

STATE OF NEVADA ECONOMIC FORUM



September 29, 2010

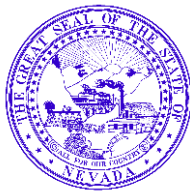
**Legislative Building
Room 3137
401 South Carson Street
Carson City, Nevada**

With videoconference to

**Grant Sawyer State Office Building
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Las Vegas**

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MEETING NOTICE AND AGENDA

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

Date and Time of Meeting: September 29, 2010 – 9:30 a.m.

Place of Meeting: Legislative Building
Room 3137
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
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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. ELECTION OF CHAIRPERSON AND VICE CHAIRPERSON.

- III. OPENING REMARKS AND OVERVIEW OF THE ECONOMIC FORUM 2010-2011 FORECAST CYCLE.
- *IV. APPROVAL OF THE JANUARY 22, 2010, MEETING MINUTES.
- *V. APPROVAL OF THE MAY 1, 2009, MEETING MINUTES.
- *VI. PRESENTATION OF THE TAX CHANGES APPROVED BY THE LEGISLATURE DURING THE 25TH SPECIAL SESSION, 2009 REGULAR SESSION, AND 26TH SPECIAL SESSION.
- *VII. REPORT AND DISCUSSION OF FY 2009 AND FY 2010 ACTUAL COLLECTIONS COMPARED TO FORECASTS BY THE ECONOMIC FORUM AT ITS DECEMBER 1, 2008, AND MAY 1, 2009, MEETINGS, INCLUDING ADJUSTMENTS FOR ACTIONS APPROVED BY THE LEGISLATURE.
- A. Gaming Percentage Fee Tax
 - B. Live Entertainment Tax - Gaming
 - C. State 2% Sales Tax
 - D. Insurance Premium Tax
 - E. Modified Business Tax
 - Nonfinancial Institutions
 - Financial Institutions
 - F. Real Property Transfer Tax
 - G. Cigarette Tax
 - H. Secretary of State Fees
 - I. Room Tax
- *VIII. REPORT AND DISCUSSION OF FY 2010 ACTUAL COLLECTIONS COMPARED TO FORECASTS APPROVED BY THE ECONOMIC FORUM AT ITS JANUARY 22, 2010, MEETING, INCLUDING ADJUSTMENTS FOR ACTIONS APPROVED BY THE LEGISLATURE.
- A. Gaming Percentage Fee Tax
 - B. Live Entertainment Tax - Gaming
 - C. State 2% Sales Tax
 - D. Insurance Premium Tax
 - E. Modified Business Tax
 - Nonfinancial Institutions
 - Financial Institutions
 - F. Real Property Transfer Tax
 - G. Cigarette Tax
 - H. Secretary of State Fees
 - I. Room Tax

- *IX. REPORT ON FORECAST ACCURACY BY FORECASTER FOR SELECTED REVENUES.
 - A. Gaming Percentage Fee Tax
 - B. Live Entertainment Tax - Gaming
 - C. State 2% Sales Tax
 - D. Insurance Premium Tax
 - E. Modified Business Tax
 - Nonfinancial Institutions
 - Financial Institutions
 - F. Real Property Transfer Tax
 - G. Cigarette Tax
- *X. PRESENTATION OF HISTORICAL TAXABLE SALES AND GAMING MARKET STATISTICS.
- *XI. DISCUSSION AND RECOMMENDATIONS REGARDING THE ECONOMIC FORUM'S USE OF MOODY'S ECONOMY.COM AS A PRIVATE FORECAST SERVICE.
- *XII. DISCUSSION AND RECOMMENDATIONS REGARDING OUTSIDE REVIEWERS VOLUNTARILY PROVIDING INFORMATION TO THE ECONOMIC FORUM.
- *XIII. INSTRUCTIONS TO THE TECHNICAL ADVISORY COMMITTEE.
- *XIV. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.
- XV. PUBLIC COMMENT.
- XVI. 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.

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MINUTES

MEETING OF THE ECONOMIC FORUM JANUARY 22, 2010

Chairman: I would like to call to order the January 22, 2010 meeting of the Economic Forum. The first order of business is roll call. Please respond accordingly, Matt Maddox.

1. Roll Call

Board Members Present at the Meeting:

Matt Maddox
Linda Rosenthal
Mike Alastuey
Bill Hartman
Chairman, John Restrepo

II. Opening Remarks:

Chairman: I would like to take a minute to thank the staff for all of their hard work over the last couple of weeks to put all of this information together for us today. I would like to welcome Matt Maddox to the Forum from the Wynn. Your comments are very welcome here today and very important to our proceedings. To move on to number three Election of Chair and Vice Chair, I would like to ask for a motion to any nominations for chair.

III. Election of the Chair and Vice-Chair

Bill Hartman: I would like to nominate John Restrepo to be chair of the Economic Forum.

Mike Alastuey: Second.

Chairman: Any discussion? All in favor? All opposed? Thank you. Nominations for vice chair.

Linda Rosenthal: I nominate Mike Alastuey to be nominated as vice chair.

Bill Hartman: I will second that.

Chairman: Any discussion? All those in favor? All opposed? Motion approved. Item number 4 is the Presentation of the State Employment and Unemployment Outlook from Bill Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation.

IV: Presentation of the State Employment and Unemployment Outlook

Bill Anderson: Good morning Mr. Chairman, members of the Economic Forum. For the record my name is Bill Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation. I have been asked by staff to provide a very brief and concise economic overview. Typically in these types of settings I would talk about such things as population growth, housing, taxable sales, and gaming win, but you are going to be hearing a lot about that type of information as the day unfolds. I will be keeping my remarks solely on the labor market this morning in order to make the best use of your time. Looking at my presentation I think that there are essentially two main themes to the points that I will be bringing up this morning. Number one and perhaps most importantly we are really in unprecedented times here in Nevada. We have simply never gone through anything economic wise like we are going through right now. The second major theme to what I will be talking about is that when the recovery does unfold it will likely be relatively slow and relatively choppy. We are going to have some months of good news and some months of bad news. I am going to go off script a little bit here that leads me into a discussion of our December labor market report which we released to the media just this morning. What we found in Nevada for the state as a whole is that the jobless rate rose from about 12.3% in November up to 13% in the month of December. Now what had happened in previous months beginning last fall is our unemployment rates starting trending down a little bit. Actually we peaked out at about 13.3% and then for a couple months we saw that unemployment rate decline and we actually settled in at 12.3% in November. As we cautioned in our analysis of the numbers, the decline really wasn't for a good reason. Employment opportunities weren't expanding, the labor market wasn't improving but what was happening is that folks were dropping out of the labor force. Had they remained in the labor force, most likely they would have been counted amongst the unemployed. Folks drop out of the labor force either because they move away, or my guess is, more likely, they became discouraged. They didn't see many job opportunities out there for them and they gave up their search for work and dropped out of the labor force. Specifically for December our job readings for the month came in about 80,000 below where they were just a year ago, in December of 2008. Construction remains a problem, year over year job readings were down by about 30,000. In the leisure and hospitality sector job levels were down by about 23,000. Again what I think this December report suggests to us is that the recovery once it does take hold is going to be very choppy. As I said, we are going to have some good months and some bad months. With that brief update let me go ahead and proceed. As I said, this recession is different. We've never seen anything like this. It was only about four or five years ago when one of the main debates was whether or not the state was recession proof and there was a large camp of folks who thought that we were. This recession has proved otherwise. In the past during recessions our employment readings have essentially just flattened out during times of recession. This time around our employment

levels have essentially nosedived which is something that we are simply not used to here in Nevada. Essentially we dropped about 120,000 jobs since the recession officially started in December of 2007. If you look at the three previous recessions, our job levels essentially held steady plus or minus roughly 5 or 10,000 jobs during those previous three recessions. Now to put this in perspective, about 400,000 jobs were created in the ten year period ending in 2007. Likewise, the unemployment rate has increased to record levels. Prior to this recession our highest ever unemployment rate reading was 10.7% back in the early 1980's. Right now with the release of today's numbers we're looking at about an 11.8% unemployment rate for all of 2009, the 11.7% on the slide was through November but we can update that with the December numbers. Just as job losses have far outpaced previous recessions, unemployment has increased much faster than it has in previous downturns. Specifically we are up about 7 to 8 percentage points relative to where we were at the beginning of this recession. You look back at previous recessions; again we didn't see anything near this kind of an increase in the unemployment rate. Nevada's been hit relatively hard by this recession. In its simplest form I would like to say that there are three forces driving what's happening, none of them will surprise you. Number one and the first sign of problems revolved around weakness in residential real estate and construction. We began seeing signs of that back in early and mid 2006. Somewhat related to that, the second driving force, problems in the credit markets both nationally and globally which has essentially brought commercial development almost to a halt here in Nevada and elsewhere. The third driving force is weak consumer discretionary spending. When you think about these three things, residential construction, commercial development, and discretionary spending, they hit at the core of Nevada's economy. As a result, we have suffered greatly in a relative sense during this recession. It's really not that much different than a recession that has impacted durable goods manufacturing and the auto industry, which obviously hits states like Michigan, Ohio and Indiana. This recession has hit states like Nevada, Arizona, the Southeastern United States, the Carolinas, Florida, Georgia, to an extent that we and they haven't seen in the past. Just to kind of put that into some perspective, we all know that Nevada was one of the fastest growing states economic wise for several years running. As this recession has unfolded our jobless rate has jumped so much that we now have the second highest rate in the nation as of December, Michigan being the only state with a higher rate. Again, we have really been hit hard this recession. Our job losses of about 6% year over year in 2009 was almost double the rate of job loss in the nation as a whole. All sectors of the economy have been impacted by this downturn; it has been very broad based. Leisure and hospitality lost about 30,000 jobs, professional and business services about 15,000, trade, transportation and utilities about 8,000 jobs over the course of roughly the last two years. What's really interesting, and I think again it adds some good perspective, construction arguably drove our boom times just a few years ago, we created about 50,000 new construction jobs from 1997 to 2007, we've lost about 50,000 of those jobs in the last two years. I think that really drives home what has happened here in Nevada. Just to give you a feel numerically for what's been going on, the recession as it unfolded in 2009 impacted just about every sector of the state's economy. If you want to look for one sign of relative strength, and even there conditions have slowed considerably, you can look at the education and health services sector. They have held up relatively well, but even there growth is done somewhat. If you want to look at

one region of the state that has performed relatively well it's the state's rural counties, especially those heavily dependent upon mining. They have held up relatively well, much more so than the metropolitan areas of the state. I know the chairman is very interested in our unemployment claims activity and I know Mr. Restrepo that you use this information every month in your analysis so I thought I would give you a feel for what is taking place with respect to unemployment insurance claims. What we are seeing right now is that the level of activity is starting to top out. If you look at our initial claims readings for the end of this year they are pretty similar, in fact down slightly, from where they were at the end of last year. Just to put that in perspective, you look back to January of this year and our unemployment insurance claims activity at least with respect to initial claims was up some 14 or 15,000 on a year over year basis. We are seeing some moderation with respect to unemployment insurance activity. This is more or less just an informational slide, but you gives you the level of total claims activity in our state. That red line shows total unemployment, not everybody that gets counted as unemployed actually receives unemployment insurance benefits. That dark blue area at the bottom is our regular state unemployment insurance program, the 26 week program. The gray and turquoise sections represent different extension programs, some of which were included in the stimulus package that extends the length of time that folks can receive unemployment insurance benefits. As of right now, the maximum time period to receive unemployment insurance benefits is up to ninety-nine weeks when you take into account the state's base program as well as the various extensions that have come forth. Now with respect to the outlook, not surprisingly, it is weak. I think that is pretty consistent with my opening remarks. We are not going to see a very strong recovery once it does begin unfolding in Nevada. Specifically we are looking this year for our unemployment losses to more or less peak at about 9.5%. We are going to see job losses equate to about 9.5% in 2009 and then gradually lesson as the recovery does try to pick up some speed over the course of the next couple of years. Now I hate to get real technical and I will try to do this in just a half of a minute or so, but I want to put these numbers in perspective. Earlier you might have seen that I said that our job losses were about 6% on a year over year basis. We deal with two sets of employment numbers. Number one we call current employment statistic numbers, those are the numbers that we release every month and they are showing job losses at about 6.5% on a year over year basis. We generate those numbers via survey, there are a couple of other factors that go into that estimate, but it is a very timely number as I said. We are in mid January and we are just now releasing December numbers. The real employment number results from our quarterly census of our wage records, our unemployment insurance wage records. We go in every quarter and we literally count every person that's employed whose part of the unemployment insurance system. It is a complete 100% census, whereas the previous data that we talked about is a monthly estimate. The problem is it's not very timely. We're just now wrapping up our third quarter from last year, our third quarter overview of what we call the quarterly census of employment and wages. That is real actual employment; it is based on a census count. That is probably the best employment indicator that you folks can deal with. I wanted our employment forecast to reflect that. We're talking about what we call covered employment, the employment covered by the unemployment insurance system. Again, we are looking at about a 9.5% decline in 2009 and indeed that is exactly the rate of decline that we've seen through the first three quarters of the year.

With respect to a couple of the major sectors that might be of interest to you, accommodation and food services, where we find leisure and hospitality, that peaked at about 310,000. It has been declining ever since. We look for it to bottom out and then gradually increase right around 275,000 or so over the course of the next couple of years. With respect to construction, that's where the big decline has come in; we peaked at about 150,000 construction jobs just a few short years ago, we think that's going to bottom out at about 50,000 right around 2011. Just to wrap things up with a quick summary, I think what we're seeing emerge here in Nevada, again once the recovery takes hold, is an economy that will not repeat the boom like conditions that we saw just a few short years ago. I doubt very much in my lifetime that we are ever going to see consistent job gains over the course of several years that average 6% year over year like we did over this decade. We are not going to see Nevada lead the nation for essentially twenty consecutive years in terms of population growth. I think what is going to emerge is an economy that is going to grow at a much more modest or moderate pace, but on the flipside, arguably a little more sustainable. Perhaps in this new economy we are not going to see the booms and like we're seeing right now the bust that we have seen in the past. That concludes my remarks and I would be happy to answer any questions that you might have.

Chairman: Questions anyone? Mike.

Mike Alastuey: Yes, Bill in your most recent report of the month, the one that you just cited this morning that the Administration released today, how many jobs were lost just in one month?

Bill Anderson: About 12,500 from November to December. Just to give you one other indicator of current conditions, a lot of folks are interested in holiday employment hiring trends in the retail sector as a good barometer of the economy. Typically from October to December we see an increase in retail employment of about 6,000 jobs. This time around it was about half that. Again, I think a pretty good reflection of what is going on in the economy.

Chairman: Anyone else? Matt.

Matt Maddox: I am just trying to understand the forecast for the unemployment outlook is weak where you have continued job declines. The 9.5% does that represent the 120,000 jobs that have been lost?

Bill Anderson: We're dealing with again, two different measures of employment. For most of my presentation we were dealing with our monthly survey of employers where we have numbers just a couple of weeks after the end of the month. This is dealing with a complete census count.

Matt Maddox: How many jobs were lost, what percentage does that represent?

Bill Anderson: Were looking in 2009 at a loss of about 118,000 and about 65,000 jobs lost in 2010.

Matt Maddox: So roughly half of the jobs created of the 400,000 jobs created over the last ten years, you are predicting that we are going to loose over the next two.

Bill Anderson: Right.

Chairman: Bill a quick question on the unemployment rate issue, when you factor in the U6, the discouraged workers, and the forced part-time where does that put the state?

Bill Anderson: We look at that on an annual basis and what Mr. Restrepo is referring to, we have this official unemployment rate but it doesn't capture everybody. It doesn't capture the folks that have dropped out of the labor force because they become discouraged, it doesn't capture folks who are working part-time but who would rather be working full time. When you broaden that definition of unemployment you've got a higher unemployment rate. We looked at that issue for calendar year 2008 and we found that the unemployment rate, had we broaden that definition of unemployment; we would probably be about 75% higher then the official rate. So, if you had a 10% rate, probably the broader measure is about 17.5%. The data are a little bit more reliable at the national level and right now they are estimating that U6 unemployment rate in the high double digits, pretty much approaching 20%. That is a much broader measure of unemployment than the official rate.

Chairman: A couple of follow up questions. On the unemployment claims there has been an improvement it looks like, can we tell if this is improvement in terms of an actual improvement or less being eligible because they have been unemployed for so long that they are not qualifying anymore, does that come into those numbers?

Bill Anderson: These numbers are looking at year over year so it discounts seasonality and a couple of other things. It is showing a slight improvement, but again, we're still at record high levels of unemployment insurance activity. It is topped out.

Matt Maddox: I just want to make sure that I understand the trend. You said that in December, the jobs lost are around 12,500?

Bill Anderson: From November to December.

Matt Maddox: From November to December. And we're forecasting around 60,000 jobs for next year which is around 5,000 a month? That seems like a radical growth actually. If we are loosing 12,500 this month, why are we only going to loose 5,000 a month starting next month?

Bill Anderson: We are comparing month to month and year over year change so we need to differentiate that. But there are some seasonal patterns involved. In some

months you are going to get higher increases, or more pronounced increases or declines then you would get in other months.

Matt Maddox: How is the year over year then?

Bill Anderson: We lost about 80,000 jobs December to December versus 12,500 November to December.

Matt Maddox: Thank you.

Bill Anderson: Just to avoid any confusion as you move along with your deliberations, keep in mind that I presented these numbers on a calendar year basis, staff has access to our quarterly numbers and they can make those conversions into fiscal years as well.

Linda Rosenthal: I have a question on the slide the employment outlook is weak as well. On the forecasted numbers, the light blue, what are the main assumptions underlying that change?

Bill Anderson: We take into account just about everything we can get our hands on. Obviously a main driving force is megaresort related construction and the pipeline there is empty so that's reflected in this forecast. Another major driver is the national economy. Obviously what we've learned is that we're very dependent upon national and indeed the global economy. Nationally there has been talk about a jobless recovery, that will certainly impact Nevada as folks continue to rain in there discretionary spending. So we factor in a lot of macroeconomic, broader economic measures as well as Nevada specific information. Again, one of the main drivers in our outlook because it was the main driver of our downturn is construction activity.

Chairman: Bill, just a few more questions from me and then I will be done. On the narrowing of persons covered by unemployment and the persons not covered, do you know what that percentage is at this point?

Bill Anderson: Typically we see roughly 40% or so, that is increased now to roughly 70% and that is due to all these various extensions.

Chairman: And that's covered?

Bill Anderson: Right.

Chairman: In your December 17 press release you made an interesting statement on the recalibrations of the numbers in March and the employment numbers being worse once you do the calibrations. Could you address that issue for us?

Bill Anderson: That relates to that technical note that I brought up at the beginning of this slide. We have our monthly survey that's very timely, we get those numbers just ten days, two weeks after the end of the month, and then we have our complete count. We

saw as the year progressed that those two employment measures have started to diverge. So what we're talking about is we declined about 6% year over year on our survey based employment number, with respect to our census we're down about 9.5%, so that's that divergence.

Chairman: So what your saying is when you do it in March you will be calibrating the year end numbers.

Bill Anderson: Right.

Chairman: That's all I wanted to clarify. One final question, have we seen any improvements on the weekly hours worked on the state level from the Census Bureau?

Bill Anderson: No; that has been pretty much stable. One thing we are keeping an eye on at this time is temporary employment since that's always a pretty early indicator of what's taking place. We see some positive signs there, but it's one step forward and then you take a step back.

Chairman: Thank you. Anyone else? Thank you for your time Bill. Next is Item 5, Presentation on the State Population Outlook, Jeff Hardcastle State Demographer.

V: Presentation on the State Population Outlook

Jeff Hardcastle: Thank you Mr. Chairman, Jeff Hardcastle Nevada State Demographer. Right now I just want to touch on process with the projections and estimates because as state demographer I have produced population estimates as well as the projections and I am still finishing up the estimates at this time and then moving into a phase to do more rigorous population projections. The current estimate in Nevada's population 2,711,000 that is a drop off of 1% from last year part of that for the 07-08 period we had seen a growth of about 1% and from 06-07 when we had the construction bust start happening we grew about 3.6%. A couple weeks back in late December there was the story about the Census Bureau estimates which report net migration. Two other takeaways from that story that didn't get well reported in the press were that we did have international migration and we did have net natural increase. There are always two estimates out there that show different stories about our population growth in change. That kind of frames this discussion about our population trends because population growth is based on natural increase as well as migration. As I go forward doing the projections I do use what is called the REMI model. It is being used by the Southern Nevada jurisdictions, I for the past ten years, and it is used nationally across the country by other state governments, and local governments. It is a general equilibrium model that relates local economies, in this case all seventeen counties in Nevada, to each other and to the nation as a whole. REMI, as they have been preparing their last version of the model, has history through 2007 for economic history as well as demographic information. Due to a forecast of national JDP in this last version, was much more pessimistic than previous renditions and that impacts some of the modeling that comes out of it at this time. As I do my projections over the next couple of months I will also be getting information from local governments about

activity locally in the counties. I will also be reviewing other projection sources, Moody's as well as Woods and Poole just to see if they are seeing things that I'm not and vice versa. Prior to 2007 the Southern Nevada jurisdictions were making, for lack of a better term, 'build it and they will come'. We tended to assume that even though we continue to build hotels there would never be a drop off in that market, we would not be seeing the economic conditions that we are now seeing. Population growth in Nevada has been historically under projected this goes back into the 1980's. So while the people were looking at trying to be conservative, it was often downplayed and rejected as not reflecting the reality that we were then seeing at that time. Also the projections that were optimistic at that time benefited from an economic climb in the 1990's. A new assumption that I am making that may be just as wrong is that the general equilibrium nature of the REMI model may be saying something that we need to listen to. As Bill was alluding to earlier, we don't know how much job growth there will be nationally. In the 1980's there was recessions around the country but it was basically bouncing between the two coasts. So people that were unemployed in Michigan can move to Las Vegas, or they can move to Colorado when the energy boom was there, people can move to the coast. So you have this ability of people being much more responsive and move, but right now with the current economic situation even though Nevada has one of the highest unemployment rates, nationally there is not a very good employment situation. That may be drag on out migration as we look forward. If you look at and this is something we have done in Southern Nevada is look at hotel room growth. The dark solid line is the REMI model coming straight out of the box, and again this reflects the economic history and trends from 2007 and some very pessimistic assumptions on GDP. If you look at updated employment in the model from 2008 and 2009, it is the lower line that reflects the upper line. If you then add in the new hotel rooms that the Las Vegas Convention Visitors Authority has in their construction bulletin, we are basically putting in a bubble into the system. So we are building in more capacity into the system that may be absorbed in the current economic climate. That in turn drives near term job gross changes in the model and also some demographic of migration assumptions in the model for drawing people into Nevada. If you look at the model in going forward, it is way too optimistic for population growth but if you look at the history of migration that may be dropping it. So I looked at the ratio of jobs to population for 2000 through 2009. You will notice that for 2009 that number is much higher than that average. We have had a fairly low ratio of population to jobs, from 2000 through 2009 about 1.6, but in 2009 that jumps to 1.74 and that may be reflecting the unemployment situation. In going forward, by 2015 the model ends up showing roughly a ratio of 2 people for every job in the state. That is a very high dependency ratio; it may not be viable as a real assumption to make going forward. So in trying to at least ball park some projections to give to you today for information I looked at keeping that 1.6 ratio and then just looking at just the 2009 ratio and it comes up with two very different scenarios. If you look at the 1.6 ratio by 2015 we are looking at a loss of population overall. There may be some ups and downs but we are looking at in 2015 a loss of population by about 100,000. If you look at the higher ratio 1.74 statewide we are looking at a gain in population of about 110,000 – 116,000. So at this point I don't really have a firm answer to give you for where things are going to go. It depends a lot on the national economy for how mobile people can get either with their own resources or for job opportunities elsewhere if our employment situation stays as bad

as it's been, or if it continues to deteriorate. It also depends on again, if people don't have resources or don't have the ability to move they may end up staying here and keep that ratio to population of employment fairly high. That also has implications then for services to be provided. I broke that chart down by Clark County, Washoe County, and that story pretty much parallels throughout the state and even with the rural counties. The balance of state includes Carson City, Douglas County, this part of the northwestern part of the state, but also the mining counties. While mining as an industry has held up fairly well and they are really the four counties that held up with population estimates, their growth has slowed down substantially with population this past year. In the last table I included for your handout, was just distributing that population by some tables I created from the last time I did population projections just to show the potential service level demands and this breaks out by school age populations, seniors and the five year group. With that I will be happy to take any questions.

Chairman: Any questions? Matt.

Matt Maddox: Can you help me put this into context with other states or the nation in terms of ratio, population per job? Should we be happy with 1.6 or 2.0? What are other states experiencing?

Jeff Hardcastle: I did not get an opportunity to look at that fully.

Matt Maddox: I was just wondering if it is high or low.

Jeff Hardcastle: I did talk to REMI's staff about the model itself and what I was seeing and their take on it was that it was a little bit high. I think that just looking back from articles that higher ratio is obviously getting more exaggerated, that's why I am very concerned with that not necessarily reflecting reality. Again, this is being used a little too much, but we are in uncharted waters right now. We really don't know how soon things will balance back out, we don't know about economic opportunities elsewhere. We may be looking at a situation where again it's reflecting the drop off in jobs and the unsteadiness in the job market.

Chairman: Anyone else? Bill.

Bill Hartman: Jeff, I am trying to understand the significance of this, let me ask you if this is what you're saying. If the significant engine of this state's economy in the past has been based upon population growth, you're saying that all the way through 2015 you're seeing that engine turned off.

Jeff Hardcastle: The underlying driver of our economy has been really the gaming industry with the job creation there and in turn, the creation of households and more people moving in. That is the direct driver. The indirect driver is going to be that population growth because all of that has spun the construction trades, which then in turn create households and in turn create the retail sales figures and so on. So, we're tied to population growth but we are also tied to that gaming/construction sector. With those

two parts turned off then we are relying now on household growth through natural increase of population. Does that help?

Bill Hartman: Yes, thank you.

Chairman: Anyone else? Just one quick question, it appears that you are saying our school age population 16-18 that we are seeing a drop off over time?

Jeff Hardcastle: Potentially.

Chairman: And that is at the 1.61 ratio?

Jeff Hardcastle: Yes, that is using an average of those two estimates, the 1.6 and the higher one. If you look at the burst of this past year 40,000 that's equal to the 1st grade classes all across Nevada. So even if those people do stay there will still be that same level of service needed.

Chairman: Thank you. Final question, on the 1.74 ratio column, it looks like in 2013 after a period of growth we drop, what is happening there?

Jeff Hardcastle: It is primarily the drop of the hotel rooms in the model because the model links the other economies as well as other industrial sectors. So, the underlying economic linkages from historical linkages has been that as there is hotel room growth there is other linkages which boost up that job base across the state.

Chairman: It looks like the model instead of just stabilizing 2012 when the next wave of hotel construction ends, just goes down instead of staying level.

Jeff Hardcastle: Right. It goes back to the historic levels. Like I said, before when the model would drop we would assume that the model was wrong to drop it and we would keep that at the casino levels and I doubt that that is a safe assumption.

Chairman: Any other questions from anyone? Mike.

Mike Alastuey: Just a comment and then maybe to ask a response from Mr. Hardcastle if he has one. Seems to me as if there is a mixture here of both indicators of future service demand and indicators of population driven revenue base. So, under one set of assumptions that base declines slightly, under another set of assumptions it increases slightly. You essentially saying that population, for the near term anyway, are off the table as far as a revenue driver?

Jeff Hardcastle: I think that it is potentially off the table right now as a revenue driver. At best I think we are looking at a fairly flat growth to what we are used to. If you look forward, we are not going to have the levels of growth that we have had before. One thing that we haven't thought through enough is if you live in Clark County, it used to be a 2 to 1 ratio, for every 2 people that moved in 1 moved out. If you had a net migration

of 50,000 in one year your total gross migration was 100,000 so you had about an extra capacity at 5% potentially. As that migration rate has gone down, that extra capacity has gone down.

Chairman: Thank you Mike. Anyone else? Thank you Jeff. Next is Item 6, Presentation of Tax Changes Approved by the 2009 Legislature During the 2009 Session, Russell Guindon.

VI. Presentation of Tax Changes Approved by the 2009 Legislature During the 2009 Session

Russell Guindon: Good morning member of the Economic Forum. For the record I am Russell Guindon, Senior Deputy Fiscal Analyst with the Fiscal Analysis Division of the Nevada Legislative Counsel Bureau. We are responsible for providing non-partisan staff to the Assembly and the Senate, Democrats and Republicans. As you know, under the law the Economic Forum is required to produce an official forecast on or before December 1 in even numbered years, and that is the forecast used by the Governor to produce the Executive Budget which is then presented to the Legislature in January. If the Governor would like to have a budget that exceeds those revenues he has to have the proposed revenue enhancements in the Executive Budget. By law, on or before May 1 the Economic Forum may produce a revised forecast. That revised forecast is then used by the legislature to produce what is called the Legislatively Approved Budget. We have to have a balanced budget in terms of expenditures and revenues, so if they want to approve a budget that exceeds the May forecast, the Legislature has to adopt and approve revenue enhancements that fund the Legislatively Approved Expenditure Program. What we try to do is build a sheet after the end of each session that takes account of all the revenue enhancements that were approved through legislative actions. Well since that was an enhancement that was approved we needed to back that out of your forecast to show it as a revenue enhancement. You should have green sheets and yellow sheets before you. The green sheet is the Economic Forums' May 1 forecast that was adjusted for legislative actions. Your actual May 1 forecast before any legislative adjustments included the room tax, but if you look at the yellow sheet you can see that we are going to go through some adjustments. You can see the Economic Forums' May 1 forecast without measures approved by the 2009 Legislature on the yellow sheet. For FY 2009 it is approximately 2.7 to 2.8 billion, in FY 2010 it is 2.615 billion, 2.668 billion in FY 2011, thus this would have been the Economic Forums' May 1 forecast before any measures that were approved during the 2009 Legislative Session. During this forecast, the I.P. 1 was law, so the room tax amount 104.7 million in FY 2010, 115 million in FY 2011, you add that to the number above and that was really your Economic Forums' May 1 forecast. I.P. 1 would allow an increase in the room tax up to 3%, but you could not exceed 13%. In Clark County this meant that all of the areas, with the exception of portions of the downtown area, you could impose the full 3%. In the Las Vegas downtown area there were portions that could only pick up 2% of the 3%. In Washoe County you can't pick any of the 3% up in the Sparks and the Reno downtown areas and you can pick up the 1% in the Washoe County unincorporated area and what is known as the Reno non-downtown area. When we get into the room tax today you will see that this

becomes an important piece of the discussion with regards to the amount of money that is going to be projected to come from Clark County versus the amount of money that is projected to come from Washoe County due to the provisions of I.P.1 as circulated and then approved during the session. The next thing I am going to discuss with you is the Business License Fee. The Business License Fee was the \$100 fee that was first approved in the 2003 session. In the 2009 the fee was increased to \$200. The law change was effective July 1, and along with the increase there was a law change to move this fee from the Department of Taxation to the Secretary of State's Office which was effective October 1. The Secretary of State's Office is working on developing a business portal based on legislation that was approved, so they are using this fee as the first revenue to work on the business portal. The other revenue change that was part of that statutory package was to change the laws so we picked up all of the Title VII entities. Under the law, Title VII has all of the chapters that cover entities that are required to file with the Secretary of State's Office, such as corporations, limited liability companies, limited liability partnerships and so on. So now when you file with the Secretary of State's Office, whether you are doing business in Nevada or not, you have to pay the \$200. Before, if you weren't going to be in the state doing business you weren't paying the Business License Fee. That is part of the revenue enhancements that is in the estimates. The next revenue enhancement that was approved at the 2009 session is the Governmental Services Tax. This is known as your vehicle registration fees. The enhancement was to change the depreciation schedule by adding 10% to each of depreciation factors that are in law. The effect is to add more value to your vehicle at each of age except for a new vehicle and that increment is deposited into the general fund. It is deposited for the current fiscal year and the next three fiscal years and then there after the money from that will go to the state highway fund. The next change that you will be considering and hearing discussion on this morning is the modified business tax on non-financial institutions. This is a tax that was original put in place in the 2003 session when the initial rate was 0.7%. The tax base for this defines taxable wages, which is the gross wages paid by an employer to their employees and less allowable health care expenses. The initial rate again was at 0.7% in FY 2004 and then it went down to 0.65% and then it was lowered to 0.63% and it was at 0.63% up until July 1 of calendar year 2009. The law change that was approved during the 2009 session was splitting the tax so it is now a two tiered tax. Now, the taxable wages per quarter up the \$62,500 per quarter are taxed at 0.5% and any taxable wages per quarter that exceeds \$62,500 are taxed at 1.17%. You can see the estimate that was produced by our office that those law changes effective July 1 would generate approximately 173.3 million in FY 2010 and basically about 172.4 million in FY 2011. This increment was computed based on information that we had from the Department of Taxation from FY 2008. We went in and tried to calibrate if you made the statutory change, what would be the factor in terms of how much more revenue would be generated. Then we took that factor and applied it to the Economic Forums' May 1, 2009 forecast at the 0.63% rate. You can see that this tax change is actually scheduled to sunset effective June 30, 2011, so it is only in place for the current biennium. The next one is the Sales and Use Tax and it is labeled to general fund commissions. Under the law, there is a collection allowance that is granted to the tax payer for the sales tax when they collect the tax on their sales and remit that tax to the Department of Taxation. They are allowed to retain a percentage as a collection

allowance for being the state's collection agent. That rate was lowered from 0.5% to 0.25%. This was an act taken during the special session that occurred in December 2008, but the legislature extended those provisions and they will be effective July 1, 2009 and there is no sunset provision on that change. The other change that is reflected is the General Fund commission that is retained by the Department of Taxation. You can see these listed on the green sheet under the sales tax: State Share LSST, State Share BCCRT, State Share SCCRT, and State Share PTT. As you know the sales tax rate of the State of Nevada is actually composed of the state 2% rate which goes into the state general fund. There is also a 2.25% rate which is known as the local school support tax rate; this goes to fund K-12 education. It doesn't go into the general fund but most of you should be aware that the act approved by the legislature was to increase the LSST from 2.25% to increase it by 0.35% to 2.6%. Then there is the supplemental city relief taxes which is 1.75% and the basic city county relief which is 0.5%. Prior to the act of increasing the LSST the combined statewide rate was 6.5%. Obviously it could be higher than that across the counties because there are also local option rates which are either authorized in statute or through a special local act. Now, the statewide rate is the 6.5% plus the 0.35% so it is 6.85%. Again, this rate can be higher depending on the local rate. For example, in Clark County the combined total rate is 8.1%. The Department of Taxation then keeps this commission which is deposited in the state general fund. The commission was 0.75% and it was raised by 1% to 1.75% for all rates except for the Local School Support Tax. The General Fund gets an additional 1% commission off of the basic city/county relief tax, the supplemental city/county relief tax and the local option tax. Obviously, the state 2% picks up more from the taxpayer collections. It is estimated to generate between 16 - 17 million dollars for each of the years in the biennium. I am going to lump the next three changes all together that are listed for the cigarette tax, the liquor tax and the other tobacco tax because there is also tax payer collection allowances on each of these. It was 0.5% but has now been lowered by 0.25% to 0.25%, thus if you are lowering how much that can be retained by the taxpayer, that increases the amount that comes back to the state through the tax dollars. The taxpayer collection allowance of general fund commissions do not have a sunset on them. The next is an item in regards to the Secretary of State's fees. There will be discussion on this when you come to the Secretary of State's Commercial Recording's item. It was an act that required the Secretary of State's Office to provide expedited services for filing with their office as a business entity. They do charge higher fees for those expedited services and there was a split between the Secretary of State and the General Fund with regards to that. It will be effective July 1, 2009 where all of the expedited service fees will be placed in the General Fund. The next one under Fees and Fines is the Short-Term Car Lease; it was effective October, 1. The General Fund rate is 6% and there is a 4% rate that can be imposed by the short-term car rental companies, of which 1% of that 4% is transferred to the State Highway Fund for transportation projects and they could keep 3% to try and cover their cost of licensing and vehicle registration fees. The statutory change that was made was that the rate stays at 10%, but now it is 9% rate that goes into the state's General Fund and then 1% goes into the State Highway Fund. It was only in place for three quarters and our estimate was 9.9 million in FY 2010 and about 13.6 million in FY 2011. With that Mr. Chairman, I can go through the rest of these but they are more one time actions that were approved as revenue enhancements to generate additional

revenue for the General Fund for FY 2010 and 11', but they are either on time allocations or have sunset dates on them. On the last page you can see that the total General Fund revenue enhancements for FY 2010 were approximately 501.9 million and 517.7 million in FY 2011. The Fiscal Analysis Division calibrated the enhancements against your May 1 revenue forecast. With that, I can answer any questions.

Chairman: Questions anyone? Does anyone want to hear about the larger revenues? Thank you Russ, continue.

Russell Guindon: Agenda item 7 is a Report and Discussion of FY 2009 Actual Collections Compared to the Forecast Approved by the Economic Forum at Their May 1, 2009, Meeting. You have a blue sheet before you that relates to this item.

VII: Report and Discussion of FY 2009 Actual Collections Compared to the Forecast Approved by the Economic Forum at Their May 1, 2009, Meeting.

Linda Rosenthal: The FY 10' forecast in this blue sheet looks like it is inclusive of the legislative changes so it's not pure growth year over year, you would have to make the adjustments for the legislative changes that you just went through right?

Russell Guindon: If your intent was to get back to the original May 1 forecast yes. You would have to go take the legislative adjustment out, but since the legislative adjustments were, in a sense the revised Economic Forums' forecast which produced the legislatively approved budget, then those are the official estimates that we now use for all growth rate and calculations.

Linda Rosenthal: My questions are more on the basis that fiscal year 09' did not have the additional taxes in them and 10' does, correct?

Russell Guindon: That is correct.

Linda Rosenthal: So the comparison is with additional revenue sources?

Russell Guindon: That is correct, so the percent change from FY 2009 forecast would be the FY 2010 forecast with legislative adjustments compared to your economic forum May 1, 2009 forecast which would not have legislative adjustments to it.

Matt Maddox: Just so I understand, basically their forecast was down 5% and then with the legislative adjustments it actually up 13%.

Russell Guindon: That is correct. Actually to give you the proper reference point, if you put the room tax, since the room tax was part of the economic forum's forecast then their forecasted growth rates before legislative adjustments was -9.9% for FY 2009, -1.2% for FY 2010 and 2.4% for FY 2011. So you are absolutely right, you go to the bottom of the yellow sheet or the bottom of the green sheet to get the growth rates with

the legislative adjustments. So again, just to hit some of the highlights that the Economic Forum will be considering today with regards to how 09' ended up. A lot of these revenue sources we now know eight to nine months or two quarters worth of the actual collections. When you are doing the FY 2009 forecast we refer to that as your base year forecast and then FY 2010 is your one year out forecast and FY 2011 is the two year out forecast. When we look at the FY 2009 we generally expect and hope to see relatively small forecast errors because you are really only forecasting the last one or two quarters of each of these revenue sources because you know the first three quarters of these revenue sources is actual collections. Given that, you can see that net proceeds came in approximately 2.3 billion dollars higher than forecast for FY 2009. Just for clarification, for Mr. Maddox, when you look at the FY 2009 forecast and the FY 2009 actual and then you compare this to the FY 2008 actual, you can see that it was basically forecasted more than double and this was based on a legislative change approved during the special legislative session that occurred in December of 2008 that in a sense put two years of payments in FY 2009 as a revenue enhancement. Then you can see for the Sales and Use Tax that GL 3001 that is the state 2% rate. This is a revenue source that you are considering today. Even though we knew the actuals for seven months of the fiscal year, this body approved the forecast of approximately 855.9 million you can see that it came in at 842.4 so we missed by about 13.6 million or -1.6% just over the last five months. You originally projected that it would decline 6.4% in FY 2010, but because FY 2009 actually came in lower than expected you now have to decline less to get to your FY 2010 forecast. The projected growth that was necessary to get to your FY 2010 estimate based on the FY 2009 actual is actually -4.9% versus the originally projected -6.4% which was based on comparing the FY 2010 forecast to the FY 2009 forecast. Going down to GL 3041, percent fees – gross revenue, this is another tax that this body will be considering. Again, I think we knew everything but the last three months of FY 2009 as we were preparing this forecast and we missed the forecast by approximately 7.8 million dollars or -1.2%. The original projection was for 3.4% growth but now that the actual came in lower you need to grow faster to be able to get back to your forecast. So you went from needing 3.4% growth to needing 4.7% growth once the actual came in below the FY 2009 forecast. The Live Entertainment Tax on Gaming, GL 3031G, you can see that we missed by about 3.6 million, I think at that time we knew everything but the last four months when the FY 2009 forecast was being prepared. Again, I won't go through it as you can see what happens to the growth rates for FY 2010. The Insurance Premium Tax, this is another one that you will be considering today. This is one of the few that came in above forecast. It came in 3.8 million dollars above forecast. So this is one that you can decline more and still reach the forecast for FY 2010 because FY 2009 came in above what you expected. The next two that I will cover that this body will be considering today is the Modified Business Tax on both non-financial and financial. For non-financial in FY 2009 remember there was know tax change there it was the 0.63% rate, we missed by about 11.1 million or 4.4%. We also missed in FY 09' the Modified Business Tax on financial which came in above forecast by about 4.2 million. The next one that this body will be considering today is the cigarette tax you can see that that forecast came in at approximately 2.2 million dollars below forecast. GL 3055 is the Real Property Transfer Tax that is another tax that this body will be considering today and it came in very close to forecast. In looking at this we know that there has been quite

a bit of volatility and there was quite a bit of discussion at the main meeting in trying to figure out the forecast for this tax and that is one of the one's that I had concerns about and it's the one we got the closest to. I guess that is just judicial evidence that it really is sort of a difficult time to try and make a living as a forecaster. That is all of the major ones that this body will be considering. On the third page titled "Licenses" under the description, I would just like to cover the Secretary of State Commercial Recording because this body will also be considering that today. We are looking at GL 3106 Las Vegas Commercial Filings, and GL 3130 Commercial Recordings those are what they process through their Carson City office, under the state's accounting system the revenues are recorded are those separate GL's but this body actually forecasts them together. That is why you see in the FY 2009 forecast the amount of 71 million. So the forecast that was missed by \$140,000 you have to go to the FY 2009 actual and add the 3106 and the 3130. Here you can also get an idea of the licenses relative to the taxes. Looking at fees and fines, the only one I want to spend time on is the Short-Term Car Rental. That one we actually got close to. Also, it was this miscellaneous category 3271 that is the GL agencies use for miscellaneous revenues. There was a revenue item that came in above, and that's where the majority of the actual coming in above forecast was. There we actually came in about 1.5 million dollars to the plus for fees and fines. Finally, in turning to the last page, I won't spend any time on the use of money and property and on the other revenue. As you know, most of the revenues on these four pages that we have gone over you direct to a Technical Advisory Committee, which is a statutory body that sits there to serve and support the Economic Forum. By statute it is composed of seven people. You direct that body to produce a consensus forecast for most of these small revenue sources and then that is brought forward for your consideration at each meeting. I do want to go over total other revenue, GL 3255 is just above total other revenue and that's unclaimed property, this is the Unclaimed Property Program that's administered by the State Treasurer and you can see that it came in about 4.3 million dollars above forecast. You can see that the net effect of Unclaimed Property here and the other few that came in above. With that Mr. Chairman, I think I have made my point in regards to the 09' actuals compared to the forecast.

Chairman: Thank you Russ. Any questions from anyone in the committee? No questions, let's move on to item 8, The Report on Forecast Accuracy by Forecaster for Selected Revenues, Russ.

VIII: Report on Forecast Accuracy by Forecaster for Selected Revenues

Russell Guindon: Thank you, this is something that is historically done at the fall meetings but since we are having this meeting and staff has had a chance to update it we thought that we would provide it here. This is actually a report that is prepared by our office. We go all the way back to when the Economic Forum first started their cycle in the fall of 1994. They have been producing forecasts in the fall of even numbered years and the spring of the odd numbered years during session. As you can see we went in and compared the FY 2009 actual with your May 1 2009 forecast. As I talked about, in May you produced your base year forecast for FY 2009 that is the year that you are in, a one

year ahead forecast for FY 2010 and then a two year ahead forecast for FY 2011. Remember in December of 2008 you did the same thing, you produced a forecast for the base year, a one year ahead forecast and a two year ahead forecast. If we back up to May of 2007, you produced a forecast for your base year of FY 2007, a one year ahead forecast for FY 2008, and a two year ahead forecast for FY 2009. You can see that there are odd numbered years where you are producing a forecast looking out two years and then you are producing a forecast for it when it is actually the base year. What we have done is gone through and computed a forecast error analysis based on the Economic Forums' forecasts that have been produced for the major General Fund revenue sources, going all the way back to the conception of the Economic Forum and looking at those base year forecasts, one year forecasts, and two year ahead forecasts. The reason why we separate these forecasts is because we have realized that it is pretty hard to even hit the current year, but it is getting much more difficult to hit two years out. You would hope that when you are forecasting the current year that your forecast error on average would be less than when you are trying to project that year two years into the future. If you don't separate those forecast errors out, you could end up biasing the actual accuracy when you look at the forecasters ability to project a revenue source at any particular point in time. I will readily admit that this is a pretty tourist document it is for people like me and Janet and others that have our backgrounds that can read this and it is in our language. What I think is most important is if you could turn to page two of the document called "Report on the Forecast Accuracy of the Economic Forum for Selected Revenues." On this page we provide the summary for the Economic Forums' accuracy for those five major General Fund Revenue sources. You can see at the bottom the biennium's that this has been computed for. You can see that it now includes the statistics for the 1995-1997, 1997-1999, 1999-2001, 2001-2003, 2003-2005, 2005-2007, and 2007-2009. What has been added to this report since the last time it was presented to this body was the 2007-2009 biennium. When we got the actual revenues for FY 2009 we now knew the actual collections for FY 2008 and FY 2009, which is the 2007-2009 biennium. You can see for the State Sales Tax the average forecast there is -0.7%. Below that is the average percent forecast error which is 7.7%. These two are measuring a pure mathematical average so if you over forecast something by 2% and you under forecast something by 2% your average would be 0. To compute the average absolute error you don't let negatives cancel out against positives, so if you over forecast by 2% and you under forecast by 2% your absolute is 2%. That is what these two statistics are telling you. The average in a sense is called a measure of bias; you tend to over forecast or under forecast. Here, you can see that actual minus forecast is how these are computed. So if it is negative you are over forecasting the actuals. Remember that this would be looking back at the forecast that you produced back in May 2007 which wasn't this body so I guess you don't have any culpability right. This report that was prepared and presented to this body last fall when we would have only had information to the 2005-2007. I will give you the same stats for the 2% Sales Tax; the average percent forecast there without the 2007-2009 biennium was 2.9%. You went from a position that you historically over forecast, to adding one biennium and you are now over forecasting. For the average absolute error percent for Sales Tax you can see the 7.7%, without the 2007-2009 biennium it was 5.3%, so it added about 2% just by adding one more biennium to the statistics. You can see the average for Gaming Percentage Fees is -2.6%

and 7.5% for the absolute. This is the same results such that, when you added this biennium you went from a position of under forecasting to over forecasting. Insurance Premium Tax on average you missed by 1.6% and in absolute terms missed by 8.2%. You may recall the discussion, and there will probably be another one today, the Insurance Premium Tax was sort of like the golden goose, no matter how much we would forecast it to grow it has always grown faster than that until this last cycle. The Casino/Live Entertainment Tax again the average is not too bad but the absolute error is almost 9%. The Cigarette Tax is -1.1% in average terms and then the absolute error is 5.3%. Just to quickly go through the report, if you turn to page 12 you can see that these are the forecasts that were prepared for FY 2007, FY 2008, and FY 2009 for the State 2% Sales Tax. We separate out the current years and years ahead because of the amount of information that is available for forecasters and this body to consider. You can see that for FY 2007 they are not too bad but remember that was the base year. As you move out in FY 2008, the one year ahead forecast that was being produced in December 2006 and May 2007 for the State 2% Sales Tax for FY 2007 and FY2008 you can see that you have 10 and 11% forecast errors. If you flip the page and look at any other year, you would be challenged to find anything close to that. Now you go look at FY 2008 and FY 2009 this is your looking out back in December 1, 2006 and May 2007, you have 34, 35, 36, 37% forecast errors. FY 09' was very interesting. In a sense, we had five shots at forecasting FY 2009. We had two shots at it in forecasting it two years out, December 1, 2006 and May 1, 2007. Then you had a shot at it forecasting one year out in June 2008 and then two shots at forecasting it base year, in December 2008 and May 2009. We had five shots at 2009 for Sales Tax, we revised the forecast down every time and we still ended up over forecasting. We have that scenario before us again; we are going to have five shots at FY 2011. This is creating an interesting dynamic for the people that follow this. You can see that there is a set of tables for each of the following revenues and again, there is a lot of data here, it is a pretty true table, but what we are trying to do is keep a track record of the Economic Forum and the actual forecasts that are presented to them for consideration as to their average and absolute forecast errors and also there errors in terms of what they projected to grow versus what it actually grew. With that Mr. Chairman, I will conclude this presentation because this is a document that we keep updated, we will update it again once we know FY 2010 and present that to the forum members in the fall. If there are any questions now, or even if later on you are looking at this and come across questions, feel free to call me and I will try to help you understand. I think it really is an interesting document with regards to creating a historical record of the Forum and I think as we were compiling this and we new that the errors were going to change dramatically just because you are adding in one more biennium to the forecast analysis and you can see how dramatic this was when I explained the Sales Tax. With that, I will answer any questions that the members of the Economic Forum may have.

Chairman: Thank you Russ. Any questions?

IX: Presentation on Historical Taxable Sales and Gaming Market Statistics

Russell Guindon: Mr. Restrepo had contacted me prior to this meeting as acting Chairman to ask if staff could put together some stuff on the historical facts of gaming and taxable sales. There are a lot of charts here and they were all e-mailed out to you in advance and have now been provided to you as a hard copy. Hopefully, you have had a chance to look at them; I know it was a lot of information. As you know, one of the state's major General Fund revenue sources is the Percentage Fee Tax. Which is the tax on gaming that you pay on a monthly basis and you pay based on what's called your taxable gaming revenue so I will leave that discussion for when we actually get into percentage fees. One of the biggest components of taxable gaming revenue is gaming win. I will try to concentrate most Mr. Chairman on the statewide stuff and then go through Clark, Washoe and Las Vegas strip in terms of hitting the highlights.

Chairman: I hate to interrupt but just an observation for the members. The table that drives the charts is that this package here?

Russell Guindon: Yes. What the Chairman is holding up is a set of tables that the Fiscal Analysis Division put together since about the 97-98 Economic Forum. It has historical information from the taxable sales and the sales tax collections, the gaming win, the taxable gaming revenue and the percentage fee collections, and then it goes into and provides the actual data on a fiscal year basis for taxable sales for the state as well as the counties as reported by the Department of Taxation, for gaming win and the gaming win by the markets that the Gaming Control Board reports. It is a supplement table that we have always prepared because the question comes up where are we year to date, what has been happening, and that is a table that can quickly be referenced to look at.

Chairman: For the tables that draw the numbers on the charts that you are going to be presenting, that particular packet is the thinner of the two? I just want to make sure in case one of the members wants to flip to the numbers that you are pointing out.

Russell Guindon: The one that is on legal size is the exhibit. There is more data in these charts than there is in the tables because there is fiscal year stuff that goes back almost 10 or 12 years and then the monthly stuff, I think I can only get about 15 or 16 months on there, but the Chairman is absolutely right. For the Gaming charts that you see up here, this was put together on a quarterly basis, so this is not monthly, these are fiscal year business quarters. I decided to do it quarterly because the monthly data gets pretty noisy; it is bouncing all over due to seasonality and what is happening in the gaming markets. By putting it on a quarterly basis it allows me to put more information in the chart, but also it allows you to see what's going on without getting hung up on what looks like someone with a very irregular heartbeat. The first chart that you see, statewide total slot win is the black line and the blue line is total statewide slot win and the red line is total game and table win. You can see, especially with the blue line the seasonality that is there. You can see the ups and downs in terms of the quarters that are up and the quarters that are down. You see some of the seasonality in the game and table

win, but game and table win has much more that can occur to it because you can have special events where the strip has a lot of high rollers that come in. So, depending on the level of wagering by those high rollers and whether the house or the player wins, you can see fluctuations in game and table win that you don't see in the slot win side. The slot win side is more of the grind that you have players coming in and playing the slot machines but you can also see here the change in the two. Basically if you go back to the 1998 third quarter there, the first quarter that is shown, statewide slot win was about 58% and game win was about 42%. Now, in 2009 third quarter slot win is about 67% and game win is only about 33%. You can see that slot win has become much more important, but you can also see by looking at this chart the run up that occurred. It was growing at a relatively nice trend line and then you had the jumpstart going up at the 98-99 period and then it smoothed out again and then we saw the big run up there and once we hit the peak we are now coming down the other side of the hill. When you look at this it is the slot win that is falling more than the game and table win. We started to go through some of these charts to get a reference point and I thought I would give it now because it does affect Clark and the strip. When looking at these charts you want to keep in mind the major casino openings because that is sort of what drives a lot of these spurts that we can see here. When we get to the slot count side you are especially seeing the bumps. In November 1989 we had the Mirage open, in January 1990 we had the Rio open, and in June 1990 we had the Excalibur open, so within six or seven months we had three resorts come online in the Las Vegas market. In the third quarter of 1993 you had the Luxor, Treasure Island, and the MGM Grand come online. In the 96-97 cycle you had an eight month period with the Stratosphere coming online in April 1996, the Monte Carlo in June 1996, and the New York New York in January 1997. In the 98-99 cycle you had Bellagio come online in October 1998, Mandalay Bay in March 1999, the Venetian in May 1999, and the Paris in September 1999. Then you had the Wynn Las Vegas in April 2005, the Planet Hollywood, former Aladdin in November 2007, then the Palazzo in January 2008, Encore in December 2008 and now the City Center in December 2009. Again, I am just going back to get the major ones, I am not trying to slide in any of the other properties that opened and obviously I think some of the local casinos that opened in Clark County and Washoe County as well have impacted the amount of growth that you have seen in the locals market. Here I just thought I would get some of the major resorts and as we were talking this morning that was our construction cycle. Here you can see the growth that we had and the run up. So you can see in the slot win that after 9/11 we had a flattening out there but also we went into a period that on the slot side is when we had a technological advance is how I see it as an economist that you had the TITO machines, ticket-in ticket-out, as well as the machines that you could have less boxes on the floor but probably the same types for more games because of the multi-games devices. You will see when we get the slot count side that even in spite of all of these major property openings it appeared that slots were coming off. I think we went through a period that these machines could function as many boxes but it was only one box, so the number of devices that they were required to license and pay the device taxes on was fallings but the productivity of these machines was very good. You can see over the last few quarters that we have been running in these double digit negative declines. Slot coin in times the whole percent makes up slot win. Coin in is the amount of wagering that is going through the machine. The tremendous run up in

the coin in was partly due to increase in slots in the early period. Again, you can see that we are now going through substantial declines in the amount of wagering activity that are going on in slot machines statewide. You see that we went through a period from 88' through about the mid 1990's where the average hold was falling and now it has been increasing and you can see an inflection point in around 2003 third quarter where it was increasing and now it is increasing at an increasing rate and now you can see it has flattened out. You can see with 9/11 that it negatively impacted Nevada's economy but especially the Las Vegas strip and it might have forced casino's to rethink the amount of devices they needed. You can see since then that the number of devices has continued to fall statewide. In Washoe County it is very dramatic, but it has also been occurring on the strip. My assessment is that the industry is finding equilibrium with regards to the technology that's out there with regards to the gaming devices that they can put on the floor being more productive but also having much more functionality to them. I guess I should stop Mr. Chairman and make sure there aren't any questions on the slot slides before I go on to game and table win.

Chairman: Any questions anyone?

Game and Table Win

Russell Guindon: Game and table win will probably go a little bit quicker. Game and tables is a hard thing to get your mind around. It is all these different types of games that are really unique things. There are unique types of wagers that occur and they have different hold percentages and again they can be much more influenced by special events that can bring in the higher roller gamers. Again you see that this can go through cycles, but it generally has been increasing even though it has the same cycles as slots. Obviously, the drop on games and the hold percent make up game win. Here the drop is the amount that is staked so it is a little bit different statistic than the coin in because the coin in is the amount of wagering that keeps occurring with the handle. You can see that the game side on the drop is not quite as dramatic as on the slot side in terms of the fall off that we have seen since the peak. This one can bounce around quite a bit again because you can see that the games can be very high end games in terms of the amount being wagered and whether the house is winning or the player is winning, but you can see that there was quite a bit of stability from 88' through the early 2000's. It has always puzzled me that you see the big falloff down to 2004 early 2005 and then it gradually increased a little but now we have a huge drop off in the whole again. Again, this is why game and table win is sort of like slots but it is worse than slots here because we saw the drop falling and then the average hold is falling, so both of those together does not bode well for game and table win. Here is the game and table count and this one is very much influenced by when you have major resorts open that could add anywhere from 90-110 games, so they can push this line up quite a bit. Because there is less wagering occurring and we are holding less of that the win per unit has been falling pretty dramatically since the peak. Since the third or fourth quarter of 2007 there has been this dramatic fall off in both game win and slot win. The win per game and table is falling off much more dramatically than the drop. On the game and tables side it is not quite as bad in terms of the wagering side of the equation but because of the average hold going down you can

see that it has a much more dramatic decline to it. That concludes the statewide, if there are know questions before I start on County.

Chairman: I would like to run something by you and the committee, considering that the same driver that drove the state numbers are going to be driving Clark and Washoe to varying degrees, but they are essentially in the same situations, I think we could probably go through these a little quicker.

County

Russell Guindon: You are absolutely right Mr. Chairman and that was my intent. Here you can see that they are much closer in some sense. Slot win in Clark County was about 56.1% of total win versus about 44% game win in 1988 third quarter. As we go out to now, slot win is about 64% and game win is about 36%. Again you can see the same thing as a statewide as you expect. What's interesting here is that Clark County in 1988 third quarter accounted for about 65-66% of the total statewide slot win, in 2009 third quarter they account for 80%. In games win Clark County accounted for almost 71% of the total statewide game win, in 2009 third quarter it is 91%. That is a pretty dramatic increase. You can basically see that as you would expect given that it is 80-90% it is going to look just like the statewide. The win per slot looks a little more dramatic than statewide because what we have seen in the Clark County market is that not only are you sort of having this dramatic change in the visitor markets, but also in your locals markets because of the economy and loss of employment. Again you can see the coin in per slot and these are pretty dramatic increases. Game and table win as you can see here, Clark County is accounting for around 90% of the statewide game and table win. You can see again the peak here and then it is falling off but as we saw in the statewide that the drop is not as dramatic. In this last quarter you can see that the average has sort of flattened out a little, it is no longer falling as dramatically as it was. As you would expect the win percent to be falling dramatically following the statewide. The ones I thought I would bring up Mr. Chairman is the Las Vegas strip because being the major submarket within a county market and its impact on the state. It has a little bit different characteristics actually. Here you can see that this is a little bit different graph than you saw for the statewide in Clark County, the red and blue lines are practically lying on top of each other. You can see that the Las Vegas strip is a much different market in regards to the shares that are generated by slot win and game and table win. In fact, in 1988 third quarter the Las Vegas strip was about 53% of the slot win for Clark County, now they are about 50%. For the games win in 1988 the strip is almost 76% of the game win in Clark County, now it is about 84%.

Chairman: Did you say in 1988 it was about 53%?

Russell Guindon: Yes, in 1988 game win was about 76% and slot win was about 53%. In 2009 slot win is about 50% and games win is about 84%. So the strip is that much of Clark County. Just to give you an idea of the strip as a percent of the state, in 1988 slot win was about 35% of the total statewide slot win, and about 54% of the games win. Now, in 2009 third quarter, the strip is about 40% of the total statewide slot win, but they

are almost 77% of the total games win. What you have to look at is when the house wins the state wins in terms of gaming win and gaming tax collections, and when the player wins, the house loses and so does the state. With that then, I thought I would quickly go through the strip. The drop on the strip, not that it has been good, but it hasn't had quite the same phenomena that we have seen for the slots side and especially the games side. It is not great news, but it is different in terms of, instead of this abrupt change in the fall off it sort of flattened out for a while and then fallen and it looks like this last quarter was pretty good quarter for the drop and also for the hold for the state in terms of the percentage fee collections. Here is Washoe County, it is much more seasonal with regards to what is going on in that market but here you can see the dramatic difference between slots and games for that county. In 1988 the slots were only about 67%, now they are about 81%. Games win was about 34% and now it is less than 20%. Washoe County actually accounts for only about 21% of total slot win in 1988 and now only about 10%. In games win it was around 14% in 1988 and now it is less than 5%. Here is the slot count and this is always an interesting one to me, if you look at 1995 third quarter where it jumped up, that was the Silver Legacy, and since it opened slots have been falling in that market. In spite of all of those units falling off which is the denominator in this statistic, the win per slot is still falling. The coin in per slot is falling but not quite as dramatic because of the hold. Game and table win you can see is a dramatic fall, it peaked back in 2000 and it has been falling ever since. With that I will answer questions that the members of the Economic Forum may have.

Chairman: Anyone have any questions for Russ on this? Okay thank you Russ.

Chairman: The meeting is recessed until about 12:30. Thank you.

Meeting Recessed Until 12:30p.m.

Chairman: Ok, good afternoon everyone. We are reconvening the January 22, 2010 meeting of the Economic Forum. Before we move on to item 10, we'd like to have Russ wrap up quickly item 9, focusing on the retail sales tax at the state level total and by NAICS (24). Russ, thank you.

Russell Guindon: These were charts that Mr. Restrepo, acting as chairman, asked staff to put together. These are compiled based on information provided to us by the Department of Taxation. These charts are monthly so they show taxable sales from July 1996 to October 2009. What I am going to do is go through the statewide chart and the chairman has also asked me to put together some stuff on the major categories so you can get a reference point. So here is statewide taxable sales, so again you can sort of see that we had what would probably be considered just normal economic types of increases based on what was going on in the economy up through 2002, and then we just had this phenomenal rate of increase and then it ended up toppling out somewhere in 2007 and then we have sort of been falling since. I think most of us that have been here, we know that part of the run up was probably that real property got out of line and because of real property and people were taking equity out of their homes and consuming it or putting it back into real property and so things were just running very hot there and then when that

started to fall back in or absolutely collapse at the national end at the state level and as you all know Nevada has been probably the hardest hit state with regards to what has happened with property especially the residential property market. So here you can see the impact of taxable sales at the statewide level, and just to show you here are the growth rates, so this is a percent change from the current month you see referenced there to the same month a year ago. So again you see we had back there in early 2001 that it sort of dipped down below but then after that we were growing and then you see we went through a period where we were having double digit increases on double digit increase, in fact I think we went through a period of almost 30 of 36 straight months were double digit increases and so now you can see at that last chart and here you can see it in growth terms that we are giving all of that back in terms of when you went and looked at this chart. So the question will be where is the bottom of this thing? So again here is the growth rates and as you know from looking at the numbers that the Department of Taxation reports to the tables that are put out by us to the forum members that November 2008 was sort of the first month where we started going into the double digit negative declines and taxable sales and collections. So when the November 2009 numbers are reported that will be sort of the first month to see if we can do double digit negatives against double digit negatives with regards to taxable sales and/or collections. I will remain silent in some sense because I got up before the forum before and I said I don't think we can do double digit positives against double digit positives and we did and at that time we were always under forecasting; right now we are overcasting. So what you have is the other charts on the table there where I went through and showed you Washoe County, Clark County, and some of the other counties in balance of state. I just thought I would provide a couple quick interesting statistics that back in FY 1996, Clark County was about 66% of total statewide taxable sales and FY 2009 it was about 75%. Washoe County went from 18.1% down to 13% and most of the other counties are down that were in the 2% range, they went down to the 1% range. So you can see again the dramatic growth that occurred in Clark County relative to the other counties in terms of the relative size of the shares. With that then the chair had asked to put a few slides together to show you and again these are in the packet so I won't spend a lot of time on these. The taxable sales are reported by business categories which are NAICS for the North American Industrial Classification System; this is how the Census Bureau classifies business activity. It used to be done on what was called SICS the Standard Industrial Classification System. In 2006 the Department of Taxation converted over from SICS to NAICS. So sometimes you can try to do the crosswalk from SICS to NAICS because the census bureau does it, but even then it sometimes can cause distortions in the data. So that's why the charts that I have here, I can only go back to June 2006, really that is when they converted over to the NAICS basis in such that I think you really have consistent series that you can look at by these NAICS categories. The chair had asked if I could put together some of the major ones, so what I have done here is this is Food Service and drinking places NAICS and so basically what you are going to see here is the blue line is the actual taxable sales by month, the red line is the percent change compared to the same month a year ago and the thin black line is the twelve month moving average of the blue line, so basically you can take from here and sort of see, just like you saw in total taxable sales, the peak was back here in 2007 and it has been sort of falling ever since and you can see out there with the growth rates that you have had some fluctuations where it has

popped back to a small positive in a couple months, but generally it has been negative since sort of the 2007 period. This particular NAICS in FY 2009 it accounts for about 15 to 16% of total taxable sales. The next one is motor vehicle and parts dealers, again this is the one that kept doing double digits against double digits and then suddenly it quit. This would be a nice series that we could go back on a consistent basis and look at it. But here you can see again that here it peaks back 2006 on this, and that's probably close to when it was when we saw it when we were looking at it on the SIC basis the SAC before it got to the NAIC you could see it start to slow down then, and then suddenly you can see here it has been falling and this is the second largest category, or excuse me, motor vehicles and parts dealers is about the third largest in FY 2009 and it counts for about 8.7% of total taxable sales. General merchandise stores, and again, I am no NAICS expert so if you ask me what is a general merchandise store, I don't know that I have the ability to answer that. I was going to try and go into the census bureau and try to read all of their NAICS classification manual to try and get a better idea, but this was again, when you do some of these plots it's interesting, at least this one is related to Christmas, because you can see the blue spikes in December. I would guess that's Christmas, I don't know what else general merchandise would be doing during December. But again, this one hasn't fallen as much, but it still has been declining and this one is actually about 9.7% of taxable sales. In clothing and clothing accessories, I think this one is one of the ones that is fairly self explanatory, given its description and so this one is you can see, it isn't quite as bad as when we looked at motor vehicles and the food service and drinking places, but there has been some decline here starting in late 2008 through now. And you can see the last month did pop back positive for this clothing and clothing accessories which would be October 2009 taxable sales, and this category accounts for about 6.6% total taxable sales on a state by state basis. This is merchant wholesalers durable goods, again this one doesn't have quite the fall off that we have seen in retail recently, I don't have any idea what the main 2009 is there that peaks way up, but I can tell you it's in Clark County. Somebody bought some piece of big durable equipment or something like that. So you will see when you look at lots of these periods, you will get those spots where they pop way up, but this one is probably about 8% of total taxable sales. Here is for accommodations NAICS category, and you can see sort of through 2006 through the end of 2008 it was sort of running up and then it has started to flatten off and has been declining and so this particular NAICS category, accommodations, is only about 4.2% of total taxable sale. So I think you can already see that you've got a couple of fairly large ones in terms of that, you had one in almost the 15-16% range, one close to 10% and then you get in the 8% and now you are getting down to the ones that make up about 4%. Again here, are food and beverage stores; again this is Christmas I guess. Now the thing you need to remember when you look at this one is that we don't tax food for consumption at home, so that's not part of the states sales tax base, but you can see that again there is a very large December spike here having to do with Christmas I would imagine. So this NAIC is about 4% of the general fund, or excuse me 4% of total taxable sales. Here is building materials, garden equipment, supplies, this is the one that if before I put the graph up, if I asked you, you'd be like, this is the one that's declining right, this is one that's tied to homes, and tied to construction and that kind of stuff, this is building materials, garden equipment supplies. So you can see if you have been watching the scale that I have to do to get the left side and the right side to match up well these are

down now in the -20 and the -30% declines to be able to get this on the screen so this is a category that has had some pretty dramatic decreases. Even pretty dramatic decreases against pretty dramatic decreases a year ago. So this NAICS then is about 4.3% of total taxable sales. Here is health and personal cares this one is actually about 4.1%. So you can see we've got several here that sit in the 4%. Again this is one that has been falling also since the 2007 period and you can see by the red line other than a few observations was it above, in the positive range there with regards to growth. And then this is rental leasing services and this is one that I did want to try and I just didn't get the time, to try and go out and see what is it on the NAICS description in terms of the types of businesses that are in here, but this particular NAIC is about 3.9% total taxable sales in FY 2009, but you can see it has a pretty, fairly dramatic falloff here and again you can see some of the rates that decline that have been in this with regards to having to go down to, you've got creases in the -38% and in the -30% range of a couple months there. Here is another one that probably, I was sort of expecting that this one might look like building equipment and things like that, this is electronics and appliance stores that you might see a little bit more dramatic falloff because of what was happening with housing and things related to that, but although it is not doing well, you can see by some of the rates of decline that we have had there, one down near 47%, but again I think you can see the peaks there that go with the Christmas months which is surprising, but you can look here and again I don't know what the April 2008 is with that peak, but if you have them looking at the charts and you look at the December peaks to the December peaks they keep getting lower, lower, and lower, as we go forward here. So it will be interesting to see and it won't be until the end of February that we get to see December 2009, to see how it is going to compare to December 2008 in terms of the Christmas season. This is just miscellaneous store retailers again; this is miscellaneous just like you saw with the revenue. It can be one of these catching several different components with regards to stores, but I put it in here given the chairs request to try and catch about 75 to 80% of the total taxable sales and this one is only about 2.5%. And here is specially trained contractors and what I was going to try and do but I just didn't get a chance to do it given the timing, is try and lump all of the construction NAICS together so you can show construction, but this is one related specially trained contractors and so you can see that it was holding up fairly well through the end of 2008 and then it is falling off fairly dramatically and one has to wonder that some of this could be related to City Center and the City Center finishing out with regards to taxable sales purchases that have been occurring. Cause you can when you go look at Clark County see that it's pretty dramatic here in this category also and somewhat, even a little more dramatic than the state. This one is about 3.4%. And then this is sporting goods, hobby, book and music store, it's a pretty, but obviously again you see the huge Christmas seasonal in there. And what is slightly interesting is that December 2008 is a little bit above the December 2007, so it will be interesting to see what this one does for December 2009 when we get it in there but again you can see, that it's a little surprising that when you look at the twelve month average it has been sitting there but this particular category then really only accounts for about 1.7% of total taxable sales. And so, for home furnishings this is another, this is the one probably before you ever put the chart up you could realize what it's going to look like with regards to what's going on housing, in fact you can see the peak is back there in probably that 2005-2006 range and then its falling. And then it looks like when you look at the blue line down

there that it has maybe stabilized a little, but it's still declining but at least the rates are declining or maybe getting a little better. It's like the rate is still decreasing but its decreasing at a decreasing rate I guess is the best way to put it which is positive. So that's basically all the charts that I put together for the Chair and so these categories, basically that I have showed you here this afternoon, account for about 81% of the total taxable sales. So you've got about fifteen categories here then that count for about 80-81% of total taxable sales and so with that Mr. Chairman I can address any questions that there might be.

Chairman: I appreciate that, any questions from anyone? We are ready to move on to item 10, review and approval of forecast of major general fund revenues for FY 2010 and FY 2011. I would like to make a request that we change the order a little bit if you guys could mark this down on your agendas, we will do it, first one will be gaming percentage second one we will leave alone, number 2 live entertainment tax, we will stay at 3 with the state sales tax, we will modify business tax with both non-financial and financial up to number 4 and then drop insurance premium tax to 5 and then on the rest of them stay as is, from real property down to the room tax if that's okay with anyone? Any comments? Okay Russ thank you.

X. Review and Approval of Forecasts of Major General Fund Revenues for FY2010 and FY2011

A. Gaming Percentage Fee Tax

Frank Streshley: Good afternoon Chairman, members of the forum, my name is Frank Streshley I am the chief of the Tax and License Division for the Nevada Gaming Control Board. What I will do is I will keep this brief because I know you have a lot to cover this afternoon. What I will do is give you a brief update on where we are at with gaming win and percentage fees, and then collections for the fiscal year and we are in the fiscal year 6 months so we are about half way through and then go over my forecast for the two fiscal years. And as I go through my presentation you might want to refer to the charts that Russell gave you and the tables because some of that will fall back on that. Fiscal year to date, statewide gaming win is now down 8.9%. We did however report our first monthly increase in over 23 months with November's 4.4% increase in gaming win, and this was coupled with a 28.3% increase in percentage fee tax collections. Again, one month doesn't make a trend but it was a big step in the right direction and it did come in front of the City Center opening. Clark County fiscal year to date is down 8% even, with the Las Vegas strip down 7% even. The strip is showing signs of recovery as visitation to Las Vegas has now increased 3 straight months and we are seeing the booking windows, advanced booking windows begin to lengthen, airport traffic declines are improving, and then the traffic from Southern California, which again is one of the largest feeder markets, that continues to rise over the past few months. Weekends are getting stronger, but again it's that midweek market that continues to pull down the overall results. There are signs of sequential improvement in the midweek market in the coming quarters, at least in the convention and small business meeting markets, and again comparing back to last years results, just as an example, one of the bigger shows annually is the Consumer

Electronic show in the beginning of January that had a 6.1% increase in attendance and again this is one of the larger shows with over one hundred and twenty thousand in attendance. The Las Vegas locals market, which again makes up more than 20% of the statewide gaming win, this market continues to be heavily impacted by the big jump in unemployment and the continued decline in housing. As for the balance of the state, Washoe County fiscal year to date is down 12.7%, South Lake Tahoe; again that market has faced increased travel gaining competition with the new Red Hot casino, that market is now down 24.5%. Elko County which had been performing a little better than the state, that market has now seen increase in the declines mostly in the Windover market, that's down fiscal year to date 9.6%. And then breaking down the total win between slot win and games win, slot win statewide, again this was covered in Russell's slides, that is down fiscal year to date 11.3% with the coin in amount wagered down the same percentage. Operators are reporting that the spent per visit or/and also the time on device is still down from even last year but then there has been some improvement since the beginning of the fiscal year. In the last three months coin in declined 8% from the same period compared to a year ago, but again this is following declines of 14.5% and 10.5% in the previous 2 three month periods. On the game and table win side, fiscal year to date we are down 3.9% with the games drop that is the measurement of wagering activity that's down only 1.3%, and again in the last three months we have reported a increase in games win up 2.9% with the games drop increase of 7.9% and again this follows the previous three month period where we saw a decline of 10% even. Most of the growth has been fueled by strong baccarat play. In the past three months we have seen baccarat increase by approximately 64%. Again, consistent with other downturns in gaming win, total gaming win, games and tables is usually hit harder at the beginning of the decline so it is sooner, but the recovery, let me back up a second, the declines we see in total gaming win, games and tables usually hit harder and sooner than slots at a much stronger rate of decline. But what we have seen with this last drop is the games are coming back stronger than we have seen in previous times. Games are starting to rebound and again we still see slots at a slower rate. As for my outlook for the final six months of this fiscal year, I am looking for a continued rebound in games win; we will see sequential improvement but again below last years win. All indications that New Year's weekend was good, especially since it fell on a Friday, and again this was coupled with the City Center Aria opening. We feel that we'll continue to see the growth on the game side during the traditional high ends games months, such as the Super Bowl weekend and Chinese New Year, and again be careful with that, there is a shift in the calendar where last year the first part of the Super Bowl weekend the Friday, Saturday, that fell in January with the Super Bowl being on February 1, and again Chinese New Year was completely in January, right at the end, this year will be completely in February so to look at those months you have to combine the two. Again we are looking at a drop off in January but a real strong February month. March and April will not be as strong as the months previous. And again those months traditionally lack the high end play so we look for those months to not perform as well. Slots will be slow to recover, but again we still think we are going to see improvement over the rest of the fiscal year in the slot market. For total gaming win we will be comparing against a period for the second half of last year when gaming win dropped 18.2%. Putting that altogether, we have gaming win for fiscal year, the current fiscal year 2010, with a total gaming win of 10.4 billion, ending

the fiscal year down 5.2% from fiscal year 09. In fiscal year 11 we have projected gaming win of 10.7 billion, this will be a 3.1% increase over fiscal year 2010. Again much of the growth will come from the Las Vegas strip with sequential improvement each quarter as we go out. One of the leading gaming analysts that I work with has forecasted visitation for calendar year 2010 to grow 5%. Again, if that holds true my forecasts are probably a little bit on the weaker side. Other assumptions I have made for fiscal year 2011 is unemployment, housing and a soft economy, will continue to put pressure on the Las Vegas locals market past the recovery of the strip. However, I eventually see that the recovery on the strip with the tip earners, etc. that will eventually, the second half of the year, trickle out into the Las Vegas market and we will start seeing some recovery there. As for percentage fee forecast, fiscal year to date we are down 5.1%, collections on taxable revenue are down 9.9% with a negative 8.6 million dollars in collections on the estimated fee adjustment, and this is well ahead of last year at the same time, at six months out, we were down 27.3 million dollars, again this is an 18.7 million dollar positive swing from where we were last year. For the current fiscal year 2010, for the full year I am forecasting 652.2 million in total collections and that will put us down 0.5%. I have collections on taxable revenue down 5.2% and again I am forecasting know material changes on the credit collections rate that is the collections of the markers from what we saw last year, so I am looking at basically the same trends where that is running a little soft. I have the end of the year, the estimated fee adjustment ending at 1.4 million dollars and again that will give us a 32.3 million dollar improvement over last years estimated fee adjustment which again at the end of the year ended at a negative collections of credit to the licensees of approximately 33 million dollars. Also, for the last six months of the fiscal year we will be comparing to a period were we saw percentage fee collections decline 14.7% and again as I stated earlier that same period we saw gaming win drop 18.7% during the same period. For fiscal year 2011 I have percentage fees increasing 4.6% with 682.1 million dollars in total collections. I have collections from taxable revenue forecast to increase 3.6% and this is slightly ahead of my gaming win forecast and again this is because I assume we will see an uptick in outstanding markers and the collection rate on those markers will go up and then I have estimated the estimated fee adjustment to the end of the year at a positive 5 million dollars as the revenues trend higher and again this will be a 6.4 million dollar increase over 2010. And just to kind of summarize my forecast, again I think there is still some major challenges ahead in fiscal year 10 into 11, but again we are seeing signs of improvement. Again, continue at a very slow pace going forward there are signs with the US economy improving, there have been forecasts that the US travel spending will be up 2.6% in calendar year 2010 and again Nevada should benefit from that if that forecast is accurate. I think visitation will continue to improve as we move forward and again this follows three months where we have already seen it increase and again that will have positive impact on the other markets and even though I am forecasting smaller increases in fiscal year 2011 I am still looking at this as a recovery market, not a growth market. The gaming win I am forecasting for 2011, just to give an example how far we have fallen, we will be a little bit short of the same number we reported in fiscal year 05 and approximately 2 billion dollars less in gaming win that we reported in 2007. So again I am looking at this as a recovery market, it is hard to describe as a growth market at this time. And with that I can answer any questions you might have.

Chairman: Thanks for the great report. Any questions from anyone at this time?

Matt Maddox: I just have a couple questions. When you are looking at slot drop, or slot handle and slot win, are you focused on, what type of analysis are you doing to forecast the rest of the year?

Frank Streshley: Basically what we do at the Board, is we go in and forecast by market, by slots, by games, and to do that, we do specific forecasts for our coin in per slot device and our drop per game. So we'll go into each market and we do use historical trends but then again we rely heavily on the licensees we do work with the Wall Street analysts that do follow the market, we do use Las Vegas convention authority, but most of our information is actually coming from the operators. So from what they tell us going forward and based upon my experience in looking at those markets, we then plug growth rates in both for the coin in and the drop and then we do, do an estimate for the whole percentages to translate all the way out to our gaming win then again percentage fees.

Matt Maddox: Okay. Because you know, I am sure you probably realize, but one of the ways we look at it internally is that slot win much more so than tables is heavily correlated to visitor volume, consumer confidence, consumer sentiment, and CPI. If you plotter aggression analysis over the last ten years you can almost see slot win and it's very heavy, it's very telling. And so, I would just be very careful because based on the forecast of consumer confidence just for fiscal year 2010. And those variables, I think that the slot business and slot volume in particular is going to be very challenging.

Frank Streshley: And again for our forecast, we are forecasting a decline in slot win.

Matt Maddox: By how much?

Frank Streshley: Let me pull that out.

Matt Maddox: And it's really just for December through June, right?

