 2008				\$964.700	-\$35.517	-3.6%	\$929.500	-\$35.200	-3.6%	\$1,894.200	-\$91.053	-4.6%
Economic Forum - May 2007				\$1,065.405	\$65.188	6.5%	\$1,139.983	\$74.578	7.0%	\$2,205.388	\$220.135	11.1%
Difference: June 08 - May 07				-\$100.705			-\$210.483			-\$311.188		
Percentage Fees Tax	\$790.185	\$820.051	3.8%									
Economic Forum - June 2008				\$786.000	-\$34.051	-4.2%	\$801.720	\$15.720	2.0%	\$1,587.720	-\$22.516	-1.4%
Economic Forum - May 2007				\$865.039	\$44.988	5.5%	\$927.170	\$62.131	7.2%	\$1,792.209	\$181.973	11.3%
Difference: June 08 - May 07				-\$79.039			-\$125.450			-\$204.489		
Insurance Premium Tax	\$238.297	\$259.275	8.8%									
Economic Forum - June 2008				\$257.200	-\$2.075	-0.8%	\$266.500	\$9.300	3.6%	\$523.700	\$26.129	5.3%
Economic Forum - May 2007				\$290.236	\$30.961	11.9%	\$319.714	\$29.478	10.2%	\$609.950	\$112.379	22.6%
Difference: June 08 - May 07				-\$33.036			-\$53.214			-\$86.250		
Real Property Transfer Tax	\$164.842	\$120.375	-27.0%									
Economic Forum - June 2008				\$83.955	-\$36.420	-30.3%	\$55.482	-\$28.473	-33.9%	\$139.437	-\$145.779	-51.1%
Economic Forum - May 2007				\$124.166	\$3.791	3.1%	\$134.880	\$10.714	8.6%	\$259.046	-\$26.170	-9.2%
Difference: June 08 - May 07				-\$40.211			-\$79.398			-\$119.609		
Cigarette Tax	\$114.693	\$113.072	-1.4%									
Economic Forum - June 2008				\$109.900	-\$3.172	-2.8%	\$109.900	\$0.000	0.0%	\$219.800	-\$7.965	-3.5%
Economic Forum - May 2007				\$115.700	\$2.628	2.3%	\$116.200	\$0.500	0.4%	\$231.900	\$4.135	1.8%
Difference: June 08 - May 07				-\$5.800			-\$6.300			-\$12.100		
LET - Gaming	\$108.420	\$121.655	12.2%									
Economic Forum - June 2008				\$119.000	-\$2.655	-2.2%	\$121.975	\$2.975	2.5%	\$240.975	\$10.899	4.7%
Economic Forum - May 2007				\$129.697	\$8.042	6.6%	\$143.185	\$13.488	10.4%	\$272.882	\$42.806	18.6%
Difference: June 08 - May 07				-\$10.697			-\$21.210			-\$31.907		

Economic Forum

Emergency Meeting June 20, 2008

The Emergency Economic Forum meeting convened on June 20, 2008. The economic projections from the body indicated total General Fund revenue for the 2007-09 Biennium would continue to decrease and be at least \$275.0 million less than total General Funds appropriated by the 74th (2007) Legislature.

**Comparison of the Economic Forum's June 20, 2008 Revised Forecasts for Selected General Fund Revenues for FY 2008 and FY 2009
to the Economic Forum's May 1, 2007, Forecast for the Selected General Fund Revenue Forecasts**

Forecast Revenues are in Millions of Dollars
Economic Forum June 20, 2008, Meeting: 6-20-08 1:45 PM

	FY 2006	FY 2007		FY 2008			FY 2009			2007-2009 Biennium		
	Actual: Millions \$'s	Actual Millions \$'s	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ⁴	% Change
MBT - Nonfinancial	\$232.761	\$257.432	10.6%									
Economic Forum - June 2008				\$258.600	\$1.168	0.5%	\$261.186	\$2.586	1.0%	\$519.786	\$29.593	6.0%
Economic Forum - May 2007				\$276.292	\$18.860	7.3%	\$297.566	\$21.274	7.7%	\$573.858	\$83.665	17.1%
Difference: June 08 - May 07				-\$17.692			-\$36.380			-\$54.072		
MBT - Financial	\$22.491	\$21.520	-4.3%									
Economic Forum - June 2008				\$20.100	-\$1.420	-6.6%	\$19.200	-\$0.900	-4.5%	\$39.300	-\$4.711	-10.7%
Economic Forum - May 2007				\$24.277	\$2.757	12.8%	\$25.977	\$1.700	7.0%	\$50.254	\$6.243	14.2%
Difference: June 08 - May 07				-\$4.177			-\$6.777			-\$10.954		
MBT - TOTAL	\$255.252	\$278.953	9.3%									
Economic Forum - June 2008				\$278.700	-\$0.253	-0.1%	\$280.386	\$1.686	0.6%	\$559.086	\$24.881	4.7%
Economic Forum - May 2007				\$300.569	\$21.616	7.7%	\$323.543	\$22.974	7.6%	\$624.112	\$89.907	16.8%
Difference: June 08 - May 07				-\$21.869			-\$43.157			-\$65.026		
Short-Term Car Rental	\$26.660	\$29.807	11.8%									
Economic Forum - June 2008				\$29.517	-\$0.290	-1.0%	\$30.373	\$0.856	2.9%	\$59.890	\$3.423	6.1%
Economic Forum - May 2007				\$29.517	-\$0.290	-1.0%	\$30.403	\$0.886	3.0%	\$59.920	\$3.453	6.1%
Difference: June 08 - May 07				\$0.000			-\$0.030			-\$0.030		
Net Proceeds of Minerals	\$19.588	\$27.685	41.3%									
Economic Forum - June 2008				\$35.600	\$7.915	28.6%	\$35.600	\$0.000	0.0%	\$71.200	\$23.927	50.6%
Economic Forum - May 2007				\$22.813	-\$4.872	-17.6%	\$22.729	-\$0.084	-0.4%	\$45.542	-\$1.731	-3.7%
Difference: June 08 - May 07				\$12.787			\$12.871			\$25.658		
Treasurer's Interest Income	\$32.666	\$52.404	60.4%									
Economic Forum - June 2008				\$56.900	\$4.496	8.6%	\$18.100	-\$38.800	-68.2%	\$75.000	-\$10.070	-11.8%
Economic Forum - May 2007				\$41.193	-\$11.211	-21.4%	\$31.819	-\$9.374	-22.8%	\$73.012	-\$12.058	-14.2%
Difference: June 08 - May 07				\$15.707			-\$13.719			\$1.988		

**Comparison of the Economic Forum's June 20, 2008 Revised Forecasts for Selected General Fund Revenues for FY 2008 and FY 2009
to the Economic Forum's May 1, 2007, Forecast for the Selected General Fund Revenue Forecasts**

Forecast Revenues are in Millions of Dollars

Economic Forum June 20, 2008, Meeting: 6-20-08 1:45 PM

	FY 2006	FY 2007		FY 2008			FY 2009			2007-2009 Biennium		
	Actual: Millions \$'s	Actual Millions \$'s	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ²	% Change
Unclaimed Property	\$22.270	\$23.465	5.4%									
Economic Forum - June 2008				\$44.000	\$20.535	87.5%	\$34.000	-\$10.000	-22.7%	\$78.000	\$32.266	70.6%
Economic Forum - May 2007				\$17.098	-\$6.367	-27.1%	\$17.263	\$0.165	1.0%	\$34.361	-\$11.373	-24.9%
Difference: June 08 - May 07				\$26.902			\$16.737			\$43.639		
SOS Commercial Recordings	\$79.992	\$76.969	-3.8%									
Economic Forum - June 2008				\$78.976	\$2.007	2.6%	\$78.976	\$0.000	0.0%	\$157.952	\$0.991	0.6%
Economic Forum - May 2007				\$81.598	\$4.629	6.0%	\$86.407	\$4.809	5.9%	\$168.005	\$11.044	7.0%
Difference: June 08 - May 07				-\$2.622			-\$7.431			-\$10.053		
Total - Major Tax Sources	\$2,837.899	\$2,923.927	3.0%									
Economic Forum - June 2008				\$2,844.448	-\$79.479	-2.7%	\$2,762.512	-\$81.936	-2.9%	\$5,606.960	-\$154.866	-2.7%
Economic Forum - May 2007				\$3,083.031	\$159.104	5.4%	\$3,293.296	\$210.265	6.8%	\$6,376.327	\$614.501	10.7%
Difference: June 08 - May 07				-\$238.583			-\$530.784			-\$769.367		

¹ Economic Forum's May 1, 2007, General Fund Revenue Forecast for FY 2008, and FY 2009 (adjusted for actions approved by the 2007 Legislature when required)

² Represents the difference between the total for the 2007-09 biennium (FY 2008 and FY 2009 forecast collections) and the total for the 2005-07 biennium (FY 2006 and FY 2007 actual collections).

24th (2008) Special Session

June 26, 2008

Following the Emergency Economic Forum meeting that convened on June 20, 2008, a summary of actions were recommended:

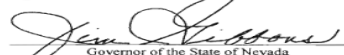


STATE OF NEVADA
OFFICE OF THE GOVERNOR
EXECUTIVE ORDER

A PROCLAMATION BY THE GOVERNOR:



IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Nevada to be affixed at the State Capitol in Carson City this 26th day of June, in the year two thousand eight.


Governor of the State of Nevada
By the Governor:

Assembly Bill 1

Repealed a General Fund appropriation of \$36.0 million to the IFC Contingency Account, initially approved during the 2007 Session.

Assembly Bill 3

Swept \$19.8 million from various accounts to be transferred to the General Fund.

Senate Bill 1

Transferred \$195.0 million from the Rainy Day Account to the General Fund to cover shortfalls in FY 2008 and \$72.0 million in FY 2009.

Senate Bill 2

Allowed the Department of Health and Human Services to transfer General Fund appropriations between certain accounts.

Senate Bill 4

Temporarily streamlined the parole process due to economic constraint.

Senate Bill 5

Reduced General Fund appropriations by \$48.0 million related to textbooks, instructional supplies and instructional hardware.

December 1, 2008, Economic Forum Forecast

On December 1, 2008, the Economic Forum approved a total General Fund forecast of \$2.777 billion for FY 2009.

- 9.1% decrease from actual FY 2008 collections of \$3.054 billion
- \$741.0 million decrease from Economic Forum's May 1, 2007, forecast for FY 2009

The Economic Forum's FY 2010 forecast was \$2.782 billion, an increase of 0.2% compared to FY 2009.

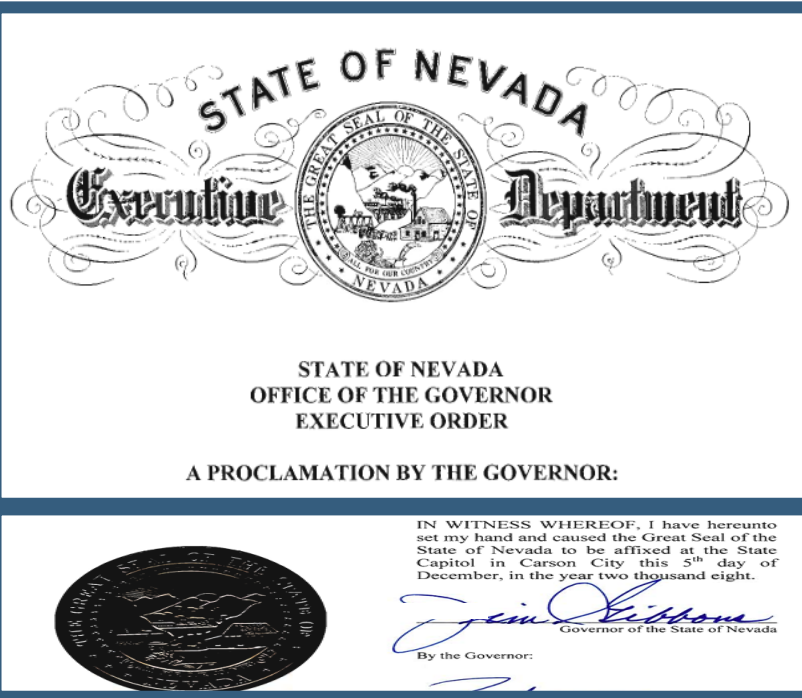
For FY 2011, the forecast was \$2.874 billion, an increase of 3.3% compared to FY 2010.

- The FY 2011 forecast was still \$270.9 million below actual FY 2007 collections

25th (2008) Special Session

December 8, 2008

A summary of actions...



Assembly Bill 1

Swept 17 accounts including the Economic Development Fund, Tourism Promotion Fund, Low-Income Housing Account, Millenium Scholarship Fund, and Indigent Accident Account, and transferred \$65.6 million to the General Fund to address FY 2009 revenue shortfalls.

Assembly Bill 2

- Allowed the State Treasurer to establish a \$160.0 million line of credit from the Local Government Pooled Investment Fund to support state operations.
- Reduced 33 state budgets to transfer \$66.9 million to the General Fund.
- Suspended the administration of norm-referenced examinations for pupils for the 2008-09 school year to accommodate budget cuts.

25th (2008) Special Session

December 8, 2008

Senate Bill 1

- Temporarily removed the \$7.0 million limit in deposits to the State Distributive School Account to allow all money received from the federal Mineral Leasing Act to be deposited into the Distributive School Account. This act expired by limitation on June 30, 2009.

Senate Bill 2

- Temporarily modified certain taxes, including:
 - **Mining Tax Payments:** Accelerated the collection of taxes on mineral proceeds. Mineral extraction companies were required to pay taxes based on estimated net proceeds and royalties for the current year, instead of the previous year's actual figures. The estimated payments were to occur under the bill in calendar years 2009, 2010, and 2011.
 - **Taxpayer Collection Allowances:** Reduced the allowances for collecting sales and use taxes and liquor and tobacco taxes from 0.50% to 0.25% of the taxes due between January 1, 2009, and June 30, 2009.
 - **Surcharge Fee for Car Rentals:** Required short-term car rental companies to deposit one-fourth of the required 4.0% recovery surcharge into the State General Fund during the same period, in addition to the one-fourth already required to be deposited into the State Highway Fund.

***G. STATE PUBLIC WORKS BOARD.**

1. Information regarding the Northern Nevada Veterans' Cemetery, Fernley.
2. Request to revert \$192,093 to the General Fund from CIP project 05-U7L, Campus Improvements–Truckee Meadows Community College, in order to accommodate budget reductions.
3. Request to reduce the scope of CIP project 07-C52, Northern Nevada Emergency Vehicle Operations Course, in order to accommodate budget reductions and revert \$1,524,568 of administrative assessment revenue (NRS 176.059) to the General Fund.
4. Request to cancel CIP project 07-C26, Desert Willow Treatment Center Addition, due to a change in federal Medicaid regulations and revert \$9,830,998 to the Bond Interest and Redemption account.
5. Request to cancel CIP project 07-M42, Shower and Bathroom Renovation at Silver Springs Conservation Camp, due to closure of the camp and revert \$2,588,271 to the Bond Interest and Redemption account.

February 3, 2009, IFC

The scope of five capital improvement projects were reduced or canceled to generate savings of \$14.1 million.

MEETING NOTICE AND AGENDA

Name of Organization: NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE

Date and Time of Meeting: February 3, 2009 - 8:00 a.m.

Place of Meeting: Legislative Building, Room 4100
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen to or view it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "Live Meetings – Listen or View."

Note: Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.

AGENDA



75th (2009) Legislative Session

In the News...

Events Before, During, and After the 2009-2011 Biennium

January 15, 2009

- Governor Gibbons released the 2009-2011 Executive Budget, which faced a General Fund deficit of \$2.3 billion.

June 2, 2009

- The 75th Session of the Nevada Legislature adjourned sine die.

December 15, 2009

- All Agencies memo seeking recommendations for 6%, 8%, and 10% General Fund Budget Reserves for FY 2010 and FY 2011.

February 23, 2010

- Governor Gibbons convened the Legislature into the 26th (2010) Special Session.

April 30, 2010

- All Agencies memo directing Executive Branch agencies to limit their agency request budget submissions.

JAN 2009

FEB 2009

JUN 2009

JUL 2009

DEC 2009

JAN 2010

FEB 2010

MAR 2010

APR 2010

February 2, 2009

- The 75th Session of the Nevada Legislature began.

February 17, 2009

- President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) into law.

July 1, 2009

- Per Senate Bill 433 (2009), each employee of the state, other than a classified employee, shall take one day of unpaid furlough leave each month.
- Per Senate Bill 421 (2009), the semiannual payment of longevity pay and merit pay increases for state employees was suspended.

January 22, 2010

- Special meeting of the Economic Forum called by Executive Order by Governor Gibbons to provide updated revenue forecasts for FY 2010 and FY 2011.

March 1, 2010

- Emergency budget actions implemented by Governor Gibbons took effect, including restricted travel, overtime limitations, hiring freeze, salary adjustments, and contract and lease renegotiations.

Honorable Members of the Seventy-Fifth Legislative Session



Office of the Governor

JIM GIBBONS
GOVERNOR

January 15, 2009

The Honorable Members of the Senate and Assembly
Seventy-Fifth Legislative Session
Legislative Building
401 South Carson Street
Carson City, NV 89701

Honorable Members of the Seventy-Fifth Legislative Session:

Transmitted herewith is the 2009-2011 Executive Budget for the State of Nevada.

The budget I present to you today reflects a balanced solution despite unprecedented economic challenges.

As we are all aware, our state's revenue streams have come in significantly lower than what was expected and appropriated at the conclusion of the Seventy-Fourth Legislative Session. The interim period has required two special sessions and spending reductions of \$1.5 billion. The budget for the next biennium reflects the stark reality of significantly decreased revenue expectations, as indicated by the projections of the Economic Forum in December of 2008.

This budget anticipates general fund revenues of \$5.7 billion over the biennium. The unadjusted base budget for the upcoming biennium, including caseload growth, payback of the line of credit authorized in December of 2008, restoration of interim contingency funds and inflation and fringe adjustments amounts to \$8 billion. In other words, we are facing a general fund budget deficit of \$2.3 billion.

Regardless of these daunting amounts, the budget I transmit to you today remains balanced and continues to provide essential government services. This budget continues to provide critical healthcare funding for our most vulnerable citizens, including those on Medicaid and Medicare, our mentally challenged children and adults, our troubled and low-income children and families, and our elderly and disabled. The budget also funds anticipated caseload growth in Medicaid – a formidable yet necessary expenditure in these difficult times.

The Honorable Members of the Senate and Assembly
January 15, 2009
Page 2

This budget also includes funding for core public education in Nevada. Although sacrifices have been made in some deserving programs, this budget should not impact classroom size, textbooks and other critical educational tools. I have also proposed the continuation of funding for full day kindergarten in at-risk schools.

Public safety has always been a core responsibility of the state government and remains so in this budget. Although certain spending reductions have been proposed, I have limited spending reductions in the Department of Corrections and the Department of Public Safety to ensure that the safety of our citizens is not compromised. To that end, I have restored funds for the Division of Parole and Probation, so that needed officers can be hired and trained to supervise prior offenders.

Reflecting the decreased revenue projections for the state general fund, the budget also proposes several important and necessary spending reductions. The Spending and Government Efficiency (SAGE) Commission made several recommendations by which the state can realize significant savings. For example, this budget incorporates SAGE Commission recommendations on changes to the benefits and retirement system in Nevada. Those changes are necessary to protect both the short-term and long-term fiscal viability of our state.

I have also proposed a temporary pay reduction for state employees, along with a suspension of merit increases and longevity pay. Although we would all like to ensure that our hard-working state employees do not take home less pay for the same amount of work, we simply cannot afford current payroll levels. And with a state unemployment rate of 8% and climbing, I do not believe that large-scale layoffs are the appropriate solution to our payroll problems. With payroll representing well over half of all state expenditures, we simply cannot close the budget deficit without taking some action to reduce our payroll expenses.

Unfortunately, payroll reductions alone will not resolve the budget deficit. This budget also proposes varying levels of spending reductions in the operating budgets of state agencies, a reallocation of some property tax funds from Washoe and Clark County to the general fund, a change to the way the gaming tax is collected on credit, and a reduction in anticipated costs of both the 2009 and 2011 Legislative Sessions.

Additionally, I have built into the budget anticipated revenues from the federal government, particularly an expected increase in the Federal Medical Assistance Percentage. This budget also proposes the consolidation of several state agencies, the closure of others, and a redirection of room tax revenue currently earmarked for the Commission on Tourism into the general fund. Also proposed is a reduction in general funds for the Nevada System of Higher Education. During the upcoming session, we will all need to revisit how higher education is funded in this state and come up with a workable solution. However, it is important to note that this budget still proposes to spend 13.7% of our general funds for the biennium on higher education, higher than the national average of 11.2%.

The Honorable Members of the Senate and Assembly
January 15, 2009
Page 3

In accordance with the wishes of the voters, this budget also anticipates an increase in the room tax in both Washoe and Clark County.

These steps, while difficult, will allow us to enact a balanced budget while preserving core government services the people of the Nevada deserve and expect. Nobody can doubt that the upcoming session will have its challenges. However, the session is an opportunity to work together and do what is right for the people of our great state. I look forward to the discussion, debate and resolution of the budget for the upcoming biennium. My administration stands ready to assist you in any way necessary to ensure Nevada's future success.

Sincerely,

JIM GIBBONS
Governor

**General Fund Revenue Enhancements
Governor Recommends / Legislature Approves
2009-11 Biennium**

	Governor Recommends		Legislature Approves		Difference	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
<u>Unrestricted General Fund Revenue</u>						
Economic Forum Projection - December 2008^a / May 2009^b	\$ 2,782,362,302	\$ 2,874,115,046	\$ 2,614,800,805	\$ 2,668,316,720	\$ (167,561,497)	\$ (205,798,326)
<u>Adjustments to Unrestricted General Fund Revenue</u>						
<u>Taxes</u>						
Room Tax (I.P. 1) ^b	\$ 142,000,000	\$ 150,000,000	\$ 104,710,000	\$ 115,152,000	\$ (37,290,000)	\$ (34,848,000)
Redirect Existing 3/8's of 1% Room Tax (S.B. 431)	\$ 17,700,000	\$ 18,700,000	\$ 2,334,563	\$ 3,265,434	\$ (15,365,437)	\$ (15,434,566)
Redirect 4-Cent Property Tax Revenue - Clark and Washoe Counties (A.B. 543)	\$ 39,396,104	\$ 39,704,044	\$ 36,010,800	\$ 32,446,600	\$ (3,385,304)	\$ (7,257,444)
Redirect a Portion of the 5-Cent Capital Project Tax Revenue - Clark and Washoe Counties (A.B. 543)	\$ -	\$ -	\$ 34,210,300	\$ 25,957,300	\$ 34,210,300	\$ 25,957,300
Adjust Gross Gaming Revenue Fee to Include Markers	\$ 31,000,000	\$ -	\$ -	\$ -	\$ (31,000,000)	\$ -
Business License Fees (A.B. 146 & S.B. 429)	\$ -	\$ -	\$ 38,254,800	\$ 44,802,600	\$ 38,254,800	\$ 44,802,600
Governmental Services Tax (S.B. 429)	\$ -	\$ -	\$ 42,842,800	\$ 51,411,300	\$ 42,842,800	\$ 51,411,300
Modified Business Tax - Non-Financial Institutions (S.B. 429)	\$ -	\$ -	\$ 173,330,000	\$ 172,393,400	\$ 173,330,000	\$ 172,393,400
Sales and Use Tax - Increase Collection Allowance to State by 1% (A.B. 552)	\$ 14,332,000	\$ 14,778,667	\$ 12,962,700	\$ 13,522,500	\$ (1,369,300)	\$ (1,256,167)
Sales and Use Tax - Reduce Collection Allowance by Vendor by 0.25% (A.B. 552)	\$ -	\$ -	\$ 3,069,100	\$ 3,156,500	\$ 3,069,100	\$ 3,156,500
Cigarette Tax - Reduce Collection Allowance by Vendor by 0.25% (A.B. 552)	\$ -	\$ -	\$ 236,200	\$ 237,300	\$ 236,200	\$ 237,300
Liquor Tax - Reduce Collection Allowance by Vendor by 0.25% (A.B. 552)	\$ -	\$ -	\$ 100,400	\$ 102,800	\$ 100,400	\$ 102,800
Other Tobacco Tax - Reduce Collection Allowance by Vendor by 0.25% (A.B. 552)	\$ -	\$ -	\$ 23,560	\$ 24,270	\$ 23,560	\$ 24,270
Total Taxes	\$ 244,428,104	\$ 223,182,711	\$ 448,085,223	\$ 462,472,004	\$ 203,657,119	\$ 239,289,293
<u>Licenses</u>						
Redirect Secretary of State Expedite Fees to General Fund (S.B. 53)	\$ 2,272,569	\$ 1,818,056	\$ 2,272,569	\$ 1,818,056	\$ -	\$ -
Total Licenses	\$ 2,272,569	\$ 1,818,056	\$ 2,272,569	\$ 1,818,056	\$ -	\$ -
<u>Fees and Fines</u>						
Short Term Car Lease (S.B. 234)	\$ -	\$ -	\$ 9,883,900	\$ 13,565,000	\$ 9,883,900	\$ 13,565,000
State Engineer Fees (A.B. 480)	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Redirect a Portion of Court Administrative Assessments (A.B. 531)	\$ 5,392,856	\$ 6,861,227	\$ 4,763,532	\$ 6,133,023	\$ (629,324)	\$ (728,204)
Redirect Residual from Insurance Verification Fees (S.B. 431)	\$ -	\$ -	\$ 7,000,000	\$ 6,000,000	\$ 7,000,000	\$ 6,000,000
Total Fees and Fines	\$ 5,392,856	\$ 6,861,227	\$ 22,547,432	\$ 26,598,023	\$ 17,154,576	\$ 19,736,796
<u>Other Revenue</u>						
Redirect Supplement Account for Indigent Persons (S.B. 431) ^c	\$ -	\$ -	\$ 25,199,365	\$ 22,970,977	\$ 25,199,365	\$ 22,970,977
Unclaimed Property (A.B. 562)	\$ -	\$ -	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000	\$ 3,800,000
Total Other Revenue	\$ -	\$ -	\$ 28,999,365	\$ 26,770,977	\$ 28,999,365	\$ 26,770,977
Total Adjustments to Unrestricted General Fund Revenue	\$ 252,093,529	\$ 231,861,994	\$ 501,904,589	\$ 517,659,060	\$ 249,811,060	\$ 285,797,066
Total Adjusted Unrestricted General Fund Revenue	\$ 3,034,455,831	\$ 3,105,977,040	\$ 3,116,705,394	\$ 3,185,975,780	\$ 82,249,563	\$ 79,998,740

^a. Adjusted for actions of the 25th Special Legislative Session.

^b. For comparison purposes, the May 2009 Economic Forum Projection was reduced for the projected revenue derived from I.P. 1 (Room Tax).

^c. The Governor recommended \$27,773,234 in FY 2010 and \$28,131,270 in FY 2011 from the Indigent Supplemental Account be utilized to reduce the state General Fund required to pay the state share of medical services costs.

