

STATE OF NEVADA ECONOMIC FORUM



**May 2, 2011
9:30 a.m.**

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

With videoconference to

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

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****REVISED****
MEETING NOTICE AND AGENDA

Name of Organization: STATE OF NEVADA ECONOMIC FORUM
(NRS 353.226-NRS 353.229)

Date and Time of Meeting: May 2, 2011 – 9:30 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

* Denotes items on which the Economic Forum may take action.

Note: Items on this agenda may be taken in a different order than listed.

- I. ROLL CALL.
- *II. APPROVAL OF MINUTES OF THE DECEMBER 1, 2010, MEETING.
- *III. PRESENTATION ON THE NATIONAL, REGIONAL AND STATE ECONOMIC OUTLOOK.
Daniel White, Economist, Moody's Analytics

- *IV. PRESENTATION ON THE STATE EMPLOYMENT OUTLOOK.
Bill Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation
- *V. PRESENTATION ON THE OUTLOOK FOR NORTHERN NEVADA.
 - A. Brian Bonnenfant, Project Manager, Center for Regional Studies, University of Nevada, Reno
 - B. Thomas Harris, Foundation Professor and Director, Center for Economic Development, University of Nevada, Reno
- *VI. PRESENTATION ON THE OUTLOOK FOR SOUTHERN NEVADA.
 - A. Alan Schlottmann, Professor of Economics, Department of Economics, University of Nevada, Las Vegas
 - B. Dennis Smith, President, Home Builders Research, Inc.
- *VII. DISCUSSION OF INFORMATION REQUESTED BY THE ECONOMIC FORUM RELATED TO COMMENTS PROVIDED BY OUTSIDE REVIEWERS ON ECONOMIC OUTLOOK AND REVENUE FORECASTS FOR THE STATE.
- *VIII. REVIEW AND APPROVAL OF MAY 2, 2011, FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2011, FY 2012, AND FY 2013.
 - A. Gaming Percentage Fee Tax
 - B. Live Entertainment Tax - Gaming
 - C. State 2% Sales Tax
 - D. Insurance Premium Tax
 - E. Modified Business Tax
 - Non-Financial Institutions
 - Financial Institutions
 - F. Real Property Transfer Tax
 - G. Room Tax
- *IX. REVIEW AND APPROVAL OF MAY 2, 2011, FORECASTS OF MINOR GENERAL FUND REVENUES FOR FY 2011, FY 2012, AND FY 2013 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE AT ITS APRIL 26, 2011, MEETING.
- X. PUBLIC COMMENT.
- XI. ADJOURNMENT.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call the Fiscal Analysis Division at (775) 684-6821 as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Clark County Government Office, 500 South Grand Central Parkway; and Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was posted on the Internet through the Nevada Legislature's website at www.leg.state.nv.us.

MINUTES OF THE MEETING OF THE STATE OF NEVADA ECONOMIC FORUM

December 1, 2010

The meeting of the State of Nevada Economic Forum (created by Senate Bill 23, 1993) was held at 9:30 a.m. on Wednesday, December 1, 2010, at the Legislative Building, 401 South Carson Street, Room 4100, Carson City, Nevada, with videoconference to the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4401, Las Vegas, Nevada.

ECONOMIC FORUM MEMBERS PRESENT:

John Restrepo, Chairman
Michael Alastuey, Vice Chairman
Matt Maddox
Andrew Martin
Linda Rosenthal

ECONOMIC FORUM MEMBERS ABSENT

None

STAFF

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division
Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division
Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Janet Rogers, Chief Economist, Executive Budget Office
Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division
Joe Reel, Deputy Fiscal Analyst, Fiscal Analysis Division
Patti Sullivan, Secretary, Fiscal Analysis Division

EXHIBITS

<u>Exhibit A</u>	Meeting Packet and Agenda
<u>Exhibit B</u>	Attendance Report
<u>Exhibit C</u>	Table 7 – Major General Fund Revenue Forecasts for FY 2011, FY 2012 and FY 2013 – Fiscal Analysis Division
<u>Exhibit D</u>	Draft Report to the Governor and the Legislature on Future State Revenues – Fiscal Analysis Division
<u>Exhibit E</u>	General Fund Revenue Forecasts – Department of Administration, Division of Budget and Planning
<u>Exhibit F</u>	Forecast Information Packet – Fiscal Analysis Division
<u>Exhibit G</u>	Gaming Revenue and Live Entertainment Tax Forecasts – Gaming Control Board
<u>Exhibit H</u>	Impact of Three Percent Room Tax Increase – Nevada Commission of Tourism

I. ROLL CALL.

Chairman Restrepo called the meeting to order at 9:57 a.m. The secretary called roll; all members were present and attended in Carson City.

II. APPROVAL OF MINUTES OF THE NOVEMBER 5, 2010, MEETING.

Chairman Restrepo asked for a motion to approve the November 5, 2010, meeting minutes included in the meeting packet (Exhibit A) on page 3.

ANDREW MARTIN MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 5, 2010, MEETING OF THE STATE OF NEVADA ECONOMIC FORUM. MATT MADDOX SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Before moving to the next agenda item, Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, described each of the various materials (meeting packet, presentations, tables, forecasts and handouts) available for reference at the meeting. Starting with the Economic Forum packet (Exhibit A), he pointed out the inclusion of presentations by the Department of Employment, Training and Rehabilitation and Moody's Analytics, located on pages 77 and 89, respectively. Mr. Guindon noted the tables, which started on page 109 were the same tables included in the November 5, 2010, meeting packet; however, the tables contained updated information. Table 1 (page 109) showed the fiscal year-to-date history through October 2010, as well as six years of fiscal year history for each of the General Fund revenue sources. Table 3 (page 115) included the Agency, Fiscal and Budget forecasts for each of the non-major and major General Fund revenue sources. Mr. Guindon stated Table 7 (page 121) was new for the members in the 2010-2011 forecast cycle, although the Economic Forum had used it for six or seven cycles. Table 7 compared the November 5, 2010, and December 1, 2010, forecasts by forecaster for each of the major General Fund revenue sources considered by the members. Table 4 (page 199) displayed the forecast for the major General Fund revenues sources by forecaster, which was also used at the November meeting. He noted Table 7 was also provided as a separate handout (Exhibit C), in addition to being in the packet. Further, he explained that Table 7 as a separate document would make it easier for the members to use as a reference for side-by-side comparison with Table 4 in the packet. Mr. Guindon noted Table 5 (page 127) showed the Technical Advisory Committee (TAC) consensus forecast from the November 24, 2010, meeting for select non-major General Fund revenues, and Table 6 (page 129) was the TAC's consensus forecast for all the non-major revenues. Agenda Item VI called for review and approval of the Table 6 forecast as the official forecast for the non-major revenues. Mr. Guindon noted he

would discuss the major issues the TAC had to consider at its November 24, 2010, meeting, including the downward revisions of the forecast, especially in FY 2011, during Agenda Item VI. Lastly, on page 135 of the packet, as requested by the Forum, were outside reviewer's comments on the economic outlook and revenue forecasts for the State. Mr. Guindon said only one response was received and included in the packet; however, other reviewers were requested to participate, but their schedules did not permit them to do so for the meeting. Brian Bonnefant and Tom Harris, who presented at the November meeting, collaborated with Mark Nichols, Brian Kaiser, Glen Atkinson and Dick Bartholet from the Center for Regional Studies at the University of Nevada, Reno (UNR), to review and comment on the forecasts prepared for the Forum for the December meeting. Mr. Guindon said in addition to the meeting packet the following handouts were also provided as reference materials:

- Gaming Control Board Charts
- Nevada Commission on Tourism Room Tax Forecast
- Budget Division Forecast
- Fiscal Analysis Division Forecast
- Draft Report to the Governor and the Legislature

Mr. Guindon finished his explanation of the meeting materials and the Forum moved to its next item for consideration.

V. REVIEW AND APPROVAL OF FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2011, FY 2012 AND FY 2013.

This agenda item was taken out of order.

Chairman Restrepo requested an explanation of the analysis and economic overview in the preliminary draft of the Report to the Governor and the Legislature (Exhibit D) prepared by the Fiscal Analysis Division. He asked Mr. Guindon to provide background on the report, as well as address observations and questions from the members.

Mr. Guindon said for historical context the law stated the Economic Forum must present an official forecast of unrestricted General Fund revenues for the biennial budget cycle to the Governor and the Legislature on or before December 1, along with a report on the economic indicators or information considered by the Forum. Since the inception of the Economic Forum in 1994-1995, Legislative Counsel Bureau staff had prepared a draft report and presented it to the Forum members for review and changes. He explained the members would sign a letter to the Governor and the Legislature (before the meeting was adjourned), which would accompany the report and the table with the Forum's official final forecast. Mr. Guindon noted that staff did not editorialize the report, but only provided the basis of the report, including background on national and state history and statistics for some of the major economic indicators, as well as the economic outlook from the national forecasting firm and other additional forecasters. He said staff could make any changes (additions or deletions) the members thought

were important for the content, but the goal was to approve the report at the meeting. Mr. Guindon explained there were several options available for the members regarding the report including the following:

- Decide immediately on any small content changes enabling staff to make the changes during the meeting.
- Recess the meeting if the changes were extensive to allow staff to make the changes at their office.
- Decide on any changes later in the meeting providing members an opportunity to listen to presentations during the meeting to consider information for inclusion in the report.
- Decide on any changes and then give staff clear direction on those changes. Provide staff time the day following the meeting to make the changes and give the Chairman the authority to approve staff's changes without the Forum reconvening.

Mr. Guindon thought the report could be streamlined, due to the different outlooks and views. He stressed it was up to the members to decide the content of the report and staff would follow any directives accordingly.

Mr. Alastuey proposed streamlining the report and suggested deleting the section titled Economic Outlook: Fiscal Years 2011, 2012 and 2013 on pages 12 through 15. He thought if this material were included in the final report, it would imply that the Forum based its conclusions on only these particular observations from these particular sources. Rather, he said the final projections for Fiscal Year 2011 and the following two years should be derived from a combination of observations and sources, or derived by the deliberations of the Forum itself. Chairman Restrepo and Mr. Martin both agreed with Mr. Alastuey regarding the deletion of the economic overview section of the report. Mr. Martin thought the report should be streamlined, so the Legislators would read it, but it was up to the discretion of the Chairman.

Mr. Maddox concurred with the other members on the deletion of the section. He also wanted the observations by the UNR professors to be included in the report. He noticed only information from Moody's Analytics was included and thought all the information which the Forum's conclusions were based should be part of the report.

Chairman Restrepo advised staff to delete the economic overview section as recommended by Mr. Alastuey, and add the observations from the UNR professors as suggested by Mr. Maddox.

Mr. Guindon said the deletion of the economic overview section on pages 12 through 15 was clear to staff, but questioned what observations from the UNR professors the members wanted to include in the report. As staff to the Forum, he was not able to make a judgment call on what to incorporate and would need more direction on the intent of the content.

Mr. Maddox suggested adding specific commentary to the report gathered from information received during the course of the meeting. He thought as the members developed ideas for the forecasts then it could be determined what information to include. Mr. Maddox wanted to consider all the available information, not just what Moody's Analytics provided

Mr. Guindon said staff would remove the Economic Outlook section of the report and would add other information as advised by the members during the meeting. He said a motion could be deferred until the letters, report, and tables were finalized, and then approved all in one motion.

III. PRESENTATION ON CURRENT STATE EMPLOYMENT AND OUTLOOK.

Bill Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation

Bill Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation presented two topics. The first topic pertained to the state's labor markets; he wanted to update the Committee on new information the Department released for the month of October. He wanted to discuss various alternative measures of employment in Nevada and the methods used by the Research and Analysis Bureau.

Referring to Exhibit A, page 78, Mr. Anderson started his presentation. He suggested at the September 2010 Economic Forum meeting, the State was at or near a peak in terms of the unemployment rate. Referring to the unemployment rate, he stated there was positive news in the month of October 2010, when the rate declined to 14.2% in October compared to 14.4% in September. It was Nevada's first decline in nearly five years. On the surface the decline was good news; however, the Department continued to look at the overall situation and he thought at best it showed a stable environment. Mr. Anderson explained that much of the decline in the jobless rate was the result of a decline in the labor force, the number of people looking for work. He said at the November meeting, the State Demographer testified about the loss of approximately 70,000 Nevadans in the most recent estimates of the state population. Mr. Anderson noted the population loss numbers were filtered into the Departments estimates, and an evaluation on a year-over-year basis showed Nevada's labor force down about 50,000 people. An assumption could be made that if those people had continued to search for work, or if the people that moved out of Nevada had stayed, then it was likely they would be counted among the unemployed. These factors appeared to be contributors to the decline in the unemployment rate. Mr. Anderson thought it was good news only on the surface. The chart on page 79 showed Nevada's job losses were more evident than the nation as a whole. With respect to employment, Mr. Anderson said the State continued to see the long-term trend of job loss, which covered the last 15 to 18 months. He said job losses approached double-digits in 2009, but continued to ease in the last part of 2010 with a 2% to 2.5% range in the year-over-year decline. In September 2010 job levels were down 2.1%, with

October 2010 job levels down 2.4% compared to the same period in 2009. Mr. Anderson indicated the Department would be watching this trend in the upcoming months.

Moving on to page 80, Mr. Anderson said the Department's initial claims for unemployment insurance had eased from historical highs and that trend pointed to some stability. However, claims activity – about 20,000 claims monthly – remained at post 9-11 levels, which left considerable room for improvement. Referring to the chart on page 80, he said the best news was derived from the historical data in the previous calendar years, which showed a spike in initial claims for unemployment insurance in the final months of each year and carried into the first months of the next calendar year. Based on the October 2010 data, the State did not have a pronounced spike as shown in prior years; thus, pointing to some stability in the State's labor markets.

Mr. Anderson stated there were approximately 110,000 Nevadans receiving unemployment benefits. As shown in the graph (page 81), to date 45,000 people (dark blue) were on the State's 26-week regular unemployment benefits program, and 65,000 (gray and turquoise) were receiving federally funded extensions. Pertaining to the labor markets specifically, he said the best news was the Department saw many signs of stability and it appeared the worst had passed. However, a particular catalyst that would put the State on a more noticeable growth pattern could not be identified. The Department projected that employment levels would be slightly positive beginning in 2011 and would remain in the slightly positive range over the course of the forecast period. For perspective, Mr. Anderson noted that when the 2009 and 2013 projections were compared, the Department's projection was still at 5,000 jobs below the 2009 projection. He said the Department projected a very moderate uptick in employment levels and given the depths of the downturn, he said the State would not be back to pre-recession levels any time soon.

Continuing with the second part of his presentation, Mr. Anderson discussed various alternative measures of employment (page 82 and 83) and explained he was including the information at the request of the Chairman. The three measures of employment in Nevada include Quarterly Census of Employment and Wages (QCEW), Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS). The QCEW was a complete actual count of the number of people working in Nevada establishments, based on wage records submitted by employers in compliance with various unemployment insurance regulations. He said the term census in the name denoted it consisted of a complete count. Another commonly used measure of employment was CES, which was based on a monthly survey of business establishments in Nevada. This measure of employment was a sample of 2,000 to 3,000 business establishments and was model based as opposed to an actual count. The third measure of employment was LAUS and was the least utilized. It was part of the program, which generated the unemployment rate and based on a national survey of about 60,000 households every month (1,000 households for Nevada). This measure produced an estimate and was not a complete count.

Mr. Anderson explained the QCEW and CES (page 84) were the two measures used most often and the measures over time moved closely with each other, but were not identical. At the end of every calendar year, the Department went through a benchmarking process (revisions where the analysis goes back in time) for the QCEW and the CES. Once a more complete set of year-end information was available, the CES data would be benchmarked to the QCEW data. It was expected through the revision process that the two would become more in line with each other for the last year. Page 85 showed the QCEW (complete count), measured on a year-over-year basis, with definite signs of improvement through the first half of 2010, and employment levels down approximately 2% on a year-over-year basis. Referring to the graph on page 86, Mr. Anderson said Nevada QCEW counts, in terms of absolute numbers, had bounced around in a narrow range over the past year. He noted the Research and Analysis Bureau utilized the QCEW information (page 87) because it was a comprehensive data series, based on a complete count, and the Bureau was confident in the data. The only drawback to the QCEW counts was the timeliness of the data. It was only published each quarter, which left a four to five month lag, and to date the Bureau only had data through the second quarter of 2010. The CES data was much timelier than QCEW data, with information available through October 2010. He concluded his remarks on the background of alternative measures of employment and asked for questions.

Mr. Alastuey stated that construction, and leisure and hospitality had served as the State's biggest sector of employment for many years. He asked Mr. Anderson if he thought either of those sectors would lead the State in job gains, and if not, which sector would.

Mr. Anderson said neither construction or leisure and hospitality were considered future engines of growth as they historically had been in previous years. He indicated the largest and most notable sector to withstand the economic downturn was the health services area. It was important to put the forecasted gains into perspective because he thought the main catalyst for the rebound was due to the comparison of such weak numbers from a year ago. Mr. Anderson said for the short term there was not a pronounced growth engine; rather, there was a minimum level of employment in the economy, and the State would slowly grow from those weak numbers.

Regarding the drop in the unemployment rate from 14.4% to 14.2%, Mr. Martin asked Mr. Anderson to comment on the basis of the reduction. Mr. Martin hypothesized if the State was working off a lower base employment number and 70,000 people (according to the State Demographer at the November meeting) left the State or stopped looking for work, then by logic, if for example the number were 500,000, the unemployment rate might be 7% instead.

To help answer Mr. Martin's question, Mr. Anderson provided some historical context. He said in terms of population, Nevada had been the fastest growing state in the nation for the two preceding decades. The State was able to absorb all the new residents that moved to Nevada, and the economy at that time was able to generate employment

opportunities; therefore, driving the unemployment rate down to a low of about 4% in 2005 and 2006. He commented that was a remarkable accomplishment for the State's economy. However, now that the state's economy was weak, the attraction to move to Nevada was gone and the State lost approximately 70,000 residents over the previous year. The weak employment levels directly correlated to high unemployment and the State was no longer as desirable for people considering a move. Mr. Anderson said the labor force numbers for the month of October showed a decline of 50,000, which meant people either left the State or had given up the search for work. It was difficult to discern how the numbers were broken down, had all those people stayed in the State and/or continued looking for work they would have been most likely counted amongst the unemployed. That was why he stressed it was good news, but just on the surface, because when delving deeper beneath the number there was not any sign of strength.

Referring to the chart on page 81, Chairman Restrepo asked about the various types of unemployment claims programs, and if the inability of the U.S. Congress to pass extended unemployment benefits affected some of the numbers on the chart.

Mr. Anderson explained that the peaks and troughs of the two upper areas on the chart coincided with earlier decisions by the U.S. Congress regarding extending benefits. There were 65,000 Nevadans collecting extended benefits; however, those people would discontinue receiving benefits between December 2010 and March 2011, and be impacted by the elimination of the extension if Congress failed to extend benefits.

Chairman Restrepo said he found the chart on page 84 concerning QCEW versus CES employment interesting, because the latest data on QCEW was only through the end of June 2010, and the CES from the Department's press release showed a climb in employment of almost 5% year-over-year from October 2009 to October 2010.

Mr. Anderson said the correct number for the climb in employment was 2.4%, not 5%, and approximately 28,000 jobs were lost during that period. He indicated Chairman Restrepo was looking at the LAUS and the Department did not focus on those numbers, but instead used the better measure of employment, the QCEW and then the CES.

Chairman Restrepo wanted to know if the QCEW and the CES tended to trend in the same direction. He asked when the most current information was available for the QCEW, if the QCEW would be closer to the CES, or would the CES be revised to the QCEW, or the other way around.

Mr. Anderson said the QCEW would be closer to the CES. He reminded the members the QCEW was an actual count, so the CES numbers were benchmarked to the QCEW.

Chairman Restrepo thanked Mr. Anderson for his presentation.

IV. PRESENTATION ON THE NATIONAL, REGIONAL AND STATE ECONOMIC OUTLOOK.

Dan White, Economist, Moody's Analytics

Dan White, Economist, Moody's Analytics started his presentation on the Regional and State Economic Outlook (Exhibit A, page 89). His presentation consisted of three different parts: 1) a brief overview on any changes in the Nevada Regional Outlook from November 2010 to December 2010 (since his testimony at the November 5, 2010, meeting); 2) the Sales and Use Tax forecast; and 3) the Gaming Percentage Fee forecast. Mr. White asked the Chairman if he should go through all three parts together, or present the Sales and Use Tax forecast and the Gaming Percentage Fee forecast during Agenda Item V.

Chairman Restrepo asked Mr. White to present the latter two during Agenda Item V.

Mr. White prefaced his presentation with information that Moody's Analytics was a separate company from Moody's Investor Service, and none of his comments were to be related in any way to ratings activities.

Mr. White said Moody's had seen a number of different changes in the month since the last Economic Forum meeting. However, in terms of expectations none were surprising, with some good and some bad. Starting with the bad news, he stated housing continued to be considerably depressed in Nevada (page 90). The October 2010 construction completion and permit numbers were disappointing. Due to the extraordinary amount of distress relative to foreclosures, anything to do with residential construction also remained low. Nevada led the nation in foreclosures for the preceding 12 months; 1 new foreclosure for every 75 households was started every month, which was an unprecedented length and breadth of foreclosures in a housing market. He said as a result, Moody's had seen foreclosure inventories at record highs and extraordinary levels. In terms of inventory, at the end of October (according to RealtyTrac), 74 houses were foreclosed upon for every 1000 households in Nevada (1 foreclosure property for every 13.5 households), which was much higher than anywhere in the country. There was a period of time when the state of Florida had similar difficulties, but it saw early signs of recovery while Nevada continued to decline. He noted until foreclosure inventories were drawn down Nevada was not going to see much growth in residential construction. Permits were going to remain extremely low and housing starts were only about one-tenth of the 2006 level. Mr. White indicated that even with the expected growth in employment and the local economy over the next two to three years Moody's did not see foreclosure inventories coming down for at least another year and one-half, or two years. The foreclosure inventory was contingent upon a lag on housing prices (page 91), and prices were expected to continue to fall. Statewide prices were down about 60% from the peak; Moody's expected to see the Carson City and Reno areas hit bottom by the end of calendar year 2011 and Southern Nevada about mid-2012.

Mr. White said visitor numbers were showing some positive signs of recovery (page 92) with a month over month increase 12 of the previous 13 months, after 15 months of declines. At the end of the third quarter, Las Vegas monthly visitor numbers were about 4.8% below the 2007 peak, which he said was encouraging that the State was moving in the right direction. However, the hotel occupancy rates were still lower than desired, but those had stabilized as well. He noted the positive improvement in the last months of 2010 in gaming win per visitor (page 93) was very encouraging. As indicated by Mr. Maddox at the November meeting, Mr. White said conventioners and business travelers were returning to Las Vegas and were spending more gaming money per visitor than other visitors that boosted the numbers over the summer of 2010. He said statewide gaming win was up 2.5% from the previous year and gaming win per visitor was up 2%, an uptick, which was hoped would continue to rise. Mr. White thought the U.S. employment rate and gaming win per visitor would be a very important relationship going forward, and would explain why it was one of the more important variables in Moody's forecast for gaming.

Continuing on page 94, Mr. White stated employment in general remained flat; however, leisure and hospitality employment had started to stabilize with the huge layoffs of the past subsiding. Over the second and third quarters, Las Vegas leisure and hospitality employment increased by about 1,000 jobs, which was a minimal amount in a workforce of 300,000, but at least it was a positive number rather than a negative number. He said Moody's expected to see leisure and hospitality and construction jobs leading the way into a transition to recovery in 2011, with leisure and hospitality to increase statewide by 7,000 jobs. Although, 7,000 jobs or a 2% to 2.5% increase was not outstanding growth, it was growth and a welcome change from the previous few years. He concluded his presentation on Nevada's economic outlook and asked for questions.

Mr. Maddox asked if the chart on page 95 represented 7,500 additional jobs in the leisure and hospitality sector. Mr. White responded that was correct. Mr. Maddox said he was curious how Moody's determined that the workforce would increase by 7,500 jobs

Mr. White said the data was derived from Moody's macro model and factored appropriately for leisure and hospitality. However, he said Moody's was not forecasting additions to employers in the Las Vegas area, but rather hiring back workers who were already displaced during the recession.

Mr. Martin questioned Moody's forecast regarding the increase in construction employment on page 95. He wondered what Moody's was projecting to be built considering the glut of foreclosed homes and the relatively low occupancy at the casinos. When the State had so many other unresolved problems, he asked what was driving the drastic turnaround in construction jobs.

After discussing the employment data at the November meeting, Mr. White said he rechecked the construction employment number. The reason Moody's saw an increase in construction was due to public works projects. He indicated the projects were not

necessarily financed with state money, but rather with federal stimulus money that had not yet been spent. Moody's determined the money had been committed to projects; however, the projects thought to be "shovel ready" really were not moving along as expected. Nationally, an increase in public infrastructure spending was anticipated, but the money was not released as quickly as first thought.

Returning to the 7,500 gain in leisure and hospitality jobs, Mr. Maddox wanted clarification on why companies were going to be hiring more people, especially when no new properties in Las Vegas were scheduled to open.

Mr. White stated Moody's saw an increase in visitor numbers, which meant more occupancy at the hotels. He also said nationwide companies had been hoarding cash for the last 12 to 18 months and not hiring, so would now undertake those types of expenditures again. He thought hiring 7,500 people in a workforce of 305,000 was a reasonable estimate given the increase in visitor volume Moody's expected.

Mr. Maddox clarified it would be the increase in occupancy that would require 7,500 more workers to service the guests. Mr. White concurred.

Chairman Restrepo asked what Moody's assumptions were relative to wages and earnings statewide.

Mr. White said Moody's thought Nevada had held up better than expected regarding average income. Unfortunately, the latest available data was two years old, but it showed the median household income in Nevada at about \$4,000 more than the national average. Wages had maintained relatively steady over the last six months in the major growth driving industries of Nevada. Moody's anticipated wage growth to stay at the same levels until there was an increase in hiring, and more educated workers were brought into the workforce. He said one of the issues that Nevada struggled with and particularly in Southern Nevada was low educational attainment. There would be improvement in wages in the next five to ten years, but it would not be considerable over what had happened in the past.

Chairman Restrepo asked Mr. Anderson the same question regarding wage growth and to comment on the trends and patterns he saw for Nevada.

Mr. Anderson said he discussed trends for average hourly earnings in his presentation at the November 2010 meeting, and recapped that the peak was in 2008 with a slight decline since that time. The main reason offered for the decline was the disproportionate impact the downturn had on the construction industry, which on average were high paying jobs of about \$59,000 per year versus \$43,000 average annual wage all other industries. Looking at the personal income numbers released by the Bureau of Economic Analysis, Nevada had the most pronounced year-over-year declines in the nation as a whole. Given that the Department of Employment, Training and Rehabilitation was not forecasting growth for the construction industry, he thought the trend for decline in total personal income would continue.

Chairman Restrepo asked if the numbers released by the federal government were adjusted by inflation. Mr. Anderson said these were nominal dollars in terms of average annual wages, but if looked at in real terms the results would be more pronounced.

Mr. Maddox commented on what he thought was different for the leisure and hospitality industry in Nevada, particularly in Clark County, compared to national trends. He estimated the net profit for the leisure and hospitality industry in Nevada would be a loss of \$1.5 billion. Companies at a loss of \$1.5 billion would be very reluctant to expand their expense base and hire many employees.

Chairman Restrepo agreed with Mr. Maddox. He said it was not just an issue of job growth, but also an issue of wealth, wages and earnings, and debt load that had to be considered. He also thought it was an issue of consumer spending, which caused him concern.

Chairman Restrepo asked Mr. White to continue with the second and third part of his presentation, instead of waiting until Agenda Item V, as originally decided.

Mr. White stated Moody's Sales and Use Forecast (page 97) had not changed much since the November meeting. The only changes Moody's saw were in FY 2011 and that strength was due to actual collections. Actual receipts were up 3.6% year-to-date and the forecast was for 3.71%. He said the levels in FY 2012 and FY 2013 were a little higher because of the higher base in FY 2011. Page 98 charted Nevada retail sales and U.S. recreational services expenditures showing spending would boost near-term revenues. Calendar year 2010 presented a large increase, with the expectation for both to maintain growth of about 5% to 6% in the following two years. Housing, on page 99 would continue to be a near-term drag. Because housing made up a large amount of durable goods consumption in Nevada, the large inventory of foreclosures and the lack of residential construction was hurting the Sales and Use Tax forecast. As discussed earlier in the meeting, Mr. White said Moody's expected the foreclosure inventories to be drawn down by the end of calendar year 2012. The chart reflected an annual percentage change in housing; however, since housing starts were only one-tenth of what they were in 2006, a jump from 7,000 to 14,000 looked significant on a percentage chart.

Continuing, Mr. White said that Nevada was going to lag the U.S. overall (page 100) in Sales and Use Tax receipts in FY 2011 and FY 2012, mostly due to the drag from the housing industry. In FY 2013 Nevada would finally see housing starts and housing completions increase slightly from the draw down in the foreclosure inventories. He said the risks (page 101) were unchanged from the November 2010 meeting and included weak discretionary consumer spending because of the lack of industrial diversity, a slowdown in national recovery, and the prolonged foreclosure crisis.

Moving on to the third part of his presentation, Mr. White stated Gaming Percentage Fees (page 103 and 104) presented the most change from the November meeting

because of a minor revision to the U.S. unemployment rate forecast. He said there was an uptick in FY 2011 of 4.71% based on indicators that have been actual so far in 2010, and FY 2012 and FY 2013 showed a slight reduction of 1% or 2%. The revision to the forecast, Mr. White explained was made because Moody's had not seen unemployment as high as expected; although, there was an increase in consumer confidence, labor market confidence and more people entering the workforce. The higher rate meant that Moody's expected more people to enter the workforce who were otherwise displaced during the recession, by leaving the workforce completely or leaving the State. That small change equated to an annual percent of 4.71% in FY 2011, 7.17% in FY 2012 and 12.34% in FY 2013. Mr. White reported that the U.S. Recovery would drive the bulk of the growth (page 105) with U.S. disposable personal income expected to continue to be strong and U.S. recreational expenditures expected to tick up. The risks (page 106) were the same as the November forecast and included the slowdown of the national recovery, with the chances of a double-dip recession at a ratio of 1 in 3. Moody's December forecast was being finalized and it was expected the chance of a recession would decrease slightly to 1 in 4. Lastly, he said increased competition from Indian gaming and International properties were also risks.

Chairman Restrepo observed that Moody's unemployment chart showed 6% at the U.S. level, which equated to a 38% reduction from the current position and Mr. White agreed. Chairman Restrepo said if the 38% were to be applied to the 14.2% unemployment to date in Nevada, based on the assumption that the unemployment rate would be 10.3% at the end of 2013, that would be nearly double the State's historical average. He thought Nevada was destined for a period of high unemployment at possibly 10% to 12% for the next 4 to 5 years, even as the recovery started.

Mr. Maddox said even after the revision, the Moody's forecast returned Las Vegas back to almost peak levels in gaming fee collection within the next 24 months. He stressed the Forum should be very careful when looking at those projections for the official forecast. Even though there was a massive expansion in gaming, both domestically and internationally, consumers were spending less money in Las Vegas on gaming, and more on entertainment. Mr. Maddox said visitors to Las Vegas travel there to participate in activities they cannot do at home, and they can go to a casino at home.

Referring to construction, Mr. Alastuey said there was some concern from those in the industry that the level of stimulus funding that was expected had not been received in terms of execution of actual projects. He reported there was only one large commercial project scheduled to open in Las Vegas in the spring of 2011, and the workers would be displaced when it was completed. In addition, there were two other significant public works projects in Clark County and a performing arts center under construction. He noted that even though there were gains in the construction industry coming with stimulus funding, the sector would still sustain losses.

Chairman Restrepo asked Mr. Alastuey if he was suggesting the net might not be on the positive side regarding construction; Mr. Alastuey said yes.

Responding to Mr. Maddox, Mr. White admitted that 12% was a high growth rate for Gaming Percentage Fees in FY 2013; however, the rate was less than the peak of the State's rebounds in the past. In FY 2006 gaming revenues were up almost 15% and he estimated that in 1998 or 1999 there was another uptick of 15% year-over-year growth. He noted that this peak of growth was significantly lower than in the past.

Mr. Maddox pointed out that in 2006 many new resorts opened, including the first year of Wynn, Las Vegas. In FY 2013 nothing new was scheduled to open, so essentially, the capacity in Las Vegas in FY 2013 would be the same as it was to date. Moody's was forecasting a significant increase in revenue without any increase in supply and Mr. Maddox said that had never happened in Las Vegas.

Chairman Restrepo noted it was very difficult sometimes to use historical metrics and benchmarks to judge the current economic situation, especially in Las Vegas where the conditions were materially different in 2006 compared to December 2010. He thanked Mr. White for his time.

V. REVIEW AND APPROVAL OF FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2011, FY 2012 AND FY 2013.

- A. Gaming Percentage Fee Tax**
- B. Live Entertainment Tax – Gaming**
- C. State 2% Sales Tax**
- D. Insurance Premium Tax**
- E. Modified Business Tax**
- F. Nonfinancial Institutions**
- G. Financial Institutions**
- H. Real Property Transfer Tax**
- I. Room Tax**

Items A through F were taken out of order by request of the Chairman, and agreed upon by the Forum members.

Mr. Guindon asked Chairman Restrepo and the members to allow each presenter to make his complete tax presentation and forecast for all three fiscal years. At the conclusion of the presentations, the members could ask questions, discuss the forecasts, and decide on the FY 2011, FY 2012 and FY 2013 forecasts.

STATE 2% SALES TAX

Brody Leiser, Deputy Executive Director, Department of Taxation

Mr. Leiser focused on the Department's forecast changes since the November 5, 2010, meeting, because the Department obtained revenue collection data for September that was not available at the November meeting. An estimate of the September collections

was made for the November meeting, but actual receipts came in approximately \$1.2 million higher than the estimate. The revenues from September were placed into the Department's forecasting model, which produced a \$30 million increase over the 2012-13 biennium, compared to the figures presented at the November meeting. He said it was important to include the actual collections from September; however, the Department felt a \$30 million increase was too aggressive. Mr. Leiser pointed out that there was data in the September statistical report published by the Department, which was important to have taken into consideration for the adjusted forecast presented to the members at the December 1, 2010, meeting. He said in September the Department saw a 2.1% increase overall in taxable sales statewide; however, Clark County was at -0.9%. It was very rare to have a 3% gap between taxable sales in Clark County and statewide taxable sales, especially since Clark County accounted for almost 75% of statewide sales in a normal month (based on prior analysis). He indicated the Department took into consideration the adverse impact the decline in the construction industry had on Clark County, more than other counties. Using a breakdown of three different North American Industry Classification System (NAICS) categories included in the construction industry, there was a 36% decrease for Clark County; although, for the same classification in the other 16 counties there was 26% positive growth, compared the same month in the prior year. The magnitude of the NAICS categories for construction and the volume of taxable sales it represented helped to explain why there was a 0.9% decrease in Clark County for September 2009 compared to September 2010; but an overall 2.1% growth statewide. Mr. Leiser also pointed out that it did not take much for the smaller counties with \$10 million in overall taxable sales to show a large or significant growth, or a large or significant decrease. In the September statistical report many of those counties showed growth of 20%, 30%, 40% or 50%, compared to September 2009; however, the statistical report from September 2009 showed many of those same counties with 10%, 15%, 20% or 30% declines, compared to September 2008. He stated it was important to consider the September statistical data, but the information also raised questions for the smaller counties. The September data for the smaller counties showed significant growth in the manufacturing categories, which could have included large purchases of machinery or equipment contributing to the taxable sales. Those types of purchases had the ability to swing the taxable sales by 20% or 30% if a purchase of the same magnitude did not occur in the same month of the prior year.

Mr. Leiser concluded there were three straight months of positive growth in sales tax from July to September 2010, after relatively flat growth in June 2010. The increase was a positive sign in sales tax collections. He said based on the data from July to September the Department thought it was appropriate to increase the forecast from the November meeting; however, a conservative approach was taken with updating those figures. The Department used the actual collection figures from September in the forecasting model, but thought the growth shown in the model was too aggressive. Mr. Leiser said instead the September figures were averaged with the November forecast to obtain the December forecast, and was as follows for the Forum's consideration (Exhibit C, Table 7, page 1): 2.7% growth in FY 2011, 1.0% growth in FY 2012 and 1.1% growth in FY 2013.

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers said the Budget Division's forecast for Sales and Use Tax started on page 15 (Exhibit E). She directed the members to page 1 of the packet for some background on what she envisioned for the future of Nevada's economy. Table 1 showed some of the recent economic indicators using numbers reported from various agencies. It illustrated that although there had been recent improvements in Nevada on a monthly basis, the State was still the weakest in the nation in terms of these general measures. She explained Figure 1, also on page 1, was the employment forecast used in all of the models presented at the meeting and the models were not built from the bottom up, nor were the models started with individual sectors. She pointed out the model reflected an unusual flat period of employment. Ms. Rogers stated her reason for not seeing improvement, but not seeing a decline either, was the Division's view that Nevada was going to see a major downward drag in construction, leisure and hospitality, and local and state government, three of the State's largest sectors. Those sectors would present the downward drag, which would be partially offset by improvements in other sectors. Page 3 showed employment ordered by size of the sector for Nevada's economy and presented the following year-over-year data:

- Leisure and Hospitality – 3.3 thousand jobs lost
- Trade Transportation and Utilities – 4.3 thousand jobs lost
- Local Government – 3.8 thousand jobs lost
- Construction – 14.7 thousand jobs lost

Ms. Rogers stated she did not see a turnaround in any of those sectors anytime soon; however, there was growth in Professional Services, Education and Health Care. The other sectors would push up the employment and Nevada would end up with a 2% decline. Ms. Rogers explained that all of the models were heavily influenced by the state employment forecast; which had an effect on the Division's forecasts since those numbers were significant.

Table 6 on page 18 presented actual numbers for statewide taxable sales by industry, which included the numbers presented by the Department of Taxation on the top of the page. She reiterated what Mr. Leiser said in his presentation regarding positive growth in taxable sales for the months July through September 2010, after June showed a slight decrease. Ms. Rogers wanted to provide some guidance on the individual sectors and whether the recent changes had a statistically significant bias, either plus or minus. Although only a small amount of data was available, there was a statistical test to determine if a revenue had a positive slope over the preceding seven months, and either yes or no was noted at the bottom of each sector on page 18. She agreed with Mr. Leiser that very small changes in some of the categories could appear to be significant outliers, which meant there was something included in the data that was not expected based on historical data.

Moving on, Ms. Rogers said page 16 showed a graphical presentation of the Budget Division's forecast. She pointed out the Nevada employment by level was shown in Figure 7, and showed the number of jobs in Nevada as relatively flat through the end of the 2009-11 biennium, which translated into relatively flat inflation-adjusted average 2% sales tax revenue (shown in Figure 8, page 16). The forecast on page 17 (Table 5) showed the Nevada Employment yearly and quarterly, the 2% Sales and Use Tax and the 2% Sales and Use Tax excluding amnesty amounts. She assumed the amnesty amount was a one-time number and would not reflect an ongoing increase in the amount of sales tax revenue the State would collect. The Division's forecast showed that sales tax would increase with the rate of inflation and presented a 1.9% growth rate in FY 2011, an increase of 1.2% in FY 2012 and an increase of 2.0% in FY 2013.

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon directed the members to the Fiscal Analysis Division Forecast Information packet (Exhibit F) for his presentation. Utilizing the 14 charts (starting on page 1), he intended to explain the Division's view of the economy, and the major economic indicators or drivers, which flowed through the different General Fund revenue forecasts. Mr. Guindon indicated the charts with an "A" in the title showed the levels, and the charts with a "B" in the title showed the percent change of the variable. Chart 1A on page 1 showed historical data on Nevada's total employment (blue line) and in 2010 connected with Moody's Analytics forecast (black line), which utilized data gathered from Current Employment Statistics (CES) numbers. The Division's forecast (red line) was based on Quarterly Census of Employment and Wages (QCEW) data; the information (first quarter QCEW) was used to drive all the Division's forecasts and generate the wage forecasts to determine personal income. Mr. Guindon pointed out the green line on the chart was the Department of Employment, Training and Rehabilitation's current employment forecast and the orange line represented the Division's November 5, 2010, meeting forecast. He said the CES data was more current than the QCEW data so it proved difficult to read the QCEW data relative to the CES data. From analyzing the data, the sectors where the QCEW number for the second quarter was stronger than the CES growth rate for the same timeframe was Mining, Information, Education and Health Care, Leisure and Hospitality, and Retail Trade and Transportation Warehousing. The sectors that were revised down by analyzing the CES growth rate compared to the QCEW was Construction, Manufacturing, Financial Activities and Professional Business Services, and Wholesale Trade and Utilities. He explained the forecasters utilized the available information set in order to determine the forecast, but it was a difficult task. There were some known facts taken into consideration for determining the forecast, including the opening of the Cosmopolitan in Las Vegas and potential American Recovery and Reinvestment Act of 2009 (ARRA) projects. He noted The Cosmopolitan would add some Leisure and Hospitality jobs as well as Retail jobs. The ARRA projects would also add jobs, but it was questionable how many jobs would be gained through these projects. Mr. Guindon stated that even though there were some positives for the next few quarters there were going to be bigger negatives ending with a negative position until the third quarter of

2011. He said in terms of the outlook for employment, the Division had not changed its forecast of where the trough would be, but did not think it would be as deep. Furthermore, one of the downside risks of some of the Division's forecasts was that the employment outlook was revised upward too much.

Moving on, Mr. Guindon turned to Chart 2A on page 3, the Nevada average wage per employee. He said the average wage per employee was difficult to forecast because there was limited data using the QCEW, which included BEA reported wages only through the second quarter. Because the first and second quarter of the QCEW data could be revised, he likened it to forecasting with moving pieces. The chart showed the Division revised its forecast down (red line), compared to the forecast presented at the November meeting (orange line), with Moody's Analytics forecast represented by the black line. The reason the forecast for average wage per employee was revised down was due to the type of jobs that were anticipated to be added to the employment outlook. He explained Leisure and Hospitality and Retail jobs were lower paying, resulting in less average wages per employee, versus Construction or Financial Activity and some of the other categories. The Division found a comfort level in the decision to revise the average wage per employee down.

Continuing, Chart 3A on page 5 showed total wages. Mr. Guindon said the employment changes offset the Division's change in the average wage per employee so there was a slight upward revision in the total wages forecast represented by the red line, compared to the orange line on the chart. Chart 4A on page 7 showed the non-wage component of total personal income, which included transfer payments and unemployment insurance benefits. There was a lot of uncertainty in this area especially if Congress decided not to extend unemployment insurance benefits; therefore, the Division did not change its outlook other than trueing-up the take-off point in the first quarter (orange line). Mr. Guindon said looking at Chart 5A on page 9 the non-wage component of personal income was higher than the wage income. He thought it was a telling factor for the state of the economy when the forecast for people working and generating wages was less than other labor income, such as transfer payments. Mr. Guindon wondered if it was a risk to pull down wages too much, or if transfer payments were forecasted too high, or a combination of factors. He explained Chart 6A on page 11 showed a small upward revision in total personal income because of the wage forecast, but there was no change in the non-wages. He said the other charts on pages 13 through 28 included some of the variables such as construction employment, single-family home sales, and vehicle registrations used as background to prepare the Division's taxable sales forecast, which started on page 63 of the packet.

Mr. Guindon stated for the November meeting the Fiscal Division had forecast for the quarter (July, August and September); however, only actual data for July and August was available at the time. The Division had forecast September falling 1% statewide, but when the actual data for September was available, the report showed the State up 2.1%. He knew the forecast was too low for the first quarter of FY 2011 and since it was under forecast, an adjustment needed to be made for the December forecast.

Mr. Guindon reiterated that it was difficult to forecast when counties, which were not usually large contributors in the share of sales tax were up millions of dollars, including:

- Elko County – up almost \$20 million or 25%
- Humboldt County – up almost \$10 million or 25%
- Nye County – up almost \$28 million or 80%
- White Pine County – up almost \$11 million or 78%

Mr. Guindon said Ms. Rosenthal's question regarding equipment purchases at the November meeting prompted staff to look at those types of purchases as a contributor to the smaller counties taxable sales. An equipment purchase was advantageous when it occurred because it generated sales tax revenue, but it proved difficult to know whether those types of purchases would continue, since equipment was a durable good. The Division looked at the 17 NAICS categories, which made up about 82% of the total taxable sales and found that for the first two months of FY 2011 there was an increase of 2%. The other NAICS categories made up about 18% of taxable sales and were up approximately 14.5%. Utilizing this information, the Division tried to determine which category included the equipment purchases. He said primarily mining and its support activities; computer and electronic product manufacturing; telecommunications; and professional, scientific and technical services were examined.

Mr. Guindon stated the seven NAICS categories examined made up about 6% of the total taxable sales through the first quarter of FY 2011 and were up 42%. The problem with forecasting was knowing that information and deciding whether it should be built into the forecast or not. He said the beginning point for the Division's forecast started on page 65 of the packet, and included linear regression against personal income, Las Vegas visitors, single-family home sales, and new car registrations. The forecast was built on a per employee basis, but the last three quarters of 2010 were significantly under predicted, which signified there were other underlying factors that had nothing to do with employment and income that were driving the taxable sales during that period.

Mr. Guindon indicated the Division looked at the residual pattern, not the regression equation, to determine what was missing in the equation, and then made decisions for adjustments to the path of the forecast based on that pattern. He thought it could be argued that what was added back to the forecast accounted for equipment and other factors not tied to personal income. Based on all the factors, the Division's forecast showed an increase of 0.2% in taxable sales, compared to -1.5% at the November meeting, which was a dramatic increase primarily due to bringing up the employment, consequently followed by an increase in personal income. He said if nothing was added back into the forecast and no adjustment was made there would have been a -2.2% decline in taxable sales in FY 2011. After adjustments were made and the amnesty added, a 0.2% forecast was derived for taxable sales for FY 2011, 1.3% for FY 2012 and 3.7% for FY 2013. Translated into sales tax collections with amnesty, the forecast showed 0.3% compared to -0.5% in the previous year, which added about \$13.1 million to the FY 2011 forecast; 1.3% growth in the second year, compared to 0.1%, which was about \$22.2 million higher; and 3.7% growth in the out year compared

to 3.3%, which added about \$26.6 million. Mr. Guindon said the downside risk to the Division's forecast was not capturing factors counted in taxable sales and making a decision to add that into the forecast. He said the Division's final check was to look at the forecasted 0.3% growth. With that growth rate the State would have to average a decrease of 0.8% over the upcoming nine months of the fiscal year, compared to an average of a -6.6% decrease over the last nine months of FY 2010. Mr. Guindon said because the first quarter of FY 2011 was so strong with amnesty and the month of September was so strong with equipment there would need to be a little less than a 1% decline over the following three quarters of FY 2011, without the amnesty, to achieve the Division's forecast.

Chairman Restrepo asked if the Fiscal Division's FY 2011 forecast of 0.3% included the amnesty, and if it was included in FY 2012 and FY 2013 as well. Mr. Guindon replied the Division's FY 2011 forecast for sales tax in Table 7 (Exhibit C) and Table 4 (page 119, Exhibit A, Economic Forum packet) included the amnesty. He referred the members to Table 1A and Table 1B on page 65 of the Fiscal Division packet (Exhibit F) and indicated there was no amnesty in FY 2012 and FY 2013. Mr. Guindon explained the right side of Table 1B showed what the growth rates for taxable sales and sales tax collections would be without amnesty and that it became a pure number. The Division's forecast showed 1.6% in the third quarter of 2010, a decline of -1.2% in the fourth quarter of 2010, -0.2% for the first quarter of 2011, and 0.3% in the second quarter of 2011. Continuing, he noted the third quarter of 2011 (FY 2012) showed 0.9%, and on the left side of the table with amnesty, a decline of -1.2% was forecast. He explained there was amnesty in the second and third quarters of 2010 and that was why the chart reflected the changes in growth rates between the sales tax collections with amnesty and without amnesty.

Ms. Rosenthal asked if the Department of Taxation or the Budget Division forecasts factored out the abnormal sales tax results statewide in September, or just included the actual results. She used the Fiscal Division forecast information as an example, looking at the numbers without it and then making a positive adjustment to the forecast by adding some taxable sales back into the estimate.

Ms. Rogers asked Ms. Rosenthal if her question referred to accounting for the large equipment purchases. Ms. Rosenthal said she presumed that large equipment purchases were a major reason for the change in the statewide sales tax increase, versus a decline in Clark County.

Ms. Rogers responded the Budget Division's forecast did not separate out individual counties, but utilized the State as a whole. Statistically, she said that was the law of large numbers; therefore, did not try to estimate very small components with a high variability. The Division's model did not look at Clark County in particular to try to figure out why it looked different from the rest of the State; rather it looked at the State as a whole.

Ms. Rosenthal asked if the actual results in September were a surprise and if they varied from Ms. Rogers forecast. Ms. Rogers said she did not think so but would have to go back and look at the results.

Ms. Rosenthal asked if there were adjustments made in the Budget Division's forward-looking forecast because the actual results were strange, and if it were based on all the other inputs.

Ms. Rogers said that was correct, the forecast was adjusted for end points similarly to what Mr. Guindon had done for the Fiscal Division forecast. She stated the model had a tendency to overestimate what the revenues were going to be so brought the Budget Division's estimate down a little bit. Ms. Rogers added that a small statistical adjustment was made, based on the residuals at the end point, if there was a large discrepancy where the model was tracking.

Responding to Ms. Rosenthal's question, Mr. Leiser said the actual figures from September were included in the Department's model in updating the projected amounts; however, were not included entirely. He explained that beyond what showed in the manufacturing categories, which were likely large equipment purchases, the seven out of the nine major indicators that the Department reported on a monthly basis showed a positive increase. He used motor vehicles as an example and a large indicator for the State, which showed positive growth for 14 of the 17 counties in September 2010, compared to 2009. Answering Ms. Rosenthal's question, Mr. Leiser said when the actual figures from September were entered into the Department's forecasting model, in comparison with the figures presented at the November meeting, it would have been a \$30 million increase in the figures presented for FY 2012 and FY 2013 combined. The Department thought that amount was too aggressive and decided to average those updated forecasts with the forecasts and figures presented at the November meeting to arrive at the December forecast.

Ms. Rogers said she looked at her forecast from November, and the first quarter of FY 2011 had a 1.5% increase to \$189.9 million and the December forecast was a 1.5% increase to \$188.7 million; thus, the September numbers did not have an influence.

Ms. Rosenthal noted that in Table 7, even with the large increase in the Fiscal Division budget numbers between November and December it was still markedly below the other forecasts. She asked Mr. Guindon if he had any sense of underlying data that caused the disparity and if the difference of the forecast was because of the Division's projection of employment, or just the way the models came out.

Mr. Guindon said the difference was most likely the equations and the view of the world. The Division brought its employment outlook up and the difference between the red and orange line in Chart 1A on page 1 of the Fiscal Division packet (Exhibit F) equated to 14,000 jobs a quarter and that was an uncomfortable number. The Division looked at the last three quarters of actual data, which the equation was underpredicting. He said

the Division used the same equation in terms of the starting point, but the decision was made based on unknown factors with the taxable sales that the equation could not pick up using personal income and other variables, so a positive adjustment was made. Mr. Guindon pointed out that Ms. Rogers probably had a slightly different structural model, which would provide different paths for the end result. Furthermore, different forecasts could be derived because different assumptions could be made and how to translate those assumptions into the revenue.

Mr. Alastuey gathered from the graphic representations in the Fiscal Division packet, and from the narrative in the Budget Division packet that the bottom of the job losses were at a different point. He noted the Fiscal Division's point on the job loss bottom was somewhere in the third quarter of calendar year 2011 and the Budget Division's forecast was mid-calendar year 2012. The Forum had to take into account three quarters difference in time and a steep decline before the bottom was reached, which he thought was significant. He said that unless he missed it there was no discussion about the depth to the difference in spending patterns of future visitors to the State. At the November meeting, the members heard from Mr. Maddox that there might be an indication to the nature of the visitor in Southern Nevada, which might show an improved change. Mr. Alastuey said that there were externals in the Budget Division model, but it did not include a change in consumer attitude, which might be evident in the near future, even if that were an intangible factor.

Ms. Rogers said the model included the number of visitors, so when visitor numbers increased the taxable sales forecast would also increase. Even though the number of visitors was an intangible factor, there was a statistically significant correlation between visitors going up and an increase in taxable sales.

Mr. Alastuey noticed Ms. Rogers used changes in consumer spending on restaurants and accommodations as a sales tax driver in the room tax forecast, but he did not see the estimation procedure for Sales and Use Tax. Ms. Rogers responded it was in the Sales and Use Tax forecast as well.

Mr. Guindon pointed out that visitors were part of the equation, but was not sure if there was enough available history for the coefficient to adjust the current spending patterns of visitors. He said it was difficult for a forecaster to capture the impact of a visitor by determining the relationship between the visitor and the translation into taxable sales. He questioned whether the coefficient would fully capture if the visitor might bring less disposable income or have a lower propensity for discretionary spending while in Las Vegas. Addressing Ms. Rosenthal, he said there was a difference between the forecasters. The Fiscal Division had the lowest forecast for Sales and Use Tax at the November meeting and is the lowest again at the December meeting; however, the numbers were brought up significantly. He thought the Division's upward revision was due to having had more time to look at the numbers, thus increasing the outlook for employment. He thought the Division's forecast might be too low at the November meeting, but that was where the Division was comfortable at the time. Mr. Guindon explained there would still need to be negative growth of about -0.1% statewide over the

second, third, and fourth quarters of FY 2011 in order to hit the Division's forecast. There were a couple of unusual factors in the -0.9% actual numbers in September for Clark County, but not as much as some of the other counties, which made it hard to read. He wondered if the equipment purchases that were included in the equation were finished, which would lower the growth rate for FY 2012, or would the purchases repeat themselves and materialize again in FY 2012 and FY 2013. Mr. Guindon said the Division's forecast was definitely lower than the Department of Taxation and the Budget Division; however, that was where the comfort level was at the time given the Division's view of the world.

Mr. Martin agreed with Mr. Guindon and pointed out the state sales tax base was \$755 million in FY 2010 (Table 7) and that the Fiscal Division's revised forecast was \$757 million for FY 2011. Because Sales and Use Tax was the largest piece of the puzzle, he urged an extreme amount of caution in choosing a forecast. He cited that people were leaving the State in the tens of thousands, unemployment insurance benefits were expiring for tens of thousands more, construction was stalled, foreclosures were abundant, people were spending less money, people had lower wages, and general deleveraging were all reasons to use caution. He thought there would be some offset with increasing convention traffic, people returning to the casinos, and increasing occupancy rates, but would not be enough to counteract the negatives. He felt the State was most vulnerable in the area of Sales and Use Tax.

Mr. Maddox asked if Mr. Guindon had any sense of how much sales tax was generated by tourists, versus locals.

Mr. Guindon said there were estimates sometime ago; however, he did not remember the numbers. He doubted the estimates would be valid to date in terms of productivity given the current economic conditions

Ms. Rogers thought the Las Vegas Convention Authority used to report the amount of sales tax generated by tourists versus locals, but stopped providing the information because it really did not have any basis.

Chairman Restrepo said all the information presented at the meeting and questions from the Forum members, regarding retail sales tax, was evidence there were levels of uncertainty and poor visibility through at least FY 2011. He thought there should be continued concern about the changes in consumer behavior and spending patterns, primarily because of the nature of this recession not seen in previous recessions. This was a modern times Great Depression and could dramatically change the way people spend money, what they spend money on, and the availability of credit. He wanted the members to further consider and discuss the 0.3% increase forecast by the Fiscal Division; however, he was still concerned that some of that included the amnesty.

After listening to the information and points made by the Forum members, Mr. Alastuey stated he was gravitating toward the Fiscal Division's forecast. He appreciated the rigor

that all the estimators had gone through and the depth of consideration when forecasting.

Chairman Restrepo asked for a motion for FY 2011 first and then FY 2012 and FY 2013.

MR. ALASTUEY MOTIONED TO ACCEPT THE FISCAL DIVISION FORECAST OF 0.3% FOR 2% STATE SALES TAX FOR FY 2011. MS. ROSENTHAL SECONDED THE MOTION.

Mr. Martin commented he was uncomfortable even with the lowest projection, which was the Fiscal Division's \$757 million. Although, he could probably be convinced to vote for it since it was almost a flat line, but would not want to see it any higher. He praised the forecasters for a fantastic job at compiling the information. He asked that his comments not be taken as they did not do their job; however, he saw so much downward pressure and many external factors that showed uncertainty in the variables.

Chairman Restrepo suggested a discussion and asked Mr. Martin if he had a particular forecast number in mind. Mr. Martin asked for more background and the thought process on the Economic Forum's choice of the original forecast (\$705 million). He was the only member that was not on the Forum at the time of that decision and wanted to know what drove the members to increase the forecast by \$50 million.

Ms. Rosenthal pointed out the original forecast was from January 2010 when the economy was falling drastically, but nearly a year had passed and several year-over-year increases had been shown in the actual revenues. She thought that was the reason behind the \$50 million increase. Chairman Restrepo said there had been some level of stability; however, it was a challenging task because it was unknown factor how sustainable the stability was going to be in the future. Mr. Maddox said when the January 2010 forecast was selected, the forecasters and the members did not know about the federal stimulus program, which helped to drive the sales tax. He thought many one-time events through the stimulus program caused the Forum to have a lower forecast in January 2010, versus what was presented at the December 2010 meeting.

Mr. Guindon thought Mr. Maddox brought up good points about not being aware of the stimulus program and furthermore the sales tax decreasing at an increasing rate at that time, without knowing where the bottom was going to be. When determining the January 2010 forecasts it was thought the bottom was much deeper and further out, but that view was different now. Mr. Guindon stated that Ms. Rogers made a good point about the \$705.4 million being the forecast for FY 2011, prepared in January 2010 based on the forecast for FY 2010 adopted at that meeting of the Economic Forum. He explained that in January 2010, \$729.8 million was forecast for FY 2010 and the actual came in at \$755 million, due to the last six months of FY 2010 being stronger than forecast. The strength was most likely due to some of the points raised by Mr. Maddox regarding the federal stimulus money. Mr. Guindon noted the bottom line

was the \$755 million forecast for FY 2011, shown in the tables for the Economic Forum, was the Forum's January 2010 forecast and was included only as a reference point to display the current official Economic Forum forecast for FY 2011.

Chairman Restrepo said the January forecast could be considered a budget number so when the actual revenue numbers came in for the rest of the year it increased due to external factors such as the stimulus programs.

Mr. Maddox said based on the convention business, which was expected to show growth, and a probable correct estimate from the University of Nevada, Reno (27% of taxable sales was based on tourist travel), then the convention business should offset some of the declines that would be evident in the rest of the Nevada economy. He thought that justified the Fiscal Division forecast number.

Mr. Guindon stated the original January 2010 forecast for the State 2% Sales and Use Tax was \$729.8 million for FY 2010, a 13.4% decline from the previous forecast. The actual revenue for FY 2010 came in at \$755 million or only a 10.3% decline, which was much stronger and assumed to be tied to the stimulus program. The \$705.4 million for FY 2011 that was projected in January 2010 to be a 3.3% decline, compared to the January 2010 forecast for FY 2010, now was a 6.6% decline because FY 2010 actually came in higher than forecast. He said the original projections in January 2010 were for declines of 13.4% in FY 2010 and 3.3% in FY 2011.

Chairman Restrepo asked the members if all were in favor of the motion.

THE MOTION PASSED UNANIMOUSLY.

Mr. Guindon stated that the Fiscal Division forecast of \$757.383 million would become the official forecast for FY 2011. He asked if staff could carry out the digits to three decimal places instead of just one decimal place (.3), because if just one decimal place were used the amount would become a different number.

The meeting recessed at 12:14 p.m.

The meeting reconvened at 12:26 p.m.

Chairman Restrepo wanted to discuss the recommended forecast for the State 2% Sales Tax for FY 2012 and FY 2013. He said constrained consumer spending, particularly on retail products; constrained discretionary spending; an elevated unemployment rate; and continuing job losses should be factored into the discussion. Although it was unknown if tourist spending would increase, the state of California's economy should also be considered because approximately 30% to 35% of Nevada's visitors were from the neighboring state.

Mr. Alastuey was inclined to narrow the discussion between the Agency, Fiscal Division and the Budget Division forecasts noting the projected sum of each of the entities fell within a narrow spread.

Chairman Restrepo reminded the members that the Forum had the authority to choose its own number, or take an average or any combination of the forecasts presented.

Mr. Maddox asked Ms. Rogers if the Budget Division forecasting model would adjust the growth rate at 1.2%, or would the growth rate be a different figure since the Forum set the base amount for FY 2011 at \$757 million.

Ms. Rogers said the same 1.2% growth rate would be used on the lower number.

Mr. Maddox said in that case the Fiscal Division and the Budget Division forecasts were almost identical using \$757 million as a base.

Mr. Martin pointed out the numbers looked flat for FY 2012, but there were some diversions between the rate of change for FY 2013 – Agency at 1.1% and Fiscal Division at 3.7%. He favored using the base established for FY 2011 of \$757 million from the Fiscal Division and a 1.1% growth rate to extend it outward.

Ms. Rosenthal recommended staying with the Fiscal Division's budget number of \$767 million for FY 2012, which when based on the Budget Division's growth gets the forecast to the same number. She would then entertain any of the forecasts for FY 2013 (Agency, Fiscal or Budget); in terms of absolute dollars there was only a slight difference between each forecast. If the member consensus was to take a conservative approach, she said the Agency budget number of \$791 million could be adopted. Ms. Rosenthal did not see any reason to diverge and come up with a unique number. She recommended \$767 million for FY 2012 (Fiscal) and \$791 million for FY 2013 (Agency).

Chairman Restrepo requested the recommendation separated into two motions.

Mr. Alastuey asked for clarification of the amount for FY 2013. Mr. Maddox said it was \$15 million higher for FY 2013 than Mr. Martin was suggesting. Just to be clear, Mr. Maddox asked Mr. Martin if he suggested a 1.1% increase of the \$767 million. Mr. Martin said that was correct and he was satisfied with the motion for FY 2012, but was suggesting a change for the FY 2013 number.

MS. ROSENTHAL MOVED TO ACCEPT THE FISCAL DIVISION FORECAST OF \$767.444 MILLION FOR THE STATE 2% SALES TAX FOR FY 2012. MR. MARTIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Ms. Rosenthal said the forecast numbers were somewhere between \$775 million and \$791 million for FY 2013 and asked what the logic was behind the application of a 1.1% increase. Mr. Martin said he looked at the rate of changes proposed, took the latest revision, as of December 1, 2010, which was 1.1% from Agency, and then applied it to the lowest FY 2012 number. He did not see any kind of growth and would actually opt for 0%, but 1.1% seemed consistent with the rest of Table 7, and allowed for some optimism. Mr. Martin thought a 3.7% increase was too aggressive.

Mr. Alastuey said if the number for FY 2013 was only 1.1% above \$767 million the Forum would have approved a smaller percentage increase in the second year than in the first year. He wondered about the comfort level of the Forum with that particular approach because it amounted to a declining level of increase followed by a slight recovery. He thought more discussion was necessary to process that information.

Mr. Maddox agreed with Mr. Alastuey. He looked at the historical numbers in 2004 and derived that \$775 million of sales tax was collected. If the Forum adopted a 1.1% increase it would be projecting that by FY 2013 the State would be back to 2004 levels, but all the metrics showed the State was exceeding the FY 2004 levels in employment, total jobs, and gaming revenues. He was not sure why sales tax would be an outlier if everything else indicated growth in FY 2013. Mr. Maddox was inclined to adopt Ms. Rosenthal's recommendation to have a little more growth in FY 2013 since the underlying assumptions in the models pointed to growth.

Mr. Guindon commented there might be a difference in thinking about where or how deep the trough might be; however, the Department of Employment, Training and Rehabilitation, the Fiscal Division and the Budget Division forecast employment recovering in FY 2013. He suggested the members decide on a reference point and then settle on whether employment would pick up in FY 2013, because an increase in employment was a driving factor in all the forecasts in Table 7.

Ms. Rosenthal said there was divergence in the forecast for FY 2011 and FY 2012 based on the timing of the recovery, the deepness of the downturn, the employment, and all the different factors that went into the models. She thought FY 2013 was far enough away that the models would converge and agree on the revenue collections at that point in time. She stated there were three different groups, which presented similar forecasts; therefore, she supported choosing one of the numbers presented.

Mr. Alastuey asked Ms. Rosenthal if she wanted to adopt the \$767.444 million number in FY 2012 toward the percentage increase the Budget Division suggested, as opposed to the 1.1% suggested by the Agency.

Ms. Rosenthal explained her decision was not based on the percentage change. It was based on her support of the \$767 million in FY 2012 followed by acceptance of the Fiscal Division's forecasting model, and that a similar number was derived when the

percentage change suggested by the Agency was applied to the lower base. She said this method of calculation gave her comfort.

Mr. Maddox said the \$791 million represented a 3% increase in FY 2013 off the figure for FY 2012, which was derived from the use of \$767 million as a base, not on a percentage change.

Mr. Martin said FY 2013 was far enough in the future that the numbers would be variable and thought the Forum would end up revising it anyway. He acknowledged being uncomfortable with the number. Even if he was outnumbered in choosing a forecast number for FY 2013, he would accept what the majority decided.

Chairman Restrepo recognized another possibility was to consider a number between \$775 and \$791 million, which would be approximately \$784 million, a 2.3% increase.

Mr. Martin said he respected everyone's opinions. In his experience, the inherent bias in any financial model was that the out years tended to contain optimistic scenarios, which was seen in this case. He expressed interest in Chairman Restrepo's compromise number of \$784 million.

Ms. Rosenthal voiced staying with her previous motion of \$791.769 million (Agency) for FY 2013. Mr. Maddox added that based on FY 2010 collections of \$755 million and then going all the way out to FY 2013 would be less than a 4% total increase. He thought the Forum was being quite conservative with the forecast.

MS. ROSENTHAL MOVED TO ACCEPT THE AGENCY FORECAST OF \$791.769 MILLION FOR THE STATE 2% SALES TAX FOR FY 2013. MR. MADDUX SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

GAMING PERCENTAGE FEE TAX

Mike Lawton, Senior Fiscal Analyst, Nevada Gaming Control Board

Mike Lawton, Senior Fiscal Analyst, Nevada Gaming Control Board said the Board's forecast on Gaming Percentage Fees was only revised slightly from the November 2010 Economic Forum meeting, because nothing had come to the Board's attention that necessitated major adjustments. Since the November meeting, however, the Board incorporated the September 2010 gaming win numbers into the forecast model, which showed an increase in gaming win of .73% for September 2010, versus an 8.98% decrease in September 2009. The September 2010 numbers broke down as a 3.2% drop off in slot spending accompanied by a 2.4% decrease in slot win. He

explained it was offset by a 6.8% increase in games and table win, which was due to a 29.68% increase in baccarat win for the month. The month of September showed the largest amount of baccarat win ever recorded by the State at \$128.3 million. Mr. Lawton said after entering the September results into the models the slot win forecast decreased \$4.5 million, which grew at a modest rate of .27% for FY 2011 compared to the Board's initial projection of .34%. On the game side, he pointed out the results for September had increased the Board's projections by \$5.6 million with growth of 3.14% for FY 2011, which was up from the original amount of 2.99%.

Mr. Lawton said the Board's forecast projected an increase in statewide gaming win of 1.29% for all of FY 2011. The first quarter of FY 2011 showed a statewide 2% increase and a 2% increase in Clark County, with all the growth generated on the Las Vegas Strip. The forecast included continued declines for all the other submarkets in Clark County including the Las Vegas Locals market, due to the high unemployment rate and negative equity many citizens of the State were experiencing. He indicated it would be difficult to compare the fourth quarter of calendar year 2010 because baccarat win was up 100% for the period October through December 2009, versus October through December 2008, with games drop up an astounding 40% for the same period. Preliminary results showed the month of October 2010 to be positive in gaming win and collections, which would mark three consecutive months of positive growth since April through June 2007. The positive gaming growth along with increased visitation and passengers at McCarran International Airport for only the third time in three years was a good sign. He said the second half of FY 2011 would contain challenging comparisons with gaming win flat during the second half of FY 2010, baccarat win up 45% in January through May 2010, and drop up 30%. There was still data to support growth including the opening of the Cosmopolitan in Las Vegas on December 15, 2010, with approximately 2,008 new hotel rooms, 83 table games and 1,479 slot machines. Furthermore, the Las Vegas Convention and Visitors Authority forecast 8% to 9% growth in large trade show bookings for FY 2011 in addition to the 1% to 2% growth in overall visitation, with modest gains in the number of flights and seats at the McCarran International Airport.

On Gaming Percentage Fees for FY 2011, Mr. Lawton said fiscal year-to-date the State was up 2%, and the Board projected an increase of 4.95%, with \$661.9 million in total collections. He pointed out that the Board was only forecasting gaming win to increase 1.29%, but there would be a large swing in the estimated fee adjustment (EFA) as gaming win started to grow and pushed Gaming Percentage Fee collections to a higher rate. The EFA in FY 2010 was -\$7.5 million compared to \$3.2 million EFA forecasted for FY 2011. Additionally, for FY 2012 the Board forecast statewide gaming win to increase 2.24%; although, there would still be declines in the Clark County submarkets, including the Las Vegas Locals market. However, as those declines became smaller, a carryover between the Las Vegas Strip and the Las Vegas Locals market was projected to form. He thought a flat trend would be good, but increased growth would take shape as visitation continued to increase and positive national trends finally started to impact the State with increased business travel and consumer spending. The Board's forecast for FY 2012 was a 4.2% projected growth in Gaming Percentage Fees, with

\$689.9 million in collections. Lastly, for FY 2013 the Board forecasted a 4.83% increase in statewide gaming win and 6.28% growth in Gaming Percentage Fees, with \$733.2 million in collections.

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers said the Budget Division forecast for Gaming Percentage Fees started on page 5 of the Division's packet (Exhibit E), with the actual forecast on page 6. Historical data was included in Table 3 on page 6, which also showed the huge changes in baccarat drop over the past several years. The Division's forecast showed drop in the following two segments: 1) drop excluding baccarat for Clark County and then the rest of the State, and 2) baccarat as a separate forecast. The table on page 9 showed baccarat play contributing huge increases even as the drop from all other games and activities declined. The Division's forecast showed that gaming drop would increase just at the rate of inflation, partly based on the Division's weak forecast for baccarat. Although the drop and the win from the amount played was highly variable she said it did seem to improve things. She did not see a high percentage of baccarat play in FY 2012 and FY 2013, which came out of the model. However, it would not go back to historically low standards, but did not show increased growth either. Ms. Rogers pointed out there was a large component of the EFA that produced the final forecast, which included a 1% increase over the November 2010 forecast. The Division projected 1.8% growth in FY 2011, 1.9% growth in FY 2012 and 2.3% growth in FY 2013, mostly just due to inflation.

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said the Fiscal Division's Gaming Percentage Fees forecast information began on page 29 of the Division's packet (Exhibit F) with Charts 1 through 4 showing total win, slot win and game win for Clark County and statewide per Las Vegas visitor and per statewide employee. The Division's actual forecast was located in Table 1 on page 35 and any projected growth came from the games side, not the slot side. He indicated the forecast did not change much from the November meeting with about three-tenths of a percent growth in the first year or \$1.5 million, primarily because there was a downward adjustment on both slots and in games. Mr. Guindon said Table 1 reflected the Division's December 2010 slot win forecast of -0.7% (-0.5% in November), with games win at 3.2% (3.3% in November). He explained the downward adjustment for FY 2011 of \$1.5 million was based on win/loss on both games and slots, but the assumptions had not changed about the ratio of the taxable gaming ratio (TGR) to win, or the average tax rates. He said losing a little bit of that win caused a subsequent loss in the amount of the estimated fee adjustment. Table 1 showed the Division's forecast of \$2.8 million in November and approximately \$2.0 million in the December forecast, with a net loss of \$800,000 in the EFA for FY 2011. Moving to FY 2012, he said the growth rate shown was the same in both November and December for percentage fees; however, there were no changes to slot win. Game win was revised down by about a half percent so only growth of 4.9% showed, versus 5.4% in November, because it was thought the State would not be able to repeat the high level of baccarat a year later.

The Division's forecast showed the same 3.2% growth rate for FY 2012 because of the interaction of the net EFA between FY 2012 and FY 2011. He said there was no change in the growth in games or slot win so the EFA was about the same at \$5.0 million in FY 2013. The Division projected the same growth rate in FY 2013 of 3.3%, but there was still some loss in revenue because of rolling forward the downward adjustment in the FY 2011 forecast.

Mr. Maddox wanted to understand the total win increase for FY 2011, FY 2012 and FY 2013 from Ms. Rogers and Mr. Guindon. The figures looked off to him with the EFA percentage collection, and thought the Fiscal Division showed total win as basically flat in 2011, up 2.3% in 2012 and 2.7% in 2013. Mr. Maddox commented that the Budget Division's EFA was much lower than the Fiscal Division forecast and asked if the Budget Division forecast was flat. Ms. Rogers said the total win forecast was for a decrease of 0.8% in FY 2011, an increase of 1.6% in FY 2012, and an increase of 2.8% in FY 2013.

Chairman Restrepo wanted the members to keep Mr. Maddox's earlier comments in mind relative to constrained consumer spending on gaming, because of the spread of gaming both nationally and internationally, particularly in Asia. He thought the Forum needed to understand how that impacted gaming revenues, as well as constrained discretionary spending by Nevada residents who were struggling with unemployment and the job market downturn.

Chairman Restrepo provided the following quick overview of the forecasts for Gaming Percentage Fee of the projected growth from FY 2011 to FY 2013:

- Agency – 11%
- Budget Division – 4.3%
- Fiscal Division – 6.7%
- Moody's Analytics – 20.4%

Chairman Restrepo reminded the members none of the forecasts had to be accepted. The Forum could instead decide on a forecast based on professional experience and anticipation of where the future was heading. He asked for a motion.

Mr. Martin motioned to accept the Budget Division's December 1 forecast for FY 2011.

Mr. Maddox said based on Mr. Martin's motion to accept the Budget Division's forecast the Forum would be saying actual gaming win was flat and it was going to decrease by almost 1% over the next nine months. He asked Ms. Rogers to clarify that she said a 0.7% decrease over the next nine months of FY 2011. Ms. Rogers confirmed that figure was correct and explained part of the logic was based on the huge baccarat numbers, which skewed the amounts. Mr. Maddox countered that the baccarat numbers would continue to skew up and said that recent Macau gaming revenues showed an increase of 40% for November, the second largest month on record and in history. He said tracking Macau and Singapore and then comparing it with Las Vegas has proven to be

a good proxy for how baccarat revenue was going to perform in Nevada. There were no indications in Wynn's Far East operations that showed baccarat revenue to be abnormal; however, he agreed it was next to impossible to forecast.

Mr. Guindon added for Mr. Maddox that the Fiscal Division had forecasted total win increasing only 0.7% for FY 2011. In order to achieve that forecast, gaming win would need to average about 1% over the remaining months of the fiscal year, and for reference in the same months of FY 2010, there was a decrease of 1.5%.

Mr. Lawton said the Gaming Control Board required a 1.82% rate of growth to get to its forecast amount.

Chairman Restrepo repeated that Agency's rate of growth showed an increase of 1.82%, the Fiscal Division showed an increase of 1%, and the Budget Division showed a decrease of 1%. He said there was a motion on the floor to accept the Budget Division's forecast of an increase of 1.8% in FY 2011. He asked if there was a second on the motion.

Mr. Maddox said based on what the industry was seeing at present, knowing what was coming in the future regarding the convention business and subsequent spending, and the higher room rates, he thought the Fiscal Division's 1% increase was a more likely scenario versus decreasing gaming revenues over the remainder of FY 2011.

Chairman Restrepo clarified the 1% increase in gaming revenues would result in \$685 million in FY 2011, and Mr. Maddox agreed with that amount. Hearing no second to the motion Chairman Restrepo said it appeared that Mr. Martin's motion failed.

MR. ALASTUEY MOVED TO ACCEPT THE FISCAL DIVISION
FORECAST OF \$658.556 MILLION FOR GAMING
PERCENTAGE FEE TAX FOR FY 2011. MS. ROSENTHAL
SECONDED THE MOTION.

Mr. Martin was compelled by Ms. Rogers' testimony on the baccarat revenues and the general economy as a whole, especially for FY 2011.

THE MOTION PASSED WITH ALL MEMBERS IN FAVOR,
EXCEPT MR. MARTIN AS OPPOSED.

Chairman Restrepo called for a motion for the Gaming Percentage Fee forecast for FY 2012. Mr. Alastuey asked to hear the Fiscal Division's total win forecast again. Mr. Guindon replied the total win was 2.3% for FY 2012 and 2.7% for FY 2013.

MR. MADDUX MOVED TO ACCEPT THE FISCAL DIVISION FORECAST OF \$679.529 MILLION FOR GAMING PERCENTAGE FEE TAX FOR FY 2012. MS. ROSENTHAL SECONDED THE MOTION.

Mr. Martin said given the positive convention outlook, a 3.2% increase did not seem unreasonable with the acceptance of \$658 million as the base number. He thought it was a good mid-point.

THE MOTION PASSED UNANIMOUSLY.

Chairman Restrepo asked for a motion for FY 2013.

MR. ALASTUEY MOVED TO ACCEPT THE FISCAL DIVISION FORECAST OF \$702.158 MILLION FOR GAMING PERCENTAGE FEE TAX FOR FY 2013. M R. MADDUX SECONDED THE MOTION.

Mr. Maddox clarified that all the motions for gaming win meant that the Forum voted for less than a 1% increase in FY 2011, a 2.3% increase in FY 2012 and a 2.7% increase in FY 2013. He thought it was a very realistic approach to gaming revenues.

THE MOTION PASSED UNANIMOUSLY.

MODIFIED BUSINESS TAX

Brody Leiser, Deputy Director, Department of Taxation

Mr. Leiser started his presentation with the Department of Taxation's adjustments to the financial institutions figures and forecasts. He said the Department's approach to the financial institutions did not change; however, there was an additional quarter of collections included in the December forecast, compared to the forecast for the November 5, 2010, meeting. Due to the additional information, the Department revised its forecast. The model from the November meeting showed a projected amount for the September quarter, which was \$350,000 higher than what was actually collected for the Modified Business Tax (MBT) Financial Institutions. Mr. Leiser explained the actual collection figures were incorporated into the forecasting model along with adjustments for amnesty collections from the September quarter, and a small amount from June 2010 to get the revised forecast. For MBT Financial Institutions, the Department

showed a 2.9% decrease in FY 2011 compared to FY 2010, a 0.8% increase in FY 2012, and a 0.1% decrease in FY 2013 compared to FY 2012.

Mr. Maddox said all the forecasts on the financial side were less than 10% of the total and were all the same exact number of \$20 million; therefore, the Forum should focus on the non-financial in terms of the discussion, and the financial would follow.

Chairman Restrepo asked Mr. Leiser to present information on the MBT Non-Financial.

Referring to the MBT Non-Financial, Mr. Leiser said the Department's focus was to look at wages collected or reported since the fourth quarter of FY 2009. With the additional quarter of data, the Department incorporated the wage information into the projections, and adjustments were made to the forecasting amounts for FY 2011 and FY 2012, compared to the forecast presented at the November meeting. He explained the rate change and the sunset for that rate change were also included in the forecasting model, as well as the collection of past due taxes for FY 2012. The Department's methodology included forecasting wages first and then converting it to revenue. With the tiered tax rate expiring at the end of FY 2011 the forecast showed a significant drop in the revenue for FY 2012 compared to FY 2011. Even as the tiered rate disappeared for the non-financial institutions in FY 2012, the Department anticipated the collection of some past-due revenues that were from periods at the tiered rate. Mr. Leiser pointed out the forecast was within approximately \$1 million of what was actually collected versus what was projected in November; however, the impact of the amnesty collections was not incorporated. Once the amnesty collections were taken into consideration it was realized that the projection for FY 2011 and FY 2012 needed to be revised. He said the Department's December forecast included a 2.7% decrease in FY 2011 and in FY 2012; with the rate change it went down to a 39% decrease in the revenue, which translated into a 0.5% to 1% decrease in wages. He said the Department was comfortable with the \$220 million figure from the November meeting for FY 2013, based on information from presenters in relation to unemployment and labor force, so it was not revised.

Ms. Rosenthal asked Mr. Leiser to repeat the decline in the wage base for FY 2012 and FY 2013.

Mr. Leiser said net wages were forecasted at roughly \$33.760 billion for FY 2011, \$33.281 billion for FY 2012 and \$34.782 billion for FY 2013.

Joe Reel, Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Reel directed the members to page 88 of the Fiscal Division packet (Exhibit F), which showed the Division's assumptions for employment growth and non-financial industry employment. He said the Division adjusted its path up slightly over the forecast period and Table 2 on page 86 specifically showed the forecast for non-financial both with and without amnesty. The approach the Division used for forecasting this revenue was on the right side of the table, which contained data without amnesty. The first quarter data for FY 2011 came in without amnesty at -2.7% and since the original

forecast from November was at -1.1% it was \$1.5 million lower for the first quarter. Because of the impact on the first quarter figures, the first quarter of the Division's fiscal years estimates went down; however, the Division increased the employment path over the course of the forecast. He explained the Division increased its forecast slightly in the first year of FY 2011 and that increased the original forecast approximately \$329,000 to \$352.600 million or a 3% decrease when the amnesty was added back. About \$1.0 million was added to the FY 2012 forecast due to the change in employment. That translated into taxable wages with -3.3% for the first year, -0.2% in the second year and then growth of 2.1% for the third year; thus, over the entire forecast period \$1.3 million in tax collections was added to the December forecast. For FY 2013 the Division's forecast was lowered by about \$40,000 because of the change in the employment path.

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers said the Budget Division's forecast for the MBT Non-Financial was on page 22 of the Division's packet (Exhibit E). She pointed out the Table was divided into the following categories: non-financial payroll by quarter, non-financial payroll by year, wages, health care payments, modified business tax with and without amnesty, and total amnesty. Ms. Rogers explained that the forecast was close to the same as the November meeting. However, adjustments were made to lower the overall employment and subsequently the wages, in addition to accounting for the first quarter revenues of FY 2011, which were not available previously. Her methodology included forecasting the non-financial payrolls, the health care and modified business tax as if the two-tiered tax rate, which was actually in effect, was not in effect. From that information, the forecast was computed with an effective tax rate, which accounted for the fact that some people's tax rate went down and some went up. The changes made to the Division's forecast were dependant on the additional quarter of data.

Mr. Alastuey asked if the reason the projected declines of 37% to 42% were not the equivalent of the 46% decrease in the tax rate plus the percentage decrease in taxable wages was because of the change in effective rate due to the removal of the cap on the small employers. He wondered why the percentage declines were not higher and was trying to understand the offsetting factor.

Ms. Rogers said some tax rates for businesses were going up and some were going down, and the amount of deducted health care payments was declining. She noted if that amount was not being paid then the collected revenues were increased since there was not an offsetting amount.

Mr. Alastuey asked if the Fiscal Division model had taken those particular things into consideration and if that was the reason the Division was not at 46% plus.

Mr. Reel referred to FY 2012 on Table 2 (page 86) of the Fiscal Division packet. He explained that even though the State was reverting back to the 0.63% tax rate for the first quarter of FY 2012 the tax rate was actually 0.651% and then gradually decreased.

The Fiscal Division expected some of the collections in FY 2012 would come from prior periods in FY 2011 so there would be taxable wages that were at the 1.06% rate, which would spill into FY 2012 to drive the average tax rate up beyond the normal 0.63%.

Mr. Alastuey asked if the Fiscal Division included health care in the calculation.

Mr. Reel said yes and the estimated percentage of health care collections were the same as FY 2010. Page 94 of the Division packet showed the factor for health care as 6.5% and it was assumed it would remain constant through the forecast.

Mr. Guindon added that the Fiscal Division phased in the tax rate at the lower rate, but if 1.06% was used and then moved to 0.63% it would be equivalent to about a 40.6% decline in rate. Since the Division had total wages declining 0.2%, which was almost flat, the 40% decline in rate was consistent with the average rate going from 1.06% down to a flat rate of 0.63%.

Mr. Alastuey said he was comparing maximum rate of 1.17% versus the composite rate of 0.63%.

Ms. Rogers said the effective rate used in calculating the Budget Division's forecast resulted in about a 1.58 multiplier toward the constant rate of the 0.63% that had been historically used. That would only account for a 37% decline, except that wages and everything else was also declining.

Mr. Maddox asked if he needed to take wages less the health care payments of roughly \$2.8 billion in the Budget Division forecast to have an equal comparison of the non-financial wages in the Fiscal Division's forecast.

Ms. Rogers responded the Budget Division forecast took the total wages minus the health care to determine what was taxed. Mr. Reel said the Fiscal Division forecast used the total wages less the health care.

Mr. Maddox wanted to determine who was forecasting wage increases, but it was hard to tell because the forecasts looked relatively the same.

Mr. Guindon said the Fiscal Division was definitely not forecasting the wage increase in the first year and the second year because it was consistent with the trough of employment and wages out two or three quarters.

Mr. Maddox thought that sales tax and gaming tax would be bolstered by tourism with 25% to 35% of the base coming from people visiting the State. However, MBT Non-Financial was solely based on Nevada hiring and he said based on that he would be more conservative on this forecast.

Chairman Restrepo suggested the members keep in mind some of the themes from the meeting, including the hiring binge that was hoped would come, but may not because of

elevated unemployment and a very low propensity or desire by employers to rehire. That being the negative side, the positive side was those employers would cut back on employee benefits like insurance, which would result in a slightly increased MBT. He thought the State would struggle related to payroll tax issues, so the Forum should err on the side of conservatism. Chairman Restrepo asked for a motion for FY 2011.

Mr. Martin agreed about being conservative given the issues with the State's economy.

Ms. Rosenthal asked Mr. Guindon if the motion and vote needed to be separate for MBT Financial and Non-Financial or if it was acceptable for the Forum to vote in total if one particular forecast was going to be followed for both.

Mr. Guindon said it was acceptable for the Forum to approve in total one forecaster's forecast for all three years, otherwise, each piece needed to be approved separately because sunsets were involved that would need to be taken into consideration during the 2011 Legislative Session.

MR. MARTIN MOVED TO ACCEPT THE BUDGET DIVISION FORECAST OF \$351.500 MILLION FOR MODIFIED BUSINESS TAX NON-FINANCIAL FY 2011. MS. ROSENTHAL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Mr. Maddox said the Budget Division forecast for FY 2011, FY 2012 and FY 2013 seemed like a good forecast. He proposed for the Forum to adopt the Budget Division forecast for all three years for the MBT to alleviate going through each financial and non-financial, even though there had just been a motion for FY 2011.

MR. MADDOX MOVED TO ACCEPT THE BUDGET DIVISION FORECAST OF \$21.3 MILLION FOR FY 2011, \$21.0 MILLION FOR FY 2012, AND \$21.5 MILLION FOR FY 2013 FOR MODIFIED BUSINESS TAX FINANCIAL AND NON-FINANCIAL OF \$351.5 MILLION FOR FY 2011, \$203.8 MILLION FOR FY 2012 AND \$208.9 MILLION FOR FY 2013. MR. MARTIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

The meeting recessed for lunch at 1:38 p.m.

The meeting reconvened at 2:20 p.m.

INSURANCE PREMIUM TAX

Brody Leiser, Deputy Director, Department of Taxation

Mr. Leiser presented the Department of Taxation's forecast for Insurance Premium Tax. He said the Department utilized the same forecasting methodology as the other taxes, but took into account the additional quarters of data available from the September distributions. The actual revenues came in higher than the initial forecast for the quarter presented at the November meeting. Based on those collections for the quarter the Department thought it was appropriate to revise the forecast up slightly. Mr. Leiser provided the following forecast for Insurance Premium Tax: a 1.9% increase in FY 2011 compared to FY 2010; a 0.4% increase in FY 2012 compared to FY 2011; and a 0.7% increase in FY 2013 compared to FY 2012.

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers directed the members to page 16 of the Budget Division packet (Exhibit E) for the Division's Insurance Premium Tax forecast. She said the Division did not change methodology for the forecast from the November meeting, but made adjustments based on the available collection data for the first quarter of FY 2011. The forecast was based on the Insurance Premium per employee so when the employment forecast was adjusted it had an effect on the forecast for this tax. She indicated revenues for the Insurance Premium Tax came in differently than previously forecast. The Division revised its forecast to the following: a 0.7% increase in FY 2011, with a \$1.2 million amnesty collection in FY 2010 taken into account (without the amnesty it would be a 1.2% increase); a 1.8% increase for FY 2012; and a 1.4% increase in FY 2013.

Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Nakamoto began his presentation on Insurance Premium Tax on page 75 of the Fiscal Division's packet (Exhibit F). He indicated the Insurance Premium Tax forecast was derived from forecasting all the individual pieces separately by using the quarterly collection as a regression equation with those taxes as a function of employment, personal income and existing single-family home sales. The Division increased its forecast based on the increase in employment and total personal income mentioned in earlier meeting presentations, as well as actual tax collection data from prior fiscal years and surplus lines that were trending above the forecast. Mr. Nakamoto said the forecast included an increase of \$3.7 million in FY 2011, an increase of \$3.4 million for FY 2012 and an increase of \$3.6 million in FY 2013.

Mr. Alastuey suggested adopting the Budget Division's forecast for all three fiscal years.

Mr. Martin said he supported Mr. Alastuey's suggestion because he did not see vast differences between any of the forecasts.

Mr. Maddox noted the Insurance Premium Tax had been resilient and only down 7% in FY 2009 and 2% in FY 2010. He thought it was the reason the members were comfortable with it being able to trend itself out and up.

Mr. Nakamoto referred to the chart on page 79 of the Fiscal Division packet, which showed the quarterly premium tax collections per employee. He pointed out even though the tax had been less productive throughout FY 2007, FY 2008 and FY 2009 it was increasing per employee. He said the tax seemed to hold up well in regard to the metric.

MR. MADDOX MOVED TO ACCEPT THE BUDGET DIVISION FORECAST OF \$235.6 MILLION, \$239.9 MILLION AND \$243.3 MILLION FOR INSURANCE PREMIUM TAX FOR FY 2011, FY 2012 AND FY 2013. MR. ALASTUEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

REAL PROPERTY TRANSFER TAX

Brody Leiser, Deputy Director, Department of Taxation

Mr. Leiser said the projections for Real Property Transfer Tax presented at the November meeting did not include the first quarter of FY 2011. The Department's forecast was approximately \$4.1 million above the actual collections for the quarter. The Department revised its forecast for the December meeting to include a 1.1% decrease for FY 2011, a 0.8% increase in FY 2012 and a 0.8 decrease in FY 2013.

Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Nakamoto said the Real Property Transfer Tax forecast for the Fiscal Division started on page 103 of the Division's packet (Exhibit F). Since the November forecast incorporated most of the first quarter of FY 2011, the Division calculated the December forecast by reviewing changes in the forecast for single-family home sales, completions, and home prices. He pointed out there was very little change in the forecasts with the exception of the Division's existing single-family home sales forecast. Mr. Nakamoto reported the Division's forecast as an increase of \$100,000 in FY 2011, an increase of \$109,000 in FY 2012, and an increase of \$1,000 in FY 2013. He reiterated that the

December forecast was based upon the actual collections information previously known for the November forecast, without the inclusion of any additional information.

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers said the forecast for Real Property Transfer Tax was on page 26 of the Budget Division packet (Exhibit E). She thought the Division's forecast was too optimistic on the anticipated revenue for the first quarter and when that quarter was lowered, it lowered the out years. She pointed out the Budget Division's forecast was the same as the Fiscal Division's forecast and then optimistic in the two out years. There was no change in the methodology of the forecasting, just application of the new data.

Mr. Maddox asked at the levels currently forecasted how far back in time someone would have to look to see when the State was collecting \$10 or \$11 million a quarter in Real Property Transfer Tax.

Mr. Nakamoto said the graph on page 105 of the Fiscal Division packet showed the actual and forecasted General Fund Real Property Transfer Tax collections. Historically, he indicated the tax had never been at \$10 or \$11 million per quarter since the tax was initiated during the 2003 Session. However, there were implied collections based on the countywide tax collected, when taken into account showed levels of \$10 or \$11 million in 1999 or 2000.

For a point of reference, Chairman Restrepo explained the Real Property Transfer Tax was part of the 2003 Session tax package, passed at a time of high growth in real estate. He thought FY 2004 and FY 2005 was probably the peak of real estate value growth in Nevada for housing, commercial, and land. It was a known fact that the real estate industry experienced boom and bust periods; however, the Real Property Transfer Tax was a way to capture growth at that time, although it did not factor in a bust real estate cycle that would ultimately come. With the passage of this tax, the State was anticipating huge growth in the real estate industry on a semi-permanent basis; however, the bust period arrived with dramatic declines in Real Property Transfer Tax collections. He thought the prospect of the State returning to a more abundant real estate market and pricing, should be a factor in future forecasts for the Real Property Transfer Tax.

