Analysis of Fiscal Policy in Nevada

Section 2: Fiscal System Overview

Governor's Task Force on Tax Policy in Nevada

November 15, 2002

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Fiscal System Overview

Introduction

Debate over the uniqueness, complexity, and evenhandedness of Nevada's fiscal structure is by no means a novel topic. In fact, disagreements stemming from the language originally proposed for Article 10 of the Nevada Constitution (e.g., the article dealing specifically with taxation) have been cited as a proximate cause of the Constitution's failure to be ratified as proposed in 1863.[1] Some scholars have even suggested that Nevada's evolution is largely defined by its fiscal affairs,[2] and the State's legislative and judicial histories are not wanting for references to the topic.

This overview is not intended to provide a complete history of Nevada's fiscal affairs, nor does it provide a comprehensive treatment of the issues underlying those affairs. Rather, the objective of this section is to provide supplementary insight into a select number of fiscal issues. The issues cited are those surfacing during the Task Force's review and analysis process.

This overview does include a historical synopsis of State revenues and expenditures for the past several years. Collections and spending are reviewed at the general fund and total State government levels; however, the vast majority of the subsequent analyses are specific only to the State's general fund.

The role of the Constitution

Not unlike many other states, Nevada's taxing authority stems from powers specifically granted by its State Constitution.[3] Most often, constitutional powers are broad statements of policy, which grant enabling authority to the legislative branch to take action (i.e., levy taxes) for the general welfare of the State.[4] Generally, legislative action is codified in the form of statutes.

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[1] Bushnell, E. *The Nevada Constitution: Origins and Growth*, Reno. University Press, 8th Ed. 1984.

[2] The Urban Institute and PriceWaterhouse, *Fiscal Affairs of State and Local Governments in Nevada, Introduction to the Fiscal System*, November 1988.

[3] Nev. Const. Art. 10.

[4] *See Ex Parte Robinson*, 12 Nev. 263 (1877) (Stating that the power to tax is an essential attribute of sovereignty).

Where Nevada diverges from the norm is in its decision to write tax law into the State Constitution. The authors of the 1988 Urban Institute/Price Waterhouse study on Nevada's fiscal affairs warned, "The most important point to be made in the context of [a] fiscal study is the emphatic warning that there is a whole lot of danger that writing tax law into a Constitution can lead to unintended consequences."[5] The consequences they reference stem from the very purposeful inflexibility that is common in constitutional design.

Constitutions are intended to be difficult to change, and Nevada's Constitution is more difficult than most.[6] In Nevada, a constitutional amendment requires a minimum of 30 months and may stem from either legislative action or voter initiative.[7] We note that while this process can take place in as few as 30 months, it is more practically a five-year process.[8] If initiated by the Legislature, a constitutional amendment proposal must first be approved by two separately elected legislative sessions and then ratified by a vote of the people. If the proposal stems from an initiative, it must be approved by the voters in two successive general elections.[9]

One commonly provided example of the problems created is the cap that has been placed on the State's retail sales and use tax. The tax was originally enacted in 1955, but a petition led to its placement on the 1956 ballot for voter approval. The referendum was subsequently approved by a better than two-to-one margin, and the Sales and Use Tax Act of 1955 was added to the Nevada Revised Statutes.[10]

Article 19 of the Nevada Constitution requires that where a tax is approved by a vote of the people, it may only be repealed or amended by a vote of the people.[11] While not

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[5] The Urban Institute and Price Waterhouse, Fiscal Affairs of State and Local Governments in Nevada, Introduction to the Fiscal System, November 1988. Note also that the authors refer to placing tax law into the Nevada Constitution as "a very severe self imposed system of fiscal straitjackets."

[6] May, J.C. *Amending State Constitutions*, Rutgers Law Journal, 1999. (Distinguishing the supermajority required by the Nevada State Constitution from the requirements of other states).

[7] Nev. Const. Art. 16 and 19.

[8] A proposal can be submitted to a special election in May of odd-numbered years. In this special case, a proposal could theoretically be ratified within 30 months of the date from which it was introduced.

[9] The minimum practical duration for an initiative would be 31 months.

[10] NRS 372.

[11] Nev. Const. Art. 19 §3. If a majority of the voters voting upon the proposal submitted at such election votes approval of such statute or resolution or any part thereof, such statute or resolution or any part thereof shall stand as the law of the State and shall not be amended, annulled, repealed, set aside, suspended or in any way made inoperative except by the direct vote of the people.

requiring the length of process necessary for a constitutional amendment,[12] this rigid standard has led to a largely unchanged State sales tax for the last 45 years. It has also led to the creation of a series of local sales taxes clearly designed to circumvent the created limitation.[13] In 1979, the process was simplified somewhat when a repeal of all Sales and Use Tax Act of 1955 administrative provisions shared a ballot question proposing the exemption of prescription medications and food for human consumption. While this amendment passed, all substantive changes, including rates and exemptions, still require voter approval.

Legislative action to expand the State's sales tax to meet increasing education needs was rejected decisively by the voters in 1963. The only solution remaining was to bifurcate the mode of revenue generation; and, in 1967, the local school support tax was born.[14] In 1969 and 1981, respectively, the State also added the basic city-county relief tax[15] and the supplemental city-county relief tax.

Both the local school support tax and the city-county relief taxes have been challenged in Nevada's Supreme Court.[16] In dealing with this issue, the court generally held that an additional sales tax does not violate the constitutional proscription against amending a referred law, where the original State sales tax was approved to provide revenue for the general fund and the other levies were enacted to provide support for other functions (i.e., education).[17] The legality of the tax notwithstanding, it is generally accepted that the required bifurcation has led to increased complexity, decreased efficiency, and has effectively tied the hands of state legislators in dealing with the State's most robust revenue source.

In addition to the sales tax example provided above, there are a number of other constitutional provisions that limit the range of short-term revenue-generating possibilities for the Task Force and the State's elected policy makers. These include, but

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[12] Note that a change to the Retail Sales and Use Tax Act of 1955 will require only a single vote of the people.

[13] Local School Support Tax (1967), the Basic City-County Relief Tax (1969), the Supplemental City-County Relief Tax (1981), and County Options are the other components of the State's retail sales and use tax levy.

[14] NRS 374.

[15] The city-county relief tax was originally passed as an optional county levy. It was not until 1981 that the tax became mandatory.

[16] *Matthews v. State ex rel. Nevada Tax Commission*, 83 Nev. 266, 428 P.2d 371, (1967); *Westinghouse Beverage Group, Inc. v. Department of Taxation* 101 Nev. 184, 698 P.2d 866 (1985); *City of Las Vegas v. Mack*, 481 P.2d 396, 398+, 87 Nev. 105, 109+ (1971).

[17] *Matthews v. State ex rel. Nevada Tax Commission*, 83 Nev. 266, 428 P.2d 371, (1967).

are not limited to, the authorization of a State lottery;[18] the use of registration fees and gasoline taxes for anything other than the construction and maintenance of the State's roads and highways;[19] a split roll or tiered property tax;[20] the imposition of an inheritance tax;[21] the imposition of an income tax;[22] the expansion of the property tax above $5 per $100 of assessed value;[23] alterations to the estate tax;[24] and expansions or alterations to the State's mining tax.[25]

State Finances

Financial Reporting Documents

There are several sets of financial reporting instruments that are issued by the State government. The two that are most germane to this review are the Comprehensive Annual Financial Reports (the "CAFRs") and the Legislative Appropriations Reports (the "Appropriations Reports"). The CAFRs are the audited set of financial statements issued by the State Controller's Office and an independent accounting firm. The Appropriations Reports are designed to provide a summary of all legislative appropriations and budgetary actions taken during a legislative session. They are prepared by the Fiscal Analysis Division of the Legislative Counsel Bureau, and are considerably more detailed than the CAFRs.

State functions are accounted for in a number of funds, the most common of which is the general fund. The general fund is the depository for non-dedicated operating revenues within the State, and is home to the majority of monies appropriated by elected policy makers each biennium. The other State funds are briefly described below.[26]

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[18] Nev. Const. Art. 4 §24

[19] Nev. Const. Art. 9 §5. Note that this provision does not apply to the proceeds of any tax imposed upon motor vehicles by the legislature in lieu of an ad valorem property tax.

[20] Nev. Const. Art. 10 §1(1)

[21] Nev. Const. Art. 10 §1(8)

[22] Nev. Const. Art. 10 §1(9)

[23] Nev. Const. Art. 10 §2

[24] Nev. Const. Art. 10 §4

[25] Nev. Const. Art. 10§5

[26] State of Nevada Controller's Office, *Comprehensive Annual Financial Report*, Selected Fiscal Years, 1988 through 2001. *See also*, Hay, L. et al., *Accounting for Governmental and Non-profit Entities*; 10th ed. Irwin, 1995.

- **Special revenue funds**: Generally, these funds are used to account for special revenue sources that are legally restricted to expenditures for special purposes. Examples of special revenue funds include the State highway fund,[27] the class-size reduction fund,[28] and the hospital care to indigent persons fund.[29]

- **Debt service funds**: Generally, these funds are used to account for the payment of principal, interest, and expenditures related to the retirement of long-term general and special obligation bonds.

- **Capital project funds**: Generally, these funds are used to account for the acquisition or construction of major capital facilities. Examples of capital project funds include the parks capital project construction fund[30] and the capital improvement accounts for the department of motor vehicles,[31] human resources,[32] the university system,[33] and the prison system.[34]

- **Enterprise funds**: Generally, these funds are used to account for operations that provide services to citizens. They are financed primarily by user charges for the provision of these services. Examples of enterprise funds include the Colorado River Commission power marketing fund,[35] the housing division fund,[36] and the Nevada state insurance fund.[37]

- **Internal service funds**: Generally, these funds are used to account for the services provided by one department of state government to another. Examples of internal service funds include the buildings and grounds fund,[38] the motor pool fund,[39] and the information services fund.[40]

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[27] NRS 408.235
[28] NRS 388.730
[29] NRS 463.385
[30] NRS 407.065
[31] NRS 341.146
[32] Id.
[33] Id.
[34] Id.
[35] NRS 538.211
[36] NRS 319.170
[37] NRS 616B.086
[38] NRS 331.101
[39] NRS 336.103

- **Trust funds**: Generally, these funds are used to account for assets that are held in trust by the State. Trust funds can take the form of investment, pension funds,[41] or private purpose trust funds.[42]

- **Agency funds**: Generally, these funds are used to account for assets held by the State as a custodian.

Notwithstanding the important activities of the State, which are accounted for in these funds, this review has concentrated on the operating activities of the state, which are accounted for in the general fund.