Significant Bills of the 2009 Legislative Session

Senate Bill 429

Senate Bill 429, the major revenue enhancement bill for the 2009-11 Biennium, made the following changes to state revenues:

- Temporarily increased the Local School Support Tax (LSST) by 0.35%, from 2.25% to 2.60%, between July 1, 2009, and June 30, 2011.
- Increased the annual rate on the State Business License (collected by the Secretary of State's Office) from \$100 to \$200, between July 1, 2009, and September 30, 2009.
 - **Senate Bill 435 (2009) would extend this increased rate until June 30, 2011**
- Increased the rate on the Modified Business Tax for Nonfinancial Businesses from 0.63% to a two-tiered rate:
 - 0.50% on all taxable wages up to and including \$62,500 in a calendar quarter
 - 1.17% on all taxable wages in excess of \$62,500 in a calendar quarter
- Increased the depreciation schedule for motor vehicles subject to the Governmental Services Tax (GST) by 10.0% (except for new vehicles).
 - The additional revenue from the GST depreciation schedule increase was to be deposited in the State General Fund until FY 2013
 - Beginning in FY 2014, these proceeds were to be deposited in the State Highway Fund

Senate Bill 429 was approved by the Legislature on May 22, 2009, but was vetoed by Governor Gibbons on May 28, 2009. The veto was overridden by two-thirds majorities in both houses of the Legislature on May 28 and May 29.

Significant Bills of the 2009 Legislative Session

Initiative Petition 1

Required the Board of County Commissioners in any county whose population is 300,000 or more (Clark and Washoe counties) to enact an ordinance imposing up to an additional 3.0% rate on the gross receipts from the rental of transient lodging in that county, but not to exceed a total rate of 13.0%.

- If the total rate imposed in a county was less than 10.0% as of July 31, 2008, the entire 3.0% rate may be imposed.
- If the total rate imposed in a county as of July 31, 2008, exceeded 10.0%, the rate that must be imposed was the difference between 13.0% and the rate in effect as of that date.
- If the sum of the existing tax rate in any area as of July 31, 2008, was 13.0% or more, then no additional rate could be imposed.

The proceeds of this tax, including applicable penalties and interest, were to be credited to the State General Fund between July 1, 2009, and June 30, 2011.

- Beginning on July 1, 2011, the proceeds from this tax must be credited to the State Supplemental School Support Fund, a new special revenue fund created within this act, for the operation of school districts and charter schools in the state.

The rates imposed under the I.P. 1 room tax, following its enactment, were as follows:

- In Clark County, 2.0% at hotels in the Fremont Street area of Downtown Las Vegas with 75 or more rooms; 3.0% at all other hotels in the county.
- In Washoe County, 1.0% in unincorporated Washoe County and in the City of Reno (excluding Downtown Reno); no rate could be imposed in Downtown Reno or anywhere in the City of Sparks, as these areas had a rate in excess of 13.0% as of July 31, 2008.

I.P. 1 was approved by the Legislature on March 10, 2009, which was the 38th day of the session, and became law on March 18, 2009, pursuant to Article 4, Section 35 of the *Nevada Constitution*.

Significant Bills of the 2009 Legislative Session

Senate Bill 234

Removed the mandatory 4.0% recovery surcharge to be imposed by car rental companies (of which 1.0% was deposited in the State General Fund and 1.0% was deposited in the State Highway Fund) and increased the rate of this tax from 6.0% to 10.0%. The State General Fund received 9.0% of the tax, and the State Highway Fund received the other 1.0% of the tax.

To offset the 2.0% loss in the recovery surcharge, rental agencies could impose additional fees to cover their licensing costs and other costs of doing business, but these additional fees were required to be clearly stated on the lease agreement.

Senate Bill 234 was approved by the Legislature on May 20, 2009, but was vetoed by Governor Gibbons on May 28, 2009. The veto was overridden by two-thirds majorities in both houses of the Legislature on May 30 and May 31.

Assembly Bill 543

Required the transfer of a portion of certain property tax rates imposed in counties whose population was 400,000 or more (Clark and Washoe counties) for FY 2010 and 2011, including:

- The portion of the property taxes levied for operating purposes by those counties, at a rate of 4 cents per \$100 of assessed value; and
- The portion of the 5-cent property tax imposed for capital projects pursuant to NRS 354.59815 that would have been divided among the local governments in those counties (excluding the portion that was distributed to the State Highway Fund).

Assembly Bill 543 was approved by the Legislature on May 22, 2009, but was vetoed by Governor Gibbons on May 28, 2009. The veto was overridden by two-thirds majorities in both houses of the Legislature on May 29 and May 31.

Significant Bills of the 2009 Legislative Session

Assembly Bill 552

Made various changes regarding the administration of taxes in the state designed to direct more revenue to the state, including:

- Permanently increasing the commission to be kept by the state for the cost of collecting and distributing sales and use taxes from 0.75% to 1.75% for all rates except for the Local School Support Tax.
- Removing the prospective June 30, 2009, sunset for the decrease of the collection allowance given to taxpayers collecting sales and use taxes, cigarette taxes, liquor taxes, and other tobacco taxes from 0.5% to 0.25%. The collection allowance was originally lowered from 0.5% to 0.25% pursuant to Senate Bill 2 of the 25th Special Session between January 1, 2009, and June 30, 2009; however, the change in Assembly Bill 552 made this reduced collection allowance permanent.

Assembly Bill 552 was approved by the Legislature on May 22, 2009, but was vetoed by Governor Gibbons on May 28. The veto was overridden by two-thirds majorities in both houses of the Legislature on May 29 and May 31.

Assembly Bill 563

Assembly Bill 563, the K-12 funding bill for the 2009-11 Biennium, required the transfer of certain local revenues collected in Clark County to the Clark County School District or the DSA as local funds available for CCSD under the Nevada Plan.

Assembly Bill 563 was approved by the Legislature on May 21, 2009, but was vetoed by Governor Gibbons on May 28, 2009. The veto was overridden by two-thirds majorities in both houses of the Legislature on May 29 and May 31.

Significant Bills of the 2009 Legislative Session

Assembly Bill 549

Required that certain excess proceeds from court administrative assessments, which were not distributed or used in accordance with NRS 176A.059, were to be deposited in the State General Fund at the end of each fiscal year.

Assembly Bill 549 suspended the transfer of \$7.6 million of unclaimed property revenue from the State General Fund to the Millennium Scholarship Fund for FY 2009 due to the need for additional revenue for that fiscal year.

Senate Bill 431

Required the transfer of certain revenues to the State General Fund in Fiscal Years 2010 and 2011, including:

- The estimated residual amount of revenue generated from Insurance Verification Fees
- Revenue generated from the Supplemental Account for Medical Assistance to Indigent Persons in the Fund for Hospital Care to Indigent Persons
- A portion of the revenue generated from the state room tax rate levied for the support of the Nevada Commission on Tourism

Expenditure Reductions

Mechanisms used to reduce expenditures:

- Statewide reduction decision units
- Targeted cuts to operating expenditures
- Elimination of positions
- Deferral of expenditures
- Federal stimulus
- Miscellaneous adjustments

Statewide Reduction Decision Units

Salary Reductions:

Governor Gibbons recommended salary reductions of 6.0% effective July 1, 2009.

In lieu of the salary reduction, the 75th Legislature approved the implementation of 96 hours of furlough leave in both FY 2010 and FY 2011, which equated to a 4.6% salary reduction. The Legislature also approved holding employees harmless in the accumulation of retirement service credits for time taken as furlough leave.

**Estimated cost savings:
\$316.9 million over the
2009-11 Biennium**

Merit Freeze:

The Legislature approved the Governor's recommendation to temporarily suspend merit pay increases.

**Estimated cost savings: \$181.0 million over the
2009-11 Biennium**

Longevity Suspension:

The Legislature approved the Governor's recommendation to temporarily suspend longevity payments:

**Estimated cost savings: \$6.9 million over the
2009-11 Biennium**

Targeted Cuts to Operating Expenditures

Nevada System of Higher Education (NSHE): NSHE'S operating budget was reduced from \$1.316 billion approved by the 74th (2007) Legislature to \$1.002 billion by the 75th (2009) Legislature, a reduction of \$314.0 million. However, ARRA funds of \$184.8 million were provided in the 2009-11 Biennium to offset General Fund reductions.

K-12 Education: \$62.0 million in General Fund savings resulting from the reduction or elimination of many K-12 categorical programs within the School Remediation Trust Fund.

\$15.2 million in General Fund savings resulting from the suspension of all new teacher signing bonuses.

Targeted Cuts to Operating Expenditures

Medicaid Budget Reduction Measures Included:

- Elimination of payment to hospitals for Graduate Medical Education
- 5.0% reduction in inpatient hospital reimbursement rates
- Elimination of pediatric and obstetric enhancements for physicians in the Nevada Medicaid and Check Up programs
- Limitations on personal care services for bathing, grooming, and dressing limited to one hour per day
- Eliminate incentive payments paid to maintenance organizations for achieving certain health outcomes
- Increase county reimbursement revenue with corresponding offsets to General Fund appropriations related to Medicare Part D Clawback payments for dual eligibles

Elimination of Positions

Legislatively Approved Position Summary Full-Time Equivalency Count

Government Function	FY 2008-09 Work Program	Leg. Approved FY 2009-10	% Chg.	Leg. Approved FY 2010-11	% Chg.
Elected Officials	1,177.47	1,148.90	-2.4%	1,160.90	1.0%
Finance and Administration	921.55	878.04	-4.7%	878.04	0.0%
K-12 Education	340.41	288.44	-15.3%	283.44	-1.7%
Human Services	6,208.40	6,004.69	-3.3%	6,012.69	0.1%
Commerce and Industry	1,428.43	1,359.75	-4.8%	1,358.75	-0.1%
Public Safety	5,856.60	5,506.60	-6.0%	5,519.60	0.2%
Infrastructure	2,835.15	2,809.75	-0.9%	2,808.75	0.0%
Special Purposes Agencies	465.51	463.51	-0.4%	463.51	0.0%
Sub-Total	19,233.52	18,459.68	-4.0%	18,485.68	0.1%
Nevada System of Higher Education					
Professional	5041.89	4776.13	-5.3%	4776.13	0.0%
Classified	2749.84	2516.92	-8.5%	2516.92	0.0%
Sub-Total	7791.73	7293.05	-6.4%	7293.05	0.0%
Total	27,025.25	25,752.73	-4.7%	25,778.73	0.1%

A total of 773.84 FTE were eliminated from FY 2009 to FY 2010, excluding NSHE

A total of 498.68 FTE were eliminated from NSHE from FY 2009 to FY 2010

Deferral of Expenditures

- **Capital Improvement Program:** Assembly Bill 564 (2009) included \$241.2 million in General Obligation Bond authorization to support the Capital Improvement Program over the 2009-11 Biennium. This compares to the \$811.0 million approved by the 74th (2007) Legislature. The maintenance and renovation of state buildings and higher education facilities were postponed.
- **State Motor Pool:** No General Fund appropriations were provided for new vehicles for the State Motor Pool.
- **Computer Replacement:** State agencies were asked to defer computer replacement to a future budget cycle.

Federal Stimulus Assistance

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) into law. Overall, the ARRA made available approximately \$787.2 billion in federal funding for state and local government for fiscal stabilization. Nevada was eligible to receive an estimated \$2.2 billion in ARRA funding. Funding available to states was primarily made through a combination of state-specific allocations as well as competitive grant opportunities.

Public Law 111–5
111th Congress

An Act

Making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes.

Feb. 17, 2009
[H.R. 1]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “American Recovery and Reinvestment Act of 2009”.

American
Recovery and
Reinvestment
Act of 2009.
26 USC 1 note.

**ARRA Allocations Approved by the 2009 Legislature
Which Impacted General Fund Appropriations in the 2009-11 Biennial Budget**

Legislatively Approved ARRA Budget Adjustments	FY 2009 ARRA Allocations¹	FY 2010 ARRA Allocations	FY 2011 ARRA Allocations	Total ARRA Allocations
Increased FMAP - DHHS/Medicaid	\$111,708,220	\$151,779,584	\$ 76,361,225	\$339,849,029
Increased FMAP – DHHS/MHDS	\$ 8,007,901	\$ 16,001,909	\$ 8,374,289	\$ 32,384,099
Increased FMAP - DHHS/DCFS	\$ 3,008,908	\$ 6,940,902	\$ 3,669,671	\$ 13,619,481
TANF – DHHS/Welfare	\$ 0	\$ 4,364,333	\$ 7,535,667	\$ 11,900,000
SNAP – DHHS/Welfare (Food Stamp Admin.)	\$ 0	\$ 651,992	\$ 217,331	\$ 869,323
IDEA Part C – DHHS/Health	\$ 0	\$ 1,950,500	\$ 1,950,500	\$ 3,901,000
DHHS/Aging and Disability	\$ 0	\$ 83,900	\$ 0	\$ 83,900
State Fiscal Stabilization: Education – Department of Education and NSHE	\$139,626,106	\$ 92,389,311	\$ 92,389,311	\$324,404,728
State Fiscal Stabilization: Gov. Services – Dept. of Corrections	\$ 0	\$ 0	\$ 72,178,069	\$ 72,178,069
Education Technology, Title II, Part D – Department of Education	\$ 0	\$ 4,251,273	\$ 0	\$ 4,251,273
Total Legislatively Approved ARRA Adjustments	\$262,351,135	\$278,413,704	\$262,676,063	\$803,440,902
Total ARRA Funding Contained in The Executive Budget	\$ 0	\$ 81,896,347	\$ 26,058,132	\$107,954,479
Net Legislatively Approved ARRA Adjustments²	\$262,351,135	\$ 196,517,357	\$236,617,931	\$695,486,423

¹ FY 2008-09 budget allocations approved by the Interim Finance Committee.

² In several instances, the enhanced ARRA funding allowed state General Fund appropriations contained in The Executive Budget to be reduced and reallocated for other purposes, or to be approved in a different fiscal year.

This table does not reflect the total amount of ARRA funds estimated to be received by the state, but reflects ARRA funds that impacted General Fund support in the budget for the 2009-11 Biennium.

Supplemental K-12 funding opportunities were made through ARRA competitive grants, included in the following areas:

- Individuals with Disabilities Act, Part B: \$34.8 million in FY 2010
- Title I, Part of the Elementary and Secondary Education Act: \$25.1 million in FY 2010
- Enhancing Education Through Technology State Grant, Title II, Part D: \$4.3 million in FY 2010
- McKinney-Vento Education for Homeless Children Act, Title X, Part C Grant: \$523,263 in FY 2010
- National School Lunch Program Equipment Assistance Grant: \$679,103 in FY 2009
- Race to the Top funds for school reform: \$4.4 million
- Qualified School Construction Bonds: \$6.8 million in tax-credits bonds for CA 2009 and CA 2010

Other ARRA Federal Assistance

- The Governor’s recommended budget included a Federal Medical Assistance Percentage (FMAP) rate of 52.64% for the last three quarters of FY 2009. However, the FMAP increase provided in the ARRA, and legislatively approved for FY 2010, was 63.93%, generating General Fund savings of \$151.8 million in FY 2010 and \$76.4 million in FY 2011 compared to what the state would have had to pay for the save level of expenditures under the non-enhanced FMAP rate.
- Nevada qualified for \$18.0 million in Emergency Contingency Temporary Assistance for Needy Families (TANF) funding over the 2009-11 Biennium.
- ARRA made available \$145.0 million in FY 2009 and \$150.0 million in FY 2010 through the Supplemental Nutrition Assistance Program (SNAP).
- Nevada received ARRA funding of \$3.9 million over the 2009-11 biennium for Early Intervention Services.
- ARRA provided \$25.3 million to support Workforce Investment Act grants.
- ARRA was projected to provide approximately \$388.9 million in CY 2009 for unemployment insurance benefits.
- Emergency Unemployment Compensation was estimated to be \$196.4 million for up to 33 weeks of federally funded extended unemployment benefits.
- NDOT applied for \$201.4 million in ARRA funding for highway infrastructure investments.
- Nevada was estimated to receive \$37.3 million in three annual installments for the Weatherization Assistance Program.
- Nevada was eligible to receive \$34.7 million in formula-driven grants from the Department of Energy to stimulate the creation of jobs and save energy or increase energy generation.

Legislatively Approved General Fund Revenues and Appropriations 2007-09 Biennium vs. 2009-11 Biennium

	FY 2008	FY 2009	% Chg	FY 2010	% Chg	FY 2011	% Chg
Total Unrestricted General Fund Revenue	\$ 3,354,190,398	\$ 3,653,207,664	8.9%	\$ 3,200,205,394	-12.4%	\$ 3,373,975,780	5.4%
General Fund Operating Appropriation	\$ 3,334,613,076	\$ 3,756,867,641	12.7%	\$ 3,244,871,571	-13.6%	\$ 3,366,977,011	3.8%

Budget Reduction Decision Units Approved by the 75th (2009) Legislature

	FY 2010	FY 2011	2009-11 Biennium Total
E670 – Implemented 1 day per month furlough 2009-11 Biennium	\$ (170,960,115)	\$ (173,838,779)	\$ (344,798,894)
E671 – Suspend merit increases for the 2009-11 Biennium	\$ (58,562,626)	\$ (122,465,536)	\$ (181,028,162)
E672 – Suspend longevity payments for the 2009-11 Biennium	\$ (3,252,504)	\$ (3,679,415)	\$ (6,931,919)
E600-E620 Staffing and operating reductions	\$ (255,429,668)	\$ (259,377,466)	\$ (514,807,134)
E630-E639 – Eliminate or reduce new program not yet implemented	\$ (2,189,964)	\$ (2,168,751)	\$ (4,358,715)
E650-E659 – Program Limits or rate reductions	\$ (15,492,045)	\$ (17,888,602)	\$ (33,380,647)
E660-E669 – Program reductions and reductions to services	\$ (80,313,415)	\$ (54,174,970)	\$ (134,488,385)
Total	\$ (586,200,337)	\$ (633,593,519)	\$ (1,219,793,856)

* The amounts provided were sourced from the Fiscal Analysis Division's budgeting system and do not account for any legislative adjustments that may have offset these reductions.

*“Economic Forum:
\$580 million must be
cut from the budget”*

- Nevada Appeal, January 22, 2010

December 15, 2009

An All Agencies memo was sent by Director Clinger, seeking recommendations for 6%, 8% and 10% General Fund Budget Reserves for FY 2010 and FY 2011 based on revenues coming in lower than expected, as later confirmed by a special session of the Economic Forum held on January 22, 2010.

JIM GIBBONS Governor	STATE OF NEVADA	ANDREW K. CLINGER Director
		
DEPARTMENT OF ADMINISTRATION 209 E. Musser Street, Room 200 Carson City, Nevada 89701-4298 (775) 684-0222 Fax (775) 684-0260 http://www.budget.state.nv.us/		
ALL AGENCY MEMORANDUM #2009-37		
December 15, 2009		
TO:	All Agencies	
FROM:	Andrew K. Clinger, Director Department of Administration	
SUBJECT:	RECOMMENDATIONS FOR 6%, 8%, and 10% GENERAL FUND BUDGET RESERVE PROPOSALS FOR FY 2010 AND FY 2011	

**ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX,
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES**

DESCRIPTION	FY 2007 ACTUAL	%	FY 2008 ACTUAL	%	FY 2009 ACTUAL [a.]	%	REVISED GENERAL FUND FORECAST			
							FY 2010 REVISED FORECAST		FY 2011 REVISED FORECAST	
TAXES										
TOTAL MINING TAXES [3-FY09]	\$27,698,719	40.9%	\$35,131,075	26.8%	\$72,355,923	108.0%	\$40,100,000	-44.8%	\$35,100,000	-12.5%
TOTAL SALES AND USE TAX [1-FY04][1A-FY09][1B-FY09][1-FY10]	\$1,020,782,102	1.6%	\$859,739,728	-3.4%	\$859,739,728	-12.8%	\$758,074,300	-11.8%	\$732,918,400	-3.3%
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	\$858,840,751	2.5%	\$803,946,125	-6.4%	\$801,980,563	-13.9%	\$877,976,700	-2.0%	\$868,212,900	-1.4%
LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	\$132,493,622	13.1%	\$131,820,221	-0.5%	\$131,567,664	-7.8%	\$114,333,000	-6.0%	\$113,857,000	-0.4%
TOTAL INSURANCE TAXES	\$260,000,139	9.0%	\$257,367,084	-1.0%	\$239,202,995	-7.1%	\$223,537,500	-6.5%	\$217,637,500	-2.6%
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06][2-FY10]	\$257,432,283	10.6%	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$351,300,000	38.8%	\$351,865,000	0.1%
MBT-FINANCIAL [11-FY04][5-FY06]	\$21,520,319	-4.3%	\$20,698,297	-3.8%	\$24,397,568	17.6%	\$19,757,000	-19.0%	\$20,148,000	2.0%
CIGARETTE TAX [6-FY04][2-FY09][3-FY10]	\$113,071,937	-1.4%	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$88,162,000	-9.1%	\$83,811,000	-4.9%
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	\$120,374,961	-27.0%	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$47,500,000	-27.9%	\$42,000,000	-11.6%
ROOM TAX [5-FY09][4-FY10]							\$92,863,000		\$95,191,000	2.5%
GOVERNMENTAL SERVICES TAX [5-FY10]							\$45,843,000		\$55,012,000	20.0%
LIQUOR TAX [5-FY04][2-FY09][7-FY10]	\$38,911,094	4.2%	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$37,993,000	2.7%	\$37,019,000	-2.6%
OTHER TOBACCO TAX [7-FY04][2-FY09][8-FY10]	\$8,841,781	8.1%	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,402,560	2.9%	\$9,684,270	3.0%
HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,997,653	-8.7%	\$19,566,300	-2.2%	\$22,516,702	15.1%	\$40,720,000	80.8%	\$49,370,000	21.2%
BUSINESS LICENSE TAX [9-FY04]	\$239,466	-44.6%	\$13,983	-94.2%	\$3,228	-76.9%	\$7,500	132.3%	\$5,000	
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	\$3,029,997	7.5%	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,444,000	10.0%	\$3,297,000	-4.3%
TOTAL TAXES	\$2,888,014,822	2.1%	\$2,770,904,166	-4.1%	\$2,501,821,658	-9.7%	\$2,556,013,580	2.2%	\$2,519,928,070	-1.4%
LICENSES										
INSURANCE LICENSES	\$13,708,513	9.3%	\$14,500,714	5.8%	\$14,738,011	1.6%	\$15,508,000	5.2%	\$15,848,000	0.9%
MARRIAGE LICENSES	\$512,218	-8.5%	\$490,084	-4.3%	\$446,691	-8.9%	\$437,900	-2.0%	\$420,000	-4.1%
TOTAL SECRETARY OF STATE [14-FY04][9-FY10]	\$99,238,461	-1.9%	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$87,983,000	-5.6%	\$86,134,000	-2.1%
PRIVATE SCHOOL LICENSES	\$249,129	1.2%	\$217,403	-12.7%	\$204,973	-5.7%	\$215,800	5.3%	\$232,300	7.6%
PRIVATE EMPLOYMENT AGENCY	\$18,300	1.7%	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-2.9%	\$16,700	
TOTAL REAL ESTATE [15-FY04][16-FY04]	\$3,160,580	-0.2%	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-4.0%	\$2,612,200	3.0%
ATHLETIC COMMISSION FEES	\$4,243,723	39.5%	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,050,000	-11.8%	\$3,050,000	
TOTAL LICENSES	\$121,128,624	0.3%	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$109,747,600	-4.3%	\$108,113,200	-1.5%
FEES AND FINES										
VITAL STATISTICS FEES [17-FY04]	\$990,077	9.9%	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	3.9%	\$852,200	
DIVORCE FEES	\$201,846	-4.4%	\$211,111	4.4%	\$211,254	0.0%	\$197,900	-6.3%	\$197,700	-0.1%
CIVIL ACTION FEES	\$1,445,950	3.5%	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,603,000	-3.0%	\$1,644,200	2.6%
INSURANCE FEES	\$882,643	-35.6%	\$2,143,195	142.6%	\$1,177,780	-45.0%	\$1,000,000	-15.1%	\$1,000,000	
MEDICAL PLAN DISCOUNT REGISTRATION FEES	\$9,000		\$12,000	33.3%	\$10,000	-16.7%	\$12,000	20.0%	\$12,000	
TOTAL REAL ESTATE FEES	\$1,288,567	-12.7%	\$857,184	-24.5%	\$793,128	-17.1%	\$708,600	-10.7%	\$721,100	1.8%
SHORT-TERM CAR LEASE [4-FY09][10-FY10]	\$29,806,850	11.8%	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$35,795,000	30.1%	\$37,517,000	4.8%
ATHLETIC COMMISSION LICENSES/FINES	\$585,662	-15.1%	\$482,325	-17.6%	\$149,853	-68.9%	\$100,000	-33.3%	\$100,000	
WATER PLANNING FEES										
STATE ENGINEER SALES [11-FY10]	\$2,165,724	-3.7%	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$2,600,000	21.1%	\$2,600,000	
SUPREME COURT FEES	\$218,285	11.6%	\$220,335	0.9%	\$202,498	-8.1%	\$222,400	9.8%	\$231,200	4.0%
MISC. FINES/FORFEITURES	\$2,631,519	107.3%	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$2,380,100	-61.8%	\$2,697,600	14.3%
TOTAL FEES AND FINES	\$40,206,123	10.5%	\$40,991,433	2.0%	\$40,889,864	-0.3%	\$45,451,200	11.2%	\$47,573,000	4.7%
USE OF MONEY AND PROPERTY										
LYON COUNTY REPAYMENTS										
OTHER REPAYMENTS [18-FY04]	\$2,905,765	32.0%	\$5,145,859	77.1%	\$4,556,312	-11.5%	\$1,592,593	-65.0%	\$1,098,135	-31.0%
MARLETTE REPAYMENT	\$10,512	-1.4%	\$10,512		\$10,512		\$10,512		\$9,185	-12.6%
INTEREST INCOME	\$52,915,782	60.7%	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$3,582,600	-90.6%	\$8,080,500	125.0%
TOTAL USE OF MONEY AND PROPERTY	\$55,832,059	59.9%	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$5,185,705	-77.5%	\$9,167,820	76.8%
OTHER REVENUE										
HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
PROPERTY TAX: 4-CENT OPERATING RATE [13-FY10]							\$36,010,800		\$32,446,600	
PROPERTY TAX: 5-CENT CAPITAL RATE [14-FY10]							\$34,210,300		\$25,957,300	
ROOM TAX: STATE 3/8 OF 1% RATE [15-FY10]							\$2,334,563		\$3,265,434	
INSURANCE VERIFICATION FEES [17-FY10]							\$7,000,000		\$6,000,000	
SUPPL. ACCOUNT FOR MED. ASSIST. TO INDIGENT [18-FY10]							\$25,199,365		\$22,970,977	
COURT ADMINISTRATIVE ASSESSMENTS [16-FY10]							\$4,763,532		\$6,133,023	
MISC. SALES AND REFUNDS	\$5,031,331	27.9%	\$2,383,105	-52.6%	\$1,334,234	-44.0%	\$853,800	-28.5%	\$938,300	-1.6%
COST RECOVERY PLAN	\$10,455,487	0.0%	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$7,142,200	0.0%	\$7,142,200	
PETROLEUM INSPECTION FEES	\$609,362	5.0%								
UNCLAIMED PROPERTY [9-FY06][5-FY09][12-FY10]	\$23,464,527	5.4%	\$49,179,534	109.6%	\$50,092,050	1.9%	\$47,919,000	-4.3%	\$43,081,000	-10.1%
TOTAL OTHER REVENUE	\$39,560,707	6.2%	\$59,001,707	48.0%	\$58,888,534	-0.2%	\$165,833,580	181.7%	\$148,234,834	-10.6%
TOTAL GENERAL FUND REVENUE	\$3,145,042,636	2.8%	\$3,054,267,831	-2.9%	\$2,739,340,032	-10.3%	\$2,882,231,625	5.2%	\$2,833,016,924	-1.7%

Economic Forum

Emergency Meeting January 22, 2010

Emergency Economic Forum meeting convened January 22, 2010, and the resulting economic projections established that total General Fund revenue for the 2009-11 Biennium would total approximately \$587.4 million less than the May 1, 2009, Economic Forum forecast, adjusted for actions approved during the 2009 Session.