Mr. Alastuey acknowledged the State was still seeing declines in the average sales price of existing single-family homes in Nevada, especially in Southern Nevada, where existing home closings outnumbered the closings of new homes by about ten to one. He thought the Forum members were surprised by projections of reduced collections in FY 2012, with a small rebound in FY 2013. It seemed the real estate market was still trying to bounce off the bottom and had shown lower levels in the last months of calendar year 2010. On the residential side of the real estate market, he felt there was reason to consider a decline at least in the first year. With low values and sales of commercial property, the commercial side of the market was also questionable.

Chairman Restrepo agreed that transactions on commercial properties and development, as well as sales on land were minimal, with very low values throughout the State

Mr. Martin said he would support the lowest forecast, which was the Fiscal Division. His decision was based on information provided at the Forum meetings regarding the condition of the real estate market. Although there was some hope for an uptick in FY 2013 and beyond, he thought it was best to leave those forecasting decisions to future Forum members.

MR. MARTIN MOVED TO ACCEPT THE FISCAL DIVISION FORECAST OF \$44.804 MILLION, \$42.590 MILLION AND \$45.843 MILLION FOR REAL PROPERTY TRANSFER TAX FOR FY 2011, FY 2012 AND FY 2013. M R. ALASTUEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

LIVE ENTERTAINMENT TAX – GAMING

Mike Lawton, Senior Research Analyst, Nevada Gaming Control Board

Mr. Lawton said the Gaming Control Board revised its forecast for Live Entertainment Tax (LET) from the November meeting, The forecast was revised accordingly after Wynn, Las Vegas announced it would raise ticket prices by \$110.00 for its Garth Brooks concert. Mr. Lawton said phone calls to others in the industry to see there would be price increases for other shows on The Las Vegas Strip indicated there would not be any additional price increases. The Board revised its forecast for stronger growth over the period based on the improving economy, with increased volume and revenue from the large venues offering live entertainment and facilities with a maximum occupancy of at least 7,500. In FY 2010, this category, large entertainment venues, was down 32.21% from its peak in LET collections. The increase in the Garth Brooks tickets alone boosted the forecast by about 1%. He said year-to-date LET collections were down 0.8% with only three months worth of data. The Board forecasted a 2.3% increase, with \$110.7 million in collections for FY 2011; a 2.7% increase, with \$113.8 million in collections for FY 2012; and a 3.2% increase, with \$117.5 million in collections for FY 2013.

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers said the Budget Division's LET forecast was on page 14 of the Division's packet (Exhibit E). She noted that the November forecast was too high for the first quarter so revenues were adjusted down accordingly; however, the rest of the models

and assumptions were the same. The LET forecast reflected the new forecast for visitors coupled with the declining numbers from the base.

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon pointed out the Fiscal Division's LET forecast began on page 53 of the Division's packet (Exhibit F). He said the analysis for LET was driven from the visitors forecast and the available information regarding performers in Las Vegas. The Division forecasted on a quarterly basis for LET and the change in the forecast from November resulted in a decrease of \$370,000. Mr. Guindon stated that he over forecast actual September 2010 LET collections by approximately \$369,000 and adjusted his forecast for FY 2011 based on this information. After making this adjustment to FY 2011 and applying the growth rates from the previous forecast for FY 2012 and FY 2013, he was uncomfortable with the results produced from this exercise. Based on his view of the entertainment market and visitor forecast, a slight upward adjustment was made to the growth rate for FY 2012 to 2.4%, compared to 2.1% in November, and the same growth rate of 3.6% was used for FY 2013. Thus, the Fiscal Division's December forecast for the LET over the forecast period is only slightly lower than the November forecast.

Chairman Restrepo asked Mr. Maddox if there was any upward pressure on additional types of entertainment at Wynn or its other properties. Mr. Maddox said the Garth Brooks concerts were unique in that there was a high demand for that show. However, he thought that Wynn's other shows, as well as shows throughout Las Vegas were struggling, so ticket prices would not increase.

Chairman Restrepo asked for the members to factor in constraint in consumer spending to the deliberations on choice of a forecast for LET.

Mr. Martin was impressed that the numbers produced by all three forecasters were very close based on the ticket sales. Although he did not think the forecasters were working together, in order to be comfortable with the forecasting, he asked to be enlightened on the forecast process. He wanted to know whether the forecast was based only on ticket sales and how accurate the forecasting had been in the past.

Mr. Guindon remarked there was definitely no collusion going on amongst the forecasters. He thought one of the reasons for the similar forecast was that LET was not as volatile as the other previously discussed taxes (Sales and Use, Gaming Percentage Fee, Real Property Transfer or Modified Business). The only information available (reported to the Gaming Control Board) for forecasting LET was collections; no information was reported on the shows, the attendance, or the average price. Where more volatility came into play was when new properties were opening with new shows offered, or celebrities like Garth Brooks who were able to drive up prices. He remarked not much of either of those happened during the 2009-11 cycle. The forecasters took a conservative approach for those reasons, but he did not think it was unreasonable to consider some growth, especially since visitor numbers had increased in most of the forecasting outlooks.

Mr. Martin said he was still impressed that even on the larger taxes, covered earlier in the meeting, that three independent groups of people approaching the forecasting in various ways using different variables could come up with numbers so close to each other.

Ms. Rosenthal reasoned that given the forecasted increase in visitation along with the comments that Las Vegas visitors were spending money on entertainment other than the gaming tables she was in favor of a slight increase in the 2010 actual revenues. She felt there was not much to discuss because all the forecast numbers were so close.

MS. ROSENTHAL MOVED TO ACCEPT THE FISCAL DIVISION FORECAST OF \$109.863 MILLION FOR FY 2011, \$112.502 MILLION FOR FY 2012, AND \$116.571 MILLION FOR FY 2013 FOR LIVE ENTERTAINMENT TAX – GAMING. MR. ALASTUEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

ROOM TAX

Janet Rogers, Chief Economist, Division of Budget and Planning

Ms. Rogers said the Budget Division's forecast for Room Tax was on pages 27 and 28 of the Division's packet (Exhibit E). Figure 10 on page 27 showed the room inventory as flat throughout the forecast period. She noted the opening of Cosmopolitan was included, but nothing else throughout the biennium. The Division's forecast took into consideration an increase in visitors and the adjusted room rate, which resulted in an increase of 7.1% of \$104.7 million compared to the \$97.7 million collected in FY 2010.

Russell Guindon, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said the Fiscal Division's Room Tax forecast was on page 107 of the Division's packet (Exhibit F). The change in the forecast was based on having one more month of information on visitor occupancy, occupied rooms, and the average daily room rate. He pointed out that the collections information used for forecasting lagged the information supplied by the Las Vegas Convention and Visitors Authority. The Division over forecast the level of visitors for September and he explained it was difficult to figure out how to translate rooms occupied into visitors, and then rooms occupied into taxable room revenue. He said the biggest difference for the Division's forecast was the assumption the average room rate would be approximately \$93.92 in September and the actual number was \$97.25, so the rate was under forecast. He said the Division increased the average daily room rate a little and then had to think about the properties on The Las Vegas Strip, such as the new Cosmopolitan, and other large

resorts where the 3% tax applied. The amount of rooms in the city of Las Vegas where only the 2% tax was applied also had to be calculated. All those factors increased the Fiscal Division's forecast by \$774,000 to \$104.120 million.

Mr. Guindon directed the members to Exhibit H, Impact of Three Percent Room Tax Increase – Nevada Commission of Tourism, prepared David Peterson from the Commission on Tourism. Although Mr. Peterson was not able to attend the meeting, Mr. Guindon thought the handout with the Agency forecast for Room Tax was self-explanatory. The Commission increased its forecast by approximately \$700,000 and utilized the same information as the Budget Division and the Fiscal Division. Mr. Guindon said one of the issues between the Commission's forecast and the Fiscal Division's forecast was the assumption that translated the number of rooms occupied times the average daily room rate, which was not received at 100%. The Commission assumed that figure to be 80% and the Fiscal Division assumed it to be 82%. Even if both forecasts had the exact same revenue, the Fiscal Division would end up with a higher forecast overall because Mr. Peterson used a lower ratio and the Fiscal Division assumed a higher ratio. Mr. Guindon said he would answer any questions specific to the Fiscal Division's forecast.

Mr. Maddox said Room Tax was the one segment where there was clarity due to the forward convention bookings so room occupancy was getting better. He thought the 7% to 8% increase for FY 2011 made sense, based on the assumptions.

MR. MADDOX MOVED TO ACCEPT THE FISCAL DIVISION
FORECAST OF \$104.120 MILLION IN FY 2011 FOR ROOM
TAX. MR. MARTIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

VI. REVIEW AND APPROVAL OF FORECASTS OF MINOR GENERAL FUND REVENUES FOR FY 2011, FY 2012 AND FY 2013 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE AT ITS NOVEMBER 24, 2010, MEETING.

Mr. Guindon said the Technical Advisory Committee met on November 24, 2010, and considered all the non-major General Fund revenue forecasts. The Committee's consensus forecast was on page 131 (Table 6) of the Economic Forum packet (Exhibit A). Pages 127 and 128 (Table 5) showed some of the larger non-major revenues and he explained the following revisions to the forecast:

- Mining Claims Fee (page 129) – Revised down to \$18.75 from \$25.7 million based on information from the Minerals Division regarding this new fee. Based on year-to-date information the \$25.7 million was unattainable.
- Notice of Default Fees (page 130) – Revised down approximately \$1.0 million in FY 2011, \$1.0 million in FY 2012 and \$500,000 in FY 2013. Trending down based

on fiscal year-to-date information and analysis to clear out some of the foreclosure inventory by sending out notice of defaults.

- Insurance Verification Fees (page 131) – Placed in the General Fund for FY 2010 and FY 2011, with the law stating there would be \$6.0 million transferred to the General Fund. After analysis, that amount was expected to be unattainable so a downward revision of \$2.5 million was made to the forecast, which was more realistic.
- Supplemental Account for Medical Assistance to Indigent Persons (page 131) – Tied to a 2.5 cent property tax rate and forecast revised down from October 2010 by about \$2.6 million, based on the FY 2011 estimate for property taxes.

Mr. Guindon said there were other non-major General Fund revenues that were revised, but the net result from all the revenues showed a decrease of \$13,791,211 in FY 2011, a decrease of \$440,600 in FY 2012, and an increase of \$219,400 in FY 2013. Mr. Guindon explained it was within the Forum's authority to change any of the forecasts. However, there was a great amount of analysis by staff and much deliberation by the Technical Advisory Committee so he thought the forecasts of the non-major General Fund revenues were good estimates at that point in time. He said the Technical Advisory Committee would reconvene in April 2011 to prepare for the May 2, 2011, Economic Forum meeting.

Mr. Alastuey said the only variances of note were associated with revenues scheduled to sunset, actions taken during the 2009 Session and the 26th Special Session, which did not have historical data to use for projecting future revenues. He asked if the non-major General Fund revenues forecast numbers could be trued-up at the Technical Advisory Committee meeting in April 2011 after receipt of additional actual revenue numbers.

Mr. Guindon said the Mining Claims Fee was from the 26th Special Session. Analysis was done on the fee and the estimate was prepared, but with the available information, the revenue collections were estimated too high. Now with actual data on the fee to analyze the forecast could be trued-up. The Supplemental Account for Medical Assistance to Indigent Persons from the 2009 Session was dependent upon the forecast for property tax so it could decrease or increase based on actual collection data. Also from the 2009 Session was the Notice of Default Fees, which would be trued-up once more actual collection data was received. Mr. Guindon agreed with Mr. Alastuey that there was not a lot of history to draw upon for many of the fees.

MR. ALASTUEY MOVED TO ACCEPT THE TECHNICAL ADVISORY COMMITTEE'S FORECASTS FROM THE OCTOBER 24, 2010, MEETING, AS PRESENTED, KNOWING THAT THE SAME INFORMATION ON THE NON-MAJOR GENERAL FUND REVENUES WOULD BE AVAILABLE AT THE MAY 2, 2011, ECONOMIC FORUM MEETING. MS. ROSENTHAL SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

VII. DISCUSSION OF INFORMATION REQUESTED BY THE ECONOMIC FORUM RELATED TO COMMENTS PROVIDED BY OUTSIDE REVIEWERS ON ECONOMIC OUTLOOK AND REVENUE FORECASTS FOR THE STATE.

Mr. Guindon directed the members to page 135 of the Economic Forum packet (Exhibit A) to comments provided by outside reviewers on the economic outlook and revenue forecasts for the State. He thanked the professors and staff from the Center for Regional Studies, College of Business, at the University of Nevada, Reno, for taking the time to review, comment and prepare a summary of conclusions on the forecasts prepared for the Economic Forum. Although it was not a common procedure, Mr. Guindon said the Forum could consider asking outside reviewers to provide written general comment on the state of the economy for the May 2011 meeting.

VIII. INSTRUCTIONS TO TECHNICAL ADVISORY COMMITTEE CONCERNING THE NEXT MEETING.

IX. SCHEDULING OF FUTURE ECONOMIC FORUM MEETING.

Agenda Items VIII and IX were discussed together.

Mr. Guindon said the next Economic Forum meeting would normally be scheduled on May 1, 2011; however, since that date was a Sunday, by law the meeting could be conducted on the next business day. He wanted to get a firm commitment from the Economic Forum members to hold the next meeting on Monday, May 2, 2011. He explained once the Economic Forum meeting date was confirmed, the Technical Advisory Committee meeting could then be scheduled during the last week of April. It would be a tight forecasting schedule for both meetings since the latest information regarding sales tax and other pertinent tax collections would only be available sometime in the last week of April.

Chairman Restrepo indicated the members would look forward to May 2, 2011, as the next meeting date. He asked if the Fiscal Division could provide updates of revised data from the various sources, either monthly or quarterly. Chairman Restrepo also requested it to be sent to the members on a flow basis until the next meeting so the information could be analyzed in smaller increments rather than having it all at once right before the May meeting.

Mr. Guindon said the Division's intent was to provide the members with updated taxable sales and gaming charts, and tracking of the revenue collections. He said keeping the numbers updated proved challenging during the legislative session, but staff would do the best job possible to keep the members informed. He suggested e-mailing staff if there were any questions regarding data and revenue collections.

Ms. Rogers said the Budget Division updated its statistics on a regular basis and the information could be found on the Budget Division webpage under General Fund.

Chairman Restrepo requested that Ms. Rogers e-mail the link to the webpage to the members. Ms. Rogers indicated she would also send an e-mail notification each time updated information was available, including basic economic and revenue data.

X. PUBLIC COMMENT.

Chairman Restrepo asked for public comment and no one came forward.

Mr. Guindon asked the Chairman not to adjourn the meeting in order to give staff time to put the official Economic Forum forecast numbers into the report. Based on earlier discussions, Mr. Guindon explained that staff took out the section of the Forecast of Future State Revenues Report titled Economic Outlook: Fiscal Years 2011, 2012 and 2013, as requested by the members. Staff rewrote another section adding the observations by the University of Nevada, Reno professors and provided it to the members for consideration of inclusion in the report. He indicated the members had the option to approve the changes as written, or make additional changes to be made by staff after the meeting. If further changes were requested by the members then the finished document would be provided to the Chairman for final consent. The report, letter from the members, and forecast table would be compiled and sent to the Governor and the Legislature.

Chairman Restrepo reviewed the newly written material for the report and gave his approval. He said the other members had also approved the changes enabling staff to proceed with the compilation of the report.

Chairman Restrepo said the Economic Forum would recess so staff could prepare the report, letter and table.

Chairman Restrepo recessed the meeting at 3:12 p.m.

The meeting reconvened at 3:49 p.m.

Mr. Guindon provided copies of the official December 1, 2010, forecast table and the Forecast of Future State Revenues report to all the members. He noted the table included the forecast decisions made by the members at the meeting; however, the first two pages of the table consisted of the summary without any detailed information. The official forecasts by the members for each revenue source were located on page 3 of the table. The summary forecasts included information such as the commissions for the Sales and Use Tax calculated using a formula based on the Economic Forum's growth rates. Mr. Guindon directed the members to the FY 2012 column on page 3 to point out that the Local School Support tax (LSST) went down by 12.3%, when everything else was growing at a 2% rate. For the record, he explained the LSST changed from a

2.6% rate for FY 2011 to 2.25% for FY 2012. This was an instance where a sunset affected the forecast produced by the Economic Forum; however, it was not taken into consideration for the December 1, 2010, Sales and Use Tax forecast because the 2% rate was not changed. Instead, the Legislature increased the rate from 2.25% to 2.6% so it appeared in the table as a miscalculation even though it was not, but was necessary with the sunset on the increased LSST rate. He said since the tax was annualized the numbers trued-up in FY 2013 and the growth rates became the same.

Mr. Guindon said page 1 and page 2 of the Forecast Table were included with the report sent to the Governor and the Legislature, but the detail would only be provided upon request. Most parties were only really interested in the totals. He explained that the forecast was the official estimate, which the Governor must use by law to build The 2011-13 Executive Budget. On January 22, 2010, the official Economic Forum forecast was approximately \$3,008,278,000 and the official December 1, 2010, forecast was \$3,087,840,000, an increase of \$79 million for FY 2011. Mr. Guindon explained how the Economic Forum's forecast for FY 2011 still played a role in the 2011-13 biennium budget because it would be used to calculate the ending fund balance for FY 2011 that could be balanced forward into FY 2012.

In addition, Mr. Guindon pointed out the added language in the Forecast of Future State Revenues report, as requested by the members. He suggested the members approve the report contingent upon any verbiage (not substance) or formatting changes staff deemed necessary in order to produce the report. Staff would send any changes to Chairman Restrepo for approval before the report was sent to the Governor and the Legislature. He informed Chairman Restrepo the Forum would need a motion to approve the final forecast, and the motion should also include approval of the report contingent upon non-substantive changes, with the Chairman's approval.

For the benefit of Mr. Martin, who was serving on the Forum for the first time, Chairman Restrepo asked Mr. Guindon to provide a short recap on the expectations of the May 2, 2011, meeting.

Mr. Guindon explained that Governor Gibbons would build The 2011-13 Executive Budget using the Economic Forum's forecast numbers. Governor-elect Sandoval would be sworn in as Governor in January 2011 and he had the ability to revise Governor Gibbons' budget. In the 2011 Legislative Session (February 2011), the legislators examined The Executive Budget in order to make budgetary decisions to produce the legislatively approved budget, using the May 2011 Economic Forum forecasts. On May 2, 2011, the Forum members would have the ability to approve a revised forecast and the Legislature would use the revised forecast numbers for the legislatively approved budget. If the Governor or the Legislature wanted a budget larger or smaller than the Forum's forecasts then actions had to be approved to generate the change in revenue to fund the budget. The Economic Forum's official forecast numbers play a very important role in the budgetary process for both The Governors 2011-13 Executive Budget and the legislatively approved budget produced by the 2011 Legislature.

Chairman Restrepo entertained a motion to approve the Forecast of Future State Revenues for FY 2011, FY 2012 and FY 2013.

MR. ALASTUEY MOVED TO ACCEPT THE FORECAST OF FUTURE STATE REVENUES PURSUANT TO THE FINDINGS OF THE ECONOMIC FORUM AND THE REPORT GENERATED, WITH ONLY SUCH CORRECTIONS THAT MAY BE REQUIRED TO TAKE CARE OF TECHNICAL ISSUES, NOT SUBSTANTIVE ONES. M R. MARTIN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

XI. ADJOURNMENT

Chairman Restrepo adjourned the meeting at 3:58 p.m.

Respectfully submitted,

Patti Sullivan, Committee Secretary

APPROVED:

John Restrepo, Chairman

Date: _____

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The Division may be contacted at (775) 684-6821.

U.S./NV Economic Outlook

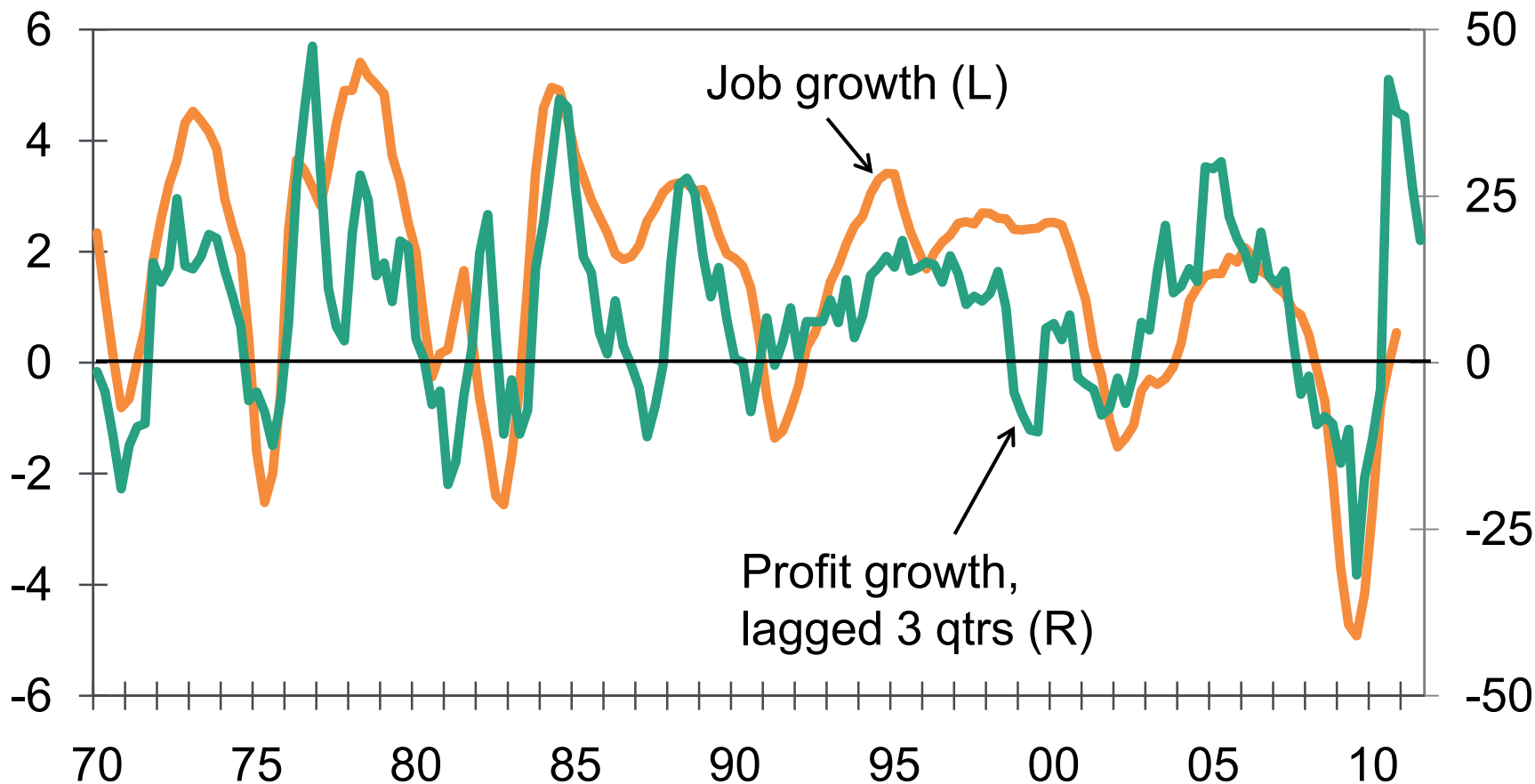
DAN WHITE, ECONOMIST

1

U.S. Macroeconomic Outlook

Profits Are Surging and Jobs Will Follow...

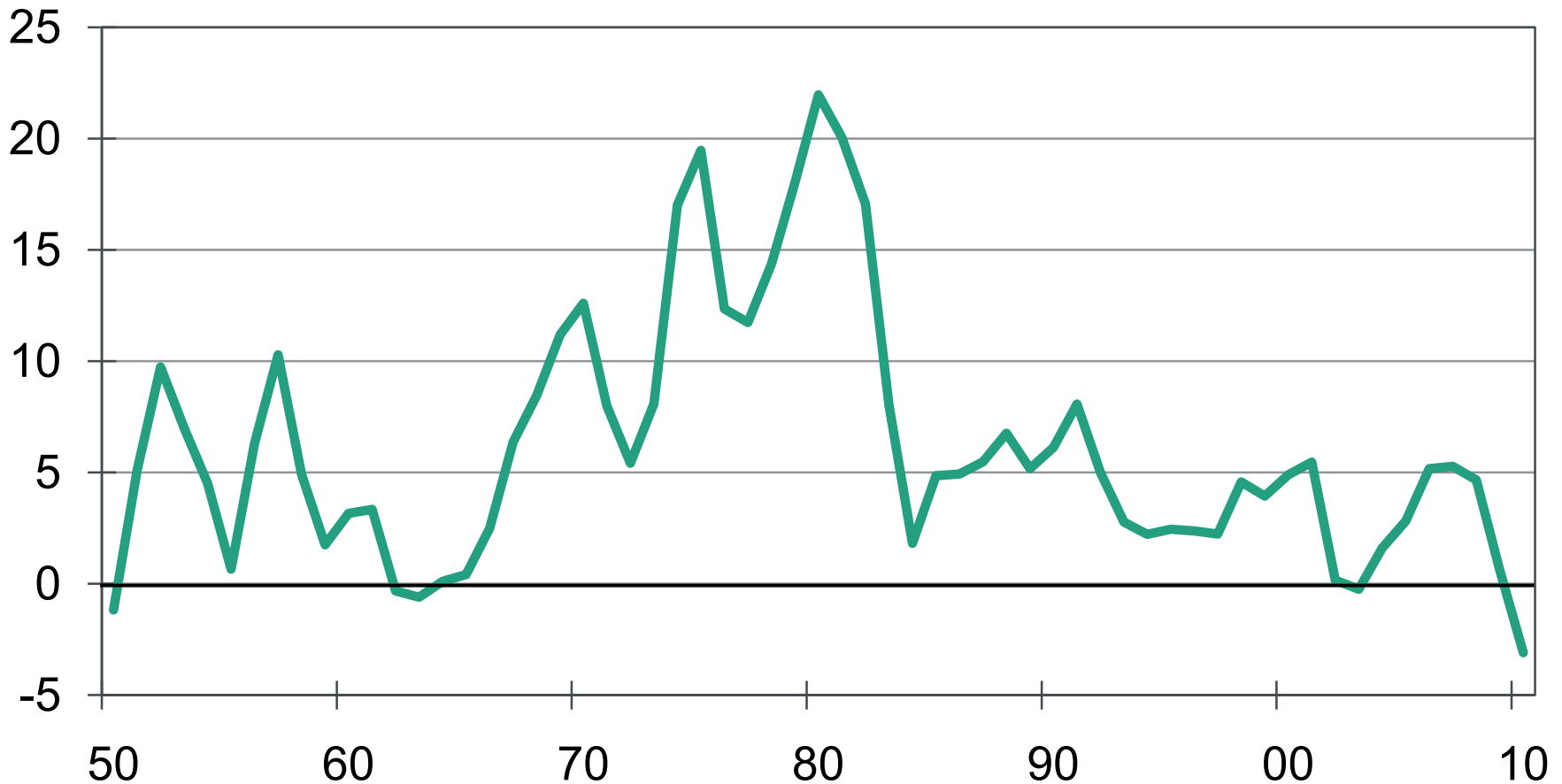
% change yr ago



Sources: BLS, BEA

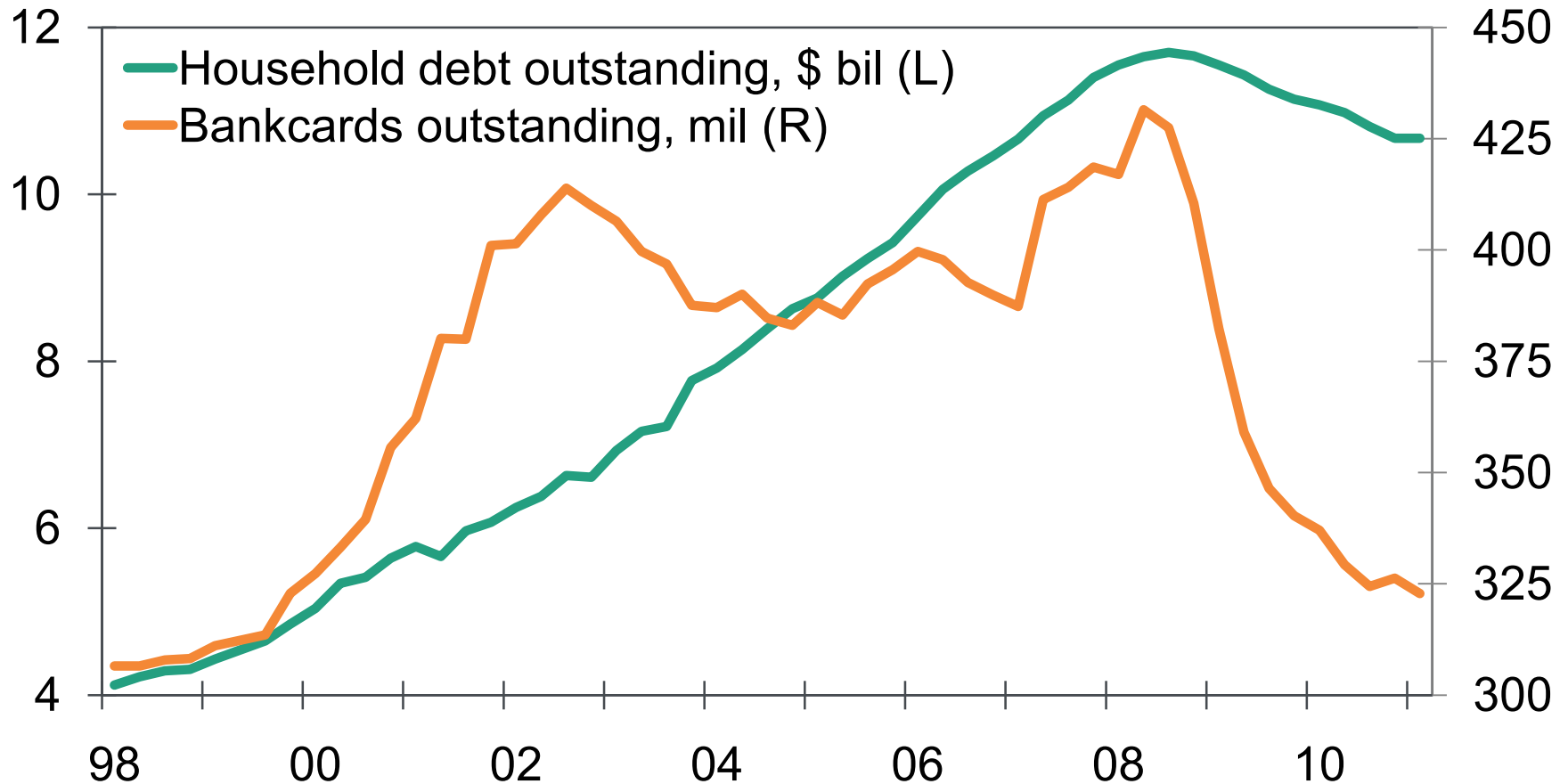
...Given U.S. Businesses Are Very Competitive

Unit labor costs, 2-yr % change



Source: BLS

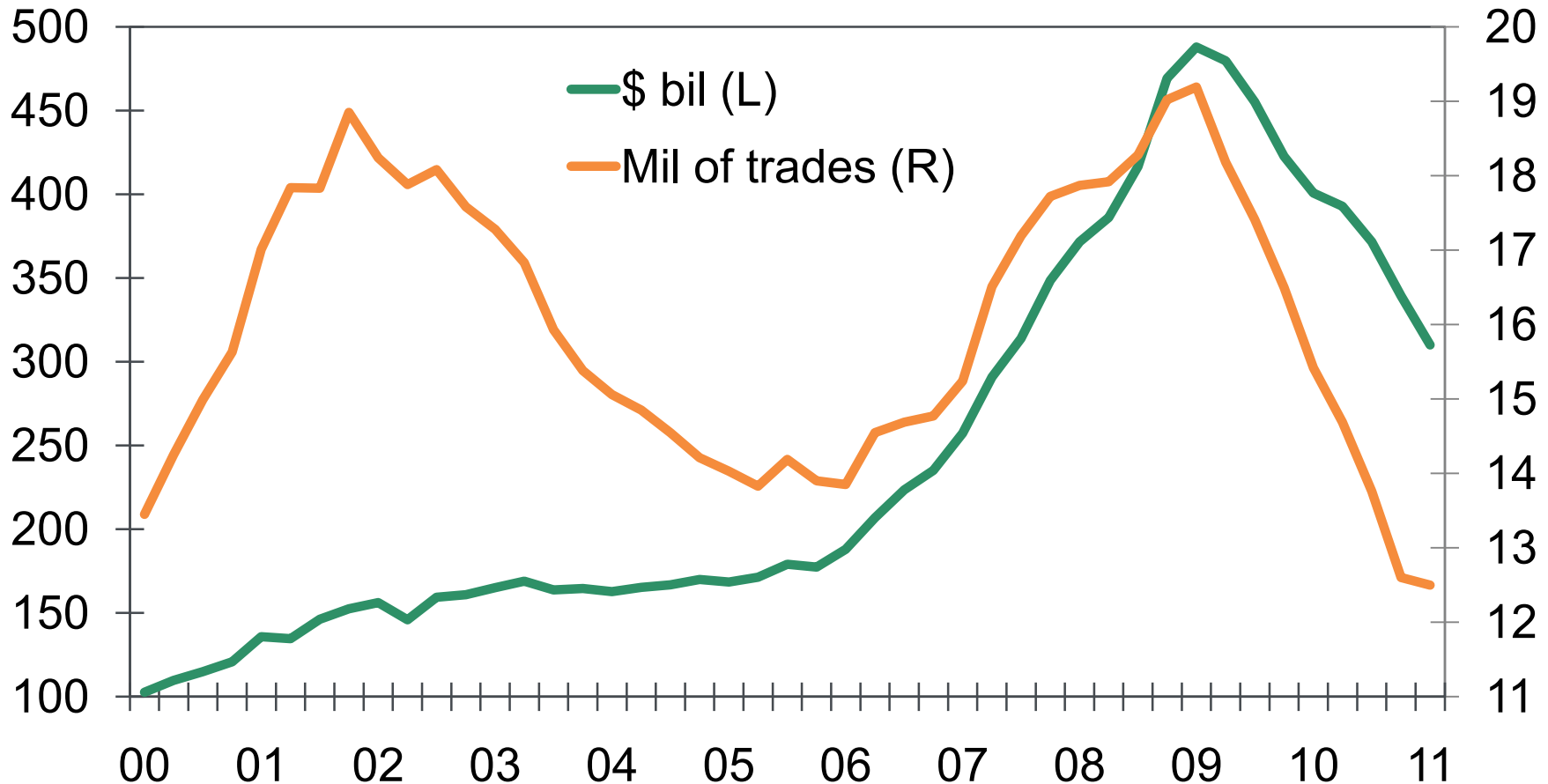
Households Are Rapidly Deleveraging...



Sources: Equifax, Moody's Analytics

...Causing Credit Quality to Improve...

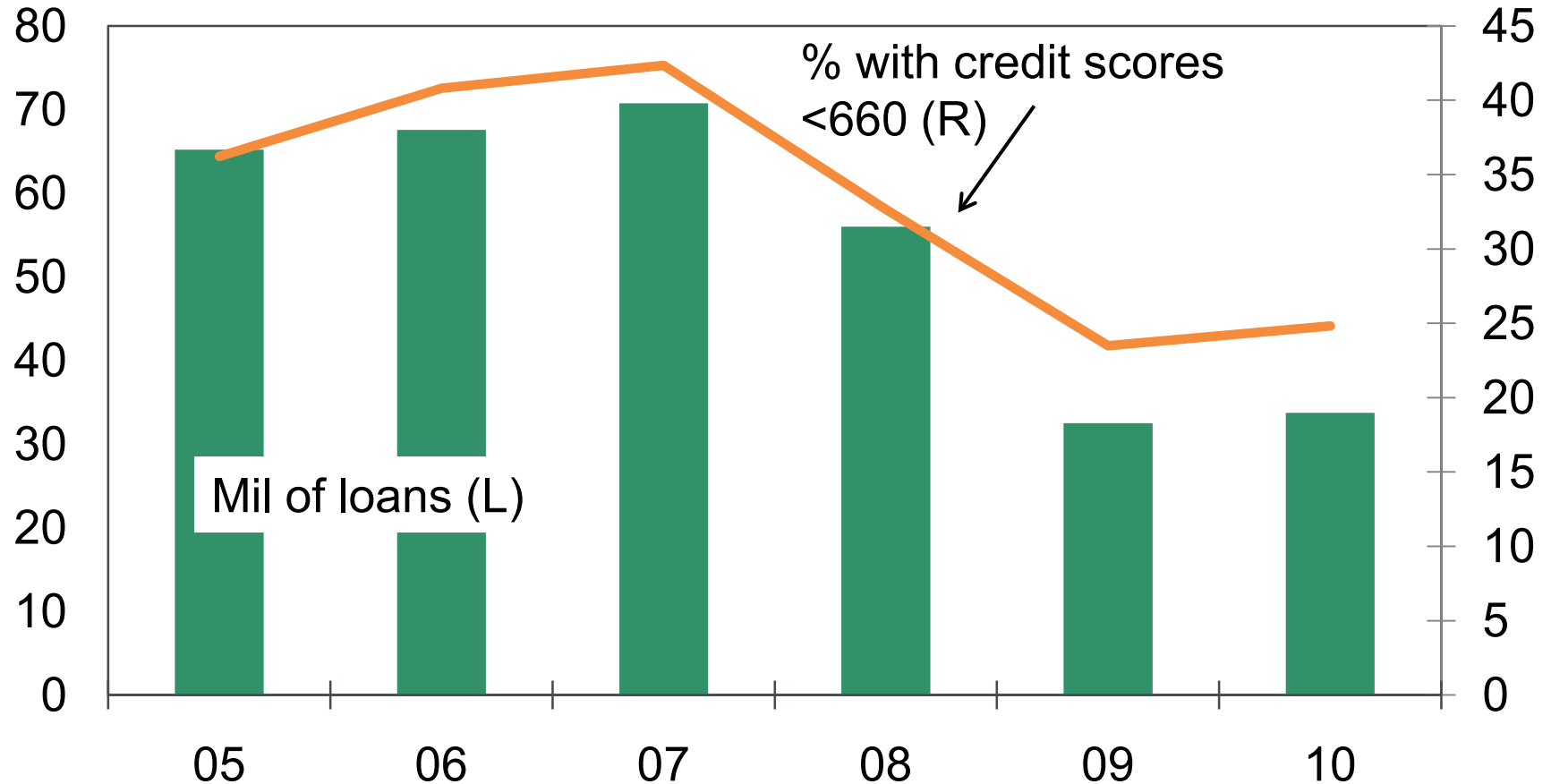
Household liabilities 30-90 days delinquent, SA



Sources: Equifax, Moody's Analytics

...And Allowing the Credit Spigot to Open

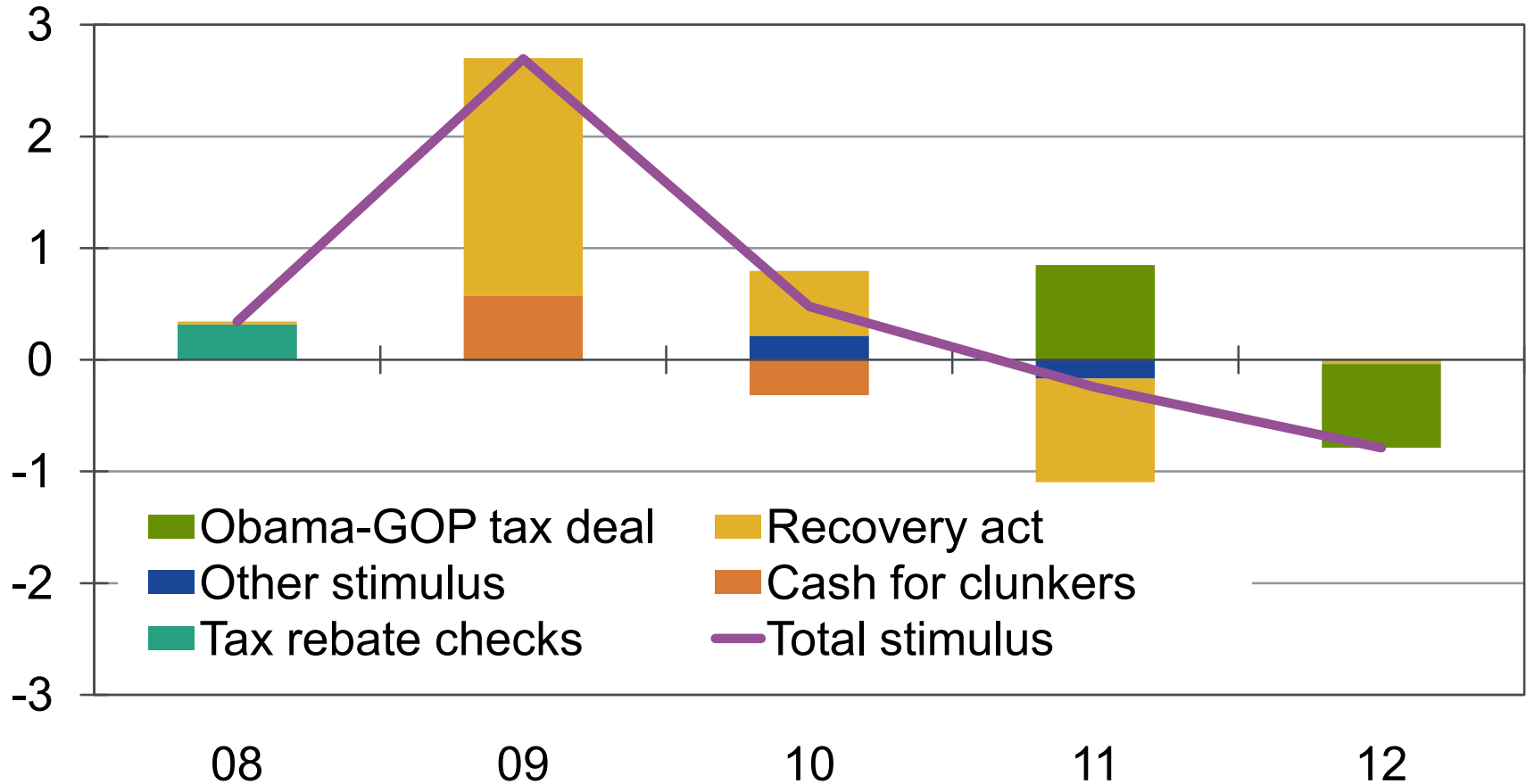
Bankcard originations



Sources: Equifax, Moody's Analytics

Fiscal Policy Remains Only a Small Drag

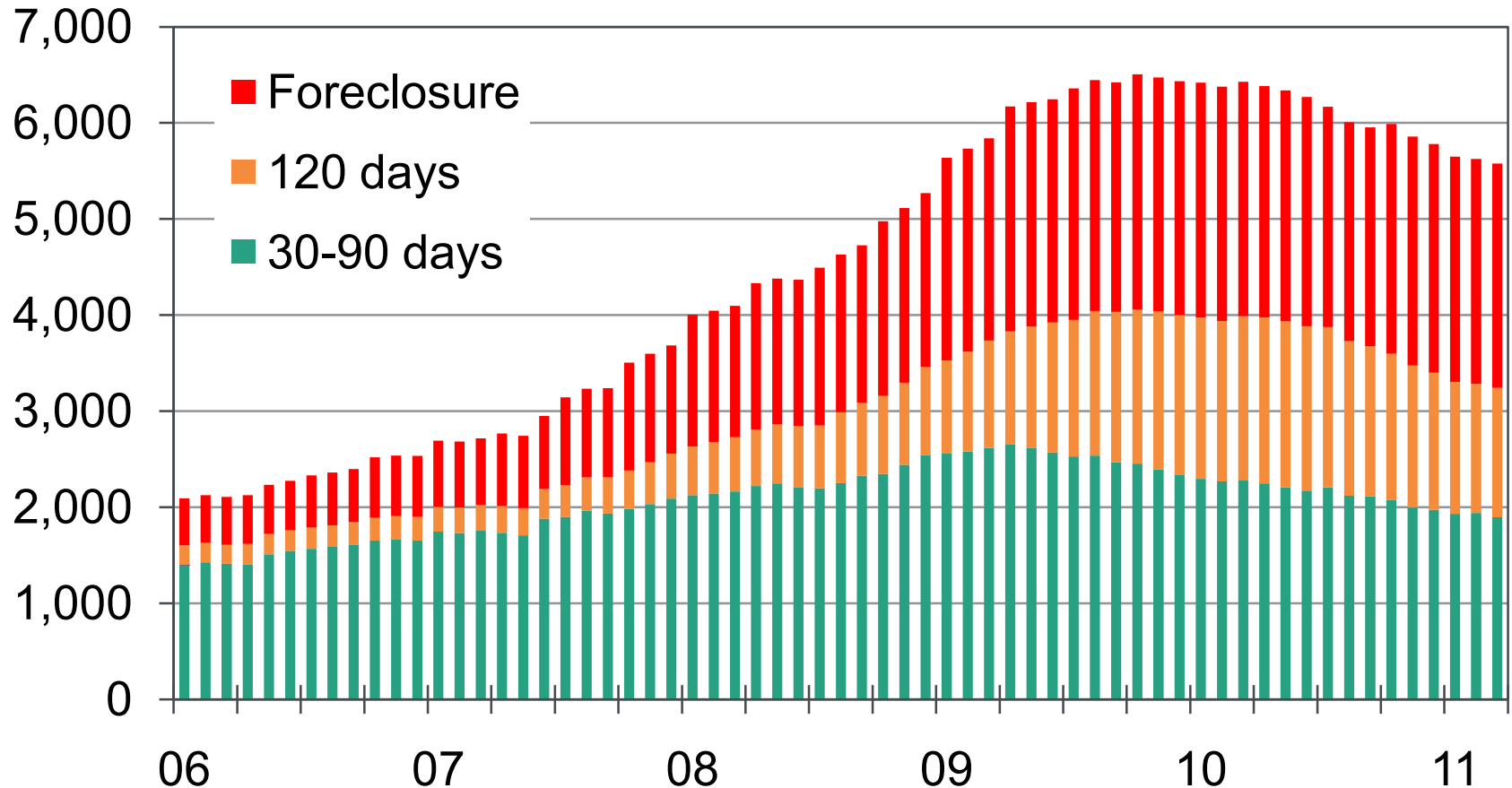
Contribution to real GDP growth, %



Source: Moody's Analytics

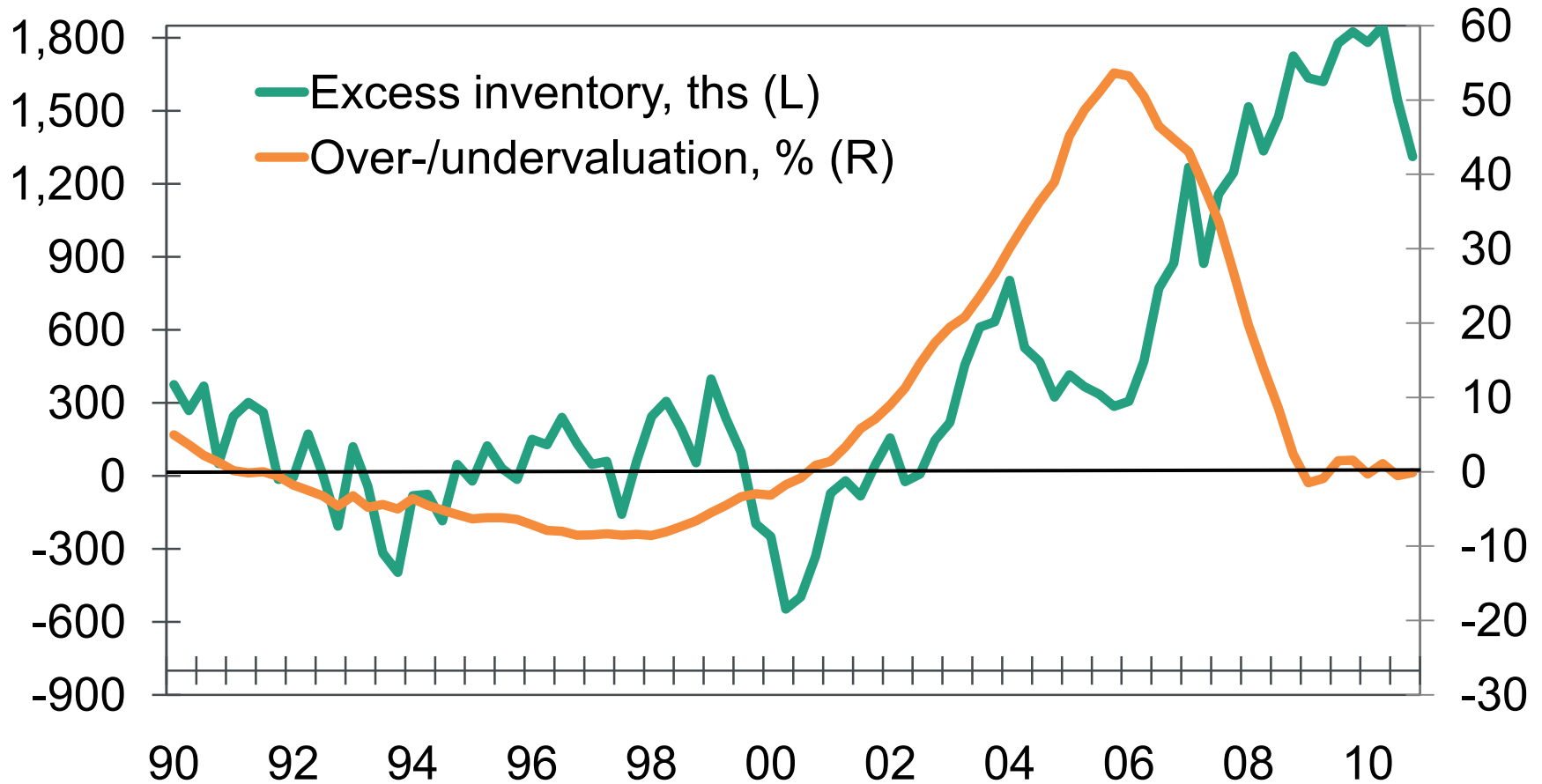
Distressed Sales Still Constraining House Prices...

First mortgage loans, ths



Sources: MBA, Equifax, Moody's Analytics

...But Housing Is Building a Better Foundation



Sources: Census Bureau, Fiserv, PPR, Moody's Analytics

Surging Oil Prices Acting as a Tax Increase...

Consumer spending on gasoline, \$ bil



Source: BEA

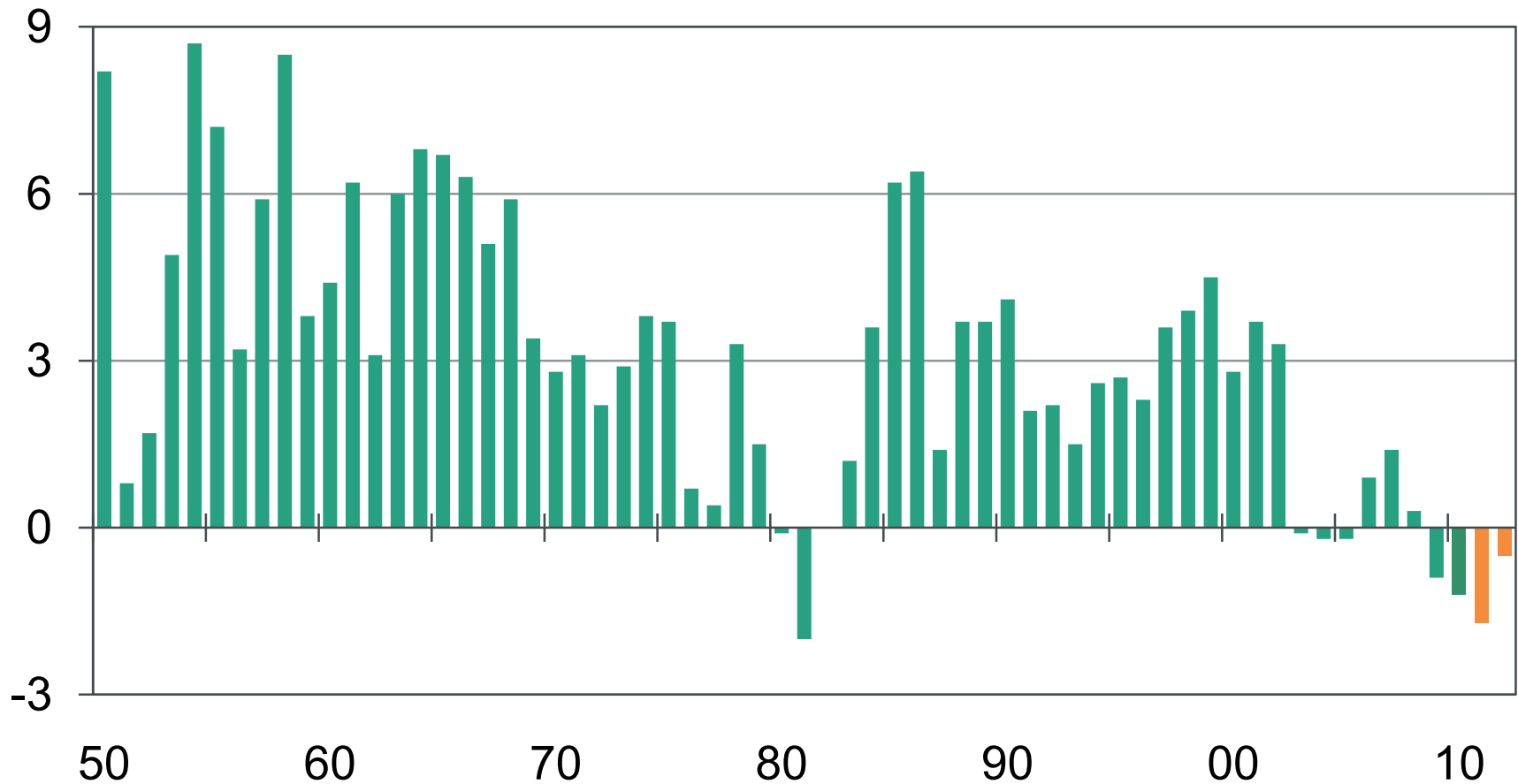
Legend:

- No data (dark green)
- < 10% (light gray)
- 10% to 19% (orange)
- 20% to 29% (red)
- 30% or more (blue)

MOODY'S
ANALYTICS

State and Local Governments Retrenching

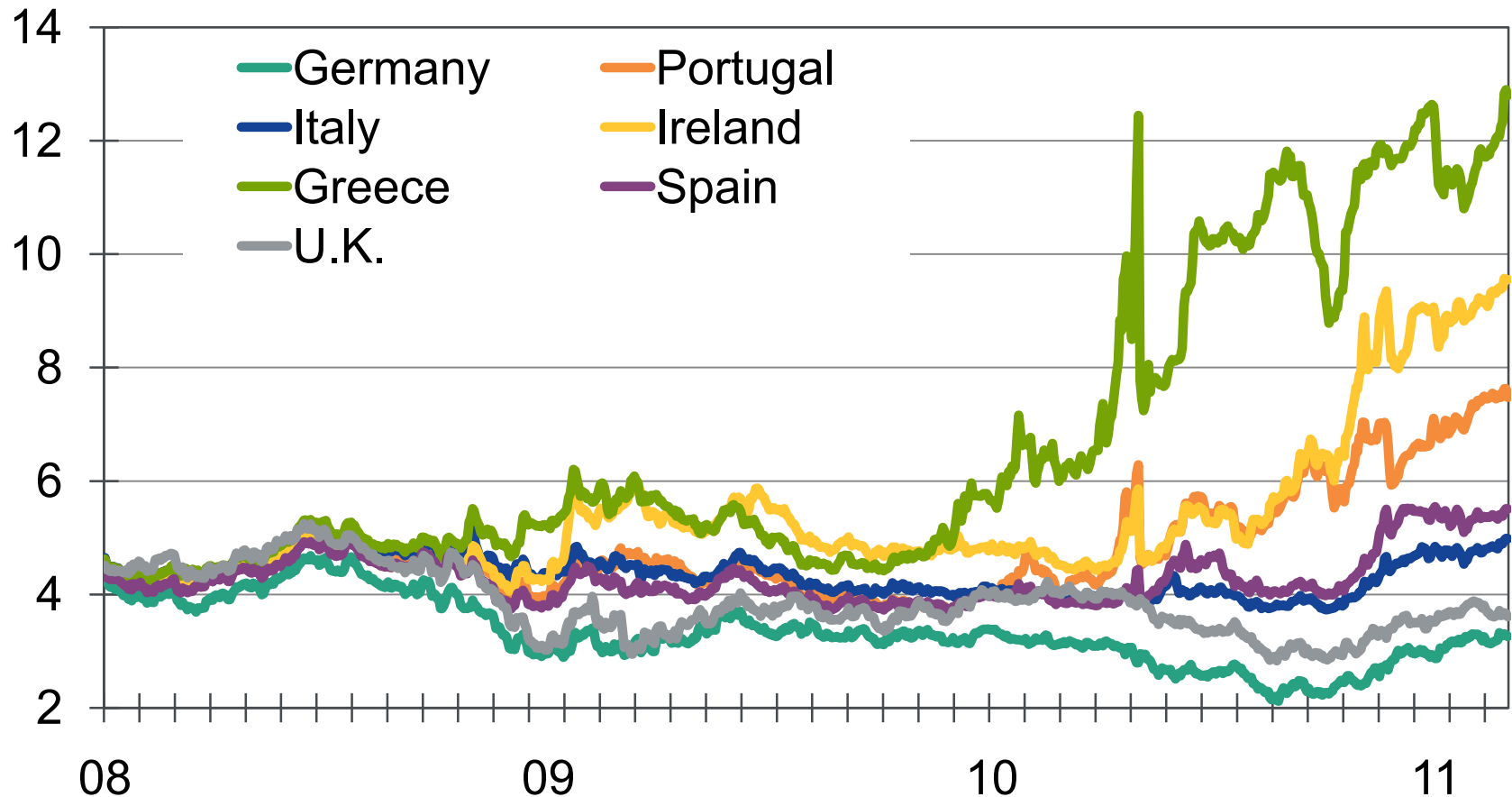
Growth in real state and local government spending, %



Sources: BEA, Moody's Analytics

Europe's Debt Problems Continue to Simmer

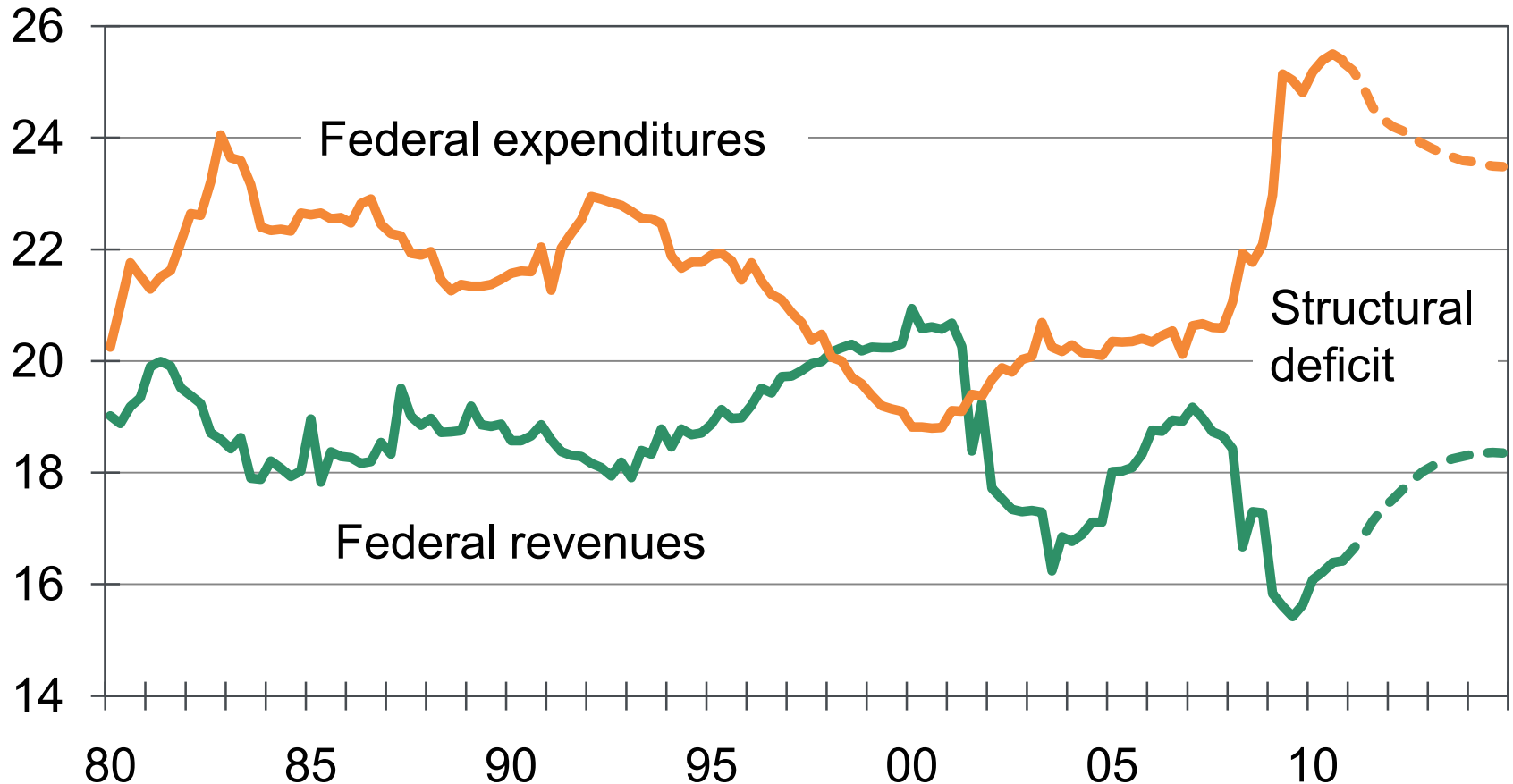
10-yr sovereign yields



Sources: Bloomberg, Moody's Analytics

Political Gridlock Creates Uncertainty

Expenditures and revenues as a % of GDP with no policy changes



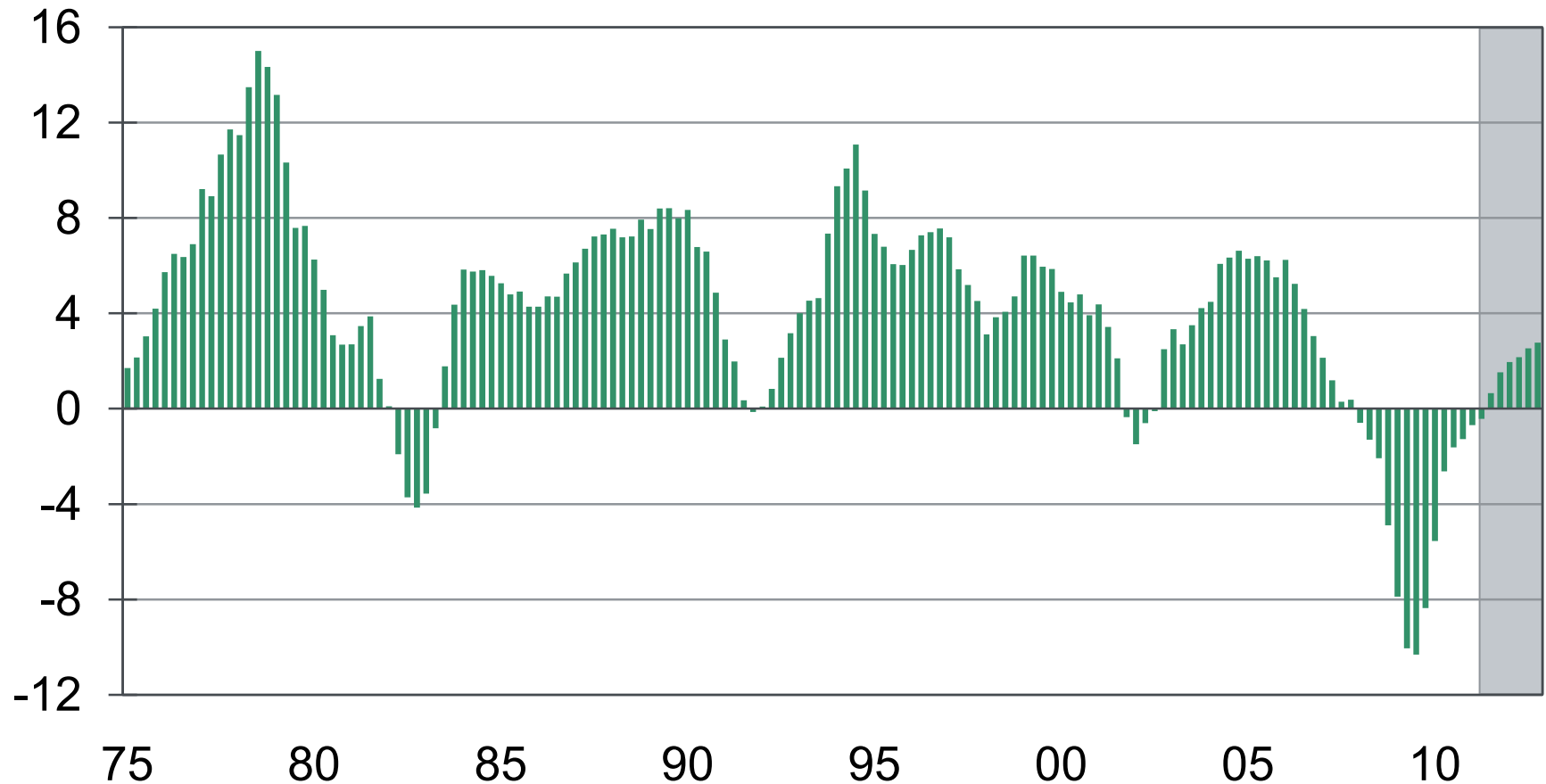
Sources: BEA, Moody's Analytics

2

Nevada Economic Outlook

On the Brink of Recovery...

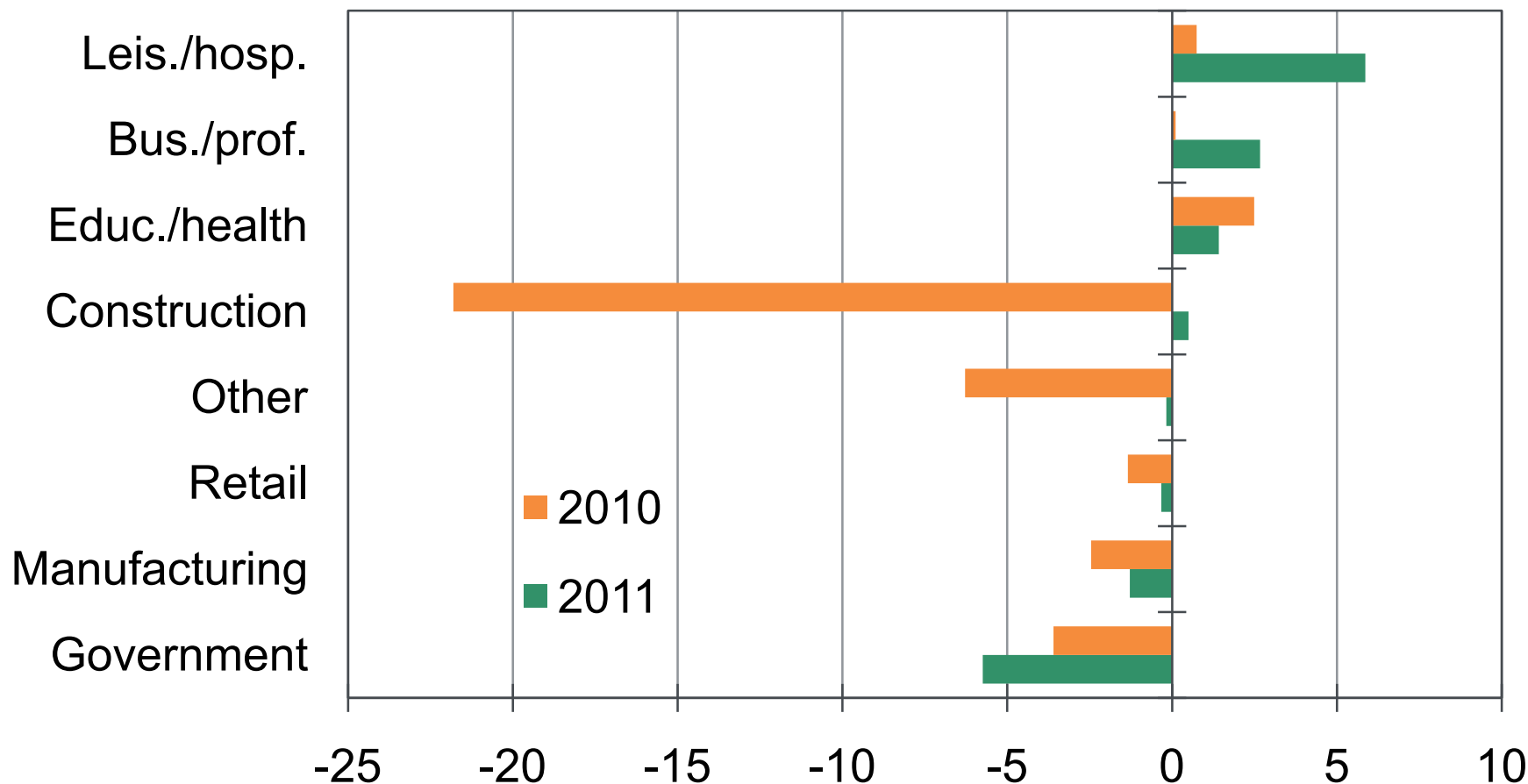
Employment, % change yr ago



Sources: BLS, Moody's Analytics

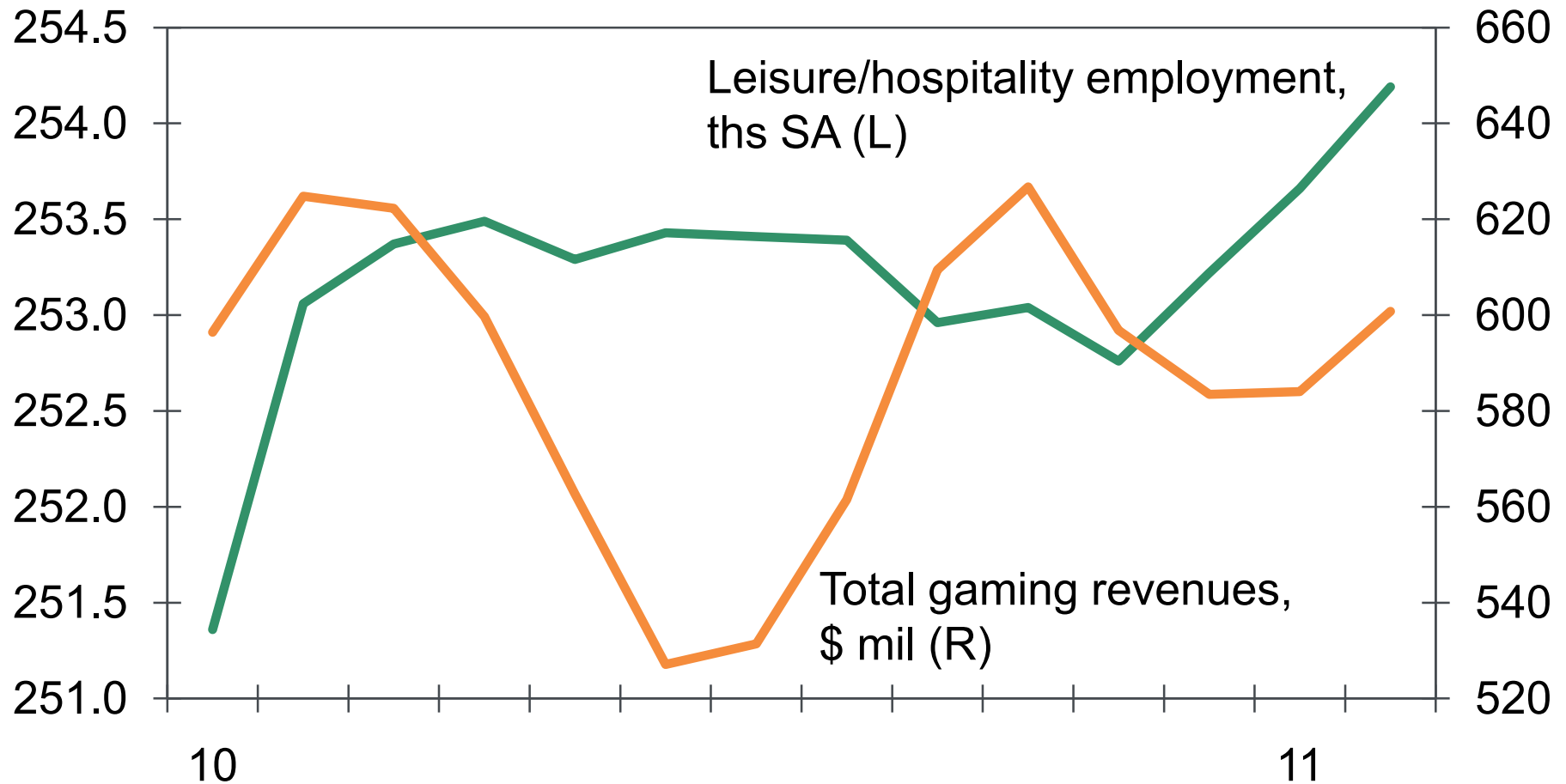
...Led by Private Services

Employment change, ths



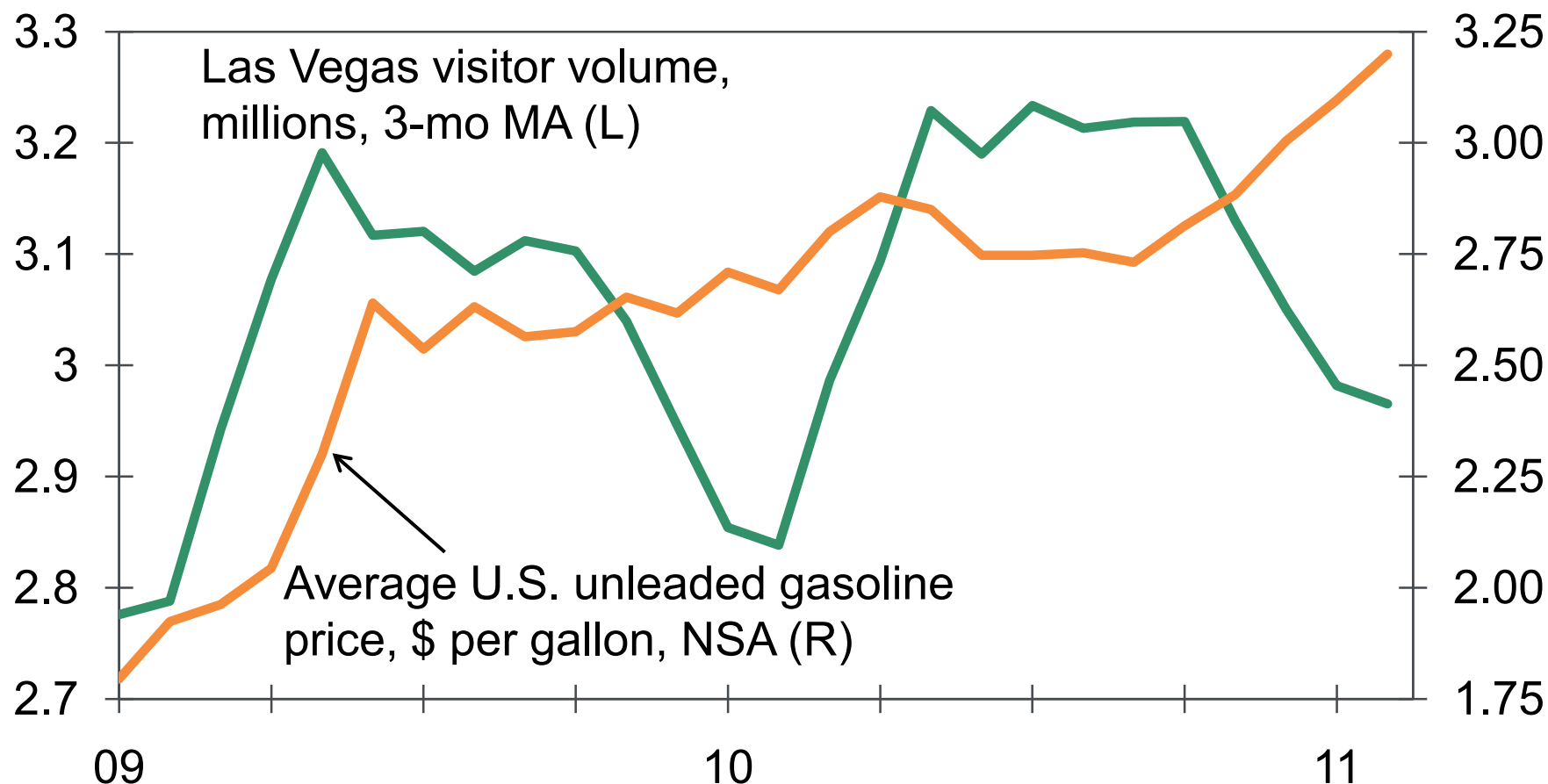
Source: BLS, Moody's Analytics

Tourism Adding Jobs Without Gaming...

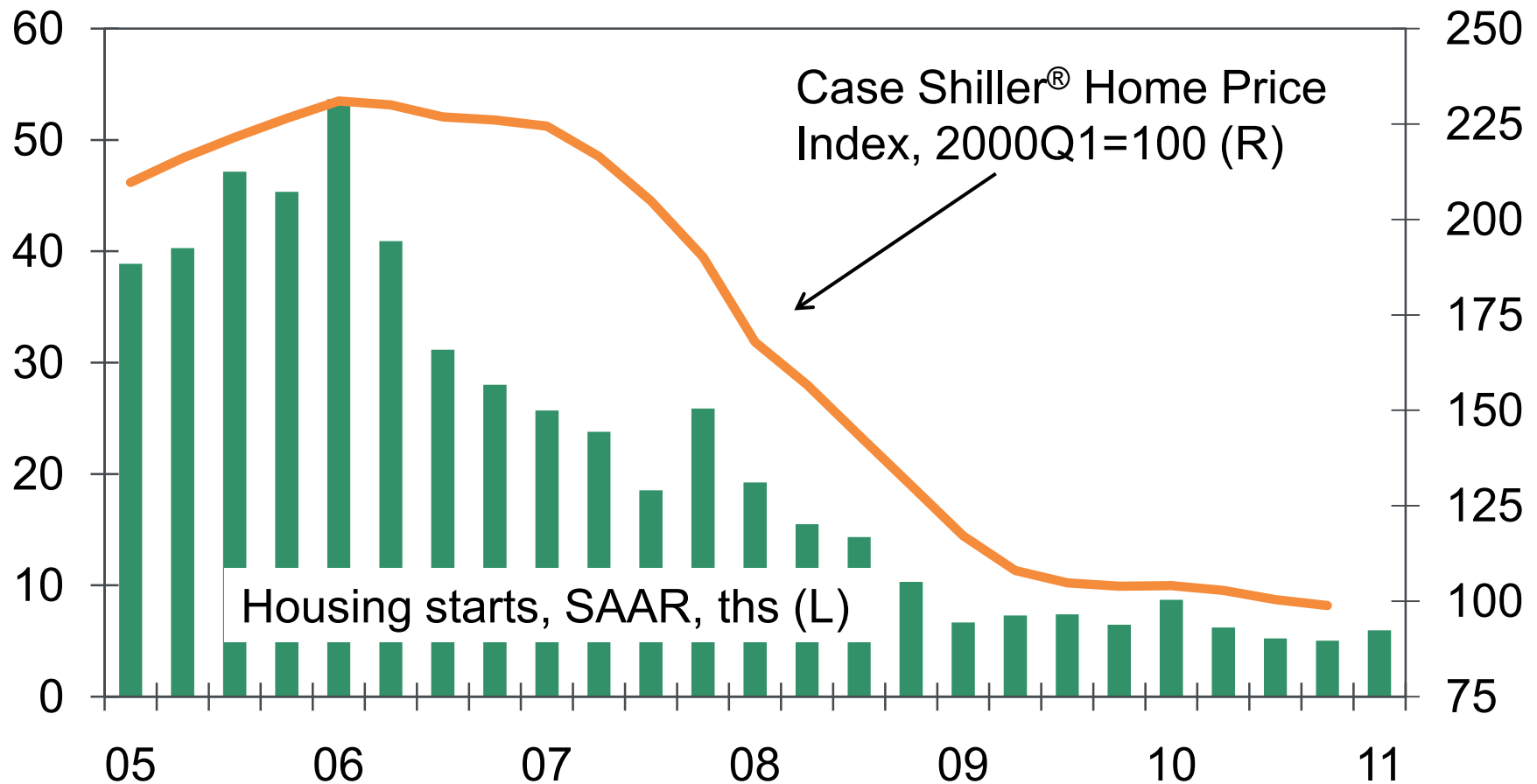


Sources: Las Vegas Convention & Visitors Authority, Moody's Analytics

...As So Far, Visitors Undeterred by Gas Prices

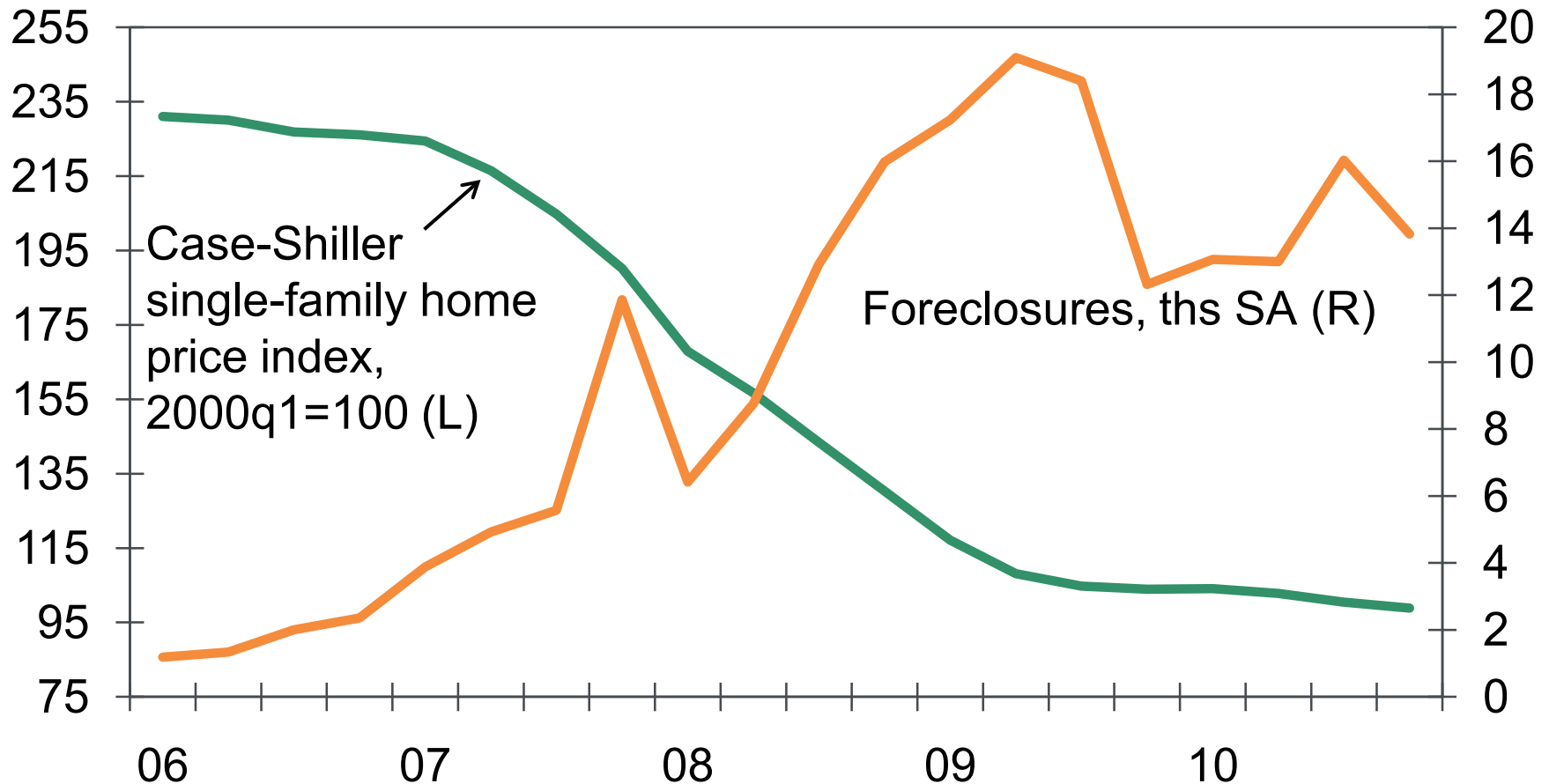


Housing Remains the Biggest Drag on Recovery



Sources: Fiserv, Census Bureau, Moody's Analytics

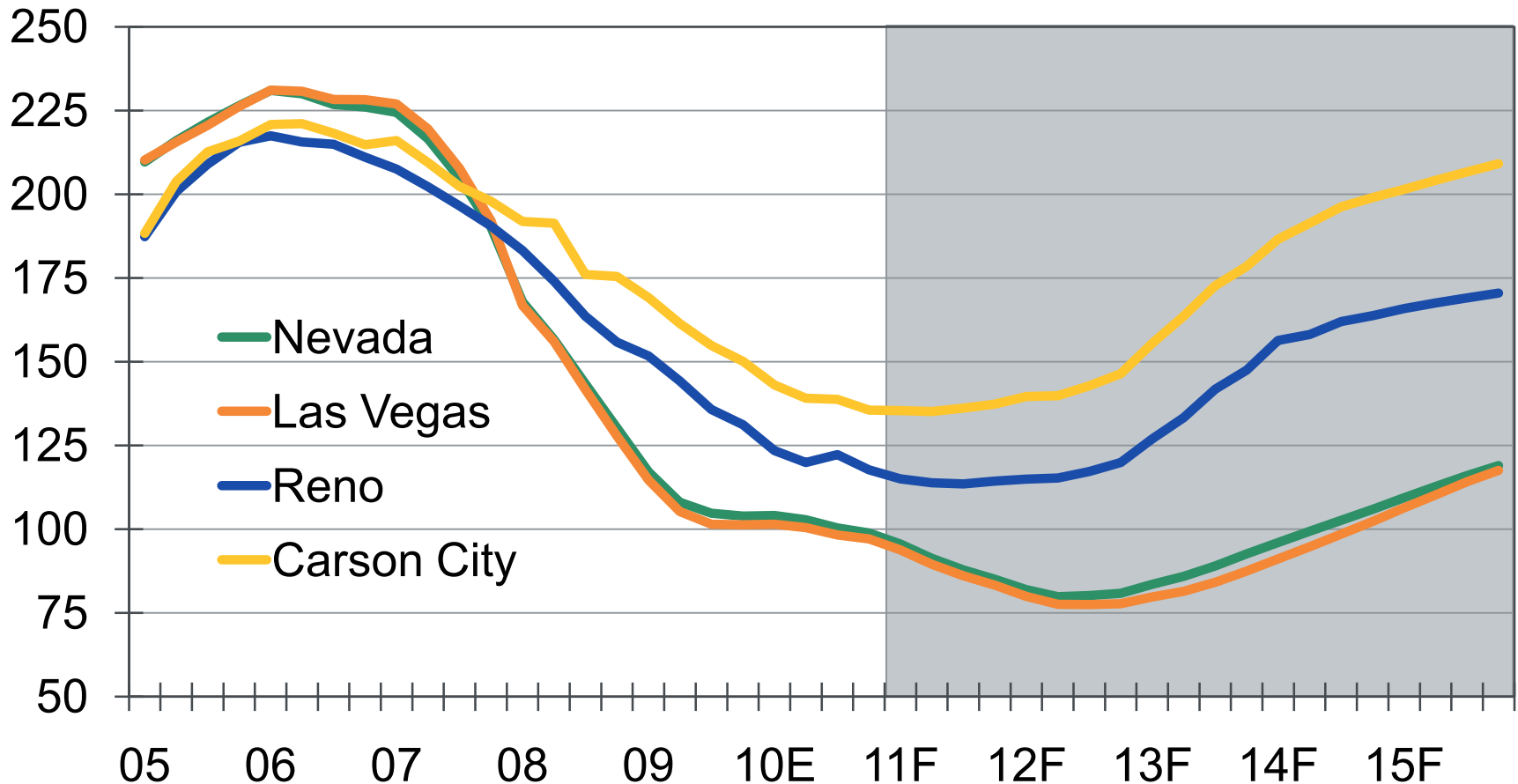
Foreclosures Holding Down Prices...