Frank Streshley: That specific period I don't have but for the year, I have us declining almost 9%.

Matt Maddox: Okay, so basically current pace.

Frank Streshley: Correct. A little bit better than current pace. Current pace for statewide is 11% so I have us ending the year between 8 and 9%, closer to 9%. So I do have it improving from where we were last year, but I don't have growth.

Chairman: Mike, anyone else? Okay, next Russ. Thank you Frank.

Russell Guindon: What you have before you is table four and table seven. So table four is sort of the easy sheet because it just shows you the economic forums May 1st forecast

and adjusted for legislative actions when necessary and then each of the forecasters, so again, this maybe will be to refresh the memories for all four, but especially for Mr. Maddox, that when you see agency listed in the sheet, that's the agency that is responsible for collecting the revenue source and administering the program such as here, we have Frank Streshley from the Gaming Control Board, their statutory responsible for regulating, licensing the gaming industry but also for collecting any taxes and fees that are due that go into the state general fund. And so that's when you see agency it's the entity that's responsible under law for collecting the tax. So then obviously Fiscal Division is me and Budget Division is Janet. So that's table four. Table seven is the table that I tried to put together, again as we were talking, Mr. Restrepo acting as Chair, the table sevens generally been put out at the meetings, but I modified it a little here that the top portion that's in yellow that says "forecast information presented at the May 1, 2009 meeting" I thought it might be helpful for the four returning members but also for Mr. Maddox to be able to go and see what's in the orange there at the top, the economic forum, that's the May 1st forecast before legislative adjustment and then you can see the different forecasts that were presented and then by seeing the sequence going from the November 3, 2008 forecast to the December 1, 2008, the May 1, 2009, you are allowed to walk through and see how the forecasters were changing their forecast. And then obviously then the May 1, 2009 forecast for agency fiscal and budget, is then, the forms, those are the ones the forms had available and then made a decision based on those forecasts presented. So that's sort of revisiting history May 1, 2009. The bottom section in the green, forecast information for the January 22, that's then today's. You can see again that I showed you the May 1, 2009 forecast and then the May 1, 2009 forecast it's the same but here I am trying to show that when necessary we've adjusted it for the legislative action here Gaming wasn't adjusted so you can see the 685,819 at the top comes down and it's 685819, there were no legislative actions changing the forecast there in the orange box at the bottom. And so then you can see, I show you what the growth rate would have been like we were doing in the blue sheets compared to your forecast and compared to the actual. And then you see the January 22, 2010 forecast that's in bold, that's the forecasts that are being presented to you today by each of the forecasters and it should match the forecasts that are in table four.

Chairman: Thank you Russ. Anyone have any questions on Russ's tables? Okay, go ahead Russ.

Tables

Russell Guindon: What you should have is a packet that prepared for you by the Fiscal Analysis Division. It says Fiscal Analysis Division Forecast Information Packet, so that's what it says on the front. It's a fairly thick document, it's two sided. Normally we would actually have a little more information for you in terms of me trying to write up some of the stuff, but given the timeline that we were granted and then having to get the stuff done we couldn't get quite the write up. So we thought we would concentrate on getting you some of the charts and tables that we look at or use in our forecasting for each of these revenues. So the forecast by the Fiscal Analysis Division for percentage fees begins on page 1 of the packet, and that's mainly just a write up to tell you how the tax

works. I sort of went through that this morning and Frank went through how you go from win to taxable gaming revenue to then percentage fees off taxable revenue and then the estimated fee adjustment. So the actual table I would like you to turn to is table 1 on page 3. So the way the Fiscal Analysis Division forecasts is similar to the Gaming Control Board only I don't have the time giving having to forecast all of the other revenues to try and look at each of the markets that Frank does. So what I do is look at Clark County, Washoe County and then balance of state as separate markets, and for each of those markets I produce a forecast for slot win and game and table win, or games win as it is reported here in this table, and then obviously the sum over those three markets over slot win and games win gives you your total slot win for the state, total games win for the state, and then obviously the sum of those two is total win. So there you can see in total win that we provide you the historical actual from FY 1993 to FY 2009 and then you can see our forecast there highlighted in yellow for FY 2010 and 11'. So again, what I can go through is, let me go through the forecast and then I will back up and go through sort of the slot win and games win because behind this is the tables that make up how I got the slot win and the games win for each market. So basically you can see here that we're forecasting that slot win will decline by 8%. As Frank said that statewide slot win is down about 11.3% for the first six months of the fiscal year. So to hit this forecast of -8% we would have to decline about an average of 4.5% over the last six months of FY 2010 and that would be going up against an average of -12.2% over the last six months of FY 2009. So in a sense, to hit this -8 for the fiscal year 10' you'd have to decline an average of 4.5% against it, a -12.2 a year ago, so just to try and get a reference point. So then for games win, you can see, we have it declining -3.2 as you saw on some of the charts, the games market is not quite as in bad of shape as the slot market and in fact when we forecast the Gaming Control Board and Frank is gracious enough from the information that he tries to get from some of the people he talks to, he'll let me know what that is and then I'll decide how to use that in my forecast or not, because as you know all of our forecasts that are presented to you were dependent upon other people providing sort of outlooks for either the national or the state economy and there's other analysts out there so when we take into consideration. But as you know, some of those people have probably been struggling also to get a handle on what's going on not only at the national level but at the state level in terms of the economic indicators that we would consider to be trying to do these revenue projections to prepare and present to you each time we have gotten together. So the hit the slot win, or the hit the games win forecast, as Frank pointed out, were only down 3.9% through the first six months of FY 2010 so we'd need to average a decline of about 2.6% on average over the next six months of FY 2010 to hit our forecast of a -3.2% decline for the year. And this is going up against an average of -18.2% over the last six months of FY 2009. So it seems like that maybe only having to decline an average of 2.6% doesn't sound like that much of a decline, but it is going against fairly substantial decreases over the last six months, an average of -18%. So again, we look at it knowing that you've got the Chinese New Year and I think with the City Center opening that they might be able to bring in more activity on the games side relative to the slots side and so with that, that's the games forecast. So then you can see we have total win declining at 6.5% for the fiscal year and then since were down about 8.9% to the first six months we would need to decline an average of about 3.9% over the last six months of FY 2010 and that would be going up against a average of -

14.3% over the last six months of FY 2009. So to get the taxable gaming revenue as Frank talked about, this gets in the interaction of credit play because under the law credit when it is extended is not deemed to be taxable until it has actually been paid and it's collected. And so that can create these significant differences between what the Gaming Control Board reports for total win, what they report for taxable gaming revenue, and then because of the estimated fee adjustment what their report for percentage fee collections. I think this last month that was reported is probably a very good example, I think total win was up around a little over 4% and percentage fee collections were up almost 28%. So you can see gaming is sort of an interesting one to try and get your mind around when you are looking at all the pieces that are in play, but what this table does is allow you to see the pieces. And so you can see that the TGR which is taxable gaming revenue to win ratio you can see it has been declining. It was only 95% in FY2009 we've actually got it staying at 95%. It's a little below year to date where it was last year, year to date, but we think with probably, and our assumptions are with the credit play that's going to be coming on with the City Center and probably the games being a little stronger, that, and you always see if you go look at it historically that the second, the third and fourth quarter of a fiscal year, the TGR to win ratio tends to come back, especially in the fourth quarter as the credit debt was extended sort of for the Christmas and New Year's and Chinese New Year starts coming back in, in terms of looking at the ratios. So then, the other assumption that has to be made is once you get, use your TGR to win ratio and take it times taxable game revenue or excuse me, times total win to get taxable gaming revenue, you have to come up with an average tax rate to be able to get the percentage fee collections that will come from that taxable game revenue. And there you can see that remember this rate was increased in the 2003 session and so that's why you see starting in FY 2004 the average rate going up. It was sort of a strange result but then it fell there in 07' and then went back up in 08' and then continued to go up in 09' although the sort of, you can see that the win was balling, because remember in my mind you have more win and you push that into the top, more taxable gaming revenue, you push that into the top bracket then the average effective rate should be going up and then obviously when you have a declining economy then most likely, remember the thresh of those only \$134,000.00 so the vast majority is getting taxed at the top rate so then as the economy is contracting in gaming win and taxable gaming revenue you would think that the average rate would fall. So fiscal year to date the average effective rate is below where it was and you can see we actually had it falling and being below in FY 2010 compared to the prior year. So with that then you can see we get percentage fees and collections from TGR declining by 6.6% for FY 2010 and then as Frank was saying, because of the estimated fee adjustment, we believe that it's, right now it's in a very good positive position and it will stay in a positive position and it always tends to come back over the last half of the year, but we think it will still end up on the negative side of the ledger so it will be -2.8. But you can see then that ends up being almost a 30.8 million dollar swing from FY 2009. So then you can see at the bottom of the table that you go from a -6.6% projected decline for percentage fees from taxable gaming revenue but once you account for the net positive impact of the EFA then it's only a 2.3% decline for percentage fees. So that's you can see the role that the EFA can have here and on average it's not so big but through these last two to three years you can see it's going to play a very big role. It actually did when you look from 07' to 08' and from 08' to 09'

the magnitudes of the changes there, and again we are projecting that it is going to be almost a 31 million dollar plus impact, because where we think we'll be at the end of FY 2010 compared to the end of FY 2009. So I just wanted to walk you through FY 2010 with that detail. So then you can see the projected growth for slot win, games win, and all the pieces for FY 2011 to end up with the assumptions that we think that with a little bit of improvement out there in FY 2011 that the ratio, the TGR to win, should come back a little in that year so that why it goes from 95 to 95.3. And then also as there is some recovery in the win you should push more revenue in the top bracket and that's the reason why the assumption that the average effected tax rate will be a little higher in FY 2011 compared to 10' but you can still see it's below the rate that you saw in 09' and closer to FY 2008. And so with those assumptions you get the projection that percentage fees from taxable gaming revenue will increase by only 2.9% in FY 2011 but again we think that because there will be this recovery and so the 4th quarter FY 2011 will be better than the 4th quarter FY 2010 then the EFA should come back and be on a net plus side by the end of 2011 and so you can see then that's about an 8.3 million dollar net plus impact. So the growth rate goes from 2.9% up to 4.2% once you account for the EFA. So that's sort of the mechanics of EFA and how we get to the percentage fees. What I can just show you quickly is the pieces are behind that basically beginning on page 4, table 2-FY, what were showing you here is just for the markets and this is just statewide, so on a fiscal year basis, there is the slot win, the win per slot, the average number of slot machines, the average slot win percent and the coiner per slot. Well if you go to table 2-Q which is on page 5, again this is the statewide total, we actually forecast the markets that are behind here at the Clark County, Washoe County and the balance of state level, but I will just go through the statewide. So the way I forecast is after getting the information that Frank's willing to provide me, again going out looking at the national economy, looking at the local economy, trying to think about the interaction of locals play versus the visitors and my forecast for visitors, which I have a visitors, I am forecasting and this is actually when we get to the state room tax, but for FY 2010 I have visitors increasing by 2.4% and then increasing by 3.3% in 2011. So based on those, and all that goes into making assumptions for coin in per slot then you make assumptions for the slot whole percent and then the average number of slot machines and the Gaming Control Board puts together a property assumptions list where based on information of which properties they think will be getting licensed and how many devices they think will be coming online and win, that gets incorporated into our forecast. So then obviously by taking sort of the product of the coin in per slot times the number of slot machines times the average whole percent that gives you the slot win and so that's the exercise that's done on a quarterly basis for Clark, Washoe and balance of state, so Mr. Chairman if there are questions, I won't go into detail for the Washoe, Clark and balance of State, but I just thought I'd cover how it is we forecast and all the information is here in the tables and that concludes Fiscal's presentation.

Chairman: Thank you Russ. Questions?

Linda Rosenthal: Russ can you can tell me for year to date fiscal 10' what the actual percentage fee collection has been and the EFA?

Russell Guindon: The EFA, I believe fiscal year to date for the first six months is that - 8.7 million. Excuse me, I should turn my mic up. So the estimated fee adjustment to the first 6 months of FY 2010 is at -8.7 million and I think as Frank said that's about a plus 18 million dollar impact compared to where it was in FY 2009.

Linda Rosenthal: And the percentage fees tax?

Russell Guindon: Okay, the percentage fees from taxable gaming revenue alone, so this is before EFA, they're actually down 9.9% to the first 6 months so then you'd need to average about -3.1% over the last 6 months to hit our forecast for FY 2010 and that's going up against the -15.1 on average over the last 6 months of FY 2009. And then once you include the EFA, total percentage fees with EFA are down 4.9% fiscal year to date and then you'd only need to average about four-tenths of a percent increase over the last 6 months against -14.5 over the last 6 months of FY 2009. And why you get that slight positive, because remember your putting in a plus 30 million dollar impact on EFA.

Linda Rosenthal: Can you tell me the dollars year to date? Or the percentage fee before EFA?

Russell Guindon: Yes, maybe the easiest way is I can actually get your eyes to the appendix table. It's table 1B, which is the second full page. Table 1-B. So this shows you monthly fiscal year to date so you can actually see out there into the gaming win and tax collections section, the total gaming win, taxable gaming revenue, and then you can see in the box is the percentage fees from TGR and then the estimated fee adjustment year to date and then the total percentage fees. Does that give you what you need?

Linda Rosenthal: Yes, I just need to get a total, if somebody could add up the total for me. Because it has it by month right? The six months?

Russell Guindon: The year to date, the gaming percentage fees, this is with everything in it, is about 313.1 million which again is down 4.9% and this is through the first 6 months of FY 2010. That's the cumulative collections for total percentage fees and you want the pieces of the EFA and then the, so the total percentage fees collected and this is through the first 6 months without the EFA so this is percentage fee collections from taxable gaming revenue is 321.8. Because of the approximately -8.7 million dollar EFA it goes down to the 313.1.

Linda Rosenthal: Is there anything in the last six months? I know you talked about a few holidays, but normally, seasonality wise that would make the last six months be markedly different than the first six months, other than growth and play levels and visitation and that type thing?

Russell Guindon: You saw the graphs that are the seasonality and I think there generally is seasonality but I think what most of us as forecasters and analysts have realized is that's gone. The last four or five quarters that we've seen, the historical behavior of the series, are unlike anything that we've seen, so it's hard for me to answer

to say that what would be the seasonality over the next six months in trying to base it off the historical last six months of the fiscal year because as you'll maybe see on some of the slides later. When I did my forecast I just tried to go think about what goes on and then the special events that might be going on such as Chinese New Year's for doing games, but I did not explicitly incorporate any special seasonality that I thought would be going on in the last six months of FY 2010.

Frank Streshley: Can I add to your question? Yes, the second half of the year percentage points wise is more than fifty percent because of the way the fiscal year works from December through May. Historically some of your biggest months for gaming win are going to be your New Year's which again is going to be your December, January, Chinese New Year in February, even though it has twenty-eight days, that's one of your bigger months. March historically, is one of your larger months; again, people start to travel, April one of your lighter months. May because of the spring baccarat tournaments that comes in on the strip is usually one of your better months. Where the first half of the year includes your November, June and some of the other months which are lighter on the gaming win. And again, the way the collections work on the credit of play that is written is you historically have more credit of play written at the beginning of the second half, if you want to call it that, with New Year's and Chinese New Year, that's collected at the end, where with the baccarat tournaments in May, those percentage fees on the credit play is usually collected in the next fiscal year, so that second half is usually percentage points much higher than the first half.

Matt Maddox: Thanks again for the presentations. I always look at win per visitor. So the people that are coming here, are they spending more? How does that, in your forecast how are you looking at that? Or is win going up more then visitation and if so you're saying that you think people are going to start spending more?

Russell Guindon: I did create a chart, because I do try and look at that. I historically go back and look at, separately, slot win per visitor and game win per visitor, and then when you look at the forecast and so in here what I think is going to happen in my forecast is you can see I have the visitors growing in both 10' and 11' in terms of I think what I said 2.4% and the 3.3, but I believe what happens when I plot the win, it still falls through the first part of the forecast and then starts to flatten out at the end. So then when I looked at that, that would lead me to believe that I don't think that's unrealistic that you'll have in early part here, just people won't be brining the budgets and I think the thing that we'll have to see is, what's going to be happening in our largest gaming market which is the strip, how far are they going to bring room rates down to get people to come here and then remember I think people when they come to Vegas they bring a certain budget. And when you look at the LV CVA visitor profiles it doesn't change a lot, although it had been increasing and you'll see that it will be the latest one where the last year was down and I think this next year will be down, but it doesn't, going back prior when things were supposed to be booming, I really thought that the budgets would be changing a lot more then I guess I saw in the visitor profile study, but then you did see it fall and I expected the fall again. But I think that with bringing room rates down and perhaps some of the other things that the industry will have to do to bring people here does that start to give

them more availability in their budget that they can they have it available for gambling because remember they have to come here and allocate it for us, when we think about it, they allocate it for rooms which generates room tax, consumption of things for taxable sales in live entertainment tax and gaming, and so they have to allocate that budget, but I think as the economy starts to recover people's budgets might recover a little. So when I had win per visitor flattening out in the FY 2011 part of the forecast it didn't cause me grave concern.

Matt Maddox: That's my question. Is it flattening, it looked like it, because your revenues are growing more then your visitation.

Russell Guindon: What it is, is I have the growth occurring, because you can see here slot win only increases 2% in FY 2011 which is again not that much growth. And again the growth is more in the end of FY 2011 and it's enough to get us to 2% and so then when you look at the games side I just think games will be a little stronger because of what's happening.

Matt Maddox: Of the international.

Russell Guindon: Yes and then the City Center and I think that's the one area and I think you even mentioned it that where your property and probably others, that's the type of market that they can go after to attract people to go to Vegas in terms of the people that might not have been as damaged by this recession as the person who's your slot player who comes from probably other areas of the US that come in and play the slots. So that's why when I do this I wasn't bothered by the games forecast I wondered if I had games not growing enough in 11' just thinking what's going on, but I left it at 3.5% when that's what came out on my quarter to quarter forecast.

Matt Maddox: And your visitation is higher than the US travel industry visitation, those numbers are more like one and a half percent for fiscal year 2011, why will Las Vegas see double visitation versus the rest of the hotel industry throughout the country?

Russell Guindon: I guess my assumption as a forecaster, when I went through this doing the visitor's forecast, is looking at how much and this is on page eighty-five of the packet if you want to see the visitor forecast, that we have the occupancy rate actually being only 80% in FY 2010 and then falling to 79.75 so it falls a little more. I think it could go lower, but the question that comes to me when you're doing the visitor forecast and when you're doing occupancy rates is, will with the City Center bringing their rooms online cannibalize the other market, and just like you'll see the property that decided to close some of their towers and take those rooms off the market, well I could sit here and try and guess at how many rooms may come off, but that's hard, so what I did is took the LV CVA's construction bold in terms of what properties they thought would come online and when and put those rooms in and then go through and make assumptions based on again, economic outlook for the national economy, what I thought would happen to the occupancy rates, not taking rooms off, I just leave all the rooms in place because it's, I could take the rooms off and think the occupancy rate could come up a little or leave the

rooms in and then drive the occupancy rate down. So that's what I did. And I just think that, in my fifteen years of living in this state, came here from the Midwest and had to sort of learn about how gaming worked and I think that the gaming industry is going to try very hard to make Las Vegas an attractive destination to get people to come here.

Matt Maddox: Without a doubt, we spend a lot more money, no I agree with that.

Russell Guindon: So that they will be able to market and get people to make the trips here. I agree with you, the question would be is, can they bring budgets to support these numbers.

Matt Maddox: Just as an example, Wynn we are at that high end of the business, if you look at our net revenues, after comps after promotion, don't count that, divide it by rooms we are making forty percent revenue by rooms; so not just gaming but to your point hotel, food and beverage, etc. versus what we did before. So people's budgets have been dramatically impacted, we are seeing significantly less spend and it's out in the public forum, it's in the numbers. Just revenue by occupied room is down almost by half. And so, that's what concerns me is making the assumption that the consumer is going to be spending more on a per visit basis because they have a long way to go. So that's it, thank you.

Linda Rosenthal: Mr. Streshley, can you tell me for your total forecast of the 652 what is the gross tax and what is the EFA, the two components, in dollars?

Frank Streshley: Sorry this is really hard to read it's so small. I've got the taxable revenue at 653.8 million and the estimated fee adjustment a negative 1.4 million.

Chairman: Any other questions? Bill.

Bill Hartman: I have a concern about the off strip in Clark County this next six months. Can you give me some feeling, what's in your estimates of are you anticipating a similar win off strip in Clark County to the first six months to this last six months? Or are you expecting that to be down with the strip making up the difference? Anybody that wants to respond.

Russell Guindon: I will respond with regards to the Fiscal's forecast in terms of the thought processing that was going in when I was preparing the forecast is that, again as Frank, he looks at all of the markets I just don't have the time to do it with all of them, but when I was doing the Clark forecast, had to stop and think about exactly that point. And so I wonder if there could be sort of a dichotomy going on here, that when you look at the employment forecast and when you look the employment outlook and the population outlook that probably thinking the locals market is not going to be doing that well right, because there just won't be the employment, won't be the wages, the disposable income, but visitors have been up the last two or three months and again you can see that I think visitors will come back, so I think you could see the market like the strip that depends more on visitors, coming back and doing better than the locals markets.

Because you've got, if the national economy does start to recover, then those people will perhaps start to visit Vegas more than they did and that's what's built in here, but that the locals market might take longer to recover because it's going to take longer for Nevada's economy to recover relative to the national economy. So can I exclusively identify it, no, but that's implicit of what was going on.

Frank Streshley: What we've done for our forecast, because again we do forecast individual markets, as I said during my presentation what we call the locals markets which is basically taking the balance of Clark County, North Las Vegas and bolder strip combining them, they are down 8.6%. We really don't have much change in that forecast until we get through the rest of this year. It will start, I will call it flattening, we still have it declining through the first part of fiscal year 11' and then about a year out is when we think we will finally start to turn again. When I say turn, not declining at the rates we are now.

Bill Hartman: So if I understood you then, and maybe I didn't, that the second half of this fiscal that we're in right now, your expecting off strip to be about the same as it was the first six months.

Frank Streshley: That is correct.

Bill Hartman: So you're not forecasting any sort of significant downturn in that.

Frank Streshley: No.

Matt Maddox: I'm sure everybody looked at the November gaming numbers, but I would just like to point one thing out. If you take baccarat out, which baccarat is seasonal not growing, it depends on the events that the high end properties are having, usually. Gaming revenue is down, without baccarat. Visitation was up in November. So win per visit, excluding the high end guys, was down. So in the month of November when everybody's looking at it saying 'hey the numbers were up,' actually the vast majority of the people that came, based on that simple metric are spending less and it was really, by my analysis baccarat that drove the year over year increase. So I think we should be very forecasting going forward, and it should really be with and without baccarat, because without baccarat, that's the economy, I think you can really look at the domestic economy and drive some real correlation and then with baccarat that's a separate business.

Chairman: Have you guys done a with or without baccarat analysis? Just in general, I am not saying that it's in this presentation, but do you guys do that on an ongoing basis?

Russell Guindon: We do look at the baccarat but we just forecast total games win, because baccarat is in the numbers because you've got to have total games win to have total slot win, well, plus total slot win gets you total games win, so you have to do it. And so, the forecast baccarat by itself and the forecast without baccarat, I don't know if I could get anymore accurate then just leaving baccarat subsumed into the total and write

it's going to happen. I absolutely agree and we look at those numbers, that you pull baccarat out and this last month was not that good of month, but for baccarat the drop was down, the drop per visitor was down double digits the slot coin in was down double digits and so, and that's why you can see we have the weakness in the front part but then it's, then it starts to turn. So when you look at our quarterly stuff we sort of think that the trough is out there probably, that you'll start to see slight positive growth by the third or fourth quarter of this calendar year which would be fiscal year 2011 and so that's what's going on. I agree, I think that the near term is still very weak, we just think that, again, with the visitor forecast we have here and in the national forecast it could turn and that's what drives our forecast. I agree with you, it would be nice to pull baccarat out and we've actually looked at that but I can't get any closer to baccarat and then you have to forecast that and add it to total games win, I looked at I don't know that I did any better pulling them out than I did leaving them together.

Chairman: For your visitor counts, your forecast, your using the table 2, from your package, the Moody's that common benchmark, is that your visitor forecast that you're using?

Russell Guindon: Yes, that's sort of the outlook that drives ours, is the Moody's benchmark. And I will have to go through that when we get the sales tax in NBT what we did there. Again, yeah, those charts that your looking at, I need to make sure that I point out that those are Nevada forecasts so the US forecast is I think, probably a little more optimistic then Nevada. Especially if we benchmark the adjusted, the Moody's Nevada one, compared to their US forecast.

Chairman: Any other questions at this time for Russ? Okay, thank you Russ. Janet you're up.

Janet Rogers: For the record, Janet Rogers, I am the Chief State Economist for the Department of Administration. I would like to point out that although I am the Administration's Economist, the administration does not have any input into the forecast that I come up with. This is a forecast that is mine without political influence. Russell has the advantage of being able to say he's non-partisan, all I can say is that I am independent. With the Chairs permission, I would like to give a little bit of background information as to where I see us in the economy, because it has direct effect on this forecast, the live entertainment forecast, the sales forecast, and so rather than sort of piece meal going through it with each one, with the Chair's permission I will go through it now. We have just been through a devastating recession. The belief or the economists are out there considering or claiming that we probably ended this recession sometime midyear 2009. We had positive growth in the third quarter for Judy P. and we've got home prices nationwide stabilizing. So the question is sort of, what, if we are out of the main part of the great recession, what does this mean and how did it affect my forecasts? And so I look back at historical results. Since 1950, between 1950 and 2007 there were nine recessions. The shortest was six months. The longest was sixteen months. During those nine national recessions, Nevada posted year over year employment declines, consecutive declines, in only three of them. That was the 1957 – 58' where it was an

eight month recession, Nevada's employment declined 10.8% compared with the 6.6% decline, this is peak to trough. Year over year growth in Nevada in jobs began three months after the recession ended. For the US economy, job growth resumed eight months after the recession ended, so Nevada was recovering faster. Nevada's employment peak, previous peak, was restored after thirteen months after the end of the recession. For the US as a whole it was nineteen months. Going through the other two recessions in which Nevada's economy declined it was the 81' – 82' recession. That recession was sixteen months long. Nevada had an 8.1% decline in employment versus the US which declined 3.0%. Year over year growth in jobs in Nevada resumed six months after the end of the recession; the US resumed five months after the end of the recession. The employment peak was restored eighteen months after the end of the recession in Nevada and eleven months after the end of the recession for the US. The reason I bring this up is that the other recession in which we lost jobs was the 2001 recession. That was an eight month long recession. It was a 4.1% decline in employment peak to trough in Nevada versus 3.8% decline in the US as a whole. In Nevada job growth resumed nine months after the end of that recession, in the US job growth did not resume for twenty five months. That was the number of year over year declines continued for twenty five months after the NBER declared the end of the recession. In Nevada our peak employment that we had reached prior to that recession was restored ten months after the end of the recession, in the US as a whole it was forty two months after the end of the recession that jobs returned to their pre-recession peak. During the expansion between 2001 and 2007 US jobs increased in total by about 8.5%, Nevada grew 28%. Since the 2007 – 2009 recession began, if we assume that it ended in July 2009, which is probably pretty optimistic, but who knows what the NBER is going to come up with, that was a twenty month recession. Four months longer than any recession in the last half century. Even if the economy was growing again as a whole, starting in July, between November and December the US lost 85,000 jobs and as Bill Anderson pointed out, Nevada lost about 13,000 jobs. So by far we are not looking at anything that looks like a recovery in the job market at this point. From peak to trough, the US has declined by 5.8% Nevada has declined in jobs by 16.5%. In the fifty years prior to the great recession, the biggest year over year single month decline in US employment was 2.6%, their decline in December after the end of our great recession is still 3.1% so it's exceeding the largest year over year decline in the past fifty years. In Nevada the largest decline in the past fifty years was 4.5%. Both of those largest declines occurred during the 81' – 82' recession. By my estimate using the methodology that Bill Anderson discussed with you, when the numbers for employment are re-benchmarked, which is what happens when they sink up the UI numbers with the employment survey, I believe that we will be posting a 10.5% decline in jobs year over year for December 2009. So the question is what does that mean for us right now? What does it mean for us going forward? The main thing is that it points out the fact that the consumer confidence which right now is at near record lows going back to 1967, the discretionary spending is down, business confidence is down, it is not looking terribly bright at this point. Now twenty three months after the recession ended in 2001 they were reporting green shoots, business and consumer confidence was going up, layoffs were abating, new jobless claims showed a downward trend, stock crisis beginning to rebound, this is reported from September 2003 and it was still another two years before the jobs in the nation had returned to their

pre-recession peak. My point with all of this is that I think we face very very weak economic conditions going forward. I think that looking at how Nevada had fared during say the 2001 recession and saying that it's going to have a bearing on how we're going to fare in this recession, is probably being quite optimistic. During the 2001 recession I was in Colorado doing revenue forecasts there. Colorado, during that recession, it took three years from the time it peaked and it actually peaked after the end of the official recession, it's employment dropped 6.6% that was at the end of three years after the end of that recession and it did not recover its jobs for another two years. I am afraid that Nevada is going to fare much closer to how Colorado fared in the last recession than how Nevada fared in the last recession. A jobless recovery at the national level such as what happened in 2001 is going to have a severe impact on consumer confidence and on consumer discretionary spending and that's what we depend on beyond everything else for the vast majority of this state's revenues. So with that said, that is the background from which my forecasts are coming from. My forecasts are done for gaming very different than what Russell and Frank do. It's the method I use, I think it's very good for you to have a very distinct second methodology and that is that I don't separate out slots from games and tables I separate out Clark County as a whole from the rest of the state as a whole. I estimate the change in drop per visitor, the change in win per visitor, and then I build things up. So if you look on page 5 of my handout, you can see how the visitor forecast, which I produced, and then you can see, this is now totaled for the state, but you can see that visitors growing and drop is not growing nearly at the same pace. If you turn to the attachment that is at the end of the handout that you were given of mine, following page twenty six, is a compilation of statistics that the Department of Administration puts together. There is no forecasting in it, it is strictly numbers that have been produced. If you look on page four of that forecast there is a graph that shows, this is now different from what you've seen from Frank and Russell. This is inflation adjusted statewide average daily gaming win. And it's sort of annotated and it shows where we are, this is not per visitor. If you look on page five there's the average gaming win per visitor and you can see how we have trended downwards. Basically going back to 1979. There have been periods of slight increases but on the whole our visitors are not spending what they used to spend. The plot above that one shows the inflation adjusted statewide average gaming drop and the drop dated that I have doesn't go back beyond 1993 my predecessor did not have it. I have not been able to recover it, but you can see that drop is falling still, even with the nice numbers that we got in November, that was a 7.6% decline in drop. The slot win percentage went up by about a percent the drop, the coin in per slots went down by about 10%. So between that and the increased baccarat play, we really would have had a 1.2% decline in win, if you just took out the difference in the win percentage. So I am coming from a very conservative background in terms of what I see coming forth for how the State is going to fare in the next year and a half. I do the forecast the way I do because it dampens the influence of things like a single month of the baccarat, if you're lumping all of those numbers together and not trying to pull it out, you're sort of working with the law of large numbers. The bottom line is that the way my forecast is driven, it is driven by the amount played per visitor. I, like Russell, make an assumption that our visitors come in with a fixed dollar amount and they are going to spend it where they are going to spend it. I do think it's very surprising that in the last three months we have seen a very reasonable uptick in the number of visitors and we have seen no uptick

in the amount played, in fact, we have seen further declines. We are year to date on the gaming percentage fees collections, 21 million below the targeted, budgeted amount, that's the amount that the forum came up with last time, we are making an assumption that consumers are unwilling and unable to borrow to spend like they have in the past and that they are not going to do that anytime in the near future. So our forecast is basically for a drop in the win we have, the numbers are on the top of page five, and what we show there is that we will be down for our percentage fees collected and the adjustments are, all I did was lump together all the numbers, the marker credits which are subtracted out, the money collected cash other than pit, I estimate those separately but I just lump them in for the point of the table. So I have declines in percentage fees earned, the estimated fee adjustment is just computed based on the way that number is actually computed and the percentage fees do. And then there is a tweaking that goes on because collections don't seem to always match up with what they should be, so there is a slight adjustment there. So our forecast is that percentage fees will be down 2.4% and then they will decline, well they will be basically flat in 2011 and I would be happy to answer any questions.

Chairman: Questions anyone? Bill did you have a question?

Bill Hartman: I understood your presentation and thank you. You really aren't taking employment into your calculations here, within the state. Did I miss it or is that correct?

Janet Rogers: That is correct. In that, the model that I use is very closely linked and one of the variables that are used to forecast drop is the change in state employment, because that's sort of the health of the local economy. It will also go into, so you're looking at drop per visitor, but you have a variable in there that says our economy is growing or our economy is not growing. I am essentially using Bill Anderson's forecast, I have adjusted my forecast for employment to match his. So employment does play a role, but it's a sort of a secondary role, it's one of the explanatory variables that I use.

Chairman: Mike.

Mike Alastuey: I have a question for anyone here, particularly Mr. Guindon or Mr. Streshley, noticing in Janet's numbers that the win that is projected in the near term is virtually identical to that projected in LCB's numbers but obviously the divergence takes place in the second year. Janet and others, is this simply a question of duration of the circumstances you see or what is it that drives it and I kind of beg a response from the other two presenters as well.

Janet Rogers: My forecast is for, I think I am assuming, that we are going to be luring in visitors based on really good deals and not based on strong desires to come in and game. So I see things as being very tame, the duration of the downfall, downturn being longer. The competition of the twenty other states, or the nineteen other states that now have gaming activity, I think is going to really hurt us, we are going to get a different kind of visitor here, so that's sort of the assumption that's coming in there. I would have

to, we would have to go through and sort of look in detail as to where we are diverging. But you are right; we are very, very close on FY 10.'

Mike Alastuey: And to follow, you have indicated that you in fact adopted the numbers from Employment Security for your employment levels. On the local side it being more of a secondary factor.

Janet Rogers: Yes. And what I will say is that I do model employment separately. As you are aware we used to work with Global Insight for their employment forecasts and I did not like their numbers, so I did my own forecast. My forecast is very close to the one that Bill Anderson had come up with and I deferred to his more intimate knowledge of the employment in the state and therefore simply lowered my forecast by a very small amount so that it would match with his.

Mike Alastuey: Okay, and did you use any of Moody's indicators in this model?

Janet Rogers: Oh yes, I've got Moody's.

Mike Alastuey: You indicated that you called on their numbers for your number cases.

Janet Rogers: Yes, any of their US numbers. So per capita income is one of the things, their US employment is something that I put in there. So yes I am using their numbers in a number of places in this area and in the other forecasts as well.

Russell Guindon: Their baseline?

Janet Rogers: Yes, their baseline. Global Insight had one forecast for Nevada and so I would, those of you who are on the panel before would know that I was sometimes using Moody's pessimistic National forecast to account for the fact that I thought that they were a little bit optimistic, or a lot optimistic with regards to Nevada. I think Moody's has a much better handle and I am using Moody's baseline forecast. They also have a number of different scenarios but I am using their baseline.

Chairman: Thank you Janet. I notice on page five of the compendium you do have a chart, or excuse me page six, you have the chart of a Case Schiller index for Nevada, I think or for Las Vegas?

Janet Rogers: Yes, that's just Las Vegas.

Chairman: Did this factor in at all in any of your modeling or is it just here for informational purposes?

Janet Rogers: The compendium at the end, it's stated that I put in the Case Schiller price index. This is strictly Case Schiller; Moody's does a statewide home price index and where I used a home price index that was the number that I would use, not just the Las Vegas one. This is just for information.

Chairman: For information purpose, that's what I thought; I just wanted to make sure. Secondly, just for background information in your ongoing research, have you done any research, or just kept up with the status of where our consumers are not only their confidence and sentiment or spending, but where they are in their debt loads and their debt obligations and those sorts of things? And how that could affect their spending habits.

Janet Rogers: I have looked at that, I have tried getting that into some of the models directly and it does not pan out well. I think part of the problem is that Nevada with the housing bubble that we had really got thrown out of whack. That was driving an awful lot of what was going on. I think that's a lot of the reason for the bump up in slot win. You've got a lot of construction workers down there with money in their pocket and willing to spend. So that has influenced me in terms of when I evaluate the results of the model, but for the most part I have not been able to get those numbers to actually give me any predictive fault value.

Chairman: Any other questions? Guindon.

Russell Guindon: Did Mr. Alastuey still want, he had asked Frank and I to comment, do you still desire that or not?

Mike Alastuey: If you have some comments yes.

Russell Guindon: You're absolutely right. I mean when you look at it that fiscal and budget are relatively close in 10' and then we differ obviously in 11'. I think that is, you can see that's Janet's has a little less growth, her growth rate and visitor is less than ours, she is around 2.3, I'm around 3.3, so that's obviously going to be one of the factors that will drive FY 2011. I think one of the other things, so then you can see, she's got win declining about one tenth a percent where I've actually got it increasing two and a half percent. So that is starting to get into probably the assumptions that have been being discussed here today about what are going to be the budgets or more so, what's going to be the amount that they're going to be able to spend on wagering on gaming devices, whether it's table games or slot machines when their here. I think one of probably the other things that then drive the gap between ours is that, you can see that I'm assuming that the ratio TGR to win will come back a little bit in 11' to 95.3. I think when looking at the ratio in Janet's it's somewhere down around 93.7 so then that's going to drive an additional gap between our TGR forecast as we use those ratios to get there. She doesn't do it by using a ratio, but there is the implied ratio that's there. And then again, you can see that probably our effective tax rates aren't too much different, she's got 6.63 and I'm at 6.6313 out there. So I think it's in more of the front end probably on the win and then translating win in the taxable gaming revenue. And then the final note I am just trying to look through, that I have the EFA being a +5.5 in 11' and Janet's got it being a -2.3 so there's almost an eight million dollar difference right there between our two forecasts. Just because of where we think the EFA will be at the end of FY 2011. So I don't know if that helps you Mr. Alastuey, but that's just me looking at probably what's driving the

differences, but again I would give it the opportunity that Janet feels she needs it, but I was just trying to look through where we have commonalities in our tables as the data that I could look at.

Linda Rosenthal: Janet on page five where you've got your quarterly chart, it looks like the first two quarters of fiscal 10' were definitely down over the prior year quarter, but cue three and cue four are almost right on target with a quarter over quarter comparison, do you know why that would be?

Janet Rogers: I'm sorry I'm not following quite where you are?

Linda Rosenthal: If I look at cue 109 the actual percentage fees collected, 165.5, in cue 110 that dropped to 152.6, do you see those numbers? Quarter over prior year quarter. And then cue 2 from 164 it dropped down to 160 but then in cue three and cue four you have FY 10' numbers being very very close to FY 09' numbers so no continued decline? Just curious if there's a, I know it's the result of all of the inputs in your model but if you have an idea?

Janet Rogers: No, the assumption here was that we were just going to see things sort of taper off and no I don't have an explanation for that, it's just sort of where you add it all up and that's where it came to.

Janet Rogers: I suspect that, that in part is EFA coming in there with collections. But as we stop falling as rapidly the estimated fee adjustment starts pushing you in the other direction. Or it pushes you even more so to look like you're growing.

Chairman: Okay, any other questions? Matt.

Matt Maddox: So of all the data that you track Janet, what would alter your forecast? What, over the next couple of months, what is it that you focus on the most?

Janet Rogers: I think that the employment forecast is probably the one that I track the most closely at the national and at the state level. In this particular model it goes in indirectly but it has a big impact for example on the visitors, and it's a timely number. And the gaming numbers come in and you have to adjust them for, was it Chinese New Year, which in fact is one of the variables, I've got a dummy variable that says is this month the Chinese New Year. But in terms of something as a driver that you can see right off it would be employment.

Chairman: Questions? I guess at this point we are going to have to start moving forward on the motions so I'd like to entertain a motion to decide what we are going to do in terms of selecting the gaming percentage fee tax revenue for 2010 and 2011, so I don't know if anyone is ready at this point to make a motion. If you want to look at your numbers a little bit more and look at your calculators and see if there is anyone who wants to make a motion at this time on how we proceed for the gaming percentage fee tax for 2010 and 2011. Mike.

Mike: Not a motion, but perhaps to initiate some discussion. In looking at the three estimates with which we are presented it strikes me that the collecting agency itself in the near term appears most optimistic and I realize our collections last month were probably the best looking that we've had in a long time but then again the adorations that are evidenced in this particular collection pattern and this particular revenue, I think kind of give one pause to rely to any great extent on that. And I'd also repeat my observation that the other two estimates are virtually the same in the first year of the two that were considering. If there is a sentiment to discuss something in the range of the other two estimates in the first year and then open the discussion for the longer term somewhere in a range between the estimates provided by those same two estimators as opposed to being as optimistic as the Control Board would recommend.

Linda Rosenthal: My observation and discussion on this item, is that if I take fiscal's budget it's basically the year to date numbers without the EFA doubled and then their year in estimate for EFA that gets you to the 640, so that basically says that the rest of the year is going to be like the first six months. While I understand that there is some seasonality from Mr. Streshley and that the second half of the year traditionally should look a little stronger, I am hesitant to count on that just given the fact that we've got month after month after month of continuing declines and the fact that the November results were based on some strong Baccarat play, so I would lean towards going to you know the 640 million that fiscal and budget have in fiscal 10'. My comment on fiscal 11' is I do believe there will be growth, so I would move away from the decline that's presented by budget. I do think there will be growth in fiscal 11' I do think the economy is starting to get a little better although, what pace that will happen who knows, and what timing. But I would propose at least some sort of increase in this tax in fiscal 11'.

Chairman: Bill, would you like to weigh in on this weighty subject?

Bill Hartman: If I were making a motion, which I may do in a minute, is I would go with budget, because it's the lowest and if it were lower I would probably still go with it. I am very concerned about the locals market in Southern Nevada. I think that 2009 we had a tail all the way through annual 2009, a significant tail with construction projects finishing and those are gone. And that 2010 annual is going to be a substantially worse year than 2009 was for the locals market in Southern Nevada. I have served many clients both north and south and I am getting very strong indications that that's the expectation. So whatever gaming is going to be down in the locals market in Southern Nevada the strips going to have to make up if we do the same the next six months as we did the previous six months and I'm not sure that's going to happen with the national economy and the consumer confidence and all the uncertainty that we are going to be going through, we are going to have a very challenging next six months politically and everything else that's going on out there right now. So I guess I will lean towards the lowest of the 639, I don't know that I have any basis to go below that, certainly don't have the detailed analysis to go below that but I would certainly go on the low end of that. While I want to believe 2011 will be better, I am not certain of that. Again, because I'm not sure the local economy will be rebounding at all and I think the insignificant

employment base that has not been seriously affected yet is the public employee base. And we are going into cities, counties, school districts, state, significant budget challenges that the federal government is not going to just keep making up and that is either going to be fewer, it's going to probably be a combination of fewer employees and employees making less and that's a sizeable base that we also have it still kind of significantly in front of us, not behind us. And so that's just another factor that causes me to say I'm not sure 11' unless the strip, unless the visitors are going to rebound substantially that we're going to see much. And so if there is an increase out there in 11' I think it would be small.

Matt Maddox: I agree with that conclusion. I do have a question though. Do you have an estimate of how much of the gaming win is from locals? I mean, I can look at the gaming report and exclude the Las Vegas strip and that's about 20 or 30% from locals.

Frank Streshley: This is Frank Streshley with the Gaming Control Board. When I use the combined North Las Vegas, Boulder, strip and balance the county, again there are hotel rooms in that, but that's what we use to measure the locals market. Statewide it's approximately 20%.

Matt Maddox: 20%, okay. I do agree that I think that that market is really going to suffer and could continue to be down double digit. So the amount that the rest would have to increase would have to be well over 5% just to get growth in 2011, so I think that we should really focus on the conservative budget based on that fact.

Chairman: Everyone makes very interesting points that tie into what Janet was saying earlier, and Russ as well as Frank, particularly Janet's presentation, in a sense we have to bifurcate the return of the health of the gaming win that's allocated to the health of the local resident, the Nevada resident, to the health of the national consumer. And the question before us is, I guess, is are the consumers nationally and internationally I guess to a certain extent, getting healthy enough to go back to spending, or discretionary spending, to outweigh the continued challenges that were facing here with Nevada residents in terms of their employment issues and housing problems and all those sorts of things that are going on and that's kind of, I guess, the really big unknown at this point is are the national, the out-of-towners going to makeup for that fact. And I kind of want to through a question back to Matt, what are you guys seeing so far this fiscal year, or this calendar year, in how your heading in terms of visitation, spending, and conventions and all those sorts of things, how is 2010 shaping up and what's your forecast on 2011, using you as a proxy for the outside visitor?

Matt Maddox: I would say that the strip itself is seeing some increases over what it was experiencing during the time when no one was coming which was December, January, February of last year. It's not significant increases but we have seen call volumes pickup on the convention business, we have seen more leads come in, but people are very price focused and so while their visitation appears to be up, the dollars spent are still pretty much the same. I do believe, as I said before, that the strip will probably out perform

slightly compared to where it was before, but I'm worried that the other 20% is going to weigh that down.

Chairman: Based on all the comments at this point are there any additional observations? Is anyone ready to make a motion? I would like to entertain a motion if we are ready to do so or we can continue talking some more. Are we ready to move forward? Okay, motion from anyone?

Bill Hartman: To get it started, I am going to make a motion to adopt Budget Division for both 2010 and 2011. The reason I am doing that is that I am concerned even a 2010 estimate of the \$639 may be a little high and so therefore, we may have a little growth out there in 11' and I take them and sort of look at them together. In that conclusion, one may be a little low and I hope the second is, well the first may be a little high and I am hoping the second will be a little low and I like the total there, it just feels about right. So that's my motion.

Chairman: Okay, would anyone like to second that motion?

Mike Alastuey: I will second it.

Chairman: Okay, and the motion as it is now, motion by Bill Hartman and seconded by Mike Alastuey, is to go with Budget's -2.4% adjustment in 2010 on the gaming fee tax down to \$639,400,000.00 and continue with Budget's forecast for 2011 at a -0.6% increase resulting in a \$635,600,000.00 percentage fee estimate. We are all clear on the motion? Am I clear on that? Okay, any further discussion? Okay, we will vote. All ayes. Any nays? No nays, motion approved. Thank you. Move on now to retail sales tax. Is that you Russ? Live entertainment, I apologize, I'm sorry I skipped ahead, live entertainment.

B. Live Entertainment Tax – Gaming

Frank Streshley: Again Frank Streshley with the Gaming Control Board. Fiscal year to date the live entertainment tax with five months collected, collections are down 11% even. We are seeing spending on entertainment is still trimming down. And we've not seen improvements in spending over the last several months, even though visitation has increased. We've also seen a very light large arena concert schedule this year compared to last, especially in the upcoming spring months when it was very strong last year. Most of these larger concerts are held at the MGM's garden arena which can seat over 17,000 people and ticket prices anywhere from, on average, \$80 to well over \$100, so these shows do have a material impact on the monthly collections. Also, negatively impacting this year's collections was the tragic loss in May of the Danny Gan Show at the Wynn, Las Vegas. However, on the positive side, we have two new shows that have just opened, we have not seen in the collections yet, and again they will generate new collections going forward and that will be the new Circ show, Circ Elvis show at Aria and again the Garth Brooks concerts at Wynn Las Vegas. Both of those shows are in the

larger show rooms, well over 1,500 seats, again ticket prices over \$100 on average. For our fiscal year, the current fiscal year 2010, were projecting a decline of 8.6% with 102.8 million dollars in total collections. My base collections I do not have declining as much, but I have made adjustments for the lack of revenue from the large venue concerts in the second half of the year. And again, last years schedule during this period was one of the largest or one of the best on record with six major shows and again this year is very light and with this economy no one's touring. For fiscal year 11' I have the live entertainment collections growing 5.2% with 107.8 million total collections. Again, similar to gaming win we are assuming slow sequential improvements through the end of the forecast period with increased visitation, and again the growth from the two new shows that I spoke of, which won't annualize their openings until the middle of fiscal year 11'. And that concludes my presentation.

Chairman: Thank you Frank. Any questions for Frank? Next up, Russ.

Russell Guindon: Thank you Mr. Chairman. The Fiscal Analysis Division's forecast for live entertainment tax can be found on page 21 of our packet. You can see that the table at the bottom half of the page here that we try and look at the live entertainment tax collections per Las Vegas visitor, we know this may not be, you know that it's sounding correct, that your taking statewide live entertainment tax collections and then dividing them by Las Vegas visitors, but when you go and look at it in FY 2008 and FY 2009, Clark County accounted for approximately for 97% of the state LET collections. What you need to keep in mind here is that's all we have, your forecasters is the collections, we don't have any information on the shows or how many people attended those shows or the average price per show. All that's required to be reported to the Gaming Control Board is the live entertainment tax collections so that puts us in a less than desirable position as a forecaster to just have the dollars and not have anything that drives those dollars. But be that as it may we still have to produce forecasts to present to you and so I've chosen to look at it as collections per visitor and then look at it in inflation adjusted collections per visitor. So you can see at the bottom half of the table there's the visitors forecast that's been discussed so then we use the consumer price index forecast that comes out of Moody's baseline US model, and so we are actually down, you know this follows the gaming percentage fees, the visitors have sort of started to increase the past few months but the LET collections per visitor are down. Well when I started to go in and look at it, Mr. Streshley had pointed out to me that with the passing away of Danny Gans that took that show off, and now their going to try and replace it with I believe it's Garth Brooks, I don't know what the offset will be for that. But, it is interesting that when you go in and start to look at the LET collections and the LET collections per visitor there is a more substantial decline starting in that May period, so when, if Garth Brooks is supposed to start coming online there could be some offset then to losing that show compared to that show replacing. But I believe that in the near term here it's probably still going to be relatively negative. So you can see that I've got the LET collections on an inflation adjusted basis per visitor declining about 9% in FY 2010 and an additional 1.6% in FY 2011. So given then the 2.4% growth per visitor in FY 2010 and the 3.3% growth per visitor in FY 2011 that ends up translating into, once you take account for the CPI growth there, which is modest, less than 1% in FY 2010 and 1.5% in

FY 2011 we end up getting a 6.1% decline in FY 2010 for LET. Fiscal year to date its down about 11.3% through the first five months and then this is being compared to being down 7/10ths of a percent through the first five months of FY 2009. So you need to average approximately about a -1.7% over the last seven months to hit the forecast at -6.1% and that's against an average of a -12.7 over the last seven months of FY 2010. And so statewide looking at it, again this is statewide LET collections per Las Vegas visitor, there actually down 12.2% through the first five months of FY 2010. And so that would mean that they need to decrease an average about 4.7% over the next seven months to hit our forecast. And so, with that you can see the table, and I will try and shorten this up and I will answer any questions members may have.

Chairman: Any questions?

Linda Rosenthal: I have a question kind of for anybody, just going back to the logic we just employed on the Gaming tax, given the ticket price, I don't know Matt with your experience, and given the ticket price do you think this would be less impacted by a locals market?

Matt Maddox: Yes, I believe this would be less impacted by the locals market; this is much more of a tourist market. But, I think you made the accurate point that the shows schedule is lighter with the big concerts, there aren't as many coming through. Garth Brooks is performing fifteen weeks a year on weekends, so that's a lot different than six days a week. So I think there are going to be significantly less shows actually over the period, which is what you forecasted.

Chairman: Mrs. Rogers.

Janet Rogers: My forecast is done very similar to the way that Russ has done. The one difference being that I actually forecast the year over year change in inflation adjusted LET per visitor to remove stationarity. The model or my results are again predicated on the fact that our consumers are going to be unwilling and unable to pay very high prices. My model includes a component for the inflation adjusted home price index, that's sort of a measure of the allure of Nevada to people coming here, a proxy for residents' perception of wealth for their contribution toward the LET. I use inflation adjusted gaming drop as one of the variables, again a proxy for the visitor's perception of their wealth, a dummy variable and then the standard in pores 500 index, which is another measure of consumers' perceptions of wealth. The forecast in discussed on page 7 of my handout, the details are presented on page 8. Very similar results to Russell's and to Frank's and I would be happy to answer any questions.

Chairman: Any questions for the three forecasters? Anyone? Any discussion? Okay, Matt.

Matt Maddox: The one thing that's quite different is 2011 again, so is it just the same theory as the gaming, just between agency's Budget and Fiscal?

Janet Rogers: Again, we use the same philosophy that we'll see continued growth going out through 2011 as visitors keep coming and again, I don't have the exact dollar amount, or percentage, but probably 90% of the taxes collected on the strip, at the large shows, etc. So again, our forecast is based upon that we assume growth out through 2011 on the strip.

Matt Maddox: And do you know if there are other shows that are, I mean just in talking to other operators, I know what were doing at Wynn, but...

Janet Rogers: No, and again that is why this tax is so difficult because we don't know schedules I mean we know the Circ shoes etc., but some of the other shows we don't know what the duration of some of the schedules is going to be. We don't know what ticket prices are.

Matt Maddox: Particularly, what is Caesar's Palace doing? Have they told you? Per chair? I mean there is a lot of a person it seems like leaving.

Janet Rogers: No, and that's the difficulty of this tax. Yes, we know that maybe going forward by a year, but again sometimes shows just drop off or new shows are added, but the majority of the new shows are added to set those showrooms up, as you know

Matt Maddox: It takes a long time.

Janet Rogers: It can take six months to two years to set up.

Matt Maddox: Yes, at least. That's exactly right.

Chairman: Anyone else? Okay, I would like to entertain a motion to forecast independently, one of each, first the 2010 Live Entertainment cost and then we will talk about the 2011, but let's bifurcate those obviously. Is there a motion on the table? Linda.

Linda Rosenthal: In giving the closeness of the three budgets for lack of any better reason, I would propose that we go with Budget Division's as it is in the middle. I make a motion that the fiscal 2010 LET Gaming tax revenue be 104.7 million.

Bill Hartman: I will second that.

Chairman: Any discussion on that? Okay, any motion on the 2011? Oh I'm sorry I jumped ahead. I would like to ask who's in favor of the motion, a vote please in the affirmative. All opposed? Motion adopted to go forward with the 2010 forecast for Live Entertainment tax of \$104,700,000, a decrease of 6.9% and going with Budget's number 2011, 2010 excuse me. Now I'd like to bring up for a motion, what were going to do on 2011? Would anyone like to make a motion on that?

Bill Hartman: I am going to move to once again go with Budget of \$104,200,000. My thoughts on that is when you take, and again I am looking at this in both years, when you

take both agency and budget and you take first and second year and you add them together you get close together, so I will go along with the \$104,200,000 is my motion.

Chairman: Okay do I have a second on that motion?

Matt Maddox: I'll second.

Chairman: Any discussion? Seeing none, all in favor? All opposed? Okay, motions adopted. I will restate the motion that we forward with Budget's forecast for 2011 at \$104,200,000 for a decline of -0.5% for the Live Entertainment tax. Okay, next up were back to the 2% sales tax, Russ; or Dino?

C. State 2% Sales Tax

Dino Dicianno: Good afternoon chairman, members of the Forum. For the record, Dino Dicianno, Director for the Department of Taxation. If I could beg your indulgence for just a moment Mr. Chairman. Everything that I am going to start off with will probably flow through all the other taxes that you're going to be looking at today that relate to the Department of Taxation. If I may ask for that little bit of indulgence Mr. Chairman.

Chairman: Yes, go ahead, thank you.

Dino Dicianno: First of all, I need to inform the Forum that you were used to a fixture here, her name was Lynn Knack; she has retired so I guess you will have to get used to me. The other thing that I need to make you aware of is that the Department does not have a full time status station or economist. Actually, your looking at the individual who has the only formal training in mathematics and economics at the Department. I decided not to go full time economics because it is truly the dismal science, and after being here since 9 o' clock I just proved my point. So I decided to become the tax guy, which was less dismal, you go figure. And with that, seriously Mr. Chairman, members of the Forum, I have asked the staff to provide you with a copy of the Departments annual report for fiscal year 09. It was just released on the 15th. For those of you that are listening on the web, it is out on our website, you can take a look at it. I will not spend a lot of time on it Mr. Chairman, but I would like to point out, and if you wouldn't mind turning to page 1 which is the synopsis, which is the letter that goes to Governor on the 15th of each year. If you go to the right hand side and just look at the percentage change, for all the taxes that the Department administers with the exclusion of the estate tax, and I will talk to you about mining here in a moment, every single one is in the negative column. This is the first time in the 27 years that I have been with the Department of Taxation, that I have ever seen statistics like this. Now with the respect to mining, and I think there has been discussion earlier here today that probably that is one sector from a labor market standpoint, from an employment standpoint, from a pay scale standpoint, is probably the only shiny light in this state right now. Everything else is in the negative column. Now with that Mr. Chairman, basically what we have done with respect to the 2% portions for sales tax and all the others including modified business tax and the other

ones that we are going to be discussing here shortly, we took a very simple, simple approach. We tried to trend what we knew based upon the historical data that we have at the Department. To be quite frank with you, it is unprecedented; we can't make very good estimates out of what has occurred within the last 26 months with all the reported figures that we get, not only with respect to sales tax but everything in general. So what we tried to do was try to shorten the period in as much as what we know is occurring out there, from a retail standpoint, from a consumer standpoint, from a housing standpoint, from a labor standpoint, and what I can tell you is that it does not look very good. What concerns me the most in developing the projections that we've done for the 2% portion, is I went back and looked at our, what we refer to as our Nevada business registrations, all the way back to fiscal year 05, and looked at each fiscal year to try and determine what is happening out there. And what I am going to talk to you about is, we have new businesses come forward that have to register for the Department in order to be able to conduct their business. Also at the same time we have what is referred to as the churn. And by the churn I mean there are businesses that are going out of business that we have to deal with and close. So for fiscal year 05 and let me back up a bit, what I am going to get at is, what I am trying to indicate to you is what has been the net gain or loss associated with those business registrations going all the way back to fiscal year 05. In fiscal year 05 we had approximately 46,000 new businesses register with the Department, at the same time that fiscal year we only had 22,000 closed. In fiscal year 06 we had approximately 25,000 open, 13,000 closed. Both of those fiscal years were net gains. Starting in fiscal year 07, this is where it changed, we have almost 63,000 new businesses register with the Department, we had 92,000 businesses close for a net loss. In fiscal year 08 there were approximately 59,000 new businesses registered, we had approximately 85,000 close, a net loss. In fiscal year 09 we had 51,000 new businesses register with us, we had 70,000 businesses close, again for a net loss. Now, what I am going to use that for is to try to fashion what we have done with our projections. If we go back and look at the net loss starting in fiscal year 07, it was about 30,000 in fiscal year 08' it was about 26,000 in fiscal year 09' it was about 19,000. What that tells me is that there is some improvement, but overall there is a net loss in the growth business in this state. So for us when we looked at the projections for the 2% sales tax, we do realize that we've experienced double digit negative return not only from the taxable sales standpoint, but from a revenue standpoint and I don't see much of a change going forward. I do see some glimmer of hope, there are certain sectors within the economy in this state that are starting to rebound but the problem is without construction, which is a major driver, and without automobile dealerships selling cars, we've got a long ways to go. And if there isn't job growth, there isn't the disposable income to purchase discretionary items, it just doesn't exist. I don't mean to be that gloomy, but that's the reality that we live in. So, for fiscal year 10' were estimating a percentage drop of approximately 12% and were estimating approximately 743 million dollars with respect to the general fund portion of the sales tax which is 2%. We do believe that there will be some rebound in fiscal year 11. We don't believe that there will be continued double digit negative growth but we will still have negative growth. So for fiscal year 2011 we estimate that the amount of general fund revenues associated with the sales tax, the 2% portion is approximately 710 million dollars. The reason why I believe there is some glimmer of hope is that we are going to release our November sales statistics on Monday, now I have those numbers

with me here today. We have experienced in the past probably on average, 18 to 19% drop month over month in taxable sales and probably similarly associated with the revenue. Right now it is looking at 12% drop, November of 2009 versus November of 2008. What I would not take from this is that it is a rosy picture, but I would tell you that, that to me is positive. Hopefully we are not going to continue month over month double digit drops in the range that we were experiencing at that time. So with that Mr. Chairman, if you or the members have any questions for me I would be more than happy to respond.

Chairman: Thank you Dino and I'm sure your colleagues to the right would like to say thank you for you joining the dismal scientists sitting next to you for your presentation.

Dino Dicianno: Thank you.

Chairman: Questions please from anyone? Mike.

Mike Alastuey: Mr. Dicianno, this is Mike Alastuey, did you say that your new number which you carry close to heart would represent a 12% decline year over year or year to date over year to date?

Dino Dicianno: That is month to month.

Mike Alastuey: Month to month, year over year.

Dino Dicianno: That is correct.

Mike Alastuey: Thank you.

Chairman: Mike go ahead.

Matt Maddox: Hi, it's Matt Maddox for the record. So year to date including the 12% how is the fiscal year shaping up? Where do we stand right now through November? Year to date?

Dino Dicianno: Unfortunately I don't have that number year to date.

Matt Maddox: But it's significantly more than your forecast of 11.8, for the fiscal year of 2010?

Dino Dicianno: It was definitely considerably more.

Matt Maddox: It's in the 16 or 17% range I would think.

Dino Dicianno: I believe for fiscal year 09' is was approximately 13%.

Matt Maddox: Okay.

Chairman: I think what Matt is asking year to date, fiscal year to date is closer to 16 or 17% but I know you don't have the numbers.

Dino Dicianno: That is correct, I apologize. It's more in the range of 18 to 20% rough.

Chairman: 18 to 20% from July through November?

Dino Dicianno: That is correct.

Matt Maddox: So to get from 20% drop through November to an 11% drop for the full year, I guess I am just trying to understand.

Russell Guindon: I can answer Matt's question. So if we take November of 2009 which was down 11.1% and take that times the 12% decline, then that would mean fiscal year to date were down 17.8% compared to being down 5.5% fiscal year to date in FY 2009 through the first five months.

Chairman: For that same period.

Matt Maddox: So if we're down 17% through the first five months and were forecasting that we will only be down 12% for the year? I am just trying to understand, I just want to understand the next seven month decline, you know month over month.

Dino Dicianno: I understand what your asking. I believe that there will be some growth and it will diminish the drop from that average of approximately 17% to about 12%. I am just saying that there is going to be some growth. I am not saying that we are going to get into the positive range or positive growth in revenue change, absolutely not. That is not going to happen.

Linda Rosenthal: Mr. Maddox actually in Janet's presentation on page 10 she's got a quarterly breakout of the numbers which might help you.

Chairman: Dino let me ask you a question while everyone is looking at the numbers if you don't mind, you indicate that you anticipate some level of improvement in the remaining seven months right, seven months of the fiscal year, where do you see that improvement? Do you see that improvement in the local residence spending or the tourist spending, where do you anticipate that improvement?

Dino Dicianno: I believe that there are certain improvements, Mr. Chairman again for the record Dino Dicianno, what I'm seeing is that there is some stability and flattening out in some of the sectors. I know that Russ had gone through the graphics with respect to some of the different sectors under the NAICS definition that we have data. I believe that there is still, like you probably saw in the sporting goods area, people are staying home, their purchasing items for recreation at a local level and not necessarily traveling. I think there is some glimmer of hope within the automobile sales that are starting to pick

up a little bit. I think what helped is the 'cash for clunkers,' that was part of it. But what is not going to be positive is under the use tax collected with respect to construction and some of the specialty trades associated with that. You might see some additional spending, there is always the spending associated with the necessary needs that anyone purchases to just basically live, but their not going to spend a lot on discretionary items like maybe additional flat screen TV's, things of that nature. I mean, their going to just do what they normally do and that's about it.

Chairman: Thank you Dino. Any other questions for taxation? Okay Russ, your turn.

Russell Guindon: Fiscal Analysis Division's forecast for the state's sales tax begins on page 27 of the Fiscal Analysis Division packet. So this is one of the revenue sources that we actually do use econometrics and do least square regressions. We did this last May, it's been I think a challenge and I won't speak for the other forecaster's but as I was pointing out the last three to four quarters have been unlike any other history, so even I think sometimes regression analysis has a hard time trying to find the relationships between variables that you think that would make sense and then when you actually estimate the equation. And so, I have actually had to go through and change my equation a little from the one in May based on now having three or four more quarters of history from both US data, state data and actual taxable sales reported by the Department of Taxation. The Fiscal Analysis Division's equation that they use is its inflation adjusted taxable sales that, their seasonally adjusted, that's divided by the same variable, the same quarter a year ago. So your modeling the change in taxable sales in a sense compared to a year ago and so that's modeled as a function of the personal income, excuse me, inflation adjusted Nevada personal income, Las Vegas visitors, existing single family house sales in Nevada, new car registrations and this is a series that's put out and we also get forecast from Moody's it's new cars and light trucks, new registrations, and also construction employment. And so all those variables ended up being statistically significant, trying to think about variables that might affect taxable sales. Sometimes as you now, in a regression analysis sometimes it's hard to get sort of everything you'd like in there, but you do the best that you can. Before I really go into our forecast, sort of like Janet, I need to set the stage for us for sales tax it also goes into NBT and insurance where were doing regressions. If you could turn to page 36 of our packet you'll see a chart here that shows Nevada total non-farm establishment employment so the chart before that one shows you more history so you can see what's going on but it's much easier to see in this detailed one what's going on. So I just thought, we did this at the main meeting it helped me, it sort of helps the members of the Economic Forum that the blue line is the global insight November 2008 forecast, the red line is global insight November 2009 forecast. So these would have been the ones that were used to produce the forecast that this body considered back in December 2008 and May 2009. Now you can see, here's Moody's, we've got Moody's 2009 forecast, and we had our concerns that it might not be pessimistic enough when you look at it. But what you can see is as Bill Anderson talked about, using the covered employment there is going to be this benchmark that is going to occur. So what we did is we took the data that Bill Anderson was able to provide us and went back and adjusted the history for what we think the benchmark is going to be using that. Then we used Moody's growth rates and so that's

the yellow line. So that's the employment outlook that we use in our taxable sales equation is that yellow forecast. So you can see it shifts down a lot here historically and then in the few quarters, but then it parallels Moody's because we were using the same growth rates for the out period. We're just adjusting the take off point because we know the employment is going to get revised down based on the data that Bill has and he is going to provide it to the Bureau of Labor Statistics and they are going to benchmark their employment series down. So you can see based on theirs that they think the trough is out here somewhere probably around the second – third quarter but it comes down and it just sits there flat and then you finally get some growth in the first and second quarter of calendar year 2011 which would be the last two quarters of FY 2011. Also what we did is we put in, that's DETR's forecast there, the green line, if you took Bill's growth rates and took them back and applied them to the adjusted benchmark series then that would be the outlook that we did. So then the other charts are, what we did is took that yellow line for employment and said 'well let's take Moody's average wage per employee and you can rebuild a wage series and then you can take that and rebuild a personal income series based on this lower employment path. Thus, you can look at the other charts, their going forward if you'd like, is that on page 37 or 38 are the personal income outlook, so you can see it shifts it down there on page 38 with regards to adjusting employment down. Now, as you know, this is not the perfect world for a forecaster because what you'd really like to do is take that lower employment series and run it through like Moody's which probably has a simultaneous equation structural model. That as you pull employment down it will let the dynamics work through right, but we don't have their model, we don't have that ability, but we at least wanted to make the adjustment for employment and then wages and personal income. The next chart is wages and then the last one is non-wage and that's sort of the interesting one that you see the green line, you can see that the Bureau of Economic Analysis has revised, this is on page 41 page 42, that they revised this component of personal income all the way back to the 1990's even back, there's a little bit before 1990. And what we've gone and looked at, this was transfer payments, was where the revision and so this caused me pause because as Bill Anderson talked about this morning in his presentation, the federal government has been continuing to extend unemployment benefits. What's that do? It goes into transfer payments, components of personal income which is in this non-wage piece and so that's holding personal income up because of the transfer payments right. So then the question becomes what's going to happen if the feds ever decide to quit extending unemployment benefits, right? But I don't have the ability to run that through my model. Then I guess as an economist I also start to sit here and wonder well do transfer payments really influence taxable sales a lot, right? Because these are unemployment benefits they are other sort of probably social programs that are receiving money, well I'm sure that some of that goes to taxable sales, but probably in an economy like this a lot of it goes to probably food which we don't put the sales tax on and room and board those types of things. The funny thing is we are in a regression trying to break out wages, non-wages and transfer payments and you find that transfer payments isn't a statistically significant explanatory variable for taxable sales. I choose not to use that equation because you get into other issues of econometrician that I wouldn't get in here. So this is the yellow lines that we use for employment, wages, personal income, that went into the model here. And what I didn't plot here, but I think you saw probably from Bills

chart, he's got construction employment falling very dramatically. So if I could now have you turn to page 29 that's where you will actually see the taxable sales forecast. At the bottom half is on a quarter to quarter basis and then at the top is just what you see in fiscal year in terms of the forecast during taxable sales and then the collections that come from that by applying the 2% rate and making the adjustments for the taxpayer collection allowance. Then I put there the average collections per employee. So again, this is using that yellow line, what were calling Moody's benchmark adjusted forecast. What we do is take and run that green line and the adjusted employment for that. When we ran that we ended up getting a forecast, well first let me pause you can see the forecast under Moody's benchmark is a 13.4% decline or about 729.8 million and the thing that caused me pause when I ran this equation because I like the equation econometrically it seemed to have pretty good statistical properties, but when it forecast I got a -14.3% decline in the first quarter, that is FY 2009 fourth quarter and I remember at that point in time I only knew October, so I knew one month of the quarter and then for the actual collections they ended up implying a -13%. Well when I went in and put that in that said 'given that you know October what would it imply that November and December have to be to hit that for the quarter, it was going to half to be about -12%. So that was my concern, are we going to be doing double digit negatives against double digit negatives and now I have one observation that can occur and the 12% is what I need to hit at. So now when I put that in, as I was sitting here playing around with my computer, now that I know that November can be that -12 now I need -12.2 for December, but that is going against a very weak December a year ago, it was down 17% a year ago. I at least have one more observation now that the -12 wasn't out of line, so in a sense I was worried that maybe this thing was pulling down too hard on the front side, now there is some information that it's not. So then you can see the rest of the forecast that comes out of there that it would then only decline 3/10 of a percent in FY 2011. And the Fiscal Analysis Division made the choice after seeing Moody's that it might be a little optimistic but then adjusting it for the benchmark, thinking the trough in employment could possible be out there based on Moody's and somewhere in the third, fourth quarter of this year, somewhere probably around the third quarter that we decided to run that forecast and bring it forward so that you could see a forecast that came out of Moody's forecast which we pay money as a contract to produce forecasts for us, but I'm not faulting Moody's, they'll see the benchmark probably in March or April when they'll get it incorporated. We just, because of Bill Anderson was nice enough to provide it to us and present it, we can incorporate it now in a sense. But I did take the DETR's forecast and run that through and it doesn't change things too much for FY 2010. It's 729 million or a 13.5% decline compared to the 729.8 or the 13.4 because remember when you looked at the green and yellow lines, the difference really, the wedge get outs there in FY 11, so when we run that through, its 677 million I mean it 676.97, that's a 7.1% decline. That caused me the pause that could it be that bad, yes. The question came to me that probably the things that's driving that big decline here is remember I have construction employment in there as a proxy to try and capture construction activity because it's hard to get some of the other construction measures in there and with Bill having it come down so dramatically then it's pulling the forecast down and Janet said she went with DETR and you can see it's pulling it down below the methodology she used for DETR but I will let Janet go through that. That's all I just wanted to go through that that's what we did is took the Moody's, adjusted it for

what we know is probably going to be the benchmark, ran that through, decided to put that in the sheet so that you could see it because I just had concerns that perhaps when I ran the DETR forecast through that econometric equation it was maybe pulling things down too much out in FY 2011. But I did want to tell you what the numbers were so that you could see what came out of that methodology.

Chairman: When you did the DETR numbers your -0.3 went to a -1.7 is that what you said?

Russell Guindon: Excuse me, in the second year it went to basically 676.97 million or a -7.1% decline.

Chairman: -7.1% okay I had it reversed.

Chairman: Any questions for Russ? No questions, Ms. Rogers.

Janet Rogers: I would like to point the Forum to attachment one again. If you look on page two of that attachment, it's a variation on the information that Russell gave you regarding statewide sales. I offer this mostly as background, I do not try and break out the sales tax forecast by sector. Just to go through very quickly, this is the last twelve months of the data that we have received, it is by the major three digit NAICS categories so it's not the same breakout that Russell gave you. In some cases I have lumped some of them together. For each category you have year over year change, the share of total taxable sales that, that particular month represented and then the rank of what that share is. For example, for food services and drinking places that's number one consistently, you can see that in miscellaneous retail and non-retail stores the rank has varied, you can see motor vehicles which have just been tanking at rates that if I made it up nobody would believe, so I offer you that just for background information. If you turn to page 4 of that same attachment it shows you the historical data for inflation adjusted, again this is average daily sales tax receipts and I do daily because between a February and a March that's actually a 10% difference in the number of days so this normalizes things. You can see from that on inflation adjusted basis in October the actual level of retail sales and used tax receipts are the same level on an inflation adjusted basis as we were in January 2003. The top of page 5 of that same handout shows the year over year change that's represented by the chart on the facing page. That's just by way of background for you as you digest these numbers. Given that the bulk of our retail sales comes from food services and drinking places, which is essentially your restaurants and your bars, you're looking at a very large percentage of our retail sales. Again, depending on discretionary spending. The model that I am using which is very similar to the model that Russell uses is showing the weakness that you would expect given the weakness that I am projecting for the US consumer and the Nevada consumer over the course of this biennium. The forecast itself is listed on page 10 and what the forecast is for a decline in the sales and use tax of 12.1% in FY 10' and this is again, as the year progresses we are going to be continuing to fall but falling from a lower level, and then a 4.7% decline. I think the difference there is that I have a much weaker perception as to how both the national and the state economies are going to do. Given the size of our visitor volume, the national

economy really does play in quite a bit into what our sales tax receipts are going to be. With that, I would be happy to answer any questions.

Chairman: Do we know at the state level, may be difficult to answer, what sales tax are attributed to tourism versus Nevada residents? The distribution? Is there any way to calculate that do you know?

Dino Dicianno: Unfortunately we don't have those statistics. The reason why we don't have those is that when a business reports it's basically reporting by county regardless and it's difficult to extract that from the returns because we don't ask for it in that format. I know there have been studies in the past trying to estimate that, but off the top of my head I don't recall what that was.

Chairman: Could we get some kind of minor proxy I guess by seeing retail expenditures tax collections from the strip? Obviously they wouldn't report it that way but I'm just curious.

Dino Dicianno: I have to be very careful when I start talking about individual businesses, I mean I can talk about individual sectors, but when I start getting into individual businesses I get into a confidentiality issue within the statute. In the conglomerate, yes if you were to ask us to go back and look at those businesses that are located on the strip I would probably be able to tell you in the aggregate what that might be.

Mike Alastuey: I have a question for Ms. Rogers, noticing your estimates of 740.4 and 705.4 you indicate that in some portions of your written presentation that you relied on Moody's but you indicated earlier that you departed from Moody's for purpose of deferring to DETR's employment numbers. Do I recall that correctly? Okay, well I was looking at the Moody's sales and use taxes and in adding the fiscal year 10' quarters one through four in the Moody's presentation, unless I am misaligning the numbers, I come to exactly the number that you are suggesting for fiscal year 2010 which might, unless I am mistaken, indicate that you did adopt Moody's and anything that is implicit in their assumptions for the first year but incorporated the departure in the employment statistic in some fashion for the second year. That doesn't even rise to the point of speculation, but you see my question especially because the chart that Mr. Guindon provided on page 34 shows the two graphic representations of jobs diverging before that time.

Janet Rogers: I think I may be able to actually come up with a theory that might make sense. I actually spoke with Moody's regarding their employment forecast because of my concerns that it was not reflecting the UI data, the QCEW data that is more accurate. They listened to me, they went through and actually ran the states with the four largest survey results, those are the ones that Bill Anderson referred to as being the most timely, and then compared those with the QCEW data. They found that all of the states were tracking very, very close between the two except for Nevada. We discussed whether or not they should be reporting the QCEW rates rather than the CES and because their trying to match a published CES theories they said no they did not want to do that.

However, I do believe based on our discussions that they may very well have taken their taxable sales forecast and made the adjustment that was required based on the fact that they recognized the data is going to be re-benchmarked. The difference then becomes where they think employment is going to go after calendar year 2009 because they know what the benchmark should look like for 2009. I think what their seeing in 2011 is a faster pick-up in Nevada's employment then Bill was saying. Does that sort of make sense? No, okay I think the basic is that I believe that their sales tax forecast is based on numbers very similar to Bill's employment numbers even though the employment numbers that they are forecasting are different.

Mike Alastuey: When I add the second year sales tax numbers from their table on page 7 I come up with something in the neighborhood of 40 million dollars more than the amount that you suggest. I understand that you need to have interchange with Moody's and other services to which you subscribe, but I am looking at page 7 and it's 740.7 versus 744, I am comparing the 744 versus the 705.

Janet Rogers: Yes, so I think that their forecasting stronger growth in that out year but I don't think it's entirely based on employment. It's based on other things. I think they see the uptick in Nevada's economy as occurring sooner than I do. The forecast they publish will be adjusted down come March when that particular series is officially adjusted, but I believe that the numbers that they are using based on the discussion that I had with them is very likely to be the adjusted numbers when they are actually doing their forecast. But you right, their forecasting a stronger year.

Mike Alastuey: So you bought their number in the first year but you're wrestling with them on the second year number?

Janet Rogers: No, I'm saying that they bought my number in the first year and they came up with a more positive outlook in the second year.

Russell Guindon: Mr. Alastuey, I might be able to address this. Looking at that page, page 8 of 9, they were nice enough to provide us here at the bottom, table 2, their regression equation. So their modeling the sales tax revenues as a function of Nevada retail sales, this is a census series that's put out so they can look at the history and then they forecast that. We actually have access to this part of our forecast service. I actually tried looking at their Nevada retail sales and tried running it against taxable sales, I didn't have a lot of luck with it because I think, remember you've got stuff in retail sales that we might not be picking up in our taxable sales. I didn't like the equation and the fits and the stuff that was coming out of it, but I did try. Again, Moody's could have better luck with it, I want to be very careful here because we were under contract with Moody's to do this and their not here to talk or defend their equation. We hear it from fall meetings. But then their second variable is US personal consumption expenditures on recreational services and then their third one is Nevada housing completions. So those are the three variables that they are using in their equation. Then when you go up to the top box Mr. Alastuey and you look under forecast drivers you can see their Nevada retail sales is that it's only forecast to decline 1.7% in FY 2010 and then grow 2.8% in FY 11' and then US personal

consumption expenditures are actually forecast to only decline a half a percent in FY 2010 and then increase 2.5% in FY 2011 and then we don't really have anything good to say about Nevada housing completions there, so that's probably why their getting the pull down and they end up sort of close to where Janet is I guess. That could be more of an anomalous event then it is that they got an equation like Janet and Janet's using the same data and all that. That's just where their three variables in the forecast form and the estimated coefficients came out at 740.7 but then because you see they got growth it probably ends up outweighing the declines that you see in housing completions and you can see that's probably true down below because the coefficient on housing completions only point to one and I don't know if these are elasticity's but you can see the estimated coefficients on the other two. So the growth out there in the other two is outweighing the drop in completions and that's probably why the net is you get a little bit of growth in FY 2011. And I apologize that's sort of a econometricians talk, but when I looked at it that's what's going on and I saw a few heads nod up there that could be tiredness or it could be yeah.

Chairman: Thank you Mike that was a pretty important observation that you made and I think that's really interesting to see what happened there. Janet, correct me if I'm wrong, in 2011 you went to DETR as more of your main focus on your retail sales and then Dino, what is your thought process for 2011?

Janet Rogers: I adjusted my employment forecast which independent of DETR is very close to theirs. Given that I was very close, I was very comfortable with the forecast that they came up with, so I went ahead and made the minor adjustments that were required in my employment forecast.

Chairman: You say minor, what was required?

Janet Rogers: Mine was turning around a little bit sooner then theirs was. Looking at what happened in the 2001 recession and evaluating things based on that I was perfectly willing to say that under the circumstances maybe being a little bit less aggressive and less soon turn around was better. It was a very small adjustment basically toward the very end of fiscal year 2011.