The CAFR includes information on all funds outlined above, while the Appropriations Reports include only information specific to the State's general fund. Due primarily to accounting and reporting differences, the CAFR and the Appropriations Reports do not match one another. The Appropriations Report's detail makes it the better document for a review and analysis of the general fund. The CAFR, on the other hand, is used where an examination of total State government is required.

Major Revenue and Expenditure Categories

Major Revenue Categories

The State's general fund has well over 100 revenue sources. They are generally categorized as taxes, licenses, fees and fines, charges for services, use of money and property, and other revenues. Taxes account for the majority of State collections, representing roughly 94 percent of all reported revenues.[43] Below, each major revenue classification is briefly described.[44]

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[40] NRS 242.221

[41] Pension trust funds are used to account for activities of the state-administered retirement system (PERS) as well as the system used for state legislators (LRS).

[42] Private purpose trust funds are used to account for donations from private sources for a specific public purpose. For example, an individual may donate a specific dollar amount to the state with a stipulation that only interest earnings may be spent for a specified purpose.

[43] Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Report*; 71st Legislative Session, FY 2001-02 and 2002-03, Sept. 2001.

[44] Please also see *Section 6: Identification and Review of Revenue Alternatives*.

General Fund Revenues

- **Mining taxes**:[45] Net proceeds of mines are taxed at rates ranging from a minimum two percent, or the equivalent of the local property tax rate where the mine is located, to a maximum five percent. In FY 2000-01, these revenues accounted for less than one percent of the State's general fund revenues ($14.7 million).

- **Retail sales and use taxes**:[46] The State portion of the retail sales and use tax is a two percent levy placed on the taxable sale or use of tangible personal property. The State also receives a collection allowance from local sales and use tax levies.[47] There are a number of exemptions to the State sales tax; most notable are food and prescription drugs. The State's retail sales and use tax is the largest single source of revenue for the State, generating $646 million in FY 2000-01. It accounted for 37 percent of all reported general fund revenues.[48]

  It is also noteworthy that the State has a considerable interest in the 2.25 percent local school support tax. The proceeds of this state-mandated local levy directly offset the State's general fund spending requirement for K-12 education.

- **Gaming fees and taxes**: Gaming fees and taxes include 14 state levies that are placed on restricted and non-restricted casino gaming licensees.[49] The most notable of these revenue sources is the gaming percentage fee, which is levied on the gross gaming win of casino operators with more than 15 slot machines.[50] In FY 2000-01, gaming taxes and fees represented 34.9 percent of general fund revenues, or $604 million. Gaming percentage fees accounted for 93 percent of total gaming fee and tax collections.

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[45] Nev. Const. Art. 10 §§1 and 5; NRS 362

[46] NRS 397; *see also* NRS 372.

[47] Included are the local school support tax, the basic city-county relief tax, the supplemental city-county relief tax; and the county options.

[48] Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Report.* 71st Legislative Session, FY 2001-02 and 2002-03. Sept. 2001.

[49] Nevada State Gaming Control Board.

[50] Id.

- **Casino entertainment tax**:[51] The State levies a 10 percent tax on the total sales of merchandise, food, refreshments, and charges for admission, in areas where entertainment is provided within a non-restricted gaming establishment. The casino entertainment tax generated $64 million in FY 2000-01, representing 3.7 percent of all general fund collections.

- **Insurance premium taxes**:[52] Insurance premium taxes include the State's levy on insurance premiums as well as the insurance retaliatory tax. A tax of 3.5 percent is placed on all net premiums. Insurers with a home or regional office in Nevada are allowed a credit allowance. In FY 2000-01, insurance premium taxes generated $147 million, which was approximately 8.5 percent of the general fund revenue total.

- **Excise taxes**: The State of Nevada taxes liquor,[53] cigarettes,[54] and other tobacco products.[55] Combined, these excise levies accounted for 3.8 percent of the State's total general fund revenues in FY 2000-01.

- **Business license taxes**: The State imposed a business license tax of $25 per full-time equivalent employee per quarter. An accompanying business license fee of $25 is also levied upon new businesses registering with the State. In FY 2000-01, business license taxes generated 77.2 million, nearly 4.5 percent of the State general fund revenue total.

- **Other general fund taxes**: Other general fund taxes include a tax placed on Laetrile and Gerovital manufacturing and illegal drug tax. Combined, these revenue sources generated roughly just over $500,000 in FY 2000-01, or 0.03 percent of the State's general fund revenues.[56]

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[51] NRS 463.401

[52] NRS 680B

[53] NRS 369

[54] NRS 370

[55] Id.

[56] Note that in the file provided that an annual $5 million transfer to higher education is generally classified as a tax. As such in the Exhibits provided in Appendix A other taxes report a revenue total of $5.5 million in FY 2000-01. If this were to be included, "other revenues" would account for 3.2 percent of the State's general fund revenue total.

- **Licenses**: The State imposes a number of licensing fees, from marriage licenses to those required to incorporate within the State. These fees include levies by the Secretary of State's Office as well as State licensing fees on real estate companies and financial institutions. In total, license charges generated $50.1 million in FY 2000-01. This accounted for 2.9 percent of total general fund collections.

- **Fees and fines**: Revenues from fees and fines generally include penalties for the commission of statutory offenses as well as fees generated through State certifications. Examples include: real estate examination fees; teacher certification fees; divorce fees; and insurance fines. The most significant fee included in this section is the short-term car rental fee,[57] which accounted for more than 83 percent of the $13.1 million reported in total fees and fines collected during FY 2000-01.

- **Use of money and property**: The use of money and property is primarily interest income; however, it also includes revenues from a number of repayments. In total, use of money and property revenues were $27.6 million in FY 2000-01. This represented 1.6 percent of the State's general fund collections.

- **Other revenues**: Other revenues are primarily monies from Hoover Dam, miscellaneous sales and refunds, unclaimed property revenues, and petroleum inspection fees. Combined, other revenues totaled $19.7 million in FY 2000-01, or 1.1 percent of general fund collections.

[57] NRS 482.313

Non-General Fund Revenues

Provided below is a discussion of several non-general fund revenues. The State's interest in these levies varies by source; and, at times, state-level collections are relatively minor in comparison to the total yield. The summaries below are intended to provide a general synopsis of each levy, briefly describing its role in the State's fiscal system.

- **Property taxes**:[58] In FY 2000-01, a statewide average property tax rate of $3.06 per $100 of assessed value was levied on all real property in Nevada.[59] Of this total, the State levies $0.15 rate for debt;[60] however, it also benefits significantly from the $0.75 operating rate levied to support schools. Assessed value is 35 percent of taxable value. Taxable value is full cash value for land and replacement cost less depreciation of 1.5 percent per year for up to 50 years for improvements. Application of a depreciation factor is unique to Nevada.

- **Gasoline taxes**:[61] A state mandated tax rate of $0.23 per gallon is placed on motor vehicle fuel sold, distributed or used. In addition to the State rate, a $0.01 mandatory county tax is levied for road repair and up to $0.09 per gallon may also be levied by county ordinance for construction, repair, and maintenance of roads. A special levy is also placed on special fuels[62] (e.g., compressed natural gas). A constitutional provision restricts the revenues from these levies to the construction and maintenance of the State's highways.[63]

- **Governmental services tax (car registration fees)**:[64] The governmental services tax is imposed in lieu of the personal property tax on vehicles. Its rate is capped by the same constitutional limitation as all other property -- $5 per $100 of assessed value.[65] Vehicles are valued at 35 percent of the manufacturer's

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[58] Nev. Const. Art. 10 §1; NRS 361

[59] Nevada Taxpayers Association, *Nevada Tax Facts*, 2001.

[60] Note that because the State levy is used to retire debt, it is assigned to a debt service fund as opposed to the State's general fund.

[61] NRS 365 and NRS 273

[62] NRS 366; note the tax was formerly referred to as the motor vehicle privilege tax.

[63] Nev. Const. Art. 9 §5

[64] Nev. Const. Art. 10 §1; NRS 360.660

[65] One or two of Nevada's counties have reached this constitutional rate cap of $5.00, including the State's largest county, Clark.

suggested retail price, without accessories, for taxation purposes. The State's portion of the collections is used to support the operations of the Department of Motor Vehicles, with some monies allocated to the State highway fund.

- **Estate tax**:[66] This is known as the "pick up" portion of the federal estate tax. The tax is the maximum amount of the State credit against the federal estate tax, which begins at 0.8 percent on adjusted taxable estate amounts between $40,000 and $90,000 and goes up to 16 percent on adjusted taxable estate amounts in excess of $10,040,000.

  The *Economic Growth and Tax ReliefReconciliation Act of 2001*[67] reduces the State death tax credit by 25 percent in 2002, by 50 percent in 2003 and by 75 percent in 2004. Nevada will also lose revenue because of changes to the estate tax exemption, which increases from $675,000 in 2001 to $1 million in 2002 and to $1.5 million in 2004. In 2005, the State death tax credit is repealed, meaning there will be no Nevada tax applicable to the estate of persons who die after December 31, 2004. However, because of delays in the settling of estate tax obligations, Nevada will continue to collect some tax revenue for another year or more.

- **Room tax**:[68] The State imposes a one to two percent tax on the gross receipts generated from the rental of transient lodging. Of the State's portion of these dollars, a maximum 3/8 of 1 percent is used to support the Nevada Commission on Tourism;[69] and, for smaller counties, a portion of the monies is deposited with county fair and recreation boards for the promotion of local tourism. The State also has an interest in the 1-5/8 percent tax that is levied in counties with more than 400,000 residents, for school construction.

- **Real property transfer tax**:[70] The State mandates a tax on the value of real property transferred from one person to another where the value of the transfer, exclusive of any encumbrance, exceeds $100. The State's portion of the revenues generated by this tax is equal to $0.10 for each $500 transferred and is

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[66] Nev. Const. Art. 10 §4; NRS 375A

[67] H.R. 1836

[68] NRS 244.3352

[69] NRS 231; The Nevada Commission on Tourism is a special revenue fund.

[70] NRS 475; NRS §11; NRS 491 §32; NRS 360.660

used to fund its low-income housing programs.[71]

Major Expenditure Categories

The CAFRs and Appropriations Reports classify expenditures differently. Moreover, while in general, some of the categories appear as though they are similar in content, the totals reported in each document are far from consistent. Exhibit 2-1, below, summarizes the classification used in each report. For consistency, this analysis generally uses the definitions and figures provided in the Appropriations Reports. The definitions of each general expenditure category are provided below.

