

Economic Outlook and Tax Forecast

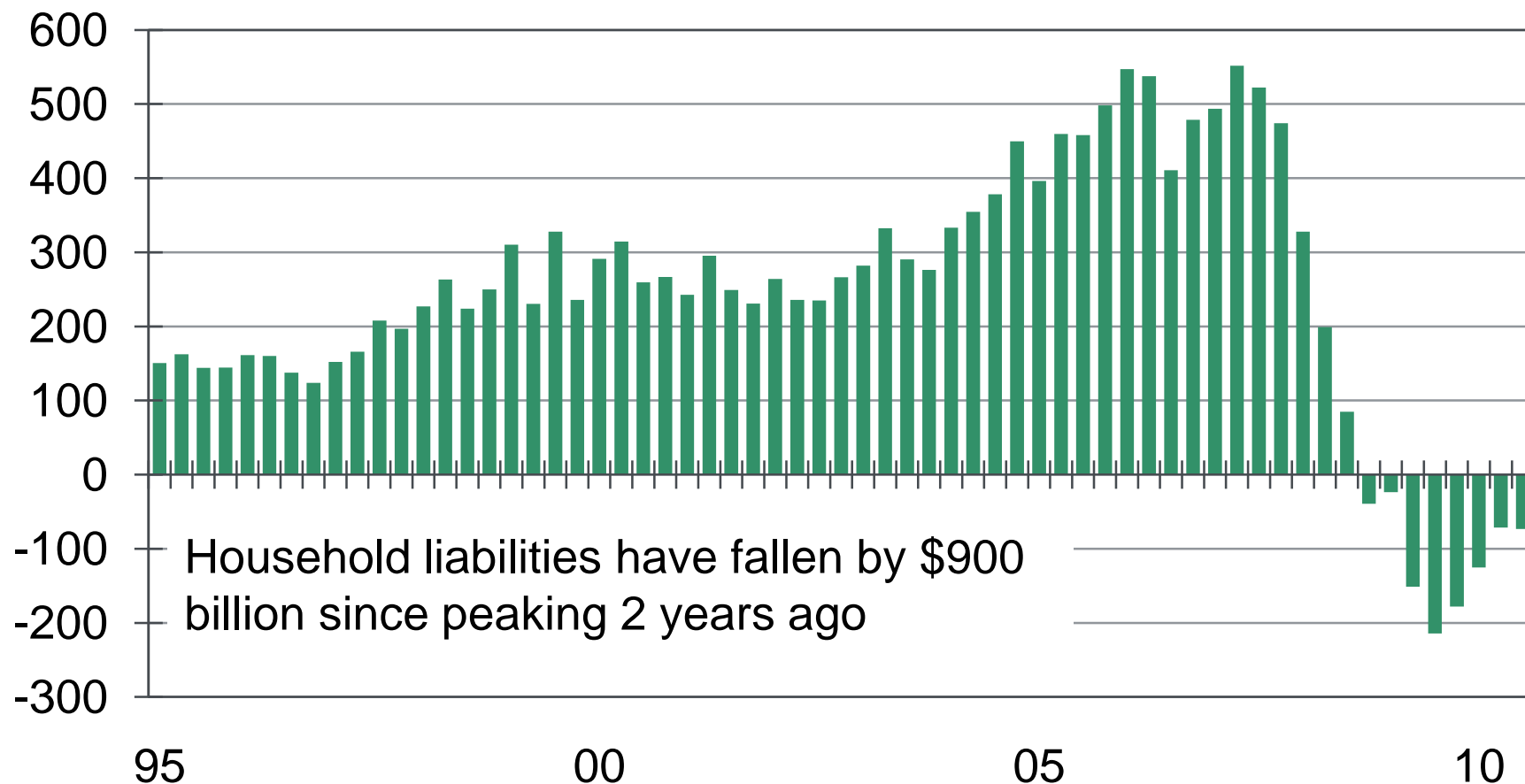
Augustine Faucher, Director

Dan White, Economist

U.S. Macroeconomic Outlook

Households and Businesses Deleverage...

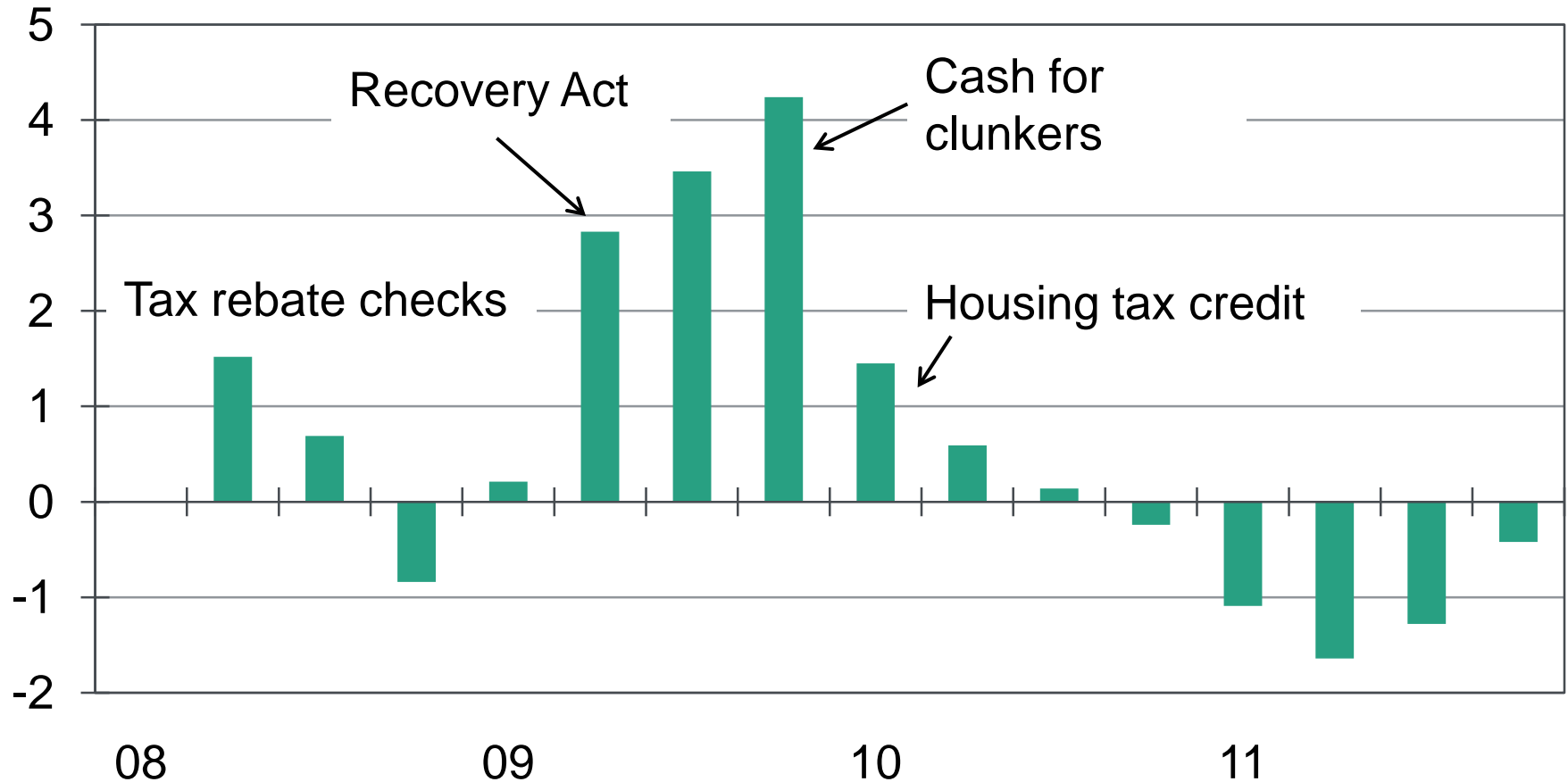
Change in household and nonfinancial corporate debt, \$ bil



Sources: Federal Reserve Board, Moody's Analytics

...And the Boost From Fiscal Stimulus Fades

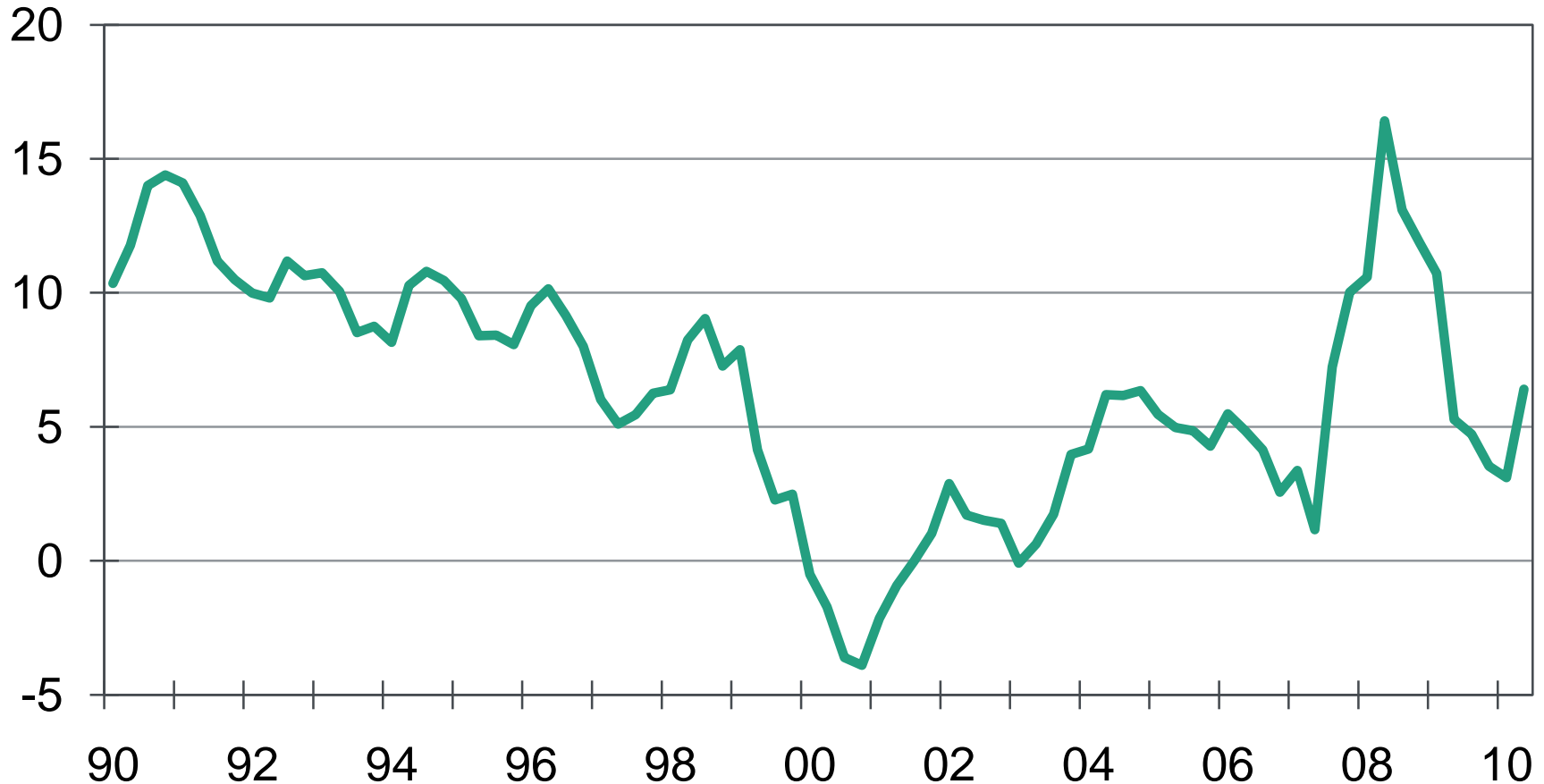
Contribution to real GDP growth, %



Source: Moody's Analytics

High Income Households Saving More

Personal saving rate for families in top fifth of income distribution



Sources: Federal Reserve, Moody's Analytics

Hiring Is Dormant

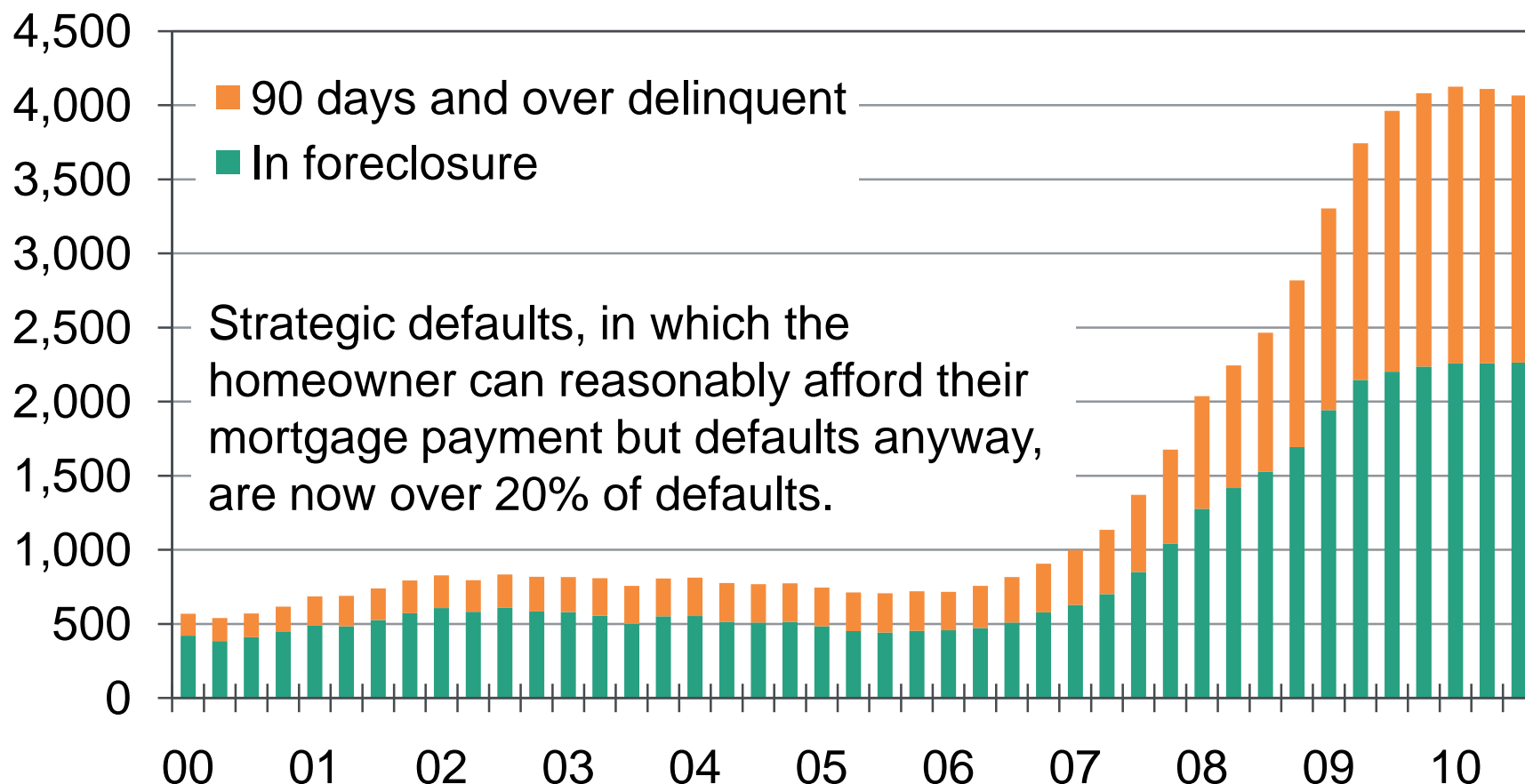
Number of monthly hires ex Census, ths, SA



Source: Bureau of Labor Statistics

The Foreclosure Crises Continues on...