Dino Dicianno: Mr. Chairman to answer you directly, basically all we did was try to trend what we know. If that did take into consideration some of the comments made by Russ or Janet they have been included, although we did not specifically try to draw them out. If I may Mr. Chairman, there are a few things I would like to add before you go forward with the 2%. I think it's important to keep in mind first that on both a national level and a statewide level what you are seeing is that the purchases of tangible personal property which is subject to sales tax is diminishing. The purchases associated with services are going up and services are not taxable. The other item is that there is an ongoing discussion with respect to purchasing products online. The convenience of going on the computer and getting on a website, instead of having to travel to a store and they do comparative pricing on their computer and purchase items off the web. As you all know, remote sellers are not subject to sales tax. That's why Nevada has been

involved heavily in the initiative with respect to streamline. There is a bill that has been drafted at the federal level, but it has not been introduced. Until all this business with health care and the financial institutions is settled I don't think you will see much movement in that but unless Congress acts the states will not be able to share in that revenue associated with the sales over the internet. I just wanted to add that, thank you Mr. Chairman.

Chairman: No, Dino I am glad you brought that up before I did because I think that's a very critical point. There are major cultural and technological changes that are occurring around the world that are affecting Nevada and that is the size of the service economy, the non-basic service part of the economy is growing at the expense of the durable goods economy and that's just the reality of life today. And you are right the growth of internet sales over the last few years has just gone through the roof so that's something we need to factor in. It takes us beyond saying when do jobs return and when does consumer spending return because it may return, but it may return to a different venue that is non-taxable. That is something that we really need to consider in our deliberations.

Dino Dicianno: Mr. Chairman, if I may I beg your indulgence. I had a quick conversation with Russ here. I do want to make it clear for the record that if one of those remote sellers does have nexus here, I mean you've seen Barnes and Nobles, you've seen Amazon.com, and they do pay sales tax for purchases made by Nevada residences. Under streamline there are a number of voluntary sellers that have come forward and are paying the State of Nevada. It is a small amount, but they have come forward. But unless Congress acts, we're not going to get the big money.

Chairman: Well here it is before us, any other questions? Observations? Matt.

Matt Maddox: Based on the 2010 and 11' forecast for sales tax what level are we going back to? The history I have only goes back to 05'. Are we going back to 03', 98'?

Janet Rogers: Is the plot on page 4 of the Silver Sage what you're looking for? That's inflation adjusted.

Matt Maddox: Inflation adjusted back to 03'?

Janet Rogers: Yes.

Matt Maddox: Then as it continues to decline; in your forecast it looks like your going back to the late 90's.

Janet Rogers: Yes I believe that would be correct. I think that the 12% decline that Dino was just talking about will probably take us back pushing that just with the actual.

Chairman: Any more discussion? Questions from the staff? Russ, did you want to say something?

Russell Guindon: No, I thought that Mr. Maddox was asking that if you look at the 705 what is that compared to how far back we'd have to go. So on page 29, 1A I have the fiscal year collections for the state sales tax going back to fiscal year 96', so there really wasn't a 705 but you can see FY 2003 was 680 and then 2004 was 775 and remember the charts that I showed you, that's right when we took off. Had we not done the takeoff that we did in 04', 04' might have been around that level by guessing.

Chairman: If there is no more discussion I would like to move forward and entertain a motion to develop a forecast for the state sales tax 2% for FY 2010 and FY 11'. Anyone have a motion?

Matt Maddox: I actually have a question, Mr. Chairman.

Chairman: Okay, Matt go ahead.

Matt Maddox: Can we mix and match or do we have to pick one?

Chairman: Absolutely. We can mix and match or we can come up with our own forecast if we don't agree as a group.

Matt Maddox: Just so I understand, the jobs data that came out today and the sales tax declines that came out today, did you have those numbers in advance? The December jobs you did not and how was that compared to your forecast?

Janet Rogers: I don't have it recorded there.

Matt Maddox: Fairly close, okay.

Russell Guindon: For me, I had stated that given my forecasted decline of 13.3% for the quarter that I needed a -12% on average for November and December. So basically I have the first -12 and then when I put that in, that would mean now to hit the quarter it needs to be -12.2% for December against that -17 a year ago.

Matt Maddox: I just did some quick math and it looks like for the next six months it would need to be down 8%. Declining at 12% I know it's off a much lower base.

Russell Guindon: I think I may have calculated it. I haven't had a chance to put the November number in but based on the fact that the November number was fairly close to what I needed then for my forecast for 2% that since collections are down 19.1 and now they are down 17.8 after November, then I would need to average about a -10.1% over the next eight months to hit the forecast. So that would probably be close given that the 12 was pretty close to what I needed.

Chairman: To get to your 13.4 you would have to do about 7 or 8 for the remainder of the period?

Russell Guindon: Yes, that would be the correct interpretation as close as we can get without me actually plugging all the numbers in the sheet.

Matt Maddox: Just a quick question for all three of you. This one to me feels like its most at risk because of the state of the locals in the State of Nevada. That we could really see significant declines. Do you share my opinion?

Janet Rogers: Yes, I agree with you. I am a little bit more optimistic in 10' than Russell and more pessimistic in 11'. I think that if I had to guess which way 11 was going to be, this is clearly my best forecast, but if I were going to bet I would bet that it's going to come in below it.

Russell Guindon: If I may respond to your question Mr. Maddox, like I said I was concerned that maybe it was a little too negative here but now I have some information that the takeoff part of this current quarter is not too bad, but I absolutely do agree with your statement that again, we can talk about this dichotomy that even if visitors pick up they may come, but if they are still on a budget, that could soften the rates of decline because of the visitors coming and spending compared to a year ago. But, you've got the 2 employment forecasts, the one like I said so you could see the forecast generator Moody's and what that means and then you've got sort of the ones that come out of DETR that without people having jobs you don't have wages, you don't have disposable income and then as an economist I think we have to think about the fact that people aren't in really good equity positions in terms of real property equity or paper equity. So there are people that are five years, even eight years, or maybe ten years from retirement their in very different positions then they were two years ago in terms of how they give back. So you can see when we ran DETR's through our equation we got -7.1% decline out there.

Matt Maddox: On top of your 13? The 7.1 in 11' on top of the 13?

Russell Guindon: Yes. That just caused me to pause, so again I made the decision to present to you Moody's so you could see that forecast that came out of it, but then also gave you DETR's so you could see that we did run both but our DETR pulled us way down and I think part of that is because of the impact of construction employment.

Chairman: I think this is a reoccurring issue of consumers rebuilding balance sheets essentially because of the financial duress that they are in and one that they are going to turn around to be reflected in retail spending here in Nevada assuming, correct me if I'm wrong, most retail sales at the gross level are generated by Nevada residents and not visitors. It could be a 50/50 split. That's kind of critical because if the consumer is starting to feel a little better nationally because the economy in general is better the question is will they make up for the lack of spending at the local level. That's what I am struggling with a little bit is which way to go. So the question is will the tourists save us 2011.

Russell Guindon: Remember that the chart showed the eating and drinking places as one of the biggest categories, so can the visitors again soften that? That is what I think we are hoping that we're going to see here and that's when you look at the quarterly forecast. We are still going to have declines but the rates of the declines will start to decrease. It is again that start decreasing at a decreasing rate instead of decreasing at an increasing rate kind of thing. Under the Moody's because they have the trough out there, it starts to come back but you can see it is still down slightly. The last two quarters are really the only two quarters that get positive growth but they are not enough to offset the front part of FY 2011. But again we ran DETR's, and if we would have had more time, you know this is a hard business to do, and as I said you would really like to take that revised employment and run it through a structural model to get all the dynamics. But my feeling when looking at this is that it is somewhere between that yellow and green line that the trough is a little deeper than Moody's but it is a little flatter out there towards the end than DETR. It is just my gut check as an economist thinking that the troughs a little further out and it's a little deeper. It is not going to come back as much as DETR has it coming back.

Dino Dicianno: Getting back to answer Mr. Maddox's question, clearly all we did is try to trend. There is no question that there are weaknesses in the economy. Should you be more conservative? I wouldn't bet against that, bottom-line. To address the question that you brought forward Mr. Chairman, the difference between the locals and the visitors, it depends upon the type of tangible property that's being purchased. Clearly eating and drinking is indicated as a large percentage, so are automobiles but those automobiles are purchased by local residents. If that were to come back it would be a benefit but at this point in time it is difficult to say. You are correct, unless the job market improves there isn't that discretionary income to purchase newer vehicles, brand new flat screen TV's and the like. It is just not there.

Chairman: Thank you. In addition to that, we need to factor in a flat population growth into the equation. Mike.

Mike Alastuey: Yes, Mr. Chairman just a comment. I appreciate Mr. Maddox's question to the estimators as to whether this is one of those revenues that is most at risk, if you will, of the Nevada economy and I agree and appreciated the answers given. Additionally, I would say that part of the tough thing that we have to do between now and close of business today is to digest, in effect, a couple of numbers we have only received today by verbal report and try to incorporate them into what Russ Guindon has characterized as the chasm between two employment estimates. Ours is not to wish nor to receive the best of all possible worlds, but this particular timing could be more fortuitous. Nonetheless, we have a task to do today.

Chairman: Very important point thank you Mike. Matt another observation?

Matt Maddox: I think I tend to agree with you in that I feel like it is going to be in between the orange and the green line. I think if we were looking at all of their estimates and we were to take the Fiscal in 10' and the Budget or Agency in 11' that pretty much

will plot you right in the middle between the DETR and the Moody's forecast. Isn't that correct? Because when you ran DETR alone weren't you down 7% in 2011?

Russell Guindon: So if I take the 705.4 and compare that to the 729.8 then that's about a 3.3% decline so it gets you close to in between it is a little more towards the 4.7.

Matt Maddox: Which would be right between the Moody's forecast and the DETR? I'm saying just as a general observation.

Russell Guindon: They are at 740.7, which is very close to Janet's number in 10', and then there is 744 in 11' because remember they have growth in 11' none of the other forecasts have growth.

Matt Maddox: I'm sorry I didn't mean Moody's, I meant in between the yellow and the green.

Russell Guindon: I don't know if I can answer that question because I would have to have an employment forecast.

Matt Maddox: Didn't you say that 2011 would be down 7% if you trended the green line?

Russell Guindon: Correct.

Matt Maddox: All I am suggesting is if we were to choose the 2011 from either Agency or Budget, basically I think you're plotting it somewhere in the middle between the yellow and the green. You would be down 13% in 2010 and 4% off that base in 2011. Do you follow me?

Chairman: Question Russ, or are you working on something?

Matt Maddox: I guess I am taking the worst case scenario between these two.

Russell Guindon: I understand what he is trying to look at. I don't have anything to add to that that will be for the five of you to work out.

Chairman: If you look at your chart on page 40 of Russ's package on the wages. Russ have you done an analysis either on a quarterly or annual basis looking at the total dollars in wages and the total taxable retail sales during those same periods and done some kind of ratio or anything that shows if there are any patterns there that you are able to identify?

Russell Guindon: No, I can't say that I have done anything explicit. I think as Mr. Maddox has pointed out, what we try and do after I have my spreadsheet is that it solves the taxable sales and collections then it runs plots that I just bring up on the screen and look at such as taxable sales per wages, taxable sales per employee, taxable sales per

personal income, those types of things just as a gut check to see what it going on. But I did not do a detailed analysis that you are requesting or asking about.

Chairman: Any further discussion at this point? I would like to entertain a motion for the 2010 and 2011 2% state sales tax, is anyone ready to provide a motion on that?

Bill Hartman: I think consistent with some of the other comments and the risk associated with this one and the difficulty continuing to believe that Southern Nevada has significant issues still in front of it. I look back at the visitor volumes and while there is some expectation of some improvement in those it's not significant and I guess if Matt would like to jump in, it isn't clear to me that those additional visitor volumes are necessarily going to come in with a whole lot more to spend, so I am not sure of the effect on food and beverage versus the gaming. In our previous discussion around the gaming I think we approved some numbers expecting that visitors are going to put additional funds into gaming when they come in. Now we expect them to cover significant sales tax shortages as well, I don't know if that is going to make a lot of sense. I am going to move for Fiscal's of 2010 for \$729,819,000.00.

Chairman: We can do them together if you would like.

Bill Hartman: I am just going to do them one at a time.

Chairman: Okay, one at a time that's fine. A second on that motion?

Matt Maddox: I will second.

Chairman: The motion before us is to accept Fiscal's forecast of 2010 for 729.8 million which reflects a -13.4% reduction. All in favor? All opposed? Motion is approved. Mike question?

Mike Alastuey: Mr. Guindon, once again reflecting on the two jobs trend lines, within which range was it that you said reality might fall?

Russell Guindon: I don't know if I used the word reality, so first I want to clarify that. What I said was, had I had more time to probably sit down and go through this and think about it, just my gut feeling is that it is somewhere between the yellow line which is the Moody's benchmark and the green line which is DETR. In a sense, I think that the trough is a little deeper, it is a little further out on the timeline and that it is probably flatter out there versus starting to come back. That was my comment. Now if you are going to ask me if it is closer to the green line or the yellow line, that is your reality not mine I guess.

Chairman: I entertain a motion to forecast these 2% state sales tax for 2011. Is anyone willing to make a motion at this time?

Matt Maddox: Just to share my thoughts where I am. I am looking at either making a motion of the lowest or thinking about revising it even further downwards. I am very nervous about this one. I think I could probably be comfortable if we took the Budget Division's estimate for 2011 combined with Fiscal in 2010, but I believe that this could be one of the one's that sneaks up on everybody. I would be interested in the other Forum members' thoughts.

Chairman: Any other questions? Bill.

Bill Hartman: This is Bill Hartman, if you make that motion you will have a second.

Chairman: Matt?

Matt Maddox: I would like to make the motion that we adopt the Budget Division's forecast of 705 million in 2011.

Chairman: Bill?

Bill Hartman: I will second.

Chairman: I will restate the motion. The motion is to accept Budget's forecast of 2011 for 705.4 million or -4.7% reduction. Is there any discussion? All in favor? All opposed? Motion carries. It's now five to four; let's take a twenty minute break till about 4:15.

Recessed Until 4:15p.m.

Chairman: I would like to reconvene the January 22, 2010 meeting of the Economic Forum. We are now going to go to modified business tax of both non-financial institutions and financial institutions. Dino are we ready to start?

D. Modified Business Tax of Both Non-Financial and Financial Institutions

Non-Financial Institutions

Dino Dicianno: I am going to be very brief and to the point on this one. Again, the Department only tried to trend the level of wages and then the associated revenues to come up with our estimates. Basically what we did is we went back and took the total taxable wages for fiscal year 07', 08', 09', and for the first quarter of fiscal year 10' to create that regression line. As speakers before me and I know Russ has indicated to you that there was a legislative change in fiscal year 09' which basically created the two tier system for the modified business tax. That wages up to \$62,500 at the 0.5% rate and those wages above that are taxed at the 1.17%. We had to go back and look at those wages that were reported for those fiscal years and try to recast them into that tier in

order to calculate an effective tax rate to come up with revenue projections for both fiscal year 10' and fiscal year 11'. In a nutshell we came up with an effective tax rate for fiscal year 10' of approximately 1.02% and for fiscal year 11' 1.07%. When we applied that and trended it out for the general business for fiscal year 10' we estimated approximately 362 million dollars in revenue and for fiscal year 11' a little over 371 million dollars. I am not going to talk about the percentages because it will just add confusion because the prior periods were based upon the old rate. With that Mr. Chairman, I would be more than happy to answer any questions.

Chairman: Thank you Dino. Just a quick question, does 2011 essentially represent a kind of stabilization?

Dino Dicianno: That is correct Mr. Chairman.

Chairman: Thank you. Any questions from the members of the committee? Matt.

Matt Maddox: I know the percentage change is not relevant but how about the underlying number? Is it up or down?

Dino Dicianno: If you go back and recast the prior fiscal years based upon those newer rates, it is down. We're showing a downward trend.

Matt Maddox: Is the payroll is down 8%, 10%?

Dino Dicianno: I don't have the exact percentages Mr. Maddox. What I can do is draw some inference. Clearly, back in fiscal year 07' the overall taxable wages were considerably higher then they are right now. So, that percentage drop is significant as far as I'm concerned.

Chairman: I would like to refer the members to go to page 56 of Russ's packet. It shows the quarterly changes in the non-financial MBT, in table 1. That may help.

Russell Guindon: Mr. Chairman, I can answer Mr. Maddox's question. I took Dino's forecast for FY 2010 and divided it by his average effective rate and I think it is about a 11 or 12% decline. Mr. Chairman, I also think page 57 might be better to look at if I can move on to Fiscal's forecast.

Chairman: Yes sir.

Russell Guindon: On page 57 you can see the wages that drive our forecast. You can see that we would be down 11.6 in the second quarter and then the fiscal year is at the bottom. On the right hand side, you can see our average effective tax rate. As Dino pointed out, obviously in going from a single flat rate to this bifurcated rate it creates some interesting things for staff to try and go through it. The average effective rate is going to be a little higher in the second year than in the first quarter and then it is going to continue to go up. The reason for this is that the Department of Taxation have wages and

collections that come from prior period returns and as you get further in, the prior period is going to be at the new higher tax rate. You should start to see less wages from prior periods of 0.63 and more under the new tax. Based on the information that the Department of Taxation provided us with to do an analysis during session we think that once you back that out the average effective rate was about 1.05. That is why you see that it is increasing. We assumed that it would be about 1.05% under the new tax and then you will have things that come in through audits and prior period stuff at the 0.63. Obviously as you get further out in the forecast, the old stuff starts to go away and you get more new stuff at the 1.05. If I could have you look at page 62 for a moment. This is the same issue for sales tax. For the non-financial employment components only, we rebuilt the employment series based on the benchmark and ran that through to get non-financial wages and now you have a yellow and a green line again. With that Mr. Chairman, what's in table 1 on page 56 and then table 1A on page 57, those forecasts are the yellow line. They are the one's that come out of Moody's benchmarked forecast. We actually did run DETR's through and it doesn't change too much. Instead of the 41.5% growth that you get for FY 2010 in table 1A you would get about 38.7% growth or about 351 million versus the 358.2. In the second year you are going to expect a greater change. It would go down in fall by 3.1% versus the 2.1 and you would end up at 340.2 million versus the 365.8. Again, this is a pretty dramatic difference between running the green line through versus running the yellow line through. Mr. Chairman, that is Fiscal's forecast and unless there is questions I will conclude that and let Janet go.

Chairman: Any questions for Russ? Ms. Rogers.

Janet Rogers: As everyone has pointed out we have a huge bump in the first quarter of FY 10'. I think I worked a little bit backwards from what the others did. I reduced that number in order to be able to forecast based on the historical data and then adjusted the data upwards. Based on that, I had a 14% decline in the first quarter had we not had the two tiered system in effect. The tax rate that I used is simply the net taxable wages, the taxes collected for non-financial divided by the net taxable wages. A very simplistic way of coming up with the tax rate. I don't think that the tax rate is going to increase over the course of the biennium because we are going to loose jobs, which is going to make the lower portion of the tax rate, the 0.05%, become a larger percentage. As we do start to pick up new employment, if we do, those are going to be most likely low firms that are all going to be charged at the 0.05% rate. I've been a little bit more pessimistic in FY 11' based on that information. Ideally what I would have liked to have had would have been a forecast for the number of firms, but I don't have that series, Moody's doesn't have that series, and without that I didn't feel that there was any way to try and split out the two halves of the two tiers. My forecast is shown on page 14. The increase is 38.8% with the rate change and then a fall of 3.9% in the next year. This is based primarily on falling non-financial payrolls. I would be happy to answer any questions.

Chairman: Just kind of an observation, if you look at the agencies and Fiscal's change in 2011 they are both in the 2.1 to 2.6 range, Janet's at 3.9 just to refresh everyone's memory. If Russ run's his methodology using Bill Anderson's employment forecast it is

at 3.1%. So, we have two estimates in the mid-2's and two estimates in the mid-3's. Just something to think about. Any questions from anyone? Any observations?

Linda Rosenthal: It seems like the main difference is whether we are using Moody's or DETR's right, between Budget and Fiscal. I know they are pretty close in 10' on the budget and then in 11' they diverge a little bit. I would propose maybe considering taking a midpoint between the two.

Mike Alastuey: I don't know if that is arithmetically exact but I think that it is a range to discuss given some of the range sorts of discussions we have had including Ms. Rogers and Mr. Guindon.

Matt Maddox: The numbers that the Department of Taxation was giving us before, I believe it was companies actually closing? In 09' there were 51,000 new business licenses and 70,000 actually closed. Do you have any more data behind the jobs? I know we have the jobless numbers too, but how is that correlated to this?

Dino Dicianno: Unfortunately I don't have those statistics here, but to answer your question directly, the answer is yes. Although, I would caveat it a little bit because there are certain businesses that are service related that may not have a sales tax consequence but have an MBT consequence, and vice versa. That is possible. You could have home based businesses that are not subject to the modified business tax and things of that nature. The percentage of that may not be significant to the bigger picture, but those anomalies exist.

Chairman: Correct me if I'm wrong Dino, on the MBT if you have a firm where most of your employees are contractor's, let's say a real estate brokerage firm, the employees, the firms secretaries, admin staff are under the MBT, but are the independent contractors under the MBT?

Dino Dicianno: Mr. Chairman that is a good question because independent contractors are not subject to the modified business tax. There are other industry types the brothels, the exotic dancers, things of that nature, there are people that are under contract that provide other kinds of services that are not subject to the modified business tax. They do have to have a business license but they don't pay the modified business tax because of the definition in NRS 612 for UI purposes they are not considered an employee. If this is an employee leasing company, yes they are subject to modified business tax.

Bill Hartman: This is Bill Hartman, quick question. Are public employees subject to it?

Dino Dicianno: No.

Chairman: Further discussion? Okay, I would like to entertain a motion to move forward with a forecast for FY 2010 for the MBT, modified business tax, for non-financial institutions. Would anyone like to make a motion?

Matt Maddox: Really quick, how has it been trending? Do we have the November numbers for this?

Russell Guindon: This is a quarterly tax so all we have is the first quarter of FY 2010. At the end of February we will get the second quarter which will be for October, November, and December. You can see the quarterly stuff in my sheets if you want to see how the quarterly's have been behaving.

Chairman: You said in February for that Russ?

Russell Guindon: Yes, they are due right now at the end of January and they will be reported by the Department of Taxation in February for the October, November, December quarter.

Matt Maddox: In your forecast wages are down 11.6 in the second quarter? I am on page 57. But that is coming off a very easy comp isn't it? Meaning October to December is only down 5.3%? Do you see what I'm saying?

Russell Guindon: The difficulty here is that this non-financial taxable wage series is not as clean a series as say the wages reported by the Bureau of Economic Analysis. If you go and compare those series you can see where the BA wages fell 10%, this could be because the Department of Taxation is at the mercy of the taxpayers paying on time, turning their returns in on time, and through audits, so they could have stuff that is in that quarter that may not be tied to the actual underlying business activity for taxable wages for that quarter. That's why you can get some of these growth rates that get out of line. So what we do is go back and see if we can line it up and then apply the non-financial wage growth rates that come out of Moody's benchmark.

Matt Maddox: I have a problem with this one because in 10' and 11' wages are actually in the 06' range and of all the other metrics that we've looked at, we've been losing ten years. I would think salaries and wages would be very correlated to jobs. I don't know many businesses in the State of Nevada that feel like they are about to go back to 06' levels in terms of staffing, salaries.

Russell Guindon: I don't disagree; remember this is coming out of the yellow line. What I don't have created is a table for the green line. So they would obviously be continuing to fall.

Matt Maddox: Because jobs lag revenues, companies higher late because they like the bottom line profit.

Russell Guindon: You're absolutely right, you're not going to bring a warm body on because I can work the current employees I have more before I can hire new bodies, but that's wages. So you can start to get a differential between wages and employees and that's what we were concerned with. We thought about if that could go on. Can you work your employees more and thus average weekly hours will start to increase a little

before you will see employees actually increase but that will generate wages because you have to pay those people for the hours that they are working.

Matt Maddox: I would contend that all companies through this have gotten a lot more efficient. While I don't think that it is a direct relationship to revenues and hours, you have actually found ways to make more money with less. That's our experience, I don't know about IGT if you have been experiencing anything differently in the gaming business. I am only saying that this to me feels like it's very high, that we think that wages will be back to 2006 levels by 2011.

Janet Rogers: If you look on page 14 of our handout, what I have there is non-financial payroll, which is average wage times number of employees. The actual for the first quarter in FY 10' is back to about FY 2005. Those are just the payrolls as Russell pointed out, you would think that this would be just a straightforward multiply time the rate and you would be good, and it is not nearly as clean as that. We run an econometric model. Payroll is what we use as the explanatory variable and it's highly correlated, but the coefficient is not 1.

Russell Guindon: Mr. Maddox, the ratio between BEA wages and the taxable wages for non-financial reported by Taxation, it is somewhere around 94 to 95%.

Chairman: Any further questions or discussion for staff? Comments? I would like to entertain a motion to forecast the FY 2010 MBT for non-financial institutions. Would anyone like to make that motion?

Bill Hartman: I will make the motion that we adopt the Budget Division 351.3 for 2010. Conservative number, I have the same concerns as other members that this may be high so I am going to go with the most conservative on this one.

Chairman: Anyone to second the motion?

Linda Rosenthal: I second.

Chairman: Okay, the motion before us is to accept the Budget Division's forecast for FY 2010 for the MBT non-financial institutions of 351.3 million dollars which reflects a 38.8% increase in change over the previous year. Any discussion on that item? All in favor? All opposed? Motion carries. Moving onto FY 2011. Is there any discussion on the various forecasts for FY 2011 on the MBT non-financial?

Bill Hartman: I am going to make a motion on that one. I remember that Linda Rosenthal brought up the idea of splitting between Fiscal and Budget and I think when I ran that number and you can check this, I came in around 351.665 which interestingly is a number flat with the number that we just approved. So that's going to be my motion. I am hoping that we will be flat, but we could also be down and this could be a little optimistic so I am going to express that concern but that is my motion, 351.665 for 2011.

Mike Alastuey: I will second.

Chairman: Any discussion? The motion before us is to split the difference between Fiscal and Budget's forecast and the result is the forecast of 351.7 million dollars for FY 2011 for the MBT non-financial. All in favor? All Opposed?

Russell Guindon: Mr. Chairman, staff just wants to make sure we get this one. It was the 351.3 for FY 2010 and I agree with Mr. Hartman, the average is 351.665 and so that was what was the motion and the vote, correct?

Bill Hartman: That is correct that was the motion.

Chairman: Motion carries. Thank you very much. Next we move on to the MBT financial institutions, Dino.

Modified Business Tax on Financial Institutions

Dino Dicianno: Thank you Mr. Chairman, members of the Forum, again Dino Dicianno Director for the Department of Taxation. Again I will be real brief. The Legislature did not change the effective rate with respect to financial institutions; it is still at the 2%. Basically all we did again was trend line what we know historically. Basically, we're saying that it is very flat at best. For fiscal year 2010 we estimate approximately 21.5 million and for fiscal year 2011 about 22 million.

Chairman: Thank you Dino. Any questions? Russ do you want to go next?

Russell Guindon: You can see on page 66 the yellow and green line, so again we did the same thing. Re-benchmarked the DETR financial employment, ran it through keeping the average and the wages between the same. Here you can see that in the financial there is not going to be quite as much benchmark going on here so the lines actually lay on top of each other and then you take off and get the difference because of Moody's path out there in the future versus DETR's projections. Our financial forecast is down 19% or 19.757 for FY 2010 and up 2% to 20.148, and that is again the yellow line. So if we ran the green line through the financial it is not too much different, it is a 20.3% decline in FY 2010 or 19.442 million and then a 4/10ths of a percent decline in FY 2011 and it would be 19.363 million under the green line, DETR. That is Fiscal's forecast if there are any questions?

Chairman: Any questions for Russ? Janet.

Janet Rogers: The forecast from the Budget Division is shown on page 16 with the discussion on page 15 of our handout. Methodology is exactly the same except we have a fixed rate, so it is not quite as tricky to decide what the bump is going to be. I do point out to the Forum that the payrolls for financial, private financial, while negative the second derivative is positive. In first quarter of 2009 we were down 8.3, it bumped up to

14 went down to 13, 11, and 9 and that trend sort of continues. We don't see growth but we see a lowering rate of decline. Based on the first quarter the revenues are down only 1.1% which if you just took that and trended it out it would be a 24 million revenue, but I have it declining a little bit more than that. So we have a 22.4 a decline of 8.2% in FY 10' and a decline of -0.9% in FY 11'.

Chairman: Thank you. Any questions? Just a quick comment, there seems to be a very broad variation. I understand your methodology Janet, but when you look at -8.2, Russ is -19 and Dino is -12, that is a pretty large range, at least between you and Russ. I assume that it is just a difference in methodology's and assumptions and where wages are heading and how you are doing the calculations, is there anything more revealing than that Russ?

Russell Guindon: If you could turn to page 63 of the Fiscal Analysis Division's packet and go to the right hand side under the column labeled "Taxation's Actually Reported MBT – FY Tax Collections." You can see how this thing starting in FY 2009 how it was 5.2 million, 5.2 million, 8.4 million, back down to 5.6 and then the latest quarter we have is 5.2, we were quite perplexed by the 8.4 so we talked to the Department of Taxation. About 2.6 million dollars is in there that had to do with them having to make an accounting correction for getting the right recording between financials and non-financials. So, what we did in our forecast is we backed the 2.6% out before we applied the growth rates. That would obviously pull down FY 2010 first quarter and FY 2011 first quarter because we took the 2.6 out and did not let it grow because we knew it was an anomalous one time thing. I am guessing then, that's what is driving the difference.

Chairman: Okay, any other questions? Bill.

Bill Hartman: By any of you, any considerations of closings of financial institutions over the next eighteen months? Is there any consideration of that built into your thoughts?

Russell Guindon: I can't say that that was explicitly built into our thoughts because it's in there to the extent that it is built into Moody's employment forecast and/or Bill Anderson's. We used their employments and we did not go in and try to make adjustments for what we thought might be any financial institutions that would close. I can't comment on Bill Anderson in his stats forecast, but Moody's explicit assumptions are with regards to that.

Chairman: That is a very good point if the rumors are correct and we are going to see additional turmoil in at least the community bank sector here in Nevada. I know in Las Vegas there is a lot of turmoil, there is some turmoil in Reno as well. This could be a challenging time at least in the first fiscal year. I think a lot of the ones that are going to fail are going to fail between now and the end of the fiscal year, maybe it will go a little bit into the fall of 2010, but that's something that we need to make sure to factor into our deliberations even though we don't have the hard data at the present time.

Mike Alastuey: Well really this is only one of those taxes that is collected quarterly and here we are halfway into the year and we only have one quarter worth of data. I recall some of our previous discussions kind of separating this particular business sector out from others and just asking ourselves the question ‘how does this sector perform?’ What are its characteristics? Given the collapse in so many areas are there some sectors within financial businesses that are actually well up in volume and decisive of hiring and retaining people. My understanding is that there are certain aspects of mortgage brokerage that in fact are well done but there is still a heck of a lot of transactions out there and a lot of banking to do.

Chairman: Any discussion on 2011 from the presentations? Any other discussions at all? Comments? I would like to entertain a motion for the forecast for the modified business tax for financial institutions of 2010. Would anyone like to make a motion?

Linda Rosenthal: I think given the accounting anomaly, the accounting adjustment that was called out that somewhat reconciles the difference between Budget and Fiscal and it seeming prudent to remove that from a forecast going forward, I would make a motion that the MBT financial budget for FY 2010 that we go with Fiscal Division’s budget of 19.757 million and for FY 11 again Fiscal’s budget of 20.148.

Mike Alastuey: Second.

Chairman: The motion on the table right now is to go with Fiscal’s forecast for 2010 and 2011 for the MBT for financial institutions with the 2010 forecast being 19.757 million and the 2011 for 20.1 million. Any discussion?

Matt Maddox: In all other segments we have targeted the tourists and said ‘well they are going to help out the State of Nevada’ because the State of Nevada is really struggling, whether it is sales tax or gaming tax, we think that that will help boost the declines in the local. When I think about the modified business tax that is purely local. What am I missing because we are forecasting that it is going down less than all of the others on the biennium basis? Why are we more confident in this then all of the other tax bases?

Janet Rogers: The one thing which is pretty obvious, this is a rather small revenue so large percentages translate into a small dollar amount.

Matt Maddox: I am looking at MBT total. Do you think that’s small?

Janet Rogers: No, MBT total is not small. I’m sorry I was thinking financial. It is definitely not small. The model that I use for average wage does have a component that builds in the number of visitors.

Matt Maddox: I am just wondering why this is down less then all of the others when it doesn’t have the tourism kick that gaming and the others do. That’s why I am struggling

with this I mean I can look at the numbers but just taking a step back I don't know why this out performs.

Janet Rogers: Good question, I don't have an answer.

Russell Guindon: I would venture to guess that this is people earning wages so we have unemployment that's going in here and generating wages as MBT. Well we have employment and/or personal income probably in our taxable sales, well you can earn wages but you don't have to buy things. So to me in my mind, taxable sales could fall much more than wages could because you could still have some people earning some income their just not buying houses, their not buying appliances, their not buying cars, so potentially they could be trying to restock their portfolio. It does seem like a quandary but then thinking that you could get a larger decline when you are running the same employment through wages and thus MBT.

Matt Maddox: I guess with savings rates going up that makes sense.

Russell Guindon: So that's how I reconcile it in my mind is this is wages which we attach the MBT tax to, but those wages aren't generating taxable sales.

Matt Maddox: Because people are saving more or paying down debt, okay thank you.

Chairman: Any further discussion on this? The motion before us is that we accept Fiscal's forecast for 2010 and 2011 in the MBT financial institutions which would be 19.757 million in FY 10' at a 19% increase and 20.148 million in 2011 at a 2% increase. All in favor? All opposed? Moving on to the next item insurance premium tax, Dino.

E. Insurance Premium Tax

Dino Dicianno: Basically the insurance premium tax, as you all know, has got a rate of 3.5% against the net direct premiums. There is one exception to that rule and that is for those who write premiums for risk retention groups and that is at 2%. As Russ had indicated earlier in his discussions, the insurance premium tax always seems to be the go to tax. It looked like it was bullet proof. Sadly to say, this no longer the case. Basically what the Department did was again, basically just do a straightforward linear regression and it just basically trended historically, what we know. I believe that this tax will continue to go down not only for fiscal year 10' but for fiscal year 11'. The reasons for that again have to do with employment; it has to do with what has occurred within the housing market in this state, the lack of automobile sales. If you don't have a home there is no need for insurance, if you don't buy a new vehicle there is know need to purchase insurance for that vehicle. What you're seeing that was indicated earlier, people are saving more but I am not so sure that they are purchasing annuities in that case. Given that, the Department believes that for fiscal year 10' were showing approximately a 4.4% drop in the insurance premium tax to approximately 228 million dollars and in fiscal year 11' we're showing at 6.7% drop to approximately 213 million dollars in the insurance

premium tax. With that Mr. Chairman I will answer any questions that the Forum may have.

Chairman: Thank you Dino, any questions for Taxation? Russell.

Russell Guindon: The Fiscal Analysis Division's insurance premium tax forecast is displayed on page 45. We model just the quarterly piece, so those are the quarterly tax collections. You can see a list on that sheet where all the other pieces come in to make up the insurance premium tax. We took that quarterly piece and model that as a function of collections per employee modeled against Moody's benchmark adjusted personal income per employee, single family home sales per employee and the percentage of total mortgage loans and foreclosure per employee. So we run the regression and then we get the quarterly forecast. After declining about 8.4%, it would decline about 6.1% then 8.3% and then 8% and you can see as you move out in FY 2011 this is the yellow line, the Moody's benchmark personal income in employees and you can see that by the third and fourth quarter FY 2011 that the negatives are gone and it starts to come back a little positive. Then you can see the assumptions for the surplus line and the other pieces that are there, so thus our forecast is for 222.879 or 6.6% decline and then declining 3/10ths of a percent in FY 2011 to 222.223 million. So if we ran the green line through with regards to employees and personal income, the forecast would be for a 7.1% decline in FY 2010 or about 221.662 million and in FY 2011 it would fall 1.7% to 217.924 million. So we use the equation to get the quarterly and then we go through and look at fiscal year to date and talk to the Department of Taxation about potential refunds to get some of those other pieces set and that's our forecast methodology. I will answer any questions.

Chairman: Thank you Russ. Questions anyone? Matt.

Matt Maddox: Is there a pie chart, where there is home insurance, auto insurance?

Dino Dicianno: Mr. Maddox it is property and casualty insurance and then there is other types of insurance. That's why I was referring to home sales or home insurance that's all part of that.

Matt Maddox: I mean is that half? Is it a third?

Dino Dicianno: That I do not know I would have to find out.

Russell Guindon: Yes, because what we don't have is the premiums. They don't get reported. We try and get the premiums from the Insurance Division but it is difficult to match that up with the collections collected by the Department of Taxation. I know you don't have the pie chart. Is commercial equipment insurance significant? I am particularly focusing on the construction industry.

Dino Dicianno: Mr. Hartman off the top of my head I do not have that, but given what has happened I can extrapolate what has happened from the construction industry. That equipment is probably gone. If it is no longer in this state I don't think there would be

premiums associated with that. I am purely guessing here, because I don't have the figures in front of me, I don't have that information.

Bill Hartman: My experience is that a lot of it is not gone it is sitting in yards and if any of it is owned and there is no debt on it they are all going bare without insurance now. It is a very common discussion that I have with my clients now is what can we stop insuring, and what I am also seeing is a significant movement to stop insuring people with significant life insurance, etc. that has been in place in the past and it's getting pulled across the board. So this one is, once again, highly at risk. I also am trying to sit here and think about what's going to happen as houses and real estate come down in value, now I know it's still a replacement, and probably replacement is starting to fall also as materials and labor has also fallen. People are going to be really pushing, and whether or not they start going bare with their equity piece of their property. People are taking a lot of risk right now to stay in business and this one is really getting pushed.

Chairman: Thank you Bill. Anyone else? Dino you make an excellent point that the ongoing turmoil in the commercial and the residential development industry now and typically the foreclosures, we haven't seen huge levels of foreclosures yet in the commercial but the huge amount of foreclosures that are occurring in the housing market are continuing and many of the foreclosed homes are turning into rentals. I assume these owners pay insurance and the investors pay insurance, but I assume that they are buying them from the bank or they are buying them cash I am not even sure that they are insuring them. Have you seen any patterns there?

Dino Dicianno: The direct answer Mr. Chairman is I don't know. What I find curious is when a home goes under bank foreclosure does the bank insure it?

Russell Guindon: We have actually tried to find out the answer to that question because we had it to and when we started to see the premium tax going down we wanted to know what was driving it. We were told that it depends. That was a good answer, so I asked for more clarification which was that the bank could self insure it, thus there wouldn't be an insurance premium tax or they could carry a policy on it and thus there would be premiums and there would be a tax. So that's the answer I got. I don't know if that guides you anymore than it guided me. It does come down to it depends, but we don't have any statistics to know how to quantify that.

Dino Dicianno: Mr. Chairman I guess the question that I would ask, would the bank carry the insurance under its own umbrella policy that it already has or would they have to take out a new policy? If the bank has a policy it's paying the insurance premium tax, if I am the owner of a home and I have fire, casualty, whatever I'm paying it, but if it goes under the bank's umbrella this other piece is gone.

Russell Guindon: Mr. Chairman; I had gotten an e-mail from the Insurance Division and this is for FY 2008 and I can't attest to the accuracy but they went out for us and tried to get information on what made up the insurance premiums. They had a category called fraternal, for fraternal organizations and for FY 2008 it was less than 2/10ths of a percent.

They have a category called life that is about 33.5%, property is about 39% and then title 2%, and then health at 25.4%.

Chairman: Janet.

Janet Rogers: Our insurance premium tax forecast is on page 12. We are using basically a simple trend. We tried up until this forecast taking it apart the way Russell had and we were just getting swirly numbers so we switched to a simpler trend. However, we do forecast the insurance premiums per employment so there is an implicit factor that the employment forecast is having even though it's not one of the explanatory variables. Our employment forecast produced on a different method came up with the same number that Russell came up with in 2010, I thought that was quite interesting, and then we've got a 2.6% decline in FY 11'. This is primarily driven by the fact that employment we are forecasting to decline and coupled with the fact that although it is not an explanatory variable we know that housing prices are likely to continue to go down, so while those are not significant in the regression they bias the economist's perception of how the results are coming out. I would be happy to answer any questions.

Chairman: Thank you Janet. Any questions from anyone? Bill.

Bill Hartman: Somebody guide me to it and I am sure you went over it earlier. We've got an actual for the first quarter, what does that look like? Can somebody that one in perspective for me and perspective historically?

Russell Guindon: Well basically on page 45 of Fiscal Division's packet, the firsts quarter of FY 2010 was about 56.2 million which it was down 8.4%. You can see that that was pretty much in line that you had almost three straight quarters ending FY 2009 in that 55 56 million dollar range and then you can see that you had a couple in that range in 2007 and 2008. This thing does have some seasonality to it with regards to what can happen especially when you plot it and look at it, you can see the seasonal side. I apologize that we don't have more history there to display. You can see our forecast is almost like a step function, we had almost four quarters of 55-56 and then it's going to settle down to 52 and then it's going to stay around that 51-52 range for the rest of 10' and 11'.

Chairman: Any other questions? I would like to entertain a motion please on the FY 10' and the FY 11' insurance premium tax.

Mike Alastuey: For discussion purposes I could word it as a motion. Given the fact that we were just introduced with the employment numbers today and the fact that the DETR numbers, at least in part, have influenced some of the recommendations that we have made, I move to consider adopting the Budget Division's recommendation.

Bill Hartman: I will second that motion.

Chairman: The motion before us is to accept the Budget Division's 2010 forecast for the insurance premium tax of 222.9 million dollars a -6.6% decrease. Any discussion on the motion? All in favor? All opposed? Motion carries. Now the 2011 insurance premium tax is before us. Any comments or questions before we move on to vote?

Russell Guindon: Excuse me; I thought the motion was to accept Budget's for both years?

Chairman: I'm sorry I misunderstood you Bill. To accept in FY 2011 Budget's recommendation of 217 million or -2.6% increase, I am going to start over again so that we do it all at one time. To accept Budget's recommendation for FY 2010 and FY 2011 on insurance premium tax, FY 2010 will be 222.9 million and FY 2011 will be 217 million dollars. Any further discussions or questions? All in favor? All opposed? The next item on the agenda will be the real property transfer tax, Dino.

F. Real Property Transfer Tax

Dino Dicianno: As you all know there is a component that goes into the general fund with respect to the real property transfer tax, it's \$1.30 per \$500 of value on the transfer of real property in the state. Again, the Department given the timing and everything basically what we did again was to trend the historical revenue collections. Although, we do believe and I would caution based on our numbers that there is a concern that because of the housing market values that they are deflating and I don't know if they have hit bottom yet, they can continue to deflate. The increased level of foreclosures drives some of that deflation in the value and considering the level of the number of sales, I don't have a good feeling about where or when this tax is going to either bottom out or turn positive. That's what has driven our estimates. For fiscal year 2010 we're estimating, and again I am going to round this figure, 47 million dollars which is a 28.8% drop. For fiscal year 2011 approximately 43.6 million and a 7% drop. I am hoping here that there is some trend back up sometime in 2011. Again, that is just a gut feeling. I don't know whether that's going to occur or not. With that Mr. Chairman I will be more than happy to respond to any questions.

Chairman: Thank you Dino. Any questions? Mike.

Mike Alastuey: One thing that is noticeable and I can't speak for the Northern Nevada residential market perhaps Bill or Linda can, but we're noticing that the median closing price is bouncing along within a narrower range than was the case some months ago. The percentage declines same month year over year are moderating, not to say that it couldn't take another dip. But, that's the pattern that we have seen for about the last four to five months within basically a 3 or \$4,000 median range. I couldn't comment on the north however. Now with that said, even if there is some stability on the residential side, given the fact that the volume is considerable at these prices, there would be a question on the commercial side as to whether foreclosed commercial properties might flood into the

market at lower prices or whether loan modification is more prevalent on the commercial market than it might be in the residential market.

Linda Rosenthal: When there is a foreclosure and the bank takes over the property is there transfer tax applied at that time or just when the bank sells the property?

Dino Dicianno: Just when the bank sells the property.

Russell Guindon: Mr. Chairman would you like me to proceed then with Fiscal's?

Chairman: Just to add onto what Mike was saying, we have seen a slow decline in the rate of decline in new home price and resale price. Just as a brief indicator, year over year from November 08' to November 09' in Southern Nevada new home price declined by 19.4% which is a little bit of an improvement over the year over year declines and the resale price declined by 27.5%, this is data from home builders actual closings. So that is definitely an improvement over the low to mid 30% declines we have seen in the past year over year, so there is some movement in the right direction in terms of the rate of decline and we have seen pretty significant increases in the rate of absorption sales. The other issue that we are facing here on the national level that we need to factor in a little bit is that there is going to be a wave of interest rate resets on adjustable rate mortgage and all day loans sometime in 2010, 2011 and 2012 with kind of a peak in mid 2011 and mid 2012. For the time being, there seems to be some moderation in the rate of decline in Southern Nevada. Russ, go ahead.

Russell Guindon: Thank you Mr. Chairman. Fiscal Analysis Division's forecast for the real property transfer tax is on page 69. We have sort of had to change how we forecasted this when we went to Moody's we lost some of the variables that we were getting from Global Insight. We model it as using linear regression and modeling the quarterly RPTT collections as a ratio of collections for the same quarter a year ago and that's as a function of the product of the existing single family home sales and the case Schiller price index and the change in single family home completions. We tried to get foreclosures and tried to use employment and personal incomes but we didn't have a lot of luck. It is very difficult to find something that picks up the non-residential side. Given that, we have the 2009 fourth quarter declining 16.1% but when it originally came out of the equation the forecast for 2009 fourth quarter was somewhere around in excess of a 30% decline, which we weren't uncomfortable with given what we have been seeing. But we know that the second quarter for Clark was 11.3 million which is only a 10.4% decrease. Clark County makes up about 80-81% of the RPTT collections. To give you an idea Clark County in the first quarter of FY 2009 was down 38.7%. So when we saw the actual for the second quarters going to be down 10.4% and were able to obtain Washoe Counties actual for the second quarter which was down 41% and Clark makes up 12%, so you have these two counties making up over 92% of collections. We decided that obviously the equation for that quarter was going to overstate the decline, so we went in and since we knew Clark and Washoe we went in for all the fifteen smaller counties and just made up a number. The number that you see, \$13,767,000 that's knowing Clark and Washoe's actual and guessing for the few counties that we don't know yet. Thus,

then you can see the forecast that comes out for the rest of the forecast to rise in is the -21, -23, -26 and so forth. So that's our forecast, the equation was indicating that it was going to over project the rate of decline given that we know the actual for Clark and Washoe so we adjusted the forecast for that first quarter. Thus, you can see in table 7 that our forecast is for 26.2% decline and an 8.8% in FY 2011.

Chairman: Thank you Russ. Matt.

Matt Maddox: The home tax credit, is that factored into this? Meaning that there has been a flurry of people buying homes especially when they thought it was going to expire in Las Vegas, because they wanted to get the \$8,000. In fact, they were overpaying for a house because they wanted to get this tax credit. Is that factored into this?

Russell Guindon: The answer I would have to give you Mr. Maddox is that when we saw that Clark was only down 10% that's where our minds went was that it was the tax credit generating all these sales. That's why when the first quarter declined almost 39% and then the next quarter declines only 10% that's what we thought was going on.

Matt Maddox: It was going to expire in that quarter right?

Russell Guindon: Yes. Now there is this judicial policy that we didn't feel uncomfortable that it might only decline 21 and 23%. But your right, it is eventually going to time out. Hopefully by then some of this stuff has cleared out, again this is one of those that is still decreasing but at a decreasing rate.

Chairman: Not only was the tax credit continued but it was expanded to another group so I think it expires in April or May. Any questions for Russ? Janet.

Janet Rogers: The recent case Schiller adjusted price index that was discussed earlier is on page 6 of attachment 1. In addition, the graphs following that shows the number of single family home permits issued, I offered that just as background information. Our results for the real property transfer tax are shown on page 18 of our handout and the discussion is on the previous page. One half of the homes in Nevada are considered underwater. I think that that's going to have a very dampening effect on the number of homes sold except for the fact that people are going to be loosing their jobs and walking away from some of them. Our model is based primarily on the home price index and Moody's estimate along with their estimate on the number of new and existing private homes sold. The forecast reflects the fact that as the prices fall more there are more homes that are going to be sold. Our forecast will be for a 27.9% decline in FY 10' and that's 47.5 million and then an additional 11.7% decline which is the combination of falling home prices coupled with increased number of sales at these lower prices.

Chairman: Thank you Janet. Any questions? I know in Las Vegas they have had a series of auctions of raw land combined with half built commercial projects or some completed projects that are not occupied or just partially occupied and are going through

these large investment groups that are buying these for the mortgage paper for \$0.20 on the dollar, that sort of thing. How do those transactions flow into this tax?

Dino Dicianno: Mr. Chairman are you talking about just a transfer like a stock purchase or are they actually identifying a value associated with the transaction?

Chairman: They are specific assets and they are buying basically the mortgage paper. So does that flow into the real estate transfer tax because they are transferring ownership but it is the ownership of the mortgage, I guess?

Dino Dicianno: Were just talking about the transfer of paper? That may not be subject to real property transfer.

Chairman: Right because it's not actually transferring owners they are still remaining the owners.

Russell Guindon: The law sort of goes into that, it's the transfer of real property, so when some of the casinos have been bought or sold it is a paper and asset transfer versus an actual sale, we don't get the RPTT.

Chairman: Now I assume if they transfer and then foreclose on some of these, if we sell them again to someone else, once that investment bank or investment group takes over that asset as a foreclosure does it become a transfer at that point?

Dino Dicianno: I would say no until it comes out of foreclosure and there is a bid and separate purchaser then that establishes the transfer tax on that value, but if we are just talking about paper changes and ownership changes no.

Chairman: I thought that was the case but I wanted to make sure I understood. Any discussion? Bill.

Bill Hartman: If I may I am going to make a motion. I would like to move to accept Budget Division's, these are all very close in total and this one happens to be the lowest, so for both years 2010 and 2011 we will take the Budget numbers, 47.5 million in 2010 and 42 million in 2011.

Chairman: Would anyone like to second that motion?

Linda Rosenthal: I second.

Chairman: Discussion? Comments or questions? The motion before us is to go with Budget's forecast for both 2010 and 2011, in 2010 for 47.5 million and the 2011 period for 42 million. All in favor? All opposed? Motion carries. The next item up would be the cigarette tax.

G. Cigarette Tax

Dino Dicianno: With respect to the cigarette tax, the state rate is basically \$0.70 per pack of 20. Basically what we have done is trended the supposed sale. The tax is not based upon the sale of the pack, it is based upon the value of the stamp that is put on the pack and then sold at retail. All we did was take the historical information on that and trended it out. However, I need to caution again when you started doing linear regressions and trending there are some anomalies here. There is a new federal excise tax that had to do with health, the \$0.61 and what we noticed was that the wholesalers, prior to that tax rate going into effect, started raising the per pack cost. Because we don't have a floor on the stamps we had know ability to adjust for that change so that directly impacted the revenue. I think you also have to look at what is occurring to the cigarette tax and the excise tax that is being charged by other states. As you all know there was a bill during this last session to raise the cigarette tax that did not go through, that puts Nevada at a better competitive situation if you have cross border sales. There are other situations occurring with respect to the internet sales cigarettes and respect to the Jenkins Act. We have not pursued that part of the law as of yet because what you are doing is going after the consumer because the consumer is the one that's purchasing those cigarettes off the internet. Plus, there is a big push from a health standpoint. I think more people are weighing the cost of buying a pack of cigarettes versus their health. There are a lot of people that are quitting; I am not one of them. But seriously Mr. Chairman, members of the Forum, with respect to the cigarette tax we believe that this tax will continue its decline for a lot of different reasons. The Department estimates that for fiscal year 2010 the receipts from the cigarette tax will be approximately 89.4 million which would represent about an 8.1% drop. For fiscal year 2011 we estimate that the revenue associated with the cigarette tax will be approximately 81.8 million and an 8.5% drop. With that Mr. Chairman if there are any questions I would be more than happy to respond.

Chairman: Thank you Dino, just more of an informational question. Sales at tribal enterprises, how is that affecting us?

Dino Dicianno: As far as their input as far as the sales?

Chairman: Yes, are they taking sales away?

Dino Dicianno: Not that I am aware of, no.

Chairman: Any questions from anyone? Russell.

Russell Guindon: The Fiscal Analysis Division's forecast for cigarette tax can be found on page 81 of the Fiscal packet. Again, as Dino pointed out, the tax is not the retail sales of cigarettes but the stamps. So, this is one of those that is hard to tie to consumption. This one we don't do a regression analysis. Here we try and look at it on a per capita and a per visitor basis. As I go through it I look at packs per visitor and packs per capita and looking at the visitor and population forecasts you come up with the total number of

packs and then obviously you take that times the rate, less the taxpayers collection allowance and you end up with the forecast. We have it declining 9.2% in FY 2010 and 4.9% in FY 2011. Fiscal year to date through the first five months, the number of packs is down 10.7%, the collections are down 10.3% so to hit our forecast you would have to average about 8.1% over the remaining seven months. This is one that is declining and I believe that it is for the reasons that Dino discussed.

Chairman: Thank you Russ. Any questions?

Matt Maddox: Just clarification. To hit the 9.2% decline in fiscal year 2010, could you just walk through again where we are year to date and what the remaining seven months need to be.

Russell Guindon: The first five months that we were down 10.3% from the collections so to hit the -9.2 growth for the year we would have to average a decline of about 8.1% over the remaining seven months of FY 2010 and that would be going up against an average of a -13.6 over the last seven months of FY 2009. So you would have to decline an average of 8.1 against an average of being down 12.6 against 09'.

Chairman: Good question. Janet.

Janet Rogers: The Budget Division's forecast is on page 20 with a discussion on page 19. The shrinking Nevada population and declining employment both influence our forecast. We forecast the number of packs per employee as a more timely measure per capita cigarette packs. We use the federal and state tax rates along with seasonal variables. We tried putting in visitors to try and compensate for that component and it was not statistically significant. Our forecast is for 7.4% decline in FY 10', that is 89.8 million and then a 4.4% decline in FY 11' which is 85.8 million.

Chairman: Thank you Janet. Questions? Observations? I would like to entertain a motion on the FY 10' and FY 11' cigarette tax.

Bill Hartman: I noticed that once again these are quite close in total and especially agency and Fiscal. I am going to move that we adopt Fiscal Division for 2010 and 2011, 2010 being 88.162 million and 2011 being 83.811.

Chairman: Thank you Bill, would anyone like to second that motion?

Matt Maddox: Second.

Chairman: Motion seconded. The motion on the table is to accept Fiscal's forecast for 2010 and 2011, 2010 is the forecast of 88.162 million and in 2011 83.811 million. Any Discussion? All in favor? All opposed? Motion passes. Next up, Secretary of State Fees.

H. Secretary of State Fees

Scott Anderson: Good evening Mr. Chairman, members of the Forum, my name is Scott Anderson, Deputy Secretary of State for Commercial Recordings and I am standing here today on behalf of the Secretary of State Ross Miller. Today you have selected to review the revenue forecast of our Commercial Recordings Division and in the essence of time I will give you a brief overview of this revenue source. The Secretary of State's Commercial Recordings Division is responsible for processing and filing the organizational and amendatory documents of approximately 300,000 entities currently in good standing under the laws of the State of Nevada. These entities include for profit and non-profit corporations, limited partnerships, limited liability companies, limited liability partnerships, limited liability limited partnerships, professional corporations and associations, and business trusts. Additionally, the Division recently took over the Administration of the State Business License. Our office collects revenue at the time the organizational documents and related amendatory documents are filed. Annual list revenue is collected throughout the year, generally honored before the anniversary date of an entity's organization. We have taken into consideration months that tend to be larger filing months in forecasting revenues as well as considering other factors including an increase in backlogs that will be discussed in just a moment. For your information, new entity formations have decreased approximately 13% in annual, amended, and initial. List filings have decreased approximately 16% during fiscal year 2010 as compared to fiscal year 2009. Expedited service revenue has also decreased approximately 10% due to the economic conditions of our own office and processing efficiencies and increased usage of our enhanced online services. We had forecast a decrease of 20.22% in our expedited revenue for the past Economic Forum and it down approximately 10%. One of the reasons is the backlog because with the backlog more people are filing on an expedited basis. As usage of our online services continues to increase and we continue to expand these services to our customers, we do expect that expedited revenue to continue to decline. Due to the increase in processing times, one because of the mandated furloughs, two the new functions of administering the State Business License function without additional resources, and the fact that more customers are utilizing the expedited services, currently our expedited services revenue are decreasing at a lesser rate than we previously forecasted. The number of entities in good standing with our office is presently approximately 300,000 and has decreased approximately 6% in fiscal year 2010 as compared to fiscal year 2009 due to a drop in new filings and renewals of those filing their annual reports. Coming up with our forecast our office analyzes filing activity and also shaded revenue on a monthly basis. Current fiscal year 10' estimate is based on actual revenue recognized through December 31, 2009 extended through fiscal year and based upon current filing activity and it takes into consideration the backlogs that we are currently experiencing. Another factor that we have considered in our forecast is the document processing turn around times that are currently 11 to 30 days as compared to 5 to 6 working days for the same time last fiscal year. Significant staffing reductions in the Commercial Recordings Division, legislatively mandated furloughs, and the increase of filing activity associated with the State Business License function, are additional causes for this processing time change. Since revenue is recognized at the time documents are processed, and if the processing through dates were the same as they had been last year,

we estimate that 5.2 million dollars in additional revenue would have been recognized as of 12-31-09 and we have accounted for this experience in our forecast as this timing difference is unprecedented. We fully expect the economy to recover and we are seeing indications of that, however, we hesitate to forecast any future increases at this time. Back in 2003 when there was a little bit of the downturn, we saw flattening of our numbers. In 2004, 2005, 2006 we started to see double digit increases and we expect that we will see increases again as the U.S. economy recovers. Since that is still an uncertainty we had left our forecast flat for fiscal year 11' and fiscal year 12'. We do understand that Fiscal has forecasted a decrease of approximately 2.8% for 2011 and we are okay with that. Currently, our forecast reflects a decrease in revenue for fiscal year 10' of 4.8 million dollars or 6.8% over fiscal year 09'. I would be happy to answer any questions that you might have at this time.

Chairman: Thank you. Any questions from anyone?

Matt Maddox: What is it you're seeing that is indicating a recovery?

Scott Anderson: Indications from some of our resident agents, we're seeing it from other states filings that they are starting to see an increase in corporate filings. We are starting to see a few more for this January then we had last January and we're just hearing that people are starting to have a little more confidence and file more.

Russell Guindon: There is no information in our packet on Secretary of State Commercial Recordings. As Scott Anderson pointed out, this is a revenue source that historically had been assigned to the Technical Advisory Committee by the Economic Forum to produce a forecast and then this last cycle it was added as a major. It is a tough one, all these different Title 7 people file their list or start a new business entity and then file the new paperwork for that, if you want to get an idea go to their website and see all of the different fees that they charge for all of the different services and transactions that you can do under the law with regards to business entities. It is also a hard one to get a good historical read on because the fees were increased significantly in the 2001 session and then they were increased again in the 2003 session. Thus, it is hard historically to get a read on and now in this economic event it again is hard. The way I had historically forecast this was by discussing it with the Secretary of State's Office. We either get a comfort level with them or not after meeting with them, to the extent that I think any of us can be comfortable forecasting something that has this type of many different filing activities that can go on. We were comfortable with it. I think he talked about the backlog of the entities and paperwork that they have to file and when we looked at that and what would imply where they would have been fiscal year to date and then where they would be at the end of the year we weren't uncomfortable with the -6.8% for FY 2010 but looking at where the current months have been and looking at the economy we thought there would continue to decline in FY 2011 and thus we just pulled it down 2.8%.

Chairman: To clarify Russ, you are saying that you were comfortable in 2010 with the exception of Secretary of State's statement on 11'?

Russell Guindon: Yes. It's not that I don't think that Scott could be right that this thing could flatten out because it has behaved differently then you would expect given when the economy is growing and when the economy has gone down. We just thought that given the weakness that we are thinking that it could continue to fall in 2011 by the 2.8%.

Chairman: Thank you. Any questions for Russell? Janet.

Janet Rogers: The Budget Division's forecast for Commercial Recordings is shown on page 22 with the discussion such as it is on page 21. As has been pointed out, this is a very complex revenue. What we have done is done a linear regression and simple trend using single family permanents as a proxy for economic health. That sort of picks up a little bit of increase in activity during the time of the housing bubble. Our forecast is for a decline of 11.2% in FY 10' and -7.1% in FY 11'.

Chairman: Thank you Janet. I was looking here Russ at how far off we were in May as compared to the actual. Could you go over that real quickly for us?

Russell Guindon: Again, you're asking where the FY 2009 ended up? It was basically \$140,000 that it was missed by. But remember there we would have known probably about seven or eight month's worth of the fiscal year.

Chairman: Thank you. Any questions from anyone? Matt.

Matt Maddox: Maybe you explained it but the 25% decrease last quarter?

Scott Anderson: As you may be aware, in October we took over the State Business License from the Department of Taxation. We have had some backlogs in regards to that and also because of the furloughs that are out there we are approximately 11 to 30 days out in any of our processes. Therefore, there is approximately a month worth of revenue sitting out there that should have been recognized by December 31 that was not. We are currently taking steps to reduce that backlog so that revenue will be expected to be recognized within the fiscal year.

Chairman: Thank you. Bill.

Bill Hartman: I am going to advance this. This is an agency if I remember correctly, that is pretty accurate, it does this quite well historically in coming up with their estimates. I also listened very carefully to Scott's presentation and you indicated that you were fine with Fiscal's 2.8% reduction and I'm sure our Secretary of State carefully reviewed your presentation. Given that, I am going to move to approve fiscal for both 2010 and 2011, that's 66.051 million for 2010 and 64.202 million for 2011.

Chairman: Thank you Bill. Is there a second?

Linda Rosenthal: I second.

Chairman: Thank you Linda. The motion before us is to accept Fiscal's forecast for 2010 and 2011 for the Secretary of State's recording fees. In 2010 the number would be 66.051 million and in 2011 64.202 million. Any questions or comments? All in favor? All opposed? Motion passes. Next up is the room tax.

I. Room Tax

Steve Woodbury: Good evening. For the record Mr. Chairman and members of the Forum, my name is Steve Woodbury I am the Deputy Director for the Nevada Commission on Tourism and I have with me David Peterson, who is our Senior Research Manager. We will try to be brief; we know it has been a long day. As we watched the proceedings today we have gone from a four page presentation to three, to two, and now done to one, so we will try to be quick. Our forecasts were developed starting with the 3/8 of 1% that the Nevada Commission on Tourism is funded upon and then grossing those figures up to whatever percentage is applicable by area under IP 1. For Clark County we used actual data through November of this fiscal year including LVCVA members for visitor volume, room inventory, room nights occupied, and occupancy. For our FY 10' forecast we assume cash room nights at 80% of total room nights occupied, a 2.4% increase in visitation, the addition of just over 8,000 rooms and a 1.3% increase in room nights occupied. We do not expect visitor volume growth to match the additional supply of rooms during FY 10' and expect occupancy to drop to 80%. We are forecasting for FY 10' an ADR of \$90.25, an 11.1% drop from FY 09'. Based on this methodology using a ratio of actual collections to spread the revenues between the various reporting authorities our FY 10' forecast for room tax collections for Clark County excluding Boulder and Mesquite is just over 91 million dollars. For FY 11' we assume a 2.7% increase in visitation, the addition of just over 3,700 rooms, a 1.7% increase in room nights occupied, a drop in occupancy to 78.5% and a modest increase in ADR to \$92.31. Based on those assumptions, our FY 11' forecast for Clark County, again excluding Boulder and Mesquite, is about 95.4 million dollars or an increase of 4.7%. For Mesquite and Washoe County we used similar assumptions and methodology, we have the detail and I would be happy to go through that, but in the interest of time you can see our projections for Mesquite are \$535,000 for FY 10' and an increase of 3.9% in FY 11' to \$556,000 and Washoe County going from 1.21 million dollars in FY 10' up to 1.23 million in FY 11'. That concludes my remarks, if you have any questions we would be happy to answer them.

Chairman: Thank you. If you don't mind, would you go over one more time the FY 10' forecast for Clark County?

Steve Woodbury: The assumptions?

Chairman: No, just the numbers.

Steve Woodbury: For FY 10' it's just over 91 million.

Chairman: Okay, and FY 11'?

Steve Woodbury: FY 11' is 95.4 million.

Chairman: Thank you. Mike.

Mike Alastuey: Did you or can you split the average daily rate between strip and other markets in Clark County, besides Mesquite and Boulder City?

Steve Woodbury: We don't have that included here.

Mike Alastuey: I see that you were able to apply the various rates as they are capped throughout the entities so I thought that perhaps you would have that but I guess not.

Dave Peterson: For the record Dave Peterson, Senior Research Manager with the Nevada Commission on Tourism. That average rate that we use is a blended countywide average rate and that comes from the LVCVA, and that excludes Boulder and Mesquite, so yes there is know detail behind the individual area of the strip or off-strip.

Chairman: So that is how you get it from them?

Dave Peterson: That is correct, yes.

Matt Maddox: Could you explain the revenue decline from 09' to 10'?

Dave Peterson: It is a new tax collection so we could generate hypothetical information.

Matt Maddox: No, hypothetical is what I am asking. I am trying to understand the trend. It looks like your saying that 2010 will be down what 10% over 09'? I am just taking room nights occupied times ADR.

Dave Peterson: Yes, it comes out to about 13.7 or 13.8%. Theoretically if we used the 3/8 of 1% and then grossed that up to the 3% where applicable 2% per city of Las Vegas, so it's about a 13.8% decline, theoretically, using those collections.

Matt Maddox: I am trying to say on an apples to apples basis, room revenue not the tax base. I mean are the numbers really that it's 42 million room nights occupied times the ADR?

Dave Peterson: And then factoring out about 20% for comps.

Matt Maddox: Right. So when you look at these with ADR going down and room nights occupied only going up slightly then that numbers the 13% is what your saying?

Dave Peterson: Correct. If you looked at fiscal year 10' versus fiscal year 09' that is correct.

Chairman: Anyone else? Russell.

Russell Guindon: The Fiscal Analysis Division's revenue forecast is on page 85. This is a new tax, so we don't have anything. You can go back and try to recreate history but that is hard because remember you have the downtown area where you can't pick up the whole rate and the shares can change. What I did was decide to forecast the 3/8 of 1% and obviously you can convert that into a full 3% rate. Through the first five months that we have collections for you can start to calibrate what the shares have got to be so I take that full 3% in shared out so you can see that the only market that you will lose money because you can't impose the full 3% is Las Vegas. So that's what we do is we do the visitor's room nights occupied, average number of rooms for fiscal year, the occupancy percentages, the average daily room rate, and all of that ends up generating the 3/8 of 1% which is what comes back to support the Nevada Commission on Tourism. I can then convert that into a 3% rate and break that out between Clark, Henderson, Las Vegas, and North Las Vegas because remember Mesquite and Boulder are not part of the LV CVA's reporting statistics. I ended up using Dave Peterson's forecast for Boulder and Mesquite. Similarly I use Dave Peterson's forecast for Washoe County. You can see that we have the ADR declining 11% to a little over \$90 and then it goes up 3/10 of a percent just thinking that there might be some ability in the later part of FY 2011 for the casinos to try and bring room rates up just a little bit. Again, that could be an optimistic outlook.

Chairman: Thank you Russell. Any questions? Matt.

Matt Maddox: I just think that it is interesting that we have room revenue declining 12 to 14% and gaming revenue, under the most pessimistic forecast, was going down by 2%.

Russell Guindon: I think that we might be reverting a little bit back when I first came to this state in 94' and 95' and gaming as an economist was a little bit foreign to me, and this concept of these what seemed like ungodly low room rates for the type of properties that you could stay in and then in the late 1990's through 2000's the market moved away and went to much higher room rates. Now you might have to go back a little bit and use the rooms to get people here.

Matt Maddox: No, your right we have and it is the midweek business where we really have had to discount with the wholesalers and online travel agents. So definitely rooms will be down more than gaming without a doubt, I am only pointing out that it is quite significant.

Chairman: I have a question for Matt. Do you find this differential troubling, or unrealistic?

Matt Maddox: No, I think that it is probably pretty close. Rooms are going to take longer to rebound, we have to get the convention business back and it's really midweek. A lot of our casino customers are still coming on the weekends, but it is the midweek that's killing us.

Chairman: I appreciate that. Janet.

Janet Rogers: Our forecast for the room tax is shown on page 24 with discussion on page 23. I apologize I don't have quite as much detail here as one might have wanted. I have used the 3/8 of 1% sales tax to generate a series for the 3% and then I am forecasting the state as a whole rather than trying to separate out the separate markets. Again this is sort of the idea of the law of large numbers that you end up with, your overestimation in one place being compensated by an underestimation in another. You can sometimes come out better that way even though conceptually you would think that you should be going in as fine a detail as possible. The model uses visitor's occupancy rates which I have actually shown room rates. It is forecasting for FY 10' a 14% decline and then I have a 0.5% increase in FY 11' at basically flat occupancy rates sort of trending down but room rates going up.

Chairman: Thank you Janet. Any questions for Budget? Matt.

Matt Maddox: In 2011 the 8,000 rooms which rooms are you picking up?

Dave Peterson: The 8,000 rooms is fiscal year 10'. It is just over 3,700 for fiscal year 11'. Picking up City Center and various properties there for this fiscal year and fiscal year 11' the Harman Hotel property and the Cosmopolitan.

Matt Maddox: Which may only open 800 rooms.

Dave Peterson: Yes, and in our forecast it does put in the full 2,998 and I have them in January of 2011.

Bill Hartman: Matt, there is a lot of forecasting going on that calendar 11 is going to be better than 10 on a global basis and also on a U.S. basis, do you have a feeling whether that is going to give you a pricing ability for rooms out there that you don't currently have?

Matt Maddox: That is the right question. There is so much supply that has come into Clark County that our pricing ability I think is going to be very difficult without major rebound in the convention business and companies really coming back. And lead volume is up, that is a fact, we are getting more calls on the convention side to book in 2011 so those are all true, but there could be more supply than this, so I think that could cause a challenge for pricing in 2011. I would say that a 4.7 increase for the entire room base feels high to me for 2011. The Las Vegas strip itself may achieve that again because of the dynamics, but for the entire room base it feels a little high.

Mike Alastuey: The fact that the assumption does include the full opening and full capacity of the cosmopolitan, we have sort of been up against that scenario before and some of those properties didn't happen. So as a point of observation looking at the second year it seems that the agency and Fiscal are very close, perhaps we might discuss

something between the Fiscal and the Budget just to accommodate the possibility that this major property might not open at full capacity.

Chairman: Thank you for that observation Mike.

Matt Maddox: And again if you look at the last few openings whether it was the Plato or Encore, we really haven't seen demands stimulated by new hotel rooms at all. It is really more of a macro call on the U.S. economy. So I agree, I would move to adopt the average of Fiscal and Budget for 2011.

Chairman: Is that your official motion?

Matt Maddox: Yes.

Chairman: So do you have a motion for 2010?

Matt Maddox: Yes, for 2010 I would like to adopt the agencies and then for 2011 it would be the average of Fiscal and Budget.

Chairman: Just a point of observation, that number would be a -3; -6.8 plus 0.5 divided by 2.

Matt Maddox: No, I am taking the dollar amounts, 95.191 million.

Chairman: Alright and that equates to?

Matt Maddox: About a 2.5% increase.

Chairman: Is there a second?

Bill Hartman: Could you clearly restate the motion and then I will second it.

Chairman: The room tax for FY 2010 will be Fiscal Division's.

Matt Maddox: No, the agency.

Chairman: The Agency's 92.863 million and the average of Fiscal and Budget in 2011 for 95.191 million.

Bill Hartman: I second the motion.

Chairman: Discussion? All in favor? All opposed? Motion carries. Do we have public comment at this point? Just before we adjourn I would like to make an observation.

Russell Guindon: Excuse me Mr. Chairman, don't adjourn. What you want to do is stand down for recess because my staff just ran back; they have been over there putting the numbers in that table I showed you. We are going to check them all and bring copies back so that you can look it over as the Economic Forum and make sure you all agree that those were your forecasts. Once that is done then you will have to have a motion and a second to approve that as your January 22, 2010 Economic Forum.

Chairman: I understand that Russ; I would just like to make a point while your staff is doing that and we go through the process of accepting the forecast. I would just like to put on the record that these are very challenging times for us and very precedent times and just an observation and a suggestion for our elected officials is that we look at, at least through this calendar year meeting quarterly as the economic forum and revisit these numbers and look at these things again and adjust things in a semi-real time as opposed to waiting so long because there is so many things flooding up the fluidity of the situation. So that is just an observation that I thought I would make and I just thought I would throw that out there for future consideration.

Russell Guindon: Yes, and it will only be about 15 to 20 minutes. And again that will be the table that will be going to the Governor and his staff and then the legislators that I serve and also that will be provided to the press and the public. We will try and get it on LCB's website along with the Economic Forum's forecasts that are up there.

Chairman: I would like to call the meeting back to order, the January 22, 2010 Economic Forum, Russ.

Russell Guindon: Thank you Mr. Chairman: What you have is the table before you and staff has looked it over and we think we have all the right numbers. What this table does is compares your Economic Forum May 1, 2009 and the one held today. For these 10 general fund revenue sources your revised forecast for FY 2010 is approximately 237.971 million and for FY 2011 it is 342.386 million for a combined adjustment of 580.357 million for the current 2009-2011 biennium that the state is in.

XI. Public Comment: None

XII. Adjournment

Chairman: Any questions or comments from members of the Forum? I will entertain a motion to accept the 2010 and 2011 forecast for the 10 revenues that we are responsible for as the Economic Forum that was just provided to us by Russ.

Bill Hartman: So moved.

Linda Rosenthal: Second the motion.

Chairman: The motion before us it to accept the forecast provided to us by Russell Guindon dated January 22, 2010 at 6:30 p.m. as our forecasted biennium for the 10

revenues that we are responsible for forecasting. Any questions? All in favor? All opposed? Motion carries. We are adjourned. Thank you everyone.

ADJOURNMENT

The meeting was adjourned at 6:30 p.m.

Respectfully submitted,

Jessica Trulin, Administrative Assistant

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.

**MINUTES OF THE MEETING OF THE
STATE OF NEVADA ECONOMIC FORUM
May 1, 2009**

The meeting of the State of Nevada Economic Forum (created by Senate Bill 23, 1993) was held at 10:00 a.m. on Friday, May 1, 2009, 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:

Cathy Santoro, Chairwoman
John Restrepo, Vice Chairman
Michael R. Alastuey
Bill Hartman
Linda Rosenthal

ECONOMIC FORUM MEMBERS ABSENT:

None

STAFF:

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division
Mark Stevens, Assembly Fiscal Analyst, Fiscal Analysis Division
Brian Burke, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Tracy Raxter, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Russell Guindon, Senior 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
Rebecca Lowe, Secretary, Fiscal Analysis Division

EXHIBITS:

<u>Exhibit A</u>	Meeting Packet and Agenda
<u>Exhibit B</u>	Attendance Report
<u>Exhibit C</u>	Revenue Projections Using a Five-Year Rolling Average – Knight Allen, Private Citizen
<u>Exhibit D</u>	General Fund Revenue Forecasts – Division of Budget and Planning
<u>Exhibit E</u>	Forecast Information Packet – Fiscal Analysis Division
<u>Exhibit F</u>	The U.S. and Nevada Economic Outlook – Global Insight
<u>Exhibit G</u>	Global Insight versus DETR Employment Forecast – Fiscal Analysis Division
<u>Exhibit H</u>	U.S. Real Gross Domestic Product – Fiscal Analysis Division

<u>Exhibit I</u>	U.S. Total Nonfarm Employment – Fiscal Analysis Division
<u>Exhibit J</u>	U.S. Total Personal Income – Fiscal Analysis Division
<u>Exhibit K</u>	Taxable Sales Statewide – Fiscal Analysis Division
<u>Exhibit L</u>	Impact of Three Percent Room Tax Increase – Nevada Commission on Tourism
<u>Exhibit M</u>	Gaming Revenue Forecast – Gaming Control Board
<u>Exhibit N</u>	Comments to the Economic Forum – Knight Allen, Private Citizen
<u>Exhibit O</u>	Revised Table 6 – General Fund Revenues – Economic Forum Forecasts Based on May 1, 2009, Meeting prepared by the Fiscal Analysis Division
<u>Exhibit P</u>	Economic Forum May 1, 2009, Forecast

EXHIBITS MAY BE REVIEWED AT THE RESEARCH LIBRARY OF THE LEGISLATIVE COUNSEL BUREAU, CARSON CITY, NEVADA, UPON REQUEST.

I. ROLL CALL.

Chairwoman Santoro called the meeting to order at 10:03 a.m. The secretary called roll and all members were present and in Carson City.

II. APPROVAL OF MINUTES OF THE DECEMBER 1, 2008, MEETING.

MR. RESTREPO MOVED TO APPROVE THE MINUTES OF THE DECEMBER 1, 2008, MEETING OF THE STATE OF NEVADA ECONOMIC FORUM.

THE MOTION WAS SECONDED BY MR. HARTMAN AND CARRIED UNANIMOUSLY.

IV. REVIEW AND APPROVAL OF MAY 1, 2009, FORECASTS OF MINOR GENERAL FUND REVENUES FOR FY 2009, FY 2010, AND FY 2011 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE AT ITS APRIL 27, 2009, MEETING.

This agenda item was taken out of order.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said he would first describe some of the tables in the meeting packet (Exhibit A). Table 1 on page 65 of the meeting packet (Exhibit A), showed historical as well as fiscal year to date data through March FY 2009 compared to March FY 2008. Page 71, Table 4, showed the major General Fund revenue sources for which the Economic Forum would come to a consensus forecast.

Mr. Guindon said there were two new revenues for the Economic Forum to consider and forecast. The first new revenue forecast was for the state Room Tax that resulted from Initiative Petition 1, which was approved during the 2009 Legislative Session. In addition, at its December 1, 2008, meeting the Economic Forum elected to move the Secretary of State fees to the major General Fund revenue source. After discussion with Chairwoman Santoro and staff, it was determined that the Economic Forum would forecast Commercial Filings and Securities Fees and leave the UCC Fees of about \$1.23 million per year and Notary Fees of about \$200,000 per year to be forecast by the Technical Advisory Committee (TAC).

Mr. Guindon said page 75 showed Table 7 (which was also provided as a separate handout for easy access). Table 7 showed the sequence of the forecast moving from the November, December, and May forecasts by forecaster for each of the General Fund revenue sources that the body would consider.

Mr. Guindon said Table 3 (page 81, Exhibit A) showed the forecasts for all General Fund revenue sources, for each of the forecasters, for each of the three fiscal years, for both the major revenue sources that the Economic Forum considered, and the minor revenue sources that the TAC considered as directed by the Forum. Data from Table 3 was used in Table 4, Table 5, Table 6 and Table 7. Table 3 served as a record of all the forecasts that were prepared by the Executive Branch agencies that collected each of the General Fund revenue sources, as well as the forecasts prepared by the Budget Office and the Fiscal Analysis Division.

Mr. Guindon said Table 5 on page 85 of Exhibit A showed selected minor revenue sources that were considered by the TAC. He noted that Table 6 on page 87 had been revised and distributed as a separate handout (Exhibit O), so he asked Economic Forum members and the public to either remove page 87 from the packet or cross through the page to indicate the information was outdated.

Continuing to the review and approval of the May 1, 2009, forecasts of minor general fund revenues for FY 2009, FY 2010, and FY 2011 approved by the TAC at its April 27, 2009 (Exhibit O), Mr. Guindon said it was difficult to compare this version of Table 6 to the version that was used at the December 1, 2008, meeting because the Economic Forum elected to forecast the commercial recordings and securities fees collected by the Secretary of State rather than delegate that forecast to the TAC as it had in the past. That created an “apples and oranges” comparison of what the TAC decided at its previous meeting versus its April 2009 meeting.

Mr. Guindon recalled the Legislature was called into the 25th Special Session in December 2008 at which time some General Fund revenue enhancements were approved, including a change to the Net Proceeds of Minerals. Prior to S.B. 2, the mining operations made payments based on the mines’ actual prior calendar year business activity. Under S.B. 2, the mines were still required to make that payment. The mines were also required to make a payment in FY 2009 for estimated business activity for CY 2009. In a sense the General Fund was getting two payments: one in

FY 2009 based on the mines' actual CY 2008 activity, and another based on an estimate for the current calendar year. Obviously, in FY 2010, the estimate would be adjusted to the actual taxes due for CY 2009, and the mine would make a payment for estimated CY 2010 activity, and that fed forward to FY 2011. Thus, the amount of revenue for the net proceeds was significantly larger in FY 2009 because of the double payment.