Exhibit 2-1: Comparison of Expenditure Categories
State Controller's Office and Legislative Counsel Bureau Reports

State of Nevada Comprehensive Annual Financial Report (Nevada Controller's Office)[72]	State of Nevada Legislative Appropriation Report (Legislative Counsel Bureau)
General government	Constitutional agencies
Education and support services	Finance and administration
Health and social services	Education
Regulation of business	Human services
Law, justice, and public safety	Commerce and industry
Transportation	Public safety
Recreation and resource development	Infrastructure
	Special purpose agencies

Legislative Appropriation Report Spending Categories[73]

- **Constitutional agencies**: In general, the constitutional agencies function encompasses the elected officials of the executive branch as well as the judicial and legislative branches. Examples of programs included in this category are the Governor's Office of Consumer Health Assistance, the Ethics Commission, the Attorney General's fraud units, the Millennium Scholarship program, judges'

[71] NRS 319.500

[72] Specific information of definitions was not readily available.

[73] Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Report*; 71st Legislative Session, FY 2001-02 and 2002-03, Sept. 2001.

salaries and funding for the Legislative Counsel Bureau. Total spending for this function in FY 2000-01 was $56 million, or 3.4 percent of all expenditures.

- **Finance and administration**: In general, the finance and administration category includes the executive branch agencies that control, coordinate, assist, and provide services to other agencies and programs in the State. Included are the Department of Administration, Department of Taxation, Department of Information Technology, and the Department of Personnel. In FY 2000-01, the State reported finance and administration expenditures of $26.4 million, or 1.6 percent of total general fund spending.

- **Education**: The education category includes four functions: 1) the Department of Education; 2) the University and Community College System of Nevada; 3) the Western Interstate Commission for Higher Education[74] and 3) the Department of Cultural Affairs. Education is by far the largest of the expenditure categories, accounting for 55 percent of State's general fund expenditures in FY 2000-01, approximately $897 million.

- **Human services**: In general, the human services expenditure category consists of all state functions that provide services to individuals and the general public. Departments included in the human services category include the Department of Human Resources and the Department of Employment, Training, and Rehabilitation. Some of the programs commonly associated with this function are child and family services, welfare, health and developmental services, and Medicaid. Human services is the second largest expenditure category, reporting a FY 2000-01 total of $408 million, or 24.8 percent of total general fund spending.

- **Commerce and industry**: In general, the commerce and industry function includes the State agencies responsible for regulating various businesses and financial activities operating within the State. It also includes the expenditures associated with the promotion of commerce and industry within the State. Included are the Department of Business and Industry, Department of Agriculture, the Nevada State Gaming Control Board, the Public Service Commission, the Commission on Economic Development and the Commission

[74] This program is commonly referred to as WICHE.

on Tourism. Total commerce and industry expenditures in the State were $38.7 million in FY 2000-01. This accounted for 2.4 percent of the general fund spending total.

- **Public safety**: The public safety function includes three departments: 1) the Department of Corrections; 2) the Department of Motor Vehicles; and 3) the Department of Public Safety. The latter department is comprised of the State Fire Marshall's Office, emergency management, parole and probation, and the parole board. Public safety expenditures accounted for 11.6 percent of the FY 2000-01 general fund spending total, or $191 million.

- **Infrastructure**: The State's infrastructure function includes the agencies responsible for capital assets of the State as well as its natural resources. Included are the Department of Transportation, the Colorado River Commission, and the Department of Conservation and Natural Resources. In FY 2000-01, total infrastructure spending was $21 million, or 1.3 percent of all general fund spending.

- **Special purpose agencies**: This function includes the Public Employees Retirement System[75]; the Public Employees Benefits Program; the Office of the Military; and the Office of Veterans' Services.

Historical Performance

Revenue and expenditure data was compiled for the twelve-year period beginning FY 1989-90 and ending FY 2000-01.[76] In order to get a complete picture of the State's fiscal condition, both general fund and total State information were reviewed. This analysis not only sheds light on the present fiscal condition of the State, as measured by its net surplus or deficit, it also provides meaningful insights into the relative importance of specific revenues and the State's general spending pattern. A series of supporting exhibits are provided in Appendix 2A immediately following this text summary.

[75] Commonly referred to as PERS or the State PERS system.

[76] Fiscal information through FY 2000-01 was the latest available information at the time this summary report was drafted.

The General Fund

Total general fund revenues at the close of FY 2000-01 were $1.7 billion. Growing at a compound annual rate of 7.3 percent, general fund revenues have more than doubled since the beginning of the twelve-year study period. Please see Exhibit 2A-1.

The State's phenomenal revenue growth is largely explained by two factors – population and inflation. In constant 2000 dollars, the State's total revenues increased from $1.1 billion to $1.7 billion between FY 1989-90 and FY 2000-01. Please see Exhibit 2A-2. With inflation removed from the equation, compound annual revenue growth was 4.2 percent during the study period.

It is no secret that Nevada has also realized tremendous population growth during the past decade. Between FY 1989-90 and FY 2000-01, the State's population has increased from 1.2 million to just under 2.1 million, or by a compound annual growth rate of 4.9 percent.[77] In per capita terms, general fund revenues have increased from $650 per resident to $815 per resident, or by a compound annual rate of 2.1 percent. Please see Exhibit 2A-3. When adjusted for inflation, Nevada's per capita general fund revenues have actually decreased by nearly one percent each year, or from $864 in FY 1989-90 to $786 in FY 2000-01.[78] Please see Exhibit 2A-4. While some have charged the State as being an agent of revenue expansion, these data tend to support a history of fiscal conservatism.

The State's reliance on its two key revenue sources is clearly evident. Gaming and sales levies combine to account for 77 percent of all general fund taxes and 72 percent of all general fund revenues. Please see Exhibit 2A-5. It is noteworthy that the State's dependence on these sources has diminished during the past two decades. During the early 1990s, gaming and sales taxes accounted for 80 percent of total general fund taxes and 75 percent of all general fund revenues. During the early 1980's, the sources taken together were reportedly 86 percent of general fund taxes and 78 percent of all general fund revenues. This pattern of decreased dependence notwithstanding, the State continues to have a great number of its fiscal eggs in a single basket.

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[77] Nevada State Demographer's Office, Population Projection Worksheet. May. 2002.

[78] Inflation adjusted estimates are expressed in constant 2000 dollars. *See also*, the Consumer Price Index for all Western Urban Consumers.

Total general fund expenditures in FY 2000-01 were $1.6 billion, or $773 per capita. Not surprisingly, expenditures have increased at roughly the same rate as revenue growth and have declined by an equal rate in per capita inflation adjusted terms – approximately 0.8 percent annually.

Education is by far the State's largest general fund expense. At $897 million, it accounted for $0.55 of every $1.00 in general fund appropriations during FY 2000-01. The second largest expenditure category is human services, which has accounted for between 24 and 25 percent of the State's total general fund spending during the past decade. Combined, these two state functions account for more than 75 percent of the State's general fund spending total.

The State has recorded general fund surpluses in 7 of the last 12 years. The national recession and the Desert Storm conflict in the early 1990s were largely responsible for deficits recorded from FY 1990-91 through FY 1992-93. Deficits of 1.0 and 1.6 percent, respectively, were reported during FY 1997-98 and FY 1998-99. These deficits were largely tied to the 8.5 percent annual spending increases, which exceeded average annual revenue growth of 6.4 percent during the biennium. During the last two years, FY 1999-2000 and FY 2000-01, spending increases have been a conservative 2.8 percent, creating a budget surplus of 4.8 percent and 5.2 percent in each year, respectively.

State Totals

Exhibits 2A-6 and 2A-7 illustrate that general fund revenues subject to legislative appropriation account for only 40 percent of all State revenues. When these revenues are combined with intergovernmental transfers and special purpose funds, debt service, enterprise, and other dedicated funds, the FY 2000-01 revenue total for the State was $4.4 billion, or $2,087 per capita. By comparison, total inflation adjusted spending was $4.3 billion, or $2,013 per capita. Please see Exhibit 2A-8.

Between FY 1989-90 and FY 2000-01, the State's inflation adjusted average revenue per capita was $2,070. The average variation in this amount was only $118 per capita, or less than six percent annually. Please see Exhibit 2A-9. During the same period, inflation adjusted average expenditures per capita were $1,994, with an average variation of less than five percent. The State reported an average budget surplus of 4.6 percent; however, 4 of the last 12 years did result in budget deficits.

The State's fiscal system, when taken in whole, appears moderately stable and continues to reflect a conservative approach to State government. There are, however, a number of underlying trends and conditions which puts into question the system's ability to sustain

existing service levels over the next decade. The sections that follow explore these issues in greater depth.

Appendix 2A:
Supporting Exhibits

Governor's Task Force on Tax Policy in Nevada

November 15, 2002

Exhibit 2A-1
Total General Fund Revenues and Expenditures
Fiscal Years 1989-90 through FY 2000-01, Nominal Dollars