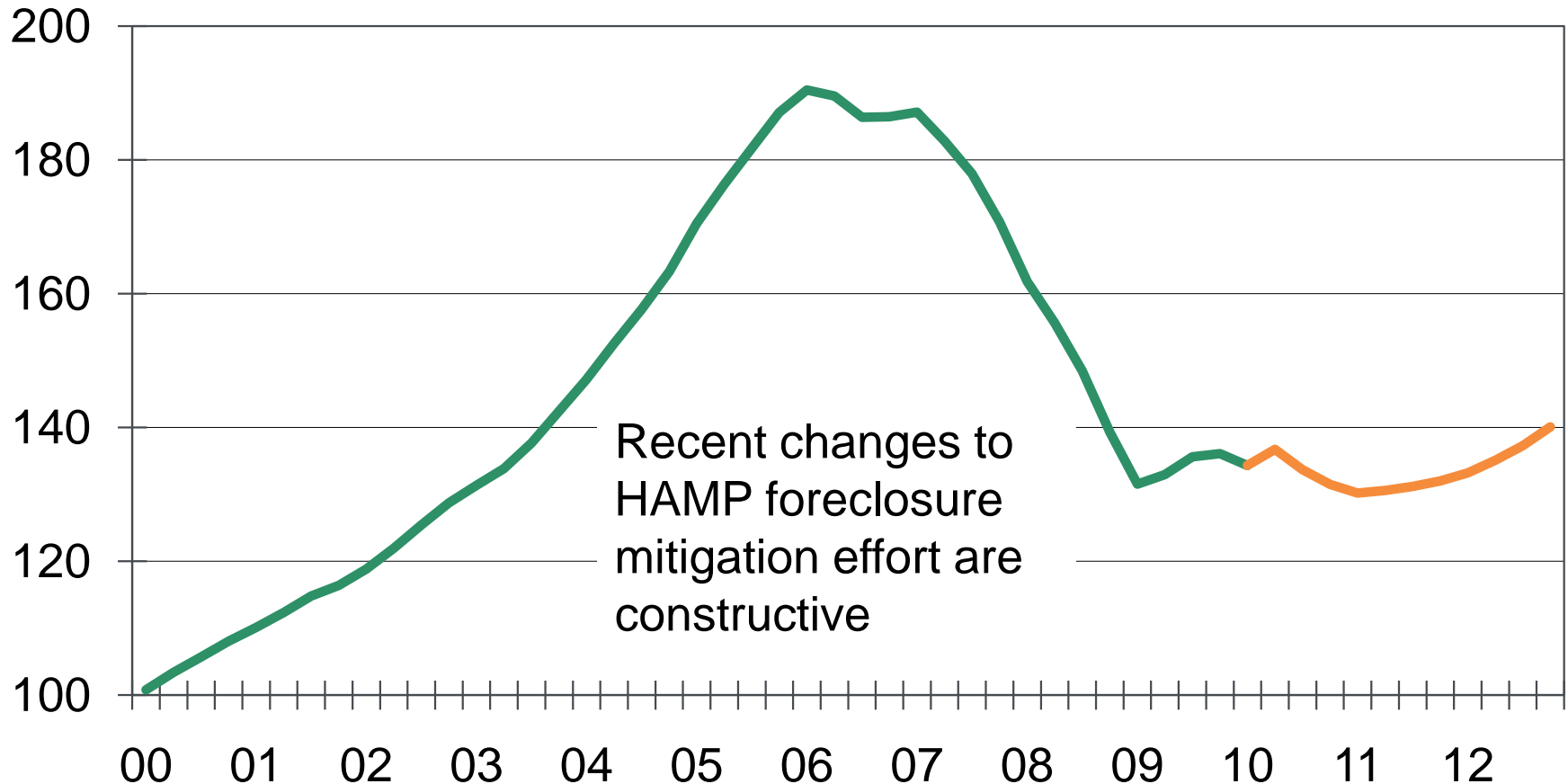
First mortgage loans, ths



Sources: Equifax, Moody's Analytics

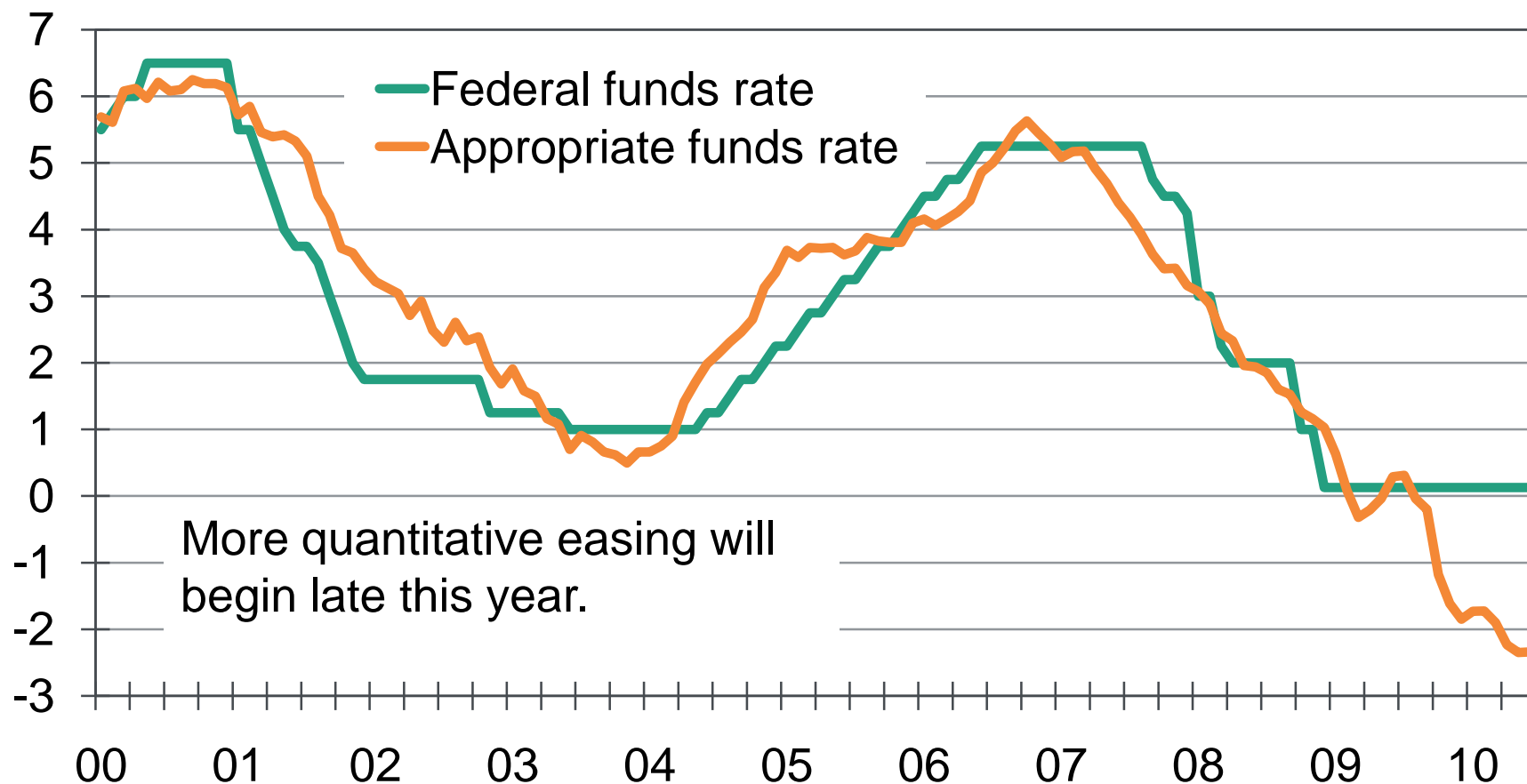
...And More House Price Declines Are Coming