Sources: Fiserv, RealtyTrac, Moody's Analytics

...Which Still Have a Ways to Fall

Case Shiller® Home Price Index, 2000Q1=100



Sources: Fiserv, FHFA, Moody's Analytics

3

Sales and Gaming Tax Forecasts

Sales and Use Tax Forecast

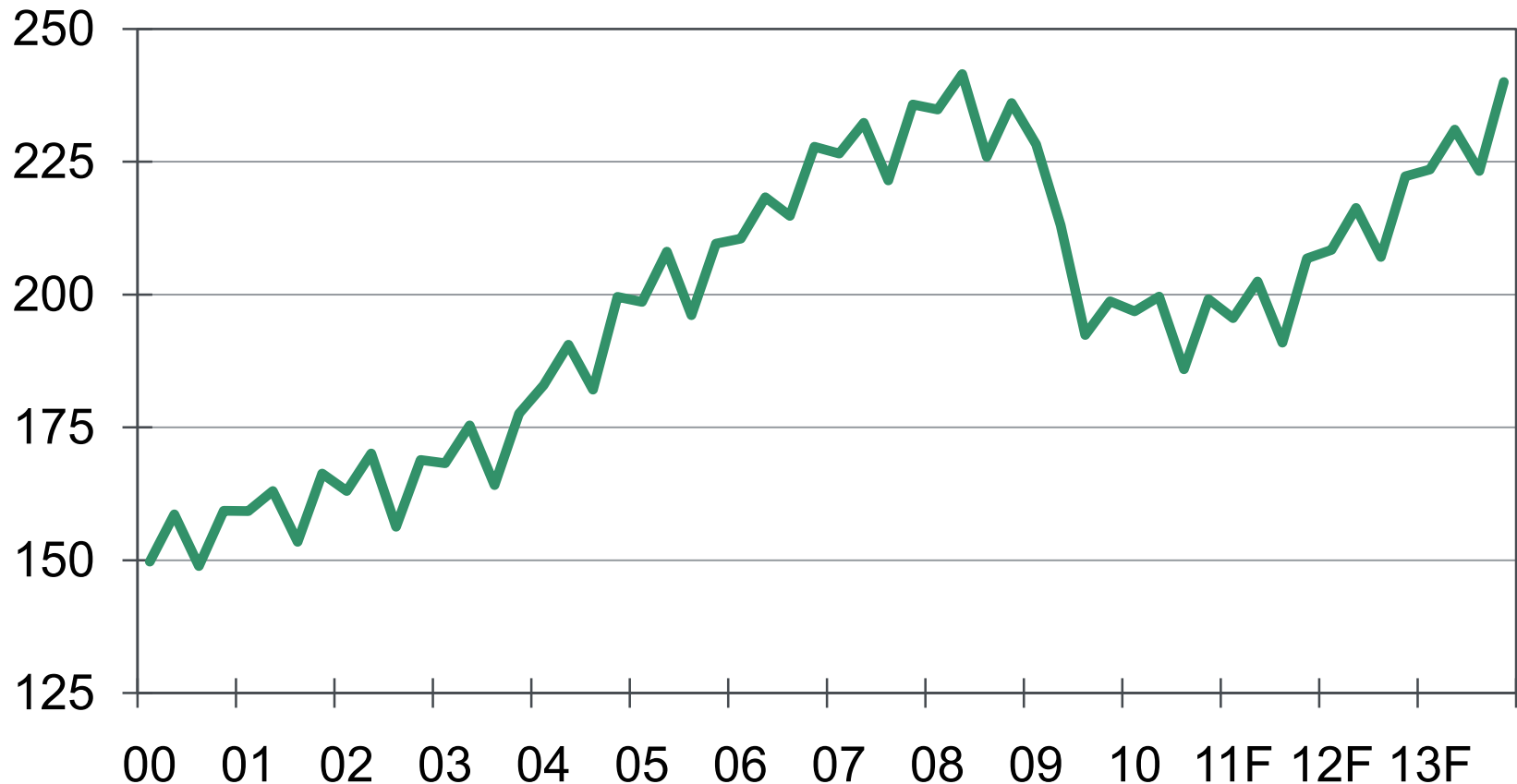
In millions

	Q1	Q2	Q3	Q4	FY Total
Fiscal 2011	\$ 193.97	\$ 204.52	\$ 193.42	\$ 207.52	\$ 799.43
% Change Year Ago	3.64%	4.40%	8.60%	6.88%	5.84%
Fiscal 2012	\$ 208.49	\$ 216.42	\$ 206.26	\$ 220.84	\$ 852.01
% Change Year Ago	6.97%	5.50%	6.22%	6.03%	6.58%
Fiscal 2013	\$ 221.83	\$ 229.98	\$ 221.83	\$ 238.14	\$ 911.78
% Change Year Ago	6.01%	5.90%	7.02%	7.27%	7.02%

Sources: NV Legislative Counsel Bureau, Moody's Analytics

2% Sales and Use Tax Collections

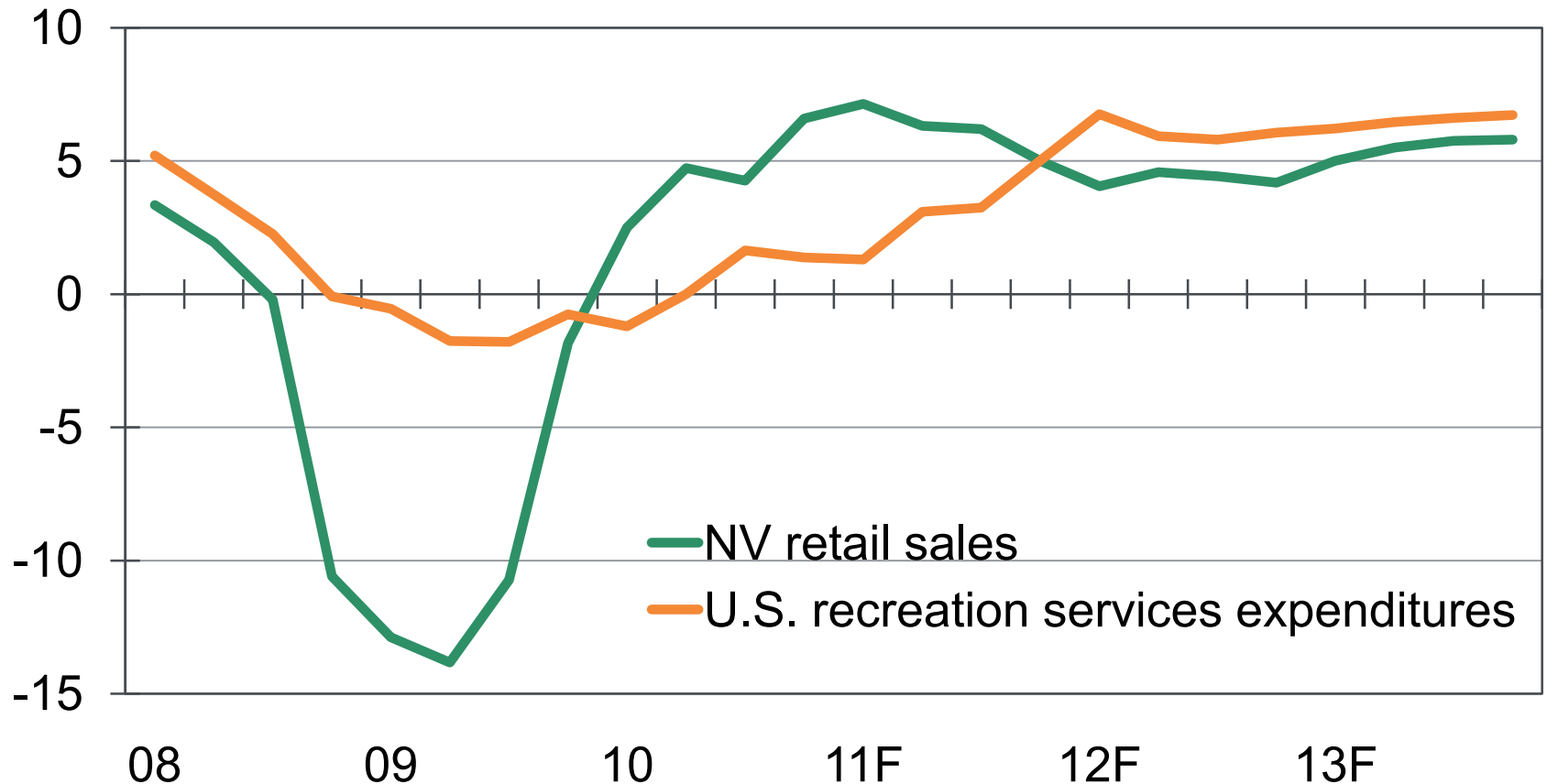
Collections by fiscal quarter, \$ mil



Sources: NV Legislative Counsel Bureau, Moody's Analytics

What's Driving Sales and Use Taxes

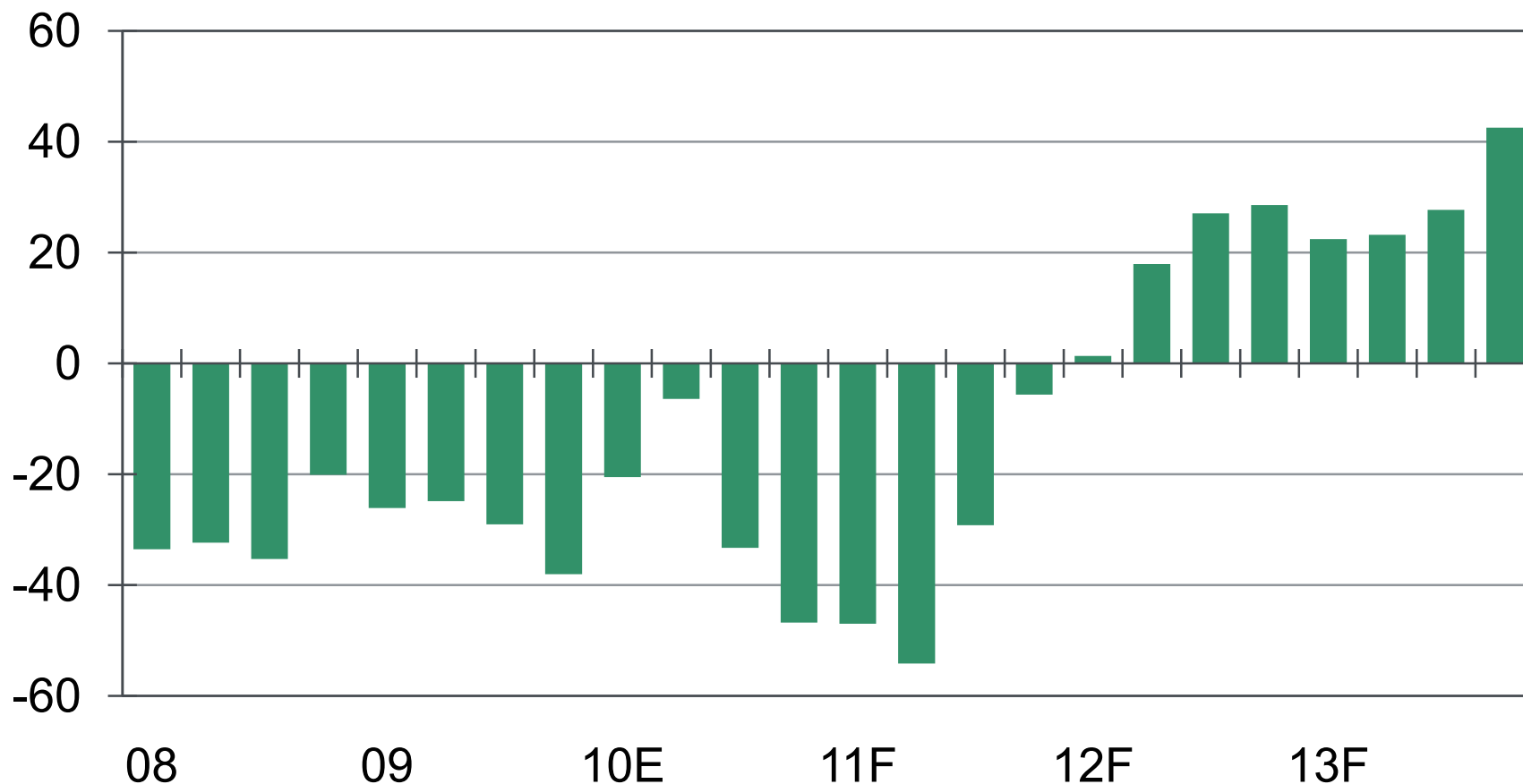
Year ago % change



Sources: BEA, Census Bureau, Moody's Analytics

Housing Will Remain a Near-Term Drag

Housing completions, yr ago % change



Sources: Census Bureau, Moody's Analytics

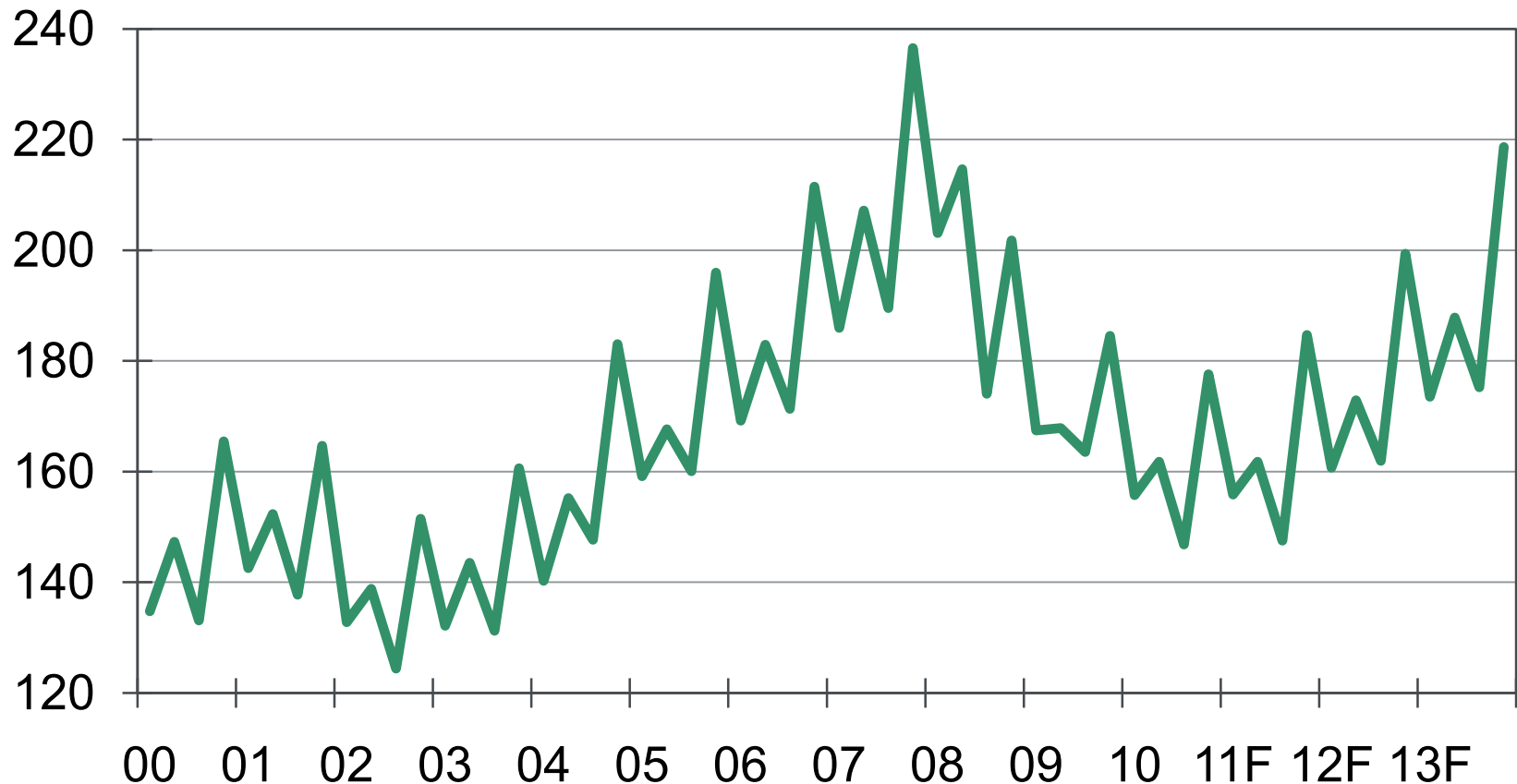
Gaming Percentage Fee Forecast

In millions

	Q1	Q2	Q3	Q4	FY Total
Fiscal 2011	\$ 154.54	\$ 166.40	\$ 140.28	\$ 184.71	\$ 645.95
% Change Year Ago	1.30%	3.65%	0.32%	4.02%	2.45%
Fiscal 2012	\$ 160.75	\$ 172.90	\$ 161.94	\$ 199.36	\$694.95
% Change Year Ago	4.01%	3.90%	15.43%	7.93%	7.59%
Fiscal 2013	\$ 173.53	\$ 187.85	\$ 172.25	\$ 218.67	\$ 755.30
% Change Year Ago	7.95%	8.65%	8.22%	9.69%	8.68%

Gaming Percentage Fee Collections

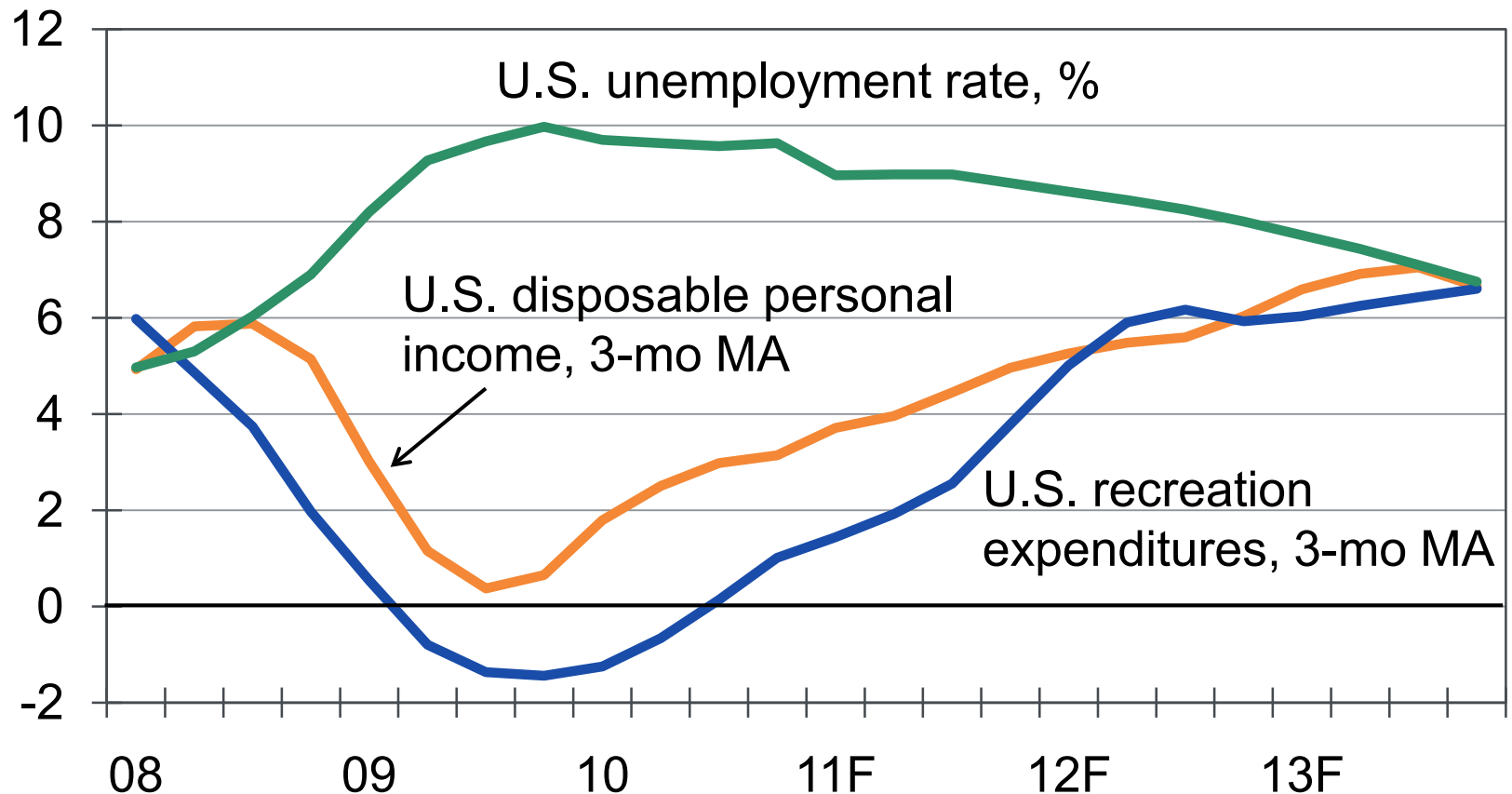
Collections by fiscal quarter, \$ mil



Sources: Nevada Gaming Control Board, Moody's Analytics

What's Driving Gaming Percentage Fees

Yr ago % change



Sources: BEA, BLS, Moody's Analytics

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Revenue Outlook: 2% State Sales and Use Tax, Gaming Percentage Fee

April 19, 2011

Prepared for:
The Nevada Economic Forum

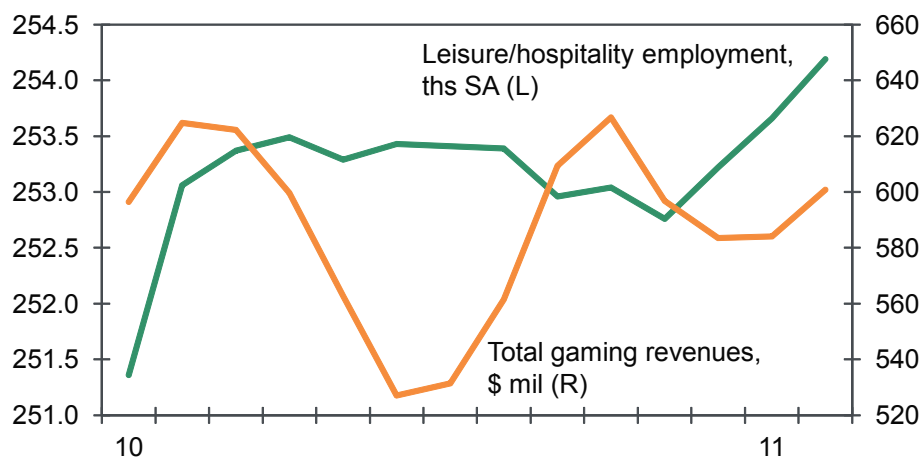
Overview

The following revenue forecasts attempt to link Nevada's general sales and use tax revenues (NRS 372) and its gaming percentage fee revenues (NRS 463) to measures of underlying economic growth. Considering the nature of the Nevada economy, these measures are wide-ranging and highly cyclical in nature. Although the worst of the decline in revenues is now behind us, it will take some time for revenues to fully recover. After three consecutive fiscal years of declines, sales and gaming tax revenues are beginning to stabilize and transition to recovery. However, this recovery will be from an already-depressed base, and as a result, gaming and sales revenues will not return to prerecession peaks until fiscal 2014 and fiscal 2015, respectively.

Regional Economy

Nevada's economy remains in recession and will be one of the last states to recover, largely because of the extraordinarily deep downturn in its housing market and lingering foreclosure inventories. However, conditions are beginning to see some signs of improvement as the statewide unemployment rate fell below 14% in February for the first time since September 2009. More encouraging is the fact that total nonfarm employment appears to be at or near bottom, as job losses have slowed considerably since the beginning of 2011. Private services in particular have begun to add jobs back onto Nevada's payrolls, especially within education/health services and leisure/hospitality industries.

Chart 1: Tourism Adding Jobs Without Gaming



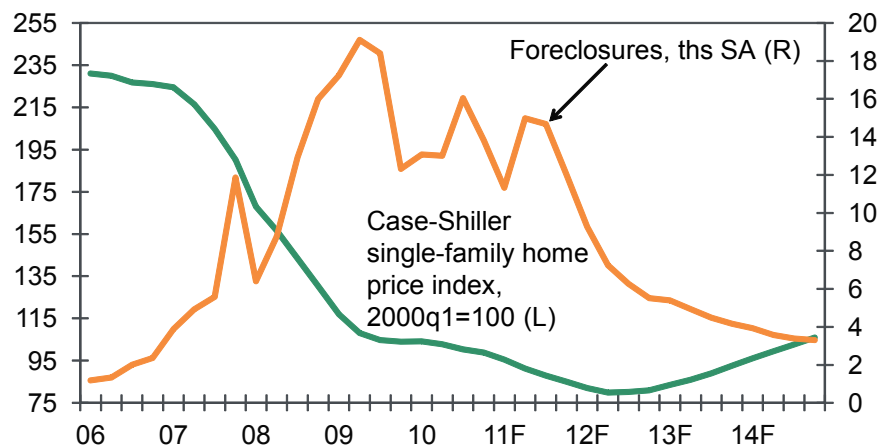
Sources: Las Vegas Convention & Visitors Authority, Moody's Analytics

Leisure/hospitality, the state's largest industry in terms of payroll employment, has added 2,000 jobs back to statewide payrolls over the last year after shedding more than 30,000 jobs during the preceding two-year period. Most of this strength comes despite

relatively flat gaming revenues, possibly signaling an ongoing shift in emphasis by the Nevada tourism industry away from traditional gaming into other entertainment and retail opportunities. Such a transition is evidenced by the fact that gains in leisure/hospitality employment, visitor volume, and retail sales have consistently outpaced gains in gaming win over the past 12 months. Even the more locally dependent areas of Reno-Sparks and Carson City have begun to experience job growth in leisure/hospitality beginning in the fourth quarter of last year. Gains in Reno-Sparks are particularly interesting given the fact that year-to-date gaming win is down nearly 5% in the area.

However, the state's dismal housing sector is offsetting service sector gains, preventing a meaningful recovery from taking hold. House prices have now lost nearly two-thirds of their value from 2006 peaks, and residential construction remains at a virtual standstill. Most troubling though is the state's prolonged foreclosure crisis, which leads the nation in severity. Statewide foreclosure inventories are so high, that one in every 14 households is in some stage of foreclosure. This plentiful supply of cheap existing homes is crowding out new residential construction, constraining permits and starts to historic lows. Until these massive inventories can be drawn back down to acceptable levels, which we do not envision until late 2012 at the earliest, Nevada's vital housing market will remain severely depressed.

Chart 2: Distressed Sales Holding Down Prices



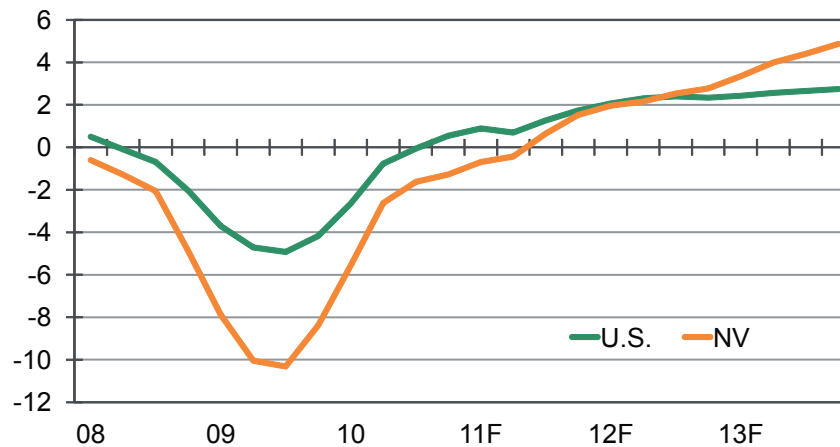
Sources: Fiserv, RealtyTrac, Moody's Analytics

Nevada's recession is easing on strength from the national economy, and the state will begin its long-awaited recovery in the second half of 2011. Improvement in tourism and gaming, due to increased nationwide discretionary spending, will finally begin to yield increases in employment. Year-over-year employment growth will return in the third quarter of this year after 14 consecutive quarterly declines. However, foreclosures will plague the housing market, preventing prices from bottoming out until mid-2012 when population growth regains strength and the liquidation of foreclosure inventories

progresses. Long term, Nevada's lack of industrial diversity and overdependence on cyclical, discretionary spending will expose it to fluctuations in national labor markets and consumer sentiment, resulting in extreme swings in the state's business cycle.

Chart 3: Recovery on the Horizon

Total nonfarm employment, % change yr ago



Sources: BLS, Moody's Analytics

Several downside risks do exist, however, relative to our statewide baseline forecast, particularly as they relate to the national recovery. Chances of a national double-dip recession taking place in the next six months have decreased from 2010 but remain significant at one in six. Increased uncertainty within global energy markets, coupled with a political stalemate in Washington and the unresolved European debt crisis, is beginning to temper the pace of recovery and, under a worst-case scenario, could send the U.S. back into recession. High fuel prices for an extended period would be a particular blow to Nevada, given its dependence on discretionary consumer spending. Sustained gasoline prices around \$4 per gallon would offset nearly all of the effects of decreased federal withholding from paychecks and slow growth enough to cause unemployment to rise once again. Despite these risks, the outlook remains good as improvement in the labor market and increased credit flows strengthen the national recovery.

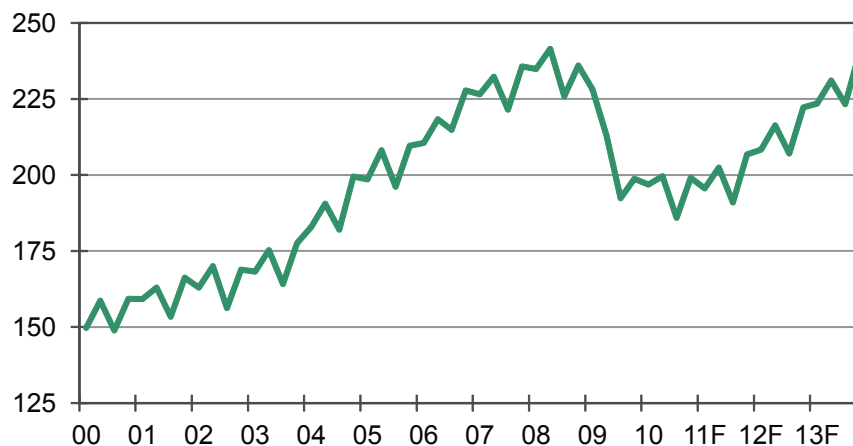
Sales and Use Taxes

Forecast. Sales and use tax collections stabilized during the first half of fiscal 2011 and will finish the year up 5.8% compared with the previous year. As the national economic recovery becomes further entrenched and the pace of growth picks up toward the end of this calendar year, tax collections will see healthy growth of 6.6% in fiscal 2012 and 7% in fiscal 2013. In total, sales and use tax collections will be strong during the next biennium but will slightly underperform other tax sources due to prolonged distress within the state's housing market.

Table 1: April 2011 Sales and Use Tax Forecast (in millions)						
	Q1	Q2	Q3	Q4	Total	
Fiscal 2011	\$ 193.97	\$ 204.52	\$ 193.42	\$ 207.52	\$	799.43
% change yr ago	3.64%	4.40%	8.60%	6.88%		5.84%
Fiscal 2012	\$ 208.49	\$ 216.42	\$ 206.26	\$ 220.84	\$	852.01
% change yr ago	6.97%	5.50%	6.22%	6.03%		6.58%
Fiscal 2013	\$ 221.83	\$ 229.98	\$ 221.83	\$ 238.14	\$	911.78
% change yr ago	6.01%	5.90%	7.02%	7.27%		7.02%

Chart 4: 2% Sales and Use Taxes

Collections by fiscal quarter, \$ mil

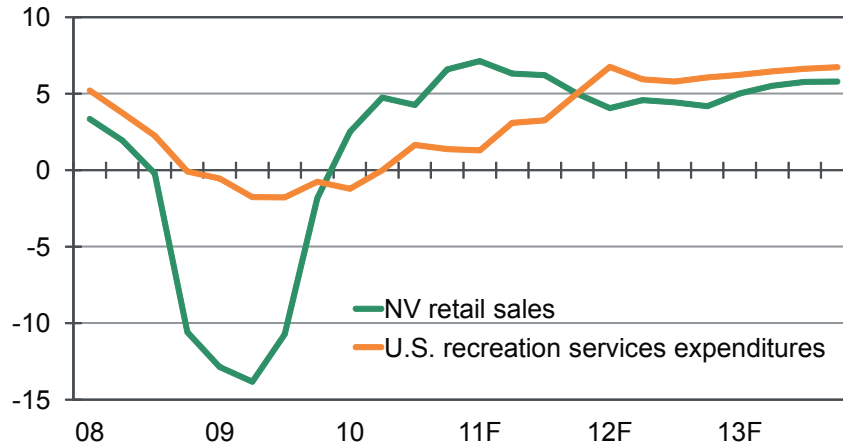


Sources: NV Legislative Counsel Bureau, Moody's Analytics

Drivers. While the business cycle is an important determinant of sales taxes in all states, it takes on a particularly large role in Nevada, where sales tax revenues are much more volatile than the national average. As a result, special attention must be paid to the role that its large construction and tourism industries play in determining sales tax revenues. Key underlying economic drivers include local retail sales, national recreation and tourism spending, and housing completions.

Chart 5: What Is Driving Sales and Use Taxes

Annual percentage change, 12-mo MA

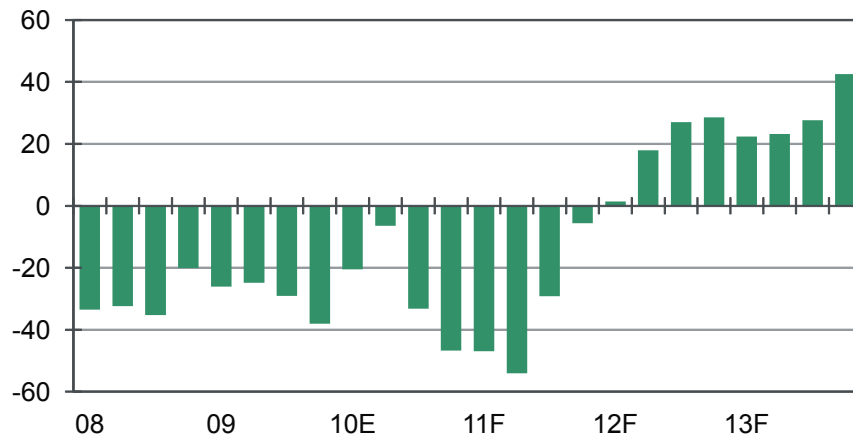


Sources: BEA, Census Bureau, Moody's Analytics

Retail sales and recreation spending are tied very closely to employment and income, which will begin to pick up steam toward the end of this calendar year. However, depressed housing activity will temper the pace of spending on durable goods until the state's massive foreclosure inventories are measurably liquidated.

Chart 6: Housing Will Remain a Near-Term Drag

Housing completions, yr ago % change



Sources: Census Bureau, Moody's Analytics

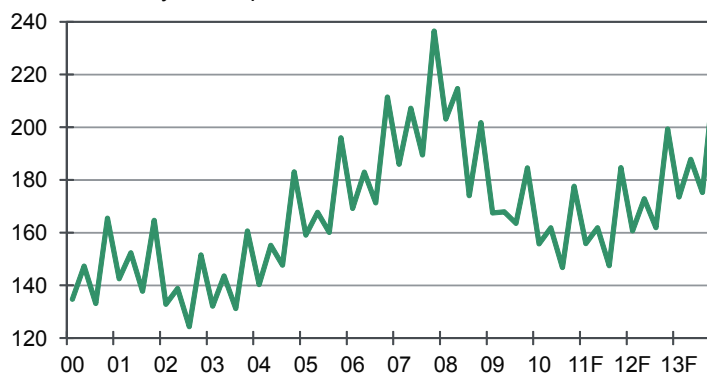
Gaming Percentage Fees

Forecast. Gaming percentage fees have also recovered during the first three quarters of 2011, although at a much more subdued pace than sales and use tax collections as tourists spend more money away from the gaming tables. The pace of growth will accelerate during the fourth quarter, pushing fiscal 2011 growth in gaming fees to nearly 2.5% compared with the previous year. As the national recovery picks up steam toward the end of this calendar year, gaming will likewise increase, yielding year-over-year gains in percentage fees of 7.6% and 8.7% in fiscal 2012 and fiscal 2013, respectively.

Table 2: April 2011 Gaming Percentage Fee Forecast					
(in millions)					
	Q1	Q2	Q3	Q4	Total
Fiscal 2011	\$ 154.54	\$ 166.40	\$ 140.28	\$ 184.71	\$ 645.95
% change yr ago	1.30%	3.65%	0.32%	4.02%	2.45%
Fiscal 2012	\$ 160.75	\$ 172.90	\$ 161.94	\$ 199.36	\$ 694.95
% change yr ago	4.01%	3.90%	15.43%	7.93%	7.59%
Fiscal 2013	\$ 173.53	\$ 187.85	\$ 175.25	\$ 218.67	\$ 755.30
% change yr ago	7.95%	8.65%	8.22%	9.69%	8.68%

Chart 7: Gaming Percentage Fees

Collections by fiscal quarter, \$ mil

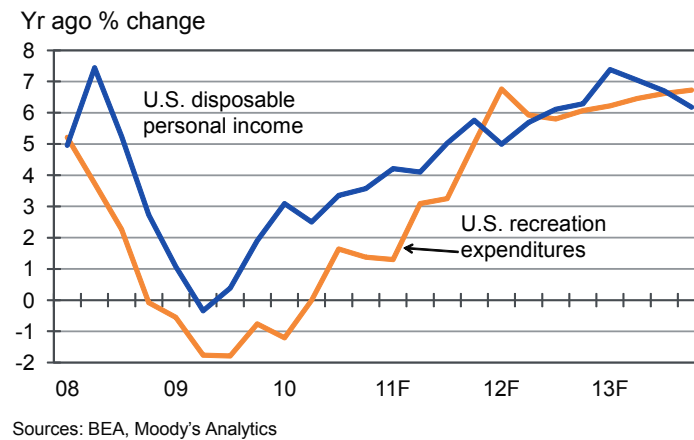


Sources: Nevada Gaming Control Board, Moody's Analytics

Drivers. Nevada's gaming tax revenues have similar cyclical economic drivers as sales and use taxes, with a few crucial exceptions. These exceptions, most notably sales' high dependence on construction, result in gaming percentage fee collections being more highly correlated with national and global economic trends. Of these trends, the two most

significant factors are the national unemployment rate and national recreational spending as measured by NIPA personal consumption expenditures.

Chart 8: What Is Driving Gaming Percentage Fees



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- Make our economists and representatives easily and conveniently accessible.
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Nevada Labor Market Update

State of Nevada Economic Forum May 2011

Department of Employment, Training &
Rehabilitation

Larry J. Mosley, Director

Dennis Perea, Deputy Director

Bill Anderson, Chief Economist

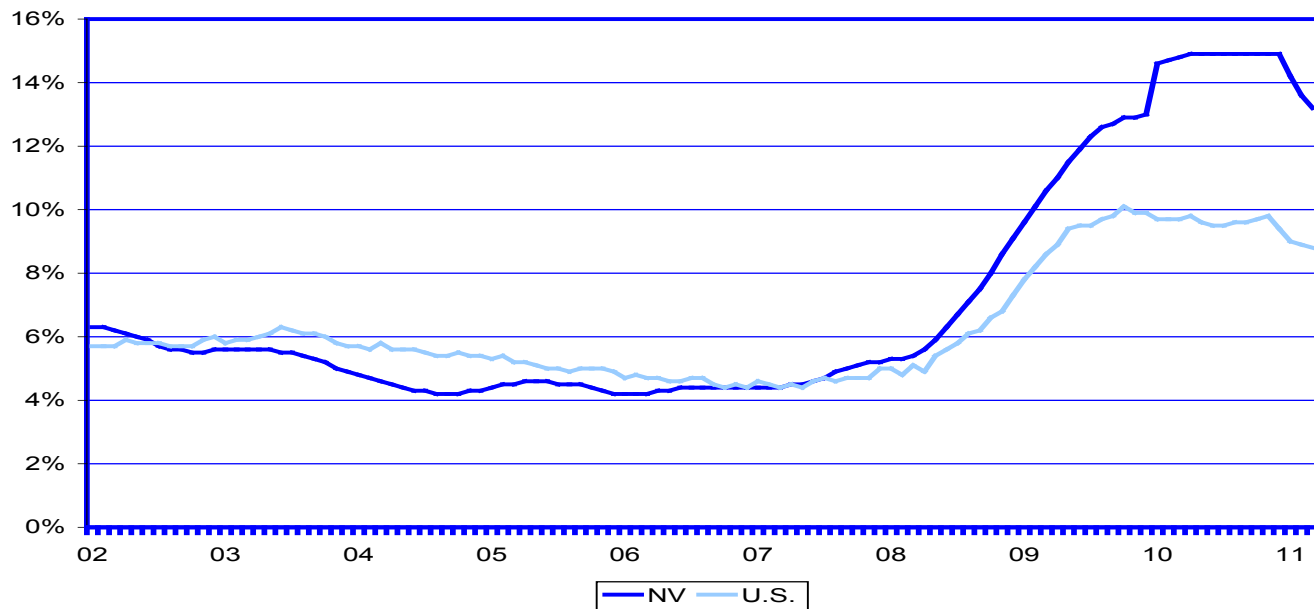


Presentations Summary

- ❑ November/December Presentations
 - ❑ Tentative signs of stability
 - ❑ Unemployment rate holding steady at historically-high readings; highest in the nation
 - ❑ Negative job growth, but considerable easing in the rate of decline
 - ❑ Future job growth: 0.25% in 2011, 0.9% in 2012, 1% in 2013
- ❑ Current Presentation
 - ❑ Definite signs of stability; hint of modest growth
 - ❑ Unemployment rate down 1.7 percentage points since year-end; remains highest in the nation
 - ❑ Job growth entered positive territory in March; flat year-to-date vs. 1.1% growth nationwide
 - ❑ Future job growth: 0.75% in 2011, 0.9% in 2012, 1% in 2013



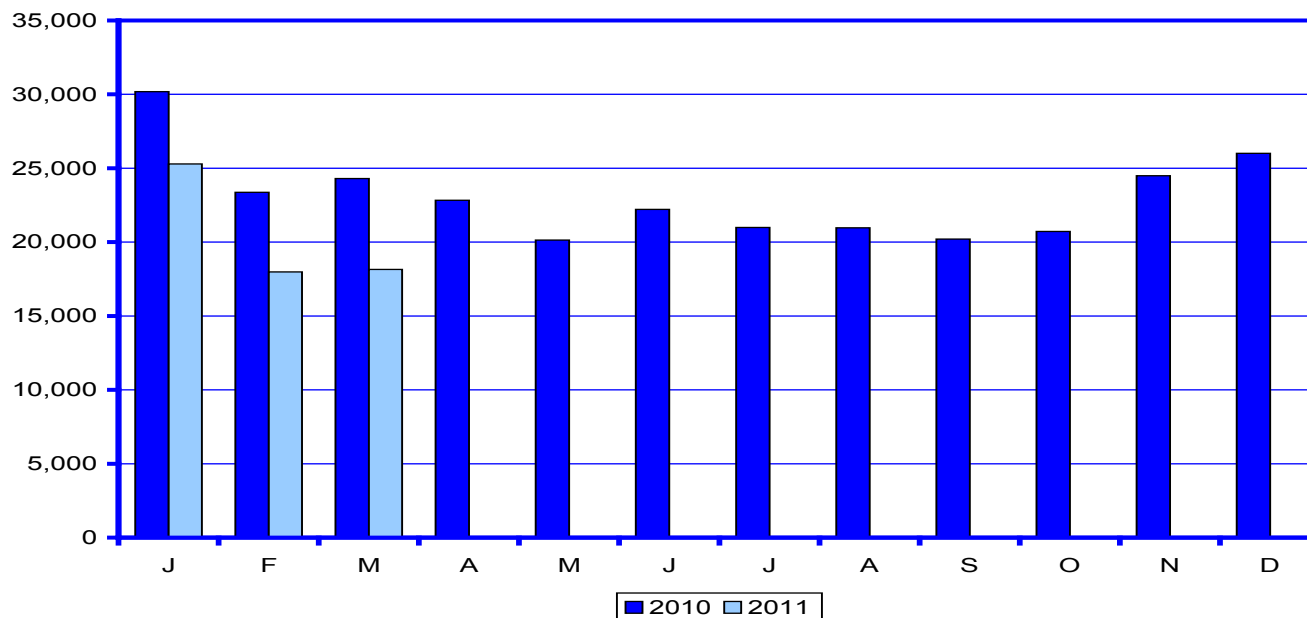
Nevada's Unemployment Rate has Been Trending Down, but Remains Above the National Average



- ❑ Year-end rate of 14.9% vs. 13.2% in March.
- ❑ Lowest since late-2009.
- ❑ A note of caution: population and labor force dynamics.



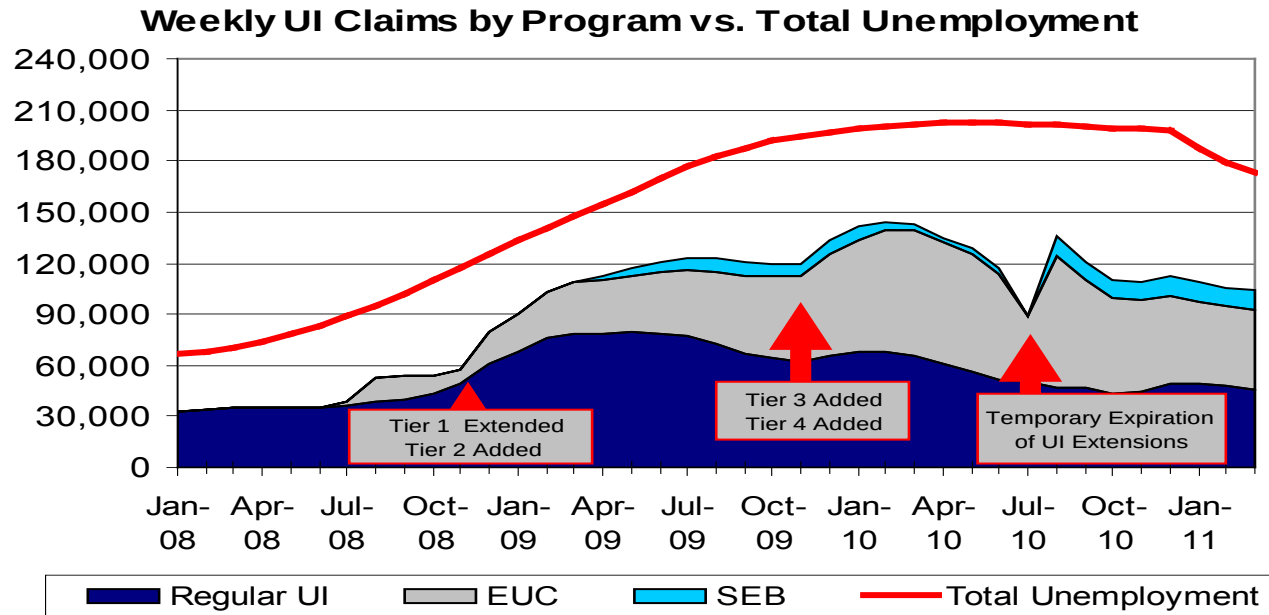
Initial Claims for Unemployment Insurance are on a Downward Trend



- Peaked at 35,000 in late-2008, averaged 23,000 per month in 2010, and below 20,000 in each of past two months.



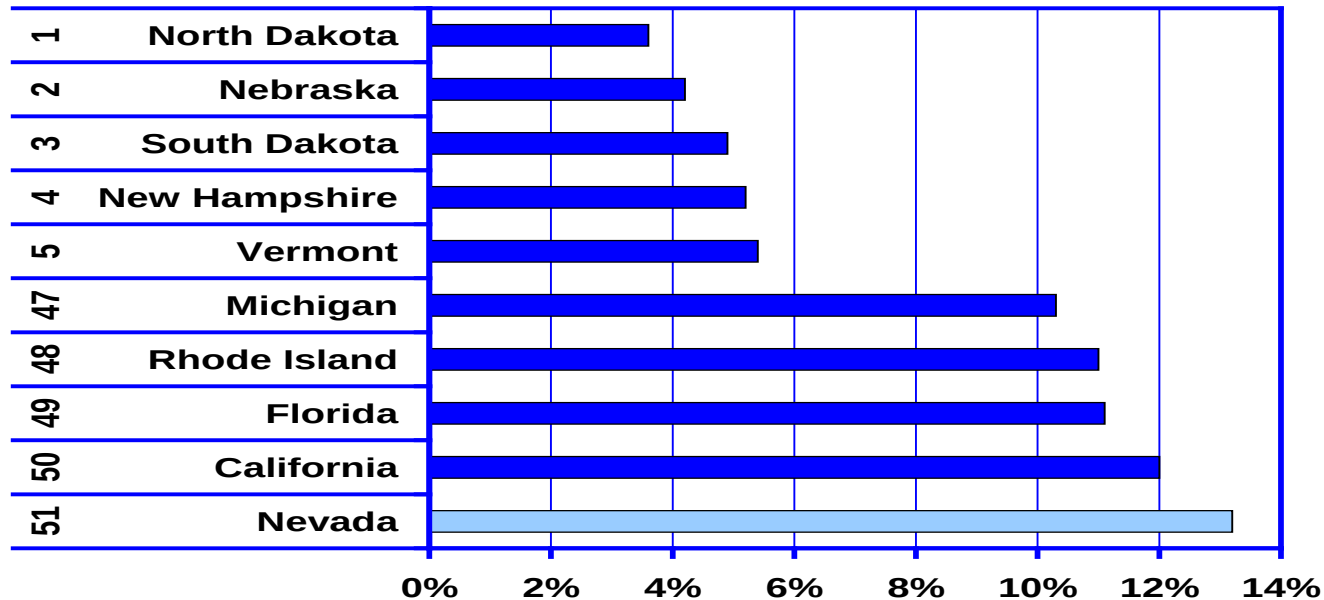
There are Approximately 104,000 Nevadans Receiving Unemployment Benefits



- About 45% of those are receiving regular State benefits.
- The remainder are receiving various Federally-funded benefits.
- Trending down from a peak in excess of 140,000



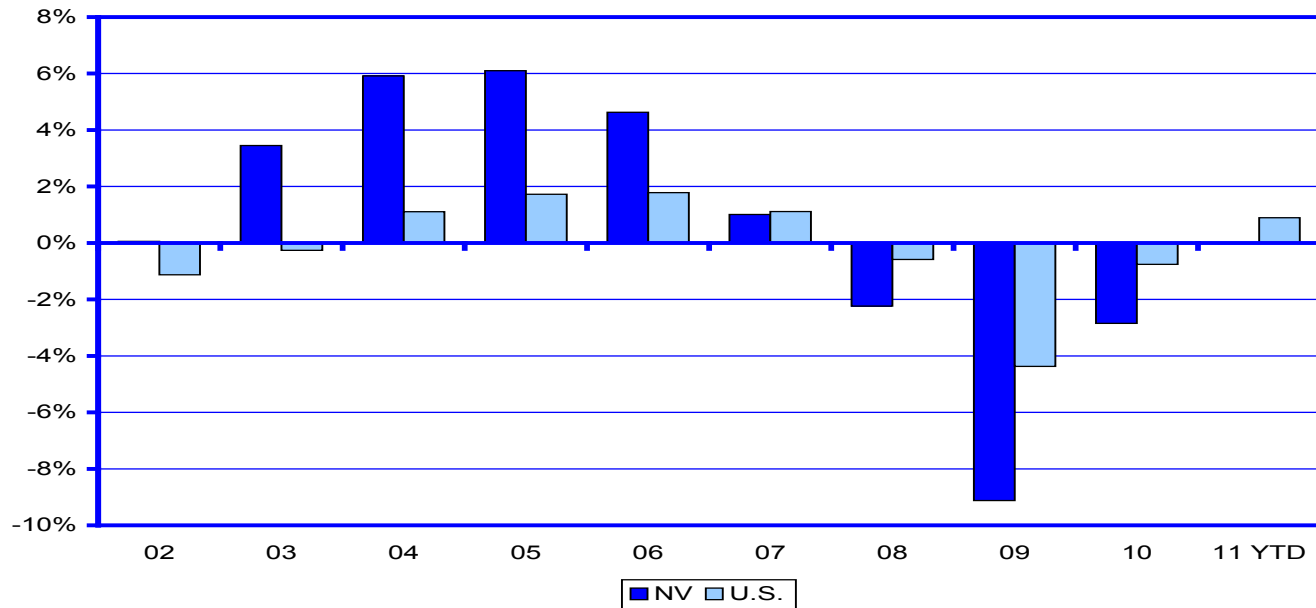
Despite Initial Signs of Improvement, Nevada's Jobless Rate Remains the Highest in the Nation



- ❑ California, at 12%, is the second-highest.
- ❑ The lowest unemployment rate is in North Dakota (3.6%).



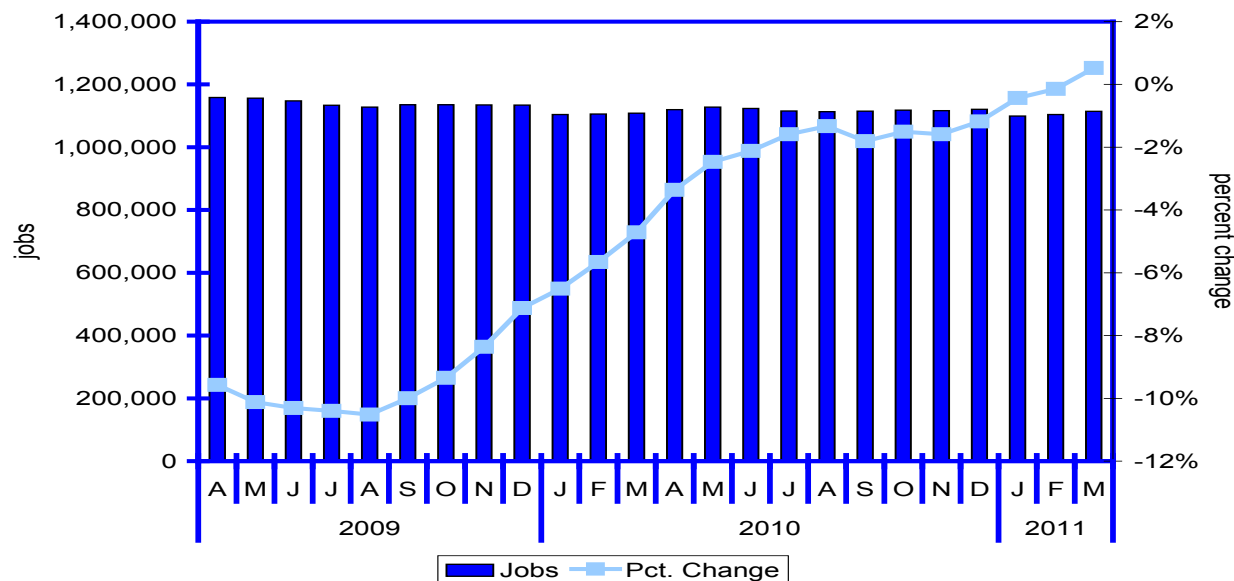
Nevada's Job Trends have Fallen Behind National Norms Over the Past Five Years



❑ So far this year, job levels are flat in Nevada vs. 1.1% growth in the U.S.



Job Growth Turned Positive in March



- First year-over-year increase (0.5%, or 5,800) in more than three years.



Considerable Ground Remains to be Made Up

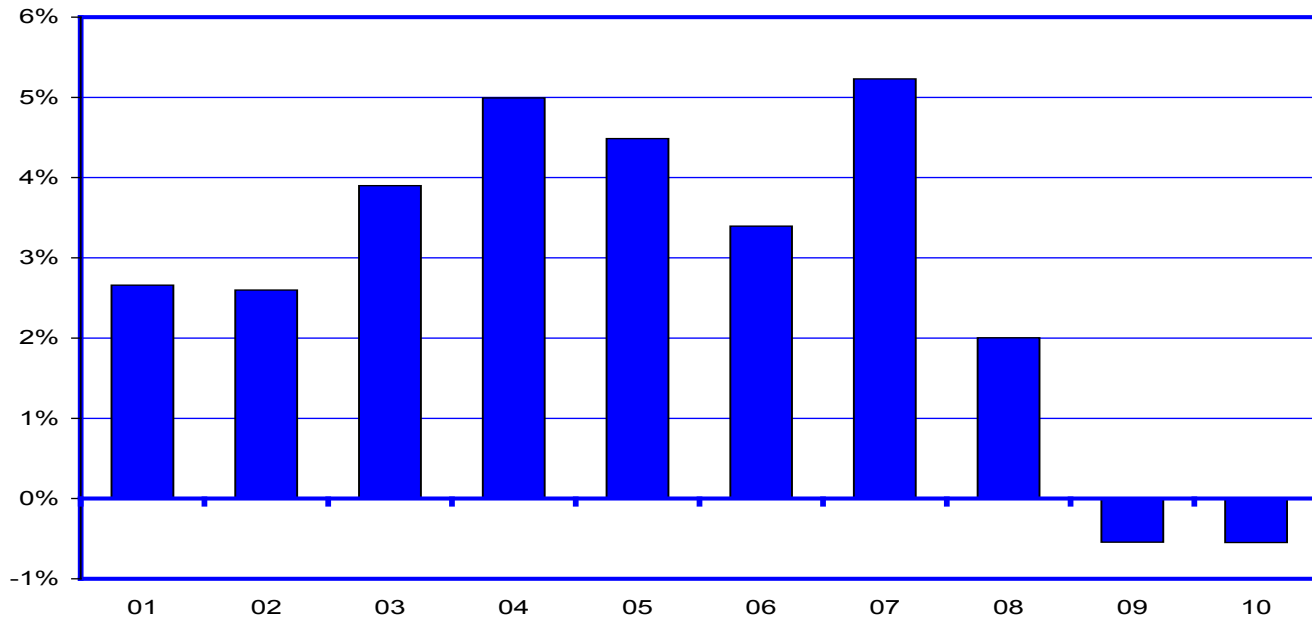
Nevada Employment Trends

	1997	2007	1997-2007 Change	2010	2007-2010 Change
Total	890,700	1,292,500	401,800	1,115,600	-176,900
Private	784,200	1,135,500	351,300	960,600	-174,900
Public	106,500	157,000	50,500	155,000	-2,000
Federal	13,600	16,900	3,300	18,500	1,600
State&Local	92,900	140,100	47,200	136,500	-3,600

- ❑ 400,000 jobs gained during “boom” decade...175,000 lost between 2007 and 2010.



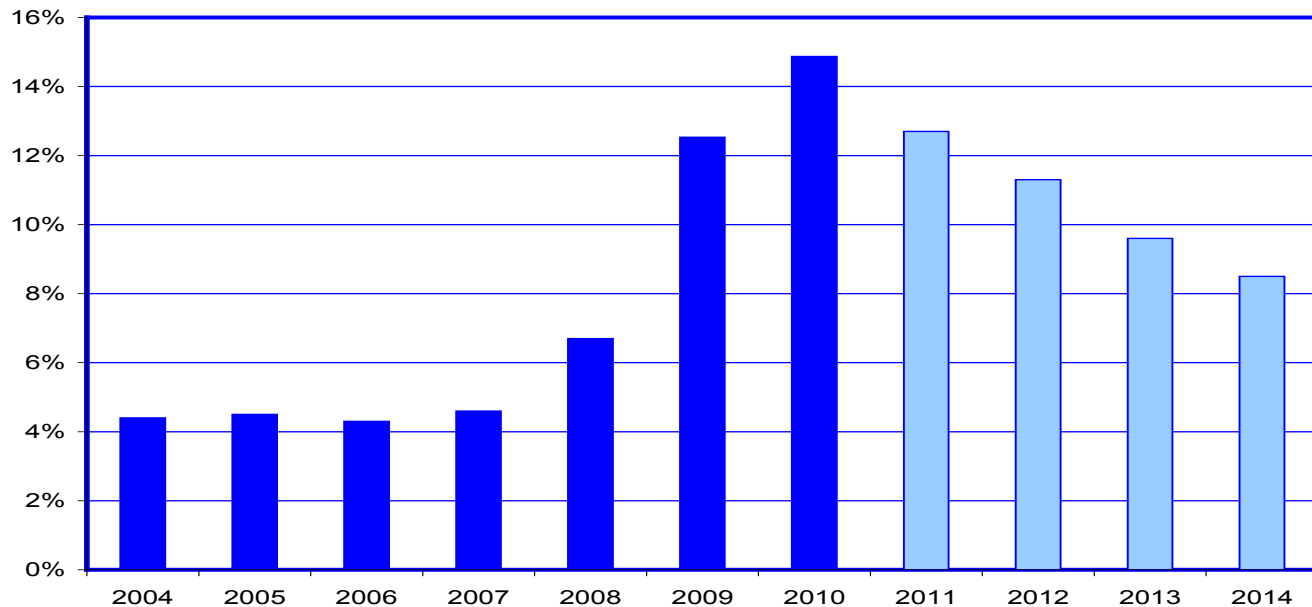
Average Annual Wage Growth has Eased off of Recent Highs



- Some signs of improvement as 2010 came to a close...up 0.9% in the second half of the year.



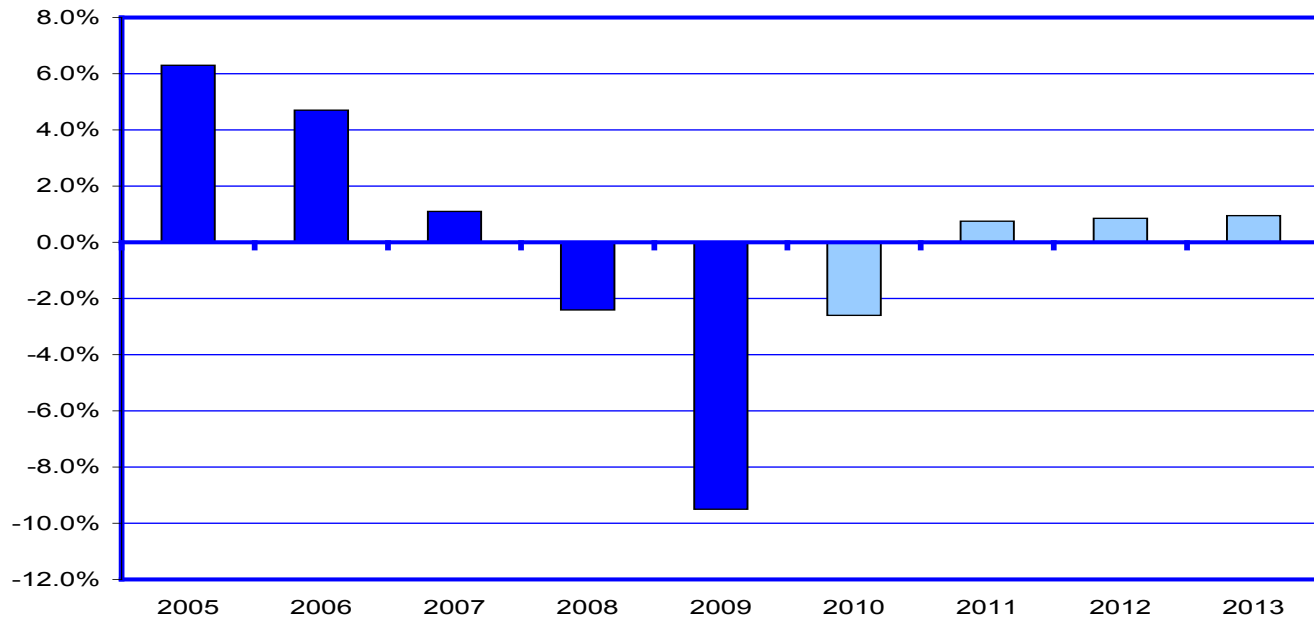
The Unemployment Rate has Peaked



- Improvement in the jobless rate will be much more gradual than the quick and pronounced run-up as the recession unfolded...a further sign of an expected moderate recovery.
- From 2007 through 2010: +10.3 points.
- From 2010 through 2014: -6.4 points.



The Employment Outlook is Stabilizing



- ❑ Very modest growth by historical standards.
- ❑ Translates into nearly 30,000 new jobs.
- ❑ About half of the gains in accommodation and food services.
- ❑ Other notable increases: retail trade (+3,000), health care (+6,000).
- ❑ Construction expected to be flat.





External Risks Going Forward

- ☐ Rise in Gas Prices
 - ☐ lower disposable income
 - ☐ increased business/consumer costs
 - ☐ decrease in visitor volume

- ☐ Lowered Consumer Confidence
 - ☐ unrest in N. Africa & Middle East
 - ☐ natural disasters in Japan & throughout U.S.
 - ☐ ongoing federal budget/debt conflict



Summary

- ❑ We've moved from a “stable” labor market environment to one exhibiting early signs of modest improvement.



Current Economic Review

May 2, 2010

Brian Bonnenfant

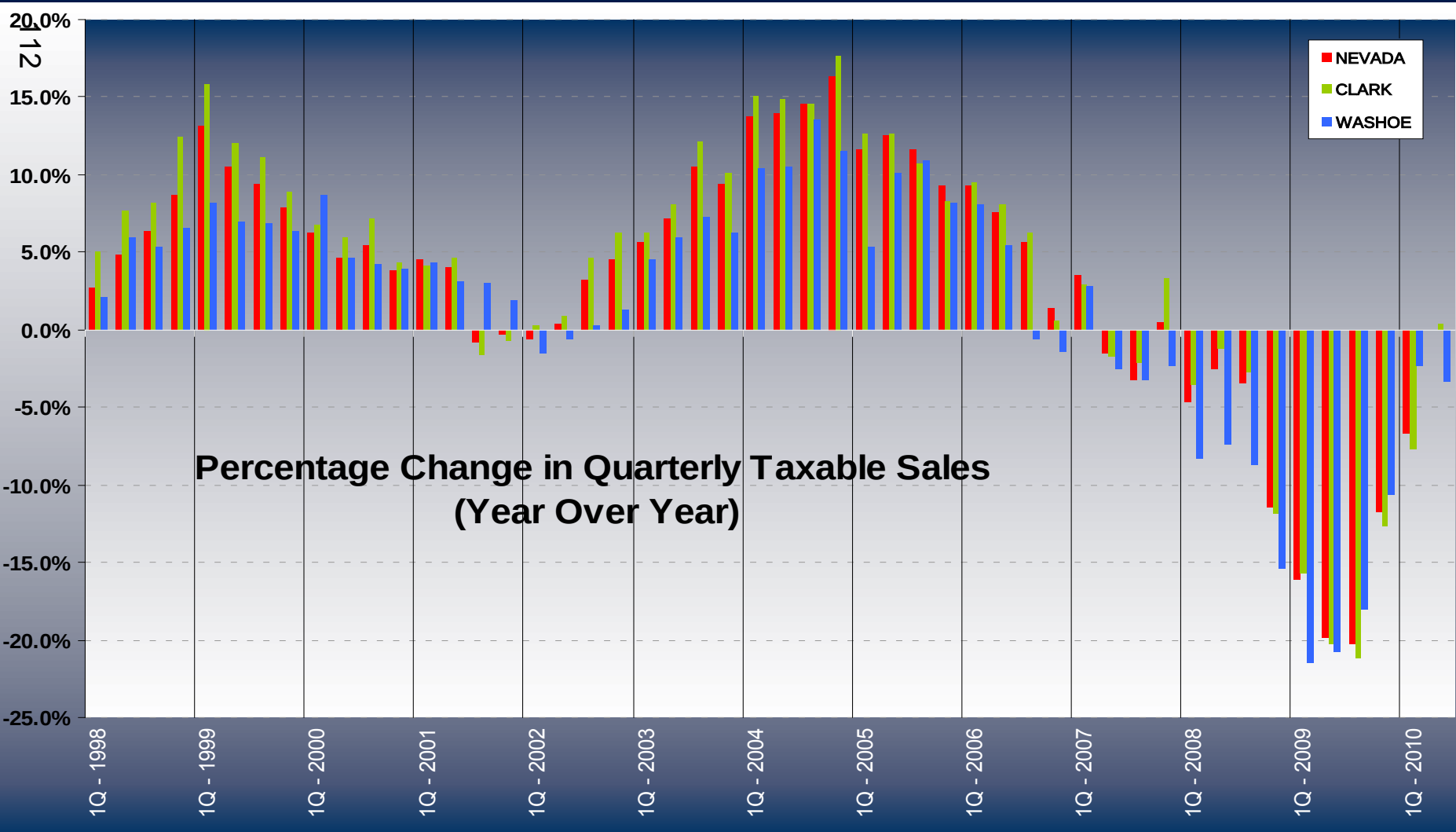
Project Manager

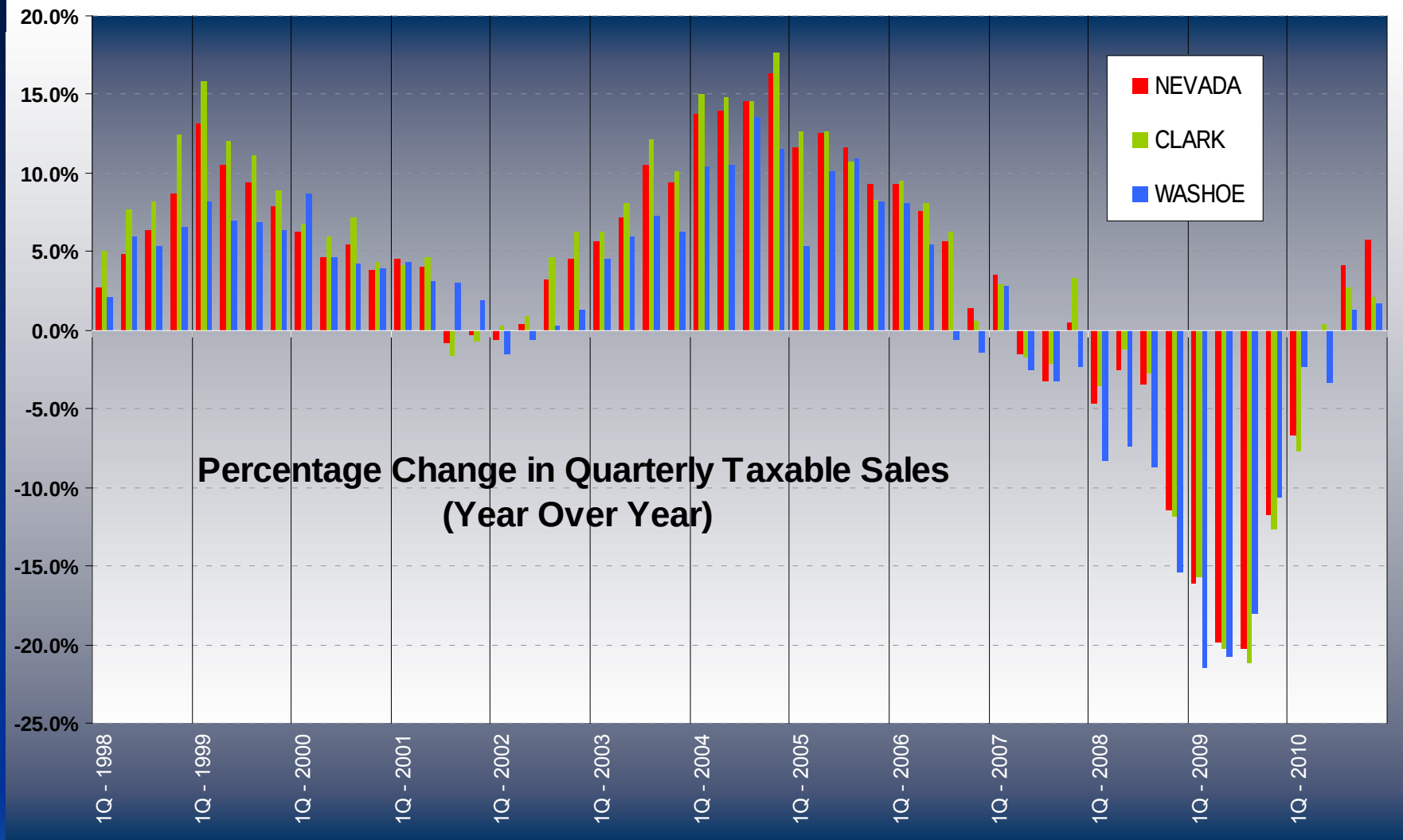
Center for Regional Studies

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bonnen@unr.edu

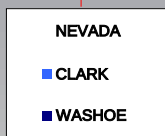




FYTD: Nevada = +5.0%
Clark County = +2.9%
Washoe County = +0.9%

Jan & Feb: Nevada = +5.4%
Clark County = +4.6%
Washoe County = -1.4%

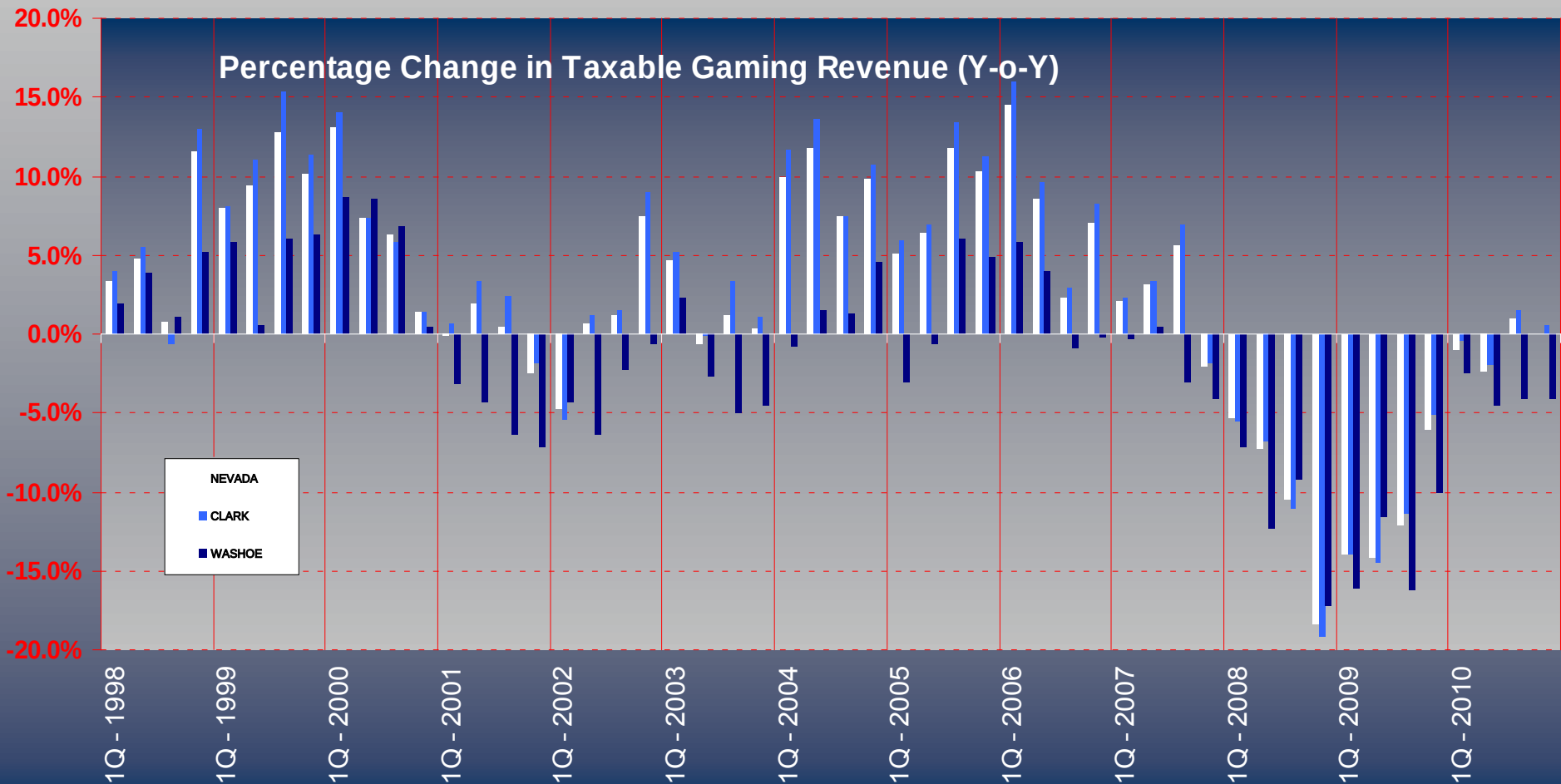
Percentage Change in Taxable Gaming Revenue (Y-o-Y)



1Q - 1998 1Q - 1999 1Q - 2000 1Q - 2001 1Q - 2002 1Q - 2003 1Q - 2004 1Q - 2005 1Q - 2006 1Q - 2007 1Q - 2008 1Q - 2009 1Q - 2010

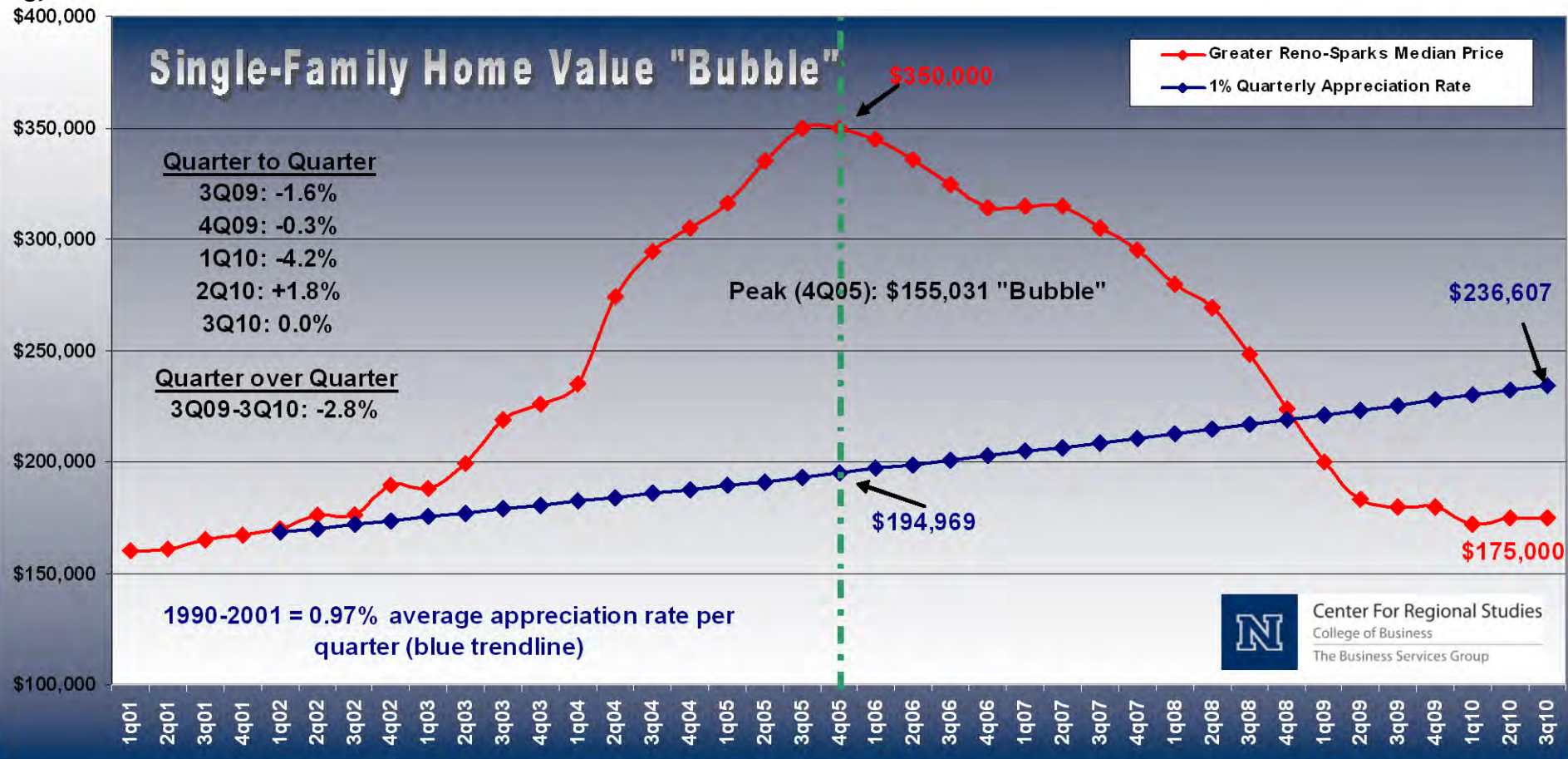


Percentage Change in Taxable Gaming Revenue (Y-o-Y)



FYTD: Nevada = +0.5%
 Clark County = +1.1%
 Washoe County = -4.7%

Jan & Feb: Nevada = +0.7%
 Clark County = +1.3%
 Washoe County = -6.8%



Single-Family Home Value "Bubble"

Quarter to Quarter

4Q09: -0.3%

1Q10: -4.2%

2Q10: +1.8%

3Q10: 0.0%

4Q10: -2.9%

1Q11: -5.9%

Quarter over Quarter

1Q10-1Q11: -6.9%

1990-2001 = 0.97% average appreciation rate per quarter (blue trendline)

Greater Reno-Sparks Median Price
1% Quarterly Appreciation Rate

Peak (4Q05): \$155,031 "Bubble"

\$194,969

\$350,000

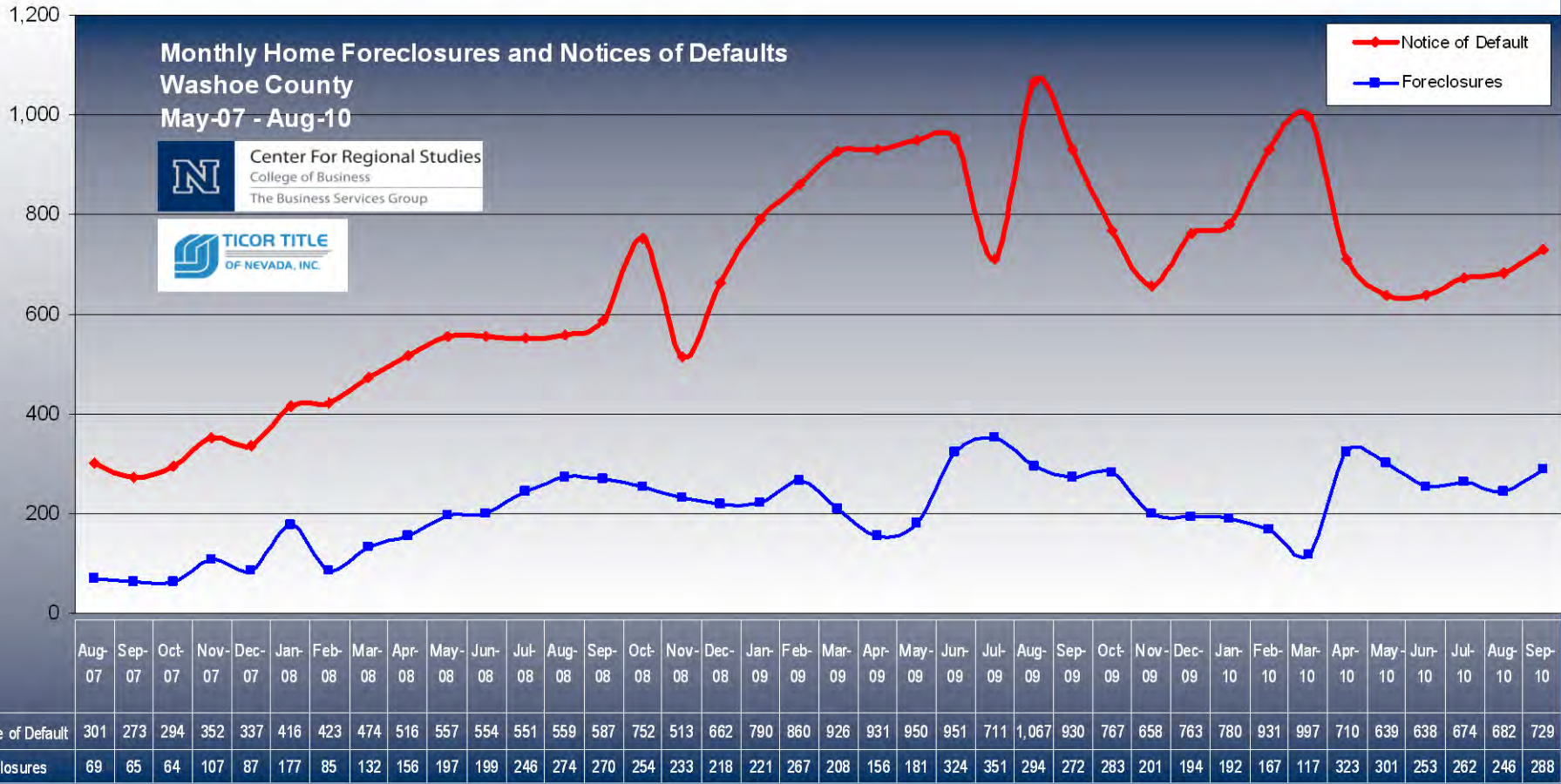
\$238,908

\$160,000



Center For Regional Studies
College of Business
The Business Services Group

Monthly Home Foreclosures and Notices of Defaults Washoe County May-07 - Aug-10

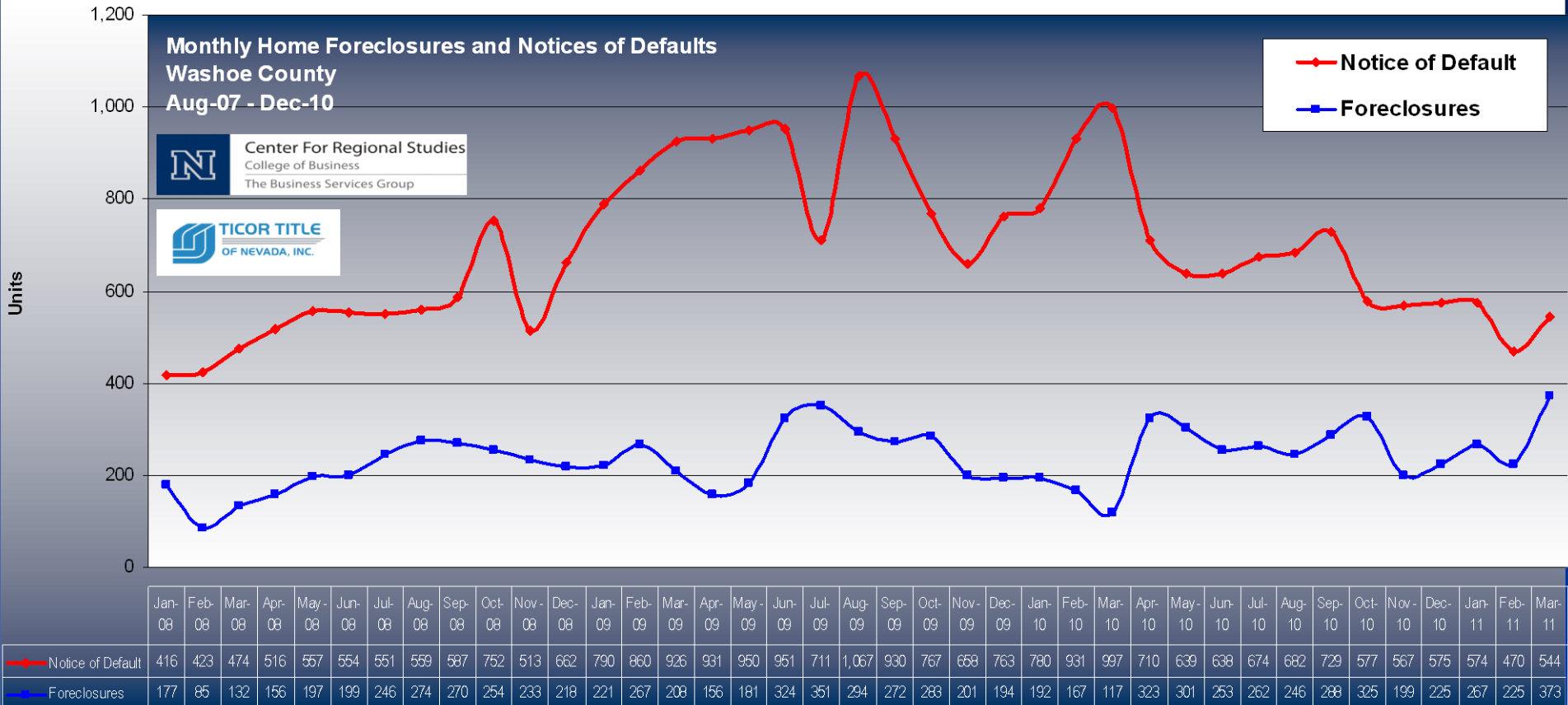


Monthly Home Foreclosures and Notices of Defaults Washoe County Aug-07 - Dec-10

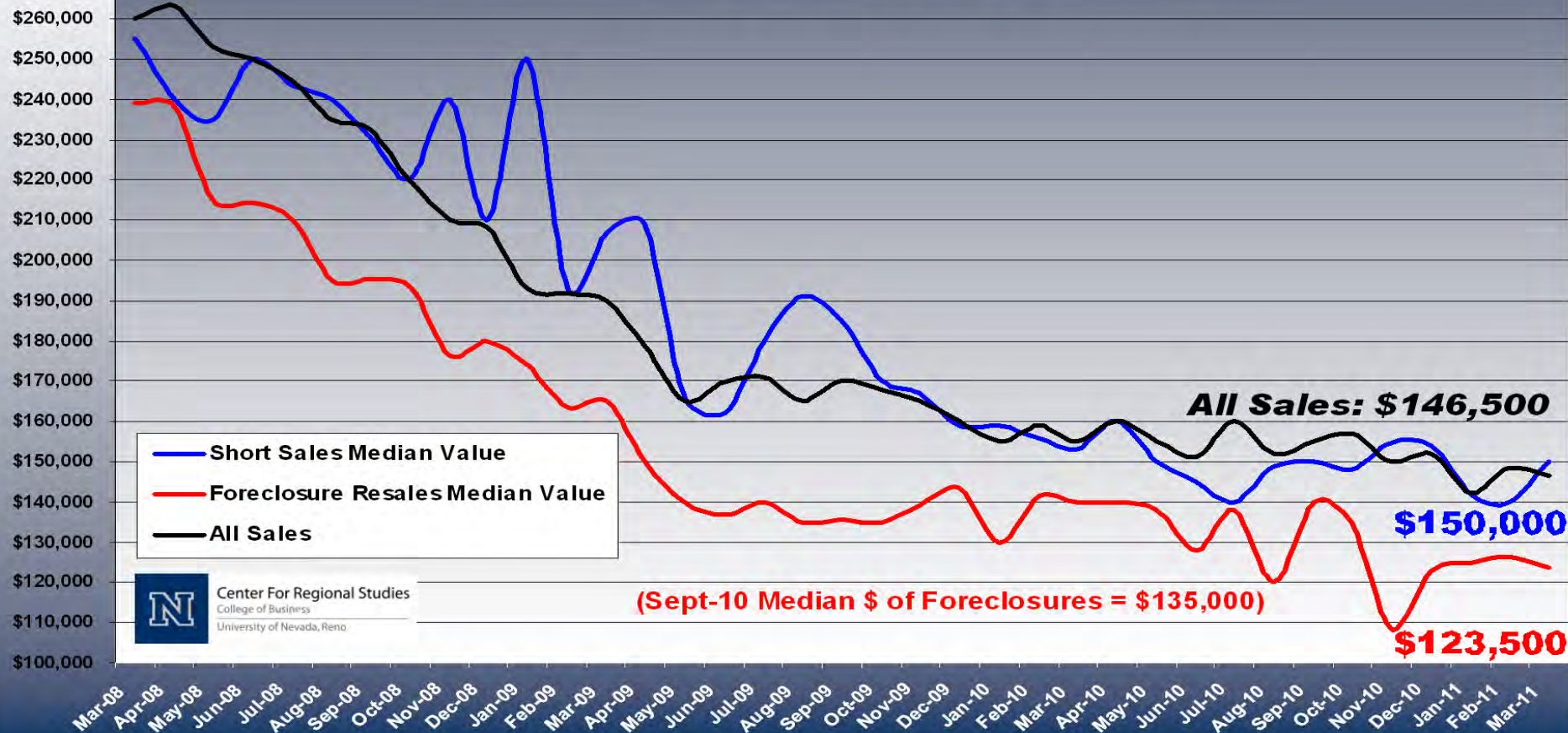


◆ Notice of Default
■ Foreclosures

Units



Median Sales Price of Foreclosure Resales, Short Sales, & All Sales Washoe County (Single Family & Condos)

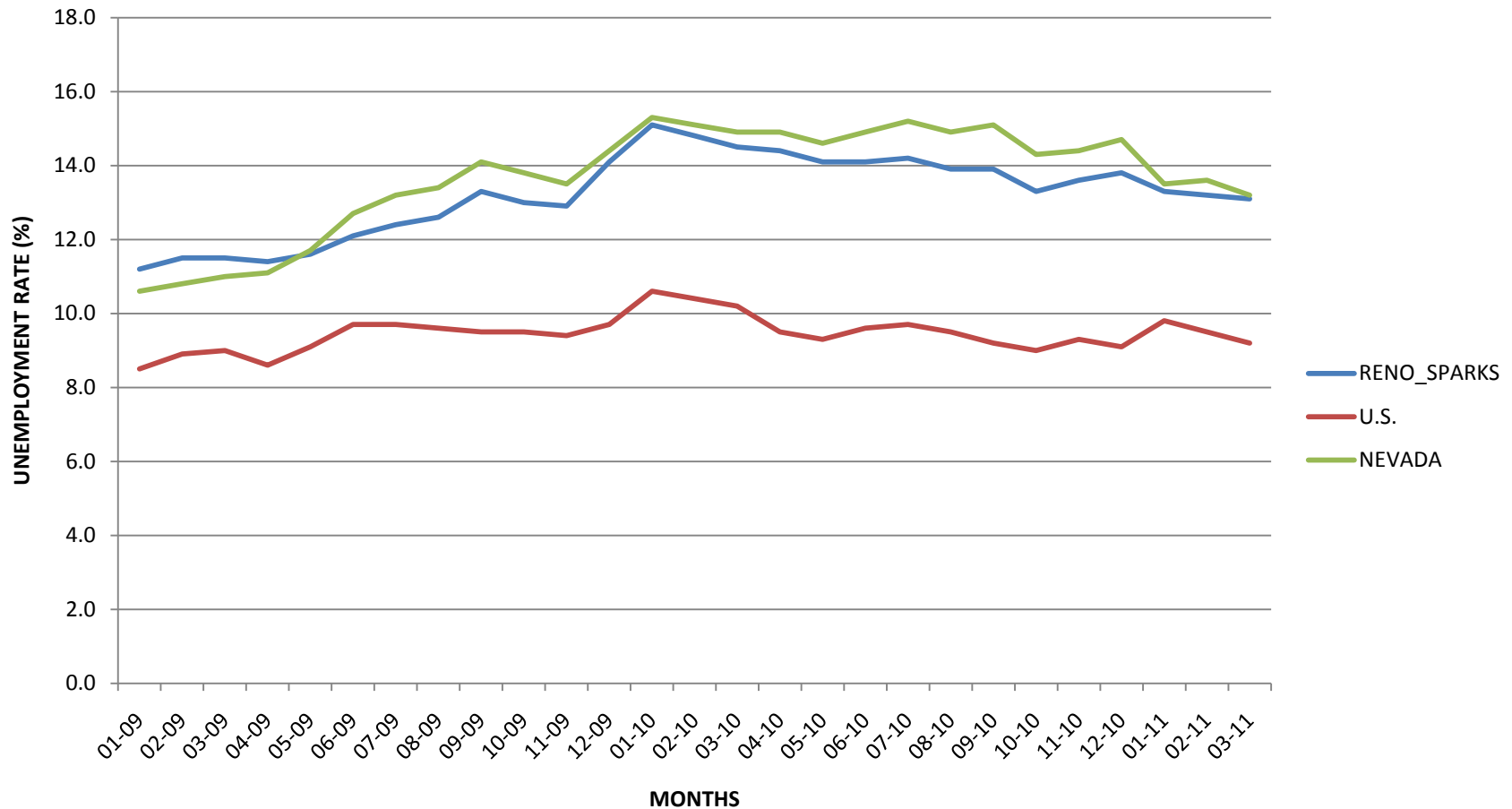


(Foreclosure sales represented 28% of all MLS-listed sales in March)