DESCRIPTION	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95 (1)	FY 1995-96	FY 1996-97	FY 1997-98 (2)	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Taxes												
Mining/Property	$22,856,766	$24,109,463	$18,000,017	$19,860,464	$19,908,185	$25,167,616	$21,040,507	$15,703,138	$15,797,625	$14,894,647	$13,446,513	$14,672,693
Retail Sales and Use	282,339,460	290,532,963	289,238,993	315,739,098	365,295,264	442,540,070	458,336,236	504,374,537	525,111,410	580,194,636	610,070,856	645,767,620
Gaming Fees	320,415,031	355,816,723	365,731,224	389,808,443	425,029,254	441,458,545	478,176,937	480,199,081	491,841,979	534,405,763	592,335,632	604,464,065
Casino Entertainment Tax	17,927,622	21,084,106	22,188,922	23,026,728	26,178,281	32,534,213	35,458,190	36,316,362	39,109,465	47,874,649	58,525,658	63,919,196
Insurance Taxes	53,243,589	62,208,544	67,054,490	70,750,439	77,279,065	83,342,058	92,359,073	97,290,348	110,747,684	116,917,615	129,333,474	146,925,032
Excise Taxes	45,428,774	48,074,085	46,912,277	47,003,068	47,736,638	49,861,637	52,847,947	56,148,614	63,853,781	62,153,713	63,847,232	65,039,889
Business License Tax	-	-	46,836,377	49,478,957	54,619,334	57,727,142	60,904,173	65,047,445	68,518,135	71,734,950	75,924,128	77,270,722
Other Taxes	7,200,378	7,228,179	6,564,650	5,271,131	5,283,166	5,335,123	5,438,836	5,371,103	5,462,482	5,407,616	5,517,465	5,525,765
Total Taxes	**749,411,620**	**809,054,063**	**862,526,950**	**920,938,328**	**1,021,329,187**	**1,137,966,404**	**1,204,561,899**	**1,260,450,628**	**1,320,442,561**	**1,433,583,589**	**1,549,000,957**	**1,623,584,982**
Growth Rate		8.0%	6.6%	6.8%	10.9%	11.4%	5.9%	4.6%	4.8%	8.6%	8.1%	4.8%
Non-Tax Revenues												
Licenses	15,215,537	15,610,353	21,459,748	23,561,477	27,386,672	29,733,354	33,282,082	38,373,612	36,767,615	41,398,271	48,386,482	50,112,496
Fines and Fees	3,218,509	3,569,565	3,780,774	3,464,080	6,189,670	9,556,077	10,518,698	11,980,470	13,601,982	12,965,546	13,244,606	13,106,404
Charges for Service	414,700	619,597	952,515	1,311,113	1,591,680	1,931,451	2,102,981	5,861	-	-	-	-
Use of Money & Property	25,120,247	23,634,488	10,132,704	4,368,757	9,368,505	17,025,904	26,471,929	28,923,963	27,550,646	28,636,662	20,803,244	27,640,258
Other Revenue	8,644,833	10,874,567	15,968,403	18,632,895	10,851,264	9,918,159	14,349,392	12,854,019	13,960,130	14,367,292	15,388,049	19,661,386
Total Non-Tax Revenues	**52,613,826**	**54,308,570**	**52,294,144**	**51,338,322**	**55,387,791**	**68,164,945**	**86,725,082**	**92,137,925**	**91,880,373**	**97,367,771**	**97,822,382**	**110,520,544**
Growth Rate		3.2%	-3.7%	-1.8%	7.9%	23.1%	27.2%	6.2%	-0.3%	6.0%	0.5%	13.0%
TOTAL REVENUES	**802,025,446**	**863,362,633**	**914,821,094**	**972,276,650**	**1,076,716,978**	**1,206,131,349**	**1,291,286,981**	**1,352,588,553**	**1,412,322,934**	**1,530,951,360**	**1,646,823,339**	**1,734,105,526**
Growth Rate		7.6%	6.0%	6.3%	10.7%	12.0%	7.1%	4.7%	4.4%	8.4%	7.6%	5.3%
EXPENDITURES												
Constitutional Agencies	-	-	-	27,438,218	29,808,965	30,950,709	36,412,096	38,008,266	46,606,029	49,614,369	54,915,930	56,278,659
Finance and Administration	-	-	-	21,425,123	16,160,287	18,746,736	26,964,785	37,565,770	28,134,114	38,701,109	19,328,441	26,474,608
Education	-	-	-	572,878,225	569,599,816	600,288,018	627,975,635	715,545,819	763,477,323	844,066,777	868,266,630	897,485,467
Human Services	-	-	-	249,076,184	252,572,814	297,881,554	302,883,887	341,848,802	369,276,791	398,740,450	380,574,645	408,499,374
Commerce and Industry	-	-	-	32,327,249	26,316,065	26,231,597	28,971,608	29,846,195	34,814,991	35,481,043	38,520,338	38,746,501
Public Safety	-	-	-	111,856,684	111,640,595	117,050,463	132,017,329	139,833,202	159,561,614	165,636,358	180,031,613	190,883,315
Infrastructure	-	-	-	17,116,223	16,010,599	15,883,282	17,008,735	17,215,932	21,652,182	20,833,565	22,356,758	20,894,719
Special Purpose Agencies	-	-	-	1,172,548	1,186,617	1,187,974	1,344,643	2,097,823	2,292,888	2,284,659	3,376,173	5,264,452
TOTAL EXPENDITURES	**759,149,163**	**883,405,671**	**1,065,526,355**	**1,033,290,454**	**1,023,295,758**	**1,108,220,333**	**1,173,578,718**	**1,321,961,809**	**1,425,815,932**	**1,555,358,330**	**1,567,370,528**	**1,644,527,095**
Growth Rate		16.4%	20.6%	-3.0%	-1.0%	8.3%	5.9%	12.6%	7.9%	9.1%	0.8%	4.9%
REVENUE/EXPENDITURE BALANCE	**$42,876,283**	**($20,043,038)**	**($150,705,261)**	**($61,013,804)**	**$53,421,220**	**$97,911,016**	**$117,708,263**	**$30,626,744**	**($13,492,998)**	**($24,406,970)**	**$79,452,811**	**$89,578,431**

Source: Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Reports.* Selected issues FY 1989-90 through FY 2000-01.

Notes:

(1) An accounting change required by the General Accounting Standards Board 22 ("GASB 22") resulted in FY 1995 having 13 months of collections for sales tax and casino entertainment tax collections. GASB 22 required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1995 having an extra (13th) month of collection as the accounting change was implemented.

(2) An accounting change required by the General Accounting Standards Board ("GASB") resulted in FY 1998 having 13 months of collections for Nevada's exise taxes. GASB required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1998 having an extra (13th) month of collection as the accounting change was implemented.

(3) Totals may not sum to 100% due to rounding.

Exhibit 2A-2
Total General Fund Revenues and Expenditures
Fiscal Years 1989-90 through FY 2000-01, Inflation Adjusted (in 2000$)

DESCRIPTION	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95 (1)	FY 1995-96	FY 1996-97	FY 1997-98 (2)	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Taxes												
Mining/Property	$30,382,986	$30,694,349	$22,157,767	$23,745,616	$23,261,703	$28,659,930	$23,336,806	$17,006,868	$16,796,988	$15,414,945	$13,446,513	$14,154,452
Retail Sales and Use	375,307,510	369,884,646	356,049,127	377,504,749	426,828,958	503,947,910	508,357,703	546,249,499	558,330,137	600,461,945	610,070,856	622,959,051
Gaming Fees	425,920,513	452,999,003	450,209,986	466,063,720	496,625,091	502,716,311	530,363,760	520,066,911	522,956,070	553,073,578	592,335,632	583,114,341
Casino Entertainment Tax	23,830,786	26,842,693	27,314,250	27,531,273	30,587,991	37,048,732	39,327,992	39,331,475	41,583,543	49,547,002	58,525,658	61,661,564
Insurance Taxes	70,775,508	79,199,224	82,543,133	84,590,812	90,296,662	94,906,787	102,438,870	105,367,737	117,753,620	121,001,771	129,333,474	141,735,627
Excise Taxes	60,387,450	61,204,298	57,748,352	56,197,923	55,777,836	56,780,548	58,615,616	60,810,271	67,893,193	64,324,861	63,847,232	62,742,674
Business License Tax	-	-	57,654,920	59,158,151	63,819,917	65,737,488	67,551,075	70,447,914	72,852,616	74,240,789	75,924,128	74,541,514
Other Taxes	9,571,301	9,202,372	8,080,992	6,302,282	6,173,111	6,075,436	6,032,415	5,817,031	5,808,040	5,596,514	5,517,465	5,330,594
Total Taxes	**996,176,055**	**1,030,026,586**	**1,061,758,527**	**1,101,094,526**	**1,193,371,269**	**1,295,873,143**	**1,336,024,238**	**1,365,097,706**	**1,403,974,207**	**1,483,661,405**	**1,549,000,957**	**1,566,239,817**
Growth Rate		3.4%	3.1%	3.7%	8.4%	8.6%	3.1%	2.2%	2.8%	5.7%	4.4%	1.1%
Non-Tax Revenues												
Licenses	20,225,672	19,873,924	26,416,648	28,170,631	31,999,935	33,859,220	36,914,390	41,559,525	39,093,547	42,844,392	48,386,482	48,342,518
Fines and Fees	4,278,292	4,544,501	4,654,080	4,141,732	7,232,315	10,882,099	11,666,678	12,975,131	14,462,448	13,418,457	13,244,606	12,643,485
Charges for Service	551,251	788,824	1,172,533	1,567,596	1,859,797	2,199,463	2,332,494	6,348	-	-	-	-
Use of Money & Property	33,391,781	30,089,647	12,473,216	5,223,384	10,946,622	19,388,456	29,360,997	31,325,333	29,293,509	29,636,995	20,803,244	26,664,001
Other Revenue	11,491,383	13,844,678	19,656,879	22,277,907	12,679,151	11,294,425	15,915,442	13,921,205	14,843,253	14,869,169	15,388,049	18,966,944
Total Non-Tax Revenues	**69,938,379**	**69,141,573**	**64,373,355**	**61,381,250**	**64,717,820**	**77,623,664**	**96,190,002**	**99,787,542**	**97,692,757**	**100,769,013**	**97,822,382**	**106,616,949**
Growth Rate		-1.1%	-6.9%	-4.6%	5.4%	19.9%	23.9%	3.7%	-2.1%	3.1%	-2.9%	9.0%
TOTAL REVENUES	**1,066,114,433**	**1,099,168,159**	**1,126,131,882**	**1,162,475,776**	**1,258,089,089**	**1,373,496,807**	**1,432,214,240**	**1,464,885,248**	**1,501,666,964**	**1,584,430,419**	**1,646,823,339**	**1,672,856,766**
Growth Rate		3.1%	2.5%	3.2%	8.2%	9.2%	4.3%	2.3%	2.5%	5.5%	3.9%	1.6%
EXPENDITURES												
Constitutional Agencies	-	-	-	32,805,749	34,830,261	35,245,498	40,386,005	41,163,847	49,554,342	51,347,494	54,915,930	54,290,892
Finance and Administration	-	-	-	25,616,358	18,882,474	21,348,075	29,907,642	40,684,613	29,913,888	40,053,013	19,328,441	25,539,523
Education	-	-	-	684,946,058	665,548,448	683,585,313	696,511,047	774,952,969	811,775,159	873,551,644	868,266,630	865,786,201
Human Services	-	-	-	297,801,074	295,118,502	339,216,258	335,939,743	370,230,301	392,637,367	412,669,216	380,574,645	394,071,140
Commerce and Industry	-	-	-	38,651,184	30,748,985	29,871,552	32,133,484	32,324,132	37,017,399	36,720,464	38,520,338	37,377,971
Public Safety	-	-	-	133,738,361	130,446,364	133,292,645	146,425,312	151,442,650	169,655,536	171,422,353	180,031,613	184,141,299
Infrastructure	-	-	-	20,464,540	18,707,572	18,087,281	18,865,018	18,645,260	23,021,906	21,561,321	22,356,758	20,156,716
Special Purpose Agencies	-	-	-	1,401,925	1,386,502	1,352,820	1,491,393	2,271,992	2,437,937	2,364,467	3,376,173	5,078,511
TOTAL EXPENDITURES	**1,009,119,952**	**1,124,685,443**	**1,311,647,936**	**1,235,425,249**	**1,195,669,108**	**1,261,999,441**	**1,301,659,644**	**1,431,715,763**	**1,516,013,534**	**1,609,689,971**	**1,567,370,528**	**1,586,442,253**
Growth Rate		n/a	n/a	n/a	-3.2%	5.5%	3.1%	10.0%	5.9%	6.2%	-2.6%	1.2%
REVENUE/EXPENDITURE BALANCE	**$56,994,481**	**($25,517,284)**	**($185,516,054)**	**($72,949,473)**	**$62,419,982**	**$111,497,365**	**$130,554,596**	**$33,169,485**	**($14,346,570)**	**($25,259,552)**	**$79,452,811**	**$86,414,513**

Source: Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Reports* . Selected issues FY 1989-90 through FY 2000-01.