Case Shiller® Home Price Index: 2000Q1 = 100



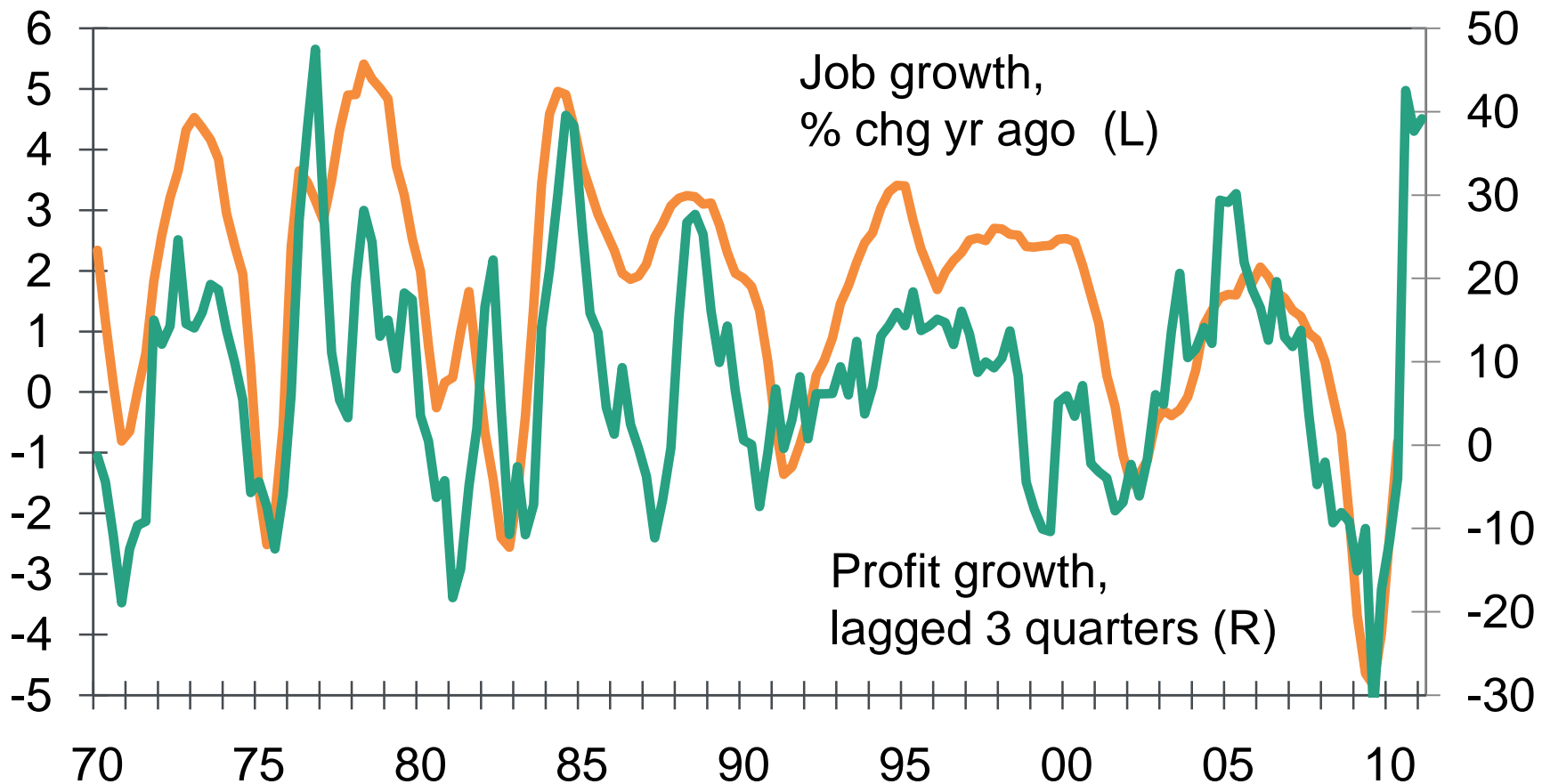
Sources: Fiserv, Moody's Analytics

The Federal Reserve Will Remain Aggressive



Sources: Federal Reserve, Moody's Analytics

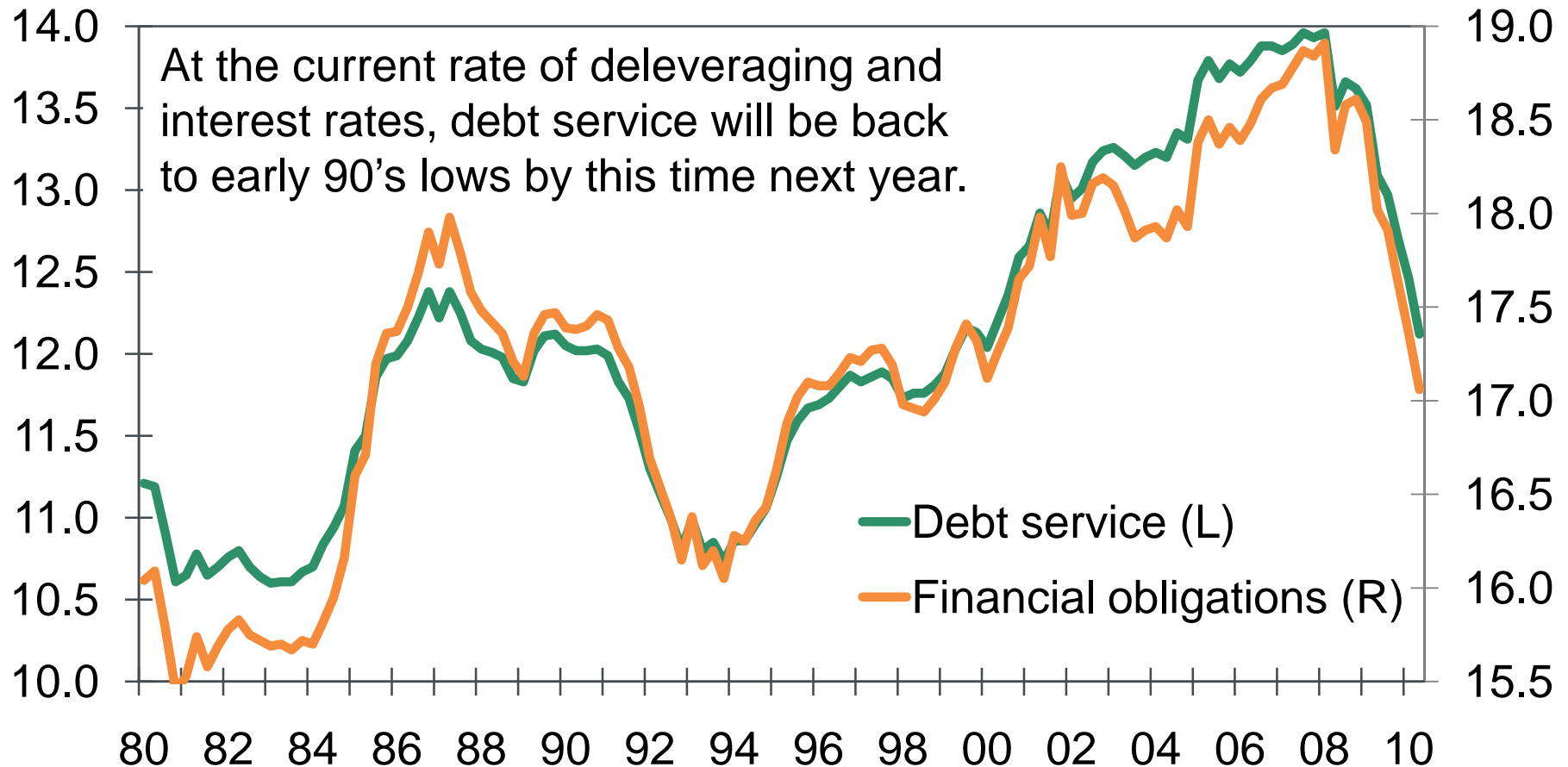
Profits Surge and Jobs Should Follow



Sources: BLS, BEA

Household Debt Burdens Are Falling Fast

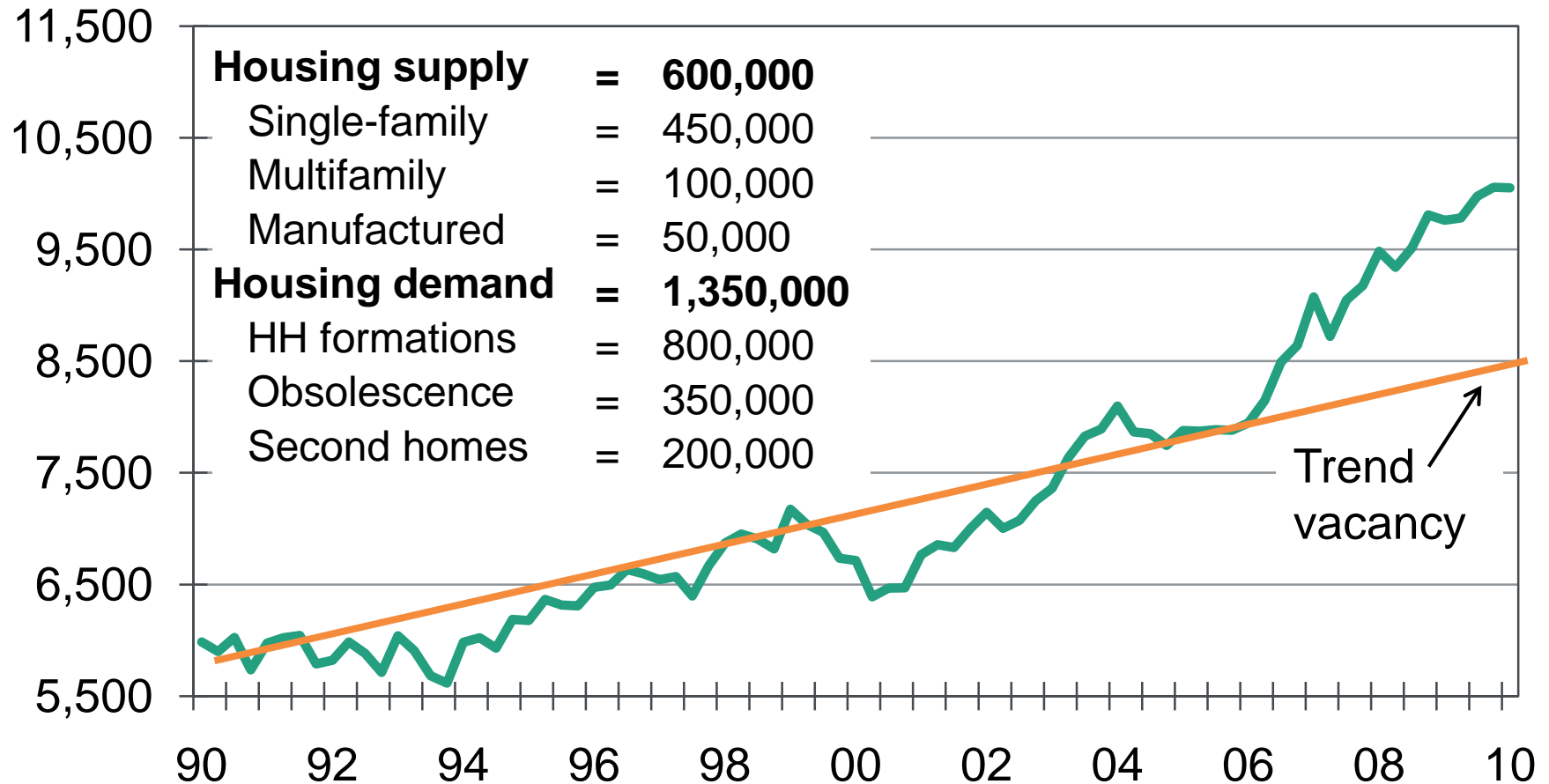
% of disposable income



Sources: Federal Reserve, BEA, Moody's Analytics

Housing Inventories Are Peaking

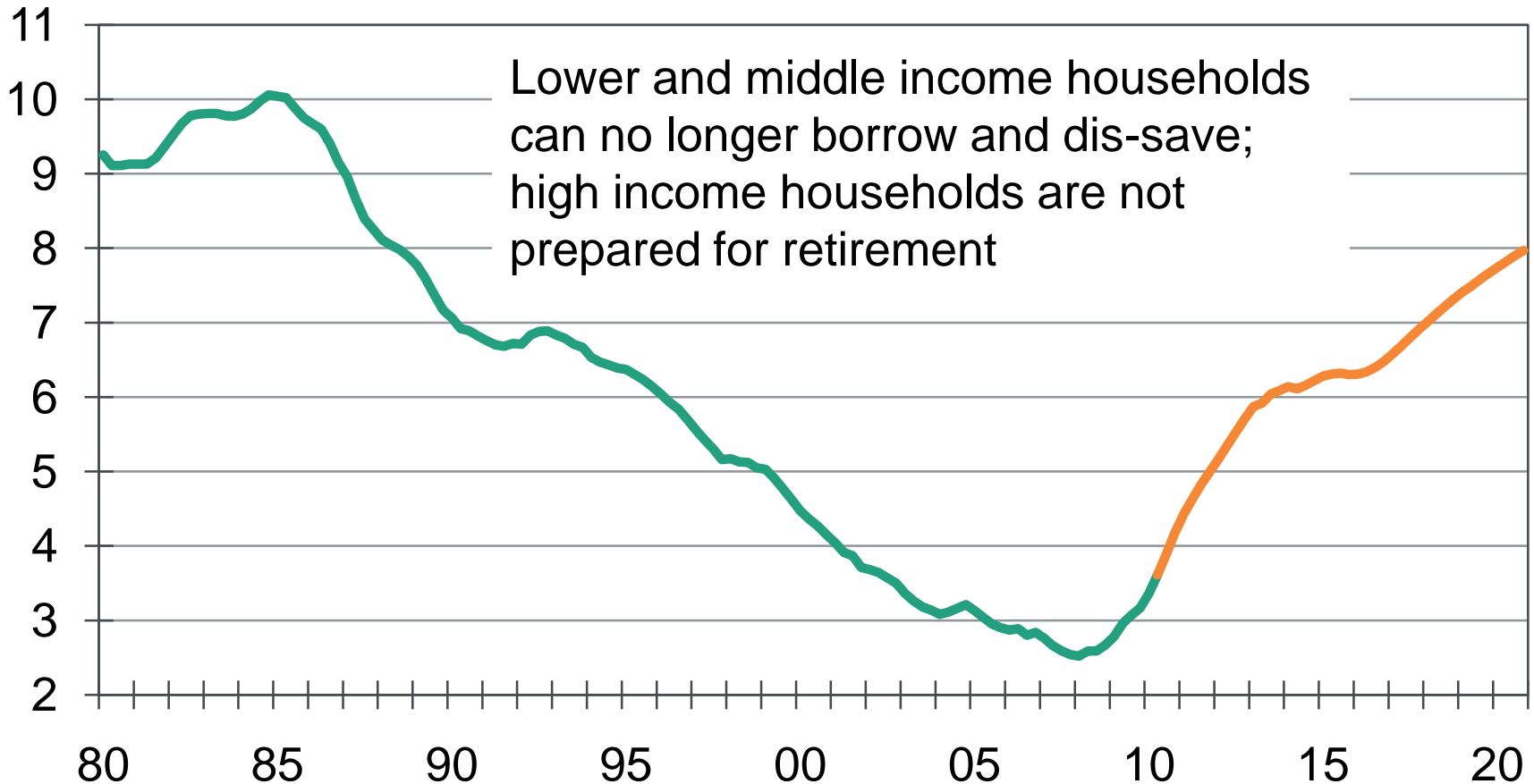
Vacant homes for sale, for rent and held off market, the