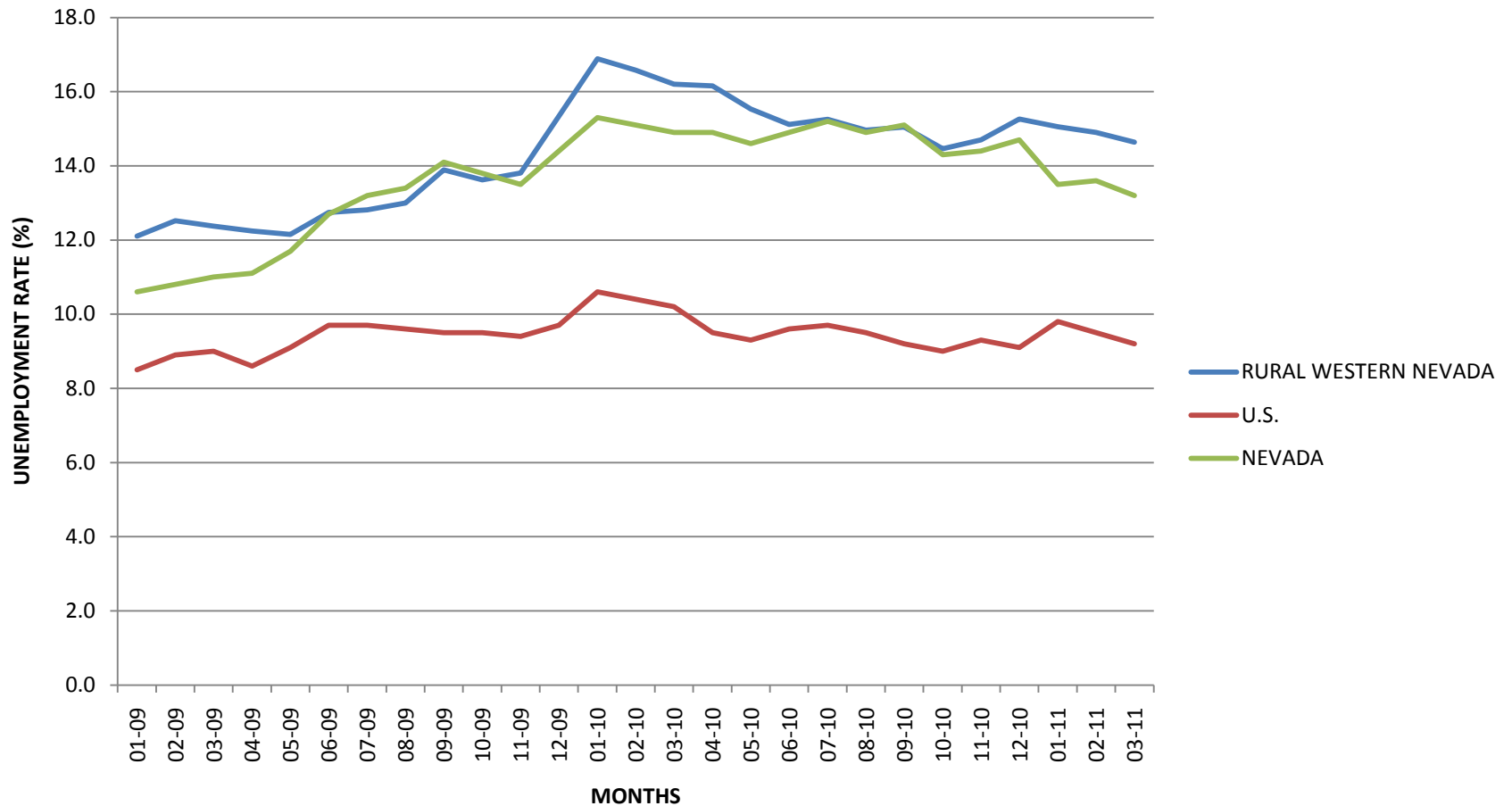
Unemployment Rate by County, March 2011



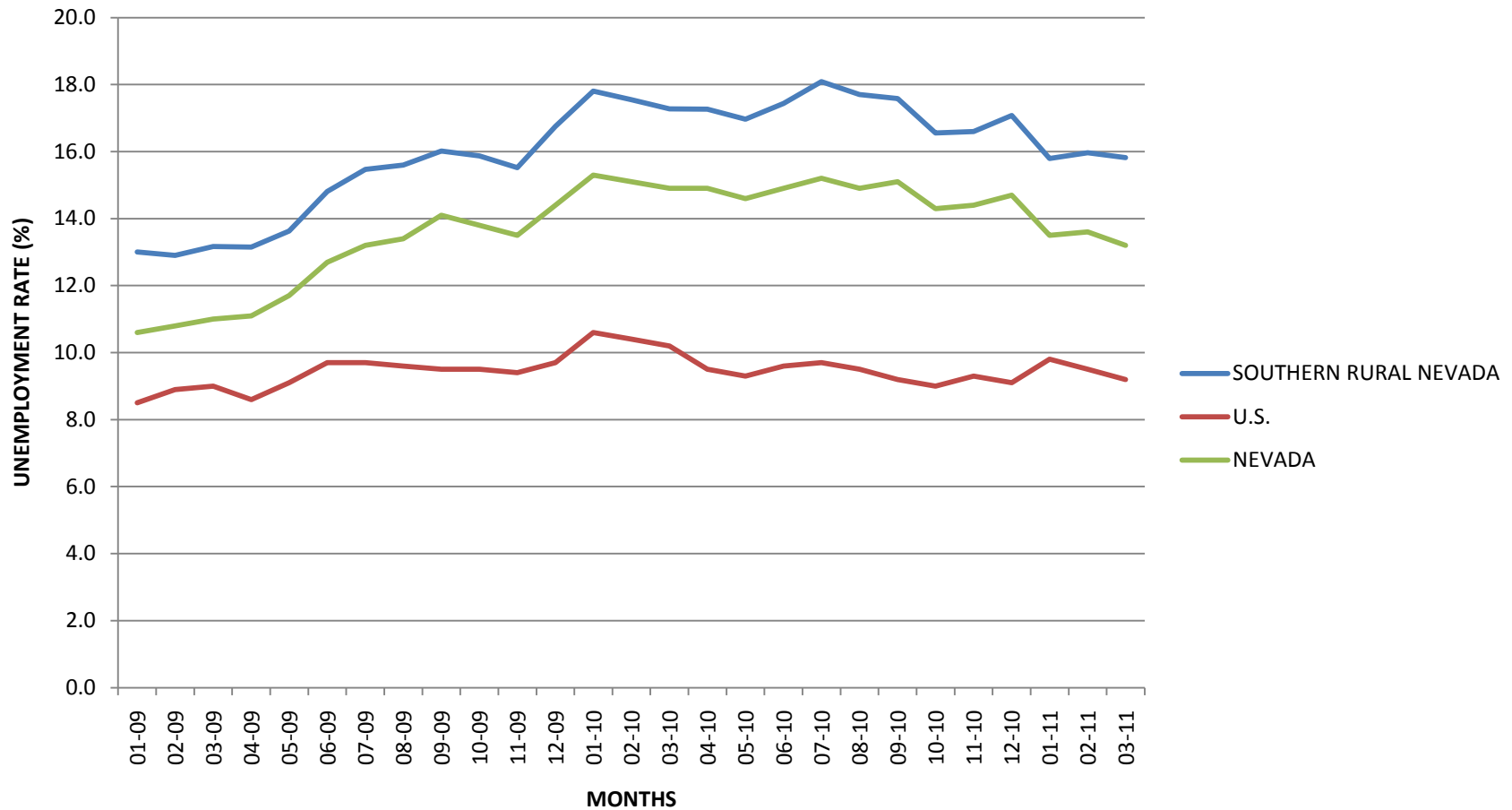
Unemployment Rates for the Reno-Sparks SMSA, State of Nevada, and U.S., January 2009 to March 2011



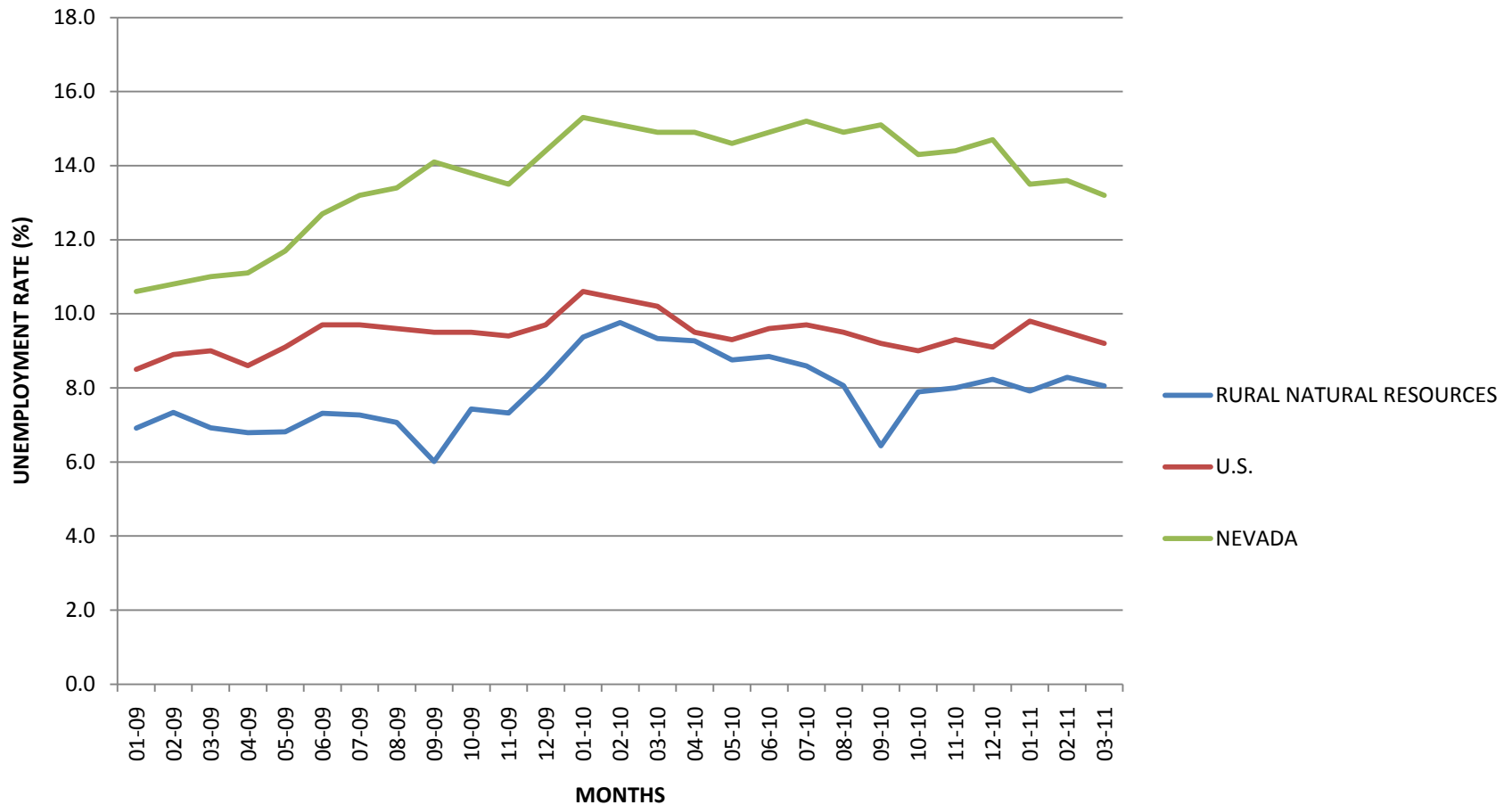
Unemployment Rates for the Rural Nevada Western Region, State of Nevada, and U.S., January 2009 to March 2011



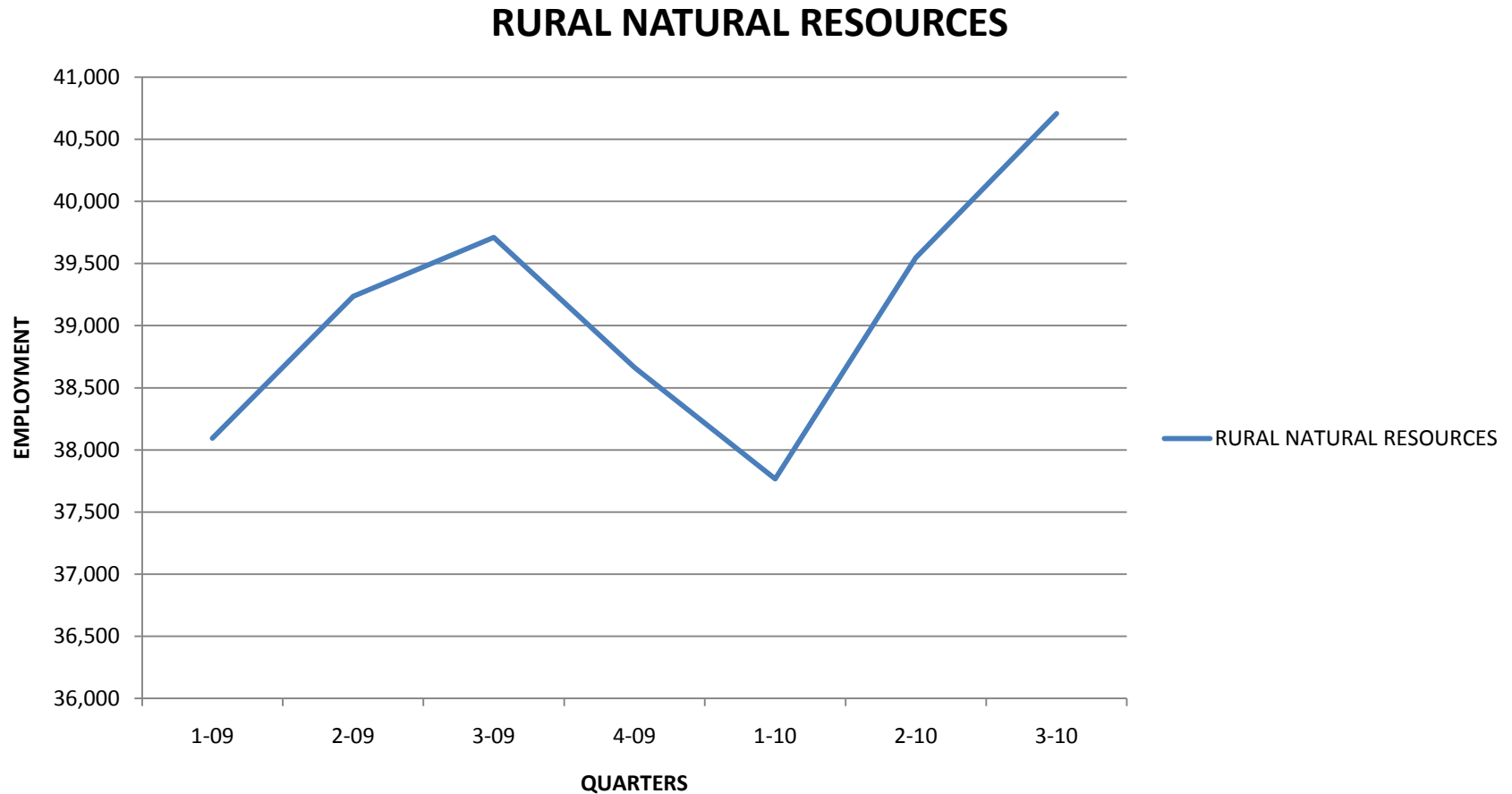
Unemployment Rates for the Rural Nevada Southern Region, State of Nevada, and U.S., January 2009 to March 2011



Unemployment Rates for the Rural Nevada Natural Resources Region, State of Nevada, and U.S., January 2009 to March 2011



Quarterly Employment for the Rural Nevada Natural Resources Region, First Quarter 2010 to Third Quarter 2011



Concluding Notes

- o The Rural Nevada Western Region counties, because of commuting patterns and interregional trade, will be impacted by the economic activity of the Northern Nevada metropolitan counties in the Carson City SMSA and Reno-Sparks SMSA. Possible reductions in state payrolls with potential layoffs will negatively impact these counties. Potential developments in clean energy and the potential expansion at the USA Parkway could positively impact these rural counties.
- o For the Rural Nevada Southern Region, commuting and economic linkages with Clark County will impact these three rural counties. Also potential for further clean energy developments in solar and geothermal could provide impetus for further economic growth.
- o For the Rural Nevada Natural Resources Region, the current increases in agricultural goods and with gold prices at \$1,500 an ounce has provided a counter cyclical trend in the state. These areas are projected to continue to grow but are also diversifying in areas of clean energy.
- o The impacts of higher commodity and fuel prices could impact metropolitan tourism and economic activity. Metropolitan consumers realizing decreases in household incomes while also facing increased commodity and fuel prices may reduce purchases. Altogether, higher commodity and natural resource prices may be a positive impact on the Rural Nevada Natural Resources Region but could negatively impact the state's metropolitan and other rural Nevada regions.

RURAL NEVADA OUTLOOK

Thomas R. Harris

and

Michael Helmar

Thomas R. Harris is a Professor, State Extension Specialist, and Director at the University of Nevada, Reno, College of Agriculture, Biotechnology, and Natural Resources; College of Cooperative Extension; and University Center for Economic Development

Michael Helmar is a Research Analyst in the Department of Resource Economics, University Center for Economic Development, Western Food and Agricultural Policy Research Institute, University of Nevada, Reno.

INTRODUCTION

For this analysis, the state of Nevada will be divided into six areas. Representing the metropolitan areas of Nevada are the Las Vegas-Paradise SMSA (Clark County), the Reno-Sparks SMSA (Washoe and Storey counties), and the Carson City SMSA (Carson City). Representing the rural areas of Nevada are the Rural Nevada Southern Region (Esmeralda, Lincoln and Nye counties), the Rural Western Nevada Western Region (Douglas, Churchill, Lyon, Mineral and Pershing counties), and the Rural Nevada Natural Resources Region (Elko, Eureka, Humboldt, Lander and White Pine counties).

CURRENT EMPLOYMENT STATISTICS AND TRENDS IN THE STATE

With the Great Recession that began in December 2007 and ended in June 2009, the state of Nevada and its metropolitan areas have been greatly impacted. With the implosion of the housing market and the national recession's impact on gaming, the state of Nevada has been slow to recover. A previous study by Harris (2011) showed the loss in employment for the state, metropolitan areas, and rural areas from the inception of the Great Recession, which was December 2007.

From the Current Employment Statistics (CES), the nation has lost 5.2 percent of its seasonally adjusted employment from December 2007 to March 2011, or a loss of 7,213,000 jobs. The state of Nevada, from December 2007 to March 2011, has lost 164,600 seasonally adjusted jobs, or a reduction in state employment of 12.8 percent since December 2007. The job loss of 164,600 employees is similar to the 164,900 non-seasonally adjusted employment rate for the Reno-Sparks SMSA in May 1995, or the state job loss of 164,600 is approximately 88 percent of total Reno-Sparks SMSA seasonally adjusted employment in March 2011.

CES employment estimates for March 2011 are for the SMSA areas of Nevada only. From December 2007 to March 2010, the Las Vegas-Paradise SMSA has realized a loss of 132,900 jobs, or a reduction of 14.2 percent. For the Reno-Sparks SMSA, employment has declined by 37,800 employees, or a reduction in employment of 16.8 percent from December 2007 to March 2011. Finally for the Carson City SMSA, employment has decreased by 3,700 jobs or 11.4 percent from December 2007 to March 2011.

UNEMPLOYMENT RATES AND QUARTERLY EMPLOYMENT AND WAGES FOR NEVADA AND ITS REGIONS

To include the three rural Nevada regions in this analysis, unemployment rates for the nation, state of Nevada, and the three rural regions will be compared and contrasted monthly from January 2009 to March 2011. Also for place of work employment, Quarterly Employment and Wages data will be used to derive impacts to the three rural areas of Nevada from the Great Recession.

Unemployment Rates

Figure 1 shows unemployment rates for the Las Vegas-Paradise SMSA, state of Nevada, and the nation. From figure 1, the unemployment rates for the Las Vegas-Paradise SMSA and the state were greater than the nation throughout the study period. For the Las Vegas-Paradise SMSA, the unemployment rate rose from 10.4 percent in January 2009 to 15.7 percent in July 2010 and subsequently dropped to 13.2 percent in March 2011.

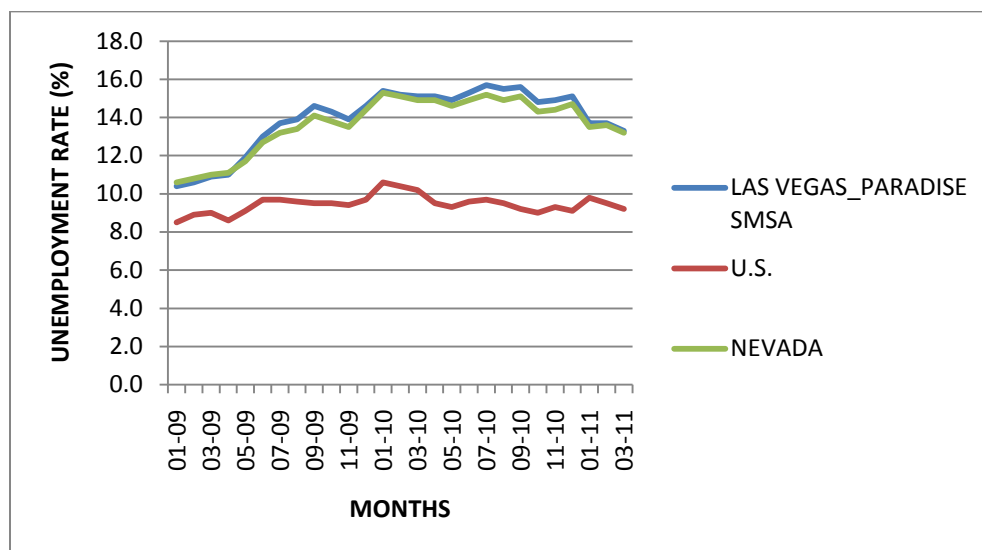


Figure 1. Unemployment Rates for the Las Vegas-Paradise SMSA, State of Nevada, and U.S., January 2009 to March 2011.

Figure 2 shows unemployment rates for the Reno-Sparks SMSA, state of Nevada, and the U.S. From figure 2, the unemployment rates for the Reno-Sparks SMSA and the state were greater than the nation throughout the study period. For the Reno-Sparks SMSA, the unemployment rate rose from 11.2 percent in January 2009 to 15.1 percent in January 2010 and subsequently declined to 13.1 percent in March 2011.

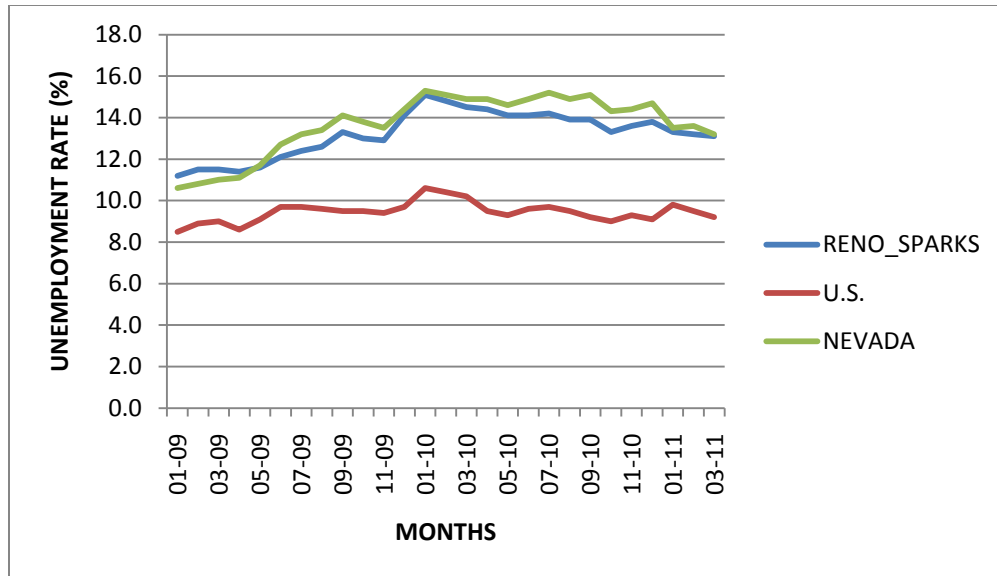


Figure 2. Unemployment Rates for the Reno-Sparks SMSA, State of Nevada, and U.S., January 2009 to March 2011.

Figure 3 shows the unemployment rates for the Carson City SMSA, state of Nevada, and the nation. From figure 3, the unemployment rates for the Carson City SMSA and the state of Nevada were greater than the nation throughout the study period. For the Carson City SMSA, the unemployment rate went from 11.4 percent in January 2009 to 15.4 percent in January 2010 and subsequently declined to 13.2 percent in March 2011.

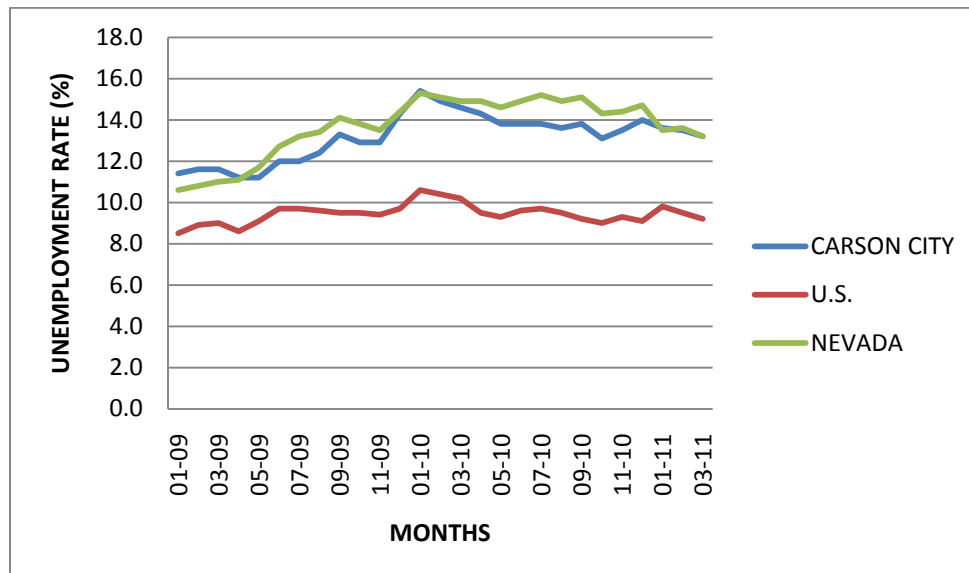


Figure 3. Unemployment Rates for the Carson City SMSA, State of Nevada, and U.S., January 2009 to March 2011.

Figure 4 shows the unemployment rates for the Rural Nevada Western Region, state of Nevada, and the U.S. From figure 4, the unemployment rates for the Rural Nevada Western Region and the state of Nevada were greater than the U.S. throughout the study period. For the Rural Nevada Western Region, the unemployment rate rose from 13.1 percent in January 2009 to 16.9 percent in January 2010 and subsequently declined to 14.6 percent in March 2011. Of interest in the Rural Nevada Western Region is Lyon County, which in the early 2000s was one of the fastest growing counties in Nevada. Lyon County has been greatly impacted by housing foreclosures and the national recession with an unemployment rate topping at 21.8 percent in January 2010 and declining to 18.6 percent in March 2011. Lyon County has also been impacted by reduced economic activity in neighboring counties. From the 2000 Census (U.S. Department of Commerce, 2000), approximately 40 percent of Lyon County's labor force commuted outside the county for employment.

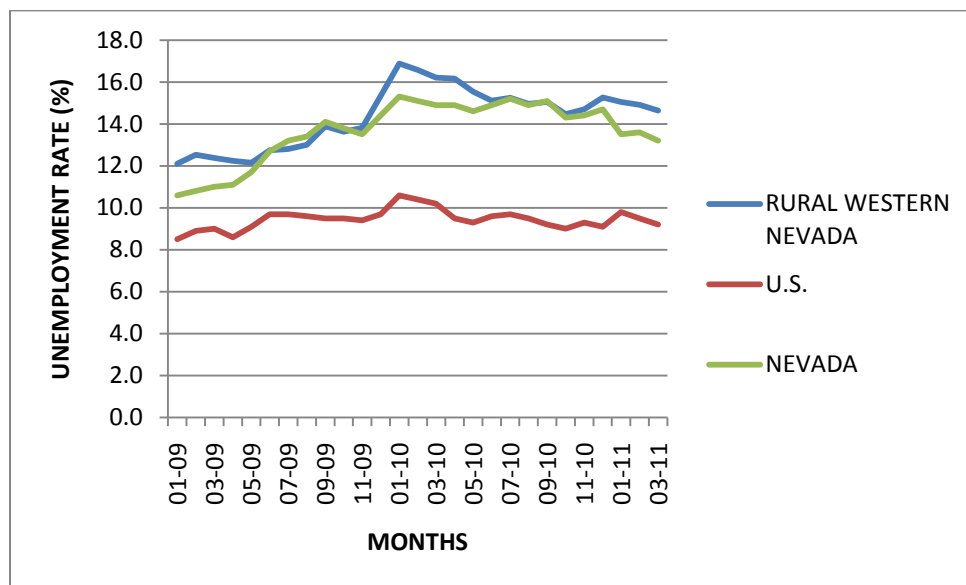


Figure 4. Unemployment Rates for the Rural Nevada Western Region, State of Nevada, and U.S., January 2009 to March 2011.

Figure 5 shows the unemployment rates of the Rural Nevada Southern Region, state of Nevada, and the nation. From figure 5, the unemployment rates for the Rural Nevada Southern Region and the state of Nevada have been greater than the nation throughout the study period. For the Rural Nevada Southern Region, the unemployment rate rose from 13.0 percent in January 2009 to 17.8 percent in January 2010 and subsequently declined to 15.8 percent in March 2011. Of the counties in the Rural Nevada Southern Region, Nye County has been most impacted. This is due to Nye County's economic interrelationship with Clark County.

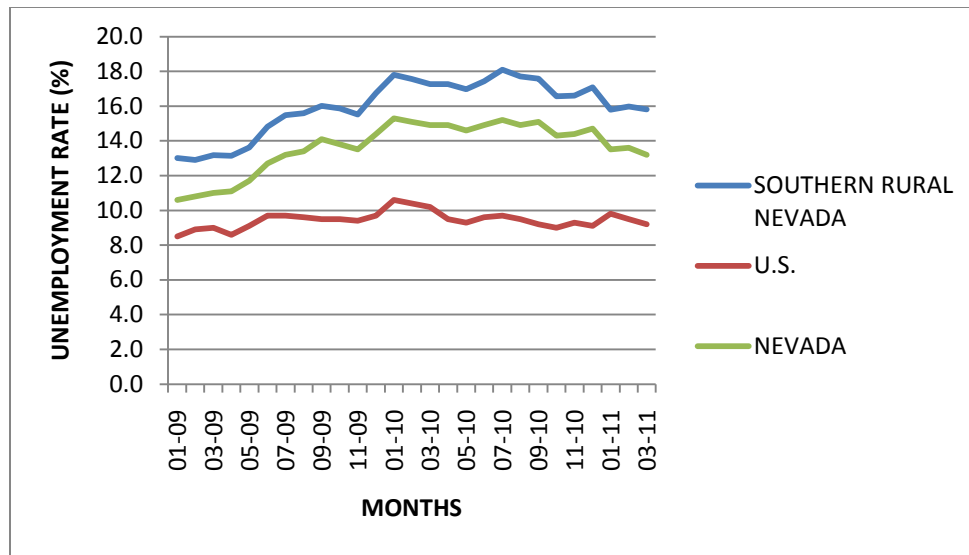


Figure 5. Unemployment Rates for Rural Nevada Southern Region, State of Nevada, and U.S., January 2009 to March 2011.

Figure 6 shows the unemployment rates of the Rural Nevada Natural Resources Region, state of Nevada, and the U.S. From figure 6, the unemployment rate for the Rural Nevada Natural Resources Region, as opposed to other regions of Nevada, is below the state and national unemployment rates. For the Rural Nevada Natural Resources Region, the unemployment rate was 6.9 percent in January 2009, rose to 9.8 percent in February 2010 and subsequently declined to 8.1 percent in March 2011. With gold at \$1,500 an ounce, this economic activity of the mining sector has acted as an economic stimulus to this region of the state. The counties of Eureka and Lander have experienced growth during the current mining boom with increasing labor force numbers from January 2009 to March 2011 and with county unemployment rates of 6.4 percent and 6.9 percent respectively, in March 2011. For comparison, during March 2011, the unemployment rate for the state of Nevada was 13.2 percent and for the nation's rate was 9.2 percent.

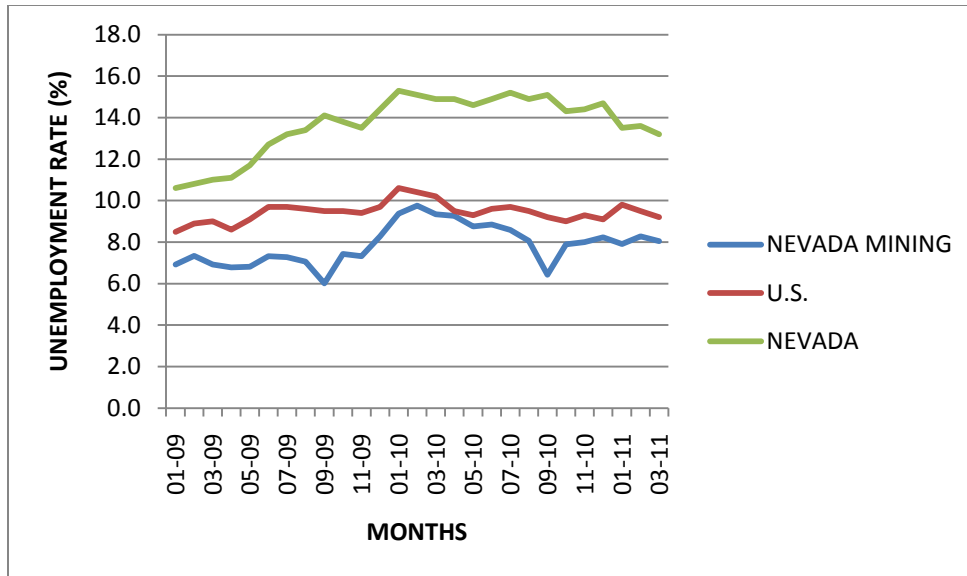


Figure 6. Unemployment Rates for the Rural Nevada Natural Resources Region, State of Nevada, and U.S., January 2009 to March 2011.

Rural Nevada Employment Trends

Figure 7 shows the quarterly employment from first quarter 2009 to third quarter 2010 for the Rural Nevada Western Region. From figure 7, quarterly employment was 41,318 during first quarter 2009 but fell to 38,373 during first quarter 2010. Employment in the Rural Nevada Western Region has risen slightly to 39,931 in third quarter 2010.

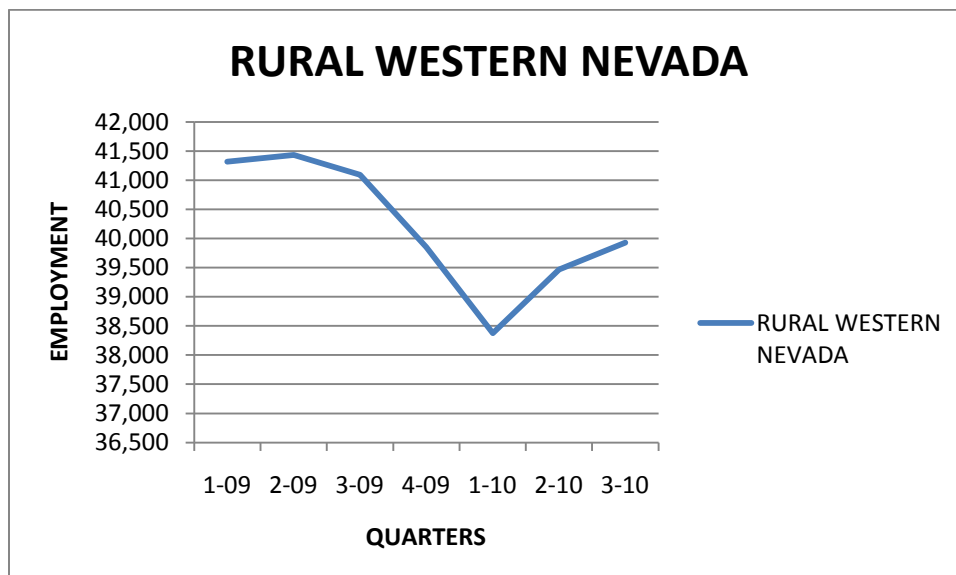


Figure 7. Quarterly Employment for the Rural Nevada Western Region, First Quarter 2010 to Third Quarter 2011.

Figure 8 shows quarterly employment from first quarter 2009 to third quarter 2010 for the Rural Nevada Southern Region. From figure 8, quarterly employment in the Rural Nevada Southern Region has generally drifted downward. Employment during first quarter 2009 was 12,437 and moved lower to 11,807 during third quarter 2010. The Rural Nevada Southern Region has been impacted by the recession in Clark County and lower rural housing development. However, this area is targeted for clean energy projects, which might inject growth in its economy.

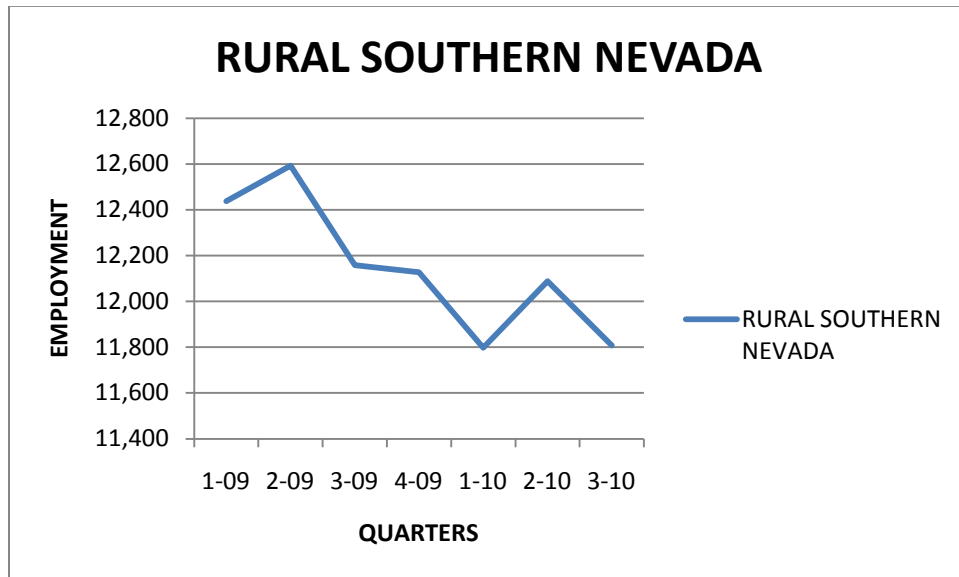


Figure 8. Quarterly Employment for the Rural Nevada Southern Region, First Quarter 2010 to Third Quarter 2011.

Figure 9 shows quarterly employment from first quarter 2009 to third quarter 2010 for the Rural Nevada Natural Resources Region. From figure 9, quarterly employment in the Rural Nevada Natural Resources Region has been drifting generally upward. Employment during first quarter 2009 was 38,094 and had moved higher to 40,706 by third quarter 2010. Given higher agricultural prices and gold prices at \$1,500 an ounce, this rural region of Nevada has seen employment growth.

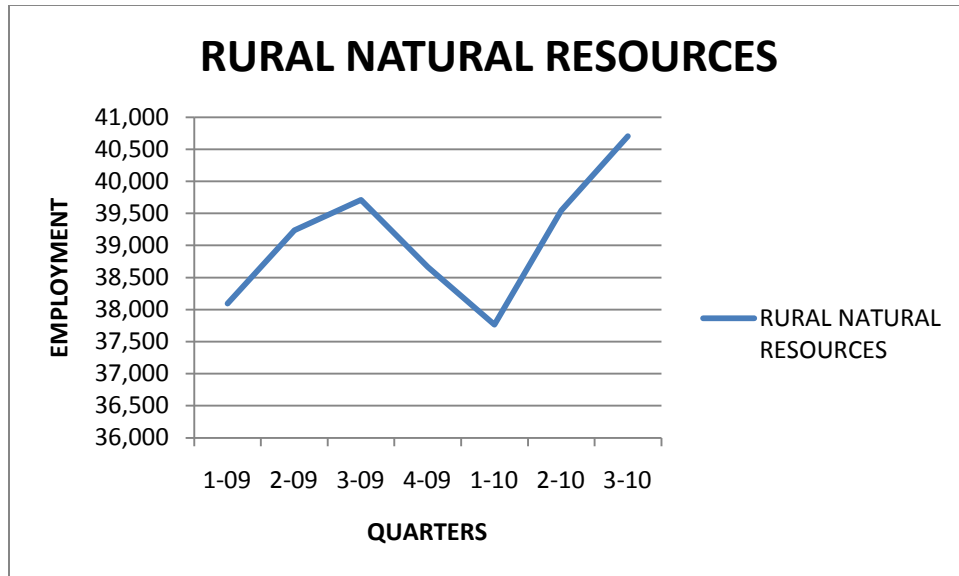


Figure 9. Quarterly Employment for the Rural Nevada Natural Resources Region, First Quarter 2010 to Third Quarter 2011.

CONCLUDING NOTES

Below are some notes summarizing current and future economic conditions in rural Nevada.

- o The Rural Nevada Western Region counties, because of commuting patterns and interregional trade, will be impacted by the economic activity of the Northern Nevada metropolitan counties in the Carson City SMSA and Reno-Sparks SMSA. Possible reductions in state payrolls with potential layoffs will negatively impact these counties. Potential developments in clean energy and the potential expansion at the USA Parkway could positively impact these rural counties.
- o For the Rural Nevada Southern Region, commuting and economic linkages with Clark County will impact these three rural counties. Also potential for further clean energy developments in solar and geothermal could provide impetus for further economic growth.
- o For the Rural Nevada Natural Resources Region, the current increases in agricultural goods and with gold prices at \$1,500 an ounce has provided a counter cyclical trend in the state. These areas are projected to continue to grow but are also diversifying in areas of clean energy.
- o The impacts of higher commodity and fuel prices could impact metropolitan tourism and economic activity. Metropolitan consumers realizing decreases in household incomes while also facing increased commodity and fuel prices may reduce purchases. Altogether, higher commodity and natural resource prices may be a positive impact on the Rural Nevada Natural Resources Region but could negatively impact the state's metropolitan and other rural Nevada regions.

REFERENCES

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U.S. Department of Commerce. "Journey to Work: 2000." Bureau of Census: Washington D.C., 2000.

AGRICULTURAL OUTLOOK: NATION AND STATE OF NEVADA

Michael Helmar

and

Thomas R. Harris

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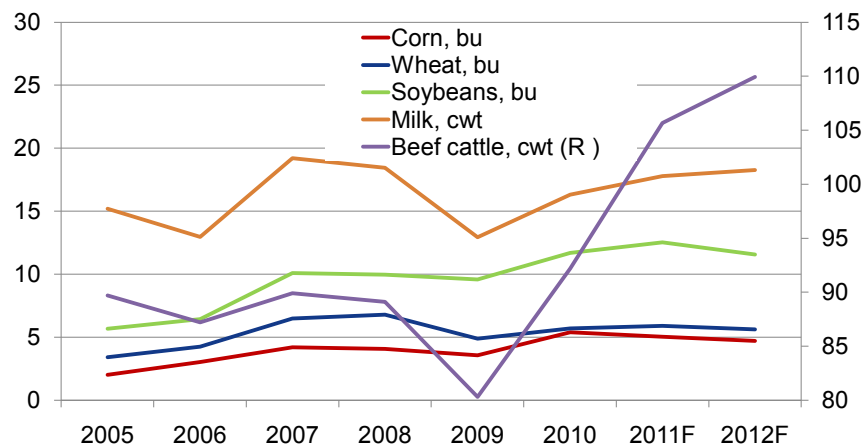
Thomas R. Harris is a Professor, State Extension Specialist, and Director at the University of Nevada, Reno, College of Agriculture, Biotechnology, and Natural Resources; College of Cooperative Extension; and University Center for Economic Development

Agriculture Outlook

Overall, the agriculture outlook is optimistic, both nationally and for Nevada. Through the end of 2012, both the USDA and Food and Agricultural Policy Research Institute (FAPRI) project that prices of major crop and livestock products will remain elevated compared to historical levels.

Strong Prices Projected

U.S. average prices, \$



Sources: USDA, FAPRI



Several major factors are shaping the outlook for agriculture in the current environment.

- The improving global economy is expanding markets abroad, including many in rapidly developing nations. Trade of agricultural commodities, especially grains and oilseeds, is rising. With a relatively weak U.S. dollar, American farmers are very competitive in global agricultural markets.
- Supply disruptions in major producing regions, most notably the severe drought and accompanying reduction in grain yields in Russia in the past year have sharply reduced global supplies of wheat, barley and some oilseeds. While the negative impacts are born by farmers in the affected producing regions, farmers in other areas enjoy a short-term windfall because of higher prices and increased trade opportunities.
- Energy needs and policies have emerged as a primary driver of global agriculture in the 21st century. Demand for biofuels has led to the development of ethanol and biodiesel production, both domestically and abroad. As policies such as the Renewable Fuels Standard (RFS) are phased in, demand for crops such as corn and soybeans, as well as

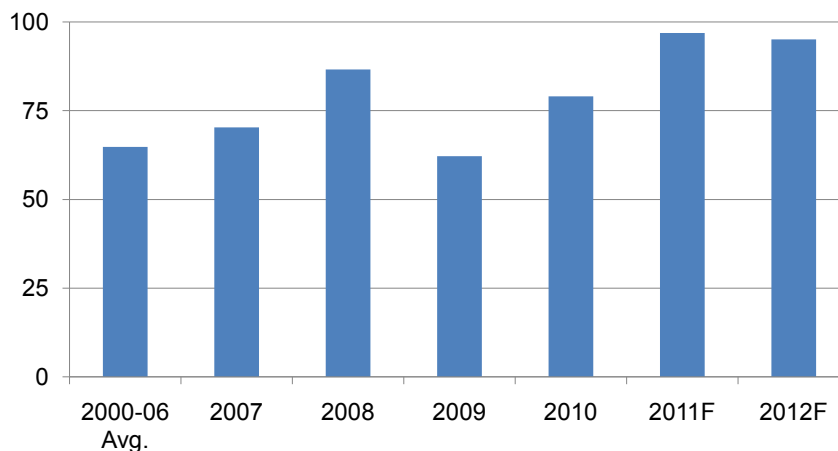
other grains and oilseeds, has risen sharply, with significant upward impact on prices. Whereas these crops were historically used for food and livestock feed, substantial quantities are now being utilized for biofuel feedstocks. Energy will be a long-term factor impacting agricultural markets.

- Technology also has both short-term and long-term impacts. Improving crop varieties, livestock breeds, new chemical formulations and veterinary technology increase output while lowering costs per unit produced.

As with prices, production costs are above recent year averages, but they have not risen sufficiently to completely offset the impact of higher prices on net farm incomes. The outlook for income is robust, with a cyclical peak in 2011, but still very healthy levels in 2012.

Agriculture to Be Unusually Profitable

U.S. Net farm income, \$ bil



Sources: USDA, FAPRI



Agricultural production is not evenly distributed. Some factors that add significant benefit for a region, such as grain prices in the Midwest and South, can be large detractors from farm incomes in areas such as the Great Basin. For this reason, national agricultural outlooks are often inadequate for evaluating expected performance in specific states such as Nevada.

Nevada Agriculture

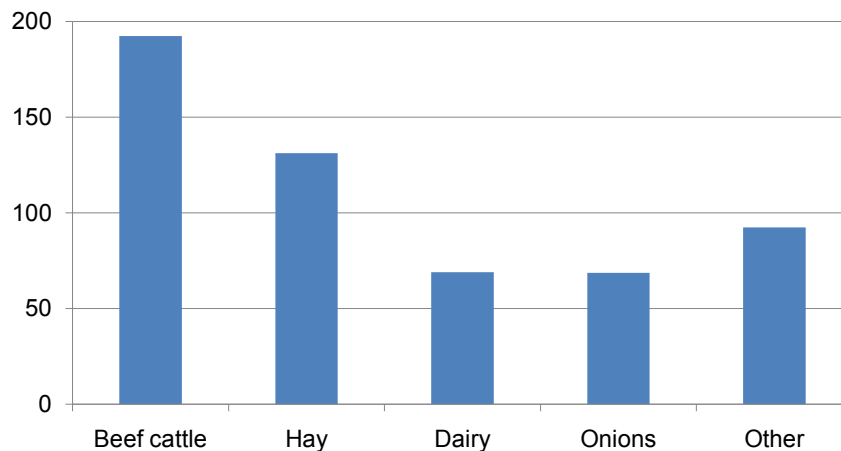
The structure of western, especially Nevada, agriculture varies considerably from that found in the nation, as a whole. Nevada agriculture is heavily geared toward beef cattle and dairy

production, hay, and a few specialty crops. Factors that are positive at the national level might not be beneficial to state producers.

- The four largest commodities by value produced in Nevada are cattle and calves (largely cow-calf operations), hay, dairy, and onions. Together, they comprised more than 85% of the total value of ag production in Nevada in 2009. Cattle and dairy accounted for nearly half.

Nevada Ag Is Livestock Dependent

Gross receipts, 2009, \$ mil



Source: USDA, ERS



- The only grain to make the top 10 list is wheat, and that accounted for only 1% of receipts. As hay is closely intertwined with livestock and dairy production, it is evident that beef and dairy cattle dominate Nevada's agriculture, whereas grains have almost no impact on gross receipts.

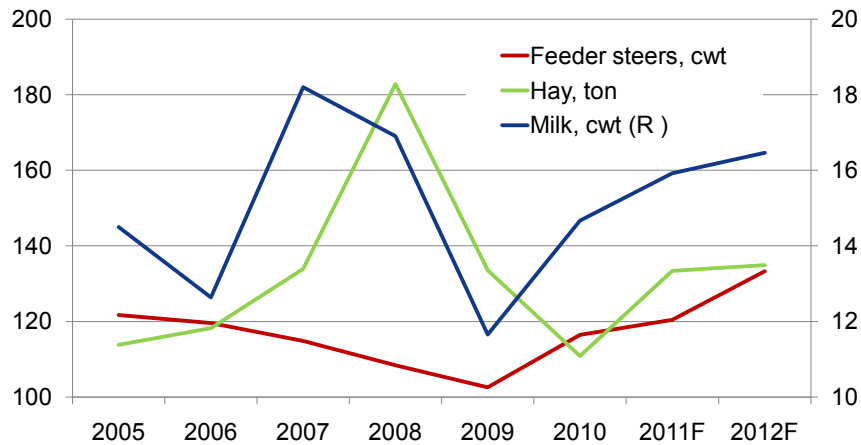
Positive Outlook

- The outlook for cattle, dairy, and hay are all favorable over the next several years. Elevated beef cattle and milk prices at the national level will provide opportunity for Nevada producers who are linked to regional and national markets. Strong demand for meat and dairy products at the same time that both and dairy cattle inventories are near the low point of the cycle will provide price support for beef and dairy producers while herds are building.

- While hay markets are really regional in nature, the global increase in feed components lends considerable strength to Nevada's hay prices. Demand for hay in surrounding states, primarily California, has increased prices there, both as demand has increased and as the forage has some substitution for other feeds that are seeing prices driven higher. This has provided opportunity for shipping hay from Nevada.
- The state's most important specialty crop, onions, has a more middle-of-the road outlook. This crop is not as influenced by developments half a world away, although western hemisphere producers have seasonal impacts on U.S. onion markets, with implications for Nevada producers who have a narrow window of opportunity to capture favorable prices. Early 2011 prices suggest that no production shortfalls are expected as the Texas, Georgia, Arizona and California spring onion crops are harvested and marketed. Prices are therefore expected to reflect adequate crops, but no oversupply, and Nevada producers should receive prices that reflect a relatively balanced market when they harvest their summer onion crops.

Good Prices Ahead for Nevada Products

U.S. average prices, \$



Sources: USDA, FAPRI



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Some Negatives Exist

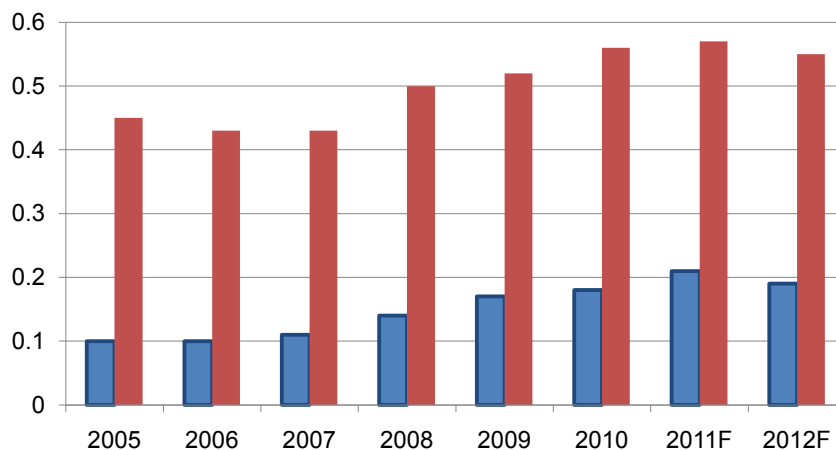
- While high grain and oilseed prices will boost overall revenues and incomes in producing regions of the U.S., they will substantially detract from profitability in the livestock sector, especially for dairy producers. Purchased feed prices have increased greatly in the past year and little relief is expected in 2011, with gradual price softening expected for 2012. As a result, input costs for livestock producers will remain elevated, eroding some

of the profitability resulting from high livestock and products market prices. Since Nevada agriculture is dominated by cattle and dairy production, rising feed component prices is bad news for local ranchers and dairymen.

- Cow-calf operators have a relatively small exposure to purchased grain compared to beef cattle producers in the rest of the country. Grazing and hay feeding are more prevalent, and Nevada is able to produce generally adequate quantities of forage, and is a net exporter of hay to nearby states, especially California. Since the primary product for Nevada cattlemen is feeder steers, most of the animals are destined for feedlots outside the state, where feeding is much more important and where most of the purchased feed costs will accrue. This limits, but does not eliminate the exposure of Nevada cow-calf producers to high purchased feed costs. For dairy producers, however, achieving high milk yields per cow requires a substantial amount of grain and protein meal in feed rations. As a result, high feed grain and protein meal prices have a negative impact on Nevada net farm incomes as producers are faced with higher costs.
- For beef cattle and dairy producers that must purchase hay for feeding, the higher hay prices that will exist in the outlook period will also add to costs.

Purchased Feed Pushing Costs Higher

Purchased feed costs, % of total operating costs



Sources: USDA, FAPRI



University of Nevada, Reno
Center for Economic Development



Center for Regional Studies
University of Nevada, Reno

- A glaring negative is high and rising energy costs. Field work and transportation costs have risen appreciably in recent years and are currently going through another round of steep increases. The geo-political environment that is fostering perceptions of risk and speculation is unpredictable, and high energy prices could last for some time.

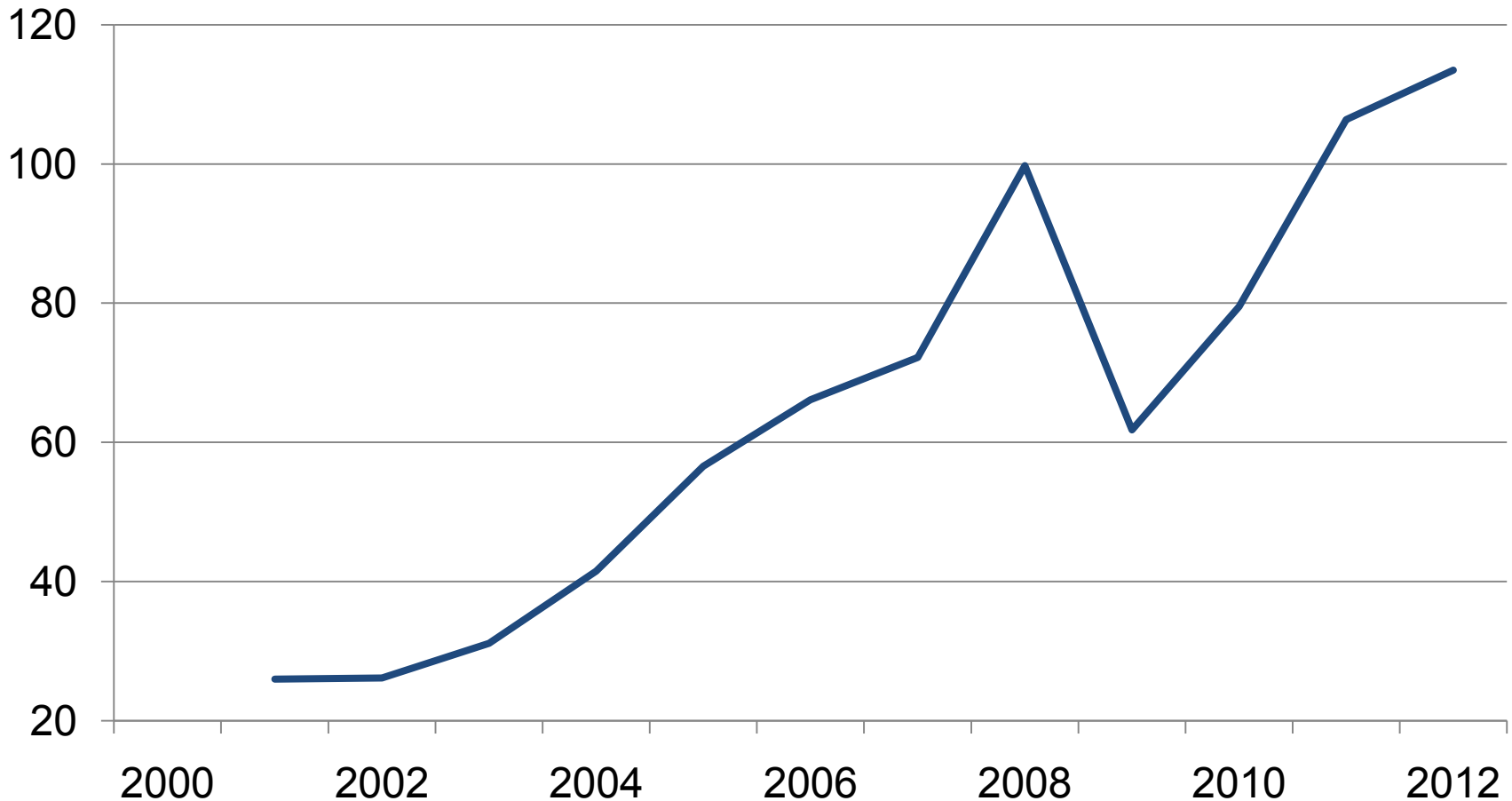
- Factoring in price strength, high costs, and assumptions about normal weather over the next two years, the outlook is for Nevada ranchers and farmers overall to enjoy solid income. For cow-calf operators and dairy producers, the stronger price environment expected, especially compared to two years ago, will be able to more than offset increases in costs.
- Substantial speculative, and perhaps real, risk remains in energy markets. The national and global recoveries remain tentative, and high energy prices could derail GDP growth. These are the biggest wild cards for at least the next year and could have a large impact on actual agricultural performance.

Looking Ahead

- Major factors in the outlook
 - Global economy, political environment
 - Global ag supply/demand balance
 - Agricultural policies
 - Energy needs and policies
 - Technology
- Not all factors will equally impact all regions.

Fuel Will Push Costs, Compete for Feed

West Texas Intermediate crude oil price, \$/bbl

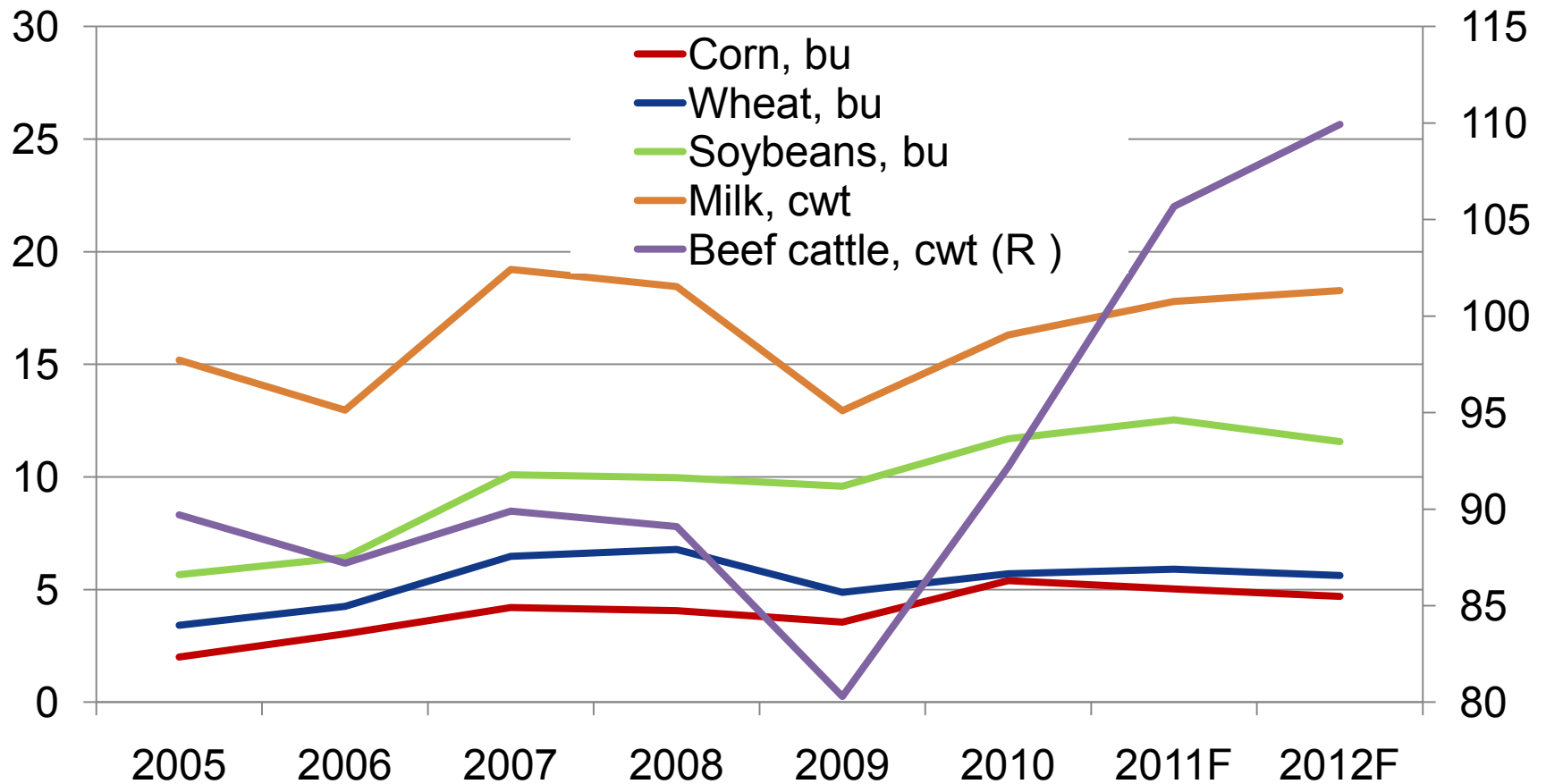


Source: EIA



Strong Prices Projected

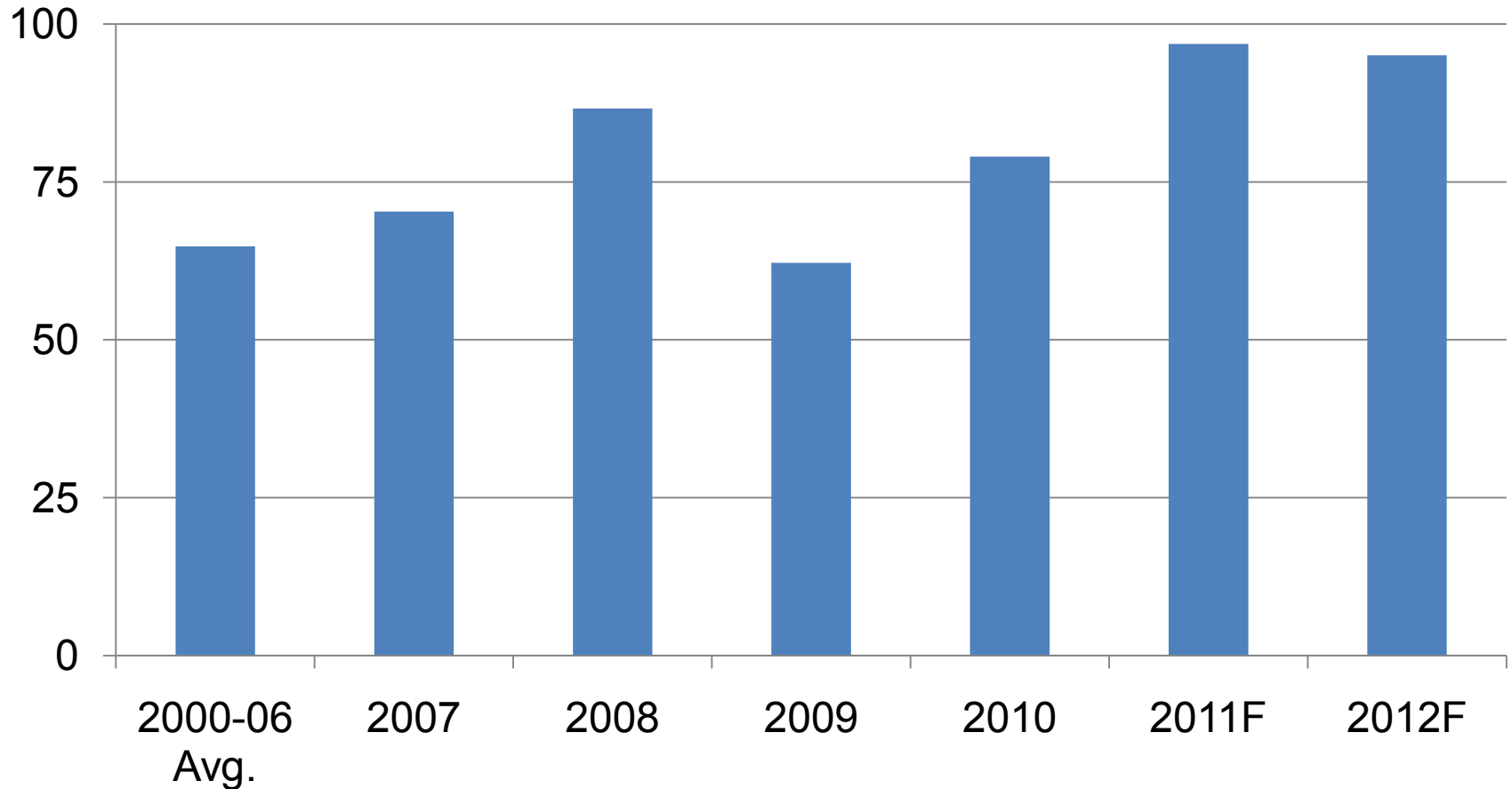
U.S. average prices, \$



Sources: USDA, FAPRI

Agriculture to Be Unusually Profitable

U.S. Net farm income, \$ bil

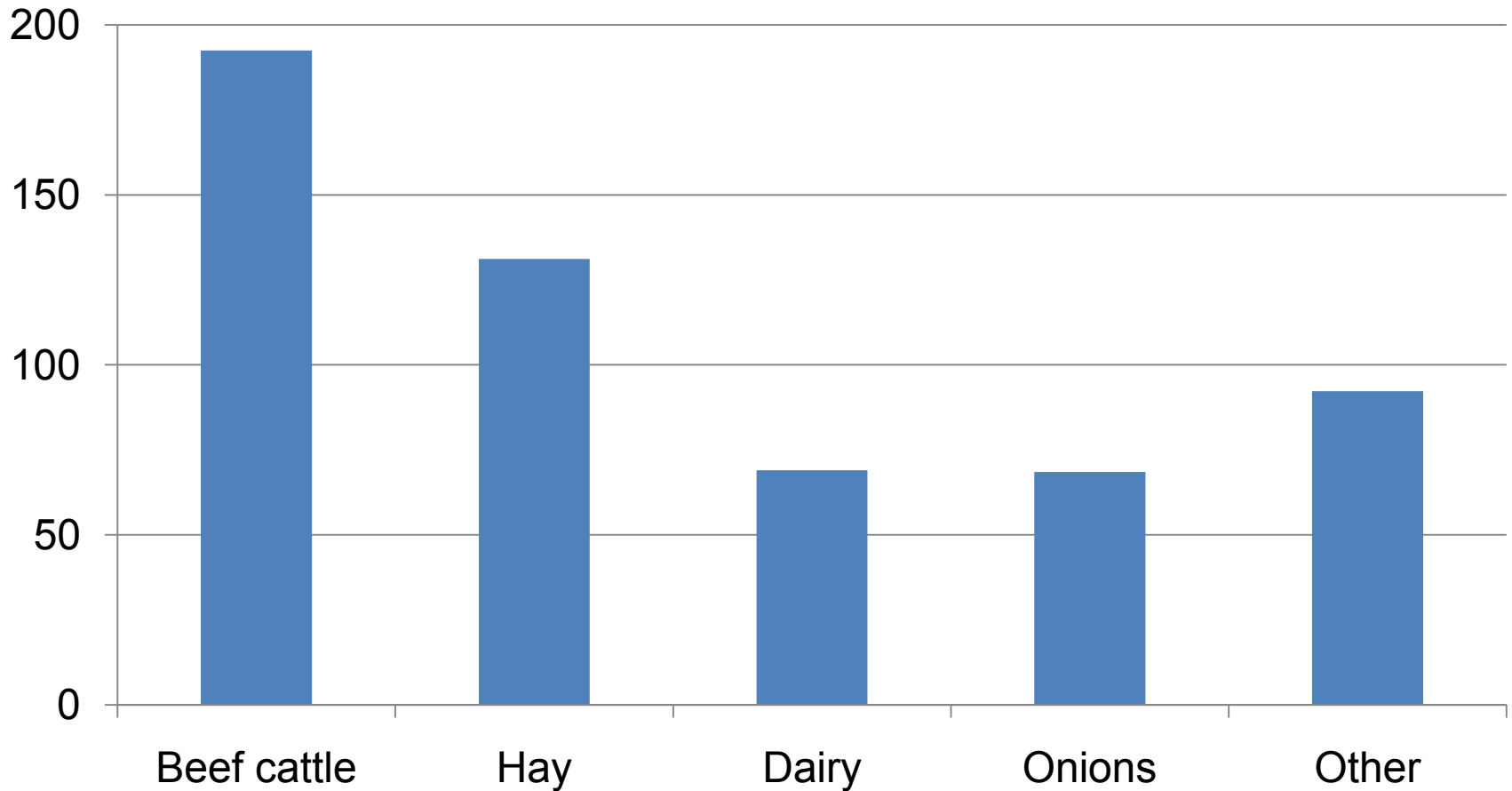


Sources: USDA, FAPRI



Nevada Ag Is Livestock Dependent

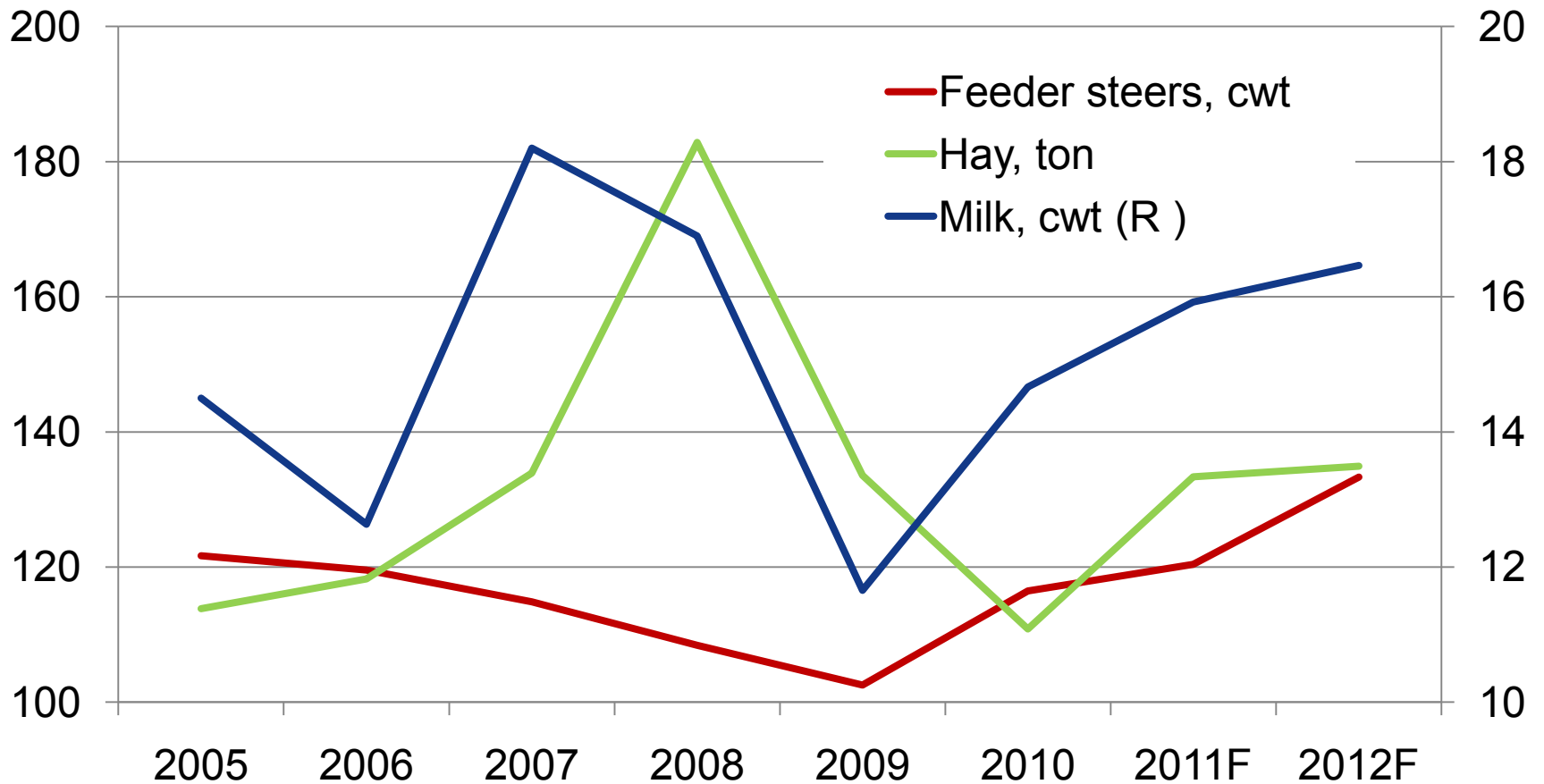
Gross receipts, 2009, \$ mil



Source: USDA, ERS

Good Prices Ahead for Nevada Products

U.S. average prices, \$

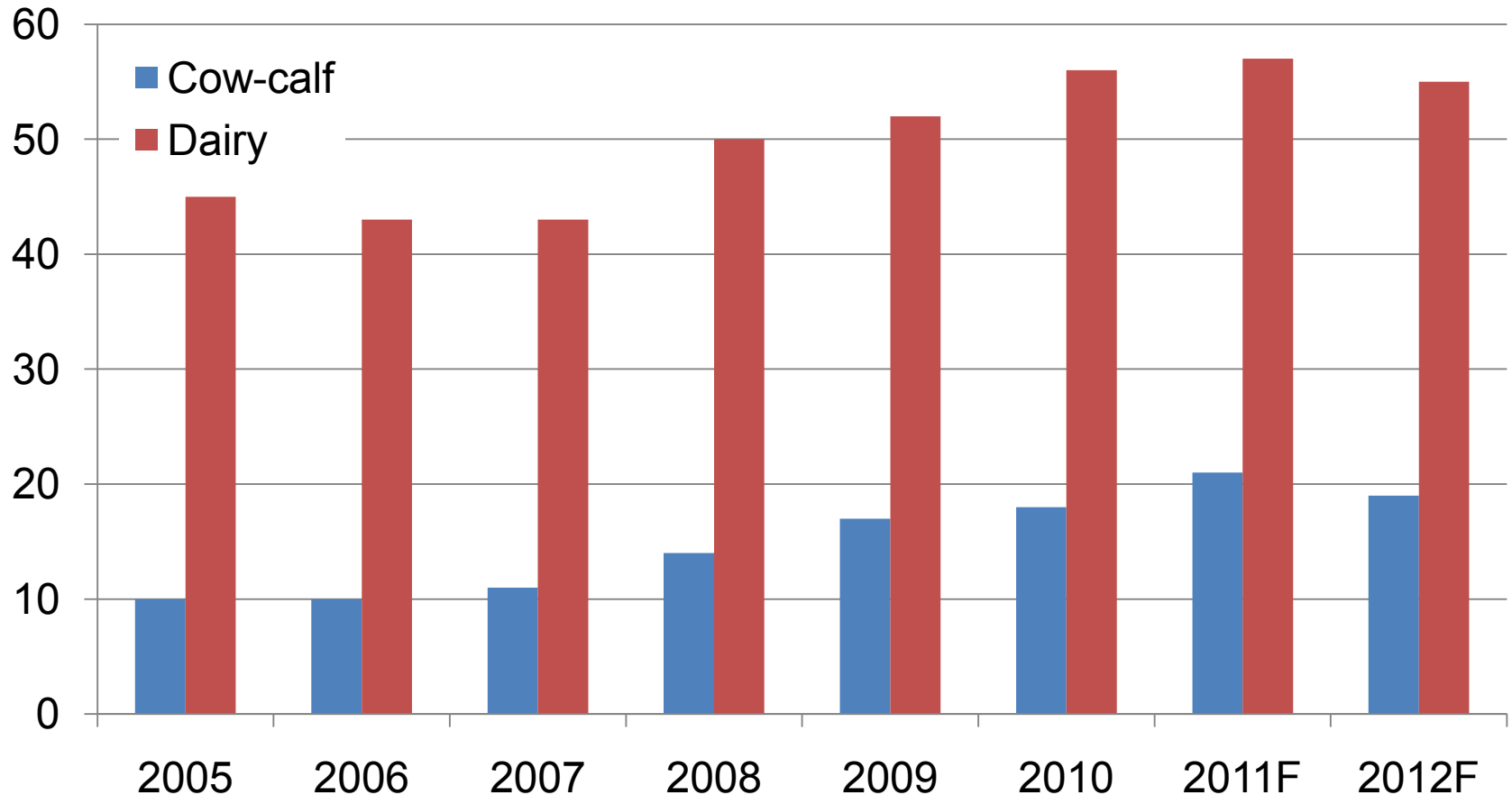


Sources: USDA, FAPRI



Purchased Feed Pushing Costs Higher

Purchased feed costs, % of total operating costs



Sources: USDA, FAPRI

**STATE OF NEVADA
ECONOMIC FORUM
May 2, 2011**

**Nevada Budget Forecast for FY2011 and FY2012:
A Summary and Update**

Dr. Alan Schlottmann
Department of Economics
UNLV
Alan.Schlottmann@unlv.edu

I. Introduction

The purpose of this summary presentation is to suggest factors relevant to any changes in the forecasted level of Nevada revenues in FY2011 and FY2012 as presented by the Economic Forum in its report of December 1, 2010.

As background information, recall that:

- On a national basis, there has been (at least) a five year recovery cycle for state tax revenues to re-attain pre-crisis peaks ¹, and
- States on a national basis have tended to make revenue forecasting errors significantly greater in fiscal crises. Specifically, overestimates have become larger during the last three periods of economic downturns. Nevada has been among those states with the larger errors. ²

To summarize, in my opinion there appears to be limited optimism for significant growth in Nevada revenue forecasts from the prior December 1, 2010 forecast of future state revenues.

As the Economic Forum is well aware, general economic growth is, of course, necessary for growth in Nevada revenues but such revenue growth is dependent upon the resulting pattern of taxable sales, earnings and household expenditures, and the level of hiring.

The comments below are presented based upon the regional economy of Nevada rather than from a national perspective. Thus, national data is used only as an illustrative tool for reference rather than as a discussion of the national economy.

Three areas of discussion are presented in a summary manner below. Each of these will be discussed in turn. These areas are:

¹ Rockefeller Institute of Governments, "What Will Happen to State Budgets When the Money Runs Out", Donald J. Boyd, 2009.

² Rockefeller Institute of Governments and Pew Center on the States, "States' Revenue Estimating", 2011.

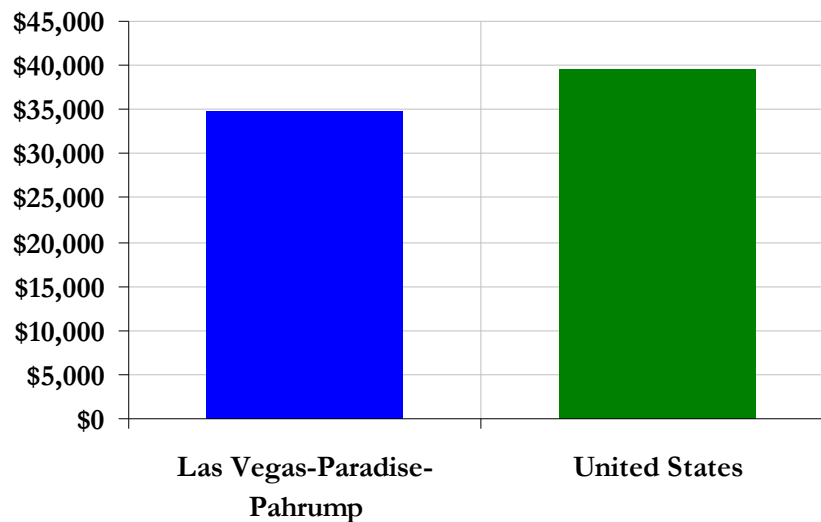
- Income Trends-Taxable Sales
- Gaming Win Trends-California Economic Forecasts
- A Short Note: Inflation and Taxable Sales

II. Income Trends-Taxable Sales

BEA economic areas are functionally defined regional economies that reflect places of employment, commuting patterns and housing patterns. One such BEA economic area roughly corresponds to Southern Nevada (Las Vegas-Pahrump, etc.). The latest data released in 2011 corresponds to 2009.

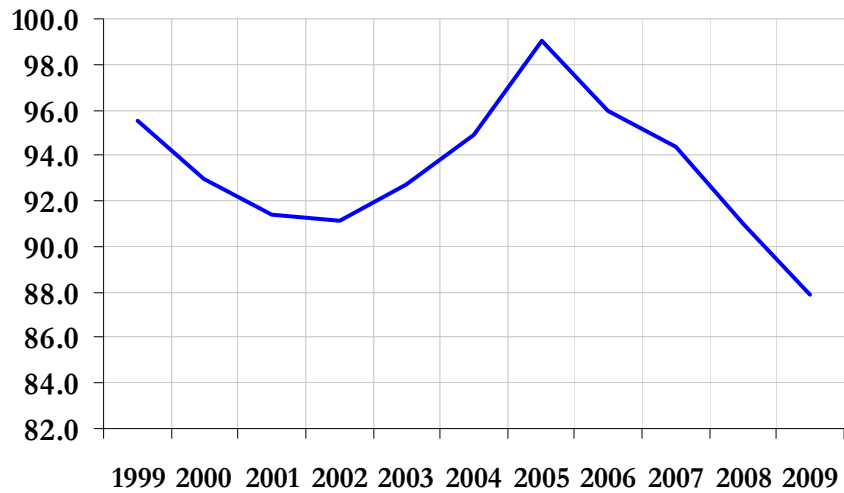
As shown below, the per-capita personal income of Southern Nevada continues to lag that of the US but, more importantly, continues to fall in relative terms.

Per Capita Personal Income: S. Nevada v. U.S., 2009



Source: Bureau of Economic Analysis.

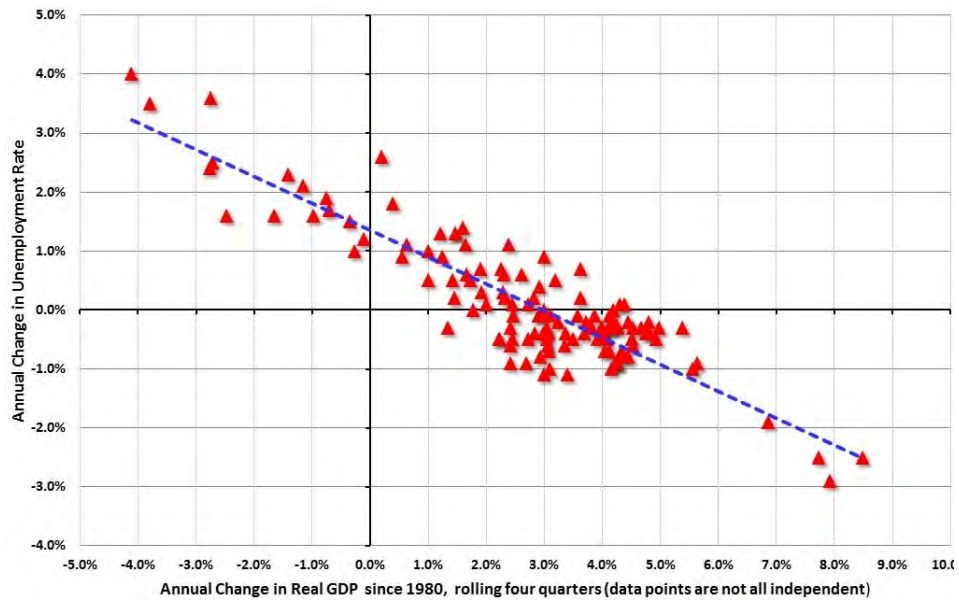
S. Nevada Per Capita Income as a % of the U.S., 1999 - 2009



Source: Bureau of Economic Analysis.

In simple terms, the above trend is disturbing given the historical national relationship between economic growth and the level of unemployment (a rolling four-quarter index). This relationship is shown below.

U.S. Annual Change in Real GDP & Unemployment Rate Trend (rolling 4 quarters)



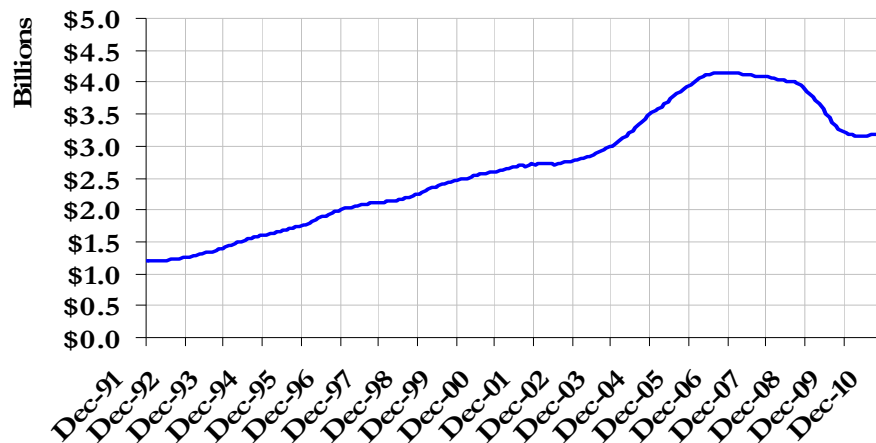
Source: Calculated RISK: Finance and Economics; (www.calculatedriskblog.com)

If Nevada follows a similar pattern or even has a local hiring relationship that is “twice as good”, then Nevada will not experience unemployment to more reasonable levels until FY 2014-2015. Simply put, hiring does not immediately adjust to a better regional economy.

Further, it needs to be noted in support of the above that the average hours worked in Clark County from February 2010 to February 2011 (among reported BLS occupational data) has not increased but slightly declined from 34.5 hours to 33.8 hours.³

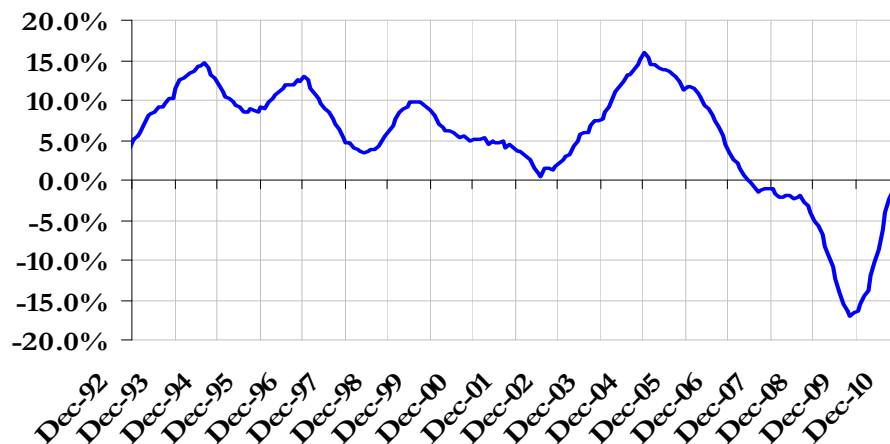
These factors matter in the context of Nevada taxable sales shown below as a 12-month moving average (and the associated percentage change).

Nevada Total Taxable Sales 12-Month Moving Average, 12/1991 - 12/2010



Source: Nevada Department of Taxation.

Nevada Total Taxable Sales 12-Month Moving Average % Change: 12/1991 - 12/2010



Source: Nevada Department of Taxation.

³ U.S. Department of Labor, Bureau of Labor Statistics.

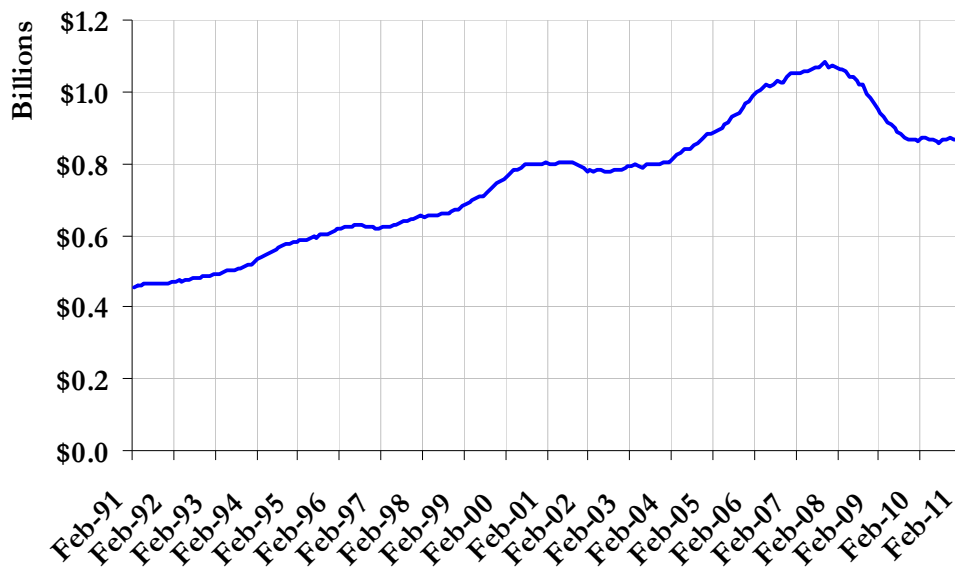
Specifically, although taxable sales may have hit their low point, there is little evidence to suggest significant positive upward trends from Nevada households over the short-run period.

III. Gaming Win Trends-California Economic Forecasts

In my opinion, a similar set of factors to those above prevail for expected revenue forecasts from the gaming tax. Even though the convention segment has shown recent improvement among the major Las Vegas strip properties, the December 1, 2010 forecast by the Economic Forum still appears, in my opinion, accurate.

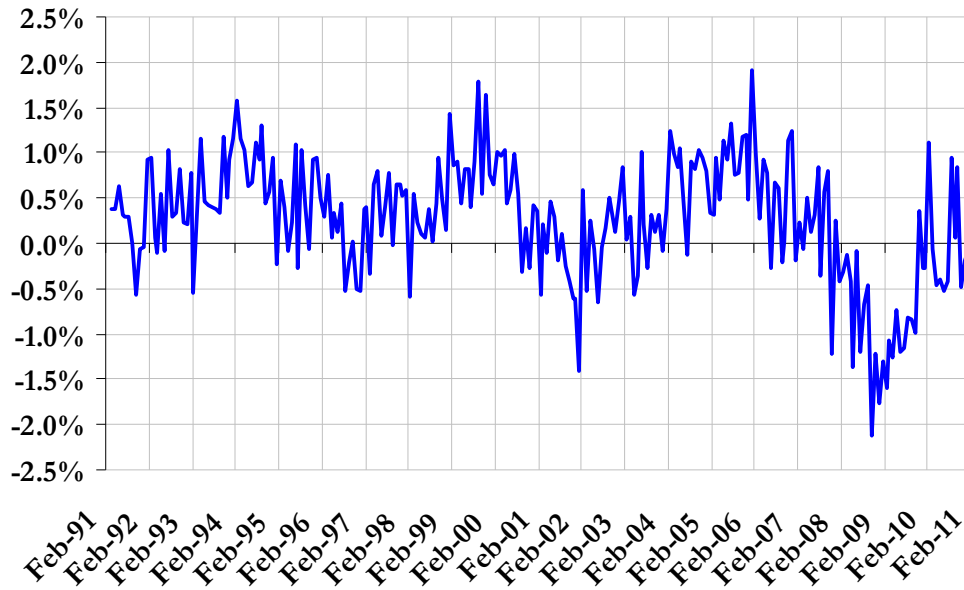
The 12-month moving average for Nevada gaming revenue (win) and its associated percentage change is presented below. These data suggest a slow recovery. Although the recovery of this revenue segment has begun, two factors suggest caution.