Notes:

(1) An accounting change required by the General Accounting Standards Board 22 ("GASB 22") resulted in FY 1995 having 13 months of collections for sales tax and casino entertainment tax collections. GASB 22 required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1995 having an extra (13th) month of collection as the accounting change was implemented.

(2) An accounting change required by the General Accounting Standards Board ("GASB") resulted in FY 1998 having 13 months of collections for Nevada's exise taxes. GASB required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1998 having an extra (13th) month of collection as the accounting change was implemented.

(3) Totals may not sum to 100% due to rounding.

Exhibit 2A-3
Total General Fund Revenues and Expenditures Per Capita
Fiscal Years 1989-90 through FY 2000-01, Nominal Dollars

DESCRIPTION	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95 (1)	FY 1995-96	FY 1996-97	FY 1997-98 (2)	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Taxes												
Mining/Property	$18.53	$18.33	$13.15	$13.90	$13.08	$15.66	$12.43	$8.79	$8.44	$7.65	$6.66	$6.90
Retail Sales and Use	228.91	220.84	211.34	221.04	240.00	275.30	270.88	282.47	280.65	298.10	302.32	303.59
Gaming Fees	259.78	270.47	267.23	272.90	279.25	274.62	282.60	268.93	262.87	274.58	293.53	284.17
Casino Entertainment Tax	14.54	16.03	16.21	16.12	17.20	20.24	20.96	20.34	20.90	24.60	29.00	30.05
Insurance Taxes	43.17	47.29	48.99	49.53	50.77	51.85	54.58	54.49	59.19	60.07	64.09	69.07
Excise Taxes	36.83	36.54	34.28	32.91	31.36	31.02	31.23	31.45	34.13	31.93	31.64	30.58
Business License Tax	0.00	0.00	34.22	34.64	35.89	35.91	35.99	36.43	36.62	36.86	37.62	36.33
Other Taxes	5.84	5.49	4.80	3.69	3.47	3.32	3.21	3.01	2.92	2.78	2.73	2.60
Total Taxes	**607.59**	**614.99**	**630.22**	**644.74**	**671.03**	**707.91**	**711.89**	**705.90**	**705.72**	**736.57**	**767.60**	**763.28**
Growth Rate		1.2%	2.5%	2.3%	4.1%	5.5%	0.6%	-0.8%	0.0%	4.4%	4.2%	-0.6%
Non-Tax Revenues												
Licenses	12.34	11.87	15.68	16.50	17.99	18.50	19.67	21.49	19.65	21.27	23.98	23.56
Fines and Fees	2.61	2.71	2.76	2.43	4.07	5.94	6.22	6.71	7.27	6.66	6.56	6.16
Charges for Service	0.34	0.47	0.70	0.92	1.05	1.20	1.24	0.00	-	-	-	-
Use of Money & Property	20.37	17.97	7.40	3.06	6.16	10.59	15.64	16.20	14.72	14.71	10.31	12.99
Other Revenue	7.01	8.27	11.67	13.04	7.13	6.17	8.48	7.20	7.46	7.38	7.63	9.24
Total Non-Tax Revenues	**42.66**	**41.28**	**38.21**	**35.94**	**36.39**	**42.40**	**51.25**	**51.60**	**49.11**	**50.03**	**48.48**	**51.96**
Growth Rate		-3.2%	-7.4%	-5.9%	1.2%	16.5%	20.9%	0.7%	-4.8%	1.9%	-3.1%	7.2%
TOTAL REVENUES	**650.25**	**656.27**	**668.43**	**680.68**	**707.42**	**750.31**	**763.15**	**757.50**	**754.82**	**786.60**	**816.07**	**815.24**
Growth Rate		0.9%	1.9%	1.8%	3.9%	6.1%	1.7%	-0.7%	-0.4%	4.2%	3.7%	-0.1%
EXPENDITURES												
Constitutional Agencies	-	-	-	19.21	19.58	19.25	21.52	21.29	24.91	25.49	27.21	26.46
Finance and Administration	-	-	-	15.00	10.62	11.66	15.94	21.04	15.04	19.88	9.58	12.45
Education	-	-	-	401.06	374.23	373.43	371.13	400.73	408.04	433.68	430.26	421.93
Human Services	-	-	-	174.37	165.94	185.31	179.00	191.45	197.36	204.87	188.59	192.04
Commerce and Industry	-	-	-	22.63	17.29	16.32	17.12	16.71	18.61	18.23	19.09	18.22
Public Safety	-	-	-	78.31	73.35	72.81	78.02	78.31	85.28	85.10	89.21	89.74
Infrastructure	-	-	-	11.98	10.52	9.88	10.05	9.64	11.57	10.70	11.08	9.82
Special Purpose Agencies	-	-	-	0.82	0.78	0.74	0.79	1.17	1.23	1.17	1.67	2.47
TOTAL EXPENDITURES	**615.49**	**671.51**	**778.54**	**723.39**	**672.32**	**689.40**	**693.58**	**740.35**	**762.03**	**799.14**	**776.70**	**773.13**
Growth Rate		9.1%	15.9%	-7.1%	-7.1%	2.5%	0.6%	6.7%	2.9%	4.9%	-2.8%	-0.5%
REVENUE/EXPENDITURE BALANCE	**34.76**	**(15.24)**	**(110.11)**	**(42.71)**	**35.10**	**60.91**	**69.57**	**17.15**	**(7.21)**	**(12.54)**	**39.37**	**42.11**

Source: Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Reports* . Selected issues FY 1989-90 through FY 2000-01.

Notes:

(1) An accounting change required by the General Accounting Standards Board 22 ("GASB 22") resulted in FY 1995 having 13 months of collections for sales tax and casino entertainment tax collections. GASB 22 required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1995 having an extra (13th) month of collection as the accounting change was implemented.

(2) An accounting change required by the General Accounting Standards Board ("GASB") resulted in FY 1998 having 13 months of collections for Nevada's exise taxes. GASB required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1998 having an extra (13th) month of collection as the accounting change was implemented.

(3) Totals may not sum to 100% due to rounding.

Exhibit 2A-4
Total General Fund Revenues and Expenditures Per Capita
Fiscal Years 1989-90 through FY 2000-01, Inflation Adjusted (in 2000$)

DESCRIPTION	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95 (1)	FY 1995-96	FY 1996-97	FY 1997-98 (2)	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Taxes												
Mining/Property	$24.63	$23.33	$16.19	$16.62	$15.28	$17.83	$13.79	$9.52	$8.98	$7.92	$6.66	$6.65
Retail Sales and Use	304.28	281.16	260.15	264.29	280.43	313.50	300.44	305.92	298.40	308.52	302.32	292.87
Gaming Fees	345.32	344.34	328.95	326.28	326.29	312.73	313.44	291.26	279.50	284.17	293.53	274.13
Casino Entertainment Tax	19.32	20.40	19.96	19.27	20.10	23.05	23.24	22.03	22.22	25.46	29.00	28.99
Insurance Taxes	57.38	60.20	60.31	59.22	59.33	59.04	60.54	59.01	62.93	62.17	64.09	66.63
Excise Taxes	48.96	46.52	42.19	39.34	36.65	35.32	34.64	34.06	36.29	33.05	31.64	29.50
Business License Tax	0.00	0.00	42.13	41.42	41.93	40.89	39.92	39.45	38.94	38.14	37.62	35.04
Other Taxes	7.76	7.00	5.90	4.41	4.06	3.78	3.57	3.26	3.10	2.88	2.73	2.51
Total Taxes	**807.66**	**782.96**	**775.79**	**770.86**	**784.06**	**806.14**	**789.59**	**764.50**	**750.36**	**762.30**	**767.60**	**736.32**
Growth Rate		-3.1%	-0.9%	-0.6%	1.7%	2.8%	-2.1%	-3.2%	-1.8%	1.6%	0.7%	-4.1%
Non-Tax Revenues												
Licenses	16.40	15.11	19.30	19.72	21.02	21.06	21.82	23.27	20.89	22.01	23.98	22.73
Fines and Fees	3.47	3.45	3.40	2.90	4.75	6.77	6.89	7.27	7.73	6.89	6.56	5.94
Charges for Service	0.45	0.60	0.86	1.10	1.22	1.37	1.38	0.00	-	-	-	-
Use of Money & Property	27.07	22.87	9.11	3.66	7.19	12.06	17.35	17.54	15.66	15.23	10.31	12.54
Other Revenue	9.32	10.52	14.36	15.60	8.33	7.03	9.41	7.80	7.93	7.64	7.63	8.92
Total Non-Tax Revenues	**56.70**	**52.56**	**47.04**	**42.97**	**42.52**	**48.29**	**56.85**	**55.88**	**52.21**	**51.78**	**48.48**	**50.12**
Growth Rate		-7.3%	-10.5%	-8.6%	-1.1%	13.6%	17.7%	-1.7%	-6.6%	-0.8%	-6.4%	3.4%
TOTAL REVENUES	**864.36**	**835.51**	**822.82**	**813.83**	**826.58**	**854.42**	**846.43**	**820.39**	**802.57**	**814.08**	**816.07**	**786.44**
Growth Rate		-3.3%	-1.5%	-1.1%	1.6%	3.4%	-0.9%	-3.1%	-2.2%	1.4%	0.2%	-3.6%
EXPENDITURES												
Constitutional Agencies	-	-	-	22.97	22.88	21.93	23.87	23.05	26.48	26.38	27.21	25.52
Finance and Administration	-	-	-	17.93	12.41	13.28	17.68	22.78	15.99	20.58	9.58	12.01
Education	-	-	-	479.52	437.27	425.24	411.64	434.00	433.86	448.83	430.26	407.02
Human Services	-	-	-	208.49	193.90	211.02	198.54	207.34	209.85	212.03	188.59	185.26
Commerce and Industry	-	-	-	27.06	20.20	18.58	18.99	18.10	19.78	18.87	19.09	17.57
Public Safety	-	-	-	93.63	85.70	82.92	86.54	84.81	90.67	88.08	89.21	86.57
Infrastructure	-	-	-	14.33	12.29	11.25	11.15	10.44	12.30	11.08	11.08	9.48
Special Purpose Agencies	-	-	-	0.98	0.91	0.84	0.88	1.27	1.30	1.21	1.67	2.39
TOTAL EXPENDITURES	**818.16**	**854.91**	**958.37**	**864.90**	**785.57**	**785.06**	**769.28**	**801.81**	**810.24**	**827.06**	**776.70**	**745.82**
Growth Rate		4.5%	12.1%	-9.8%	-9.2%	-0.1%	-2.0%	4.2%	1.1%	2.1%	-6.1%	-4.0%
REVENUE/EXPENDITURE BALANCE	**46.21**	**(19.40)**	**(135.55)**	**(51.07)**	**41.01**	**69.36**	**77.16**	**18.58**	**(7.67)**	**(12.98)**	**39.37**	**40.63**

Source: Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Reports* . Selected issues FY 1989-90 through FY 2000-01.