Mr. Guindon said the information on Table 6 provided by the Department of Taxation indicated the amount of revenue collected based on the new law was approximately \$8.2 million above the estimate that was prepared by the Fiscal Analysis Division during the 25th Special Session. He recalled that he sent the Economic Forum members a set of tables titled, "The Economic Forum's May 1 Adjusted for 25th Special Session Actions."

In addition, Mr. Guindon said the Short-term Car Rental Fees was changed so that for the sixth-month period beginning January 1, 2009, to June 30, 2009, there was an additional 1% fee that went to the General Fund. Under current law there was a 6% General Fund rate and a 4% recovery surcharge, of which 1% would be allocated to the General Fund for January 2009 through June 2009. Effective July 1, 2009, the 1% would be retained by the short-term car rental companies. All of the forecasters took that into account when preparing forecasts for FY 2009. He commented that FY 2010 and FY 2011 obviously did not include the additional 1% portion in the forecast.

Mr. Guindon explained that the final change due to S.B. 22 of the 25th Special Session was to change the taxpayers' collection allowance for the State 2% Sales Tax, the Cigarette Tax, the Liquor Tax and Other Tobacco Tax. Under the law there was a rate that a taxpayer was allowed to keep as a collection commission for collecting and remitting the fees to the state. This rate, prior to January 1, 2009, was .50%. From January 1, 2009, to June 30, 2009, the collection commission was lowered to .25%. Effective July 1, 2009, the commission would return to .50%. The effect was to raise revenues for the General Fund from the following four revenue sources: State 2% Sales Tax; Cigarette Tax; Liquor Tax; and Other Tobacco Tax. He said those were the statutory changes the forecasters had to take into account. For FY 2010 and FY 2011, the current forecast for total minor General Fund taxes were revised downward by approximately \$1.1 million in FY 2010 and revised upward approximately \$672 million in FY 2011 compared to the December 1 forecast.

Referring to page 2 of Table 6, Mr. Guindon said the forecast amount for licenses was revised downward by approximately \$1.6 million and \$2.4 million. This was due primarily to downward revisions in insurance licenses. Fiscal year to date, licenses revenue was weaker than anticipated when the agencies, the Fiscal Analysis Division and the Budget Office put together forecasts in December. Total fees and fines was revised downward by approximately \$2.5 million in FY 2010 and \$3.1 million in FY 2011. Almost all the fees and fines revenue were revised downward in FY 2010 and FY 2011. The major driver was the downward revision of Short-Term Car Lease Fees, which through the first two quarters of FY 2009 were weaker than anticipated, thus the

base year forecast as well as the forecasts prepared by the Budget Office and Fiscal Analysis Division. He noted both the outlook for the economy and the visitor volume estimates were lowered by the Budget Office and Fiscal Analysis Division.

Mr. Guindon said, with regard to the total use of money and property table, FY 2010 has been revised downward by approximately \$2 million and FY 2011 has been revised downward by approximately \$4 million. The biggest driver was Treasurer's Interest Income, which was revised downward by approximately \$1.6 million in FY 2010 and \$3.7 million in FY 2011.

In conclusion, Mr. Guindon said the TAC forecast for total General Fund revenue was revised downward by approximately \$7.1 million for FY 2010, and approximately \$8.8 million in FY 2011. This was an approximate \$16 million reduction to the minor General Fund revenue sources for which the TAC prepared its forecast for the Economic Forum's consideration and approval on April 28, 2009, compared to the forecast prepared and approved by the Economic Forum on December 1, 2008. He offered to answer any questions of the Forum members.

Chairwoman Santoro said in December 2008 Mr. Guindon mentioned that the net proceeds of minerals forecast held the price of gold constant through part of FY 2009. She asked how the increase in gold prices that occurred subsequent to December 2008 was addressed. She noted that in December there was an expectation of \$33 million for FY 2009 in Net Proceeds of Mineral, but the FY 2010 and FY 2011 forecasts were unchanged from December 2008.

Mr. Guindon said the forecast used information from the mines' estimates for this calendar year to project FY 2009. The payment in FY 2010 would be based on an estimate of what would occur in CY 2010. Gold prices were expected to continue to remain at the current level, thus the net proceeds of mines would rise. There was concern that the mines could decide to extract the more marginal gold and leave the gold that was more accessible to extract for when prices fell. He explained that the gross could remain up because of the gold prices, but if the more marginal gold was mined, the net may not be as large.

Chairwoman Santoro noted that gold prices changed since December 2008, but there was no change to the current forecast. Mr. Guindon replied it was the consensus forecast based on the forecasts prepared by Taxation, the Fiscal Analysis Division and the Budget Office and presented to the TAC.

Chairwoman Santoro asked if there was an analysis that would reflect the potential benefit to the state if the current gold price had been taken into account. Mr. Guindon said that analysis was not done, because data from the mines was not available. Even if the data had been available, the forecasters did not know what the mines might do by the various mineral types. He said the TAC was fairly comfortable in calibrating FY 2009, then working forward. He explained that there were prolonged discussions among the Fiscal Analysis Division, Budget Office and Taxation about the revenue

source. The result of those discussions was a prediction that the revenue would settle into the “comfort zone” with regard to the forecasts in Table 3. The decision was made by the TAC to average those forecasts for FY 2010 and FY 2011.

Chairwoman Santoro asked what changed to result in the current expectation of \$18 million for interest income. Mr. Guindon said Mark Winebarger of the Treasurer’s Office reported to the TAC that the interest forecast was a little higher now because the Treasurer’s Office was able to maintain its portfolio and earn a little better return than expected. The revenue forecasts were revised downward in FY 2010 and FY 2011, but were revised upward slightly in FY 2009. Three-quarters of FY 2009 interest and distribution was known, and the final quarter was estimated.

Referring to Table 3 (page 81, Exhibit A) Mr. Guindon noted the Fiscal Analysis Division, Budget Office and Taxation forecasts were not much different. After listening to testimony provided by Mark Stevens of the Fiscal Analysis Division and Mark Winebarger of the Treasurer’s Office, the TAC decided to accept the Treasurer’s Office forecast for each of the three fiscal years.

Chairwoman Santoro noted the Fiscal Analysis Division’s December forecast adopted a 2.5% growth rate for short term car lease for FY 2010 and FY 2011. She said it appeared, based on the current environment, that there had been a change in mindset.

Mr. Guindon said due to current actual year to date through the first two quarters, and the visitor forecast, the Fiscal Analysis Division revised its forecast downward significantly for this revenue source.

Ms. Rosenthal asked if the larger amount of the Insurance Fines (GL 3242) in FY 2008 was due to amnesty payments. She asked why it was so large in comparison to FY 2009, FY 2010 and FY 2011.

Mr. Guindon said there was a relatively large fine in FY 2008 that was not anticipated to reoccur in the future. For FY 2009, there was information for three-quarters of the fiscal year, and the forecast was adjusted against that actual information. He said the Fiscal Analysis Division and Budget Office asked the Executive Branch agencies that collected the revenue to provide forecasts based on the current year to date estimate of what was going to come in the last three or four months of the fiscal year, which was reviewed by the Fiscal Analysis Division and the Budget Office. He said Table 1 (page 65, Exhibit A) showed that, historically, the revenue source did not stay at that level. Fiscal year 2008 was treated as an anomaly because of the large, one-time payment. The following years were closer to the average of the previous six or seven years, excluding FY 2008.

Mr. Hartman asked whether the reduction in interest was because there would be substantially less funds to invest, or due to the interest rate. Mr. Guindon replied that both the reduction in funds and interest rate were considered when forecasting the revenue. For FY 2010 the Treasurer’s Office yield was slightly over 1%. That was much lower than what the Treasurer’s Office anticipated in December. Also, the

Treasurer's Office was going shorter on its portfolio, which meant it would probably be at the shorter end of the interest rate yield curve. The reduction in interest was due to a combination of the investable balance, interest rate, and where the portfolio would be on the yield curve.

MS. ROSENTHAL MOVED TO APPROVE THE MINOR GENERAL FUND REVENUES AS PRESENTED BY THE TECHNICAL ADVISORY COMMITTEE FOR FY 2009, FY 2010 AND FY 2011.

MR. ALASTUEY SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

III. REVIEW AND APPROVAL OF MAY 1, 2009, FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2009, FY 2010, AND FY 2011.

This agenda item was taken out of order.

Chairwoman Santoro said she would like to review the major revenue sources in the order that was followed at the December 1, 2008, meeting.

Mr. Guindon made Economic Forum members aware that Mr. Knight Allen, a private citizen who followed the Economic Forum closely, provided final revenue projections using a five-year rolling average (Exhibit C).

CIGARETTE TAX

Lynne Knack, Administrative Services Officer, Department of Taxation

Ms. Knack said that for Cigarette Tax collections for the first eight months of fiscal year 2009, the General Fund portion of the revenue was down 8.14%, with collections of \$66.4 million. The wholesale purchase of stamps fluctuated so much from month to month that it was hard to determine a specific trend related to the decline in consumption or effects of the federal tax increase. There were three months of increased tax results, with four months of decreased tax results; demonstrating that for the eight months collections were all over the board. She said the net results for the eight months were close to the original Economic Forum forecast. The Department of Taxation (Taxation) adjusted its projection downward in FY 2009 to \$100.8 million for an 8.7% decrease. She projected that growth for the next two fiscal years would be flat, assuming the economy would start looking a little better and the rise in visitor volume would flatten the natural decline in per capita consumption, which had been decreasing by approximately 2.5% per year.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office's forecast for the Cigarette Tax was shown on page 23 of the General Fund Revenue Forecasts handout (Exhibit D). She said that the Budget Office used an econometric model shown on page 24. The model was based primarily on tax rates, which were the gross changes in the price of cigarettes. The model accounted for about 57% of the variability in the series. The FY 2009 model output was used, which showed a slight fall based on the anticipation that the large federal tax increase that took effect on April 1, 2009, would negatively impact the last quarter of the year. In FY 2010, the model showed a slight increase in revenue. Given the recent historical trend, this result did not make sense, so she lowered it to a 2% decrease. In FY 2011, she used the 2.5% growth rate from the model.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said the Fiscal Analysis Division forecast for Cigarette Tax began on page 99 of the Forecast Information Packet (Exhibit E). He said, year to date through the first eight months, revenue was down 8.1% compared to -3.3% one year ago. Turning to page 100, he said the Fiscal Analysis Division forecast was revised downward to 10.2% decrease in FY 2009. To achieve the forecast for FY 2009, collections would have to decline an average of about 14% per month over the last four months of the fiscal year. Over the last four months of FY 2008, collections were actually down only .5%. There was a dramatic change in the Fiscal Analysis Division forecast for FY 2010. In December 2008, the Fiscal Analysis Division had forecast 2% growth for FY 2010, and now forecasts a 5.2% decline. The Fiscal Analysis Division forecast a 3.6% growth in December 2008 for FY 2011 and now forecasts for FY 2011 a .5% increase. The primary reason was the federal tax rate increase of 62 cents. Existing research showed that demand declined approximately 4% for every 10% increase in price. The federal tax increase was effective April 1, 2009, so there would be three months of tax increase in FY 2009, but the decrease in demand might occur later. There would be nine months of the tax increase in FY 2010 as it would be annualized against the same months in FY 2009. With the lack of demand nationally and a reduced visitor forecast, the forecast was revised down. When the federal tax increase impact was annualized, the forecast was for flat growth in FY 2011. It was also assumed that cigarette consumption would come back a little when visitor volume returned a little in FY 2011.

Mr. Guindon said in November and December 2008, the State Demographer projected 3% growth in statewide population for FY 2009, FY 2010 and FY 2011. Based on information provided in January, the State Demographer's latest projections were in the 1.1% to 2.2% range. The Fiscal Analysis Division's lower forecast was based on a combination of the reduction in the population growth, the reduction in visitor growth and the probable reduction in demand due to the federal tax increase.

Chairwoman Santoro said the Fiscal Analysis Division's December 2008 forecast was very close to actual current revenue. She asked if the changes to the Fiscal Analysis Division forecast since December were due only to the new information, and whether the model used the same logic and methodology for the following two fiscal years.

Mr. Guindon said that fiscal year to date was tracking very closely, but the revenue was down 8.1% in FY 2009 versus -3.3% year to date in FY 2008. Over the last four months of FY 2008 the revenue was only down .5%. In a sense, the last four months of FY 2008 were probably a little stronger than the first eight months of FY 2008. The revenue was down 8.1% versus -3.3% one year ago, and it would have to decline 14% to reach the forecast. The last four months would be weaker against growth one year ago because of the tax rate increase, the visitor volume outlook and the economy. The Fiscal Analysis Division staff decided to trend it out using the lower population and lower visitor forecast.

Mr. Alastuey said a 14% decline between now and the end of the year seemed a little strong. However, the fact that a loss was sustained in the second year reflected people reassessing their smoking habits. There would be a full annualized effect of those decisions in FY 2009 and continue through their lifespan. He thought the decline seemed a little strong in the near term, but in the long term, the tax would continue on a product of declining demand. The only question was how fast the demand would decline. He understood where the Fiscal Analysis Division's forecast was headed. He noted that Ms. Rogers' model was sensitive to tax rates as well, which he thought was important.

Mr. Restrepo noted the decline in FY 2010 was -5.5% and that was raised to a positive .5%, which was almost zero. He asked why it was raised.

Mr. Guindon had concerns that he was too pessimistic when looking at the path. However, because of what was going on in the economy and the tax rate increase, there would probably be some reduction in demand. The reason the revenue was falling so much in FY 2010 was that there were nine months of the federal tax increase in FY 2010 that came into effect in FY 2009. There was a continued decline as the reduction was annualized, along with the lower visitor forecast and the lower population outlook. As that was annualized, there were 12 months of the tax increase in FY 2011 and 12 months of the tax increase in FY 2010, so there should be some stabilizing of the demand effect due to the federal tax increase. Visitors would start to return, but per capita consumption of cigarettes had been declining for some time. The forecast stabilized against these factors in FY 2011. There would be slight growth when the visitor volume came back, because some of those visitors were still smokers.

Chairwoman Santoro noted that Ms. Rogers was accounting for 57% of the variability and output. She asked if that was a similar percentage to the December 2008 forecast, and if it was trending the same R^2 . Ms. Rogers said she did not recall, and did not have the December model with her. She said the model did not change significantly, so she assumed that it was approximately the same as it had been.

Chairwoman Santoro asked if the significance in the variables would have been in a similar range. Ms. Rogers said all of the variables in the models reported for the Economic Forum since the forecast of one year ago were highly significant. Most were at the 1% level and almost all were at the 10% level.

Mr. Restrepo asked if Ms. Rogers' model was heavily weighted with an emphasis on return visitors. Ms. Rogers said her model used year-over-year change in cigarette sales related to year-over-year changes in employment. Employment was influenced by visitor volume, so that factor was in the model indirectly. The increase in visitors influenced the employment forecast, which had an effect on cigarette sales.

Chairwoman Santoro said the primary differentiator between the Fiscal Analysis Division and Budget Office forecasts was in FY 2010. The forecast got to the same place with different models in FY 2011, and the forecasts were close in FY 2009, but there was about a \$5 million difference in FY 2010. She asked the reason for this result.

Ms. Rogers explained that she looked closely at the model because it forecast a 1% increase in FY 2010. Considering recent history, she did not understand why. She lowered the forecast for that reason. Based on her model, she did not know why the difference was larger.

Mr. Guindon said he did not know whether he could answer the question explicitly, other than by explaining the mathematical results. He noted the forecasts were very close in the first year. He said the Budget Office forecast did not pull down as hard as the Fiscal Analysis Division forecast, but then the Fiscal Analysis Division forecast came back a little and the Budget Office continued to go down. It was a mathematical result of starting out at the same point on a path, but diverging in the second year and then coming back together in the last year. The Fiscal Analysis Division forecast a comeback in FY 2011, and the Budget Office forecast cigarette tax collections to continue to decline in FY 2011.

Chairwoman Santoro asked how the Fiscal Analysis Division and Budget Office addressed visitor count and population. Ms. Rogers replied that the model she used was for change in tax per job and employment was closely tied to the visitor forecast. There was no direct accounting for population in her model.

Mr. Guindon said his forecast took almost 2% off the population growth rates, also cigarette sales per capita (page 100, Exhibit E) were projected to fall 11.3% in FY 2009 compared to -11.6% in the December 2009 forecast. There was not too much difference between -11.3% and -11.6%. For FY 2010, the current forecast is -6.3% versus -.9 in the December forecast, which was a dramatic change. He explained that the cigarette tax forecast was based on the number of packs per capita, and as visitor volume fell, that was not in the denominator, but was affecting consumption. As consumption declined, the smaller numerator was divided by the population number, and there was a much bigger decline in consumption per capita. The visitor forecast

was lower, and the demand was going to be lower, so it was a double negative impact on consumption on a per capita basis. People in Nevada might smoke less in this economy, even without the tax increase, but the tax increase would cause a change in the elasticity in demand. With fewer visitors, who would not smoke as much, there was a dramatic decline in the per capita factor.

Chairwoman Santoro noted there was a degree of consistency between the Fiscal Analysis Division and Budget Office forecasts in FY 2011. The forecasts were close together in FY 2009. It was somewhat of a judgment call in FY 2010. She suggested all three fiscal years be addressed together.

Ms. Rosenthal agreed that Fiscal Analysis Division and Budget Office forecasts were fairly close in FY 2009 and FY 2011. She said the Fiscal Analysis Division had a proven track record of coming in very close with its model. She believed in the Fiscal Analysis Division forecast because it declined more dramatically in FY 2010, and recovered some in the outer years with the expectation of visitors returning and population growth as business returned.

Chairwoman Santoro said she would entertain a motion to support the Fiscal Analysis Division forecast.

MR. ALASTUEY MOVED TO ACCEPT THE FISCAL ANALYSIS DIVISION FORECAST FOR CIGARETTE TAX REVENUE FOR FY 2009, FY 2010 AND FY 2011.

THE MOTION WAS SECONDED BY MR. RESTREPO AND CARRIED UNANIMOUSLY.

MODIFIED BUSINESS TAX

Lynne Knack, Administrative Services Officer, Department of Taxation

Ms. Knack said for Modified Business Tax (MBT) the combined collections from general businesses and financial institutions for the first two quarters of FY 2009 was approximately \$149 million for an 8.63% increase. The increase could be attributed to a two major factors. The first factor was the amnesty program conducted by the Department of Taxation, which recorded approximately \$5.6 million in FY 2009. The second major factor was the ongoing deficiency reporting program that compared what was reported to the Department of Taxation to what was reported to the Employment Security Division (ESD) for the state unemployment taxes. This program consistently averaged around \$3 million to \$4 million per quarter since it was implemented. Without the amnesty filings, the percentage increase would be 4.56% for the fiscal year to date versus the actual current increase of 8.63%. The department projected the revenue using the combined result of percentage wage growth and employment growth that was provided by Global Insight for general business employment and the financial institutions sectors. The combined rate for FY 2009 resulted in a decrease of 2.5%,

which was used to project the last two quarters of this fiscal year, plus actual collections for the first two quarters, including the amnesty collections. This results in the forecast for FY 2009 of \$271 million for a 2.8% increase. Fiscal year 2010 was projected by applying the combined wage and growth decrease of 1.2% from the FY 2009 projected amount, less the amnesty. This resulted in an estimate of \$262 million for FY 2010, a 3.2% decrease. For 2011, the combined rate increase was 2.4% for an estimated \$269 million. The same methodology was applied to the financial institution component of the tax. The combined rates for wage growth and employment resulted in a 3.8% decrease for the last two quarters of FY 2009, plus the actual collections for the first two quarters. This resulted in revenue estimated at \$21.4 million for FY 2009, a 1.9% increase for FY 2010, bringing the revenue to \$21.8 million, and a 4.6% increase in FY 2011 to \$22.8 million.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office forecast for the MBT financial and nonfinancial began on page 15 of Exhibit D. She said the same procedure was used for both the financial and nonfinancial sectors. The forecasts were computed from the output from the model results of employment and wages. The employment situation was deteriorating over the course of the coming years. The Budget Office employment forecast was on page 37 (Exhibit D). She noted that Figure C1 showed several of the major employment contractions in Nevada since World War II. It was noteworthy that once the bottom was hit, it was seven months in each of the contractions before employment returned to the peak level. If Nevada's unemployment rate was at the bottom, employment would not be back to the level it was before the contraction began until November 2009. She said it would be several months before the rate of decline started to slow, and her forecast showed the employment situation would be fairly rough for the remainder of FY 2009, FY 2010 and into FY 2011 (Figure C2, page 39, Exhibit D).

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said the Fiscal Analysis Division forecast for the MBT was on page 65 of Exhibit E. Table 1 on page 69 showed the forecast broken into nonfinancial and financial. Referring to page 78 of Exhibit A, Mr. Guindon said the Fiscal Analysis Division forecast for the nonfinancial sector was for a 1.1% increase, which was not much different than the 1.3% forecast in December. It was lower in FY 2010, declining 4.6% compared to -2.6% in December, and growing 2.4% in FY 2011, which was not much different than the 2.7% growth in December for nonfinancial sector. For the financial sector the forecast was for growth of 3.8%, 1.1% and 4.6%, in FY 2009, FY 2010 and FY 2011, respectively, which was not much different than the December 2008 forecast.

Mr. Guindon said the revenue was fairly strong through the first two quarters because of the amnesty payments in the first quarter of FY 2009 and some, but fewer, amnesty payments in the second quarter of FY 2009. The comparisons to the unemployment

insurance reported wages generated additional tax collections as reported by Ms. Knack. The issue for the Fiscal Analysis Division was whether to apply the growth rates to the actual collections that included the deficiency notice collections. After a discussion with Ms. Knack, it was decided to apply the projected growth rates to amounts reported from the deficiency notice collections versus excluding these collections while preparing the forecast.

Mr. Guindon said there was one issue in regard to the Fiscal Analysis Division forecast that he would like to present to the Economic Forum. He said Bill Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation (DETR), provided forecasts produced by his division to the Budget Office, Taxation and the Fiscal Analysis Division. Mr. Anderson's forecasts were based on employment covered by unemployment insurance. This forecast was compared to the Global Insight forecast in a chart prepared by the Fiscal Analysis Division (Exhibit G).

Mr. Guindon explained that DETR's forecast was shown as a red line showing growth rates compared to the same quarter one year ago. The blue line represented Global Insight's April 2009 forecast based on its April 2009 United States forecast. He said Global Insight used Bureau of Labor Statistics (BLS) data and made adjustments for the employees that were not covered under the unemployment insurance program.

Mr. Guindon said in FY 2009, fourth quarter, there was a gap between the blue and red lines. The DETR forecast incorporated the latest quarterly census of employment and wages (QECW) and covered employment forecast data. Before that data was incorporated, the DETR forecast was close to the Global Insight forecast. Referring to page 2 of Exhibit G Mr. Guindon said the blue line included seasonally adjusted data coming from BLS and the red line included QCEW data that was not seasonally adjusted, which was the difference between the two paths.

Mr. Guindon said the dilemma for the Fiscal Analysis Division was which forecast path to use. Obviously the employment forecast path drove wage disbursements. After looking through many of the different sectors, the Fiscal Analysis Division decided to use Global Insight's forecast for projected growth over the forecast period. The Global Insight forecast rate of negative growth reached the bottom by the end of calendar year 2009, and then started to stabilize. It was still declining, but at lower rates than DETR's forecast. The inflection point was somewhat at the end of the FY 2009, and then it started to decline at smaller rates. Positive growth did not return until the beginning of CY 2011, the second half of the last year of this biennium for which the Economic Forum was forecasting. In the DETR forecast, positive growth never returned. He said the public and private sector forecasters provided their best estimates in this tenuous world. The Fiscal Analysis Division opted to use the Global Insight forecast because of the wages, and thus the wage growth, that came out of the forecast. The Global Insight forecast had a bit more recovery in the leisure and hospitality sector than DETR. There should be some increase in hospitality when the new resorts opened. It might not be a net increase – neither DETR nor the Global Insight forecast showed a net increase. There would still continue to be some

“cannibalization” of the leisure and hospitality job sector. Thousands of jobs would be added when the new properties opened, but there would not be a net increase. When Fiscal Analysis Division staff considered that, and then looked at the construction employment forecast between the two different forecasts, a decision was made to use the Global Insight forecast.

Mr. Guindon explained that the Fiscal Analysis Division used DETR’s benchmarked employment data and rebuilt employment by industry using this data and Global Insight’s projected growth rates. This amount was multiplied by the Global Insight average annual wage rates to rebuild a wage disbursement series and run this through the model to produce the MBT forecast.

Chairwoman Santoro noted Taxation’s forecast, from December 1 to May 1, increased from the base year into the out years. She reasoned that if the logic used to forecast from December to May was off, then the forecast for the out years would be off as well. Although there was still a downward expectation in FY 2010, the revenue was going in the opposite direction as opposed to the Fiscal Analysis Division and Budget Office forecasts, which indicated the downward trend would increase. She asked for the primary reason the Taxation forecast increased from \$264 million to \$271 million.

Ms. Knack explained the projections were based on the decrease of the employment and the wage growth numbers from Global Insight for the last two quarters of FY 2009 compared to the last two quarters of FY 2008, which resulted in a net decrease of 2.5%. The Budget Office and Fiscal Analysis Division may have used other factors related to employment.

Mr. Hartman asked Ms. Rogers how her employment forecast compared to the forecast on the graph showing the Global Insight and DETR forecasts (Exhibit G). Ms. Rogers replied that her forecast was a bit more pessimistic than DETR. The adjustment made for the segment covered by unemployment insurance data was shown in the graph on page 37 (Exhibit D). Employment was down in the second quarter of FY 2009, which was the last quarter of CY 2008. She said the Budget Office forecast was lower than DETR’s forecast.

Mr. Alastuey said he realized that this forecast was driven by employment wages, and levels of decline in employment. He asked Ms. Rogers and Mr. Guindon if either had considered using the rate of unemployment, rather than employment. Mr. Guindon said he had not considered using unemployment, because employment drove wages.

Ms. Rogers said she forecast unemployment (page 41, Exhibit D), but it was not in any of the Budget Office models because when individuals dropped out of the labor force, unemployment could decline, even if the number of jobs declined.

Chairwoman Santoro observed that in December 2008, Ms. Rogers used Global Insight's more pessimistic national forecast, and Mr. Guindon used Global Insight's baseline forecast. Global Insight predicted there was a 25% chance that the pessimistic scenario would occur. She said the differentials were caused by using the baseline forecast versus the pessimistic forecast.

Ms. Rogers said part of the reason she used Global Insight's pessimistic forecast was that Nevada was being impacted by the recession more than any other state. She did not use the Global Insight Nevada forecast. She thought that using its pessimistic U.S. forecast would correct for any upward bias that would have occurred had she used its baseline forecast, given that Nevada was at the bottom in employment and the top in unemployment.

Mr. Guindon referred to a chart that showed Global Insight's forecasts for U.S. real gross domestic product (Exhibit H). He explained that the thin red line showed the November 2008 U.S. forecast and the thick red line showed the April 2009 forecast. The thick and thin blue line was the baseline forecast, the thick and thin green line was the optimistic forecast and the thick and thin red line was the pessimistic forecast. He said the graph showed the trough between the optimistic baseline and pessimistic scenarios in the April 2009 forecast versus the November 2008 forecast. He agreed with Ms. Rogers that the pessimistic forecast was the right call in November. Looking at the troughs between the thin and the thick lines, the lines pushed out one to two quarters in terms of where the bottom was, but the bottom was much further down now for every one of the forecasts, whether optimistic, pessimistic, or baseline in terms real gross domestic product.

Mr. Guindon introduced a graph that showed U.S. total non-farm employment (Exhibit I). He said the red and blue lines represented the same periods as in the previous graph. The blue lines represented the baseline forecast, the red lines represented the pessimistic forecast and the green lines represented the optimistic forecast. Again the graph showed that the trough was projected to be further out, and was much further down.

Finally, Mr. Guindon said inflation adjusted personal income was represented on the chart showing U.S. total personal income (Exhibit J). The thick blue line was the U.S. forecast that would have driven the Nevada forecast. He did not have a Nevada optimistic forecast based on Global Insight's pessimistic scenario.

Chairwoman Santoro noted that on the graph showing gross domestic product (Exhibit H) the thin red line represented Global Insight's pessimistic view in December 2008 and the thick red line was the current view. The thick blue line was its view of the baseline forecast. Mr. Guindon concurred. Chairwoman Santoro asked Mr. Guindon if Global Insight changed the underlying premise of its pessimistic scenario. In its fall and winter forecasts, Global Insight's view had been that the national economy could experience an economic period analogous to the 1970s.

Mr. Guindon apologized that Jim Diffley of Global Insight could not be in attendance. He said the Global Insight pessimistic forecast from the December 2008 meeting was lying on top of the baseline in the out part of the forecast (Exhibit G). He added that it was pulled down significantly through the FY 2009 third and fourth quarters, and then the paths came together, and showed comparable levels in FY 2010 second quarter.

Chairwoman Santoro agreed the lines for both the baseline and pessimistic scenarios would come down, but the question was to what degree. In the out years, they were still projected to trend down, but the lines would eventually rise. She asked Ms. Rogers about her forecast for FY 2011.

Ms. Rogers replied that the chart (Exhibit H) used U.S. gross domestic product. While it had bearing to employment, she forecast the revenue to fall into FY 2011, because wages trended down and employment had fallen so far.

Ms. Rogers noted Global Insight's April 2009 prediction for the probability of its pessimistic forecast was 20%, versus 25% probability in December 2008. Also, Figure C1 on page 37 (Exhibit D) showed the current employment decline was much worse than the previous low point for Nevada in 1982 and 1983. The decline was approaching post-World War II 1947 and 1948 levels.

Mr. Guindon said employment declines were much more dramatic. Real gross domestic product could do a little better than employment. He agreed with Ms. Rogers that the national figures were different than the Nevada figures. He cautioned that the charts were based on levels rather than growth rates. He asked the Economic Forum members to look at the location of the troughs versus the recovery; it was hard to get the four quarters of FY 2011 above the four quarters of FY 2010 because of the trough pulling down the front end of FY 2011 such that there might be some growth in the back half, but not enough to get growth over FY 2010, versus when you look at the baseline that drives things.

Chairwoman Santoro said, it was ironic that in FY 2009 there was a degree of correlation between the Fiscal Analysis Division and Budget Office forecasts. But in FY 2010, the forecasts deviated. She asked Ms. Rogers if her forecast was based solely on econometric modeling without taking into account the subjectivity happening in the world. She asked Mr. Guindon if his analysis was objective without any degree of subjectivity.

Mr. Guindon said there was subjectivity in analyzing and comparing the employment forecasts provided by DETR and Global Insight and deciding to use Global Insight's forecast. After reviewing employment in various industries, Fiscal Analysis Division staff decided to use the wage path that came from the employment path for Global Insight versus using the wages that would have been applied using DETR's employment forecast. The objective part was applying the wage growth rates to the MBT nonfinancial and financial growth to arrive at the numbers shown on Table 2 on page 70 (Exhibit E). Those numbers excluded the financial part and showed the disaggregation into the disbursements versus employment versus growth in average annual wage.

Mr. Guindon said it was hard to forecast in the current economic environment. Fiscal Analysis Division staff considered that the average annual wage for nonfinancial was growing in each of the three fiscal years. He said that could be too optimistic. He thought there could still be some wage growth in the economy; there were lots of layoffs, but there could still be some wage growth. He did not know how to adjust that, so he did not make any subjective adjustments to the wage path.

Mr. Restrepo asked why Mr. Guindon used Global Insight's employment forecast as opposed to the forecast provided by DETR.

Mr. Guindon answered that he was in no position to criticize anybody's forecast. He spent several hours looking over DETR's forecast. He noted that Table 2A (page 71, Exhibit E), showed the different employment sectors (construction and mining, leisure and hospitality, and professional and business services). He looked at DETR's employment forecast growth rates for those entities for covered employment versus the growth rates forecast by Global Insight. He said there was some subjectivity in anticipating what would happen in the Nevada economy over the next two years. He wondered whether the new properties would come online, and if so, how many employees would be hired. He considered the change in jobs by sector. Both Global Insight and DETR forecast construction employment to fall much more than was previously expected. However, Global Insight did forecast a different path in the leisure and hospitality sector compared to DETR. Global Insight forecast a decline in FY 2009 and FY 2010, with a slight recovery in FY 2011. The forecast provided by DETR had that sector continuing to fall throughout the forecast horizon.

Mr. Guindon said when the new properties opened, there would not be a full net increase of whatever new jobs were created. Therefore, there was more comfort in Global Insight's forecast for that sector. This was the logic used in selecting the Global Insight employment path that forecast a little positive growth at the beginning of calendar year 2011. The new properties would come online at the end of this calendar year, and the employment would be annualized against that, and the economy might start to recover.

Mr. Restrepo said the reason he asked was that DETR might have a better idea of what was happening on the ground in Nevada than Global Insight with its global model. Mr. Restrepo said that in speaking with Mr. Diffley last December he learned that some of the unique aspects of the Nevada economy were not factored into the model as much as necessary. In particular, the housing situation, the potential wave of commercial real estate defaults and delinquencies, followed by issues of automobile loan defaults and the next wave of residential defaults in the prime loan market. He was concerned with the forecast for FY 2010. There may be a bit of a recovery in FY 2011, but some of the issues facing Nevada in FY 2010 were not fully captured by the Global Insight forecast. As an economist, he tended to lean more toward DETR's forecast for Nevada.

Mr. Guindon did not disagree with Mr. Restrepo's comments. He noted the forecasts were close, but then diverged because Global Insight's rate of decrease began to decrease while DETR believed the trend would continue. He did not doubt that event could occur, but that was not the scenario selected by the Fiscal Division.

Mr. Guindon said for comparison purposes, the Fiscal Division produced an MBT forecast using DETR's employment forecast. He then used Global Insight's average annual wage per industry to arrive at wage disbursements for the nonfinancial sector. This produced a growth rate for the nonfinancial institutions of .9% versus 1.1%, or \$266.294 million (Table 2A, page 71, Exhibit E). For FY 2010, again running DETR's employment growth rates through Global Insight's wages per employee, the result would be -5.8%, or \$250.753 million. In the out year, it was close to the Budget Office's forecasted rate of decline of .5%, or \$249.398 million. This would be the forecast if DETR's employment growth rates were applied to Global Insight's wage levels to arrive at wage disbursements for nonfinancial. The Fiscal Analysis Division was comfortable with Global Insight's employment path that showed a bit of recovery and slight positive growth in employment in calendar year 2010.

Mr. Alastuey commended the forecasters for the level of detail provided to the Economic Forum. He said the Economic Forum was confronted with determining the current revenue amount, and where it was headed. He recalled recent projections by DETR that unemployment would peak at just over 11%. He observed that the unemployment rate was virtually at that level now. In Washoe County, unemployment rates were in the 11% range, and Clark County would probably soon follow. There was mention of adjustment in the numbers in terms of level of employment by sector of industry under the expectation that certain resort properties would open. He noted that in recent days one significant project went from a level of uncertainty, to a level of reprieve for the near term. Another significant property on The Strip, the Fontainebleau Resort, had issues as well. There were thousands of workers onsite, and thousands of related jobs in the community affected by the uncertainty. The worst projections of recent weeks were on our doorstep. Now the Economic Forum was faced with the question of determining, not necessarily which projection had the greatest level of rigor behind its calculation, but where the economy was, and how far down it would go. Some of the numbers reported in the recent weeks indicated the economy was closer to the bottom than he believed.

Mr. Restrepo said Mr. Alastuey made an excellent point. Another thing that needed to be considered was that those qualitative subjective factors that took away from the excellent research the forecasters had done. Nationally, there was a little bump in consumer confidence noted recently by the Conference Board. He did not think consumer confidence would be at the same level in Nevada considering what the state was going through. Nevada might go through an extended downturn, but that was not known. He was trying to get a sense of where consumer confidence, business confidence and investment spending was headed. He thought it would be lower because of the weak construction, and losses in retirement plans, savings and housing prices. With the level of layoffs and wage contraction in southern Nevada, and without

increases in wages, there would be a material impact for a longer timeframe than had been experienced in previous downturns. He wanted the forecast to consider the unique nature of the depth of the downturn. The state was experiencing some challenging economic times and the Economic Forum needed to fully understand underlying forces such as the psychology of how people and businesses would behave and how that would effect the MBT or other revenue.

Chairwoman Santoro said for FY 2008 nonfinancial revenue was \$263 million. Obviously a lot happened in FY 2009 and more would happen in FY 2010. Visibility into the future was extremely challenging and there was a belief that FY 2009 would be more challenging than FY 2008. She asked Mr. Guindon to explain the highlighted areas that showed the appropriate base for FY 2009 (page 69, Exhibit E).

Mr. Guindon explained the yellow highlighted area was the forecast and the white area was actual collections. Referring to the column titled Actual and Forecast Nonfinancial Collections he said the first quarter growth was up 15.2%. He said, as Ms. Knack mentioned, Taxation had compared what was reported under the UI versus the MBT, finding delinquencies and sending billings for those delinquencies, which generated extra collections. Also, there was some amnesty collections in that quarter. Fiscal year to date nonfinancial revenue was up 8.3%, which included amnesty and if that were removed, collections would only be up 1.2%. The Fiscal Analysis Division forecast included the fairly strong first half, and the next two quarters were projected to decrease 3.6% and 7.9%. Part of the bigger decline in the fourth quarter was because of the 13.9% increase one year ago because of the amnesty collections. There was a bigger decline of 10.5% in the first quarter of FY 2010 due to the amnesty that was included in the first quarter of FY 2009. There was negative growth in MBT nonfinancial collections until the fourth quarter of FY 2010. For FY 2009, there was growth because the actual revenue was up 8.6% through the first half of the year. The Fiscal Analysis Division forecast 1.1% for the fiscal year, because the revenue did so well, although artificially, because of the amnesty and other factors through the first half.

Chairwoman Santoro asked if those were actual numbers for the first two quarters. She noted there was artificial inflation due to the amnesty, and the downward trend shown for the third and fourth quarters was captured to produce the number.

Mr. Guindon said that was an accurate assessment. The last quarter of FY 2008 and the first quarter of FY 2009 were most influenced by amnesty. A bit of amnesty came in the second quarter of FY 2009, in addition to the wage comparison results. The revenue started to decline, and it was an even bigger decline when the amnesty was included.

Chairwoman Santoro asked if the fourth quarter FY 2010 forecast of \$63.668 million was analogous to the first quarter of FY 2007 and the third quarter of FY 2007.

Mr. Guindon said that was a correct statement. In terms of the sheer yield of the MBT on a quarterly basis, the \$63.668 million amount was comparable to the amounts in the first three quarters of FY 2007.

Chairwoman Santoro said it was challenging to draw a parallel between FY 2007 and FY 2010. Since FY 2007, there had been property openings, but construction projects were cancelled, unemployment was much higher, and there were many more layoffs than in prior periods.

Mr. Guindon said that was a valid observation. He asked the Chairwoman to look at the information on Table 2 of page 70 (Exhibit E) that showed the disaggregation of wage disbursements for nonfinancial businesses. The total wage disbursement for nonfinancial would be \$44,883 million in FY 2010. The \$44,539 million amount was wage disbursement for FY 2007. The disbursements were kept up due to projected growth in the average annual wage per employee. When he was going through the forecast, he thought about that for a long time wondering if it could be a little high. He did not know what it should be, and nobody came forward to tell him what it should be, so the Fiscal Analysis Division chose Global Insight's forecast. Fiscal Analysis Division staff used the same reasoning as the other forecasters in terms of looking at the wage disbursements compared to prior periods. Employment was declining, but it was employment multiplied by employee wages that determines wage disbursements. If employees were laid off, but there was a return in the demand for the goods and services produced, the remaining employees might work more hours. The average annual wage could stay up for a bit. This could be one hypothesis, and he did not know if it was valid. Perhaps the amount should be lower, but he did not know how to revise them downward in terms of the average annual wage growth rates. Annual wage growth rates were rising 1.6% in FY 2009, basically flat in FY 2010, and 1.7% growth in FY 2011. He did not know if that gave any comfort, but that was the information set available. He said forecasting in this economic climate was less about technique or equations than about having a comfort level.

Ms. Rosenthal asked for the actual numbers for the last six quarters without the amnesty.

Mr. Guindon said he did not have that information broken out, but he had the first two quarters of FY 2009 compared to the same period one year ago, adjusted for amnesty. He noted the amount was fairly large.

Ms. Knack reported that for the September quarter, overall MBT collected was approximately \$74 million. That was \$9.5 million over the same quarter in the prior year. Of that \$9.5 million, \$5.5 million was from amnesty payments. There would have been an increase of approximately \$4 million just for general purposes, or due to the ESD comparison program.

Chairwoman Santoro asked if Ms. Knack subtracted \$5.5 million from the September quarter of FY 2009 putting the amount in the \$63 million range. Ms. Knack said that

was correct. Chairwoman Santoro said she was looking at nonfinancial and Ms. Knack said she had been looking at the gross total of \$74 million. The amount for general business for the September quarter was \$68.9 million, so if \$5.5 million were removed it would leave \$63.2 million.

Ms. Rosenthal thought that, other than a bit in the fourth quarter of FY 2008, the numbers were true without amnesty payments. If so, the trend had increased, and with the forecast, was decreasing significantly.

Mr. Hartman said he thought the Economic Forum was close to an agreement for the forecast for FY 2009, and the focus was on FY 2010 and FY 2011. Global Insight did not understand the economy of the state of Nevada as well as the other forecasters. He thought Global Insight was understating the effect in FY 2010 in employment reduction. He would align his beliefs with the Budget Office much more as to the dramatic reduction in FY 2010 as construction projects were completed. Referring to Table 2A (page 71, Exhibit E) Mr. Hartman thought construction and mining employment reduction would be higher, but he did not understand why it continued to decline. The severity of the recession was causing people and businesses to take action faster than in the past. He thought the drop would be deeper than what the Fiscal Analysis Division forecast, but it would recover a bit faster than the Budget Office forecast. None of the forecasts aligned perfectly with his thoughts, but he agreed more with the Budget Office forecast if there was some improvement in FY 2011.

Ms. Rogers said she saw a recovery occurring in Nevada in FY 2011, but not to the point where it was strengthening sufficiently to cause an increase in FY 2011 MBT revenue. It was showing a decline, but, .5% for two years was not terribly significant. It was basically flat. She thought wages would be lower due to a number of factors. The current stickiness of wages was going to give way, and wages were going to be lower. Her forecast for employment was the primary difference between the Fiscal Analysis Division and Budget Office forecasts. She did not expect employment to drop more than the almost 7% it was dropping, and it was not going to improve soon enough to bring strong growth in FY 2011.

Ms. Rosenthal asked Mr. Guindon what the Fiscal Analysis Division forecast would have been if the alternative forecast had been used. Mr. Guindon said for nonfinancial, using DETR's employment growth rates by sector the result would have been \$266.294 million for FY 2009, and \$250.753 million for FY 2010, and \$249.398 million for FY 2011.

Chairwoman Santoro said if that modification had been made to the Fiscal Analysis Division forecast, it would be in between the Budget Office forecast and the Fiscal Analysis Division forecast using Global Insight's employment forecast.

Mr. Restrepo asked whether the Economic Forum could mix and match forecasts from the three forecasters.

Mr. Guindon said the Economic Forum could recommend whatever forecast it wanted; it could select all or part of the forecasts presented, generate a new forecast, or any combination.

Ms. Rosenthal said the Budget Office forecast might be too low, and Fiscal Analysis Division forecast might be too high in FY 2010 and FY 2011. The Fiscal Analysis Division's revised numbers were a bit more middle ground. She asked whether the Economic Forum members would prefer to use the middle ground between the Budget Office and Fiscal Analysis Division forecasts in FY 2010 and FY 2011, or to develop its own forecast.

Mr. Restrepo said he tracked these numbers regularly for his clients. Various data from the county, state, federal, and global numbers from the IMF had dire forecasts in terms of when the economy would come out of recession. The Economic Forum would need to be fully cognizant that this was not a run-of-the-mill recession. In April, the recession was in its 17th month, making this the second longest downturn since the Great Depression. He did not mean to say that the economy was in a depression, but it was a significant downturn. He felt more comfortable with DETR's numbers knowing what his clients were going through in the private sector economy of Clark County. He said the DETR numbers were midway between the Fiscal Analysis Division and Budget Office forecasts. He thought it made more sense to have the numbers at \$266 million, \$250 million, and \$249 million, because this set of numbers may reflect the hazy future more than the other two forecasts.

Chairwoman Santoro said it was clear that there was volatility, so all the points were valid. She thought the members of the Economic Forum were close together in their thoughts on the revenue. She suggested a motion for discussion.

Mr. Hartman asked Mr. Guindon for the forecast based on using the DETR scenario for FY 2010 and FY 2011. Mr. Guindon said \$250.753 million (rounded to the nearest thousand) for FY 2010, \$249.398 million for FY 2011.

MR. HARTMAN MOVED THAT THE ECONOMIC FORUM FORECAST
MBT NONFINANCIAL REVENUE OF \$264.203 MILLION FOR FY 2009,
\$250.753 MILLION FOR FY 2010 AND \$249.398 MILLION FOR FY 2011.

THE MOTION WAS SECONDED BY MR. RESTREPO AND CARRIED
UNANIMOUSLY.

Chairwoman Santoro said the Economic Forum would discussion the financial part of the MBT revenue.

Lynne Knack, Administrative Services Officer, Department of Taxation

Ms. Knack said she used the same methodology to forecast the financial and the nonfinancial components. The combined rates for wage growth and employment growth resulted in a 3.8% decrease applied to the last two quarters of FY 2009, and then she added back the actual collections for the first two quarters. This resulted in projected revenue of \$21.4 million for a 3.5% increase in FY 2009, \$21.8 million for a 1.9% increase in FY 2010 and \$22.8 million for a 4.6% increase in FY 2011.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the methodology used for the financial sector forecast was exactly the same as what was used for the nonfinancial sector, but with financial sector wages. She forecast a 2.4% decline in FY 2009, an 8.4% decline in FY 2010, and a 1.1% decline in FY 2011.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon referred to Table 1 on page 69 of Exhibit E. He said collections for the first two quarters were up 9.5% and 15.8%. According to information provided by Ms. Knack there was a little bit of amnesty, but not much. There was not much impact from the ESD wage comparison, either. He noted the Fiscal Analysis Division forecast was declining. The decomposition of the wage growth was shown on Table 3 (page 78, Exhibit E). Much like MBT nonfinancial, MBT financial was strong through the first two quarters, then declined. It turned more quickly under Global Insight's forecast for financial, which caused him some concern. All he could conjecture was that there must be a new taxpayer that was generating the kind of actual growth reported in tax collections. It was not amnesty or ESD, but it was money in the bank. It was hard for the Department of Taxation to investigate without spending a significant amount of time. Table 3 showed the decomposition of employment versus the average annual wage. Again the Fiscal Analysis Division used Global Insight's forecast. He said for the record if that had he used DETR forecast, the amount the revenue would be \$21.459 million in FY 2009, which was not much of a change. In FY 2010 it would be \$21.113, which would be a 1.6% decline compared to the growth of 1.1%. In FY 2011 it would be \$21.280 million, an .8% increase versus an increase of 4.6%.

Chairwoman Santoro asked Mr. Guindon if he had any idea where the payment came from, and whether it would continue.

Mr. Guindon said it was not known where the payment came from. He explained that the law was changed in 2005 to redefine financial and nonfinancial MBT. Businesses did not want to be categorized as financial because the financial category was taxed at 2% versus .63% for nonfinancial. The businesses appealed to Taxation to be taxed at the lower rate. He said the bottom line was to look at the numbers, which were up strongly for the first two quarters, then falling for the next four or five quarters, then coming back under Global Insight's path for the financial sector.

Chairwoman Santoro said, from this perspective, it was important to have some logic that would follow MBT nonfinancial. Employment in general would follow similar trends across the state. There was not a tremendous difference. In December 2008 the Budget Office forecast was \$18.696 million, and that was raised for both FY 2010 and FY 2011. She asked Ms. Rogers to comment on that change.

Ms. Rogers said FY 2009 represented what actually came in for the first half of the year. The model took that data as given. She was not quite sure why the first half was so strong. She explained that her model treated that quarter as the data that came in. It did not increase the base for the out years.

Chairwoman Santoro said in essence, FY 2009 was updated for actual collections, but the logic was not carried forward to FY 2010 and FY 2011.

Ms. Rogers said she did not assume that the tax base had increased by that amount, rather she simply treated that as the actual data and it fed forward from there.

Chairwoman Santoro said Taxation and the Fiscal Analysis Division followed each other closely, and she presumed that Taxation built its forecast from the current base, and then kept going. There was a question about whether it was an anomaly or permanent situation. If it held, Taxation and the Fiscal Analysis Division forecasts would be more likely, if it did not hold, then the Budget Office forecast would be more likely. She said it was tough to make that decision because she was not sure what the anomaly was. She asked if there were any thoughts on what it could be.

Mr. Alastuey said he was not sure of the reason, but noted that a year ago, the residential market was frozen. There were few transactions and very few mortgages being written. There was something happening in the financial sector that was not happening last year. It might be a manifestation of the dire circumstances of the market. He noted the finance business was based on the number of transactions rather than dollar volume.

Chairwoman Santoro thought Mr. Alastuey's observation was valid. She noted that for the outer years, the Taxation and Fiscal Analysis Division forecasts were close at \$44 million, and the Budget Office forecast was \$36 million. It would appear the impact of taking the potential anomaly out of the equation resulted in a cumulative effect of about \$8 million.

Mr. Restrepo said the financial industry was different than the nonfinancial industry. The financial industry was impacted by the economy, particularly the real estate sector, the construction sector, the resort industry in Nevada, and how that flowed to the individual consumer. He said it may behoove the Economic Forum to err on the conservative side. He thought taking the middle road might underestimate the potential issues the state faced. He suggested the Economic Forum might want to consider the Budget Office's forecast. The volume of transactions may be improving due to

refinancing, but the lenders in Nevada had serious issues. A number of lenders holding “toxic assets” had been identified by the local media. He thought the Economic Forum may consider looking at this revenue a little differently than the others, understanding the potential impact to the banking system in Nevada.

Chairwoman Santoro recalled that in its December 2008 forecast, the Economic Forum reached a consensus of \$18 million. All of the forecasts appear to have been raised.

Ms. Rosenthal agreed, and wanted to raise the FY 2009 forecast accordingly. She also agreed with Mr. Restrepo’s comments. She said, given that the cause of the increase could not be identified, she did not want to forecast based on the assumption it would continue.

MS. ROSENTHAL MOVED TO APPROVE THE BUDGET OFFICE FORECAST FOR THE MBT FINANCIAL REVENUE FOR FY 2009, FY 2010 AND FY 2011.

THE MOTION WAS SECONDED BY MS. ROSENTHAL AND CARRIED UNANIMOUSLY.

The Chairwoman called a recess at 12:20 p.m.

INSURANCE PREMIUM TAX

The Economic Forum reconvened at 12:54 p.m.

Lynne Knack, Administrative Services Officer, Department of Taxation

Ms. Knack said so far this fiscal year Taxation collected Insurance Premium Tax revenue for the September and December quarters, and the annual filings that were due March 15. The September quarter realized a 1.92% increase while the December quarter realized a 4.27% decrease. Overall, the Insurance Premium Tax stood at about a 2.5% decrease fiscal year to date, if not for the refunds requested and issued to insurers during the period. Refunds had a profound effect on reducing collections for this period. To date, Taxation has refunded about \$5.4 million to insurers that were using credits on the books against future taxes owed. She indicated an additional \$5.2 million in credits would be recorded against the collections of this tax through the end of the fiscal year. Taxation projected a 5% decrease for each of the quarters for March and June and increased the amount of refunds anticipated for the fiscal year to total \$10.6 million. This resulted in additional projected reductions to Taxation’s original estimate for FY 2009 to \$233 million for a 9.1% decrease. Although Taxation projected FY 2010 to be flat with no growth over FY 2009, there would not be refunds to the magnitude of this fiscal year. For FY 2010 it was projected to be \$244 million for a 4.6% increase and \$251 million for a 3% increase in FY 2011 as employment growth and personal income started to rise again.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office's forecast for the Insurance Premium Tax was shown on page 13 of Exhibit D. The model for the quarterly component of the revenue, which accounted for 90% of the collections, was shown on page 14. It was modeled as inflation adjusted Insurance Premium Tax per job, which was a way of normalizing it for purposes of stationarity. The model accounted for about 55% of the variability and the numbers shown in the forecast were produced from the model. The numbers were impacted by the housing market, which was one of the explanatory variables. She noted that as shown on page 14, the number of homes sold was a variable rather than the inflation adjusted average single family home price.

Ms. Rogers said the forecast was impacted by the housing market and by falling employment.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon referred to a flowchart of the forecast model for the Insurance Premium Tax on page 57 of Exhibit E. He said the Fiscal Analysis Division's forecast for the revenue was on page 60. The table showed the components of the revenue in terms of actual collections, as well as the components that were forecast, which were highlighted in yellow. By going into the Controller's Office system to see what was posted, and by talking to Taxation, there was a preliminary view of collections for the second quarter as shown in the FY 2009 year to date. The revenue was down about 4% to 4.1% in the second quarter based on the quarterly insurance premium component of the tax. The third and fourth quarters of FY 2009 were projected to decline about 4%. Fiscal Analysis Division staff began the forecast by regressing the quarterly collections against personal income. He made adjustments to the forecast based on what was going on, and the comfort zone of the forecasters.

Mr. Guindon said, as Ms. Knack pointed out, last time there was \$4 million in refunds, and now \$10.6 million in refunds projected for FY 2009. He said the Fiscal Analysis Division forecast this revenue to decline about 4.5% without the impact of the refunds. After considering the impact of the \$10.6 million in refunds, the Fiscal Analysis Division forecast a decline of 8.6% in FY 2009. Going forward, in FY 2010, the first quarter was negative and after that in the low 1% to 2% range. The revenue would grow only .7%, but would actually increase 4.8% because the refund was a one-time event in FY 2009 and once the refunds were depleted, it would not impact FY 2010 to that level. Finally, that was annualized in FY 2011, and before refunds, the forecast would grow about 2.9% and then rise a little because the refunds continued to decline in FY 2011.

Mr. Restrepo asked Mr. Guindon for the Fiscal Analysis Division's annualized change on receipts prior to the peak in FY 2006-07. Mr. Guindon said Table 1 (page 65, Exhibit A) showed the actual revenue collections from FY 2002 to the current period.

Ms. Rogers added that she had numbers for growth rate going back to FY 1999.

Mr. Restrepo asked for the average annual change during that period. Ms. Rogers said it was in double digits: 13.8% in FY 1999, -5.4% in FY 2000, 31% in FY 2001, 7% in FY 2002, 10% in FY 2003, 12% in FY 2004, 12% in FY 2005, 10% in FY 2006, 8% in FY 2007, and -1% in FY 2008.

Mr. Guindon added that the table on page 62 of Exhibit E showed the change in the revenue collections of the Insurance Premium Tax compared to growth in nonfarm employment and personal income. This revenue source traditionally outpaced employment and personal income growth, so it was under forecast. He said it was a new world where even the Insurance Premium Tax was declining. Employment, housing and the nonresidential sector was influencing insurance policies that were being written, thus the tax being paid on those premiums.

Chairwoman Santoro asked if any of the forecasters adjusted for the potential issues in the commercial real estate market.

Mr. Guindon said he had not explicitly made adjustments, but that had been discussion that the commercial and retail real estate markets might experience a downturn similar to residential real estate. This was why the Fiscal Analysis Division forecast relatively weak growth. Some of the foreclosed homes were starting to be purchased. Fiscal Analysis Division staff was concerned about who was responsible for the insurance on a foreclosed home. The banks could self-insure the foreclosed homes, so the policy that had been taxed could disappear. He wondered whether foreclosed homes that were purchased would return to the insurance premium rolls. Mr. Guindon said he tried not to keep too much growth there.

Chairwoman Santoro asked if there was a breakdown of detail for the various components of the Insurance Premium Tax. She recalled there was discussion at the December 2009 meeting of the Economic Forum about the decline in the market value of homes, home sales and cancellation of policies.

Mr. Guindon said that detail was not reported to Taxation, and the Division of Insurance could not give information that matched Taxation's information. However, the insurance premiums were basically for homeowners' policies, cars, and personal property. The car sales were very bad for over a year. One of the only components to hold up a little was health insurance. He wondered what would happen to that component as employers made layoffs. If those laid-off employees had been provided health insurance, the premiums to which the tax was applied would also disappear.

Mr. Alastuey asked Ms. Rogers about the estimate of \$193 million for FY 2011. He asked when in the past the revenue had been at that level.

Ms. Rogers said in FY 2004 \$192 million was collected in Insurance Premium Tax.

Mr. Hartman asked Ms. Rogers to help him understand the difference in the December forecast between the Fiscal Analysis Division and Budget Office. Ms. Rogers explained that the pessimistic Global Insight forecast was not used in the November Budget Office forecast. She said that when she lowered the forecast in December, it matched better with the pessimistic forecast. That was part of the reason the difference began to occur in December. The employment forecast was a strong component of this particular forecast. She believed the Fiscal Analysis Division used the Global Insight forecast, which was much more optimistic.

Chairwoman Santoro said if home sales prices fell, that would impact insurance premiums. If values continued to fall, or did not rise over this period, insurance premium revenues would not come back.

Mr. Guindon said that was an interesting observation, and Fiscal Analysis Division staff had considered the same thing. Home prices were falling dramatically and that would have some effect on insurance premiums. Insurance premiums were based on the replacement cost of a house rather than sales price. He said there was no equilibrium in the market. A house that had sold for \$300,000 now sold for \$150,000. The insurance premium would not decline if it still cost \$300,000 to build the home. He did not know how to resolve that question.

Chairwoman Santoro said Taxation and the Fiscal Analysis Division's forecasts tended to follow each other because the two forecasts were working from a similar logic. She asked Ms. Rogers to explain what drove the rather substantive difference that accumulated over time.

Ms. Rogers explained that in developing the model she attempted to use personal income, but it did not have the explanatory power that home sales and employment seemed to have. Personal income tended not to fall as much as employment. For home sales and home prices she did not consider the replacement cost of homes. Certainly the number of permits issued in the state was down to levels not seen since 1980. If that was the driver, then that was causing the big difference in the out years. She said pages 20 and 21 of Exhibit D had some information on home price indexes and the Budget Office forecast for single family homes, which was an important driver for the total number of home sales.

Chairwoman Santoro asked Ms. Rogers if she had information on insurance premiums collected around the FY 2001 period. She said there was discussion about home prices coming down to levels not seen since that period. Ms. Rogers said the insurance premium revenue collected in FY 2001 was \$145 million.

Chairwoman Santoro asked for projections for state's population. Mr. Guindon said November projections for FY 2009, FY 2010 and FY 2011 were near the 3% range. Based on information provided by the State Demographer in January, the projection was for 1.0% to 1.1% growth in population statewide for FY 2009, FY 2010 and FY 2011.

Chairwoman Santoro asked for the population growth rate for FY 2001. Ms. Rogers said in FY 2001 the population of Nevada was approximately 2.0 million and the current population forecast from the State Demographer was 2.7 million.

Chairwoman Santoro said one sales tax update reported sales tax collections for motor vehicles was off 25% year-over-year. She asked about the component in the Insurance Premium Tax that pertained to automobile sales.

Mr. Guindon said it was unfortunate that there was no breakout of the Insurance Premium Tax to show automobile tax. He agreed that was probably a major component driving down that part of the revenue.

Ms. Rogers said she did not use automobile sales as a component because the series did not go far back enough in time. She could not use that to model what happened in previous downturns. She would like to use that variable, but the automobile sales data went back a significantly shorter period than the Insurance Premium Tax.

Chairwoman Santoro said it appeared there was a belief that the revenue would increase in FY 2010 and FY 2011. For that to occur, there would have to be increases in population growth, automobile sales, home prices, commercial real estate holding or wages because those were the elements that would drive increases. She asked if the Fiscal Analysis Division or Taxation had any thoughts as to one or two of the primary elements that might contribute to an increase.

Mr. Guindon said it was hoped that the bottom would be reached by the beginning of next year. The Fiscal Analysis Division expected negative growth through the first quarter of FY 2010 and then a return to growth of 2.0%, 1.7%, and 1.3% in subsequent quarters. As foreclosed homes were bought and sold, the homes would return to the insurance premium rolls. He did not know the outlook for automobile sales. He did not think sales would be robust, but there could be some sales. There would be some stabilization in the market. He did not disagree about a potential downturn in the retail and commercial real estate market, but he did not know what impact that could have. Jobs were an important factor, but retirees had to carry insurance too. Although the economy was in a deflationary period, as inflation picked up, some premiums would increase. There was a demographic as well as an inflationary component. This was why the Fiscal Analysis Division forecast the revenue to grow slightly in FY 2010 and FY 2011.

Mr. Restrepo said Deutsche Bank prepared a national chart showing the wave of residential mortgage rate resets anticipated for 2010, 2011 and peaking in 2012. These were Alt-A loans, also known as "liar loans" or stated income loans. The loans were not subprime. There was a second wave of foreclosures anticipated on adjustable rate mortgage loans, particularly in the high growth markets of 2004 through 2006. He asked if any of that was factored into the thought process as to the resurrection of the home market. Obviously, the banks took over the houses and paid the insurance premium. He asked about the period between the time of foreclosure and when the property became real estate owned (REO). He was unclear as to how that would affect Nevada, but on a national basis it would affect the state as well.

Mr. Guindon believed that was a valid observation, but he could not say it was explicitly incorporated into the Fiscal Analysis Division forecast. Without a number, he could not incorporate the variable into the forecast.

Dino DiCianno, Director, Department of Taxation, said components of the Insurance Premium Tax that were being overlooked: medical insurance and annuities. Medical costs were rising, and people were saving money for retirement. Those factors were part of the component growth, and were not driven by labor or housing. This was why Taxation believed it would increase, but not necessarily inline with labor or housing.

Chairwoman Santoro said at the June 20, 2008, meeting of the Economic Forum, FY 2006 insurance premium was \$238 million and in FY 2007 it jumped by \$20 million in actual collections. She asked if construction was a significant component of the insurance premium tax.

Mr. Guindon said construction was not a significant component because there were no numbers to confirm our hypothesis.

Mr. Alastuey said this was the same situation the Economic Forum confronted at its first meeting. The forecasters did not know which lines of insurance were most influential in swinging the numbers. The data was not available because it was not collected. He suggested the state consider additional reporting at the time of collection so that these questions could be answered in the future.

Mr. Alastuey thought it was remarkable that Taxation and the Fiscal Analysis Division predicted some rebound and it was equally remarkable that the Budget Office predicted a slide. The level of revenue collection projected by the Budget Office for FY 2011 has not been seen since FY 2004. He wondered, considering the state's population then versus now, was it realistic to think the amount of insurance purchased between FY 2007 and FY 2011 would decline by 25%? He was not persuaded that there was a rebound to be had, even on a low base. He appreciated Mr. DiCianno's comments about the different lines of insurance and products subject to the tax. Some of the events that precipitated this decline may have already been partially absorbed. He was not saying the effects of the downturn were behind us. Appreciation in property values was no longer a factor in insurance, but the number of occupied buildings and homes probably was. Health insurance would be related to employment, and the assumptions in other revenue collections related to employment probably warranted some consideration. New construction would have driven a rapid acceleration in newly insured property; intuitively, some of that was already built into the current collection levels. That said, it was simply a question of belief going forward since there was little information. He wondered if the slide was expected to continue for another two and one-half years, resulting in a four-year slide.

Mr. Guindon noted that the Fiscal Analysis Division forecast the revenue to grow only .7% in FY 2010 (page 60, Exhibit E). The \$9.6 million swing in refunds moved the percentage up to 4.8%. This was almost 4% of the projected growth in collections in

FY 2010. The refunds would play a role here. The refunds drove down the growth in FY 2009, and that was kicking us back in FY 2010. Looking at the subtotal, the revenue percentages would have been -4.5%, 0.7% and 2.9% for FY 2009, FY 2010 and FY 2011, respectively. With the refunds, the revenue percentages were -8.6%, 4.8% and 3.1%, respectively. The refunds were causing a difference in the growth with and without the refund in FY 2009, then it was annualized in FY 2011.

Chairwoman Santoro noted the Budget Office's model used the average Nevada wage per employee in various forms, whether lagged or inflation adjusted. She asked Ms. Rogers to explain that calculation, because there was a consistent move in a direction opposite of the Fiscal Analysis Division and Taxation forecasts. One of the primary variables in the Budget Office econometric models for MBT financial and nonfinancial, as well as Insurance Premium Tax, was the average Nevada wage per employee. She wondered if there was a correlation to the fact that in FY 2010 and FY 2011, under both Insurance Premium Tax and MBT, the Budget Office forecast moved in directions opposite Fiscal and Taxation.

Ms. Rogers did not think the average wage caused that movement, rather it was that she was modeling value per job, and her forecast for jobs was lower than the Fiscal Analysis Division or Taxation.

Chairwoman Santoro asked for the components of that average and Ms. Rogers replied the average wage was total wages as reported by DETR divided by total number of jobs. Chairwoman Santoro said if the forecast for the number of jobs was low, then the forecast would move in the opposite direction.

Ms. Rogers said that was correct. She said the forecast for wages was down slightly, but that was not the significant driver. The significant driver was the number of jobs. That was the primary difference in her employment forecast.

Chairwoman Santoro said if it was a function of jobs, because retirees would not be included in the medical insurance calculation. Ms. Rogers explained that she divided the total Insurance Premium Tax by the number of jobs. It was an inflated number in that she did not have a measure of the actual number of people who had premiums.

Mr. Hartman said he found it difficult to believe there would be an increase in insurance premiums. In fact, he thought insurance premiums would decrease in FY 2010 because all of his clients were aggressively renegotiating insurance, or dropping insurance to reduce costs. In addition, he thought there were issues concerning commercial real estate that would cause further decline. He did not think automobile sales would recover quickly. The existing automobiles would continue to age and the associated insurance premiums would decline.

MR. HARTMAN MOVED TO USE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR THE INSURANCE PREMIUM TAX REVENUE OF \$234.713 MILLION FOR FY 2009, THE BUDGET OFFICE'S FORECAST OF \$231.240 MILLION FOR DECEMBER FY 2010 AND THE FISCAL ANALYSIS DIVISION'S FORECAST OF \$253.752 MILLION FOR FY 2011.

Mr. Hartman said he proposed to use the Fiscal Analysis Division's forecast for FY 2011 because automobiles would need to be replaced. Global Insight forecast a significant increase in light vehicle sales for that period. Cars would wear out and would be replaced. He recognized that there would be a reduction in FY 2010, but he did not think it would go down to \$208 million. He thought the economy would start to improve, so he had a difficult time with a forecast of \$193 million or even the low \$200 million in FY 2011.

Mr. Restrepo asked what the change in FY 2011 meant in terms of percentage increase or decrease.

Mr. Guindon said the FY 2009 forecast of \$234.715 million was -8.6%, the FY 2010 forecast of \$231.240 million was -1.5% and the FY 2011 forecast of \$253.752 million was 9.7%.

Mr. Hartman said the 1% decrease in FY 2010 did not take refunds into account. The reduction was greater in FY 2010 if the refunds were considered.

Mr. Guindon said if the \$9.6 million amount were removed there would be a larger decline for FY 2010. The \$231.240 million included the effect of the refunds.

Mr. Restrepo agreed with the motion for FY 2009 and FY 2010, but did not agree with the amount of growth forecast for FY 2011 because it was almost 10%. He suggested using a 3% growth rate rather than the \$253.752 million amount in FY 2011.

MR. HARTMAN AMENDED THE MOTION TO FORECAST A 3% GROWTH RATE FOR FY 2011 OF \$238.177 MILLION.

THE MOTION WAS SECONDED BY MR. ALASTUEY AND CARRIED UNANIMOUSLY.

Chairwoman Santoro said that more granularity as to what comprised the insurance premium would help to make more accurate forecasts in the future.

REAL PROPERTY TRANSFER TAX

Lynne Knack, Administrative Services Officer, Department of Taxation

Ms. Knack said, with the continued drastic downturn in the housing market, Real Property Transfer Tax (RPTT) collections for the first two quarters of FY 2009 amounted to \$39.4 million, which was down 17.8% from FY 2008. Most of the counties had posted third quarter RPTT collections with the Controller's Office. For the third quarter of FY 2009, Clark County reported a 26.5% decrease. Washoe County reported a 36% decrease for an expected 29% decrease overall for the third quarter compared to the same quarter last year. Although recent reports indicated home sales were starting to move again, the deflated value and the sale of foreclosures at lower prices would continue to reduce these revenues. Taxation projected the June quarter would be consistent with March quarter collections on record, ending the fiscal year with approximately \$64.6 million for a 24.8% decrease. For FY 2010, Taxation projected a 15% decrease for \$54.9 million, and flat growth for FY 2011.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office computed the RPTT forecast from the numbers forecast for home permits, which translated into new home sales. The Budget Office used Global Insight's forecast for existing home sales and the home price was based on the Case-Schiller Home Price Index and Global Insight's estimate for home prices. The value was a computation from those three forecasts.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon referred to page 85 of Exhibit E to the Fiscal Analysis Division forecast of the RPTT. Global Insight's housing data was used to prepare the forecast. He recalled that Forum members had been concerned that Global Insight's new and existing single family home prices were higher than actual home prices. The average prices were based on MLS information from the National Association of Realtors. Fiscal Analysis Division staff decided to continue to use the MLS data because it gave a ratio to calibrate against the collections. In the last cycle, the Fiscal Analysis Division forecast that the second quarter would decline about 17.1%, but it actually declined 22.8% as shown on the table on page 85. The Fiscal Analysis Division forecast a decline of 13.3% for the third quarter. The actual collection of approximately -12.7% was known because the information was available on the Controller's Office system.

Mr. Guindon said the Fiscal Analysis Division lowered the forecast path fairly significantly. The Fiscal Analysis Division was the lowest forecaster on Table 7 (page 75, Exhibit A). There would not be much activity on the new home side, and the existing homes must be cleared out. He did not think there would be a lot of activity on commercial and retail sides of the market. There may or may not be a situation where commercial real estate went into foreclosure; if so, there could be fire sales of commercial and retail properties.

Mr. Guindon said the chart on page 87 of Exhibit E showed the actual and forecast General Fund RPTT collections going back to the third quarter of 1998. He noted that Chairwoman Santoro commented there had been some indication that home prices were falling back to the 2002, or even 2001 levels. Even if the homes were sold at those prices, almost two or two and one-half homes would have to be sold to be back at the price one home had previously sold for. When equilibrium was reached of selling homes at 2001, 2002 prices, that would be the yield of the tax on a quarterly basis. He noted the green bars representing the forecast compared to the red bars representing imputed collections on the chart moved between the \$10 million and \$12 million range before it rose in FY 2003 and peaked in FY 2006. He said the Fiscal Analysis Division forecast was for a 24% decline to \$65.3 million, then another 26% decline to \$48.2 million, and finally stabilizing and growing slightly to \$48.6 million. He said those were dramatic changes compared to the Fiscal Analysis Division's December 2008 forecast, and the numbers were a little bit lower than the other forecasts.

Chairwoman Santoro said there was a big change in the Fiscal Analysis Division forecast from FY 2009 to FY 2010, which carried into FY 2011. In December, the Fiscal Analysis Division was using an average home price of \$405,900. Now the average home price was more in line with the current reality.

Mr. Guindon said that was correct. It was reported in March that the median home price was \$135,000 in Clark County. He explained that was the Clark County median home price, and these home prices were statewide averages. He said the average home price in Washoe County was around \$200,000. That amount was not high enough to raise the statewide average. Global Insight lowered the average home price, but it could still be a little bit high. He asked the Economic Forum members to consider what the forecast would have been if the prices had been lowered to the average existing single family home price (column E, page 85, Exhibit E) of \$150,000 or \$135,000. He was forced to drive the ratio up so the quarterly amounts were at a more reasonable level.

Mr. Restrepo asked Mr. Guindon to talk more about the ratio at a lower median price.

Mr. Guindon said the median existing single family home price in Clark County could be down around \$135,000. If the numbers in column E were too high, and were reduced to \$150,000 or \$130,000, and if the ratio in column I was not changed (ratio of actual collections to implied General Fund revenue) the revenue would be down around \$6 million, \$7 million, or maybe even \$5 million per quarter. He did not believe that, so he had to adjust column I ratios upward to 3.0 or 4.0 instead of 2.0 or 1.4 to capture the difference. He said the chart on page 88 of Exhibit E showed RPTT growth rates from quarter to quarter. There have been several quarters in negative numbers above the 20% and 30% range. He said the first quarter of FY 2009 was a good quarter, but was -28%. There would be three more bad quarters before the revenue got a little better in terms of negative growth, then turned positive. He said it was a fairly pessimistic scenario.

Mr. Restrepo asked for the formula for column I (page 85, Exhibit E). Mr. Guindon said column G, the implied General Fund collections, was column F multiplied by the tax rate. Column H was the actual collections. There was a gap between column G and column H. The ratio of column H to column G showed there was measurement error, and accounted for commercial, land, retail and other real estate for which data was not broken down. The revenue was collected by the county recorders and the state's General Fund portion was remitted to the state.

Chairwoman Santoro said because there were three-quarters of collections for FY 2009 the expectations were easy to work from. Also, there was not a notable degree of difference among the forecasts for FY 2009. She said the forecast for FY 2010 would drive the forecast for FY 2011. The Fiscal Analysis Division forecast was declining more notably than the others. She wondered whether the state's real estate market had reached the bottom.

Mr. Restrepo said Home Builders' Research collected that kind of data and showed the median new home price in Clark County at the end of March was \$220,000. The median existing home price was \$142,000. The weighted average of the medians was \$152,000. He did not know the comparable numbers for Washoe County, but thought the numbers were a bit higher and might push the median upward a little. He thought the median home price used previously was off, so he was glad to see downward adjustments. Mr. Restrepo recalled that the Economic Forum members were concerned when it was given average prices of \$400,000 at the state level at its December 2008 meeting, which did not make any sense with the reality of home prices. He wondered whether the Economic Forum believed the average price of \$200,000 in the second quarter of FY 2009. He noticed the Fiscal Analysis Division had trended down the average in column E.

Mr. Guindon said that was Global Insight's forecast, which included a couple of big quarters of adjustment in the average existing price. The price would decline almost all the way through the forecast period, but the rate of decline would start to stabilize a little.

Mr. Restrepo asked for the source of the information in column E. Mr. Guindon said the information was from the United States Census Bureau and the National Association of Realtors, which provided MLS data. The averages might be overstated, but if the price was driven down to \$150,000 and the ratio of actual collections remained the same, the forecast would be well below a 48% decrease.

Mr. Restrepo said if Global Insight was using National Association of Realtors' MLS data, the average was more heavily weighted toward existing homes. He was more comfortable with a heavier emphasis on the downward pressure oriented toward existing homes. On the other hand, there was a massive adjustment in the value of homes, 50% in some cases, in southern Nevada.

Mr. Guindon said the chart on page 87 (Exhibit E) showed the yield of the tax on a quarterly basis if home prices were at 2001 and 2002 levels, then this was not what was seen from FY 2003 through the bust. The green bars showed the yield of the tax was comparable to the yield back in that period. This was where the Fiscal Analysis Division got a comfort factor with its forecast. He did not think the data in the chart was perfectly calibrated to the market, but when he saw the dramatic change to what was presented to the Economic Forum on December 1, 2008, considering what was known and the dramatic revisions from Global Insight, then looked at the yield, there was a certain comfort level as the economy found a new equilibrium of prices, employment and population. He noted that was the subjective part of the forecast.

Mr. Restrepo said that was a good point, but there might be a dip in the yield for the first year or so before a return to historical norms.

Mr. Alastuey agreed that no matter how the average existing family home price in column E (page 85, Exhibit E) was derived, it appeared to be high compared to actual observations in the state. If a forecaster were simply given that information without including column I, the projection would be so irretrievably low that it might be beyond reason. It was counter-intuitive, because if one was lower, then the other would be lower. He then looked at the percentage change from one year ago under column E and thought it did not track with actual experience in Nevada because the average price of a single family home declined by 40%. The prices appeared to be slightly overstated. The glut of residential foreclosures had started to feed through the market. Sales volume was up, but prices were down. It was very difficult to project where the bottom of the market was. He agreed with the Chairwoman's observation that FY 2009 was a "push." He said given the protracted declines in the economy it would not surprise him if the revenue was into the 20% decline range going forward in FY 2010.

Ms. Rosenthal concurred with the last part of Mr. Alastuey's comments. She said projected revenue compared to actual collections, even with the dire economic times of the last 6 to 12 months, collections were still around \$20 million. To drop to \$16 million and then all the way down to \$10 million in FY 2010 seemed too conservative. She said the economy had seen some bad times and there could be more bad times to come, but she did not expect that dramatic a decline. She thought the decline would be in the range of what was experienced in the first quarter of FY 2009.

Mr. Hartman said when he first reviewed the forecasts for this revenue he felt the Fiscal Analysis Division was overly conservative. Then he considered how housing prices were falling dramatically, with no reason to rebound quickly. There would be transactions, but the dollar amounts would be 40% or maybe even 50% lower. Commercial real estate was entering a similar phase. He thought at this moment the commercial real estate market was a bit frozen and trying to figure out the value of property. Land values were plummeting. Vacancy rates were rising quickly. Until that stabilized there was potential for a reduction in transactions outside the residential real estate market. The residential market was about a year and one-half ahead of commercial in the cycle. Therefore the estimates from the Fiscal Analysis Division in

column I could be too high because there might be fewer transactions in the next year or so. The transactions that would occur would be at amounts substantially lower than in recent years. He was becoming persuaded that the Fiscal Analysis Division estimate may not be too conservative.

Chairwoman Santoro said there was a clear consensus that the revenue would decline in FY 2010, and that level would be used to build the FY 2011 forecast. There was consistency between the Taxation and the Budget Office forecasts of 15% downward growth. The question was whether the revenue was down 15% or 25%. There was a cumulative potential of \$10 million to \$12 million in FY 2010 and FY 2011. It was important to reach a degree of consensus as to FY 2010. She thought all points were valid and fair, but it was not known when the market would return, or where the bottom really was. She noted that forecasts were down again in the third quarter. There was a 26.5% decline in Clark County, 36% in Washoe County for a cumulative total of 29%. She asked if there were statistics for the second quarter to indicate whether the revenue was decreasing at a decreasing rate.

Ms. Knack said she did not have the percentage for December, but Clark County contributed almost \$12.3 million, down to \$10.5 million from December to March. Washoe County collections for December were about \$2.8 million and for the March quarter \$1.4 million. Between the two quarters there was a total of \$16 million for December. Taxation estimated about \$12.5 million for March.

Chairwoman Santoro asked if third quarter collections were \$12.5 million and Ms. Knack said that was correct. Chairwoman Santoro said if the economic environment did not worsen in the third quarter, the revenue would be somewhere near \$50 million. However, if the economy continued to deteriorate, \$12.5 million could be a bit aggressive. The climate that created the \$12.5 million level would need to remain steady over four quarters. This would be somewhat in line with FY 2010, which was predicated on no further deterioration on the housing market in Nevada.

MR. HARTMAN MOVED TO ADOPT THE FISCAL ANALYSIS DIVISION'S MAY 1 FORECAST FOR REAL PROPERTY TRANSFER TAX REVENUE FOR FY 2009, FY 2010 AND FY 2011.

THE MOTION WAS SECONDED BY MR. ALASTUEY AND CARRIED WITH ONE OPPOSING VOTE FROM MS. ROSENTHAL.

STATE 2% SALES TAX

Lynne Knack, Administrative Services Officer, Department of Taxation

Ms. Knack said collections for the State 2% Sales Tax through February 2009 amounted to \$576 million fiscal year to date, which represented a 9.27% decrease compared to the same eight month period in the previous fiscal year. The Economic Forum only had statistics through September at its December 2008 meeting. For the period October through February, Nevada realized its worst collection results in the 30 years she had been tracking the statistics. For the last 18 months there was a decrease in sales for every roll period, with the exception of August due to amnesty collections. The last four months resulted in double-digit decreases. The largest decrease was in February and it was assumed part of that decrease was because February 2009 was a leap year month that was being compared to the previous February, which was not. Given the ongoing decline in sales tax revenues, Taxation projected additional reductions from its December forecast and estimates that the revenue would decrease the remaining four months of this fiscal year by 10% on average. The department also projected an approximate 10% average decrease for the first nine months of next fiscal year and then hoped the revenue would start improving, or remain flat at that particular point.