Preparing for the 26th (2010) Special Session...

- Nevada's unemployment rate was 13.0%.
- One in ten Nevada housing units received at least one foreclosure notice in 2009.
- Caseloads for Medicaid and Temporary Assistance for Needy Families had grown about 30.0% from June 2008 to June 2009.
- The number of food stamp recipients in households with no other cash income increased 173.0%.

State of Nevada Estimated General Fund Shortfall Fiscal Year 2010 and 2011 As of February 3, 2010

	FY 2010	FY 2011	Total
General Fund Revenue	\$(234,473,496)	\$(352,958,806)	\$(587,432,302)
Unrestricted General Fund Reversions	(7,100,000)	(10,500,000)	(17,600,000)
Distributive School Account Shortfall	(84,020,858)	(122,694,466)	(206,715,324)
Medicaid Caseload Shortfall	(28,371,212)	(32,507,446)	(60,878,658)
Division of Welfare Shortfall	-	(6,800,000)	(6,800,000)
Mental Health & Developmental Services Shortfall	(2,000,000)	-	(2,000,000)
Total Shortfall	<u>\$(355,965,566)</u>	<u>\$(525,460,718)</u>	<u>\$(881,426,284)</u>

Exhibit F - Andrew Clinger, Department of Administration

February 3, 2010, IFC

Report on the Status of the State Budget

Status of General Fund shortfall based on preliminary revenue estimates made by the Economic Forum and actions taken or planned to address the estimated shortfall.

Andrew Clinger, Department of Administration

****REVISED JANUARY 28, 2010**** **MEETING NOTICE AND AGENDA**

Name of Organization: NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE

Date and Time of Meeting: February 3, 2010 - 9:00 a.m.

Place of Meeting: Legislative Building, Room 4100
401 South Carson Street
Carson City, Nevada

Note: Some members of the Committee may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada

If you cannot attend the meeting, you can listen to or view it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "Live Meetings - Listen or View."

Note: Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.

AGENDA

***I. REPORT ON THE STATUS OF THE STATE BUDGET**

1. Status of General Fund shortfall based on preliminary revenue estimates made by the Economic Forum and actions taken or planned to address the estimated shortfall – Department of Administration

February 3, 2010, IFC (continued)

In summary, Mr. Clinger continued, the state was facing an \$881.4 million shortfall over the biennium. To put the numbers in perspective, there would be a nearly \$356.0 million shortfall in FY 2010, representing a 10.40% decline over the General Fund resources that were available when the Legislature approved the budget in 2009. In FY 2011, there was estimated to be a \$525.5 million reduction in General Fund resources, an approximate 14.80% decline as compared to the legislatively approved budget.

Mr. Clinger pointed out that the FY 2010 forecast for sales and use tax was down 13.50% over FY 2009, and in FY 2011, it was projected to decline an additional 3.35%. In total, Sales and Use Tax was expected to further decrease by \$183.4 million over the biennium. Mr. Clinger noted the LSST was anticipated to decrease by a total of \$216.0 million over the biennium.

- Net Proceeds of Minerals: \$19.8 million increase over the Economic Forum's May 2009 forecast
- General Fund Sales Tax Commissions: \$6.0 million decline
- Business License Fees: \$31.5 million decline
- Liquor Tax: \$6.0 million decline

- Governmental Services Tax: \$6.6 million increase
- Short-term Car Lease: \$3.6 million decline
- Unclaimed Property Receipts: \$14.7 million increase

February 4, 2010

Discussion of proposals to reduce Nevada System of Higher Education spending and proposed solutions to state budget.

February 9, 2010

Review of proposals to reduce spending related to the Division of Health Care Financing and Policy, the Division of Mental Health and Developmental Services, and the Division of Welfare and Supportive Services.

February 10, 2010

State Treasurer presentation on cash position; HHS – Health Division; Division of Child and Family Services; Aging and Disability Services Division; Department of Corrections; Department of Public Safety

Preparing for the 26th (2010) Special Session

Interim Finance Committee Meetings

February 18, 2010

Hearing from the Department of Taxation; Secretary of State; Gaming Control Board; the Athletic Commission; the Associated General Contractors of Northern Nevada; Associated General Contractors, Southern Nevada; Carpenters' Union; Regional Transportation Commission (RTC) of Southern Nevada; Division of Insurance – Department of Business and Industry.

Status of General Fund shortfall based on preliminary revenue estimates provided by the Economic Forum and actions taken or considered to address the estimated shortfall including:

- Debt and taxes determined uncollectible and the sweeping of the Surety Bond Fund
- Tax Amnesty Program
- Prepayment of Net Proceeds of Minerals
- Installation of InsureNet system to take a picture of vehicles and identify those not properly insured. A fine would be issued to the individual at the time or at registration.

Preparing for the 26th (2010) Special Session

Interim Finance Committee Meetings

February 22, 2010

Discussion of the closure of Nevada State Prison, Casa Grande Transitional Housing, Wells Conservation Camp.

Consideration was given to implement a State Building Lease Program – where sale-leasebacks and lease-leaseback would be contemplated to generate revenue from state assets. Under this concept, the state would enter into long-term lease agreements with other entities or individual investors who would lease the properties back to the state and once the terms of the lease agreements expired, the state regained ownership of the properties.

Preparing for the 26th (2010) Special Session

Interim Finance Committee Meetings

Travel Restrictions: All departments were instructed to eliminate travel not essential to their core missions, particularly any training unrelated to necessary certifications. Travel funded externally to the state was exempt from this restriction.

Overtime Limitations: Overtime was to be eliminated unless directly related to the core mission, or the health, life, and safety of employees or the public. Supervisors were required to provide written justification for any overtime accrued. Certain departments, such as Public Safety, Corrections, Gaming, Wildlife, and Industrial Relations, were presumed to have overtime directly related to these parameters.

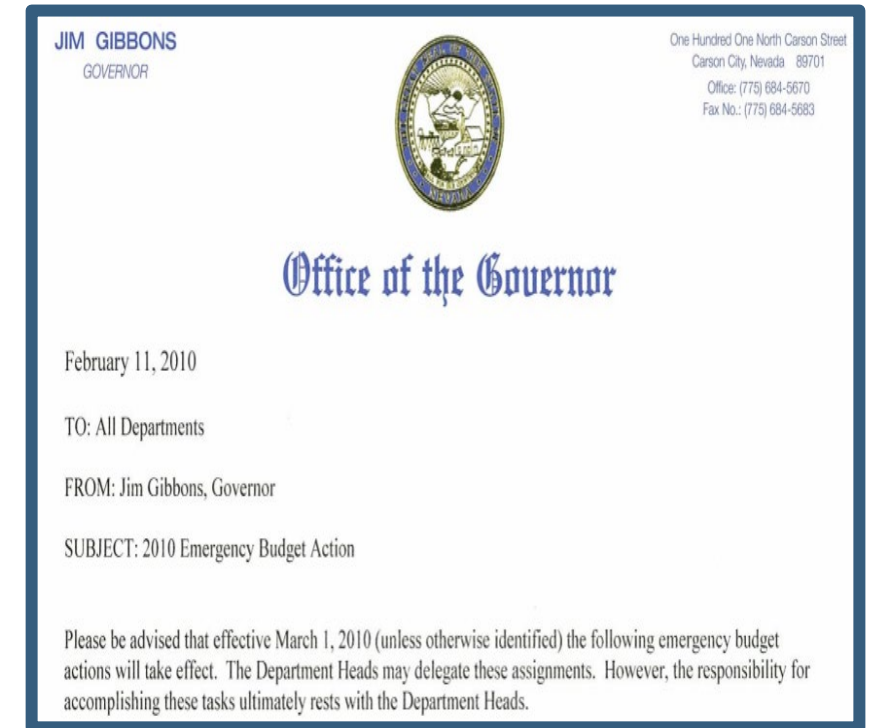
Hiring Freeze: A hiring freeze was implemented across all departments, affecting positions funded by the General Fund, Highway Fund, fees, or federal funds. Exceptions could only be granted upon approval from the Governor's Office for positions deemed critical to state operations.

Salary Adjustments: Requests to accelerate salaries or for temporary salary adjustments (+5%) were to be denied. Agencies with delegated authority to approve such adjustments were also required to deny any new requests.

Contract and Lease Renegotiations: Departments were directed to analyze existing contracts and leases to achieve a minimum cost reduction of 15.0% through renegotiations.

February 11, 2010

An All Departments memo from Governor Gibbons was sent, indicating emergency budget actions being implemented effective March 1, 2010.



26th Special Session

February 23, 2010

"WHEREAS, Nevada is now facing the worst economic crisis in the State's history, and..."

Direction was given to:

- Reduce General Fund operating appropriations
- Transfer funds from 25 different accounts to the General Fund
- Increase the number of furlough hours to 10 per month for certain staff
- Closing State offices one day per week
- Provide local government with flexibility for operating hours
- Adjust rates to be paid for Medicaid programs
- Remove spending earmarks for K-12 education



Significant Bills of the 26th (2010) Special Session

Assembly Bill 1

Mandated employers with 50+ employees to electronically transfer withheld child support payments to the state, effective July 1, 2010.

Assembly Bill 2

Allowed county offices in Nevada to deviate from required operating hours if the board of county commissioners approves a fiscally neutral or cost-saving plan.

Assembly Bill 3

Revised state financial administration by reallocating funds from the Abandoned Property Trust Account to the State General Fund, temporarily reducing state agency assessments for retiree benefits, authorizing fund transfers within the Department of Health and Human Services, and reducing budgeted amounts for certain state programs for FY 2010 and FY 2011.

Assembly Bill 4

Temporarily allowed school districts to increase class sizes by up to two students in grades 1 through 3 for the 2010-2011 school year, reallocating the funds saved to minimize budget reductions' impact on class sizes in grades 4 through 12.

Assembly Bill 5

Temporarily waived, from July 1, 2009, to June 30, 2011, the requirement for school districts, charter schools, and university schools for profoundly gifted pupils to spend a minimum amount on textbooks, instructional supplies, software, and hardware, allowing them to allocate these funds elsewhere without seeking individual waivers.

Significant Bills of the 26th (2010) Special Session

Assembly Bill 6

Designed to provide additional General Fund revenue for FY 2010 and FY 2011, Assembly Bill 6 contained the following provisions:

- The Department of Taxation was required to conduct a tax amnesty program from July 1, 2010, to September 30, 2010, for all taxes that are required to be reported and paid to the Department.
- The Clean Water Coalition was required to transfer securities and cash in the amount of \$62,000,000 to the State General Fund, effective April 1, 2010. **This action was overturned by the Nevada Supreme Court in May 2011, which is addressed further in this presentation.**
- A new annual mining claim fee was created, based on the number of claims filed pursuant to NRS 517.230, for FY 2010 and FY 2011. The fee was to be imposed at the following rates:
 - 10 or fewer claims: No fee
 - 11 to 199 claims: \$70 per claim
 - 200 to 1,299 claims: \$85 per claim
 - 1,300 or more claims: \$195 per claim
- The Legislative Commission was required to transfer the first \$100,000 in revenue collected by LCB from lobbyist registration fees in FY 2011 to the General Fund.
- Permanently increased various fees associated with activities of the Secretary of State's Office related to securities, commercial recordings, and Uniform Commercial Code filings, effective July 1, 2010.
- Increased the license fee collected by the Nevada State Athletic Commission for exhibitions of unarmed combat from 4% to 6%, effective July 1, 2010.
- Imposed a new fee of \$150 at the time of recording a notice of default and election to sell real property, effective July 1, 2010.

Significant Bills of the 26th (2010) Special Session

Senate Bill 1

Appropriated \$250,000 from the State General Fund to the Legislative Fund to cover the costs of the special session.

Senate Bill 2

Lifted the restriction on using student achievement data to evaluate teachers and paraprofessionals, aligning with federal requirements for Race to the Top funding eligibility.

Senate Bill 3

Temporarily reduced salaries and modifies work schedules for certain state employees, including furlough requirements, overtime approval processes, and compensation adjustments, as a response to budget constraints for FY 2011.

Senate Bill 4

Revised provisions regarding the list of preferred prescription drugs for Nevada's Medicaid program, removing certain drug classes from exclusion requirements while ensuring continued coverage for specific patients, with a sunset date of June 30, 2011.

Senate Bill 5

Amended various provisions related to the Fund for Cleaning Up Discharges of Petroleum, allowing for the transfer of excess funds to a new account for public road construction and maintenance, while also authorizing the Department of Motor Vehicles to set fees for services by regulation and removing the expiration of certain gross receipts taxes in Clark County.

All Agencies Memo

Due to the anticipated shortfall in the 2011-13 Biennium, agencies were instructed to limit their requests to specified target amounts for General Fund, Highway Fund, and Court Assessments. The targets included a 10% reduction from the legislatively approved budgets for FY 2011. Some decision units, such as those related to inflation and caseload increases, were exempt from these caps.

April 30, 2010

“The State faces a significant budget gap in the 2011 – 2013 biennium...”

Andrew Clinger, Department of Administration

JIM GIBBONS Governor	STATE OF NEVADA	ANDREW K. CLINGER Director
		
DEPARTMENT OF ADMINISTRATION 209 E. Musser Street, Room 200 Carson City, Nevada 89701-4298 (775) 684-0222 Fax (775) 684-0260 http://www.budget.state.nv.us/		
ALL AGENCY MEMORANDUM #2010-20		
April 30, 2010		
TO:	All Agencies	
FROM:	Andrew K. Clinger, Director Department of Administration	
SUBJECT:	2011-2013 Biennium Agency Request Appropriation and Authorization Limits	



76th (2011) Legislative Session

In the News...

Honorable Members of the Seventy-Sixth Senate and Assembly

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CARSON CITY, NEVADA 89701
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Office of the Governor

January 20, 2011

The Honorable Members of the Senate and the Assembly
Seventy-Sixth Legislative Session
Legislative Building
401 South Carson Street
Carson City, Nevada 89701

Honorable Members of the Senate and Assembly:

Transmitted herewith is the 2011-2013 Executive Budget for the State of Nevada.

These are challenging times for our state, a fact reflected in the Executive Budget. Due to the prolonged economic recession and lagging state revenue, I have prepared a budget that represents a 6.4 percent reduction in General Fund expenditures and an 8 percent reduction in overall spending from the prior biennium. My budget contains no new taxes. The Economic Forum projected \$5.33 billion in revenue and my administration has made every effort to honor that figure as the available funds for the operation of state government. We have worked to return State spending to 2007 levels, and I am pleased to report that the proposed 2011-2013 General Fund budget is within one percent of the 2005-2007 biennium.

While this budget does not contain new taxes, it does make use of nearly \$1 billion in available revenues. These measures were necessary due to the staggering increase in Medicaid and other Health and Human Services needs, as well as to preserve as much education funding as we could. There are four principal measures the Legislature will be asked to consider:

1. Continued diversion of nine cents in local property tax in Clark and Washoe Counties to support the Nevada System of Higher Education in those counties;
2. The temporary use of available funds held by a majority of local school districts in debt service accounts;
3. A redirection of room tax funds earmarked for a "supplemental" education account to the basic support of education; and
4. The asset sale of state insurance premium tax.

The Executive Budget also recommends the consolidation, merger, or elimination of numerous state departments and agencies. A five-percent reduction in employee salaries has been included, together

The Honorable Members of the Senate and the Assembly
January 20, 2011
Page Two

with the continuation of a freeze on merit and longevity pay. In total, \$1.6 billion in spending cuts have been made. In making each decision, care has been taken to place state government spending on a par with our constituents in the private sector. Nevada families and businesses have made do with less through three long years of the economic downturn, and it is my belief that state government must continue to do the same.

Economic development is critical to bolster Nevada's ailing economy. As such, I have increased General Fund support by nearly 50 percent in this area and established a Catalyst Fund to provide resources needed to enable businesses to expand and relocate here. These programs, together with workforce development efforts and other initiatives in my budget, will help get Nevada working again.

Much has been said about the scope of budget cuts to the Department of Health and Human Services. I am pleased to report that many of the programs originally targeted for reduction have been protected in this budget; programs such as personal care services and adult day health care will continue. Through efficiencies and thoughtful examination of each line item, this Administration is convinced the budget is sound, reasonable, and appropriate to the times. We have worked to prioritize the services of state government and to establish performance measures directly tied to outcomes. More needs to be done in this area, and I look forward to working with the Legislature as Nevada Open Government and other initiatives make our budgeting process more transparent and accountable to the people.

Cuts to K-12 and higher education, as well as the shifting of certain services to local government, will certainly be met with debate. I believe these measures can be absorbed by the counties and school districts – provided local leaders are willing to reform their practices and enter into meaningful negotiations with employee associations. State employees alone cannot carry the burden of budget cuts; more must be done in local governments and educational institutions to ensure all public employees share in these sacrifices equally.

I look forward to discussing Nevada's funding priorities, its short-term plan for recovery, and the longer-term restructuring of government. Together, we can chart a new course for our state as we look forward to future years of prosperity.

Sincerely,

BRIAN SANDOVAL
Governor

Eliminate Clean Water Coalition Transfer of \$62.0 Million to the General Fund:

Clean Water Coalition – May 26, 2011 - The Clean Water Coalition (CWC) in Southern Nevada collected fees from 2002 to 2010 to fund the Systems Conveyance and Operations Program (SCOP), which aimed to plan, design, finance, construct, operate, and maintain a regional system for conveying effluent to the Colorado River. However, when SCOP was suspended, the Nevada Legislature enacted Assembly Bill (A.B.) 6 during the 26th (2010) Special Session, directing the CWC to transfer approximately \$62.0 million of these collected fees into the State General Fund.

Businesses that had paid these fees challenged this transfer, arguing that converting the fees into a tax violated the *Nevada Constitution's* prohibition against special taxes. The Nevada Supreme Court agreed, ruling that A.B. 6 constituted an impermissible local and special tax. The Court found that the law disproportionately burdened the CWC in its revenue-raising efforts, thereby violating constitutional provisions.

The Nevada Supreme Court determined that the state could not transfer the fee revenue collected by the Clean Water Coalition to the General Fund, as it violated constitutional provisions regarding taxes. This decision has since influenced legislative practices in Nevada, emphasizing the necessity for general laws applicable statewide when reallocating funds, rather than laws targeting specific entities or regions. This case has set a precedent that affects how future legislation can direct funds from local entities to the State General Fund.

Revenue Actions Approved by the 2011 Legislature

Assembly Bill 561

Assembly Bill 561, the major revenue enhancement bill for the 2011-13 Biennium, made the following changes:

- Extended the sunset for the 0.35% increase in the LSST from June 30, 2011, to June 30, 2013.
- Extended the sunset for the annual \$200 business license collected by the Secretary of State's Office from June 30, 2011, to June 30, 2013.
- Extended the rate increase for the Modified Business Tax on Nonfinancial Institutions for wages above \$62,500 per calendar quarter until June 30, 2013; however, the rate on wages up to and including \$62,500 per calendar quarter was reduced from 0.50% to zero, until June 30, 2013.
- Extended the requirement for the prepayment of the Net Proceeds of Minerals Tax until June 30, 2013.
- Required that the 1.0% portion of the 10.0% Short-Term Car Rental Tax that was deposited in the State Highway Fund be permanently dedicated to the State General Fund, beginning in FY 2012.
- Suspended the mandatory transfer of 1.0% of the Economic Forum's forecast to the Rainy Day Fund for FY 2012 and FY 2013.
- Transferred the balance of the Rainy Day Fund (\$41.3 million) to the State General Fund in FY 2011.

Revenue Actions Approved by the 2011 Legislature

Assembly Bill 579

Required that the proceeds from the 3.0% room tax, initially approved through Initiative Petition 1 (I.P. 1) as enacted by the 2009 Legislature, be transferred to the State Distributive School Account as a funding source for the Nevada Plan in FY 2012 and FY 2013, rather than remaining in the State Supplemental School Support Fund as originally required under I.P. 1 for those fiscal years.

Assembly Bill 219

Required that 75.0% of the value of expired slot machine wagering vouchers retained by nonrestricted gaming licensees to be remitted to the Gaming Commission for deposit in the State General Fund on a quarterly basis, for any voucher that was issued on or after the bill's effective date (July 1, 2011).

Assembly Bill 500

Reduced the portion of the quarterly licensing fee for restricted and nonrestricted slot machines that was to be dedicated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling from \$2 per machine to \$1 per machine for FY 2012 and FY 2013, instead requiring that additional \$1 to be deposited in the State General Fund.

Revenue Actions Approved by the 2011 Legislature

Assembly Bill 529

Required the transfer of \$19.1 million in FY 2012 and \$19.2 million in FY 2013 from the Supplemental Account for Medical Assistance to Indigent Persons, created in the Fund for Hospital Care to Indigent Persons pursuant to NRS 428.305, to the State General Fund.

Senate Bill 136

Reduced the period from 3 years to 2 years by which certain types of unclaimed property is presumed to be abandoned, if the holder of the property reported holding more than \$10.0 million presumed to be abandoned for the most recent report filed with the State Treasurer's Office.

Senate Bill 503

Senate Bill 503 required that the proceeds from the commission retained by the Department of Motor Vehicles from the amount of Governmental Services Tax (GST) collected, and any penalties for delinquent payment of the GST, to be transferred to the State General Fund in FY 2012 and FY 2013. **The amount transferred in each fiscal year could not exceed \$20,894,228 from commissions and \$4,672,213 from penalties.**

Revenue Actions Approved by the 2011 Legislature

Senate Bill 493

Senate Bill 493 made a number of changes to the allowed deductions from gross proceeds for the calculation of the Net Proceeds of Minerals Tax, including permanently removing deductions for the costs of fire insurance and marketing and temporarily eliminating the deductions for the costs of health and industrial insurance (for the purposes of calculating the tax due for calendar year 2012 and 2013 only).

The bill also clarified existing deductions allowed in statute or via regulation, specifying that the deduction for the costs of extraction is limited to direct costs for activities in Nevada, that the deduction for developmental work is limited to work necessary for the operation of the mine or a group of mines, and that the costs of reclamation work and remediation may be taken in the years the reclamation work occurred.

The bill specifically excluded certain expenses from being allowed as deductions from gross proceeds, including the costs of employee housing; employee travel that is outside of Nevada and not directly related to mining operations within the state; costs related to severance of employment; dues paid to third-party organizations or trade associations to promote or advertise a product; lobbying costs; mineral exploration costs; and any federal, state, and local taxes.

Senate Bill 493 additionally repealed the Mining Claim Fee approved in Assembly Bill 6 of the 26th (2010) Special Session, and included provisions allowing a person who paid the fee (or any penalty or interest) to receive a credit against the Modified Business Tax or, if it is impractical to issue such a credit, to receive a refund of the amount paid.

Expenditure Reductions 2011-13 Biennium

Mechanisms used to reduce expenditures:

- Statewide Reduction Decision Units
- Targeted Cuts to Operating Expenditures
- Deferral of Expenses
- Elimination of Positions
- Miscellaneous Adjustments

Statewide Reduction Decision Units

Salary Reductions:

Governor Sandoval recommended salary reductions of 5.0% effective July 1, 2011. In lieu of the salary reduction, the 76th (2011) Legislature approved the implementation of 48 hours of annual furlough leave and a 2.5% salary reduction, which equated to a 4.8% salary reduction. It also approved continuing to hold employees harmless in the accumulation of retirement service credits for time taken as furlough leave. **Estimated cost savings: \$193.0 million over the 2011-13 Biennium**

Merit Freeze: The 2011 Legislature approved the Governor's recommendation to temporarily suspend merit pay increases.

Estimated cost savings: \$27.3 million over the 2011-13 Biennium

Longevity Suspension: The 2011 Legislature approved the Governor's recommendation to temporarily suspend longevity payments:

Estimated cost savings: \$5.2 million over the 2011-13 Biennium

Targeted Cuts to Operating Expenditures

- \$100.4 million General Fund reduction in basic support for K-12 Education.
- \$141.7 million General Fund reduction to NSHE, which reduced support of operating expenditures. The Board of Regents approved registration fee surcharges for undergraduate and graduate students to partially offset General Fund reductions.
- \$211.6 million General Fund reduction representing an employee contribution of 5.3075 percent, to the Public Employees' Retirement System.
- \$16.1 million phased closure of Nevada State Prison.
- \$13.3 million offset to General Fund. As a condition to receive TANF Block Grant Funds, federal regulations required the state to contribute General Funds as maintenance of effort (MOE) equal to 80.0% of the amount spent on Aid to Families with Dependent Children (AFDC) and Job Opportunities and Basic Skills (JOBS) during FY 1994. The Legislature deferred \$6.2 million of the State General Fund MOE contribution for FFY 2012 until the first quarter SFY 2013 (between July 1, 2012, and September 30, 2012), which corresponded to the last quarter of FFY 2012. Similarly, the Governor recommended deferring \$7.1 million of the State General Fund MOE contribution for FY 2013 until the first quarter of SFY 2014, which corresponded to the last quarter of FFY 2013. The net result of this recommendation equated to General Fund reductions of \$6.2 million in FY 2012 and \$7.1 million in FY 2013. This recommendation was possible because the state fiscal year and the federal fiscal year was offset by three months (state fiscal year begins on July 1, while the federal fiscal year begins October 1).
- \$15.8 million General Fund savings to implement a care management program for aged, blind and disabled through more efficient service delivery.

Deferred Expenditures and Eliminated Positions:

The Capital Improvement Program (CIP)

- Approximately \$53.2 million was legislatively approved by the 2011 Legislature for the 2011-13 Biennium, which is approximately \$7.9 million less than the amount recommended by the Governor (\$61.0 million).
- The 2011 CIP compares to programs of \$811.0 million approved by the 2007 Legislature and \$419.4 million approved by the 2005 Legislature.

Positions

- The Legislature eliminated a net 574.90 FTE for FY 2012 compared to FY 2011, and added a net 33 positions in FY 2013.

Miscellaneous Adjustments:

Expiring American Recovery and Reinvestment Act (ARRA)

ARRA enhanced FMAP concluded June 30, 2011 – Under ARRA, the FMAP rate for Medicaid was enhanced to 63.93% during FY 2010. With the conclusion of the enhanced FMAP, Nevada FMAP was reduced to 59.26%. The Legislature approved General Fund appropriations totaling \$91.7 million in FY 2012 and \$51.3 million in FY 2013 to replace federal funds that were provided to state through the enhanced FMAP rate temporarily approved through ARRA.

Expenditure Adjustments:

Statewide Decision Units Approved to Reduce the Budget

	FY 2012	FY 2013	2011-13 Biennium Total
E600-E605 & E640, E690-E699 - Budget Reductions	\$ (225,907,074)	\$ (237,799,863)	\$ (463,706,937)
E606-E620 - Staffing and Operating Reductions	\$ (9,568,013)	\$ (12,725,013)	\$ (22,293,026)
E650-E659 Program Limits or Rate Reductions	\$ (5,991,684)	\$ (5,699,658)	\$ (11,691,342)
E660-E669 - Program Reductions /Reductions to Services	\$ (7,530,099)	\$ (7,319,197)	\$ (14,849,296)
E670 – 6 furlough days and 2.5% salary reduction	\$ (95,775,362)	\$ (97,204,598)	\$ (192,979,960)
E671 – Suspend merit increases	\$ (7,901,917)	\$ (19,433,257)	\$ (27,335,174)
E672 – Suspend longevity payments	\$ (2,452,758)	\$ (2,800,620)	\$ (5,253,378)
E674 - Reduce Holiday Premium Pay	\$ (1,336,534)	\$ (1,334,190)	\$ (2,670,724)
E680-E689 - New Revenue or Expenditure Offsets	\$ (5,495,457)	\$ (9,782,526)	\$ (15,277,983)
Total	\$ (361,958,898)	\$ (394,098,922)	\$ (756,057,820)

* The amounts provided were sourced from the Fiscal Analysis Division's budgeting system and do not account for any legislative adjustments that may have offset these reductions.