Notes:

(1) An accounting change required by the General Accounting Standards Board 22 ("GASB 22") resulted in FY 1995 having 13 months of collections for sales tax and casino entertainment tax collections. GASB 22 required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1995 having an extra (13th) month of collection as the accounting change was implemented.

(2) An accounting change required by the General Accounting Standards Board ("GASB") resulted in FY 1998 having 13 months of collections for Nevada's exise taxes. GASB required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1998 having an extra (13th) month of collection as the accounting change was implemented.

(3) Totals may not sum to 100% due to rounding.

Exhibit 2A-5
General Fund Revenues and Expenditures as a Percentage of Total
Fiscal Years 1989-90 through FY 2000-01

DESCRIPTION	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95 (1)	FY 1995-96	FY 1996-97	FY 1997-98 (2)	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Taxes												
Mining/Property	2.8%	2.8%	2.0%	2.0%	1.8%	2.1%	1.6%	1.2%	1.1%	1.0%	0.8%	0.8%
Retail Sales and Use	35.2%	33.7%	31.6%	32.5%	33.9%	36.7%	35.5%	37.3%	37.2%	37.9%	37.0%	37.2%
Gaming Fees	40.0%	41.2%	40.0%	40.1%	39.5%	36.6%	37.0%	35.5%	34.8%	34.9%	36.0%	34.9%
Casino Entertainment Tax	2.2%	2.4%	2.4%	2.4%	2.4%	2.7%	2.7%	2.7%	2.8%	3.1%	3.6%	3.7%
Insurance Taxes	6.6%	7.2%	7.3%	7.3%	7.2%	6.9%	7.2%	7.2%	7.8%	7.6%	7.9%	8.5%
Excise Taxes	5.7%	5.6%	5.1%	4.8%	4.4%	4.1%	4.1%	4.2%	4.5%	4.1%	3.9%	3.8%
Other Taxes	0.0%	0.0%	5.1%	5.1%	5.1%	4.8%	4.7%	4.8%	4.9%	4.7%	4.6%	4.5%
Total Taxes	**93.4%**	**93.7%**	**94.3%**	**94.7%**	**94.9%**	**94.3%**	**93.3%**	**93.2%**	**93.5%**	**93.6%**	**94.1%**	**93.6%**
	75.2%	74.9%	71.6%	72.6%	73.4%	73.3%	72.5%	72.8%	72.0%	72.8%	73.0%	72.1%
Non-Tax Revenues												
Licenses	1.9%	1.8%	2.3%	2.4%	2.5%	2.5%	2.6%	2.8%	2.6%	2.7%	2.9%	2.9%
Fines and Fees	0.4%	0.4%	0.4%	0.4%	0.6%	0.8%	0.8%	0.9%	1.0%	0.8%	0.8%	0.8%
Charges for Service	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Use of Money & Property	3.1%	2.7%	1.1%	0.4%	0.9%	1.4%	2.1%	2.1%	2.0%	1.9%	1.3%	1.6%
Other Revenue	1.1%	1.3%	1.7%	1.9%	1.0%	0.8%	1.1%	1.0%	1.0%	0.9%	0.9%	1.1%
Total Non-Tax Revenues	**6.6%**	**6.3%**	**5.7%**	**5.3%**	**5.1%**	**5.7%**	**6.7%**	**6.8%**	**6.5%**	**6.4%**	**5.9%**	**6.4%**
TOTAL REVENUES	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
EXPENDITURES												
Constitutional Agencies	-	-	-	2.7%	2.9%	2.8%	3.1%	2.9%	3.3%	3.2%	3.5%	3.4%
Finance and Administration	-	-	-	2.1%	1.6%	1.7%	2.3%	2.8%	2.0%	2.5%	1.2%	1.6%
Education	-	-	-	55.4%	55.7%	54.2%	53.5%	54.1%	53.5%	54.3%	55.4%	54.6%
Human Services	-	-	-	24.1%	24.7%	26.9%	25.8%	25.9%	25.9%	25.6%	24.3%	24.8%
Commerce and Industry	-	-	-	3.1%	2.6%	2.4%	2.5%	2.3%	2.4%	2.3%	2.5%	2.4%
Public Safety	-	-	-	10.8%	10.9%	10.6%	11.2%	10.6%	11.2%	10.6%	11.5%	11.6%
Infrastructure	-	-	-	1.7%	1.6%	1.4%	1.4%	1.3%	1.5%	1.3%	1.4%	1.3%
Special Purpose Agencies	___	___	___	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.3%
TOTAL EXPENDITURES	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Legislative Counsel Bureau, Fiscal Analysis Division, *Nevada Legislative Appropriations Reports* . Selected issues FY 1989-90 through FY 2000-01.

Notes:

(1) An accounting change required by the General Accounting Standards Board 22 ("GASB 22") resulted in FY 1995 having 13 months of collections for sales tax and casino entertainment tax collections. GASB 22 required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1995 having an extra (13th) month of collection as the accounting change was implemented.

(2) An accounting change required by the General Accounting Standards Board ("GASB") resulted in FY 1998 having 13 months of collections for Nevada's exise taxes. GASB required the collections from the taxable activity be recorded in the month the activity occurred. Previously, the collections from the taxable activity were recorded in the month they were actually collected, the month following the activity month. This resulted in FY 1998 having an extra (13th) month of collection as the accounting change was implemented.

(3) Totals may not sum to 100% due to rounding.

Exhibit 2A-6
Total State Revenues and Expenditures
Fiscal Years 1989-90 through FY 2000-01, Nominal Dollars

CATEGORY	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Gaming taxes	$ 377,194,000	$ 416,546,000	$ 426,621,000	$ 453,084,000	$ 490,166,000	$ 517,524,000	$ 566,834,000	$ 566,079,000	$ 586,186,000	$ 635,264,000	$ 707,300,000	$ 724,981,000
Sales taxes	297,578,000	307,945,000	310,770,000	343,604,000	402,548,000	446,504,000	502,960,000	554,891,000	581,991,000	645,560,000	672,473,000	714,249,000
Intergovernmental	365,340,000	421,001,000	562,120,000	645,228,000	709,128,000	836,557,000	877,735,000	908,806,000	950,533,000	1,036,944,000	1,084,235,000	1,187,155,000
Other taxes	385,815,000	412,159,000	574,685,000	661,839,000	648,390,000	694,031,000	729,808,000	772,563,000	815,270,000	862,477,000	949,538,000	960,301,000
Licenses, fees and permits	121,422,000	116,532,000	148,567,000	164,741,000	166,094,000	175,139,000	185,375,000	198,622,000	204,653,000	222,274,000	237,798,000	241,940,000
Charges for services and sales	25,004,000	25,564,000	28,440,000	29,579,000	39,657,000	39,751,000	41,458,000	44,885,000	50,427,000	55,298,000	52,378,000	53,049,000
Interest and investment income	79,865,000	79,763,000	64,100,000	56,959,000	45,572,000	68,387,000	91,595,000	113,061,000	164,843,000	164,919,000	159,220,000	185,299,000
Other revenues	35,439,000	30,652,000	44,601,000	60,125,000	48,797,000	43,159,000	42,699,000	52,396,000	47,932,000	45,855,000	120,877,000	108,086,000
Net proceeds from debt financing	114,702,000	100,293,000	180,216,000	32,006,000	218,632,000	90,093,000	239,531,000	522,685,000	26,674,000	551,221,000	93,211,000	256,473,000
Net operating transfers	12,742,000	12,338,000	3,740,000	3,816,000	4,153,000	3,274,000	4,829,000	3,549,000	5,990,000	3,525,000	5,303,000	7,766,000
Other resources	-	213,000	67,000	56,000	149,000	162,000	357,000	3,226,000	31,196,000	450,000	531,000	870,000
Total revenues	**1,815,101,000**	**1,923,006,000**	**2,343,927,000**	**2,451,037,000**	**2,773,286,000**	**2,914,581,000**	**3,283,181,000**	**3,740,763,000**	**3,465,695,000**	**4,223,787,000**	**4,082,864,000**	**4,440,169,000**
Growth rate		5.9%	21.9%	4.6%	13.1%	5.1%	12.6%	13.9%	-7.4%	21.9%	-3.3%	8.8%
EXPENDITURES												
General Government	53,925,000	58,806,000	59,379,000	64,123,000	64,525,000	75,742,000	75,770,000	101,565,000	97,606,000	111,116,000	103,402,000	112,393,000
Health, Social Services	463,583,000	594,066,000	863,110,000	909,041,000	864,579,000	994,633,000	1,061,930,000	1,090,069,000	1,179,553,000	1,236,991,000	1,353,839,000	1,440,569,000
Education and Support	18,766,000	19,226,000	20,762,000	22,356,000	23,009,000	24,633,000	24,019,000	26,460,000	30,476,000	42,027,000	44,532,000	43,091,000
Law, Justice and Public Safety	151,654,000	170,611,000	192,550,000	199,261,000	211,015,000	224,281,000	256,015,000	276,275,000	341,970,000	338,518,000	361,041,000	382,316,000
Regulation of Business	43,262,000	48,890,000	58,000,000	59,673,000	54,664,000	58,925,000	58,819,000	63,730,000	67,816,000	82,127,000	87,057,000	84,553,000
Transportation	252,439,000	216,554,000	240,888,000	263,996,000	347,064,000	368,040,000	344,183,000	312,592,000	331,302,000	433,118,000	537,748,000	484,219,000
Recreation, resource development	60,788,000	62,122,000	69,545,000	68,603,000	72,635,000	77,273,000	80,713,000	89,011,000	91,436,000	85,378,000	93,795,000	95,657,000
Intergovernmental	395,050,000	471,575,000	503,543,000	474,193,000	495,287,000	482,910,000	613,244,000	672,812,000	767,476,000	854,172,000	856,294,000	912,569,000
Capital Improvements	48,719,000	50,249,000	48,645,000	60,887,000	49,871,000	40,548,000	27,932,000	49,298,000	46,849,000	67,327,000	150,095,000	37,489,000
Debt service	67,333,000	74,142,000	73,638,000	224,377,000	76,739,000	107,225,000	138,791,000	151,422,000	157,868,000	192,433,000	183,114,000	200,759,000
University	222,644,000	168,613,000	276,773,000	196,155,000	218,237,000	257,676,000	266,381,000	350,404,000	302,878,000	402,384,000	348,110,000	375,640,000
Total Expenditures	**1,778,163,000**	**1,934,854,000**	**2,406,833,000**	**2,542,665,000**	**2,477,625,000**	**2,711,886,000**	**2,947,797,000**	**3,183,638,000**	**3,415,230,000**	**3,845,591,000**	**4,119,027,000**	**4,169,255,000**
Growth rate		8.8%	24.4%	5.6%	-2.6%	9.5%	8.7%	8.0%	7.3%	12.6%	7.1%	1.2%
State Surplus/(Deficit)	**$ 36,938,000**	**$ (11,848,000)**	**$ (62,906,000)**	**$ (91,628,000)**	**$ 295,661,000**	**$ 202,695,000**	**$ 335,384,000**	**$ 557,125,000**	**$ 50,465,000**	**$ 378,196,000**	**$ (36,163,000)**	**$ 270,914,000**