Ms. Knack said Taxation's assumptions were based on predictions that overall recession indicators would show signs of improvement beginning with FY 2011. As a result, Taxation's FY 2009 collections were estimated to be \$873 million for a 9.6% decrease and for FY 2010, \$841 million for a 3.6% decrease. For FY 2011 Taxation was conservative in projecting a 3.0% increase in anticipation of a slow but steady economic recovery by the end of FY 2010.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office's forecast for sales and use tax revenue was on page 9 of Exhibit D. It followed the same pattern as the other Budget Office forecasts modeling inflation adjusted taxable sales per Nevada job shown in Figure 3 on page 10. The actual amount of sales per job would start to rise by the end of calendar year 2009. However, the number of jobs was still falling, and that accounted for the declines that were reported in FY 2009 and FY 2010. Demand from lack of spending for two years, coupled with employment that was not falling nearly as badly as predicted would produce a slight increase in FY 2011.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said the Fiscal Analysis Division sales tax revenue forecast was on page 45 of Exhibit E and the regression equation used was on page 42. There was a change to the econometric specification used for the weighted average of home prices and the weighted average of sales. Fiscal felt it was not forecasting well, so the equation was changed. The new equation was still inflation adjusted taxable sales per

employee, but was modeled as a function of inflation adjusted personal income per employee, Las Vegas visitors per employee, statewide construction employee per employee, and statewide retail trade employment per employee. He said Table 1A on page 45 (Exhibit E) was the Fiscal Analysis Division's forecast for the State 2% Sales Tax revenue to decline 11.4%. The revenue was down 9.4% through the first eight months, so the revenue would need to decline an average of 15.3% over the last four months compared to -2.9% over the last four months of last year. Sales tax revenue was forecast to decline by 6.7% in FY 2010 and then finally an increase of only 2.1% in FY 2011. The Fiscal Analysis Division forecast was the lowest for FY 2011, especially with regard to the expected rebound.

Mr. Guindon referred to a set of charts showing statewide taxable sales (Exhibit K). He said the chart showed the dramatic turn in the series. The chart on the following page showed taxable sales in actual and inflation adjusted terms, seasonally adjusted. Again there was a dramatic change in the series. Page 3 showed the ratio of taxable sales to total employment. This was the dependent variable that was being forecast in the equation. Page 4 showed the ratio of personal income to total employment, and it was inflation adjusted. Page 5 showed the ratio of Las Vegas visitors to total employment. When he plotted the chart, it gave him a start to see the dramatic jump in the forecast period. This was because he had visitors starting to recover in FY 2011 because of the rooms coming on and the economy recovering a little. But Global Insight forecast no positive growth in employment until the beginning of CY 2011. Visitors could return without necessarily having to increase the number of employees, which was why the ratio jumped up. Page 6 showed a dramatic change in construction employment, which was a factor pulling the Fiscal Analysis Division forecast down. The DETR forecast had construction employment falling longer and harder than the Global Insight forecast. The chart showed Global Insight's construction forecast compared to its total employment forecast, and it falls dramatically throughout the forecast horizon. When the projects on The Strip were completed, where were all the construction workers going to go? No homes needed to be built, nor was there a need for commercial or retail construction. Some workers may be hired by stimulus projects, but that was transitory. He did not think that was sustained. Page 7 showed retail employment. He said retail activity could start to bounce back when the new projects' retail components were open.

Chairwoman Santoro said the Fiscal Analysis Division forecast had come down radically from December. She asked if it was because the statistical side of the equation came into play, or whether some subjectivity was applied.

Mr. Guindon said the change to the forecast was due to the equation. The subjective adjustments to the forecast were to account for the gap between taxable sales and actual collections. He said Fiscal Analysis Division staff still added back for this difference, but was no longer subtracting for the comp food issue. He said Taxation indicated that most operators quit paying the tax on comped food in March 2008. Otherwise the forecast was coming directly from the equation. He said it was obvious that things were dramatically worse than what was expected based on the information that was used in the December 2008 forecast.

In response to a question from Mr. Hartman, Mr. Guindon said running DETR's employment numbers through the wage disbursements, and then using that to build a personal income series produced strange results. The forecast was actually more optimistic. The ratio of construction to total employment did not fall as much in DETR's employment forecast versus Global Insight's, so over the forecast horizon using DETR's employment produced a slightly higher number.

Mr. Hartman asked how much of the forecasts were construction related.

Ms. Knack said for the eight month of FY 2009, for the three major construction indicators of construction of buildings, heavy and civil engineering construction and specialty trade, taxable sales revenue was \$1.458 billion. Last year at the same point the revenue was \$1.423 billion. There was a slight increase for the eight-month period. She noticed with taxable sales when lots of the properties were still being built and going strong in southern Nevada, those numbers were significantly high. In the last couple of months, the numbers decreased dramatically.

Chairwoman Santoro said taxable sales could be expected to rise as the projects got closer to completion, considering the way that the billing cycles worked with construction projects.

Ms. Knack said for the month of February alone in those three areas there was a 40% decrease. In response to a question from the Chairwoman, Ms. Knack said the total taxable sales for February 2009 was approximately \$135 million compared to \$215 million for February 2008.

Chairwoman Santoro said the related taxable components were part of sales tax. There was a lag in timing between construction project billing and payment. The MGM CityCenter was slated to open in December 2009, and as the project neared completion, taxable sales pertaining to that project would rise. Across the spectrum probably 50% or 60% of the sales tax revenue was related to the gaming industry as durable goods sold by wholesalers.

Mr. Alastuey said it was notable that the Fiscal Analysis Division and Budget Office forecasts were different by \$15 million, which represented roughly 2% of \$750 million in taxable sales. He wondered when construction would resume after these major projects were completed in FY 2010, in what form would it resume, and if there would be anything to encourage us in the second year. He thought the Economic Forum should consider that with caution.

Chairwoman Santoro said if it were not for the timing of some large construction projects, FY 2010 might look different. For that reason, FY 2010 has some nuance to it. From a construction perspective, commercial real estate and the state of the financial markets were going to have a big impact on construction. The housing market had an impact also.

Mr. Restrepo asked the Economic Forum not to forget construction activity or the rapidly rising vacancy rates in the commercial sectors in Clark County, and to a certain extent in Washoe County. In addition there was growing unemployment, so the issue of job losses and income, combined with the massive loss of value in 401K plans, retirement plans and home prices could have a depressing effect on retail sales through the biennium. His opinion was that for FY 2010 the forecasters were underestimating the downturn, and the decrease between FY 2010 and FY 2009 should be higher. He did not think there would be positive growth in FY 2011, rather, there might be negative or flat growth. He was concerned that there were serious problems with unemployment, regardless of what happened with gross domestic product, visitation volume, and the opening of new resorts like MGM's CityCenter. He believed the worst of the employment picture had yet to be seen and this should be factored into FY 2010 and to a certain degree FY 2011.

Mr. Alastuey asked Mr. Guindon what level of decline was needed to reach an 11.4% decline for the year.

Mr. Guindon replied the revenue was down 9.4% through the first eight months. The revenue would have to average -15.3% over the last four months of FY 2009. That was compared to -2.9% for the four months of FY 2008. January and February collections were known, so March was the only month being forecast for the third quarter of FY 2009. January and February revenues were down about 15.1%, so to reach the level shown in Table 1B (page 45, Exhibit E) of -13.8%, the revenue would have to decline 11.7% in March 2009 compared to -3.3% in March 2008. He did not think that -11.7% for March, compared to -3.3% one year before, was unreasonable. The -16.6% forecast for FY 2009 second quarter may be too high or too low, but he did not have grave concerns.

Mr. Alastuey observed that Mr. Guindon had captured a precipitous decline, at least to the end of the year.

Mr. Restrepo said the numbers were all relatively close, but the Fiscal Analysis Division number was the one he felt most comfortable with for FY 2009. He wondered whether the rates would be in the double digits in FY 2010 as opposed to the upper single digits.

Ms. Rosenthal asked if Global Insight's forecast was countrywide rather than based on Nevada. Mr. Guindon said Global Insight prepared a U.S. forecast and had a state of Nevada model to run the U.S. forecast through their econometric equations. The model was based on Nevada, but it did not necessarily capture the nuances of the state. Global Insight probably did not fine-tune its equation to some of the things Nevada would like to see.

Ms. Rosenthal agreed with Mr. Restrepo that the Fiscal Analysis Division's forecast was the most comfortable for FY 2009 because of the level of detail captured. In FY 2010, the Budget Office and Fiscal Analysis Division forecasts were almost identical. The question was whether it should be lower. In FY 2011, there was \$15 million difference

between the Fiscal Analysis Division and Budget Office forecasts. Given the state of the nation's economy, she felt confident there would somewhat of a rebound, such as 2.1%. But if the Economic Forum was going to consider the forecasts presented, she would be in favor of the Fiscal Analysis Division forecast for all three years.

Mr. Alastuey agreed that FY 2010 was a bit of a wild card given the completion of the major projects. However, the hope of the industry was that the projects would attract visitors, and visitors' spending levels could be restored to a degree. He realized that his comments had been pessimistic, but FY 2010 was the fulcrum.

Chairwoman Santoro concurred with Mr. Alastuey that the projects' completion would be a positive factor. To what extent was hard to predict, but there were some things to be optimistic about in FY 2010.

Mr. Alastuey commented that recent news was encouraging, but there was considerable uncertainty in the industry over opening a great deal of capacity. He offered that comment for the Economic Forum's consideration to punctuate his level of concern about FY 2010.

MS. ROSENTHAL MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION FORECAST FOR SALES AND USE TAX REVENUE FOR FY 2009, FY 2010 AND FY 2011.

THE MOTION WAS SECONDED BY MR. HARTMAN AND CARRIED UNANIMOUSLY.

GAMING PERCENTAGE FEE TAX

Frank Streshley, Senior Analyst, Nevada Gaming Control Board

Mr. Streshley said he would keep his presentation brief, as his forecast was discussed at length in the November and December meetings. The Gaming Control Board (Board) forecast was presented as Exhibit M. In December, gaming win was reported through September, and collections through October. February's gaming win and March's collections have been reported, leaving three months to complete the fiscal year. Fiscal year to date gaming win was down 13.2%, and there have been 14 straight months of declining gaming win. Revenues were down to levels reported in FY 2004. Clark County was down 13.5% and The Strip was down 15.3%. The Strip continued to be hurt by a decline in visitation and a 12.1% decline in wagering activity. However, some of the major operators indicated there were signs of improvement in the upcoming quarters. Cancellations slowed and advanced bookings were gradually stabilizing. The Las Vegas local market, which comprised over 20% of the state's gaming win, was down 9.3% fiscal year to date. This market had been heavily impacted by the jump in unemployment and the continued decline in housing.

Mr. Streshley said gaming win in Washoe County was down 11.6%, South Shore Lake Tahoe was down 13.8% and Elko County was down 4.5%. Preliminary numbers for March, which were nowhere near complete, indicated improvement over the 18% decline reported for the previous four months. He assumed the April numbers would be similar. May had the potential to be a good month. May collections for the previous year declined 15.2% making for a soft comparison and the special events calendar for this period was the strongest in several years starting with the Hatton versus Pacquiao fight and a UFC fight at the MGM, followed by concerts by Dave Matthews Band, Jimmy Buffet, and Fleetwood Mac. All of these events should have strong draws for the high-end play.

Mr. Streshley forecast FY 2009 gaming win to decline 12.2%, which was a small improvement. For FY 2010, projected gaming win was -.7%, which was consistent with the last quarter of FY 2009. He forecast gaming win would be down for the first half of the year, but there would be very small improvements thereafter each quarter in the areas of advance booking, average daily revenue (ADR), visitation and most importantly consumer confidence levels, which should have a positive affect on spending levels. This was compared to a very soft period in the previous year when gaming win declined approximately 11%. As for the second half of FY 2010, gaming win would finally increase with the openings of MGM's CityCenter and Fontainebleau Resort. The Board's forecast expected that the new properties would generate some growth for the market, and not simply cannibalize the market of existing properties. Because of the weak economy, growth would be nowhere near what was seen with prior openings such as the MGM Mirage, Bellagio and Wynn, but there should be some pent-up demand for Las Vegas along with the must-see new properties. Consistent with its December forecast the Board has not included the Cosmopolitan property due to the uncertain completion date and the lack of an operator. For FY 2011, the Board forecast 5% growth for gaming win. The new property openings would not be annualized until mid-year, and again assumed small, sequential improvement in the economy through the end of the forecast period. In FY 2011 this would be slightly ahead of what the Board reported in FY 2005.

Mr. Streshley said the Board's forecast assumed a recovery in the local market in Las Vegas and the balance of the state in FY 2010. He did not predict those markets would turn around until the beginning of FY 2011, lagging behind the recovery on The Strip. Unemployment, housing, and a soft economy would continue to put pressure on those markets.

Mr. Streshley said fiscal year to date, Gaming Percentage Fees were down 16.3%. Collections on taxable revenue were down 12.6% with a -\$40.7 million estimated fee adjustment (EFA). The Board revised its growth rate for FY 2009 to decline 14.3% with \$660.6 million in total collections. Collections on taxable revenue for FY 2009 were forecast to decline 12.6%, which was slightly lower than the Board's gaming win forecast due to a lag in credit collections. The EFA was forecast to end the year at approximately -\$29 million. After a preliminary review of April's collections, EFA revenue should be well over \$10 million with additional collections in May as advanced

fee payment from February's collections. Three months of the fiscal year will be compared to a period where percentage fees declined 13.7% in the previous year. For FY 2010, percentage fees were forecast to increase 4.1%, with \$687.8 million in total collections. Collections from taxable revenue were projected to decline the same as gaming win, -.7%, however, there was a \$32 million swing in the EFA forecasted. As discussed at the November meeting, when gaming win started to improve there could be a 3% to 5% difference in the growth rates between gaming win and total collections. This was the reverse of what happened in FY 2009 when gaming win declined 1.5%, but total percentage fees declined 6% because of a \$29 million decrease in the EFA. This was why it was important to account for the collections from the EFA.

Mr. Streshley said that for FY 2011 he forecast percentage fees to increase 6.6% with \$733 million in total collections. He predicted collections from taxable revenue would grow 5.8% ahead of the gaming win growth rate of 5% as collections on credit play improved with the economy. The additional percentage fees would come from the EFA, which he predicted would increase \$4.5 million over FY 2010.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office's forecast for Gaming Percentage Fees was on page 3 of Exhibit D. The primary variable was the Clark County gaming drop-per-visitor shown in Figure 1 (page 4). She described the variable as being quite volatile. The model accounted for about 30% of the variability over the 13-year span of monthly data. She reported that the amount of gaming drop-per-visitor had been falling, with the notable exception of the period from FY 2003 to FY 2006. The model forecast the various components, including the EFA. The model output was presented in Table 2 on page 3 for the Budget Office's forecast.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon referred to Table 1 (page 11, Exhibit E), which was the forecast, and decomposition of the forecast between the slot win, games win, taxable gaming revenue and various components of the Gaming Percentage Fees. The Fiscal Analysis Division forecast that in FY 2009 revenue for slot win would decline 10.6%, games win would decline 16.2%, with total win declining 12.5%. The Taxable Gaming Revenue (TGR) for FY 2009 would fall 12.3% compared to -6.8% last December. Total Gaming Percentage Fee collections were predicted to fall 14.0%. As Mr. Streshley pointed out, year to date, with nine months in the bank, the EFA was -\$40 million, net. The Fiscal Analysis Division forecast the revenue to recover slightly for the same reasons Mr. Streshley cited. With the credit play there would be a little kick back in the last three months. It would come back only about \$8 million, but that would help because it added another 1.9% in growth. There was still a \$12.1 million net negative impact in FY 2009 because of the EFA. The growth rates for slot win and games were shown going forward into FY 2010. Percentage fees for TGR were falling .8% percent, but total percentage fees actually increased 3.4%. Although the economy started to stabilize, total gaming win would still be down, because the first half of FY 2010 was going to be

bad. The EFA should be the smaller negative in FY 2010, but that was a \$28.5 million swing from the EFA in FY 2009. Total Percentage Fees from TGR would grow 5.6%, but 2% was added due to the impact of the EFA as the economy and gaming started to come back. The end of FY 2011 should be significantly stronger than FY 2010. The Fiscal Analysis Division estimates the EFA to be \$10.5 million, thus about \$13.9 million would be added in that year from EFA, and that was where 2% additional growth came from in FY 2011.

Mr. Guindon said the slot market statistics for the biggest market, Clark County, were on page 18 (Exhibit E). He said the Las Vegas visitor forecast had fallen dramatically and would remain down for a while. There would be some cannibalization when the new properties opened, but by the end of the forecast horizon the revenue would be back where it had been in the prior biennium. He explained that he modeled Clark County rather than The Strip and other Clark County markets. The Fiscal Analysis Division projected the revenue to fall throughout the forecast horizon. He was not sure that the local market would be strong, given what was happening with unemployment. He said the revenue starts to stabilize somewhat at the end of the forecast horizon. He said the slot win per visitor was the same scenario because it fell throughout the forecast horizon. The coin-in-per-slot was even more dramatic. He said the productivity created by the large numbers of visitors and the electronic gaming devices during the boom days was probably over.

Mr. Guindon said game win fell dramatically, but per visitor it held up a little better. Because the type of clientele that the new property would bring, as well as the entertainment events that Mr. Streshley mentioned, it would hold a little throughout the end of this fiscal year and into next fiscal year. The games drop flattened out and then fell a bit more. The Fiscal Analysis Division thought the hold percentage on table games would stay up, and forecast the win per visitor would not fall as much as the drop.

Chairwoman Santoro had questions about the game count forecast on page 8 (Exhibit E). She said in FY 2010 a series of slot machines and tables would come online, which would obviously have a direct impact on the revenue source. She asked whether all of the 6,000 new slot machines were factored into the FY 2010 forecast, and the subsequent FY 2011 forecast. She wanted to understand whether the slot machines were included because there was a degree of uncertainty around certain new projects within the list.

Mr. Guindon said the properties were included in the assumptions that went into the forecast. But the net effect would be much less because of cannibalization. He said the 6,000 new slots were not added to coin-in-per-slot to drive the forecast. Table 2-Q (page 17, Exhibit E) showed the slot market statistics for Clark County. In FY 2010, there were supposed to be 6,000 slots entering the market, but only about 3,800 would come online in terms of the average number of slot machines online in Clark County compared to FY 2009. Even though the new slot machines were included, there was going to be some netting out against that. Similarly, when the properties opened, and

added 5,000 jobs, he did not expect a net increase of 5,000 jobs in the employment market. He did not expect there to be a 6,000 slot increase because other properties would probably pull slots, or some of the properties may not come online.

Chairwoman Santoro said she thought the comment on slot cannibalization was fair. She asked Mr. Guindon what the growth would be if the slots were not factored into the equation.

Mr. Guindon said if all the slots were not included, or if there was more cannibalization, perhaps the coin-in-per-slot would not decrease. The combination of the number of units, the coin-in-per-unit, and the hold percentage drove slot win. As the new properties came online and brought those slots, coin-in-per-slot would fall until the market stabilized. The critical question was whether to decrease coin-in-per-slot more if more slots were added, because the market could not support them. He noted that if the number of slots was reduced in the forecast, the coin-in-per-slot would be higher, because the market might support the lower number of slots relative to the higher number of visitors.

Mr. Guindon said the revenue would grow 3.4% in FY 2010, but without the EFA it would fall -.8%. The 3.4% growth was due to the \$28.5 million expected swing in the EFA, so statewide the percentage fees fell. Mr. Guindon said that was shown on Table 1 (page 11, Exhibit E).

Mr. Guindon said it was difficult to grasp the various dynamics that could influence the taxable activity and the tax collections that came off the taxable activity.

Chairwoman Santoro noted that in the March update gross gaming tax revenue collections for February of FY 2009 were down 43%, and fiscal year to date collections were down 20%. In December there was an expectation that collections would rise, but collections continued to fall. She wanted to understand where collections were at the moment because the Board, Budget Office and Fiscal Analysis Division were close together, but there was a \$10 million difference. She wanted to know the recent actual percentage decline.

Mr. Guindon said for the ninth months of the fiscal year – the latest period for which there was information – revenue decreased 22.6% compared to -42% one year ago. The revenue was moving around quite a bit, because of the EFA and the credit play. Also February was leap year that included Chinese New Year and the Super Bowl. In addition, those events fell on dates that were slightly different compared to last year, which could influence the comparison. Fiscal year to date, the revenue was down 16.4% through nine months. The last three months of FY 2008 the revenue was down 13.6%.

Chairwoman Santoro said it was helpful to know the revenue was down 16.4% through the first nine months of the fiscal year. She presumed that in the months of April, May and June, collections would have to increase to reach expectations of 14% and 15% declines.

Mr. Alastuey asked if there was an EFA recovery expected in the last quarter. Mr. Guindon said he had forecast some recovery in the EFA (page 11, Exhibit E). Through the first nine months of FY 2009 the EFA was -\$40 million, and the Fiscal Analysis Division forecast it to finish the fiscal year at -\$31.854 million.

Mr. Streshley said there were preliminary numbers for March; March was paid with December's gaming win and January's collections. Last year's March gaming win was \$18 million and \$10 million was collected the previous year. The Board had not completed its tax processing, but had already collected \$10 million on the EFA, so he forecast the revenue to finish the year at approximately \$29.8 million.

Chairwoman Santoro said she would like to focus on FY 2009. The Budget Office forecast was -15.6%. The revenue was \$650 million and the percentage decline across the three forecasts was close. She noted the Budget Office forecast changed from \$650 million to \$651 million. She said in this volatility, the economic models become art because of the error term. One would have to presume that growth was flat from FY 2009 to FY 2010, or the revenue would continue to fall at the latter half of FY 2009, and then rise.

Ms. Rogers said the flat growth reflected a fall, then the EFA made up for some of that.

Mr. Alastuey observed that the Budget Office's monthly and quarterly projections were virtually identical FY 2009 to FY 2010. In effect, there was no net response to the additional capacity that might come online during FY 2009 or might be fully annualized in FY 2010.

Ms. Rogers said the model took into account properties coming online and the number of visitors, but in FY 2010 the various components cancelled each other out.

Chairwoman Santoro said visitor volume drove the model to a degree. She wondered whether visitor volume would increase, or hold when a major new project came online.

Ms. Rogers said the model showed visitor volume would rise due to a change in the number of rooms added by the opening of a major property if used as a proxy. This was a positive coefficient as an explanatory variable in terms of visitor volume.

Chairwoman Santoro explained that she asked because an objective statistical analysis found that new projects with a degree of variation from existing properties had a different impact on the market. She asked if the variable for the new project opening was for a property that was similar to or different than existing properties and Ms. Rogers replied there were no assumptions as to the new property being similar or different.

Mr. Restrepo said there was an obvious correlation between retail sales tax and Gaming Percentage Fee. He asked if retail sales tax revenue was influenced by the health of the local economy to a greater extent than gaming fees, because of The Strip's gaming revenue versus the local market gaming revenue. He said the Economic Forum agreed with the Fiscal Analysis Division forecast of a 6.7% decrease in retail sales revenue in FY 2010, but the Fiscal Analysis Division forecasted a 3.4% increase in the gaming revenue. He wondered why gaming revenue increased while sales revenue decreased in the same period. He asked if it was a function of the variables that went into both of those taxes.

Mr. Guindon replied that was a true statement. When he compared the sales tax revenue forecast to the gaming forecast he also had questions. The sales tax revenue equation used visitor volume, construction employment and personal income. He attempted to capture a bit of the visitor volume as well as the local part. He did not use a regression equation for the percentage fees, but did a "gut check" against his visitor forecast. He agreed with the Chair that with the new properties coming online it would pull back a little. He had occupancy rates falling when those products come online due to overcapacity relative to the national and international economy, but the new properties would bring visitors. As Mr. Streshley pointed out, there were some bad months in FY 2009. The gaming side was a little better than the retail side because of the visitor volume. The retail side had a bit more of a local component to it. Visitors eat, shop and gamble, which generates taxable sales and gaming activity. Locals could do all of those things, and buy things like refrigerators and cars that contributed to the taxable sales base. Taxable sales collections were worse off than gaming tax collections because of the employment forecast.

Mr. Hartman said he was persuaded to focus on the Fiscal Analysis Division forecast and deal with the contradiction of gaming rising in FY 2010 and FY 2011. The Fiscal Analysis Division forecast held sales tax revenue down with just a slight improvement in FY 2011. Gaming had taken several body blows in the last 12 months. Gaming relied significantly on consumer confidence, which was starting to improve. He was troubled by the effect of reduced employment and reduced construction on the local operators, which was offset by new operators coming online. Some properties could go through financial reorganization, but historically, properties did not close when that occurred. He thought the overriding factor would be consumer confidence. If it was strengthened it would drive an improvement in the revenue.

MR. HARTMAN MOVED TO USE THE FISCAL ANALYSIS DIVISION FORECAST FOR GAMING PERCENTAGE FEE REVENUE OF \$662.997 MILLION IN FY 2009, \$685.819 MILLION IN FY 2010, AND \$738.114 MILLION IN FY 2011.

The motion failed for lack of a second.

Chairwoman Santoro stated that it had been proven more than once that when a new property opened that was different than existing properties, the market could grow. There was disruption in the industry and nobody could predict a positive or negative outcome. She did not think the magnitude of the situation the industry faced had been seen before. She said for FY 2011, the Board forecast \$733 million, the Fiscal Analysis Division forecast \$738 million and the Budget Office forecast \$678 million. She compared that to FY 2008 revenue of \$770 million. This revenue was generated at a time when there was more hope in the industry than now. She wanted to be positive, but said it was important to be realistic.

Mr. Alastuey appreciated that the modeling used three very divergent methods. The Fiscal Analysis Division technique essentially put the forecaster on the casino floor. The forecast counted tables and devices and invoked the kind of decisions that might be made there. He appreciated the attention of all three estimators in terms of EFA. He was comfortable with the Fiscal Analysis Division near term forecast, but 7.6% in the third year gave him pause given the range of numbers the forecasters recently presented. If the properties opened on time during the midst of FY 2010, there could be a bump. He was not convinced that the revenue would return to the FY 2008 range three years after the industry had been stung so badly. He was willing to be persuaded with further discussion.

Mr. Restrepo agreed with Mr. Alastuey. Assuming consumer confidence was gained in FY 2010 locally and with national and international visitors, people's behaviors might have changed a bit. Discretionary income may be applied to other products and services beyond gaming, at least for a period of two to four years. He was concerned that the revenue may not bump back in FY 2011 to 7.5%, 6% or even 4% because the consumers were saving money and rebuilding 401K plans and savings accounts. For a period, unfettered spending and conspicuous consumption might change a bit. He wanted to believe that was not the case and the revenue would return to the levels of FY 2004, FY 2005 or FY 2006. It could take several years to return to those levels, if the revenue ever did return to those levels. He cautioned the Economic Forum members to be careful about the bumps that were forecast for FY 2011. He would not argue that growth would stay flat in FY 2011. He said there was potential for change in the psychology and behavior of consumers.

Chairwoman Santoro observed that the forecasts were relatively close for FY 2009, there was a belief that there would be growth in FY 2010, but question remained for the FY 2011 forecast.

Ms. Rosenthal asked Mr. Guindon to calculate a 3% increase over the Fiscal Analysis Division forecast for FY 2010. Mr. Guindon said a 3% increase from the \$685.819 million forecast would be \$706.394 million.

Mr. Restrepo asked when actual revenue had last been at that level on an annualized basis and Mr. Guindon responded that in FY 2005 the revenue amount was \$709.6 million.

Chairwoman Santoro said FY 2009 first-quarter figures for many publicly-traded companies were down anywhere from 10% to 30%. She wondered whether positive growth was possible in FY 2010. She asked Economic Forum members to consider the level from which the revenue was building.

Chairwoman Santoro asked how much the local market contributed to the revenue and Mr. Streshley responded the local market was about 22% of the total revenue amount. He explained the local market comprised North Las Vegas, the Boulder Strip and the balance of Clark County.

Mr. Restrepo asked the Chairwoman if she thought 3% might be too low. Chairwoman Santoro said it was a challenging forecast because of how the revenue levels had fallen. There was a significant decline in gaming fee earnings before interest, taxes, depreciation, and amortization (EBITDA) within the industry for many of the companies. The revenue might not return to previous levels. She said the 25% from the local market was a different dynamic.

Mr. Hartman said the reason he was comfortable with the \$738 million amount was that the operators would do everything possible to keep a high rate of occupancy. The operators reduced the price of rooms, food and beverage considerably to keep occupancy rates up. There would be some resistance to raising those prices, which would have an effect on the sales tax revenue. Those sales tax revenue reductions were incorporated earlier. In addition, there would be two or three new significant properties online. He did not think the properties would close, regardless of the balance sheet condition. The operators had ways to bring customers into the properties. He noted the peak revenue amount was \$820 million. He did not think that was a tremendous stretch if there were two or three significant new properties online. For a period there would be some rebalancing of the source of revenue within some of the major properties. The goal of the properties would be for a percentage of revenues to come from sources other than gaming. On the front end, the properties may not be able to do that. There would be a benefit on the gaming revenue side disproportionate to what it cost on the sales tax revenue side. This was why he was comfortable with a forecast for improvement in FY 2011.

Mr. Restrepo agreed to the extent that the resort industry would do anything to put "heads in the beds" through discount packages. However, he was not sure that would translate to increased gambling spending to the level of previous years in this biennium.

He believed there could be a paradigm shift as to how consumers spend money when on vacation.

MR. RESTREPO MOVED THAT THE ECONOMIC FORUM ACCEPT THE BUDGET OFFICE'S GAMING PERCENTAGE FEE REVENUE FORECAST OF A 15.5% DECREASE FOR FY 2009, THE FISCAL ANALYSIS DIVISION'S 3.4% INCREASE FOR FY 2010, AND MS. ROSENTHAL'S 3% INCREASE IN 2011.

Mr. Guindon calculated that if the revenue went from \$650.7 to \$685.819 the increase would be 5.3%.

MR. RESTREPO AMENDED THE MOTION TO ACCEPT A GAMING PERCENTAGE FEE REVENUE AMOUNT OF \$662.997 MILLION IN FY 2009, \$685.819 MILLION IN FY 2010, AND \$706.394 MILLION in FY 2011.

THE MOTION WAS SECONDED BY MS. ROSENTHAL AND CARRIED UNANIMOUSLY.

LIVE ENTERTAINMENT TAX - GAMING

Frank Streshley, Senior Analyst, Nevada Gaming Control Board

Mr. Streshley said fiscal year to date Live Entertainment Tax – Gaming (LET) collections were down 5%. He said this was surprising when compared to percentage fee and sales tax collections. The large arena schedule has been light up to this period, but there was not a double-digit drop in entertainment spending as one would expect. He reported that for FY 2009, with four months left in collections, the Board projected a decline of 3.4% with \$117.5 million in total collections. As discussed during the gaming win presentation, the large arena concert schedule was very strong for the rest of FY 2009 compared to the same period in the previous year, which was very soft. The recent Britney Spears and Eric Clapton concerts at the MGM Mirage would also add to collections. The Lion King at Mandalay Bay would generate additional collections when it opened at the end of FY 2009. The Cirque Elvis show at MGM CityCenter was not included in the Board's December 2008 forecast. Mr. Streshley said for FY 2010 LET collections were projected to grow 3.8% with \$122 million in total collections. Similar to gaming win, much of the growth would come in the second half of the year with the new property openings. For FY 2011, he forecast LET collections to increase 5.8% to \$129 million. Some of that growth would come from the new properties because the openings would not be annualized until mid-2011. Mr. Streshley concluded his discussion by saying, similar to gaming win, the Board assumed slow sequential growth throughout the end of the forecast period.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said the Budget Office forecast for the LET began on page 7 (Exhibit D). The values were low because the forecast was driven by an econometric model, and was influenced by a number of Las Vegas variables. Fiscal year to date revenue was down 5%, there would be a greater decline in the final part of the year, then flat growth in FY 2010 before growing 4.9% in FY 2011. The model actually generated a 10% increase in FY 2011. She was not comfortable with that strong of growth given the state of the economy, therefore she lowered the forecast in that year.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon referred to the Fiscal Analysis Division forecast on page 33 of Exhibit E. He considered the visitor forecast and collections per visitor in addition to the information from Mr. Streshley regarding upcoming shows in the new casinos. He predicted the revenue would fall 4.6% in FY 2009. A greater part of the Las Vegas visitors' budget was going toward live entertainment versus gaming and sales tax. He expected the revenue would grow 3.7% in FY 2010. After annualizing the new properties, the visitor forecast would grow 7.1% in FY 2011, and there would be 7.3% growth in LET collections. Mr. Guindon said although the economy seemed to be in a deflationary environment, the cost-per-show had not declined.

Mr. Restrepo ask Chairwoman Santoro whether price and attendance declined for the MGM Mirage shows on The Strip. Chairwoman Santoro replied that across the industry shows tended to bring visitors into the casinos. The Cirque shows had been consistently positive, but attendance was lower than FY 2007 levels. It was still a strong year for live entertainment.

Ms. Rosenthal observed the forecasts were not vastly different from each other, or the Economic Forum's December forecast. She noted that the Fiscal Analysis Division forecast seemed to be in the middle.

MS. ROSENTHAL MOVED TO ADOPT THE FISCAL ANALYSIS DIVISION FORECAST FOR LET REVENUE FOR FY 2009, FY 2010 AND FY 2011.

THE MOTION WAS SECONDED BY MR. ALASTUEY AND CARRIED UNANIMOUSLY.

ROOM TAX

Mr. Guindon began the discussion by reporting on Initiative Petition 1, which was brought forward under Article 19 of the Nevada Constitution. Initiative Petition 1 garnered enough signatures to require the Nevada Legislature to either consider it within the first 40 days of the 2009 Legislative Session, or go on the ballot for a vote of the people in the 2010 General Election. The 2009 Legislature passed Initiative

Petition 1, which became law under the Nevada Constitution although the bill was neither signed nor vetoed by the Governor. Initiative Petition 1 required that up to an additional 3% Room Tax be imposed in Clark County and Washoe County, but the total rate could not exceed 13%. The tax rate as of July 1, 2008, was used to calculate the additional increment.

Mr. Guindon reported that in Clark County the full 3% could be applied everywhere except the City of Las Vegas. Those properties with 75 or more rooms were taxed at 11%, so 2% could be applied, rather than the 3% that was applied everywhere else in Clark County. In Washoe County the Reno downtown and Sparks areas room tax rate was already over the limit at 13.5%. Thus no additional tax under this proposal could be imposed. The tax rate for unincorporated Washoe County and non-downtown Reno was 12%, so only 1% could be imposed. The tax was effective July 1, 2009.

Mr. Guindon said the Economic Forum was to produce a forecast for a full 12-month fiscal year period for both FY 2010 and FY 2011. Staff was working on an accounting accrual issue with regard to how many months may be collected in FY 2010. The Economic Forum's forecast for FY 2010 on a full calendar year basis could be adjusted to reflect either 10 or 11 months, depending upon the resolution of the accounting accrual issue during the legislative session.

Mr. Guindon said staff from the Nevada Commission on Tourism would present its forecast for the Room Tax revenue (page 79, Exhibit A).

Steve Woodbury, Interim Director, Nevada Commission on Tourism, thanked the Economic Forum for the opportunity to present his projections on the impact of the 3% Room Tax increase for the 2009-2011 biennium as a result of Initiative Petition 1.

Mr. Woodbury said the projections were based on the FY 2009 forecast for the 3/8 of 1% Room Tax revenue that funds the Nevada Commission on Tourism (Exhibit L). The projections flowed from what he believed the 3% tax increase would collect in the current fiscal year. The projected net effect of Initiative Petition 1 was broken down by entities in Clark County and Washoe County. In Clark County, for all areas outside of the city of Las Vegas, the Nevada Commission on Tourism's calculations reflected the net effect of the full 3% increase. For the city of Las Vegas, the Nevada Commission on Tourism used the Fiscal Analysis Division's determination that the full 3% should be applied to properties with fewer than 75 rooms, and 2% to the properties with more than 75 rooms.

Mr. Woodbury said that in Washoe County Initiative Petition 1 impacted the areas Reno District B, and Washoe County A and B with a 1% increase from 12% to 13%. The projections were based on a five-year average, FY 2005 through FY 2009. Approximately 53.1% of the total Washoe County revenue came from these three areas. The assumptions were based on those used in the current fiscal year, factoring in the average daily room rate (ADR), occupancy rates, room nights occupied, current trends in cash versus complimentary rooms, room inventory, construction schedules

and expected dates for new rooms coming online. The assumptions also factored in anomalies in FY 2009 collections, current economic conditions and perception issues related to business travel. He anticipated that Room Tax revenues would not return to prior year figures until January 2010, with minimal growth going forward. Based on those assumptions, the Nevada Commission on Tourism projected Initiative Petition 1 revenues of \$102.655 million in FY 2010, an increase of 3% in FY 2011 to \$105.741 million for a total of \$208.396 million over the biennium.

Chairwoman Santoro asked for the ADR rate used to calculate the projections.

Dave Peterson, Senior Manager for Research and Analysis, Nevada Commission on Tourism, said March 2009 numbers showed a 32% to 33% decrease in ADR, which was expected to remain into the fall. The rate going forward was expected to be slightly lower than \$100. Replying to a question from Mr. Alastuey, Mr. Peterson explained the \$100 rate was just for the Las Vegas market.

In response to a question from Chairwoman Santoro about the ADR of \$100, Mr. Peterson explained that ADR rate level was not used for FY 2009, but was used going forward and held constant.

Chairwoman Santoro asked if the room inventory included potential openings in FY 2010. Mr. Peterson said it was assumed the MGM CityCenter project would come online in FY 2010. If the property came online in December 2009, the first full month of Room Tax revenue would be January 2010, which would not be collected until March 2010. Collections for FY 2009 would include only the four months: March, April, May and June.

Chairwoman Santoro noted there were other large projects that had been factored into various analyses. She asked for the room inventory count at the end of FY 2010.

Mr. Peterson said the ending room inventory count for FY 2010 was 199,415 for the state. That included the Fontainebleau Resort and some smaller upcoming properties as well.

Chairwoman Santoro asked how the Cosmopolitan property was addressed and Mr. Peterson said based on the construction schedule provided by the Las Vegas Convention and Visitors Authority (LVCVA) the property would come online in June 2010; those rooms were not included in FY 2010, but were included in FY 2011. The first full month of Room Tax revenue for that property would be July 2010, which would be reflected in September 2010 collections. There would be no impact on FY 2010.

Mr. Restrepo asked for clarification as to whether Initiative Petition 1 only applied to properties of 75 rooms or more in Clark County, and whether the tax rate for unincorporated Las Vegas could be raised by 3%. Mr. Peterson said in the city of Las Vegas properties of 75 rooms or more were already taxed at 11% and the cap was 13%, so there was just a 2% impact. Mr. Peterson said the rate for the rest of Clark County was 9% or 10%, so the tax could be raised 3%.

Mr. Restrepo asked for the current ADR for The Strip and the rest of Clark County. Mr. Guindon said according to the LVCVA, the ADR was \$99 in November 2009, \$105 in December 2008, \$106 in January 2009, and \$109 in February 2009.

Chairwoman Santoro asked why the ADR was held constant through FY 2011. Mr. Peterson explained that the rate did not result from a model, rather it was due to a decrease in the first quarter of 19.9% in January 2009, -23% in February 2009 and an expected 32% decrease in March 2009. It was expected that the rate would experience similar decreases from April through the summer months. He said the operators wanted to draw people to the hotels, and reduced room rates were being used to do that.

Chairwoman Santoro noted that if the ADR increased, the Room Tax revenue would also increase. Mr. Peterson agreed, and said he had not done that analysis. Chairwoman Santoro said it would help the Economic Forum members to have that information.

Mr. Restrepo noted the assumed occupancy rate was 74% at the state level. He asked for the forecasted occupancy rate for Clark County. Mr. Peterson said he did not have a forecast specifically for Clark County.

Mr. Alastuey said it appeared the Nevada Commission on Tourism's forecast used baseline assumptions. The average room rate was not subject to adjustment for two years. It looked as if there were assumptions for additional inventory, but declining occupancy. He thought the numbers were on the conservative side.

Chairwoman Santoro agreed that the assumptions were conservative.

Mr. Woodbury said it was anyone's guess as to what would happen in FY 2011, but based on many conversations, he believed room rates would be slow in coming back. The forecast factored in a slight increase in visitor volume. He did not know what FY 2011 figures for ADR would be.

Chairwoman Santoro said statistical reports within the gaming industry gave some indication as to where room rates were headed. She noted that FY 2008 ADR was \$127. If an ADR amount under \$100 was used and held constant through FY 2011, then there was a the belief that the "heads in beds" theory would continue to hold over the next two years.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Ms. Rosenthal asked why there was an almost \$10 million difference in the Fiscal Analysis Division and Nevada Commission on Tourism FY 2011 forecasts. Mr. Guindon said he did not disagree with the Nevada Commission on Tourism forecast for Washoe County. For Clark County, the Fiscal Analysis Division forecast the Las Vegas market, excluding Boulder City and Mesquite to make the forecast consistent with LVCVA statistics. The Fiscal Analysis Division forecast visitors first, then occupancy percentages. He explained that the key factor was room nights occupied, because the

tax was on the room rather than the visitor. Room inventory was projected to increase by 3.7% in FY 2009, 6.6% in FY 2010, and 5.3% in FY 2011. Occupancy percentage was expected to average 81% in FY 2009, fall to 77.8% in FY 2010, then recover slightly to 79.1% in FY 2011. All three of those fiscal years' occupancy rates were below the rates during the recession from 1990 through 1992. He expected even more cannibalization of the market when the new properties come online at the end of the year.

Mr. Guindon said room nights occupied would decrease 6.3% in FY 2009, increase 2.4% in FY 2010 and increase 7.2% in FY 2011. This was because the average occupancy rate would come back in FY 2011 to 79.1% compared to 77.8% in FY 2010. Also, there was a 5.3% increase in room inventory. The ADR was assumed to be \$105 in FY 2009, which was a 17.6% decline from \$128 in FY 2008. The ADR would fall slightly to \$104 in FY 2010, a 1.3% decline, and would increase slightly at 2% to \$106 for FY 2011. He agreed with the Nevada Commission on Tourism that the full 3% was not applicable to parts of the city of Las Vegas.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said she tried to develop an econometric model to forecast the Room Tax revenue by modeling the inflation adjusted average Room Tax collection per visitor. She realized that was not the best way to stabilize the data. The econometric model did a good job of modeling the 12 years of historical data for the statewide portion, but going forward it showed a 23% decline for FY 2010 and an additional 11% decline in FY 2011, which she did not think was reasonable. Therefore, she increased that to a very small decrease in FY 2010 statewide, and used the proportions of the various tax units to derive \$105 million for FY 2010 Room Tax revenue amount and held that constant in FY 2011.

Chairwoman Santoro said data was needed for econometric modeling. The Fiscal Analysis Division's forecast allowed for a degree of variation in the ADR. The Commission on Tourism held the amount at just under \$100 for two years. She noted that the Fiscal Analysis Division expected the markets to get stronger in FY 2010 and FY 2011, after which the properties would raise room rates. The rooms may be used as a loss leaders, but as the economy improved the operators would move away from that position.

Chairwoman Santoro asked if the \$106 million level could be compared to FY 2008, which was \$127 million. Mr. Guindon said it would be a long time before the revenue returned to that level. In FY 2006 the revenue was \$112 million and in FY 2007 \$128 million, but for the three prior fiscal years of FY 2005, FY 2004 and FY 2003, the revenue amount was \$96 million, \$86 million and \$80 million, respectively.

Mr. Alastuey commended the forecasters for their efforts to predict the revenue amount without much data. He said the Fiscal Analysis Division estimate had more components that were specific to the Clark County market, which was where the great preponderance of the revenue would come from. He suggested that the Fiscal Analysis Division forecast be considered as a benchmark for discussion.

Chairwoman Santoro said it made sense to be conservative in this environment.

MR. ALASTUEY MOVED TO ADOPT THE FISCAL ANALYSIS DIVISION'S ESTIMATES FOR ROOM TAX REVENUE OF \$104.7 MILLION FOR FY 2010 AND \$115.15 MILLION FOR FY 2011.

MS. ROSENTHAL SECONDED THE MOTION.

Mr. Restrepo asked Mr. Guindon to explain the 10% increase between the two years. Mr. Guindon said there were multiple factors. The occupancy rate recovered a little in FY 2011 compared to FY 2010, and there were additional rooms. Some of the properties would only have been open for half of the fiscal year in FY 2010 versus a complete year in FY 2010. Also the ADR was rising slightly. The combination of those things generated the 10% increase in Room Tax revenue collections. The occupancy rate change was from 77.8% in FY 2010, which actually fell from FY 2009, then recovered back to 79.1% in FY 2011, a figure well below historical standards.

Mr. Hartman said he was in favor of the motion, but noted that the Fiscal Analysis Division forecast was the least conservative of the three.

Chairwoman Santoro said that she followed the weekly room rate surveys. She hoped that at some point the rates reached bottom. She asked Mr. Alastuey to restate the motion and he did.

THE MOTION CARRIED UNANIMOUSLY.

SECRETARY OF STATE FEES

Mr. Guindon said Table 3 (page 81, Exhibit A) showed the two parts of the Secretary of State's commercial recordings and fees activity through its Las Vegas office under GL 3106 and through its Carson City office under GL 3130. Rather than forecast the two pieces separately, they were combined as SOS Commercial.

Kate Thomas, Deputy Secretary of State for Operations, Secretary of State's Office

Kate Thomas, Deputy Secretary of State for Operations, said the Economic Forum has opted to review the forecasts of two of the Secretary of State's Divisions – Commercial Recordings and Securities.

Ms. Thomas said the Secretary of State's Commercial Recordings Division was responsible for processing and filing the organizational and the mandatory documents of more than 300,000 entities currently in good standing under Nevada laws. These

entities included for profit and nonprofit corporations, limited partnerships, limited liability companies, limited liability partnerships, limited liability limited partnerships, professional corporations, associations and business trusts. The Secretary of State's Office collected the revenue at the time the organizational documents were filed. An annual list revenue was collected throughout the year, generally on or before the anniversary date of an entity's organization. The Secretary of State's Office has taken into consideration the months that tended to be larger filing months in forecasting the revenues, and other factors.

Ms. Thomas reported that new entity formations have decreased approximately 15% and annual amended and initial list filings decreased approximately 6% in FY 2009 compared to FY 2008. Expedited or special services revenue decreased approximately 24% due to economic conditions, office and processing efficiencies and increased use of the enhanced online services. The Secretary of State's Office did consider a 24% reduction when projecting the expedite fees in FY 2009, FY 2010 and FY 2011. Current turnaround time for processing was generally four to eight working days as compared to eight to ten weeks when expedited services were implemented over ten years ago. Use of online services continued to increase and the Secretary of State's Office continued to expand online services to customers and, therefore, expected the special service revenues to continue to decline. The number of entities in good standing was presently 313,000, a 2.76% decrease in FY 2009 as compared to FY 2008 due to the drop in new and annual filing. Filing activity and all associated revenue was analyzed by the Secretary of State's Office on a monthly basis and the current FY 2009 estimate was based on actual revenue recognized through March 31, 2009, and extended through the fiscal year based on the current reduced filing activity. She noted that while the number of filings was decreasing compared to FY 2008, the number of filings per month appeared to be stabilizing. While the Secretary of State's Office expected the economy to recover as it had in past down cycles, because the downturn was unprecedented there was hesitation to forecast an increase in commercial recordings. Since the Secretary of State's analysis showed the decreases in filing volume may have stabilized, the forecast for FY 2010 and FY 2011 were flat compared to FY 2009, except for the 24% decrease in the expedited fee revenues. The Secretary of State's Office would continue to monitor the revenue and filing streams and would report any significant changes to Budget Office and Fiscal Analysis Division staff.

Ms. Thomas said the Secretary of State's Securities Division administered the state's security laws and protected Nevada investors from fraud by licensing investment professionals, registering security offerings, enforcing the state's securities laws, and educating the public through community forums and presentations. Revenues were generated by this division primarily through licensing and registration as Nevada law required that athletes' agents, transfer agents and any person engaging in the offering or sale of securities or providing investment advice for compensation to be licensed with the Secretary of State's Securities Division. Additionally, companies seeking to offer securities for sale in Nevada must register their offerings with the division. Revenue account 3152 was comprised of the registration of these agents, brokers and dealers of

securities as well as inspection fees generated from regulating securities firms via examinations by the division's investigators. Inspection fees accounted for approximately \$50,000 annually. There was a 3.3% decrease in the revenues in FY 2009 over FY 2008 based on projections of licenses.

Ms. Thomas offered to answer questions of the Economic Forum members and noted that Scott Anderson, Deputy Secretary of State for Commercial Recordings, and Carolyn Ellsworth, Securities Administrator, were also available to answer questions.

Janet Rogers, Chief Economist, Department of Administration

Ms. Rogers said there was very little data on this series of revenue. The Budget Office forecast for FY 2009 was based on year to date growth. She considered the strength of the state's economy in FY 2010. That was why she produced a lower forecast of \$67.1 million in FY 2010 with a tiny decline in FY 2011 reflecting the final return to growth in the second half of FY 2011, coupled with the decline from the first half. The securities revenue forecast was again based on the decline year to date in FY 2009, a small decline in FY 2010 due to economic conditions, then flat growth in FY 2011.

Russell Guindon, Senior Deputy Fiscal Analyst, Fiscal Analysis Division

Mr. Guindon said the Fiscal Analysis Division used the Secretary of State's projections for both commercial recordings and securities. He explained that he had been forecasting these revenue sources with Scott Anderson since 2001, and they did not always agree. In those instances the Fiscal Analysis Division provided the Economic Forum with its own forecast. Because the Fiscal Analysis Division was not uncomfortable with the Secretary of State's forecast at this time, their forecast was used as Fiscal's forecast.

Chairwoman Santoro observed that the forecasts followed each other for the most part. The only anomaly was the Budget Office forecast for FY 2010. She said the forecasting process for this revenue would be simpler than for the other revenues.

Mr. Restrepo said the forecasts were very close together in FY 2009. He asked why there was a small improvement in FY 2010.

Scott Anderson, Deputy Secretary of State for Commercial Recordings, Secretary of State's Office, explained that based on discussions with other states and many customers, it appeared the decreases in filings were leveling out.

Mr. Restrepo asked if the decrease was due to the use of the Internet and Mr. Anderson said the decrease resulting from the use of the Internet was only for the expedited services fee, not overall revenue. The Secretary of State charged an additional fee for expedited services, but with the advent of online services, those fee revenues dropped dramatically. This decline was expected to continue as more online services were developed.

Mr. Restrepo asked Ms. Rogers to explain the 5.4% decrease. Ms. Rogers said she was forecasting an additional decline due to general economic conditions that would have an effect on commercial recordings.

MR. HARTMAN MOVED TO USE THE SECRETARY OF STATE'S MAY 1, 2009, FORECAST FOR COMMERCIAL RECORDINGS AND SECURITIES FEE REVENUE FOR ALL THREE FISCAL YEARS.

MS. ROSENTHAL SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY.

Mr. Guindon said Fiscal Analysis Division staff would update the forecast tables to include the updated forecasts of the Economic Forum to be presented to the Governor and the Legislature. The tables would then be reviewed by the Economic Forum members.

Mr. Guindon said that Knight Allen had intended to speak to the Economic Forum, but had to leave the meeting. Mr. Allen sent a letter to the Economic Forum members by facsimile thanking them for their efforts, and for considering his proposal (Exhibit N). Chairwoman Santoro thanked Mr. Allen for his participation in the Economic Forum process.

V. APPROVAL OF THE ECONOMIC FORUM'S MAY 1, 2009, REVENUE FORECAST REPORT.

Chairwoman Santoro asked for a recess while Fiscal Analysis Division staff updated the forecast tables. The Economic Forum recessed at 4:25 p.m.

The Economic Forum reconvened at 5:18 p.m. Chairwoman Santoro explained that the members of the Economic Forum had reviewed the updated forecast tables and signed letters to the Governor and the members of the 75th Legislature approving the actions that were taken by the Economic Forum.

MS. ROSENTHAL MOVED TO ACCEPT THE MAY 1, 2009, ECONOMIC FORUM REVENUE FORECAST FOR FY 2009, FY 2010 AND FY 2011.

THE MOTION WAS SECONDED BY MR. HARTMAN AND CARRIED UNANIMOUSLY.

VI. PUBLIC COMMENT.

There was no public comment.

VII. ADJOURNMENT.

The meeting was adjourned at 5:20 p.m.

SUBMITTED BY:

Rebecca Lowe, Committee Secretary

APPROVED BY:

Committee Chair

**ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX)
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES
ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 26TH SPECIAL SESSION**

DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
TAXES										
TOTAL MINING TAXES AND FEES [3-FY09][19-FY10][20-FY10]	\$27,698,719	40.9%	\$35,131,075	26.8%	\$72,355,923	106.0%	\$71,800,000	-0.8%	\$87,900,000	22.4%
TOTAL SALES AND USE TAX [1-FY04][1A-FY09][1B-FY09][1-FY10]	\$1,020,762,102	1.6%	\$985,739,728	-3.4%	\$859,536,168	-12.8%	\$758,074,300	-11.8%	\$732,918,400	-3.3%
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	\$858,640,751	2.5%	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$677,976,700	-2.0%	\$668,212,900	-1.4%
LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	\$132,493,622	13.1%	\$131,820,221	-0.5%	\$121,567,664	-7.8%	\$114,333,000	-6.0%	\$113,857,000	-0.4%
TOTAL INSURANCE TAXES [21-FY10]	\$260,000,139	9.0%	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$223,537,500	-6.5%	\$227,637,500	1.8%
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06][2-FY10]	\$257,432,283	10.6%	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$351,300,000	38.8%	\$351,665,000	0.1%
MBT-FINANCIAL [11-FY04][5-FY06]	\$21,520,319	-4.3%	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$19,757,000	-19.0%	\$20,148,000	2.0%
CIGARETTE TAX [6-FY04][2-FY09][3-FY10]	\$113,071,937	-1.4%	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$88,162,000	-9.1%	\$83,811,000	-4.9%
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	\$120,374,961	-27.0%	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$47,500,000	-27.9%	\$42,000,000	-11.6%
ROOM TAX [5-FY09][4-FY10]							\$92,863,000		\$95,191,000	2.5%
GOVERNMENTAL SERVICES TAX [5-FY10]							\$45,843,000		\$55,012,000	20.0%
LIQUOR TAX [5-FY04][2-FY09][7-FY10]	\$38,911,094	4.2%	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$37,993,000	2.7%	\$37,019,000	-2.6%
OTHER TOBACCO TAX [7-FY04][2-FY09][8-FY10]	\$8,841,781	8.1%	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,402,560	2.9%	\$9,684,270	3.0%
HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,997,653	-8.7%	\$19,566,390	-2.2%	\$22,516,702	15.1%	\$40,720,000	80.8%	\$49,370,000	21.2%
BUSINESS LICENSE TAX [9-FY04]	\$239,466	-44.6%	\$13,983	-94.2%	\$3,228	-76.9%	\$7,500	132.3%	\$5,000	
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	\$3,029,997	7.5%	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,444,000	10.0%	\$3,297,000	-4.3%
TAX AMNESTY [22-FY10]									\$10,000,000	
TOTAL TAXES	\$2,888,014,822	2.1%	\$2,770,904,166	-4.1%	\$2,501,821,658	-9.7%	\$2,587,713,560	3.4%	\$2,592,728,070	0.2%
LICENSES										
INSURANCE LICENSES	\$13,706,513	9.3%	\$14,500,714	5.8%	\$14,738,011	1.6%	\$15,508,000	5.2%	\$15,648,000	0.9%
MARRIAGE LICENSES	\$512,218	-8.5%	\$490,094	-4.3%	\$446,691	-8.9%	\$437,900	-2.0%	\$420,000	-4.1%
TOTAL SECRETARY OF STATE [14-FY04][9-FY10][23-FY10]	\$99,238,461	-1.9%	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$89,347,856	-4.1%	\$92,726,420	3.8%
PRIVATE SCHOOL LICENSES	\$249,129	1.2%	\$217,403	-12.7%	\$204,973	-5.7%	\$215,800	5.3%	\$232,300	7.6%
PRIVATE EMPLOYMENT AGENCY	\$18,300	1.7%	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-2.9%	\$16,700	
TOTAL REAL ESTATE [15-FY04][16-FY04]	\$3,160,580	-0.2%	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-4.0%	\$2,612,200	3.0%
ATHLETIC COMMISSION FEES [24-FY10]	\$4,243,723	39.5%	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,050,000	-11.8%	\$4,300,000	41.0%
TOTAL LICENSES	\$121,128,924	0.3%	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$111,112,456	-3.1%	\$115,955,620	4.4%
FEES AND FINES										
VITAL STATISTICS FEES [17-FY04][25-FY10]	\$990,077	9.9%	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	3.9%	\$1,220,711	43.2%
DIVORCE FEES	\$201,846	-4.4%	\$201,111	-0.4%	\$211,254	5.0%	\$197,900	-6.3%	\$197,700	-0.1%
CIVIL ACTION FEES	\$1,445,950	3.5%	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,603,000	-3.0%	\$1,644,200	2.6%
INSURANCE FEES	\$882,643	-35.6%	\$2,143,195	142.8%	\$1,177,780	-45.0%	\$1,000,000	-15.1%	\$1,000,000	
MEDICAL PLAN DISCOUNT REGISTRATION FEES	\$9,000		\$12,000	33.3%	\$10,000	-16.7%	\$12,000	20.0%	\$12,000	
TOTAL REAL ESTATE FEES	\$1,268,567	-12.7%	\$957,184	-24.5%	\$793,128	-17.1%	\$708,600	-10.7%	\$721,100	1.8%
SHORT-TERM CAR LEASE [4-FY09][10-FY10]	\$29,806,850	11.8%	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$35,795,000	30.1%	\$37,517,000	4.8%
ATHLETIC COMMISSION LICENSES/FINES	\$585,662	-15.1%	\$482,325	-17.6%	\$149,853	-68.9%	\$100,000	-33.3%	\$100,000	
WATER PLANNING FEES										
STATE ENGINEER SALES [11-FY10]	\$2,165,724	-3.7%	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$2,600,000	21.1%	\$2,600,000	
SUPREME COURT FEES	\$218,285	11.6%	\$220,335	0.9%	\$202,498	-8.1%	\$222,400	9.8%	\$231,200	4.0%
NOTICE OF DEFAULT FEES [26-FY10]							\$2,760,000		\$11,040,000	
MISC. FINES/FORFEITURES	\$2,631,519	107.3%	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$2,360,100	-61.8%	\$2,697,600	14.3%
TOTAL FEES AND FINES	\$40,206,123	10.5%	\$40,991,433	2.0%	\$40,869,894	-0.3%	\$48,211,200	18.0%	\$58,981,511	22.3%
USE OF MONEY AND PROPERTY										
LYON COUNTY REPAYMENTS										
OTHER REPAYMENTS [18-FY04]	\$2,905,765	32.0%	\$5,145,859	77.1%	\$4,556,312	-11.5%	\$1,592,593	-65.0%	\$1,098,135	-31.0%
MARLETTE REPAYMENT	\$10,512	-1.4%	\$10,512		\$10,512		\$10,512		\$9,185	-12.6%
INTEREST INCOME	\$52,915,782	60.7%	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$3,582,600	-80.6%	\$8,060,500	125.0%
TOTAL USE OF MONEY AND PROPERTY	\$55,832,059	58.9%	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$5,185,705	-77.5%	\$9,167,820	76.8%

**ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX)
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES
ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 26TH SPECIAL SESSION**

DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
OTHER REVENUE										
HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
PROPERTY TAX: 4-CENT OPERATING RATE [13-FY10]							\$36,010,800		\$32,446,600	
PROPERTY TAX: 5-CENT CAPITAL RATE [14-FY10]							\$34,210,300		\$25,957,300	
ROOM TAX: STATE 3/8 OF 1% RATE [15-FY10]							\$2,334,563		\$3,265,434	
CLEAN WATER COALITION - CLARK COUNTY [27-FY10]									\$62,000,000	
LOBBYIST REGISTRATION FEE [28-FY10]									\$100,000	
INSURANCE VERIFICATION FEES [17-FY10]							\$7,000,000		\$6,000,000	
SUPPL. ACCOUNT FOR MED. ASSIST. TO INDIGENT [18-FY10]							\$25,199,365		\$22,970,977	
COURT ADMINISTRATIVE ASSESSMENTS [16-FY10]							\$4,763,532		\$6,133,023	
COURT ADMINISTRATIVE ASSESSMENT FEE [29-FY10]							\$192,544		\$2,310,530	
MISC. SALES AND REFUNDS	\$5,031,331	27.9%	\$2,383,105	-52.6%	\$1,334,234	-44.0%	\$953,800	-28.5%	\$938,300	-1.6%
COST RECOVERY PLAN	\$10,455,487	0.0%	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$7,142,200	0.0%	\$7,142,200	
PETROLEUM INSPECTION FEES	\$609,362	5.0%								
UNCLAIMED PROPERTY [9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	<u>\$23,464,527</u>	<u>5.4%</u>	<u>\$49,179,534</u>	<u>109.6%</u>	<u>\$50,092,050</u>	<u>1.9%</u>	<u>\$55,800,000</u>	<u>11.4%</u>	<u>\$61,881,000</u>	<u>10.9%</u>
TOTAL OTHER REVENUE	<u>\$39,860,707</u>	<u>6.2%</u>	<u>\$59,001,707</u>	<u>48.0%</u>	<u>\$58,868,534</u>	<u>-0.2%</u>	<u>\$173,907,104</u>	<u>195.4%</u>	<u>\$231,445,364</u>	<u>33.1%</u>
TOTAL GENERAL FUND REVENUE	<u>\$3,145,042,636</u>	<u>2.8%</u>	<u>\$3,054,267,831</u>	<u>-2.9%</u>	<u>\$2,739,340,032</u>	<u>-10.3%</u>	<u>\$2,926,130,025</u>	<u>6.8%</u>	<u>\$3,008,278,385</u>	<u>2.8%</u>

**ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES
ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 26TH SPECIAL SESSION**

DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
TAXES										
MINING TAX AND MINING CLAIMS FEE										
3064 Net Proceeds of Minerals [3-FY09][19-FY10]	\$27,685,453	41.3%	\$34,685,775	25.3%	\$72,300,385	108.4%	\$71,700,000	-0.8%	\$62,100,000	-13.4%
3241 Net Proceeds Penalty	\$2,869		\$292,867		\$5,889		\$50,000	749.1%	\$50,000	
3245 Centrally Assessed Penalties	\$10,396	-64.9%	\$152,433	1366.2%	\$49,649	-67.4%	\$50,000	0.7%	\$50,000	
3116 Mining Claims Fee [20-FY10]									\$25,700,000	
TOTAL MINING TAXES AND FEES	\$27,698,719	40.9%	\$35,131,075	26.8%	\$72,355,923	106.0%	\$71,800,000	-0.8%	\$87,900,000	22.4%
SALES AND USE										
3001 Sales & Use Tax [1-FY04][1A-FY09][1-FY10]	\$1,000,216,534	1.5%	\$966,101,313	-3.4%	\$842,380,933	-12.8%	\$729,819,000	-13.4%	\$705,400,000	-3.3%
3002 State Share - LSST [1-FY04][1B-FY09][1-FY10]	\$8,296,489	1.5%	\$7,916,522	-4.6%	\$6,896,561	-12.9%	\$6,991,400	1.4%	\$6,864,900	-1.8%
3003 State Share - BCCRT [1-FY04][1B-FY09][1-FY10]	\$1,843,610	1.5%	\$1,759,335	-4.6%	\$1,532,383	-12.9%	\$3,137,200	104.7%	\$3,080,400	-1.8%
3004 State Share - SCCRT [1-FY04][1B-FY09][1-FY10]	\$6,452,632	1.5%	\$6,156,358	-4.6%	\$5,361,782	-12.9%	\$11,137,800	107.7%	\$10,797,600	-3.1%
3005 State Share - PTT [1-FY04][1B-FY09][1-FY10]	\$3,952,838	7.5%	\$3,806,200	-3.7%	\$3,364,510	-11.6%	\$6,988,900	107.7%	\$6,775,500	-3.1%
TOTAL SALES AND USE	\$1,020,762,102	1.6%	\$985,739,728	-3.4%	\$859,536,168	-12.8%	\$758,074,300	-11.8%	\$732,918,400	-3.3%
GAMING - STATE										
3032 Pari-mutuel Tax	\$4,239	14.5%	\$4,920	16.1%	\$3,983	-19.0%	\$4,000	0.4%	\$4,500	12.5%
3181 Racing Fees	\$15,306	61.8%	\$15,542	1.5%	\$15,460	-0.5%	\$15,000	-3.0%	\$15,000	
3247 Racing Fines/Forfeitures	\$3,100	-23.5%	\$2,150	-30.6%	\$2,789	29.7%	\$2,000	-28.3%	\$2,000	
3041 Percent Fees - Gross Revenue [2-FY04]	\$820,050,893	3.8%	\$770,965,236	-6.0%	\$655,199,442	-15.0%	\$639,400,000	-2.4%	\$635,600,000	-0.6%
3042 Gaming Penalties	\$356,353	-50.5%	\$670,688	88.2%	\$847,125	26.3%	\$850,000	0.3%	\$650,000	-23.5%
3043 Flat Fees-Restricted Slots [3-FY04][1-FY06][1-FY08]	\$9,610,619	0.8%	\$9,507,690	-1.1%	\$8,999,245	-5.3%	\$8,402,600	-6.6%	\$8,450,400	0.6%
3044 Non-Restricted Slots [1-FY06][1-FY08]	\$13,098,863	-6.3%	\$12,771,871	-2.5%	\$12,662,476	-0.9%	\$12,354,000	-2.4%	\$12,258,000	-0.8%
3045 Quarterly Fees-Games	\$7,217,562	-1.1%	\$6,990,365	-3.1%	\$6,926,985	-0.9%	\$7,176,800	3.6%	\$7,302,700	1.8%
3046 Advance License Fees	\$7,822,853	-51.0%	\$2,599,278	-66.8%	\$6,872,554	164.4%	\$9,338,200	35.9%	\$3,500,000	-62.5%
3048 Slot Machine Route Operator	\$37,500	13.6%	\$36,000	-4.0%	\$37,000	2.8%	\$37,000		\$37,000	
3049 Gaming Info Systems Annua	\$18,000		\$18,356		\$18,000		\$18,000		\$18,000	
3033 Equip Mfg. License	\$208,500	20.9%	\$209,500	0.5%	\$219,000	4.5%	\$219,500	0.2%	\$222,500	1.4%
3034 Race Wire License	\$92,152	108.2%	\$35,196	-61.8%	\$19,007	-46.0%	\$15,000	-21.1%	\$15,000	
3035 Annual Fees on Games	\$104,810	-2.9%	\$119,333	13.9%	\$137,497	15.2%	\$144,600	5.2%	\$137,800	-4.7%
TOTAL GAMING - STATE	\$858,640,751	2.5%	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$677,976,700	-2.0%	\$668,212,900	-1.4%
LIVE ENTERTAINMENT TAX (LET)										
3031G Live Entertainment Tax-Gaming [4b-FY04]	\$121,655,196	12.2%	\$121,638,259	0.0%	\$112,405,395	-7.6%	\$104,700,000	-6.9%	\$104,200,000	-0.5%
3031NG Live Entertainment Tax-Nongaming [4b-FY04][2-FY06][2-FY08]	\$10,838,426	24.7%	\$10,181,962	-6.1%	\$9,162,269	-10.0%	\$9,633,000	5.1%	\$9,657,000	0.2%
TOTAL LET	\$132,493,622	13.1%	\$131,820,221	-0.5%	\$121,567,664	-7.8%	\$114,333,000	-6.0%	\$113,857,000	-0.4%
INSURANCE TAXES										
3061 Insurance Premium Tax [21-FY10]	\$259,274,818	8.8%	\$256,693,189	-1.0%	\$238,524,098	-7.1%	\$222,900,000	-6.6%	\$227,000,000	1.8%
3062 Insurance Retaliatory Tax	\$54,699	47.1%	\$120,501	120.3%	\$98,528	-18.2%	\$75,000	-23.9%	\$75,000	
3067 Captive Insurer Premium Tax	\$670,621		\$553,405		\$580,370		\$562,500	-3.1%	\$562,500	
TOTAL INSURANCE TAXES	\$260,000,139	9.0%	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$223,537,500	-6.5%	\$227,637,500	1.8%
MODIFIED BUSINESS TAX (MBT)										
3069 MBT - Nonfinancial [10-FY04][5-FY06][6-FY06][3-FY08][2-FY10]	\$257,432,283	10.6%	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$351,300,000	38.8%	\$351,665,000	0.1%
3069 MBT - Financial [11-FY04][5-FY06]	\$21,520,319	-4.3%	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$19,757,000	-19.0%	\$20,148,000	2.0%
TOTAL MBT	\$278,952,602		\$284,600,418		\$277,516,292		\$371,057,000	33.7%	\$371,813,000	0.2%
CIGARETTE TAX										
3052 Cigarette Tax [6-FY04][2-FY09][3-FY10]	\$113,071,937	-1.4%	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$88,162,000	-9.1%	\$83,811,000	-4.9%
REAL PROPERTY TRANSFER TAX (RPTT)										
3055 Real Property Transfer Tax [13-FY04][8-FY06]	\$120,374,961	-27.0%	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$47,500,000	-27.9%	\$42,000,000	-11.6%
ROOM TAX										
3057 Room Tax [4-FY10]							\$92,863,000		\$95,191,000	
GOVERNMENTAL SERVICES TAX (GST)										
3051 Governmental Services Tax [5-FY10]							\$45,843,000		\$55,012,000	
OTHER TAXES										
Tax Amnesty [22-FY10]									\$10,000,000	
3113 Business License Fee [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,997,653		\$19,566,390		\$22,516,702		\$40,720,000	80.8%	\$49,370,000	21.2%
3050 Liquor Tax [5-FY04][2-FY09][7-FY10]	\$38,911,094	4.2%	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$37,993,000	2.7%	\$37,019,000	-2.6%
3053 Other Tobacco Tax [7-FY04][2-FY09][8-FY10]	\$8,841,781	8.1%	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,402,560	2.9%	\$9,684,270	3.0%
4862 HECC Transfer	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	
3065 Business License Tax [9-FY04]	\$239,466	-44.6%	\$13,983	-94.2%	\$3,228	-76.9%	\$7,500	132.3%	\$5,000	
3068 Branch Bank Excise Tax [12-FY04][7-FY06]	\$3,029,997	7.5%	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,444,000	10.0%	\$3,297,000	-4.3%
TOTAL TAXES	\$2,888,014,822	2.1%	\$2,770,904,166	-4.1%	\$2,501,821,658	-9.7%	\$2,587,713,560	3.4%	\$2,592,728,070	0.2%

**ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES
ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 26TH SPECIAL SESSION**

DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
LICENSES										
3101 Insurance Licenses	\$13,706,513	9.3%	\$14,500,714	5.8%	\$14,738,011	1.6%	\$15,508,000	5.2%	\$15,648,000	0.9%
3120 Marriage License	\$512,218	-8.5%	\$490,094	-4.3%	\$446,691	-8.9%	\$437,900	-2.0%	\$420,000	-4.1%
SECRETARY OF STATE										
3105 UCC [1-FY02][14-FY04][23-FY10]	\$1,661,526	2.8%	\$1,610,231	-3.1%	\$1,270,498	-21.1%	\$1,455,200	14.5%	\$1,765,600	21.3%
3106 Las Vegas Commercial Filings [14-FY04][9-FY10][23-FY10]	\$4,849,928	-17.4%	\$4,813,335	-0.8%	\$5,946,777	23.5%				
3129 Notary Fees [23-FY10]	\$638,190	1.0%	\$605,618	-5.1%	\$675,360	11.5%	\$650,000	-3.8%	\$803,600	23.6%
3130 Commercial Recordings [14-FY04][9-FY10][23-FY10]	\$72,119,215	-2.7%	\$72,249,142	0.2%	\$64,913,240	-10.2%	\$66,405,342	-6.3%	\$65,265,027	-1.7%
3131 Video Service Franchise			\$114,750		\$7,000					
3121 Domestic Partnership Registry Fee [23-FY10]									\$50,000	
3152 Securities [14-FY04][23-FY10]	\$19,969,602	5.7%	\$21,172,156	6.0%	\$20,386,627	-3.7%	\$20,837,314	2.2%	\$24,842,193	19.2%
TOTAL SECRETARY OF STATE	\$99,238,461	-1.9%	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$89,347,856	-4.1%	\$92,726,420	3.8%
3172 Private School Licenses	\$249,129	1.2%	\$217,403	-12.7%	\$204,973	-5.7%	\$215,800	5.3%	\$232,300	7.6%
3173 Private Employment Agency	\$18,300	1.7%	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-2.9%	\$16,700	
REAL ESTATE										
3161 Real Estate License [15-FY04]	\$3,154,710	-0.1%	\$2,881,208	-8.7%	\$2,636,964	-8.5%	\$2,532,000	-4.0%	\$2,608,000	3.0%
3162 Real Estate Fees	\$5,870	-45.0%	\$3,510	-40.2%	\$5,715	62.8%	\$4,200	-26.5%	\$4,200	
TOTAL REAL ESTATE	\$3,160,580	-0.2%	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-4.0%	\$2,612,200	3.0%
3102 Athletic Commission Fees [24-FY10]	\$4,243,723	39.5%	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,050,000	-11.8%	\$4,300,000	41.0%
TOTAL LICENSES	\$121,128,924	0.3%	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$111,112,456	-3.1%	\$115,955,620	4.4%
FEES AND FINES										
3200 Vital Statistics Fees [17-FY04][25-FY10]	\$990,077	9.9%	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	3.9%	\$1,220,711	43.2%
3203 Divorce Fees	\$201,846	-4.4%	\$201,111	-0.4%	\$211,254	5.0%	\$197,900	-6.3%	\$197,700	-0.1%
3204 Civil Action Fees	\$1,445,950	3.5%	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,603,000	-3.0%	\$1,644,200	2.6%
3242 Insurance Fines	\$882,643	-35.6%	\$2,143,195	142.8%	\$1,177,780	-45.0%	\$1,000,000	-15.1%	\$1,000,000	
3103MD Medical Plan Discount Reg. Fees	\$9,000		\$12,000	33.3%	\$10,000	-16.7%	\$12,000	20.0%	\$12,000	
REAL ESTATE FEES										
3107IOS IOS Application Fees	\$6,330		\$4,200	-33.6%	\$6,560	56.2%	\$4,100	-37.5%	\$4,300	4.9%
3165 Land Co Filing Fees	\$376,694	-12.6%	\$267,496	-29.0%	\$187,575	-29.9%	\$196,000	4.5%	\$201,900	3.0%
3166 Land Co Reg Rep Filing Fees	\$1,375									
3167 Real Estate Adver Fees	\$8,245	-6.1%	\$8,610	4.4%	\$6,080	-29.4%	\$5,700	-6.3%	\$5,900	3.5%
3169 Real Estate Reg Fees	\$42,160	-20.6%	\$31,870	-24.4%	\$22,695	-28.8%	\$25,000	10.2%	\$25,000	
4741 Real Estate Exam Fees [19-FY04]	\$526,810		\$341,139		\$237,828		\$217,800	-8.4%	\$217,800	
3171 CAM Certification Fee	\$38,660		\$48,850		\$54,590		\$50,000	-8.4%	\$51,000	2.0%
3178 Real Estate Accred Fees	\$131,083	12.0%	\$126,750	-3.3%	\$101,950	-19.6%	\$100,000	-1.9%	\$102,000	2.0%
3254 Real Estate Penalties	\$92,600	-4.1%	\$88,019	-4.9%	\$134,340	52.6%	\$72,000	-46.4%	\$74,200	3.1%
3190 A.B. 165, Real Estate Inspectors	\$44,610	-28.4%	\$40,250	-9.8%	\$41,510	3.1%	\$38,000	-8.5%	\$39,000	2.6%
TOTAL REAL ESTATE FEES	\$1,268,567	-12.7%	\$957,184	-24.5%	\$793,128	-17.1%	\$708,600	-10.7%	\$721,100	1.8%
3066 Short Term Car Lease [4-FY09][10-FY10]	\$29,806,850	11.8%	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$35,795,000	30.1%	\$37,517,000	4.8%
3103AC Athletic Commission Licenses/Fines	\$585,662		\$482,325		\$149,853		\$100,000	-33.3%	\$100,000	
3205 State Engineer Sales [11-FY10]	\$2,165,724	-3.7%	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$2,600,000	21.1%	\$2,600,000	
3206 Supreme Court Fees	\$218,285	11.6%	\$220,335	0.9%	\$202,498	-8.1%	\$222,400	9.8%	\$231,200	4.0%
3115 Notice of Default Fee [26-FY10]							\$2,760,000		\$11,040,000	300.0%
3271 Misc Fines/Forfeitures	\$2,631,519	107.3%	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$2,360,100	-61.8%	\$2,697,600	14.3%
TOTAL FEES AND FINES	\$40,206,123	10.5%	\$40,991,433	2.0%	\$40,869,894	-0.3%	\$48,211,200	18.0%	\$58,981,511	22.3%

ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX)
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES
ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 26TH SPECIAL SESSION

DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
USE OF MONEY AND PROP										
4420 Lyon County Repayments										
OTHER REPAYMENTS										
4401 Higher Education Tuition Admir	\$175,000		\$2,188,014		\$1,160,577					
4403 Forestry Nurseries Fund Repayment (05-M27)			\$26,250		\$15,090		\$21,603		\$21,603	
4404 Bldg. and Grounds Repayments	\$63,157		\$47,413		\$333,643					
4404 CIP 95-C14, Mailroom Remodel	\$21,122		\$21,122		\$190,102					
4408 Comp/Fac Repayment	\$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	
4408 CIP 95-M5, Facility Generator	\$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	
4408 CIP 97-C26, Capitol Complex Conduit System, Phase	\$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	
4408 S.B. 201, 1997; Cost of PBX System	\$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									
4409 Motor Pool Repay - Renc	\$24,385		\$24,385		\$24,385		\$24,385			
4409 Motor Pool Repay - LV	\$6,638		\$6,638		\$6,638		\$6,630			
4410 Purchasing Repayment	\$18,403		\$19,326		\$164,148					
4402 State Personnel IFS Repayment; S.B. 201, 1997 Legislature	\$1,757,208		\$1,644,795		\$1,644,795		\$970,267	-41.0%	\$970,267	
TOTAL OTHER REPAYMENTS	<u>\$2,905,765</u>	<u>32.0%</u>	<u>\$5,145,859</u>	<u>77.1%</u>	<u>\$4,556,312</u>	<u>-11.5%</u>	<u>\$1,592,593</u>	<u>-65.0%</u>	<u>\$1,098,135</u>	<u>-31.0%</u>
4406 Marlette Repayment	\$10,512	-1.4%	\$10,512		\$10,512		\$10,512		\$9,185	
INTEREST INCOME										
3290 Treasurer	\$52,404,230	60.4%	\$55,876,491	6.6%	\$18,363,013	-67.1%	\$3,390,000	-81.5%	\$7,850,000	131.6%
3291 Other	<u>\$511,552</u>	<u>91.1%</u>	<u>\$459,855</u>	<u>-10.1%</u>	<u>\$142,148</u>	<u>-69.1%</u>	<u>\$192,600</u>	<u>35.5%</u>	<u>\$210,500</u>	<u>9.3%</u>
TOTAL INTEREST INCOME	<u>\$52,915,782</u>	<u>60.7%</u>	<u>\$56,336,346</u>	<u>6.5%</u>	<u>\$18,505,161</u>	<u>-67.2%</u>	<u>\$3,582,600</u>	<u>-80.6%</u>	<u>\$8,060,500</u>	<u>125.0%</u>
TOTAL USE OF MONEY & PROP	<u>\$55,832,059</u>	<u>58.9%</u>	<u>\$61,492,717</u>	<u>10.1%</u>	<u>\$23,071,985</u>	<u>-62.5%</u>	<u>\$5,185,705</u>	<u>-77.5%</u>	<u>\$9,167,820</u>	<u>76.8%</u>
OTHER REVENUE										
3059 Hoover Dam Revenue	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
MISC SALES AND REFUNDS										
3070 Property Tax: 4-cent operating rate (Clark & Washoe) [13-FY10]							\$36,010,800		\$32,446,600	
3071 Property Tax: 5-cent capital rate (Clark & Washoe) [14-FY10]							\$34,210,300		\$25,957,300	
4792 Room Tax: State 3/8 of 1% Rate [15-FY10]							\$2,334,563		\$3,265,434	
4791 Insurance Verification Fees [17-FY10]							\$7,000,000		\$6,000,000	
4861 Suppl. Account for Med. Assist. to Indigent [18-FY10]							\$25,199,365		\$22,970,977	
3081 Clean Water Coalition - Clark County [27-FY10]									\$62,000,000	
4793 Lobbyist Registration Fee [28-FY10]									\$100,000	
3107 Misc Fees	\$162,268	-89.4%	\$197,310	21.6%	\$182,332	-7.6%	\$164,100	-10.0%	\$164,100	
3109 Court Admin Assessments [16-FY10]	\$3,603,463		\$1,386,084		\$381,525		\$4,763,532	1148.6%	\$6,133,023	
3114 Court Administrative Assessment Fee [29-FY10]							<u>\$192,544</u>		<u>\$2,310,530</u>	
3150 Telemarketing Fees	\$119,325	-5.8%	\$97,250	-18.5%	\$91,050	-6.4%	\$92,000	1.0%	\$92,000	
3151 Deceptive Trade Settlement										
3168 Declare of Candidacy Filing Fee	\$39,497	-13.9%	\$40,615	2.8%	\$32,272	-20.5%	\$40,000	23.9%	\$35,000	-12.5%
3202 Fees & Writs of Garnishments	\$2,406	-2.4%	\$2,180	-9.4%	\$2,715	24.5%	\$3,000	10.5%	\$3,200	6.7%
3220 Nevada Report Sales	\$17,340	52.5%	\$30,235	74.4%	\$12,800	-57.7%	\$23,300	82.0%	\$10,200	-56.2%
3222 Excess Property Sales	\$531,998	1033.7%	\$41,215	-92.3%	\$38,715	-6.1%	\$46,100	19.1%	\$46,100	
3240 Sale of Trust Property	\$8,287	38.2%	\$1,014	-87.8%	\$2,124	109.4%	\$1,000	-52.9%	\$1,000	
3243 Insurance - Misc	\$495,452	22.0%	\$514,555	3.9%	\$522,920	1.6%	\$513,000	-1.9%	\$513,000	
3272 Misc Refunds	\$1,546	-92.3%	\$878	-43.2%	\$3,287	274.2%	\$1,000	-69.6%	\$1,000	
3274 Misc Refunds	\$49,749	-35.2%	\$61,769	24.2%	\$64,494	4.4%	\$70,300	9.0%	\$72,700	3.4%
3276 Cost Recovery Plan	\$10,455,487	0.0%	\$7,139,068	-31.7%	\$7,142,251	0.0%	<u>\$7,142,200</u>	<u>0.0%</u>	<u>\$7,142,200</u>	
TOTAL MISC SALES & REF	<u>\$15,486,818</u>	<u>7.6%</u>	<u>\$9,522,173</u>	<u>-38.5%</u>	<u>\$8,476,485</u>	<u>-11.0%</u>	<u>\$117,807,104</u>	<u>1289.8%</u>	<u>\$169,264,364</u>	<u>43.7%</u>
3060 Petroleum Inspection Fees [4-FY08]	\$609,362	5.0%								
3255 Unclaimed Property [9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	<u>\$23,464,527</u>	<u>5.4%</u>	<u>\$49,179,534</u>	<u>109.6%</u>	<u>\$50,092,050</u>	<u>1.9%</u>	<u>\$55,800,000</u>	<u>11.4%</u>	<u>\$61,881,000</u>	<u>10.9%</u>
TOTAL OTHER REVENUE	<u>\$39,860,707</u>	<u>6.2%</u>	<u>\$59,001,707</u>	<u>48.0%</u>	<u>\$58,868,534</u>	<u>-0.2%</u>	<u>\$173,907,104</u>	<u>195.4%</u>	<u>\$231,445,364</u>	<u>33.1%</u>
TOTAL GENERAL FUND REVENUE	<u>\$3,145,042,636</u>	<u>2.8%</u>	<u>\$3,054,267,831</u>	<u>-2.9%</u>	<u>\$2,739,340,032</u>	<u>-10.3%</u>	<u>\$2,926,130,025</u>	<u>6.8%</u>	<u>\$3,008,278,385</u>	<u>2.8%</u>

**ECONOMIC FORUM'S FORECAST FY 2010 AND FY 2011 APPROVED AT THE JANUARY 22, 2010 MEETING
FOR SALES TAX, GAMING PERCENTAGE FEES, INSURANCE PREMIUM TAX, REAL PROPERTY TRANSFER TAX, CIGARETTE TAX
LIVE ENTERTAINMENT TAX - GAMING, MODIFIED BUSINESS TAX, SOS-COMMERCIAL RECORDINGS, AND ROOM TAX
AND BUDGET DIVISION & FISCAL ANALYSIS DIVISION FEBRUARY 1, 2010 CONSENSUS FORECAST FOR ALL OTHER REVENUE SOURCES
ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 26TH SPECIAL SESSION**

DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change

NOTES:

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

FY 2003-04 (Actual collections are not displayed in the table for FY 2004, but notes were retained as they reflect the tax changes approved by the Legislature during the 2003 Regular and Special Sessions)

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 & 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 non-gaming 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 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 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 of 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.									