Planning for Future Downturns

Rainy Day Account

- Assembly Bill 165, as approved by the 2009 Legislature, amended the statutes governing the Rainy Day Account. The bill required the Governor, beginning on July 1, 2011, to reserve 1.0% of the total anticipated revenue projected for each fiscal year of the biennium by the Economic Forum at its meeting in December of even-numbered years in the Governor's recommended budget that is submitted to the Legislature.
- The bill also required, beginning in FY 2012, that the State Controller transfer from the State General Fund to the Rainy Day Account at the beginning of each fiscal year, 1.0% of the total anticipated revenue projected by the Economic Forum at its meeting in May of an odd-numbered year, adjusted by any legislation enacted by the Legislature that affects state revenue.
- **As recommended by the Governor, the 2011 Legislature delayed the effective date of these requirements until July 1, 2013 (A.B. 561).**

2011-2012 Interim

In October 2009, the state began borrowing from the federal government to pay for unemployment insurance benefits, with a total of \$773.0 million ultimately borrowed. As part of the American Recovery and Reinvestment Act (ARRA), interest accrued on the trust fund loans was waived for FY 2009 and FY 2010, but interest began accruing on January 1, 2011.

The Employment Security Division sought \$23.9 million from the restricted IFC Contingency Account to pay for the interest on the loan that was set aside pursuant to A.B. 484 of the 2011 Session. In 2013, the state issued unemployment bonds to repay the federal government and take advantage of lower interest rates. However, the bonds were not fully repaid until 2017.

June 21, 2012, IFC

MEETING NOTICE AND AGENDA

Name of Organization: NEVADA LEGISLATURE'S INTERIM FINANCE COMMITTEE

Date and Time of Meeting: August 31, 2011 – 9:00 a.m.

Place of Meeting: Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada

Note: Persons other than Committee members may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

Legislative Building
Room 4100
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen to or view it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "Live Meetings – Listen or View."

Note: Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.

AGENDA

For
Possible
Action

- K. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO ASSEMBLY BILL 484, SECTIONS 3 AND 4 (2011 SESSION) – Request for allocation of \$23,900,000 in FY 2012 and \$40,100,000 in FY 2013 for interest payments due the federal government for the loan made available to the state upon depletion of Nevada's Unemployment Compensation Fund.



77th (2013) Legislative Session

In the News...

Honorable Members of the Seventy-Seventh Legislative Session

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Office of the Governor

January 16, 2013

Honorable Members of the Senate and Assembly:

Transmitted herewith is the 2013-2015 Executive Budget for the State of Nevada.

The State of Nevada has experienced a prolonged period of economic challenges which continue to persist. While we have seen steady improvement over the past two years, significant challenges remain. The budget I am submitting addresses critical needs of our state government, invests in education and meets our responsibility to care for our citizens – yet does so in a manner commensurate with the economic times.

This budget reflects the good economic news we have long awaited. Nevada has experienced increasing sales tax revenues for 28 consecutive months and is poised to continue this trend. Unemployment has declined from a high of over 14% to the current level of 10.8%. Our economic development and tourism efforts have produced results. The number of Nevada businesses is on the rise and visitors are returning to near pre-recession levels.

However, our unemployment levels continue to be unacceptably high and our housing crisis remains. Further, while tourists have returned to Nevada, our revenues from gaming activities are showing only modest increases. Additionally, demands for State services have increased dramatically and these increases are projected to continue through FY 2015. This is most clearly represented by the increases in our Medicaid caseload, which is expected to grow from 297,000 at the beginning of FY 2012 to 490,000 by the end of FY 2015. The Affordable Care Act will provide Medicaid coverage for an estimated 146,000 more Nevadans. However, this does not come without a significant cost to the State. All of these realities are reflected in my budget, both in terms of the pressures they exert on revenue and the needs they drive related to spending.

My commitment to provide safety net services to Nevadans in need and my firm belief in continued investment in education, has led me to direct State agencies to hold the line on spending in most areas. While we are maintaining the majority of existing expenditure levels, the costs of increasing caseloads and the impacts of the Affordable Care Act have absorbed the majority of tax revenue increases. Therefore, the Executive Budget provides for the extension of the majority of revenue sources that are scheduled to sunset on June 30, 2013. Where funds have been available, I have directed them to education as an investment in the future of our state.

While the majority of sunsetting revenues have been extended, we have taken the opportunity to reduce the burden on small business by extending the exemption of the modified business tax and increasing the exemption to the first \$85,000 of payroll each quarter. This eliminates the tax for an additional 6.7% of businesses and fully exempts 74% of Nevada's businesses.

During the last several years of very lean times, state government has had to tighten its belt. This has resulted in reductions to numerous programs, reduction of pay for employees and delayed investment in our buildings and IT infrastructure. This Executive Budget begins the process of restoring elements considered most critical to ensure we can continue to provide the services our citizens expect. A few notable initiatives in the budget are as follows:

- Step/ Merit pay is restored for State employees beginning in FY 2015
- Furloughs are reduced from 6 days per year to 3 days per year in both years of the biennium
- Education initiatives include all-day kindergarten, English Language Learners, Teach for America, and Jobs for America's Graduates
- Economic development efforts are continued with full funding of the Catalyst Fund and allocation of State dollars to the Knowledge Fund
- Several Health and Human Service initiatives are advanced, including increased funding for immunization of children, additional funding for autism and increased payment rates for primary care providers
- Veterans' Services are enhanced through the addition of new officers to ensure timely assistance to our veterans and through a feasibility study and design for a Northern Nevada Veteran's Nursing facility
- The new Higher Education funding formula ties funding to credit completion
- Critical infrastructure needs for the State government are addressed through meaningful investments in information technology, telecommunications and maintenance to our buildings
- Funding for the Millennium Scholarship extends its financial viability through FY 2017 and into FY 2018.
- Some relief is provided to counties by eliminating the sweep of the indigent accident fund and reducing payments required for the support of juvenile justice services

While we have addressed a number of the most critical needs and taken some meaningful steps forward, uncertainty exists regarding the level of federal funding for many programs that are critical for our citizens. As a result, the budget leaves \$ 15 million in the rainy day fund at the end of the biennium to address these unknown elements. Further, we have left reserves of approximately \$17 million in the tobacco fund to address any funding concerns that develop for health and human services.

I believe this budget provides a balanced approach to providing for the needs of the State while advancing the primary focus on education and maintaining critical safety net services. It addresses many of the problems of our current reality and begins to lay a foundation for the future. I look forward to working with the Legislature to enact a plan that ensures Nevada's best days are yet to come.

Sincere regards,


BRIAN SANDOVAL
Governor

The Legislature Began Restoring Budget Elements Previously Reduced

- Merit pay restored for state employees beginning FY 2015
- Furlough days were increased from 3 to 6 per year, but the Legislature restore the 2.5% salary cut that was approved by the 76th Legislature.

Economic Forum Forecasts (November 30, 2012 v May 1, 2013)	FY 2014	FY 2015
May 1, 2013, Adjusted for Actions Approved by the 77th (2013) Legislature	\$ 3,125,638,266	\$ 3,292,255,768
November 12, 2012 Economic Forum Projection	\$ 2,811,515,017	\$ 3,006,110,617
Difference	\$ 314,123,249	\$ 286,145,151

The Legislature approved total General Fund Operating Appropriations of \$6.596 billion over the 2013-15 Biennium, a \$346.9 million or 5.6% increase over the \$6.249 billion approved by the legislature for the 2011-13 Biennium. This equates to a \$49.9 million, or 0.76% increase in operating expenditures compared to the operating appropriations of \$6.546 billion recommended by the Governor in The Executive Budget.

Operating Appropriations	2013-15 Biennium
Legislatively Approved	\$ 6,596,067,221
Governor Recommended	\$ 6,546,201,525
Difference	\$ 49,865,696

Revenue Actions During the 2013 and 2015 Sessions

Local School Support Tax

Senate Bill 475 (2013) extended the sunset of the 0.35% increase in the LSST from June 30, 2013, to June 30, 2015.

Senate Bill 483 (2015) made the 0.35% increase in the LSST permanent, effective July 1, 2015.

Net Proceeds of Minerals Tax

Senate Bill 475 (2013) extended the prepayment provisions and the temporary prohibition of deductions for health and industrial insurance for FY 2014 and FY 2015.

Senate Bill 483 (2015) extended the prepayment provisions and the temporary prohibition of deductions for health and industrial insurance for FY 2016 only, allowing the tax to return to being paid on actual calendar year 2017 proceeds (with deductions allowed for health and industrial insurance expenses) in FY 2018.

Business License Fee

Senate Bill 475 (2013) extended the sunset on the additional \$100 for the annual business license from June 30, 2013, to June 30, 2015.

Senate Bill 483 (2015) permanently increased the annual state business license fee to \$500 for corporations and \$200 for all other entities, effective July 1, 2015.

Revenue Actions During the 2013 and 2015 Sessions

Governmental Services Tax

Assembly Bill 491 (2013) required the proceeds from the 2009 depreciation increase to be deposited in the State General Fund for FY 2014 and FY 2015.

Senate Bill 483 (2015) required 100% of these proceeds to be deposited in the State General Fund in FY 2016; 50% of the proceeds deposited into the State General Fund and 50% deposited into the State Highway Fund in FY 2018, and 100% of the proceeds would be deposited into the State Highway Fund in FY 2018.

The proceeds would not go entirely into the State Highway Fund until FY 2024, following the passage of Senate Bill 452 (2023).

Room Tax

The Legislature would continue the transfer of the 3% room tax revenues from the State Supplemental School Support Account to the State Distributive School Account in the 2013-15 biennium (Senate Bill 522 (2013)) and the 2015-17 biennium (Senate Bill 515 (2015)).

The Legislature would continue this transfer in subsequent biennia until the 2019-21 biennium. The Legislature, in Senate Bill 543 of the 2019 Session, would require the proceeds from this tax to be deposited in the State Education Fund beginning in FY 2022 for the support of K-12 education under the Pupil-Centered Funding Plan.

Revenue Actions During the 2013 and 2015 Sessions

Modified Business Tax

Senate Bill 475 (2013) continued the 1.17% rate on taxable wages for the MBT on Nonfinancial Institutions for FY 2014 and FY 2015; however, the exemption threshold for wages in a calendar quarter was increased from \$62,500 to \$85,000 for that period. (Financial institutions were still required to pay at the 2.0% rate on all wages.)

Senate Bill 483 (2015) made a number of changes to the tax, as follows:

- For Nonfinancial Institutions, the exemption threshold was permanently lowered to the first \$50,000 of taxable wages in a calendar quarter, with wages above that threshold being taxed at a rate of 1.475%, beginning in FY 2016.
- Mining companies subject to the Net Proceeds of Minerals Tax were no longer taxed as Nonfinancial Institutions; beginning in FY 2016, these companies paid at a rate of 2.0% on all taxable wages (the same rate as Financial Institutions).
- A rate reduction mechanism was enacted to require the Department of Taxation to proportionately reduce all MBT rates if actual collections from the MBT, Commerce Tax, and Branch Bank Excise Tax in each even-numbered year were more than 104.0% of the Economic Forum's May 1 forecast for that fiscal year, until the MBT-Nonfinancial rate was reduced to the original 1.17% rate.

The Department of Taxation reduced the MBT rates in FY 2020 and FY 2024 under these provisions – the most recent reduction took the MBT-Nonfinancial rate to 1.17%; therefore, no further rate reductions are required.

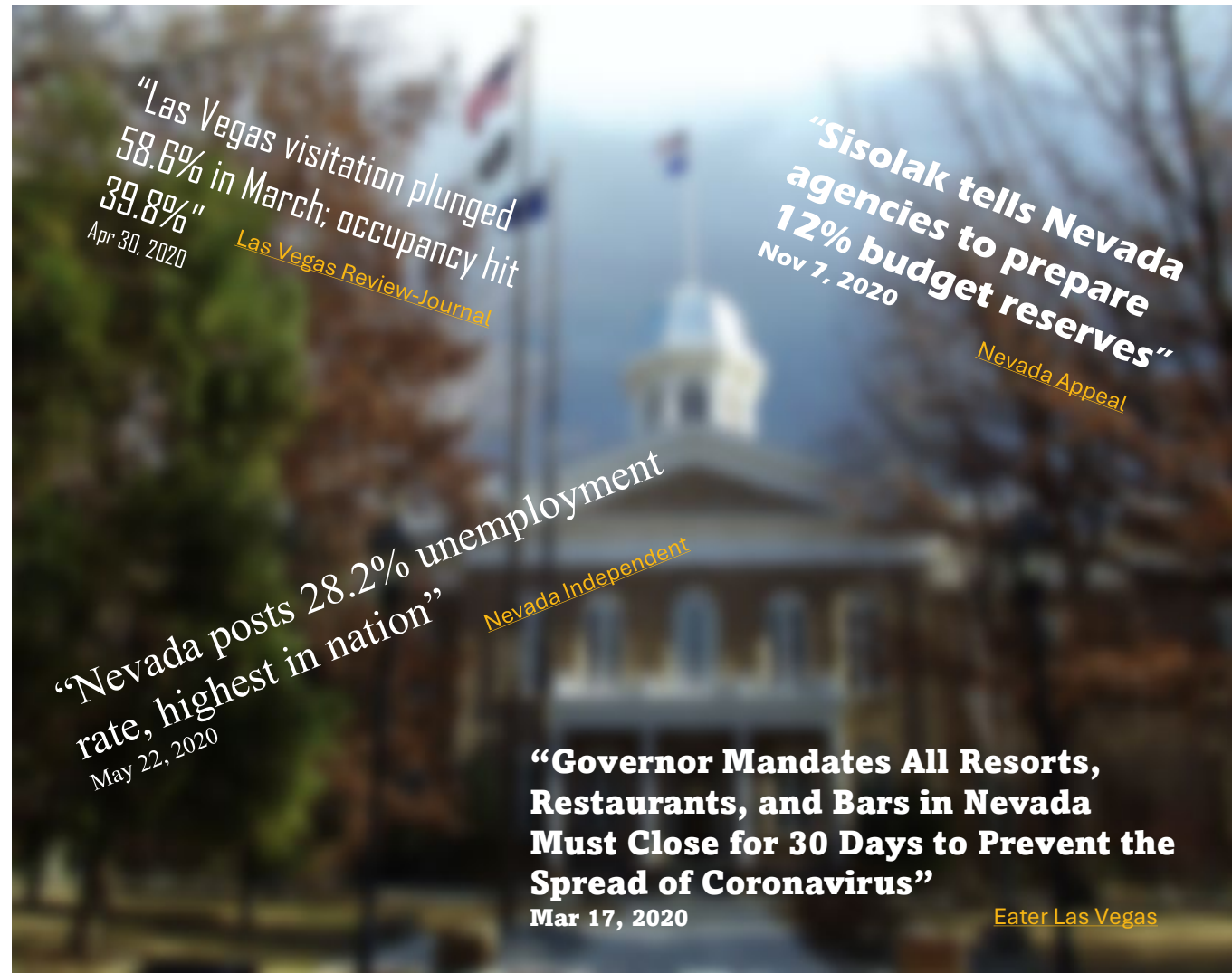
“The coronavirus pandemic pits all of humanity against the virus. This is like a world war, except in this case, we’re all on the same side.”

Bill Gates
Co-Founder of Microsoft and philanthropist

The Pandemic Recession

2019 – 2020 Interim

In the News...



The COVID-19 Pandemic

January 1, 2020

- First confirmed COVID-19 case reported in the United States.

March 12, 2020

- First confirmed COVID-19 case reported in Nevada.

March 12, 2020

- Governor Sisolak declared a state of emergency in response to the pandemic.

March 15, 2020

- All schools in Nevada ordered to close by the Governor's Executive Order.

March 16, 2020

- First COVID-19 death in Nevada.

March 17, 2020

- All non-essential businesses, including casinos, were ordered to close by the Governor.

May 29, 2020

- Public space reopening began with gyms, bars, and churches able to operate with limited capacity.

December 15, 2020

- The COVID-19 vaccine begins to be administered to the public.

JAN 2020

FEB 2020

February 6, 2020

- First COVID-19 death in the United States occurred in California.

MAR 2020

APR 2020

April 1, 2020

- Governor Sisolak issued stay-at-home directive for Nevadans to shelter in place.

April 14, 2020

- Governor Sisolak announces more than 300,000 Nevadans filed for unemployment. Nevada had the highest reported unemployment rate ever reported for a state in the United States.

MAY 2020

JUN 2020

June 4, 2020

- Nevada casinos allowed to reopen with various restrictions.

DEC 2020

D. WORK PROGRAM REVISIONS IN ACCORDANCE WITH NRS 353.220(5)(a) **335(2)(a)**. APPROVED BY THE GOVERNOR BECAUSE OF AN EMERGENCY AS DEFINED IN NRS 353.263 OR FOR THE PROTECTION OF LIFE OR PROPERTY – Office of the Governor – Coronavirus Aid, Relief, and Economic Security (CARES) ACT – Acceptance of \$836,051,001 in federal CARES Act funds to support the emergency costs related to the national emergency concerning the COVID-19 pandemic. INFORMATIONAL ONLY. **REVISED 5-7-20.**

May 13, 2020, IFC

April 27, 2020: The state accepts \$836.1 million in federal funding provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

MEETING NOTICE AND AGENDA

Name of Organization: Interim Finance Committee
(*Nevada Revised Statutes* [NRS] 218E.400)

Date and Time of Meeting: Wednesday, May 13, 2020
9 a.m.

Place of Meeting: Pursuant to the Governor's Emergency Directive 006, this meeting will be conducted online and there will be no physical location for the meeting. This meeting can be viewed live over the Internet on the Nevada Legislature website at <http://www.leg.state.nv.us>. Click on the link: "[Calendar of Meetings/View.](#)" To view the closed captioning for the meeting click on "cc" on the meeting screen.

Interim Finance Committee

Budgetary Actions in Response to the COVID-19 Pandemic

May 13, 2020: The Interim Finance Committee approved a Declaration of Fiscal Emergency, citing authority provided by NRS 353.288(5)(b), upon a Governor's declaration of the existence of a fiscal emergency.

May 18, 2020: The Interim Finance Committee authorized the transfer of \$401.2 million from the Account to Stabilize the Operation of the State Government (Rainy Day Account) to the State General Fund under NRS 353.288(7). This transfer was made to address a projected \$629.6 million shortfall in FY 2020 unrestricted General Fund revenue, as well as total Distributive School Account and local K-12 revenues, resulting from the decline in economic activity caused by public health and emergency response directives implemented in Nevada to mitigate the COVID-19 pandemic.

June 25, 2020: The Interim Finance Committee approved work programs to reserve for reversion to the General Fund total funding of \$87.0 million in FY 2020. This was after the IFC approved a request for approval of the setting aside of reserves of not more than 15.0% of the operating expenses available to the departments, institutions, and agencies of the executive department of the state government in FY 2020 in accordance with Section 84 of the 2019 Appropriations Act (Assembly Bill 543), which allowed such action if the ending General Fund balance was projected to be less than \$120.0 million in FY 2020.

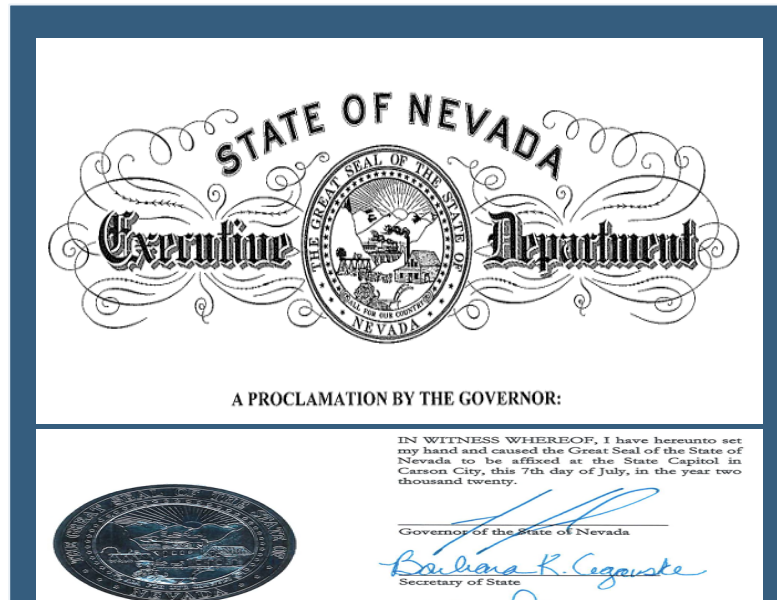
The IFC also approved the cancellation of the University of Nevada, Las Vegas, School of Medicine Capital Improvement Project 17-C15 and the reversion of the \$25.0 million General Fund appropriation provided for the project.

31st (2020) Special Session

July 8, 2020

Governor Sisolak convened the Nevada State Legislature into a special session to consider solutions to the deleterious effects of the COVID-19 pandemic, including the substantial General Fund shortfall for the current biennium.

- Reducing, reserving, or cancelling certain General Fund appropriations provided by the 80th (2019) Session of the Nevada Legislature to fund operating budgets.
- Amending NRS 362.100 to accelerate and advance the payment schedule of the tax on the net proceeds of minerals.
- Transferring to the State General Fund certain amounts from certain funds and accounts.
- Providing flexibility for the Department of Health and Human Services to transfer funds among various accounts in the same manner and limits as allowed for work programs under NRS 353.220.
- Providing flexibility for restoration of programs, services and any other reductions approved in the special session in the event Nevada receives federal funding to assist with the impact on the state budget caused by the COVID-19 pandemic.
- Any other actions directly related to solutions for the projected General Fund revenue shortfall in the 2019-21 Biennium.



Recommendations by Governor Sisolak

- Reductions to General Fund appropriations in FY 2021 by \$549.1 million
- Transfers (sweeps) to the General Fund of \$84.4 million
- Reductions to the Capital Improvement Program totaling \$72.6 million
- Reversions from the IFC Contingency Account to the General Fund of \$26.2 million
- All state employees take 12 unpaid furlough days in FY 2021 to generate savings of \$51.7 million for the General Fund
- Merit salary increases frozen in FY 2021 to generate savings of \$28.8 million for the General Fund
- A tax amnesty program to encourage delinquent payments to the General Fund, which was estimated to generate \$10.0 million
- Acceleration of the Net Proceeds of Minerals payment to the General Fund in FY 2021
- Increase the portion of Governmental Services Tax revenue deposited in the General Fund by \$23.8 million in FY 2021

IN COMMITTEE OF THE WHOLE

At 1:45 p.m.

Senator Cannizzaro presiding.

Senate Bill No. 3 and other matters relating to the State's budget shortfall considered.

The Committee of the Whole was addressed by Melanie Young, Executive Director, Nevada State Department of Taxation; Jeff Mitchell, Deputy Director, Nevada State Department of Taxation; Senator Seevers Gansert; Senator Settelmeyer; Senator Ohrenschall; Susan Brown, Director, Office of Finance, Office of the Governor; Senator Hardy; Senator Pickard; Senator Scheible; Russell Guindon, Principal Deputy Analyst, Fiscal Analysis Division, Legislative Counsel Bureau; Felicia Denney, Assistant Director, Administration, Nevada Department of Transportation; Senator Goicoechea; Senator Ratti; Senator Denis; Senator Kieckhefer; Senator Cancela; Senator Brooks; Senator Hansen; Lalo Montoya, Political Director, Make the Road, Nevada; Maria-Teresa Liebermann-Parraga, Deputy Director, Battle Born Progress; Jackie Chiakulas; Laura Martin; Alexis Motarex, Nevada Chapter, Associated General Contractors; Cody Cunningham; Laura Hale; Marlene Lockard, Nevada Women's Lobby; Christine Saunders, Progressive Leadership Alliance Nevada; Chris Daly, Nevada State Education Association.

31st (2020) *Special Session*

During the 31st (2020) Special Session, staff from the Governor's Office, the Governor's Finance Office, and various state agencies presented the plan to balance the General Fund in FY 2021 due to the effects of the COVID-19 pandemic. These presentations were before the Committees of the Whole, which comprised all members of the Senate and Assembly, respectively.

Significant Bills of the 31st (2020) Special Session

Assembly Bill 3

- Providing various budget accounts with federal CARES Act funding totaling \$15.6 million to fund allowable COVID-19 response expenditures, which had the effect of substituting General Fund appropriations previously appropriated by the 80th (2019) Legislature.
- Allocating CARES Act funding of \$50.0 million to establish a grant program for school districts and charter schools to develop the capability of providing alternative intensive instruction because of the loss of in-person instruction.
- Reducing General Fund appropriations for various ongoing programs to provide savings of \$535.9 million in FY 2021.
- Reducing General Fund appropriations for various one-time programs to provide savings of \$28.0 million.
- Approving transfers (sweeps) to the General Fund from various budget accounts totaling \$113.2 million.
- Requiring each full-time state employee to take 48 hours of unpaid furlough leave from January 1, 2021, through June 30, 2021, which was estimated to provide savings of \$25.9 million for the General Fund.
- Suspending merit pay increases for classified state employees in FY 2021, which was projected to generate \$14.3 million in General Fund savings.
- Reducing the number of Public Employees' Benefits Program monthly contributions in FY 2021 from 12 to 11, as a cost-saving measure, which was projected to generate \$12.0 million in General Fund savings in FY 2021.

Significant Bills of the 31st (2020) Special Session

Senate Bill 1

- Reallocating \$39.0 million in general obligation bonds to certain projects approved in the 2017 and 2019 Capital Improvement Programs allowing for an equal reduction in General Fund appropriations.
- Canceling five projects and reducing the scope of six capital improvement projects, resulting in \$33.7 million in reversions to the General Fund.