Source: State of Nevada Controller's Office, *Comprehensive Annual Financial Report* , Selected issues FY 1989-90 though FY 2000-01.

Exhibit 2A-7
Total State Revenues and Expenditures
Fiscal Years 1989-90 through FY 2000-01, Inflation Adjusted (in 2000$)

CATEGORY	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Gaming taxes	$ 501,395,522	$ 530,314,937	$ 525,164,442	$ 541,717,395	$ 572,734,070	$ 589,336,777	$ 628,696,594	$ 613,076,885	$ 623,268,326	$ 657,454,986	$ 707,300,000	$ 699,374,607
Sales taxes	395,563,760	392,052,338	382,553,493	410,820,651	470,356,888	508,461,884	557,851,574	600,960,017	618,807,949	668,110,645	672,473,000	689,021,662
Intergovernmental	485,638,266	535,986,706	691,961,803	771,449,073	828,580,043	952,639,502	973,528,414	984,258,295	1,010,664,041	1,073,166,437	1,084,235,000	1,145,224,581
Other taxes	512,855,224	524,729,739	707,429,141	791,309,557	757,610,775	790,336,279	809,457,096	836,703,918	866,844,258	892,604,971	949,538,000	926,383,084
Licenses, fees and permits	161,403,541	148,359,749	182,883,885	196,968,036	194,072,401	199,441,676	205,606,282	215,112,302	217,599,418	230,038,456	237,798,000	233,394,658
Charges for services and sales	33,237,256	32,546,156	35,009,239	35,365,316	46,337,190	45,266,937	45,982,604	48,611,512	53,617,029	57,229,665	52,378,000	51,175,305
Interest and investment income	106,162,753	101,548,233	78,906,197	68,101,458	53,248,567	77,876,532	101,591,409	122,447,725	175,271,024	170,679,936	159,220,000	178,754,223
Other revenues	47,108,268	39,023,814	54,903,203	71,886,799	57,016,816	49,147,838	47,359,043	56,746,102	50,964,195	47,456,803	120,877,000	104,268,393
Net proceeds from debt financing	152,470,795	127,685,480	221,843,358	38,267,092	255,460,385	102,594,504	265,672,708	566,080,161	28,361,406	570,476,204	93,211,000	247,414,351
Net operating transfers	16,937,655	15,707,811	4,603,887	4,562,495	4,852,570	3,728,307	5,356,023	3,843,651	6,368,929	3,648,135	5,303,000	7,491,704
Other resources	-	271,176	82,476	66,955	174,099	184,479	395,962	3,493,834	33,169,470	465,719	531,000	839,272
Total revenues	**2,412,773,040**	**2,448,226,138**	**2,885,341,124**	**2,930,514,826**	**3,240,443,802**	**3,319,014,715**	**3,641,497,708**	**4,051,334,401**	**3,684,936,046**	**4,371,331,957**	**4,082,864,000**	**4,283,341,839**
Growth rate		1.5%	17.9%	1.6%	10.6%	2.4%	9.7%	11.3%	-9.0%	18.6%	-6.6%	4.9%
EXPENDITURES												
General government	71,681,293	74,867,362	73,094,713	76,666,897	75,394,184	86,252,128	84,039,315	109,997,286	103,780,589	114,997,494	103,402,000	108,423,269
Health and social services	616,230,482	756,320,006	1,062,476,254	1,086,869,814	1,010,216,639	1,132,650,478	1,177,825,914	1,180,570,392	1,254,171,925	1,280,201,461	1,353,839,000	1,389,687,976
Education and support	24,945,223	24,477,092	25,557,730	26,729,335	26,884,848	28,051,130	26,640,363	28,656,803	32,403,922	43,495,083	44,532,000	41,569,022
Law, justice and public safety	201,590,260	217,209,052	237,026,338	238,240,922	246,560,307	255,402,728	283,955,723	299,212,330	363,603,139	350,343,081	361,041,000	368,812,565
Regulation of business	57,507,206	62,243,059	71,397,183	71,346,378	63,872,107	67,101,564	65,238,332	69,021,090	72,106,063	84,995,853	87,057,000	81,566,581
Transportation	335,561,500	275,700,213	296,529,735	315,639,540	405,526,652	419,110,046	381,746,119	338,544,496	352,260,277	448,247,640	537,748,000	467,116,342
Recreation, resource development	80,804,125	79,089,043	85,608,915	82,023,286	84,870,307	87,995,573	89,521,779	96,401,009	97,220,273	88,360,417	93,795,000	92,278,386
Intergovernmental	525,131,103	600,373,707	619,854,341	566,955,789	578,717,698	549,919,661	680,171,645	728,671,237	816,026,793	884,009,861	856,294,000	880,336,982
Capital improvements	64,761,074	63,973,235	59,881,310	72,797,863	58,271,730	46,174,530	30,980,416	53,390,895	49,812,684	69,678,861	150,095,000	36,164,885
Debt service	89,504,246	94,392,000	90,647,341	268,270,175	89,665,623	122,103,779	153,938,241	163,993,591	167,854,783	199,155,053	183,114,000	193,668,174
University	295,955,675	214,665,349	340,703,665	234,527,319	254,998,848	293,431,693	295,453,038	379,495,782	322,038,165	416,440,043	348,110,000	362,372,362
Total Expenditures	**2,363,672,186**	**2,463,310,118**	**2,962,777,524**	**3,040,067,319**	**2,894,978,944**	**3,088,193,308**	**3,269,510,886**	**3,447,954,910**	**3,631,278,613**	**3,979,924,848**	**4,119,027,000**	**4,021,996,545**
Growth rate		4.2%	20.3%	2.6%	-4.8%	6.7%	5.9%	5.5%	5.3%	9.6%	3.5%	-2.4%
State Surplus/(Deficit)	**$ 49,100,855**	**$ (15,083,980)**	**$ (77,436,400)**	**$ (109,552,492)**	**$ 345,464,858**	**$ 230,821,407**	**$ 371,986,822**	**$ 603,379,492**	**$ 53,657,433**	**$ 391,407,110**	**$ (36,163,000)**	**$ 261,345,294**

Source: State of Nevada Controller's Office, *Comprehensive Annual Financial Report* , Selected issues FY 1989-90 though FY 2000-01.

Exhibit 2A-8
Total State Revenues and Expenditures Per Capita
Fiscal Years 1989-90 through FY 2000-01, Nominal Dollars

CATEGORY	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Gaming taxes	$ 305.814	$ 316.630	$ 311.716	$ 317.198	$ 322.045	$ 321.941	$ 334.997	$ 317.024	$ 313.290	$ 326.398	$ 350.498	$ 340.828
Sales taxes	241.26	234.08	227.07	240.55	264.48	277.76	297.25	310.76	311.05	331.69	333.24	335.78
Intergovernmental	296.20	320.02	410.72	451.72	465.91	520.41	518.74	508.96	508.02	532.78	537.29	558.11
Other taxes	312.80	313.30	419.90	463.34	426.00	431.74	431.31	432.66	435.73	443.14	470.54	451.46
Licenses, fees and permits	98.44	88.58	108.55	115.33	109.13	108.95	109.56	111.24	109.38	114.20	117.84	113.74
Charges for services and sales	20.27	19.43	20.78	20.71	26.06	24.73	24.50	25.14	26.95	28.41	25.96	24.94
Interest and investment income	64.75	60.63	46.84	39.88	29.94	42.54	54.13	63.32	88.10	84.74	78.90	87.11
Other revenues	28.73	23.30	32.59	42.09	32.06	26.85	25.23	29.34	25.62	23.56	59.90	50.81
Net proceeds from debt financing	93.00	76.24	131.68	22.41	143.64	56.05	141.56	292.72	14.26	283.22	46.19	120.57
Net operating transfers	10.33	9.38	2.73	2.67	2.73	2.04	2.85	1.99	3.20	1.81	2.63	3.65
Other resources	-	0.16	0.05	0.04	0.10	0.10	0.21	1.81	16.67	0.23	0.26	0.41
Total revenues	**1,471.61**	**1,461.74**	**1,712.62**	**1,715.94**	**1,822.08**	**1,813.10**	**1,940.35**	**2,094.96**	**1,852.26**	**2,170.18**	**2,023.23**	**2,087.41**
Growth rate		-0.7%	17.2%	0.2%	6.2%	-0.5%	7.0%	8.0%	-11.6%	17.2%	-6.8%	3.2%
EXPENDITURES												
General Government	43.72	44.70	43.39	44.89	42.39	47.12	44.78	56.88	52.17	57.09	51.24	52.84
Health, Social Services	375.86	451.57	630.64	636.41	568.04	618.74	627.60	610.48	630.42	635.56	670.89	677.24
Education and Support	15.21	14.61	15.17	15.65	15.12	15.32	14.20	14.82	16.29	21.59	22.07	20.26
Law, Justice and Public Safety	122.96	129.69	140.69	139.50	138.64	139.52	151.30	154.72	182.77	173.93	178.91	179.73
Regulation of Business	35.08	37.16	42.38	41.78	35.91	36.66	34.76	35.69	36.24	42.20	43.14	39.75
Transportation	204.67	164.61	176.01	184.82	228.03	228.95	203.41	175.06	177.07	222.54	266.48	227.64
Recreation, resource development	49.28	47.22	50.81	48.03	47.72	48.07	47.70	49.85	48.87	43.87	46.48	44.97
Intergovernmental	320.29	358.46	367.92	331.98	325.41	300.41	362.42	376.80	410.18	438.87	424.33	429.02
Capital Improvements	39.50	38.20	35.54	42.63	32.77	25.22	16.51	27.61	25.04	34.59	74.38	17.62
Debt service	54.59	56.36	53.80	157.08	50.42	66.70	82.02	84.80	84.37	98.87	90.74	94.38
University	180.51	128.17	202.23	137.33	143.38	160.30	157.43	196.24	161.87	206.74	172.50	176.60
Total Expenditures	**1,441.67**	**1,470.75**	**1,758.59**	**1,780.08**	**1,627.83**	**1,687.01**	**1,742.14**	**1,782.95**	**1,825.29**	**1,975.86**	**2,041.16**	**1,960.05**
Growth rate		2.0%	19.6%	1.2%	-8.6%	3.6%	3.3%	2.3%	2.4%	8.2%	3.3%	-4.0%
State Surplus/(Deficit)	**$ 29.95**	**$ (9.01)**	**$ (45.96)**	**$ (64.15)**	**$ 194.25**	**$ 126.09**	**$ 198.21**	**$ 312.01**	**$ 26.97**	**$ 194.32**	**$ (17.92)**	**$ 127.36**