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DESCRIPTION		FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
		ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
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 \$1,779,91										
[5-FY09]	A.B. 549 redirects \$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 2009.										
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 201										
[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.										

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DESCRIPTION	FY 2007		FY 2008		FY 2009		REVISED GENERAL FUND FORECAST			
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2010 REVISED FORECAST	% Change	FY 2011 REVISED FORECAST	% Change
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 of \$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.									

**LEGISLATIVE ACTIONS DURING THE 25TH SPECIAL SESSION (DECEMBER 2008), 2009 SESSION AND 26TH SPECIAL SESSION (FEBRUARY 2010) THAT MAY AFFECT
GENERAL FUND REVENUE ESTIMATES FOR FY 2011 OF THE 2009-11 BIENNIUM AND FY 2012 AND FY 2013 OF THE 2011-13 BIENNIUM**

Agency	B.A. Number	G.L. Number	Title	FY 2011	FY 2012	FY 2013
MAJOR GENERAL FUND REVENUES AFFECTED BY 25TH SPECIAL SESSION, 2009 SESSION, AND 26TH SPECIAL SESSION ACTIONS						
Department of Taxation	9130	3001, 3052	Taxpayer Collection Allowance -- Sales and Use Tax & Cigarette Tax	Assembly Bill 552 of the 2009 Session lowered the taxpayer collection allowance for the sales and use tax and cigarette tax from 0.5 percent to 0.25 percent, effective July 1, 2009, with no sunset.	For FY 2012, the taxpayer collection allowance for these taxes is 0.25 percent.	For FY 2013, the taxpayer collection allowance for these taxes is 0.25 percent.
Department of Taxation / Department of Business & Industry	9130, 9741	3061	Insurance Premium Tax	Assembly Bill 6 of the 26th Special Session requires the Insurance Division of the Department of Business and Industry, no later than June 30, 2010, to implement a program to perform desk audits of tax returns submitted by insurance companies when filing for the insurance premium tax.	Because there are no sunset provisions within AB 6, the desk audits will continue in FY 2012.	Because there are no sunset provisions within AB 6, the desk audits will continue in FY 2013.
Department of Taxation	9130	3069	Modified Business Tax (MBT)	Senate Bill 429 of the 2009 Session requires taxpayers subject to the MBT on general businesses to pay a rate of 0.5 percent on the first \$62,500 of taxable wages in a calendar quarter, and a rate of 1.17 percent on all taxable wages exceeding \$62,500 in that calendar quarter, until the end of FY 2011 (June 30, 2011). Taxable wages for the MBT on financial institutions are still taxed at 2 percent.	Due to the sunset provisions in SB 429, the MBT on general businesses reverts to a rate of 0.63 percent on taxable wages, effective July 1, 2011.	For FY 2013, the MBT on general businesses is imposed at a rate of 0.63 percent on taxable wages.
Nevada Commission on Tourism	9130	3057	Room Tax	Under the provisions of Initiative Petition 1 of the 2009 Session, the room tax imposed in Clark and Washoe Counties of up to 3 percent (such that the combined rate in any tax district does not exceed 13 percent) is collected and credited to the State General Fund through June 30, 2011.	Beginning July 1, 2011, the room tax authorized by IP1 is collected and credited to the State Supplemental School Support Fund. No forecast is required for the State General Fund.	For FY 2013, the room tax authorized by IP1 is collected and credited to the State Supplemental School Support Fund. No forecast is required for the State General Fund.

**LEGISLATIVE ACTIONS DURING THE 25TH SPECIAL SESSION (DECEMBER 2008), 2009 SESSION AND 26TH SPECIAL SESSION (FEBRUARY 2010) THAT MAY AFFECT
GENERAL FUND REVENUE ESTIMATES FOR FY 2011 OF THE 2009-11 BIENNIUM AND FY 2012 AND FY 2013 OF THE 2011-13 BIENNIUM**

Agency	B.A. Number	G.L. Number	Title	FY 2011	FY 2012	FY 2013
NON-MAJOR GENERAL FUND REVENUES AFFECTED BY 25TH SPECIAL SESSION, 2009 SESSION, AND 26TH SPECIAL SESSION ACTIONS FOR WHICH FORECASTS MUST BE PREPARED FOR FY 2012 AND FY 2013						
Department of Taxation	9130	3002, 3003, 3004, 3005, 3050, 3053	Taxpayer Collection Allowance -- Sales and Use Tax (General Fund Commissions), Liquor Tax, and Other Tobacco Tax	Assembly Bill 552 of the 2009 Session lowered the taxpayer collection allowance for the sales and use tax (General Fund commission portions), liquor tax, and other tobacco tax from 0.5 percent to 0.25 percent, effective July 1, 2009, with no sunset.	For FY 2012, the taxpayer collection allowance for these taxes is 0.25 percent.	For FY 2013, the taxpayer collection allowance for these taxes is 0.25 percent.
Department of Taxation	9130	3003, 3004, 3005	General Fund Commission -- Sales and Use Tax	Assembly Bill 552 of the 2009 Session increased the General Fund commission retained by the Department of Taxation for collecting sales and use tax generated by the BCCRT, SCCRT, and local option taxes from 0.75 percent to 1.75 percent, effective July 1, 2009. AB 552 did not make any changes to the General Fund commission for the LSST.	For FY 2012, the General Fund commission is 0.75 percent for the LSST and 1.75 percent for the BCCRT, SCCRT, and local option taxes.	For FY 2013, the General Fund commission is 0.75 percent for the LSST and 1.75 percent for the BCCRT, SCCRT, and local option taxes.
Department of Taxation	9130	3064	Net Proceeds of Minerals	Payment required based on estimated net proceeds for calendar year 2011, plus any true-up payments from estimated net proceeds payments made for calendar year 2010, pursuant to Senate Bill 2 of the 25th Special Session. These provisions expire at the end of FY 2011 (June 30, 2011).	Due to the sunset of these provisions in SB 2 and the reversion to the previous method of taxation of the net proceeds of minerals, there may be no taxes collected based on estimated activity for calendar year 2012 or based on actual activity for calendar year 2011.	Based on the provisions of SB 2, net proceeds of minerals tax will be required to be paid based on actual mining activity for calendar year 2012.
Department of Taxation	9130	3066	Short-Term Auto Lease Tax	Senate Bill 234 of the 2009 Session increased the tax rate on the short-term rental of an automobile from 6 percent to 10 percent, with 9 percent credited to the State General Fund and 1 percent credited to the State Highway Fund, effective October 1, 2009.	For FY 2012, the tax rate is 10 percent, with 9 percent credited to the State General Fund and 1 percent credited to the State Highway Fund.	For FY 2013, the tax rate is 10 percent, with 9 percent credited to the State General Fund and 1 percent credited to the State Highway Fund.
Secretary of State (SOS)	9040	3130	Expedite Service Fees - Commercial Recordings	Senate Bill 53 of the 2009 Session requires that all revenues generated from expedite fees charged by the Secretary of State's Office be deposited in the State General Fund, effective July 1, 2009.	For FY 2012, all revenues generated from expedite fees charged by the Secretary of State's Office are deposited in the State General Fund.	For FY 2013, all revenues generated from expedite fees charged by the Secretary of State's Office are deposited in the State General Fund.
Secretary of State (SOS)	9040	3105, 3106, 3121, 3129, 3130, 3152	Secretary of State Fees -- UCC, Domestic Partnership Registry Fees, Notary Fees, Commercial Recordings, Securities	Assembly Bill 6 of the 26th Special Session increased various fees authorized or imposed in NRS associated with activities of the SOS relating to securities, commercial recordings, notaries public, and domestic partnership registration, effective March 12, 2010.	For FY 2012, the fees affected under the provisions of this measure will be collected at the rates specified in AB 6.	For FY 2013, the fees affected under the provisions of this measure will be collected at the rates specified in AB 6.
Secretary of State (SOS)	9040	3113	Business License Fee	Senate Bill 429 of the 2009 Session increased the annual business license fee from \$100 to \$200. These provisions expire at the end of FY 2011 (June 30, 2011).	Effective July 1, 2011, the business license fee is imposed at a rate of \$100.	The business license fee is imposed at a rate of \$100.

**LEGISLATIVE ACTIONS DURING THE 25TH SPECIAL SESSION (DECEMBER 2008), 2009 SESSION AND 26TH SPECIAL SESSION (FEBRUARY 2010) THAT MAY AFFECT
GENERAL FUND REVENUE ESTIMATES FOR FY 2011 OF THE 2009-11 BIENNIUM AND FY 2012 AND FY 2013 OF THE 2011-13 BIENNIUM**

Agency	B.A. Number	G.L. Number	Title	FY 2011	FY 2012	FY 2013
NON-MAJOR GENERAL FUND REVENUES AFFECTED BY 25TH SPECIAL SESSION, 2009 SESSION, AND 26TH SPECIAL SESSION ACTIONS FOR WHICH FORECASTS <u>MUST BE PREPARED</u> FOR FY 2012 AND FY 2013 (CONTINUED)						
State Controller	9999	3009	Court Administrative Assessment Fees	Assembly Bill 531 of the 2009 Session requires the deposit of a portion of the revenue generated from court administrative assessment fees in the State General Fund, effective July 1, 2009.	For FY 2012, a portion of the revenue generated from court administrative assessment fees must be deposited in the State General Fund pursuant to AB 531.	For FY 2013, a portion of the revenue generated from court administrative assessment fees must be deposited in the State General Fund pursuant to AB 531.
Department of Motor Vehicles	9999	3051	Governmental Services Tax (GST)	Senate Bill 429 of the 2009 Session increased the depreciation rates for vehicles by 10 percent in the schedules used to determine the value for calculating the GST due, effective September 1, 2009. The portion of the tax due that is attributable to the change in the depreciation rate is credited to the State General Fund.	For FY 2012, the portion of the tax due that is attributable to the change in the depreciation rate is credited to the State General Fund.	For FY 2013, the portion of the tax due that is attributable to the change in the depreciation rate is credited to the State General Fund. For FY 2014, and all subsequent fiscal years, this portion is credited to the State Highway Fund.
State Treasurer	9999	4621	Unclaimed Property	Assembly Bill 562 of the 2009 Session redirects \$3,800,000 of unclaimed property revenues from the Millennium Scholarship Trust Fund to the State General Fund in FY 2011. The other \$3.8 million of the total transfer to the Millennium Scholarship Trust Fund was redirected to the State General Fund in Assembly Bill 3 of the 26th Special Session. As a result, unclaimed property revenues directed to the State General Fund were increased by \$7.6 million for FY 2011.	For FY 2012, the first \$7.6 million of unclaimed property revenues will be directed to the Millennium Scholarship Trust Fund.	For FY 2013, the first \$7.6 million of unclaimed property revenues will be directed to the Millennium Scholarship Trust Fund.
Department of Business & Industry	9749	3102	Athletic Commission Gate/TV Fees	Assembly Bill 6 of the 26th Special Session increased the license fee on the gross receipts from admission fees to a live contest or exhibition of unarmed combat from 4 percent to 6 percent, effective July 1, 2010.	For FY 2012, gross receipts from admission fees to a live contest or exhibition of unarmed combat will be taxed at a rate of 6 percent.	For FY 2013, gross receipts from admission fees to a live contest or exhibition of unarmed combat will be taxed at a rate of 6 percent.
Supreme Court	9999	3114	Court Administrative Assessments	Assembly Bill 6 of the 26th Special Session increases the administrative assessment amount associated with misdemeanor violation fines by \$5, effective March 12, 2010, with the proceeds deposited in the State General Fund.	For FY 2012, the \$5 administrative assessment is to be collected, with the proceeds deposited in the State General Fund.	For FY 2013, the \$5 administrative assessment is to be collected, with the proceeds deposited in the State General Fund.
Supreme Court	9999	3115	Notice of Default Fee	Assembly Bill 6 of the 26th Special Session 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.	For FY 2012, the fee of \$150 per notice of default or election to sell is to be collected, with the proceeds deposited in the State General Fund.	For FY 2013, the fee of \$150 per notice of default or election to sell is to be collected, with the proceeds deposited in the State General Fund.

**LEGISLATIVE ACTIONS DURING THE 25TH SPECIAL SESSION (DECEMBER 2008), 2009 SESSION AND 26TH SPECIAL SESSION (FEBRUARY 2010) THAT MAY AFFECT
GENERAL FUND REVENUE ESTIMATES FOR FY 2011 OF THE 2009-11 BIENNIUM AND FY 2012 AND FY 2013 OF THE 2011-13 BIENNIUM**

Agency	B.A. Number	G.L. Number	Title	FY 2011	FY 2012	FY 2013
NON-MAJOR GENERAL FUND REVENUES AFFECTED BY 25TH SPECIAL SESSION, 2009 SESSION, AND 26TH SPECIAL SESSION ACTIONS FOR WHICH FORECASTS <u>MUST BE PREPARED</u> FOR FY 2012 AND FY 2013 (CONTINUED)						
Department of Health & Human Services	9406	3200	Vital Statistics Charges	Assembly Bill 6 of the 26th Special Session requires the State Registrar to develop regulations increasing the fees associated with birth and death certificates. The current fees associated with these certificates established in statute must continue to be collected until the new fees are established by regulation.	For FY 2012, fees for birth and death certificates are to be collected based on the rates established by the regulations required pursuant to AB 6.	For FY 2013, fees for birth and death certificates are to be collected based on the rates established by the regulations required pursuant to AB 6.
Department of Conservation and Natural Resources	9705	3205	State Engineer Services	Assembly Bill 480 increased various fees collected by the State Engineer for examining and filing applications and issuing and recording permits, effective July 1, 2009.	For FY 2012, fees will be based on the provisions of AB 480.	For FY 2013, fees will be based on the provisions of AB 480.

**LEGISLATIVE ACTIONS DURING THE 25TH SPECIAL SESSION (DECEMBER 2008), 2009 SESSION AND 26TH SPECIAL SESSION (FEBRUARY 2010) THAT MAY AFFECT
GENERAL FUND REVENUE ESTIMATES FOR FY 2011 OF THE 2009-11 BIENNIUM AND FY 2012 AND FY 2013 OF THE 2011-13 BIENNIUM**

Agency	B.A. Number	G.L. Number	Title	FY 2011	FY 2012	FY 2013
NON-MAJOR GENERAL FUND REVENUES AFFECTED BY 25TH SPECIAL SESSION, 2009 SESSION, AND 26TH SPECIAL SESSION ACTIONS FOR WHICH FORECASTS NEED NOT BE PREPARED FOR FY 2012 AND FY 2013						
Department of Taxation	9999	3070	Property Tax -- 5-cent capital rate (Clark and Washoe)	Assembly Bill 543 of the 2009 Session requires that a portion of the 5-cent property tax rate for capital projects imposed in Clark and Washoe Counties be deposited in the State General Fund. For Fiscal Year 2010-11, the State General Fund will receive 64 percent of the rate (3.2 cents). The State Highway Fund will receive 36 percent of the rate (1.8 cents), based on Assembly Bill 595 of the 2007 Session.	For Fiscal Year 2011-12, the State Highway Fund will receive 48 percent of the rate (2.4 cents). The remaining 52 percent of the rate (2.6 cents) is to be retained by Clark and Washoe Counties. The State General Fund receives no revenue from this source.	For Fiscal Year 2012-13, and all subsequent fiscal years, the State Highway Fund will receive 60 percent of the rate (3 cents). The remaining 40 percent of the rate (2 cents) is to be retained by Clark and Washoe Counties. The State General Fund receives no revenue from this source.
Department of Taxation	9999	3071	Property Tax -- 4-cent operating rate (Clark and Washoe)	Assembly Bill 543 of the 2009 Session requires Clark and Washoe Counties to transfer the equivalent of 4 cents of property tax revenue from the county's operating rate to the State General Fund for FY 2011.	The provisions of AB 543 do not require the transfer of any property tax revenue to the State General Fund in FY 2012.	The provisions of AB 543 do not require the transfer of any property tax revenue to the State General Fund in FY 2013.
Nevada Commission on Tourism	9999	4792	Room Tax - State 3/8 of 1%	Senate Bill 431 of the 2009 Session requires \$3,265,434 generated from the state 3/8 of 1% room tax rate provided to the Nevada Commission on Tourism to be allocated to the State General Fund in FY 2011.	The provisions of SB 431 do not require the transfer of any revenue to the State General Fund in FY 2012.	The provisions of SB 431 do not require the transfer of any revenue to the State General Fund in FY 2013.
Department of Conservation and Natural Resources	9999	3116	Mining Claims Fee	Assembly Bill 6 of the 26th Special Session imposes a graduated fee upon each filing claim made regarding a mining claim by a person who holds 11 or more claims in the state as of the date of the filing. These provisions expire at the end of FY 2011 (June 30, 2011).	Due to the sunset of these provisions in AB 6, no mining claim fee revenue will be collected except for those persons who paid half of the fee in calendar year 2011 and the remainder of the fee no later than June 1, 2012.	No mining claim fee must be paid.
State Controller	9999	4790	Supplemental Account for Medical Assistance to Indigent Persons	Senate Bill 431 of the 2009 Session requires the transfer of \$22,970,977 during 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.	The provisions of SB 431 do not require the transfer of any revenue to the State General Fund in FY 2012.	The provisions of SB 431 do not require the transfer of any revenue to the State General Fund in FY 2013.
State Controller	9999	4791	Insurance Verification Fees	Senate Bill 431 of the 2009 Session requires the transfer of \$6,000,000 of revenue generated from Insurance Verification Fees to the State General Fund in FY 2011.	The provisions of SB 431 do not require the transfer of any revenue to the State General Fund in FY 2012.	The provisions of SB 431 do not require the transfer of any revenue to the State General Fund in FY 2013.
Legislative Counsel Bureau	9999	4793	Lobbyist Registration Fees	Assembly Bill 6 of the 26th Special Session 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 in FY 2011.	The provisions of AB 6 do not require the transfer of any revenue to the State General Fund in FY 2012.	The provisions of AB 6 do not require the transfer of any revenue to the State General Fund in FY 2013.

TABLE 1**Actual Collections versus December 1, 2008 and May 1, 2009 Forecasts by Forecaster for FY 2008-09 and FY 2009-10**

Actual and Forecast Collections are in Millions of Dollars

\$ Difference and % Difference Statistics are Computed on an Actual Collections Minus Forecast Collections Basis

ACTUAL versus FORECAST	DECEMBER 1, 2008 FORECAST						MAY 1, 2009 FORECAST					
	FY 2008-09			FY 2009-10			FY 2008-09			FY 2009-10		
	Collections	\$ Difference	% Difference	Collections	\$ Difference	% Difference	Collections	\$ Difference	% Difference	Collections	\$ Difference	% Difference
Sales and Use Tax-Actual (1.)(2.)	\$842.381			\$755.344			\$842.381			\$755.344		
Economic Forum-Forecast	\$884.210	-\$41.829	-4.97%	\$889.769	-\$134.425	-17.80%	\$855.934	-\$13.553	-1.61%	\$800.785	-\$45.441	-6.02%
Agency-Forecast	\$911.706	-\$69.325	-8.23%	\$917.437	-\$162.093	-21.46%	\$873.211	-\$30.830	-3.66%	\$843.483	-\$88.139	-11.67%
Fiscal Division-Forecast	\$910.987	-\$68.606	-8.14%	\$909.318	-\$153.974	-20.38%	\$855.934	-\$13.553	-1.61%	\$800.785	-\$45.441	-6.02%
Budget Division-Forecast	\$884.210	-\$41.829	-4.97%	\$834.049	-\$78.705	-10.42%	\$864.100	-\$21.719	-2.58%	\$801.308	-\$45.964	-6.09%
Global Insight-Forecast	\$890.335	-\$47.954	-5.69%	\$914.524	-\$159.180	-21.07%	\$870.441	-\$28.060	-3.33%	\$863.231	-\$107.887	-14.28%
Percentage Fees Tax-Actual	\$655.199			\$630.526			\$655.199			\$630.526		
Economic Forum-Forecast	\$677.361	-\$22.162	-3.38%	\$699.037	-\$68.511	-10.87%	\$662.997	-\$7.798	-1.19%	\$685.819	-\$55.293	-8.77%
Agency-Forecast	\$705.324	-\$50.125	-7.65%	\$743.727	-\$113.201	-17.95%	\$660.642	-\$5.443	-0.83%	\$687.818	-\$57.292	-9.09%
Fiscal Division-Forecast	\$724.128	-\$68.929	-10.52%	\$747.304	-\$116.778	-18.52%	\$662.997	-\$7.798	-1.19%	\$685.819	-\$55.293	-8.77%
Budget Division-Forecast	\$694.735	-\$39.536	-6.03%	\$659.064	-\$28.538	-4.53%	\$650.700	\$4.499	0.69%	\$651.400	-\$20.874	-3.31%
Global Insight-Forecast	\$677.361	-\$22.162	-3.38%	\$673.808	-\$43.282	-6.86%	\$647.278	\$7.921	1.21%	\$628.559	\$1.967	0.31%
Insurance Premium Tax-Actual (3.)	\$238.524			\$233.905			\$238.524			\$233.905		
Economic Forum-Forecast	\$252.194	-\$13.670	-5.73%	\$253.455	-\$19.550	-8.36%	\$234.713	\$3.811	1.60%	\$231.240	\$2.665	1.14%
Agency-Forecast	\$252.194	-\$13.670	-5.73%	\$256.608	-\$22.702	-9.71%	\$233.436	\$5.088	2.13%	\$244.068	-\$10.163	-4.34%
Fiscal Division-Forecast	\$256.364	-\$17.840	-7.48%	\$263.585	-\$29.680	-12.69%	\$234.713	\$3.811	1.60%	\$246.030	-\$12.125	-5.18%
Budget Division-Forecast	\$240.103	-\$1.579	-0.66%	\$231.240	\$2.665	1.14%	\$222.200	\$16.324	6.84%	\$208.700	\$25.205	10.78%
Modified Business Tax (MBT)-Actual	\$277.516			\$385.110			\$277.516			\$385.110		
Economic Forum-Forecast	\$282.899	-\$5.383	-1.94%	\$443.835	-\$58.725	-15.25%	\$284.403	-\$6.887	-2.48%	\$442.583	-\$57.473	-14.92%
Agency-Forecast	\$284.342	-\$6.826	-2.46%	\$447.203	-\$62.094	-16.12%	\$292.691	-\$15.175	-5.47%	\$465.772	-\$80.662	-20.95%
Fiscal Division-Forecast	\$288.604	-\$11.088	-4.00%	\$461.973	-\$76.864	-19.96%	\$288.177	-\$10.661	-3.84%	\$451.908	-\$66.798	-17.35%
Budget Division-Forecast	\$282.949	-\$5.433	-1.96%	\$452.171	-\$67.061	-17.41%	\$281.300	-\$3.784	-1.36%	\$419.493	-\$34.383	-8.93%
MBT Nonfinancial-Actual (4.)	\$253.119			\$363.412			\$253.119			\$363.412		
Economic Forum-Forecast	\$264.203	-\$11.084	-4.38%	\$426.461	-\$63.049	-17.35%	\$264.203	-\$11.084	-4.38%	\$424.083	-\$60.671	-16.69%
Agency-Forecast	\$264.203	-\$11.084	-4.38%	\$426.462	-\$63.050	-17.35%	\$271.258	-\$18.140	-7.17%	\$443.932	-\$80.520	-22.16%
Fiscal Division-Forecast	\$267.234	-\$14.115	-5.58%	\$440.119	-\$76.708	-21.11%	\$266.701	-\$13.582	-5.37%	\$430.195	-\$66.784	-18.38%
Budget Division-Forecast	\$264.253	-\$11.134	-4.40%	\$434.797	-\$71.385	-19.64%	\$261.100	-\$7.981	-3.15%	\$400.993	-\$37.581	-10.34%
MBT Financial-Actual	\$24.398			\$21.698			\$24.398			\$21.698		
Economic Forum-Forecast	\$18.696	\$5.702	23.37%	\$17.374	\$4.324	19.93%	\$20.200	\$4.198	17.20%	\$18.500	\$3.198	14.74%
Agency-Forecast	\$20.139	\$4.258	17.45%	\$20.742	\$0.957	4.41%	\$21.432	\$2.965	12.15%	\$21.840	-\$0.141	-0.65%
Fiscal Division-Forecast	\$21.370	\$3.028	12.41%	\$21.854	-\$0.156	-0.72%	\$21.476	\$2.922	11.97%	\$21.713	-\$0.015	-0.07%
Budget Division-Forecast	\$18.696	\$5.702	23.37%	\$17.374	\$4.324	19.93%	\$20.200	\$4.198	17.20%	\$18.500	\$3.198	14.74%
Live Entertainment Tax (Gaming)-Actual	\$112.405			\$108.244			\$112.405			\$108.244		
Economic Forum-Forecast	\$115.745	-\$3.340	-2.97%	\$119.493	-\$11.249	-10.39%	\$116.028	-\$3.623	-3.22%	\$120.314	-\$12.070	-11.15%
Agency-Forecast	\$115.745	-\$3.340	-2.97%	\$119.493	-\$11.249	-10.39%	\$117.490	-\$5.085	-4.52%	\$121.996	-\$13.752	-12.70%
Fiscal Division-Forecast	\$114.126	-\$1.721	-1.53%	\$118.749	-\$10.505	-9.70%	\$116.028	-\$3.623	-3.22%	\$120.314	-\$12.070	-11.15%
Budget Division-Forecast	\$115.288	-\$2.883	-2.56%	\$108.454	-\$0.210	-0.19%	\$114.000	-\$1.595	-1.42%	\$114.300	-\$6.056	-5.59%

TABLE 1

Actual Collections versus December 1, 2008 and May 1, 2009 Forecasts by Forecaster for FY 2008-09 and FY 2009-10

Actual and Forecast Collections are in Millions of Dollars

\$ Difference and % Difference Statistics are Computed on an Actual Collections Minus Forecast Collections Basis

ACTUAL versus FORECAST	DECEMBER 1, 2008 FORECAST						MAY 1, 2009 FORECAST					
	FY 2008-09			FY 2009-10			FY 2008-09			FY 2009-10		
	Collections	\$ Difference	% Difference	Collections	\$ Difference	% Difference	Collections	\$ Difference	% Difference	Collections	\$ Difference	% Difference
Real Property Transfer Tax-Actual	\$65.922			\$53.315			\$65.922			\$53.315		
Economic Forum-Forecast	\$66.640	-\$0.718	-1.09%	\$70.000	-\$16.685	-31.29%	\$65.261	\$0.661	1.00%	\$48.186	\$5.129	9.62%
Agency-Forecast	\$73.885	-\$7.963	-12.08%	\$74.107	-\$20.791	-39.00%	\$64.613	\$1.309	1.99%	\$54.921	-\$1.606	-3.01%
Fiscal Division-Forecast	\$75.335	-\$9.413	-14.28%	\$75.643	-\$22.328	-41.88%	\$65.261	\$0.661	1.00%	\$48.186	\$5.129	9.62%
Budget Division-Forecast	\$66.640	-\$0.718	-1.09%	\$60.249	-\$6.934	-13.00%	\$65.300	\$0.622	0.94%	\$56.700	-\$3.385	-6.35%
Cigarette Tax-Actual (5.)(6.)	\$96.987			\$88.551			\$96.987			\$88.551		
Economic Forum-Forecast	\$100.963	-\$3.976	-4.10%	\$102.586	-\$14.035	-15.85%	\$99.194	-\$2.207	-2.28%	\$94.233	-\$5.682	-6.42%
Agency-Forecast	\$103.072	-\$6.085	-6.27%	\$104.595	-\$16.044	-18.12%	\$100.837	-\$3.850	-3.97%	\$101.090	-\$12.540	-14.16%
Fiscal Division-Forecast	\$100.963	-\$3.976	-4.10%	\$103.138	-\$14.587	-16.47%	\$99.194	-\$2.207	-2.28%	\$94.233	-\$5.682	-6.42%
Budget Division-Forecast	\$105.935	-\$8.948	-9.23%	\$102.586	-\$14.035	-15.85%	\$100.300	-\$3.313	-3.42%	\$98.547	-\$9.996	-11.29%
Room Tax-Actual (7.)(11.)				\$97.672						\$97.672		
Economic Forum-Forecast				\$97.672						\$104.710	-\$7.038	-7.95%
Agency-Forecast				\$97.672						\$102.655	-\$4.983	-5.63%
Fiscal Division-Forecast				\$97.672						\$104.710	-\$7.038	-7.95%
Budget Division-Forecast				\$97.672						\$105.000	-\$7.328	-8.28%
SOS Commercial Filings-Actual (8.)	\$70.860			\$68.685			\$70.860			\$68.685		
Economic Forum-Forecast	\$75.000	-\$4.140	-5.84%	\$77.627	-\$8.942	-13.02%	\$71.000	-\$0.140	-0.20%	\$72.907	-\$4.222	-6.15%
Agency-Forecast	\$75.000	-\$4.140	-5.84%	\$77.627	-\$8.942	-13.02%	\$71.000	-\$0.140	-0.20%	\$72.907	-\$4.222	-6.15%
Fiscal Division-Forecast	\$75.000	-\$4.140	-5.84%	\$77.627	-\$8.942	-13.02%	\$71.000	-\$0.140	-0.20%	\$72.907	-\$4.222	-6.15%
Budget Division-Forecast	\$75.000	-\$4.140	-5.84%	\$77.627	-\$8.942	-13.02%	\$70.900	-\$0.040	-0.06%	\$69.727	-\$1.042	-1.52%
SOS Securities-Actual (10.)	\$20.387			\$20.350			\$20.387			\$20.350		
Economic Forum-Forecast	\$19.679	\$0.708	3.47%	\$21.030	-\$0.681	-3.34%	\$20.482	-\$0.095	-0.47%	\$20.837	-\$0.488	-0.55%
Agency-Forecast	\$19.679	\$0.708	3.47%	\$21.030	-\$0.681	-3.34%	\$20.482	-\$0.095	-0.47%	\$20.838	-\$0.488	-0.55%
Fiscal Division-Forecast	\$19.679	\$0.708	3.47%	\$21.030	-\$0.681	-3.34%	\$20.482	-\$0.095	-0.47%	\$20.838	-\$0.488	-0.55%
Budget Division-Forecast	\$19.679	\$0.708	3.47%	\$21.030	-\$0.681	-3.34%	\$20.500	-\$0.113	-0.56%	\$20.855	-\$0.506	-0.57%
10 Major Revenues-Actual (11.)	\$2,380.182			\$2,441.702			\$2,380.182			\$2,441.702		
Economic Forum-Forecast	\$2,474.691	-\$94.509	-3.97%	\$2,774.504	-\$332.802	-13.63%	\$2,410.012	-\$29.830	-1.25%	\$2,621.614	-\$179.913	-7.37%
Agency-Forecast	\$2,540.947	-\$160.765	-6.75%	\$2,859.499	-\$417.798	-17.11%	\$2,434.402	-\$54.220	-2.28%	\$2,715.547	-\$273.846	-11.22%
Fiscal Division-Forecast	\$2,565.186	-\$185.004	-7.77%	\$2,876.039	-\$434.337	-17.79%	\$2,413.786	-\$33.604	-1.41%	\$2,645.730	-\$204.028	-8.36%
Budget Division-Forecast	\$2,484.539	-\$104.357	-4.38%	\$2,644.142	-\$202.441	-8.29%	\$2,389.300	-\$9.118	-0.38%	\$2,546.030	-\$104.328	-4.27%
All Other Revenues-Actual (11.)	\$359.158			\$565.318			\$359.158			\$565.318		
Economic Forum-Forecast	\$341.264	\$17.894	4.98%	\$549.635	\$15.683	2.77%	\$349.477	\$9.681	2.70%	\$538.989	\$26.329	4.66%
Agency-Forecast	\$338.713	\$20.445	5.69%	\$554.361	\$10.957	1.94%	\$350.767	\$8.391	2.34%	\$541.851	\$23.467	4.15%
Fiscal Division-Forecast	\$339.718	\$19.440	5.41%	\$548.780	\$16.538	2.93%	\$348.529	\$10.629	2.96%	\$536.666	\$28.652	5.07%
Budget Division-Forecast	\$337.429	\$21.729	6.05%	\$549.897	\$15.421	2.73%	\$349.885	\$9.273	2.58%	\$540.803	\$24.515	4.34%

TABLE 1**Actual Collections versus December 1, 2008 and May 1, 2009 Forecasts by Forecaster for FY 2008-09 and FY 2009-10**

Actual and Forecast Collections are in Millions of Dollars

\$ Difference and % Difference Statistics are Computed on an Actual Collections Minus Forecast Collections Basis

ACTUAL versus FORECAST	DECEMBER 1, 2008 FORECAST						MAY 1, 2009 FORECAST					
	FY 2008-09			FY 2009-10			FY 2008-09			FY 2009-10		
		\$	%		\$	%		\$	%		\$	%
	Collections	Difference	Difference	Collections	Difference	Difference	Collections	Difference	Difference	Collections	Difference	Difference
Total General Fund Revenue-Actual (11.)(12.)	\$2,739.340			\$3,007.020			\$2,739.340			\$3,007.020		
Economic Forum-Forecast	\$2,815.955	-\$76.615	-2.80%	\$3,324.139	-\$317.119	-10.55%	\$2,759.489	-\$20.149	-0.74%	\$3,160.604	-\$153.584	-5.11%
Agency-Forecast	\$2,879.660	-\$140.320	-5.12%	\$3,413.861	-\$406.841	-13.53%	\$2,785.169	-\$45.829	-1.67%	\$3,257.398	-\$250.379	-8.33%
Fiscal Division-Forecast	\$2,904.904	-\$165.564	-6.04%	\$3,424.819	-\$417.799	-13.89%	\$2,762.315	-\$22.975	-0.84%	\$3,182.396	-\$175.376	-5.83%
Budget Division-Forecast	\$2,821.968	-\$82.628	-3.02%	\$3,194.040	-\$187.020	-6.22%	\$2,739.185	\$0.155	0.01%	\$3,086.833	-\$79.813	-2.65%

Notes:

- (1.) The December 1, 2008, forecasts for FY 2008-09 by the Economic Forum and each forecaster (Agency, Fiscal, Budget, Global Insight) for Sales and Use Tax include adjustments for legislative actions approved during the 25th Special Session to lower the taxpayer collection allowance from 0.5% to 0.25%, effective January 1, 2009, to June 30, 2009. [See note 1A-FY09 in the Notes to Table 2.]
- (2.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget, Global Insight) for Sales and Use Tax include adjustments for legislative actions approved during the 2009 Regular Session to lower the taxpayer collection allowance from 0.5% to 0.25%, effective July 1, 2009. [See note 1-FY10 in the Notes to Table 2.]
- (3.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for Insurance Premium Tax include adjustments for legislative actions approved during the 26th Special Session to implement a program to perform desk audits of tax returns, which is estimated to generate \$10,000,000 in collections in FY 2009-10. [See note 21-FY10 in the Notes to Table 2.]
- (4.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for MBT-Nonfinancial Tax include adjustments for legislative actions approved during the 2009 Regular Session to create a two-tiered tax rate structure in lieu of a single tax rate, effective July 1, 2009. [See note 2-FY10 in Notes to Table 2.]
- (5.) The December 1, 2008, forecasts for FY 2008-09 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for Cigarette Tax include adjustments for legislative actions approved during the 25th Special Session to lower the taxpayer collection allowance from 0.5% to 0.25%, effective January 1, 2009, to June 30, 2009. [See note 2-FY09 in the Notes to Table 2.]
- (6.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for Cigarette Tax include adjustments for legislative actions approved during the 2009 Regular Session to lower the taxpayer collection allowance from 0.5% to 0.25%, effective July 1, 2009. [See note 3-FY10 in the Notes to Table 2.]
- (7.) I.P. 1 was approved by the Legislature in the 2009 Regular Session prior to the Economic Forum May 1, 2009, meeting with an effective date of July 1, 2009. The Economic Forum approved a Room Tax forecast for FY 2009-10 at the May 1, 2009, meeting, but no forecasts were prepared at the December 1, 2008, meeting and no forecasts were required for FY 2008-09. [See note 4-FY10 in the Notes to Table 2.]
- (8.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for SOS-Commercial Filings include adjustments for legislative actions approved during the 2009 Regular Session for changes to expediate fees and during the 26th Special Session for increases to certain commercial filing fees. [See notes 9-FY10 and 23-FY10 in the Notes to Table 2.]
- (9.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for SOS-Securities include adjustments for legislative actions approved during the 26th Special Session for increases to certain securities fees. [See notes 23-FY10 in the Notes to Table 2.]
- (10.) The amounts shown in the All Other Revenues category for the December 1, 2008, and May 1, 2009, forecasts for FY 2008-09 and FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) include adjustments for legislative actions approved during the 25th Special Session, 2009 Regular Session, and 26th Special Session to several existing revenue sources and the creation of new revenue sources. [See Notes to Table 2 for a description of the legislative changes.]
- (11.) Since I.P. 1 was approved during the 2009 Regular Session prior to May 1, 2009, the Economic Forum was required to prepare a forecast for the Room Tax for FY 2010 at its May 1, 2009, meeting, but no Room Tax forecast was required for FY 2010 at its December 1, 2008, meeting. The actual FY 2010 Room Tax collections were used as the December 1, 2008, forecast for the Economic Forum and each forecaster (Agency, Fiscal, Budget) for FY 2010 (shaded in green in the table) to eliminate the distortion caused by the Room Tax in computing the \$ Difference and % Difference forecast errors for the 10 Major Revenues, All Other Revenues, and Total General Fund Revenues.
- (12.) The sum of the 10 Major Revenues and All Other Revenues may not equal to Total General Fund Revenues due to rounding.

TABLE 2
FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON
ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL % Change		FY 2008-09						FY 2009-10					
			ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	ACTUAL [a.]	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual
					May 2009 Forecast	% Change					May 2009 Forecast	% Change		
TAXES														
TOTAL MINING TAXES [3-FY09][19-FY10][20-FY10]	\$35,131,075	26.8%	\$72,355,923	106.0%	\$70,052,000	99.4%	\$2,303,923	3.2%	\$76,847,872	6.2%	\$59,750,000	-14.7%	\$17,097,872	22.2%
TOTAL SALES AND USE TAX [1-FY04][1A-FY09][1B-FY09][1-FY10]	\$985,739,728	-3.4%	\$859,536,168	87.2%	\$873,156,000	-11.4%	-\$13,619,832	-1.6%	\$784,348,571	-8.7%	\$831,058,800	-4.8%	-\$46,710,229	-6.0%
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$699,597,200	-13.0%	-\$7,636,637	-1.1%	\$668,367,995	-3.4%	\$725,589,800	3.7%	-\$57,221,805	-8.6%
LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	\$131,820,221	-0.5%	\$121,567,664	-7.8%	\$125,268,000	-5.0%	-\$3,700,336	-3.0%	\$119,719,530	-1.5%	\$129,739,000	3.6%	-\$10,019,470	-8.4%
TOTAL INSURANCE TAXES [21-FY10]	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$235,395,500	-8.5%	\$3,807,495	1.6%	\$234,549,230	-1.9%	\$231,877,500	-1.5%	\$2,671,730	1.1%
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06][2-FY10]	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$264,203,000	0.1%	-\$11,084,273	-4.4%	\$363,411,521	43.6%	\$424,083,000	60.5%	-\$60,671,479	-16.7%
MBT-FINANCIAL [11-FY04][5-FY06]	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$20,200,000	-2.4%	\$4,197,566	17.2%	\$21,698,267	-11.1%	\$18,500,000	-8.4%	\$3,198,267	14.7%
CIGARETTE TAX [6-FY04][2-FY09][3-FY10]	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$99,194,000	-10.2%	-\$2,207,093	-2.3%	\$88,550,857	-8.7%	\$94,233,200	-5.0%	-\$5,682,343	-6.4%
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$65,261,000	-24.0%	\$661,452	1.0%	\$53,315,435	-19.1%	\$48,186,000	-26.2%	\$5,129,435	9.6%
ROOM TAX [5-FY09][4-FY10]									\$97,671,733		\$104,710,000		-\$7,038,267	-7.2%
GOVERNMENTAL SERVICES TAX [5-FY10]									\$51,330,663		\$42,842,800		\$8,487,863	16.5%
LIQUOR TAX [5-FY04][2-FY09][7-FY10]	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$39,279,000	-0.4%	-\$2,298,117	-6.2%	\$38,425,078	3.9%	\$40,040,400	1.9%	-\$1,615,322	-4.2%
OTHER TOBACCO TAX [7-FY04][2-FY09][8-FY10]	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,117,209	3.1%	\$23,178	0.3%	\$9,574,952	4.8%	\$9,402,560	3.1%	\$172,392	1.8%
HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000				\$5,000,000		\$5,000,000			
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,566,390	-2.2%	\$22,516,702	15.1%	\$19,450,000	-0.6%	\$3,066,702	13.6%	\$41,940,370	86.3%	\$57,441,800	195.3%	-\$15,501,430	-37.0%
BUSINESS LICENSE TAX [9-FY04]	\$13,983	-94.2%	\$3,228	-76.9%	\$15,000		-\$11,772	-364.6%	\$8,381	159.6%	\$7,500		\$881	10.5%
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,297,000	4.9%	-\$165,505	-5.3%	\$3,378,900	7.9%	\$3,297,000		\$81,900	2.4%
TOTAL TAXES	\$2,770,904,166	-4.1%	\$2,501,821,659	-9.7%	\$2,528,484,909	-8.7%	-\$26,663,250	-1.1%	\$2,658,139,354	6.2%	\$2,825,759,360	11.8%	-\$167,620,006	-6.3%
LICENSES														
INSURANCE LICENSES	\$14,500,714	5.8%	\$14,738,011	1.6%	\$14,619,500	0.8%	\$118,511	0.8%	\$15,376,278	4.3%	\$14,750,500	0.9%	\$625,778	4.1%
MARRIAGE LICENSES	\$490,094	-4.3%	\$446,691	-8.9%	\$455,800	-7.0%	-\$9,109	-2.0%	\$419,295	-6.1%	\$437,900	-3.9%	-\$18,605	-4.4%
TOTAL SECRETARY OF STATE [14-FY04][9-FY10][23-FY10]	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$93,439,000	-7.1%	-\$239,498	-0.3%	\$90,962,300	-2.4%	\$95,849,425	2.6%	-\$4,887,125	-5.4%
PRIVATE SCHOOL LICENSES	\$217,403	-12.7%	\$204,973	-5.7%	\$210,600	-3.1%	-\$5,627	-2.7%	\$207,304	1.1%	\$215,800	2.5%	-\$8,496	-4.1%
PRIVATE EMPLOYMENT AGENCY	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-10.7%	\$500	2.9%	\$14,700	-14.5%	\$16,700		-\$2,000	-13.6%
TOTAL REAL ESTATE [15-FY04][16-FY04]	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-12.1%	\$106,479	4.0%	\$2,610,174	-1.2%	\$2,536,200		\$73,974	2.8%
ATHLETIC COMMISSION FEES [24-FY10]	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,525,000	10.1%	-\$66,096	-1.9%	\$2,946,092	-14.8%	\$3,050,000	-13.5%	-\$103,908	-3.5%
TOTAL LICENSES	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$114,802,800	-5.8%	-\$94,840	-0.1%	\$112,536,143	-1.9%	\$116,856,525	1.8%	-\$4,320,382	-3.8%
FEES AND FINES														
VITAL STATISTICS FEES [17-FY04][25-FY10]	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	-13.0%	-\$31,926	-3.9%	\$791,398	-3.5%	\$852,200		-\$60,802	-7.7%
DIVORCE FEES	\$201,111	-0.4%	\$211,254	5.0%	\$198,200	-1.4%	\$13,054	6.2%	\$187,816	-11.1%	\$197,900	-0.2%	-\$10,084	-5.4%
CIVIL ACTION FEES	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,561,800	2.1%	\$91,216	5.5%	\$1,438,379	-13.0%	\$1,603,000	2.6%	-\$164,621	-11.4%
INSURANCE FEES	\$2,143,195	142.8%	\$1,177,780	-45.0%	\$1,056,300	-50.7%	\$121,480	10.3%	\$816,140	-30.7%	\$1,000,000	-5.3%	-\$183,860	-22.5%
MEDICAL PLAN DISCOUNT REGISTRATION FEES	\$12,000	33.3%	\$10,000	-16.7%	\$12,000		-\$2,000	-20.0%	\$10,500	5.0%	\$12,000		-\$1,500	-14.3%
TOTAL REAL ESTATE FEES	\$957,184	-24.5%	\$793,128	-17.1%	\$740,900	-22.6%	\$52,228	6.6%	\$687,123	-13.4%	\$708,600	-4.4%	-\$21,477	-3.1%
SHORT-TERM CAR LEASE [4-FY09][10-FY10]	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$27,689,000	-7.1%	-\$169,360	-0.6%	\$33,579,292	22.0%	\$36,240,900	30.9%	-\$2,661,608	-7.9%
ATHLETIC COMMISSION LICENSES/FINES	\$482,325	-17.6%	\$149,853	-68.9%	\$150,000	-68.9%	-\$148	-0.1%	\$179,125	19.5%	\$100,000	-33.3%	\$79,125	44.2%
STATE ENGINEER SALES [11-FY10]	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$1,700,000	-25.2%	\$446,733	20.8%	\$3,026,422	41.0%	\$2,600,000	52.9%	\$426,422	14.1%
SUPREME COURT FEES	\$220,335	0.9%	\$202,498	-8.1%	\$217,100	-1.5%	-\$14,602	-7.2%	\$202,075	-0.2%	\$222,400	2.4%	-\$20,325	-10.1%
NOTICE OF DEFAULT FEES [26-FY10]									\$2,442,525		\$2,760,000		-\$317,475	-13.0%
MISC. FINES/FORFEITURES	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$5,207,400	116.9%	\$978,320	15.8%	\$1,896,987	-69.3%	\$2,360,100	-54.7%	-\$463,113	-24.4%
TOTAL FEES AND FINES	\$40,991,433	2.0%	\$40,869,894	-0.3%	\$39,384,900	-3.9%	\$1,484,994	3.6%	\$45,257,781	10.7%	\$48,657,100	23.5%	-\$3,399,319	-7.5%
USE OF MONEY AND PROPERTY														
LYON COUNTY REPAYMENTS														
OTHER REPAYMENTS [18-FY04]	\$5,145,859	77.1%	\$4,556,312	-11.5%	\$4,581,291	-11.0%	-\$24,979	-0.5%	\$1,591,661	-65.1%	\$1,592,593	-65.2%	-\$933	-0.1%
MARLETTE REPAYMENT	\$10,512		\$10,512		\$10,512				\$10,512		\$10,512			
INTEREST INCOME	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$18,070,600	-67.9%	\$434,561	2.3%	\$2,386,259	-87.1%	\$3,582,600	-80.2%	-\$1,196,341	-50.1%
TOTAL USE OF MONEY AND PROPERTY	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$22,662,403	-63.1%	\$409,582	1.8%	\$3,988,432	-82.7%	\$5,185,705	-77.1%	-\$1,197,273	-30.0%
OTHER REVENUE														
HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000				\$300,000		\$300,000			
PROPERTY TAX: 4-CENT OPERATING RATE [13-FY10]									\$36,448,071		\$36,010,800		\$437,271	1.2%
PROPERTY TAX: 5-CENT CAPITAL RATE [14-FY10]									\$34,690,823		\$34,210,300		\$480,523	1.4%
ROOM TAX: STATE 3/8 OF 1% RATE [15-FY10]									\$2,334,563		\$2,334,563			
INSURANCE VERIFICATION FEES [17-FY10]									\$7,000,000		\$7,000,000			
SUPPL. ACCOUNT FOR MED. ASSIST. TO INDIGENT [18-FY10]									\$25,199,365		\$25,199,365			
COURT ADMINISTRATIVE ASSESSMENTS [16-FY10]									\$4,580,172		\$4,763,532		-\$183,360	-4.0%
COURT ADMINISTRATIVE ASSESSMENT FEE [29-FY10]									\$271,461		\$192,544		\$78,917	29.1%
MISC. SALES AND REFUNDS	\$2,383,105	-52.6%	\$1,334,234	-44.0%	\$939,100	-60.6%	\$395,134	29.6%	\$923,196	-30.8%	\$953,800	1.6%	-\$30,604	-3.3%
COST RECOVERY PLAN	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$7,142,200	0.0%	\$51	0.0%	\$9,148,627	28.1%	\$7,142,200		\$2,006,427	21.9%
UNCLAIMED PROPERTY [9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	\$49,179,534	109.6%	\$50,092,050	1.9%	\$45,773,000	-6.9%	\$4,319,050	8.6%	\$66,201,764	32.2%	\$46,038,000	0.6%	\$20,163,764	30.5%
TOTAL OTHER REVENUE	\$59,001,707	48.0%	\$58,868,534	-0.2%	\$54,154,300	-8.2%	\$4,714,234	8.0%	\$187,098,042	217.8%	\$164,145,104	203.1%	\$22,952,938	12.3%
TOTAL GENERAL FUND REVENUE	\$3,054,267,831	-2.9%	\$2,739,340,033	-10.3%	\$2,759,489,312	-9.7%	-\$20,149,279	-0.7%	\$3,007,019,753	9.8%	\$3,160,603,794	14.5%	-\$153,584,042	-5.1%

TABLE 2
FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON
ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL % Change		FY 2008-09						FY 2009-10					
			ACTUAL	% Change	Economic Forum		Difference:		ACTUAL [a.]	% Change	Economic Forum		Difference:	
					May 2009 Forecast	% Change	Actual minus Forecast	% Difference from Actual			May 2009 Forecast	% Change	Actual minus Forecast	% Difference from Actual
TAXES														
MINING TAX														
3064 Net Proceeds of Minerals [3-FY09][19-FY10]	\$34,685,775	25.3%	\$72,300,385	108.4%	\$69,952,000	101.7%	\$2,348,385	3.2%	\$76,350,861	5.6%	\$59,650,000	-14.7%	\$16,700,861	21.9%
3241 Net Proceeds Penalty	\$292,867		\$5,889	-98.0%	\$50,000	-82.9%	-\$44,111	-749.1%	\$301,761	5024.3%	\$50,000		\$251,761	83.4%
3245 Centrally Assessed Penalties	\$152,433	1366.2%	\$49,649	-67.4%	\$50,000	-67.2%	-\$351	-0.7%	\$178,099	258.7%	\$50,000		\$128,099	71.9%
3116 Mining Claims Fee [20-FY10]									\$17,150				\$17,150	100.0%
TOTAL PROPERTY/MINE TAX	\$35,131,075	26.8%	\$72,355,923	106.0%	\$70,052,000	99.4%	\$2,303,923	3.2%	\$76,847,872	6.2%	\$59,750,000	-14.7%	\$17,097,872	22.2%
SALES AND USE														
3001 Sales & Use Tax [1-FY04][1A-FY09][1-FY10]	\$966,101,313	-3.4%	\$842,380,933	-12.8%	\$855,934,000	-11.4%	-\$13,553,068	-1.6%	\$755,344,243	-10.3%	\$800,785,000	-6.4%	-\$45,440,757	-6.0%
3002 State Share - LSST [1-FY04][1B-FY09][1-FY10]	\$7,916,522	-4.6%	\$6,896,561	-12.9%	\$6,942,000	-12.3%	-\$45,439	-0.7%	\$7,264,043	5.3%	\$7,587,700	9.3%	-\$323,657	-4.5%
3003 State Share - BCCRT [1-FY04][1B-FY09][1-FY10]	\$1,759,335	-4.6%	\$1,532,383	-12.9%	\$1,543,000	-12.3%	-\$10,617	-0.7%	\$3,268,705	113.3%	\$3,405,700	120.7%	-\$136,995	-4.2%
3004 State Share - SCCRT [1-FY04][1B-FY09][1-FY10]	\$6,156,358	-4.6%	\$5,361,782	-12.9%	\$5,399,000	-12.3%	-\$37,218	-0.7%	\$11,442,957	113.4%	\$11,913,500	120.7%	-\$470,543	-4.1%
3005 State Share - PTT [1-FY04][1B-FY09][1-FY10]	\$3,806,200	-3.7%	\$3,364,510	-11.6%	\$3,338,000	-12.3%	\$26,510	0.8%	\$7,028,623	108.9%	\$7,366,900	120.7%	-\$338,277	-4.8%
TOTAL SALES AND USE	\$985,739,728	-3.4%	\$859,536,168	-12.8%	\$873,156,000	-11.4%	-\$13,619,832	-1.6%	\$784,348,571	-8.7%	\$831,058,800	-4.8%	-\$46,710,229	-6.0%
GAMING - STATE														
3032 Pari-mutuel Tax	\$4,920	16.1%	\$3,983	-19.0%	\$4,000	-18.7%	-\$17	-0.4%	\$4,217	5.9%	\$4,000		\$217	5.1%
3181 Racing Fees	\$15,542	1.5%	\$15,460	-0.5%	\$15,000	-3.5%	\$460	3.0%	\$13,513	-12.6%	\$15,000		-\$1,487	-11.0%
3247 Racing Fines/Forfeitures	\$2,150	-30.6%	\$2,789	29.7%	\$2,000	-7.0%	\$789	28.3%	\$810	-71.0%	\$2,000		-\$1,190	-146.9%
3041 Percent Fees - Gross Revenue [2-FY04]	\$770,965,236	-6.0%	\$655,199,442	-15.0%	\$662,997,000	-14.0%	-\$7,797,558	-1.2%	\$630,526,019	-3.8%	\$685,819,000	3.4%	-\$55,292,981	-8.8%
3042 Gaming Penalties	\$670,688	88.2%	\$847,125	26.3%	\$650,000	-3.1%	\$197,125	23.3%	\$1,030,064	21.6%	\$850,000	30.8%	\$180,064	17.5%
3043 Flat Fees-Restricted Slots [3-FY04][1-FY06][1-FY08]	\$9,507,690	-1.1%	\$8,999,245	-5.3%	\$8,993,300	-5.4%	\$5,945	0.1%	\$8,578,006	-4.7%	\$8,902,600	-1.0%	-\$324,594	-3.8%
3044 Non-Restricted Slots [1-FY06][1-FY08]	\$12,771,871	-2.5%	\$12,662,476	-0.9%	\$12,730,000	-0.3%	-\$67,524	-0.5%	\$12,425,211	-1.9%	\$13,048,100	2.5%	-\$622,889	-5.0%
3045 Quarterly Fees-Games	\$6,990,365	-3.1%	\$6,926,985	-0.9%	\$6,972,400	-0.3%	-\$45,415	-0.7%	\$6,699,150	-3.3%	\$7,176,800	2.9%	-\$477,650	-7.1%
3046 Advance License Fees	\$2,599,278	-66.8%	\$6,872,554	164.4%	\$6,807,400	161.9%	\$65,154	0.9%	\$8,663,395	26.1%	\$9,338,200	37.2%	-\$674,805	-7.8%
3048 Slot Machine Route Operator	\$36,000	-4.0%	\$37,000	2.8%	\$37,000	2.8%			\$37,000		\$37,000			
3049 Gaming Info Systems Annual	\$18,356		\$18,000	-1.9%	\$18,000	-1.9%			\$12,000	-33.3%	\$18,000		-\$6,000	-50.0%
3033 Equip Mfg. License	\$209,500	0.5%	\$219,000	4.5%	\$218,000	4.1%	\$1,000	0.5%	\$228,500	4.3%	\$219,500	0.7%	\$9,000	3.9%
3034 Race Wire License	\$35,196	-61.8%	\$19,007	-46.0%	\$15,000	-57.4%	\$4,007	21.1%	\$15,884	-16.4%	\$15,000		\$884	5.6%
3035 Annual Fees on Games	\$119,333	13.9%	\$137,497	15.2%	\$138,100	15.7%	-\$603	-0.4%	\$134,225	-2.4%	\$144,600	4.7%	-\$10,375	-7.7%
TOTAL GAMING - STATE	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$699,597,200	-13.0%	-\$7,636,637	-1.1%	\$668,367,995	-3.4%	\$725,589,800	3.7%	-\$57,221,805	-8.6%
LIVE ENTERTAINMENT TAX (LET)														
3031G Live Entertainment Tax-Gaming [4b-FY04]	\$121,638,259	0.0%	\$112,405,395	-7.6%	\$116,028,000	-4.6%	-\$3,622,605	-3.2%	\$108,244,011	-3.7%	\$120,314,000	3.7%	-\$12,069,989	-11.2%
3031NG Live Entertainment Tax-Nongaming [4b-FY04][2-FY06][2-FY08]	\$10,181,962	-6.1%	\$9,162,269	-10.0%	\$9,240,000	-9.3%	-\$77,731	-0.8%	\$11,475,519	25.2%	\$9,425,000	2.0%	\$2,050,519	17.9%
TOTAL LET	\$131,820,221	-0.5%	\$121,567,664	-7.8%	\$125,268,000	-5.0%	-\$3,700,336	-3.0%	\$119,719,530	-1.5%	\$129,739,000	3.6%	-\$10,019,470	-8.4%
INSURANCE TAXES														
3061 Insurance Premium Tax [21-FY10]	\$256,693,189	-1.0%	\$238,524,098	-7.1%	\$234,713,000	-8.6%	\$3,811,098	1.6%	\$233,905,463	-1.9%	\$231,240,000	-1.5%	\$2,665,463	-30.1%
3062 Insurance Retailatory Tax	\$120,501	120.3%	\$98,528	-18.2%	\$120,000	-0.4%	-\$21,472	-21.8%	\$60,019	-39.1%	\$75,000	-37.5%	-\$14,981	-30.2%
3067 Captive Insurer Premium Tax	\$553,405		\$580,370	4.9%	\$562,500	1.6%	\$17,870	3.1%	\$583,747	0.6%	\$562,500		\$21,247	18.9%
TOTAL INSURANCE TAXES	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$235,395,500	-8.5%	\$3,807,495	1.6%	\$234,549,230	-1.9%	\$231,877,500	-1.5%	\$2,671,730	-29.8%
MODIFIED BUSINESS TAX (MBT)														
3069 MBT - Nonfinancial [10-FY04][5-FY06][6-FY06][3-FY08][2-FY10]	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$264,203,000	0.1%	-\$11,084,273	-4.4%	\$363,411,521	43.6%	\$424,083,000	60.5%	-\$60,671,479	-16.7%
3069 MBT - Financial [11-FY04][5-FY06]	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$20,200,000	-2.4%	\$4,197,566	17.2%	\$21,698,267	-11.1%	\$18,500,000	-8.4%	\$3,198,267	14.7%
TOTAL MBT	\$284,600,418		\$277,516,293	-2.5%	\$284,403,000	-0.1%	-\$6,886,707	-2.5%	\$385,109,788	38.8%	\$442,583,000	55.6%	-\$57,473,212	-14.9%
CIGARETTE TAX														
3052 Cigarette Tax [6-FY04][2-FY09][3-FY10]	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$99,194,000	-10.2%	-\$2,207,093	-2.3%	\$88,550,857	-8.7%	\$94,233,200	-5.0%	-\$5,682,343	-6.4%
REAL PROPERTY TRANSFER TAX (RPTT)														
3055 Real Property Transfer Tax [13-FY04][8-FY06]	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$65,261,000	-24.0%	\$661,452	1.0%	\$53,315,435	-19.1%	\$48,186,000	-26.2%	\$5,129,435	9.6%
ROOM TAX														
3057 Room Tax [4-FY10]									\$97,671,733		\$104,710,000		-\$7,038,267	-7.2%
GOVERNMENTAL SERVICES TAX (GST)														
Governmental Services Tax [5-FY10]									\$51,330,663		\$42,842,800		\$8,487,863	16.5%
OTHER TAXES														
3113 Business License Fee [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,566,390		\$22,516,702	15.1%	\$19,450,000	-0.6%	\$3,066,702	13.6%	\$41,940,370	86.3%	\$57,441,800	195.3%	-\$15,501,430	-37.0%
3050 Liquor Tax [5-FY04][2-FY09][7-FY10]	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$39,279,000	-0.4%	-\$2,298,117	-6.2%	\$38,425,078	3.9%	\$40,040,400	1.9%	-\$1,615,322	-4.2%
3053 Other Tobacco Tax [7-FY04][2-FY09][8-FY10]	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,117,209	3.1%	\$23,178	0.3%	\$9,574,952	4.8%	\$9,402,560	3.1%	\$172,392	1.8%
4862 HECC Transfer	\$5,000,000		\$5,000,000		\$5,000,000				\$5,000,000		\$5,000,000			
3065 Business License Tax [9-FY04]	\$13,983	-94.2%	\$3,228	-76.9%	\$15,000	7.3%	-\$11,772	-364.6%	\$8,381	159.6%	\$7,500	-50.0%	\$881	10.5%
3068 Branch Bank Excise Tax [12-FY04][7-FY06]	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,297,000	4.9%	-\$165,505	-5.3%	\$3,378,900	7.9%	\$3,297,000		\$81,900	2.4%
TOTAL TAXES	\$2,770,904,166	-4.1%	\$2,501,821,659	-9.7%	\$2,528,484,909	-8.7%	-\$26,663,250	-1.1%	\$2,658,139,354	6.2%	\$2,825,759,360	11.8%	-\$167,620,006	-6.3%

TABLE 2
FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON
ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL % Change		FY 2008-09						FY 2009-10					
			ACTUAL % Change		Economic Forum		Difference:		ACTUAL [a.] % Change		Economic Forum		Difference:	
					May 2009	%	Actual minus	% Difference			May 2009	%	Actual minus	% Difference
					Forecast	Change	Forecast	from Actual			Forecast	Change	Forecast	from Actual
LICENSES														
3101 Insurance Licenses	\$14,500,714	5.8%	\$14,738,011	1.6%	\$14,619,500	0.8%	\$118,511	0.8%	\$15,376,278	4.3%	\$14,750,500	0.9%	\$625,778	4.1%
3120 Marriage License	\$490,094	-4.3%	\$446,691	-8.9%	\$455,800	-7.0%	-\$9,109	-2.0%	\$419,295	-6.1%	\$437,900	-3.9%	-\$18,605	-4.4%
SECRETARY OF STATE														
3105 UCC [1-FY02][14-FY04][23-FY10]	\$1,610,231	-3.1%	\$1,270,498	-21.1%	\$1,300,000	-19.3%	-\$29,502	-2.3%	\$1,326,105	4.4%	\$1,455,200	11.9%	-\$129,095	-9.7%
3106 Las Vegas Commercial Filings [14-FY04][23-FY10]	\$4,813,335	-0.8%	\$5,946,777	23.5%					\$3,487,231	-41.4%				
3129 Notary Fees [23-FY10]	\$605,618	-5.1%	\$675,360	11.5%	\$650,000	7.3%	\$25,360	3.8%	\$573,417	-15.1%	\$650,000		-\$76,583	-13.4%
3130 Commercial Recordings [14-FY04][23-FY10]	\$72,249,142	0.2%	\$64,913,240	-10.2%	\$71,000,000	-1.7%	-\$139,983	-0.2%	\$65,197,355	0.4%	\$70,634,342	-0.5%	-\$4,222,325	-6.5%
3131 Video Service Franchise	\$114,750		\$7,000	-93.9%	\$7,000				\$28,500	307.1%			\$28,500	100.0%
3152 Securities [14-FY04][23-FY10]	\$21,172,156	6.0%	\$20,386,627	-3.7%	\$20,482,000	-3.3%	-\$95,373	-0.5%	\$20,349,692	-0.2%	\$20,837,314	1.7%	-\$487,622	-2.4%
Expedite Services Fees [9-FY10]											\$2,272,569			
TOTAL SECRETARY OF STATE	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$93,439,000	-7.1%	-\$239,498	-0.3%	\$90,962,300	-2.4%	\$95,849,425	2.6%	-\$4,887,125	-5.4%
3172 Private School Licenses	\$217,403	-12.7%	\$204,973	-5.7%	\$210,600	-3.1%	-\$5,627	-2.7%	\$207,304	1.1%	\$215,800	2.5%	-\$8,496	-4.1%
3173 Private Employment Agency	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-10.7%	\$500	2.9%	\$14,700	-14.5%	\$16,700		-\$2,000	-13.6%
REAL ESTATE														
3161 Real Estate License [15-FY04]	\$2,881,208	-8.7%	\$2,636,964	-8.5%	\$2,532,000	-12.1%	\$104,964	4.0%	\$2,605,804	-1.2%	\$2,532,000		\$73,804	2.8%
3162 Real Estate Fees	\$3,510	-40.2%	\$5,715	62.8%	\$4,200	19.7%	\$1,515	26.5%	\$4,370	-23.5%	\$4,200		\$170	3.9%
TOTAL REAL ESTATE	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-12.1%	\$106,479	4.0%	\$2,610,174	-1.2%	\$2,536,200		\$73,974	2.8%
3102 Athletic Commission Fees [24-FY10]	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,525,000	10.1%	-\$66,096	-1.9%	\$2,946,092	-14.8%	\$3,050,000	-13.5%	-\$103,908	-3.5%
TOTAL LICENSES	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$114,802,800	-5.8%	-\$94,840	-0.1%	\$112,536,143	-1.9%	\$116,856,525	1.8%	-\$4,320,382	-3.8%
FEES AND FINES														
3200 Vital Statistics Fees [17-FY04][25-FY10]	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	-13.0%	-\$31,926	-3.9%	\$791,398	-3.5%	\$852,200		-\$60,802	-7.7%
3203 Divorce Fees	\$201,111	-0.4%	\$211,254	5.0%	\$198,200	-1.4%	\$13,054	6.2%	\$187,816	-11.1%	\$197,900	-0.2%	-\$10,084	-5.4%
3204 Civil Action Fees	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,561,800	2.1%	\$91,216	5.5%	\$1,438,379	-13.0%	\$1,603,000	2.6%	-\$164,621	-11.4%
3242 Insurance Fines	\$2,143,195	142.8%	\$1,177,780	-45.0%	\$1,056,300	-50.7%	\$121,480	10.3%	\$816,140	-30.7%	\$1,000,000	-5.3%	-\$183,860	-22.5%
3103MD Medical Plan Discount Reg. Fees	\$12,000	33.3%	\$10,000	-16.7%	\$12,000		-\$2,000	-20.0%	\$10,500	5.0%	\$12,000		-\$1,500	-14.3%
REAL ESTATE FEES														
3107IOS IOS Application Fees	\$4,200	-33.6%	\$6,560	56.2%	\$4,100	-2.4%	\$2,460	37.5%	\$11,100	69.2%	\$4,100		\$7,000	63.1%
3165 Land Co Filing Fees	\$267,496	-29.0%	\$187,575	-29.9%	\$196,000	-26.7%	-\$8,425	-4.5%	\$133,270	-29.0%	\$196,000		-\$62,730	-47.1%
3166 Land Co Reg Rep Filing Fees														
3167 Real Estate Adver Fees	\$8,610	4.4%	\$6,080	-29.4%	\$5,700	-33.8%	\$380	6.3%	\$4,115	-32.3%	\$5,700		-\$1,585	-38.5%
3169 Real Estate Reg Fees	\$31,870	-24.4%	\$22,695	-28.8%	\$25,000	-21.6%	-\$2,305	-10.2%	\$14,920	-34.3%	\$25,000		-\$10,080	-67.6%
4741 Real Estate Exam Fees [19-FY04]	\$341,139		\$237,828	-30.3%	\$217,800	-36.2%	\$20,028	8.4%	\$234,133	-1.6%	\$217,800		\$16,333	7.0%
3171 CAM Certification Fee	\$48,850		\$54,590	11.8%	\$50,300	3.0%	\$4,290	7.9%	\$57,645	5.6%	\$50,000	-0.6%	\$7,645	13.3%
3178 Real Estate Accred Fees	\$126,750	-3.3%	\$101,950	-19.6%	\$94,000	-25.8%	\$7,950	7.8%	\$89,650	-12.1%	\$100,000	6.4%	-\$10,350	-11.5%
3254 Real Estate Penalties	\$88,019	-4.9%	\$134,340	52.6%	\$110,000	25.0%	\$24,340	18.1%	\$83,320	-38.0%	\$72,000	-34.5%	\$11,320	13.6%
3190 A.B. 165, Real Estate Inspectors	\$40,250	-9.8%	\$41,510	3.1%	\$38,000	-5.6%	\$3,510	8.5%	\$58,970	42.1%	\$38,000		\$20,970	35.6%
TOTAL REAL ESTATE FEES	\$957,184	-24.5%	\$793,128	-17.1%	\$740,900	-22.6%	\$52,228	6.6%	\$687,123	-13.4%	\$708,600	-4.4%	-\$21,477	-3.1%
3066 Short Term Car Lease [4-FY09][10-FY10]	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$27,689,000	-7.1%	-\$169,360	-0.6%	\$33,579,292	22.0%	\$36,240,900	30.9%	-\$2,661,608	
3103AC Athletic Commission Licenses/Fines	\$482,325		\$149,853	-68.9%	\$150,000	-68.9%	-\$148	-0.1%	\$179,125	19.5%	\$100,000	-33.3%	\$79,125	44.2%
3205 State Engineer Sales [11-FY10]	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$1,700,000	-25.2%	\$446,733	20.8%	\$3,026,422	41.0%	\$2,600,000	52.9%	\$426,422	14.1%
3206 Supreme Court Fees	\$220,335	0.9%	\$202,498	-8.1%	\$217,100	-1.5%	-\$14,602	-7.2%	\$202,075	-0.2%	\$222,400	2.4%	-\$20,325	-10.1%
3115 Notice of Default Fee [26-FY10]									\$2,442,525		\$2,760,000		-\$317,475	-13.0%
3271 Misc Fines/Forfeitures	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$5,207,400	116.9%	\$978,320	15.8%	\$1,896,987	-69.3%	\$2,360,100	-54.7%	-\$463,113	-24.4%
TOTAL FEES AND FINES	\$40,991,433	2.0%	\$40,869,894	-0.3%	\$39,384,900	-3.9%	\$1,484,994	3.6%	\$45,257,781	10.7%	\$48,657,100	23.5%	-\$3,399,319	-7.5%

TABLE 2
FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON
ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL % Change		FY 2008-09					FY 2009-10							
			ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	ACTUAL [a.]	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	
					May 2009 Forecast	% Change					May 2009 Forecast	% Change			
USE OF MONEY AND PROP															
4420 Lyon County Repayments															
OTHER REPAYMENTS															
4401 Higher Education Tuition Admin	\$2,188,014		\$1,160,577		\$1,183,709		-\$23,132								
4403 Forestry Nurseries Fund Repayment (05-M27)	\$26,250		\$15,090		\$16,957		-\$1,867		\$20,670		\$21,603		-\$933		-4.5%
4404 Bldg. and Grounds Repayments	\$47,413		\$333,643		\$333,623		\$20								
4404 CIP 95-C14, Mailroom Remodel	\$21,122		\$190,102		\$190,102										
4408 Comp/Fac Repayment	\$23,744		\$23,744		\$23,744		\$0		\$23,744		\$23,744		\$0		
4408 CIP 95-M1, Security Alarm	\$2,998		\$2,998		\$2,998		\$0		\$2,998		\$2,998		\$0		
4408 CIP 95-M5, Facility Generator	\$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				
4408 CIP 97-C26, Capitol Complex Conduit System, Phase I	\$62,542		\$62,542		\$62,542		\$0		\$62,542		\$62,542		\$0		
4408 CIP 97-S4H, Advance Planning Addition to Computer Facility	\$9,107		\$9,107		\$9,107		\$0		\$9,107		\$9,107				
4408 S.B. 201, 1997; Cost of PBX System	\$249,967		\$249,967		\$249,967		\$0								
4408 A.B. 576-Virtual Tape Storage	\$463,444		\$463,444		\$463,444		\$0		\$463,444		\$463,444				
4408 DoIT Repayment - April 9, 2008 IFC	\$348,240		\$197,258		\$197,258										
4409 Motor Pool Repay - Carson															
4409 Motor Pool Repay - Reno	\$24,385		\$24,385		\$24,385		\$0		\$24,385		\$24,385		\$0		
4409 Motor Pool Repay - LV	\$6,638		\$6,638		\$6,638				\$6,630		\$6,630		\$1		
4410 Purchasing Repayment	\$19,326		\$164,148		\$164,148		\$0								
4402 State Personnel IFS Repayment; S.B. 201, 1997 Legislature	\$1,644,795		\$1,644,795		\$1,644,795				\$970,267		\$970,267				
TOTAL OTHER REPAYMENTS	\$5,145,859	77.1%	\$4,556,312		\$4,581,291	-11.0%	-\$24,979	-0.5%	\$1,591,661	-65.1%	\$1,592,593	-65.2%	-\$933		-0.1%
4406 Marlette Repayment	\$10,512		\$10,512		\$10,512				\$10,512		\$10,512				
INTEREST INCOME															
3290 Treasurer	\$55,876,491	6.6%	\$18,363,013	-67.1%	\$17,890,000	-68.0%	\$473,013	2.6%	\$2,373,219	-87.1%	\$3,390,000	-81.1%	-\$1,016,781		-42.8%
3291 Other	\$459,855	-10.1%	\$142,148	-69.1%	\$180,600	-60.7%	-\$38,452	-27.1%	\$13,041	-90.8%	\$192,600	6.6%	-\$179,559		-1376.9%
TOTAL INTEREST INCOME	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$18,070,600	-67.9%	\$434,561	2.3%	\$2,386,259	-87.1%	\$3,582,600	-80.2%	-\$1,196,341		-50.1%
TOTAL USE OF MONEY & PROP	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$22,662,403	-63.1%	\$409,582	1.8%	\$3,988,432	-82.7%	\$5,185,705	-77.1%	-\$1,197,273		-30.0%
OTHER REVENUE															
3059 Hoover Dam Revenue	\$300,000		\$300,000		\$300,000				\$300,000		\$300,000				
MISC SALES AND REFUNDS															
Property Tax: 4-cent operating rate (Clark & Washoe) [13-FY10]									\$36,448,071		\$36,010,800		\$437,271		1.2%
Property Tax: 5-cent capital rate (Clark & Washoe) [14-FY10]									\$34,690,823		\$34,210,300		\$480,523		1.4%
Room Tax: State 3/8 of 1% Rate [15-FY10]									\$2,334,563		\$2,334,563				
Insurance Verification Fees [17-FY10]									\$7,000,000		\$7,000,000				
Suppl. Account for Med. Assist. to Indigent [18-FY10]									\$25,199,365		\$25,199,365				
3107 Misc Fees	\$197,310	21.6%	\$182,332	-7.6%	\$167,500	-15.1%	\$14,832	8.1%	\$252,176		\$164,100	-2.0%	\$88,076		34.9%
3109 Court Admin Assessments [16-FY10]	\$1,386,084		\$381,525	-72.5%			\$381,525	100.0%	\$4,580,172		\$4,763,532		-\$183,360		-4.0%
3114 Court Administrative Assessment Fee [29-FY10]									\$271,461		\$192,544				
3150 Telemarketing Fees	\$97,250	-18.5%	\$91,050	-6.4%	\$92,000	-5.4%	-\$950	-1.0%			\$92,000		-\$92,000		
3151 Deceptive Trade Settlement															
3168 Declare of Candidacy Filing Fee	\$40,615	2.8%	\$32,272	-20.5%	\$35,000	-13.8%	-\$2,728	-8.5%	\$63,767		\$40,000	14.3%	\$23,767		37.3%
3202 Fees & Writs of Garnishments	\$2,180	-9.4%	\$2,715	24.5%	\$2,900	33.0%	-\$185	-6.8%	\$3,130		\$3,000	3.4%	\$130		4.2%
3220 Nevada Report Sales	\$30,235	74.4%	\$12,800	-57.7%	\$13,300	-56.0%	-\$500	-3.9%	\$9,335		\$23,300	75.2%	-\$13,965		-149.6%
3222 Excess Property Sales	\$41,215	-92.3%	\$38,715	-6.1%	\$46,100	11.9%	-\$7,385	-19.1%	\$32,385		\$46,100		-\$13,715		-42.3%
3240 Sale of Trust Property	\$1,014	-87.8%	\$2,124	109.4%	\$1,000	-1.4%	\$1,124	52.9%	\$3,038		\$1,000		\$2,038		67.1%
3243 Insurance - Misc	\$514,555	3.9%	\$522,920	1.6%	\$513,200	-0.3%	\$9,720	1.9%	\$516,856		\$513,000	0.0%	\$3,856		0.7%
3272 Misc Refunds	\$878	-43.2%	\$3,287	274.2%	\$1,000	13.8%	\$2,287	69.6%			\$1,000		-\$1,000		
3274 Misc Refunds	\$61,769	24.2%	\$64,494	4.4%	\$67,100	8.6%	-\$2,606	-4.0%	\$42,508		\$70,300	4.8%	-\$27,792		-65.4%
3276 Cost Recovery Plan	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$7,142,200	0.0%	\$51	0.0%	\$9,148,627		\$7,142,200		\$2,006,427		21.9%
TOTAL MISC SALES & REF	\$9,522,173	-38.5%	\$8,476,485	-11.0%	\$8,081,300	-15.1%	\$395,185	4.7%	\$120,596,278		\$117,807,104	1357.8%	\$2,789,174		2.3%
3060 Petroleum Inspection Fees [4-FY08]															
3255 Unclaimed Property [9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	\$49,179,534	109.6%	\$50,092,050	1.9%	\$45,773,000	-6.9%	\$4,319,050	8.6%	\$66,201,764		\$46,038,000	0.6%	\$20,163,764		30.5%
TOTAL OTHER REVENUE	\$59,001,707	48.0%	\$58,868,534	-0.2%	\$54,154,300	-8.2%	\$4,714,234	8.0%	\$187,098,042		\$164,145,104	203.1%	\$22,952,938		12.3%
TOTAL GENERAL FUND REVENUE	\$3,054,267,831	-2.9%	\$2,739,340,033	-10.3%	\$2,759,489,312	-9.7%	-\$20,149,279	-0.7%	\$3,007,019,753		\$3,160,603,794	14.5%	-\$153,584,042		-5.1%

TABLE 2

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

NOTES:

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

FY 2004 (Actual collections are not displayed in the table for FY 2004, but notes were retained as they reflect the tax changes approved by the Legislature during the 2003 Regular and Special Sessions.)