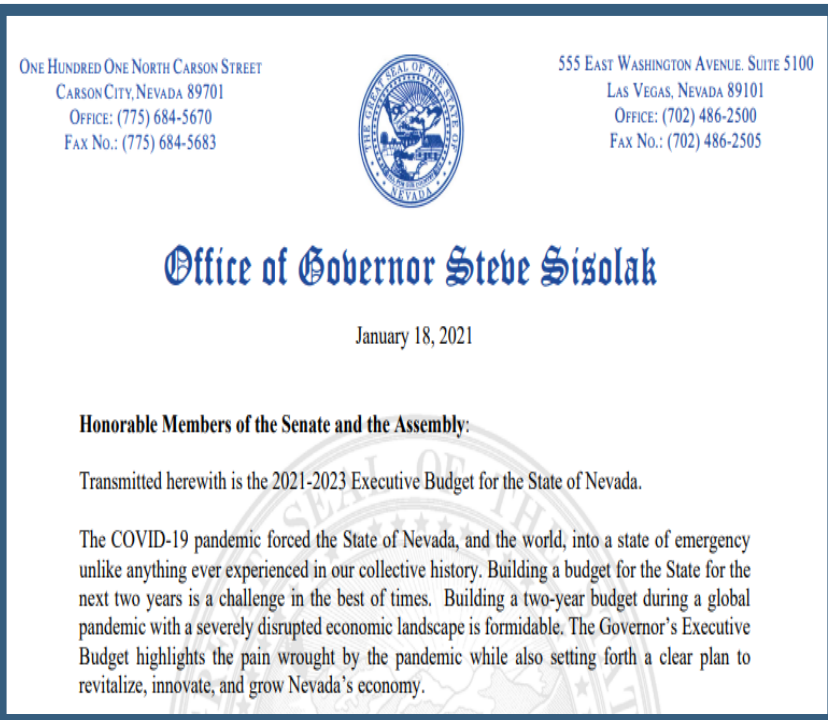
Senate Bill 3

- Revising NRS 482.182 to require the 75.0% of Governmental Services Tax revenue that was to be deposited in the Highway Fund to instead be deposited in the General Fund in FY 2021. This provided the General Fund with additional projected revenue of \$71.3 million in FY 2021.
- Requiring the advance payment on the net proceeds of minerals (NPM) tax in FY 2021 based on the estimated net proceeds for calendar year 2021. This additional NPM tax payment in FY 2021 was estimated to generate \$54.5 million for the General Fund.
- Requiring the Department of Taxation to establish and conduct a tax amnesty program by which taxpayers may pay a fee, tax, or assessment required to be paid to the department without incurring any penalties or interest that would otherwise be required as a result of the unpaid fee, tax, or assessment. This program was required to be conducted by the department for a period of not more than 90 calendar days and was required to end by June 30, 2021. The program was estimated to generate \$14.0 million for the State General Fund and \$7.0 million for the State Distributive School Account in FY 2021.

81st (2021) Session

February 1, 2021 – June 1, 2021

Governor Sisolak submitted a budget for the 2021-23 Biennium that addressed the COVID-19 pandemic and its effect on the state's economy.



- Supplemental General Fund appropriations totaling \$342.4 million which were necessary to complete FY 2021, the largest of which was for K-12 education at \$331.7 million to fund state and local revenue shortfalls experienced as a result of the COVID-19 pandemic;
- \$50.0 million to supplement a program for targeted assistance to eligible small businesses, non-profits, and other entities impacted by the COVID-19 pandemic;
- Restoration of the 6.0% rate reduction for Medicaid and NV Check Up providers and restoration of the rate increase for Neonatal Intensive Care Units;
- Medicaid enrollment approximately 18.7% higher than projected for the 2019-21 Biennium with additional growth of 2.2% projected through the 2021-23 Biennium, projecting approximately 778,000 individuals would be enrolled in Medicaid by the end of the 2021-23 Biennium;
- Agencies planned to hold positions vacant with the intention of restoring the position at a later date when funding became available, with 247.12 positions planned to be held vacant in FY 2022 and 246.12 positions planned to be held vacant in FY 2023. Restoration of pay for state employees as unpaid furlough leave, approved for FY 2021, would not be continued in the 2021-23 Biennium.

American Rescue Plan Act

The 81st (2021) Legislature authorized expenditures of \$2.739 billion over the 2021-23 Biennium from the American Rescue Plan Act, Coronavirus State Fiscal Recovery Fund, including specific authorizations as provided below:

- \$335.0 million to repay federal loans to the Unemployment Compensation Fund (S.B. 461).
- \$200.0 million for grants to school districts to augment programs to address learning loss experienced as a result of the COVID-19 pandemic (A.B. 495).
- \$117.8 million to restore approximately 800 FTE positions that the Governor had recommended be eliminated or held vacant for the 2021-23 Biennium, as well as eliminate recommended furloughs for Legislative Branch positions (S.B. 459).
- \$54.0 million to upgrade the Department of Employment, Training & Rehabilitation's unemployment compensation information system (A.B. 484).
- \$20.9 million to respond to the public health emergency of the COVID-19 pandemic, including mental and behavioral health treatment (S.B. 461).
- \$15.0 million for grants to charter schools to augment programs to address learning loss experienced as a result of the COVID-19 pandemic (A.B. 495).
- \$7.6 million to address increased levels of food insecurity resulting from the negative economic impact of the COVID-19 pandemic on low-income families (S.B. 461).
- \$6.0 million for a grant to the Collaboration Center Foundation to augment services and programs to address the negative or disparate impacts of the COVID-19 pandemic on people with disabilities (S.B. 461).
- \$5.0 million for direct payment of rental assistance to landlords on behalf of tenants who have defaulted in the payment of rent (A.B. 486).
- \$5.0 million for grants to persons with disabilities through the Nevada Achieving a Better Life Experience (ABLE) Savings Program to assist persons with disabilities who have been negatively or disparately impacted by the COVID-19 pandemic (S.B. 461).
- \$4.0 million to establish a statewide program modeled after the University of Nevada, Reno Dean's Future Scholars Program to assist pupils who are prospective first-generation college students and have been negatively or disparately impacted by the COVID-19 pandemic (S.B. 461).

Other Federal COVID Funding Provided to the State of Nevada (Excludes Funding for Local Governments)

Housing

- \$124.9 million for Emergency Rental Assistance Program I (Consolidated Appropriations Act, 2021)
- \$98.8 million for Emergency Rental Assistance Program I (ARP Act)

Unemployment (Including Funding Provided Directly to Nevada Residents)

- \$10.7 million for Emergency Unemployment Insurance Stabilization and Access Act (EUISAA) Funding
- \$6.282 billion for Federal Pandemic Unemployment Compensation (FPUC)
- \$1.448 billion for Pandemic Emergency Unemployment Compensation (PEUC)
- \$1.381 billion for Pandemic Unemployment Assistance (PUA)
- \$63.2 million for Emergency Relief for government entities and non-profits
- \$194.6 million Temporary Full Funding of First Week of Regular Compensation

Other Federal COVID Funding Provided to the State of Nevada

(Excludes Funding for Local Governments)

K-12 Education Funding

- \$117.2 million for Elementary and Secondary School Emergency Relief I (CARES Act) *
- \$477.3 million for Elementary and Secondary School Emergency Relief II (CRRSA Act) *
- \$1.073 billion for Elementary and Secondary School Emergency Relief III (ARP Act) *
- \$26.5 million for Governor's Emergency Education Relief I (CARES Act)
- \$12.0 million for Governor's Emergency Education Relief II (CRRSA Act)
- \$19.4 million for CRRSA Emergency Assistance to Non-Public Schools (CRRSA Act)
- \$18.2 million for ARPA Emergency Assistance to Non-Public Schools (ARP Act)

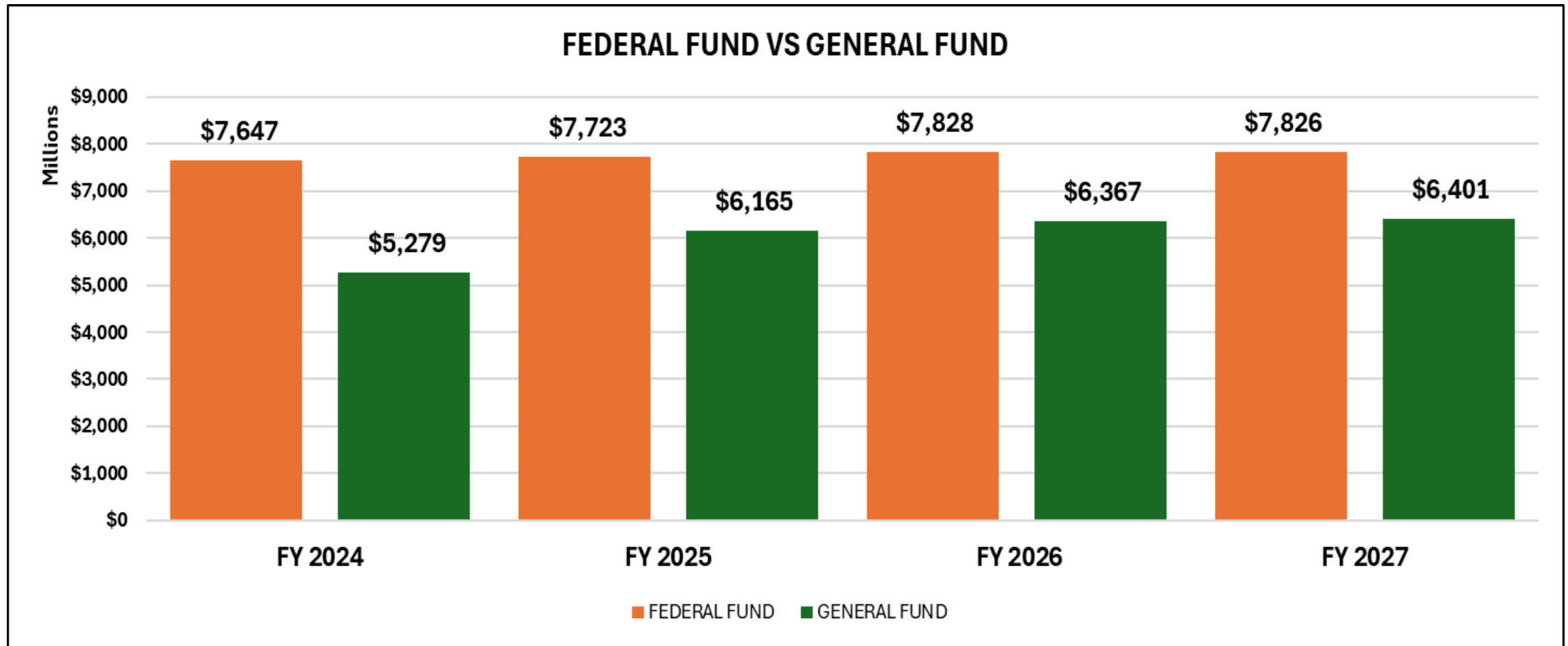
* 90% of funding provided by the Elementary and Secondary School Emergency Relief Grants was passed through to school districts and charter schools.

Higher Education Funding

- \$59.9 million for Higher Education Emergency Relief Funding I (CARES Act)
- \$112.0 million for Higher Education Emergency Relief Funding II (CRRSA Act)
- \$197.2 million for Higher Education Emergency Relief Funding III (ARP Act)

Overview of Federal Funds Currently Received by Nevada

Federal Fund Authority vs General Fund Appropriations Approved for the 2023-25 Biennium and Recommended for the 2025-27 Biennium



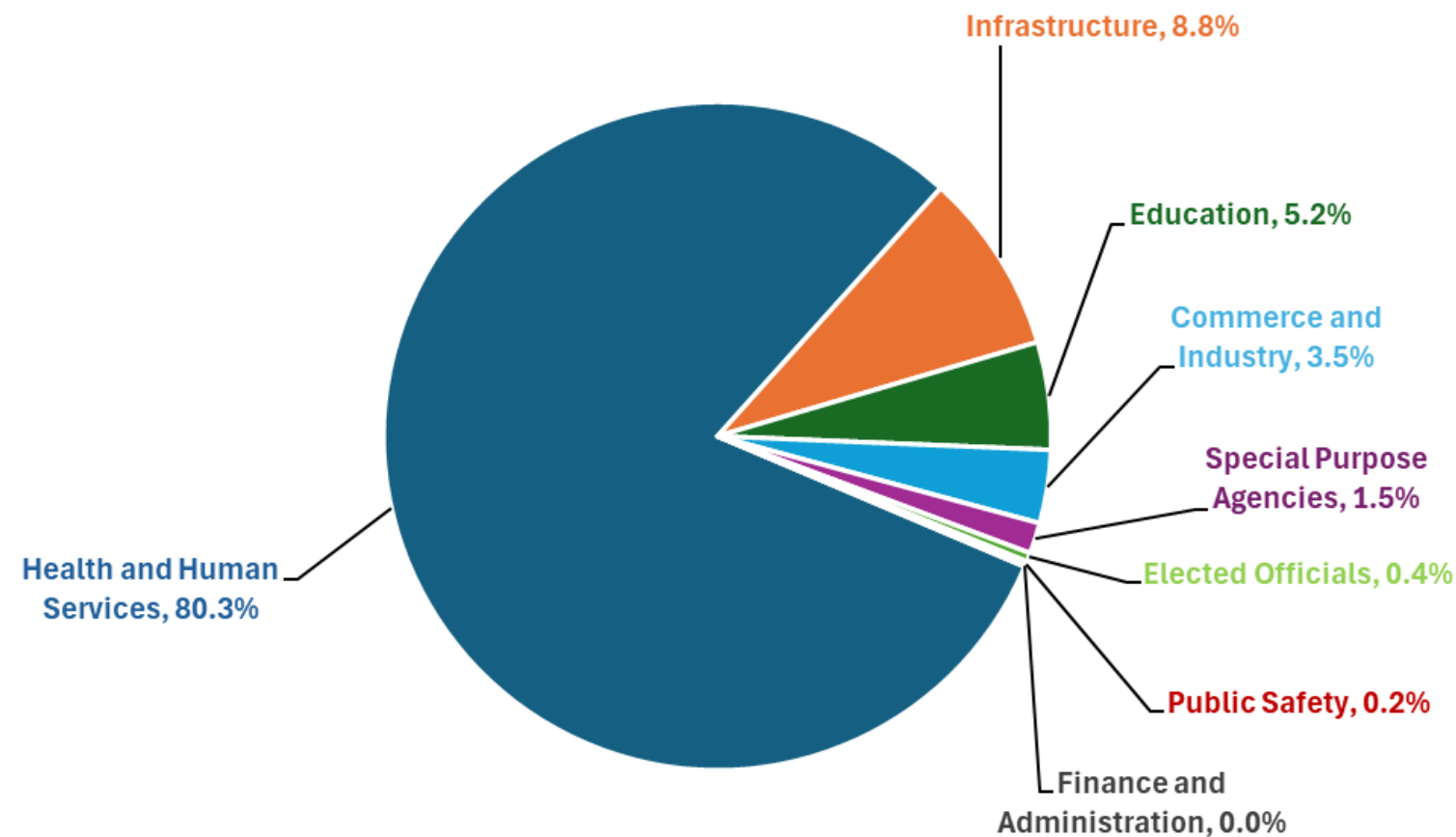
Federal Funds by Functional Area Approved for the 2023-25 Biennium and Projected for the 2025-2027 Biennium

FUNCTIONAL AREA	FY 2024	FY 2025	FY 2026	FY 2027
Health and Human Services	\$ 5,356,611,492	\$ 5,991,875,804	\$ 6,284,040,734	\$ 6,367,126,795
Infrastructure	\$ 692,591,172	\$ 563,982,925	\$ 687,489,993	\$ 686,868,575
Education	\$ 1,211,243,542	\$ 514,418,188	\$ 407,426,287	\$ 343,924,300
Commerce and Industry	\$ 256,492,088	\$ 320,469,769	\$ 277,656,109	\$ 256,668,347
Special Purpose Agencies	\$ 90,669,269	\$ 143,628,263	\$ 116,734,056	\$ 119,301,040
Elected Officials	\$ 14,157,120	\$ 170,304,237	\$ 33,509,738	\$ 30,607,229
Public Safety	\$ 23,474,075	\$ 15,122,952	\$ 18,900,061	\$ 18,960,798
Finance and Administration	\$ 2,227,842	\$ 2,945,507	\$ 2,062,616	\$ 2,080,947
Total	\$ 7,647,466,600	\$ 7,722,747,645	\$ 7,827,819,594	\$ 7,825,538,031

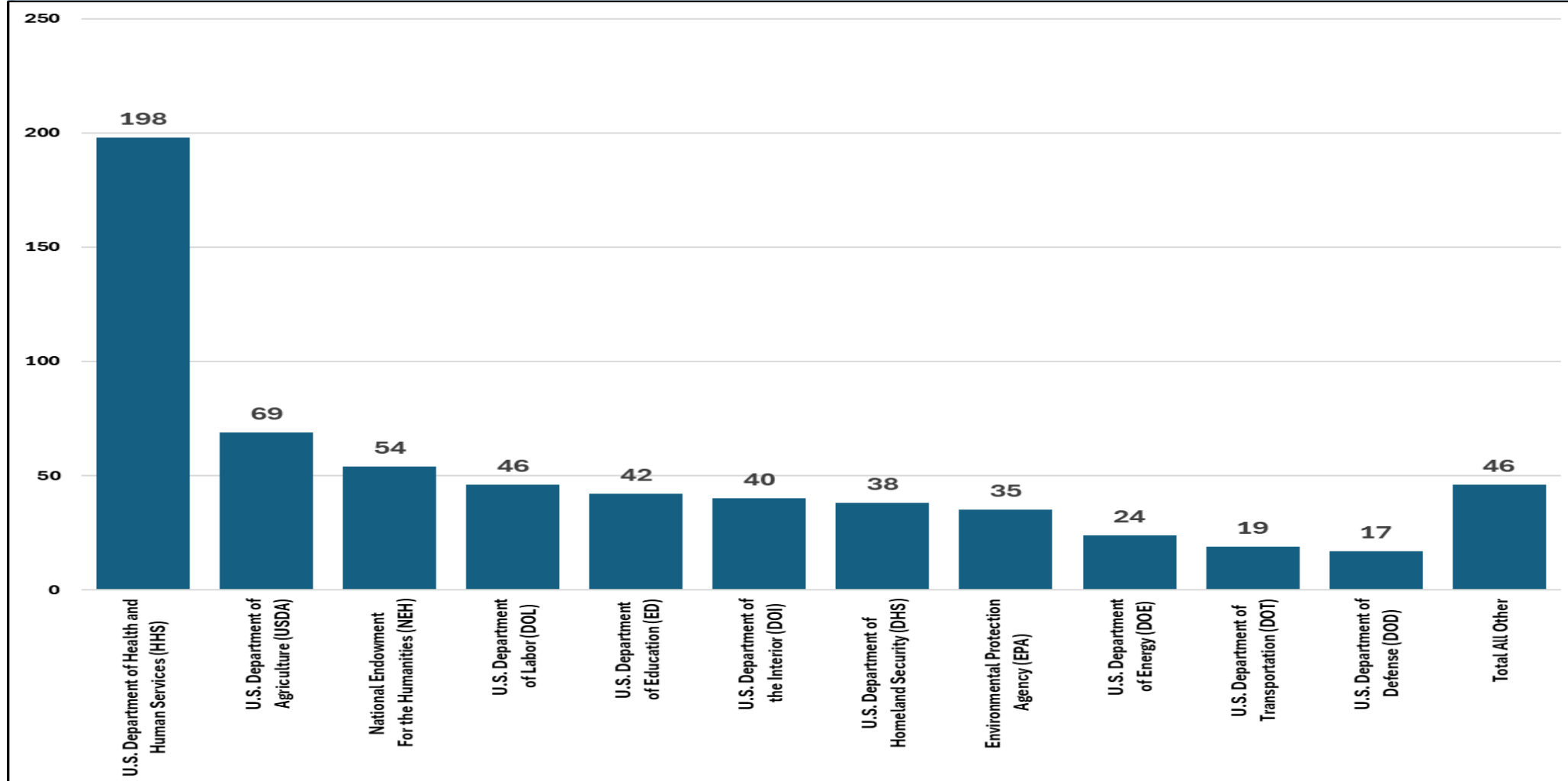
**Department of Health and Human Services
Federal Funds Approved for the 2023-25 Biennium
and Projected for the 2025-2027 Biennium**

	FY 2024	FY 2025	FY 2026	FY 2027
DHHS - Director's Office	\$ 23,798,584	\$ 23,922,039	\$ 24,692,815	\$ 24,631,537
DHHS - Health Care Financing and Policy	\$ 4,439,064,085	\$ 5,086,023,303	\$ 5,379,652,427	\$ 5,470,767,683
DHHS - Welfare and Supportive Services	\$ 377,871,800	\$ 381,239,326	\$ 341,112,934	\$ 337,018,701
DHHS - Public and Behavioral Health	\$ 228,099,618	\$ 204,929,456	\$ 229,450,943	\$ 226,268,784
DHHS - Aging and Disability Services	\$ 23,577,868	\$ 22,653,545	\$ 13,287,806	\$ 12,054,327
DHHS - Child and Family Services	\$ 126,443,171	\$ 125,288,798	\$ 135,942,416	\$ 137,243,409
Total	\$ 5,218,855,126	\$ 5,844,056,467	\$ 6,124,139,341	\$ 6,207,984,441

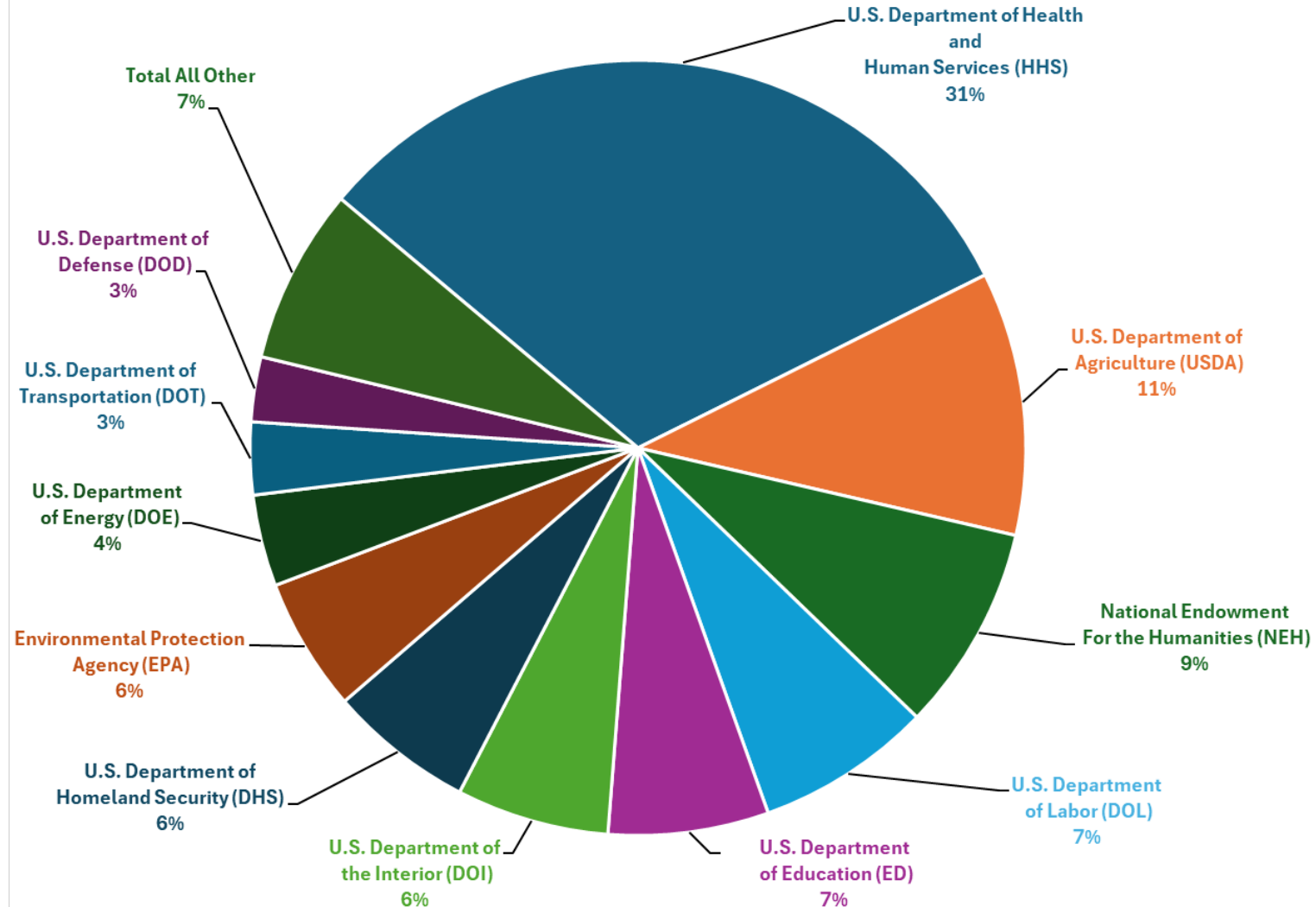
Federal Funds by Functional Area FY 2026



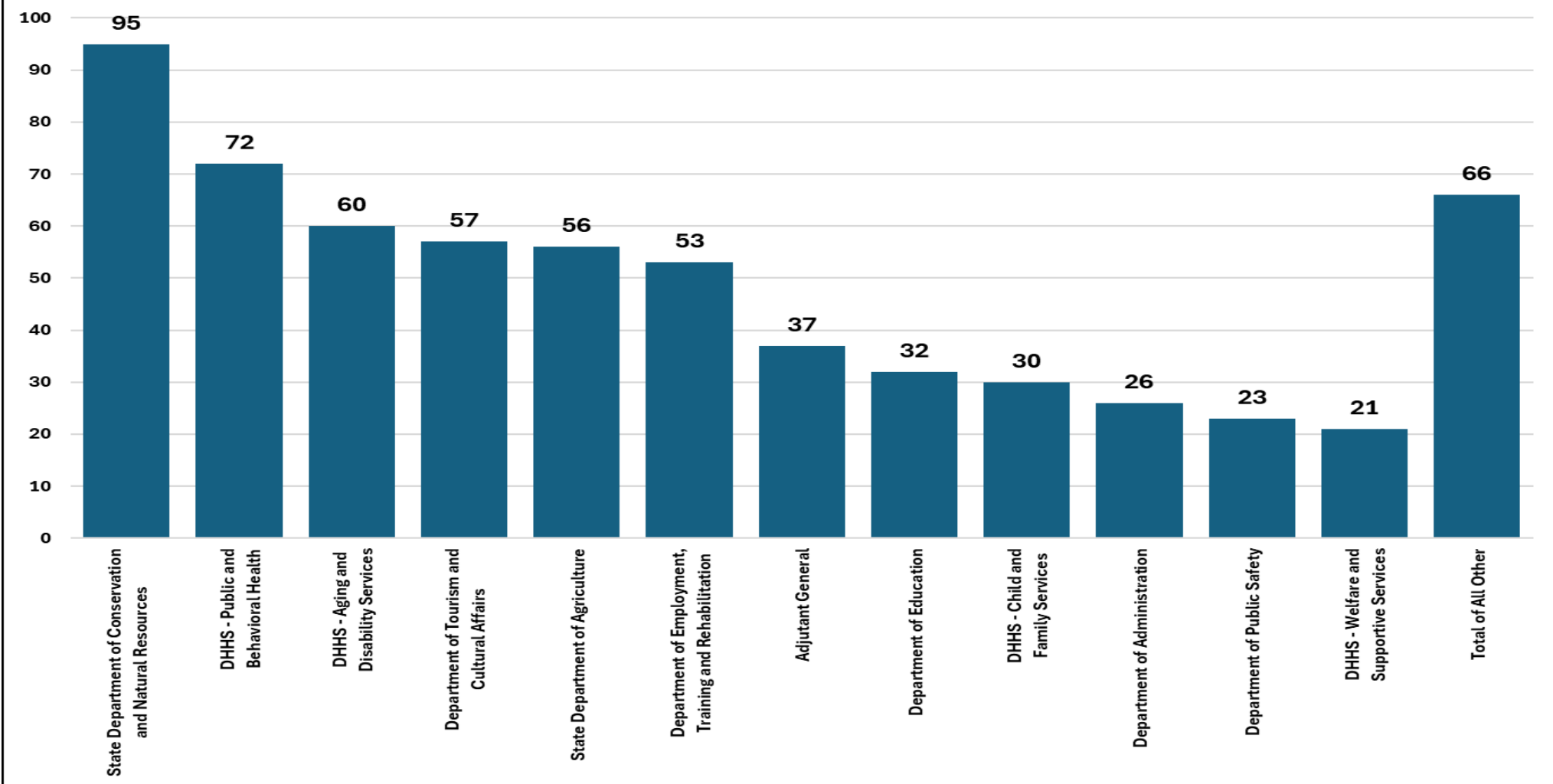
Grants Provided by Federal Agency to the State of Nevada