Total Nevada Gaming Win 12-Month Moving Average: 2/1991 - 2/2011



Source: Nevada Gaming Control Board.

Total Nevada Gaming Win 12-Month Moving Average % Change: 2/1991 - 2/2011



Source: Nevada Gaming Control Board.

First, as discussed above, overall Nevada resident disposable income remains limited with respect to “local” gaming revenues.

Second, the economic situation in California remains relatively negative. As is well-known, the California market remains the single largest segment of Las Vegas “casino visitors”. With the California unemployment rate forecast to remain at 10.5% next year and double-digit unemployment expected to remain until the start of 2013, this critical market segment offers limited growth prospects for Nevada.⁴

IV. A Short Note: Inflation and Taxable Sales

One wild-card remains for the Economic Forum to consider and is unfortunately negative.

The wild-card facing the Economic Forum is inflation in food prices and gasoline prices.

The rise in retail gasoline prices over the past year is obviously well-known to the Economic Forum as is the observation that significant increases in gasoline prices tend to cut into other taxable sales.

Thus, let me note a brief observation on recent forecasts for increases in food prices. As is well-known, food purchases for home consumption in Nevada are non-taxable. However, significant changes in expenditures on these “necessities” do impact other more discretionary consumer (taxable) purchases. Any negative impact on such items as food-at-home prices can offset small positive trends elsewhere.

⁴ UCLA Anderson School of Management, March 2011, The California Forecast.

In my opinion, food price forecasts from the Economic Research Service, United States Department of Agriculture have been a reliable source. Based upon ERS recent forecasts:

- Food-at-home (grocery store) prices in 2011 are forecast to rise 3.5 to 4.5 percent
- The food-at-home CPI increased 0.6 percent in February 2011 and is up 2.8 percent from last February

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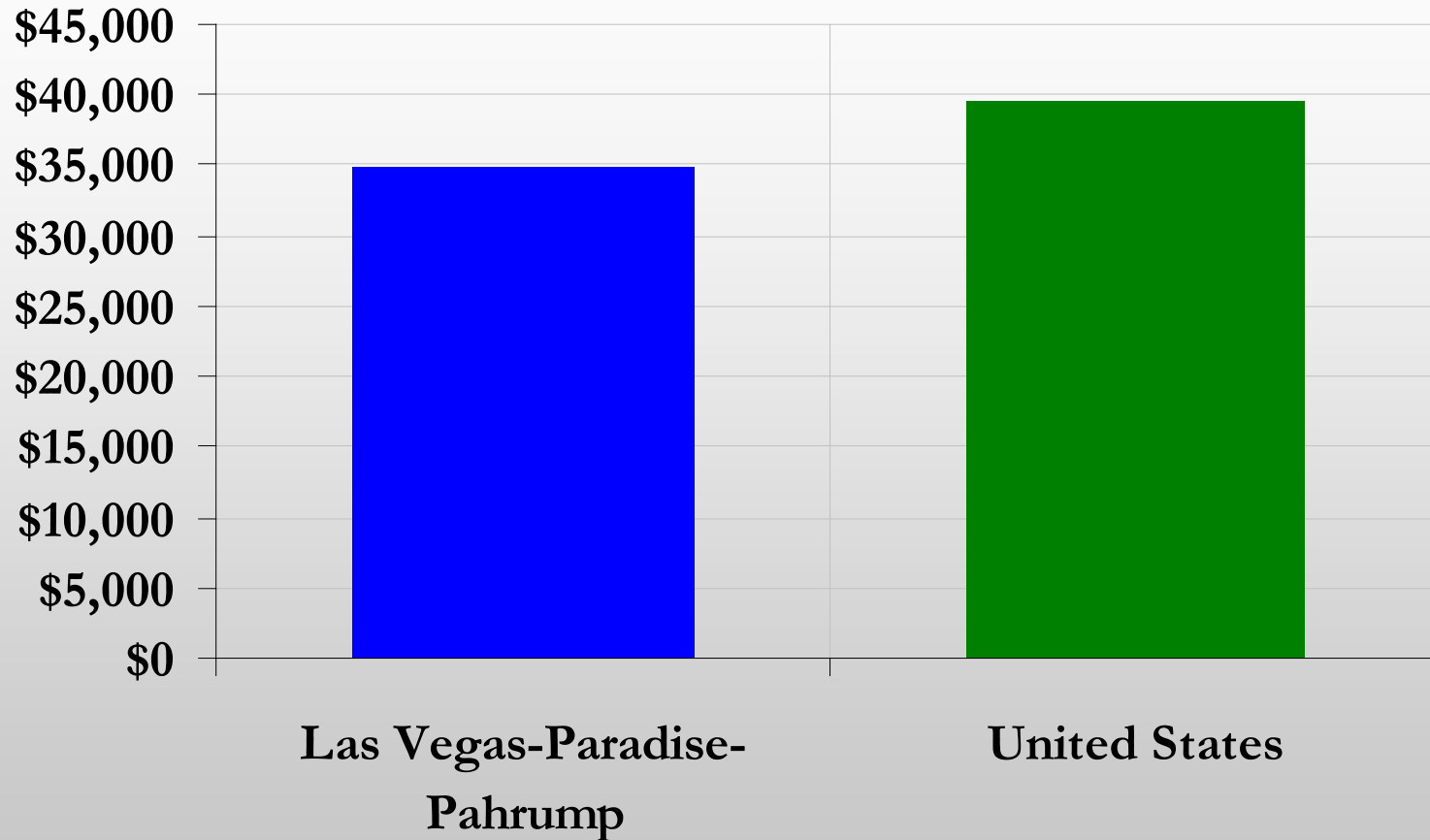
Nevada Budget Forecast for FY2011 and FY2012: A Summary and Update

STATE OF NEVADA ECONOMIC FORUM

May 2, 2011

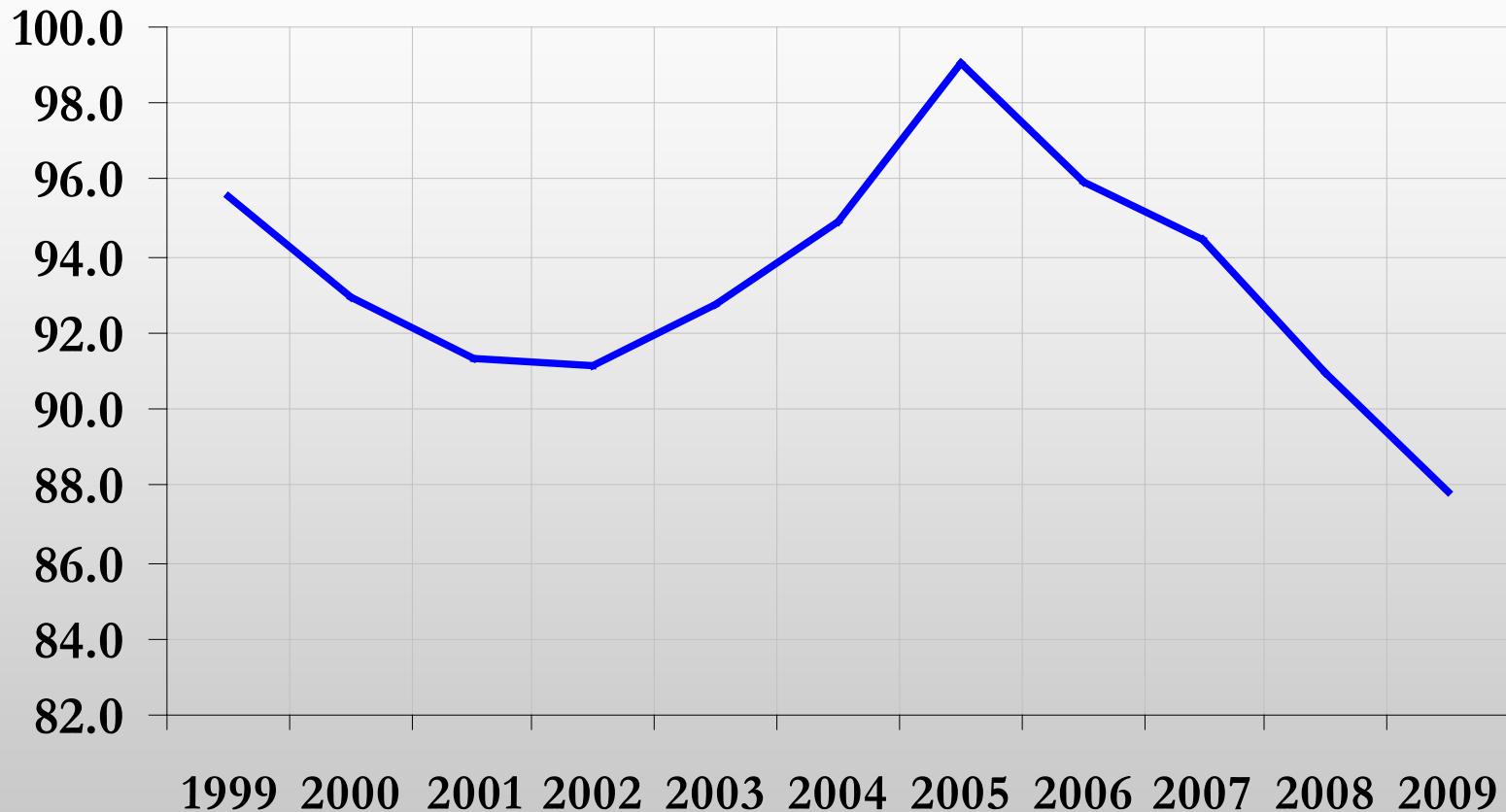
Presented by:
Dr. Alan Schlottmann
Department of Economics
UNLV

Per Capita Personal Income: S. Nevada v. U.S. 2009



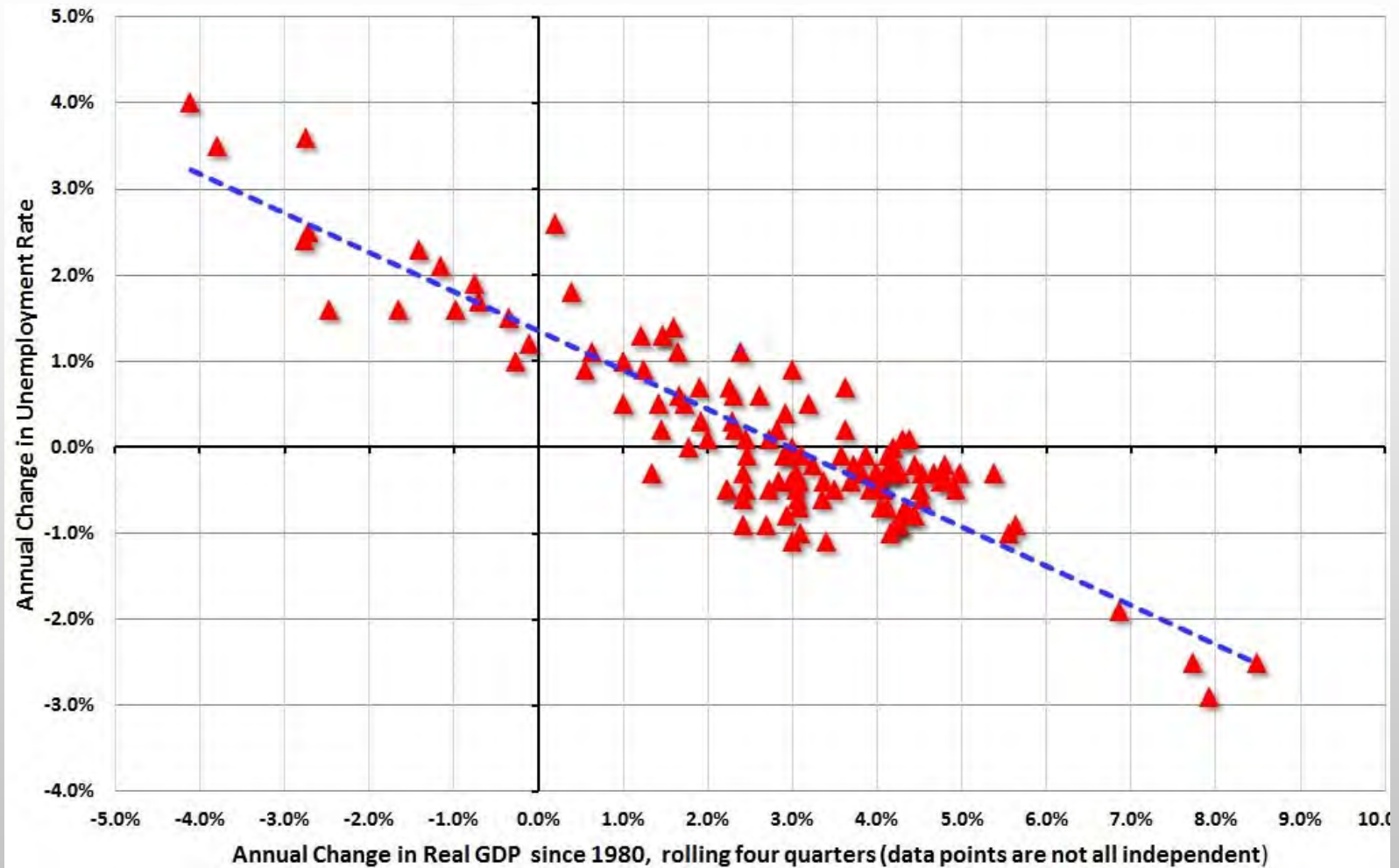
Source: Bureau of Economic Analysis.

S. Nevada Per Capita Income as a % of the U.S. 1999 - 2009

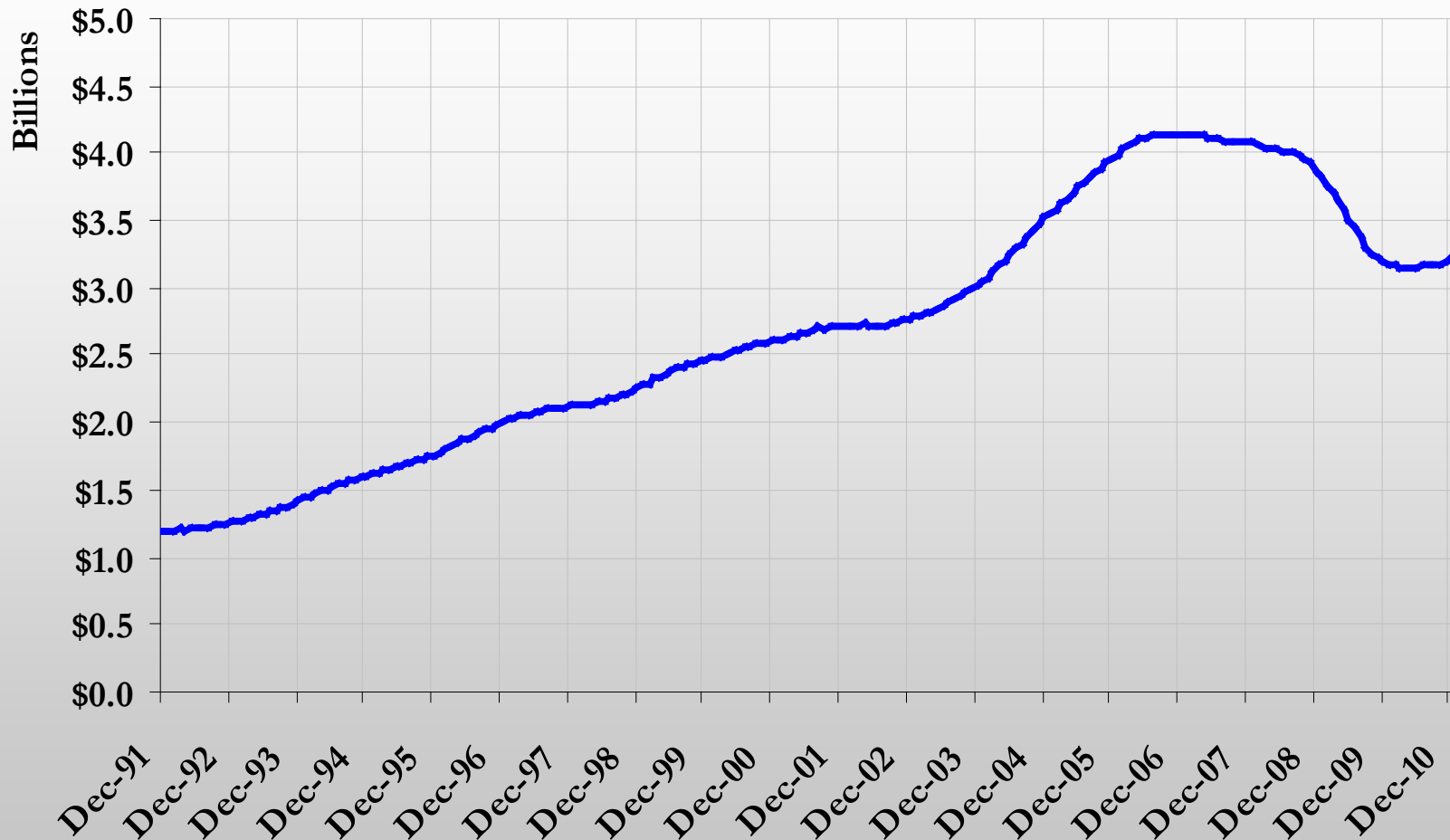


Source: Bureau of Economic Analysis.

U.S. Annual Change in Real GDP & Unemployment Rate Trend (rolling 4 quarters)

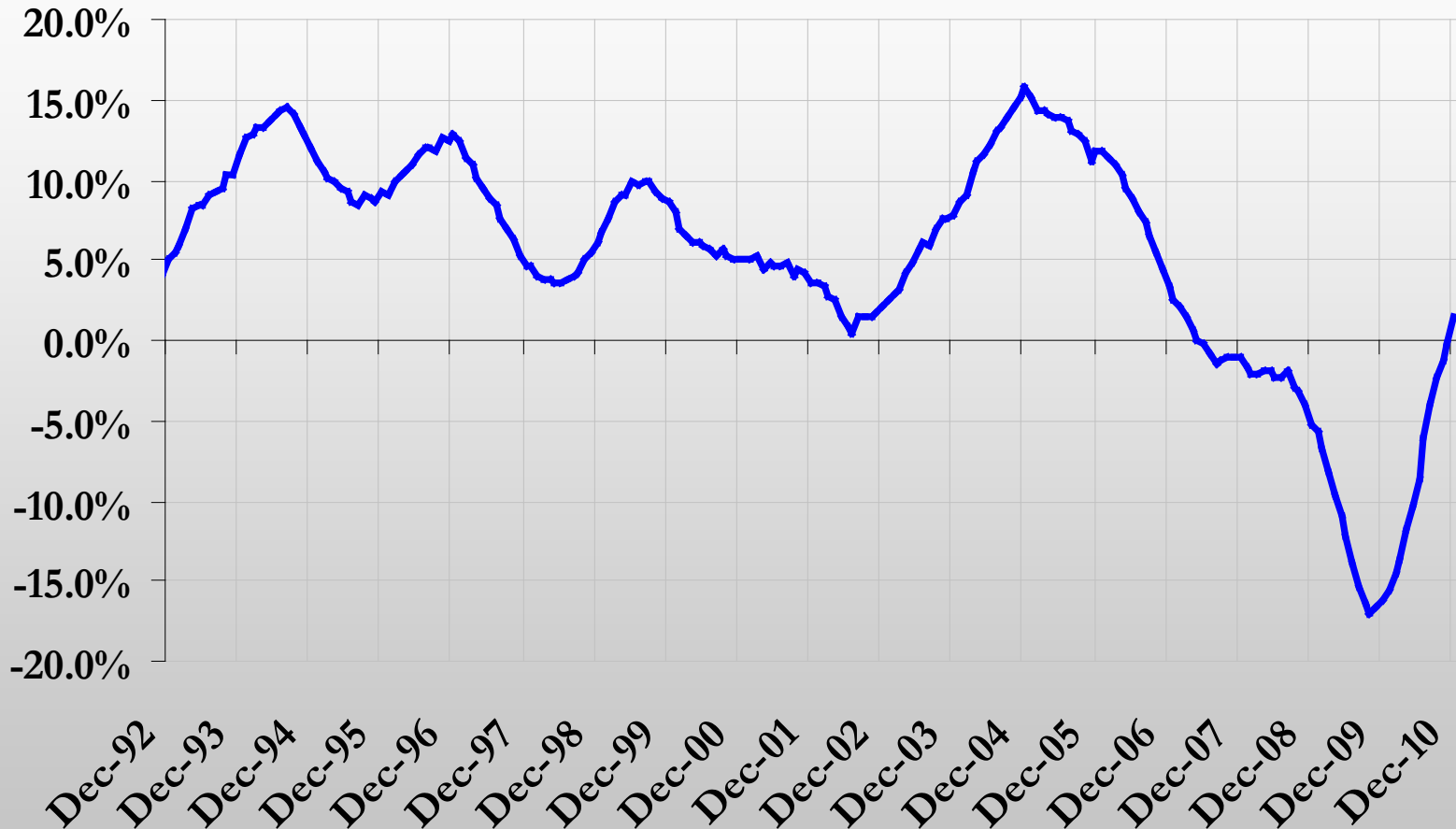


Nevada Total Taxable Sales 12-Month Moving Average: 12/1991 - 12/2010



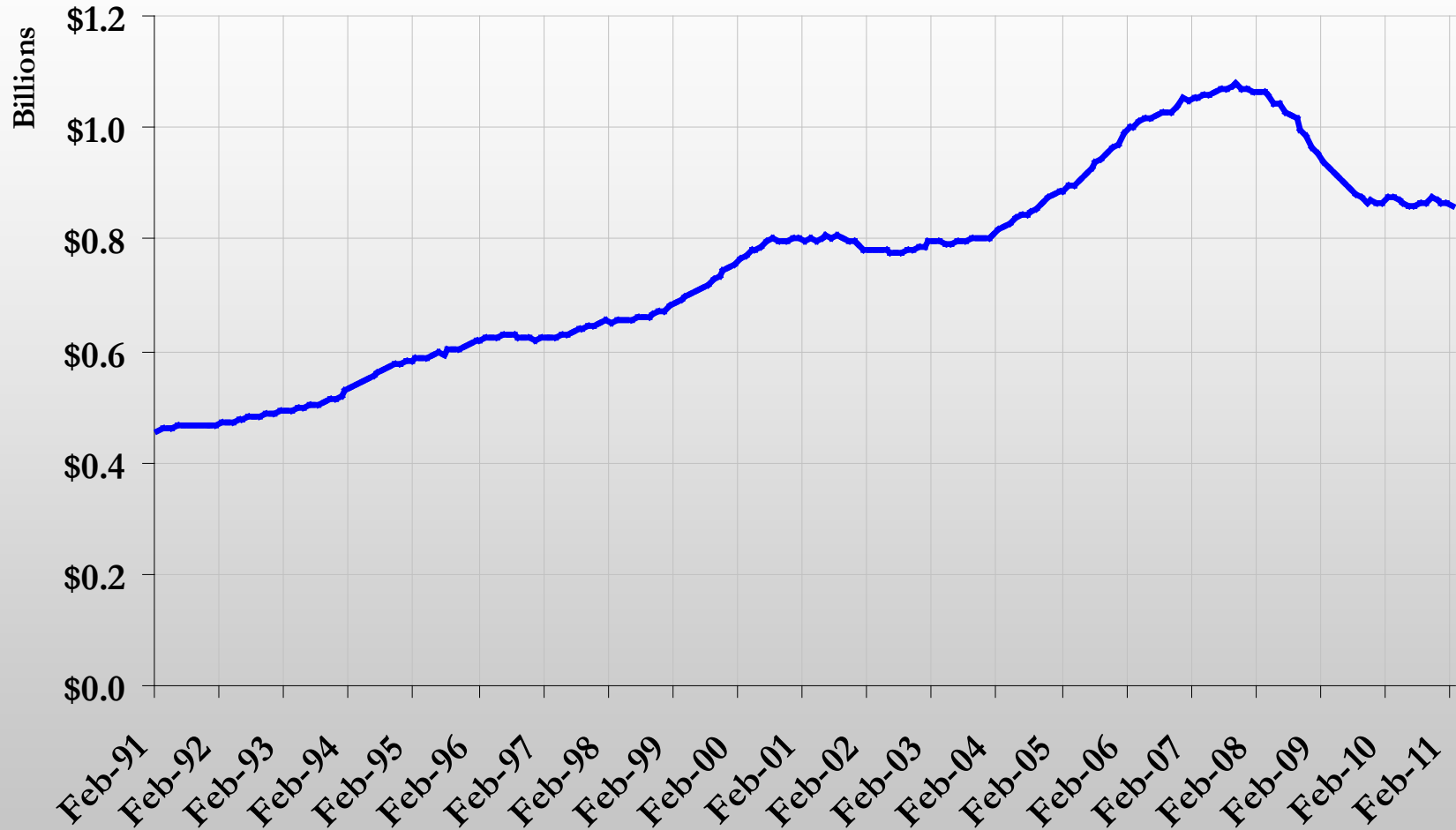
Source: Nevada Department of Taxation.

Nevada Total Taxable Sales 12-Month Moving Average % Change: 12/1991 - 12/2010



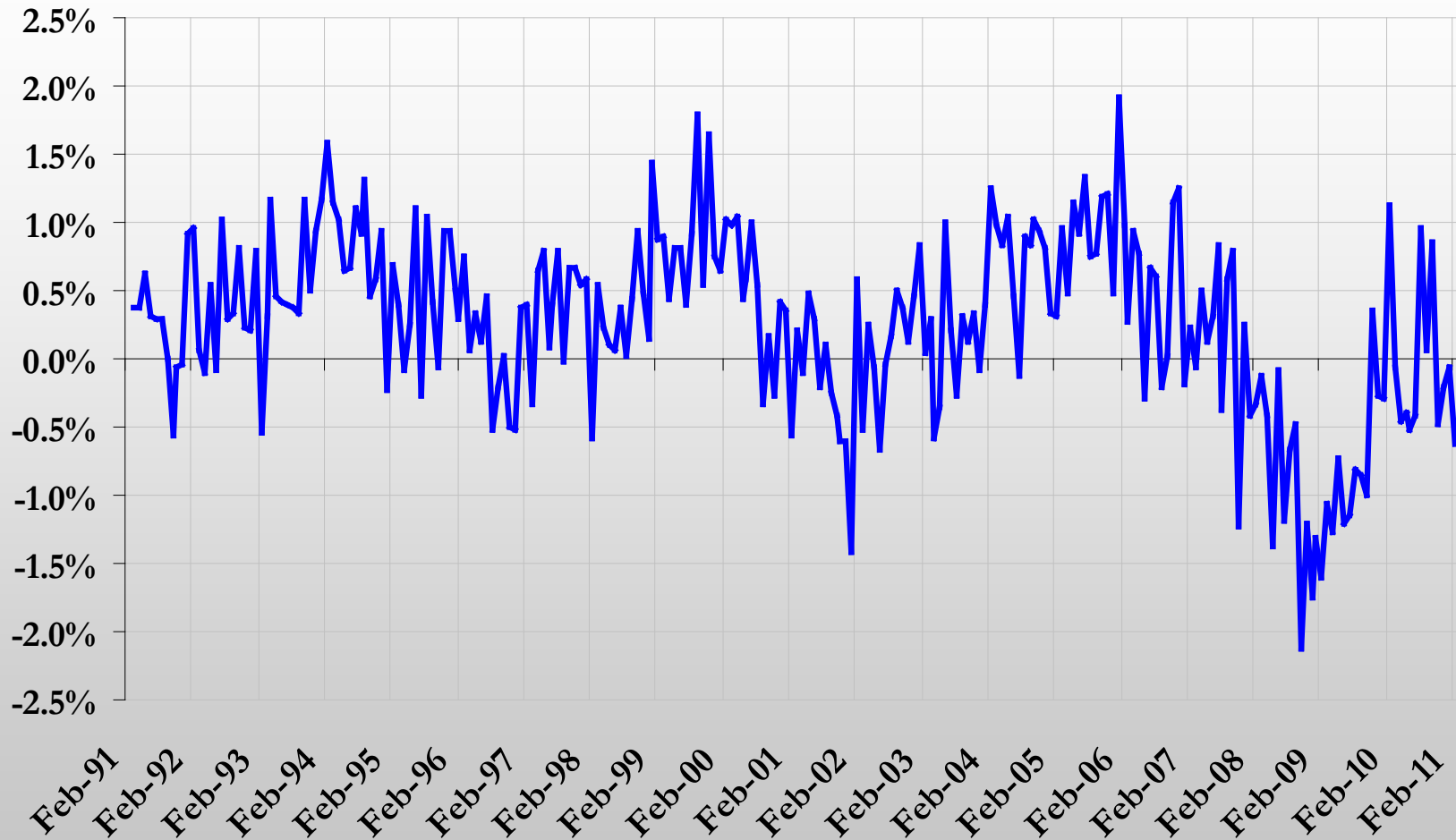
Source: Nevada Department of Taxation.

Total Nevada Gaming Win 12-Month Moving Average: 2/1991 - 2/2011



Source: Nevada Gaming Control Board.

Total Nevada Gaming Win 12-Month Moving Average % Change: 2/1991 - 2/2011



Source: Nevada Gaming Control Board.

Contact Info:

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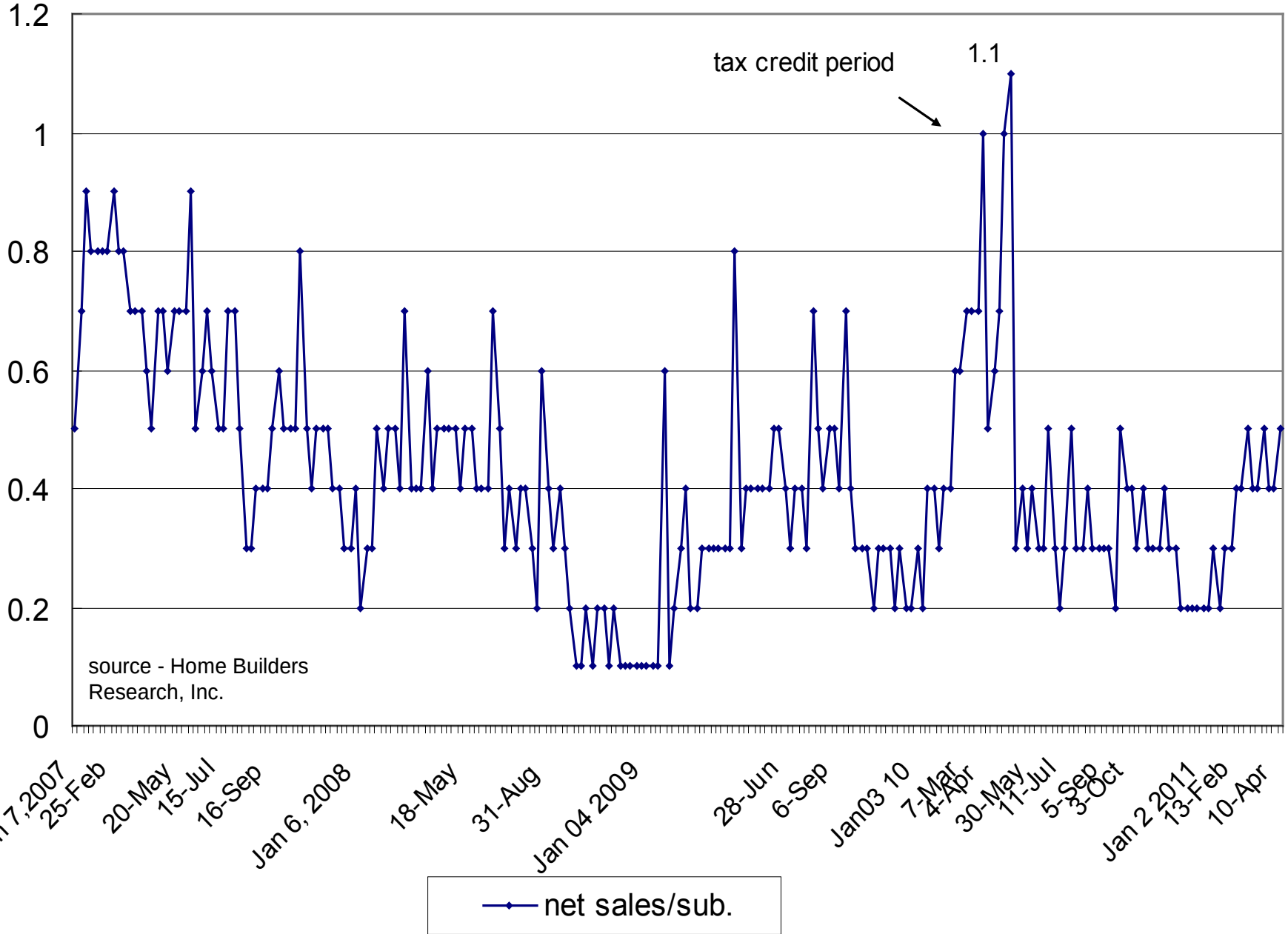
LAS VEGAS HOUSING OUTLOOK APRIL 2011

**DENNIS SMITH – HOME BUILDERS
RESEARCH, INC**

Net Sales per Subdivision per Week - 2007 - 2011

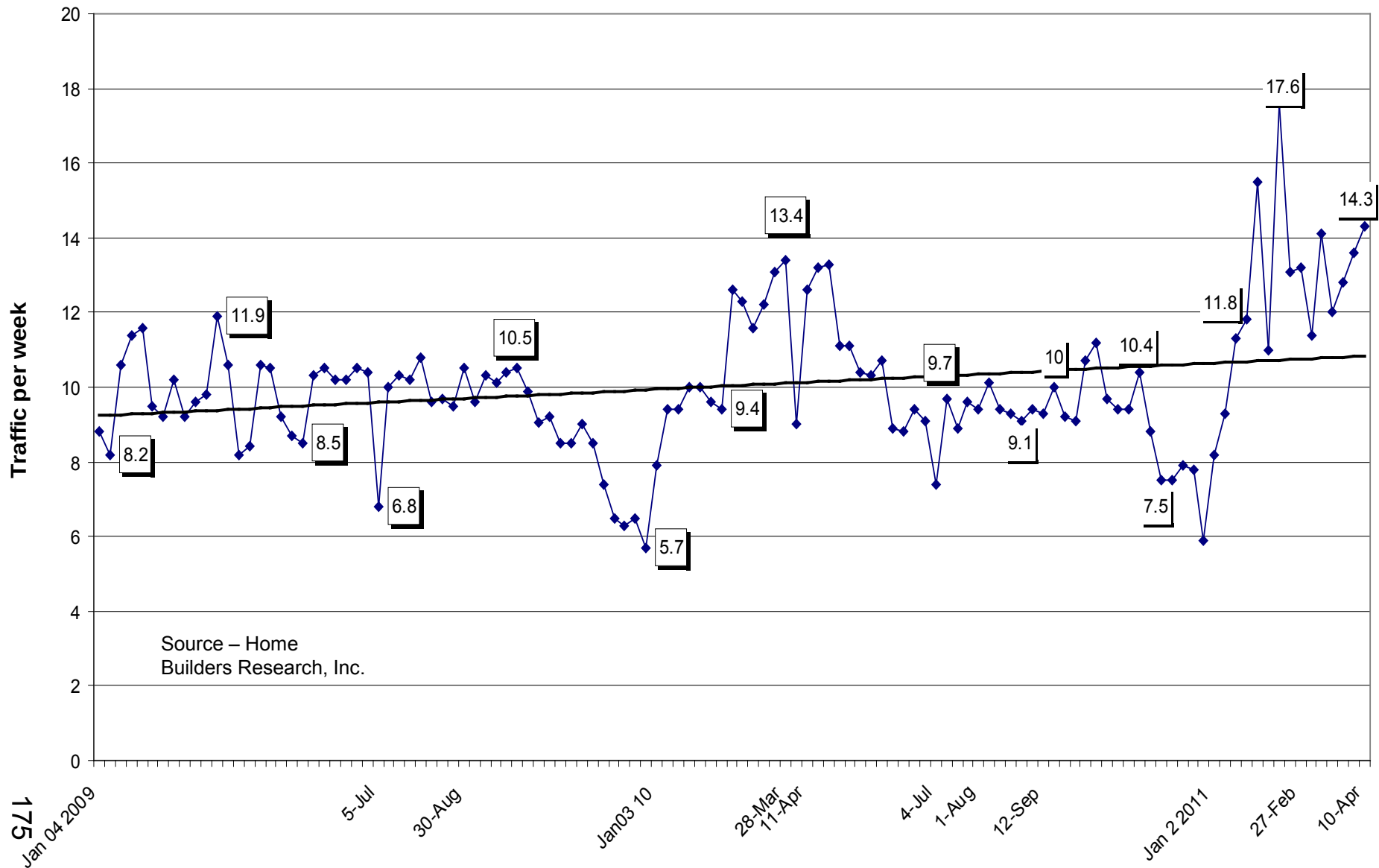
174

Net Sales per subdivision



AVG TRAFFIC PER SUBDIVISION PER WEEK

JAN 2009 - APR 2011



1ST QTR - 2010

1ST QTR - 2011

YR CHGE

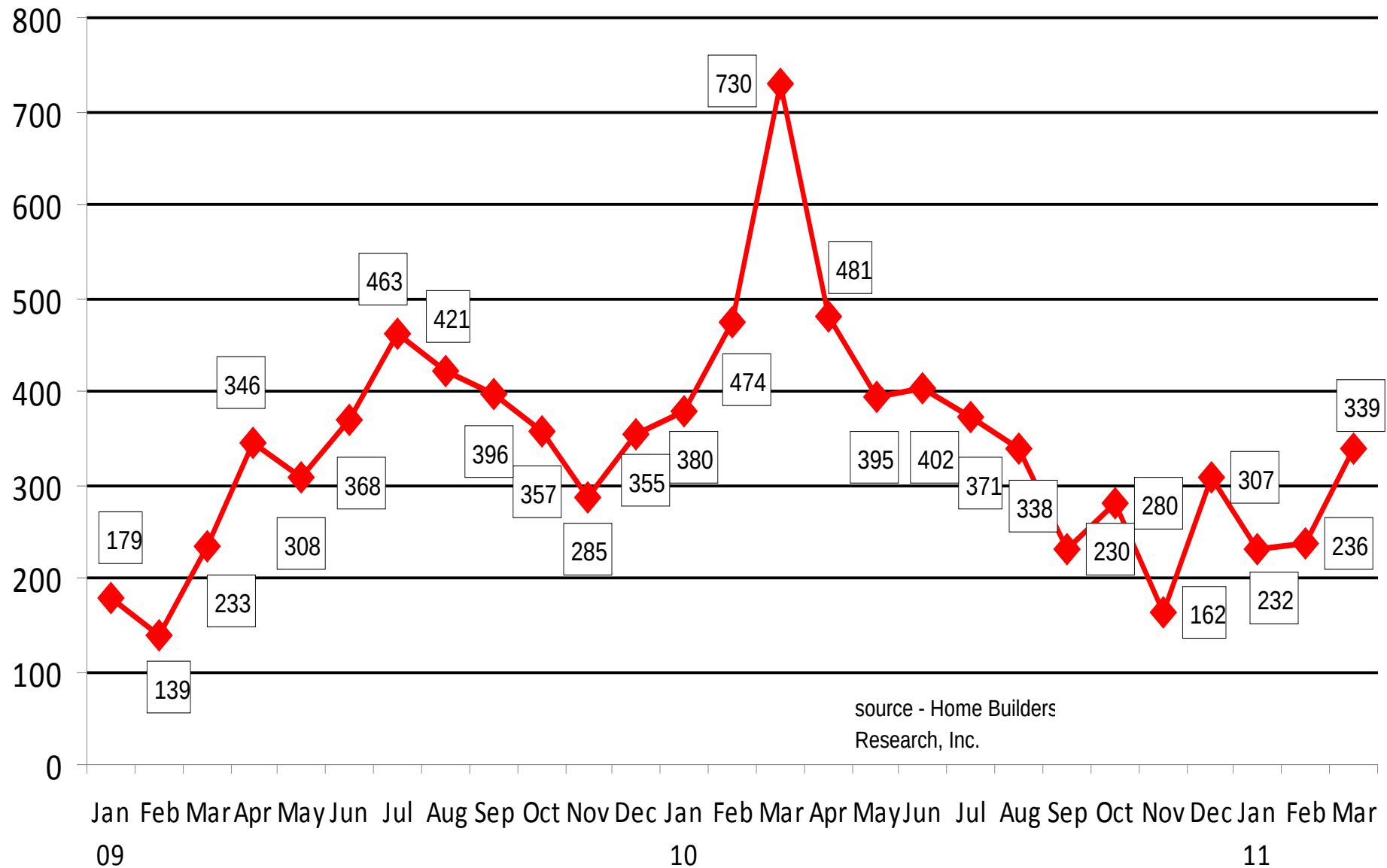
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AREA	NET SLS	TRAFF		NET SLS	TRAFF	NET SLS	TRAFF
E	65	1243		40	982	-38.46%	-21.00%
H	224	3694		180	5909	-19.64%	59.96%
NLV	163	3525		135	4419	-17.18%	25.36%
NW	244	5302		211	7853	-13.52%	48.11%
S	43	1099		13	1154	-69.77%	5.00%
SW	612	12719		348	13186	-43.14%	3.67%

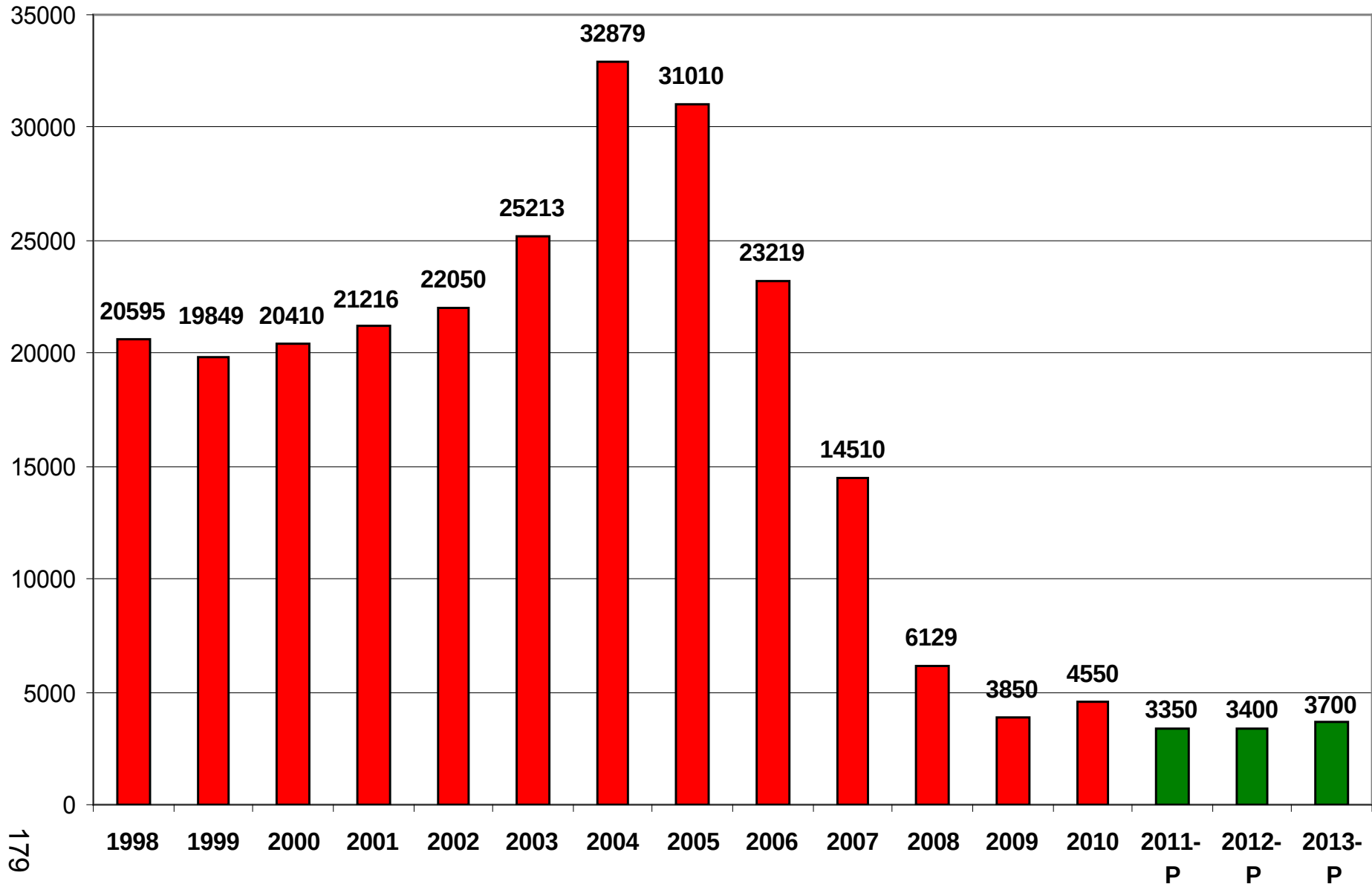
BUILDER	NET SOLD 2010	% MKT SHARE	NET SOLD 1 st QTR 2011	1 ST QTR MKT SHR
KB HOME	483	11.05%	162	16.65%
DR HORTON	659	15.07%	95	9.76%
PULTE HOMES/DEL WEBB	309	7.07%	94	9.66%
RICHMOND AMERICAN	526	12.03%	93	9.56%
LENNAR HOMES	287	6.56%	82	8.43%
HARMONY HOMES	419	9.58%	64	6.58%
DUNHILL HOMES	134	3.07%	56	5.76%
AMERICAN WEST	245	5.60%	54	5.55%
PARDEE	263	6.02%	51	5.24%
BEAZER HOMES	194	4.44%	48	4.93%
RYLAND HOMES	196	4.48%	43	4.42%

2009 - 2011 MONTHLY NEW HOME PERMITS

178



NEW HOME PERMITS - TRADITIONAL PRODUCTS



ANNUAL NEW HOME CLOSINGS - TRADITIONAL PRODUCTS

180

35000

30000

25000

20000

15000

10000

5000

0

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011-

P

2012-

P

2013-

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20520

22940

22502

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29472

30829

29493

15584

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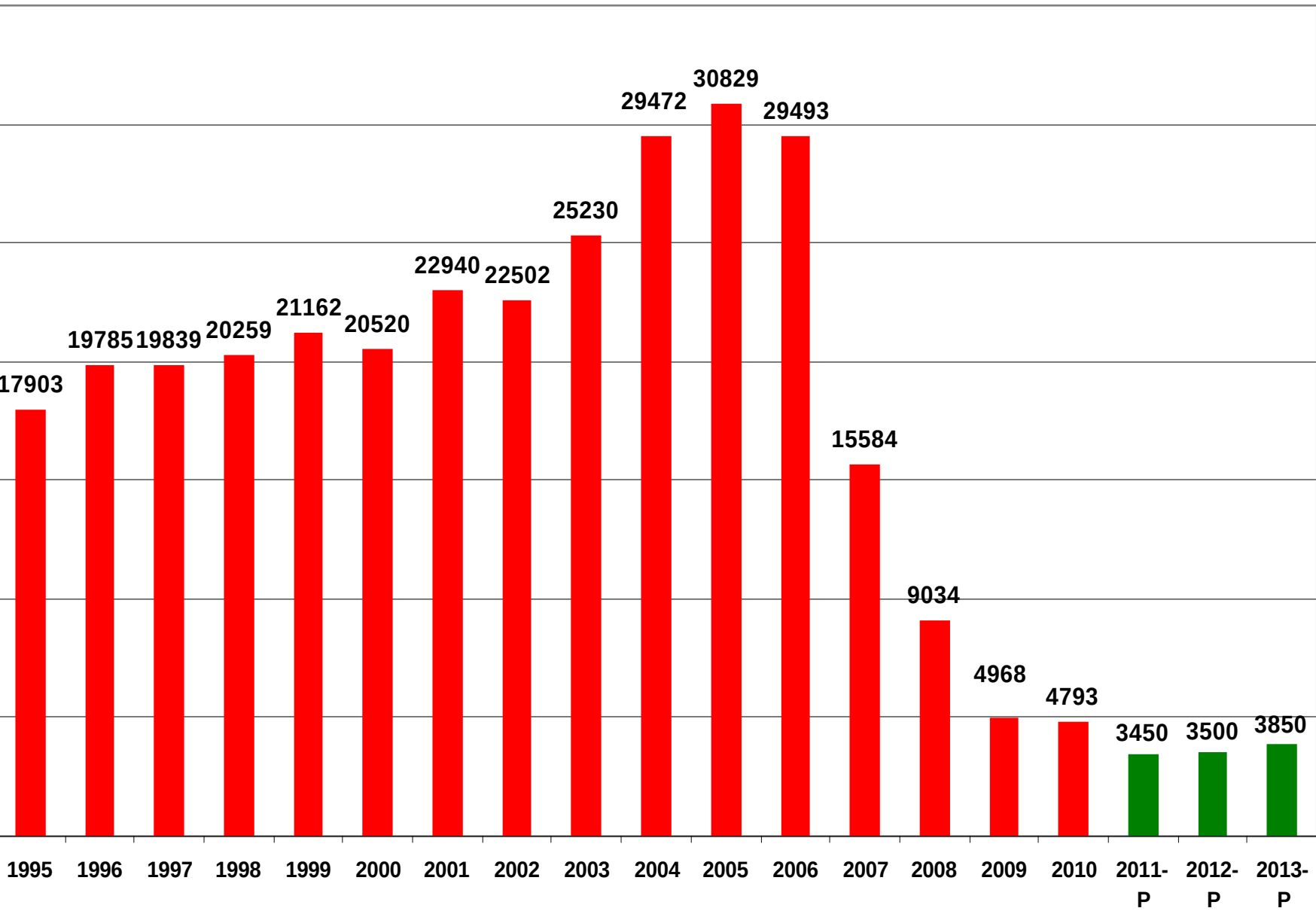
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4793

3450

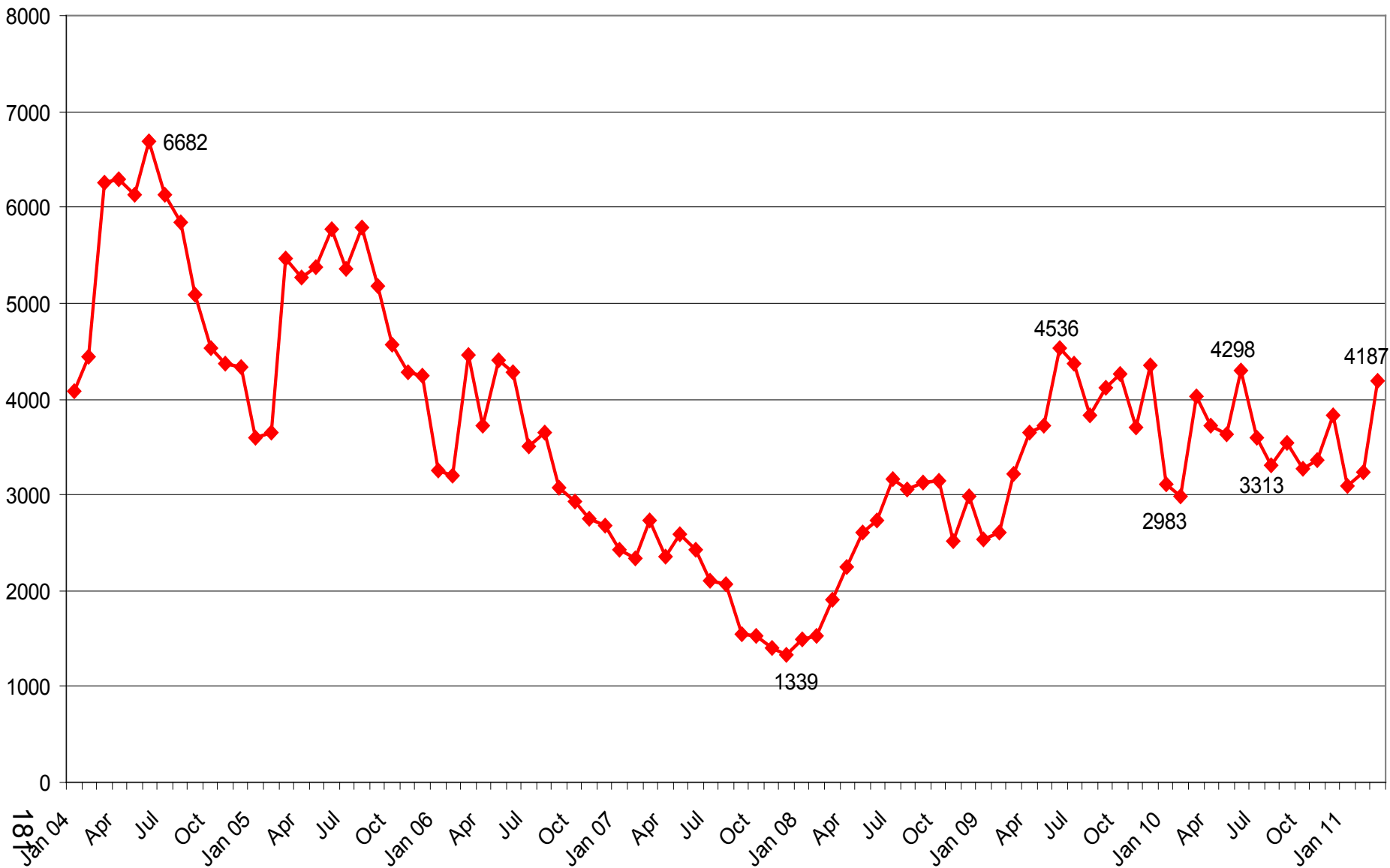
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3850

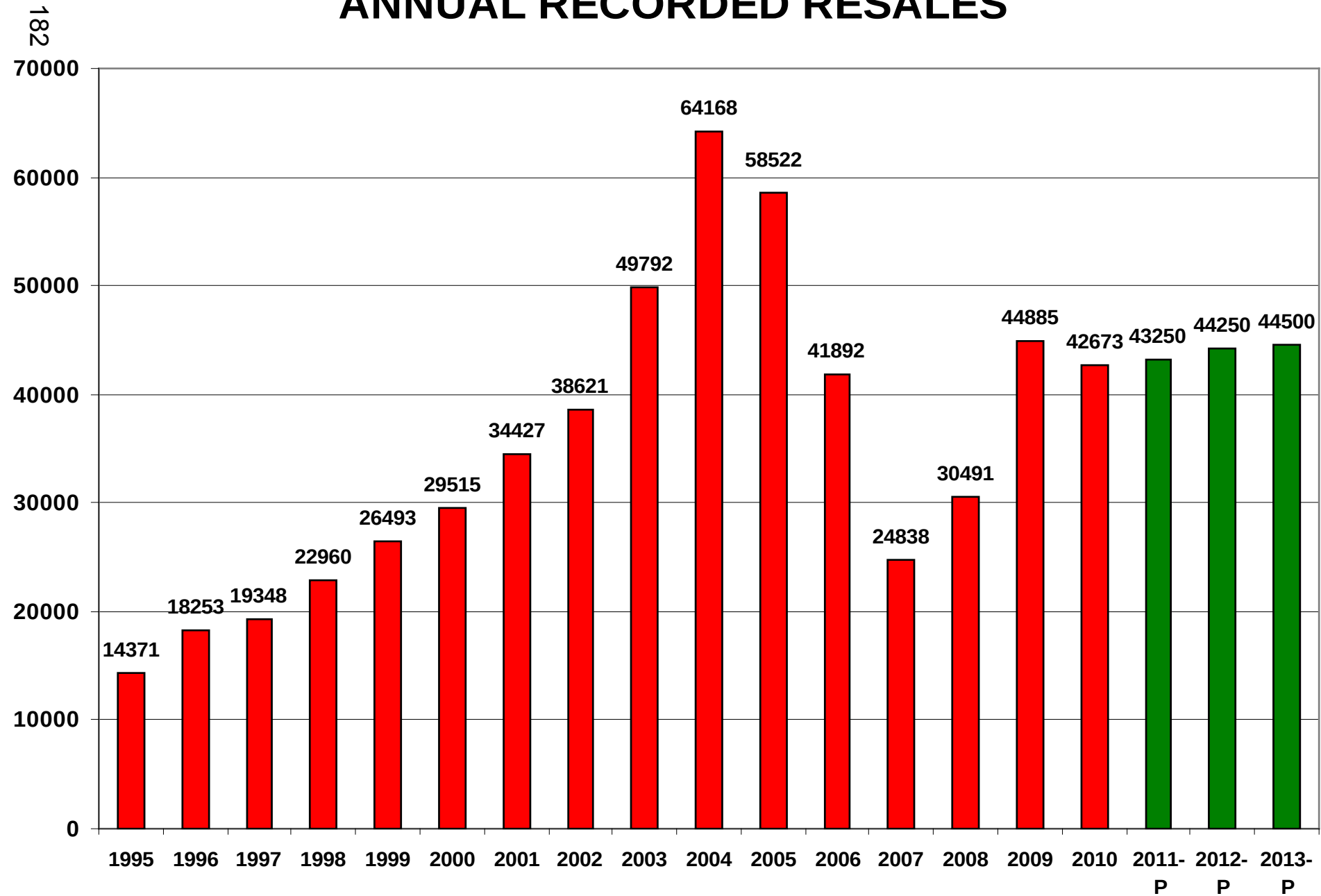


MONTHLY RECORDED RESALES

2004 - 2011

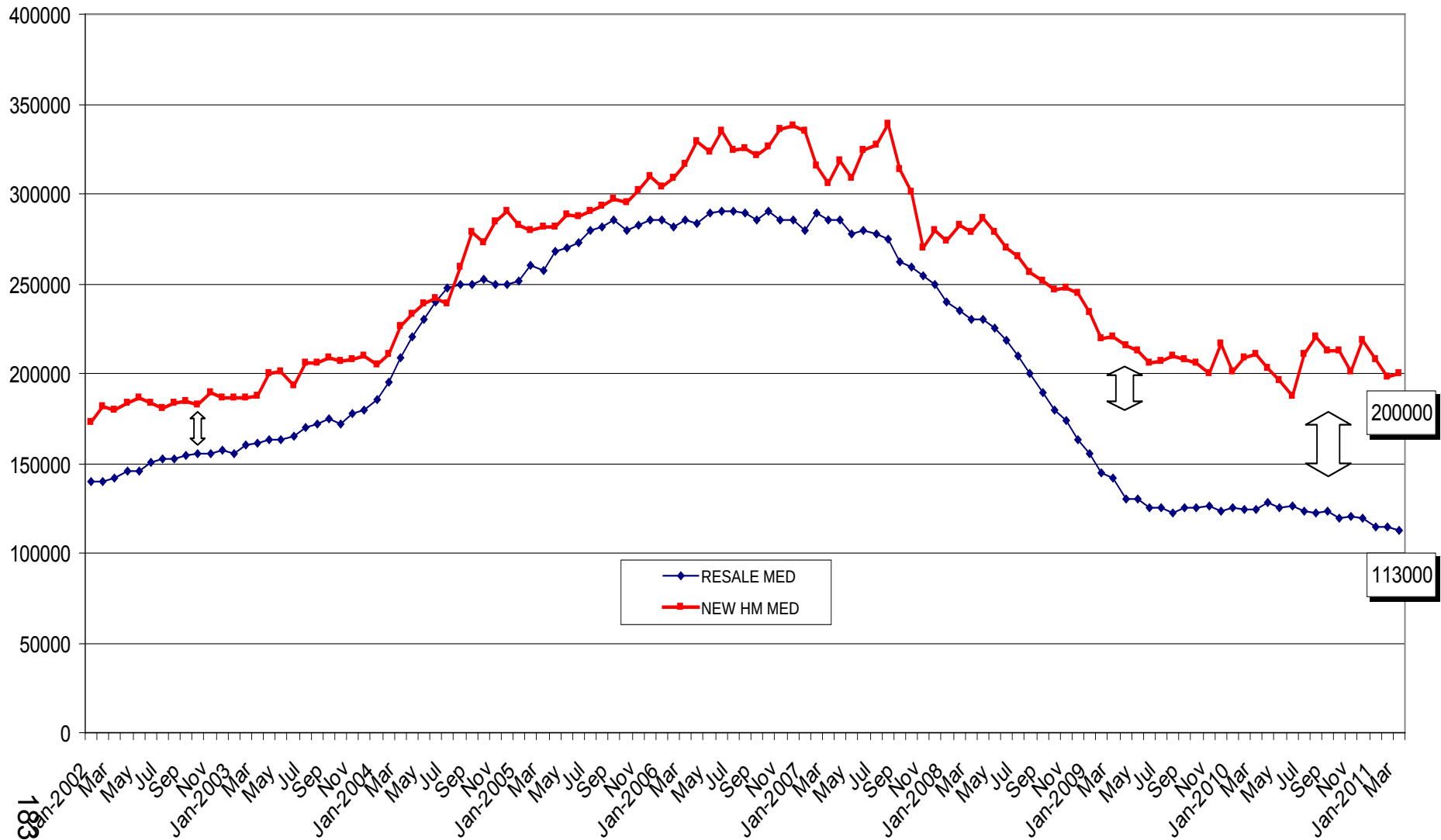


ANNUAL RECORDED RESALES

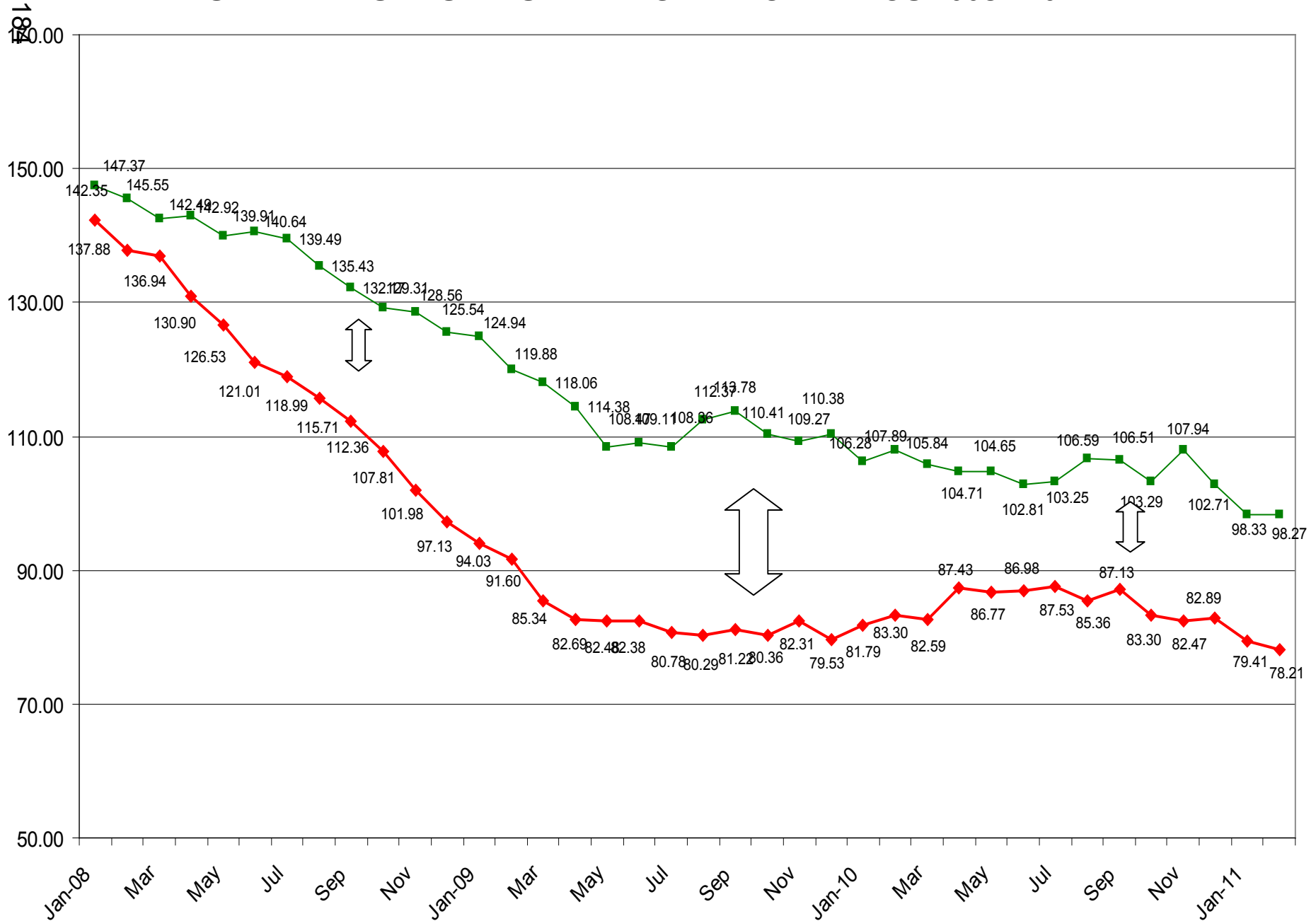


NEW VS RESALE MEDIAN PRICE

2002 - 2011

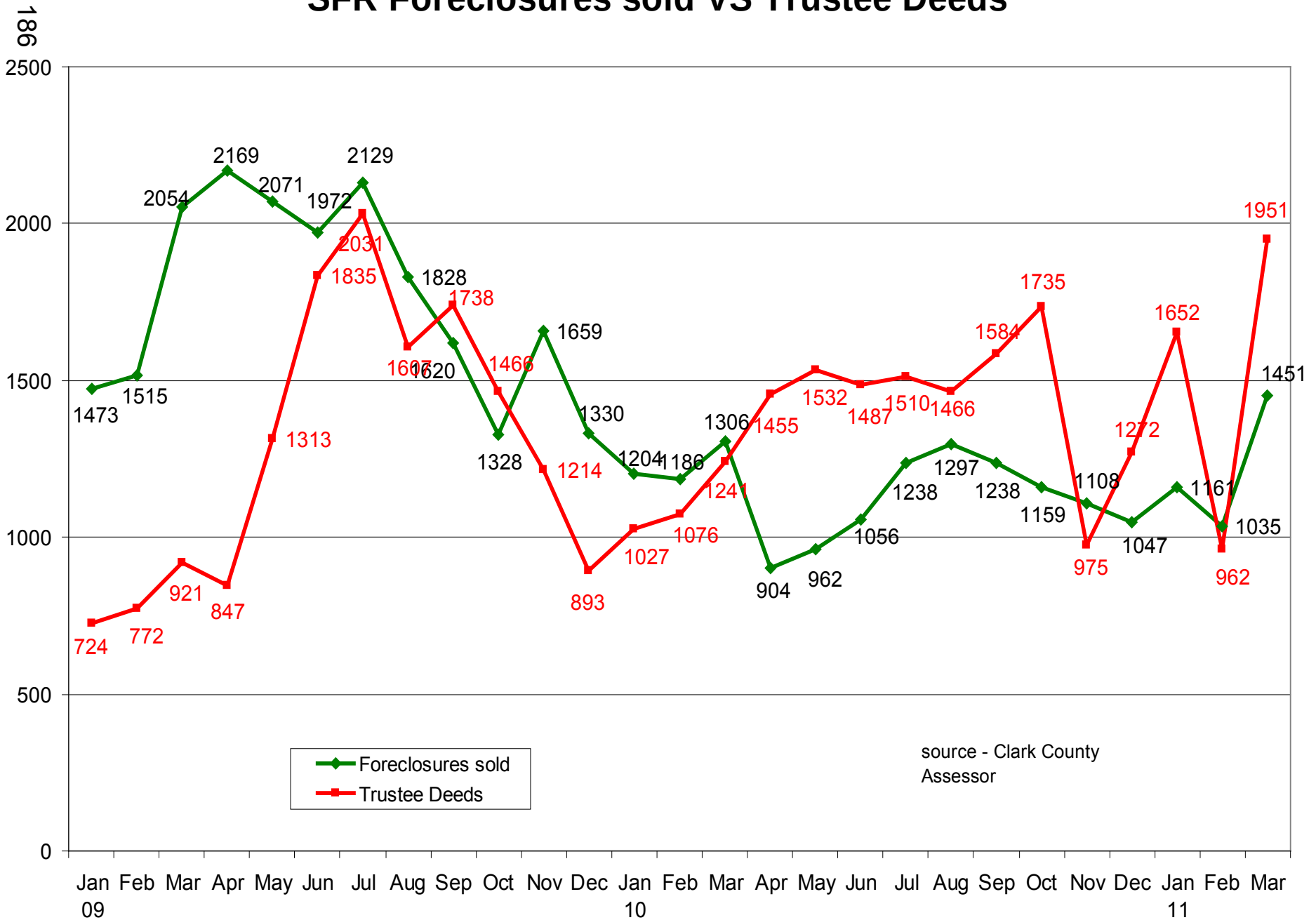


SFR NEW VS RESALES AVERAGE VALUE RATIOS 2008 - 2011



MLS data	April 29, 2010	Nov 21, 2010	April 3, 2011
Available Single Family includes Accepted Contingent Offers			
Total	18,186	20,876	19,811
Repo/REO	2,224	3,823	3,175
Short Sales	11,812	12,546	12,134
Other	4,150	4,507	4,502
Available Single Family NOT including Accepted Contingent Offers			
Total	7,505	12,900	11,641
Repo/REO	1,126	2,693	2,050
Short Sales	3,297	6,418	6,007
Other	3,082	3,789	3,584

SFR Foreclosures sold VS Trustee Deeds





April 29, 2011

Mr. Russell Guindon
Principal Deputy Fiscal Analyst
Fiscal Analysis Division
Legislative Council Bureau,
401 Carson Street
Carson City, NV 89701

Regarding: Review of Economic Forecasts

Dear Mr. Guindon:

Pursuant to the request of Mr. John Restrepo, the UNR Center for Regional Studies and the University Center for Economic Development are pleased to submit this update to the comments submitted to the Economic Forum in November 2010.

We have formatted these as update pages that should be considered in addition to our November observations, which are attached following the updates.

Additionally, Mr. Brian Bonnenfant and Dr. Tom Harris are providing some new trend analyses – and will be prepared to make a short power point presentation to the economic forum on May 2, 2011.

If you have any questions, please don't hesitate to contact us.

Sincerely,

Dr. Glen Atkinson
Dick Bartholet
Brian Bonnenfant
Brian Kaiser
Dr. Tom Harris
Dr. Mike Reed

April 2011 Update - Commentary: Overall Economic Conditions and Wildcards:

Our comments on overall economic conditions and wildcards, submitted in November 2010, all remain relevant. The concerns expressed therein can't be quantified as measureable risks, but rather present factors of uncertainty about both the direction and the rate of change in Nevada's economy, and therefore in its revenue sources.

Some additional considerations adding to this uncertainty include the following:

Federal spending: Not only is the federal stimulus spending coming to an end, but the political environment in Washington DC now seems to be headed towards actual reductions in federal spending. If this occurs, it may have some impact on the rate of economic recovery – depending upon the depth of actual budget reductions. It also may directly impact the availability of federal dollars to the State of Nevada and local jurisdictions in Nevada, as well as the level of federal payrolls within the State.

Local impacts of higher fuel prices: Rapid escalation of fuel prices typically leads to consumers and businesses reducing the quantity of gasoline purchased, either as a result of reduced driving or from improved fuel efficiency. Lower fuel purchases mean fewer fuel-tax dollars available for road construction and maintenance, further depressing the construction industry. Additionally, higher fuel prices may lead to reduced expenditures in other areas (particularly discretionary spending), with negative impacts on sales tax revenues and gaming tax revenues – thereby impacting state, local and K-12 education budgets.

Impact of the changing status of “foreclosure squatters”: The Nevada housing market continues to have a high number of foreclosures. Many of the occupants of such housing units continue to live in the premises for an extended period of time (from a few months up to two years) while not making payments. During this time period, these individuals and families are essentially living “rent free”, which allows them to have much higher discretionary income than they would otherwise. There isn't a good source of data currently available that allows us to quantify these numbers and estimate the economic impact. None the less, over time this rent-free situation will change, resulting in reduced discretionary spending, which will ripple through the economy – with negative impacts on sales tax revenues and gaming tax revenues.

Review of Sales & Use Tax Projections:

Fiscal Year 2011:

In November 2010 the Center for Regional Studies projected a 2-4% increase in taxable sales for FY11 due to the post-recession “bottoming out” effects and comparisons to such drastic decreases in FY10. As of the last reporting period for taxable sales (February), the current increase in taxable sales for FYTD11 (July 2010 – February 2011) is 5.0%.

We feel that this slightly above projected increase of 5% for FYTD11 will be tempered downwards as we move into the remaining months of FY11 due to significant increases in gas and food prices. The increase in taxable sales was also inflated in FY11 due to significant amounts of purchases in the utility sector as a result of the Ruby Pipeline Project running through the north part of the state.

Therefore, we feel that the 2-4% increase in taxable sales for FY11 (compared to FY10) is still a fair assessment.

Fiscal Year 2012:

In November 2010 the Center for Regional Studies projected a 1-2% increase in taxable sales for FY12, based on employment projections.

At this time, we do not see any changes on the horizon that will significantly add jobs to the state. Yes, visitation has been on the steady increase in Las Vegas for the FY11 months, which will trigger employment growth in the hospitality sector, but those gains are expected to be tempered by cuts to local governments and school districts in the range of 3,000-6,000 if the Governor's budget is passed as currently proposed. Furthermore, the household income spending generated by new jobs in the hospitality sector will be more than offset by the loss of wages in the government and education sectors, which are significantly higher.

Fiscal Year 2013:

In November 2010 the Center for Regional Studies projected a 2-4% increase in taxable sales for FY13, based on future stabilization of the state's budget and the dissipation of current uncertainty over economic activity and potential layoffs.

Projecting taxable sales amounts two years into the future is fraught with unknowns, as one would expect. Taxable sales are based on spending, which is based on employment and levels of uncertainty over the future of the economy. The employment projections calculated by DETR for the Economic Forum back in November 2010 project an additional 25,000 jobs in the state between July 2010 and July 2013 (arima model), with a 0.4% increase in employment for FY12 and a 0.5% increase for FY13.

Therefore, IF the economy continues to stabilize, jobs are added, economic uncertainty declines, and inflation remains moderate, we feel that an increase of 2-4% in taxable sales for FY13 (compared to FY12) is not unreasonable.

Other Notes:

On the national level, the central bank released a forecast on April 27th showing officials are more upbeat about the prospects for employment for the rest of this year (CY) but foresee higher inflation than they did at the start of the year.

We see the dramatic rise in gas prices as more of a result of speculation, versus actual impacts on inventories due to the mid-east conflicts. Outside of a well-placed hurricane and/or actual disruptions to supply in oil from the mid-east, we feel that the gas prices will level off after the Memorial weekend and most likely decrease.

Inflation on food is also a concern, but the USDA is projecting a moderate 3-4% increase in food prices for 2011, after increasing only 0.8% in 2010, the lowest increase since 1962.

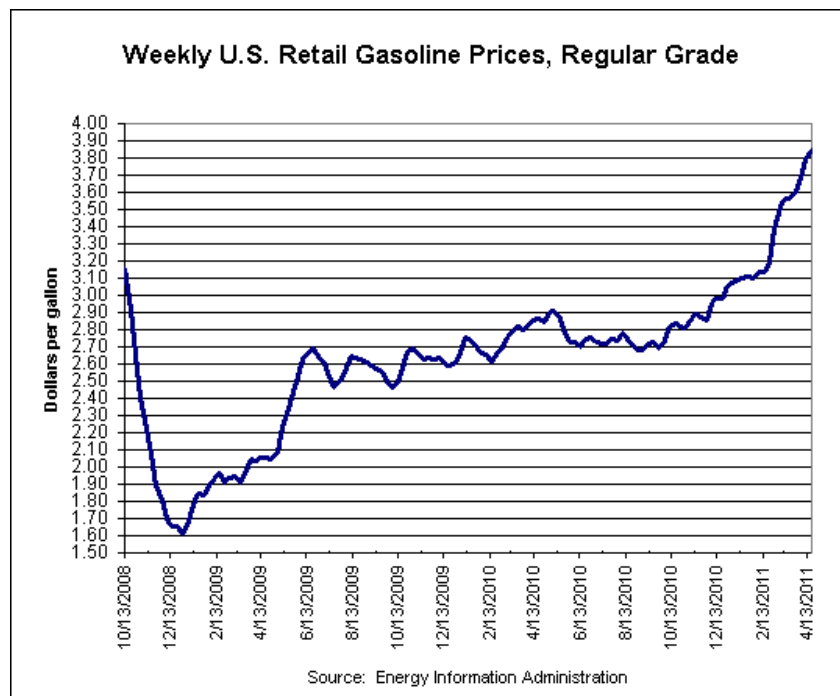
Regarding risks on the local level to taxable sales, the potential layoffs of government and education staff is worrisome, and may further suppress future growth until industries paying similar wages replace those jobs.

Not all spending is tied to employment. January 1, 2011 was the official start of the "Golden Boomers". That is, the oldest of the baby-boomer generation turn 65 years old this year and will begin to join the retirement status in large numbers and migrate to warmer climates. After much speculation that Nevada was losing population due to the recession, the Census Bureau reports Nevada population increases of 1.9% (2008) and 1.0% (2009) through the recession years, and picking back up to 1.8% for 2010. It is possible that taxable sales in Nevada could benefit from increases in population.

April 2011 Update - Review of Gaming / Live Entertainment Tax Projections:

The observations and conclusions included in my November 24, 2010 analysis continue to be relevant in April 2011.

One additional concern is the recent rapid escalating cost of petroleum and the resultant escalation of gasoline prices (see below). This may significantly dampen spending from drive-in feeder markets supporting Las Vegas, Reno/Sparks and Tahoe hotel-casino operations. This increase in fuel prices creates a general drag on the economic recovery by reducing disposable income. Disposable income is particularly important to gaming and related tourism spending. At the same time, those individuals who reside in drive-in feeder markets and who plan to visit a casino may have an increased tendency to choose a location that is geographically closer (Indian gaming in California), requiring a smaller expenditure for fuel and leaving more money for gaming and entertainment.



Source: http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_home_page.html

Additionally, increased petroleum prices also result in higher jet-fuel prices, and therefore higher air fares. This, too, may retard the recovery of Nevada gaming and live entertainment revenues.

Review of Real Property Transfer Tax Projections:

Fiscal Year 2011:

In November 2010 the Center for Regional Studies projected a 10% decrease in RPTT revenues for FY11 due to our working with real estate information on a nearly daily basis and the fact that home prices did not yet stabilize at that time.

And home prices have still yet to stabilize five months later. In Las Vegas, March 2011 home prices (single-family and condo) decreased 7.4% from a year ago. In Reno-Sparks, the 1st quarter median value (single-family only) decreased 6.9% from a year ago. Decreases in median home values are still occurring throughout most of the nation.

The upside is that the number of homes being sold is at peak levels due to low prices, low interest rates, and investors back in the market (50% of homes in Las Vegas were bought with cash in March). Las Vegas sold 6.6% more homes in March compared to a year ago, and Reno-Sparks sales increased 9.1% in the 1st quarter.

The net RPTT revenue between decreases in median values and increases in sales is unknown, but the spike in home sales may limit the negative impact on RPTT revenues and lower the projected decrease to the 5-10% range for FY11.

Commercial and land sales activity in southern Nevada is unknown, but commercial and land sales in Washoe County continue to be flat with 111 transactions in 2010 (CY) compared to 110 transactions in 2009. These levels are only 25% from the peak levels experienced during the peak year of 2005 (417 transactions). The “country’s largest commercial auction” is set to held in Las Vegas in mid-May which will auction commercial property from across the state. The auction is an indicator that distressed commercial property is “on the move”, and depending on the success of the auction, there may be a spike in commercial RPTT revenues in either FY11 or FY12.

Fiscal Year 2012 & 2013:

In November 2010 the Center for Regional Studies projected a 5% decrease in RPTT revenues for FY12 & FY13 due to the large amounts of distressed housing inventories that will take years to process.

It is widely reported that approximately 75% of homes in Las Vegas and 50% in Reno-Sparks are “underwater” (owners owe more than what the home is worth). As home values continue to decrease, the number of underwater homes will increase.

Underwater homes are not considered “distressed” until a notice of default is issued to the owner. Many are now seeing their homes as a losing investment for the next 15-20 years and are opting for the foreclosure or short-sale process although they can afford their mortgage payment. A survey recently conducted in Las Vegas found that 23% of foreclosures occurred in households that could afford their mortgage payment.

The large inventory of distressed homes working their way through the financial process will continue to put downward pressures on home values for years to come, resulting in decreases in RPTT revenues. Improvements to RPTT revenues can only occur if home sales can out-pace the depreciation rates, as a result of employment and/or population increases.

Due to the lack of employment prospects on the horizon, low population growth rates, large inventory of distressed housing, and the potential elimination of thousands of government and education jobs we feel that our initial projection of 5% decreases in RPTT revenues for FY12 and FY13 remain reasonable.

As mentioned for FY11, the “country’s largest commercial auction” may spur transactions that carry over into FY12. The wildcard with RPTT revenues is the distressed commercial property activity and if the distressed commercial property is or will become under-valued causing investors to increase purchases. It is unknown, but the amount of distressed commercial property will have an affect on the amount of commercial transactions in FY12 & FY13.

Review of MBT (Non-Financial) Projections:

Fiscal Year 2011:

In November 2010 the Center for Regional Studies projected a 0-1% increase in *employment*, but not MBT revenues, for FY11 due to 2011-2013 employment projections calculated by DETR.

Although MBT revenues are a function of payroll amounts, not employees, changes in employment can have an effect on MBT revenues. During normal economic times in Nevada, employment is seasonal with the lowest employment in January and the highest in December with gradual increases over the ten months between January and December.

Looking at the seasonal trends in Nevada's employment between January and March (most recent from DETR), employment for privately owned companies increased 1.1% in 2011, compared to a 0.1% decrease for the same period in 2010.

Outside of the seasonal trends and looking at the difference between the current employment total for March and the beginning of the fiscal year (July), the FYTD change for FY11 is -0.8%, compared to -3.4% for FY10 for the same period for privately owned companies.

The most current total of Nevada wages (DETR) is for the third quarter of 2010, providing us with only one quarter of data for FY11. Nevertheless, wages for privately owned companies increased 0.2% between 3Q 2009 and 3Q 2010.

Based on the flat to minimal growth in private industry employment, combined with flat to minimal growth in private industry wages for 3Q, we feel that a projection of 0-1% growth in MBT revenues for FY11 is reasonable.

Fiscal Year 2012:

If MBT rates were to remain at their current levels for FY12, current employment trends hold firm, and DETR's employment projection increase of 0.4% for FY12 (arima method), we feel that the MBT revenues could increase 1-2% for FY12.

Upon the re-setting of MBT rates after the current rates sunset on July 1, 2011, we calculate that the MBT revenues will decrease 43% for non-financial institutions, based on 2Q 2010 records and the assumption that employment and payroll will remain unchanged.

Modified Business Tax Revenues - Pre & Post Sunset

Private Establishments - State of Nevada – 2Q 2010

Payroll Level	Entites	Employees	MBT Tax - Current	MBT Tax - Post Sunset	Difference
<=\$62,500 ¹	43,067	96,276	\$3,312,105	\$4,172,440	\$860,335
>\$62,500 ²	14,819	1,345,024	\$157,521,824	\$88,156,896	-\$69,364,928
Financial Industries ³	1,511	8,956	\$2,401,774	\$2,401,774	\$0
TOTAL:	59,397	1,450,256	\$163,235,703	\$94,731,110	-\$68,504,593

1. Entities with quarterly payroll of \$62,500 or less pay a MBT tax rate of 0.5%.

2. Entities with quarterly payroll of \$62,500 or greater pay a fixed amount of \$312,50 in addition to a MBT tax rate of 1.17% on the quarterly payroll above \$62,500.

3. Financial industries pay a MBT tax rate of 2%.

4. On July 1, 2011 the current MBT rates for non-financial industries will revert back to 0.63% regardless of payroll amounts (the rate for financial industries will remain the same).

Fiscal Year 2013:

The change to MBT revenues between FY12 and FY13 assumes that the rate will be the same for both fiscal years. If current employment trends move from moderately flat to a slight inclination as DETR's employment projection increase of 0.5% for FY13 suggests (arima method), we feel that the MBT revenues could increase 2-3% for FY13.

Review of MBT (Financial Institutions) Projections:

Fiscal Years 2011-2013:

In November 2010 the Center for Regional Studies projected employment in the financial sector to remain flat until Nevada's taxable sales posts six consecutive months of increases, and that we did not expect such increases until the latter part of FY13.

Projecting MBT revenues for financial institutions may be an exercise in futility, however. Using 2Q 2010 records we calculate that the financial institutions only contribute 0.7% to total MBT revenues, therefore any significant increase in financial institution employment and/or wages will not have a significant impact on overall MBT revenues.

Comments submitted in November, 2010 follow.

Review of Sales & Use Tax Projections:

We expect statewide sales to experience months of increases and decreases resulting in minimally-positive change for FY11 (2-4%) compared to FY10. While Nevada's job outlook remains bleak into FY12 and the national economy continues to recover, we expect Nevada sales to remain very flat for FY12, something in the 1-2% range. Looking out to FY13, we continue to expect very modest recovery in the State's economy but a stronger national recovery, resulting in an annual change of 2-4% for FY13. The increase for FY11 is greater than FY12 due to the extreme decreases reported in FY10. Current indications are that most economic indicators "bottomed out" in FY10, and we expect overall economic conditions to "flat-line" for the next two years. The basis for our taxable sales expectations are explained below.

Negatives:

1. Lack of job growth or foreseeable new industry to replace construction that rode the speculation bubble and gaming/entertainment that now has national and international competition. It cannot be overstated that the jobs lost over the last few years will not re-appear. Only new industry can replace the loss in construction and gaming associated jobs.
2. A report that was released on Tuesday (11/23) by the feds that revises downward the national economic growth for the remainder of this year and through 2011 (<http://online.wsj.com/article/BT-CO-20101123-712483.html>).
3. The 76th Regular Session of the Nevada Legislature will be facing a significant deficit, the sun-setting of various taxes and fees, the end of stimulus revenue infusion, a new governor that promises no increases in taxes or fees, and an uncertain legislature that has not unveiled a plan to address the deficit. Even if new sources of revenue are approved, it is almost a sure bet that there will be cuts to the budget that will affect existing jobs. As these relatively high-paying, government jobs are cut, the ripple-effect will impact consumer spending.
4. Ditto for the local government jobs. It is expected that the State will once again sweep funds from the local governments, forcing local governments to re-address their budgets. For the local governments, the problem is compounded by decreasing property values due to years of distressed housing inventory and the cap on property tax assessments once values do begin to appreciate. As with cuts to state government jobs and wages, the ripple-effect will immediately impact consumer spending.
5. Another looming issue is the expiration of long-term unemployment benefits that DETR estimates affects approximately 10,500 persons in Nevada who receive

\$393 per week (\$1,572 per month). Allowing the benefits to expire equates to a loss of \$16.5 million in personal expenditures.

Positives:

6. Although Nevada's population is projected to lose 70,000 when the July 1, 2010 estimates are released by the State Demographer, the overall impact by the recession on Nevada's population is yet to be fully understood. The State Demographer's growth model relies on jobs and housing units. On the housing unit side, nobody knows the true occupancy rates and household sizes (which calculate population inside housing units) until the 2010 Census is released in early 2011. On the employment side of the model, retirees being ever-more fed by the aging baby-boomers are a "wildcard". Because of the decrease in employment over the years, the natural assumption is that Nevada is bleeding population to other states with job openings. But against the tidal wave of common sense assumptions, the limited empirical data may point otherwise. Between October 2009 and October 2010, the school enrollment for the Clark County School District **grew** by 417 students. Official October 2010 enrollment has yet to be released by the Washoe County School District, but school district planners have "unofficially" reported a 0.2-0.3% decrease. Based on the empirical school enrollment data, we feel that mass out-migration of population is not occurring and that population growth is flat, resulting in flat growth in consumption.
7. Year to date (September) visitation in Las Vegas is 2.4% greater in CY10 versus CY09, with the last four months averaging 3.6% increases versus an average of 1.5% for the first five months in 2010. As the economy continues to improve in states that did not ride a housing bubble to the extent of Nevada's super-bubble, visitation to Las Vegas is expected to increase on a moderate pace. *We estimate that visitors account for 27% of taxable sales in Clark County based on September 2010 visitor totals (LVCVA) and taxable sales (Taxation) and 2009 average trip expenditures (minus gaming, LVCVA).* Thus, an increase in visitation should result in an increase in taxable sales.
8. The first quarter of FY11 taxable sales in Nevada increased 4.1% compared to 3Q 2009, *the largest year over year increase since the 3rd quarter of 2006.* On Wednesday (11/24) the feds reported that consumers increased spending in October by 0.4%, which followed the 0.3% increase in September (http://www.forbes.com/feeds/ap/2010/11/24/general-us-economy_8161641.html?boxes=financechannelAP).
9. With current spot gold prices over \$1,300 an ounce, gold production in the state of Nevada will continue its level of operation and may even expand. Also with the wheat crop failure in Russia, agricultural prices have risen and are forecasted to remain high throughout the year. The natural resource industries (agriculture and mining) of Nevada are in excellent position to continue their current level of operations and even expand production. With such expansion, the natural

resource industry will increase capital expenditures which would provide a one-time increase in use tax collections. In addition, if new production levels are attained by Nevada's natural resource industries, the expanded levels of output would create increase levels of sales and use taxes.

Conclusion:

We support and agree with the sales and use tax projections developed and provided by the three state entities (Agency, Fiscal Division, and Budget Division), but we completely disagree with the projections provided by Moody's Analytics.

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Review of Gaming/ Live Entertainment Tax Projections:

Negatives:

1. During the run-up to the recession, much of Las Vegas' growth was based upon an expectation of continued "over-the-top" spending by visitors, with most of the new properties aiming at the five-star market. There is an underlying question as to whether, as the U.S. and the world emerge from the current recession, there will be sufficient clientele for all of the new capacity that was designed for this market segment.
2. We are not aware of any study that has determined the portion of the decline in Las Vegas gaming revenues attributable to the recession as opposed to new and improved competition in other jurisdictions. To the degree that competition has eroded revenues, recovery of the U.S. economy may not restore this portion of lost revenues.
3. Evidence exists that U.S. household savings rates have increased and discretionary spending has decreased, including leisure and hospitality spending. Much of this has been driven by the erosion in household wealth with the dramatic decrease in real estate equity, but some of this may also have been driven by the aging of the baby boom generation – approaching retirement with insufficient resources. If these patterns persist, gaming and related leisure and hospitality expenditures are likely to remain weak into the foreseeable future.
4. A portion of the gaming revenues is generated by locals' play. Even with a recovery in tourism, if construction continues to stay flat for an extended period of time local gaming revenues may continue to lag well behind any recovery in tourist gaming expenditures.

Positives:

5. As previously noted, the number of visitors to Las Vegas is showing some recent increases, although the spending per visitor is less than before.
6. Moody's observation that the convention business seems to be recovering and may track the U.S. economic recovery (rather than the Nevada economy) holds some promise for improvement.
7. The amount of baccarat play may continue to support gaming revenues, but this market is so narrow that basing Nevada revenue projections on this element seems almost speculative.

Conclusion:

We recommend the Economic Forum use the least optimistic projection for the Percentage Fee Tax (Budget Division). For the related tourist-driven Live Entertainment Tax, the same logic generally applies. Use the least optimistic projection (Agency).

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Review of Real Property Transfer Tax Projections:

The Economic Forum projects a 21% loss in RPTT in FY2011, while the Budget Division is predicting a 6% decline and the Fiscal Division is predicting a 16% decline. The Department of Taxation ("Agency") is predicting a 4% *increase* in RPTT, although I do not see how this could be possible given the level of distress that Clark County's economy is in. For FY2012 and FY2013 the forecasts generally favor smaller declines in RPTT.

We expect Clark County's housing market – which is the largest contributor to the State's RPTT collections – to continue to suffer through FY2011 and possibly begin to moderate somewhat in FY2012 and FY2013. Will it be as severe as LCB's Fiscal Division's prediction of -16%? Perhaps not, but a 10% reduction seems entirely possible for FY11, along with 5% reductions in each of the next two fiscal years (FY12, 13).