Sources: Census, Moody's Analytics

Consumers Will No Longer Lead the Way

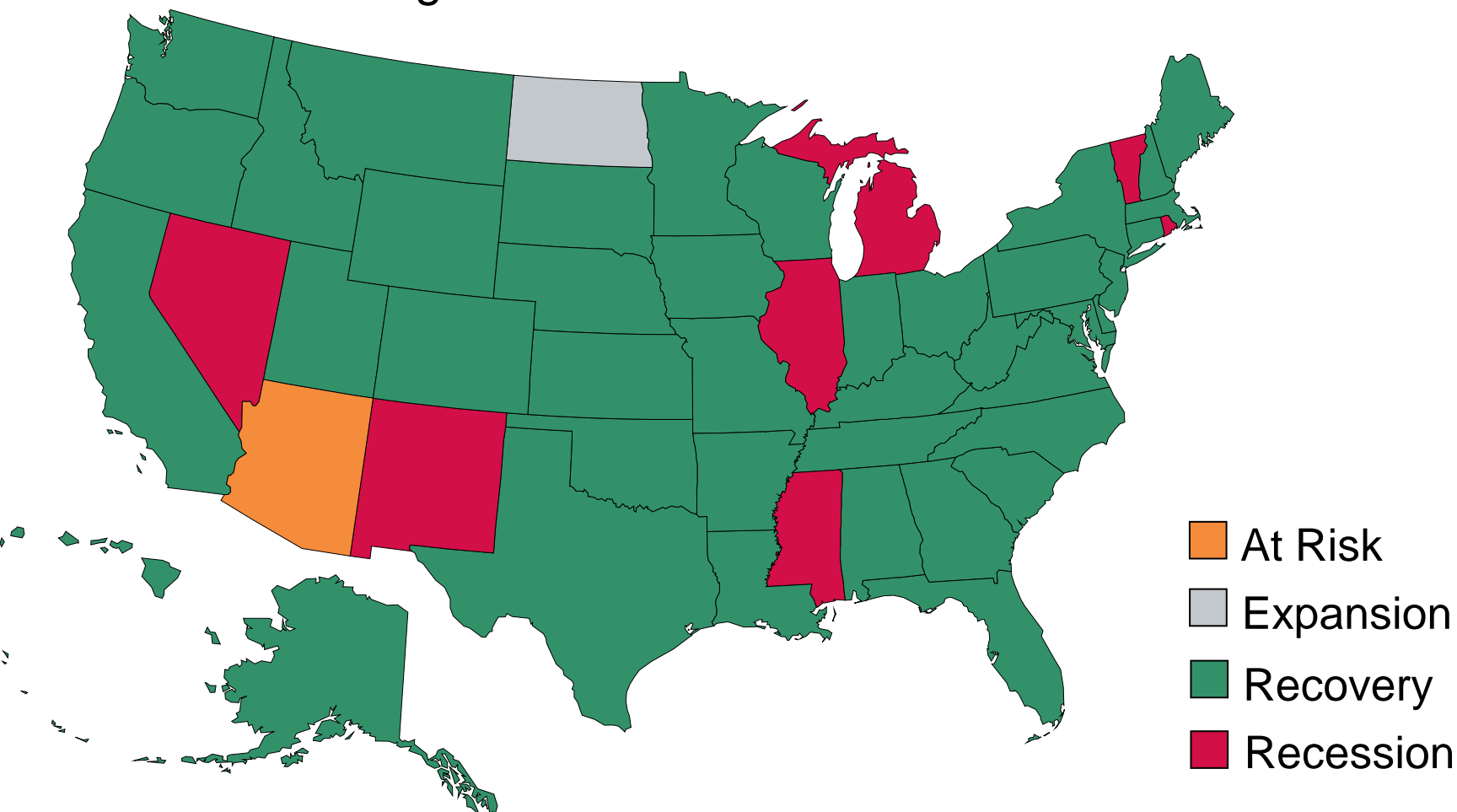
Personal saving rate, 5-year MA



Sources: BEA, Moody's Analytics

Some Parts of the Country Are Backsliding

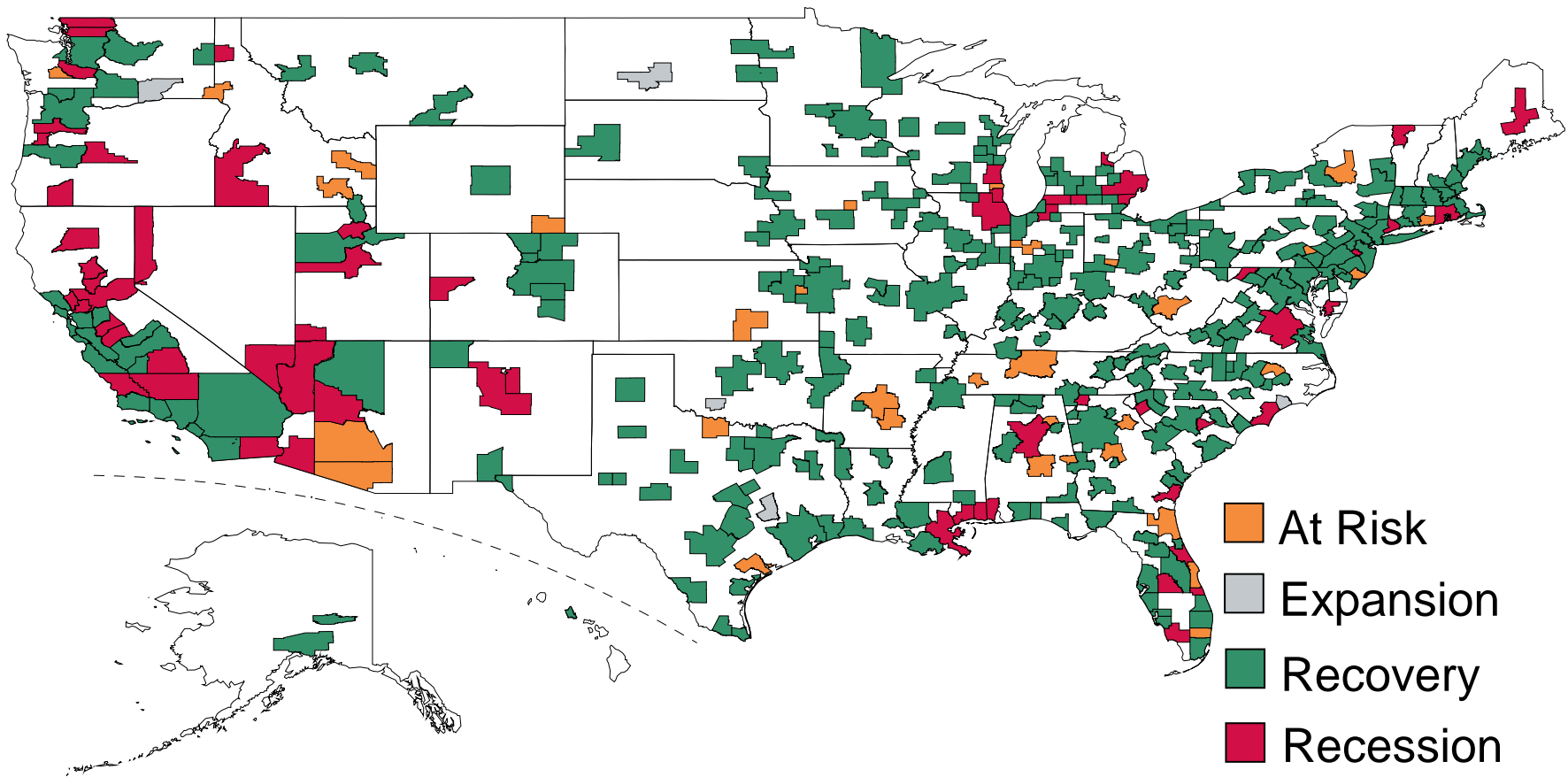
Status as of August 2010 data



Source: Moody's Analytics

Problem Pockets in the West

Business cycle index as of Aug 2010

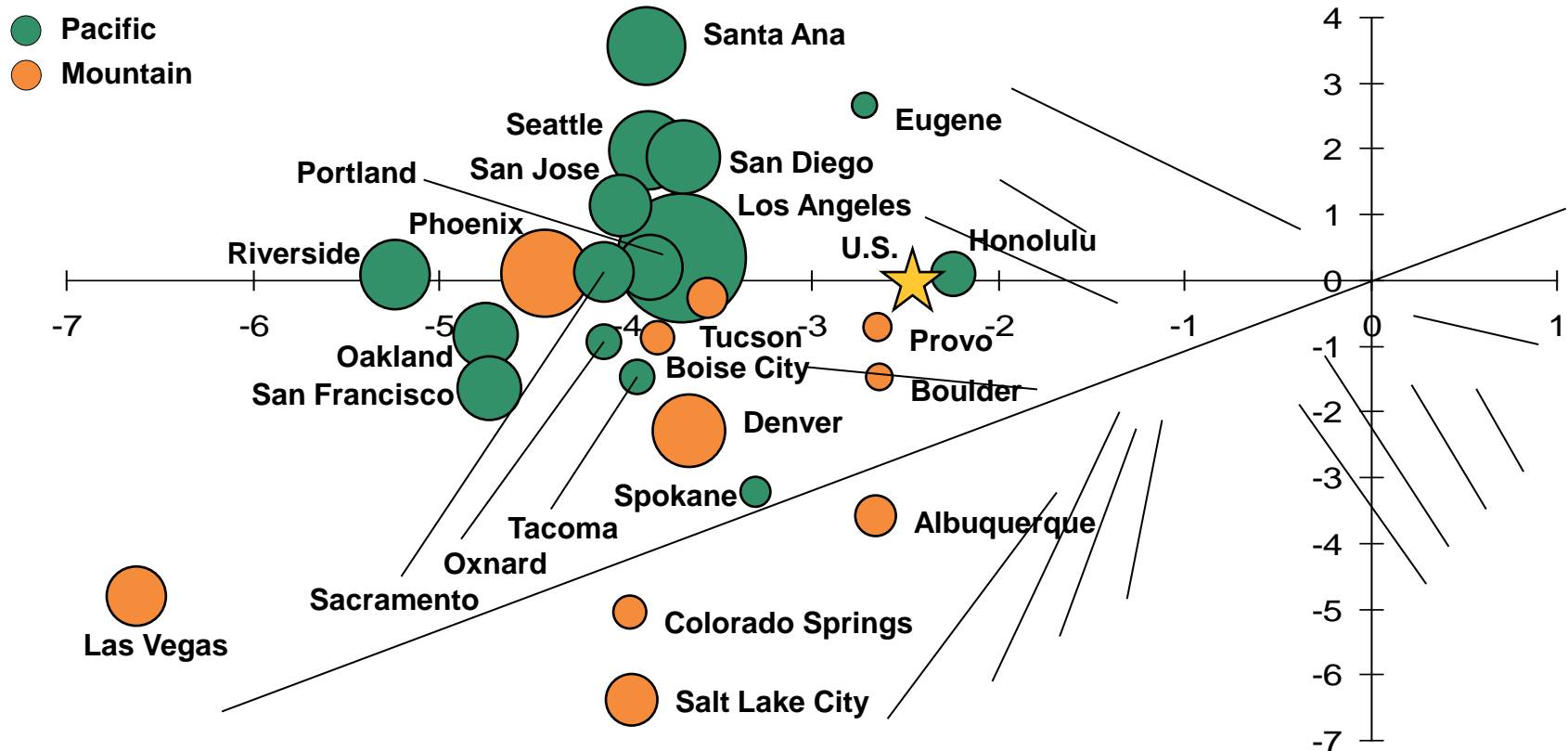


Source: Moody's Analytics

Employment ex Federal Gov.—West MSAs

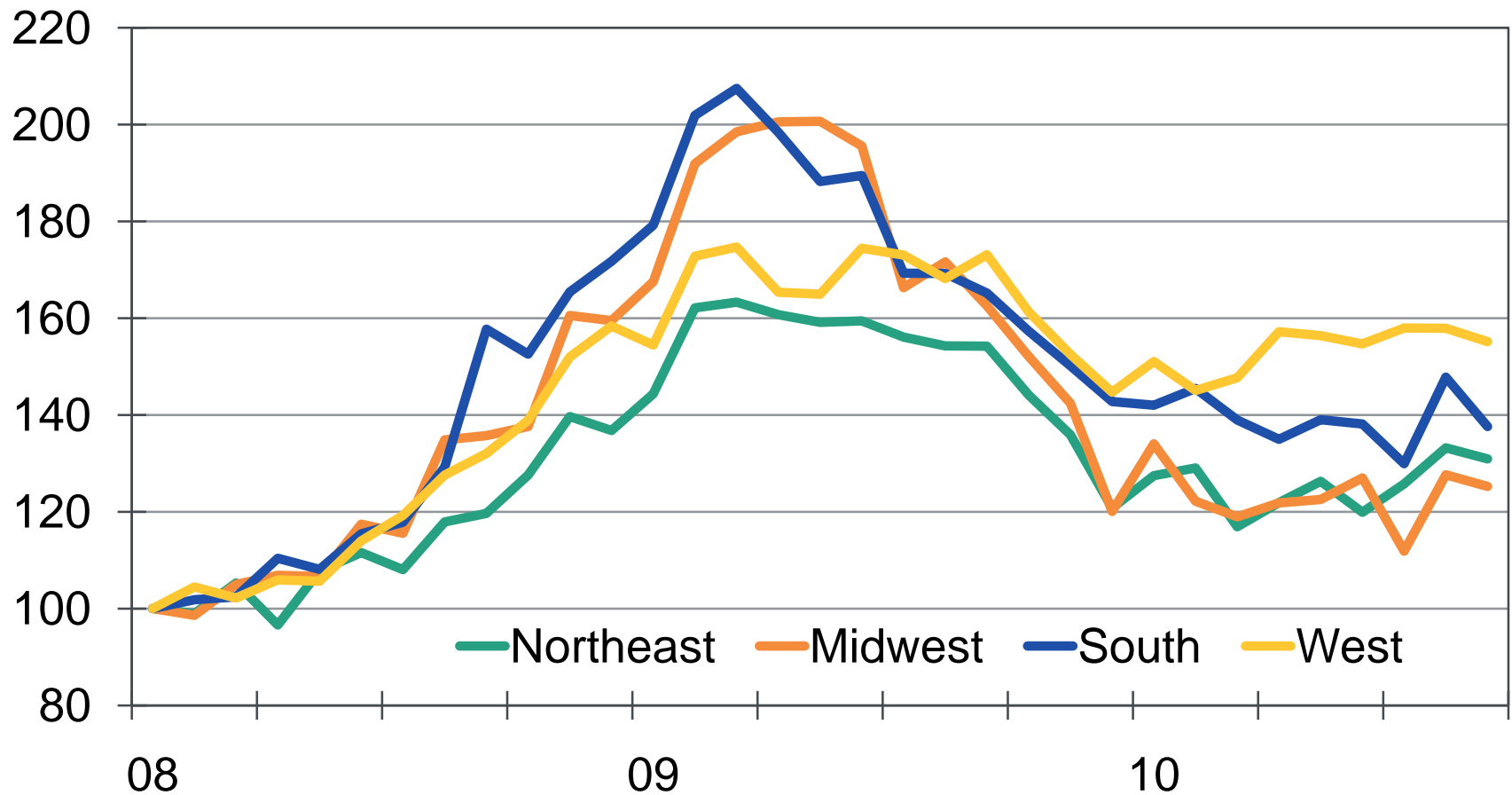
1-yr vs. 3-mo performance (3-mo MA)

September 2010



Layoffs Stubbornly Persistent in the West...

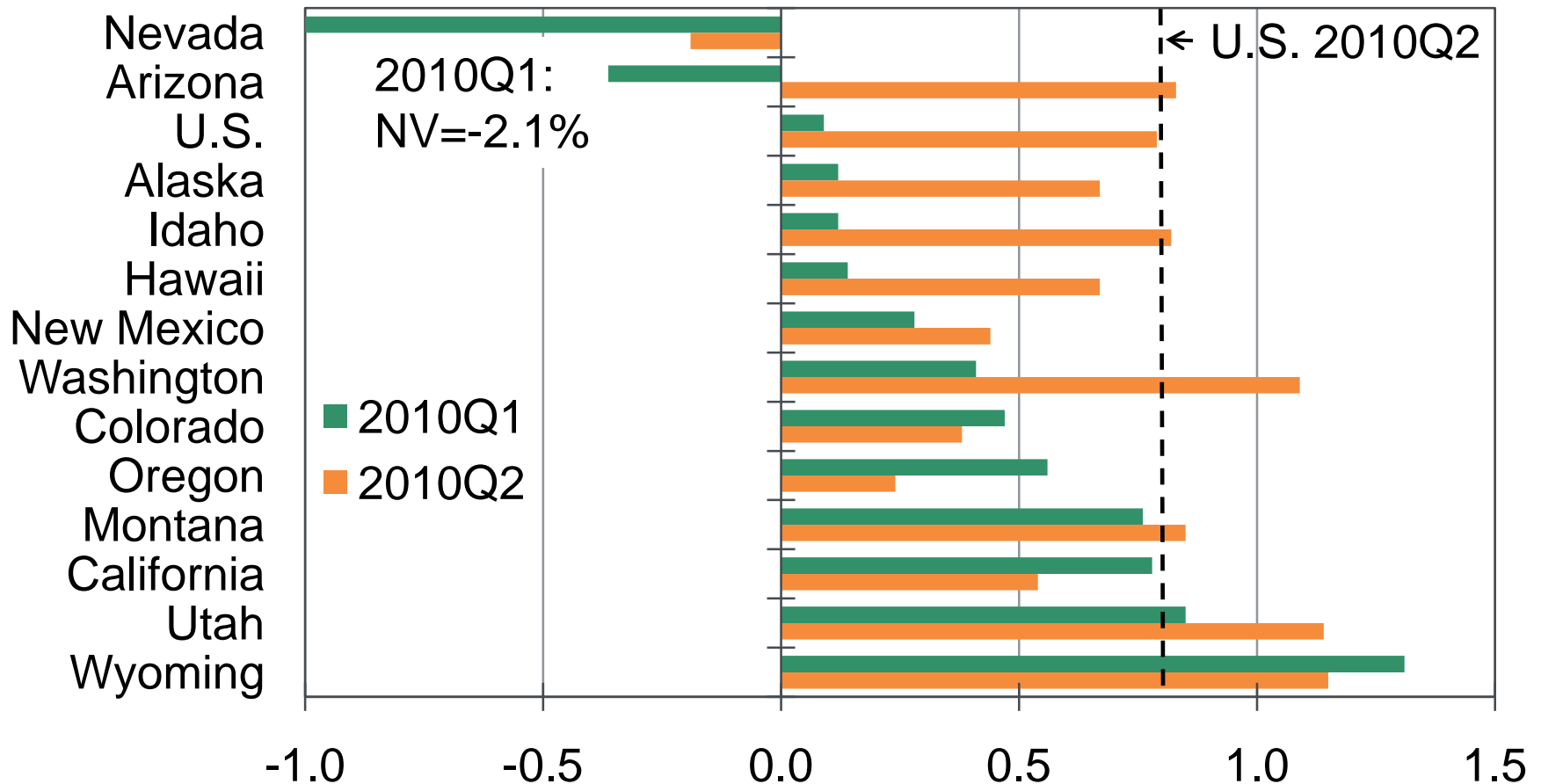
Initial claims for unemployment insurance, Jan 2008=100, SA



Sources: BLS, Moody's Analytics

...But Income Growth Improves

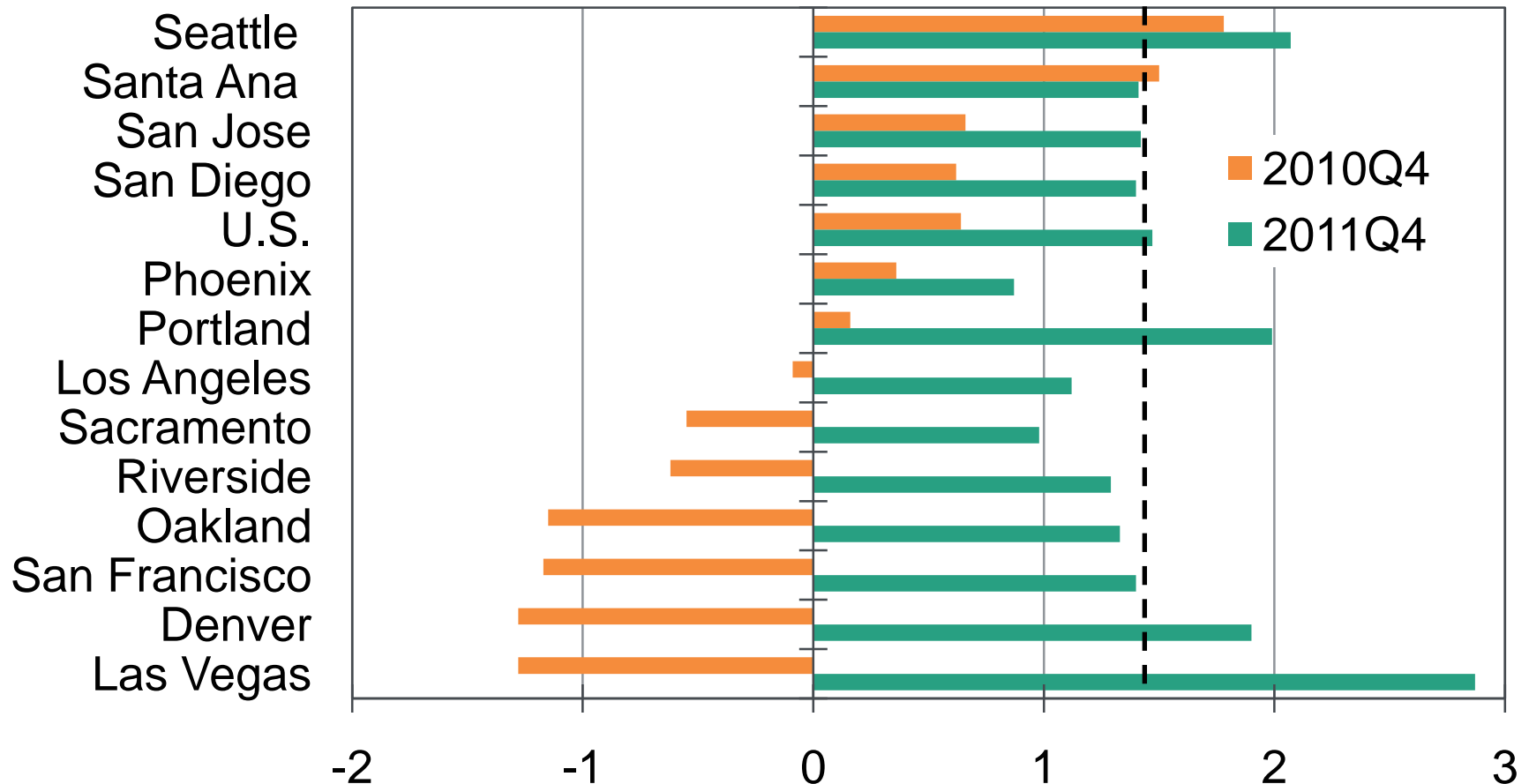
Wage and salary income, quarterly % change