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 & 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 non-gaming 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 (Actual collections are not displayed in the table for FY 2006, but notes were retained as they reflect the tax changes approved by the Legislature during the 2005 Regular and Special Sessions.)

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 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 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 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.

TABLE 2

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

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] A.B. 549 redirects \$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 2009.

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 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 2

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM MAY 1, 2009 FORECAST ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

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 of \$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.

TABLE 3**Actual Collections versus December 1, 2008; May 1, 2009; and January 22, 2010, Forecasts by Forecaster for FY 2009-10**

Actual and Forecast Collections are in Millions of Dollars

\$ Difference and % Difference Statistics are Computed on an Actual Collections Minus Forecast Collections Basis

ACTUAL versus FORECAST	December 1, 2008 Forecast			May 1, 2009 Forecast			January 22, 2010 Forecast		
	FY 2009-10			FY 2009-10			FY 2009-10		
	Collections Millions of \$'s	\$ Difference	% Difference	Collections Millions of \$'s	\$ Difference	% Difference	Collections Millions of \$'s	\$ Difference	% Difference
Sales and Use Tax-Actual (1.)	\$755.344			\$755.344			\$755.344		
Economic Forum-Forecast	\$889.769	-\$134.425	-17.80%	\$800.785	-\$45.441	-6.02%	\$729.819	\$25.525	3.38%
Agency-Forecast	\$917.437	-\$162.093	-21.46%	\$843.483	-\$88.139	-11.67%	\$742.884	\$12.461	1.65%
Fiscal Division-Forecast	\$909.318	-\$153.974	-20.38%	\$800.785	-\$45.441	-6.02%	\$729.819	\$25.525	3.38%
Budget Division-Forecast	\$834.049	-\$78.705	-10.42%	\$801.308	-\$45.964	-6.09%	\$740.400	\$14.944	1.98%
Global Insight/Moody's-Forecast (2.)	\$914.524	-\$159.180	-21.07%	\$863.231	-\$107.887	-14.28%	\$740.700	\$14.644	1.94%
Percentage Fees Tax-Actual	\$630.526			\$630.526			\$630.526		
Economic Forum-Forecast	\$699.037	-\$68.511	-10.87%	\$685.819	-\$55.293	-8.77%	\$639.400	-\$8.874	-1.41%
Agency-Forecast	\$743.727	-\$113.201	-17.95%	\$687.818	-\$57.292	-9.09%	\$652.214	-\$21.688	-3.44%
Fiscal Division-Forecast	\$747.304	-\$116.778	-18.52%	\$685.819	-\$55.293	-8.77%	\$640.370	-\$9.844	-1.56%
Budget Division-Forecast	\$659.064	-\$28.538	-4.53%	\$651.400	-\$20.874	-3.31%	\$639.400	-\$8.874	-1.41%
Global Insight-Forecast	\$673.808	-\$43.282	-6.86%	\$628.559	\$1.967	0.31%			
Insurance Premium Tax-Actual (3.)	\$233.905			\$233.905			\$233.905		
Economic Forum-Forecast	\$253.455	-\$19.550	-8.36%	\$231.240	\$2.665	1.14%	\$222.900	\$11.005	4.71%
Agency-Forecast	\$256.608	-\$22.702	-9.71%	\$244.068	-\$10.163	-4.34%	\$227.923	\$5.982	2.56%
Fiscal Division-Forecast	\$263.585	-\$29.680	-12.69%	\$246.030	-\$12.125	-5.18%	\$222.879	\$11.026	4.71%
Budget Division-Forecast	\$231.240	\$2.665	1.14%	\$208.700	\$25.205	10.78%	\$222.900	\$11.005	4.71%
Modified Business Tax (MBT)-Actual	\$385.110			\$385.110			\$385.110		
Economic Forum-Forecast	\$443.835	-\$58.725	-15.25%	\$442.583	-\$57.473	-14.92%	\$371.057	\$14.053	3.65%
Agency-Forecast	\$447.203	-\$62.094	-16.12%	\$465.772	-\$80.662	-20.95%	\$383.206	\$1.904	0.49%
Fiscal Division-Forecast	\$461.973	-\$76.864	-19.96%	\$451.908	-\$66.798	-17.35%	\$377.982	\$7.128	1.85%
Budget Division-Forecast	\$452.171	-\$67.061	-17.41%	\$419.493	-\$34.383	-8.93%	\$373.700	\$11.410	2.96%
MBT Nonfinancial-Actual (4.)	\$363.412			\$363.412			\$363.412		
Economic Forum-Forecast	\$426.461	-\$63.049	-17.35%	\$424.083	-\$60.671	-16.69%	\$351.300	\$12.112	3.33%
Agency-Forecast	\$426.462	-\$63.050	-17.35%	\$443.932	-\$80.520	-22.16%	\$361.718	\$1.694	0.47%
Fiscal Division-Forecast	\$440.119	-\$76.708	-21.11%	\$430.195	-\$66.784	-18.38%	\$358.225	\$5.187	1.43%
Budget Division-Forecast	\$434.797	-\$71.385	-19.64%	\$400.993	-\$37.581	-10.34%	\$351.300	\$12.112	3.33%
MBT Financial-Actual	\$21.698			\$21.698			\$21.698		
Economic Forum-Forecast	\$17.374	\$4.324	19.93%	\$18.500	\$3.198	14.74%	\$19.757	\$1.941	8.95%
Agency-Forecast	\$20.742	\$0.957	4.41%	\$21.840	-\$0.142	-0.65%	\$21.488	\$0.210	0.97%
Fiscal Division-Forecast	\$21.854	-\$0.156	-0.72%	\$21.713	-\$0.015	-0.07%	\$19.757	\$1.941	8.95%
Budget Division-Forecast	\$17.374	\$4.324	19.93%	\$18.500	\$3.198	14.74%	\$22.400	-\$0.702	-3.23%
Live Entertainment Tax (Gaming)-Actual	\$108.244			\$108.244			\$108.244		
Economic Forum-Forecast	\$119.493	-\$11.249	-10.39%	\$120.314	-\$12.070	-11.15%	\$104.700	\$3.544	3.27%
Agency-Forecast	\$119.493	-\$11.249	-10.39%	\$121.996	-\$13.752	-12.70%	\$102.760	\$5.484	5.07%
Fiscal Division-Forecast	\$118.749	-\$10.505	-9.70%	\$120.314	-\$12.070	-11.15%	\$105.577	\$2.667	2.46%
Budget Division-Forecast	\$108.454	-\$0.210	-0.19%	\$114.300	-\$6.056	-5.59%	\$104.700	\$3.544	3.27%

TABLE 3**Actual Collections versus December 1, 2008; May 1, 2009; and January 22, 2010, Forecasts by Forecaster for FY 2009-10**

Actual and Forecast Collections are in Millions of Dollars

\$ Difference and % Difference Statistics are Computed on an Actual Collections Minus Forecast Collections Basis

ACTUAL versus FORECAST	December 1, 2008 Forecast			May 1, 2009 Forecast			January 22, 2010 Forecast		
	FY 2009-10			FY 2009-10			FY 2009-10		
	Collections Millions of \$'s	\$ Difference	% Difference	Collections Millions of \$'s	\$ Difference	% Difference	Collections Millions of \$'s	\$ Difference	% Difference
Real Property Transfer Tax-Actual	\$53.315			\$53.315			\$53.315		
Economic Forum-Forecast	\$70.000	-\$16.685	-31.29%	\$48.186	\$5.129	9.62%	\$47.500	\$5.815	10.91%
Agency-Forecast	\$74.107	-\$20.791	-39.00%	\$54.921	-\$1.606	-3.01%	\$46.961	\$6.354	11.92%
Fiscal Division-Forecast	\$75.643	-\$22.328	-41.88%	\$48.186	\$5.129	9.62%	\$48.664	\$4.651	8.72%
Budget Division-Forecast	\$60.249	-\$6.934	-13.00%	\$56.700	-\$3.385	-6.35%	\$47.500	\$5.815	10.91%
Cigarette Tax-Actual (5.)	\$88.551			\$88.551			\$88.551		
Economic Forum-Forecast	\$102.586	-\$14.035	-15.85%	\$94.233	-\$5.682	-6.42%	\$88.162	\$0.389	0.44%
Agency-Forecast	\$104.595	-\$16.044	-18.12%	\$101.090	-\$12.540	-14.16%	\$89.384	-\$0.833	-0.94%
Fiscal Division-Forecast	\$103.138	-\$14.587	-16.47%	\$94.233	-\$5.682	-6.42%	\$88.162	\$0.389	0.44%
Budget Division-Forecast	\$102.586	-\$14.035	-15.85%	\$98.547	-\$9.996	-11.29%	\$89.800	-\$1.249	-1.41%
Room Tax-Actual (6.)	\$97.672			\$97.672			\$97.672		
Economic Forum-Forecast	\$97.672			\$104.710	-\$7.038	-7.95%	\$92.863	\$4.809	5.43%
Agency-Forecast	\$97.672			\$102.655	-\$4.983	-5.63%	\$92.863	\$4.808	5.43%
Fiscal Division-Forecast	\$97.672			\$104.710	-\$7.038	-7.95%	\$94.275	\$3.397	3.84%
Budget Division-Forecast	\$97.672			\$105.000	-\$7.328	-8.28%	\$92.600	\$5.072	5.73%
SOS Commercial Filings-Actual (7.)(8.)	\$68.685			\$68.685			\$68.685		
Economic Forum-Forecast	\$77.627	-\$8.942	-10.10%	\$72.907	-\$4.222	-4.77%	\$66.405	\$2.279	2.57%
Agency-Forecast	\$77.627	-\$8.942	-10.10%	\$72.907	-\$4.222	-4.77%	\$66.406	\$2.279	2.57%
Fiscal Division-Forecast	\$77.627	-\$8.942	-10.10%	\$72.907	-\$4.222	-4.77%	\$66.406	\$2.279	2.57%
Budget Division-Forecast	\$77.627	-\$8.942	-10.10%	\$69.727	-\$1.042	-1.18%	\$63.254	\$5.430	6.13%
SOS Securities-Actual (9.)(10.)	\$20.350			\$20.350			\$20.350		
Economic Forum-Forecast	\$21.030	-\$0.681	-0.77%	\$20.837	-\$0.488	-0.55%	\$20.837	-\$0.488	-0.55%
Agency-Forecast	\$21.030	-\$0.681	-0.77%	\$20.838	-\$0.488	-0.55%	\$20.837	-\$0.488	-0.55%
Fiscal Division-Forecast	\$21.030	-\$0.681	-0.77%	\$20.838	-\$0.488	-0.55%	\$20.837	-\$0.488	-0.55%
Budget Division-Forecast	\$21.030	-\$0.681	-0.77%	\$20.855	-\$0.506	-0.57%	\$20.837	-\$0.488	-0.55%
10 Major Revenues-Actual (11.)	\$2,441.702			\$2,441.702			\$2,441.702		
Economic Forum-Forecast	\$2,774.504	-\$332.802	-13.63%	\$2,621.614	-\$179.913	-7.37%	\$2,383.644	\$58.058	2.38%
Agency-Forecast	\$2,859.499	-\$417.798	-17.11%	\$2,715.548	-\$273.846	-11.22%	\$2,425.438	\$16.264	0.67%
Fiscal Division-Forecast	\$2,876.039	-\$434.337	-17.79%	\$2,645.730	-\$204.028	-8.36%	\$2,394.970	\$46.731	1.91%
Budget Division-Forecast	\$2,644.142	-\$202.441	-8.29%	\$2,546.030	-\$104.328	-4.27%	\$2,395.092	\$46.610	1.91%
All Other Revenues-Actual (11.)	\$565.318			\$565.318			\$565.318		
Economic Forum-Forecast	\$549.635	\$15.683	2.77%	\$538.989	\$26.329	4.66%	\$542.486	\$22.832	4.04%
Agency-Forecast	\$554.361	\$10.957	1.94%	\$541.851	\$23.467	4.15%	\$542.486	\$22.832	4.04%
Fiscal Division-Forecast	\$548.780	\$16.538	2.93%	\$536.666	\$28.652	5.07%	\$542.486	\$22.832	4.04%
Budget Division-Forecast	\$549.897	\$15.421	2.73%	\$540.803	\$24.515	4.34%	\$542.486	\$22.832	4.04%

TABLE 3**Actual Collections versus December 1, 2008; May 1, 2009; and January 22, 2010, Forecasts by Forecaster for FY 2009-10**

Actual and Forecast Collections are in Millions of Dollars

\$ Difference and % Difference Statistics are Computed on an Actual Collections Minus Forecast Collections Basis

ACTUAL versus FORECAST	December 1, 2008 Forecast			May 1, 2009 Forecast			January 22, 2010 Forecast		
	FY 2009-10			FY 2009-10			FY 2009-10		
	Collections Millions of \$'s	\$ Difference	% Difference	Collections Millions of \$'s	\$ Difference	% Difference	Collections Millions of \$'s	\$ Difference	% Difference
Total General Fund Revenues-Actual (11.)(12.)	\$3,007.020			\$3,007.020			\$3,007.020		
Economic Forum-Forecast	\$3,324.139	-\$317.119	-10.55%	\$3,160.604	-\$153.584	-5.11%	\$2,926.130	\$80.890	2.69%
Agency-Forecast	\$3,413.861	-\$406.841	-13.53%	\$3,257.398	-\$250.379	-8.33%	\$2,967.924	\$39.096	1.30%
Fiscal Division-Forecast	\$3,424.819	-\$417.799	-13.89%	\$3,182.396	-\$175.376	-5.83%	\$2,937.457	\$69.563	2.31%
Budget Division-Forecast	\$3,194.040	-\$187.020	-6.22%	\$3,086.833	-\$79.813	-2.65%	\$2,937.578	\$69.442	2.31%

Notes:

- (1.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget, Global Insight/Moody's) for Sales and Use Tax include adjustments for legislative actions approved during the 2009 Regular Session to lower the taxpayer collection allowance from 0.5% to 0.25%, effective July 1, 2009. [See note 1-FY10 in the Notes to Table 2.]
- (2.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 for the Sales Tax were prepared by Global Insight and the January 22, 2010, forecast was prepared by Moody's.
- (3.) The December 1, 2008; May 1, 2009; and January 22, 2010 forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for Insurance Premium Tax include adjustments for legislative actions approved during the 26th Special Session to implement a program to perform desk audits of tax returns, which is estimate to generated \$10,000,000 in tax collections in FY 2009-10. [See note 21-FY10 in the Notes to Table 2.]
- (4.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for MBT-Nonfinancial Tax include adjustments for legislative actions approved during the 2009 Regular Session to create a two-tiered tax rate in lieu of a single tax rate, effective July 1, 2009. [See note 2-FY10 in Notes to Table 2.]
- (5.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for Cigarette Tax include adjustments for legislative actions approved during the 2009 Regular Session to lower the taxpayer collection allowance from 0.5% to 0.25%, effective July 1, 2009. [See note 3-FY10 in the Notes to Table 2.]
- (6.) I.P. 1 was approved during the 2009 Regular Session requiring the Economic Forum to prepare a forecast for the Room Tax for FY 2010 at its May 1, 2009, and January 22, 2010, meeting, but no Room Tax forecast was required for FY 2010 at its December 1, 2009. The actual FY 2010 Room Tax collections were used as the December 1, 2008, forecast for the Economic Forum and each forecaster (Agency, Fiscal, Budget) for FY 2010 (shaded in green in the table) to eliminate the distortion caused by the Room Tax in computing the \$ Difference and % Difference forecast errors for the 10 Major Revenues, All Other Revenues, and Total General Fund Revenues. [See note 4-FY10 in the Notes to Table 2.]
- (7.) The December 1, 2008, and May 1, 2009, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for SOS-Commercial Fillings include adjustments for legislative actions approved during the 2009 Regular Session for changes to expedite fees. [See note 9-FY10 in the Notes to Table 2.]
- (8.) The December 1, 2008; May 1, 2009; and January 22, 2010, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for SOS-Commercial Fillings include adjustments for legislative actions approved during the 26th Special Session for increases to certain commercial filing fees. [See notes 23-FY10 in the Notes to Table 2.]
- (9.) The December 1, 2008; May 1, 2009; and January 22, 2010, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) for SOS-Securities include adjustments for legislative actions approved during the 26th Special Session for increases to certain securities fees. [See notes 23-FY10 in the Notes to Table 2.]
- (10.) The Economic Forum did not approve a forecast for SOS Securities for FY 2010 at its January 22, 2010, meeting. The consensus FY 2010 forecast prepared by the Budget Division and Fiscal Analysis Division on February 1, 2010, was used as the January 22, 2010, forecast for the Economic Forum and each forecaster (Agency, Fiscal, Budget) for FY 2010 (shaded in orange in the table) to eliminate the distortion in computing the \$ Difference and % Difference forecast errors for the 10 Major Revenues, All Other Revenues, and Total General Fund Revenues.
- (11.) The amounts shown in the All Other Revenues category for the December 1, 2008; May 1, 2009; and January 22, 2010, forecasts for FY 2009-10 by the Economic Forum and each forecaster (Agency, Fiscal, Budget) include adjustments for legislative actions approved during the 25th Special Session, 2009 Regular Session, and 26th Special Session to several existing revenue sources and the creation of new revenue sources. [See Notes to Table 2 for a description of the legislative changes.]
- (12.) The sum of the 10 Major Revenues and All Other Revenues may not equal to Total General Fund Revenues due to rounding.

TABLE 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL [a.] % Change		FY 2008-09						FY 2009-10					
			ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual
					May 2009 Forecast	% Change					January 2010 Forecast	% Change		
TAXES														
TOTAL MINING TAXES [3-FY09][19-FY10][20-FY10]	\$35,131,075	26.8%	\$72,355,923	106.0%	\$70,052,000	99.4%	\$2,303,923	3.2%	\$76,847,872	6.2%	\$71,800,000	2.5%	\$5,047,872	6.6%
TOTAL SALES AND USE TAX [1-FY04][1A-FY09][1B-FY09][1-FY10]	\$985,739,728	-3.4%	\$859,536,168	87.2%	\$873,156,000	-11.4%	-\$13,619,832	-1.6%	\$784,348,571	-8.7%	\$758,074,300	-13.2%	\$26,274,271	3.3%
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$699,597,200	-13.0%	-\$7,636,637	-1.1%	\$668,367,995	-3.4%	\$677,976,700	-3.1%	-\$9,608,705	-1.4%
LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	\$131,820,221	-0.5%	\$121,567,664	-7.8%	\$125,268,000	-5.0%	-\$3,700,336	-3.0%	\$119,719,530	-1.5%	\$114,333,000	-8.7%	\$5,386,530	4.5%
TOTAL INSURANCE TAXES [21-FY10]	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$235,395,500	-8.5%	\$3,807,495	1.6%	\$234,549,230	-1.9%	\$223,537,500	-5.0%	\$11,011,730	4.7%
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06][2-FY10]	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$264,203,000	0.1%	-\$11,084,273	-4.4%	\$363,411,521	43.6%	\$351,300,000	33.0%	\$12,111,521	3.3%
MBT-FINANCIAL [11-FY04][5-FY06]	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$20,200,000	-2.4%	\$4,197,566	17.2%	\$21,698,267	-11.1%	\$19,757,000	-2.2%	\$1,941,267	8.9%
CIGARETTE TAX [6-FY04][2-FY09][3-FY10]	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$99,194,000	-10.2%	-\$2,207,093	-2.3%	\$88,550,857	-8.7%	\$88,162,000	-11.1%	\$388,857	0.4%
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$65,261,000	-24.0%	\$661,452	1.0%	\$53,315,435	-19.1%	\$47,500,000	-27.2%	\$5,815,435	10.9%
ROOM TAX [5-FY09][4-FY10]									\$97,671,733		\$92,863,000		\$4,808,733	4.9%
GOVERNMENTAL SERVICES TAX [5-FY10]									\$51,330,663		\$45,843,000		\$5,487,663	10.7%
LIQUOR TAX [5-FY04][2-FY09][7-FY10]	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$39,279,000	-0.4%	-\$2,298,117	-6.2%	\$38,425,078	3.9%	\$37,993,000	-3.3%	\$432,078	1.1%
OTHER TOBACCO TAX [7-FY04][2-FY09][8-FY10]	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,117,209	3.1%	\$23,178	0.3%	\$9,574,952	4.8%	\$9,402,560	3.1%	\$172,392	1.8%
HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000				\$5,000,000		\$5,000,000			
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,566,390	-2.2%	\$22,516,702	15.1%	\$19,450,000	-0.6%	\$3,066,702	13.6%	\$41,940,370	86.3%	\$40,720,000	109.4%	\$1,220,370	2.9%
BUSINESS LICENSE TAX [9-FY04]	\$13,983	-94.2%	\$3,228	-76.9%	\$15,000		-\$11,772	-364.6%	\$8,381	159.6%	\$7,500		\$881	10.5%
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,297,000	4.9%	-\$165,505	-5.3%	\$3,378,900	7.9%	\$3,444,000	4.5%	-\$65,101	-1.9%
TOTAL TAXES	\$2,770,904,166	-4.1%	\$2,501,821,659	-9.7%	\$2,528,484,909	-8.7%	-\$26,663,250	-1.1%	\$2,658,139,354	6.2%	\$2,587,713,560	2.3%	\$70,425,794	2.6%
LICENSES														
INSURANCE LICENSES	\$14,500,714	5.8%	\$14,738,011	1.6%	\$14,619,500	0.8%	\$118,511	0.8%	\$15,376,278	4.3%	\$15,508,000	6.1%	-\$131,722	-0.9%
MARRIAGE LICENSES	\$490,094	-4.3%	\$446,691	-8.9%	\$455,800	-7.0%	-\$9,109	-2.0%	\$419,295	-6.1%	\$437,900	-3.9%	-\$18,605	-4.4%
TOTAL SECRETARY OF STATE [14-FY04][9-FY10][23-FY10]	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$93,439,000	-7.1%	-\$239,498	-0.3%	\$90,962,300	-2.4%	\$89,347,856	-4.4%	\$1,614,444	1.8%
PRIVATE SCHOOL LICENSES	\$217,403	-12.7%	\$204,973	-5.7%	\$210,600	-3.1%	-\$5,627	-2.7%	\$207,304	1.1%	\$215,800	2.5%	-\$8,496	-4.1%
PRIVATE EMPLOYMENT AGENCY	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-10.7%	\$500	2.9%	\$14,700	-14.5%	\$16,700		-\$2,000	-13.6%
TOTAL REAL ESTATE [15-FY04][16-FY04]	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-12.1%	\$106,479	4.0%	\$2,610,174	-1.2%	\$2,536,200		\$73,974	2.8%
ATHLETIC COMMISSION FEES [24-FY10]	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,525,000	10.1%	-\$66,096	-1.9%	\$2,946,092	-14.8%	\$3,050,000	-13.5%	-\$103,908	-3.5%
TOTAL LICENSES	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$114,802,800	-5.8%	-\$94,840	-0.1%	\$112,536,143	-1.9%	\$111,112,456	-3.2%	\$1,423,687	1.3%
FEES AND FINES														
VITAL STATISTICS FEES [17-FY04][25-FY10]	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	-13.0%	-\$31,926	-3.9%	\$791,398	-3.5%	\$852,200		-\$60,802	-7.7%
DIVORCE FEES	\$201,111	-0.4%	\$211,254	5.0%	\$198,200	-1.4%	\$13,054	6.2%	\$187,816	-11.1%	\$197,900	-0.2%	-\$10,084	-5.4%
CIVIL ACTION FEES	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,561,800	2.1%	\$91,216	5.5%	\$1,438,379	-13.0%	\$1,603,000	2.6%	-\$164,621	-11.4%
INSURANCE FEES	\$2,143,195	142.8%	\$1,177,780	-45.0%	\$1,056,300	-50.7%	\$121,480	10.3%	\$816,140	-30.7%	\$1,000,000	-5.3%	-\$183,860	-22.5%
MEDICAL PLAN DISCOUNT REGISTRATION FEES	\$12,000	33.3%	\$10,000	-16.7%	\$12,000		-\$2,000	-20.0%	\$10,500	5.0%	\$12,000		-\$1,500	-14.3%
TOTAL REAL ESTATE FEES	\$957,184	-24.5%	\$793,128	-17.1%	\$740,900	-22.6%	\$52,228	6.6%	\$687,123	-13.4%	\$708,600	-4.4%	-\$21,477	-3.1%
SHORT-TERM CAR LEASE [4-FY09][10-FY10]	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$27,689,000	-7.1%	-\$169,360	-0.6%	\$33,579,292	22.0%	\$35,795,000	29.3%	-\$2,215,708	-6.6%
ATHLETIC COMMISSION LICENSES/FINES	\$482,325	-17.6%	\$149,853	-68.9%	\$150,000	-68.9%	-\$148	-0.1%	\$179,125	19.5%	\$100,000	-33.3%	\$79,125	44.2%
STATE ENGINEER SALES [11-FY10]	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$1,700,000	-25.2%	\$446,733	20.8%	\$3,026,422	41.0%	\$2,600,000	52.9%	\$426,422	14.1%
SUPREME COURT FEES	\$220,335	0.9%	\$202,498	-8.1%	\$217,100	-1.5%	-\$14,602	-7.2%	\$202,075	-0.2%	\$222,400	2.4%	-\$20,325	-10.1%
NOTICE OF DEFAULT FEES [26-FY10]									\$2,442,525		\$2,760,000		-\$317,475	-13.0%
MISC. FINES/FORFEITURES	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$5,207,400	116.9%	\$978,320	15.8%	\$1,896,987	-69.3%	\$2,360,100	-54.7%	-\$463,113	-24.4%
TOTAL FEES AND FINES	\$40,991,433	2.0%	\$40,869,894	-0.3%	\$39,384,900	-3.9%	\$1,484,994	3.6%	\$45,257,781	10.7%	\$48,211,200	22.4%	-\$2,953,419	-6.5%
USE OF MONEY AND PROPERTY														
LYON COUNTY REPAYMENTS														
OTHER REPAYMENTS [18-FY04]	\$5,145,859	77.1%	\$4,556,312	-11.5%	\$4,581,291	-11.0%	-\$24,979	-0.5%	\$1,591,661	-65.1%	\$1,592,593	-65.2%	-\$933	-0.1%
MARLETTE REPAYMENT	\$10,512		\$10,512		\$10,512				\$10,512		\$10,512			
INTEREST INCOME	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$18,070,600	-67.9%	\$434,561	2.3%	\$2,386,259	-87.1%	\$3,582,600	-80.2%	-\$1,196,341	-50.1%
TOTAL USE OF MONEY AND PROPERTY	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$22,662,403	-63.1%	\$409,582	1.8%	\$3,988,432	-82.7%	\$5,185,705	-77.1%	-\$1,197,273	-30.0%
OTHER REVENUE														
HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000				\$300,000		\$300,000			
PROPERTY TAX: 4-CENT OPERATING RATE [13-FY10]									\$36,448,071		\$36,010,800		\$437,271	1.2%
PROPERTY TAX: 5-CENT CAPITAL RATE [14-FY10]									\$34,690,823		\$34,210,300		\$480,523	1.4%
ROOM TAX: STATE 3/8 OF 1% RATE [15-FY10]									\$2,334,563		\$2,334,563			
INSURANCE VERIFICATION FEES [17-FY10]									\$7,000,000		\$7,000,000			
SUPPL. ACCOUNT FOR MED. ASSIST. TO INDIGENT [18-FY10]									\$25,199,365		\$25,199,365			
COURT ADMINISTRATIVE ASSESSMENTS [16-FY10]									\$4,580,172		\$4,763,532		-\$183,360	-4.0%
COURT ADMINISTRATIVE ASSESSMENT FEE [29-FY10]									\$271,461		\$192,544		\$78,917	29.1%
MISC. SALES AND REFUNDS	\$2,383,105	-52.6%	\$1,334,234	-44.0%	\$939,100	-60.6%	\$395,134	29.6%	\$923,196	-30.8%	\$953,800	1.6%	-\$30,604	-3.3%
COST RECOVERY PLAN	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$7,142,200	0.0%	\$51	0.0%	\$9,148,627	28.1%	\$7,142,200		\$2,006,427	21.9%
UNCLAIMED PROPERTY [9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	\$49,179,534	109.6%	\$50,092,050	1.9%	\$45,773,000	-6.9%	\$4,319,050	8.6%	\$66,201,764	32.2%	\$55,800,000	21.9%	\$10,401,764	15.7%
TOTAL OTHER REVENUE	\$59,001,707	48.0%	\$58,868,534	-0.2%	\$54,154,300	-8.2%	\$4,714,234	8.0%	\$187,098,042	217.8%	\$173,907,104	221.1%	\$13,190,938	7.1%
TOTAL GENERAL FUND REVENUE	\$3,054,267,831	-2.9%	\$2,739,340,033	-10.3%	\$2,759,489,312	-9.7%	-\$20,149,279	-0.7%	\$3,007,019,753	9.8%	\$2,926,130,025	6.0%	\$80,889,727	2.7%

TABLE 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL [a.] % Change		FY 2008-09						FY 2009-10						
			ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	
					May 2009 Forecast	% Change					January 2010 Forecast	% Change			
TAXES															
MINING TAX															
3064 Net Proceeds of Minerals [3-FY09][19-FY10]	\$34,685,775	25.3%	\$72,300,385	108.4%	\$69,952,000	101.7%	\$2,348,385	3.2%	\$76,350,861	5.6%	\$71,700,000	2.5%	\$4,650,861	6.1%	
3241 Net Proceeds Penalty	\$292,867		\$5,889	-98.0%	\$50,000	-82.9%	-\$44,111	-749.1%	\$301,761	5024.3%	\$50,000		\$251,761	83.4%	
3245 Centrally Assessed Penalties	\$152,433	1366.2%	\$49,649	-67.4%	\$50,000	-67.2%	-\$351	-0.7%	\$178,099	258.7%	\$50,000		\$128,099	71.9%	
3116 Mining Claims Fee [20-FY10]									\$17,150				\$17,150	100.0%	
TOTAL PROPERTY/MINE TAX	\$35,131,075	26.8%	\$72,355,923	106.0%	\$70,052,000	99.4%	\$2,303,923	3.2%	\$76,847,872	6.2%	\$71,800,000	2.5%	\$5,047,872	6.6%	
SALES AND USE															
3001 Sales & Use Tax [1-FY04][1A-FY09][1-FY10]	\$966,101,313	-3.4%	\$842,380,933	-12.8%	\$855,934,000	-11.4%	-\$13,553,068	-1.6%	\$755,344,243	-10.3%	\$729,819,000	-14.7%	\$25,525,243	3.4%	
3002 State Share - LSST [1-FY04][1B-FY09][1-FY10]	\$7,916,522	-4.6%	\$6,896,561	-12.9%	\$6,942,000	-12.3%	-\$45,439	-0.7%	\$7,264,043	5.3%	\$6,991,400	0.7%	\$272,643	3.8%	
3003 State Share - BCCRT [1-FY04][1B-FY09][1-FY10]	\$1,759,335	-4.6%	\$1,532,383	-12.9%	\$1,543,000	-12.3%	-\$10,617	-0.7%	\$3,268,705	113.3%	\$3,137,200	103.3%	\$131,505	4.0%	
3004 State Share - SCCRT [1-FY04][1B-FY09][1-FY10]	\$6,156,358	-4.6%	\$5,361,782	-12.9%	\$5,399,000	-12.3%	-\$37,218	-0.7%	\$11,442,957	113.4%	\$11,137,800	106.3%	\$305,157	2.7%	
3005 State Share - PTT [1-FY04][1B-FY09][1-FY10]	\$3,806,200	-3.7%	\$3,364,510	-11.6%	\$3,338,000	-12.3%	\$26,510	0.8%	\$7,028,623	108.9%	\$6,988,900	109.4%	\$39,723	0.6%	
TOTAL SALES AND USE	\$985,739,728	-3.4%	\$859,536,168	-12.8%	\$873,156,000	-11.4%	-\$13,619,832	-1.6%	\$784,348,571	-8.7%	\$758,074,300	-13.2%	\$26,274,271	3.3%	
GAMING - STATE															
3032 Pari-mutuel Tax	\$4,920	16.1%	\$3,983	-19.0%	\$4,000	-18.7%	-\$17	-0.4%	\$4,217	5.9%	\$4,000		\$217	5.1%	
3181 Racing Fees	\$15,542	1.5%	\$15,460	-0.5%	\$15,000	-3.5%	\$460	3.0%	\$13,513	-12.6%	\$15,000		-\$1,487	-11.0%	
3247 Racing Fines/Forfeitures	\$2,150	-30.6%	\$2,789	29.7%	\$2,000	-7.0%	\$789	28.3%	\$810	-71.0%	\$2,000		-\$1,190	-146.9%	
3041 Percent Fees - Gross Revenue [2-FY04]	\$770,965,236	-6.0%	\$655,199,442	-15.0%	\$662,997,000	-14.0%	-\$7,797,558	-1.2%	\$630,526,019	-3.8%	\$639,400,000	-3.6%	-\$8,873,981	-1.4%	
3042 Gaming Penalties	\$670,688	88.2%	\$847,125	26.3%	\$650,000	-3.1%	\$197,125	23.3%	\$1,030,064	21.6%	\$850,000	30.8%	\$180,064	17.5%	
3043 Flat Fees-Restricted Slots [3-FY04][1-FY06][1-FY08]	\$9,507,690	-1.1%	\$8,999,245	-5.3%	\$8,993,300	-5.4%	\$5,945	0.1%	\$8,578,006	-4.7%	\$8,402,600	-6.6%	\$175,406	2.0%	
3044 Non-Restricted Slots [1-FY06][1-FY08]	\$12,771,871	-2.5%	\$12,662,476	-0.9%	\$12,730,000	-0.3%	-\$67,524	-0.5%	\$12,425,211	-1.9%	\$12,354,000	-3.0%	\$71,211	0.6%	
3045 Quarterly Fees-Games	\$6,990,365	-3.1%	\$6,926,985	-0.9%	\$6,972,400	-0.3%	-\$45,415	-0.7%	\$6,699,150	-3.3%	\$7,176,800	2.9%	-\$477,650	-7.1%	
3046 Advance License Fees	\$2,599,278	-66.8%	\$6,872,554	164.4%	\$6,807,400	161.9%	\$65,154	0.9%	\$8,663,395	26.1%	\$9,338,200	37.2%	-\$674,805	-7.8%	
3048 Slot Machine Route Operator	\$36,000	-4.0%	\$37,000	2.8%	\$37,000	2.8%			\$37,000		\$37,000				
3049 Gaming Info Systems Annual	\$18,356		\$18,000	-1.9%	\$18,000	-1.9%			\$12,000	-33.3%	\$18,000		-\$6,000	-50.0%	
3033 Equip Mfg. License	\$209,500	0.5%	\$219,000	4.5%	\$218,000	4.1%	\$1,000	0.5%	\$228,500	4.3%	\$219,500	0.7%	\$9,000	3.9%	
3034 Race Wire License	\$35,196	-61.8%	\$19,007	-46.0%	\$15,000	-57.4%	\$4,007	21.1%	\$15,884	-16.4%	\$15,000		\$884	5.6%	
3035 Annual Fees on Games	\$119,333	13.9%	\$137,497	15.2%	\$138,100	15.7%	-\$603	-0.4%	\$134,225	-2.4%	\$144,600	4.7%	-\$10,375	-7.7%	
TOTAL GAMING - STATE	\$803,946,125	-6.4%	\$691,960,563	-13.9%	\$699,597,200	-13.0%	-\$7,636,637	-1.1%	\$668,367,995	-3.4%	\$677,976,700	-3.1%	-\$9,608,705	-1.4%	
LIVE ENTERTAINMENT TAX (LET)															
3031G Live Entertainment Tax-Gaming [4b-FY04]	\$121,638,259	0.0%	\$112,405,395	-7.6%	\$116,028,000	-4.6%	-\$3,622,605	-3.2%	\$108,244,011	-3.7%	\$104,700,000	-9.8%	\$3,544,011	3.3%	
3031NG Live Entertainment Tax-Nongaming [4b-FY04][2-FY06][2-FY08]	\$10,181,962	-6.1%	\$9,162,269	-10.0%	\$9,240,000	-9.3%	-\$77,731	-0.8%	\$11,475,519	25.2%	\$9,633,000	4.3%	\$1,842,519	16.1%	
TOTAL LET	\$131,820,221	-0.5%	\$121,567,664	-7.8%	\$125,268,000	-5.0%	-\$3,700,336	-3.0%	\$119,719,530	-1.5%	\$114,333,000	-8.7%	\$5,386,530	4.5%	
INSURANCE TAXES															
3061 Insurance Premium Tax [21-FY10]	\$256,693,189	-1.0%	\$238,524,098	-7.1%	\$234,713,000	-8.6%	\$3,811,098	1.6%	\$233,905,463	-1.9%	\$222,900,000	-5.0%	\$11,005,463	188.8%	
3062 Insurance Retailatory Tax	\$120,501	120.3%	\$98,528	-18.2%	\$120,000	-0.4%	-\$21,472	-21.8%	\$60,019	-39.1%	\$75,000	-37.5%	-\$14,981	-30.2%	
3067 Captive Insurer Premium Tax	\$553,405		\$580,370	4.9%	\$562,500	1.6%	\$17,870	3.1%	\$583,747	0.6%	\$562,500		\$21,247	18.9%	
TOTAL INSURANCE TAXES	\$257,367,094	-1.0%	\$239,202,995	-7.1%	\$235,395,500	-8.5%	\$3,807,495	1.6%	\$234,549,230	-1.9%	\$223,537,500	-5.0%	\$11,011,730	189.2%	
MODIFIED BUSINESS TAX (MBT)															
3069 MBT - Nonfinancial [10-FY04][5-FY06][6-FY06][3-FY08][2-FY10]	\$263,902,120	2.5%	\$253,118,727	-4.1%	\$264,203,000	0.1%	-\$11,084,273	-4.4%	\$363,411,521	43.6%	\$351,300,000	33.0%	\$12,111,521	3.3%	
3069 MBT - Financial [11-FY04][5-FY06]	\$20,698,297	-3.8%	\$24,397,566	17.9%	\$20,200,000	-2.4%	\$4,197,566	17.2%	\$21,698,267	-11.1%	\$19,757,000	-2.2%	\$1,941,267	8.9%	
TOTAL MBT	\$284,600,418		\$277,516,293	-2.5%	\$284,403,000	-0.1%	-\$6,886,707	-2.5%	\$385,109,788	38.8%	\$371,057,000	30.5%	\$14,052,788	3.6%	
CIGARETTE TAX															
3052 Cigarette Tax [6-FY04][2-FY09][3-FY10]	\$110,418,288	-2.3%	\$96,986,907	-12.2%	\$99,194,000	-10.2%	-\$2,207,093	-2.3%	\$88,550,857	-8.7%	\$88,162,000	-11.1%	\$388,857	0.4%	
REAL PROPERTY TRANSFER TAX (RPTT)															
3055 Real Property Transfer Tax [13-FY04][8-FY06]	\$85,882,799	-28.7%	\$65,922,452	-23.2%	\$65,261,000	-24.0%	\$661,452	1.0%	\$53,315,435	-19.1%	\$47,500,000	-27.2%	\$5,815,435	10.9%	
ROOM TAX															
3057 Room Tax [4-FY10]									\$97,671,733		\$92,863,000		\$4,808,733	4.9%	
GOVERNMENTAL SERVICES TAX (GST)															
Governmental Services Tax [5-FY10]									\$51,330,663		\$45,843,000		\$5,487,663	10.7%	
OTHER TAXES															
3113 Business License Fee [8-FY04][3-FY06][4-FY06][6-FY10]	\$19,566,390		\$22,516,702	15.1%	\$19,450,000	-0.6%	\$3,066,702	13.6%	\$41,940,370	86.3%	\$40,720,000	109.4%	\$1,220,370	2.9%	
3050 Liquor Tax [5-FY04][2-FY09][7-FY10]	\$39,434,816	1.3%	\$36,980,883	-6.2%	\$39,279,000	-0.4%	-\$2,298,117	-6.2%	\$38,425,078	3.9%	\$37,993,000	-3.3%	\$432,078	1.1%	
3053 Other Tobacco Tax [7-FY04][2-FY09][8-FY10]	\$8,840,580	0.0%	\$9,140,387	3.4%	\$9,117,209	3.1%	\$23,178	0.3%	\$9,574,952	4.8%	\$9,402,560	3.1%	\$172,392	1.8%	
4862 HECC Transfer	\$5,000,000		\$5,000,000		\$5,000,000				\$5,000,000		\$5,000,000				
3065 Business License Tax [9-FY04]	\$13,983	-94.2%	\$3,228	-76.9%	\$15,000	7.3%	-\$11,772	-364.6%	\$8,381	159.6%	\$7,500	-50.0%	\$881	10.5%	
3068 Branch Bank Excise Tax [12-FY04][7-FY06]	\$3,142,650	3.7%	\$3,131,495	-0.4%	\$3,297,000	4.9%	-\$165,505	-5.3%	\$3,378,900	7.9%	\$3,444,000	4.5%	-\$65,101	-1.9%	
TOTAL TAXES	\$2,770,904,166	-4.1%	\$2,501,821,659	-9.7%	\$2,528,484,909	-8.7%	-\$26,663,250	-1.1%	\$2,658,139,354	6.2%	\$2,587,713,560	2.3%	\$70,425,794	2.6%	

TABLE 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
 ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL [a.] % Change		FY 2008-09						FY 2009-10						
			ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	ACTUAL	% Change	Economic Forum		Difference: Actual minus Forecast	% Difference from Actual	
					May 2009 Forecast	% Change					January 2010 Forecast	% Change			
LICENSES															
3101 Insurance Licenses	\$14,500,714	5.8%	\$14,738,011	1.6%	\$14,619,500	0.8%	\$118,511	0.8%	\$15,376,278	4.3%	\$15,508,000	6.1%	-\$131,722	-0.9%	
3120 Marriage License	\$490,094	-4.3%	\$446,691	-8.9%	\$455,800	-7.0%	-\$9,109	-2.0%	\$419,295	-6.1%	\$437,900	-3.9%	-\$18,605	-4.4%	
SECRETARY OF STATE															
3105 UCC [1-FY02][14-FY04][23-FY10]	\$1,610,231	-3.1%	\$1,270,498	-21.1%	\$1,300,000	-19.3%	-\$29,502	-2.3%	\$1,326,105	4.4%	\$1,455,200	11.9%	-\$129,095	-9.7%	
3106 Las Vegas Commercial Filings [14-FY04][23-Fy10]	\$4,813,335	-0.8%	\$5,946,777	23.5%					\$3,487,231	-41.4%					
3129 Notary Fees [23-FY10]	\$605,618	-5.1%	\$675,360	11.5%	\$650,000	7.3%	\$25,360	3.8%	\$573,417	-15.1%	\$650,000		-\$76,583	-13.4%	
3130 Commercial Recordings [14-FY04][23-FY10]	\$72,249,142	0.2%	\$64,913,240	-10.2%	\$71,000,000	-1.7%	-\$139,983	-0.2%	\$65,197,355	0.4%	\$66,405,342	-6.5%	\$2,279,244	3.5%	
3131 Video Service Franchise	\$114,750		\$7,000	-93.9%	\$7,000				\$28,500	307.1%			\$28,500	100.0%	
3152 Securities [14-FY04][23-FY10]	\$21,172,156	6.0%	\$20,386,627	-3.7%	\$20,482,000	-3.3%	-\$95,373	-0.5%	\$20,349,692	-0.2%	\$20,837,314	1.7%	-\$487,622	-2.4%	
Expedite Services Fees [9-FY10]															
TOTAL SECRETARY OF STATE	\$100,565,232	1.3%	\$93,199,502	-7.3%	\$93,439,000	-7.1%	-\$239,498	-0.3%	\$90,962,300	-2.4%	\$89,347,856	-4.4%	\$1,614,444	1.8%	
3172 Private School Licenses	\$217,403	-12.7%	\$204,973	-5.7%	\$210,600	-3.1%	-\$5,627	-2.7%	\$207,304	1.1%	\$215,800	2.5%	-\$8,496	-4.1%	
3173 Private Employment Agency	\$18,700	2.2%	\$17,200	-8.0%	\$16,700	-10.7%	\$500	2.9%	\$14,700	-14.5%	\$16,700		-\$2,000	-13.6%	
REAL ESTATE															
3161 Real Estate License [15-FY04]	\$2,881,208	-8.7%	\$2,636,964	-8.5%	\$2,532,000	-12.1%	\$104,964	4.0%	\$2,605,804	-1.2%	\$2,532,000		\$73,804	2.8%	
3162 Real Estate Fees	\$3,510	-40.2%	\$5,715	62.8%	\$4,200	19.7%	\$1,515	26.5%	\$4,370	-23.5%	\$4,200		\$170	3.9%	
TOTAL REAL ESTATE	\$2,884,718	-8.7%	\$2,642,679	-8.4%	\$2,536,200	-12.1%	\$106,479	4.0%	\$2,610,174	-1.2%	\$2,536,200		\$73,974	2.8%	
3102 Athletic Commission Fees [24-FY10]	\$3,200,947	-24.6%	\$3,458,904	8.1%	\$3,525,000	10.1%	-\$66,096	-1.9%	\$2,946,092	-14.8%	\$3,050,000	-13.5%	-\$103,908	-3.5%	
TOTAL LICENSES	\$121,877,809	0.6%	\$114,707,960	-5.9%	\$114,802,800	-5.8%	-\$94,840	-0.1%	\$112,536,143	-1.9%	\$111,112,456	-3.2%	\$1,423,687	1.3%	
FEES AND FINES															
3200 Vital Statistics Fees [17-FY04][25-FY10]	\$979,552	-1.1%	\$820,274	-16.3%	\$852,200	-13.0%	-\$31,926	-3.9%	\$791,398	-3.5%	\$852,200		-\$60,802	-7.7%	
3203 Divorce Fees	\$201,111	-0.4%	\$211,254	5.0%	\$198,200	-1.4%	\$13,054	6.2%	\$187,816	-11.1%	\$197,900	-0.2%	-\$10,084	-5.4%	
3204 Civil Action Fees	\$1,530,101	5.8%	\$1,653,016	8.0%	\$1,561,800	2.1%	\$91,216	5.5%	\$1,438,379	-13.0%	\$1,603,000	2.6%	-\$164,621	-11.4%	
3242 Insurance Fines	\$2,143,195	142.8%	\$1,177,780	-45.0%	\$1,056,300	-50.7%	\$121,480	10.3%	\$816,140	-30.7%	\$1,000,000	-5.3%	-\$183,860	-22.5%	
3103MD Medical Plan Discount Reg. Fees	\$12,000	33.3%	\$10,000	-16.7%	\$12,000		-\$2,000	-20.0%	\$10,500	5.0%	\$12,000		-\$1,500	-14.3%	
REAL ESTATE FEES															
3107IOS IOS Application Fees	\$4,200	-33.6%	\$6,560	56.2%	\$4,100	-2.4%	\$2,460	37.5%	\$11,100	69.2%	\$4,100		\$7,000	63.1%	
3165 Land Co Filing Fees	\$267,496	-29.0%	\$187,575	-29.9%	\$196,000	-26.7%	-\$8,425	-4.5%	\$133,270	-29.0%	\$196,000		-\$62,730	-47.1%	
3166 Land Co Reg Rep Filing Fees															
3167 Real Estate Adver Fees	\$8,610	4.4%	\$6,080	-29.4%	\$5,700	-33.8%	\$380	6.3%	\$4,115	-32.3%	\$5,700		-\$1,585	-38.5%	
3169 Real Estate Reg Fees	\$31,870	-24.4%	\$22,695	-28.8%	\$25,000	-21.6%	-\$2,305	-10.2%	\$14,920	-34.3%	\$25,000		-\$10,080	-67.6%	
4741 Real Estate Exam Fees [19-FY04]	\$341,139		\$237,828	-30.3%	\$217,800	-36.2%	\$20,028	8.4%	\$234,133	-1.6%	\$217,800		\$16,333	7.0%	
3171 CAM Certification Fee	\$48,850		\$54,590	11.8%	\$50,300	3.0%	\$4,290	7.9%	\$57,645	5.6%	\$50,000	-0.6%	\$7,645	13.3%	
3178 Real Estate Accred Fees	\$126,750	-3.3%	\$101,950	-19.6%	\$94,000	-25.8%	\$7,950	7.8%	\$89,650	-12.1%	\$100,000	6.4%	-\$10,350	-11.5%	
3254 Real Estate Penalties	\$88,019	-4.9%	\$134,340	52.6%	\$110,000	25.0%	\$24,340	18.1%	\$83,320	-38.0%	\$72,000	-34.5%	\$11,320	13.6%	
3190 A.B. 165, Real Estate Inspectors	\$40,250	-9.8%	\$41,510	3.1%	\$38,000	-5.6%	\$3,510	8.5%	\$58,970	42.1%	\$38,000		\$20,970	35.6%	
TOTAL REAL ESTATE FEES	\$957,184	-24.5%	\$793,128	-17.1%	\$740,900	-22.6%	\$52,228	6.6%	\$687,123	-13.4%	\$708,600	-4.4%	-\$21,477	-3.1%	
3066 Short Term Car Lease [4-FY09][10-FY10]	\$29,792,195	0.0%	\$27,519,640	-7.6%	\$27,689,000	-7.1%	-\$169,360	-0.6%	\$33,579,292	22.0%	\$35,795,000	29.3%	-\$2,215,708		
3103AC Athletic Commission Licenses/Fines	\$482,325		\$149,853	-68.9%	\$150,000	-68.9%	-\$148	-0.1%	\$179,125	19.5%	\$100,000	-33.3%	\$79,125	44.2%	
3205 State Engineer Sales [11-FY10]	\$2,272,980	5.0%	\$2,146,733	-5.6%	\$1,700,000	-25.2%	\$446,733	20.8%	\$3,026,422	41.0%	\$2,600,000	52.9%	\$426,422	14.1%	
3206 Supreme Court Fees	\$220,335	0.9%	\$202,498	-8.1%	\$217,100	-1.5%	-\$14,602	-7.2%	\$202,075	-0.2%	\$222,400	2.4%	-\$20,325	-10.1%	
3115 Notice of Default Fee [26-FY10]									\$2,442,525		\$2,760,000		-\$317,475	-13.0%	
3271 Misc Fines/Forfeitures	\$2,400,455	-8.8%	\$6,185,720	157.7%	\$5,207,400	116.9%	\$978,320	15.8%	\$1,896,987	-69.3%	\$2,360,100	-54.7%	-\$463,113	-24.4%	
TOTAL FEES AND FINES	\$40,991,433	2.0%	\$40,869,894	-0.3%	\$39,384,900	-3.9%	\$1,484,994	3.6%	\$45,257,781	10.7%	\$48,211,200	22.4%	-\$2,953,419	-6.5%	

TABLE 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

DESCRIPTION	FY 2008 ACTUAL [a.]	% Change	FY 2008-09						FY 2009-10					
			ACTUAL	% Change	Economic Forum		Difference:		ACTUAL	% Change	Economic Forum		Difference:	
					May 2009 Forecast	% Change	Actual minus Forecast	% Difference from Actual			January 2010 Forecast	% Change	Actual minus Forecast	% Difference from Actual
USE OF MONEY AND PROP														
4420 Lyon County Repayments														
OTHER REPAYMENTS														
4401 Higher Education Tuition Admin	\$2,188,014		\$1,160,577		\$1,183,709		-\$23,132							
4403 Forestry Nurseries Fund Repayment (05-M27)	\$26,250		\$15,090		\$16,957		-\$1,867		\$20,670	37.0%	\$21,603		-\$933	
4404 Bldg. and Grounds Repayments	\$47,413		\$333,643		\$333,623		\$20							
4404 CIP 95-C14, Mailroom Remodel	\$21,122		\$190,102		\$190,102									
4408 Comp/Fac Repayment	\$23,744		\$23,744		\$23,744		\$0		\$23,744		\$23,744		\$0	
4408 CIP 95-M1, Security Alarm	\$2,998		\$2,998		\$2,998		\$0		\$2,998		\$2,998		\$0	
4408 CIP 95-M5, Facility Generator	\$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			
4408 CIP 97-C26, Capitol Complex Conduit System, Phase I	\$62,542		\$62,542		\$62,542		\$0		\$62,542		\$62,542		\$0	
4408 CIP 97-S4H, Advance Planning Addition to Computer Facility	\$9,107		\$9,107		\$9,107		\$0		\$9,107		\$9,107			
4408 S.B. 201, 1997; Cost of PBX System	\$249,967		\$249,967		\$249,967		\$0							
4408 A.B. 576-Virtual Tape Storage	\$463,444		\$463,444		\$463,444		\$0		\$463,444		\$463,444			
4408 DoIT Repayment - April 9, 2008 IFC	\$348,240		\$197,258		\$197,258									
4409 Motor Pool Repay - Carson														
4409 Motor Pool Repay - Reno	\$24,385		\$24,385		\$24,385		\$0		\$24,385		\$24,385		\$0	
4409 Motor Pool Repay - LV	\$6,638		\$6,638		\$6,638				\$6,630		\$6,630		\$1	
4410 Purchasing Repayment	\$19,326		\$164,148		\$164,148		\$0							
4402 State Personnel IFS Repayment; S.B. 201, 1997 Legislature	\$1,644,795		\$1,644,795		\$1,644,795				\$970,267		\$970,267			
TOTAL OTHER REPAYMENTS	\$5,145,859	77.1%	\$4,556,312		\$4,581,291	-11.0%	-\$24,979	-0.5%	\$1,591,661	-65.1%	\$1,592,593	-65.2%	-\$933	-0.1%
4406 Marlette Repayment	\$10,512		\$10,512		\$10,512				\$10,512		\$10,512			
INTEREST INCOME														
3290 Treasurer	\$55,876,491	6.6%	\$18,363,013	-67.1%	\$17,890,000	-68.0%	\$473,013	2.6%	\$2,373,219	-87.1%	\$3,390,000	-81.1%	-\$1,016,781	-42.8%
3291 Other	\$459,855	-10.1%	\$142,148	-69.1%	\$180,600	-60.7%	-\$38,452	-27.1%	\$13,041	-90.8%	\$192,600	6.6%	-\$179,559	-1376.9%
TOTAL INTEREST INCOME	\$56,336,346	6.5%	\$18,505,161	-67.2%	\$18,070,600	-67.9%	\$434,561	2.3%	\$2,386,259	-87.1%	\$3,582,600	-80.2%	-\$1,196,341	-50.1%
TOTAL USE OF MONEY & PROP	\$61,492,717	10.1%	\$23,071,985	-62.5%	\$22,662,403	-63.1%	\$409,582	1.8%	\$3,988,432	-82.7%	\$5,185,705	-77.1%	-\$1,197,273	-30.0%
OTHER REVENUE														
3059 Hoover Dam Revenue	\$300,000		\$300,000		\$300,000				\$300,000		\$300,000			
MISC SALES AND REFUNDS														
Property Tax: 4-cent operating rate (Clark & Washoe) [13-FY10]									\$36,448,071		\$36,010,800		\$437,271	1.2%
Property Tax: 5-cent capital rate (Clark & Washoe) [14-FY10]									\$34,690,823		\$34,210,300		\$480,523	1.4%
Room Tax: State 3/8 of 1% Rate [15-FY10]									\$2,334,563		\$2,334,563			
Insurance Verification Fees [17-FY10]									\$7,000,000		\$7,000,000			
Suppl. Account for Med. Assist. to Indigent [18-FY10]									\$25,199,365		\$25,199,365			
3107 Misc Fees	\$197,310	21.6%	\$182,332	-7.6%	\$167,500	-15.1%	\$14,832	8.1%	\$252,176		\$164,100	-2.0%	\$88,076	34.9%
3109 Court Admin Assessments [16-FY10]	\$1,386,084		\$381,525	-72.5%			\$381,525	100.0%	\$4,580,172		\$4,763,532		-\$183,360	-4.0%
3114 Court Administrative Assessment Fee [29-FY10]									\$271,461		\$192,544		\$78,917	29.1%
3150 Telemarketing Fees	\$97,250	-18.5%	\$91,050	-6.4%	\$92,000	-5.4%	-\$950	-1.0%			\$92,000		-\$92,000	
3151 Deceptive Trade Settlement														
3168 Declare of Candidacy Filing Fee	\$40,615	2.8%	\$32,272	-20.5%	\$35,000	-13.8%	-\$2,728	-8.5%	\$63,767		\$40,000	14.3%	\$23,767	37.3%
3202 Fees & Writs of Garnishments	\$2,180	-9.4%	\$2,715	24.5%	\$2,900	33.0%	-\$185	-6.8%	\$3,130		\$3,000	3.4%	\$130	4.2%
3220 Nevada Report Sales	\$30,235	74.4%	\$12,800	-57.7%	\$13,300	-56.0%	-\$500	-3.9%	\$9,335		\$23,300	75.2%	-\$13,965	-149.6%
3222 Excess Property Sales	\$41,215	-92.3%	\$38,715	-6.1%	\$46,100	11.9%	-\$7,385	-19.1%	\$32,385		\$46,100		-\$13,715	-42.3%
3240 Sale of Trust Property	\$1,014	-87.8%	\$2,124	109.4%	\$1,000	-1.4%	\$1,124	52.9%	\$3,038		\$1,000		\$2,038	67.1%
3243 Insurance - Misc	\$514,555	3.9%	\$522,920	1.6%	\$513,200	-0.3%	\$9,720	1.9%	\$516,856		\$513,000	0.0%	\$3,856	0.7%
3272 Misc Refunds	\$878	-43.2%	\$3,287	274.2%	\$1,000	13.8%	\$2,287	69.6%			\$1,000		-\$1,000	
3274 Misc Refunds	\$61,769	24.2%	\$64,494	4.4%	\$67,100	8.6%	-\$2,606	-4.0%	\$42,508		\$70,300	4.8%	-\$27,792	-65.4%
3276 Cost Recovery Plan	\$7,139,068	-31.7%	\$7,142,251	0.0%	\$7,142,200	0.0%	\$51	0.0%	\$9,148,627		\$7,142,200		\$2,006,427	21.9%
TOTAL MISC SALES & REF	\$9,522,173	-38.5%	\$8,476,485	-11.0%	\$8,081,300	-15.1%	\$395,185	4.7%	\$120,596,278		\$117,807,104	1357.8%	\$2,789,174	2.3%
3060 Petroleum Inspection Fees [4-FY08]									\$3,007,019,753		\$2,926,130,025	6.0%	\$80,889,727	2.7%
3255 Unclaimed Property [9-FY06][5-FY09][12-FY10][30-FY10][31-FY10]	\$49,179,534	109.6%	\$50,092,050	1.9%	\$45,773,000	-6.9%	\$4,319,050	8.6%	\$66,201,764		\$55,800,000	21.9%	\$10,401,764	15.7%
TOTAL OTHER REVENUE	\$59,001,707	48.0%	\$58,868,534	-0.2%	\$54,154,300	-8.2%	\$4,714,234	8.0%	\$187,098,042		\$173,907,104	221.1%	\$13,190,938	7.1%
TOTAL GENERAL FUND REVENUE	\$3,054,267,831	-2.9%	\$2,739,340,033	-10.3%	\$2,759,489,312	-9.7%	-\$20,149,279	-0.7%	\$3,007,019,753		\$2,926,130,025	6.0%	\$80,889,727	2.7%

TABLE 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

NOTES:

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

FY 2004 (Actual collections are not displayed in the table for FY 2004, but notes were retained as they reflect the tax changes approved by the Legislature during the 2003 Regular and Special Sessions.)**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 & 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 non-gaming 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 (Actual collections are not displayed in the table for FY 2006, but notes were retained as they reflect the tax changes approved by the Legislature during the 2005 Regular and Special Sessions.)**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 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 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 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.

TABLE 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

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] A.B. 549 redirects \$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 2009.

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 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 4

FY 2008-09 AND FY 2009-10 GENERAL FUND REVENUE FORECAST ERROR COMPARISON

ECONOMIC FORUM JANUARY 22, 2010 FORECAST FOR FY 2009-10 ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED FROM THE 26TH SPECIAL SESSION COMPARED TO ACTUAL COLLECTIONS
 ECONOMIC FORUM MAY 1, 2009 FORECAST FOR FY 2008-09 ADJUSTED FOR LEGISLATIVE ACTIONS FROM THE 2009 REGULAR AND 26TH SPECIAL SESSIONS COMPARED TO ACTUAL COLLECTIONS

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 of \$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.

COMPARISON OF ECONOMIC FORUM MAY 1 FORECASTS FOR SALES AND USE TAX, GAMING PERCENTAGE FEE TAX, AND TOTAL GENERAL FUND REVENUE COMPARED TO ACTUAL COLLECTIONS

TABLE 1

Average Percent Error and Absolute Average Percent Error for Current Year, 1-Year-Ahead, 2-Year Ahead, and Biennium Forecasts
Based on the Economic Forum May 1 Forecasts Prepared in Odd-Numbered Years from 1995 to 2009

	Current Year Forecast (1)		1-Year Ahead Forecast (2)		2-Year Ahead Forecast (3)		Biennium Forecast (4)	
	Fall 2008 Report	Fall 2010 Report	Fall 2008 Report	Fall 2010 Report	Fall 2008 Report	Fall 2010 Report	Fall 2008 Report	Fall 2010 Report
<u>SALES AND USE TAX</u>								
Average Percent Error (5)	0.6%	0.3%	0.3%	-0.5%	3.6%	-2.0%	2.9%	-0.7%
Absolute Average Percent Error (6)	0.9%	1.0%	5.5%	5.6%	5.7%	10.0%	5.3%	7.7%
<u>GAMING PERCENTAGE FEE TAX</u>								
Average Percent Error	-0.6%	-0.7%	-0.1%	-1.2%	0.6%	-5.4%	1.3%	-2.6%
Absolute Average Percent Error	1.0%	1.0%	5.8%	6.2%	4.7%	10.0%	4.4%	7.5%
<u>TOTAL GENERAL FUND REVENUE</u>								
Average Percent Error	0.0%	-0.1%	1.1%	0.4%	3.3%	-1.4%	3.0%	0.0%
Absolute Average Percent Error	1.0%	0.9%	5.0%	5.0%	4.8%	8.4%	4.7%	6.6%

TABLE 2

Average Error and Absolute Average Error in Dollar Terms for Current Year, 1-Year-Ahead, 2-Year Ahead, and Biennium Forecasts
Based on the Economic Forum May 1 Forecasts Prepared in Odd-Numbered Years from 1995 to 2009 (millions of \$)

	Current Year Forecast (1)		1-Year Ahead Forecast (2)		2-Year Ahead Forecast (3)		Biennium Forecast (4)	
	Fall 2008 Report	Fall 2010 Report	Fall 2008 Report	Fall 2010 Report	Fall 2008 Report	Fall 2010 Report	Fall 2008 Report	Fall 2010 Report
<u>SALES AND USE TAX</u>								
Average Error (7)	\$3.9	\$1.7	\$0.2	-\$5.5	\$28.5	-\$18.3	\$45.3	-\$18.1
Absolute Average Error (8)	\$6.7	\$7.5	\$41.8	\$42.2	\$41.9	\$78.6	\$74.1	\$120.4
<u>GAMING PERCENTAGE FEE TAX</u>								
Average Error	-\$3.0	-\$3.6	-\$1.2	-\$8.0	\$7.2	-\$32.7	\$21.4	-\$33.9
Absolute Average Error	\$5.3	\$5.6	\$38.3	\$40.4	\$29.1	\$63.8	\$55.1	\$99.5
<u>TOTAL GENERAL FUND REVENUE</u>								
Average Error	\$3.0	\$0.1	\$19.6	-\$2.1	\$80.1	-\$47.4	\$143.0	-\$27.8
Absolute Average Error	\$15.1	\$15.7	\$114.4	\$119.3	\$107.2	\$208.0	\$200.6	\$322.4

See Notes on the following page.

NOTES:

- (1) Current Year Forecast: Fall 2008 Report includes statistics from the forecasts prepared by the Economic Forum at its May 1 meetings for the current year of each three-year forecast period (FY 1995, FY 1997, FY 1999, FY 2001, FY 2003, FY 2005, and FY 2007). Fall 2010 Report includes the statistics for all forecasts included in the Fall 2008 report, and the statistics for the current-year forecast for FY 2009 have also been incorporated.
- (2) 1-Year Ahead Forecast: Fall 2008 Report includes statistics from the forecasts prepared by the Economic Forum at its May 1 meetings for the one-year-ahead forecast of each three-year forecast period (FY 1996, FY 1998, FY 2000, FY 2002, FY 2004, FY 2006, and FY 2008). Fall 2010 Report includes the statistics for all forecasts included in the Fall 2008 report, and the statistics for the one-year-ahead forecast for FY 2010 have also been incorporated.
- (3) 2-Year Ahead Forecast: Fall 2008 Report includes statistics from the forecasts prepared by the Economic Forum at its May 1 meetings for the two-year-ahead forecast of each three-year forecast period (FY 1997, FY 1999, FY 2001, FY 2003, FY 2005, and FY 2007). Fall 2010 Report includes the statistics for all forecasts included in the Fall 2008 report, and the statistics for the two-year-ahead forecast for FY 2009 have also been incorporated.
- (4) Biennium Forecast: Fall 2008 Report includes statistics from the forecasts prepared by the Economic Forum for each two-year biennial forecast period (one-year-ahead and two-year-ahead forecasts) (1995-97 biennium, 1997-99 biennium, 1999-01 biennium, 2001-03 biennium, 2003-05 biennium, and 2005-07 biennium). Fall 2010 Report includes statistics for all forecasts included in the Fall 2008 report, and the statistics for the biennium forecasts for the 2007-09 biennium have also been incorporated.
- (5) The Average Percent Error is the average of the Percent Forecast Errors for each available forecast cycle. The Percent Forecast Error is the dollar forecast error (actual collections less forecast collections) as a percent of the actual collections for each forecast period.
- (6) The Absolute Average Percent Error is the average of the individual Percent Forecast Errors from each forecast, but in absolute terms so that positive and negative forecast errors are not allowed to cancel each other out. Negative Percent Forecast Errors are treated as positive when calculating the Absolute Average Percent Error.
- (7) The Average Error is the average of the dollar forecast errors (actual collections less forecast collections) for each available forecast cycle.
- (8) The Absolute Average Error is the average of the individual dollar forecast errors from each forecast, but in absolute terms so that positive and negative forecast errors are not allowed to cancel each other out. Negative dollar forecast errors are treated as positive when calculating the Absolute Average Error.

REPORT ON THE FORECAST ACCURACY OF THE ECONOMIC FORUM FOR SELECTED REVENUES

Prepared by the Fiscal Analysis Division, Legislative Counsel Bureau
For the Economic Forum Meeting
September 29, 2010

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Economic Forum Historical Forecast Performance Analysis

This report provides an analysis of the Economic Forum's forecast performance for each of the following major General Fund revenues: state 2% sales tax, gaming percentage fees, insurance premium tax, casino/live entertainment tax, cigarette tax, and the total General Fund. Information on the forecast accuracy for each of these revenue sources is provided for each of the following forecasters: Economic Forum, agency responsible for collecting the tax, Budget Office, Fiscal Analysis Division, and Global Insight (for sales and gaming tax). The tables included in this report present the forecast percent error designed to provide a measure of accuracy of the Economic Forum's and the other forecasters estimates compared to actual collections.

The Economic Forum prepares forecasts by December 1 in even-numbered years and by May 1 in odd-numbered years over the eight forecast cycles for which the Economic Forum has developed forecasts: December 1994-May 1995, December 1996-May 1997, December 1998-May 1999, December 2000-May 2001, December 2002-May 2003, December 2004-May 2005, December 2006-May 2007, and December 2008-May 2009. The tables report the forecast performance measure separately for the December 1 and May 1 forecasts for the current year, 1-year ahead, 2-years ahead, and the biennium for which the Economic Forum prepares projections each forecast cycle. (Appendix A titled "Background on the Economic Forum Forecast Process" provides an explanation of the Economic Forum's December 1 and May 1 forecast cycles.)

HIGHLIGHTS OF THE ECONOMIC FORUM'S FORECAST PERFORMANCE

The tables included in this report contain a significant amount of information regarding the performance of the current year, 1-year ahead, and 2-year ahead forecast prepared by each forecaster on December 1 and May 1 for each major revenue source. This section summarizes the results for the May 1 biennium forecasts (displayed in the far right-hand column of the table for each revenue source) prepared by the Economic Forum in the odd-numbered years: 1995, 1997, 1999, 2001, 2003, 2005, 2007, and 2009. Although the Economic Forum produced a biennium forecast for the 2009-11 biennium, the accuracy of that forecast is unknown because the biennium is not complete since FY 2010-11 has not been completed. Thus, the biennium forecast statistics included in the tables are based on the average of the 1995, 1997, 1999, 2001, 2003, 2005, and 2007 forecasts for the 1995-97 biennium, 1997-99 biennium, 1999-2001 biennium, 2001-03 biennium, 2003-05 biennium, 2005-07 biennium, and 2007-09 biennium.

The summary focuses on the Economic Forum's May 1 forecasts as these are the forecasts the Legislature is required to use to determine the level of General Fund appropriations that can be authorized over each year of the biennium. Although the accuracy of the individual forecasts for each year of the biennium is relevant, the more important point is how close the forecasts for the biennium are to the actual collections.

Appendix B titled "Description of Forecast Performance Measures" provides an explanation of the different statistical measures reported in the tables used to evaluate each forecaster's projections compared to actual collections.

All statistics displayed in the attached tables are computed on an actual collections less forecast collections basis. Thus, a positive number implies that on average, actual collections were higher than forecast. Similarly, a negative number implies actual activity was lower than forecast.

The following table displays the Economic Forum's forecast accuracy on a biennium basis based on the May 1 forecasts prepared each forecast cycle. The accuracy of the forecasts for the state 2% sales tax, gaming percentage fees, insurance premium tax, casino/live entertainment tax, cigarette tax and total General Fund tax is measured by two statistics: the average percent forecast error and absolute average percent forecast error (see Appendix B for an explanation). The statistics displayed in the table for each revenue source are based on the Economic Forum's forecast error over the following seven biennia: 1995-97, 1997-1999, 1999-2001, 2001-03, 2003-05, 2005-07, and 2007-09.

SUMMARY OF THE ECONOMIC FORUM'S FORECAST PERFORMANCE FOR THE MAJOR REVENUE SOURCES BASED ON THE MAY 1 FORECASTS	
	<u>Biennium Forecast Error Based on May 1 Forecasts</u>
<u>STATE 2% SALES TAX</u>	
Average Percent Forecast Error	-0.7%
Absolute Average Percent Forecast Error	7.7%
<u>GAMING PERCENTAGE FEES</u>	
Average Percent Forecast Error	-2.6%
Absolute Average Percent Forecast Error	7.5%
<u>INSURANCE PREMIUM TAX</u>	
Average Percent Forecast Error	1.6%
Absolute Average Percent Forecast Error	8.2%
<u>CASINO/LIVE ENTERTAINMENT TAX</u>	
Average Percent Forecast Error	-0.8%
Absolute Average Percent Forecast Error	8.9%
<u>CIGARETTE TAX</u>	
Average Percent Forecast Error	-1.1%
Absolute Average Percent Forecast Error	5.4%
<u>TOTAL GENERAL FUND REVENUES</u>	
Average Percent Forecast Error	0.0%
Absolute Average Percent Forecast Error	6.6%
NOTE: The average and absolute average percent forecast error statistics are based on the forecast errors recorded over the following seven biennia: 1995-1997 , 1997-1999, 1999-2001, 2001-2003, 2003-2005, 2005-2007, and 2007-2009.	

NOTE: Information regarding the Economic Forum's forecast performance for the real property transfer tax and the modified business tax is not included in this summary, because actual forecast error information is only available for two biennia (2005-07 and 2007-09). These two taxes were approved as General Fund revenue sources during the 2003 Session and became effective in FY 2003-04; therefore, the first forecasts approved by the Economic Forum were in December 2004 and May 2005 for FY 2004-05, FY 2005-06, and FY 2006-07.

A summary of the available current year, one-year ahead, two-year ahead, and total biennium average percent forecast error and average absolute percent forecast error for these revenue sources is included in the tables at the end of this document.

STATE 2% SALES TAX

- The average biennium percent forecast error is -0.7%, which implies the Economic Forum has tended to over-forecast actual biennium sales tax collections by 0.7% on average, based on the May 1 forecasts.
- In absolute terms, the average biennium absolute percent forecast error is 7.7% of actual collections and implies the May 1 forecasts for each biennium are within plus or minus 7.7% of the actual collections on average.
- Although not shown in the table, in dollar forecast error terms state sales tax collections were over-forecast by approximately \$18.1 million on average over the seven biennia the Economic Forum has produced forecasts and forecast errors can be computed. In absolute dollar forecast error terms, state sales tax collections were over/under forecast by approximately \$120.4 million on average over the seven biennia for which forecast comparisons can be computed.

GAMING PERCENTAGE FEE TAX

- The average biennium percent forecast error is -2.6%, which implies the Economic Forum has tended to over-forecast actual biennium gaming percentage fee tax collections by 2.6% on average, based on the May 1 forecasts.
- In absolute terms, the average biennium absolute percent forecast error is 7.5% of actual collections and implies the May 1 forecasts for each biennium are within plus or minus 7.5% of the actual collections on average.
- Although not shown in the table, in dollar forecast error terms gaming percentage fee tax collections were over-forecast by approximately \$33.9 million on average over the seven biennia the Economic Forum has produced forecasts and forecast errors can be computed. In absolute dollar forecast error terms, gaming percentage fee tax collections were over/under forecast by approximately \$99.5 million on average over the seven biennia for which forecast comparisons can be computed.

INSURANCE PREMIUM TAX

- The average biennium percent forecast error is 1.6%, which implies the Economic Forum has tended to under-forecast actual biennium insurance premium tax collections by 1.6% on average, based on the May 1 forecasts.
- In absolute terms, the average biennium absolute percent forecast error is 8.2% of actual collections and implies the May 1 forecasts for each biennium are within plus or minus 8.2% of the actual collections on average.
- Although the biennium forecast error shows that, on average, the Economic Forum has tended to under-forecast annual insurance premium tax collections by 1.6%, these tax collections were over-forecast in dollar forecast terms by approximately \$1.1 million on average over the seven biennia the Economic Forum has produced forecasts and forecast errors can be computed. In absolute dollar forecast error terms, insurance premium tax collections were over/under forecast by approximately \$31.7 million on average over the seven biennia for which forecast comparisons can be computed.

CASINO/LIVE ENTERTAINMENT TAX

- The average biennium percent forecast error is -0.8%, which implies the Economic Forum has tended to over-forecast actual biennium casino/live entertainment tax collections by 1.8% on average, based on the May 1 forecasts.
- In absolute terms, the average biennium absolute percent forecast error is 8.9% of actual collections and implies the May 1 forecasts for each biennium are within plus or minus 8.9% of the actual collections on average.
- Although not shown in the table, in dollar forecast error terms casino/live entertainment tax collections were over-forecast by approximately \$6.2 million on average over the seven biennia the Economic Forum has produced forecasts and forecast errors can be computed. In absolute dollar forecast error terms, casino/live entertainment tax collections were over/under forecast by approximately \$15.0 million on average over the seven biennia for which forecast comparisons can be computed.

CIGARETTE TAX

- The average biennium percent forecast error is -1.1%, which implies the Economic Forum has tended to over-forecast actual biennium cigarette tax collections by 1.1% on average, based on the May 1 forecasts.
- In absolute terms, the average biennium absolute percent forecast error is 5.4% of actual collections and implies the May 1 forecasts for each biennium are within plus or minus 5.4% of the actual collections on average.
- Although not shown in the table, in dollar forecast error terms cigarette tax collections were over-forecast by approximately \$3.6 million on average over the seven biennia the Economic Forum has produced forecasts and forecast errors can be computed. In absolute dollar forecast error terms, cigarette tax collections were over/under forecast by approximately \$7.0 million on average over the seven biennia for which forecast comparisons can be computed.

TOTAL GENERAL FUND REVENUE COLLECTIONS

- The average biennium percent forecast error is 0.0%, which implies the Economic Forum has neither over-forecast nor under-forecast actual biennium total General Fund revenue collections on average, based on the May 1 forecasts.
- In absolute terms, the average biennium absolute percent forecast error is 6.6% of actual collections and implies the May 1 forecasts for each biennium are within plus or minus 6.6% of the actual total General Fund revenue collections on average.
- Although the average biennium percent forecast error was 0.0%, in dollar forecast error terms total General Fund revenue collections were over-forecast by approximately \$27.8 million on average over the seven biennia the Economic Forum has produced forecasts and forecast errors can be computed. In absolute dollar forecast error terms, total General Fund revenue collections were over/under forecast by approximately \$322.6 million on average over the seven biennia for which forecast comparisons can be computed.

Appendix A
Background on Economic Forum Forecast Process

By statute (NRS 353.226-229), the Economic Forum is required to provide General Fund revenue forecasts on or before December 1 in even-numbered years and on or before May 1 in odd-numbered years. The December 1 estimates are used by the Governor in preparing budget recommendations that are presented to the Legislature in January. The May 1 forecast is the final official revenue estimate that must be used by the Legislature in balancing General Fund appropriations with projected revenues for each biennium. Each set of forecasts prepared by the Economic Forum for the December 1 and May 1 dates include projections for three years: the current or base fiscal year, the first year of the next biennium, and the second year of the next biennium.