Negatives:

1. Sales of existing single family homes have averaged 15% less in each of the past six months, with a median sale price averaging 2% less (y-o-y). There is still a significant buildup of inventory, particularly distressed inventory, in this market, so any slowdown in sales is bound to keep downward pressure on prices (negatively impacting RPTT).

2. Immigration to the Las Vegas area has historically been strong, a result of the area's above average job creation ability and relative cost of living advantage compared to California and the Pacific Northwest (two of the area's major population contributors). With unemployment hovering uncomfortably close to 14% for most of 2010, Clark County is no longer a viable market for many would-be immigrants and most estimates are for population to actually decrease in the short run. The employment situation in the Las Vegas area is not expected to rebound as quickly as other areas of the country given its reliance on tourism and disposable income, making it more difficult for people to relocate to the area to absorb some of the excess housing inventory.

Positives:

3. Looking at the data for the last six months of home sales in the Las Vegas valley, it's clear that PRICING has begun to stabilize – the year-over-year percent change in the median sale price of homes (new and existing, all housing types) has averaged 0.1% for the last six months, so the steep declines in pricing that plagued the area for the past few years appear to be over.
4. The y-o-y percent change in residential FORECLOSURES averaged 10% less in each of the last 10 months, meaning the number of actual foreclosures has been trending down for quite some time now. Overall “distress” inventory (including Notices of Default, Notices of Trustee Sale, and actual foreclosure filings) has declined 18% in the first three quarters of 2010 from the sale time in 2009, marking the first meaningful (and sustained) subsidence in these indicators since the housing bubble burst five years ago. Stemming the tide of distressed properties is a critical component of the housing market's recovery – pricing will not be able to recover until the level of distress begins to subside, so the Clark County market is moving in a positive direction in this respect.
5. During the second and third quarters of 2009, 70% of all existing home sales in Clark County were foreclosure resales, but the same period in 2010 saw that average drop to just 50%. This is a very positive indicator (assuming that foreclosures continue to decline as well) because a higher proportion of foreclosure resales in the mix generally comes with a lower resale price – so fewer foreclosure resales as a percentage of total sales should lead to increased price stability in the market.

Conclusion:

The Budget Division's forecasts and LCB's Fiscal Division's forecasts for RPTT are both based in part on the Case-Schiller Home Price Index for Nevada, which is forecasting a bottom for Las Vegas' housing market in the second quarter of FY2012 and the first y-o-y increase in the housing index occurring in the first quarter of FY2013. It seems

entirely plausible that the Las Vegas area's housing market will be in decline for the next two years and, if anything, I might see the Case-Shiller index's prediction of a turnaround at the end of 2012 as being a bit optimistic. Still, given the data we have available which is pointing to at least *some* stability in pricing and distress indicators, it seems like a reasonable estimate to me.

As mentioned earlier, the Department of Taxation (ie: "Agency" in the data) is forecasting a 4% *increase* in RPTT for FY2011 – this is the only number that really stands out to me as an anomaly. Without knowing what is driving their numbers, it's not possible to analyze how they are arriving at that number, but based on the data available, it doesn't seem likely that there will possibly be an increase in RPTT in FY11.

As the market continues to search for the bottom, Real Property Transfer Tax revenue in Clark County is likely to take another significant hit of at least 10% in FY11. Although most of the indicators appear to be flattening out, which will minimize the decreases in RPTT by FY12 and 13, it is probable that we will see decreases in RPTT somewhere in the 5% range in each of those fiscal years. It is likely that there will continue to be decreases over the coming years, but I would not expect them to be as severe as what we have already experienced. For the most part, this echoes what the Budget and Fiscal Divisions are reporting in their forecasts.

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Review of MBT (Non-Financial) Projections:

We expect employment to experience months of increases and decreases resulting in very little (if any) change for FY11 (0-1%) compared to FY10. While Nevada's job outlook remains bleak into FY12 and the national economy continues to recover, we expect Nevada employment to again remain very flat for FY12 (0-1%) range. Looking out to FY13, we continue to expect very modest recovery in the State's economy but a stronger national recovery, resulting in a slightly better annual change of 1-3% for FY13. *MBT revenues from any increase in employment growth, however, will be offset by the resetting of MBT tiered tax rates to a reduced, single rate of 0.63%.* Current indications are that most economic indicators "bottomed out" in FY10, and we expect overall economic conditions to "flat-line" for the next two years. The basis for our employment expectations are explained below.

Negatives:

1. Lack of job growth or foreseeable new industry to replace construction that rode the speculation bubble and gaming/entertainment that now has national and international competition. It cannot be overstated that the jobs lost over the last few years will not re-appear. Only new industry can replace the loss in construction and gaming associated jobs.

2. A report that was released on Tuesday (11/23) by the feds that revises downward the national economic growth for the remainder of this year and through 2011 (<http://online.wsj.com/article/BT-CO-20101123-712483.html>).
3. The 76th Regular Session of the Nevada Legislature will be facing a significant deficit, the sun-setting of various taxes and fees, the end of stimulus revenue infusion, a new governor that promises no increases in taxes or fees, and an uncertain legislature that has not unveiled a plan to address the deficit. Even if new sources of revenue are approved, it is almost a sure bet that there will be cuts to the budget that will affect existing jobs.
4. Ditto for the local government jobs. It is expected that the State will once again sweep funds from the local governments, forcing local governments to re-address their budgets. For the local governments, the problem is compounded by decreasing property values due to years of distressed housing inventory and the cap on property tax assessments once values do begin to appreciate.
5. The most drastic impact on the MBT revenues will be the resetting of MBT tiered tax rates to 0.63%, resulting in a significant decrease in revenues starting FY12.

Positives:

6. Short-term employment projections released by DETR in November 2010 forecast a 0.3% decrease for FY11 (arima model). The projections were developed and released before October employment totals were calculated and released. The seasonally-adjusted employment for October released by DETR on 11/19 is 1,112,900, whereas the short-term projections forecasted a total of 1,111,331 for a difference of 1,569. This accuracy in DETR's projections lends confidence in their projections for FY11-13. The DETR projection for FY12 is a 0.4% increase and a 0.5% increase for FY13.
7. Year to date (September) visitation in Las Vegas is 2.4% greater in CY10 versus CY09, with the last four months averaging 3.6% increases versus an average of 1.5% for the first five months in 2010. As the economy continues to improve in states that did not ride a housing bubble to the extent of Nevada's super-bubble, visitation to Las Vegas is expected to increase on a moderate pace. *We estimate that visitors account for 27% of taxable sales in Clark County based on September 2010 visitor totals (LVCVA) and taxable sales (Taxation) and 2009 average trip expenditures (minus gaming, LVCVA).* Thus, an increase in visitation should result in an increase in consumption which also supports existing jobs and job creation.

Conclusion:

We support and agree with the MBT non-financial projections developed and provided by the three state entities (Agency, Fiscal Division, and Budget Division). For FY11, we

feel that the Agency's projection of -1.0% is more in line with what we perceive (more flat than negative). Upon the resetting of MBT tax rates for FY12, we do not have the resources or time to calculate such an impact, thus we are reliant on the other forecasts. For FY13, we agree that there will be positive growth in employment, although minimal, thus we agree with the more moderate projection of 1.0% provided by the Fiscal Division. Again, DETR's short-term employment projection for FY13 is 0.5%.

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Review of MBT (Financial) Projections:

We expect employment in the financial sector to remain flat until Nevada's taxable sales posts six consecutive months of increases. We do not expect such increases to occur until later FY13, thus we expect 0% changes for FY11-13. A quick analysis of distressed banks in the greater Reno and Las Vegas areas shows that the failure of currently underwater banks will have a minimal affect on the MBT revenues (details below). The basis for our employment expectations are explained below.

Negatives:

1. Lack of foreseeable new industry or industry expansions that requires banking activity until FY13.
2. 1 in 25 homes in Clark County and 1 in 50 homes in Washoe County have received some sort of a foreclosure-type notice. Over half of all homes in Nevada with a mortgage have negative equity. As a result, the inventory and processing of distressed housing is expected to last another 5-7 years. The distressed housing activity will also stress financial institutions and continue to "muscle out" the new home construction industry.
3. A report that was released on Tuesday (11/23) by the feds that revises downward the national economic growth for the remainder of this year and through 2011 (<http://online.wsj.com/article/BT-CO-20101123-712483.html>).

Positives:

4. Currently, there are 10 banks in the greater Reno and Las Vegas markets that are distressed (troubled asset ratio > 1.0), and all 10 are in the greater Las Vegas region (banktracker.investigativereportingworkshop.org). For these 10 banks, the 4th quarter 2009 payroll totaled \$2.9 million (DETR). Applying the current MBT rate of 2.0% calculates a revenue of \$57,379 for the quarter, or roughly \$229,516 for a year. The sunset rate of 0.63% that resets for FY12 will

be roughly one-third of those amounts. Thus, we do not expect currently distressed banks to have a significant impact on MBT revenues in the future.

Conclusion:

Due to the flattening of employment and taxable sales over the last couple of months, and indications of national economic recovery, we support and agree with the MBT - financial projections developed and provided by the Agency for FY11-13 (although we would dilute the FY11 change to match their FY12 and FY13 projections).

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Commentary: Overall Economic Conditions and Wildcards:

Among all the forecasters, only Moody's anticipated an upward bump to the economy. Everyone hopes Moody's is correct, but no other forecasters are as optimistic, and many noted that there was nothing they could see on the horizon that might create a robust recovery. Our concern is that there are a number of events that could cause an unexpected decline in Nevada's economy. In considering what the near future may hold, we make the following observations:

1. Nature of the recession. This recession, unlike all of the other recessions since the Great Depression, was caused by a financial crisis. Usually it takes about eight years to emerge from a financial-crisis recession, which implies that we are only about half-way through this process.
2. European nations are embarking on a period of austerity, which likely will have global implications. At the same time, they have not yet overcome the potential problems associated with sovereign debt in the PIIGS countries.
3. China seems to be putting on the economic brakes to fight inflation. Other developing economies are also facing inflation caused, in part, by the quantitative easing being utilized in the U.S to try to stimulate growth and avoid deflation. These nations may also look for ways to fight these inflationary pressures which could impact the global economy.
4. State and local governments are facing severe fiscal shortfalls and most are reacting by cutting spending. While this may not lead to a double-dip recession, it might cause an "echo dip".
5. The political environment in Washington DC makes additional stimulus spending highly unlikely, and the prior stimulus spending is coming to a close. This will exacerbate some of the state and local fiscal problems and also withdraw

support from portions of the economy. In a survey conducted by the UNR Center for Regional Studies in Washoe, Carson City, Douglas and Lyon Counties in June 2010, about 25% of the responding business owners and managers indicated their business had benefitted directly or indirectly from the federal stimulus spending, so there is no doubt that the end of stimulus spending will directly impact Nevada's economy in addition to impacting the national economy.

6. The failure to extend unemployment benefits will impact the national economy and especially states with high unemployment (i.e. Nevada, California, and Arizona). Not only will Nevada's tax revenues be impacted (the subject of this analysis), but the need for "emergency" social services may become critical.
7. Population loss in Nevada may accelerate, particularly if the state economy continues to falter while other parts of the nation begin to recover. This trend would directly impact spending (sales tax revenues) and would cause lower demand for housing, with ripples throughout the economy from lower consumer demand for all types of goods and services.
8. The economic shift caused by the underlying demographic wave of the baby boomers passing 50 years of age may be a long-term change that will continue well beyond the current business cycle. Since this is just now occurring, no one yet knows what the extend to the implications of this demographic wave on the economy, other than the peak spending years for this portion of the population are now in the rear view mirror.

Summary:

While there seems to be solid justification for the forecasts made by various entities providing their prognostications to the Economic Forum, there is significantly greater uncertainty about the future economic performance than in the past few decades. Our recommendation is that the Economic Forum respond to this uncertainty by utilizing a very conservative outlook for the future tax revenues in the State.

Sincerely,
UNR Center for Regional Studies and
UNR Center for Economic Development

Dr. Glen Atkinson
Dick Bartholet
Brian Bonnenfant
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Nevada Economic Conditions and Outlook 2011

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Prepared for

Economic Forum
State of Nevada

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Nevada Economic Conditions and Outlook

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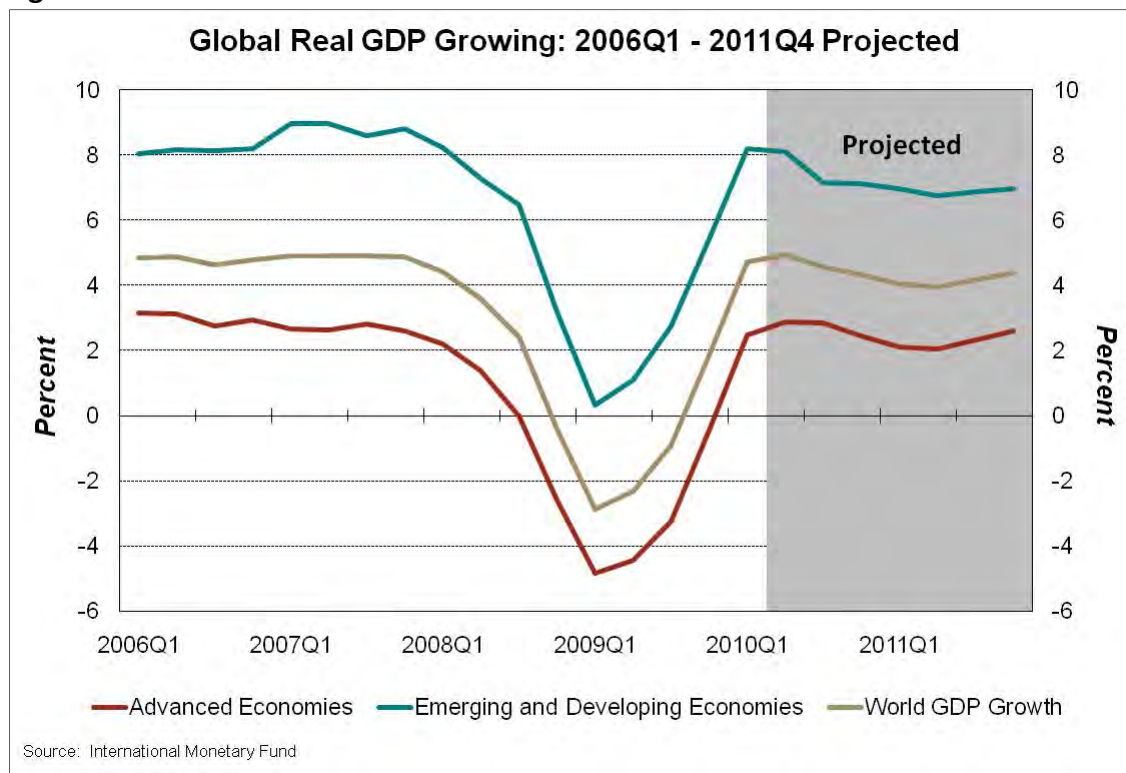
Nevada Economy Moving in the Right Direction

The good news is that the Nevada economy is finally moving in the right direction—about 18 months after the U.S. economy began its recovery. The Nevada tourism, gaming and hospitality sectors showed some improvement in the second half of 2010. Since the first of the year, Nevada employment has risen, and the unemployment rate has fallen. We can expect to see moderate improvements in Nevada economic conditions in 2011 and 2012. In most areas of the state, however, construction has a long way to go before a recovery is likely.

1. International Economic Conditions and Outlook

Data compiled by the International Monetary Fund (IMF), shows the world economy has been in recovery since late 2009 (Figure 1). According to the IMF, the world economy was a bit overheated prior to the recession. As a consequence, the IMF sees the near-term outlook for world economic growth as taking a more sustainable pace that is a little slower than the recession. Growth is expected to be stronger in the emerging and developing economies than in the advanced economies.

Figure 1

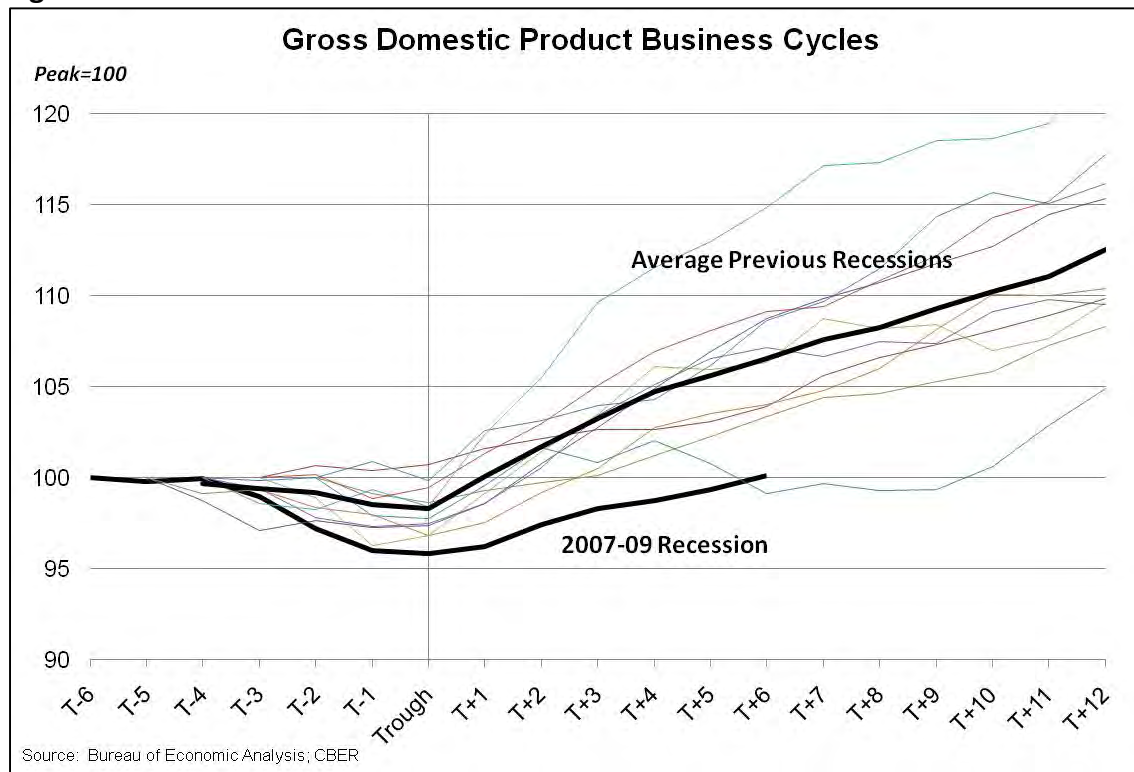


2. U.S. Economic Conditions and Outlook

Figure 2 shows the evolution of U.S. GDP during the most recent recession and recovery and all 10 of the previous recessions since World War II. For each recession and recovery, economic activity is indexed with 100 representing the prerecession peak. The figure also shows the average for the previous 10 recessions and recoveries.

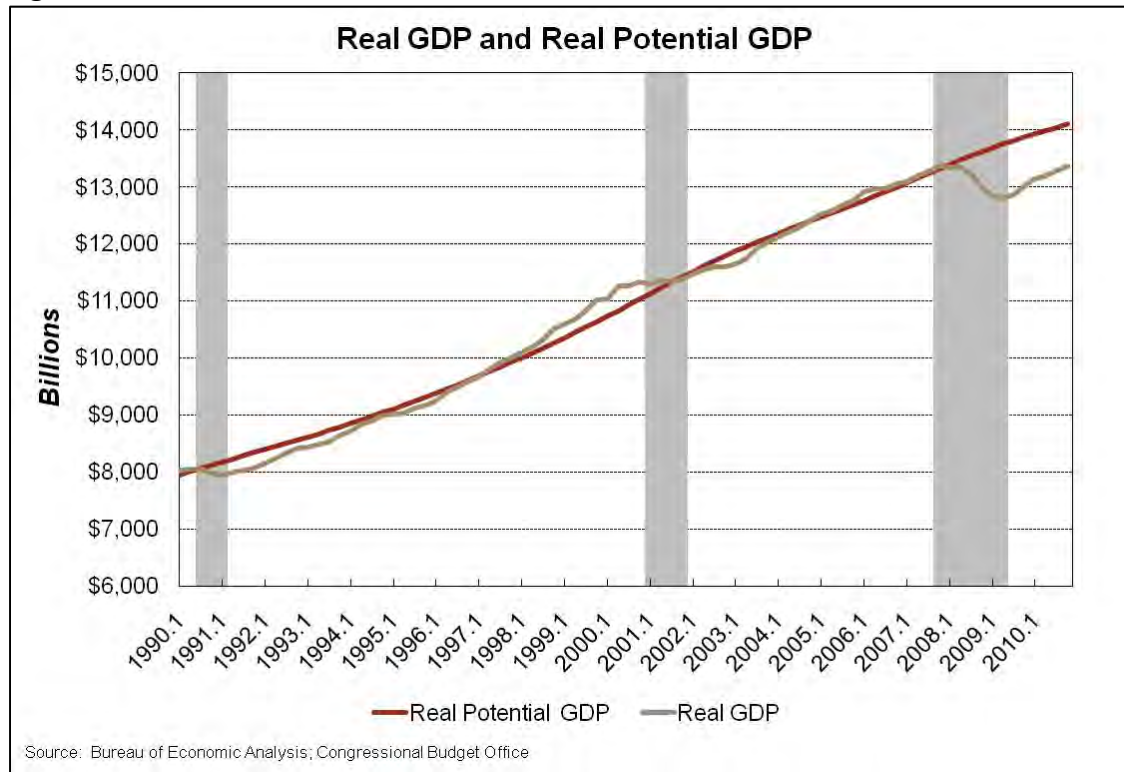
As shown in the figure, real U.S. GDP fell by more in the most recent recession than in any of the previous recessions since World War II. The recovery was also particularly slow, with real GDP rising above its post-recession peak only in fourth quarter 2010—six quarters after the trough. In the previous 10 recessions, real GDP reached its prerecession peak an average of one quarter after the trough.

Figure 2



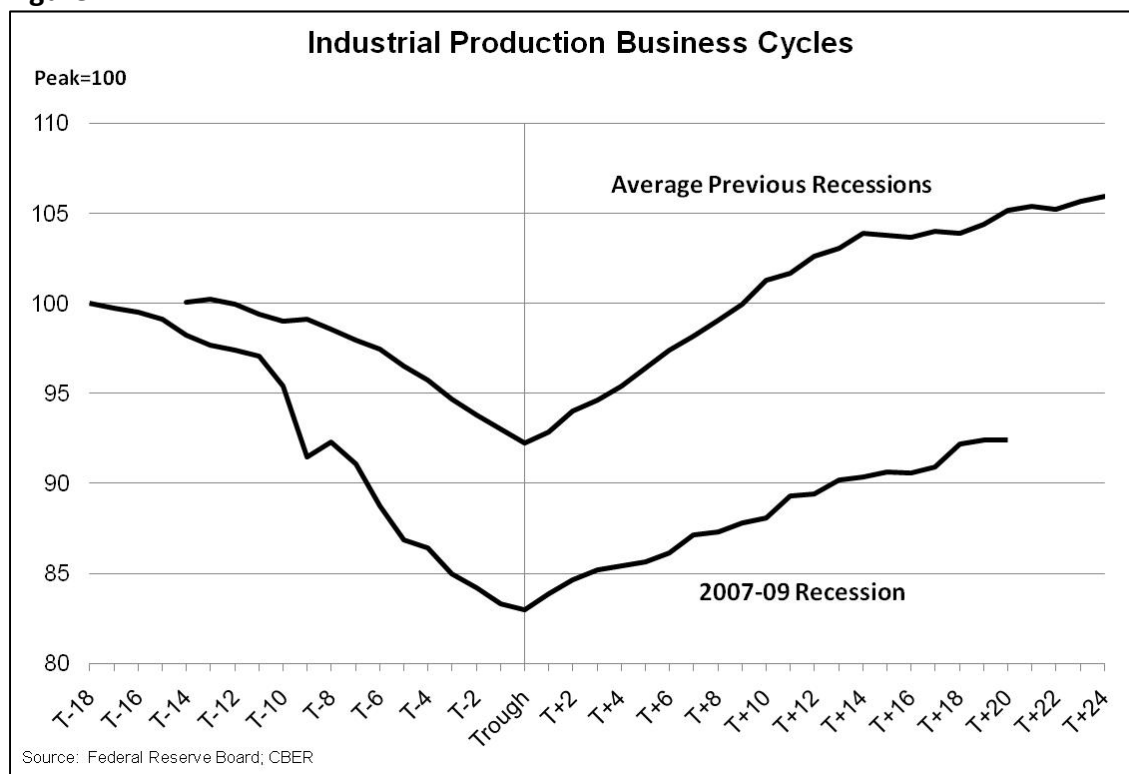
The most recent estimate of real GDP growth for fourth quarter 2010 was a fairly robust 3.1 percent at an annualized rate—considerably stronger than the 2.6 percent figure posted for third quarter 2010. Nonetheless, the deep recession and slow recovery have kept U.S. GDP well below its potential (Figure 3).

Figure 3



U.S. industrial production remains well below its most recent peak and well off the average pace of recovery in past recessions (Figure 4). This development mostly reflects U.S. deindustrialization and underscores the reorganization that characterizes most recoveries.

Figure 4

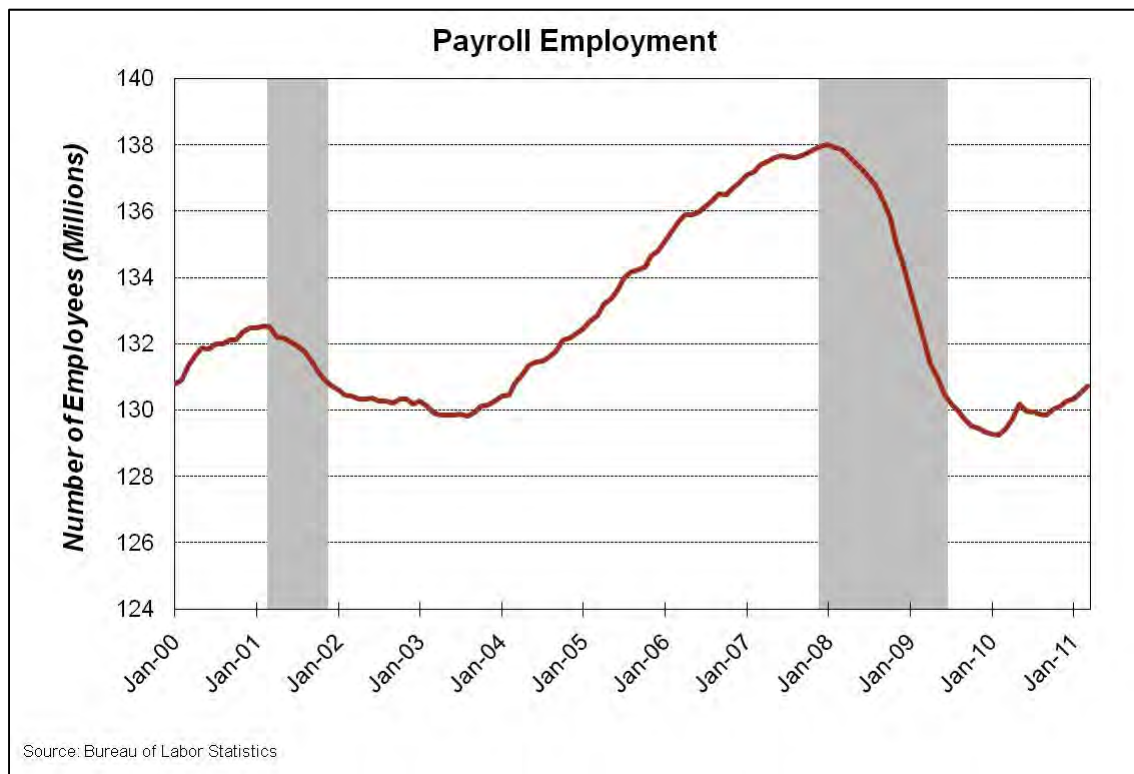


As shown in Figure 5, U.S. corporate profits rebounded sharply, largely as the result of cost cutting. Much of the corporate cost cutting came at the expense of employment, which lost 3.89 million jobs during the recession, and then an additional 233 thousand jobs through the end of 2010 (Figure 6). That is a very different experience than during previous recessions and recoveries. During the first three months of 2011, however, the U.S. economy added 478 thousand jobs.

Figure 5

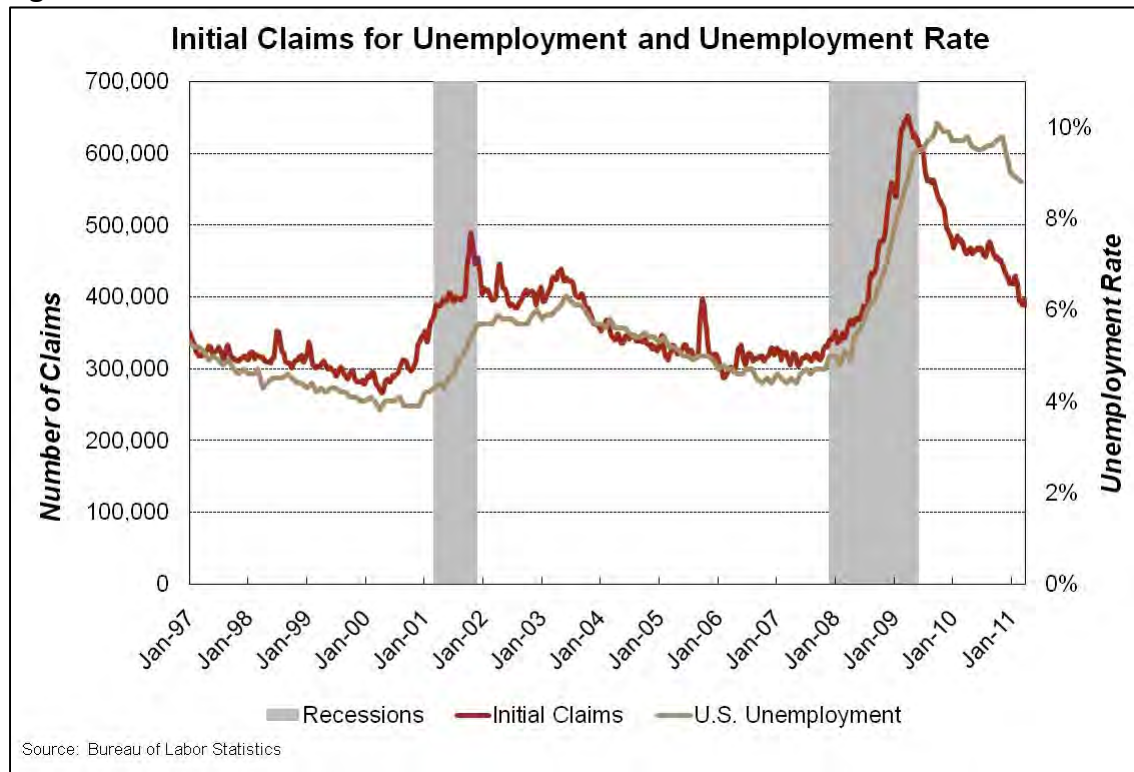


Figure 6



With the job market improving, U.S. unemployment has declined and initial claims for unemployment are falling (Figure 7). That is generally good news, though the unemployment rate remains high at an 8.8 percent rate.

Figure 7



With the economy recovering slowly and employment picking up only recently, consumer confidence has risen only gradually since the recession's end (Figure 8). Most recently, sharply rising oil prices reduced consumer confidence.

Rising food and energy prices have also pushed up the consumer price index (CPI), but the most recent data shows core CPI (which excludes food and energy) rising above 1 percent (Figure 9).

Figure 8

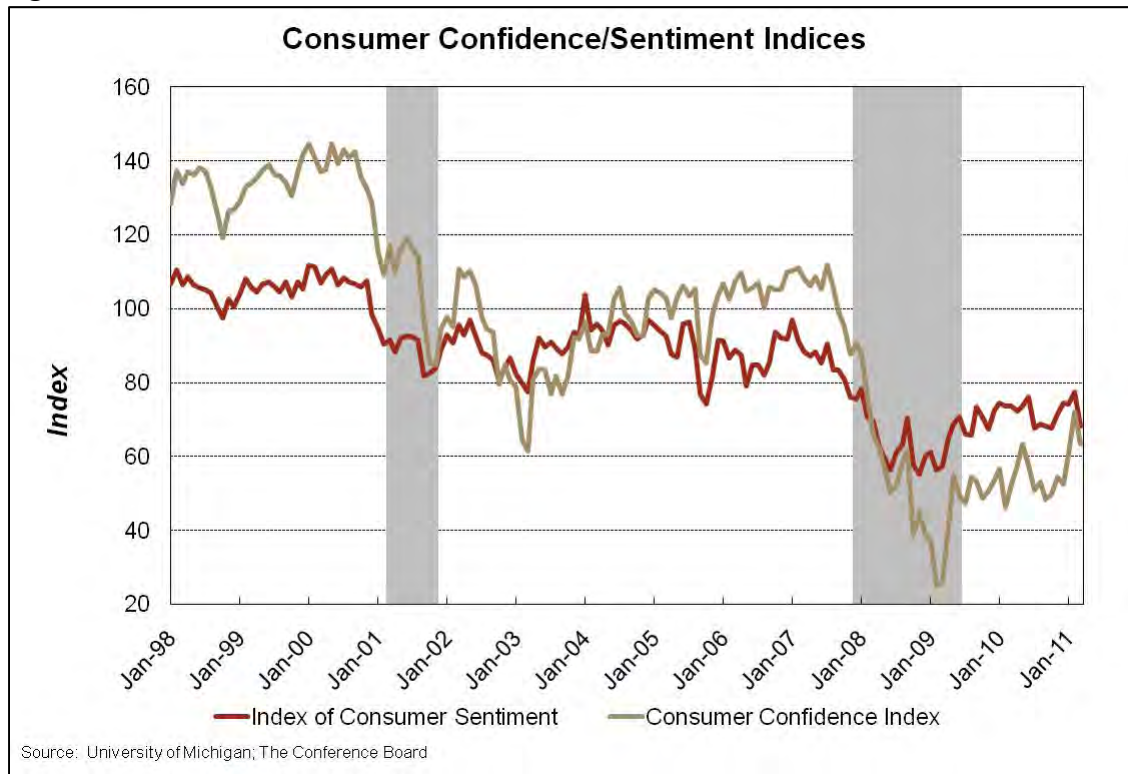
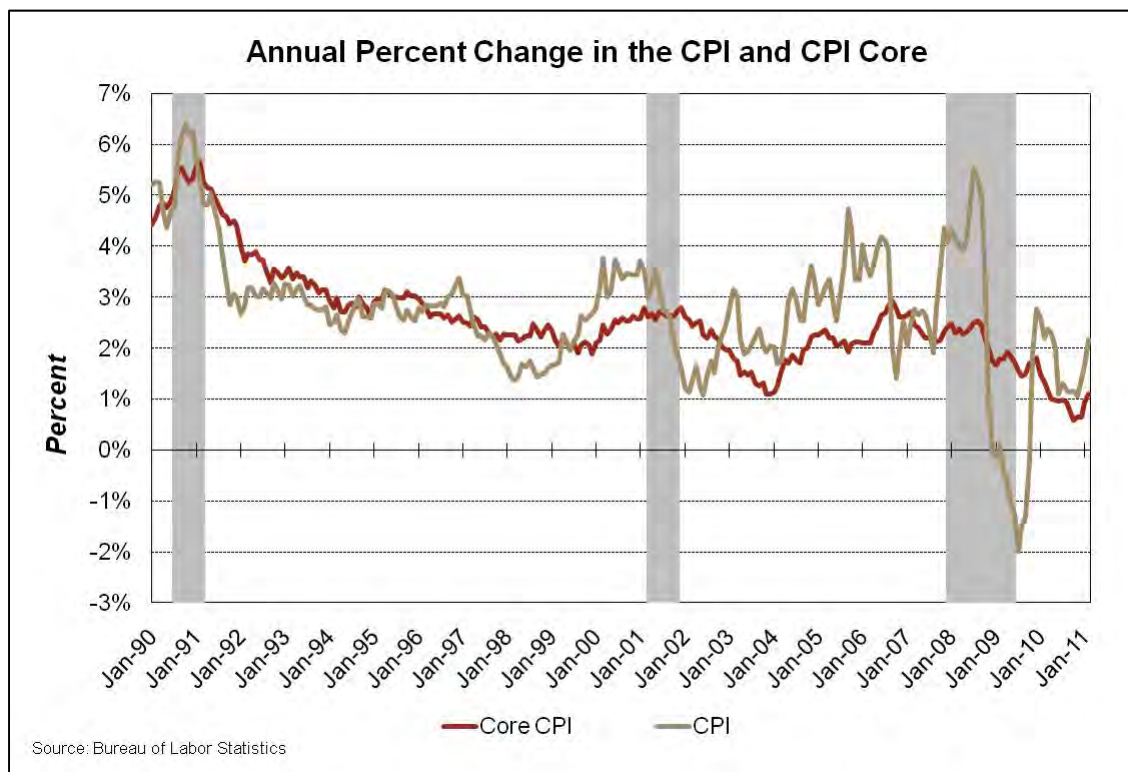


Figure 9



2.1 Headwinds to U.S. Economic Growth May Be Increasing

In early 2011, the U.S. economy finally began to show a decent rate of employment growth, with a gain of nearly 480,000 nonfarm jobs in the first quarter. As the economy nears its second year of recovery and expansion, however, the headwinds to economic growth seem to be increasing. Oil prices have risen substantially in the past year, and U.S. fiscal policy is set to become less expansionary. Perhaps surprisingly, financial problems have become much less of an obstacle to growth. Monetary policy remains quite accommodative to economic expansion but is mostly ineffective.

Rising Oil Prices May Slow U.S. Economic Growth

Over the past year, world oil prices have risen by about 45 percent (Figure 10). As a result, U.S. gasoline prices have risen by more than \$0.90 per gallon (Figure 11). Jet fuel prices have increased by nearly \$1 per gallon (Figure 12).

Figure 10

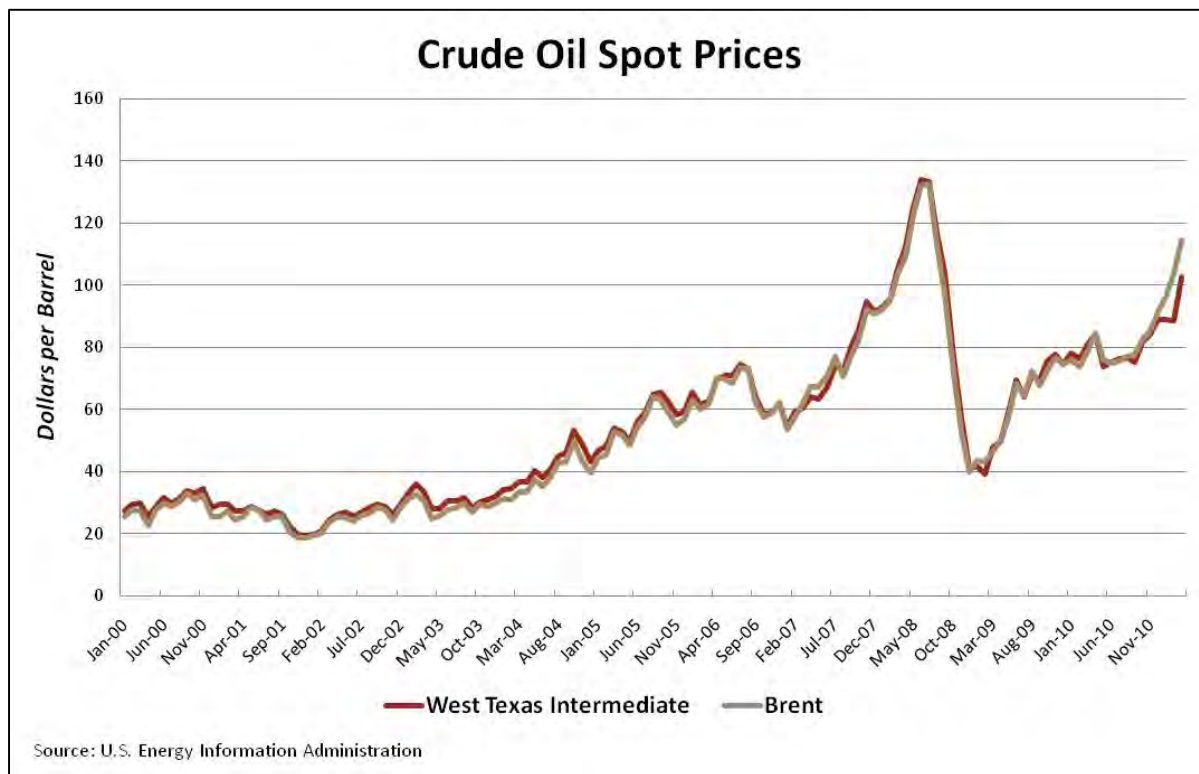


Figure 11

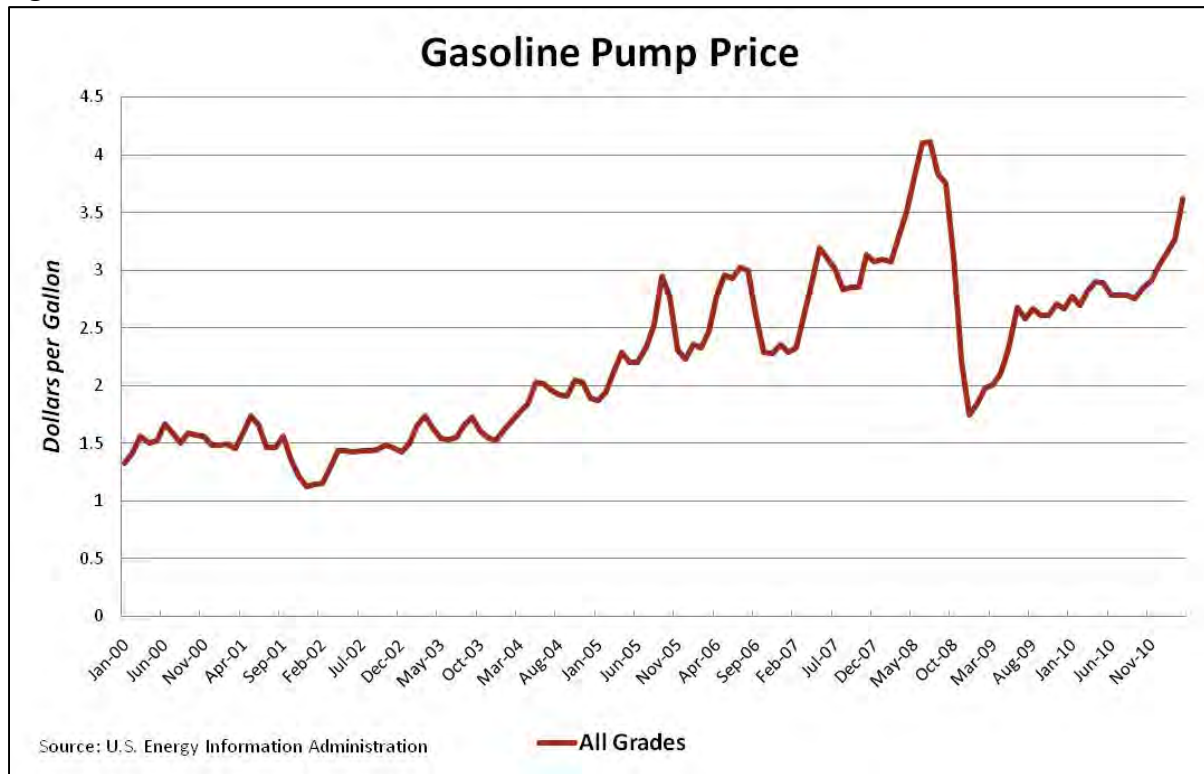
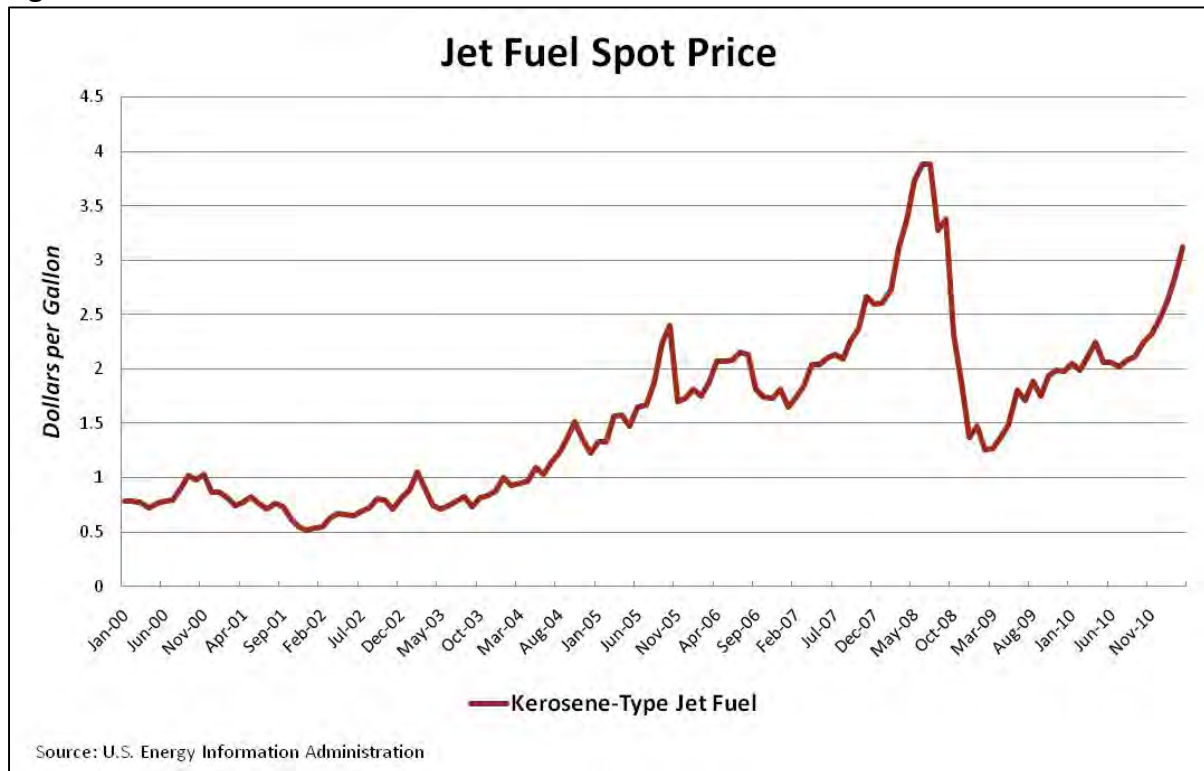


Figure 12



Economic research suggests that these gains in oil prices will reduce the annual growth rate of U.S. GDP by 0.2 to 0.8 percentage points over the next two years. U.S. consumers will see an additional reduction in their discretionary income as they pay an additional \$267 billion each year on petroleum products—through their purchases of gasoline, diesel fuel, airline tickets and other goods and services in which rising oil prices are passed on to them.

The rise in oil prices owes to several factors, none of which is likely to be reversed anytime soon. Oil demand in China, India and other countries has resumed growing along with their economies. Oil production in Libya has been disrupted, which reduces supply. In addition, social unrest in North Africa and parts of the Middle East threatens to further disrupt production and reduce supply. As a consequence, oil traders have tried to put some oil aside against the possibility of greater disruptions and in doing so have further bid up the price of oil.

Fiscal Policy

The stance of fiscal policy is measured by the extent to which government spending exceeds revenue. Deficit spending is generally regarded as enhancing economic growth in the short run, but large government deficits create long-term imbalances that are harmful to future economic growth. As is widely recognized, the borrowing and spending policies we saw from 2003 to 2008 combined with bank bailouts and the Obama administration's stimulus package led to large U.S. budget deficits. Many economists see those deficits as stimulating short-term gains in economic activity at the expense of future growth.

The current tax and spending proposals that Congress seems likely to adopt for fiscal year 2012 will sharply reduce the federal government deficit. That action will increase near-term headwinds to economic activity while potentially easing future headwinds to economic growth.

A well-designed fiscal stimulus could ease these short-term headwinds to some degree without stirring up much of an increase in future headwinds. For instance, a package of infrastructure spending to improve roads and bridges would provide public capital that would boost private-sector productivity in future years. It also would reduce the need for such public-sector spending in future years.

Financial Problems Abating Nationwide

The Kansas City Financial Stress Index remains below its long-run average, which suggests that financial markets are ready to support economic growth. In addition, a survey conducted by the National Federation of Independent Business shows that small businesses are now finding it easier to obtain credit than they have at any time in the past six years. (CBER's similar survey of Las Vegas small businesses is less optimistic.)

Monetary Policy: Accommodative *and* Ineffective

When the economy is performing poorly, we typically look to monetary policy for help. Monetary policy has been taken to its limits. Short-term interest rates—such as the federal funds rate and the three-month Treasury bill rate—are close to zero (Figure 13). Adjusted for inflationary expectations, the short-term interest rates are negative (Figure 14).

Figure 13

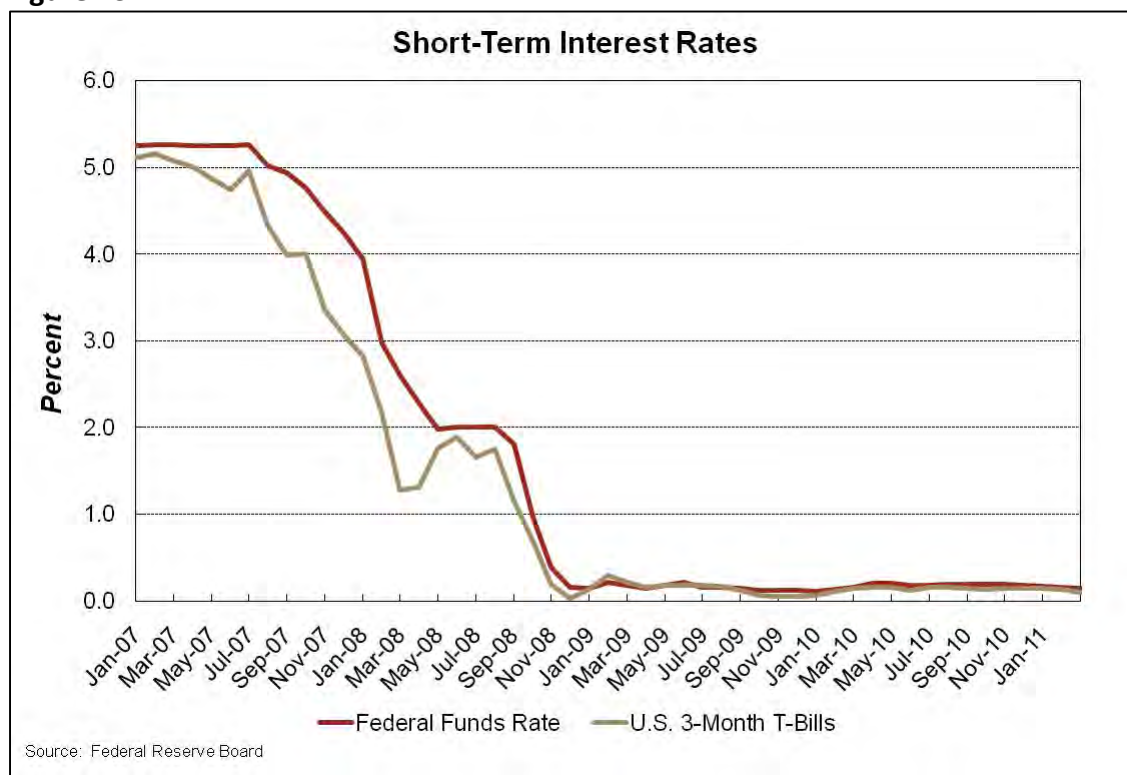
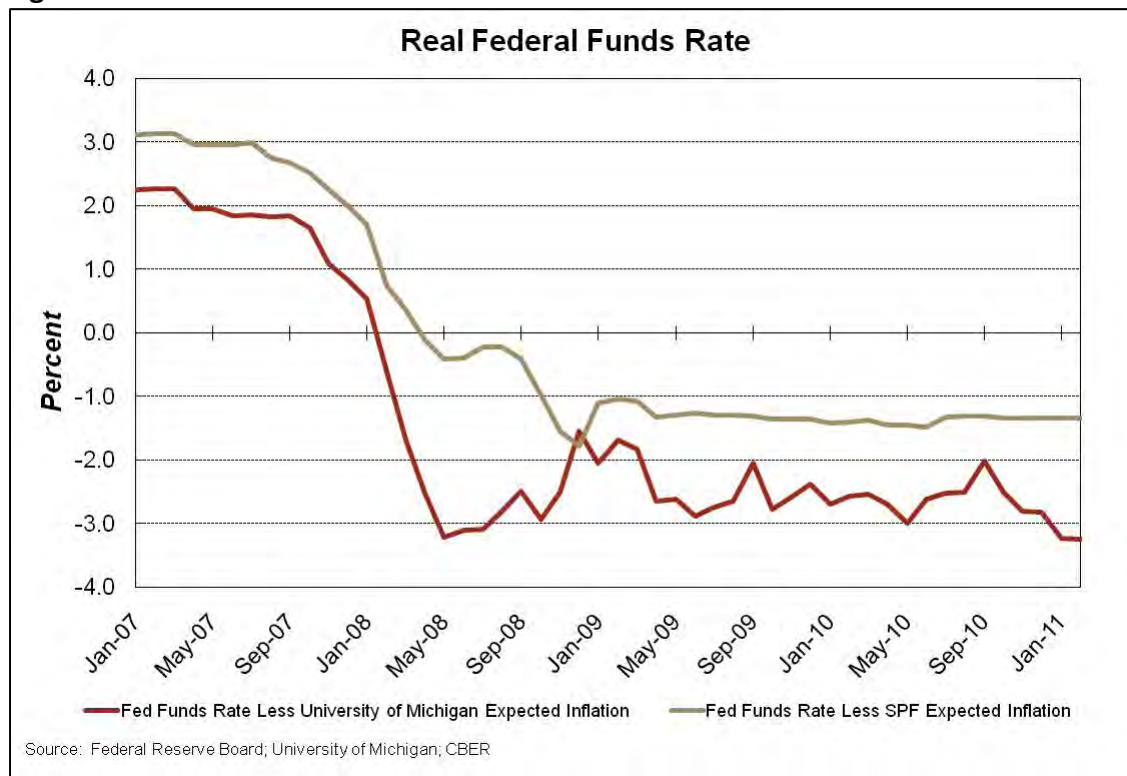


Figure 14



Recognizing that it could not reduce short-term rates any further, the Federal Reserve System undertook a second round of what is called “quantitative easing.” Normal monetary policy is conducted through the management of the federal funds rate—an overnight rate at which financial institutions borrow from each other. The Fed adds or reduces liquidity by buying or selling short-term Treasury bills to maintain a particular target rate in the federal funds market.

Quantitative easing works differently. To accomplish quantitative easing, the Fed purchases long-term Treasury bonds. The goal is to increase the monetary aggregates and lower the long-term interest rates that influence investment decisions. In fact, during the second round of quantitative easing, long-term rates ticked up (Figure 15). In addition, the price of gold rose sharply—to \$1,424 per ounce in March (Figure 16). Combined, these indicators show that Fed policy has increased concerns about future inflation without having much effect on investment or the pace of economic activity.

Figure 15

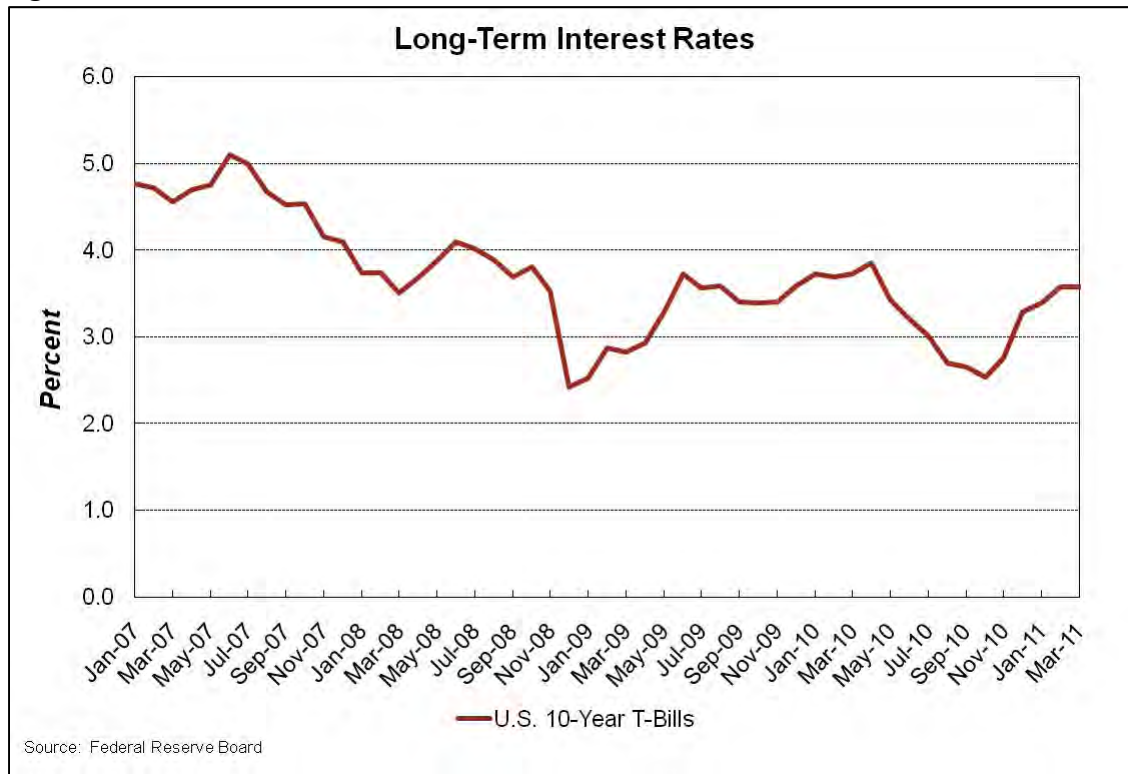
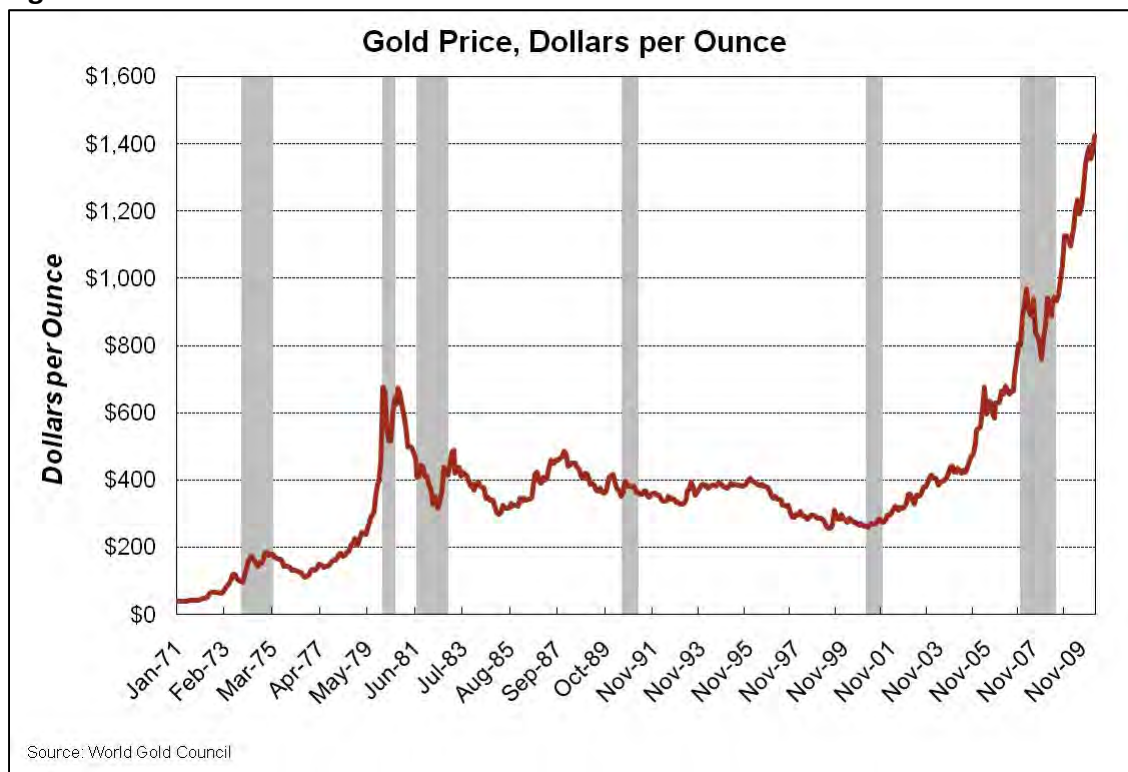


Figure 16

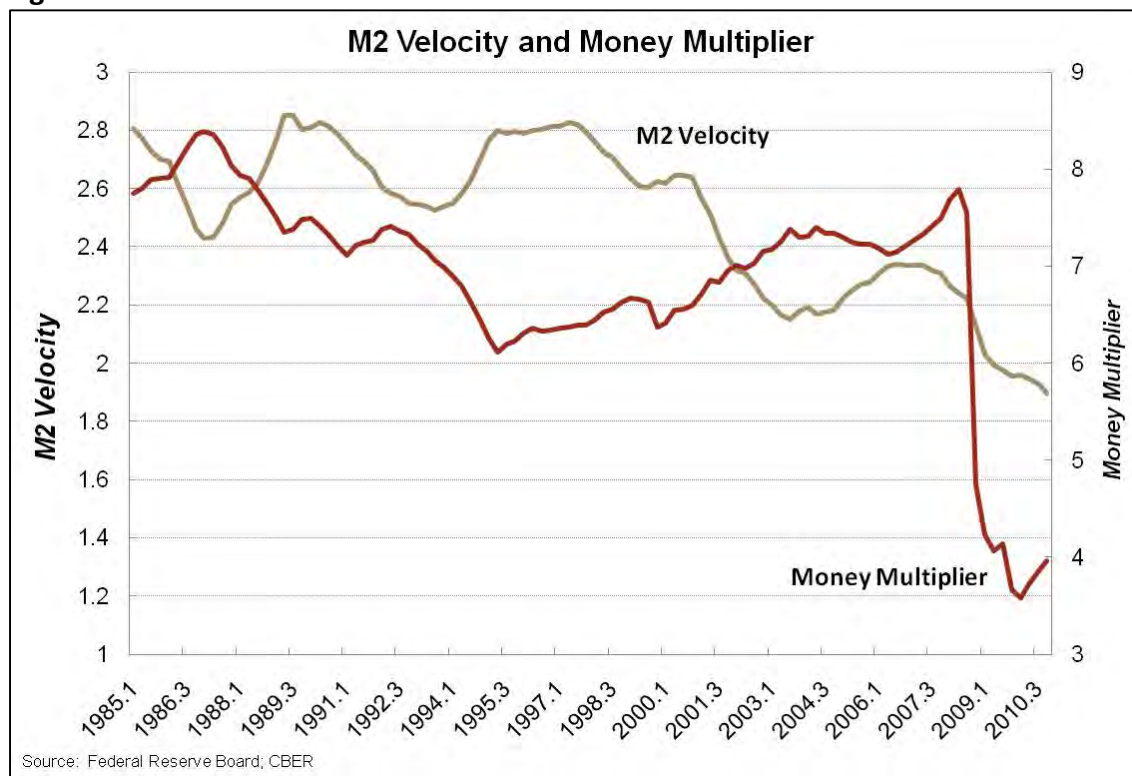


Liquidity Trap

Although the Fed has increased liquidity in the economy through low short-term interest rates and quantitative easing, uncertainty about the state of economic activity has meant that investment spending, lending and GDP have not responded very much. John Maynard Keynes called this situation a “liquidity trap.”

To examine this phenomenon, we must consider the relationships between the monetary base and M2, and between M2 and GDP (Figure 17). The monetary base is a relatively narrow measure of money. It includes cash and reserve accounts that commercial banks hold at the Federal Reserve System. Through the system of fractional reserves, the monetary base supports broader monetary aggregates, such as M2. M2 includes the monetary base plus checking and savings accounts.

Figure 17



As shown in the figure, the relationship between these monetary aggregates and the economy has weakened considerably even with a recovery underway. The money multiplier, which measures the extent to which the monetary base is used to create more money, has dropped considerably. As the Fed tries to push more liquidity into the economy through the monetary base, it's finding that the monetary base is not being translated into as much monetary growth.

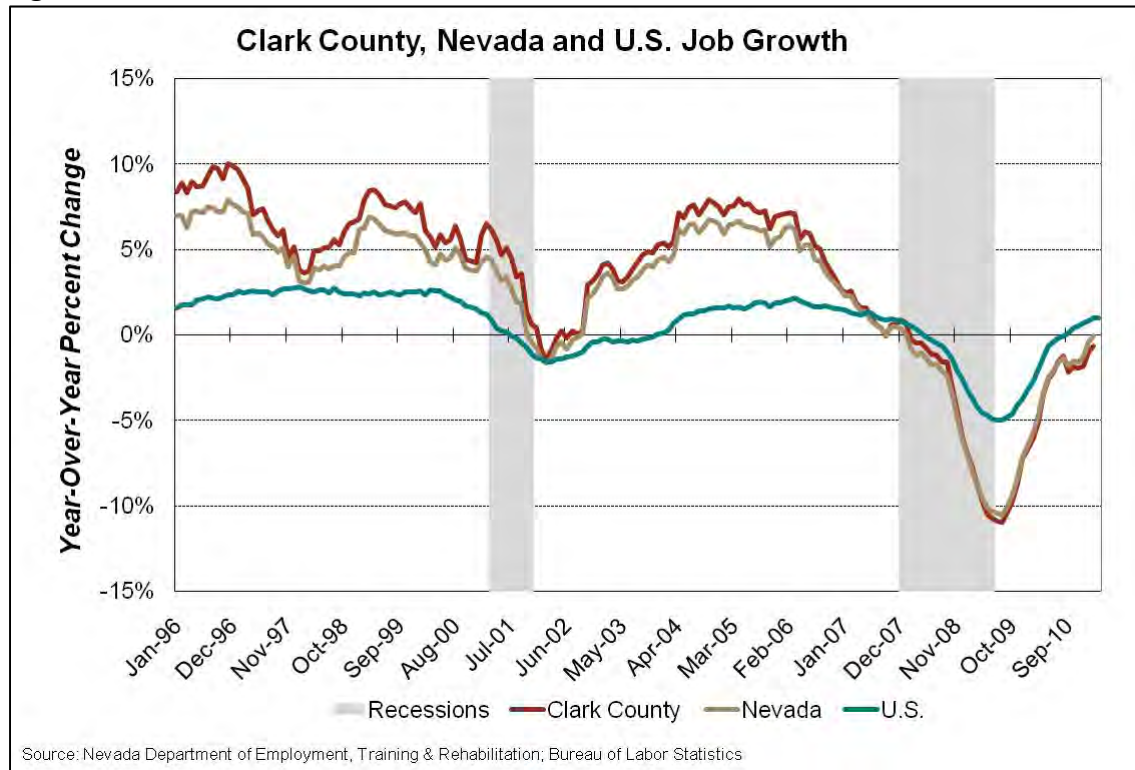
In addition, the velocity of money, which measures the relationship between M2 and GDP, has dropped considerably. The lower velocity means that less economic activity is associated with each dollar of M2.

The liquidity trap means that although the Fed has increased financial liquidity in the market, the economy has not responded. Keynes' prescription for such a situation was stimulative fiscal policy—that is, boosting government deficit spending.

3. Nevada Economic Conditions

U.S. employment has been growing since late last year. Nevada and Clark County are just now beginning to show positive job growth (Figure 18).

Figure 18



After revision, the January 2010 Nevada unemployment rate was pegged at 15.3 percent (Figure 19). In July, the Clark County unemployment rate hit a high of 15.7 percent. Declines in these unemployment rates during 2010 were mostly the result of falling labor force participation. With Nevada and Clark County employment growing in early 2011, the respective unemployment rates have declined to 13.2 percent and 13.3 percent. During 2010, Nevada had a combined unemployment and underemployment rate of 22.3 percent.

When it comes to unemployment, Nevada remains at the top of the heap in the west (Figure 20). Unemployment rates also remain high in California, Oregon and Arizona.

Figure 19

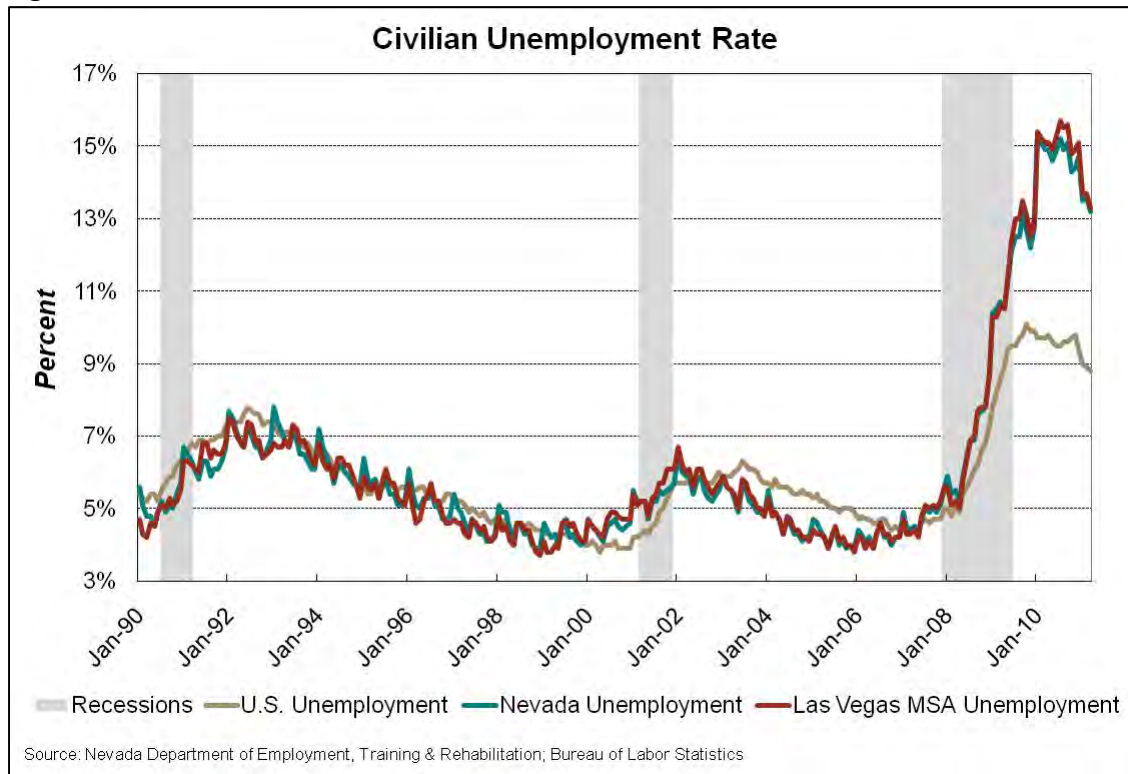
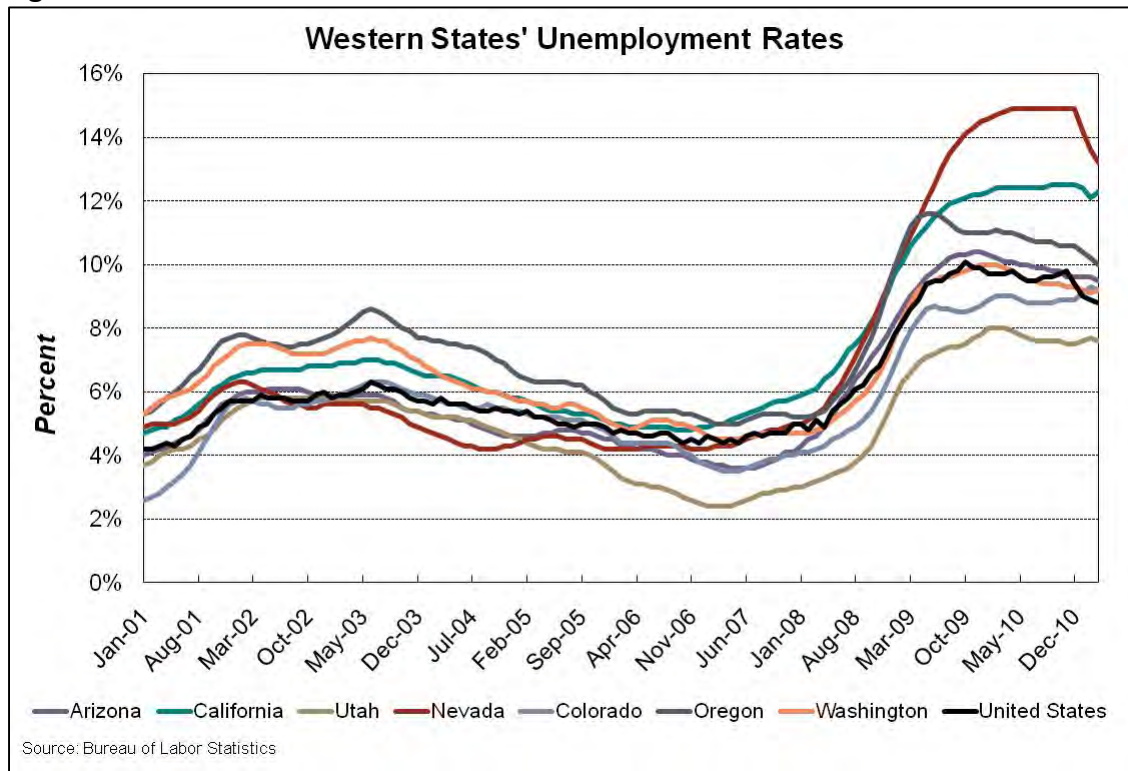
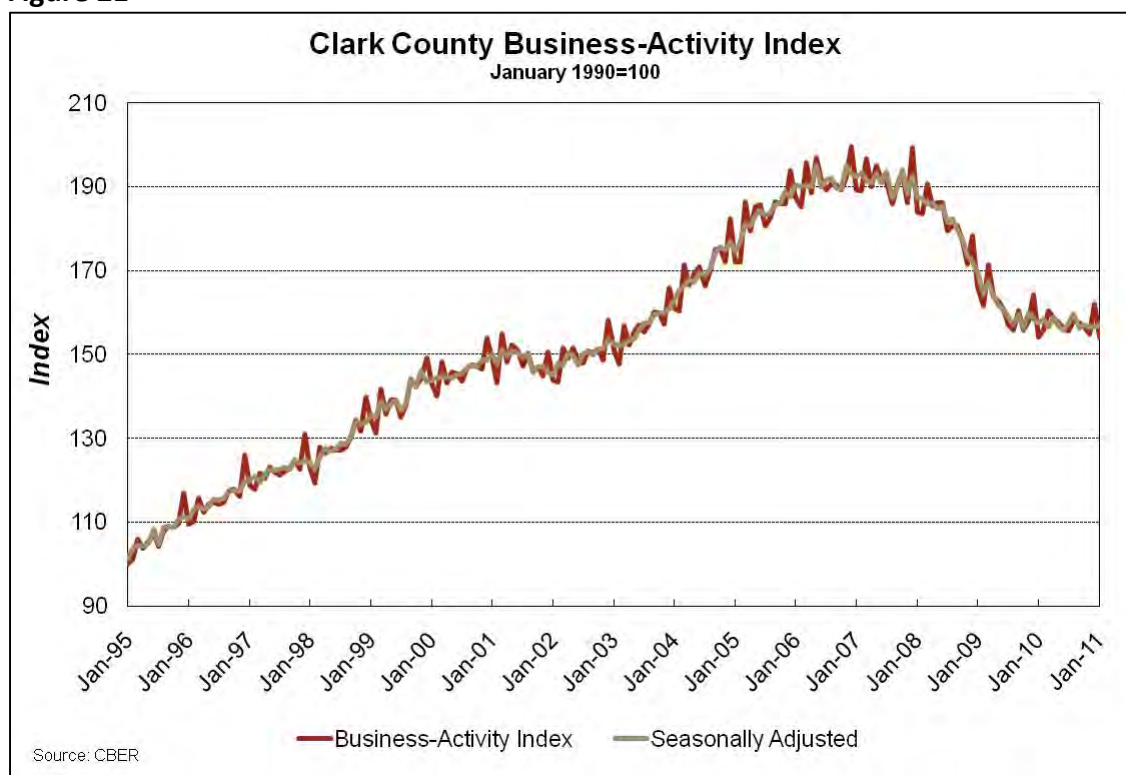


Figure 20



More favorably, CBER's Clark County business index has ticked up recently (Figure 21). The index is a composite of gaming revenues, employment and taxable sales.

Figure 21



CBER's index of Clark County tourism has shown mixed signs of improvement over the past year (Figure 22). The index is a composite of passenger counts, room occupancy and gaming revenues.

CBER's index of Clark County construction continues to slip downward, albeit at a slower rate (Figure 23). The index is a composite of commercial and residential building permits, and construction employment.

The Southern Nevada construction industry lost 6,000 jobs over the past year. Peak construction employment was 112,000 in June 2009. It currently stands at 39,000.

Figure 22

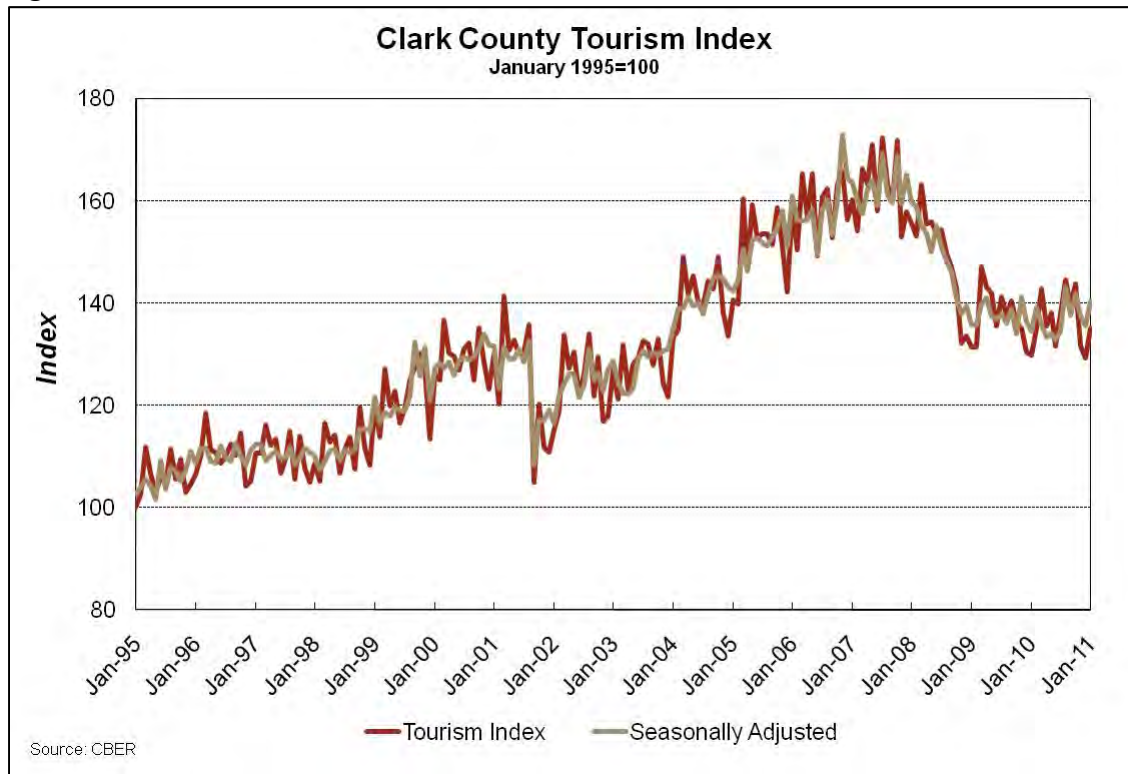
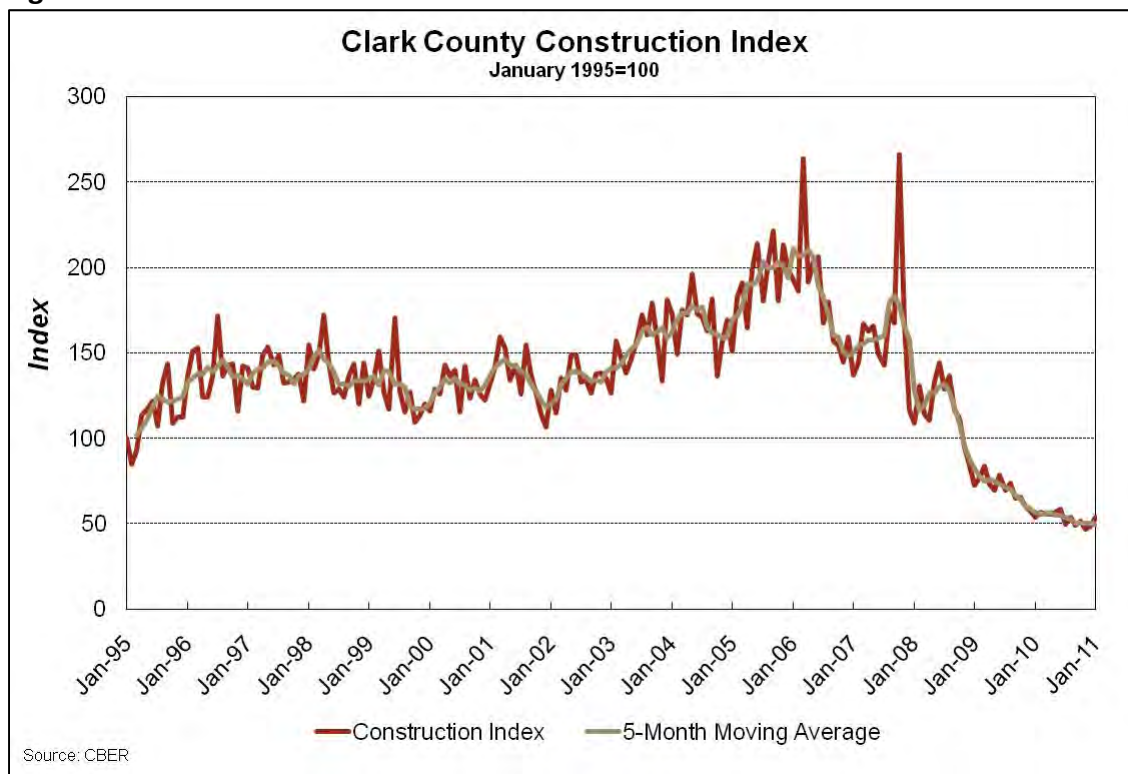


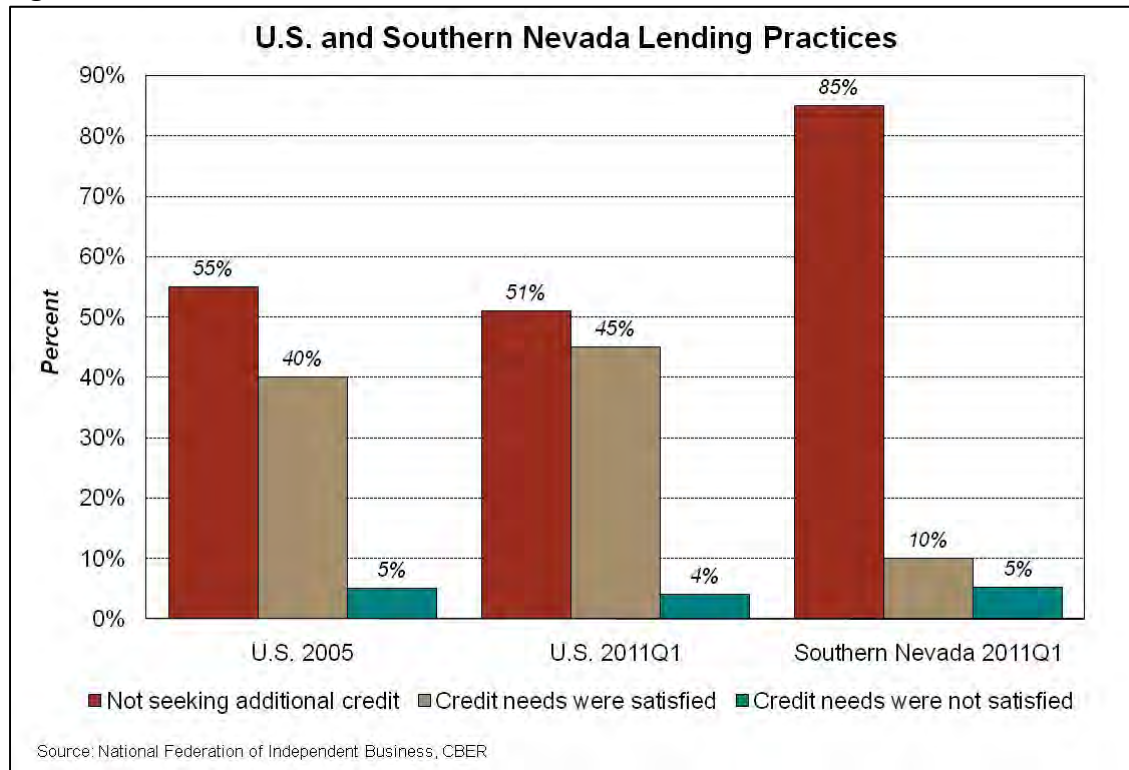
Figure 23



Although financial headwinds have mostly abated in the United States as a whole, they may remain present in Southern Nevada. According to a survey by the National Federation of Independent Business, more U.S. businesses are now seeking and obtaining credit than before the recession (Figure 24). Of those seeking additional credit, about 8 percent weren't getting it.

According to CBER's survey for Southern Nevada, however, very few businesses were seeking additional credit. Of those seeking additional credit, one-third weren't getting it.

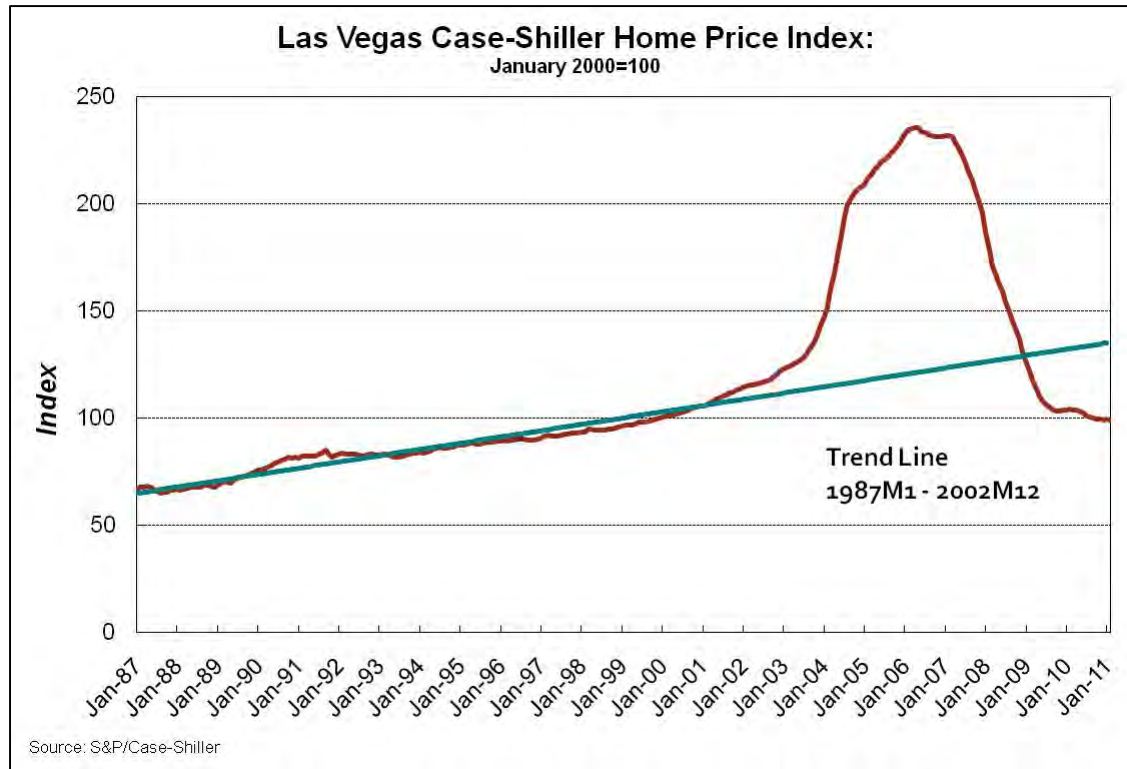
Figure 24



4. Southern Nevada Housing Market Conditions

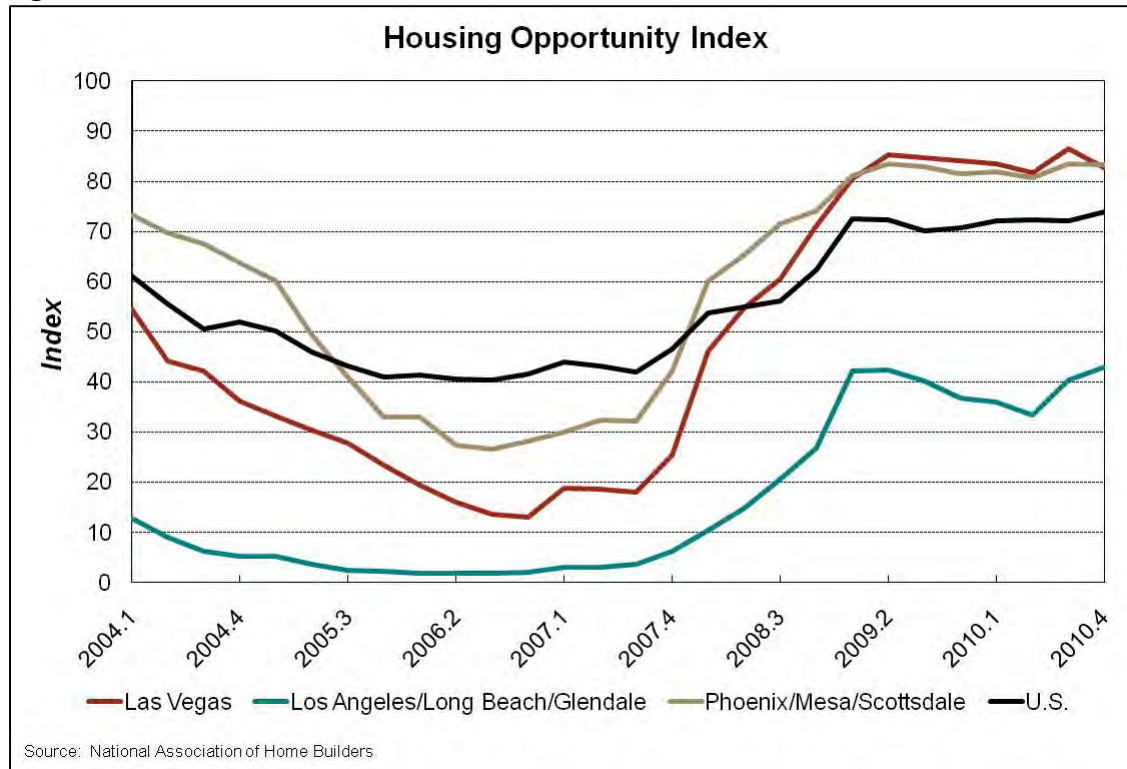
According to the Case-Shiller index, housing prices in the Las Vegas metropolitan area are still falling, but the precipitous decline has come to an end (Figure 25). The Case-Shiller index is considered a preferred measure of housing prices because it uses prices from repeat sales, which more accurately captures quality than a more commonly used measure like median home prices.

Figure 25



Right now, Las Vegas housing is a very good deal. According to the housing opportunity index, which considers both price and income, Nevada housing is more affordable than the national average (Figure 26). That is one of the primary reasons, that many long-term forecasts show strong population gains for the region, some of which are driven by retirements.

Figure 26



4.1 Differing Perspectives on the Housing Overhang in Southern Nevada

Data from the Las Vegas Multiple Listing Service (MLS) and CBER, Clark County and the U.S. Bureau of the Census offer very different perspectives on the Las Vegas housing market (Table 1). According to MLS and CBER, the Las Vegas metropolitan area had 767,580 housing units in 2010; 735,530 were occupied and 32,050 were vacant in the fourth quarter. Clark County used its tax rolls to estimate the number of housing units in the Las Vegas metropolitan area at 814,868 in 2010. Using electric meter readings, the county said 749,269 were occupied and 65,599 were vacant. According to the U.S. Census, the Las Vegas metropolitan area had 840,343 housing units, 715,365 were occupied and 124,978 were vacant when the census was conducted in April 2010.