Source: BEA

Most of West Will Still Lag U.S. in 2011

Employment, % change yr ago

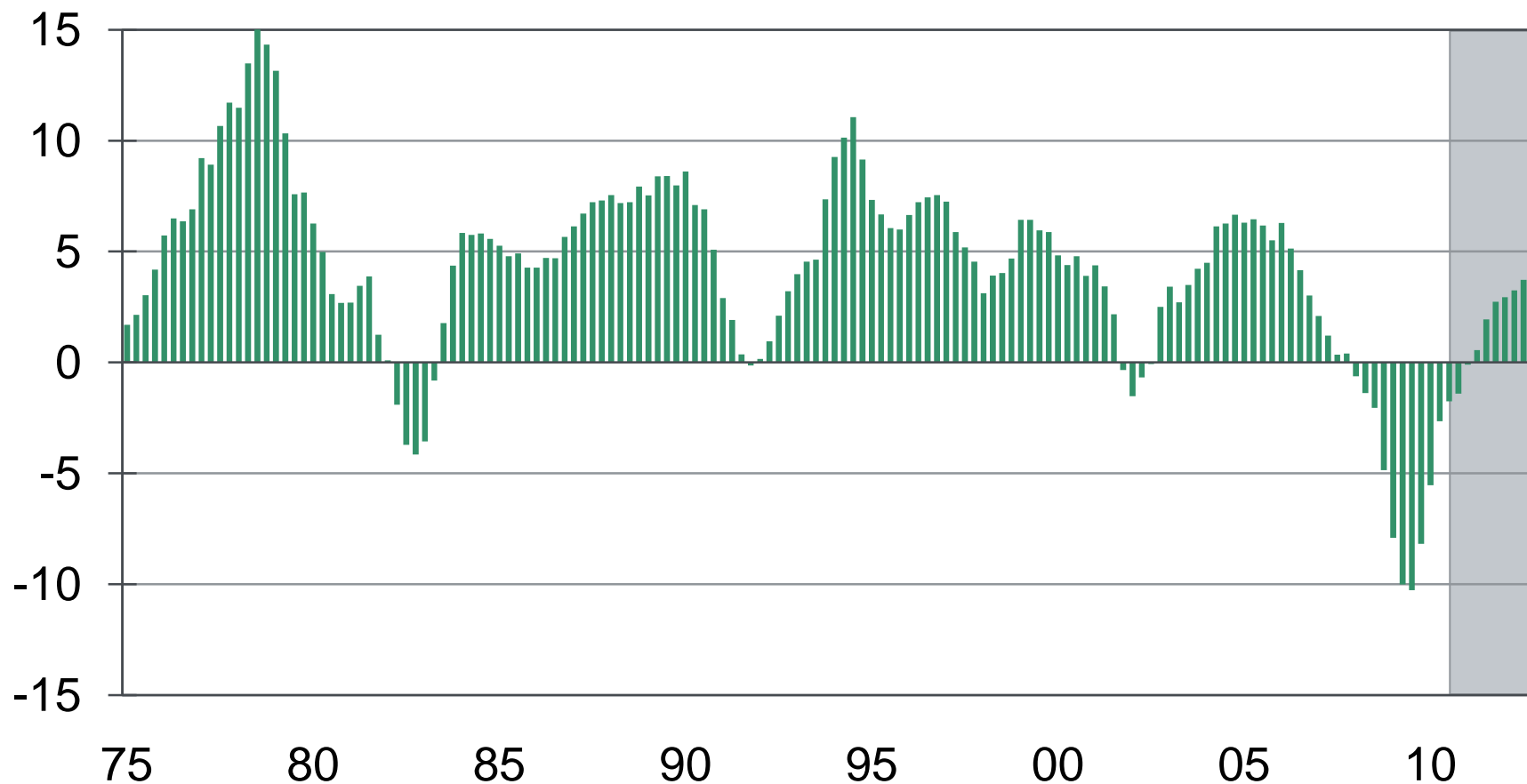


Source: Moody's Analytics, September forecast

Nevada Regional Economic Outlook

The Recession Hit NV Harder than Usual

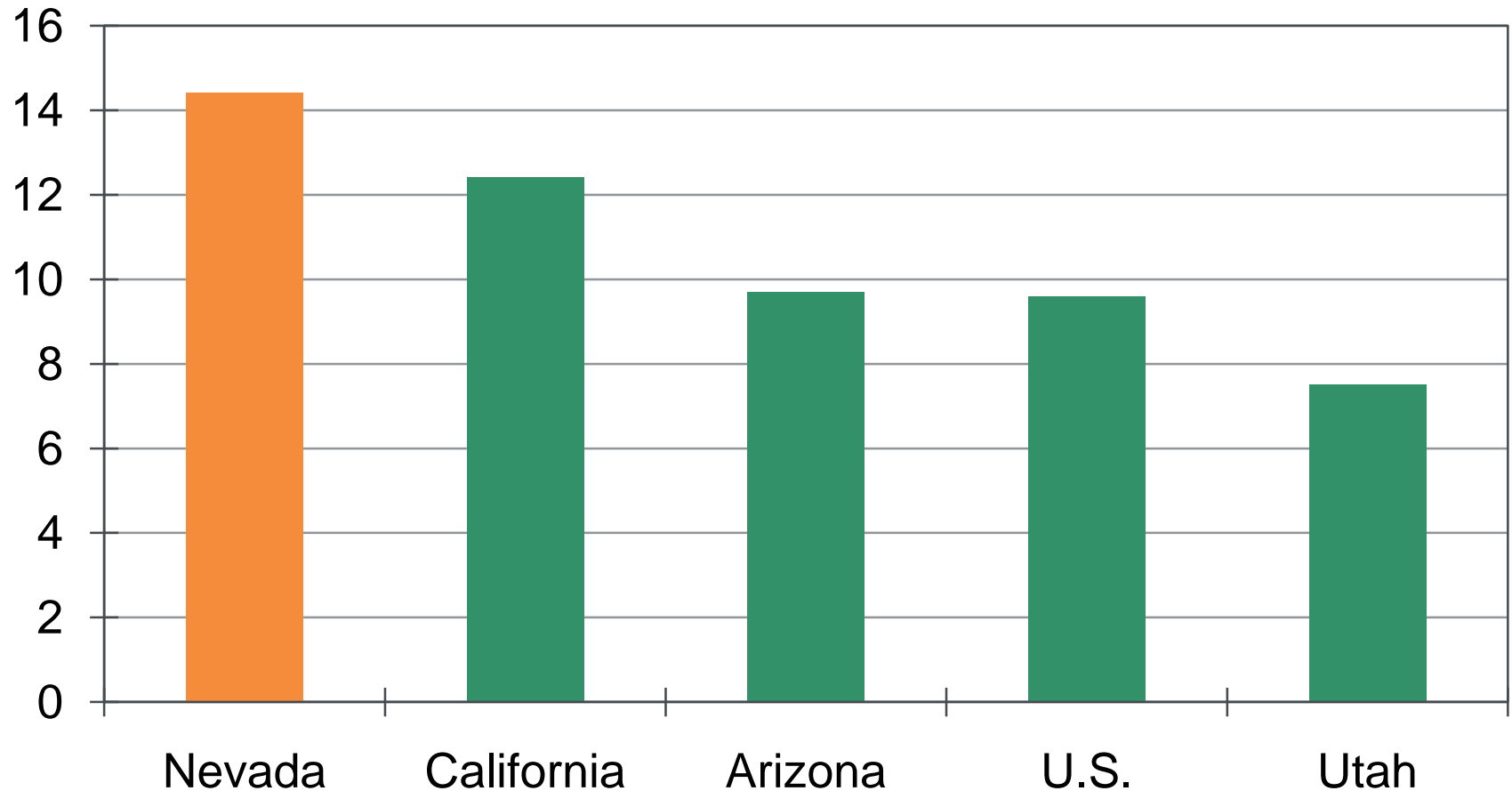
Employment, % change yr ago



Sources: BLS, Moody's Analytics

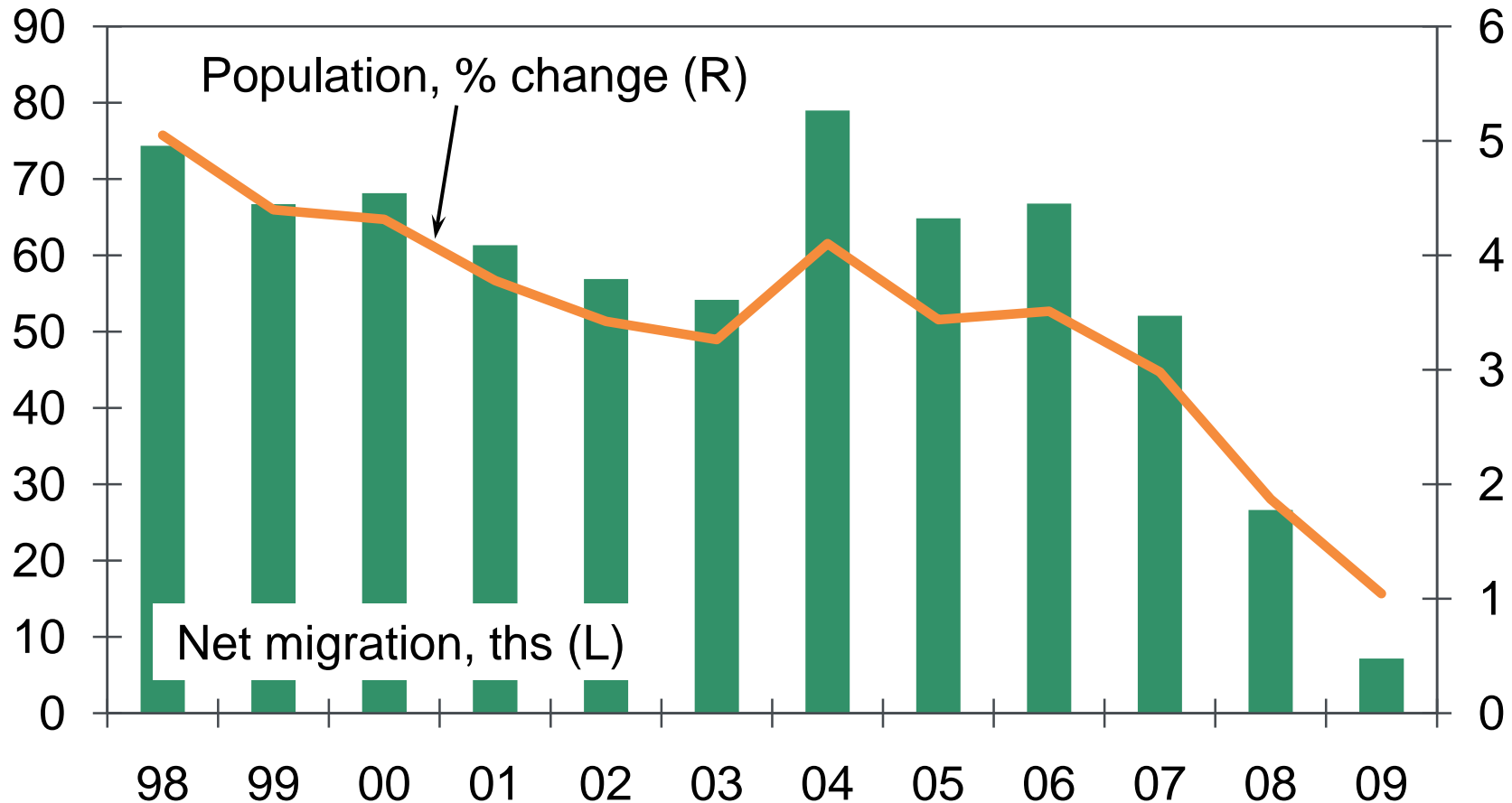
Unemployment Is the Highest in the Nation