Source: State of Nevada Controller's Office, *Comprehensive Annual Financial Report* , Selected issues FY 1989-90 though FY 2000-01; the Nevada State Demographer's Office.

Exhibit 2A-9
Total State Revenues and Expenditures Per Capita
Fiscal Years 1989-90 through FY 2000-01, Inflation Adjusted (in 2000$)

CATEGORY	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Gaming taxes	$ 406.51	$ 403.11	$ 383.72	$ 379.25	$ 376.29	$ 366.61	$ 371.56	$ 343.34	$ 333.11	$ 337.80	$ 350.50	$ 328.79
Sales taxes	320.71	298.01	279.52	287.61	309.03	316.30	329.69	336.56	330.73	343.27	333.24	323.92
Intergovernmental	393.74	407.42	505.59	540.08	544.39	592.62	575.35	551.22	540.15	551.39	537.29	538.39
Other taxes	415.80	398.86	516.89	553.98	497.76	491.65	478.39	468.58	463.29	458.62	470.54	435.51
Licenses, fees and permits	130.86	112.77	133.63	137.89	127.51	124.07	121.51	120.47	116.30	118.19	117.84	109.72
Charges for services and sales	26.95	24.74	25.58	24.76	30.44	28.16	27.18	27.22	28.66	29.40	25.96	24.06
Interest and investment income	86.07	77.19	57.65	47.68	34.98	48.45	60.04	68.58	93.67	87.70	78.90	84.04
Other revenues	38.19	29.66	40.12	50.33	37.46	30.57	27.99	31.78	27.24	24.38	59.90	49.02
Net proceeds from debt financing	123.62	97.06	162.09	26.79	167.84	63.82	157.01	317.02	15.16	293.11	46.19	116.31
Net operating transfers	13.73	11.94	3.36	3.19	3.19	2.32	3.17	2.15	3.40	1.87	2.63	3.52
Other resources	-	0.21	0.06	0.05	0.11	0.11	0.23	1.96	17.73	0.24	0.26	0.39
Total revenues	**1,956.18**	**1,860.98**	**2,108.21**	**2,051.61**	**2,129.01**	**2,064.69**	**2,152.11**	**2,268.89**	**1,969.43**	**2,245.99**	**2,023.23**	**2,013.69**
Growth rate		-4.9%	13.3%	-2.7%	3.8%	-3.0%	4.2%	5.4%	-13.2%	14.0%	-9.9%	-0.5%
EXPENDITURES												
General government	58.12	56.91	53.41	53.67	49.53	53.66	49.67	61.60	55.47	59.09	51.24	50.97
Health and social services	499.62	574.90	776.31	760.90	663.72	704.60	696.09	661.16	670.30	657.77	670.89	653.32
Education and support	20.22	18.61	18.67	18.71	17.66	17.45	15.74	16.05	17.32	22.35	22.07	19.54
Law, justice and public safety	163.44	165.11	173.19	166.79	161.99	158.88	167.82	167.57	194.33	180.01	178.91	173.39
Regulation of business	46.62	47.31	52.17	49.95	41.96	41.74	38.56	38.65	38.54	43.67	43.14	38.35
Transportation	272.06	209.57	216.66	220.97	266.44	260.72	225.61	189.60	188.27	230.31	266.48	219.60
Recreation, resource development	65.51	60.12	62.55	57.42	55.76	54.74	52.91	53.99	51.96	45.40	46.48	43.38
Intergovernmental	425.76	456.36	452.91	396.92	380.22	342.09	401.98	408.08	436.13	454.20	424.33	413.86
Capital improvements	52.51	48.63	43.75	50.96	38.29	28.72	18.31	29.90	26.62	35.80	74.38	17.00
Debt service	72.57	71.75	66.23	187.81	58.91	75.96	90.98	91.84	89.71	102.33	90.74	91.05
University	239.95	163.17	248.94	164.19	167.54	182.54	174.61	212.53	172.12	213.97	172.50	170.36
Total Expenditures	**1,916.37**	**1,872.44**	**2,164.79**	**2,128.31**	**1,902.04**	**1,921.10**	**1,932.27**	**1,930.98**	**1,940.76**	**2,044.88**	**2,041.16**	**1,890.82**
Growth rate		-2.3%	15.6%	-1.7%	-10.6%	1.0%	0.6%	-0.1%	0.5%	5.4%	-0.2%	-7.4%
State Surplus/(Deficit)	**$ 39.81**	**$ (11.47)**	**$ (56.58)**	**$ (76.70)**	**$ 226.97**	**$ 143.59**	**$ 219.84**	**$ 337.91**	**$ 28.68**	**$ 201.10**	**$ (17.92)**	**$ 122.86**

Source: State of Nevada Controller's Office, *Comprehensive Annual Financial Report* , Selected issues FY 1989-90 though FY 2000-01; the Nevada State Demographer's Office.

Exhibit 2A-10
Total State Revenues and Expenditures as a Percentage of Total
Fiscal Years 1989-90 through FY 2000-01

CATEGORY	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES												
Gaming taxes	20.8%	21.7%	18.2%	18.5%	17.7%	17.8%	17.3%	15.1%	16.9%	15.0%	17.3%	16.3%
Sales taxes	16.4%	16.0%	13.3%	14.0%	14.5%	15.3%	15.3%	14.8%	16.8%	15.3%	16.5%	16.1%
Intergovernmental	20.1%	21.9%	24.0%	26.3%	25.6%	28.7%	26.7%	24.3%	27.4%	24.6%	26.6%	26.7%
Other taxes	21.3%	21.4%	24.5%	27.0%	23.4%	23.8%	22.2%	20.7%	23.5%	20.4%	23.3%	21.6%
Licenses, fees and permits	6.7%	6.1%	6.3%	6.7%	6.0%	6.0%	5.6%	5.3%	5.9%	5.3%	5.8%	5.4%
Charges for services and sales	1.4%	1.3%	1.2%	1.2%	1.4%	1.4%	1.3%	1.2%	1.5%	1.3%	1.3%	1.2%
Interest and investment income	4.4%	4.1%	2.7%	2.3%	1.6%	2.3%	2.8%	3.0%	4.8%	3.9%	3.9%	4.2%
Other revenues	2.0%	1.6%	1.9%	2.5%	1.8%	1.5%	1.3%	1.4%	1.4%	1.1%	3.0%	2.4%
Net proceeds from debt financing	6.3%	5.2%	7.7%	1.3%	7.9%	3.1%	7.3%	14.0%	0.8%	13.1%	2.3%	5.8%
Net operating transfers	0.7%	0.6%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.2%
Other resources	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.9%	0.0%	0.0%	0.0%
Total revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
EXPENDITURES												
General government	3.0%	3.0%	2.5%	2.5%	2.6%	2.8%	2.6%	3.2%	2.9%	2.9%	2.5%	2.7%
Health and social services	26.1%	30.7%	35.9%	35.8%	34.9%	36.7%	36.0%	34.2%	34.5%	32.2%	32.9%	34.6%
Education and support	1.1%	1.0%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.9%	1.1%	1.1%	1.0%
Law, justice and public safety	8.5%	8.8%	8.0%	7.8%	8.5%	8.3%	8.7%	8.7%	10.0%	8.8%	8.8%	9.2%
Regulation of business	2.4%	2.5%	2.4%	2.3%	2.2%	2.2%	2.0%	2.0%	2.0%	2.1%	2.1%	2.0%
Transportation	14.2%	11.2%	10.0%	10.4%	14.0%	13.6%	11.7%	9.8%	9.7%	11.3%	13.1%	11.6%
Recreation, resource development	3.4%	3.2%	2.9%	2.7%	2.9%	2.8%	2.7%	2.8%	2.7%	2.2%	2.3%	2.3%
Intergovernmental	22.2%	24.4%	20.9%	18.6%	20.0%	17.8%	20.8%	21.1%	22.5%	22.2%	20.8%	21.9%
Capital improvements	2.7%	2.6%	2.0%	2.4%	2.0%	1.5%	0.9%	1.5%	1.4%	1.8%	3.6%	0.9%
Debt service	3.8%	3.8%	3.1%	8.8%	3.1%	4.0%	4.7%	4.8%	4.6%	5.0%	4.4%	4.8%
University	12.5%	8.7%	11.5%	7.7%	8.8%	9.5%	9.0%	11.0%	8.9%	10.5%	8.5%	9.0%
Total Expenditures	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: State of Nevada Controller's Office, *Comprehensive Annual Financial Report* , Selected issues FY 1989-90 though FY 2000-01.