Table 1
Differing Perspectives on Southern Nevada Housing

	Total Units	Occupied	Vacant	Percent Vacant
MLS/CBER	767,580	735,530	32,050	4.2
Clark County	814,868	749,269	65,599	8.1
Census	840,343	715,365	124,978	14.9

The differences between these vacancy estimates imply very different outlooks for the potential recovery of the Las Vegas housing market. Historical trends show a vacancy rate equal to 1.4 percent plus the population growth rate is necessary for the Las Vegas residential real estate market to show price gains. Therefore, a population growth rate of 0.8 percent suggests the vacancy rate must be reduced to 2.2 percent before residential real estate prices begin rising. The MLS/CBER data imply an additional 2.0 percent of the existing units need to be absorbed before the market recovers, but the Census data imply an additional 12.7 percent of the existing units must be absorbed. The Clark County data are consistent with the need to absorb an additional 5.9 percent of the existing units.

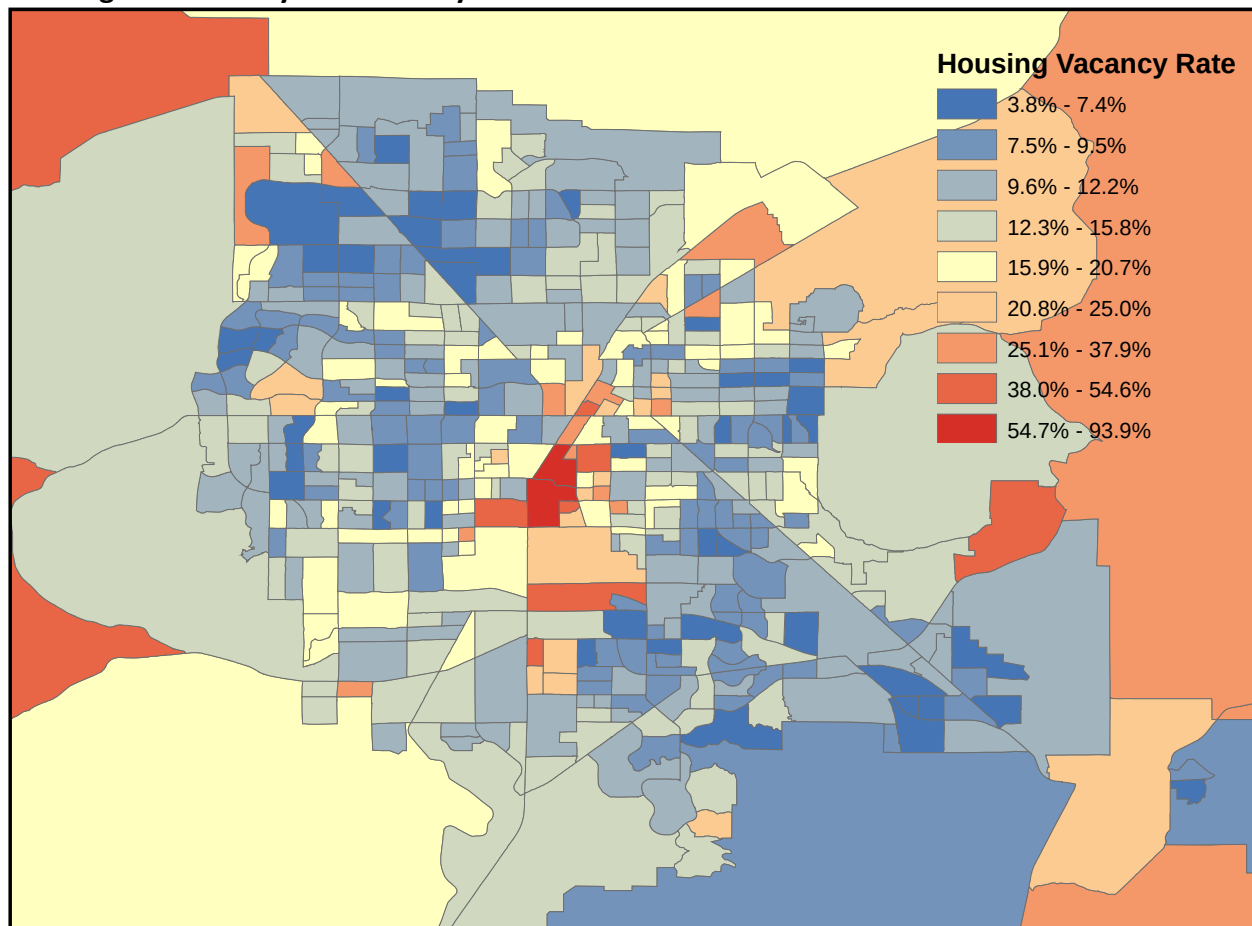
With an annual household formation rate of 0.8 percent, which the Western Blue Chip forecasts for Nevada's population growth over the next few years, the MLS/CBER estimates suggest that the excess capacity in the Las Vegas metropolitan area housing market could be absorbed in little more than two years. In contrast, the Census estimates would require an annual household formation rate of 4.9 percent (the same annual rate at which the Clark County population grew from 2000 to 2007) for excess capacity to be absorbed in about the same number of years.

Higher absorption rates would mean that the excess capacity in the housing market would be worked off more quickly. Recent Las Vegas MLS data show houses selling at a monthly rate of about 3,000 per month, with 1,500 of those houses currently vacant. If those 1,500 units represent new occupancies, Clark County would be seeing a 2.4 percent annual absorption rate in housing, which would translate into elimination of the excess capacity in less than a year according to the MLS/CBER data, about 2.5 years according to the Clark County data, and about 6 years according to the Census data.

Differences in the Number of Housing Units

So which of these three perspectives on the Las Vegas housing market is correct? The differing number in the housing units estimated by the Census, Clark County and MLS/CBER are easily explained. As shown by Map 1, some of areas with high vacancy rates according to the Census include vacation homes; furnished apartments that offer daily, weekly and monthly rentals and condotels homes as part of the housing stock.

Map 1
Housing Vacancies by Clark County Census Tract



Clark County does not count furnished apartments that offer short-term rentals or condotels. The exclusion of these facilities appears to account for the difference between the Census and county estimates. The MLS/CBER data start with the county figures and then drop duplexes, triplexes, quadruplexes and mobile homes.

From the perspective of the real estate industry, one can argue that the 25,000+ housing units counted by the Census, but excluded by the county, aren't really part of the housing market for ordinary Las Vegas residents. Furnished apartments that offer daily, weekly and monthly rentals mostly compete with motels and hotels rather than other apartments.

Condotel units are typically owned by nonresidents who allow their unoccupied units to be rented out as hotel space.

One might disagree with the exclusion of duplexes, triplexes, quadruplexes and mobile homes from a count of housing units, but the MLS/CBER data also do not count the occupancy of such units. When these units are excluded from the Clark County data, the Clark County estimates are 707,053 occupied housing units, 60,527 vacant units and a vacancy rate of 7.9 percent.

Differences in Occupancy

The remaining differences are in the number of occupied units estimated by the Census, Clark County and MLS/CBER, with the Census offering the lowest figure. Some of these differences will be better explained when more detailed Census data are available. In the meantime, we must look at the differing methods for evaluating occupancy to judge which is likely to produce the most accurate estimates.

The Census workers counted as vacant any dwelling where they could not find evidence of residents in three visits. Such an approach could lead to an undercounting of retirees and others who took extended leaves from home. It could also include vacation homes and condotels that are owned by nonresidents who didn't happen to be visiting the area when the census was conducted. As shown by the map, vacancies are also high in areas with many vacation homes and condotels.

Clark County uses meter hookups and electricity consumption to provide an annual estimate of occupancy at midyear. Such an approach could lead to an overcounting of occupancy if electric power consumption was maintained in unoccupied units.

Las Vegas MLS uses vacancy reports of single family, condominiums and townhouses for sale or rent made by realtors. CBER collects vacancy reports from managers of apartment complexes. Such an approach provides data from people regularly in the field, but the assessments of single-family homes, condominiums and townhouses could lead to an upwardly biased estimate of occupancy if banks were holding vacant units off the market. The quarterly reports do show, however, a 1.5 percent increase in occupancy from third quarter to fourth quarter 2010.

Bringing It All Back Home

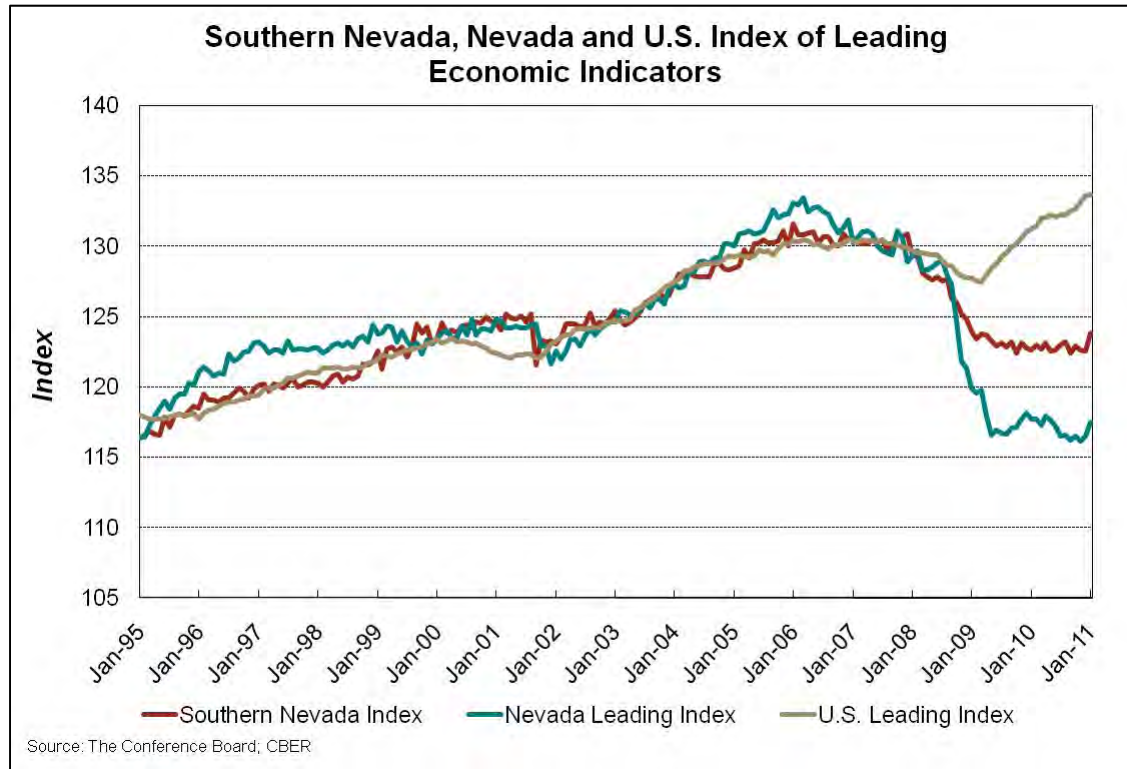
Because the Las Vegas MLS and CBER data offer quarterly updates from people in the field on a regular basis, it is tempting to conclude that the overhang of housing in the Las Vegas housing market may have fallen as low as 1.6 percent in fourth quarter 2010. The reputation of the U.S. Census for providing reliable enumerations leads to the dramatically different conclusion that there could be a 14.7 percent overhang in the Las Vegas area housing market. The Clark County data fall in the middle with a 5.8-6.0 percent overhang.

With banks reported as sitting on vacant units, probably the Clark County data should be judged as a more reliable assessment of occupancy than the Las Vegas MLS and CBER data, but the Las Vegas MLS and CBER data provide valuable information about the direction of the market. When more detailed Census data are provided in midsummer 2011, we will get an opportunity to more closely examine the reasons for the differences between the Census and county estimates and be better able to judge which housing market assessment is more accurate.

5. Nevada Economic Outlook

The U.S., Nevada and Southern Nevada indexes of leading economic indicators are all rising (Figure 27), an indication that economic conditions can be expected to improve. The DETR/CBER leading index for Nevada gave us a false reading at midyear 2010, but is likely a bit more sure-footed with its current reading.

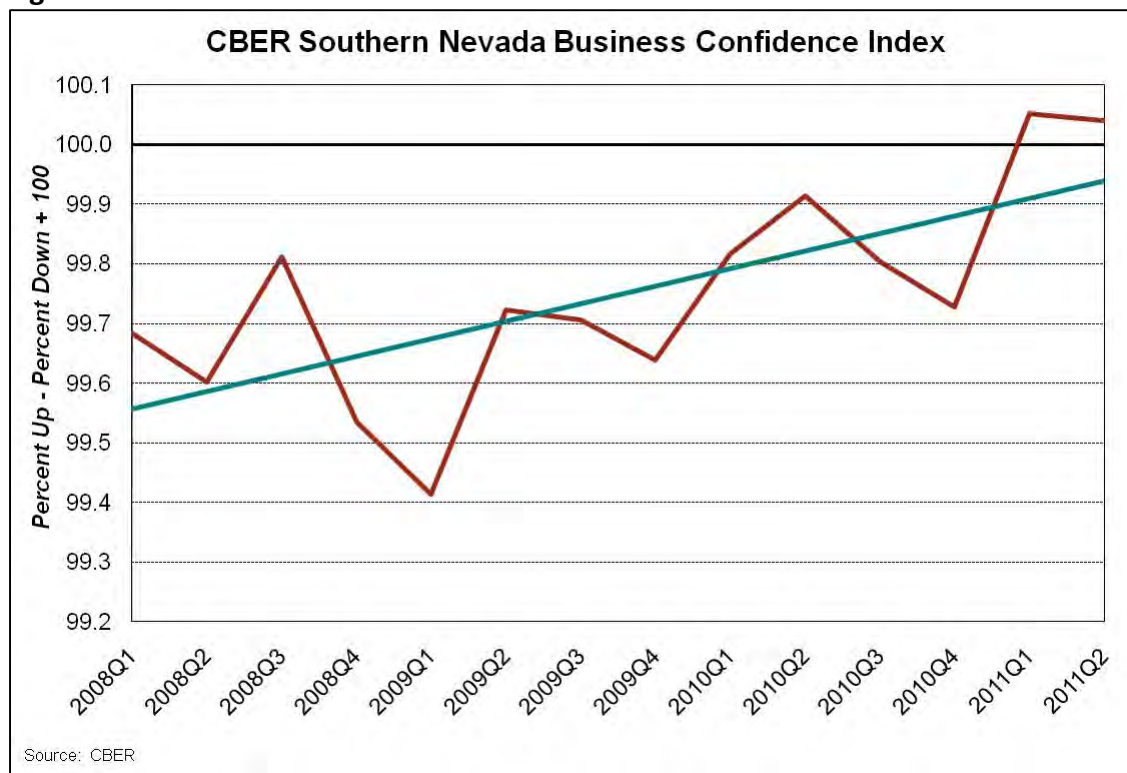
Figure 27



CBER's Southern Nevada index of leading economic indicators projects employment conditions 4-6 months in the future. The most recent reading (with January data) was among the largest one-month gains in the history of the series and was driven mostly by tourism. Although one month's data do not establish a trend, the index indicates the likelihood of increased employment in the second half of 2011.

CBER's business confidence index for Southern Nevada is also showing favorable signs (Figure 28). For the second quarter in a row, more respondents are optimistic about the outlook for business conditions than are pessimistic. In the series three-year history from first quarter 2008 through fourth quarter 2010, more respondents were pessimistic about the outlook for business conditions.

Figure 28



CBER expects general improving economic conditions in Nevada for 2011 and 2012 (Table 2). For personal income, gross gaming revenue, employment and population, CBER projects gains in 2011. For all these categories, except population growth, CBER is somewhat more optimistic than the consensus from the Western Blue Chip Forecast for Nevada (in which CBER's outlook is included). Both CBER and the Western Blue Chip see economic conditions improving from 2011 and 2012.

Where CBER really differs from the Western Blue Chip consensus is in permits for single family housing. CBER sees continuing weakness in 2011 and only moderate gains in 2012. Our view is consistent with the substantial overhang in the housing market and with the real estate expectations reported in our business conditions survey. We think the Nevada housing market will recover, just later than 2012.

Table 2
Western Blue Chip Forecast for Nevada Economic Growth

	Personal Income	Gross Gaming Revenue	Wage and Salary Employment	Population Growth	Single Family Housing Permits
2010 Actual	0.3	0.1	-2.8	0.5	-4.7
2011					
CBER	2.6	3.2	0.4	0.5	-4.8
Consensus	1.1	3.1	-0.5	0.8	-0.2
2012					
CBER	3.2	3.6	1.2	0.8	0.8
Consensus	2.2	3.0	1.1	1.0	3.6

According to the Western Blue Chip Consensus, Nevada's employment growth will lag behind other western states in 2011 and 2012 (Figure 29). A similar picture is expected for income growth (Figure 30). Far from seeing this as negative, we recognize that strong economic growth is necessary in neighboring states to drive Nevada's tourism industry.

In short, the Nevada economy is showing initial signs of recovery, more than 18 months after the U.S. economy began its recovery. The outlook at the beginning is for slow and uneven growth that is mostly driven by gains in tourism. Construction will follow later, as Nevada's population growth is driven by gains in employment and by gains in retirements from other parts of the country. Diversification can add to long-term gains.

Figure 29

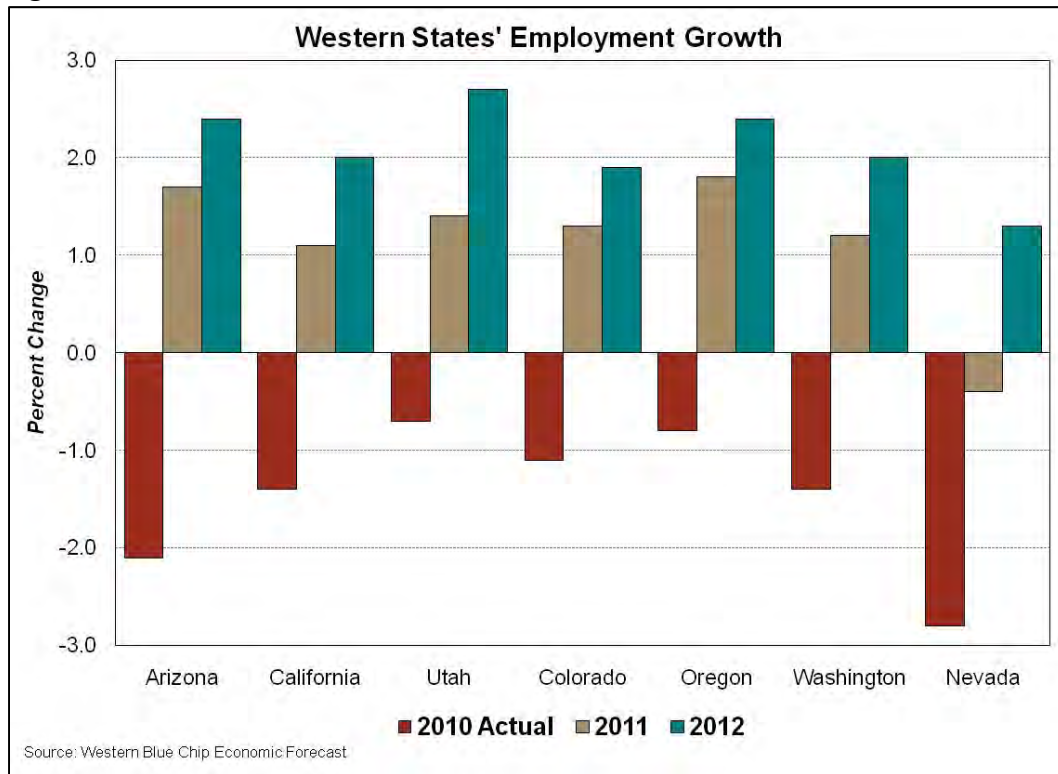


Figure 30

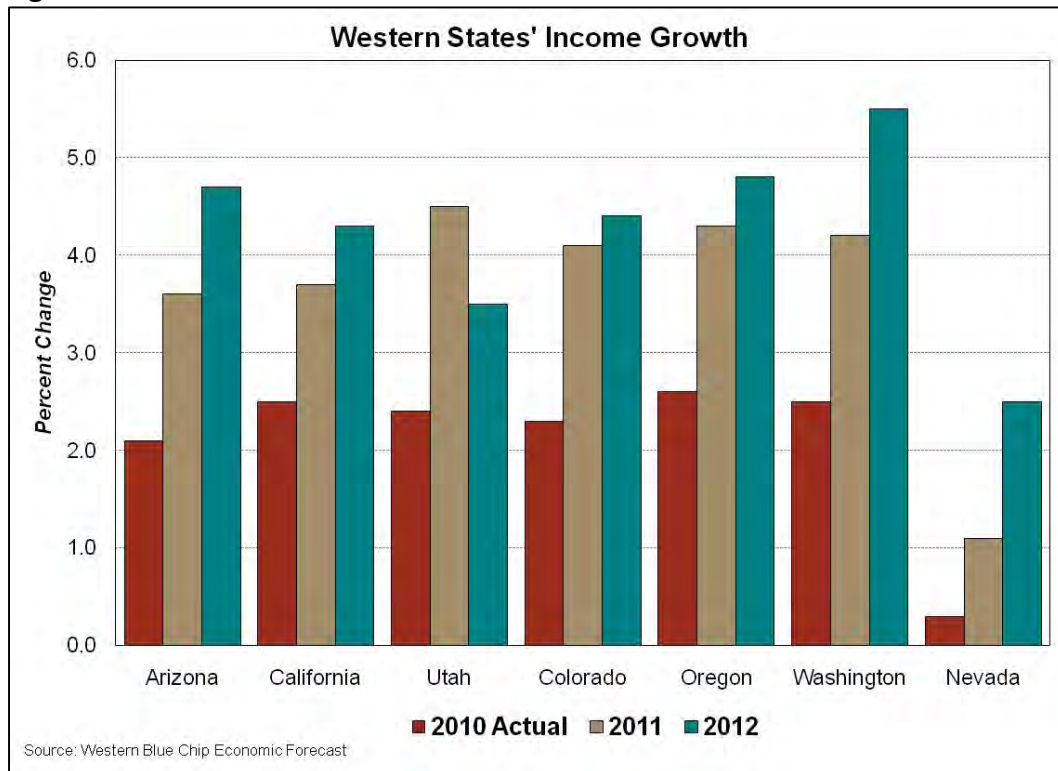




TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2005 THROUGH FY 2010 AND FY 2011 VERSUS FY 2010 YEAR-TO-DATE THROUGH MARCH
 Economic Forum May 2, 2011, Meeting - 4/29/11 - 12:00 PM

GL NO.	DESCRIPTION	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL	% Change	FY 2009 ACTUAL	% Change	FY 2010 ACTUAL [a.]	% Change	YEAR-TO-DATE [b.]		
														FY 2010 MARCH	FY 2011 MARCH	% Change
TAXES																
PROPERTY/MINE																
3064	Net Proceeds of Minerals [1-FY00][3-FY09][19-FY10]	\$16,399,811	-2.2%	\$19,587,761	19.4%	\$27,685,453	41.3%	\$34,685,775	25.3%	\$72,300,385	108.4%	\$76,350,861	5.6%	\$18,678,825	\$16,486,701	-11.7%
3241	Net Proceeds Penalty [1-FY00]	\$23,174		\$44,535		\$2,869		\$292,867		\$5,889		\$301,761		\$295,761	\$960	-99.7%
3245	Centrally Assessed Penalties	\$26,318	-21.1%	\$29,590	12.4%	\$10,396	-64.9%	\$152,433	1366.2%	\$49,649	-67.4%	\$178,099	258.7%	\$65,534	\$9,032	-86.2%
3116	Minings Claims Fee [20-FY10]											\$17,150			\$4,003,500	
TOTAL PROPERTY/MINE TAX		\$16,449,304	-2.2%	\$19,661,886	19.5%	\$27,698,719	40.9%	\$35,131,075	26.8%	\$72,355,923	106.0%	\$76,847,872	6.2%	\$19,040,121	\$20,500,192	7.7%
SALES AND USE																
3001	Sales and Use Tax [1-FY04][1A-FY09][1-FY10]	\$896,018,368	15.6%	\$985,035,972	9.9%	\$1,000,216,534	1.5%	\$966,101,313	-3.4%	\$842,380,933	-12.8%	\$755,344,243	-10.3%	\$494,879,536	\$516,519,361	4.4%
3002	State Share - LSST [2-FY00][3-FY00][1-FY04][1B-FY09][1-FY10]	\$7,456,072	15.5%	\$8,170,371	9.6%	\$8,296,489	1.5%	\$7,916,522	-4.6%	\$6,896,561	-12.9%	\$7,264,043	5.3%	\$4,746,841	\$5,014,588	5.6%
3003	State Share - BCCRT [2-FY00][3-FY00][1-FY04][1B-FY09][1-FY10]	\$1,657,260	15.5%	\$1,816,112	9.6%	\$1,843,610	1.5%	\$1,759,335	-4.6%	\$1,532,383	-12.9%	\$3,268,705	113.3%	\$2,137,430	\$2,254,003	5.5%
3004	State Share - SCCRT [3-FY00][1-FY04][1B-FY09][1-FY10]	\$5,798,822	15.5%	\$6,354,303	9.6%	\$6,452,632	1.5%	\$6,156,358	-4.6%	\$5,361,782	-12.9%	\$11,442,957	113.4%	\$7,482,868	\$7,888,879	5.4%
3005	State Share - PTT [3-FY00][1-FY04][1B-FY09][1-FY10]	\$2,964,862	21.5%	\$3,677,489	24.0%	\$3,952,838	7.5%	\$3,806,200	-3.7%	\$3,364,510	-11.6%	\$7,028,623	108.9%	\$4,586,147	\$4,744,695	3.5%
TOTAL SALES AND USE		\$913,895,384	15.6%	\$1,005,054,248	10.0%	\$1,020,762,102	1.6%	\$985,739,728	-3.4%	\$859,536,168	-12.8%	\$784,348,571	-8.7%	\$513,832,822	\$536,421,525	4.4%
GAMING - STATE																
3032	Pari-mutuel Tax	\$3,164	19.7%	\$3,704	17.1%	\$4,239	14.5%	\$4,920	16.1%	\$3,983	-19.0%	\$4,217	5.9%	\$4,018	\$3,652	-9.1%
3181	Racing Fees	\$11,572	26.6%	\$9,457	-18.3%	\$15,306	61.8%	\$15,542	1.5%	\$15,460	-0.5%	\$13,513	-12.6%	\$12,231	\$11,624	-5.0%
3247	Racing Fines/Forfeitures	\$1,300	-55.9%	\$4,050	211.5%	\$3,100	-23.5%	\$2,150	-30.6%	\$2,789	29.7%	\$810	-71.0%	\$810	\$353	-56.4%
3041	Percent Fees - Gross Revenue [2-FY04]	\$709,623,336	4.8%	\$790,185,056	11.4%	\$820,050,893	3.8%	\$770,965,236	-6.0%	\$655,199,442	-15.0%	\$630,526,019	-3.8%	\$453,072,396	\$461,307,759	1.8%
3042	Gaming Penalties	\$3,947,855	76.9%	\$719,592	-81.8%	\$356,353	-50.5%	\$670,688	88.2%	\$847,125	26.3%	\$1,030,064	21.6%	\$1,023,959	\$1,016,280	-0.7%
3043	Flat Fees-Restricted Slots [3-FY04][1-FY06][1-FY08]	\$9,423,079	2.1%	\$9,533,014	1.2%	\$9,610,619	0.8%	\$9,507,690	-1.1%	\$8,999,245	-5.3%	\$8,578,006	-4.7%	\$5,996,719	\$5,734,565	-4.4%
3044	Non-Restricted Slots [1-FY06][1-FY08]	\$14,611,680	-1.9%	\$13,980,960	-4.3%	\$13,098,863	-6.3%	\$12,771,871	-2.5%	\$12,662,476	-0.9%	\$12,425,211	-1.9%	\$9,266,796	\$7,356,584	-20.6%
3045	Quarterly Fees-Games	\$7,234,573	0.2%	\$7,300,179	0.9%	\$7,217,562	-1.1%	\$6,990,365	-3.1%	\$6,926,985	-0.9%	\$6,699,150	-3.3%	\$5,024,511	\$4,068,586	-19.0%
3046	Advance License Fees	\$4,427,703	21.3%	\$15,976,552	260.8%	\$7,822,853	-51.0%	\$2,599,278	-66.8%	\$6,872,554	164.4%	\$8,663,395	26.1%	\$6,432,190	\$1,566,842	-75.6%
3048	Slot Machine Route Operator	\$33,500	-8.2%	\$33,000	-1.5%	\$37,500	13.6%	\$36,000	-4.0%	\$37,000	2.8%	\$37,000		\$36,500	\$36,000	-1.4%
3049	Gaming Info Systems Annual	\$12,000	-50.0%	\$24,000	100.0%	\$18,000	-25.0%	\$18,356	2.0%	\$18,000	-1.9%	\$12,000	-33.3%	\$12,000	\$18,000	50.0%
3033	Equip Mtg. License	\$179,500	0.6%	\$172,500	-3.9%	\$208,500	20.9%	\$209,500	0.5%	\$219,000	4.5%	\$228,500	4.3%	\$226,500	\$243,500	7.5%
3034	Race Wire License	\$32,605	-16.8%	\$44,257	35.7%	\$92,152	108.2%	\$35,196	-61.8%	\$19,007	-46.0%	\$15,884	-16.4%	\$9,189	\$21,857	137.9%
3035	Annual Fees on Games	\$113,754	0.2%	\$107,975	-5.1%	\$104,810	-2.9%	\$119,333	13.9%	\$137,497	15.2%	\$134,225	-2.4%			
TOTAL GAMING - STATE		\$749,655,622	4.9%	\$838,094,296	11.8%	\$858,640,751	2.5%	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$668,367,995	-3.4%	\$481,117,818	\$481,385,602	0.1%
CASINO/LIVE ENTERTAINMENT TAX																
3031	Casino Entertainment Tax [4a-FY04]															
3031G	Live Entertainment Tax-Gaming [4b-FY04]	\$99,368,305	122.0%	\$108,420,425	9.1%	\$121,655,196	12.2%	\$121,638,259	0.0%	\$112,405,395	-7.6%	\$108,244,011	-3.7%	\$71,034,636	\$74,115,353	4.3%
3031NG	Live Entertainment Tax-Nongaming [4b-FY04][2-FY06][2-FY08]	\$8,516,031	96.0%	\$8,688,864	2.0%	\$10,838,426	24.7%	\$10,181,962	-6.1%	\$9,162,269	-10.0%	\$11,475,519	25.2%	\$7,219,542	\$8,080,053	11.9%
Total Live Entertainment Tax		\$107,884,337		\$117,109,288		\$132,493,622		\$131,820,221		\$121,567,664		\$119,719,530		\$78,254,178	\$82,195,406	5.0%
INSURANCE TAXES																
3061	Insurance Premium Tax [21-FY10]	\$215,356,492	10.9%	\$238,296,538	10.7%	\$259,274,818	8.8%	\$256,693,189	-1.0%	\$238,524,098	-7.1%	\$233,905,463	-1.9%	\$113,904,309	\$119,086,093	4.5%
3062	Insurance Retaliatory Tax	\$241,546		\$37,178	-84.6%	\$54,699	47.1%	\$120,501	120.3%	\$98,528	-18.2%	\$60,019	-39.1%	\$30,221	\$45,336	50.0%
3067	Captive Insurer Premium Tax	\$350,932	53.2%	\$294,274	-16.1%	\$670,621	127.9%	\$553,405	-17.5%	\$580,370	4.9%	\$583,747	0.6%	\$576,729	\$711,022	23.3%
TOTAL INSURANCE TAXES		\$215,948,970	11.1%	\$238,627,989	10.5%	\$260,000,139	9.0%	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$234,549,230	-1.9%	\$114,511,259	\$119,842,452	4.7%
MODIFIED BUSINESS TAX (MBT)																
3069NF	MBT-Nonfinancial [10-FY04][5-FY06][6-FY06][3-FY08][2-FY10]	\$205,348,170	40.5%	\$232,760,812	13.3%	\$257,432,283	10.6%	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$363,411,521	43.6%	\$189,324,155	\$185,141,044	-2.2%
3069F	MBT-Financial [11-FY04][5-FY06]	\$21,575,335	39.3%	\$22,491,110	4.2%	\$21,520,319	-4.3%	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$21,698,267	-11.1%	\$11,159,158	\$10,141,634	-9.1%
Total Modified Business Tax		\$226,923,505		\$255,251,922		\$278,952,602		\$284,600,418		\$277,516,292		\$385,109,788		\$200,483,313	\$195,282,678	-2.6%
CIGARETTE TAX																
3052	Cigarette Tax [6-FY04][2-FY09][3-FY10]	\$113,282,664	6.1%	\$114,693,245	1.2%	\$113,071,937	-1.4%	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$88,550,857	-8.7%	\$57,991,823	\$56,188,810	-3.1%
REAL PROPERTY TRANSFER TAX																
3055	Real Property Transfer Tax [13-FY04][8-FY06]	\$148,730,974	69.0%	\$164,841,506	10.8%	\$120,374,961	-27.0%	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$53,315,435	-19.1%	\$29,154,139	\$26,565,812	-8.9%
ROOM TAX																
3057	Room Tax [4-FY10]											\$97,671,733		\$54,042,582	\$60,781,284	12.5%
GOVERNMENTAL SERVICES TAX (GST)																
3051	Governmental Services Tax [5-FY10]											\$51,330,663		\$35,546,424	\$45,758,635	28.7%
OTHER TAXES																
3113	Business License Fee [8-FY04][4-FY06][6-FY10]	\$14,486,315	22.2%	\$21,897,095	51.2%	\$19,997,653	-8.7%	\$19,566,390	-2.2%	\$22,516,702	15.1%	\$41,940,370	86.3%	\$26,498,767	\$39,836,301	50.3%
3050	Liquor Tax [5-FY04][2-FY09][7-FY10]	\$35,490,874	7.5%	\$37,347,240	5.2%	\$38,911,094	4.2%	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$38,425,078	3.9%	\$24,801,894	\$25,414,279	2.5%
3053	Other Tobacco Tax [7-FY04][2-FY09][8-FY10]	\$7,557,607	9.1%	\$8,178,593	8.2%	\$8,841,781	8.1%	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,574,952	4.8%	\$6,235,956	\$6,600,410	5.8%
4862	HECC Transfer	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000				
3065	Business License Tax [9-FY04]	\$1,297,383	-94.2%	\$431,986	-66.7%	\$239,466	-44.6%	\$13,983	-94.2%	\$3,228	-76.9%	\$8,381	159.6%	\$3,721	\$11,744	215.6%
3068	Branch Bank Excise Tax [12-FY04][7-FY06]	\$3,084,456	104.5%	\$2,819,210	-8.6%	\$3,029,997	7.5%	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,378,900	7.9%	\$1,793,873	\$1,541,681	-14.1%
TOTAL TAXES		\$2,559,687,394	14.1%	\$2,829,008,504	10.5%	\$2,888,014,822	2.1%	\$2,770,904,166	-4.1%	\$2,501,821,658	-9.7%	\$2,658,139,354	6.2%	\$1,643,308,689	\$1,698,326,810	3.3%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2005 THROUGH FY 2010 AND FY 2011 VERSUS FY 2010 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 2, 2011, Meeting - 4/29/11 - 12:00 PM

GL NO.	DESCRIPTION	FY 2005 ACTUAL	%	Change	FY 2006 ACTUAL	%	Change	FY 2007 ACTUAL	%	Change	FY 2008 ACTUAL	%	Change	FY 2009 ACTUAL	%	Change	FY 2010 ACTUAL [a.]	%	Change	YEAR-TO-DATE [b.]		
																				FY 2010 MARCH	FY 2011 MARCH	% Change
LICENSES																						
3101	Insurance Licenses	\$11,358,651	7.4%		\$12,536,529	10.4%		\$13,706,513	9.3%		\$14,500,714	5.8%		\$14,738,011	1.6%		\$15,376,278	4.3%		\$13,328,116	\$14,113,644	5.9%
3110	Banking Licenses [1-FY01][16-FY04]																					
3120	Marriage Licenses	\$599,890	0.9%		\$559,974	-6.7%		\$512,218	-8.5%		\$490,094	-4.3%		\$446,691	-8.9%		\$419,295	-6.1%		\$209,366	\$209,936	0.3%
SECRETARY OF STATE																						
3105	UCC [1-FY02][14-FY04][23-FY10]	\$1,656,126	13.1%		\$1,616,793	-2.4%		\$1,661,526	2.8%		\$1,610,231	-3.1%		\$1,270,498	-21.1%		\$1,326,105	4.4%		\$884,411	\$1,336,418	51.1%
3106	Las Vegas Commercial Filings [1-FY02][14-FY04][23-FY10]	\$5,335,430	25.8%		\$5,872,591	10.1%		\$4,849,928	-17.4%		\$4,813,335	-0.8%		\$5,946,777	23.5%		\$3,487,231	-41.4%		\$2,778,937	\$2,132,259	-23.3%
3129	Notary Fees [23-FY10]	\$595,658	11.5%		\$632,040	6.1%		\$638,190	1.0%		\$605,618	-5.1%		\$675,360	11.5%		\$573,417	-15.1%		\$414,819	\$445,951	7.5%
3130	Commercial Recordings [1-FY02][14-FY04][23-FY10]	\$58,992,448	11.8%		\$74,119,207	25.6%		\$72,119,215	-2.7%		\$72,249,142	0.2%		\$64,913,240	-10.2%		\$65,197,355	0.4%		\$45,639,615	\$52,852,333	15.8%
3131	Video Service Franchise										\$114,750			\$7,000			\$28,500			\$28,500		
3121	Domestic Partnership Registry Fee [23-FY10]																					
3152	Securities [14-FY04][23-FY10]	\$17,542,422	7.5%		\$18,898,995	7.7%		\$19,969,602	5.7%		\$21,172,156	6.0%		\$20,386,627	-3.7%		\$20,349,692	-0.2%		\$18,441,607	\$22,021,194	19.4%
TOTAL SECRETARY OF STATE																						
		\$84,122,084	11.7%		\$101,139,626	20.2%		\$99,238,461	-1.9%		\$100,565,232	1.3%		\$93,199,502	-7.3%		\$90,962,300	-2.4%		\$68,187,889	\$78,788,155	15.5%
3172	Private School Licenses	\$274,132	8.9%		\$246,102	-10.2%		\$249,129	1.2%		\$217,403	-12.7%		\$204,973	-5.7%		\$207,304	1.1%		\$126,622	\$148,310	17.1%
3173	Private Employment Agency	\$18,700	-28.1%		\$18,000	-3.7%		\$18,300	1.7%		\$18,700	2.2%		\$17,200	-8.0%		\$14,700	-14.5%		\$14,600	\$13,300	-8.9%
REAL ESTATE																						
3143	Escrow Agent License [16-FY04]																					
3161	Real Estate Licenses [2-FY02][15-FY04]	\$2,615,885	-1.0%		\$3,156,963	20.7%		\$3,154,710	-0.1%		\$2,881,208	-8.7%		\$2,636,964	-8.5%		\$2,605,804	-1.2%		\$1,843,005	\$1,699,196	-7.8%
3162	Real Estate Fees	\$12,150	8.1%		\$10,680	-12.1%		\$5,870	-45.0%		\$3,510	-40.2%		\$5,715	62.8%		\$4,370	-23.5%		\$3,470	\$4,050	16.7%
TOTAL REAL ESTATE																						
		\$2,628,035	-1.0%		\$3,167,643	20.5%		\$3,160,580	-0.2%		\$2,884,718	-8.7%		\$2,642,679	-8.4%		\$2,610,174	-1.2%		\$1,846,475	\$1,703,246	-7.8%
FINANCIAL INSTITUTIONS																						
3100	Credit Union Fees [1-FY01][16-FY04]																					
3114	Check Cashing/Deferred Deposit Reg Fee [16-FY04]																					
3115	Trust Co License & Fees [16-FY04]																					
3116	Coll. Agency Lic & Fees [16-FY04]																					
3135	Dev Corp. License & Fees [16-FY04]																					
3163	Mortgage Co License & Fees [16-FY04]																					
3164	Debt Adjuster License [16-FY04]																					
3174	Small Loan Co License & Fees [16-FY04]																					
3175	Money Order Co Lic & Fee [16-FY04]																					
3177	Thrift Co License & Fee [1-FY01][16-FY04]																					
3179	Financial Inst. Fees [1-FY01][16-FY04]																					
TOTAL FINANCIAL INSTITUTIONS																						
3102	Athletic Commission Fees [5-FY02][24-FY10]	\$2,462,447	9.0%		\$3,042,779	23.6%		\$4,243,723	39.5%		\$3,200,947	-24.6%		\$3,458,904	8.1%		\$2,946,092	-14.8%		\$1,972,234	\$1,766,682	-10.4%
TOTAL LICENSES																						
		\$101,463,939	10.7%		\$120,710,653	19.0%		\$121,128,924	0.3%		\$121,877,809	0.6%		\$114,707,960	-5.9%		\$112,536,143	-1.9%		\$85,685,302	\$96,743,273	12.9%
FEES AND FINES																						
3200	Vital Statistics Fees [17-FY04][25-FY10]	\$845,362	11.3%		\$901,094	6.6%		\$990,077	9.9%		\$979,552	-1.1%		\$820,274	-16.3%		\$791,398	-3.5%		\$585,966	\$656,165	12.0%
3203	Divorce Fees	\$208,010	1.2%		\$211,146	1.5%		\$201,846	-4.4%		\$201,111	-0.4%		\$211,254	5.0%		\$187,816	-11.1%		\$119,021	\$119,708	0.6%
3204	Civil Action Fees	\$1,412,898	2.6%		\$1,396,729	-1.1%		\$1,445,950	3.5%		\$1,530,101	5.8%		\$1,653,016	8.0%		\$1,438,379	-13.0%		\$738,137	\$707,089	-4.2%
3242	Insurance Fines	\$576,035	-7.7%		\$1,370,097	137.8%		\$882,643	-35.6%		\$2,143,195	142.8%		\$1,177,780	-45.0%		\$816,140	-30.7%		\$366,855	\$377,182	2.8%
3103MD	Medical Discount Plan Reg. Fees						\$9,000				\$12,000			\$10,000			\$10,500			\$7,000	\$6,000	-14.3%
REAL ESTATE FEES																						
3107IOS	IOS Application Fees						\$6,330				\$4,200			\$6,560			\$11,100			\$7,880	\$6,240	-20.8%
3165	Land Co Filing Fees	\$365,100	19.0%		\$431,036	18.1%		\$376,694	-12.6%		\$267,496	-29.0%		\$187,575	-29.9%		\$133,270	-29.0%		\$84,970	\$82,800	-2.6%
3166	Land Co Reg Rep Filing Fees	\$20	-85.2%				\$1,375															
3167	Real Estate Adver Fees	\$15,155	-40.5%		\$8,780	-42.1%		\$8,245	-6.1%		\$8,610	4.4%		\$6,080	-29.4%		\$4,115	-32.3%		\$2,660	\$4,275	60.7%
3169	Real Estate Reg Fees	\$58,115	6.4%		\$53,125	-8.6%		\$42,160	-20.6%		\$31,870	-24.4%		\$22,695	-28.8%		\$14,920	-34.3%		\$9,900	\$9,000	-9.1%
4741	Real Estate Exam Fees [19-FY04]	\$551,536	14.1%		\$642,378	16.5%		\$526,810	-18.0%		\$341,139	-35.2%		\$237,828	-30.3%		\$234,133	-1.6%		\$58,940		
3171	CAM Certification Fee	\$13,100	22.9%		\$41,835	219.4%		\$38,660	-7.6%		\$48,850	26.4%		\$54,590	11.8%		\$57,645	5.6%		\$40,640	\$42,505	4.6%
3178	Real Estate Accred Fees	\$87,360	11.6%		\$117,000	33.9%		\$131,083	12.0%		\$126,750	-3.3%		\$101,950	-19.6%		\$89,650	-12.1%		\$60,450	\$57,600	-4.7%
3248	Manufactured Housing																					
3254	Real Estate Penalties	\$85,290	19.4%		\$96,520	13.2%		\$92,600	-4.1%		\$88,019	-4.9%		\$134,340	52.6%		\$83,320	-38.0%		\$61,510	\$53,216	-13.5%
3190	A.B. 165, Real Estate Inspectors	\$67,500	0.7%		\$62,300	-7.7%		\$44,610	-28.4%		\$40,250	-9.8%		\$41,510	3.1%		\$58,970	42.1%		\$36,270	\$33,745	-7.0%
TOTAL REAL ESTATE FEES																						
		\$1,243,176	13.2%		\$1,452,974	16.9%		\$1,268,567	-12.7%		\$957,184	-24.5%		\$793,128	-17.1%		\$687,123	-13.4%		\$363,220	\$289,381	-20.3%
3066	Short Term Car Lease [3-FY02][4-FY09][10-FY10]	\$26,793,014	4.5%		\$26,659,712	-0.5%		\$29,806,850	11.8%		\$29,792,195	0.0%		\$27,519,640	-7.6%		\$33,579,292	22.0%		\$15,228,722	\$19,692,911	29.3%
3103AC	Athletic Commission Licenses/Fines [5-FY02]	\$122,515	11.6%		\$690,076	463.3%		\$585,662	-15.1%		\$482,325	-17.6%		\$149,853	-68.9%		\$179,125	19.5%		\$131,975	\$107,275	-18.7%
3180	Water Planning Fees [4-FY02]																					
3205	State Engineer Sales [4-FY02][11-FY10]	\$2,077,432	22.3%		\$2,249,185	8.3%		\$2,165,724	-3.7%		\$2,272,980	5.0%		\$2,146,733	-5.6%		\$3,026,422	41.0%		\$2,096,306	\$2,413,143	15.1%
3206	Supreme Court Fees	\$208,203	-4.9%		\$195,680	-6.0%		\$218,285	11.6%		\$220,335	0.9%		\$202,498	-8.1%		\$202,075	-0.2%		\$155,135	\$155,325	0.1%
3115	Notice of Default Fee [26-FY10]																\$2,442,525				\$6,048,892	
3271	Misc Fines/Forfeitures	\$484,199	85.2%		\$1,269,520	162.2%		\$2,631,519	107.3%		\$2,400,455	-8.8%		\$6,185,720	157.7%		\$1,896,987	-69.3%		\$1,668,867	\$1,737,554	4.1%
TOTAL FEES AND FINES																						
		\$33,970,845	6.2%		\$36,396,214	7.1%		\$40,206,123	10.5%		\$40,991,433	2.0%		\$40,869,894	-0.3%		\$45,257,781	10.7%		\$21,461,204	\$32,310,625	50.6%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2005 THROUGH FY 2010 AND FY 2011 VERSUS FY 2010 YEAR-TO-DATE THROUGH MARCH
 Economic Forum May 2, 2011, Meeting - 4/29/11 - 12:00 PM

GL NO.	DESCRIPTION	FY 2005 ACTUAL	%	FY 2006 ACTUAL	%	FY 2007 ACTUAL	%	FY 2008 ACTUAL	%	FY 2009 ACTUAL	%	FY 2010 ACTUAL [a.]	%	YEAR-TO-DATE [b.]		
														FY 2010 MARCH	FY 2011 MARCH	%
USE OF MONEY AND PROPERTY																
OTHER REPAYMENTS																
4401	Higher Education Tuition Admin	\$25,000		\$125,000		\$175,000		\$2,188,014		\$1,160,577						
4403	Forestry Nurseries Fund Repayment (05-M27)							\$26,250		\$15,090		\$20,670				
4404	Bldg. and Grounds Repayments	\$97,421		\$97,421		\$63,157		\$47,413		\$333,643						
4404	CIP 95-C14, Mailroom Remodel	\$21,122		\$21,122		\$21,122		\$21,122		\$190,102						
4405	Prison Industry Repayment															
4407	Printing Repayment [8-FY02][18-FY04]															
4408	Comp/Fac Repayment [7-FY02]	\$23,744		\$23,744		\$23,744		\$23,744		\$23,744		\$23,744				
4408	Comp/Fac - CIP 85-60															
4408	CIP 89-11 Computer Facility															
4408	CIP 95-M1, Security Alarm [7-FY02]	\$2,998		\$2,998		\$2,998		\$2,998		\$2,998		\$2,998				
4408	CIP 95-M5, Facility Generator [7-FY02]	\$6,874		\$6,874		\$6,874		\$6,874		\$6,874		\$6,874				
4408	CIP 95-S4F, Advance Planning	\$1,000		\$1,000		\$1,000		\$1,000		\$1,000		\$1,000				
4408	CIP 97-C26, Capitol Complex Conduit System, Phase I [7-FY02]	\$62,542		\$62,542		\$62,542		\$62,542		\$62,542		\$62,542				
4408	CIP 97-S4H, Advance Planning Addition to Computer Facility [7-FY02]	\$9,107		\$9,107		\$9,107		\$9,107		\$9,107		\$9,107				
4408	S.B. 201, 1997; Cost of PBX System	\$249,967		\$249,967		\$249,967		\$249,967		\$249,967						
4408	A.B. 576-Virtual Tape Storage					\$463,444		\$463,444		\$463,444		\$463,444				
4408	DoIT Repayment - April 9, 2008 IFC							\$348,240		\$197,258						
4409	Motor Pool Repay - Carson	\$20,176		\$20,176		\$20,176										
4409	Motor Pool Repay - Reno	\$24,385		\$24,385		\$24,385		\$24,385		\$24,385		\$24,385				
4409	Motor Pool Repay - LV	\$6,638		\$6,638		\$6,638		\$6,638		\$6,638		\$6,630				
NEW Equal Rights Repayment (S.B. 387)																
4410	Purchasing Repayment	\$16,722		\$17,537		\$18,403		\$19,326		\$164,148						
4402	State Personnel IFS Repayment; S.B. 201, 1997 Legislature	\$1,532,381		\$1,532,381		\$1,757,208		\$1,644,795		\$1,644,795		\$970,267				
TOTAL OTHER REPAYMENTS		\$2,100,078	5.9%	\$2,200,892	4.8%	\$2,905,765	32.0%	\$5,145,859	77.1%	\$4,556,312	-11.5%	\$1,591,661	-65.1%			
4406	Marlette Repayment	\$10,512		\$10,664	1.4%	\$10,512	-1.4%	\$10,512		\$10,512		\$10,512				
INTEREST INCOME																
3290	Treasurer [6-FY02]	\$13,543,085	202.9%	\$32,665,647	141.2%	\$52,404,230	60.4%	\$55,876,491	6.6%	\$18,363,013	-67.1%	\$2,373,219	-87.1%	\$1,957,530	\$487,012	-75.1%
3291	Other	\$142,784	148.5%	\$267,721	87.5%	\$511,552	91.1%	\$459,855	-10.1%	\$142,148	-69.1%	\$13,041	-90.8%	\$10,282	\$88,331	759.0%
TOTAL INTEREST INCOME		\$13,685,869	202.2%	\$32,933,368	140.6%	\$52,915,782	60.7%	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$2,386,259	-87.1%	\$1,967,812	\$575,342	-70.8%
TOTAL USE OF MONEY AND PROPERTY		\$15,796,458	142.2%	\$35,144,924	122.5%	\$55,832,059	58.9%	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$3,988,432	-82.7%	\$1,967,812	\$575,342	-70.8%
OTHER REVENUE																
3059	Hoover Dam Revenue	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000				
MISC SALES AND REFUNDS																
3071	Property Tax: 4-cent operating rate (Clark & Washoe) [13-FY10]											\$36,448,071		\$21,071,564	\$17,732,349	-15.8%
3070	Property Tax: 5-cent capital rate (Clark & Washoe) [14-FY10]											\$34,690,823		\$20,286,779	\$14,141,453	-30.3%
4792	Room Tax: State 3/8 of 1% Rate [15-FY10]											\$2,334,563			\$1,632,717	
4791	Insurance Verification Fees [17-FY10]											\$7,000,000				
4790	Suppl. Account for Med. Assist. To Indigent [18-FY10]											\$25,199,365				
3081	Clean Water Coalition-Clark County [27-FY10]															
4793	Lobbyist Registration Fee [28-FY10]															
3107	Misc Fees	\$138,915	-13.6%	\$1,533,484	1003.9%	\$162,268	-89.4%	\$197,310	21.6%	\$182,332	-7.6%	\$252,176	38.3%	\$162,808	\$324,158	99.1%
3109	Court Administrative Assessments [16-FY10]	\$543,189		\$1,658,404	205.3%	\$3,603,463	117.3%	\$1,386,084	-61.5%	\$381,525	-72.5%	\$4,580,172		\$2,963,258	\$3,331,241	12.4%
3114	Court Administrative Assessments Fee [29-FY10]											\$271,461			\$1,499,751	
3150	Telemarketing Fees	\$132,325	-17.7%	\$126,625	-4.3%	\$119,325	-5.8%	\$97,250	-18.5%	\$91,050	-6.4%		-100.0%			
3151	Deceptive Trade Settlement	\$1,475	-49.1%													
3168	Declare of Candidacy Filing Fee	\$22,119	-66.4%	\$45,891	107.5%	\$39,497	-13.9%	\$40,615	2.8%	\$32,272	-20.5%	\$63,767	97.6%	\$60,191	\$21,887	-63.6%
3202	Fees and Writs of Garnishments	\$2,682	11.1%	\$2,465	-8.1%	\$2,406	-2.4%	\$2,180	-9.4%	\$2,715	24.5%	\$3,130	15.3%	\$2,260	\$2,065	-8.6%
3220	Nevada Report Sales	\$39,430	137.9%	\$11,370	-71.2%	\$17,340	52.5%	\$30,235	74.4%	\$12,800	-57.7%	\$9,335	-27.1%	\$7,110	\$6,320	-11.1%
3222	Excess Property Sales	\$50,190	110.8%	\$46,925	-6.5%	\$531,998	1033.7%	\$41,215	-92.3%	\$38,715	-6.1%	\$32,385	-16.3%	\$5,209	\$10,513	101.8%
3240	Sale of Trust Property	\$4,076	-83.5%	\$5,995	47.1%	\$8,287	38.2%	\$1,014	-87.8%	\$2,124	109.4%	\$3,038	43.0%	\$714	\$3,343	367.9%
3243	Insurance - Misc	\$420,144	6.4%	\$406,222	-3.3%	\$495,452	22.0%	\$514,555	3.9%	\$522,920	1.6%	\$516,856	-1.2%	\$400,591	\$433,268	8.2%
3250	Telemarketing Fines							\$10,000								
3272	Misc Refunds	\$15,025	189.4%	\$20,159	34.2%	\$1,546	-92.3%	\$878	-43.2%	\$3,287	274.2%		-100.0%			
3274	Misc Refunds	\$58,765	42.8%	\$76,795	30.7%	\$49,749	-35.2%	\$61,769	24.2%	\$64,494	4.4%	\$42,508	-34.1%	\$32,948	\$27,250	-17.3%
3276	Cost Recovery Plan	\$9,624,189	-0.9%	\$10,458,762	8.7%	\$10,455,487	0.0%	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$9,148,627	28.1%	\$6,861,300	\$6,805,631	-0.8%
TOTAL MISC SALES AND REFUNDS		\$11,052,524	4.1%	\$14,393,097	30.2%	\$15,486,818	7.6%	\$9,522,173	-38.5%	\$8,476,485	-11.0%	\$120,596,278		\$51,854,733	\$45,971,946	-11.3%
3060	Petroleum Inspection Fees [4-FY08]	\$582,201	4.3%	\$580,469	-0.3%	\$609,362	5.0%									
3255	Unclaimed Property [9-FY02][9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	\$19,811,660	1.0%	\$22,269,598	12.4%	\$23,464,527	5.4%	\$49,179,534	109.6%	\$50,092,050	1.9%	\$66,201,764	32.2%			
TOTAL OTHER REVENUE		\$31,746,384	2.1%	\$37,543,164	18.3%	\$39,860,707	6.2%	\$59,001,707	48.0%	\$58,868,534	-0.2%	\$187,098,042	217.8%	\$51,854,733	\$45,971,946	-11.3%
TOTAL GENERAL FUND REVENUE		\$2,742,665,021	14.1%	\$3,058,803,459	11.5%	\$3,145,042,636	2.8%	\$3,054,267,831	-2.9%	\$2,739,340,032	-10.3%	\$3,007,019,753	9.8%	\$1,804,277,740	\$1,873,927,996	3.9%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2005 THROUGH FY 2010 AND FY 2011 VERSUS FY 2010 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 2, 2011, Meeting - 4/29/11 - 12:00 PM

GL NO.	DESCRIPTION	FY 2005 ACTUAL	FY 2005 % Change	FY 2006 ACTUAL	FY 2006 % Change	FY 2007 ACTUAL	FY 2007 % Change	FY 2008 ACTUAL	FY 2008 % Change	FY 2009 ACTUAL	FY 2009 % Change	FY 2010 ACTUAL [a.]	FY 2010 % Change	YEAR-TO-DATE [b.]		
														FY 2010 MARCH	FY 2011 MARCH	% Change

NOTES:

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

[b.] The fiscal year-to-date amounts for Sales and Use Tax, Cigarette Tax, Liquor Tax, Other Tobacco Tax, Live Entertainment Tax-Nongaming and Gaming, and all of the taxes and fees listed under Gaming-State are based on actual amounts reported by the Department of Taxation and Gaming Control Board. The fiscal year-to-date amounts for the Secretary of State License revenues are based on actual amounts reported by the Secretary of State. The fiscal-year-to-date amounts for all other General Fund revenue sources shown in the table represent the figures obtained from the Controller's system through September 30 of FY 2010 and FY 2011. The amounts for revenue sources from the Department of Taxation represent the fiscal year-to-date amount through first two months (for monthly tax source).

FY 2004	
[1-FY04]	A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the sales tax to the state from 1.25% to 0.5%, effective July 1, 2003.
[2-FY04]	S.B. 8 (20th S.S.) increased gross gaming tax rates by 0.5%: 3.0% to 3.5% on monthly revenue up to \$50,000; 4.0% to 4.5% on revenue over \$50,000 and up to \$134,000; 6.25% to 6.75% on revenue exceeding \$134,000, effective August 1, 2003.
[3-FY04]	S.B. 8 (20th S.S.) increased quarterly restricted slot fees by 33%: from \$61 to \$81 per machine, up to 5 machines; from \$106 to \$141 for each machine over 5, up to 15 machines, effective July 22, 2003.
[4a-FY04]	S.B. 8 (20th S.S.) modified types of establishments and entertainment subject to the current 10% Casino Entertainment Tax (CET), effective September 1 to December 31, 2003 [Estimated to generate \$4,982,000 additional collections during 4-month period].
[4b-FY04]	S.B. 8 (20th S.S.) repealed CET and replaced by Live Entertainment Tax (LET): 5% of admissions price, if entertainment is in facility with 7,500 or more seats; 10% of admissions price and food, beverage, and merchandise purchased, if facility has more than 300 and up to 7,500 seats; exempt from the tax if facility is a nongaming establishment with less than 300 seats or is gaming establishment with less than 300 seats and less than 51 slot machines, 6 games, or any combination thereof, effective January 1, 2004.
[5-FY04]	S.B. 8 (20th S.S.) increased liquor taxes by 75%: beer from 9 cents to 16 cents per gallon; liquor up to 14% alcohol from 40 cents to 70 cents per gallon; liquor over 14% and up to 22% alcohol from 75 cents to \$1.30 per gallon; liquor over 22% alcohol from \$2.05 (15 cents for alcohol abuse program, 50 cents to local government, and \$1.40 to State General Fund) to \$3.60 per gallon (15 cents for alcohol abuse program, 50 cents to local government, and \$2.95 to State General Fund), effective August 1, 2003. [Estimated to generate \$13,873,000 in FY 2004 and \$15,536,000 in FY 2005]. A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the liquor tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$734,000 in FY 2004 and \$822,000 in FY 2005]
[6-FY04]	S.B. 8 (20th S.S.) increased cigarette tax per pack of 20 by 45 cents: from 35 cents per pack (10 cents to Local Government Distribution Fund, 25 cents to State General Fund) to 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to State General Fund), effective July 22, 2003. [Estimated to generate \$63,268,000 in FY 2004 and \$70,047,000 in FY 2005] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the cigarette tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$2,538,000 in FY 2004 and \$2,884,000 in FY 2005]
[7-FY04]	A.B. 4 (20th S.S.) reduced collection allowance provided to taxpayer for collecting and remitting tax on other tobacco items from 2.0% to 0.5%, effective August 1, 2003.
[8-FY04]	S.B. 8 (20th S.S.) changed the \$25 one-time annual business license fee to an annual fee of \$100, effective July 22, 2003.
[9-FY04]	S.B. 8 (20th S.S.) repealed the current quarterly \$25 per employee tax when the Modified Business Tax comes online, effective October 1, 2003. [See Notes 10 and 11]
[10-FY04]	S.B. 8 (20th S.S.) imposes tax on gross payroll of a business less a deduction for health care provided to employees, effective October 1, 2003. Tax rate is 0.70% in FY 2004 and 0.65% in FY 2005.
[11-FY04]	S.B. 8 (20th S.S.) imposes tax of 2.0% on gross payroll of a financial institution less a deduction for health care provided to employees, effective October 1, 2003.
[12-FY04]	S.B. 8 (20th S.S.) imposes excise tax on each bank of \$7,000 per year (\$1,750 per quarter) on each branch office, effective January 1, 2004.
[13-FY04]	S.B. 8 (20th S.S.) imposes tax of \$1.30 per \$500 of value on the transfers of real property, effective October 1, 2003.
[14-FY04]	S.B.2 and A.B. 4 (20th S.S.) makes changes to the rates and structure of the fees collected from entities filing with the Secretary of State's office, effective September 1, 2003 for Securities and UCC fee increases and November 1, 2003 for changes to commercial recording fees.
[15-FY04]	S.B. 428 (2003 Session) increases real estate salesman, broker-salesman, and brokers licensing fees by \$20 for an original license and \$10 for renewal of license (original and renewal license fee varies depending on type of license), effective July 1, 2003.
[16-FY04]	A.B. 493 (2003 Session) established that revenues from fees collected by the Division of Financial Institutions of the Department of Business & Industry will be deposited in a separate fund to pay the expenses related to the operations of the Commissioner of Financial Institutions and the Division of Financial Institutions, effective January 1, 2004. Previously, the revenues from the fees were deposited in the State General Fund.
[17-FY04]	A.B. 550 (2003 Session) increased state's portion of the fee for issuing copy of a birth certificate by \$2 and fee for issuing copy of death certificate by \$1, effective October 1, 2003
[18-FY04]	S.B. 504 (2003 Session) transferred the State Printing Division of the Department of Administration to the Legislative Counsel Bureau and all debt to the State General Fund was forgiven, effective July 1, 2003.
[19-FY04]	Beginning in FY 2004, the portion of the fees collected by the Real Estate Division for Real Estate Testing Fees that belong to the General Fund are transferred from Category 28 in BA 3823 to GL 4741 in the General Fund. Previously, the revenue from these fees were reverted to the General Fund at the end of the fiscal year.

FY 2006																
[1-FY06]	S.B. 357 (2005 Session)	allocates \$1 per slot machine per quarter in FY 2006 and \$2 per slot machine per quarter in FY 2007 from the quarterly license fee imposed on restricted and nonrestricted slot machines and sunsets effective June 30, 2007. A total of \$822,000 in FY 2006 and \$1,678,000 in FY 2007 is projected to be deposited in the Account to Support Programs for the Prevention and Treatment of Problem Gambling. (FY 2006: \$84,666 - restricted; \$737,334 - Nonrestricted and FY 2007: \$172,834 - Restricted; \$1,505,166 - Nonrestricted)														
[2-FY06]	A.B. 554 (2005 Session)	lowers the occupancy threshold from 300 to 200, effective July 1, 2005. Estimated to generate \$3,600,000 in FY 2006 and FY 2007.														
[3-FY06]	S.B. 3 (22nd S.S.)	provides an exemption for entities that have four or fewer rental dwelling units. Estimated to reduce collections by \$2,975,000 in FY 2006 and \$3,060,000 in FY 2007.														
[4-FY06]	S.B. 3 (22nd S.S.)	allows an entity operating a facility where craft shows, exhibitions, trade shows, conventions, or sporting events to pay the BLF for entities not having a business license as an annual flat fee of \$5,000 or on a \$1.25 times the number entities without a business license times the number days of the show basis. Estimated to generate \$134,420 in FY 2006 and \$158,884 in FY 2007.														
[5-FY06]	S.B. 391 (2005 Session)	replaces the NAICS-based approach for defining a financial institution with a structure based on a state or federal licensing or regulatory requirement for conducting financial activities. Collection agencies and pawn shops are not included as financial institutions, but as nonfinancial businesses. The changes are estimated to reduce MBT-Financial collections by \$1,801,800 in FY 2006 and \$2,047,500 in FY 2007 and increase MBT-Nonfinancial collections by \$584,168 in FY 2006 and \$621,237 in FY 2007. Net effect is a reduction in total MBT collections of \$1,217,632 in FY 2006 and \$1,426,263 in FY 2007.														
[6-FY06]	S.B. 523 (2005 Session)	reduces the MBT-nonfinancial institutions tax rate from 0.65% to 0.63% from July 1, 2005 to June 30, 2007. Estimated to reduce collections by \$6,978,000 in FY 2006 and \$7,450,000 in FY 2007.														
[7-FY06]	S.B. 3 (22nd S.S.)	provides an exemption for the first branch bank operated by a bank in each county, replacing the previous exemption for one branch bank only. Estimated to reduce collections by \$441,000 in FY 2006 and FY 2007.														
[8-FY06]	S.B. 390 (2005 Session)	increases the collection allowance provided to Clark County and Washoe County from 0.2% to 1.0%, effective July 1, 2005, which makes the collection allowance 1.0% in all 17 counties. Estimated to reduce collections by \$1,056,292 in FY 2006 and \$1,022,504 in FY 2007.														
[9-FY06]	S.B. 4 (22nd S.S.)	allocates \$7,600,000 of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2006 and FY 2007.														

FY 2008																
[1-FY08]	Per the June 30, 2007, sunset provision of S.B. 357 (2005 Session), the \$2 per slot machine per quarter allocated from the quarterly license fee imposed on restricted and nonrestricted slot machines to the Account to Support Programs for the Prevention and Treatment of Problem Gambling ceases and the full amount collected from the quarterly slot fees remains in the General Fund.															
[2-FY08]	Per the A.B. 554 (2005 Session), race events that are part of the National Association of Stock Car Auto Racing (NASCAR) Nextel Cup series and all races associated with such an event are exempt from the LET, effective July 1, 2007.															
[3-FY08]	Per the sunset provision of S.B. 523 (2005 Session), the MBT-nonfinancial institutions tax rate increases to 0.65% from 0.63%, effective July 1, 2007.															
[4-FY08]	S.B. 165 (2005 Session) requires the State General Fund portion of the petroleum inspection fees imposed pursuant to NRS 590.120 to be deposited into a separate account for use by the Department of Agriculture, effective July 1, 2007.															

FY 2009	
[1A-FY09]	S.B. 2 (25th S.S.) reduced the collection allowance provided to taxpayer for collecting and remitting sales and use taxes to the State from 0.5% to 0.25% effective January 1, 2009 and ending on June 30, 2009. During the six months the reduction in the collection allowance is effective in FY 2009, it is estimated that the change will generate \$1,087,145 for the State 2% Sales Tax.
[1B-FY09]	S.B. 2 (25th S.S.) reduced the collection allowance provided to taxpayer for collecting and remitting sales and use taxes from 0.5% to 0.25% effective January 1, 2009 and ending on June 30, 2009. During the six months the reduction in the collection allowance is effective in FY 2009, it is estimated that the General Fund commission of 0.75% retained by the State for collecting and distributing the LSST, BCCRT, SCCRT, and Local Option taxes (LOPT) will generate the following additional General Fund revenue: LSST - \$8,859; BCCRT - \$1,968; SCCRT - \$6,893; and LOPT - \$4,275.
[2-FY09]	S.B. 2 (25th S.S.) reduced the collection allowance provided to taxpayer for collecting and remitting cigarette taxes, liquor taxes, and other tobacco taxes to the state from 0.5% to 0.25% effective January 1, 2009 and ending on June 30, 2009. During the six months the reduction in the collection allowance is effective in FY 2009, it is estimated to generate the following additional General Fund revenue: Cigarette Tax - \$125,955; Liquor Tax - \$50,412, and Other Tobacco Tax - \$11,209.
[3-FY09]	S.B. 2 (25th S.S.) requires the advance payment on the net proceeds of minerals tax in FY 2009 based upon estimated net proceeds for the current calendar year. The provisions of S.B. 2 also apply to FY 2010 and FY 2011, but the net proceeds of minerals tax reverts back to the former method (based on previous calendar year) of taxing net proceeds on July 1, 2011. Based on S.B. 2, the Economic Forum's December 1 estimates for net proceeds tax for FY 2010 will be collected in FY 2009 and FY 2011 will be collected in FY 2010. Thus, S.B. 2 is estimated to increase FY 2009 net proceeds tax collections by \$28,000,000 and decrease FY 2010 collections by \$1,500,000 (\$26,500,000 - \$28,000,000). There is no revenue impact on FY 2011 as the net proceeds of mineral tax is estimated to remain at \$26,500,000 in FY 2011.
[4-FY09]	S.B. 2 (25th S.S.) requires that 1% of the 4% recovery surcharge retained by short-term car rental companies as reimbursement for costs of vehicles licensing fees and taxes to be deposited in the State General Fund effective January 1, 2009, and ending June 30, 2009. During the six months that the transfer of 1% of the 4% recovery surcharge to the General Fund is effective in FY 2009, it is estimated that it will generate additional General Fund revenue of \$1,779,910.
[5-FY09]	Initiative Petition 1 (IP1) approved by the 2009 Legislature and allowed to become law by the Governor imposes up to an additional 3% room tax in Clark and Washoe counties but not to exceed a total combined of 13% in any area of each county, effective July 1, 2009. Under IP1, the revenue from the room tax is deposited in the State General Fund for FY 2010 and FY 2011 and is dedicated to K-12 education thereafter beginning in FY 2012. Due to the July 1, 2009, effective date, only 10 months of revenue is deposited in FY 2010.

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2005 THROUGH FY 2010 AND FY 2011 VERSUS FY 2010 YEAR-TO-DATE THROUGH MARCH
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GL NO.		DESCRIPTION	FY 2005	%	FY 2006	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	YEAR-TO-DATE [b.]		
			ACTUAL	Change	ACTUAL	Change	ACTUAL	Change	ACTUAL	Change	ACTUAL	Change	ACTUAL [a.]	Change	FY 2010 MARCH	FY 2011 MARCH	% Change
FY 2010																	
NOTE: Revenue amounts listed in the footnotes for FY 2010 based on legislative actions during the 2009 Session were prepared by the Fiscal Analysis Division using the Economic Forum's forecasts for FY 2010 and FY 2011 produced at its May 1, 2010, meeting. For those revenues for which revised forecasts were produced during January 2010, the effect of the legislative adjustment is included into the revised forecasts for the major General Fund revenue forecasts approved by the Economic Forum at its January 22, 2010, meeting, and the consensus General Fund revenue forecasts for minor revenue sources prepared by the Fiscal Analysis Division and the Budget Division.																	
[1-FY10]	A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting sales and use taxes from 0.5% to 0.25%, effective July 1, 2009. A.B. 552 also increased the General Fund commission retained by the Department of Taxation for collecting and distributing the sales and use taxes generated by the BCCRT, SCCRT, and local option taxes (did not apply to the LSST) from 0.75% to 1.75%, effective July 1, 2009. Collectively, these changes are estimated to generate an additional \$16,031,800 in FY 2010 and \$16,679,000 in FY 2011. FY 2010 - State 2%: \$2,007,000 (TCA); LSST: \$1,037,700 (TCA); BCCRT: \$1,946,000 (GFC) + \$3,700 (TCA); SCCRT: \$6,806,700 (GFC) + \$12,800 (TCA); LOPT: \$4,210,000 (GFC) + \$7,900 (TCA) and FY 2011 - State 2%: \$2,049,700 (TCA); LSST: \$1,081,400 (TCA); BCCRT: \$2,028,000 (GFC) + \$3,800 (TCA); SCCRT: \$7,093,600 (GFC) + \$13,300 (TCA); LOPT: \$4,400,900 (GFC) + \$8,300 (TCA) where GFC represents amount due to General Fund Commission rate change and TCA represents amount due to Taxpayer Collection Allowance change.]																
[2-FY10]	S.B. 429 changed the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) by creating a two-tiered tax rate in lieu of the single rate of 0.63%, effective July 1, 2009.. Under S.B. 429, a nonfinancial business pays a tax rate of 0.5% on all taxable wages (gross wages less allowable health care expenses) up to \$62,500 per quarter, and a rate of 1.17% on taxable wages exceeding \$62,500 per quarter. Estimated to generate an additional \$173,330,000 in FY 2010 and \$172,393,400 in FY 2011. The change to the MBT-General Business sunsets effective June 30, 2011.																
[3-FY10]	A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting cigarette taxes from 0.5% to 0.25%, effective July 1, 2009. This change is estimated to generate an additional \$236,200 in FY 2010 and \$237,300 in FY 2011.																
[4-FY10]	Initiative Petition 1 (IP1) approved by the 2009 Legislature and allowed to become law by the Governor imposes up to an additional 3% room tax in Clark and Washoe counties but not to exceed a total combined rate of 13% in any area of each county, effective July 1, 2009. Under IP1, the revenue from the room tax is deposited in the State General Fund for FY 2010 and FY 2011 and is dedicated to K-12 education beginning in FY 2012.																
[5-FY10]	S.B. 429 increases the depreciation rates for autos and trucks by 10% in the schedules used to determine the value of a vehicle for the purposes of calculating the Governmental Services Tax (GST) due, effective September 1, 2009. The portion of the GST tax generated from the depreciation schedule change is allocated to the State General Fund, which is estimated to generate \$42,842,800 in FY 2010 and \$51,411,300 in FY 2011. Under S.B. 429, additional revenue generated from the GST is deposited in the General Fund until FY 2013 and is then deposited in the State Highway Fund beginning in FY 2014.																
[6-FY10]	S.B. 429 increases the Business License Fee (BLF) by \$100 to \$200 for the initial and annual renewal, effective July 1, 2009. Effective October 1, 2009, A.B. 146 transfers the BLF to the Secretary of State from the Department of Taxation as part of the business portal program and requires all entities filing with the Secretary of State under Title 7 to pay the initial and annual renewal \$200 BLF. It is estimated to generate an additional \$38,254,800 in FY 2010 and \$44,802,600 in FY 2011. Under S.B. 429, the \$100 increase in the BLF sunsets effective June 30, 2011.																
[7-FY10]	A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting liquor taxes from 0.5% to 0.25%, effective July 1, 2009. Estimated to generate an additional \$100,400 in FY 2010 and \$102,800 in FY 2011.																
[8-FY10]	A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting other tobacco taxes from 0.5% to 0.25%, effective July 1, 2009. Estimated to generate an additional \$23,560 in FY 2010 and \$24,270 in FY 2011.																
[9-FY10]	Effective July 1, 2009, S.B. 53 requires fees collected for expedite services provided by the Secretary of State to business entities to be deposited in the State General Fund. Estimated to generate \$2,272,569 in FY 2010 and \$1,818,056 in FY 2011.																
[10-FY10]	Effective October 1, 2009, S.B. 234 increases the state rate imposed on the short-term rental of a vehicle from 6.0% to 10.0% with the proceeds equivalent to 9.0% deposited in the State General Fund and 1.0% deposited in the State Highway Fund (maintains provisions of A.B. 595 from the 2007 Session). S.B. 234 eliminates the 4.0% recovery surcharge and allows short-term car rental companies to impose a surcharge to recover their vehicle licensing and registration costs. Estimated to generate an additional \$9,883,900 in FY 2010 and \$13,565,000 in FY 2011.																
[11-FY10]	A.B. 480 increases various fees collected by the State Engineer for examining and filing applications and issuing and recording permits, effective July 1, 2009. Estimated to generate an additional \$900,000 in FY 2010 and FY 2011.																
[12-FY10]	A.B. 562 redirects \$3,800,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2010 and FY 2011.																
[13-FY10]	A.B. 543 requires Clark County and Washoe County to allocate the equivalent of 4-cents worth of property tax generated from their operating rate to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$36,010,800 in FY 2010 and \$32,446,600 in FY 2011. (Clark County: \$30,380,500 - FY 2010 and \$27,329,100 - FY 2011) (Washoe County: \$5,630,300 - FY 2010 and \$5,117,500 - FY 2011)																
[14-FY10]	A.B. 543 requires Clark County and Washoe County to allocate the equivalent of 3.8 cents in FY 2010 and 3.2 cents in FY 2011 worth of property tax generated from the capital rate imposed pursuant to NRS 354.59815 to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$34,210,300 in FY 2010 and \$25,957,300 in FY 2011. (Clark County: \$28,861,500 - FY 2010 and \$21,863,300 - FY 2011) (Washoe County: \$5,348,800 - FY 2010 and \$4,094,000 - FY 2011)																
[15-FY10]	S.B. 431 requires a portion of the revenue generated from the state 3/8 of 1% room tax revenue provided to the Nevada Commission on Tourism to be allocated to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$2,334,563 in FY 2010 and \$3,265,434 in FY 2011.																
[16-FY10]	A.B. 531 requires the deposit of the portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund, effective July 1, 2009. Estimated to generate \$4,763,532 in FY 2010 and \$6,133,023 in FY 2011.																
[17-FY10]	S.B. 431 requires the transfer of the estimated residual amount of revenue generated from Insurance Verification Fees to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$7,000,000 in FY 2010 and \$6,000,000 in FY 2011.																
[18-FY10]	S.B. 431 requires the transfer of \$25,199,365 in FY 2010 and \$22,970,977 in FY 2011 from the Supplemental Account for Medical Assistance to Indigent Persons created in the Fund for Hospital Care to Indigent Persons to the State General Fund.																
FY 2010 - Continued: Notes 19 to 31 represent legislative actions approved during the 26th Special Session in February 2010.																	
[19-FY10]	Based on information provided to the Fiscal Analysis Division regarding the amount of net proceeds that would be reported to the Department of Taxation on March 1, 2010, pursuant to NRS 362.115 for calendar year 2009 for FY 2010 and information on estimated mining operations for calendar year 2010 and 2011, the Fiscal Analysis Division produced a revised estimate for FY 2010 and FY 2011 for net proceeds of minerals tax of \$71,700,000 and \$62,100,000, respectively. These revised estimates were \$31,700,000 and \$27,100,000 higher than the consensus forecast prepared by the Budget Division/Fiscal Analysis Division on February 1, 2010 of \$40,000,000 for FY 2010 and \$35,000,000 for FY 2011.																
[20-FY10]	Section 47 of A.B. 6 (26th S.S.) creates a new annual mining claim fee based on a progressive graduated fee per mining claim associated with the total number of mining claims held by an entity in Nevada. This new mining claims fee is estimated to generate \$25,700,000 in FY 2011 only as the fee is scheduled to sunset effective June 30, 2011.																
[21-FY10]	The Division of Insurance of the Department of Business and Industry is required to implement a program to perform desk audits of tax returns submitted by insurance companies when filing for the insurance premium tax. This program is estimated to generate an additional \$10,000,000 in insurance premium tax collections in FY 2011.																
[22-FY10]	Section 64 of A.B. 6 (26th S.S.) requires the Department of Taxation 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. It is estimated that the tax amnesty program will generate \$10,000,000 in FY 2011 from all the different applicable taxes, but an estimate of additional revenue expected from each individual revenue source was not prepared.																
[23-FY10]	A.B. 6 (26th S.S.) increased various fees authorized or imposed in NRS associated with activities of the Secretary of State's Office related to securities, commercial recordings, and UCC filing requirements as well as changed the allocation of the portion to the State General Fund for fees associated with notary training and domestic partnerships. The changes were estimated to generate the following amounts in FY 2010 and FY 2011: UCC: \$155,200 - FY 2010 and \$465,600 - FY 2011; Commercial Recordings: \$354,342 - FY 2010 and \$1,063,027 - FY 2011; Notary Fees: \$0 - FY 2010 and \$153,600 - FY 2011; Securities: \$855,314 - FY 2010 and \$4,860,193 - FY 2011; and Domestic Partnerships: \$0 - FY 2010 and \$50,000 - FY 2011.																
[24-FY10]	Section 45 of A.B. 6 (26th S.S.) increases the license fee from 4% to 6% on the gross receipts from admission fees to a live contest or exhibition of unarmed combat, effective July 1, 2010. This fee increase is estimated to generate \$1,250,000 in additional revenue for FY 2011.																
[25-FY10]	A.B. 6 (26th S.S.) requires the current fees specified in NRS 440.700 associated with birth and death certificates to continue to be collected by the State Registrar until the State Registrar establishes new higher fees through regulation. The higher fees imposed through regulation are expected to be effective July 1, 2010, and are estimated to generate an additional \$368,511 in revenue for FY 2011.																
[26-FY10]	Section 31 of A.B. 6 (26th S.S.) imposes a new fee of \$150 per notice of default or election to sell with the proceeds deposited in the State General Fund, effective April 1, 2010. This new notice of default fee is estimated to generate additional General Fund revenue of \$2,760,000 in FY 2010 and \$11,040,000 in FY 2011.																
[27-FY10]	Section 18 of A.B. 6 (26th S.S.) requires the Clean Water Coalition in Clark County to transfer securities and cash in the amount to \$62,000,000 to the State General Fund. The \$62,000,000 in revenue from this transfer is expected to occur in FY 2011.																
[28-FY10]	Section 36 of A.B. 6 (26th S.S.) requires the Legislative Commission to transfer the first \$100,000 in revenue collected from lobbyist registration fees imposed pursuant to NRS 218H.500 to the State General Fund. The \$100,000 transfer to the General Fund is for FY 2011 only as the provisions sunset on June 30, 2011.																
[29-FY10]	Section 34 of A.B. 6 (26th S.S.) increases the administrative assessment amount associated with misdemeanor violation fines by \$5 effective upon passage and approval of A.B. 6 (March 12, 2010). The proceeds from the additional \$5 administrative assessment as part of the sentence for a violation of a misdemeanor are deposited in the State General Fund and is estimated to generate an additional \$192,544 in FY 2010 and \$2,310,530 in FY 2011.																
[30-FY10]	Based on information provided by the Treasurer's Office, the Fiscal Analysis Division revised the estimate for unclaimed property collections to be deposited in the State General Fund to \$52,000,000 in FY 2010 and \$58,081,000 in FY 2011. This revised forecast for unclaimed property proceeds yields an additional \$4,018,000 in FY 2010 and \$15,000,000 in FY 2011 above the February 1, 2010, consensus forecast of \$47,919,000 for FY 2010 and \$43,081,000 for FY 2011 prepared by the Budget Division/Fiscal Division based on information provided by the Treasurer's Office.																
[31-FY10]	Section 1 of A.B. 3 (26th S.S.) redirects the full \$7,600,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer from the Millennium Scholarship Trust Fund in FY 2010 and FY 2011. A.B. 562 (75th Session) redirected \$3,800,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2010 and FY 2011. The net effect of the provisions of A.B. 3 is an additional \$3,800,000 in General Fund revenue in FY 2010 and FY 2011 from unclaimed property proceeds.																