Unemployment rate, %, September 2010



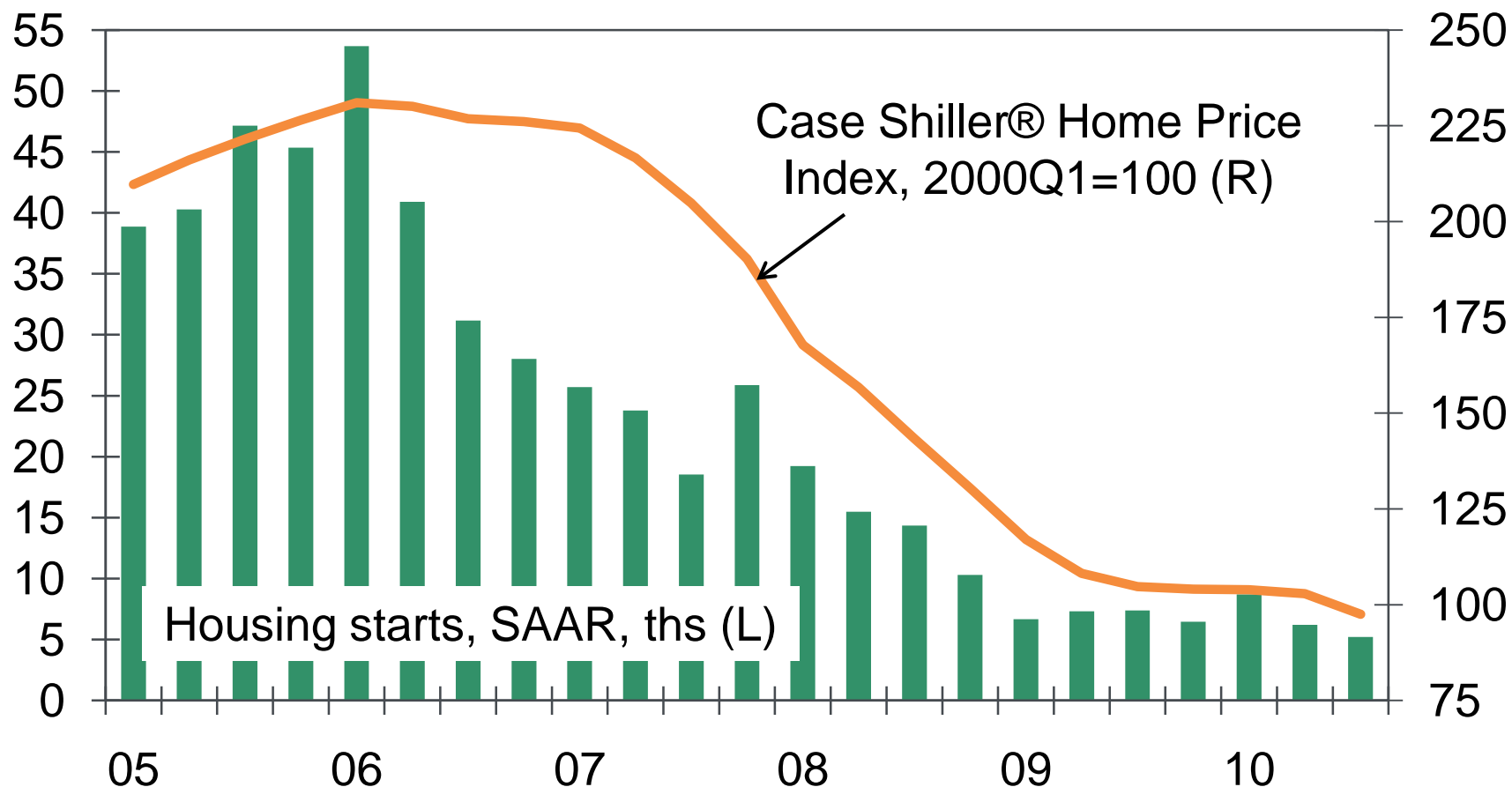
Source: BLS

Population Growth Has Slowed to a Crawl



Sources: Census Bureau, Moody's Analytics

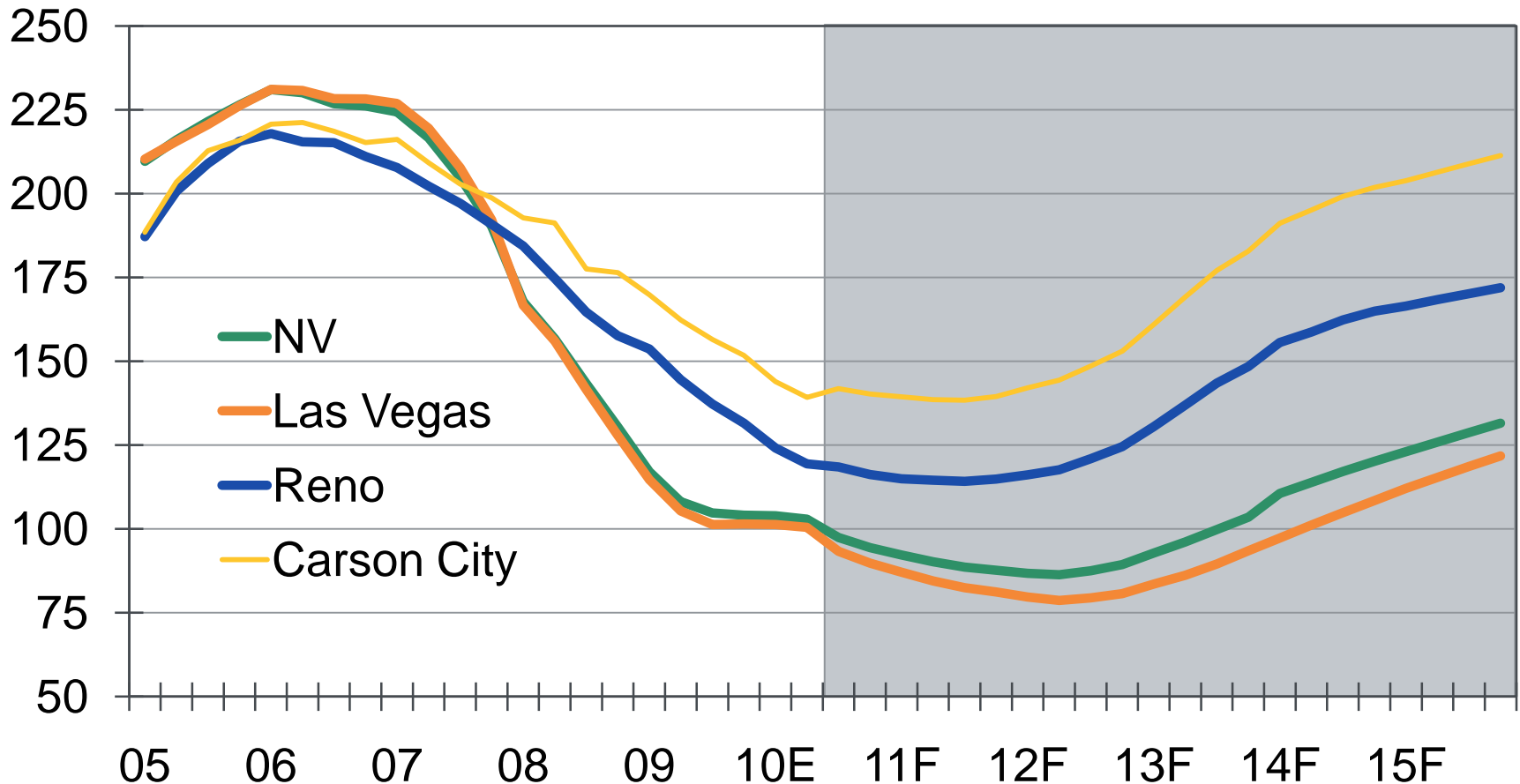
The Housing Market Is Nearing Bottom...



Sources: Fiserv, Census Bureau, Moody's Analytics

...But Prices Still Have a Ways to Fall...

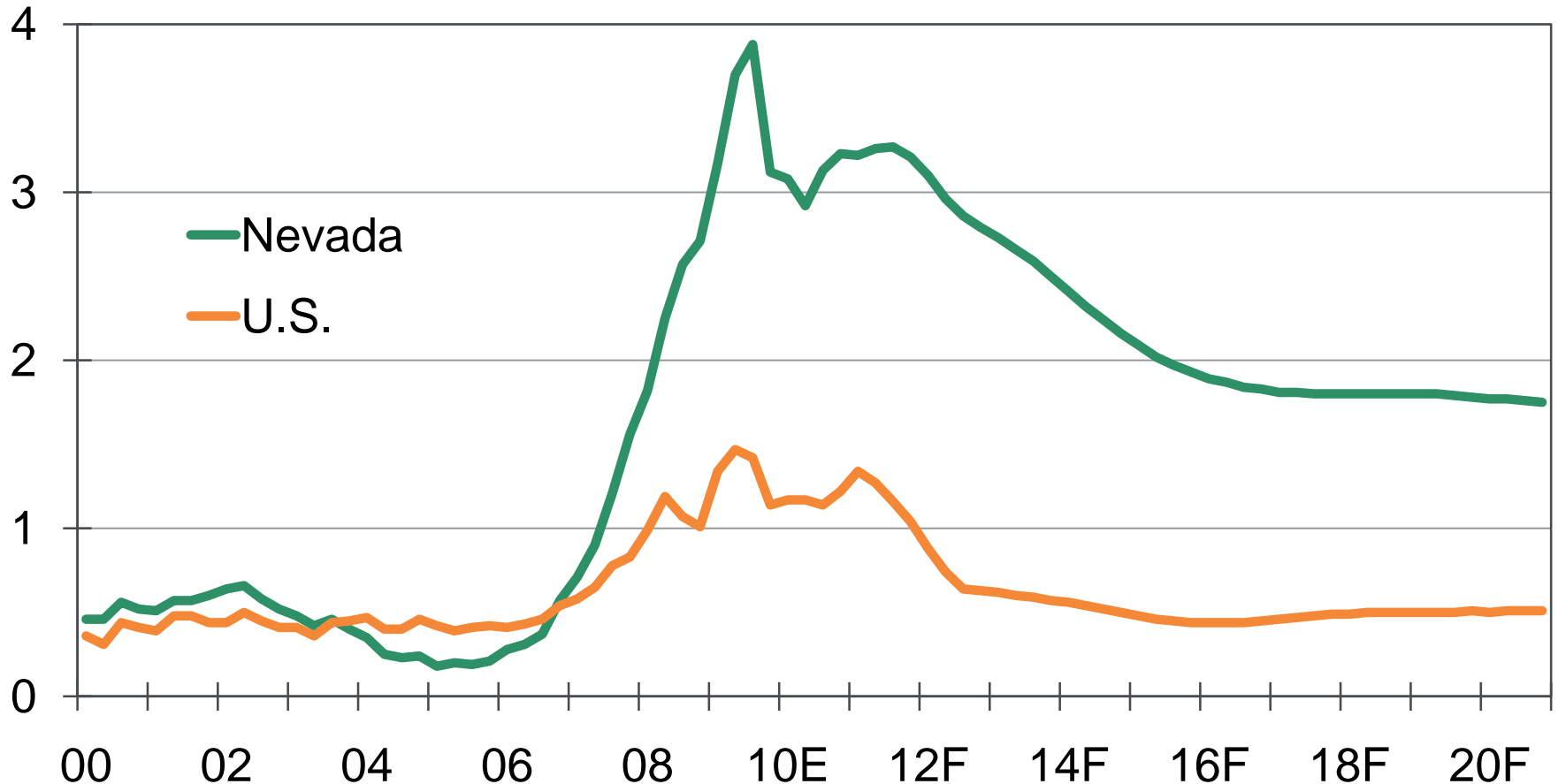
Case Shiller® Home Price Index, 2000Q1=100



Sources: Fiserv, FHFA, Moody's Analytics

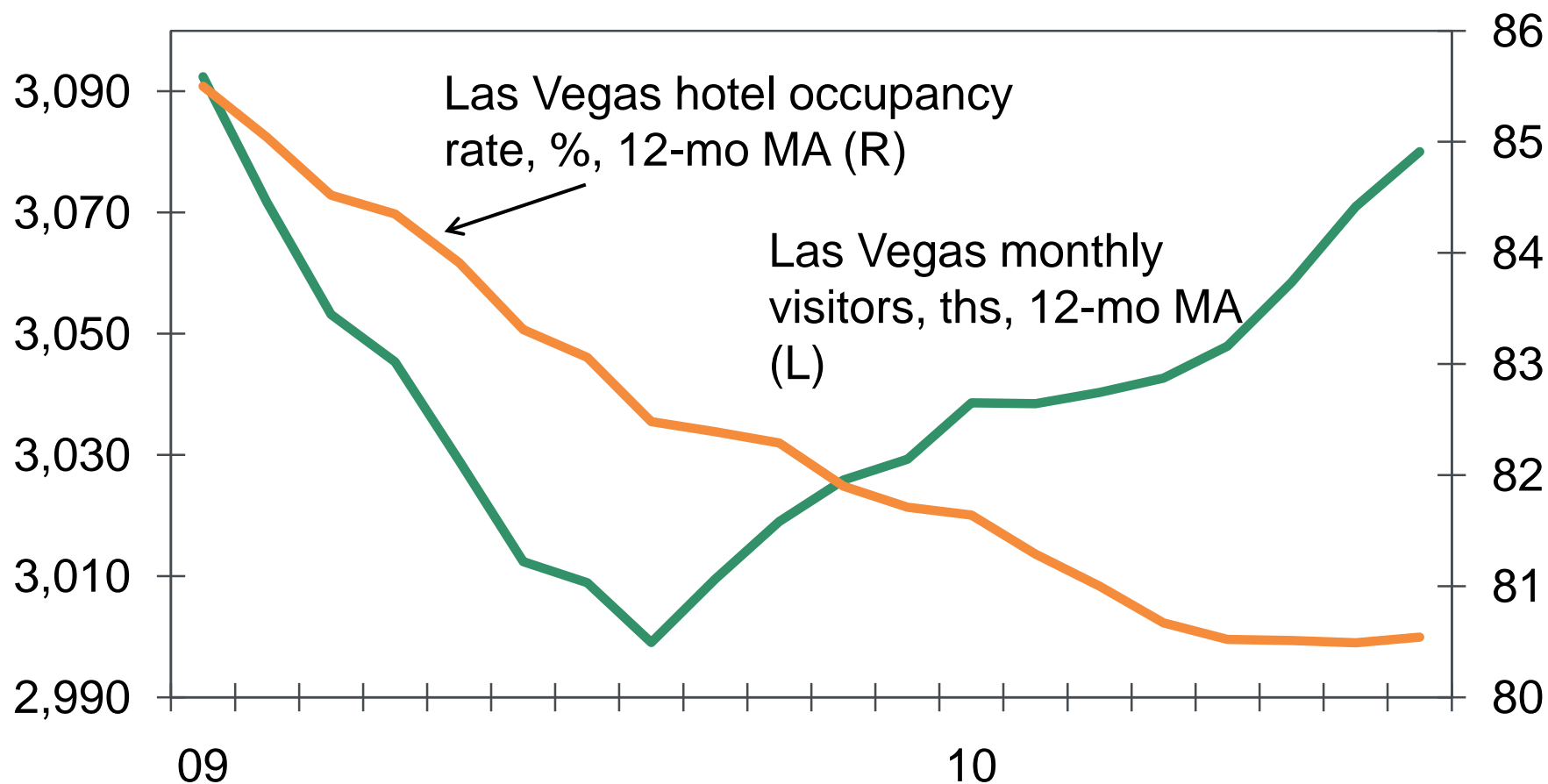
...and Foreclosures Will Remain a Drag

Percentage of Loans in Foreclosure, SA



Sources: Mortgage Bankers Association, Moody's Analytics

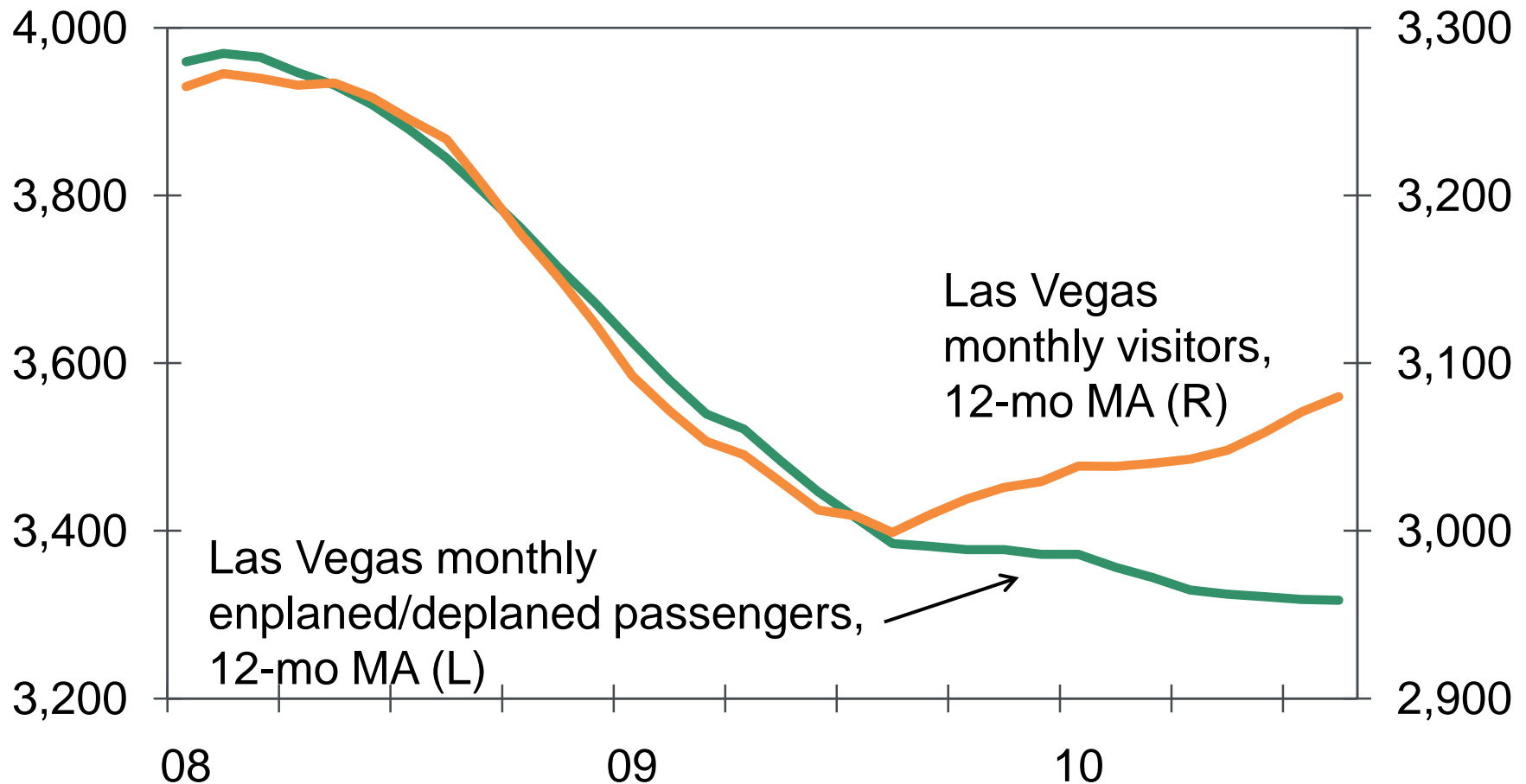
Visitors Have Begun to Return...