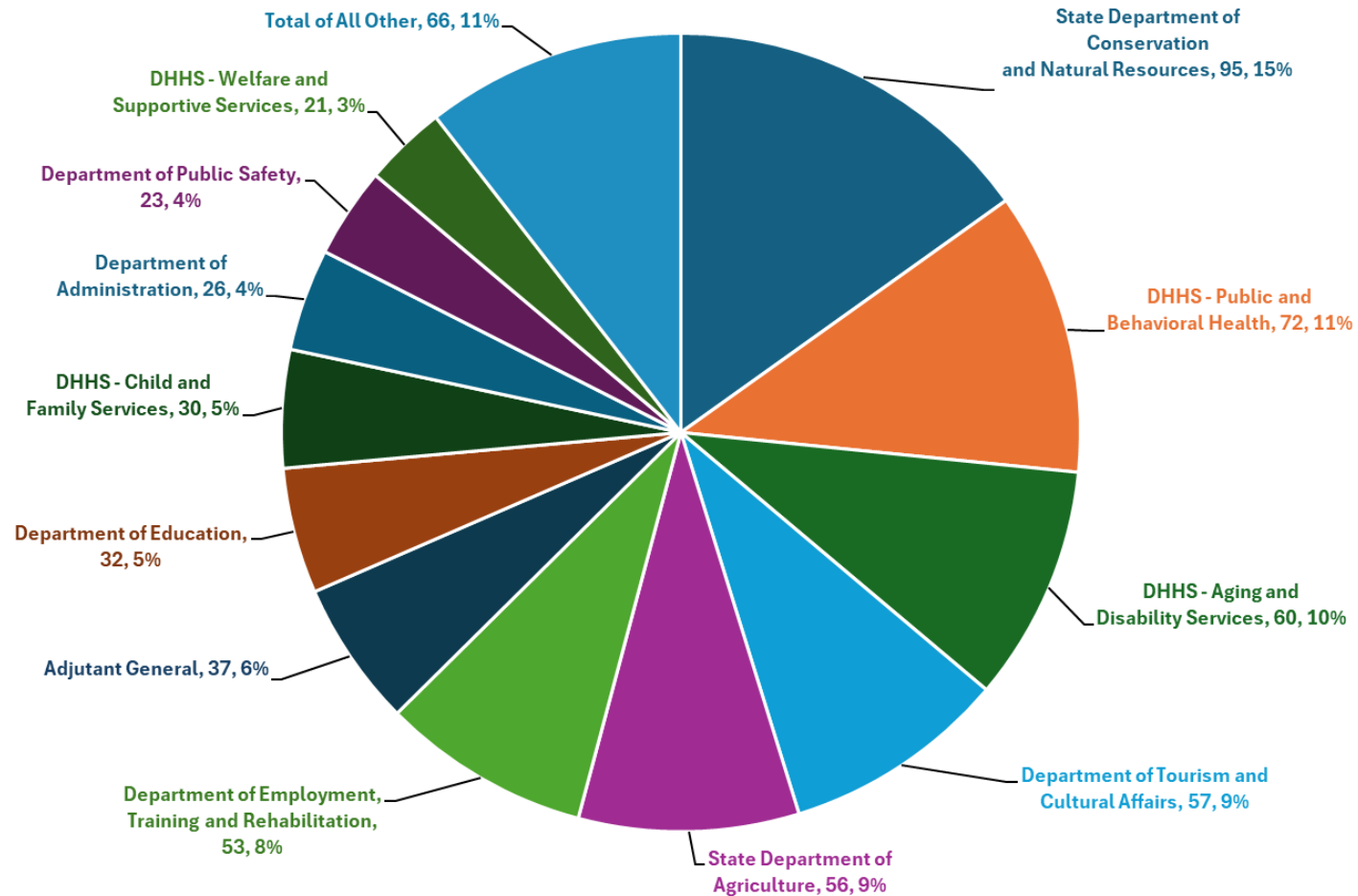
Grants Provided by Federal Agency to the State of Nevada



Number of Federal Grants Received by State Agency



Number of Federal Grants Received by State Agency



Estimated State Full-Time Equivalent (FTE) Positions Funded with Federal Funds

DEPARTMENT/DIVISION	FTE
DHHS - Welfare and Supportive Services	1,499
DHHS - Child and Family Services	1,383
Department of Employment, Training and Rehabilitation	846
DHHS - Aging and Disability Services	638
Adjutant General	256
DHHS - Public and Behavioral Health	244
State Department of Wildlife	213
Department of Transportation	206
Department of Veterans Services	191
State Department of Conservation and Natural Resources	160
DHHS - Health Care Financing and Policy	58
Department of Education	53
Total All Other	152
Total	5,899

Revenue Overview

*“In this world nothing can be said to be certain,
except death and taxes.”*

Benjamin Franklin
Founding Father of the United States

Constitutional Limitations

Mark Twain, who spent time in Nevada during its early statehood, made a humorous remark about the *Nevada Constitution*, saying:

"It is probably the only Constitution in the world that was ever telegraphed across the mountains."

This refers to how Nevada's Constitution was sent via telegraph to Washington, D.C., in 1864 to meet the deadline for statehood before the presidential election. The transmission reportedly took over two days and was the longest telegram ever sent at the time.

The Constitution of the State of Nevada

“The legislature shall provide by law for an annual tax sufficient to defray the estimated expenses of the state for each fiscal year; and whenever the expenses of any year exceed the income, the legislature shall provide for levying a tax sufficient, with other sources of income, to pay the deficiency, as well as the estimated expenses of such ensuing year or two years.”

(Nev. Const. art. 9, § 2(1))

Annual Tax for State Expenses

History of the Constitutional Provision

- ❖ Original provision of *The Constitution of the State of Nevada* – 1864.

Lotteries

History of the Constitutional Provision

- ❖ Prohibition on lotteries was an original provision in the 1864 Constitution.
- ❖ Amended by voters at November 1990 General Election, following passage of Assembly Joint Resolution 1 of the 64th (1987) Session to include exception for charitable lotteries.

The Constitution of the State of Nevada

- “1. Except as otherwise provided in subsection 2, no lottery may be authorized by this State, nor may lottery tickets be sold.
2. The State and the political subdivisions thereof shall not operate a lottery. The Legislature may authorize persons engaged in charitable activities or activities not for profit to operate a lottery in the form of a raffle or drawing on their own behalf. All proceeds of the lottery, less expenses directly related to the operation of the lottery, must be used only to benefit charitable or nonprofit activities in this State. A charitable or nonprofit organization shall not employ or otherwise engage any person to organize or operate its lottery for compensation. The Legislature may provide by law for the regulation of such lotteries.” (Nev. Const. art. 4, § 24)

The Constitution of the State of Nevada

“The proceeds from the imposition of any license or registration fee and other charge with respect to the operation of any motor vehicle upon any public highway in this state and the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of this state.”

(Nev. Const. art. 9, § 5)

Vehicle Registration Fees and Fuel Taxes

History of the Constitutional Provision

- ❖ Approved by Legislature in Assembly Joint Resolution 30 of the 38th (1937) Session.
- ❖ Passed by voters at November 1940 General Election.

Vehicle Registration Fees and Fuel Taxes

The Constitution of the State of Nevada

History of the Constitutional Provision

- ❖ Approved by Legislature in Assembly Joint Resolution 6 of the 50th (1960) Session.
- ❖ Passed by voters at November 1962 General Election.

“The proceeds from the imposition of any license or registration fee and other charge with respect to the operation of any motor vehicle upon any public highway in this state and the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of this state. **The provisions of this section do not apply to the proceeds of any tax imposed upon motor vehicles by the Legislature in lieu of an ad valorem property tax.**”

(Nev. Const. art. 9, § 5)

The Constitution of the State of Nevada

“The Legislature may exempt motor vehicles from the provisions of the tax required by this Section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.”

(Nev. Const. art. 10, § 1(5))

Governmental Services Tax

History of the Constitutional Provision

- ❖ Approved by Legislature in Assembly Joint Resolution 6 of the 50th (1960) Session.
- ❖ Passed by voters at November 1962 General Election.

Property Tax

The Constitution of the State of Nevada

History of the Constitutional Provision

- ❖ Original provision of 1864 Constitution

“All real property, and possessory rights to the same, as well as personal property in this State, belonging to corporations now existing or hereafter created shall be subject to taxation, the same as property of individuals; Provided, that the property of corporations formed for Municipal, Charitable, Religious, or Educational purposes may be exempted by law.”

(Nev. Const. art. 8, § 2)

Property Tax

“The Legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, except mines and mining claims...” (Nev. Const. art. 10, § 1(1))

— Original provision of 1864 Constitution

“Shares of stock ~~(except shares of stock in banking corporations)~~, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.” (Nev. Const. art. 10, § 1(2))

- Originally approved by Legislature in Assembly Joint Resolution 6 of the 39th (1939) Session
 - Passed by voters at November 1942 General Election
 - Amended by voters at November 1986 General Election, following passage of Senate Joint Resolution 3 of the 62nd (1983) Session
-

“Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.” (Nev. Const. art. 10, § 1(4))

- Approved by Legislature in Assembly Joint Resolution 10 of the 48th (1957) Session
- Passed by voters at November 1960 General Election

Property Tax

“The Legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The Legislature may exempt any other personal property, including livestock.” (Nev. Const. art. 10, § 1(6))

- Approved by Legislature in Assembly Joint Resolution 21 of the 58th (1975) Session
 - Passed by voters at November 1978 General Election
-

“The total tax levy for all public purposes including levies for bonds, within the state, or any subdivision thereof, shall not exceed five cents on one dollar of assessed valuation.” (Nev. Const. art. 10, § 2)

- Approved by Legislature in Senate Joint Resolution 21 of the 36th (1933) Session
 - Passed by voters at November 1936 General Election
-

“All household goods and furniture used by a single household and owned by a member of that household are exempt from taxation.” (Nev. Const. art. 10, § 3)

- Proposed by initiative petition
- Passed by voters at November 1980 and November 1982 General Elections

The Constitution of the State of Nevada

“No inheritance tax shall ever be levied.”

(Nev. Const. art. 10, § 1(7))

“No income tax shall be levied upon the wages or personal income of natural persons. Notwithstanding the foregoing provision, and except as otherwise provided in subsection 1 of this Section, taxes may be levied upon the income or revenue of any business in whatever form it may be conducted for profit in the State.”

(Nev. Const. art. 10, § 1(9))

Inheritance Tax

History of the Constitutional Provision

- Approved by Legislature in Assembly Joint Resolution 6 of the 39th (1939) Session.
- Passed by voters at November 1942 General Election.

Personal Income Tax

History of the Constitutional Provision

- Proposed by initiative petition
- Passed by voters at November 1988 and November 1990 General Elections

Sales and Use Tax

The Constitution of the State of Nevada

“The legislature shall provide by law for:

1. The exemption of food for human consumption from any tax upon the sale, storage, use or consumption of tangible personal property; and
2. These commodities to be excluded from any such exemption:
 - (a) Prepared food intended for immediate consumption.
 - (b) Alcoholic beverages.”

(Nev. Const. art. 10, § 3A)

History of the Constitutional Provision

- ❖ Approved by Legislature in Senate Joint Resolution 3 of the 61st (1981) Session
- ❖ Passed by voters at November 1984 General Election

“The legislature shall provide by law for the exemption of durable medical equipment, oxygen delivery equipment and mobility enhancing equipment prescribed for human use by a licensed provider of health care acting within his or her scope of practice from any tax upon the sale, storage, use or consumption of tangible personal property.”

(Nev. Const. art. 10, § 3B)

History of the Constitutional Provision

- ❖ Proposed by initiative petition
- ❖ Passed by voters at November 2016 and November 2018 General Elections

The Constitution of the State of Nevada

“The legislature may provide by law for the taxation of estates taxed by the United States, but only to the extent of any credit allowed by federal law for the payment of the state tax and only for the purpose of education, to be divided between the common schools and the state university for their support and maintenance. The combined amount of these federal and state taxes may not exceed the estate tax which would be imposed by federal law alone. If another state of the United States imposes and collects death taxes against an estate which is taxable by the State of Nevada under this section, the amount of estate tax to be collected by the State of Nevada must be reduced by the amount of the death taxes collected by the other state.”

(Nev. Const. art. 10, § 4)

Estate Tax

History of the Constitutional Provision

- ❖ Approved by Legislature in Senate Joint Resolution 11 of the 62nd (1983) Session.
- ❖ Passed by voters at November 1986 General Election.

Net Proceeds of Minerals Tax

The Constitution of the State of Nevada

History of the Constitutional Provision

- ❖ Approved by Legislature in Senate Joint Resolution 22 of the 64th (1987) Session.
- ❖ Passed by voters at May 1989 Special Election.

“The Legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation of all property, real, personal and possessory, **except mines and mining claims, which shall be assessed and taxed only as provided in Section 5 of this Article.**”

(Nev. Const. art. 10, § 1(1))

Net Proceeds of Minerals Tax

“The legislature shall provide by law for a tax upon the net proceeds of all minerals, including oil, gas and other hydrocarbons, extracted in this state, at a rate not to exceed 5 percent of the net proceeds. No other tax may be imposed upon a mineral or its proceeds until the identity of the proceeds as such is lost.” (Nev. Const. art. 10, § 5(1))

- Approved by Legislature in Senate Joint Resolution 22 of the 64th (1987) Session
- Passed by voters at May 1989 Special Election

“The legislature shall appropriate to each county that sum which would be produced by levying a tax upon the entire amount of the net proceeds taxed in each taxing district in the county at the rate levied in that district upon the assessed valuation of real property. The total amount so appropriated to each county must be apportioned among the respective governmental units and districts within it, including the county itself and the school district, in the same proportion as they share in the total taxes collected on property according to value.” (Nev. Const. art. 10, § 5(2))

- Approved by Legislature in Senate Joint Resolution 22 of the 64th (1987) Session
- Passed by voters at May 1989 Special Election

“Each patented mine or mining claim must be assessed and taxed as other real property is assessed and taxed, except that no value may be attributed to any mineral known or believed to underlie it, and no value may be attributed to the surface of a mine or claim if one hundred dollars’ worth of labor has been actually performed on the mine or claim during the year preceding the assessment.”

(Nev. Const. art. 10, § 5(3))

- Approved by Legislature in Senate Joint Resolution 22 of the 64th (1987) Session
- Passed by voters at May 1989 Special Election

The Constitution of the State of Nevada

“All lands granted by Congress to this state for educational purposes, all estates that escheat to the state, all property given or bequeathed to the state for educational purposes, and the proceeds derived from these sources, together with that percentage of the proceeds from the sale of federal lands which has been granted by Congress to this state without restriction or for educational purposes and all fines collected under the penal laws of the state are hereby pledged for educational purposes and the money therefrom must not be transferred to other funds for other uses. The interest only earned on the money derived from these sources must be apportioned by the legislature among the several counties for educational purposes, and, if necessary, a portion of that interest may be appropriated for the support of the state university, but any of that interest which is unexpended at the end of any year must be added to the principal sum pledged for educational purposes.”

(Nev. Const. art. 11 § 3)

Interest from State Permanent School Fund

History of the Constitutional Provision

- ❖ Original 1864 Constitution required proceeds from certain land sales to be “solemnly pledged for educational purposes,” with the interest apportioned among the counties for educational purposes.
- ❖ Current version approved by Legislature in Senate Joint Resolution 21 of the 63rd (1985) Session.
- ❖ Passed by voters at November 1988 General Election.

Increases of Revenue by State Legislature

History of the Constitutional Provision

- ❖ Proposed by initiative petition
- ❖ Passed by voters at November 1994 and November 1996 General Elections

The Constitution of the State of Nevada

“2. Except as otherwise provided in subsection 3, an affirmative vote of not fewer than two-thirds of the members elected to each House is necessary to pass a bill or joint resolution which creates, generates, or increases any public revenue in any form, including but not limited to taxes, fees, assessments and rates, or changes in the computation bases for taxes, fees, assessments and rates.

3. A majority of all of the members elected to each House may refer any measure which creates, generates, or increases any revenue in any form to the people of the State at the next general election, and shall become effective and enforced only if it has been approved by a majority of the votes cast on the measure at such election.”

(Nev. Const. art. 4, § 18)

State General Fund Revenue

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 2, 2024, FORECAST
ACTUAL: FY 2022 THROUGH FY 2024 AND FORECAST: FY 2025 THROUGH FY 2027
ECONOMIC FORUM'S FORECAST FOR FY 2025, FY 2026, AND FY 2027 APPROVED AT THE DECEMBER 2, 2024, MEETING

DESCRIPTION	FY 2022 ACTUAL	%	FY 2023 ACTUAL	%	FY 2024 ACTUAL	%	ECONOMIC FORUM DECEMBER 2, 2024,			
							FY 2025 FORECAST	% Change	FY 2026 FORECAST	% Change
TAXES										
MINING TAX										
3064 Net Proceeds of Minerals [1-21][1-23][1-24]	\$71,266,942	-59.9%	\$1,441,386	-98.0%	\$0					
3245 Centrally Assessed Penalties	\$423	-96.5%	\$0	-100.0%	\$0					
3074 Mining Gross Revenue Tax - Gold and Silver [3-22]	\$36,921,487		\$68,281,750	84.9%	\$0					
TOTAL MINING TAXES AND FEES	<u>\$108,188,852</u>	<u>-39.1%</u>	<u>\$69,723,135</u>	<u>-35.6%</u>	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>	
SALES AND USE										
3001 Sales & Use Tax [1-20][4-22][1-25]	\$1,613,341,781	21.7%	\$1,721,543,930	6.7%	\$1,790,433,565	4.0%	\$1,793,172,000	0.2%	\$1,865,437,000	4.0%
3002 State Share - LSST [1-20][4-22][1-25]	\$15,666,269	20.7%	\$16,491,566	5.3%	\$17,108,572	3.7%	\$17,483,000	2.2%	\$18,188,000	4.0%
3003 State Share - BCCRT [1-20][4-22][1-25]	\$7,004,724	21.1%	\$7,384,228	5.4%	\$7,653,650	3.6%	\$7,845,000	2.5%	\$8,161,000	4.0%
3004 State Share - SCCRT [1-20][4-22][1-25]	\$24,509,793	21.1%	\$25,839,923	5.4%	\$26,782,538	3.6%	\$27,458,000	2.5%	\$28,565,000	4.0%
3005 State Share - PTT [1-20][4-22][1-25]	\$19,349,241	22.8%	\$20,426,887	5.6%	\$21,127,104	3.4%	\$21,660,000	2.5%	\$22,533,000	4.0%
TOTAL SALES AND USE	<u>\$1,679,871,809</u>	<u>21.7%</u>	<u>\$1,791,686,533</u>	<u>6.7%</u>	<u>\$1,863,105,429</u>	<u>4.0%</u>	<u>\$1,867,618,000</u>	<u>0.2%</u>	<u>\$1,942,884,000</u>	<u>4.0%</u>
GAMING - STATE										
3041 Percent Fees - Gross Revenue: Before Tax Credits [4-24]	\$964,214,339	40.7%	\$970,128,567	0.6%	\$999,947,106	3.1%	\$969,771,000	-3.0%	\$980,813,000	1.1%
Tax Credit Programs:										
Film Transferrable Tax Credits [TC-1]	(\$664,260)		(\$2,200,088)		(\$1,842,482)		\$0		\$0	
Economic Development Transferrable Tax Credits [TC-2]	\$0		\$0		\$0		\$0		\$0	
Catalyst Account Transferrable Tax Credits [TC-4]	\$0		\$0		\$0		\$0		\$0	
Affordable Housing Transferrable Tax Credits [TC-7]	\$0		\$0		\$0		\$0		\$0	
Baseball Stadium Transferrable Tax Credits [TC-8]	\$0		\$0		\$0		\$0		\$0	
Total - Tax Credit Programs	<u>(\$664,260)</u>		<u>(\$2,200,088)</u>		<u>(\$1,842,482)</u>		<u>\$0</u>		<u>\$0</u>	
Percent Fees - Gross Revenue: After Tax Credits [4-24]	\$963,550,079	40.8%	\$967,928,479	0.5%	\$998,104,624	3.1%	\$969,771,000	-2.8%	\$980,813,000	1.1%
3032 Pari-mutuel Tax	\$3,162		\$3,858	22.0%	\$3,580	-7.2%	\$4,000	11.7%	\$4,000	0.0%
3181 Racing Fees	\$10,102		\$5,390	-46.6%	\$10,605	96.8%	\$6,400	-39.7%	\$7,500	17.2%
3247 Racing Fines/Forfeitures	\$1,500		\$3,900	160.0%	\$750	-80.8%	\$0	-100.0%	\$0	
3042 Gaming Penalties	\$361,734	-52.5%	\$329,016	-9.0%	\$10,930,133	3222.1%	\$850,000	-92.2%	\$700,000	-17.6%
3043 Flat Fees-Restricted Slots [2-20]	\$8,466,294	8.3%	\$8,481,030	0.2%	\$8,607,351	1.5%	\$8,639,000	0.4%	\$8,673,000	0.4%
3044 Non-Restricted Slots [2-20]	\$10,149,080	3.6%	\$10,246,840	1.0%	\$10,556,985	3.0%	\$10,430,000	-1.2%	\$10,460,000	0.3%
3045 Quarterly Fees-Games	\$5,466,294	0.0%	\$5,437,382	-0.5%	\$5,488,322	0.9%	\$5,295,000	-3.5%	\$5,309,000	0.3%
3046 Advance License Fees	\$16,467,639	382.3%	\$53,651	-99.7%	\$9,610,894	17813.9%	\$550,000	-94.3%	\$550,000	0.0%
3048 Slot Machine Route Operator	\$26,000	-13.3%	\$25,000	-3.8%	\$25,000	0.0%	\$25,000	0.0%	\$25,000	0.0%
3049 Gaming Info Systems Annual	\$49,000	63.3%	\$47,000	-4.1%	\$54,000	14.9%	\$48,000	-11.1%	\$48,000	0.0%
3028 Interactive Gaming Fee - Operator	\$250,000	-73.3%	\$500,000	100.0%	\$500,000	0.0%	\$500,000	0.0%	\$500,000	0.0%

State General Fund Revenue

Revenues for the State General Fund are collected/administered by a number of agencies, including:

- Department of Taxation
- Nevada Gaming Control Board
- Secretary of State's Office
- State Treasurer's Office

Total revenue for FY 2024:
\$6,108,536,473 (before tax credits)

Total revenue for FY 2024:
\$6,009,786,502 (after tax credits)

- Sixteen revenue sources make up 96.1% of the State General Fund's total revenue (after tax credits)

Sales and Use Tax

Statutory
Citation

Chapter 372 of NRS
(Sales and Use Tax Act of 1955)

Rate

2% on the taxable sale or taxable use
of tangible personal property

FY 2024
Actual
Collections

\$1,790,433,565

Key Legislation Affecting Revenue Source

Sales and Use Tax Act of 1955 (Chapter 397, Statutes of Nevada 1955). The Sales and Use Tax Act was approved by Nevada voters by referendum at the November 1956 General Election.

Possible Changes to Revenue Source

Because the Sales and Use Tax Act of 1955 was approved by voters via referendum, most changes to the Act that would increase revenue (such as increasing the rate or removing exemptions) **require voter approval to be enacted.**

Percentage Fee Tax on Gross Gaming Revenue

Statutory Citation

NRS 463.370

Rates

Nonrestricted gaming licensees pay this tax at the following rates:

- 3.5% on monthly revenue of up to \$50,000
- 4.5% on monthly revenue in excess of \$50,000, up to \$134,000
- 6.75% on monthly revenue in excess of \$134,000

FY 2024 Actual Collections

\$999,947,106 (before tax credits)
\$998,104,624 (after tax credits)

Key Legislation Affecting Revenue Source

Senate Bill 142 of the 43rd (1945) Session established a 1% fee for all revenue in excess of \$3,000 per quarter.

The most recent change to this fee occurred in Senate Bill 8 of the 20th (July 2003) Special Session.

Possible Changes to Revenue Source

- Increase one or more of the tax rates
 - A 0.25% increase in the top rate would have generated \$36.3 million in FY 2024
- Adjust definition of “gross gaming revenue” in NRS 463.3715

Modified Business Tax (MBT)

Rates

Financial Institutions and Mining Companies

- 1.554% of all taxable wages (gross wages less eligible health insurance costs) per calendar quarter

All Other Businesses (MBT-Nonfinancial)

- No tax on the first \$50,000 in taxable wages per calendar quarter
- 1.17% of all taxable wages in excess of \$50,000 per calendar quarter

FY 2024 Actual Collections

\$858,638,027 (before tax credits)
\$788,986,753 (after tax credits)

Key Legislation Affecting Revenue Sources

- MBT-Nonfinancial and MBT-Financial were created in Senate Bill 8 of the 20th (July 2003) Special Session.
- MBT-Mining was created in Senate Bill 483 of the 78th (2015) Session – this bill also created the rate reduction mechanism.
- The most recent rate change was in FY 2024, pursuant to NRS 360.203.

Possible Change to Revenue Source

- Increase one or more of the tax rates
- Reduce exemption of first \$50,000 in quarterly wages (MBT-Nonfinancial)
- Reduce deduction for health insurance expenses
- Reduce Commerce Tax credit against the MBT

Insurance Premium Tax

Statutory Citation

Chapter 680B of NRS

Rates

Risk Retention Groups

- 2% of net direct premiums and net direct considerations

All Other Insurers

- 3.5% of net direct premiums and net direct considerations

FY 2024 Actual Collections

\$646,678,025 (before tax credits)
\$619,421,810 (after tax credits)

Key Legislation Affecting Revenue Source

- First tax on insurance premiums imposed during the 6th Session (Chapter 3, Statutes of Nevada 1873).
- Current tax rate of 3.5% established in Assembly Bill 704 of the 65th (1989) Session.
- The rate was lowered to 2% for risk retention groups pursuant to Assembly Bill 338 of the 73rd (2005) Session.

Possible Changes to Revenue Source

- Increase one or both of the tax rates
- Change definitions of “net direct premiums” or “net direct considerations”
- Reduce credit for tax paid on industrial insurance policies pursuant to NRS 680B.036

Commerce Tax

Statutory Citation

Chapter 363C of NRS

Rates

The tax is paid on the Nevada Gross Revenue in excess of \$4,000,000 in a taxable year, at a rate that depends on the North American Industrial Classification System (NAICS) category of the business

- The rates range from 0.051% to 0.331%, depending on the NAICS category

FY 2024 Actual Collections

\$343,073,688

Key Legislation Affecting Revenue Source

- First imposed pursuant to Senate Bill 483 of the 78th (2015) Session.
- Requirement for businesses with Nevada gross revenue of less than \$4,000,000 to file a tax return was removed in Senate Bill 497 of the 80th (2019) Session.

Possible Changes to Revenue Source

- Increase tax rates
- Reduce \$4,000,000 exemption for Nevada Gross Revenue
- Change definition of “business entity” pursuant to NRS 363C.020
- Change definition of “gross revenue” pursuant to NRS 363C.045
- Reduce allowable deductions from gross revenue pursuant to NRS 363C.210

Live Entertainment Tax (LET)

Rates

9% of the price of the admission charge to a facility where live entertainment is provided

For live entertainment provided by an escort who is escorting one or more persons at a location or locations in this State, 9% of the total amount of consideration paid for live entertainment provided by the escort.