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TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 2, 2011 FORECAST: FY 2011, FY 2012 and FY 2013

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G.L.		FISCAL YEAR 2011						FISCAL YEAR 2012						FISCAL YEAR 2013						
NO.	DESCRIPTION	FISCAL YEAR 2010 [a.]	AGENCY ESTIMATE	%	FISCAL ESTIMATE	%	BUDGET ESTIMATE	%	AGENCY ESTIMATE	%	FISCAL ESTIMATE	%	BUDGET ESTIMATE	%	AGENCY ESTIMATE	%	FISCAL ESTIMATE	%	BUDGET ESTIMATE	%
LICENSES																				
3101 Insurance Licenses		\$15,376,278	\$15,648,000	1.8%	\$16,200,000	5.4%	\$15,648,000	1.8%	\$15,500,000	-0.9%	\$16,362,000	1.0%	\$15,500,000	-0.9%	\$15,500,000		\$16,526,000	1.0%	\$15,500,000	
3120 Marriage Licenses		\$419,295	\$419,872	0.1%	\$410,800	-2.0%	\$419,900	0.1%	\$397,990	-5.2%	\$399,900	-2.7%	\$398,000	-5.2%	\$376,108	-5.5%	\$389,200	-2.7%	\$376,100	-5.5%
SECRETARY OF STATE																				
3105 UCC [23-FY10]		\$1,326,105	\$1,600,000	20.7%	\$1,725,000	30.1%	\$1,600,000	20.7%	\$1,600,000		\$1,775,000	2.9%	\$1,600,000		\$1,600,000		\$1,825,000	2.8%	\$1,600,000	
3106 Las Vegas Commercial Filings [23-FY10]		\$3,487,231	\$3,556,975	2.0%	\$3,557,000	2.0%	\$2,675,000	-23.3%	\$3,556,975		\$3,557,000		\$2,675,000		\$3,556,975		\$3,557,000		\$2,675,000	
3129 Notary Fees [9-FY10][23-FY10]		\$573,417	\$594,631	3.7%	\$612,000	6.7%	\$594,600	3.7%	\$594,631		\$618,000	1.0%	\$594,600		\$594,631		\$624,000	1.0%	\$594,600	
3130 Commercial Recordings [23-FY10]		\$65,197,355	\$66,501,302	2.0%	\$68,443,000	5.0%	\$73,700,000	13.0%	\$66,501,302		\$69,883,000	2.1%	\$75,174,000	2.0%	\$66,501,302		\$71,719,000	2.6%	\$76,677,480	2.0%
3131 Video Service Franchise		\$28,500																		
3121 Domestic Partnership Registry Fee [23-FY10]			\$48,000		\$48,000		\$48,000		\$48,000		\$48,000		\$48,000		\$48,000		\$48,000		\$48,000	
3152 Securities [23-FY10]		\$20,349,692	\$24,460,386	20.2%	\$24,100,000	18.4%	\$24,460,400	20.2%	\$24,000,000	-1.9%	\$24,341,000	1.0%	\$24,000,000	-1.9%	\$24,000,000		\$24,584,400	1.0%	\$24,000,000	
TOTAL SECRETARY OF STATE		\$90,962,300	\$96,761,294	6.4%	\$98,485,000	8.3%	\$103,078,000	13.3%	\$96,300,908	-0.5%	\$100,222,000	1.8%	\$104,091,600	1.0%	\$96,300,908		\$102,357,400	2.1%	\$105,595,080	1.4%
3172 Private School Licenses		\$207,304	\$221,000	6.6%	\$230,000	10.9%	\$221,000	6.6%	\$223,500	1.1%	\$232,300	1.0%	\$223,500	1.1%	\$229,175	2.5%	\$234,600	1.0%	\$229,200	2.6%
3173 Private Employment Agency		\$14,700	\$13,000	-11.6%	\$14,000	-4.8%	\$13,000	-11.6%	\$13,000		\$14,000		\$13,000		\$13,000		\$14,000		\$13,000	
REAL ESTATE																				
3161 Real Estate Licenses		\$2,605,804	\$2,247,564	-13.7%	\$2,479,000	-4.9%	\$2,247,600	-13.7%	\$3,760,000	67.3%	\$4,846,000	95.5%	\$3,760,000	67.3%	\$3,560,000	-5.3%	\$4,610,000	-4.9%	\$3,560,000	-5.3%
3162 Real Estate Fees		\$4,370	\$5,337	22.1%	\$5,000	14.4%	\$5,300	21.3%	\$3,900	-26.9%	\$5,000		\$3,900	-26.4%	\$3,600	-7.7%	\$5,000		\$3,600	-7.7%
TOTAL REAL ESTATE		\$2,610,174	\$2,252,901	-13.7%	\$2,484,000	-4.8%	\$2,252,900	-13.7%	\$3,763,900	67.1%	\$4,851,000	95.3%	\$3,763,900	67.1%	\$3,563,600	-5.3%	\$4,615,000	-4.9%	\$3,563,600	-5.3%
3102 Athletic Commission Fees [24-FY10]		\$2,946,092	\$2,907,682	-1.3%	\$2,908,000	-1.3%	\$2,908,000	-1.3%	\$4,000,000	37.6%	\$4,000,000	37.6%	\$4,000,000	37.6%	\$4,000,000		\$4,000,000		\$4,000,000	
TOTAL LICENSES		\$112,536,143	\$118,223,749	5.1%	\$120,731,800	7.3%	\$124,540,800	10.7%	\$120,199,298	1.7%	\$126,081,200	4.4%	\$127,990,000	2.8%	\$119,982,791	-0.2%	\$128,136,200	1.6%	\$129,276,980	1.0%
FEES AND FINES																				
3200 Vital Statistics Fees [25-FY10]		\$791,398	\$919,199	16.1%	\$936,000	18.3%	\$919,200	16.1%	\$1,226,127	33.4%	\$1,053,000	12.5%	\$1,226,100	33.4%	\$1,226,127		\$1,025,000	-2.7%	\$1,226,100	
3203 Divorce Fees		\$187,816	\$179,032	-4.7%	\$187,600	-0.1%	\$179,000	-4.7%	\$176,590	-1.4%	\$188,000	0.2%	\$176,600	-1.3%	\$174,148	-1.4%	\$188,600	0.3%	\$174,100	-1.4%
3204 Civil Action Fees		\$1,438,379	\$1,414,178	-1.7%	\$1,414,000	-1.7%	\$1,414,200	-1.7%	\$1,434,059	1.4%	\$1,441,000	1.9%	\$1,434,100	1.4%	\$1,453,941	1.4%	\$1,468,000	1.9%	\$1,453,900	1.4%
3242 Insurance Fines		\$816,140	\$568,370	-30.4%	\$570,000	-30.2%	\$568,400	-30.4%	\$800,000	40.8%	\$800,000	40.4%	\$800,000	40.7%	\$800,000		\$800,000		\$800,000	
3103MD Medical Discount Plan Reg. Fees		\$10,500	\$12,000	14.3%	\$10,000	-4.8%	\$12,000	14.3%	\$11,000	-8.3%	\$10,000		\$11,000	-8.3%	\$11,500	4.5%	\$10,000		\$11,500	4.5%
REAL ESTATE FEES																				
3107IOS IOS Application Fees		\$11,100	\$8,101	-27.0%	\$9,000	-18.9%	\$8,100	-27.0%	\$8,000	-1.2%	\$9,000		\$8,000	-1.2%	\$8,000		\$9,000		\$8,000	
3165 Land Co Filing Fees		\$133,270	\$112,176	-15.8%	\$100,000	-25.0%	\$112,200	-15.8%	\$108,000	-3.7%	\$85,000	-15.0%	\$108,000	-3.7%	\$97,000	-10.2%	\$85,000		\$97,000	-10.2%
3166 Land Co Sales Reg Rep Fee																				
3167 Real Estate Adver Fees		\$4,115	\$5,768	40.2%	\$5,800	40.9%	\$5,800	40.9%	\$3,200	-44.5%	\$3,200	-44.8%	\$3,200	-44.8%	\$2,900	-9.4%	\$3,200		\$2,900	-9.4%
3169 Real Estate Reg Fees		\$14,920	\$12,316	-17.5%	\$13,600	-8.8%	\$12,300	-17.6%	\$9,000	-26.9%	\$9,000	-33.8%	\$9,000	-26.8%	\$10,000	11.1%	\$9,000		\$10,000	11.1%
4741 Real Estate Exam Fees		\$234,133	\$193,683	-17.3%	\$194,000	-17.1%	\$193,700	-17.3%	\$184,000	-5.0%	\$184,000	-5.2%	\$184,000	-5.0%	\$175,000	-4.9%	\$175,000		\$175,000	-4.9%
3171 CAM Certification Fee		\$57,645	\$57,289	-0.6%	\$58,000	0.6%	\$57,300	-0.6%	\$55,000	-4.0%	\$55,000	-5.2%	\$55,000	-4.0%	\$55,000		\$55,000		\$55,000	
3178 Real Estate Accred Fees		\$89,650	\$77,179	-13.9%	\$81,000	-9.6%	\$77,200	-13.9%	\$70,000	-9.3%	\$80,000	-1.2%	\$70,000	-9.3%	\$70,000		\$80,000		\$70,000	
3254 Real Estate Penalties		\$83,320	\$69,846	-16.2%	\$70,000	-16.0%	\$69,800	-16.2%	\$70,000	0.2%	\$70,000		\$70,000	0.3%	\$70,000		\$70,000		\$70,000	
3190 A.B. 165, Real Estate Inspectors		\$58,970	\$44,808	-24.0%	\$55,000	-6.7%	\$44,800	-24.0%	\$44,000	-1.8%	\$55,000		\$44,000	-1.8%	\$45,000	2.3%	\$55,000		\$45,000	2.3%
TOTAL REAL ESTATE FEES		\$687,123	\$581,166	-15.4%	\$586,400	-14.7%	\$581,200	-15.4%	\$551,200	-5.2%	\$550,200	-6.2%	\$551,200	-5.2%	\$532,900	-3.3%	\$541,200	-1.6%	\$532,900	-3.3%
3066 Short Term Car Lease [10-FY10]		\$33,579,292	\$38,934,000	15.9%	\$38,671,000	15.2%	\$38,934,000	15.9%	\$39,595,000	1.7%	\$39,644,000	2.5%	\$39,595,000	1.7%	\$39,780,000	0.5%	\$40,459,000	2.1%	\$39,780,000	0.5%
3103AC Athletic Commission Licenses/Fines		\$179,125	\$121,900	-31.9%	\$150,000	-16.3%	\$121,900	-31.9%	\$188,081	54.3%	\$150,000		\$188,100	54.3%	\$188,081		\$150,000		\$188,100	
3205 State Engineer Sales [11-FY10]		\$3,026,422	\$3,000,000	-0.9%	\$3,000,000	-0.9%	\$3,000,000	-0.9%	\$2,400,000	-20.0%	\$2,400,000	-20.0%	\$2,400,000	-20.0%	\$2,400,000		\$2,400,000		\$2,400,000	
3206 Supreme Court Fees		\$202,075	\$202,075		\$202,100	0.0%	\$202,100	0.0%	\$202,075		\$202,100		\$202,100		\$202,075		\$202,100		\$202,100	
3115 Notice of Default Fee [26-FY10]		\$2,442,525	\$8,709,898	256.6%	\$8,605,000	252.3%	\$8,710,000	256.6%	\$7,668,871	-12.0%	\$7,358,000	-14.5%	\$7,669,000	-12.0%	\$7,285,428	-5.0%	\$6,826,000	-7.2%	\$7,285,000	-5.0%
3271 Misc Fines/Fort		\$1,896,987	\$2,206,353	16.3%	\$2,206,400	16.3%	\$2,206,400	16.3%	\$1,459,887	-33.8%	\$1,459,900	-33.8%	\$1,459,900	-33.8%	\$336,140	-77.0%	\$336,100	-77.0%	\$336,100	-77.0%
TOTAL FEES AND FINES		\$45,257,781	\$56,848,171	25.6%	\$56,538,500	24.9%	\$56,848,400	25.6%	\$55,712,891	-2.0%	\$55,256,200	-2.3%	\$55,713,100	-2.0%	\$54,390,340	-2.4%	\$54,406,000	-1.5%	\$54,389,800	-2.4%

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 2, 2011 FORECAST: FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L.		FISCAL YEAR	FISCAL YEAR 2011			FISCAL YEAR 2012			FISCAL YEAR 2013					
NO.	DESCRIPTION	2010 [a]	AGENCY ESTIMATE	%	FISCAL ESTIMATE	%	BUDGET ESTIMATE	%	AGENCY ESTIMATE	%	FISCAL ESTIMATE	%	BUDGET ESTIMATE	%
USE OF MONEY AND PROPERTY														
4420	Lyon County Repayments													
OTHER REPAYMENTS														
4401	Higher Education Tuition Admin													
4403	Forestry Nurseries Fund Repayment (05-M27)	\$20,670	\$20,670		\$20,670		\$20,670		\$20,670		\$20,670		\$20,670	
4404	Bldg and Grounds Repayments													
4404	CIP 95-C14, Mailroom Remodel													
4408	Comp/Fac Repayment	\$23,744	\$23,744		\$23,744		\$23,744		\$23,744		\$23,744		\$23,744	
4408	CIP 95-M1, Security Alarm	\$2,998	\$2,998		\$2,998		\$2,998		\$2,998		\$2,998		\$2,998	
4408	CIP 95-M5, Facility Generator	\$6,874	\$6,874		\$6,874		\$6,874		\$6,874		\$6,874		\$6,874	
4408	CIP 95-S4F, Advance Planning	\$1,000	\$1,000		\$1,000		\$1,000		\$1,000		\$1,000		\$1,000	
4408	CIP 97-C26, Capitol Complex Conduit System, Phase I	\$62,542	\$62,542		\$62,542		\$62,542		\$62,542		\$62,542		\$62,542	
4408	CIP 97-S4H, Advance Planning Addition to Computer Facility	\$9,107	\$9,107		\$9,107		\$9,107		\$9,107		\$9,107		\$9,107	
4408	S.B. 201, 1997; Cost of PBX System													
4408	A.B. 576-Virtual Tape Storage	\$463,444												
4408	DoIT Repayment - April 9, 2008 IFC													
4409	Motor Pool Repay - Carson													
4409	Motor Pool Repay - Reno	\$24,385												
4409	Motor Pool Repay - LV	\$6,630												
4410	Purchasing Repayment													
4402	State Personnel IFS Repayment; S.B. 201, 1997 Legislature	\$970,267	\$970,267		\$970,267		\$970,267		\$236,084		\$236,084		\$236,084	
TOTAL OTHER REPAYMENTS														
		\$1,591,661	\$1,097,202	-31.1%	\$1,097,202	-31.1%	\$1,097,202	-31.1%	\$363,019	-66.9%	\$363,019	-66.9%	\$363,019	-66.9%
4406	Marlette Repayment	\$10,512	\$9,033		\$9,033		\$9,033							
INTEREST INCOME														
3290	Treasurer	\$2,373,219	\$973,522		\$974,000		\$974,000		\$1,681,730		\$1,682,000		\$1,682,000	
3291	Other	\$13,041	\$132,496		\$132,500		\$132,500		\$132,496		\$132,500		\$132,500	
TOTAL INTEREST INCOME														
		\$2,386,259	\$1,106,018	-53.7%	\$1,106,500	-53.6%	\$1,106,500	-53.6%	\$1,814,226	64.0%	\$1,814,500	64.0%	\$1,814,500	64.0%
TOTAL USE OF MONEY AND PROPERTY														
		\$3,988,432	\$2,212,253	-44.5%	\$2,212,735	-44.5%	\$2,212,735	-44.5%	\$2,177,245	-1.6%	\$2,177,519	-1.6%	\$2,177,519	-1.6%
OTHER REVENUE														
3059	Hoover Dam Revenue	\$300,000	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
MISC SALES AND REFUNDS														
3071	Property Tax: 4-cent operating rate (Clark & Washoe) [13-FY10]	\$36,448,071	\$29,522,957		\$29,522,957		\$29,522,957							
3070	Property Tax: 5-cent capital rate (Clark & Washoe) [14-FY10]	\$34,690,823	\$23,618,366		\$23,618,366		\$23,618,366							
4792	Room Tax: State 3/8 of 1% Rate [15-FY10]	\$2,334,563	\$3,265,434		\$3,265,434		\$3,265,434							
4791	Insurance Verification Fees [17-FY10]	\$7,000,000	\$750,000		\$750,000		\$750,000							
4790	Suppl. Account for Med. Assist. To Indigent [18-FY10]	\$25,199,365	\$21,206,358		\$21,206,358		\$21,206,358							
3081	Clean Water Coalition-Clark County [27-FY10]		\$62,000,000		\$62,000,000		\$62,000,000							
4793	Lobbyist Registration Fee [28-FY10]		\$100,000		\$100,000		\$100,000							
3107	Misc Fees	\$252,176	\$403,011	59.8%	\$403,000	59.8%	\$403,000	59.8%	\$206,594	-48.7%	\$206,600	-48.7%	\$206,600	-48.7%
3109	Court Administrative Assessments [16-FY10]	\$4,580,172	\$4,990,683	9.0%	\$4,785,000	4.5%	\$4,990,700	9.0%						
3114	Court Administrative Assessment Fee [29-FY10]	\$271,461	\$2,249,844	728.8%	\$2,000,000	636.8%	\$2,249,800	728.8%	\$2,249,844		\$2,000,000		\$2,249,800	
3150	Telemarketing Fees													
3168	Declare of Candidacy Filing Fee	\$63,767	\$30,000	-53.0%	\$30,000	-53.0%	\$30,000	-53.0%	\$30,000		\$40,000	33.3%	\$30,000	
3202	Fees and Writs of Garnishments	\$3,130	\$3,083	-1.5%	\$3,100	-1.0%	\$3,100	-1.0%	\$3,225	4.6%	\$3,200	3.2%	\$3,200	3.2%
3220	Nevada Report Sales	\$9,335	\$8,743	-6.3%	\$8,700	-6.8%	\$8,700	-6.8%	\$6,805	-22.2%	\$6,800	-21.8%	\$6,800	-21.8%
3222	Excess Property Sales	\$32,385	\$37,438	15.6%	\$37,400	15.5%	\$37,400	15.5%	\$37,438		\$37,400		\$37,400	
3240	Sale of Trust Property	\$3,038	\$6,686	120.1%	\$6,700	120.5%	\$6,700	120.5%	\$6,686		\$6,700		\$6,700	
3243	Insurance - Misc	\$516,856	\$513,000	-0.7%	\$518,300	0.3%	\$513,000	-0.7%	\$514,000	0.2%	\$518,300	0.2%	\$515,000	0.2%
3250	Telemarketing Fines													
3272	Misc Refunds													
3274	Misc Refunds	\$42,508	\$37,761	-11.2%	\$37,800	-11.1%	\$37,800	-11.1%	\$38,018	0.7%	\$38,000	0.5%	\$38,000	0.5%
3276	Cost Recovery Plan	\$9,148,627	\$9,137,661	-0.1%	\$9,137,700	-0.1%	\$9,137,700	-0.1%	\$8,495,299	-7.0%	\$8,495,300	-7.0%	\$8,495,300	-7.0%
TOTAL MISC SALES AND REFUNDS														
		\$120,596,278	\$157,881,026	30.9%	\$157,430,815	30.5%	\$157,881,015	30.9%	\$11,587,910	-92.7%	\$11,352,300	-92.8%	\$11,587,800	-92.7%
3255	Unclaimed Property [12-FY10][30-FY10][31-FY10]	\$66,201,764	\$69,339,712	4.7%	\$69,340,000	4.7%	\$69,340,000	4.7%	\$51,000,000	-26.4%	\$51,000,000	-26.4%	\$51,000,000	-26.4%
TOTAL OTHER REVENUE														
		\$187,098,042	\$227,520,738	21.6%	\$227,070,815	21.4%	\$227,521,015	21.6%	\$62,887,910	-72.4%	\$62,652,300	-72.4%	\$62,887,800	-72.4%
TOTAL GENERAL FUND REVENUE														
		\$3,007,019,753	\$3,156,187,770	5.0%	\$3,177,788,350	5.7%	\$3,152,847,250	4.8%	\$2,659,612,721	-15.7%	\$2,677,739,419	-15.7%	\$2,667,176,319	-15.4%

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 2, 2011 FORECAST: FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L. NO.	DESCRIPTION	FISCAL YEAR 2010 [a.]	FISCAL YEAR 2011			FISCAL YEAR 2012			FISCAL YEAR 2013		
			AGENCY ESTIMATE	%	FISCAL ESTIMATE	%	BUDGET ESTIMATE	%	AGENCY ESTIMATE	%	FISCAL ESTIMATE

NOTES:

FY 2010 - Notes 1 to 18 represent legislative actions approved during the 2009 Regular Session.

- [1-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting sales and use taxes from 0.5% to 0.25%, effective July 1, 2009. A.B. 552 also increased the General Fund commission retained by the Department of Taxation for collecting and distributing the sales and use taxes generated by the BCCRT, SCCRT, and local option taxes (did not apply to the LSST) from 0.75% to 1.75%, effective July 1, 2009. Collectively, these changes are estimated to generate an additional \$16,031,800 in FY 2010 and \$16,679,000 in FY 2011. **FY 2010** - State 2%: \$2,007,000 (TCA); LSST: \$1,037,700 (TCA); BCCRT: \$1,946,000 (GFC) + \$3,700 (TCA); SCCRT: \$6,806,700 (GFC) + \$12,800 (TCA); LOPT: \$4,210,000 (GFC) + \$7,900 (TCA) and **FY 2011** - State 2%: \$2,049,700 (TCA); LSST: \$1,081,400 (TCA); BCCRT: \$2,028,000 (GFC) + \$3,800 (TCA); SCCRT: \$7,093,600 (GFC) + \$13,300 (TCA); LOPT: \$4,400,900 (GFC) + \$8,300 (TCA) where GFC represents amount due to General Fund Commission rate change and TCA represents amount due to Taxpayer Collection Allowance change.]
- [2-FY10] S.B. 429 changed the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) by creating a two-tiered tax rate in lieu of the single rate of 0.63%, effective July 1, 2009. Under S.B. 429, a nonfinancial business pays a tax rate of 0.5% on all taxable wages (gross wages less allowable health care expenses) up to \$62,500 per quarter, and a rate of 1.17% on taxable wages exceeding \$62,500 per quarter. Estimated to generate an additional \$173,330,000 in FY 2010 and \$172,393,400 in FY 2011. The change to the MBT-General Business sunsets effective June 30, 2011.
- [3-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting cigarette taxes from 0.5% to 0.25%, effective July 1, 2009. This change is estimated to generate an additional \$236,200 in FY 2010 and \$237,300 in FY 2011.
- [4-FY10] Initiative Petition 1 (IP1) approved by the 2009 Legislature and allowed to become law by the Governor imposes up to an additional 3% room tax in Clark and Washoe counties but not to exceed a total combined rate of 13% in any area of each county, effective July 1, 2009. Under IP1, the revenue from the room tax is deposited in the State General Fund for FY 2010 and FY 2011 and is dedicated to K-12 education beginning in FY 2012.
- [5-FY10] S.B. 429 increases the depreciation rates for autos and trucks by 10% in the schedules used to determine the value of a vehicle for the purposes of calculating the Governmental Services Tax (GST) due, effective September 1, 2009. The portion of the GST tax generated from the depreciation schedule change is allocated to the State General Fund, which is estimated to generate \$42,842,800 in FY 2010 and \$51,411,300 in FY 2011. Under S.B. 429, additional revenue generated from the GST is deposited in the General Fund until FY 2013 and is then deposited in the State Highway Fund beginning in FY 2014.
- [6-FY10] S.B. 429 increases the Business License Fee (BLF) by \$100 to \$200 for the initial and annual renewal, effective July 1, 2009. Effective October 1, 2009, A.B. 146 transfers the BLF to the Secretary of State from the Department of Taxation as part of the business portal program and requires all entities filing with the Secretary of State under Title 7 to pay the initial and annual renewal \$200 BLF. It is estimated to generate an additional \$38,254,800 in FY 2010 and \$44,802,600 in FY 2011. Under S.B. 429, the \$100 increase in the BLF sunsets effective June 30, 2011.
- [7-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting liquor taxes from 0.5% to 0.25%, effective July 1, 2009. Estimated to generate an additional \$100,400 in FY 2010 and \$102,800 in FY 2011.
- [8-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting other tobacco taxes from 0.5% to 0.25%, effective July 1, 2009. Estimated to generate an additional \$23,560 in FY 2010 and \$24,270 in FY 2011.
- [9-FY10] Effective July 1, 2009, S.B. 53 requires fees collected for expedite services provided by the Secretary of State to business entities to be deposited in the State General Fund. Estimated to generate \$2,272,569 in FY 2010 and \$1,818,056 in FY 2011.
- [10-FY10] Effective October 1, 2009, S.B. 234 increases the state rate imposed on the short-term rental of a vehicle from 6.0% to 10.0% with the proceeds equivalent to 9.0% deposited in the State General Fund and 1.0% deposited in the State Highway Fund (maintains provisions of A.B. 595 from the 2007 Session). S.B. 234 eliminates the 4.0% recovery surcharge and allows short-term car rental companies to impose a surcharge to recover their vehicle licensing and registration costs. Estimated to generate an additional \$9,883,900 in FY 2010 and \$13,565,000 in FY 2011.
- [11-FY10] A.B. 480 increases various fees collected by the State Engineer for examining and filing applications and issuing and recording permits, effective July 1, 2009. Estimated to generate an additional \$900,000 in FY 2010 and FY 2011.
- [12-FY10] A.B. 562 redirects \$3,800,000 to the General Fund of the Unclaimed Property Revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2010 and FY 2011.
- [13-FY10] A.B. 543 requires Clark County and Washoe County to allocate the equivalent of 4-cents worth of property tax generated from their operating rate to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$36,010,800 in FY 2010 and \$32,446,600 in FY 2011. (Clark County: \$30,380,500 - FY 2010 and \$27,329,100 - FY 2011) (Washoe County: \$5,630,300 - FY 2010 and \$5,117,500 - FY 2011)
- [14-FY10] A.B. 543 requires Clark County and Washoe County to allocate the equivalent of 3.8 cents in FY 2010 and 3.2 cents in FY 2011 worth of property tax generated from the capital rate imposed pursuant to NRS 354.59815 to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$34,210,300 in FY 2010 and \$25,957,300 in FY 2011. (Clark County: \$28,861,500 - FY 2010 and \$21,863,300 - FY 2011) (Washoe County: \$5,348,800 - FY 2010 and \$4,094,000 - FY 2011)
- [15-FY10] S.B. 431 requires a portion of the revenue generated from the state 3/8 of 1% room tax revenue provided to the Nevada Commission on Tourism to be allocated to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$2,334,563 in FY 2010 and \$3,265,434 in FY 2011.
- [16-FY10] A.B. 531 requires the deposit of the portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund, effective July 1, 2009. Estimated to generate \$4,763,532 in FY 2010 and \$6,133,023 in FY 2011.
- [17-FY10] S.B. 431 requires the transfer of the estimated residual amount of revenue generated from Insurance Verification Fees to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$7,000,000 in FY 2010 and \$6,000,000 in FY 2011.
- [18-FY10] S.B. 431 requires the transfer of \$25,199,365 in FY 2010 and \$22,970,977 in FY 2011 from the Supplemental Account for Medical Assistance to Indigent Persons created in the Fund for Hospital Care to Indigent Persons to the State General Fund.

FY 2010 - Continued; Notes 19 to 31 represent legislative actions approved during the 26th Special Session in February 2010.

- [19-FY10] Based on information provided to the Fiscal Analysis Division regarding the amount of net proceeds that would be reported to the Department of Taxation on March 1, 2010, pursuant to NRS 362.115 for calendar year 2009 for FY 2010 and information on estimated mining operations for calendar year 2010 and 2011, the Fiscal Analysis Division produced a revised estimate for FY 2010 and FY 2011 for net proceeds of minerals tax of \$71,700,000 and \$62,100,000, respectively. These revised estimates were \$31,700,000 and \$27,100,000 higher than the consensus forecast prepared by the Budget Division/Fiscal Analysis Division on February 1, 2010 of \$40,000,000 for FY 2010 and \$35,000,000 for FY 2011.
- [20-FY10] Section 47 of A.B. 6 (26th S.S.) creates a new annual mining claim fee based on a progressive graduated fee per mining claim associated with the total number of mining claims held by an entity in Nevada. This new mining claims fee is estimated to generate \$25,700,000 in FY 2011 only as the fee is scheduled to sunset effective June 30, 2011.
- [21-FY10] The Division of Insurance of the Department of Business and Industry is required to implement a program to perform desk audits of tax returns submitted by insurance companies when filing for the insurance premium tax. This program is estimated to generate an additional \$10,000,000 in insurance premium tax collections in FY 2011.
- [22-FY10] Section 64 of A.B. 6 (26th S.S.) requires the Department of Taxation 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. It is estimated that the tax amnesty program will generate \$10,000,000 in FY 2011 from all the different applicable taxes, but an estimate of additional revenue expected from each individual revenue source was not prepared.
- [23-FY10] A.B. 6 (26th S.S.) increased various fees authorized or imposed in NRS associated with activities of the Secretary of State's Office related to securities, commercial recordings, and UCC filing requirements as well as changed the allocation of the portion to the State General Fund for fees associated with notary training and domestic partnerships. The changes were estimated to generate the following amounts in FY 2010 and FY 2011: UCC: \$155,200 - FY 2010 and \$465,600 - FY 2011; Commercial Recordings: \$354,342 - FY 2010 and \$1,063,027 - FY 2011; Notary Fees: \$0 - FY 2010 and \$153,600 - FY 2011; Securities: \$855,315 - FY 2010 and \$4,860,193 - FY 2011; and Domestic Partnerships: \$0 - FY 2010 and \$50,000 - FY 2011.
- [24-FY10] Section 45 of A.B. 6 (26th S.S.) increases the license fee from 4% to 6% on the gross receipts from admission fees to a live contest or exhibition of unarmed combat, effective July 1, 2010. This fee increase is estimated to generate \$1,250,000 in additional revenue for FY 2011.
- [25-FY10] A.B. 6 (26th S.S.) requires the current fees specified in NRS 440.700 associated with birth and death certificates to continue to be collected by the State Registrar until the State Registrar establishes new higher fees through regulation. The higher fees imposed through regulation are expected to be effective July 1, 2010, and are estimated to generate an additional \$368,511 in revenue for FY 2011.
- [26-FY10] Section 31 of A.B. 6 (26th S.S.) imposes a new fee of \$150 per notice of default or election to sell with the proceeds deposited in the State General Fund, effective April 1, 2010. This new notice of default fee is estimated to generate additional General Fund revenue of \$2,760,000 in FY 2010 and \$11,040,000 in FY 2011.
- [27-FY10] Section 18 of A.B. 6 (26th S.S.) requires the Clean Water Coalition in Clark County to transfer securities and cash in the amount to \$62,000,000 to the State General Fund. The \$62,000,000 in revenue from this transfer is expected to occur in FY 2011.
- [28-FY10] Section 36 of A.B. 6 (26th S.S.) requires the Legislative Commission to transfer the first \$100,000 in revenue collected from lobbyist registration fees imposed pursuant to NRS 218H.500 to the State General Fund. The \$100,000 transfer to the General Fund is for FY 2011 only as the provisions sunset on June 30, 2011.
- [29-FY10] Section 34 of A.B. 6 (26th S.S.) increases the administrative assessment amount associated with misdemeanor violation fines by \$5 effective upon passage and approval of A.B. 6 (March 12, 2010). The proceeds from the additional \$5 administrative assessment as part of the sentence for a violation of a misdemeanor are deposited in the State General Fund and is estimated to generate an additional \$192,544 in FY 2010 and \$2,310,530 in FY 2011.
- [30-FY10] Based on information provided by the Treasurer's Office, the Fiscal Analysis Division revised the estimate for unclaimed property collections to be deposited in the State General Fund to \$52,000,000 in FY 2010 and \$58,081,000 in FY 2011. This revised forecast for unclaimed property proceeds yields an additional \$4,018,000 in FY 2010 and \$15,000,000 in FY 2011 above the February 1, 2010, consensus forecast of \$47,919,000 for FY 2010 and \$43,081,000 for FY 2011 prepared by the Budget Division/Fiscal Division based on information provided by the Treasurer's Office.
- [31-FY10] Section 1 of A.B. 3 (26th S.S.) redirects the full \$7,600,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer from the Millennium Scholarship Trust Fund in FY 2010 and FY 2011. The net effect of the provisions of A.B. 3 is an additional \$3,800,000 in General Fund revenue in FY 2010 and FY 2011 from unclaimed property proceeds.

TABLE 4
Forecasts for the Major General Fund Revenues: FY 2011, FY 2012, and FY 2013
Economic Forum Forecast is the Forecast Approved at their December 1, 2010, Meeting

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 2, 2011, Meeting: 4/29/11 12:00 PM

	FY 2010	FY 2011			FY 2012			FY 2013			2011-2013 Biennium		
	Actual: Millions \$'s	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ²	% Change
Sales and Use Tax	\$755.344												
Economic Forum ¹		\$757.383	\$2.039	0.3%	\$767.444	\$10.061	1.3%	\$791.769	\$24.325	3.2%	\$1,559.213	\$46.486	3.1%
Agency		\$784.806	\$29.462	3.9%	\$797.274	\$12.468	1.6%	\$816.848	\$19.574	2.5%	\$1,614.122	\$73.972	4.8%
Fiscal Division		\$790.382	\$35.038	4.6%	\$808.050	\$17.668	2.2%	\$842.562	\$34.512	4.3%	\$1,650.612	\$104.886	6.8%
Budget Division		\$791.300	\$35.956	4.8%	\$821.800	\$30.500	3.9%	\$846.300	\$24.500	3.0%	\$1,668.100	\$121.456	7.9%
Moody's Analytics		\$799.430	\$44.086	5.8%	\$852.010	\$52.580	6.6%	\$911.780	\$59.770	7.0%	\$1,763.790	\$209.016	13.4%
Percentage Fees Tax	\$630.526												
Economic Forum ¹		\$658.556	\$28.030	4.4%	\$679.529	\$20.973	3.2%	\$702.158	\$22.629	3.3%	\$1,381.687	\$92.605	7.2%
Agency		\$647.926	\$17.400	2.8%	\$670.664	\$22.738	3.5%	\$712.572	\$41.908	6.2%	\$1,383.236	\$104.784	8.2%
Fiscal Division		\$652.529	\$22.003	3.5%	\$670.261	\$17.732	2.7%	\$694.012	\$23.751	3.5%	\$1,364.273	\$81.218	6.3%
Budget Division		\$642.600	\$12.074	1.9%	\$657.200	\$14.600	2.3%	\$669.300	\$12.100	1.8%	\$1,326.500	\$53.374	4.2%
Moody's Analytics		\$645.950	\$15.424	2.4%	\$694.950	\$49.000	7.6%	\$755.300	\$60.350	8.7%	\$1,450.250	\$173.774	13.6%
Insurance Premium Tax	\$233.905												
Economic Forum ¹		\$235.600	\$1.695	0.7%	\$239.900	\$4.300	1.8%	\$243.300	\$3.400	1.4%	\$483.200	\$13.695	2.9%
Agency		\$236.588	\$2.683	1.1%	\$240.699	\$4.111	1.7%	\$246.185	\$5.486	2.3%	\$486.884	\$16.391	3.5%
Fiscal Division		\$238.382	\$4.477	1.9%	\$241.322	\$2.940	1.2%	\$248.221	\$6.899	2.9%	\$489.543	\$17.256	3.7%
Budget Division		\$231.200	-\$2.705	-1.2%	\$233.500	\$2.300	1.0%	\$239.200	\$5.700	2.4%	\$472.700	\$7.595	1.6%
Real Property Transfer Tax	\$53.315												
Economic Forum ¹		\$44.804	-\$8.511	-16.0%	\$42.590	-\$2.214	-4.9%	\$45.843	\$3.253	7.6%	\$88.433	-\$9.686	-9.9%
Agency		\$50.492	-\$2.823	-5.3%	\$50.360	-\$0.132	-0.3%	\$51.754	\$1.394	2.8%	\$102.114	-\$1.693	-1.6%
Fiscal Division		\$51.613	-\$1.702	-3.2%	\$51.507	-\$0.106	-0.2%	\$54.160	\$2.653	5.2%	\$105.667	\$0.739	0.7%
Budget Division		\$50.400	-\$2.915	-5.5%	\$49.900	-\$0.500	-1.0%	\$52.200	\$2.300	4.6%	\$102.100	-\$1.615	-1.6%
LET - Gaming	\$108.244												
Economic Forum ¹		\$109.863	\$1.619	1.5%	\$112.502	\$2.639	2.4%	\$116.517	\$4.015	3.6%	\$229.019	\$10.912	5.0%
Agency		\$113.565	\$5.321	4.9%	\$116.688	\$3.123	2.7%	\$120.481	\$3.793	3.3%	\$237.169	\$15.360	6.9%
Fiscal Division		\$113.889	\$5.645	5.2%	\$117.526	\$3.637	3.2%	\$121.708	\$4.182	3.6%	\$239.234	\$17.101	7.7%
Budget Division		\$113.100	\$4.856	4.5%	\$118.500	\$5.400	4.8%	\$124.300	\$5.800	4.9%	\$242.800	\$21.456	9.7%

TABLE 4

Forecasts for the Major General Fund Revenues: FY 2011, FY 2012, and FY 2013
Economic Forum Forecast is the Forecast Approved at their December 1, 2010, Meeting

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 2, 2011, Meeting: 4/29/11 12:00 PM

	FY 2010	FY 2011			FY 2012			FY 2013			2011-2013 Biennium		
	Actual: Millions \$'s	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ²	% Change
MBT - Nonfinancial	\$363.412												
Economic Forum ¹		\$351.500	-\$11.912	-3.3%	\$203.800	-\$147.700	-42.0%	\$208.900	\$5.100	2.5%	\$412.700	-\$302.212	-42.3%
Agency		\$358.476	-\$4.936	-1.4%	\$218.326	-\$140.150	-39.1%	\$221.415	\$3.089	1.4%	\$439.741	-\$282.147	-39.1%
Fiscal Division		\$361.486	-\$1.926	-0.5%	\$219.099	-\$142.387	-39.4%	\$220.367	\$1.268	0.6%	\$439.466	-\$285.432	-39.4%
Budget Division		\$355.500	-\$7.912	-2.2%	\$213.900	-\$141.600	-39.8%	\$217.900	\$4.000	1.9%	\$431.800	-\$287.112	-39.9%
MBT - Financial	\$21.698												
Economic Forum ¹		\$21.300	-\$0.398	-1.8%	\$21.000	-\$0.300	-1.4%	\$21.500	\$0.500	2.4%	\$42.500	-\$0.498	-1.2%
Agency		\$20.712	-\$0.986	-4.5%	\$20.871	\$0.159	0.8%	\$21.160	\$0.289	1.4%	\$42.031	-\$0.379	-0.9%
Fiscal Division		\$19.965	-\$1.733	-8.0%	\$19.204	-\$0.761	-3.8%	\$19.933	\$0.729	3.8%	\$39.137	-\$2.526	-6.1%
Budget Division		\$20.200	-\$1.498	-6.9%	\$19.800	-\$0.400	-2.0%	\$20.000	\$0.200	1.0%	\$39.800	-\$2.098	-5.0%
MBT - TOTAL	\$385.110												
Economic Forum ¹		\$372.800	-\$12.310	-3.2%	\$224.800	-\$148.000	-39.7%	\$230.400	\$5.600	2.5%	\$455.200	-\$302.710	-39.9%
Agency		\$379.188	-\$5.922	-1.5%	\$239.197	-\$139.991	-36.9%	\$242.575	\$3.378	1.4%	\$481.772	-\$282.526	-37.0%
Fiscal Division		\$381.451	-\$3.659	-1.0%	\$238.303	-\$143.148	-37.5%	\$240.300	\$1.997	0.8%	\$478.603	-\$287.958	-37.6%
Budget Division		\$375.700	-\$9.410	-2.4%	\$233.700	-\$142.000	-37.8%	\$237.900	\$4.200	1.8%	\$471.600	-\$289.210	-38.0%
Room Tax	\$97.672												
Economic Forum ¹		\$104.120											
Agency		\$107.683	\$10.011	10.2%								-\$205.355	
Fiscal Division		\$108.519	\$10.847	11.1%								-\$206.191	
Budget Division		\$105.700	\$8.028	8.2%								-\$203.372	
Total - Major Tax Sources	\$2,264.117												
Economic Forum ¹		\$2,283.126	\$19.009	0.8%	\$2,066.765	-\$216.361	-9.5%	\$2,129.987	\$63.222	3.1%	\$4,196.752	-\$350.491	-7.7%
Agency		\$2,320.248	\$56.131	2.5%	\$2,114.882	-\$205.366	-8.9%	\$2,190.415	\$75.533	3.6%	\$4,305.297	-\$279.068	-6.1%
Fiscal Division		\$2,336.765	\$72.648	3.2%	\$2,126.969	-\$209.796	-9.0%	\$2,200.963	\$73.994	3.5%	\$4,327.932	-\$272.950	-5.9%
Budget Division		\$2,310.000	\$45.883	2.0%	\$2,114.600	-\$195.400	-8.5%	\$2,169.200	\$54.600	2.6%	\$4,283.800	-\$290.317	-6.3%

¹ Economic Forum's December 1, 2011, Forecast

² Represents the difference between the total for the 2011-13 biennium (FY 2012 and FY 2013 forecasts) and the total for the 2009-11 biennium (FY 2010 actual and FY 2011 forecast).

TABLE 7
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2011, FY 2012, AND FY 2013
Comparison of May 2, 2011; December 1, 2010; and November 5, 2010 Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2010 Actual	FY 2011 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2012 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2013 Forecast	% Change	Dollar Difference:	Growth Difference:
STATE SALES	\$755.344												
Economic Forum¹		\$757.383	0.3%			\$767.444	1.3%			\$791.769	3.2%		
Agency													
November 5, 2010 Forecast		\$772.186	2.2%			\$777.463	0.7%			\$783.210	0.7%		
December 1, 2010 Forecast		\$775.409	2.7%	\$3.223	0.4%	\$783.353	1.0%	\$5.890	0.3%	\$791.769	1.1%	\$8.559	0.3%
May 2, 2011 Forecast		\$784.806	3.9%	\$9.397	1.2%	\$797.274	1.6%	\$13.921	0.6%	\$816.848	2.5%	\$25.079	1.4%
Fiscal Division													
November 5, 2010 Forecast		\$744.253	-1.5%			\$745.214	0.1%			\$769.485	3.3%		
December 1, 2010 Forecast		\$757.383	0.3%	\$13.130	1.7%	\$767.444	1.3%	\$22.230	1.2%	\$796.050	3.7%	\$26.565	0.5%
May 2, 2011 Forecast		\$790.382	4.6%	\$32.999	4.4%	\$808.050	2.2%	\$40.606	0.9%	\$842.562	4.3%	\$46.512	0.5%
Budget Division													
November 5, 2010 Forecast		\$766.000	1.4%			\$772.500	0.8%			\$791.200	2.4%		
December 1, 2010 Forecast		\$769.900	1.9%	\$3.900	0.5%	\$778.800	1.2%	\$6.300	0.3%	\$794.300	2.0%	\$3.100	-0.4%
May 2, 2011 Forecast		\$791.300	4.8%	\$21.400	2.8%	\$821.800	3.9%	\$43.000	2.7%	\$846.300	3.0%	\$52.000	1.0%
Moody's Analytics													
November 5, 2010 Forecast		\$770.300	2.0%			\$819.000	6.3%			\$890.260	8.7%		
December 1, 2010 Forecast		\$785.360	4.0%	\$15.060	2.0%	\$834.480	6.3%	\$15.480	-0.1%	\$906.280	8.6%	\$16.020	-0.1%
May 2, 2011 Forecast		\$799.430	5.8%	\$14.070	1.9%	\$852.010	6.6%	\$17.530	0.3%	\$911.780	7.0%	\$5.500	-1.6%
PERCENTAGE FEES	\$630.526												
Economic Forum¹		\$658.556	4.4%			\$679.529	3.2%			\$702.158	3.3%		
Agency													
November 5, 2010 Forecast		\$661.920	5.0%			\$689.794	4.2%			\$733.155	6.3%		
December 1, 2010 Forecast		\$661.987	5.0%	\$0.067	0.0%	\$689.879	4.2%	\$0.085	0.0%	\$733.212	6.3%	\$0.057	0.0%
May 2, 2011 Forecast		\$647.926	2.8%	-\$14.062	-2.2%	\$670.664	3.5%	-\$19.215	-0.7%	\$712.572	6.2%	-\$20.640	0.0%
Fiscal Division													
November 5, 2010 Forecast		\$660.110	4.7%			\$681.510	3.2%			\$704.296	3.3%		
December 1, 2010 Forecast		\$658.556	4.4%	-\$1.554	-0.2%	\$679.529	3.2%	-\$1.981	-0.1%	\$702.158	3.3%	-\$2.138	0.0%
May 2, 2011 Forecast		\$652.529	3.5%	-\$6.027	-1.0%	\$670.261	2.7%	-\$9.268	-0.5%	\$694.012	3.5%	-\$8.146	0.2%
Budget Division													
November 5, 2010 Forecast		\$640.400	1.6%			\$657.400	2.7%			\$674.800	2.6%		
December 1, 2010 Forecast		\$642.100	1.8%	\$1.700	0.3%	\$654.200	1.9%	-\$3.200	-0.8%	\$669.400	2.3%	-\$5.400	-0.3%
May 2, 2011 Forecast		\$642.600	1.9%	\$0.500	0.1%	\$657.200	2.3%	\$3.000	0.4%	\$669.300	1.8%	-\$0.100	-0.5%
Moody's Analytics													
November 5, 2010 Forecast		\$655.440	4.0%			\$716.800	9.4%			\$810.760	13.1%		
December 1, 2010 Forecast		\$660.680	4.8%	\$5.240	0.8%	\$708.050	7.2%	-\$8.750	-2.2%	\$795.430	12.3%	-\$15.330	-0.8%
May 2, 2011 Forecast		\$645.950	2.4%	-\$14.730	-2.3%	\$694.950	7.6%	-\$13.100	0.4%	\$755.300	8.7%	-\$40.130	-3.7%

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(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2010 Actual	FY 2011 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2012 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2013 Forecast	% Change	Dollar Difference:	Growth Difference:
INSURANCE PREMIUM	\$233.905												
Economic Forum¹		\$235.600	0.7%			\$239.900	1.8%			\$243.300	1.4%		
Agency													
November 5, 2010 Forecast		\$235.179	0.5%			\$235.061	-0.1%			\$234.943	-0.1%		
December 1, 2010 Forecast		\$238.449	1.9%	\$3.270	1.4%	\$239.431	0.4%	\$4.370	0.5%	\$241.091	0.7%	\$6.148	0.7%
May 2, 2011 Forecast		\$236.588	1.1%	-\$1.861	-0.8%	\$240.699	1.7%	\$1.268	1.3%	\$246.185	2.3%	\$5.094	1.6%
Fiscal Division													
November 5, 2010 Forecast		\$233.218	-0.3%			\$235.366	0.9%			\$242.523	3.0%		
December 1, 2010 Forecast		\$236.944	1.3%	\$3.726	1.6%	\$238.783	0.8%	\$3.417	-0.1%	\$246.141	3.1%	\$3.618	0.0%
May 2, 2011 Forecast		\$238.382	1.9%	\$1.438	0.6%	\$241.322	1.2%	\$2.539	0.5%	\$248.221	2.9%	\$2.080	-0.2%
Budget Division													
November 5, 2010 Forecast		\$234.200	0.1%			\$235.300	0.5%			\$240.800	2.3%		
December 1, 2010 Forecast		\$235.600	0.7%	\$1.400	0.6%	\$239.900	1.8%	\$4.600	1.4%	\$243.300	1.4%	\$2.500	-0.9%
May 2, 2011 Forecast		\$231.200	-1.2%	-\$4.400	-1.9%	\$233.500	1.0%	-\$6.400	-0.8%	\$239.200	2.4%	-\$4.100	1.0%
REAL PROPERTY TRANSFER	\$53.315												
Economic Forum¹		\$44.804	-16.0%			\$42.590	-4.9%			\$45.843	7.6%		
Agency													
November 5, 2010 Forecast		\$55.617	4.3%			\$55.507	-0.2%			\$55.396	-0.2%		
December 1, 2010 Forecast		\$52.708	-1.1%	-\$2.909	-5.5%	\$53.141	0.8%	-\$2.366	1.0%	\$52.732	-0.8%	-\$2.664	-0.6%
May 2, 2011 Forecast		\$50.492	-5.3%	-\$2.216	-4.2%	\$50.360	-0.3%	-\$2.781	-1.1%	\$51.754	2.8%	-\$0.978	3.5%
Fiscal Division													
November 5, 2010 Forecast		\$44.704	-16.2%			\$42.481	-5.0%			\$45.842	7.9%		
December 1, 2010 Forecast		\$44.804	-16.0%	\$0.100	0.2%	\$42.590	-4.9%	\$0.109	0.0%	\$45.843	7.6%	\$0.001	-0.3%
May 2, 2011 Forecast		\$51.613	-3.2%	\$6.809	12.8%	\$51.507	-0.2%	\$8.917	4.7%	\$54.160	5.2%	\$8.317	-2.5%
Budget Division													
November 5, 2010 Forecast		\$50.100	-6.0%			\$50.600	1.0%			\$55.100	8.9%		
December 1, 2010 Forecast		\$45.900	-13.9%	-\$4.200	-7.9%	\$44.400	-3.3%	-\$6.200	-4.3%	\$47.000	5.9%	-\$8.100	-3.0%
May 2, 2011 Forecast		\$50.400	-5.5%	\$4.500	8.4%	\$49.900	-1.0%	\$5.500	2.3%	\$52.200	4.6%	\$5.200	-1.2%
LET - GAMING	\$108.244												
Economic Forum¹		\$109.863	1.5%			\$112.502	2.4%			\$116.517	3.6%		
Agency													
November 5, 2010 Forecast		\$109.326	1.0%			\$110.966	1.5%			\$113.186	2.0%		
December 1, 2010 Forecast		\$110.728	2.3%	\$1.402	1.3%	\$113.773	2.7%	\$2.807	1.2%	\$117.471	3.2%	\$4.285	1.2%
May 2, 2011 Forecast		\$113.565	4.9%	\$2.837	2.6%	\$116.688	2.8%	\$2.915	0.0%	\$120.481	3.2%	\$3.010	0.0%
Fiscal Division													
November 5, 2010 Forecast		\$110.233	1.8%			\$112.499	2.1%			\$116.526	3.6%		
December 1, 2010 Forecast		\$109.863	1.5%	-\$0.370	-0.3%	\$112.502	2.4%	\$0.003	0.3%	\$116.517	3.6%	-\$0.009	0.0%
May 2, 2011 Forecast		\$113.889	5.2%	\$4.026	3.7%	\$117.526	3.2%	\$5.024	0.8%	\$121.708	3.6%	\$5.191	0.0%
Budget Division													
November 5, 2010 Forecast		\$109.500	1.2%			\$111.900	2.2%			\$114.200	2.1%		
December 1, 2010 Forecast		\$106.000	-2.1%	-\$3.500	-3.2%	\$107.700	1.6%	-\$4.200	-0.6%	\$110.900	3.0%	-\$3.300	0.9%
May 2, 2011 Forecast		\$113.100	4.5%	\$7.100	6.6%	\$118.500	4.8%	\$10.800	3.2%	\$124.300	4.9%	\$13.400	1.9%

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TAX	FY 2010 Actual	FY 2011 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2012 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2013 Forecast	% Change	Dollar Difference:	Growth Difference:
MBT - NONFINANCIAL	\$363.412												
Economic Forum¹		\$351.500	-3.3%			\$203.800	-42.0%			\$208.900	2.5%		
Agency													
November 5, 2010 Forecast		\$359.710	-1.0%			\$224.353	-37.6%			\$220.776	-1.6%		
December 1, 2010 Forecast		\$353.703	-2.7%	-\$6.007	-1.7%	\$215.860	-39.0%	-\$8.493	-1.3%	\$220.776	2.3%	\$0.000	3.9%
May 2, 2011 Forecast		\$358.476	-1.4%	\$4.773	1.3%	\$218.326	-39.1%	\$2.466	-0.1%	\$221.415	1.4%	\$0.639	-0.9%
Fiscal Division													
November 5, 2010 Forecast		\$352.258	-3.1%			\$210.492	-40.2%			\$212.638	1.0%		
December 1, 2010 Forecast		\$352.587	-3.0%	\$0.329	0.1%	\$211.503	-40.0%	\$1.011	0.2%	\$212.598	0.5%	-\$0.040	-0.5%
May 2, 2011 Forecast		\$361.486	-0.5%	\$8.899	2.4%	\$219.099	-39.4%	\$7.596	0.6%	\$220.367	0.6%	\$7.769	0.1%
Budget Division													
November 5, 2010 Forecast		\$356.300	-2.0%			\$215.500	-39.5%			\$219.600	1.9%		
December 1, 2010 Forecast		\$351.500	-3.3%	-\$4.800	-1.3%	\$203.800	-42.0%	-\$11.700	-2.5%	\$208.900	2.5%	-\$10.700	0.6%
May 2, 2011 Forecast		\$355.500	-2.2%	\$4.000	1.1%	\$213.900	-39.8%	\$10.100	2.2%	\$217.900	1.9%	\$9.000	-0.6%
MBT - FINANCIAL	\$21.698												
Economic Forum¹		\$21.300	-1.8%			\$21.000	-1.4%			\$21.500	2.4%		
Agency													
November 5, 2010 Forecast		\$21.950	1.2%			\$22.145	0.9%			\$22.339	0.9%		
December 1, 2010 Forecast		\$21.063	-2.9%	-\$0.887	-4.1%	\$21.240	0.8%	-\$0.905	0.0%	\$21.215	-0.1%	-\$1.124	-1.0%
May 2, 2011 Forecast		\$20.712	-4.5%	-\$0.351	-1.6%	\$20.871	0.8%	-\$0.369	-0.1%	\$21.160	1.4%	-\$0.055	1.5%
Fiscal Division													
November 5, 2010 Forecast		\$19.697	-9.2%			\$19.294	-2.0%			\$20.024	3.8%		
December 1, 2010 Forecast		\$19.814	-8.7%	\$0.117	0.5%	\$19.083	-3.7%	-\$0.211	-1.6%	\$19.805	3.8%	-\$0.219	0.0%
May 2, 2011 Forecast		\$19.965	-8.0%	\$0.151	0.7%	\$19.204	-3.8%	\$0.121	-0.1%	\$19.933	3.8%	\$0.128	0.0%
Budget Division													
November 5, 2010 Forecast		\$21.000	-3.2%			\$21.400	1.9%			\$22.000	2.8%		
December 1, 2010 Forecast		\$21.300	-1.8%	\$0.300	1.4%	\$21.000	-1.4%	-\$0.400	-3.3%	\$21.500	2.4%	-\$0.500	-0.4%
May 2, 2011 Forecast		\$20.200	-6.9%	-\$1.100	-5.1%	\$19.800	-2.0%	-\$1.200	-0.6%	\$20.000	1.0%	-\$1.500	-1.4%
MBT - TOTAL	\$385.110												
Economic Forum¹		\$372.800	-3.2%			\$224.800	-39.7%	\$224.800	-39.7%	\$230.400	2.5%	\$230.400	2.5%
Agency													
November 5, 2010 Forecast		\$381.660	-0.9%			\$246.498	-35.4%			\$243.115	-1.4%		
December 1, 2010 Forecast		\$374.766	-2.7%	-\$6.894	-1.8%	\$237.100	-36.7%	-\$9.398	-1.3%	\$241.991	2.1%	-\$1.124	3.4%
May 2, 2011 Forecast		\$379.188	-1.5%	\$4.422	1.1%	\$239.197	-36.9%	\$2.097	-0.2%	\$242.575	1.4%	\$0.584	-0.7%
Fiscal Division													
November 5, 2010 Forecast		\$371.955	-3.4%			\$229.786	-38.2%			\$232.662	1.3%		
December 1, 2010 Forecast		\$372.401	-3.3%	\$0.446	0.1%	\$230.586	-38.1%	\$0.800	0.1%	\$232.403	0.8%	-\$0.259	-0.5%
May 2, 2011 Forecast		\$381.451	-1.0%	\$9.050	2.3%	\$238.303	-37.5%	\$7.717	0.6%	\$240.300	0.8%	\$7.897	0.1%
Budget Division													
November 5, 2010 Forecast		\$377.300	-2.0%			\$236.900	-37.2%			\$241.600	2.0%		
December 1, 2010 Forecast		\$372.800	-3.2%	-\$4.500	-1.2%	\$224.800	-39.7%	-\$12.100	-2.5%	\$230.400	2.5%	-\$11.200	0.5%
May 2, 2011 Forecast		\$375.700	-2.4%	\$2.900	0.8%	\$233.700	-37.8%	\$8.900	1.9%	\$237.900	1.8%	\$7.500	-0.7%

TABLE 7
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2011, FY 2012, AND FY 2013
Comparison of May 2, 2011; December 1, 2010; and November 5, 2010 Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2010 Actual	FY 2011 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2012 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2013 Forecast	% Change	Dollar Difference:	Growth Difference:
ROOM TAX	\$97.672												
Economic Forum¹		\$104.120	6.6%										
Agency													
November 5, 2010 Forecast		\$102.034	4.5%										
December 1, 2010 Forecast		\$102.689	5.1%	\$0.655	0.7%								
May 2, 2011 Forecast		\$107.683	10.3%	\$4.995	5.1%								
Fiscal Division													
November 5, 2010 Forecast		\$103.346	5.8%										
December 1, 2010 Forecast		\$104.120	6.6%	\$0.774	0.8%								
May 2, 2011 Forecast		\$108.519	11.1%	\$4.399	4.5%								
Budget Division													
November 5, 2010 Forecast		\$101.900	4.3%										
December 1, 2010 Forecast		\$104.700	7.2%	\$2.800	2.9%								
May 2, 2011 Forecast		\$105.700	8.2%	\$1.000	1.0%								

TABLE 7
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2011, FY 2012, AND FY 2013
Comparison of May 2, 2011; December 1, 2010; and November 5, 2010 Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2010 Actual	FY 2011 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2012 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2013 Forecast	% Change	Dollar Difference:	Growth Difference:
TOTAL - MAJOR REVENUES	\$2,264.117												
Economic Forum¹		\$2,283.126	0.8%			\$2,066.765	-9.5%			\$2,129.987	3.1%		
Agency													
November 5, 2010 Forecast		\$2,317.922	2.4%			\$2,115.289	-8.7%			\$2,163.005	2.3%		
December 1, 2010 Forecast		\$2,316.736	2.3%	-\$1.186	-0.1%	\$2,116.678	-8.6%	\$1.389	0.1%	\$2,178.266	2.9%	\$15.261	0.7%
May 2, 2011 Forecast		\$2,320.248	2.5%	\$3.512	0.2%	\$2,114.882	-8.9%	-\$1.795	-0.2%	\$2,190.415	3.6%	\$12.148	0.7%
Fiscal Division													
November 5, 2010 Forecast		\$2,267.819	0.2%			\$2,046.856	-9.7%			\$2,111.334	3.2%		
December 1, 2010 Forecast		\$2,284.071	0.9%	\$16.252	0.7%	\$2,071.434	-9.3%	\$24.578	0.4%	\$2,139.112	3.3%	\$27.778	0.1%
May 2, 2011 Forecast		\$2,336.765	3.2%	\$52.694	2.3%	\$2,126.969	-9.0%	\$55.535	0.3%	\$2,200.963	3.5%	\$61.851	0.2%
Budget Division													
November 5, 2010 Forecast		\$2,279.400	0.7%			\$2,064.600	-9.4%			\$2,117.700	2.6%		
December 1, 2010 Forecast		\$2,277.000	0.6%	-\$2.400	-0.1%	\$2,049.800	-10.0%	-\$14.800	-0.6%	\$2,095.300	2.2%	-\$22.400	-0.4%
May 2, 2011 Forecast		\$2,310.000	2.0%	\$33.000	1.5%	\$2,114.600	-8.5%	\$64.800	1.5%	\$2,169.200	2.6%	\$73.900	0.4%
TOTAL - ALL OTHER	\$742.903												
Economic Forum¹		\$804.715	8.3%			\$538.465	-33.1%			\$602.990	12.0%		
Agency													
November 5, 2010 Forecast		\$817.811	10.1%			\$539.366	-34.0%			\$603.381	11.9%		
December 1, 2010 Forecast		\$817.845	10.1%	\$0.034	0.0%	\$539.266	-34.1%	-\$0.100	0.0%	\$603.283	11.9%	-\$0.099	0.0%
May 2, 2011 Forecast		\$835.939	12.5%	\$18.094	2.4%	\$544.430	-34.9%	\$5.164	-0.8%	\$618.364	13.6%	\$15.081	1.7%
Fiscal Division													
November 5, 2010 Forecast		\$818.237	10.1%			\$538.908	-34.1%			\$603.001	11.9%		
December 1, 2010 Forecast		\$804.877	8.3%	-\$13.360	-1.8%	\$538.489	-33.1%	-\$0.419	1.0%	\$603.035	12.0%	\$0.034	0.1%
May 2, 2011 Forecast		\$841.023	13.2%	\$36.147	4.9%	\$550.770	-34.5%	\$12.281	-1.4%	\$627.219	13.9%	\$24.184	1.9%
Budget Division													
November 5, 2010 Forecast		\$816.181	9.9%			\$535.790	-34.4%			\$599.233	11.8%		
December 1, 2010 Forecast		\$804.242	8.3%	-\$11.938	-1.6%	\$536.360	-33.3%	\$0.570	1.0%	\$600.047	11.9%	\$0.814	0.0%
May 2, 2011 Forecast		\$842.847	13.5%	\$38.605	5.2%	\$552.576	-34.4%	\$16.216	-1.1%	\$627.058	13.5%	\$27.011	1.6%
TOTAL GF REVENUE	\$3,007.020												
Economic Forum¹		\$3,087.841	2.7%			\$2,605.230	-15.6%			\$2,732.977	4.9%		
Agency													
November 5, 2010 Forecast		\$3,135.733	4.3%			\$2,654.655	-15.3%			\$2,766.386	4.2%		
December 1, 2010 Forecast		\$3,134.581	4.2%	-\$1.152	0.0%	\$2,655.944	-15.3%	\$1.289	0.1%	\$2,781.549	4.7%	\$15.163	0.5%
May 2, 2011 Forecast		\$3,156.188	5.0%	\$21.606	0.7%	\$2,659.313	-15.7%	\$3.369	-0.5%	\$2,808.779	5.6%	\$27.230	0.9%
Fiscal Division													
November 5, 2010 Forecast		\$3,086.056	2.6%			\$2,585.764	-16.2%			\$2,714.335	5.0%		
December 1, 2010 Forecast		\$3,088.948	2.7%	\$2.892	0.1%	\$2,609.923	-15.5%	\$24.159	0.7%	\$2,742.147	5.1%	\$27.812	0.1%
May 2, 2011 Forecast		\$3,177.788	5.7%	\$88.841	3.0%	\$2,677.739	-15.7%	\$67.816	-0.2%	\$2,828.182	5.6%	\$86.035	0.6%
Budget Division													
November 5, 2010 Forecast		\$3,095.581	2.9%			\$2,600.390	-16.0%			\$2,716.933	4.5%		
December 1, 2010 Forecast		\$3,081.242	2.5%	-\$14.338	-0.5%	\$2,586.160	-16.1%	-\$14.230	-0.1%	\$2,695.347	4.2%	-\$21.586	-0.3%
May 2, 2011 Forecast		\$3,152.847	4.8%	\$71.605	2.4%	\$2,667.176	-15.4%	\$81.016	0.7%	\$2,796.258	4.8%	\$100.911	0.6%

¹Represents the Economic Forum December 1, 2010, Forecast for Major Revenues and Technical Advisory Committee Forecast for Non-Major Revenues approved at its April 26, 2011, Meeting.

TABLE 5

Technical Advisory Committee Forecasts for Selected Revenues: FY 2011, FY 2012, and FY 2013

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 2, 2011, Meeting: 4/29/11 12:00 PM

	FY 2010	FY 2011			FY 2012			FY 2013			2011-2013 Biennium		
	Actual: Millions \$'s	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ¹	% Change
Cigarette Tax	\$88.551												
Technical Advisory Committee ²		\$85.116	-\$3.435	-3.9%	\$83.769	-\$1.347	-1.6%	\$82.542	-\$1.227	-1.5%	\$166.311	-\$7.356	-4.2%
Agency		\$84.983	-\$3.568	-4.0%	\$84.399	-\$0.584	-0.7%	\$83.608	-\$0.791	-0.9%	\$168.007	-\$5.527	-3.2%
Fiscal Division		\$85.383	-\$3.168	-3.6%	\$83.626	-\$1.757	-2.1%	\$82.400	-\$1.226	-1.5%	\$166.026	-\$7.908	-4.5%
Budget Division		\$84.983	-\$3.568	-4.0%	\$83.283	-\$1.700	-2.0%	\$81.618	-\$1.665	-2.0%	\$164.901	-\$8.633	-5.0%
SOS - Commercial Filings	\$68.685												
Technical Advisory Committee ²		\$74.188	\$5.503	8.0%	\$75.672	\$1.484	2.0%	\$77.185	\$1.513	2.0%	\$152.857	\$9.984	7.0%
Agency		\$70.058	\$1.373	2.0%	\$70.058	\$0.000	0.0%	\$70.058	\$0.000	0.0%	\$140.116	\$1.373	1.0%
Fiscal Division		\$72.000	\$3.315	4.8%	\$73.440	\$1.440	2.0%	\$75.276	\$1.836	2.5%	\$148.716	\$8.031	5.7%
Budget Division		\$76.375	\$7.690	11.2%	\$77.849	\$1.474	1.9%	\$79.352	\$1.503	1.9%	\$157.201	\$12.141	8.4%
SOS - Securities	\$20.350												
Technical Advisory Committee ²		\$24.280	\$3.930	19.3%	\$24.171	-\$0.109	-0.4%	\$24.292	\$0.121	0.5%	\$48.463	\$3.833	8.6%
Agency		\$24.460	\$4.110	20.2%	\$24.000	-\$0.460	-1.9%	\$24.000	\$0.000	0.0%	\$48.000	\$3.190	7.1%
Fiscal Division		\$24.100	\$3.750	18.4%	\$24.341	\$0.241	1.0%	\$24.584	\$0.243	1.0%	\$48.925	\$4.475	10.1%
Budget Division		\$24.460	\$4.110	20.2%	\$24.000	-\$0.460	-1.9%	\$24.000	\$0.000	0.0%	\$48.000	\$3.190	7.1%
Governmental Services Tax	\$51.331												
Technical Advisory Committee ²		\$60.848	\$9.517	18.5%	\$60.951	\$0.103	0.2%	\$61.054	\$0.103	0.2%	\$122.005	\$9.826	8.8%
Agency		\$61.012	\$9.681	18.9%	\$61.012	\$0.000	0.0%	\$61.012	\$0.000	0.0%	\$122.024	\$9.681	8.6%
Fiscal Division		\$61.533	\$10.202	19.9%	\$61.841	\$0.308	0.5%	\$62.150	\$0.309	0.5%	\$123.991	\$11.127	9.9%
Budget Division		\$60.000	\$8.669	16.9%	\$60.000	\$0.000	0.0%	\$60.000	\$0.000	0.0%	\$120.000	\$8.669	7.8%
Unclaimed Property	\$66.202												
Technical Advisory Committee ²		\$69.340	\$3.138	4.7%	\$51.000	-\$18.340	-26.4%	\$51.000	\$0.000	0.0%	\$102.000	-\$33.542	-24.7%
Agency		\$69.340	\$3.138	4.7%	\$51.000	-\$18.340	-26.4%	\$51.000	\$0.000	0.0%	\$102.000	-\$33.542	-24.7%
Fiscal Division		\$69.340	\$3.138	4.7%	\$51.000	-\$18.340	-26.4%	\$51.000	\$0.000	0.0%	\$102.000	-\$33.542	-24.7%
Budget Division		\$69.340	\$3.138	4.7%	\$51.000	-\$18.340	-26.4%	\$51.000	\$0.000	0.0%	\$102.000	-\$33.542	-24.7%
Net Proceeds of Minerals Tax	\$76.351												
Technical Advisory Committee ²		\$82.500	\$6.149	8.1%	\$0.000	-\$82.500		\$69.000	\$69.000		\$69.000	-\$89.851	-56.6%
Agency		\$82.500	\$6.149	8.1%	\$0.000	-\$82.500		\$69.000	\$69.000		\$69.000	-\$89.851	-56.6%
Fiscal Division		\$82.500	\$6.149	8.1%	\$0.000	-\$82.500		\$69.000	\$69.000		\$69.000	-\$89.851	-56.6%
Budget Division		\$82.500	\$6.149	8.1%	\$0.000	-\$82.500		\$69.000	\$69.000		\$69.000	-\$89.851	-56.6%
Liquor Tax	\$38.425												
Technical Advisory Committee ²		\$39.141	\$0.716	1.9%	\$39.447	\$0.306	0.8%	\$39.813	\$0.366	0.9%	\$79.260	\$1.694	2.2%
Agency		\$38.355	-\$0.070	-0.2%	\$38.656	\$0.301	0.8%	\$39.025	\$0.369	1.0%	\$77.681	\$0.901	1.2%
Fiscal Division		\$38.927	\$0.502	1.3%	\$39.224	\$0.297	0.8%	\$39.558	\$0.334	0.9%	\$78.782	\$1.430	1.8%
Budget Division		\$39.355	\$0.930	2.4%	\$39.670	\$0.315	0.8%	\$40.067	\$0.397	1.0%	\$79.737	\$1.957	2.5%

TABLE 5

Technical Advisory Committee Forecasts for Selected Revenues: FY 2011, FY 2012, and FY 2013

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 2, 2011, Meeting: 4/29/11 12:00 PM

	FY 2010	FY 2011			FY 2012			FY 2013			2011-2013 Biennium		
	Actual: Millions \$'s	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change	% Change	Forecast: Millions \$'s	\$ Change ¹	% Change
Short-Term Car Lease	\$33.579												
Technical Advisory Committee ²		\$38.803	\$5.224	15.6%	\$39.620	\$0.817	2.1%	\$40.120	\$0.500	1.3%	\$79.740	\$7.358	10.2%
Agency		\$38.934	\$5.355	15.9%	\$39.595	\$0.661	1.7%	\$39.780	\$0.185	0.5%	\$79.375	\$6.862	9.5%
Fiscal Division		\$38.671	\$5.092	15.2%	\$39.644	\$0.973	2.5%	\$40.459	\$0.815	2.1%	\$80.103	\$7.853	10.9%
Budget Division		\$38.934	\$5.355	15.9%	\$39.595	\$0.661	1.7%	\$39.780	\$0.185	0.5%	\$79.375	\$6.862	9.5%
Business License Fee	\$41.940												
Technical Advisory Committee ²		\$54.773	\$12.833	30.6%	\$29.949	-\$24.824	-45.3%	\$30.100	\$0.151	0.5%	\$60.049	-\$36.664	-37.9%
Agency		\$54.219	\$12.279	29.3%	\$29.522	-\$24.697	-45.6%	\$29.522	\$0.000	0.0%	\$59.044	-\$37.115	-38.6%
Fiscal Division		\$55.328	\$13.388	31.9%	\$30.376	-\$24.952	-45.1%	\$30.678	\$0.302	1.0%	\$61.054	-\$36.214	-37.2%
Budget Division		\$54.219	\$12.279	29.3%	\$29.522	-\$24.697	-45.6%	\$29.522	\$0.000	0.0%	\$59.044	-\$37.115	-38.6%
Live Entertainment Tax - Nongaming	\$11.476												
Technical Advisory Committee ²		\$11.781	\$0.305	2.7%	\$10.909	-\$0.872	-7.4%	\$11.337	\$0.428	3.9%	\$22.246	-\$1.011	-4.3%
Agency		\$11.760	\$0.284	2.5%	\$11.566	-\$0.194	-1.6%	\$12.217	\$0.651	5.6%	\$23.783	\$0.547	2.4%
Fiscal Division		\$11.801	\$0.325	2.8%	\$10.251	-\$1.550	-13.1%	\$10.456	\$0.205	2.0%	\$20.707	-\$2.570	-11.0%
Budget Division		\$11.760	\$0.284	2.5%	\$11.566	-\$0.194	-1.6%	\$12.217	\$0.651	5.6%	\$23.783	\$0.547	2.4%
Interest Income	\$2.373												
Technical Advisory Committee ²		\$0.974	-\$1.399	-59.0%	\$1.682	\$0.708	72.7%	\$5.698	\$4.016	238.8%	\$7.380	\$4.033	120.5%
Agency		\$0.974	-\$1.399	-59.0%	\$1.682	\$0.708	72.7%	\$5.698	\$4.016	238.8%	\$7.380	\$4.033	120.5%
Fiscal Division		\$0.974	-\$1.399	-59.0%	\$1.682	\$0.708	72.7%	\$5.698	\$4.016	238.8%	\$7.380	\$4.033	120.5%
Budget Division		\$0.974	-\$1.399	-59.0%	\$1.682	\$0.708	72.7%	\$5.698	\$4.016	238.8%	\$7.380	\$4.033	120.5%
TOTAL - 11 Selected Revenues	\$499.262												
Technical Advisory Committee ²		\$541.744	\$42.482	8.5%	\$417.170	-\$124.574	-23.0%	\$492.141	\$74.971	18.0%	\$909.311	-\$131.695	-12.7%
Agency		\$536.595	\$37.333	7.5%	\$411.490	-\$125.105	-23.3%	\$484.920	\$73.430	17.8%	\$896.410	-\$139.447	-13.5%
Fiscal Division		\$540.557	\$41.295	8.3%	\$415.425	-\$125.132	-23.1%	\$491.259	\$75.834	18.3%	\$906.684	-\$133.135	-12.8%
Budget Division		\$542.900	\$43.638	8.7%	\$418.167	-\$124.733	-23.0%	\$492.254	\$74.087	17.7%	\$910.421	-\$131.741	-12.6%

¹ Represents the difference between the total for the 2011-13 biennium (FY 2012 and FY 2013 forecasts) and the total for the 2009-11 biennium (FY 2010 actual and FY 2011 forecast).² Technical Advisory Committee April 26, 2011, Forecast.

TABLE 6
ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST
TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 26, 2011, MEETING
FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L. NO.	DESCRIPTION	FY 2010 ACTUAL [a.]	ECONOMIC FORUM FORECAST			
			FY 2011	%	FY 2012	FY 2013
	TAXES					
	PROPERTY/MINE					
3064	Net Proceeds of Minerals [19-FY10]	\$76,350,861	\$82,500,000	8.1%		\$69,000,000
3241	Net Proceeds Penalty	\$301,761	\$1,000	-99.7%		\$50,000
3245	Centrally Assessed Penalties	\$178,099	\$50,000	-71.9%	\$50,000	\$50,000
3116	Mining Claims Fee [20-FY10]	\$17,150	\$18,750,000			
	TOTAL PROPERTY/MINE TAX	\$76,847,872	\$101,301,000	31.8%	\$50,000	\$69,100,000
	SALES AND USE					
3001	Sales and Use Tax [1-FY10]	\$755,344,243				
3002	State Share - LSST [1-FY10]	\$7,264,043				
3003	State Share - BCCRT [1-FY10]	\$3,268,705				
3004	State Share - SCCRT [1-FY10]	\$11,442,957				
3005	State Share - PTT [1-FY10]	\$7,028,623				
	TOTAL SALES AND USE	\$784,348,571				
	GAMING - STATE					
3032	Pari-mutuel Tax	\$4,217	\$3,800	-9.9%	\$4,000	\$4,000
3181	Racing Fees	\$13,513	\$13,000	-3.8%	\$13,000	\$13,000
3247	Racing Fines/Forfeitures	\$810	\$1,000	23.5%	\$1,000	\$1,000
3041	Percent Fees - Gross Revenue	\$630,526,019				
3042	Gaming Penalties	\$1,030,064	\$1,031,800	0.2%	\$875,000	\$900,000
3043	Flat Fees-Restricted Slots	\$8,578,006	\$8,426,800	-1.8%	\$8,402,500	\$8,560,500
3044	Non-Restricted Slots	\$12,425,211	\$12,335,000	-0.7%	\$12,312,600	\$12,485,600
3045	Quarterly Fees-Games	\$6,699,150	\$6,705,800	0.1%	\$6,737,100	\$6,825,800
3046	Advance License Fees	\$8,663,395	\$1,566,800	-81.9%	\$1,200,000	\$1,500,000
3048	Slot Machine Route Operator	\$37,000	\$36,000	-2.7%	\$37,000	\$38,000
3049	Gaming Info Systems Annual	\$12,000	\$18,000	50.0%	\$18,000	\$18,000
3033	Equip Mfg. License	\$228,500	\$246,500	7.9%	\$248,000	\$249,500
3034	Race Wire License	\$15,884	\$29,000	82.6%	\$31,500	\$35,000
3035	Annual Fees on Games	\$134,225	\$134,300	0.1%	\$127,000	\$120,000
	TOTAL GAMING - STATE	\$668,367,995	\$30,547,800	-95.4%	\$30,006,700	\$30,750,400
	LIVE ENTERTAINMENT TAX					
3031G	Live Entertainment Tax-Gaming	\$108,244,011				
3031NG	Live Entertainment Tax-Nongaming	\$11,475,519	\$11,781,000	2.7%	\$10,909,000	\$11,337,000
	Total Casino/Live Entertainment Tax	\$119,719,530	\$11,781,000	-90.2%	\$10,909,000	\$11,337,000
	INSURANCE TAXES					
3061	Insurance Premium Tax [21-FY10]	\$233,905,463				
3062	Insurance Retaliatory Tax	\$60,019	\$70,000	16.6%	\$70,000	\$70,000
3067	Captive Insurer Premium Tax	\$583,747	\$748,500	28.2%	\$570,000	\$575,000
	TOTAL INSURANCE TAXES	\$234,549,230	\$818,500	-99.7%	\$640,000	\$645,000
	MODIFIED BUSINESS TAX					
3069NF	Modified Business Tax - Nonfinancial [2-FY10]	\$363,411,521				
3069F	Modified Business Tax - Financial	\$21,698,267				
	Total Modified Business Tax	\$385,109,788				
	CIGARETTE TAX					
3052	Cigarette Tax [3-FY10]	\$88,550,857	\$85,116,000	-3.9%	\$83,769,000	\$82,542,000
	REAL PROPERTY TRANSFER TAX					
3055	Real Property Transfer Tax	\$53,315,435				
	ROOM TAX					
3057	Room Tax [4-FY10]	\$97,671,733				
	GOVERNMENTAL SERVICES TAX (GST)					
3051	Governmental Services Tax [5-FY10]	\$51,330,663	\$60,848,000	18.5%	\$60,951,000	\$61,054,000
	OTHER TAXES					
3113	Business License Fee [6-FY10]	\$41,940,370	\$54,773,000	30.6%	\$29,949,000	\$30,100,000
3050	Liquor Tax [7-FY10]	\$38,425,078	\$39,141,000	1.9%	\$39,447,000	\$39,813,000
3053	Other Tobacco Tax [8-FY10]	\$9,574,952	\$10,026,000	4.7%	\$10,156,000	\$10,291,000
4862	HECC Transfer	\$5,000,000	\$5,000,000		\$5,000,000	\$5,000,000
3065	Business License Tax	\$8,381	\$12,000	43.2%	\$5,000	\$5,000
3068	Branch Bank Excise Tax	\$3,378,900	\$3,087,000	-8.6%	\$3,101,000	\$3,119,000
	TOTAL TAXES	\$2,658,139,354	\$402,451,300	-84.9%	\$273,983,700	\$343,756,400

TABLE 6
ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST
TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 26, 2011, MEETING
FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L. NO.	DESCRIPTION	FY 2010 ACTUAL [a.]	ECONOMIC FORUM FORECAST			
			FY 2011	%	FY 2012	FY 2013
	LICENSES					
3101	Insurance Licenses	\$15,376,278	\$16,200,000	5.4%	\$16,362,000	\$16,526,000
3120	Marriage Licenses	\$419,295	\$419,900	0.1%	\$398,000	\$376,100
	SECRETARY OF STATE					
3105	UCC [23-FY10]	\$1,326,105	\$1,725,000	30.1%	\$1,775,000	\$1,825,000
3106	Las Vegas Commercial Filings [23-FY10]	\$3,487,231	\$3,116,000	-10.6%	\$3,116,000	\$3,116,000
3129	Notary Fees [23-FY10]	\$573,417	\$603,000	5.2%	\$606,000	\$609,000
3130	Commercial Recordings [9-FY10][23-FY10]	\$65,197,355	\$71,072,000	9.0%	\$72,556,000	\$74,069,000
3131	Video Service Franchise	\$28,500				
3121	Domestic Partnership Registry Fee [23-FY10]		\$48,000		\$48,000	\$48,000
3152	Securities [23-FY10]	\$20,349,692	\$24,280,000	19.3%	\$24,171,000	\$24,292,000
	TOTAL SECRETARY OF STATE	\$90,962,300	\$100,844,000	10.9%	\$102,272,000	\$103,959,000
3172	Private School Licenses	\$207,304	\$221,000	6.6%	\$223,500	\$229,200
3173	Private Employment Agency	\$14,700	\$13,000	-11.6%	\$13,000	\$13,000
	REAL ESTATE					
3161	Real Estate Licenses	\$2,605,804	\$2,363,000	-9.3%	\$4,303,000	\$4,085,000
3162	Real Estate Fees	\$4,370	\$5,300	21.3%	\$3,900	\$3,600
	TOTAL REAL ESTATE	\$2,610,174	\$2,368,300	-9.3%	\$4,306,900	\$4,088,600
3102	Athletic Commission Fees [24-FY10]	\$2,946,092	\$2,908,000	-1.3%	\$4,000,000	\$4,000,000
	TOTAL LICENSES	\$112,536,143	\$122,974,200	9.3%	\$127,575,400	\$129,191,900
	FEES AND FINES					
3200	Vital Statistics Fees [25-FY10]	\$791,398	\$927,600	17.2%	\$1,139,600	\$1,125,600
3203	Divorce Fees	\$187,816	\$183,300	-2.4%	\$182,300	\$181,400
3204	Civil Action Fees	\$1,438,379	\$1,414,200	-1.7%	\$1,434,100	\$1,453,900
3242	Insurance Fines	\$816,140	\$568,400	-30.4%	\$800,000	\$800,000
3103MD	Medical Discount Pan Reg. Fees	\$10,500	\$12,000	14.3%	\$11,000	\$11,500
	REAL ESTATE FEES					
3107IOS	IOS Application Fees	\$11,100	\$8,100	-27.0%	\$8,000	\$8,000
3165	Land Co Filing Fees	\$133,270	\$112,200	-15.8%	\$108,000	\$97,000
3166	Land Co Sales Reg Rep Fee					
3167	Real Estate Adver Fees	\$4,115	\$5,800	40.9%	\$3,200	\$2,900
3169	Real Estate Reg Fees	\$14,920	\$12,300	-17.6%	\$9,000	\$10,000
4741	Real Estate Exam Fees	\$234,133	\$193,700	-17.3%	\$184,000	\$175,000
3171	CAM Certification Fees	\$57,645	\$57,300	-0.6%	\$55,000	\$55,000
3178	Real Estate Accred Fees	\$89,650	\$77,200	-13.9%	\$70,000	\$70,000
3254	Real Estate Penalties	\$83,320	\$69,800	-16.2%	\$70,000	\$70,000
3190	A.B. 165, Real Estate Inspectors	\$58,970	\$44,800	-24.0%	\$44,000	\$45,000
	TOTAL REAL ESTATE FEES	\$687,123	\$581,200	-15.4%	\$551,200	\$532,900
3066	Short Term Car Lease [10-FY10]	\$33,579,292	\$38,803,000	15.6%	\$39,620,000	\$40,120,000
3103AC	Athletic Commission Licenses/Fines	\$179,125	\$121,900	-31.9%	\$188,100	\$188,100
3205	State Engineer Sales [11-FY10]	\$3,026,422	\$3,000,000	-0.9%	\$2,400,000	\$2,400,000
3206	Supreme Court Fees	\$202,075	\$202,100	0.0%	\$202,100	\$202,100
3115	Notice of Default Fee [26-FY10]	\$2,442,525	\$8,658,000	254.5%	\$7,514,000	\$7,056,000
3271	Misc Fines/Fort	\$1,896,987	\$2,206,400	16.3%	\$1,459,900	\$336,100
	TOTAL FEES AND FINES	\$45,257,781	\$56,678,100	25.2%	\$55,502,300	\$54,407,600

TABLE 6
ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST
TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 26, 2011, MEETING
FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L.		FY 2010 ACTUAL [a.]	ECONOMIC FORUM FORECAST			
NO.	DESCRIPTION		FY 2011	%	FY 2012	FY 2013
USE OF MONEY AND PROPERTY						
4420	Lyon County Repayments					
OTHER REPAYMENTS						
4401	Higher Education Tuition Admin					
4403	Forestry Nurseries Fund Repayment (05-M27)	\$20,670	\$20,670		\$20,670	\$20,670
4404	Bldg and Grounds Repayments					
4404	CIP 95-C14, Mailroom Remodel					
4408	Comp/Fac Repayment	\$23,744	\$23,744		\$23,744	\$23,744
4408	CIP 95-M1, Security Alarm	\$2,998	\$2,998		\$2,998	\$2,998
4408	CIP 95-M5, Facility Generator	\$6,874	\$6,874		\$6,874	\$6,874
4408	CIP 95-S4F, Advance Planning	\$1,000	\$1,000		\$1,000	\$1,000
4408	CIP 97-C26, Capitol Complex Conduit System, Phase I	\$62,542	\$62,542		\$62,542	\$62,542
4408	CIP 97-S4H, Advance Planning Addition to Computer Facility	\$9,107	\$9,107		\$9,107	\$9,107
4408	S.B. 201, 1997; Cost of PBX System					
4408	A.B. 576-Virtual Tape Storage	\$463,444				
4408	DoIT Repayment - April 9, 2008 IFC					
4409	Motor Pool Repay - Carson					
4409	Motor Pool Repay - Reno	\$24,385				
4409	Motor Pool Repay - LV	\$6,630				
4410	Purchasing Repayment					
4402	State Personnel IFS Repayment; S.B. 201, 1997 Legislature	\$970,267	\$970,267		\$236,084	\$326,659
TOTAL OTHER REPAYMENTS		\$1,591,661	\$1,097,202	-31.1%	\$363,019	\$453,594
4406	Marlette Repayment	\$10,512	\$9,033			
INTEREST INCOME						
3290	Treasurer	\$2,373,219	\$974,000	-59.0%	\$1,682,000	\$5,698,000
3291	Other	\$13,041	\$132,500	916.0%	\$132,500	\$132,500
TOTAL INTEREST INCOME		\$2,386,259	\$1,106,500	-53.6%	\$1,814,500	\$5,830,500
TOTAL USE OF MONEY AND PROPERTY		\$3,988,432	\$2,212,735	-44.5%	\$2,177,519	\$6,284,094
OTHER REVENUE						
3059	Hoover Dam Revenue	\$300,000	\$300,000		\$300,000	\$300,000
MISC SALES AND REFUNDS						
3071	Property Tax: 4-cent operating rate (Clark & Washoe) [13-FY10]	\$36,448,071	\$29,523,000	-19.0%		
3070	Property Tax: 5-cent capital rate (Clark & Washoe) [14-FY10]	\$34,690,823	\$23,618,400	-31.9%		
4792	Room Tax: State 3/8 of 1% Rate [15-FY10]	\$2,334,563	\$3,265,400	39.9%		
4791	Insurance Verification Fees [17-FY10]	\$7,000,000	\$750,000	-89.3%		
4790	Suppl. Account for Med. Assist. To Indigent [18-FY10]	\$25,199,365	\$21,206,400	-15.8%		
3081	Clean Water Coalition-Clark County [27-FY10]		\$62,000,000			
4793	Lobbyist Registration Fee [28-FY10]		\$100,000			
3107	Misc Fees	\$252,176	\$403,000	59.8%	\$206,600	\$206,800
3109	Court Administrative Assessments [16-FY10]	\$4,580,172	\$4,888,000	6.7%		
3114	Court Administrative Assessment Fee [29-FY10]	\$271,461	\$2,125,000		\$2,125,000	\$2,125,000
3150	Telemarketing Fees					
3168	Declare of Candidacy Filing Fee	\$63,767	\$30,000	-53.0%	\$30,000	\$30,000
3202	Fees and Writs of Garnishments	\$3,130	\$3,100	-1.0%	\$3,200	\$3,400
3220	Nevada Report Sales	\$9,335	\$8,700	-6.8%	\$6,800	\$7,000
3222	Excess Property Sales	\$32,385	\$37,400	15.5%	\$37,400	\$37,400
3240	Sale of Trust Property	\$3,038	\$6,700	120.5%	\$6,700	\$6,700
3243	Insurance - Misc	\$516,856	\$513,000	-0.7%	\$514,000	\$515,000
3250	Telemarketing Fines					
3272	Misc Refunds					
3274	Misc Refunds	\$42,508	\$37,800	-11.1%	\$38,000	\$38,000
3276	Cost Recovery Plan	\$9,148,627	\$9,137,700	-0.1%	\$8,495,300	\$8,470,700
TOTAL MISC SALES AND REFUNDS		\$120,596,278	\$157,653,600	30.7%	\$11,463,000	\$11,440,000
3255	Unclaimed Property [12-FY10][30-FY10][31-FY10]	\$66,201,764	\$69,340,000	4.7%	\$51,000,000	\$51,000,000
TOTAL OTHER REVENUE		\$187,098,042	\$227,293,600	21.5%	\$62,763,000	\$62,740,000
TOTAL GENERAL FUND REVENUE		\$3,007,019,753	\$811,609,935	-73.0%	\$522,001,919	\$596,379,994

TABLE 6
ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST
TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 26, 2011, MEETING
FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L. NO.	DESCRIPTION	FY 2010 ACTUAL [a.]	ECONOMIC FORUM FORECAST			
			FY 2011	%	FY 2012	%

NOTES:

[a.] Preliminary - Subject to adjustment based on reconciliation with the Controller's Office and Budget Division.

FY 2010 - Notes 1 to 18 represent legislative actions approved during the 2009 Regular Session.

- [1-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting sales and use taxes from 0.5% to 0.25%, effective July 1, 2009. A.B. 552 also increased the General Fund commission retained by the Department of Taxation for collecting and distributing the sales and use taxes generated by the BCCRT, SCCRT, and local option taxes (did not apply to the LSST) from 0.75% to 1.75%, effective July 1, 2009. Collectively, these changes are estimated to generate an additional \$16,031,800 in FY 2010 and \$16,679,000 in FY 2011. [FY 2010 - State 2%: \$2,007,000 (TCA); LSST: \$1,037,700 (TCA); BCCRT: \$1,946,000 (GFC) + \$3,700 (TCA); SCCRT: \$6,806,700 (GFC) + \$12,800 (TCA); LOPT: \$4,210,000 (GFC) + \$7,900 (TCA) and FY 2011 - State 2%: \$2,049,700 (TCA); LSST: \$1,081,400 (TCA); BCCRT: \$2,028,000 (GFC) + \$3,800 (TCA); SCCRT: \$7,093,600 (GFC) + \$13,300 (TCA); LOPT: \$4,400,900 (GFC) + \$8,300 (TCA) where GFC represents amount due to General Fund Commission rate change and TCA represents amount due to Taxpayer Collection Allowance change.]
- [2-FY10] S.B. 429 changed the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) by creating a two-tiered tax rate in lieu of the single rate of 0.63%, effective July 1, 2009. Under S.B. 429, a nonfinancial business pays a tax rate of 0.5% on all taxable wages (gross wages less allowable health care expenses) up to \$62,500 per quarter, and a rate of 1.17% on taxable wages exceeding \$62,500 per quarter. Estimated to generate an additional \$173,330,000 in FY 2010 and \$172,393,400 in FY 2011. The change to the MBT-General Business sunsets effective June 30, 2011.
- [3-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting cigarette taxes from 0.5% to 0.25%, effective July 1, 2009. This change is estimated to generate an additional \$236,200 in FY 2010 and \$237,300 in FY 2011.
- [4-FY10] Initiative Petition 1 (IP1) approved by the 2009 Legislature and allowed to become law by the Governor imposes up to an additional 3% room tax in Clark and Washoe counties but not to exceed a total combined rate of 13% in any area of each county, effective July 1, 2009. Under IP1, the revenue from the room tax is deposited in the State General Fund for FY 2010 and FY 2011 and is dedicated to K-12 education beginning in FY 2012.
- [5-FY10] S.B. 429 increases the depreciation rates for autos and trucks by 10% in the schedules used to determine the value of a vehicle for the purposes of calculating the Governmental Services Tax (GST) due, effective September 1, 2009. The portion of the GST tax generated from the depreciation schedule change is allocated to the State General Fund, which is estimated to generate \$42,842,800 in FY 2010 and \$51,411,300 in FY 2011. Under S.B. 429, additional revenue generated from the GST is deposited in the General Fund until FY 2013 and is then deposited in the State Highway Fund beginning in FY 2014.
- [6-FY10] S.B. 429 increases the Business License Fee (BLF) by \$100 to \$200 for the initial and annual renewal, effective July 1, 2009. Effective October 1, 2009, A.B. 146 transfers the BLF to the Secretary of State from the Department of Taxation as part of the business portal program and requires all entities filing with the Secretary of State under Title 7 to pay the initial and annual renewal \$200 BLF. It is estimated to generate an additional \$38,254,800 in FY 2010 and \$44,802,600 in FY 2011. Under S.B. 429, the \$100 increase in the BLF sunsets effective June 30, 2011.
- [7-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting liquor taxes from 0.5% to 0.25%, effective July 1, 2009. Estimated to generate an additional \$100,400 in FY 2010 and \$102,800 in FY 2011.
- [8-FY10] A.B. 552 lowered the collection allowance provided to a taxpayer for collecting and remitting other tobacco taxes from 0.5% to 0.25%, effective July 1, 2009. Estimated to generate an additional \$23,560 in FY 2010 and \$24,270 in FY 2011.
- [9-FY10] Effective July 1, 2009, S.B. 53 requires fees collected for expedite services provided by the Secretary of State to business entities to be deposited in the State General Fund. Estimated to generate \$2,272,569 in FY 2010 and \$1,818,056 in FY 2011.
- [10-FY10] Effective October 1, 2009, S.B. 234 increases the state rate imposed on the short-term rental of a vehicle from 6.0% to 10.0% with the proceeds equivalent to 9.0% deposited in the State General Fund and 1.0% deposited in the State Highway Fund (maintains provisions of A.B. 595 from the 2007 Session). S.B. 234 eliminates the 4.0% recovery surcharge and allows short-term car rental companies to impose a surcharge to recover their vehicle licensing and registration costs. Estimated to generate an additional \$9,883,900 in FY 2010 and \$13,565,000 in FY 2011.
- [11-FY10] A.B. 480 increases various fees collected by the State Engineer for examining and filing applications and issuing and recording permits, effective July 1, 2009. Estimated to generate an additional \$900,000 in FY 2010 and FY 2011.
- [12-FY10] A.B. 562 redirects \$3,800,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2010 and FY 2011.
- [13-FY10] A.B. 543 requires Clark County and Washoe County to allocate the equivalent of 4-cents worth of property tax generated from their operating rate to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$36,010,800 in FY 2010 and \$32,446,600 in FY 2011. (Clark County: \$30,380,500 - FY 2010 and \$27,329,100 - FY 2011) (Washoe County: \$5,630,300 - FY 2010 and \$5,117,500 - FY 2011)
- [14-FY10] A.B. 543 requires Clark County and Washoe County to allocate the equivalent of 3.8 cents in FY 2010 and 3.2 cents in FY 2011 worth of property tax generated from the capital rate imposed pursuant to NRS 354.59815 to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$34,210,300 in FY 2010 and \$25,957,300 in FY 2011. (Clark County: \$28,861,500 - FY 2010 and \$21,863,300 - FY 2011) (Washoe County: \$5,348,800 - FY 2010 and \$4,094,000 - FY 2011)
- [15-FY10] S.B. 431 requires a portion of the revenue generated from the state 3/8 of 1% room tax revenue provided to the Nevada Commission on Tourism to be allocated to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$2,334,563 in FY 2010 and \$3,265,434 in FY 2011.
- [16-FY10] A.B. 531 requires the deposit of the portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the state General Fund, effective July 1, 2009. Estimated to generate \$4,763,532 in FY 2010 and \$6,133,023 in FY 2011.
- [17-FY10] S.B. 431 requires the transfer of the estimated residual amount of revenue generated from Insurance Verification Fees to the State General Fund in FY 2010 and FY 2011. Estimated to generate \$7,000,000 in FY 2010 and \$6,000,000 in FY 2011.
- [18-FY10] S.B. 431 requires the transfer of \$25,199,365 in FY 2010 and \$22,970,977 in FY 2011 from the Supplemental Account for Medical Assistance to Indigent Persons created in the Fund for Hospital Care to Indigent Persons to the State General Fund.

TABLE 6
ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST
TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 26, 2011, MEETING
FY 2011, FY 2012 and FY 2013

Economic Forum May 2, 2011, Meeting - 4/29/11 12:00 PM

G.L. NO.	DESCRIPTION	FY 2010	ECONOMIC FORUM FORECAST					
		ACTUAL [a.]	FY 2011	%	FY 2012	%	FY 2013	%
FY 2010 - Continued: Notes 19 to 31 represent legislative actions approved during the 26th Special Session in February 2010.								
[19-FY10]	Based on information provided to the Fiscal Analysis Division regarding the amount of net proceeds that would be reported to the Department of Taxation on March 1, 2010, pursuant to NRS 362.115 for calendar year 2009 for FY 2010 and information on estimated mining operations for calendar year 2010 and 2011, the Fiscal Analysis Division produced a revised estimate for FY 2010 and FY 2011 for net proceeds of minerals tax of \$71,700,000 and \$62,100,000, respectively. These revised estimates were \$31,700,000 and \$27,100,000 higher than the consensus forecast prepared by the Budget Division/Fiscal Analysis Division on February 1, 2010 of \$40,000,000 for FY 2010 and \$35,000,000 for FY 2011.							
[20-FY10]	Section 47 of A.B. 6 (26th S.S.) creates a new annual mining claim fee based on a progressive graduated fee per mining claim associated with the total number of mining claims held by an entity in Nevada. This new mining claims fee is estimated to generate \$25,700,000 in FY 2011 only as the fee is scheduled to sunset effective June 30, 2011.							
[21-FY10]	The Division of Insurance of the Department of Business and Industry is required to implement a program to perform desk audits of tax returns submitted by insurance companies when filing for the insurance premium tax. This program is estimated to generate an additional \$10,000,000 in insurance premium tax collections in FY 2011.							
[22-FY10]	Section 64 of A.B. 6 (26th S.S.) requires the Department of Taxation 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. It is estimated that the tax amnesty program will generate \$10,000,000 in FY 2011 from all the different applicable taxes, but an estimate of additional revenue expected from each individual revenue source was not prepared.							
[23-FY10]	A.B. 6 (26th S.S.) increased various fees authorized or imposed in NRS associated with activities of the Secretary of State's Office related to securities, commercial recordings, and UCC filing requirements as well as changed the allocation of the portion to the State General Fund for fees associated with notary training and domestic partnerships. The changes were estimated to generate the following amounts in FY 2010 and FY 2011: UCC: \$155,200 - FY 2010 and \$465,600 - FY 2011; Commercial Recordings: \$354,342 - FY 2010 and \$1,063,027 - FY 2011; Notary Fees: \$0 - FY 2010 and \$153,600 - FY 2011; Securities: \$855,314 - FY 2010 and \$4,860,193 - FY 2011; and Domestic Partnerships: \$0 - FY 2010 and \$50,000 - FY 2011.							
[24-FY10]	Section 45 of A.B. 6 (26th S.S.) increases the license fee from 4% to 6% on the gross receipts from admission fees to a live contest or exhibition of unarmed combat, effective July 1, 2010. This fee increase is estimated to generate \$1,250,000 in additional revenue for FY 2011.							
[25-FY10]	A.B. 6 (26th S.S.) requires the current fees specified in NRS 440.700 associated with birth and death certificates to continue to be collected by the State Registrar until the State Registrar establishes new higher fees through regulation. The higher fees imposed through regulation are expected to be effective July 1, 2010, and are estimated to generate an additional \$368,511 in revenue for FY 2011.							
[26-FY10]	Section 31 of A.B. 6 (26th S.S.) imposes a new fee of \$150 per notice of default or election to sell with the proceeds deposited in the State General Fund, effective April 1, 2010. This new notice of default fee is estimated to generate additional General Fund revenue of \$2,760,000 in FY 2010 and \$11,040,000 in FY 2011.							
[27-FY10]	Section 18 of A.B. 6 (26th S.S.) requires the Clean Water Coalition in Clark County to transfer securities and cash in the amount to \$62,000,000 to the State General Fund. The \$62,000,000 in revenue from this transfer is expected to occur in FY 2011.							
[28-FY10]	Section 36 of A.B. 6 (26th S.S.) requires the Legislative Commission to transfer the first \$100,000 in revenue collected from lobbyist registration fees imposed pursuant to NRS 218H.500 to the State General Fund. The \$100,000 transfer to the General Fund is for FY 2011 only as the provisions sunset on June 30, 2011.							
[29-FY10]	Section 34 of A.B. 6 (26th S.S.) increases the administrative assessment amount associated with misdemeanor violation fines by \$5 effective upon passage and approval of A.B. 6 (March 12, 2010). The proceeds from the additional \$5 administrative assessment as part of the sentence for a violation of a misdemeanor are deposited in the State General Fund and is estimated to generate an additional \$192,544 in FY 2010 and \$2,310,530 in FY 2011.							
[30-FY10]	Based on information provided by the Treasurer's Office, the Fiscal Analysis Division revised the estimate for unclaimed property collections to be deposited in the State General Fund to \$52,000,000 in FY 2010 and \$58,081,000 in FY 2011. This revised forecast for unclaimed property proceeds yields an additional \$4,018,000 in FY 2010 and \$15,000,000 in FY 2011 above the February 1, 2010, consensus forecast of \$47,919,000 for FY 2010 and \$43,081,000 for FY 2011 prepared by the Budget Division/Fiscal Division based on information provided by the Treasurer's Office.							
[31-FY10]	Section 1 of A.B. 3 (26th S.S.) redirects the full \$7,600,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer from the Millennium Scholarship Trust Fund in FY 2010 and FY 2011. A.B. 562 (75th Session) redirected \$3,800,000 to the General Fund of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2010 and FY 2011. The net effect of the provisions of A.B. 3 is an additional \$3,800,000 in General Fund revenue in FY 2010 and FY 2011 from unclaimed property proceeds.							