Source: Las Vegas Convention & Visitors Authority

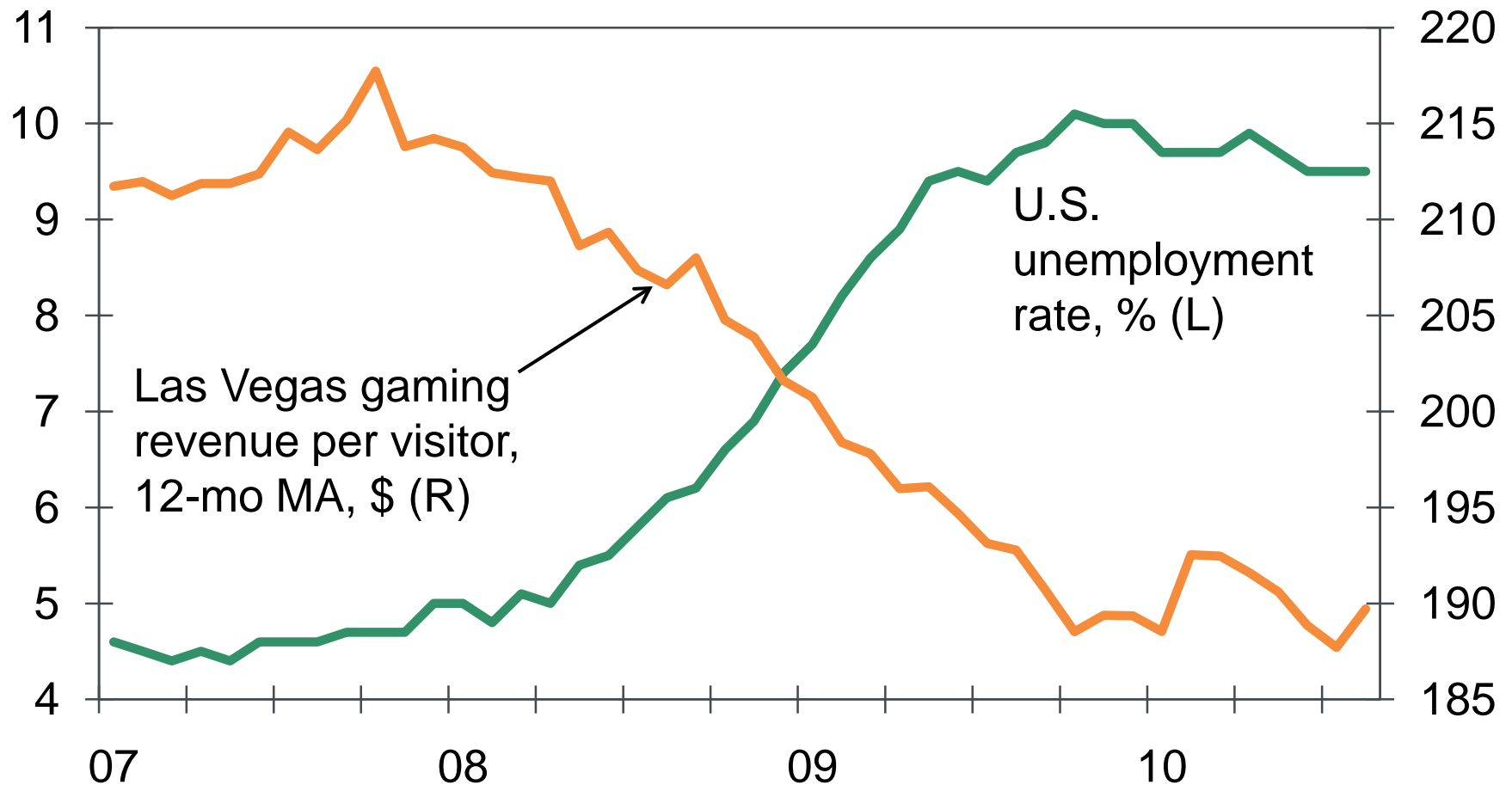
...But More Are Hitting the Road to Save Money...

Ths of visitors/passengers



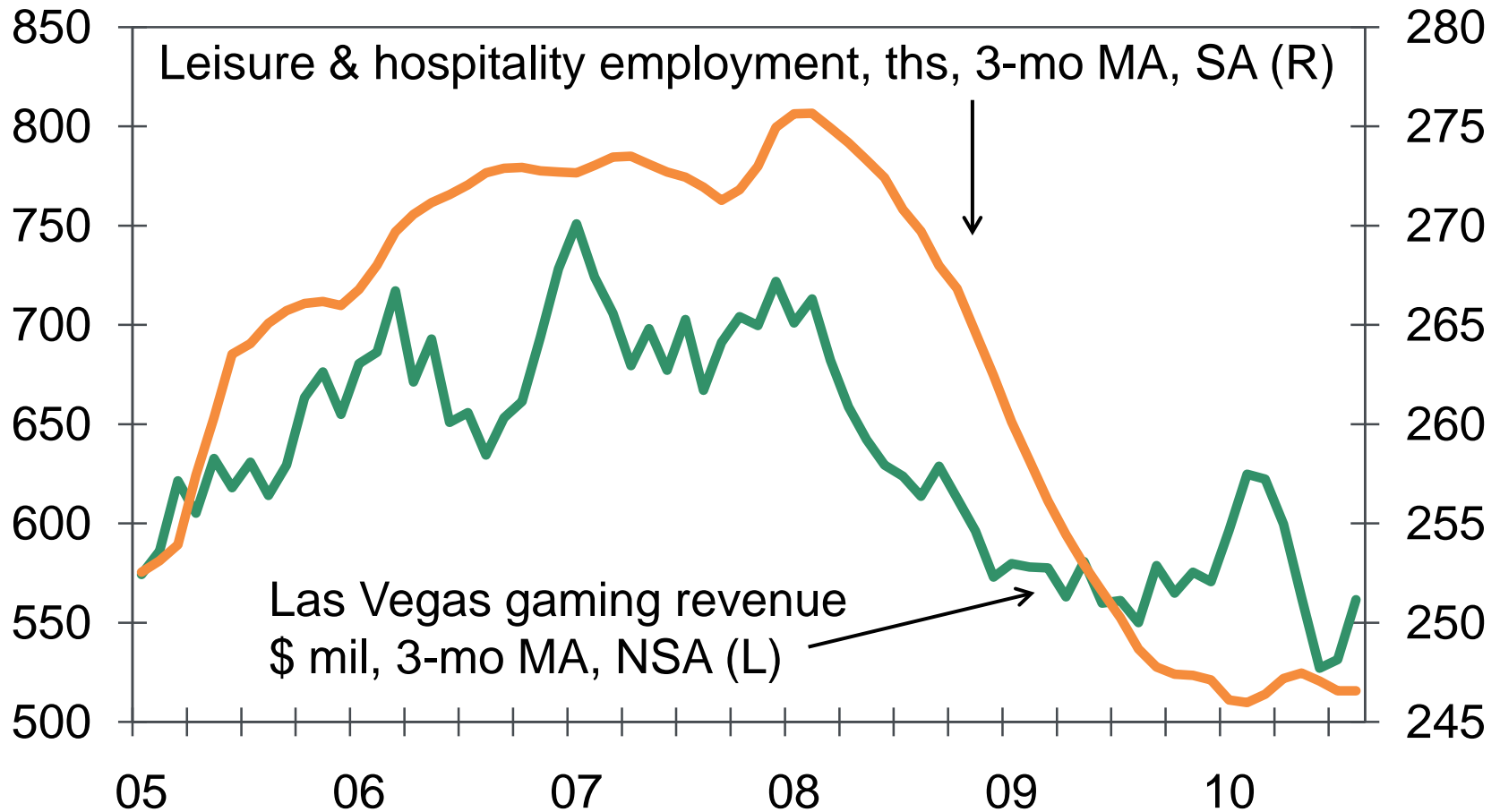
Source: Las Vegas Convention & Visitors Authority

...and Spending Less Due to the U.S. Economy...