Key Legislation Affecting Revenue Sources

- Casino Entertainment Tax (CET) first created by Assembly Bill 648 of the 53rd (1965) Session.
- LET created as a replacement for CET in Senate Bill 8 of the 20th (July 2003) Special Session.
- Reform to rates, tax base, and structure of LET approved in Senate Bill 266 of the 78th (2015) Legislative Session.

FY 2024 Actual Collections

\$256,279,162

Possible Changes to Revenue Source

- Increase the tax rate
- Expand the applicability of the tax to other items besides admission charges
- Apply tax to tickets that are resold
- Remove exemptions from tax in NRS 368A.200

Interest Income

Statutory
Citation

NRS 226.110

Rate

No specific rates apply in statute – NRS 226.110 generally gives the authority for the State Treasurer to invest all money of the State that is not expressly required to be received and kept by another party

FY 2024
Actual
Collections

\$224,917,309 (General Fund portion)

Key Legislation Affecting Revenue Source

NRS 353.249, which requires money deposited in the State Treasury to be deposited in the State General Fund unless expressly provided in a particular statute, was approved by the Legislature in Senate Bill 255 of the 60th (1979) Session.

Possible Change to Revenue Source

Require interest to be deposited in the State General Fund instead of other accounts or funds

C-125

Cigarette Tax

Statutory Citation

Chapter 370 of NRS

Rate

The State General Fund portion of the cigarette tax rate is 85 mills per cigarette (\$1.70 per pack of 20).

An additional tax of 5 mills per cigarette (\$0.10 per pack of 20) is imposed, with the proceeds distributed to the Local Government Tax Distribution Account for distribution through the Consolidated Tax (CTX) distribution.

FY 2024 Actual Collections

\$122,973,891
(General Fund portion)

Key Legislation Affecting Revenue Source

- First cigarette tax imposed at a rate of 2 cents per pack of 20, pursuant to Assembly Bill 94 of the 43rd (1947) Session.
- Proceeds exclusively distributed to local governments following passage of Senate Bill 379 of the 54th (1967) Session.
- State rate reimposed in Senate Bill 97 of the 62nd (1983) Session – cigarette tax became \$0.15 per pack.
- General Fund rate increased in 1987, 1989, 2003, and most recently in Senate Bill 483 of the 78th (2015) Session.

Possible Changes to Revenue Source

- Increase tax rate
- Reduce 0.25% taxpayer collection allowance

Business License Fee

Rates

Secretary of State's Office

- The annual state business license is \$500 for corporations and \$200 for all other entities.

Department of Taxation

- Entities that operate a facility where craft shows, exhibitions, trade shows, conventions, or sporting events take place may pay the fee for entities not having a business license at the rate of \$1.25 times the number of unlicensed entities times the number of days of the event, or a flat annual fee of \$5,000.

Key Legislation Affecting Revenue Sources

- Annual business license of \$100 was established pursuant to Senate Bill 8 of the 20th (July 2003) Special Session, administered by the Department of Taxation.
- Administration of annual licenses moved to Secretary of State's Office in Assembly Bill 146 of the 75th (2009) Session.
- Rate temporarily increased to \$200 per year in 2009, 2011, and 2013 Sessions.
- Current rate structure established in Senate Bill 483 of the 78th (2015) Session.

Possible Change to Revenue Source

- Increase annual license fee
- Remove exclusions from definition of "business" in NRS 76.020

FY 2024 Actual Collections

\$122,663,071

Real Property Transfer Tax

Statutory Citation

Chapter 375 of NRS

Rates

The State General Fund portion of the RPTT rate is \$1.30 per \$500 of value of the real property being transferred

Additional rates are levied at the local level for various purposes – the total rate imposed depends on the county:

- Clark County: \$2.55 per \$500 of value
- Churchill and Washoe counties: \$2.05 per \$500 of value
- All other counties: \$1.95 per \$500 of value

FY 2024 Actual Collections

\$108,964,910 (General Fund portion)

Key Legislation Affecting Revenue Source

- First RPTT rate of 55 cents per \$500 of value imposed pursuant to Senate Bill 456 of the 54th (1967) Session.
- Assembly Bill 268 of the 60th (1979) Session allowed local governments to receive 100% of the proceeds of this tax.
- State rate of \$1.30 per \$500 of value reimposed pursuant to Senate Bill 8 of the 20th (July 2003) Special Session.

Possible Changes to Revenue Source

- Increase tax rate
- Reduce 1% collection allowance that may be kept by county recorder pursuant to NRS 375.023
- Eliminate exemptions from tax allowed by NRS 375.090

Commercial Recordings (Secretary of State)

Statutory Citation

Title 7 of NRS

Rates

Rates imposed by the Secretary of State’s Office for corporate filings and other commercial recordings depend on a number of factors, including the type of entity being formed, the type of filing, the number of shares of stock (for corporations), and other factors.

FY 2024 Actual Collections

\$89,170,782

Key Legislation Affecting Revenue Source

- First general corporation law approved by Nevada Legislature during the 21st Legislative Session (Chapter 88, Statutes of Nevada 1903).
- First filing fees for incorporation approved in Senate Bill 2 of the 32nd (1925) Session.
- Subsequent legislative actions have created or increased fees, most recently in Senate Bill 483 of the 78th (2015) Session.

Possible Changes to Revenue Source

- Increase filing fees

NRS 482.313
and
NRS 482C.230

Short-Term Auto Lease Tax

Rates

The State General Fund rate is 10% of the total amount for which a passenger car is leased, either from a short-term lessor or through a peer-to-peer car sharing program.

An additional tax of 2% is levied in Clark and Washoe counties on all rentals, except for rentals of “replacement vehicles.”

FY 2024 Actual Collections

\$78,876,414 (General Fund portion)

Key Legislation Affecting Revenue Sources

- Tax initially imposed at a rate of 6% in Assembly Bill 323 of the 67th (1993) Session.
- Most recent increase to the rate was in Senate Bill 234 of the 75th (2009) Session.
- The 10% fee was applied to rentals through peer-to-peer car sharing programs in Senate Bill 389 of the 81st (2021) Session.

Possible Change to Revenue Source

- Increase tax rate
- Include certain charges in the tax base that are currently excluded

General Fund Commissions – Sales and Use Tax

Statutory Citations

NRS 271.650, NRS 374.785, NRS 374A.020, NRS 376A.040, NRS 376A.050, NRS 377.050, NRS 377A.050, and NRS 377B.130

Rates

For all sales and use taxes collected by the Department of Taxation (other than the State 2% rate), the Department shall withhold a percentage of the proceeds before distribution, for deposit in the State General Fund. This percentage is as follows:

- For the Local School Support Tax, 0.75%
- For all other sales and use tax rates, 1.75%

FY 2024 Actual Collections

\$72,671,864 (General Fund portion)

Key Legislation Affecting Revenue Source

- Original imposition of LSST in Senate Bill 15 of the 54th (1967) Session required the Nevada Tax Commission to withhold 1% for deposit in the State General Fund.
- The percentage was reduced to 0.5% in Assembly Bill 369 of the 61st (1981) Session, then increased to 0.75% in Assembly Bill 288 of the 70th (1999) Session.
- Assembly Bill 552 of the 75th (2009) Session increased the commission from 0.75% to 1.75% for all tax rates except for the LSST.

Possible Changes to Revenue Source

- Increase General fund commission rates for one or more rates (other than the LSST)

Unclaimed Property

Statutory Citation

Chapter 120A of NRS

Rates

No specific rates. The proceeds from abandoned property transferred to the State Treasurer's Office pursuant to Chapter 120A of NRS, less claims, administrative costs, and certain required distributions, are deposited into the State General Fund.

Pursuant to NRS 120A.610, proceeds of abandoned gift certificates, after claims are paid, are to be deposited in the State Education Fund.

FY 2024 Actual Collections

\$70,965,216 (General Fund portion)

Key Legislation Affecting Revenue Source

- Abandoned Property Trust Account created pursuant to Assembly Bill 85 of the 60th (1979) Session, in the Department of Commerce.
- Administration of the program was moved to the State Treasurer's Office in Senate Bill 489 of the 71st (2001) Session.
- Senate Bill 4 of the 22nd (June 2005) Special Session required the first \$7.6 million of revenue remaining in the Account at the end of the fiscal year to be transferred to the Millennium Scholarship Trust Fund.

Possible Changes to Revenue Source

- Reduce non-General Fund distributions

Liquor Tax

Rates

The State General Fund rates on liquor are as follows:

- Malt beverages (including beer) - \$0.16 per gallon
- Liquor between 0.5% and 14% alcohol by volume: \$0.70 per gallon
- Liquor above 14%, up to 22% alcohol by volume: \$1.30 per gallon
- Liquor above 22% alcohol by volume: \$2.95 per gallon

FY 2024 Actual Collections

\$49,048,983 (General Fund portion)

Key Legislation Affecting Revenue Sources

- First local liquor taxes approved in Senate Bill 199 of the 36th (1933) Session.
- First statewide liquor taxation and regulation approved in Assembly Bill 40 of the 37th (1935) Session.
- Most recent increase in liquor tax rates approved in Senate Bill 8 of the 20th (July 2003) Special Session.

Possible Change to Revenue Source

- Increase rates on one or more types of liquor
- Reallocate non-General Fund distributions

Transportation Connection Excise Tax

Statutory
Citation

Chapter 372B of NRS

Rate

3% of the total fare charged for transportation services charged by a transportation network company, autonomous vehicle network company, or common motor carrier of passengers in Nevada.

FY 2024
Actual
Collections

\$40,157,801 (General Fund portion)
\$5,000,000 (Highway Fund portion)

Key Legislation Affecting Revenue Source

- Tax created pursuant to Assembly Bill 175 of the 78th Session (2015), which also allowed for the regulation of transportation network companies.
- Tax expanded to include fares charged by autonomous vehicle network companies regulated by the Nevada Transportation Authority, pursuant to Assembly Bill 69 of the 79th (2017) Session.

Possible Changes to Revenue Source

- Increase tax rate
- Reduce distribution to State Highway Fund

State General Fund Tax Credits

OTHER REVENUE							
3059 Hoover Dam Revenue	\$324,405	17.7%	\$300,000	-7.5%	\$300,000	0.0%	\$300,000 0.0%
MISC SALES AND REFUNDS							
3047 Expired Slot Machine Wagering Vouchers	\$16,506,340	88.5%	\$19,316,120	17.0%	\$18,374,082	-4.9%	\$18,296,000 -0.4%
3107 Misc Fees [9-22]	\$695,658	33.6%	\$732,209	5.3%	\$1,039,259	41.9%	\$1,071,000 3.1%
3109 Court Admin Assessments [7-20][12-24]	\$0		\$0		\$0		\$0
3114 Court Administrative Assessment Fee [12-24]	\$1,419,507	-10.3%	\$1,449,420	2.1%	\$15,544,481	972.5%	\$15,840,000 1.9%
3168 Declare of Candidacy Filing Fee	\$58,241	142.7%	\$55,208	-5.2%	\$82,090	48.7%	\$37,200 -54.7%
3202 Fees & Writs of Garnishments	\$570	-24.5%	\$500	-12.3%	\$715	43.0%	\$400 -44.1%
3220 Nevada Report Sales	\$1,215	-79.9%	\$3,810	213.6%	\$14,695	285.7%	\$4,100 -72.1%
3222 Excess Property Sales	\$12,878	-30.2%	\$0	-100.0%	\$0		\$0
3240 Sale of Trust Property	\$0		\$0		\$0		\$0
3243 Insurance - Misc	\$391,986	-0.9%	\$374,159	-4.5%	\$400,685	7.1%	\$389,300 -2.8%
3274 Misc Refunds	\$32,662	-14.8%	\$30,224	-7.5%	\$2,919,728	9560.3%	\$2,031,000 -30.4%
3276 Cost Recovery Plan [8-20][10-22][13-24]	\$9,079,171	-17.2%	\$8,575,644	-5.5%	\$8,450,166	-1.5%	\$7,874,000 -6.8%
TOTAL MISC SALES & REF	\$28,198,227	26.4%	\$30,537,293	8.3%	\$46,825,901	53.3%	\$45,543,000 -2.7%
3255 Unclaimed Property [11-22][14-24]	\$56,059,921	17.6%	\$60,022,800	7.1%	\$70,965,216	18.2%	\$62,980,000 -11.3%
TOTAL OTHER REVENUE	\$84,582,554	20.4%	\$90,860,094	7.4%	\$118,091,117	30.0%	\$108,823,000 -7.8%
TOTAL GENERAL FUND REVENUE: BEFORE TAX CREDITS	\$5,524,470,795	22.0%	\$5,873,963,101	6.3%	\$6,108,536,473	4.0%	\$6,129,663,278 0.3%
TOTAL COMMERCE TAX CREDITS	(\$47,846,881)		(\$61,524,113)		(\$60,458,912)		(\$67,626,000)
TOTAL GENERAL FUND REVENUE: AFTER COMMERCE TAX CREDITS	\$5,476,623,914	22.1%	\$5,812,438,988	6.1%	\$6,048,077,560	4.1%	\$6,062,037,278 0.2%
TAX CREDIT PROGRAMS:							
FILM TRANSFERRABLE TAX CREDITS [TC-1]	(\$1,483,723)		(\$5,876,534)		(\$6,011,701)		(\$7,258,000)
ECONOMIC DEVELOPMENT TRANSFERRABLE TAX CREDITS [TC-2]	\$0		\$0		\$0		(\$2,137,500)
CATALYST ACCOUNT TRANSFERRABLE TAX CREDITS [TC-4]	(\$350,000)		\$0		\$0		\$0
NEVADA NEW MARKET JOBS ACT TAX CREDITS [TC-3]	(\$23,671,913)		(\$30,280,991)		(\$21,103,337)		(\$24,000,000)
EDUCATION CHOICE SCHOLARSHIP TAX CREDITS [TC-5]	(\$11,782,700)		(\$10,800,296)		(\$8,176,019)		(\$8,600,000)
COLLEGE SAVINGS PLAN TAX CREDITS [TC-6]	(\$473)		(\$392)		\$0		(\$600)
AFFORDABLE HOUSING TRANSFERRABLE TAX CREDITS [TC-7]	\$0		(\$3,000,000)		(\$3,000,000)		(\$9,000,000)
BASEBALL STADIUM TRANSFERRABLE TAX CREDITS [TC-8]							\$0
TOTAL - TAX CREDIT PROGRAMS	(\$37,288,809)		(\$49,958,212)		(\$38,291,058)		(\$50,996,100)
TOTAL GENERAL FUND REVENUE: AFTER TAX CREDITS	\$5,439,335,105	21.6%	\$5,762,480,775	5.9%	\$6,009,786,502	4.3%	\$6,011,041,178 0.0%

Commerce Tax Credits against Modified Business Tax

An employer may subtract an amount of up to 50% of the Commerce Tax paid in the previous fiscal year from the MBT otherwise due in the current fiscal year.

How Credits Are Earned

Statutory Citations

NRS 363A.130 and
NRS 363B.110

FY 2024 Actual Collections

-\$60,458,912

Key Legislation Affecting Revenue Source

Commerce Tax credit created at the same time of the creation of the Commerce Tax, in Senate Bill 483 of the 78th (2015) Session.

Possible changes to revenue source

Reduce the percentage of Commerce Tax paid that may be taken against future MBT liability.

Nevada New Markets Jobs Act Tax Credits

Insurance companies may earn tax credits against their Insurance Premium Tax liability in exchange for investments made with qualified community development entities.

In exchange for their investments, the insurance companies are entitled to a tax credit of between 58% and 75% of the investment, which may be taken over a period of five calendar years.

None – once investments have been made, the taxpayer making the investment is eligible to receive the credits.

How Credits Are Earned

Statutory Citation

Chapter 231A of NRS

FY 2024 Actual Collections

-\$21,103,337

Key Legislation Affecting Revenue Source

- Nevada New Markets Jobs Act approved in Senate Bill 357 of the 77th (2013) Session, with \$200 million in allowed investments.
- Second round of investments (\$200 million) authorized in Assembly Bill 446 of the 80th (2019) Session – **credits are anticipated to be used through FY 2026.**
- Third round of investments (totaling \$200 million) authorized in Senate Bill 240 of the 82nd (2023) Session – **credits may be taken beginning in FY 2027, and are anticipated to be used through FY 2031.**

Possible changes to revenue source

Education Choice Scholarship Tax Credits

A taxpayer may earn a credit against his or her Modified Business Tax liability equal to the amount of a donation made to an eligible scholarship organization.

The amount of credits issued by the Department of Taxation may not exceed \$6,655,000 per fiscal year.

Reduce the annual amount of credits that may be awarded.

How Credits Are Earned

Statutory Citations

NRS 360.758 through
NRS 360.7598

FY 2024 Actual Collections

-\$8,176,019

Key Legislation Affecting Revenue Source

- Tax credit program created in Assembly Bill 165 of the 78th (2015) Session, with a \$5,000,000 limit in FY 2016 and a 10% increase in the total every fiscal year thereafter.

- Additional \$20 million allowed for FY 2018 in Senate Bill 555 of the 79th (2017) Session.
- 10% escalator eliminated in Assembly Bill 458 of the 80th (2019) Session, capping annual total at \$6,655,000 beginning in FY 2020.
- Additional allocations of \$4,745,000 allowed for FYs 2020, 2021, and 2022.

Possible changes to revenue source

Film Transferable Tax Credits

Qualified productions may receive a transferable tax credit that can be used against the MBT, Gaming Percentage Fee, Branch Bank Excise Tax, or Insurance Premium Tax for qualified direct production expenditures.

The Nevada Film Office may award \$10,000,000 in credits per fiscal year; all unawarded credits may be issued in any future fiscal year.

- Reduce the annual amount of credits that may be awarded
- Reduce the percentage of qualified expenditures that may be used to earn credits (currently between 12% and 15%).

How Credits Are Earned

Statutory Citation

NRS 360.758 through
NRS 360.7598

FY 2024 Actual Collections

-\$6,011,701

Key Legislation Affecting Revenue Source

- Film tax credit program approved as a pilot program in Senate Bill 165 of the 77th (2013) Session.
- Pilot designation removed in Senate Bill 1 of the 28th (September 2014), Special Session but total credits for program reduced from \$80 million to \$10 million.
- Assembly Bill 492 of the 79th (2017) Session created an annual \$10 million authorization to the program.

Possible changes to revenue source

Affordable Housing Transferable Tax Credits

A project sponsor may receive a transferable tax credit that can be used against the MBT, Gaming Percentage Fee, Branch Bank Excise Tax, or Insurance Premium Tax for a qualified affordable housing project.

The Housing Division of the Department of Business and Industry may award \$10,000,000 in credits per fiscal year, with a total limit of \$40,000,000 over the life of the program.

- Reduce the aggregate amount of credits that may be awarded by the Housing Division.
- Reduce the annual amount of credits that may be issued from the current annual cap of \$10 million.

How Credits Are Earned

Statutory Citations

NRS 360.860 through
NRS 360.870

FY 2024 Actual Collections

-\$3,000,000

Key Legislation Affecting Revenue Source

- Affordable Housing tax credit program approved as a 4-year program in Senate Bill 448 of the 80th (2019) Session.
- Program made permanent in Senate Bill 284 of the 81st (2021) Session, but total credits for program remained at \$40 million.

Possible changes to revenue source

College Savings Plan Tax Credits

An employer may receive tax credit that can be used against the MBT equal to 25 percent of a contribution matching one made by an employee to a college savings plan administered by the State Treasurer's Office.

An unlimited amount of credits may be awarded, but the total credit may not exceed \$500 per contributing employee per fiscal year.

Place an annual limit on the credits that may be issued.

How Credits Are Earned

Statutory Citations

NRS 363A.137 and
NRS 363B.117

FY 2024 Actual Collections

\$0

Key Legislation Affecting Revenue Source

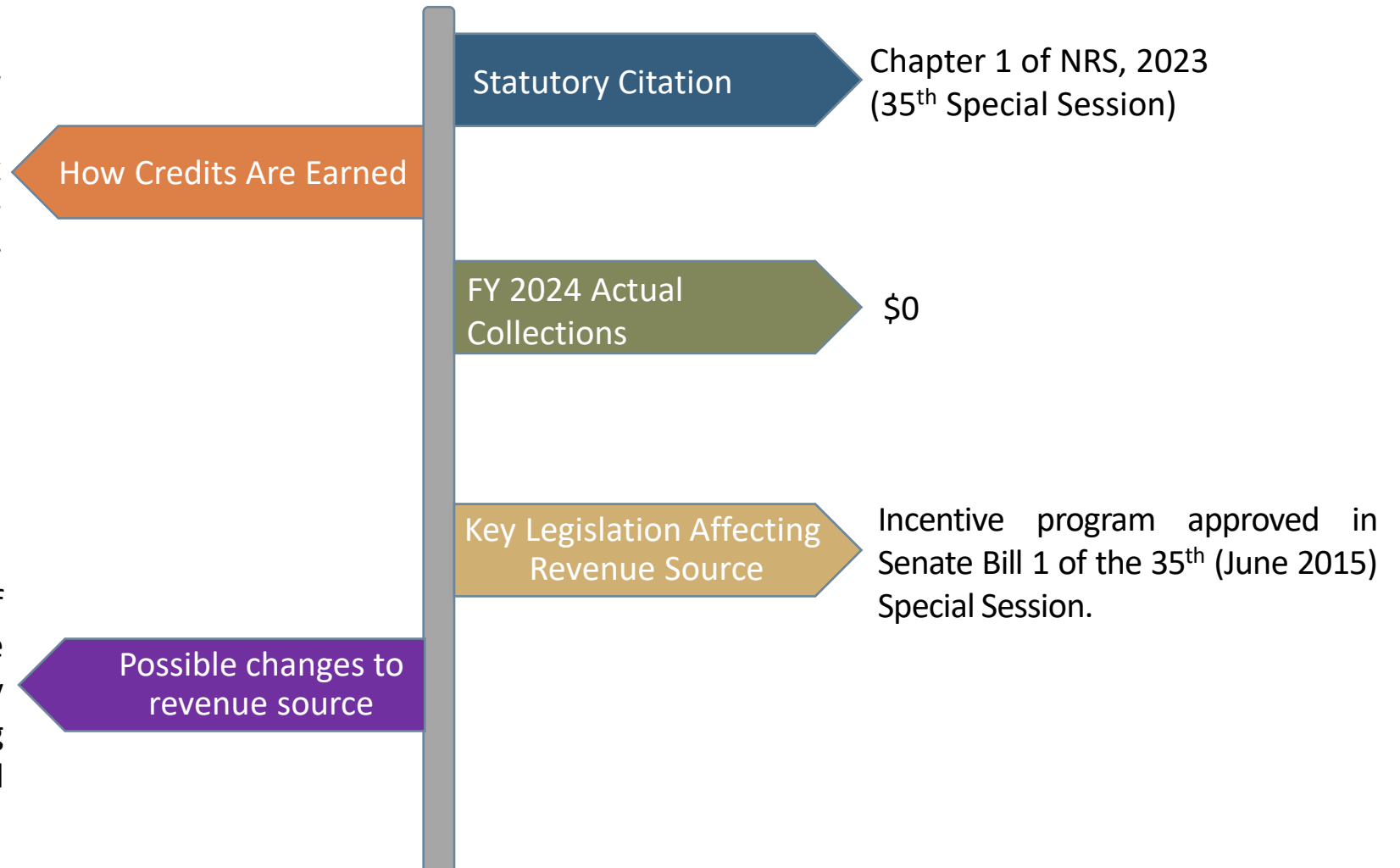
- College Savings Plan tax credit program created in Senate Bill 412 of the 78th (2015) Session.
- No subsequent changes to law since inception.

Possible changes to revenue source

MLB Stadium Project Transferable Tax Credits

Under the Southern Nevada Tourism Innovation Act, the Las Vegas Stadium Authority may approve the issuance of up to \$180,000,000 of transferable tax credits (\$36,000,000 per fiscal year for five years) to the developer partner of a qualified Major League Baseball Stadium project, which can be used against the Modified Business Tax, Branch Bank Excise Tax, Insurance Premium Tax, and Gaming Percentage Fee.

None – the first annual allocation of \$36,000,000 is anticipated to be awarded by the Stadium Authority in FY 2026, with the remaining allocations anticipated to be awarded between FY 2027 and FY 2030.



Catalyst Account Transferable Tax Credits

The Governor's Office of Economic Development may issue transferable tax credits, which may be used against the Modified Business Tax, Branch Bank Excise Tax, Gaming Percentage Fee Tax, and the Insurance Premium Tax, to a person who intends to locate or expand a business in Nevada.

The maximum amount of credits that may be issued is \$5,000,000 per fiscal year.

- Reduce the annual limit on the credits that may be issued.
- Repeal the program.

How Credits Are Earned

Statutory Citation

NRS 231.1555

FY 2024 Actual Collections

\$0

Key Legislation Affecting Revenue Source

Possible changes to revenue source

- Program created as a replacement for the Catalyst Account in Senate Bill 507 of the 78th (2015) Session
- Assembly Bill 1 of the 29th (December 2015) Special Session reduced the maximum amount of allowable credits between FY 2016 and FY 2020.

Economic Development Transferable Tax Credits

The lead participant in a qualified project with a minimum capital investment of \$1 billion may earn transferable tax credits against the Modified Business Tax, Branch Bank Excise Tax, Insurance Premium Tax, and the Gaming Percentage Fee based on the number of employees hired (\$9,500 per employee, up to 4,000 employees).

A total of \$38 million in credits may be issued, with a maximum amount of \$7,600,000 per fiscal year (until June 30, 2025).

None – while only \$2,137,500 of credits have been awarded since the inception of this program, the ability to award credits expires under current law beginning in FY 2026.

How Credits Are Earned

Statutory Citations

NRS 360.880 through
NRS 360.896

FY 2024 Actual Collections

\$0

Key Legislation Affecting Revenue Source

- Incentive program approved in Senate Bill 1 of the 29th (December 2015) Special Session.
- The issuance of any tax credits by GOED must be approved by the Interim Finance Committee, pursuant to Senate Bill 410 of the 80th (2019) Session.

Possible changes to revenue source

State Education Fund

“Education, then, beyond all other devices of human origin, is the great equalizer of the conditions of men, the balance wheel of the social machinery.”

Horace Mann
“Father of American Education”

State Education Fund Overview

- Revenues for the State Education Fund (SEF) are collected/administered by a number of agencies, including:
 - Department of Taxation
 - Nevada Gaming Control Board
 - Department of Motor Vehicles
 - State Treasurer's Office
 - Local governments (primarily counties)
- Total revenue for FY 2024: \$3,987,525,588
 - Nine revenue sources make up 99.1% of the State Education Fund's total revenue

Local School Support Tax (LSST)

Statutory Citation Chapter 374 of NRS
Rate 2.6% on the taxable sale or taxable use of tangible personal property.
FY 2024 Actual Collections \$2,257,257,330

Key Legislation Affecting Revenue Source ▪ Tax created pursuant to Senate Bill 15 of the 54th (1967) Session, at a rate of 1%. ▪ Tax rate increased to 1.5% in Assembly Bill 369 of the 61st (1981) Session. ▪ Tax rate increased to 2.25% in Assembly Bill 295 of the 66th (1991) Session. ▪ Tax rate temporarily increased by 0.35% in Senate Bill 429 of the 75th (2009) Session. ▪ Additional 0.35% rate was extended in the 2011 and 2013 Sessions, before being made permanent in Senate Bill 483 of the 78th (2015) Session.
Possible Changes to Revenue Source ▪ Increase tax rate ▪ Changes to exemptions not possible without voter approval

State Education Fund
Property Tax

Statutory Citation

NRS 387.195

Rate

\$0.75 per \$100 of assessed valuation of taxable property within each county.