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

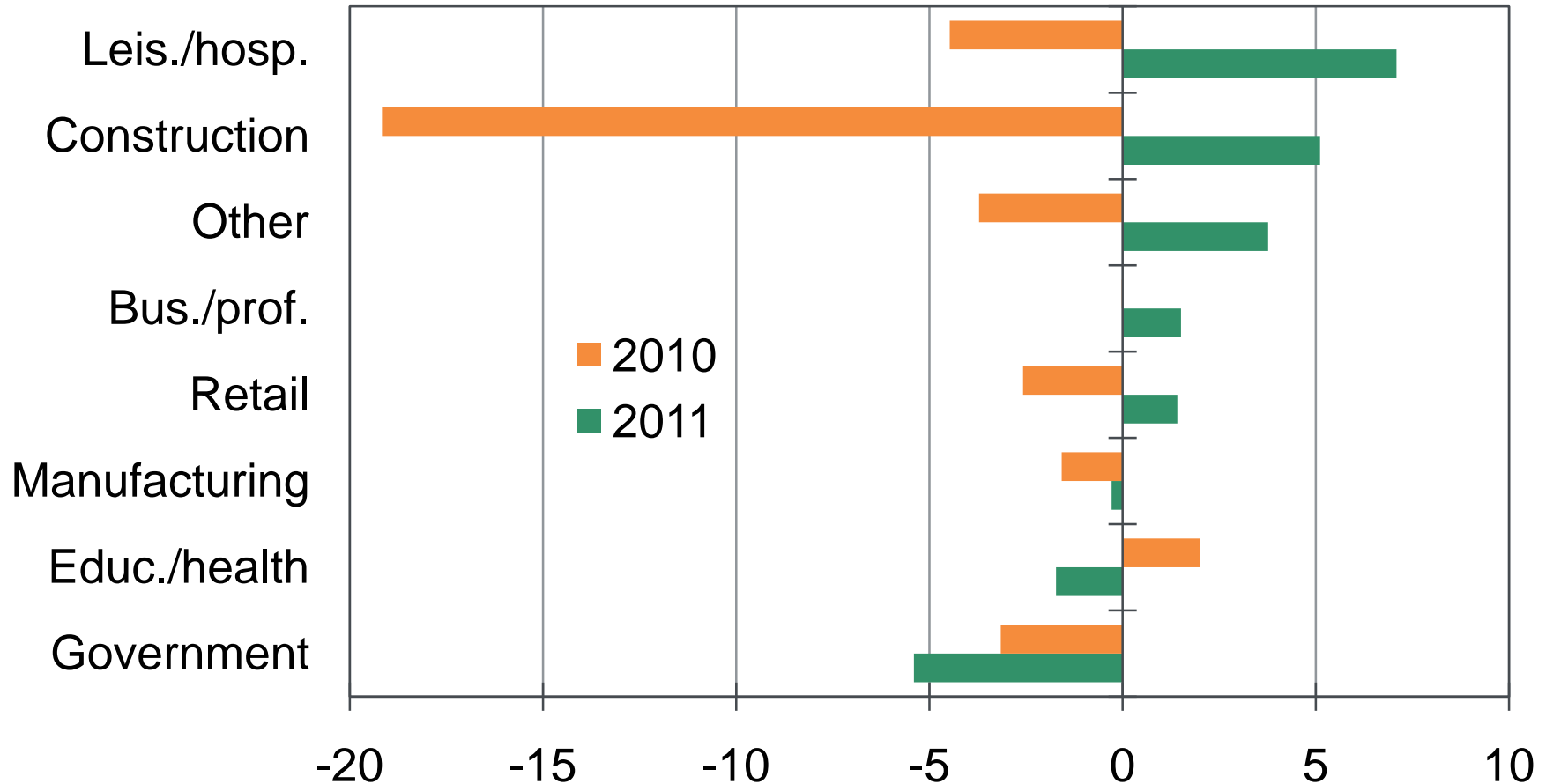
...Resulting in No Job Growth



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

Nevada Will Transition to Recovery in 2011

Employment change, ths



Source: Moody's Analytics

Sales and Use Tax Forecast

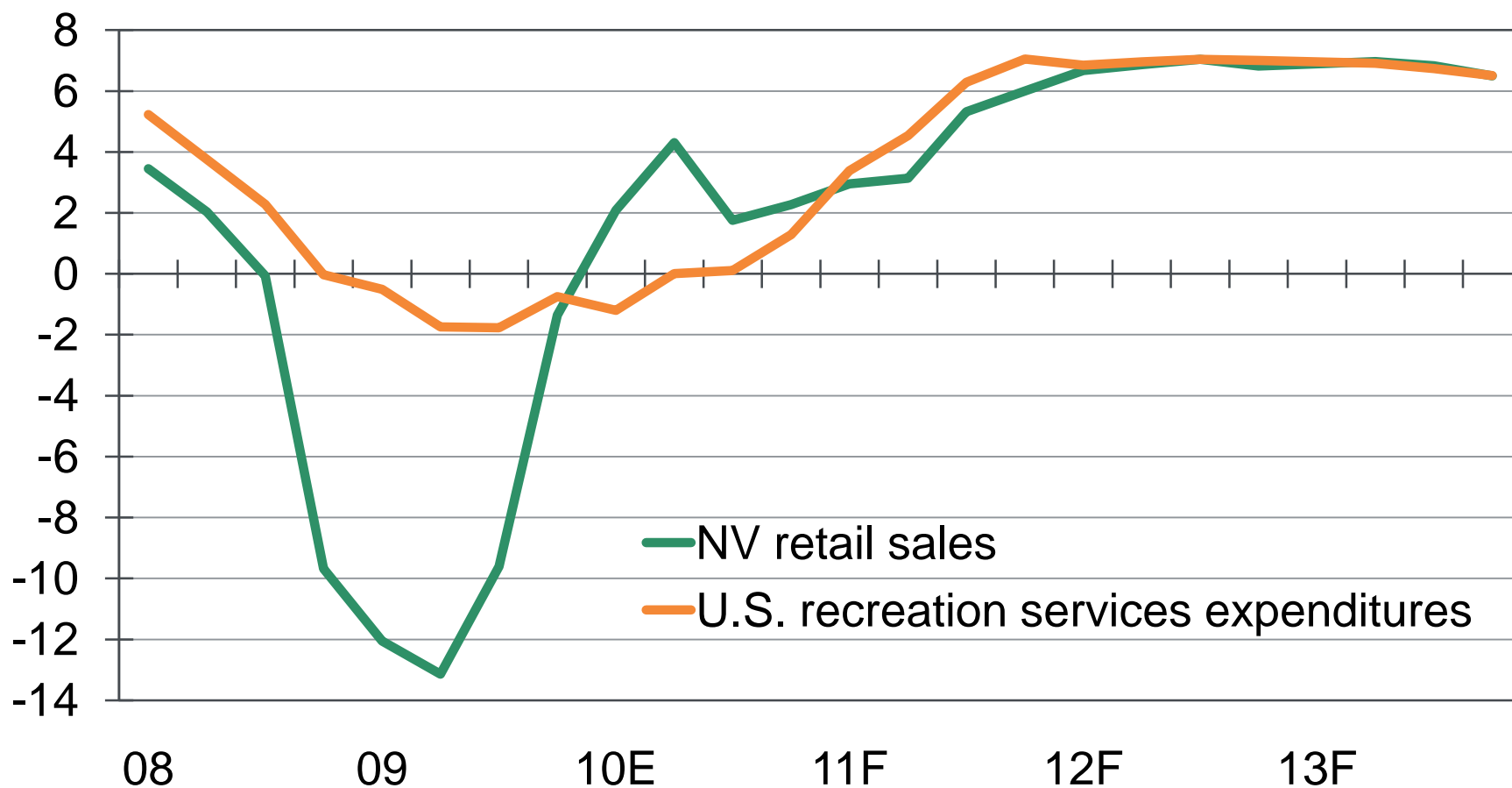
Sales and Use Tax Forecast

In millions

	Q1	Q2	Q3	Q4	FY Total
Fiscal 2011	\$ 195.30	\$ 193.37	\$ 183.33	\$ 198.30	\$ 770.30
% Change Year Ago	4.05%	0.44%	-0.67%	4.46%	2.02%
Fiscal 2012	\$ 199.03	\$ 206.92	\$ 198.62	\$ 214.43	\$819.00
% Change Year Ago	1.91%	7.01%	8.34%	8.13%	6.32%
Fiscal 2013	\$ 215.97	\$ 244.09	\$ 216.71	\$ 233.49	\$ 890.26
% Change Year Ago	8.51%	8.29%	9.11%	8.89%	8.70%

Spending Will Boost Near-Term Revenues

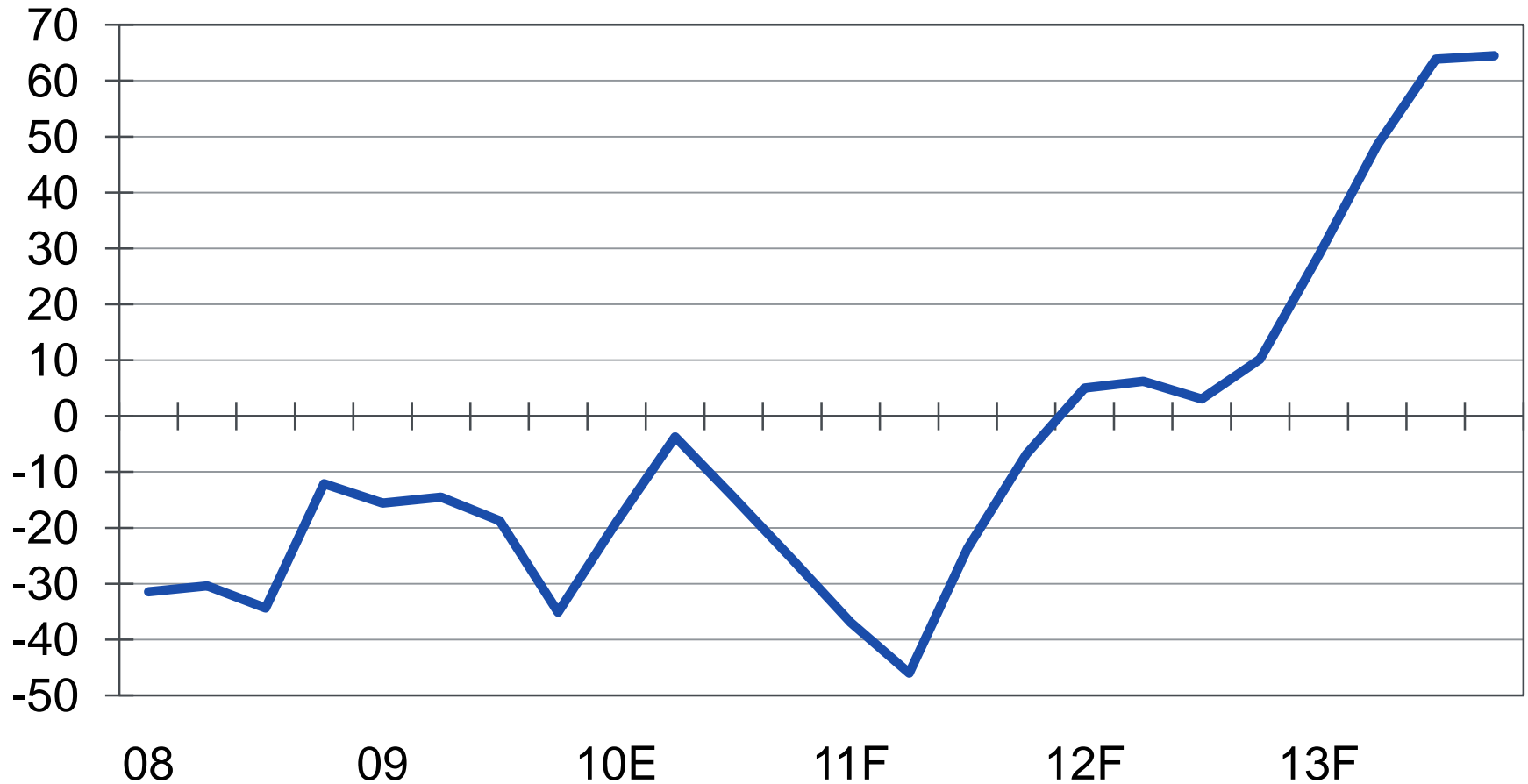
Annual percentage change, 12-mo MA



Sources: BEA, Census Bureau, Moody's Analytics

And Housing Starts Will Fuel Out-year Growth

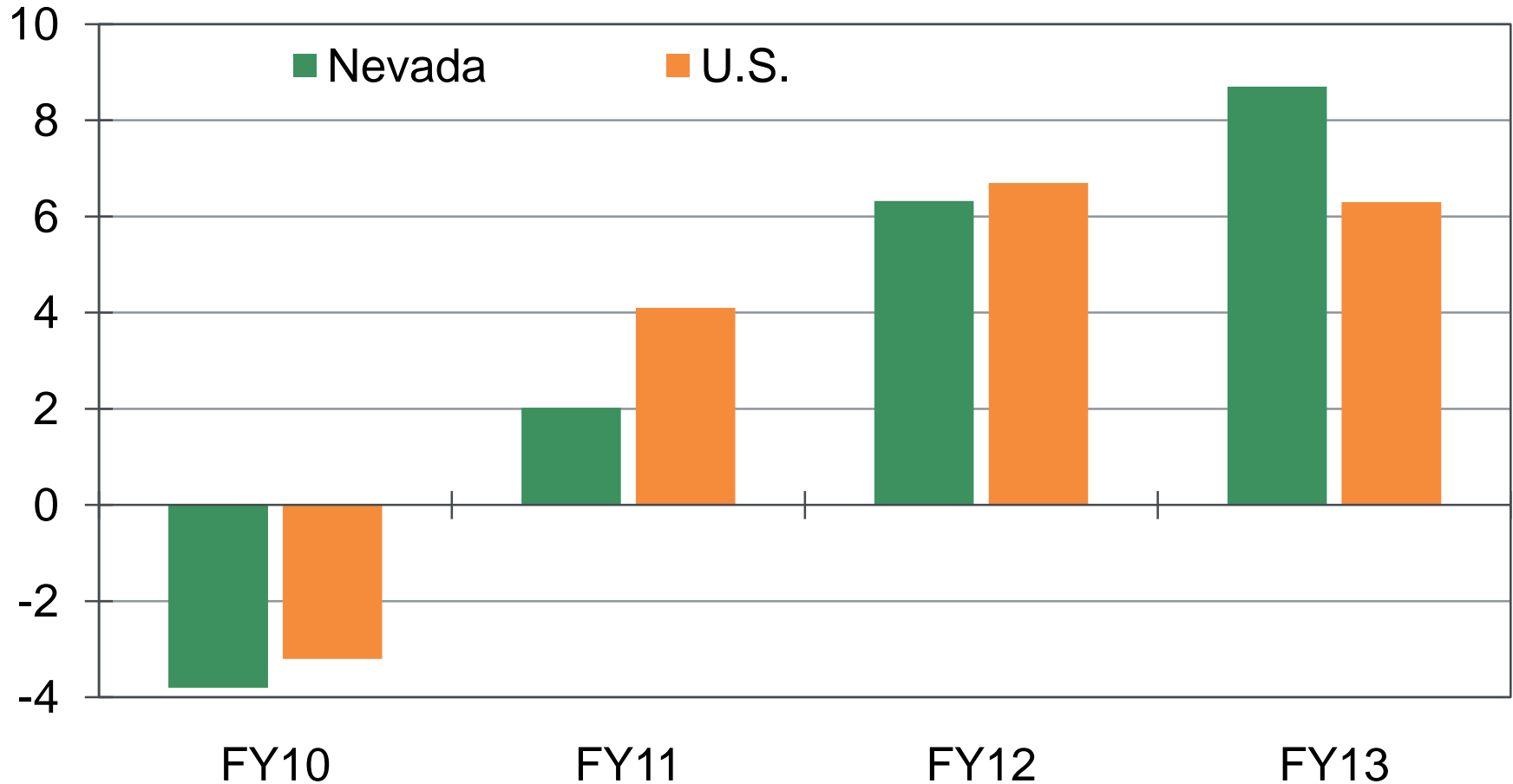
Annual percentage change, 12-mo MA



Sources: BEA, Census Bureau, Moody's Analytics

Nevada Will Lag the U.S. Until Fiscal 2013

Yr ago % change, state sales and use tax receipts



Sources: Census, NV Department of Taxation, Moody's Analytics

Risks

- » Weak Discretionary Consumer Spending
 - Lack of industrial diversity
- » Slowdown in National Recovery
 - Chances of a double-dip are 1 in 3
- » Prolonged Foreclosure Crisis
 - “Robo-signers”
 - Slowdown in population growth

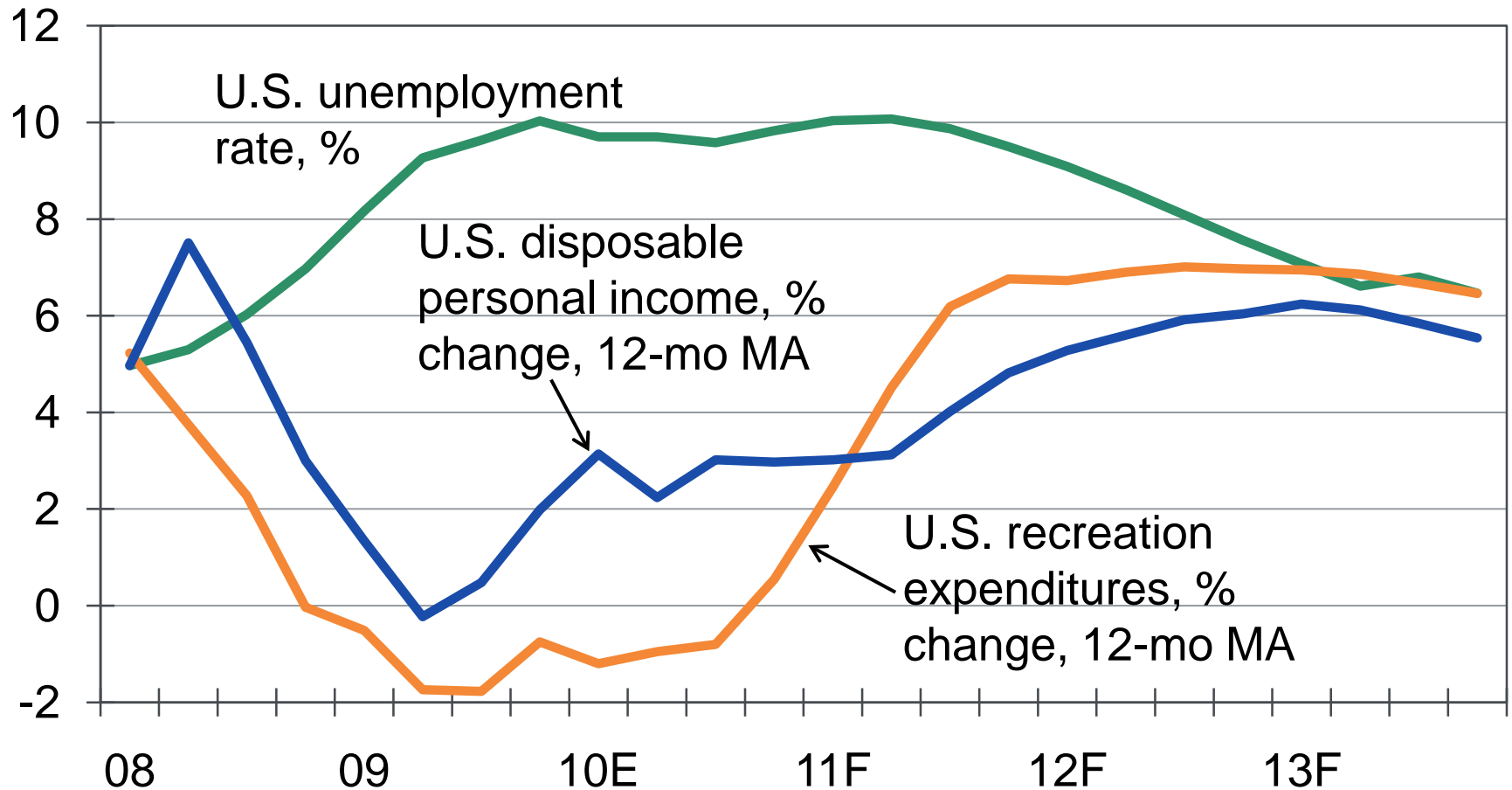
Gaming Percentage Fee Forecast

Gaming Percentage Fee Forecast

In millions

	Q1	Q2	Q3	Q4	FY Total
Fiscal 2011	\$ 154.54	\$ 163.13	\$ 152.90	\$ 184.87	\$ 655.44
% Change Year Ago	1.27%	0.52%	2.45%	3.62%	3.88%
Fiscal 2012	\$ 163.97	\$ 177.96	\$ 170.03	\$ 204.84	\$ 716.80
% Change Year Ago	6.84%	9.09%	11.21%	10.80%	9.36%
Fiscal 2013	\$ 185.93	\$ 201.20	\$ 194.04	\$ 229.60	\$ 810.76
% Change Year Ago	13.40%	13.06%	14.12%	12.09%	13.11%

The U.S. Recovery Will Drive Gaming Growth



Sources: Census Bureau, BEA, Moody's Analytics

Risks

- » Slowdown of National Recovery
 - Chances of a double-dip are 1 in 3
- » Increased Competition
 - Indian gaming
 - International competition

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