FY 2024 Actual
Collections

\$1,037,676,931

Key Legislation Affecting
Revenue Source

- Senate Bill 236 of the 47th (1955) Session required the levy of a property tax rate of \$0.70 per \$100 in assessed value for public schools, with the option to impose an additional rate of \$0.80.
- Senate Bill 204 of the 60th (1979) Session established a statutory formula for determining the rate in each county.
- Assembly Bill 369 of the 61st (1981) Session fixed the rate at \$0.50.
- Rate increased to \$0.75 in Assembly Bill 371 of the 62nd (1983) Session.

Possible Changes to
Revenue Source

- Increase tax rate
- Revise depreciation or assessed valuation calculations

State Education Fund Overview

Transient Lodging Tax

Statutory Citation

NRS 244.33561

Rates

In any county whose population is 300,000 or more (Clark and Washoe), a rate of up to 3% on the gross receipts from the rental of transient lodging, such that the sum of the tax rates existing on July 31, 2008, does not exceed 13%.

The tax is imposed at the full 3% rate in Clark County – in Washoe County, the tax is only imposed at a rate of 1% in unincorporated Washoe County and in the portions of the City of Reno outside of the downtown area.

FY 2024 Actual Collections

\$245,004,523

Key Legislation Affecting Revenue Source

- Initiative Petition 1 of the 75th Session (2009), which was approved by the Legislature and became law pursuant to Article 4, Section 35 of the *Nevada Constitution*, enacted the rate, with the proceeds deposited to the State General Fund for FY 2010 and FY 2011.
- Subsequent legislative actions between 2011 and 2019 have approved usage of this revenue for the State Distributive School Account and the State Education Fund.

Possible Changes to Revenue Source

- Increase tax rate
- Adjust 13% cap limiting existing rate
- Expand authority to more counties

Governmental Services Tax (GST)

Statutory Citations

Chapters 371 and 482 of NRS

Rates

The basic GST rate is 4% of the valuation of the vehicle (calculated as 35% of the MSRP of the vehicle when new, excluding options and extra, less depreciation). The minimum GST due is \$3 for trailers weighing less than 1,000 pounds, and \$16 for all other vehicles.

Portions of this rate are distributed to the State Highway Fund, the State Education Fund, school districts, and the Local Government Tax Distribution Account.

FY 2024 Actual Collections

\$131,944,285 (State Education Fund portion)

Key Legislation Affecting Revenue Source

- Senate Bill 256 of the 52nd (1963) Session first imposed the Motor Vehicle Privilege Tax (MVPT) at the 4% rate.
- Assembly Bill 292 of the 63rd (1985) Session established distribution of MVPT revenue between school districts and other local governments.
- Senate Bill 429 of the 75th (2009) Session increased the minimum tax from \$6 to \$16, and changed the depreciation schedule.

Possible Changes to

- Increase minimum amount of tax due
- Adjust depreciation schedule
- Increase tax rate (requires legislation to eliminate current supplemental GST rates)

Retail Cannabis Tax

Statutory Citation

Chapter 372A of NRS

Rate

10% on the sales price of cannabis or cannabis products, imposed on each retail sale in this State of cannabis or cannabis products by an adult-use cannabis retail store or cannabis consumption lounge. **The tax does not apply to retail sales of medical cannabis.**

FY 2024 Actual Collections

\$76,800,162

Key Legislation Affecting Revenue Source

- Excise taxes on cannabis first imposed by Legislature in Senate Bill 374 of the 77th (2013) Session.
- Senate Bill 487 of the 79th (2017) Session repealed existing taxes and imposed the 10% retail tax, with the proceeds deposited in the Account to Stabilize the Operation of the State Government.
- Senate Bill 545 of the 80th (2019) Session required distribution of these revenues to the State Distributive School Account beginning in FY 2020.

Possible Changes to Revenue Source

- Increase tax rate
- Apply tax to medical cannabis sales

Net Proceeds of Minerals Tax

Statutory Citation

Chapter 362 of NRS

Rates

Tax is paid at a rate of between 2% and 5%, or the combined property rate of the taxing district in which the mining operation is located, whichever is higher. The tax is paid on the net proceeds of the mining operation (gross yield less certain production-related expenses).

FY 2024 Actual Collections

\$74,324,979

Key Legislation Affecting Revenue Source

- First calculation for determining the net proceeds of mines approved by the Legislature in the 5th Session (Chapter 35, Statutes of Nevada 1871).
- Maximum rate of 5% established in Senate Bill 61 of the 65th (1989) Session, with proceeds above property tax rate deposited in the State General Fund.
- State General Fund portion moved to State Education Fund beginning in FY 2024 pursuant to Assembly Bill 495 of the 81st (2021) Session.

Possible Changes to Revenue Source

- Reduce deductions allowed to be taken for the purpose of calculating net proceeds
- Accelerate payment of tax (**will generate additional revenue in one year only**)

Gold and Silver Excise Tax

Statutory Citation

Chapter 372A of NRS

Rates

Tax is paid by businesses extracting gold or silver in Nevada at a rate of 0.75% of the gross revenue between \$20,000,000 and \$150,000,000 in a calendar year; and at a rate of 1.1% of the gross revenue in excess of \$150,000,000 in a calendar year.

FY 2024 Actual Collections

\$71,729,972

Key Legislation Affecting Revenue Source

- Tax was created pursuant to Assembly Bill 495 of the 81st (2021) Session, with the proceeds deposited in the State General Fund in FY 2022 and FY 2023.
- The tax was deposited in the State Education Fund beginning in FY 2024.

Possible Changes to Revenue Source

- Increase tax rates
- Remove \$20 million exemption
- Change tax brackets

Wholesale Cannabis Tax

Statutory Citation

Chapter 372A of NRS

Rates

15% on the fair market value of the first wholesale sale to an affiliate of the medical cannabis cultivation facility or to an affiliate of the adult-use cannabis cultivation facility or on the sales price of the cannabis, if the sale is made to a cannabis establishment that is not an affiliate of the medical cannabis cultivation facility or the adult-use cannabis cultivation facility.

FY 2024 Actual Collections

\$43,737,615 (Actual Tax Collected)
\$31,079,460 (Amount Distributed to State Education Fund)

Key Legislation Affecting Revenue Source

- Wholesale cannabis tax approved by voters in Question 2 at the November 2016 General Election.
- Senate Bill 487 of the 79th (2017) Session set the required transfer of revenue to local governments at \$5,000,000 per fiscal year.
- Assembly Bill 430 of the 82nd (2023) Session imposed the tax only on the first wholesale sale and required the calculation of the tax based on the actual sales price between non-affiliated entities.

Possible Changes to Revenue Source

- Increase tax rate
- Increase license fees for establishments
- Reduce required annual transfer to local governments

State Education Fund

Annual Slot Tax

Statutory Citation

NRS 463.385 of NRS

Rates

\$250 per year per slot machine, with monthly proration for start-up operations or from licensees who put additional machines into play during a fiscal year.

The State Education Fund receives the remainder of revenue after annual payments to the Higher Education Capital Construction Fund (\$5,000,000) and the Special Higher Education Capital Construction Fund (20% of total collections).

FY 2024 Actual Collections

\$26,177,826 (State Education Fund)

Key Legislation Affecting Revenue Source

- State tax “equal to the amount of any credit which may be allowed against the tax imposed on slot machines by 26 U.S.C. § 4461” imposed pursuant to Assembly Bill 174 of the 54th (1967) Session.
- Assembly Bill 63 of the 60th (1979) Session set the annual tax rate at \$250 per slot machine.
- No changes to rate have been approved since 1979.

Possible Changes to Revenue Source

- Increase tax rate

State Highway Fund

“The interstate system has done more to bring America together, to unite us as a nation, than any other single action by the government”

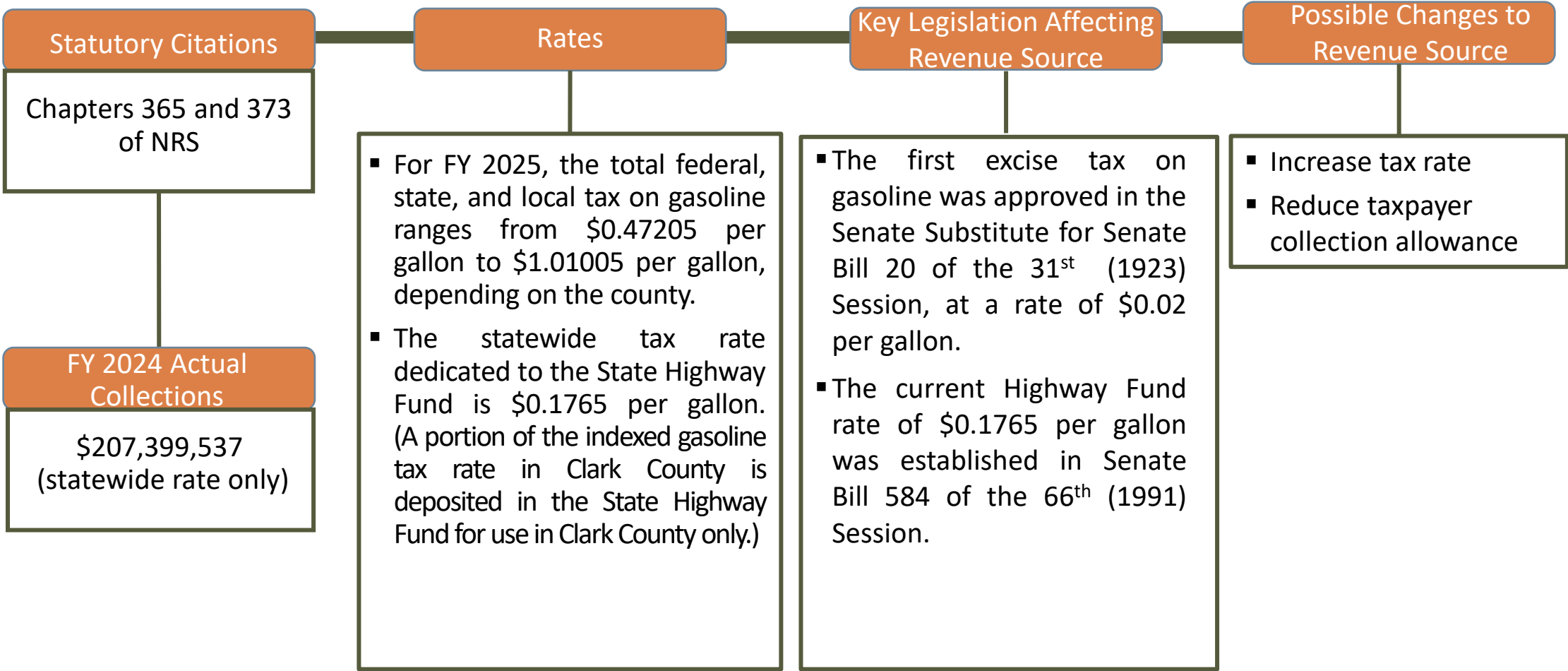
Dwight D. Eisenhower,
Former President of the United States

State Highway Fund Overview

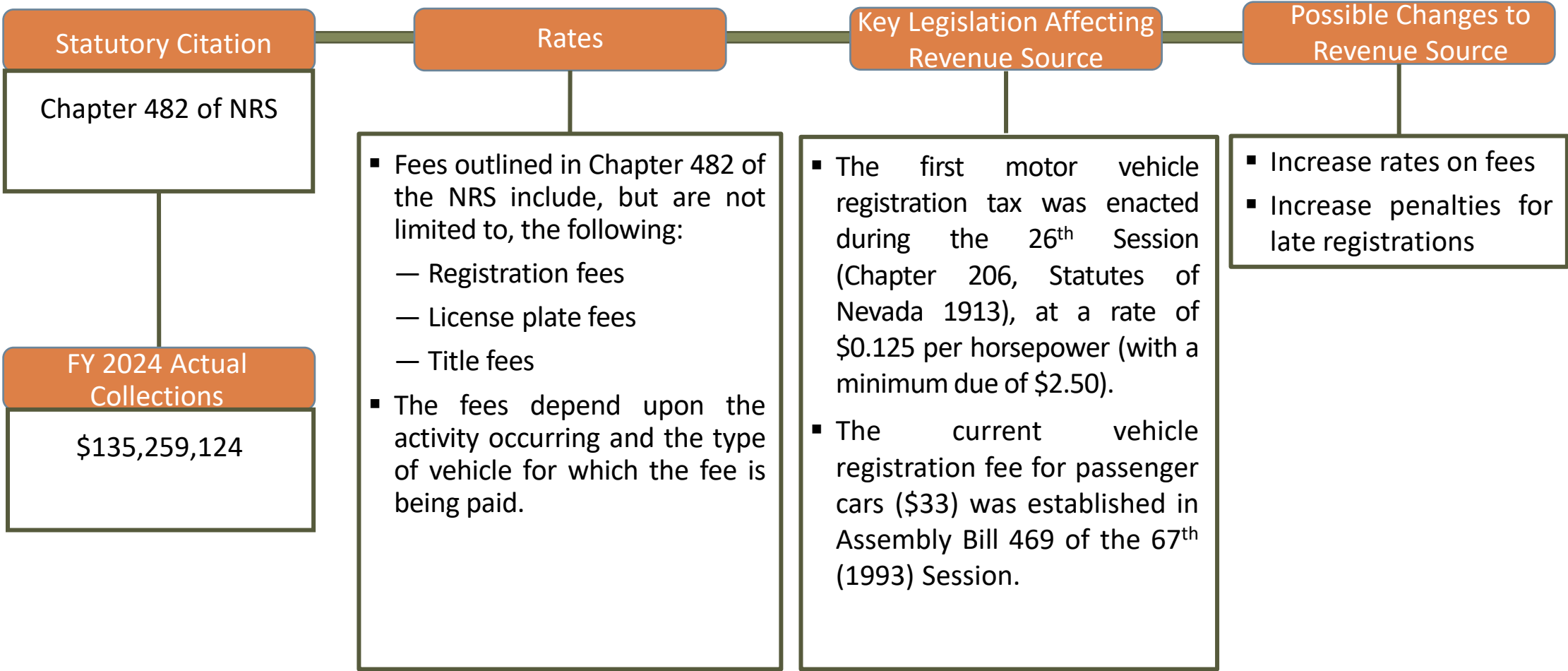
- Revenue is primarily collected by the Department of Motor Vehicles
- Total revenue for FY 2024: \$644,582,482
 - Four revenue sources (gasoline tax; vehicle registrations, titles, and license plates; taxes on special fuels; and the Governmental Services Tax) make up 88.5% of the State Highway Fund's total revenue

State Highway Fund

Gasoline Tax

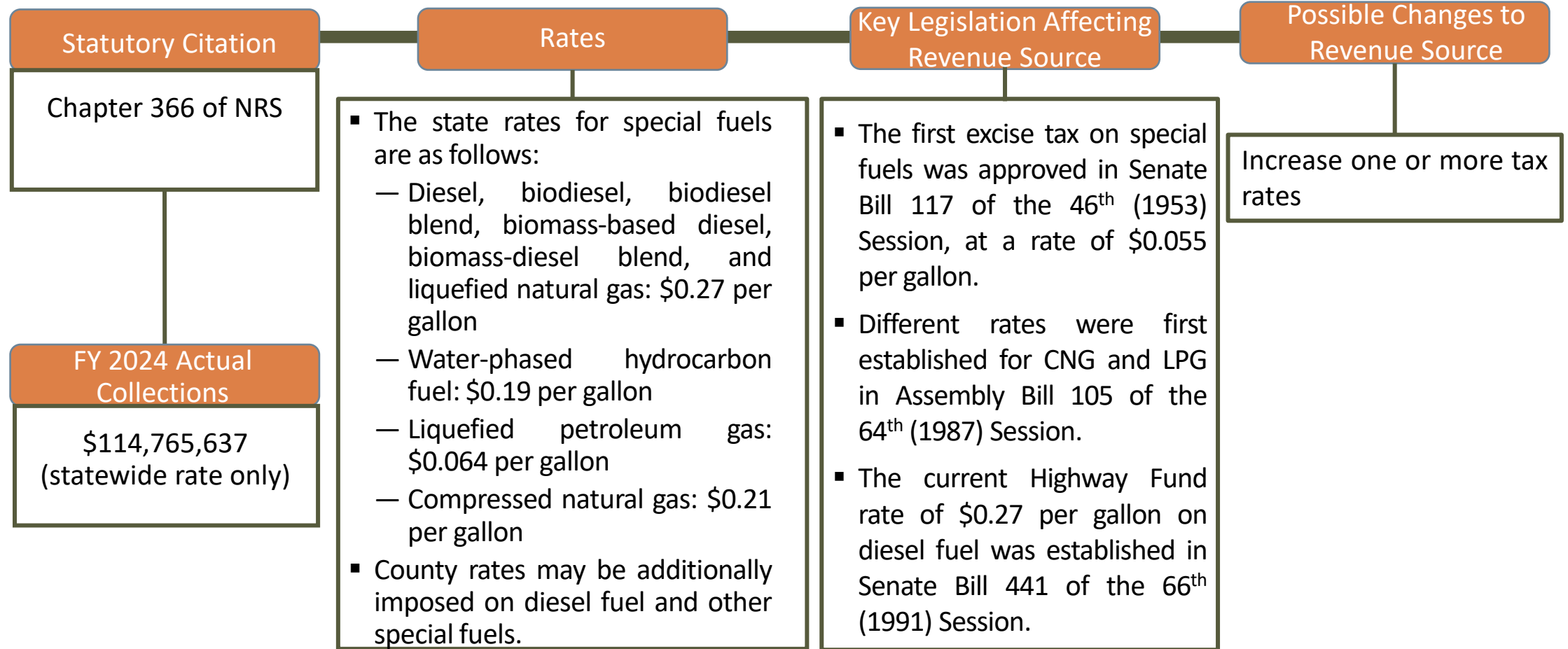


Vehicle Registrations, Titles, and License Plates



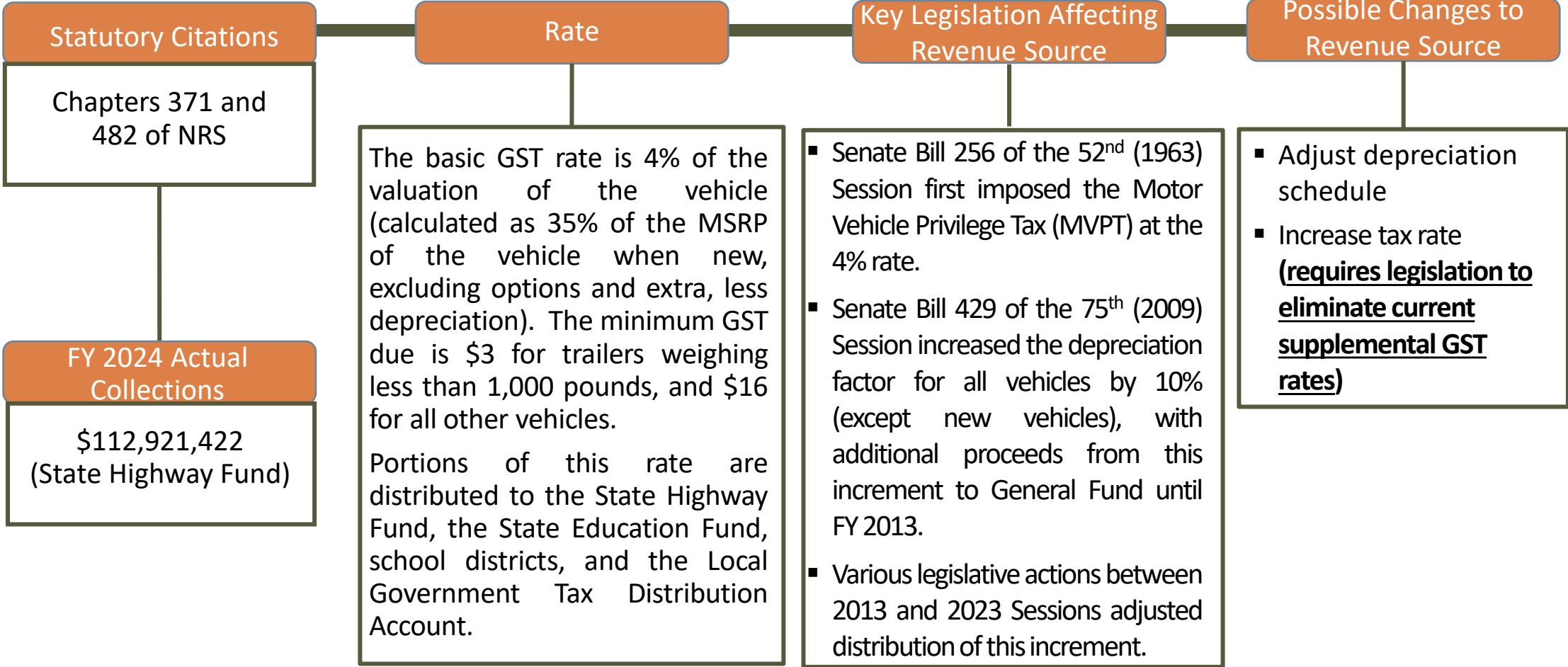
State Highway Fund

Taxes on Special Fuels



State Highway Fund

Governmental Services Tax (GST)



Additional Options – Existing Revenue Sources

Nevada Revised Statutes Title 32 – Revenue and Taxation

Taxpayer Collection Allowances

Statutory Citations

Various sections of *Nevada Revised Statutes*

Rates

Taxpayers are allowed to withhold and keep a certain percentage of taxes due under certain conditions. These include the following:

- Sales and use tax (NRS 372.370 and NRS 374.375): 0.25% of taxes collected, if the return is filed timely
- Gasoline and special fuel taxes (NRS 365.330 and NRS 366.690): 2% of taxes collected by the supplier, if the return is filed timely
- Liquor tax (NRS 369.370): 0.25% of the tax due, if the return is filed timely
- Cigarette and other tobacco taxes (NRS 370.220 and NRS 370.490): 0.25% of the tax due
- Tire Tax (NRS 444A.090): 5% of the tax collected

Possible Changes to Revenue Source

The Legislature could approve changes that would reduce or eliminate these taxpayer collection allowances

- Based on information in the Department of Taxation's Tax Expenditure Report, the estimated revenue lost from these taxpayer collection allowances in FY 2024 was \$33,531,689 (from all rates, including local rates).

Estate Tax

Statutory Citation

Chapter 375A of NRS

Rates

Article 10, Section 4 of the *Nevada Constitution* allows the taxation of estates that are taxed by the United States, “but only to the extent of any credit allowed by federal law for the payment of the state tax.”

Nevada’s estate tax was established in Senate Bill 5 of the 64th (1987) Session, but currently does not generate any revenue for the state.

Possible Changes to Revenue Source

Because the *Nevada Constitution* ties the state’s estate tax to a federal credit against state estate tax paid, Nevada has been unable to collect any estate tax since the end of 2004, due to federal law repealing the state credit against the federal estate tax.

The Economic Growth and Tax Relief and Reconciliation Act of 2001 phased out the state credit between 2002 and 2004, eliminating this credit entirely in 2005.

Any changes to the estate tax would require a constitutional amendment or a change in federal law restoring the state credit.

Property Tax

Statutory Citation

Chapter 361 of NRS

Rates

Article 10, Section 2 of the *Nevada Constitution* limits the total property tax rate to \$5.00 per \$100 of assessed value.

Pursuant to NRS 361.453, the total property tax rate may not exceed \$3.64 per \$100 of assessed value, unless otherwise provided by the Legislature – Senate Bill 204 of the 60th (1979) Session.

\$0.02 is imposed for state capital projects outside of the 2-cent debt rate; as a result, the maximum property tax rate anywhere in Nevada is \$3.66 per \$100 of assessed value.

Possible Changes to Revenue Source

Many changes that would affect property tax collections would likely also require changes to the partial abatements of taxes in NRS 361.4722, NRS 361.4733, and NRS 361.4724 in order to generate additional revenue.

However, pursuant to NRS 361.4726, if a legislative act that becomes effective after April 6, 2005, imposes a duty to levy a new tax rate or increase an existing rate, that new rate is exempt from the partial abatements.

Based on estimates of FY 2026 statewide assessed value from the Department of Taxation, a tax rate of \$1.34 per \$100 of assessed value would generate approximately \$2.95 billion.

Additional Options – New Revenue Sources

“The broadest possible tax base is the best approach to minimize distortions and maximize fairness in the economy.”

Milton Friedman
American Economist

Additional Options – New Revenue Sources

Statutory Citation

Article 4, Section 24 of the *Nevada Constitution*

Rate

Article 4, Section 24 of the *Nevada Constitution* prohibits the State and its political subdivisions from operating a lottery.

State Lottery

Possible Changes to Revenue Source

The *Nevada Constitution* would need to be amended to remove the prohibition on a state lottery.

- Assembly Joint Resolution 5 of the 82nd (2023) Session was approved. If approved by the Legislature in 2025 and approved by voters, it would allow the Legislature to create a state lottery.

The estimated revenue generated would depend on the types of lottery games authorized (e.g. multi-state draw games, scratch tickets, and so on).

Additional Options – New Revenue Sources

Statutory Citation

Senate Bill 396 of the 82nd Session (2023)

Rates

An excise tax on the sale or use of digital products, as defined in the bill, would be imposed. The rate in each county would be identical to the sales and use tax rate imposed in the county.

The proceeds of the tax would be distributed in the same manner as the corresponding sales and use tax rates.

Excise Tax on Digital Products

Estimated Revenue from Legislation

Based on information presented at the bill hearing on April 4, 2023, the imposition of a digital products tax would have generated approximately \$49.5 million in FY 2024, of which \$12.0 million would have been generated for the State General Fund and approximately \$15.6 million would have been generated for the State Education Fund.

Additional Options – New Revenue Sources

Statutory Citation

Assembly Bill 401 of the 79th (2017) Session

Rates

An additional registration fee would apply to clean fuel vehicles and hybrid vehicles, as follows:

- For clean fuel vehicles, \$336 per year
- For hybrid vehicles, \$168 per year

Fifty percent of the proceeds would be deposited in the State Highway Fund, and the remaining 50% would be distributed to the county in which the vehicle is registered for the construction, maintenance, and repair of roads in that county.

Registration Fees for Fuel-Efficient Vehicles

Estimated Revenue from Legislation

According to the Department of Motor Vehicles, there were 66,096 “alternative fuel” vehicles and 69,038 hybrid vehicles registered in Nevada as of June 30, 2024. Had these fees been in effect, it would have generated \$33,806,640 in FY 2024, with \$16,903,320 deposited in the State Highway Fund.

Additional Options – New Revenue Sources

Statutory Citation

Assembly Bill 569 of the 76th (2011) Session

Rates

Assembly Bill 569 of the 76th Session (2011) proposed a 1% excise tax on the total amount charged for certain services in the state, with the proceeds deposited in the State General Fund.

Exemptions were provided for services such as health care services, funeral services, phone and internet services, and certain personal care services.

Tax on Services

Estimated Revenue from Legislation

Based on information presented at the bill hearing on May 12, 2011, the imposition of this 1% services tax would have generated approximately \$379.8 million for the State General Fund in FY 2013, based on an estimated taxable services base of approximately \$37.2 billion in 2012.

The actual yield from a similar tax would depend on the estimated current service base, as well as consideration of what services would be included or excluded from the tax.