As an example, the Economic Forum's first forecast cycle, the 1994-95 forecast cycle, included the December 1, 1994, and May 1, 1995, forecasts. Forecasts for FY 1994-95 (current year), FY 1995-96 (first year of the biennium), and FY 1996-97 (second year of the biennium) were made. The following table summarizes the different sets of forecasts prepared for each of the eight forecast cycles the Economic Forum has provided forecasts: December 1994-May 1995, December 1996-May 1997, December 1998-May 1999, December 2000-May 2001, December 2002-May 2003, December 2004-May 2005, December 2006-May 2007, and December 2008-May 2009:

<u>Forecast Date</u>	<u>Current Year</u>	<u>1-Year Ahead</u>	<u>2-Year Ahead</u>
December 1, 1994	FY 1994-95	FY 1995-96	FY 1996-97
May 1, 1995	FY 1994-95	FY 1995-96	FY 1996-97
December 1, 1996	FY 1996-97	FY 1997-98	FY 1998-99
May 1, 1997	FY 1996-97	FY 1997-98	FY 1998-99
December 1, 1998	FY 1998-99	FY 1999-2000	FY 2000-01
May 1, 1999	FY 1998-99	FY 1999-2000	FY 2000-01
December 1, 2000	FY 2000-01	FY 2001-02	FY 2002-03
May 1, 2001	FY 2000-01	FY 2001-02	FY 2002-03
December 1, 2002	FY 2002-03	FY 2003-04	FY 2004-05
May 1, 2003	FY 2002-03	FY 2003-04	FY 2004-05
December 1, 2004	FY 2004-05	FY 2005-06	FY 2006-07
May 1, 2005	FY 2004-05	FY 2005-06	FY 2006-07
December 1, 2006	FY 2006-07	FY 2007-08	FY 2008-09
May 1, 2007	FY 2006-07	FY 2007-08	FY 2008-09
December 1, 2008	FY 2008-09	FY 2009-10	FY 2010-11
May 1, 2009	FY 2008-09	FY 2009-10	FY 2010-11

As the table shows, the Economic Forum actually prepares multiple forecasts for the same fiscal year at different forecast horizons, as a current year forecast and a 2-year ahead forecast. For example, in the 1994-95 forecast cycle, the Economic Forum prepared a 2-year ahead forecast for FY 1996-97, and then during the 1996-97 forecast cycle, a current year forecast is prepared for FY 1996-97. Although the Economic Forum prepared two forecasts for FY 1996-97, the forecasts are technically different because of the actual forecast horizon and the amount of information available when the forecasts were prepared. The current year forecast for FY 1996-97 was based on the partial actual fiscal year collection information available, whereas the 2-year ahead forecast for FY 1996-97 was based entirely on assumptions about future collections more than two years into the future. From a forecast performance point of view, averaging the forecast error for the current year forecast for FY 1996-97 with the forecast error from the 2-year ahead forecast for FY 1996-97 will most likely result in a biased view of the actual forecast performance of the Economic Forum. On average, one would expect the forecast error for the current year estimate for a particular year to be lower than the forecast error from the 2-year ahead projection. In this case, averaging the current year and 2-year ahead forecast errors

generates an inaccurate forecast performance measure for that particular year. The forecast performance measures should indicate how well the Economic Forum forecasts at the different time intervals on average: current year, 1-year ahead, 2-years ahead, and the biennium, versus how well they forecast a particular year at different time horizons on average.

The ability to forecast the current or base year of a three-year forecast period has a direct effect on the ability to forecast the level of collections that will occur in each year of the next biennium. That is, the forecast error that occurs in the current year projection tends to be carried forward into the first and second year of the next biennium. Therefore, although the December and May forecasts are forecasting the same years, these sets of forecasts should be considered separately when analyzing the ability to forecast the respective fiscal years in each forecast cycle. This is because the level of information available for the current (base) year of each forecast (December 1 versus May 1) is not the same when preparing each set of forecasts. When developing the December forecast, the Economic Forum generally has information on the first three to four months of the current fiscal year that can be used to help develop the forecast for the current year, whereas the first eight to nine months of collections are available when developing the current year estimate in the May forecast. Thus, one would expect that the accuracy of the base year forecast is better for the May forecast versus the December forecast due to the additional amount of actual collections information available at the time the forecast is prepared.

In summary, the forecast performance statistics included in the tables provide a measure of the Economic Forum's ability to forecast the current year, the first year and second year of the next biennium, and the biennium for the December 1 and May 1 forecasts on a separate basis. The focus is not on the ability to forecast a particular fiscal year given the problems with combining current year and 2-year ahead forecasts for the same year and the problems with combining the December 1 and May 1 forecasts because of the different information sets available when the forecasts are developed.

Appendix B

Description of Forecast Performance Measures

The Forecast Error Analysis tables provide a forecast performance analysis for the state's major revenues and the total General Fund for which the Economic Forum has produced forecasts over the last seven forecast cycles. The major revenue sources are: state 2% sales tax, gaming percentage fees, insurance premium tax, casino/live entertainment tax, and cigarette tax. The statistics used to measure the accuracy of the forecasts have been computed separately for the December 1 and May 1 estimates prepared by the Economic Forum and the other forecasters who provide projections for each of the major revenue sources for the Economic Forum's consideration. For the December and May forecasts, the forecast performance statistics have been computed separately by forecaster for the current year, 1-year ahead, 2-year ahead, and the biennium (1-year and 2-year ahead forecasts combined) based on the discussion in Appendix A.

The following provides a brief description and interpretation of the statistical measures used to analyze the accuracy of the forecasts: Percent Forecast Error, Average Percent Forecast Error, and Absolute Average Percent Forecast Error.

Percent Forecast Error (PFE): The Percent Forecast Error (PFE) is the dollar forecast error as a percent of the actual collections for each forecast period for each forecaster. The formula for computing the PFE is: (actual collections less forecast collections) divided by the actual collections. The statistic indicates in percent terms how close the forecast was to the actual collections. A positive number indicates the forecast was below the actual collections and a negative number indicates the forecast amount was greater than actual collections.

As an example, consider two forecasts where one over-forecasts actual collections of \$10 by \$5. The PFE would be -50% $[(\$10-\$15)/\$10]$, based on an actual collection less forecast collections basis. The other forecast under-estimated actual collections of \$10 by \$5, generating a PFE of 50% $[(\$10-\$5)/\$10]$.

As a specific example regarding the statistics shown in the tables of this report, consider the percent forecast errors reported for the state 2% sales tax for the 1-year ahead forecast for FY 1995-96 prepared on December 1, 1994. As shown in the third column of state 2% sales tax forecast error analysis table, the Economic Forum's December 1, 1994, percent forecast error was 6.5% of the actual collections amount of \$447,393,131 for FY 1995-96. Thus, the Economic Forum as a 1-year ahead forecast under-projected actual sales tax collections in FY 1995-96 of \$447.4 million by 6.5% or approximately \$29.1 million based on their December 1, 1994, forecast.

Average Percent Forecast Error (APFE): This represents the average of the percent forecast errors (PFE) calculated for each of the available forecast cycles.

Continuing with the above example, the \$5 under-forecast would have a PFE of 50% $(\$5/\$10)$ and the over-forecast would have a PFE of -50% $(-\$5/\$10)$, but the APFE would be 0% $[(50\% + (-50\%))/2]$. This measure provides an estimate of location or central tendency and indicates the degree of bias in the forecasts on average, but in percentage terms relative to the level of over- or under-forecasting of actual collections.

As a specific example from the state 2% sales tax forecast performance table, the APFE for the 1-year ahead forecasts prepared on December 1 is -1.0% based on the average of the Dec. 1, 1994 PFE of 6.5%, Dec. 1, 1996 PFE of -3.4%, Dec. 1, 1998 PFE of 3.0%, Dec. 1, 2000 PFE of -4.6%, Dec. 1, 2002 PFE of 7.6%, Dec. 1, 2004 PFE of 11.8%, Dec. 1, 2006 PFE of -11.1%, and Dec.1, 2008 PFE of -17.8%. The actual -1.0% APFE is computed as: $(6.5\% - 3.4\% + 3.0\% - 4.6\% + 7.6\% + 11.8\% - 11.1\% - 17.8\%)/8$. Thus, the Economic Forum over-forecast state sales tax collections by an average

of 1.0% over the 1995-1997, 1997-1999, 1999-2001, 2001-03, 2003-05, 2005-07, 2007-09, and 2009-11 biennia.

Absolute Average Percent Forecast Error (AAPFE): This statistic is the average of the individual percent forecast errors from each forecast, but in absolute terms so that positive and negative forecast errors are not allowed to cancel each other out. Negative Percent Forecast Errors are treated as positive when calculating the AAPFE. It provides a measure of dispersion or range of confidence in percentage terms that future forecasts may occur.

Continuing with the example used above, the over- and under-forecast of \$5 of the \$10 actual collections generates an Absolute Average Percent Forecast error of 50% $[(50\% + 50\%)/2]$.

As a specific example from the state 2% sales tax forecast performance table, the AAPFE for the 1-year ahead forecasts prepared on December 1 is 8.2% based on the average of the Dec. 1, 1994 PFE of 6.5%, Dec. 1, 1996 PFE of -3.4%, Dec. 1, 1998 PFE of 3.0%, Dec. 1, 2000 PFE of -4.6%, Dec. 1, 2002 PFE of 7.6%, Dec. 1, 2004 PFE of 11.8%, Dec. 1, 2006 PFE of 11.1%, and Dec. 1, 2008 PFE of -17.8%. The actual 8.2% APFE is computed as: $(6.5\% + 3.4\% + 3.0\% + 4.6\% + 7.6\% + 11.8\% + 11.1\% + 17.8\%)/8$. Thus, on average over the 1995-1997, 1997-1999, 1999-2001, 2001-03, 2003-05, 2005-07, 2007-09, and 2009-11 biennia, the Economic Forum over/under forecast state 2% sales tax collections by 8.2% on average.

Thus, the Average Percent Forecast Error of 1.4% and Absolute Average Percent Forecast Error of 8.2% for the 1-year ahead prepared on December 1 for the state 2% sales tax implies that on average over the eight different December 1 forecasts, the Economic Forum has over-projected sales tax collections by 1.0% in their 1-year ahead forecasts and has forecast range of over or under projecting sales tax collections by 8.2%.

FORECAST ERROR ANALYSIS FOR THE ECONOMIC FORUM'S DECEMBER 1 AND MAY 1 FORECASTS

Average Forecast Error and Absolute Average Forecast Error in Dollar and Percent Terms And

Average Growth Forecast Error and Absolute Average Growth Forecast Error¹

	Current Year Forecast ²		1-Year Ahead Forecast ³		2-Years Ahead Forecast ⁴		Biennium Forecasts ⁵	
	December 1 Forecasts	May 1 Forecasts	December 1 Forecasts	May 1 Forecasts	December 1 Forecasts	May 1 Forecasts	December 1 Forecasts	May 1 Forecasts
STATE 2% SALES TAX								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	\$5,397,203	\$1,713,055	-\$8,277,938	-\$5,507,525	-\$7,340,328	-\$18,275,349	\$2,402,711	-\$18,078,127
Absolute Average Error	\$21,322,324	\$7,512,938	\$63,924,930	\$42,245,837	\$91,666,263	\$78,626,381	\$145,519,786	\$120,415,801
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	0.9%	0.3%	-1.0%	-0.5%	-0.7%	-2.0%	0.5%	-0.7%
Absolute Average Error	2.7%	1.0%	8.2%	5.6%	11.4%	10.0%	9.1%	7.7%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	1.2%	0.4%	-1.4%	-0.6%	-1.0%	-1.1%	0.7%	-0.1%
Absolute Average Error	2.9%	1.0%	5.7%	4.9%	5.8%	5.8%	8.6%	7.9%
PERCENTAGE FEE TAX ON GROSS GAMING REVENUES								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	-\$4,915,788	-\$3,584,913	-\$9,716,742	-\$7,992,492	-\$33,356,840	-\$32,708,299	-\$34,674,405	-\$33,943,578
Absolute Average Error	\$17,674,919	\$5,642,487	\$57,214,875	\$40,381,625	\$81,989,240	\$63,814,067	\$135,049,315	\$99,524,427
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	-0.9%	-0.7%	-1.6%	-1.2%	-5.8%	-5.4%	-2.9%	-2.6%
Absolute Average Error	3.0%	1.0%	8.9%	6.2%	12.9%	10.0%	10.3%	7.5%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	-0.8%	-0.7%	0.1%	0.1%	-4.4%	-4.3%	-1.4%	-1.3%
Absolute Average Error	3.1%	1.0%	7.0%	6.8%	4.9%	5.0%	9.4%	7.8%
INSURANCE PREMIUM TAX								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	\$775,340	\$1,625,965	-\$492,300	\$1,249,325	-\$1,481,730	-\$2,148,587	\$748,432	-\$1,101,568
Absolute Average Error	\$5,123,653	\$2,377,908	\$12,780,787	\$9,635,028	\$21,715,385	\$21,048,528	\$33,529,208	\$31,679,208
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	1.0%	0.9%	1.5%	2.0%	1.2%	0.9%	2.1%	1.6%
Absolute Average Error	3.1%	1.3%	6.9%	5.3%	10.9%	10.6%	8.8%	8.2%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	1.3%	1.0%	0.9%	1.4%	-0.9%	-0.4%	2.1%	2.2%
Absolute Average Error	3.2%	1.4%	4.4%	4.5%	5.9%	5.6%	8.5%	8.6%
CASINO ENTERTAINMENT TAX/LIVE ENTERTAINMENT TAX								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	\$1,731,391	\$372,516	-\$1,256,753	-\$3,846,540	-\$205,452	-\$3,536,726	-\$34,743	-\$6,208,487
Absolute Average Error	\$3,003,702	\$1,776,661	\$5,079,965	\$6,622,118	\$7,407,522	\$9,246,396	\$10,857,280	\$14,994,478
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	2.5%	0.5%	0.5%	-2.5%	2.8%	-0.9%	2.6%	-0.8%
Absolute Average Error	4.5%	2.5%	7.8%	7.7%	9.5%	10.9%	7.8%	8.9%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	3.2%	0.7%	-1.8%	-2.8%	1.5%	1.5%	1.9%	-0.8%
Absolute Average Error	5.1%	2.9%	7.5%	8.2%	7.5%	7.9%	8.8%	10.6%
CIGARETTE TAX								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	-\$640,729	-\$397,235	-\$2,532,501	-\$1,269,062	-\$3,436,131	-\$2,934,519	-\$4,325,378	-\$3,573,113
Absolute Average Error	\$1,964,633	\$1,310,131	\$4,871,924	\$2,829,517	\$5,911,608	\$4,568,124	\$9,474,481	\$6,990,095
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	0.5%	0.2%	-1.3%	-0.9%	-1.6%	-2.3%	-0.3%	-1.1%
Absolute Average Error	2.9%	2.0%	7.1%	4.7%	7.9%	6.4%	6.8%	5.4%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	0.6%	0.2%	-2.7%	-1.8%	-1.5%	-1.6%	-0.9%	-1.1%
Absolute Average Error	2.9%	2.0%	7.0%	6.0%	4.7%	4.0%	8.7%	7.0%

FORECAST ERROR ANALYSIS FOR THE ECONOMIC FORUM'S DECEMBER 1 AND MAY 1 FORECASTS

Average Forecast Error and Absolute Average Forecast Error in Dollar and Percent Terms And

Average Growth Forecast Error and Absolute Average Growth Forecast Error¹

	Current Year Forecast ²		1-Year Ahead Forecast ³		2-Years Ahead Forecast ⁴		Biennium Forecasts ⁵	
	December 1 Forecasts	May 1 Forecasts	December 1 Forecasts	May 1 Forecasts	December 1 Forecasts	May 1 Forecasts	December 1 Forecasts	May 1 Forecasts
TOTAL 5 MAJOR REVENUES								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	\$2,347,417	-\$270,612	-\$22,588,734	-\$17,678,794	-\$46,177,624	-\$59,960,623	-\$36,597,668	-\$63,619,159
Absolute Average Error	\$37,990,869	\$12,018,538	\$135,167,840	\$91,963,290	\$194,195,782	\$161,919,961	\$313,277,662	\$250,475,063
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	0.2%	0.0%	-1.0%	-0.6%	-2.3%	-2.9%	-0.6%	-1.2%
Absolute Average Error	2.2%	0.7%	7.6%	5.2%	10.6%	8.8%	8.5%	6.8%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	1.2%	0.9%	-1.8%	-1.4%	-2.3%	-2.2%	0.1%	-0.2%
Absolute Average Error	3.1%	1.5%	4.8%	4.3%	4.2%	4.5%	9.2%	9.3%
TOTAL GENERAL FUND REVENUE								
Average and Absolute Average Dollar Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	\$7,736,978	\$84,798	\$19,268,219	-\$2,054,659	\$12,910,441	-\$47,435,576	\$80,233,968	-\$27,843,181
Absolute Average Error	\$45,389,040	\$15,704,935	\$206,340,726	\$119,267,063	\$298,921,626	\$207,999,077	\$489,436,895	\$322,363,715
Average and Absolute Average Percent Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	0.3%	-0.1%	1.3%	0.4%	0.7%	-1.4%	2.0%	0.0%
Absolute Average Error	2.1%	0.9%	8.5%	5.0%	11.9%	8.4%	10.0%	6.6%
Average and Absolute Average Growth Forecast Error for Current Year, 1-Year Ahead, 2-Years Ahead, and Biennium⁶								
Average Error	0.4%	-0.1%	1.8%	0.8%	-1.4%	-1.9%	3.4%	1.0%
Absolute Average Error	2.3%	1.0%	7.8%	5.6%	4.7%	4.3%	10.9%	7.5%

NOTES:

1. A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.
A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.
2. The average forecast error analysis statistics displayed in the December 1 and May 1 Current Year Forecast columns represent the average of the individual dollar and growth forecast errors from the Economic Forum's current year forecasts for FY 1994-95, FY 1996-97, FY 1998-99, FY 2000-01, FY 2002-03, FY 2004-05, FY 2006-07, and FY 2008-09 compared to actual collections for these years.
3. The average forecast error analysis statistics displayed in the December 1 and May 1 1-Year Ahead Forecast columns represent the average of the individual dollar and growth forecast errors from the Economic Forum's 1-Year Ahead forecasts for FY 1995-96, FY 1997-98, FY 1999-2000, FY 2001-02, FY 2003-04, FY 2005-06, FY 2007-08, and FY 2009-10 compared to actual collections for these years.
4. The average forecast error analysis statistics displayed in the December 1 and May 1 2-Year Ahead Forecast columns represent the average of the individual dollar and growth forecast errors from the Economic Forum's 2-Year Ahead forecasts for FY 1996-97, FY 1998-99, FY 2000-2001, FY 2002-03, FY 2004-05, FY 2006-07, and FY 2008-09 compared to actual collections for these years. The statistics do not include the FY 2010-11 forecast (the current fiscal year), as the fiscal year does not end until June 30, 2011.
5. The average forecast error analysis statistics displayed in the December 1 and May 1 Biennium Forecast columns represent the average of the individual dollar and growth forecast errors from the Economic Forum's biennium forecasts (combined 1-Year and 2-Year Ahead forecasts) for the 1996-97 biennium (FY 1995-96, FY 1996-97), 1998-99 biennium (FY 1997-98, FY 1998-99), 2000-01 biennium (FY 1999-2000, FY 2000-2001), 2002-03 biennium (FY 2001-02, FY 2002-03), 2004-05 biennium (FY 2003-04, FY 2004-05), the 2006-07 biennium (FY 2005-06, FY 2006-07), and the 2008-09 biennium (FY 2007-08, FY 2008-09) compared to actual collections for these biennium. The statistics do not include the FY 2010-11 biennium (FY 2007-08, FY 2008-09), as the biennium does not end until June 30, 2011 (the end of FY 2010-11).
6. Appendix B contains an explanation of the different forecast error measures displayed in the tables.

STATE 2% SALES TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 1994-1995		FY 1995-1996		FY 1996-1997		1995-97 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995
Actual Collections	\$431,968,536		\$447,393,131		\$492,331,515		\$939,724,646	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	1.7%	0.2%	6.5%	5.5%	9.5%	8.6%	8.1%	7.1%
Agency	4.3%	1.1%	9.3%	7.1%	13.0%	10.9%	11.2%	9.1%
Fiscal Division	1.5%	0.5%	6.6%	5.3%	10.9%	8.4%	8.9%	6.9%
Budget Division	1.8%	-0.4%	6.4%	4.3%	9.1%	6.2%	7.8%	5.3%
Foremetrics	2.4%	-0.5%	6.8%	5.4%	9.7%	9.0%	8.3%	7.3%
	FY 1996-1997		FY 1997-1998		FY 1998-1999		1997-99 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997
Actual Collections	\$492,331,515		\$512,517,223		\$566,116,116		\$1,078,633,339	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	0.5%	0.2%	-3.4%	-4.0%	-1.8%	-2.4%	-2.5%	-3.1%
Agency	0.8%	0.7%	-3.7%	-3.0%	-1.5%	-0.3%	-2.6%	-1.6%
Fiscal Division	0.5%	-0.5%	-2.8%	-4.8%	0.5%	-1.8%	-1.1%	-3.2%
Budget Division	0.5%	0.2%	-3.4%	-4.8%	-1.8%	-4.1%	-2.5%	-4.4%
Global Insight	2.2%	-0.8%	0.4%	-8.0%	4.4%	-8.9%	2.5%	-8.5%
	FY 1998-1999		FY 1999-2000		FY 2000-2001		1999-2001 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999
Actual Collections	\$566,116,116		\$598,474,012		\$633,574,193		\$1,232,048,205	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	3.2%	1.6%	3.0%	1.4%	3.7%	2.4%	3.4%	1.9%
Agency	4.5%	1.3%	4.2%	1.1%	4.6%	1.9%	4.4%	1.5%
Fiscal Division	3.2%	1.1%	3.8%	0.3%	5.2%	1.5%	4.5%	0.9%
Budget Division	2.8%	1.8%	1.8%	2.2%	1.8%	3.3%	1.8%	2.8%
Global Insight	3.5%	1.4%	4.2%	2.0%	5.9%	3.8%	5.0%	2.9%
	FY 2000-2001		FY 2001-2002		FY 2002-2003		2001-03 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001
Actual Collections	\$633,574,193		\$642,726,771		\$680,447,243		\$1,323,174,014	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-0.1%	0.6%	-4.6%	-4.0%	-4.2%	-3.9%	-4.4%	-4.0%
Agency	-0.3%	0.8%	-4.7%	-3.5%	-4.4%	-3.3%	-4.5%	-3.4%
Fiscal Division	-0.5%	0.6%	-5.1%	-3.9%	-4.9%	-3.8%	-5.0%	-3.9%
Budget Division	1.0%	1.0%	-4.5%	-4.5%	-4.3%	-4.3%	-4.4%	-4.4%
Global Insight	-1.0%	0.5%	-5.4%	-3.9%	-5.4%	-4.2%	-5.4%	-4.1%
	FY 2002-2003		FY 2003-2004		FY 2004-2005		2003-05 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003
Actual Collections	\$680,447,243		\$775,255,133		\$896,018,368		\$1,671,273,501	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	0.6%	0.8%	7.6%	7.8%	15.6%	15.8%	11.9%	12.1%
Agency	1.3%	1.3%	8.8%	8.9%	17.5%	17.5%	13.5%	13.5%
Fiscal Division	1.5%	0.7%	8.5%	7.7%	16.4%	15.6%	12.7%	11.9%
Budget Division	0.3%	1.2%	7.2%	8.1%	14.0%	15.9%	10.8%	12.3%
Global Insight	0.5%	0.5%	7.0%	7.4%	15.2%	15.8%	11.4%	11.9%
	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$896,018,368		\$985,035,972		\$1,000,216,534		\$1,985,252,506	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	8.3%	1.9%	11.8%	5.4%	8.5%	1.2%	10.1%	3.3%
Agency	5.1%	2.8%	8.6%	6.3%	4.9%	2.2%	6.7%	4.2%
Fiscal Division	2.4%	1.9%	5.2%	3.6%	0.7%	-0.3%	2.9%	1.6%
Budget Division	4.4%	0.7%	8.7%	4.3%	4.9%	-0.3%	6.8%	2.0%
Global Insight	7.0%	2.5%	10.9%	6.0%	7.7%	2.2%	9.3%	4.1%

STATE 2% SALES TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$1,000,216,534		\$966,101,313		\$842,380,933		\$1,808,482,246	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.1%	-1.0%	-11.1%	-10.3%	-36.6%	-35.5%	-23.0%	-22.0%
Agency	-2.1%	-1.0%	-10.5%	-9.9%	-34.4%	-33.8%	-21.6%	-21.1%
Fiscal Division	-2.4%	-1.3%	-11.5%	-10.9%	-36.7%	-36.1%	-23.2%	-22.7%
Budget Division	-2.4%	-0.9%	-14.3%	-10.1%	-43.8%	-35.3%	-28.0%	-21.8%
Global Insight	-3.6%	-1.6%	-11.9%	-10.4%	-36.1%	-35.1%	-23.2%	-21.9%
	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$842,380,933		\$755,344,243		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-5.0%	-1.6%	-17.8%	-6.0%				
Agency	-8.2%	-3.7%	-21.5%	-11.7%				
Fiscal Division	-8.1%	-1.6%	-20.4%	-6.0%				
Budget Division	-5.0%	-2.6%	-10.4%	-6.1%				
Global Insight	-5.7%	-3.3%	-21.1%	-14.3%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	0.9%	0.3%	-1.0%	-0.5%	-0.7%	-2.0%	0.5%	-0.7%
Agency	0.7%	0.4%	-1.2%	-0.6%	0.0%	-0.7%	1.0%	0.3%
Fiscal Division	-0.2%	0.2%	-1.9%	-1.1%	-1.1%	-2.4%	0.0%	-1.2%
Budget Division	0.4%	0.1%	-1.1%	-0.8%	-2.9%	-2.7%	-1.1%	-1.2%
Global Insight	0.7%	-0.2%	-1.1%	-2.0%	0.2%	-2.5%	1.1%	-1.2%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts:								
Economic Forum	2.7%	1.0%	8.2%	5.6%	11.4%	10.0%	9.1%	7.7%
Agency	3.3%	1.6%	8.9%	6.4%	11.5%	10.0%	9.2%	7.8%
Fiscal Division	2.5%	1.0%	8.0%	5.3%	10.8%	9.6%	8.3%	7.3%
Budget Division	2.3%	1.1%	7.1%	5.5%	11.4%	9.9%	8.9%	7.6%
Global Insight	3.2%	1.4%	8.5%	7.2%	12.0%	11.3%	9.3%	8.7%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

GAMING PERCENTAGE FEES - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 1994-1995		FY 1995-1996		FY 1996-1997		1995-97 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995
Actual Collections	\$411,295,787		\$444,662,747		\$444,975,675		\$889,638,422	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.5%	-1.5%	2.0%	2.0%	-2.4%	-2.4%	-0.2%	-0.2%
Agency	-0.9%	-0.9%	2.6%	2.8%	-1.8%	-1.9%	0.4%	0.4%
Fiscal Division	-1.5%	-1.5%	2.0%	2.3%	-2.4%	-2.5%	-0.2%	-0.1%
Budget Division	-1.7%	-1.0%	0.9%	1.5%	-5.6%	-4.4%	-2.4%	-1.5%
Foremetrics	-1.4%	-0.9%	1.0%	1.0%	-2.8%	-2.6%	-0.9%	-0.8%
	FY 1996-1997		FY 1997-1998		FY 1998-1999		1997-99 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997
Actual Collections	\$444,975,675		\$459,190,062		\$496,488,189		\$955,678,251	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.4%	-1.0%	-4.5%	-3.0%	-3.0%	-0.6%	-3.7%	-1.7%
Agency	-2.3%	-0.7%	-4.3%	-2.6%	-2.9%	0.4%	-3.6%	-1.0%
Fiscal Division	-0.9%	-0.8%	-3.6%	-4.1%	-2.6%	-1.7%	-3.1%	-2.8%
Budget Division	-2.6%	-1.0%	-7.1%	-2.3%	-5.1%	1.0%	-6.0%	-0.6%
Global Insight	-3.6%	0.2%	-4.4%	0.5%	-0.7%	3.5%	-2.5%	2.1%
	FY 1998-1999		FY 1999-2000		FY 2000-2001		1999-2001 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999
Actual Collections	\$496,488,189		\$560,273,123		\$564,990,960		\$1,125,264,083	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	4.3%	-0.1%	11.5%	7.4%	10.7%	7.0%	11.1%	7.2%
Agency	4.2%	0.2%	10.7%	6.4%	9.9%	6.0%	10.3%	6.2%
Fiscal Division	5.1%	-0.3%	11.0%	6.3%	9.8%	5.8%	10.4%	6.1%
Budget Division	3.7%	0.0%	10.8%	9.7%	8.5%	8.3%	9.7%	9.0%
Global Insight	3.7%	0.0%	12.2%	8.8%	12.6%	9.2%	12.4%	9.0%
	FY 2000-2001		FY 2001-2002		FY 2002-2003		2001-03 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001
Actual Collections	\$564,990,960		\$554,639,216		\$559,466,414		\$1,114,105,630	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-5.0%	0.9%	-12.0%	-5.5%	-15.5%	-9.3%	-13.7%	-7.4%
Agency	-5.0%	0.9%	-12.4%	-4.7%	-15.7%	-8.6%	-14.1%	-6.7%
Fiscal Division	-3.1%	1.1%	-9.4%	-5.3%	-12.4%	-8.4%	-10.9%	-6.8%
Budget Division	-6.2%	-0.1%	-13.3%	-6.8%	-16.8%	-10.1%	-15.0%	-8.5%
Global Insight	-4.7%	0.4%	-11.3%	-4.0%	-14.6%	-6.6%	-12.9%	-5.3%
	FY 2002-2003		FY 2003-2004		FY 2004-2005		2003-05 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003
Actual Collections	\$559,466,414		\$677,021,604		\$709,623,336		\$1,386,644,940	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.3%	-3.1%	6.3%	5.6%	5.8%	5.1%	6.1%	5.4%
Agency	-3.0%	-3.2%	5.2%	5.1%	4.4%	4.3%	4.8%	4.7%
Fiscal Division	-2.3%	-3.1%	6.3%	5.6%	6.2%	5.5%	6.3%	5.6%
Budget Division	-2.6%	-2.4%	6.0%	6.4%	4.7%	5.8%	5.4%	6.1%
Global Insight	-2.8%	-3.1%	6.0%	5.6%	5.8%	5.6%	5.9%	5.6%
	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$709,623,336		\$790,185,056		\$820,050,893		\$1,610,235,949	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	4.2%	0.5%	9.4%	5.2%	8.3%	4.0%	8.8%	4.6%
Agency	2.4%	0.1%	7.2%	4.2%	6.0%	2.3%	6.6%	3.3%
Fiscal Division	3.7%	0.5%	8.9%	5.0%	7.7%	4.1%	8.3%	4.5%
Budget Division	4.2%	1.1%	10.4%	6.5%	10.3%	5.3%	10.4%	5.9%
Global Insight	3.7%	3.7%	10.4%	9.6%	11.3%	10.5%	10.8%	10.0%

GAMING PERCENTAGE FEES - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$820,050,893		\$770,965,236		\$655,199,442		\$1,426,164,678	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.2%	-0.1%	-14.5%	-12.2%	-44.5%	-41.5%	-28.3%	-25.7%
Agency	-1.1%	-0.2%	-14.3%	-13.3%	-47.3%	-45.9%	-29.4%	-28.3%
Fiscal Division	-1.2%	-0.1%	-14.1%	-12.2%	-43.8%	-41.5%	-27.7%	-25.7%
Budget Division	-1.6%	-0.4%	-15.3%	-13.4%	-46.0%	-42.7%	-29.5%	-26.9%
Global Insight	-1.8%	-1.7%	-17.6%	-17.1%	-51.2%	-51.3%	-33.0%	-32.8%

	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$655,199,442		\$630,526,019		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-3.4%	-1.2%	-10.9%	-8.8%				
Agency	-7.7%	-0.8%	-18.0%	-9.1%				
Fiscal Division	-10.5%	-1.2%	-18.5%	-8.8%				
Budget Division	-6.0%	0.7%	-4.5%	-3.3%				
Global Insight	-3.4%	1.2%	-6.9%	0.3%				

AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	-0.9%	-0.7%	-1.6%	-1.2%	-5.8%	-5.4%	-2.9%	-2.6%
Agency	-1.7%	-0.6%	-2.9%	-1.4%	-6.8%	-6.2%	-3.6%	-3.1%
Fiscal Division	-1.3%	-0.7%	-2.2%	-1.4%	-5.3%	-5.5%	-2.4%	-2.8%
Budget Division	-1.6%	-0.4%	-1.5%	-0.2%	-7.1%	-5.3%	-3.9%	-2.3%
Global Insight	-1.3%	0.0%	-1.3%	0.6%	-5.7%	-4.5%	-2.9%	-1.7%

ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts								
Economic Forum	3.0%	1.0%	8.9%	6.2%	12.9%	10.0%	10.3%	7.5%
Agency	3.3%	0.9%	9.3%	6.0%	12.6%	9.9%	9.9%	7.2%
Fiscal Division	3.5%	1.1%	9.2%	6.2%	12.1%	9.9%	9.6%	7.4%
Budget Division	3.6%	0.9%	8.5%	6.2%	13.9%	11.1%	11.2%	8.3%
Global Insight	3.1%	1.4%	8.7%	5.9%	14.1%	12.8%	11.2%	9.4%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

INSURANCE PREMIUM TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 1994-1995		FY 1995-1996		FY 1996-1997		1995-97 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995
Actual Collections	\$83,317,829		\$92,329,348		\$97,274,410		\$189,603,758	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.3%	0.1%	3.4%	4.8%	2.8%	4.2%	3.1%	4.5%
Agency	2.5%	0.1%	9.8%	5.3%	11.8%	5.6%	10.8%	5.5%
Fiscal Division	-1.3%	0.1%	3.4%	4.8%	2.8%	4.2%	3.1%	4.5%
Budget Division	-1.3%	0.1%	3.4%	4.7%	2.8%	5.1%	3.1%	4.9%
	FY 1996-1997		FY 1997-1998		FY 1998-1999		1997-99 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997
Actual Collections	\$97,274,410		\$110,734,229		\$116,893,556		\$227,627,785	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	1.9%	-0.4%	7.8%	5.2%	3.5%	3.4%	5.6%	4.3%
Agency	3.5%	-2.0%	11.0%	4.1%	11.5%	2.8%	11.2%	3.4%
Fiscal Division	1.9%	-0.4%	7.8%	5.2%	3.5%	3.4%	5.6%	4.3%
Budget Division	0.9%	0.0%	5.9%	4.9%	1.1%	2.5%	3.4%	3.6%
	FY 1998-1999		FY 1999-2000		FY 2000-2001		1999-2001 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999
Actual Collections	\$116,893,556		\$129,328,441		\$146,917,892		\$276,246,334	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	4.5%	0.0%	7.2%	6.2%	13.5%	13.8%	10.5%	10.2%
Agency	5.4%	0.3%	9.8%	5.4%	16.3%	12.5%	13.3%	9.2%
Fiscal Division	4.7%	2.1%	7.4%	4.9%	12.3%	10.0%	10.0%	7.6%
Budget Division	4.5%	0.0%	7.2%	6.2%	13.5%	13.8%	10.5%	10.2%
	FY 2000-2001		FY 2001-2002		FY 2002-2003		2001-03 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001
Actual Collections	\$146,917,892		\$156,347,356		\$173,992,622		\$330,339,978	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	5.0%	2.4%	5.5%	2.5%	10.3%	7.1%	8.0%	4.9%
Agency	5.0%	2.4%	5.5%	2.5%	10.3%	7.1%	8.0%	4.9%
Fiscal Division	4.6%	1.3%	4.9%	2.3%	8.9%	6.7%	7.0%	4.6%
Budget Division	5.8%	2.2%	5.2%	1.6%	9.6%	6.3%	7.5%	4.1%
	FY 2002-2003		FY 2003-2004		FY 2004-2005		2003-05 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003
Actual Collections	\$173,992,622		\$194,218,036		\$215,356,492		\$409,574,528	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	3.9%	3.5%	7.8%	7.5%	11.1%	10.7%	9.5%	9.2%
Agency	4.3%	3.4%	9.1%	8.3%	13.3%	12.5%	11.3%	10.5%
Fiscal Division	4.2%	3.5%	7.6%	6.9%	10.4%	9.8%	9.1%	8.4%
Budget Division	2.1%	3.2%	7.6%	8.3%	11.8%	12.4%	9.8%	10.4%
	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$215,356,492		\$238,296,538		\$259,274,818		\$497,571,356	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	1.1%	1.1%	1.8%	1.8%	0.9%	0.9%	1.3%	1.3%
Agency	1.0%	1.4%	2.0%	2.5%	1.6%	2.0%	1.8%	2.2%
Fiscal Division	1.1%	1.5%	1.8%	2.5%	0.9%	1.6%	1.3%	2.0%
Budget Division	-0.2%	1.3%	-0.2%	2.0%	-1.7%	0.9%	-1.0%	1.4%
	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$259,274,818		\$256,693,189		\$238,524,098		\$495,217,287	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.0%	-1.0%	-13.1%	-13.1%	-34.0%	-34.0%	-23.2%	-23.2%
Agency	-1.1%	-1.0%	-12.3%	-13.1%	-33.0%	-34.0%	-22.3%	-23.2%
Fiscal Division	-1.0%	-1.0%	-13.1%	-13.1%	-35.0%	-35.0%	-23.6%	-23.6%
Budget Division	-1.0%	-0.9%	-13.1%	-12.8%	-34.0%	-33.6%	-23.2%	-22.8%

INSURANCE PREMIUM TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$238,524,098		\$233,905,463		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-5.7%	1.6%	-8.4%	1.1%				
Agency	-5.7%	2.1%	-9.7%	-4.3%				
Fiscal Division	-7.5%	1.6%	-12.7%	-5.2%				
Budget Division	-0.7%	6.8%	1.1%	10.8%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	1.0%	0.9%	1.5%	2.0%	1.2%	0.9%	2.1%	1.6%
Agency	1.9%	0.8%	3.1%	1.3%	4.5%	1.2%	4.9%	1.8%
Fiscal Division	0.8%	1.1%	0.9%	1.0%	0.6%	0.1%	1.8%	1.1%
Budget Division	1.3%	1.6%	2.1%	3.2%	0.4%	1.0%	1.5%	1.7%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts:								
Economic Forum	3.1%	1.3%	6.9%	5.3%	10.9%	10.6%	8.8%	8.2%
Agency	3.6%	1.6%	8.7%	5.7%	14.0%	10.9%	11.2%	8.4%
Fiscal Division	3.3%	1.4%	7.3%	5.6%	10.6%	10.1%	8.5%	7.9%
Budget Division	2.1%	1.8%	5.4%	6.4%	10.7%	10.6%	8.4%	8.2%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast.

CASINO/LIVE ENTERTAINMENT TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 1994-1995		FY 1995-1996		FY 1996-1997		1995-97 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995
Actual Collections	\$32,534,213		\$35,458,190		\$36,316,362		\$71,774,552	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	5.8%	-4.0%	17.9%	0.9%	14.2%	-3.5%	16.0%	-1.3%
Agency	13.2%	4.2%	17.9%	0.9%	14.2%	-3.5%	16.0%	-1.3%
Fiscal Division	5.8%	-2.0%	17.9%	2.8%	14.2%	-1.6%	16.0%	0.6%
Budget Division	5.1%	-1.1%	19.8%	11.0%	18.3%	4.0%	19.1%	7.4%
	FY 1996-1997		FY 1997-1998		FY 1998-1999		1997-99 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997
Actual Collections	\$36,316,362		\$39,109,465		\$47,874,649		\$86,984,114	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-4.8%	1.0%	-8.0%	4.4%	2.0%	16.2%	-2.5%	10.9%
Agency	-4.8%	1.0%	-4.3%	4.4%	5.5%	16.2%	1.1%	10.9%
Fiscal Division	-4.8%	1.0%	-4.3%	4.4%	5.5%	16.2%	1.1%	10.9%
Budget Division	-8.4%	1.0%	-11.7%	4.4%	-1.3%	16.7%	-6.0%	11.2%
	FY 1998-1999		FY 1999-2000		FY 2000-2001		1999-2001 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999
Actual Collections	\$47,874,649		\$58,525,658		\$63,919,196		\$122,444,854	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	8.8%	5.8%	15.3%	15.5%	20.0%	19.2%	17.7%	17.4%
Agency	8.8%	5.2%	15.3%	12.4%	20.0%	16.8%	17.7%	14.7%
Fiscal Division	8.8%	5.2%	15.3%	12.4%	20.0%	16.8%	17.7%	14.7%
Budget Division	11.2%	5.8%	19.2%	15.5%	22.4%	19.2%	20.9%	17.4%
	FY 2000-2001		FY 2001-2002		FY 2002-2003		2001-03 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001
Actual Collections	\$63,919,196		\$64,817,715		\$70,212,815		\$135,030,531	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	1.9%	1.3%	-2.2%	-3.2%	1.0%	0.0%	-0.5%	-1.5%
Agency	2.6%	1.2%	-0.9%	-2.4%	3.1%	0.7%	1.2%	-0.8%
Fiscal Division	1.9%	1.9%	-2.2%	-1.9%	1.0%	1.4%	-0.5%	-0.2%
Budget Division	1.1%	1.1%	-2.6%	-3.7%	0.9%	-0.8%	-0.8%	-2.2%
	FY 2002-2003		FY 2003-2004		FY 2004-2005		2003-05 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003
Actual Collections	\$70,212,815		\$84,855,959		\$99,368,305		\$184,224,264	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	2.1%	-1.0%	-1.1%	-6.1%	5.6%	0.0%	2.5%	-2.8%
Agency	1.6%	-1.0%	-1.9%	-6.1%	4.6%	-0.8%	1.6%	-3.3%
Fiscal Division	2.3%	-1.5%	-0.8%	-6.4%	6.7%	0.4%	3.3%	-2.7%
Budget Division	-1.0%	-0.3%	-6.2%	-5.6%	-1.9%	-0.6%	-3.9%	-2.9%
	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$99,368,305		\$108,420,425		\$121,655,196		\$230,075,621	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	4.7%	1.5%	-4.9%	-13.4%	-2.3%	-10.4%	-3.5%	-11.8%
Agency	2.1%	1.5%	-12.6%	-13.3%	-9.7%	-10.4%	-11.1%	-11.8%
Fiscal Division	1.3%	0.4%	-16.7%	-17.4%	-11.2%	-12.2%	-13.8%	-14.7%
Budget Division	5.0%	1.7%	4.2%	-11.7%	5.5%	-10.2%	4.9%	-10.9%
	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$121,655,196		\$121,638,259		\$112,405,395		\$234,043,654	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	4.5%	2.5%	-2.7%	-6.6%	-21.2%	-27.4%	-11.6%	-16.6%
Agency	4.7%	2.2%	-2.1%	-7.3%	-20.8%	-28.4%	-11.1%	-17.4%
Fiscal Division	4.5%	2.5%	-2.7%	-5.6%	-21.2%	-26.1%	-11.6%	-15.5%
Budget Division	4.2%	3.0%	-3.9%	-6.1%	-25.0%	-25.5%	-14.0%	-15.4%

CASINO/LIVE ENTERTAINMENT TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$112,405,395		\$108,244,011		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-3.0%	-3.2%	-10.4%	-11.2%				
Agency	-3.0%	-4.5%	-10.4%	-12.7%				
Fiscal Division	-1.5%	-3.2%	-9.7%	-11.2%				
Budget Division	-2.6%	-1.4%	-0.2%	-5.6%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	2.5%	0.5%	0.5%	-2.5%	2.8%	-0.9%	2.6%	-0.8%
Agency	3.2%	1.2%	0.1%	-3.0%	2.4%	-1.3%	2.2%	-1.3%
Fiscal Division	2.3%	0.6%	-0.4%	-2.9%	2.2%	-0.7%	1.7%	-1.0%
Budget Division	1.8%	1.2%	2.3%	-0.2%	2.7%	0.4%	2.9%	0.6%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts								
Economic Forum	4.5%	2.5%	7.8%	7.7%	9.5%	10.9%	7.8%	8.9%
Agency	5.1%	2.6%	8.2%	7.5%	11.1%	11.0%	8.6%	8.6%
Fiscal Division	3.9%	2.2%	8.7%	7.8%	11.4%	10.7%	9.1%	8.5%
Budget Division	4.8%	1.9%	8.5%	7.9%	10.8%	11.0%	9.9%	9.6%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast.

CIGARETTE TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 1994-1995		FY 1995-1996		FY 1996-1997		1995-97 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995
Actual Collections	\$34,315,477		\$36,147,766		\$38,170,383		\$74,318,149	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	4.7%	-0.8%	9.5%	4.3%	14.3%	9.4%	12.0%	6.9%
Agency	6.1%	-0.1%	12.2%	5.0%	18.1%	10.0%	15.3%	7.6%
Fiscal Division	4.7%	-0.8%	9.5%	4.3%	14.3%	9.4%	12.0%	6.9%
Budget Division	4.7%	-0.8%	9.5%	4.3%	14.3%	9.4%	12.0%	6.9%
	FY 1996-1997		FY 1997-1998		FY 1998-1999		1997-99 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997
Actual Collections	\$38,170,383		\$43,353,054		\$42,124,234		\$85,477,288	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	2.0%	2.0%	10.8%	10.8%	5.1%	5.1%	8.0%	8.0%
Agency	2.9%	1.2%	12.8%	10.9%	8.5%	6.0%	10.7%	8.4%
Fiscal Division	2.9%	2.9%	12.4%	12.4%	7.6%	7.6%	10.0%	10.0%
Budget Division	2.0%	1.6%	10.8%	11.1%	5.1%	6.2%	8.0%	8.7%
	FY 1998-1999		FY 1999-2000		FY 2000-2001		1999-2001 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999
Actual Collections	\$42,124,234		\$42,220,870		\$43,691,552		\$85,912,422	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	2.7%	1.6%	2.9%	-1.3%	2.4%	-1.0%	2.6%	-1.1%
Agency	0.4%	-0.5%	-3.3%	-5.3%	-3.8%	-5.8%	-3.6%	-5.6%
Fiscal Division	0.4%	1.6%	-3.3%	-1.3%	-3.8%	-1.0%	-3.6%	-1.1%
Budget Division	1.0%	1.0%	-3.3%	-3.3%	-4.3%	-4.3%	-3.8%	-3.8%
	FY 2000-2001		FY 2001-2002		FY 2002-2003		2001-03 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001
Actual Collections	\$43,691,552		\$41,843,892		\$44,019,969		\$85,863,861	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	1.0%	-0.7%	-5.5%	-8.4%	-2.3%	-6.2%	-3.8%	-7.3%
Agency	0.2%	-0.3%	-7.5%	-8.1%	-5.3%	-5.8%	-6.4%	-6.9%
Fiscal Division	1.0%	-1.0%	-5.5%	-8.5%	-2.3%	-5.9%	-3.8%	-7.2%
Budget Division	0.1%	0.1%	-7.9%	-7.9%	-5.1%	-6.2%	-6.5%	-7.0%
	FY 2002-2003		FY 2003-2004		FY 2004-2005		2003-05 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003
Actual Collections	\$44,019,969		\$106,770,729		\$113,282,664		\$220,053,393	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	3.0%	4.9%	-4.8%	-0.8%	-6.9%	-1.3%	-5.9%	-1.1%
Agency	4.9%	4.9%	-0.8%	-0.8%	-1.3%	-1.3%	-1.1%	-1.1%
Fiscal Division	3.0%	4.3%	-4.8%	-3.1%	-6.9%	-5.1%	-5.9%	-4.1%
Budget Division	2.3%	4.9%	-7.0%	-0.8%	-10.9%	-1.3%	-9.0%	-1.1%
	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$113,282,664		\$114,693,245		\$113,071,937		\$227,765,182	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-3.8%	-1.7%	-2.5%	-0.4%	-4.0%	-1.9%	-3.3%	-1.1%
Agency	-3.7%	-1.7%	-2.4%	-0.4%	-3.9%	-1.9%	-3.1%	-1.1%
Fiscal Division	-3.5%	-1.1%	-2.5%	-1.6%	-4.3%	-4.9%	-3.4%	-3.2%
Budget Division	-3.8%	-1.7%	-2.5%	-0.5%	-4.0%	-1.9%	-3.3%	-1.2%
	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$113,071,937		\$110,418,288		\$96,986,907		\$207,405,195	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.9%	-1.9%	-4.8%	-4.8%	-20.0%	-20.1%	-11.9%	-11.9%
Agency	-1.4%	-1.4%	-3.9%	-3.9%	-18.4%	-18.4%	-10.7%	-10.7%
Fiscal Division	-3.2%	-2.1%	-7.0%	-5.0%	-23.8%	-20.6%	-14.8%	-12.3%
Budget Division	-1.9%	-1.5%	-4.8%	-4.4%	-20.0%	-20.1%	-11.9%	-11.7%

CIGARETTE TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2008-2009		FY 2009-2010		FY 2009-2010		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$96,986,907		\$88,550,857		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-4.1%	-2.3%	-15.8%	-6.4%				
Agency	-6.3%	-4.0%	-18.1%	-14.2%				
Fiscal Division	-4.1%	-2.3%	-16.5%	-6.4%				
Budget Division	-9.2%	-3.4%	-15.8%	-11.3%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	0.5%	0.2%	-1.3%	-0.9%	-1.6%	-2.3%	-0.3%	-1.1%
Agency	0.4%	-0.2%	-1.4%	-2.1%	-0.9%	-2.5%	0.2%	-1.3%
Fiscal Division	0.2%	0.2%	-2.2%	-1.1%	-2.7%	-2.9%	-1.4%	-1.6%
Budget Division	-0.6%	0.0%	-2.6%	-1.6%	-3.6%	-2.6%	-2.1%	-1.3%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts								
Economic Forum	2.9%	2.0%	7.1%	4.7%	7.9%	6.4%	6.8%	5.4%
Agency	3.3%	1.8%	7.6%	6.1%	8.5%	7.0%	7.3%	5.9%
Fiscal Division	2.9%	2.0%	7.7%	5.3%	9.0%	7.8%	7.7%	6.4%
Budget Division	3.1%	1.9%	7.7%	5.5%	9.1%	7.1%	7.8%	5.8%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

TOTAL GENERAL FUND REVENUES - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 1994-1995		FY 1995-1996		FY 1996-1997		1995-97 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995	Dec. 1, 1994	May 1, 1995
Actual Collections	\$1,206,131,349		\$1,291,286,981		\$1,352,588,553		\$2,643,875,534	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.0%	-3.3%	5.7%	4.7%	5.5%	4.3%	5.6%	4.5%
Agency	1.3%	-1.2%	8.9%	6.9%	8.9%	6.9%	8.9%	6.9%
Fiscal Division	-2.1%	-2.9%	5.8%	4.8%	6.1%	4.3%	5.9%	4.5%
Budget Division	-1.8%	-3.2%	5.5%	4.5%	4.4%	3.1%	5.0%	3.8%
	FY 1996-1997		FY 1997-1998		FY 1998-1999		1997-99 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997	Dec. 1, 1996	May 1, 1997
Actual Collections	\$1,352,588,553		\$1,412,378,339		\$1,530,951,360		\$2,943,329,699	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-0.8%	-0.1%	-2.5%	-1.7%	-1.5%	-0.4%	-2.0%	-1.0%
Agency	0.5%	0.8%	-1.5%	-0.3%	0.2%	1.7%	-0.6%	0.8%
Fiscal Division	-0.3%	-0.3%	-1.8%	-2.3%	-0.3%	-0.2%	-1.0%	-1.2%
Budget Division	-0.7%	0.0%	-3.7%	-1.9%	-2.6%	-0.5%	-3.1%	-1.2%
	FY 1998-1999		FY 1999-2000		FY 2000-2001		1999-2001 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999	Dec. 1, 1998	May 1, 1999
Actual Collections	\$1,530,951,360		\$1,646,823,339		\$1,734,116,513		\$3,380,939,852	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	3.8%	1.2%	6.7%	4.6%	8.0%	6.2%	7.3%	5.4%
Agency	4.4%	1.4%	7.0%	4.1%	8.2%	5.6%	7.6%	4.9%
Fiscal Division	3.8%	1.3%	6.5%	3.6%	7.9%	5.1%	7.2%	4.4%
Budget Division	3.4%	1.4%	5.9%	5.7%	6.4%	6.9%	6.2%	6.3%
	FY 2000-2001		FY 2001-2002		FY 2002-2003		2001-03 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001	Dec. 1, 2000	May 1, 2001
Actual Collections	\$1,734,116,513		\$1,751,957,966		\$1,825,353,940		\$3,577,311,906	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-0.9%	1.1%	-6.6%	-3.9%	-6.4%	-4.1%	-6.5%	-4.0%
Agency	-0.8%	1.9%	-6.6%	-2.8%	-6.4%	-3.1%	-6.5%	-3.0%
Fiscal Division	-0.5%	1.1%	-6.0%	-3.7%	-5.8%	-3.7%	-5.9%	-3.7%
Budget Division	-0.9%	1.0%	-7.0%	-4.5%	-7.1%	-4.5%	-7.0%	-4.5%
	FY 2002-2003		FY 2003-2004		FY 2004-2005		2003-05 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003	Dec. 1, 2002	May 1, 2003
Actual Collections	\$1,825,353,940		\$2,404,005,956		\$2,742,665,021		\$5,146,670,977	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	0.6%	0.3%	16.1%	6.0%	22.6%	10.2%	19.5%	8.3%
Agency	0.9%	0.6%	16.6%	6.5%	23.3%	11.0%	20.2%	8.9%
Fiscal Division	0.9%	0.2%	16.3%	5.6%	22.8%	10.0%	19.8%	7.9%
Budget Division	0.1%	0.6%	15.6%	6.5%	21.5%	10.6%	18.7%	8.7%
	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$2,742,665,021		\$3,058,803,459		\$3,145,042,636		\$6,203,846,095	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	5.2%	0.7%	10.8%	6.1%	8.2%	3.7%	9.5%	4.9%
Agency	4.5%	1.3%	9.6%	6.8%	6.9%	3.9%	8.3%	5.3%
Fiscal Division	2.6%	0.7%	7.8%	5.2%	5.4%	2.9%	6.5%	4.1%
Budget Division	4.0%	0.6%	10.3%	6.4%	7.7%	2.8%	9.0%	4.6%
	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$3,145,042,636		\$3,054,267,831		\$2,739,337,032		\$5,793,604,863	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-0.8%	-0.1%	-9.2%	-7.9%	-31.5%	-29.7%	-19.7%	-18.2%
Agency	-0.9%	-0.1%	-9.1%	-7.9%	-31.6%	-30.1%	-19.8%	-18.4%
Fiscal Division	-0.7%	-0.1%	-8.9%	-8.1%	-31.1%	-29.9%	-19.4%	-18.4%
Budget Division	-1.3%	-0.1%	-10.8%	-7.8%	-35.3%	-29.4%	-22.4%	-18.0%

TOTAL GENERAL FUND REVENUES - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$2,739,337,032		\$3,007,019,752		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.8%	-0.7%	-10.5%	-5.1%				
Agency	-5.1%	-1.7%	-13.5%	-8.3%				
Fiscal Division	-6.0%	-0.8%	-13.9%	-5.8%				
Budget Division	-3.0%	0.0%	-6.2%	-2.7%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	0.3%	-0.1%	1.3%	0.4%	0.7%	-1.4%	2.0%	0.0%
Agency	0.6%	0.4%	1.4%	0.6%	1.3%	-0.6%	2.6%	0.8%
Fiscal Division	-0.3%	-0.1%	0.7%	-0.1%	0.7%	-1.6%	1.9%	-0.3%
Budget Division	0.0%	0.0%	1.2%	0.8%	-0.7%	-1.6%	0.9%	0.0%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts:								
Economic Forum	2.1%	0.9%	8.5%	5.0%	11.9%	8.4%	10.0%	6.6%
Agency	2.3%	1.1%	9.1%	5.5%	12.2%	8.9%	10.3%	6.9%
Fiscal Division	2.1%	0.9%	8.4%	4.9%	11.3%	8.0%	9.4%	6.3%
Budget Division	1.9%	0.9%	8.1%	5.0%	12.1%	8.3%	10.2%	6.7%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

MBT NONFINANCIAL - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$205,348,170		\$232,760,812		\$257,432,283		\$490,193,095	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	5.3%	-2.3%	11.0%	2.6%	14.4%	6.0%	12.8%	4.3%
Agency	6.7%	0.1%	14.5%	7.1%	19.7%	12.4%	17.2%	9.9%
Fiscal Division	2.2%	-2.3%	8.1%	2.6%	11.6%	6.0%	9.9%	4.3%
Budget Division	6.1%	-0.3%	11.4%	4.3%	14.2%	5.8%	12.8%	5.1%

	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$257,432,283		\$263,902,120		\$253,118,727		\$517,020,847	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.8%	-0.2%	-7.7%	-4.7%	-21.3%	-17.6%	-14.4%	-11.0%
Agency	-1.8%	-0.2%	-7.7%	-4.7%	-21.3%	-17.6%	-14.4%	-11.0%
Fiscal Division	-1.2%	-0.4%	-5.0%	-5.4%	-17.4%	-18.3%	-11.1%	-11.7%
Budget Division	-1.7%	-0.7%	-6.2%	-5.0%	-21.2%	-17.8%	-13.5%	-11.3%

	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$253,118,727		\$363,411,521		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-4.4%	-4.4%	-17.3%	-16.7%				
Agency	-4.4%	-7.2%	-17.3%	-22.2%				
Fiscal Division	-5.6%	-5.4%	-21.1%	-18.4%				
Budget Division	-4.4%	-3.2%	-19.6%	-10.3%				

AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	-0.3%	-2.3%	-4.7%	-6.3%	-3.4%	-5.8%	-0.8%	-3.3%
Agency	0.2%	-2.4%	-3.5%	-6.6%	-0.8%	-2.6%	1.4%	-0.5%
Fiscal Division	-1.5%	-2.7%	-6.0%	-7.1%	-2.9%	-6.2%	-0.6%	-3.7%
Budget Division	0.0%	-1.4%	-4.8%	-3.7%	-3.5%	-6.0%	-0.3%	-3.1%

ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts:								
Economic Forum	3.8%	2.3%	12.0%	8.0%	17.9%	11.8%	13.6%	7.7%
Agency	4.3%	2.5%	13.2%	11.3%	20.5%	15.0%	15.8%	10.5%
Fiscal Division	3.0%	2.7%	11.4%	8.8%	14.5%	12.1%	10.5%	8.0%
Budget Division	4.0%	1.4%	12.4%	6.6%	17.7%	11.8%	13.2%	8.2%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

MBT FINANCIAL - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$21,575,335		\$22,491,110		\$21,520,319		\$44,011,429	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-9.8%	13.5%	-13.4%	9.9%	-27.2%	0.2%	-20.1%	5.2%
Agency	1.3%	17.3%	1.7%	16.4%	-6.7%	8.9%	-2.4%	12.7%
Fiscal Division	19.0%	13.5%	14.4%	9.9%	4.0%	0.2%	9.3%	5.2%
Budget Division	-10.5%	15.6%	-13.4%	12.4%	-26.9%	0.8%	-20.0%	6.7%
	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$21,520,319		\$20,698,298		\$24,397,566		\$45,095,864	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-14.8%	-5.2%	-30.8%	-17.3%	-21.5%	-6.5%	-25.8%	-11.4%
Agency	-12.9%	-5.2%	-27.8%	-17.3%	-17.1%	-6.5%	-22.1%	-11.4%
Fiscal Division	-11.3%	-4.7%	-21.9%	-15.0%	-9.9%	-3.0%	-15.4%	-8.5%
Budget Division	-14.8%	-4.5%	-30.8%	-15.0%	-21.5%	-3.7%	-25.8%	-8.9%
	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$24,397,566		\$21,698,267		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	23.4%	17.2%	19.9%	14.7%				
Agency	17.5%	12.2%	4.4%	-0.7%				
Fiscal Division	12.4%	12.0%	-0.7%	-0.1%				
Budget Division	23.4%	17.2%	19.9%	14.7%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	-0.4%	8.5%	-8.1%	2.5%	-24.3%	-3.1%	-23.0%	-3.1%
Agency	1.9%	8.1%	-7.2%	-0.5%	-11.9%	1.2%	-12.2%	0.7%
Fiscal Division	6.7%	6.9%	-2.7%	-1.7%	-3.0%	-1.4%	-3.1%	-1.7%
Budget Division	-0.7%	9.4%	-8.1%	4.0%	-24.2%	-1.5%	-22.9%	-1.1%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts:								
Economic Forum	16.0%	12.0%	21.4%	14.0%	24.3%	3.3%	23.0%	8.3%
Agency	10.6%	11.6%	11.3%	11.5%	11.9%	7.7%	12.2%	12.1%
Fiscal Division	14.3%	10.1%	12.3%	8.3%	6.9%	1.6%	12.3%	6.8%
Budget Division	16.2%	12.4%	21.4%	14.0%	24.2%	2.2%	22.9%	7.8%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast.

TOTAL MODIFIED BUSINESS TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$226,923,505		\$255,251,922		\$278,952,602		\$534,204,524	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	3.9%	-0.8%	8.9%	3.2%	11.2%	5.5%	10.1%	4.4%
Agency	6.2%	1.7%	13.4%	7.9%	17.7%	12.2%	15.6%	10.1%
Fiscal Division	3.8%	-0.8%	8.6%	3.2%	11.0%	5.5%	9.9%	4.4%
Budget Division	4.5%	1.2%	9.2%	5.0%	11.0%	5.4%	10.1%	5.2%

	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$278,952,602		\$284,600,418		\$277,516,293		\$562,116,711	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.8%	-0.6%	-9.4%	-5.6%	-21.3%	-16.6%	-15.3%	-11.0%
Agency	-2.7%	-0.6%	-9.2%	-5.6%	-20.9%	-16.6%	-15.0%	-11.0%
Fiscal Division	-2.0%	-0.7%	-6.3%	-6.1%	-16.8%	-17.0%	-11.5%	-11.4%
Budget Division	-2.7%	-1.0%	-8.0%	-5.8%	-21.2%	-16.6%	-14.5%	-11.1%

	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$277,516,293		\$385,109,788		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.9%	-2.5%	-15.2%	-14.9%				
Agency	-2.5%	-5.5%	-16.1%	-20.9%				
Fiscal Division	-4.0%	-3.8%	-20.0%	-17.3%				
Budget Division	-2.0%	-1.4%	-17.4%	-8.9%				

AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	-0.3%	-1.3%	-5.3%	-5.8%	-5.1%	-5.5%	-2.6%	-3.3%
Agency	0.3%	-1.4%	-4.0%	-6.2%	-1.6%	-2.2%	0.3%	-0.4%
Fiscal Division	-0.7%	-1.8%	-5.9%	-6.7%	-2.9%	-5.7%	-0.8%	-3.5%
Budget Division	-0.1%	-0.4%	-5.4%	-3.2%	-5.1%	-5.6%	-2.2%	-2.9%

ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts								
Economic Forum	2.9%	1.3%	11.2%	7.9%	16.3%	11.0%	12.7%	7.7%
Agency	3.8%	2.6%	12.9%	11.5%	19.3%	14.4%	15.3%	10.6%
Fiscal Division	3.3%	1.8%	11.6%	8.9%	13.9%	11.2%	10.7%	7.9%
Budget Division	3.0%	1.2%	11.5%	6.6%	16.1%	11.0%	12.3%	8.2%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

REAL PROPERTY TRANSFER TAX - FORECAST ERROR ANALYSIS BY FORECASTER

	FY 2004-2005		FY 2005-2006		FY 2006-2007		2005-07 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005	Dec. 1, 2004	May 1, 2005
Actual Collections	\$148,730,974		\$164,841,506		\$120,374,961		\$285,216,467	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	21.5%	2.8%	26.4%	13.1%	-10.8%	-15.1%	10.7%	1.2%
Agency	32.6%	5.2%	29.6%	14.5%	-11.6%	-23.8%	12.2%	-1.7%
Fiscal Division	9.6%	2.8%	25.8%	13.1%	-0.9%	-15.1%	14.5%	1.2%
Budget Division	21.5%	1.6%	26.4%	12.8%	-13.5%	-34.5%	9.6%	-7.2%
	FY 2006-2007		FY 2007-2008		FY 2008-2009		2007-09 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007	Dec. 1, 2006	May 1, 2007
Actual Collections	\$120,374,961		\$85,882,799		\$65,922,452		\$151,805,251	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-2.8%	-2.8%	-44.6%	-44.6%	-104.6%	-104.6%	-70.6%	-70.6%
Agency	-8.6%	-2.8%	-59.8%	-44.6%	-118.6%	-104.6%	-85.3%	-70.6%
Fiscal Division	-2.8%	-2.5%	-44.6%	-44.3%	-104.6%	-103.7%	-70.6%	-70.1%
Budget Division	-12.1%	-1.7%	-64.8%	-39.0%	-147.2%	-93.7%	-100.6%	-62.8%
	FY 2008-2009		FY 2009-2010		FY 2010-2011		2009-11 Biennium	
	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Combined Forecast	
	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009	Dec. 1, 2008	May 1, 2009
Actual Collections	\$65,922,452		\$53,315,435		NA		NA	
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections								
Economic Forum	-1.1%	1.0%	-31.3%	9.6%				
Agency	-12.1%	2.0%	-39.0%	-3.0%				
Fiscal Division	-14.3%	1.0%	-41.9%	9.6%				
Budget Division	-1.1%	0.9%	-13.0%	-6.3%				
AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Percent Forecast Error - Average of Forecast Error over Current, 1- & 2-Year Ahead Dec. and May Forecasts								
Economic Forum	5.9%	0.3%	-16.5%	-7.3%	-57.7%	-59.9%	-30.0%	-34.7%
Agency	4.0%	1.5%	-23.1%	-11.0%	-65.1%	-64.2%	-36.6%	-36.2%
Fiscal Division	-2.5%	0.5%	-20.2%	-7.2%	-52.7%	-59.4%	-28.1%	-34.5%
Budget Division	2.8%	0.3%	-17.1%	-10.9%	-80.3%	-64.1%	-45.5%	-35.0%
ABSOLUTE AVERAGE PERCENT ERROR	Current Year Forecast		1-Year Ahead Forecast		2-Years Ahead Forecast		Biennium Forecast	
	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1	Dec. 1	May 1
Average Absolute Percent Error - Average of Absolute Value of the Forecast Error over Current, 1- & 2-Year Ahead Dec. & May Forecasts:								
Economic Forum	8.5%	2.2%	34.1%	22.4%	57.7%	59.9%	40.7%	35.9%
Agency	17.8%	3.3%	42.8%	20.7%	65.1%	64.2%	48.8%	36.2%
Fiscal Division	8.9%	2.1%	37.4%	22.4%	52.7%	59.4%	42.6%	35.7%
Budget Division	11.6%	1.4%	34.7%	19.4%	80.3%	64.1%	55.1%	35.0%

NOTE: A positive difference whether indicates actual collections were higher than forecast. A negative difference indicates actual collections were lower than forecast

FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES JUNE 20, 2008 ECONOMIC FORUM MEETING

Sales and Use Tax

	FY 2007-2008	FY 2008-2009*	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$966,101,313	\$842,380,933	\$1,808,482,246
Actual Growth	-3.4%	-12.8%	-8.9%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$964,700,000	\$930,644,236	\$1,895,344,236
Fiscal Division	\$967,481,000	\$998,863,599	\$1,966,344,599
Budget Division	\$964,700,000	\$930,644,236	\$1,895,344,236
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-3.6%	-3.5%	-4.5%
Fiscal Division	-3.3%	3.2%	-1.0%
Budget Division	-3.6%	-3.5%	-4.5%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$1,401,313	-\$88,263,303	-\$86,861,990
Fiscal Division	-\$1,379,687	-\$156,482,666	-\$157,862,353
Budget Division	\$1,401,313	-\$88,263,303	-\$86,861,990
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	0.1%	-10.5%	-4.8%
Fiscal Division	-0.1%	-18.6%	-8.7%
Budget Division	0.1%	-10.5%	-4.8%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	0.1%	-9.3%	-4.4%
Fiscal Division	-0.1%	-16.0%	-8.0%
Budget Division	0.1%	-9.3%	-4.4%

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.

A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

* Forecasts for FY 2008-09 have been adjusted to reflect legislative actions during the 25th Special Session (2008).

Percentage Fees

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$770,965,236	\$655,199,442	\$1,426,164,678
Actual Growth	-6.0%	-15.0%	-11.4%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$786,000,000	\$801,720,000	\$1,587,720,000
Agency	\$789,285,000	\$843,697,584	\$1,632,982,584
Fiscal Division	\$789,351,000	\$832,219,308	\$1,621,570,308
Budget Division	\$786,100,000	\$790,700,000	\$1,576,800,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-4.2%	2.0%	-1.4%
Agency	-3.8%	6.9%	1.4%
Fiscal Division	-3.7%	5.4%	0.7%
Budget Division	-4.1%	0.6%	-2.1%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	-\$15,034,764	-\$146,520,558	-\$161,555,322
Agency	-\$18,319,764	-\$188,498,142	-\$206,817,906
Fiscal Division	-\$18,385,764	-\$177,019,866	-\$195,405,630
Budget Division	-\$15,134,764	-\$135,500,558	-\$150,635,322
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	-2.0%	-22.4%	-11.3%
Agency	-2.4%	-28.8%	-14.5%
Fiscal Division	-2.4%	-27.0%	-13.7%
Budget Division	-2.0%	-20.7%	-10.6%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	-1.8%	-17.0%	-10.0%
Agency	-2.2%	-21.9%	-12.8%
Fiscal Division	-2.2%	-20.4%	-12.1%
Budget Division	-1.8%	-15.6%	-9.4%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JUNE 20, 2008 ECONOMIC FORUM MEETING

Insurance Premium Tax

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$256,693,189	\$238,524,098	\$495,217,287
Actual Growth	-1.0%	-7.1%	-0.5%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$257,200,000	\$266,500,000	\$523,700,000
Fiscal Division	\$256,689,000	\$263,653,848	\$520,342,848
Budget Division	\$257,200,000	\$266,500,000	\$523,700,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-0.8%	3.6%	5.3%
Fiscal Division	-1.0%	2.7%	4.6%
Budget Division	-0.8%	3.6%	5.3%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	-\$506,811	-\$27,975,902	-\$28,482,713
Fiscal Division	\$4,189	-\$25,129,750	-\$25,125,561
Budget Division	-\$506,811	-\$27,975,902	-\$28,482,713
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	-0.2%	-11.7%	-5.8%
Fiscal Division	0.0%	-10.5%	-5.1%
Budget Division	-0.2%	-11.7%	-5.8%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	-0.2%	-10.7%	-5.7%
Fiscal Division	0.0%	-9.8%	-5.0%
Budget Division	-0.2%	-10.7%	-5.7%

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A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

Real Property Transfer Tax

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$85,882,799	\$65,922,452	\$151,805,251
Actual Growth	-28.7%	-23.2%	-46.8%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$83,955,000	\$55,482,000	\$139,437,000
Fiscal Division	\$83,955,000	\$55,482,000	\$139,437,000
Budget Division	\$83,500,000	\$57,800,000	\$141,300,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-30.3%	-33.9%	-51.1%
Fiscal Division	-30.3%	-33.9%	-51.1%
Budget Division	-30.6%	-30.8%	-50.5%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$1,927,799	\$10,440,452	\$12,368,251
Fiscal Division	\$1,927,799	\$10,440,452	\$12,368,251
Budget Division	\$2,382,799	\$8,122,452	\$10,505,251
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	2.2%	15.8%	8.1%
Fiscal Division	2.2%	15.8%	8.1%
Budget Division	2.8%	12.3%	6.9%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	1.6%	10.7%	4.3%
Fiscal Division	1.6%	10.7%	4.3%
Budget Division	2.0%	7.5%	3.7%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JUNE 20, 2008 ECONOMIC FORUM MEETING

Cigarette Tax

	FY 2007-2008	FY 2008-2009*	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$110,418,288	\$96,986,907	\$207,405,195
Actual Growth	-2.3%	-12.2%	-8.9%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$109,900,000	\$110,037,276	\$219,937,276
Fiscal Division	\$110,256,000	\$110,489,142	\$220,745,142
Budget Division	\$109,900,000	\$110,037,276	\$219,937,276
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-2.8%	0.1%	-3.4%
Fiscal Division	-2.5%	0.2%	-3.1%
Budget Division	-2.8%	0.1%	-3.4%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$518,288	-\$13,050,369	-\$12,532,081
Fiscal Division	\$162,288	-\$13,502,235	-\$13,339,947
Budget Division	\$518,288	-\$13,050,369	-\$12,532,081
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	0.5%	-13.5%	-6.0%
Fiscal Division	0.1%	-13.9%	-6.4%
Budget Division	0.5%	-13.5%	-6.0%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	0.5%	-12.3%	-5.5%
Fiscal Division	0.1%	-12.4%	-5.9%
Budget Division	0.5%	-12.3%	-5.5%

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A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

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Live Entertainment Tax - Gaming

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$121,638,259	\$112,405,395	\$234,043,654
Actual Growth	0.0%	-7.6%	1.7%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$119,000,000	\$121,975,000	\$240,975,000
Agency	\$120,130,000	\$124,517,687	\$244,647,687
Fiscal Division	\$119,595,000	\$125,491,069	\$245,086,069
Budget Division	\$122,000,000	\$124,300,000	\$246,300,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-2.2%	2.5%	4.7%
Agency	-1.3%	3.7%	6.3%
Fiscal Division	-1.7%	4.9%	6.5%
Budget Division	0.3%	1.9%	7.1%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$2,638,259	-\$9,569,605	-\$6,931,346
Agency	\$1,508,259	-\$12,112,292	-\$10,604,033
Fiscal Division	\$2,043,259	-\$13,085,674	-\$11,042,415
Budget Division	-\$361,741	-\$11,894,605	-\$12,256,346
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	2.2%	-8.5%	-3.0%
Agency	1.2%	-10.8%	-4.5%
Fiscal Division	1.7%	-11.6%	-4.7%
Budget Division	-0.3%	-10.6%	-5.2%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	2.2%	-10.1%	-3.0%
Agency	1.2%	-11.2%	-4.6%
Fiscal Division	1.7%	-12.5%	-4.8%
Budget Division	-0.3%	-9.5%	-5.3%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JUNE 20, 2008 ECONOMIC FORUM MEETING

Modified Business Tax - Nonfinancial

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$263,902,120	\$253,118,727	\$517,020,847
Actual Growth	2.5%	-4.1%	5.5%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$258,600,000	\$261,186,000	\$519,786,000
Fiscal Division	\$259,194,000	\$265,392,644	\$524,586,644
Budget Division	\$258,600,000	\$266,700,000	\$525,300,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	0.5%	1.0%	6.0%
Fiscal Division	0.7%	2.4%	7.0%
Budget Division	0.5%	3.1%	7.2%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$5,302,120	-\$8,067,273	-\$2,765,153
Fiscal Division	\$4,708,120	-\$12,273,917	-\$7,565,797
Budget Division	\$5,302,120	-\$13,581,273	-\$8,279,153
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	2.0%	-3.2%	-0.5%
Fiscal Division	1.8%	-4.8%	-1.5%
Budget Division	2.0%	-5.4%	-1.6%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	2.1%	-5.1%	-0.6%
Fiscal Division	1.8%	-6.5%	-1.5%
Budget Division	2.1%	-7.2%	-1.7%

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Modified Business Tax - Financial

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$20,698,298	\$24,397,566	\$45,095,864
Actual Growth	-3.8%	17.9%	2.5%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$20,100,000	\$19,200,000	\$39,300,000
Fiscal Division	\$20,448,000	\$20,519,493	\$40,967,493
Budget Division	\$20,100,000	\$19,200,000	\$39,300,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-6.6%	-4.5%	-10.7%
Fiscal Division	-5.0%	0.3%	-6.9%
Budget Division	-6.6%	-4.5%	-10.7%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$598,298	\$5,197,566	\$5,795,864
Fiscal Division	\$250,298	\$3,878,073	\$4,128,371
Budget Division	\$598,298	\$5,197,566	\$5,795,864
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	2.9%	21.3%	12.9%
Fiscal Division	1.2%	15.9%	9.2%
Budget Division	2.9%	21.3%	12.9%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	2.8%	22.3%	13.2%
Fiscal Division	1.2%	17.5%	9.4%
Budget Division	2.8%	22.3%	13.2%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JUNE 20, 2008 ECONOMIC FORUM MEETING

Modified Business Tax - Total

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$284,600,418	\$277,516,293	\$562,116,711
Actual Growth	2.0%	-2.5%	5.2%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$278,700,000	\$280,386,000	\$559,086,000
Fiscal Division	\$279,642,000	\$285,912,137	\$565,554,137
Budget Division	\$278,700,000	\$285,900,000	\$564,600,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-0.1%	0.6%	4.7%
Fiscal Division	0.2%	2.2%	5.9%
Budget Division	-0.1%	2.6%	5.7%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$5,900,418	-\$2,869,707	\$3,030,711
Fiscal Division	\$4,958,418	-\$8,395,844	-\$3,437,426
Budget Division	\$5,900,418	-\$8,383,707	-\$2,483,289
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	2.1%	-1.0%	0.5%
Fiscal Division	1.7%	-3.0%	-0.6%
Budget Division	2.1%	-3.0%	-0.4%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	2.1%	-3.1%	0.6%
Fiscal Division	1.8%	-4.7%	-0.6%
Budget Division	2.1%	-5.1%	-0.5%

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Short-Term Car Rental

	FY 2007-2008	FY 2008-2009*	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$29,792,195	\$27,519,640	\$57,311,835
Actual Growth	0.0%	-7.6%	1.5%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$29,517,000	\$32,303,757	\$61,820,757
Fiscal Division	\$29,618,000	\$32,477,922	\$62,095,922
Budget Division	\$31,600,000	\$33,608,756	\$65,208,756
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-1.0%	9.4%	9.5%
Fiscal Division	-0.6%	9.7%	10.0%
Budget Division	6.0%	6.4%	15.5%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$275,195	-\$4,784,117	-\$4,508,922
Fiscal Division	\$174,195	-\$4,958,282	-\$4,784,087
Budget Division	-\$1,807,805	-\$6,089,116	-\$7,896,920
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	0.9%	-17.4%	-7.9%
Fiscal Division	0.6%	-18.0%	-8.3%
Budget Division	-6.1%	-22.1%	-13.8%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	0.9%	-17.1%	-8.0%
Fiscal Division	0.6%	-17.3%	-8.5%
Budget Division	-6.1%	-14.0%	-14.0%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JUNE 20, 2008 ECONOMIC FORUM MEETING

Net Proceeds of Minerals

	FY 2007-2008	FY 2008-2009*	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$34,685,775	\$72,300,385	\$106,986,160
Actual Growth	25.3%	108.4%	126.3%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$35,600,000	\$63,600,000	\$99,200,000
Fiscal Division	\$35,600,000	\$63,600,000	\$99,200,000
Budget Division	\$35,600,000	\$63,600,000	\$99,200,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	28.6%	78.7%	109.8%
Fiscal Division	28.6%	78.7%	109.8%
Budget Division	28.6%	78.7%	109.8%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	-\$914,225	\$8,700,385	\$7,786,160
Fiscal Division	-\$914,225	\$8,700,385	\$7,786,160
Budget Division	-\$914,225	\$8,700,385	\$7,786,160
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	-2.6%	12.0%	7.3%
Fiscal Division	-2.6%	12.0%	7.3%
Budget Division	-2.6%	12.0%	7.3%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	-3.3%	29.8%	16.5%
Fiscal Division	-3.3%	29.8%	16.5%
Budget Division	-3.3%	29.8%	16.5%

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.
A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

* Forecasts for FY 2008-09 have been adjusted to reflect legislative actions during the 25th Special Session (2008).

Treasurer's Interest Income

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$55,876,491	\$18,363,013	\$74,239,504
Actual Growth	6.6%	-67.1%	-12.7%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$56,900,000	\$18,100,000	\$75,000,000
Agency	\$56,900,000	\$18,100,000	\$75,000,000
Fiscal Division	\$56,900,000	\$18,100,000	\$75,000,000
Budget Division	\$56,900,000	\$18,100,000	\$75,000,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	8.6%	-68.2%	-11.8%
Agency	8.6%	-68.2%	-11.8%
Fiscal Division	8.6%	-68.2%	-11.8%
Budget Division	8.6%	-68.2%	-11.8%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	-\$1,023,509	\$263,013	-\$760,496
Agency	-\$1,023,509	\$263,013	-\$760,496
Fiscal Division	-\$1,023,509	\$263,013	-\$760,496
Budget Division	-\$1,023,509	\$263,013	-\$760,496
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	-1.8%	1.4%	-1.0%
Agency	-1.8%	1.4%	-1.0%
Fiscal Division	-1.8%	1.4%	-1.0%
Budget Division	-1.8%	1.4%	-1.0%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	-2.0%	1.1%	-0.9%
Agency	-2.0%	1.1%	-0.9%
Fiscal Division	-2.0%	1.1%	-0.9%
Budget Division	-2.0%	1.1%	-0.9%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES JUNE 20, 2008 ECONOMIC FORUM MEETING

Unclaimed Property

	FY 2007-2008	FY 2008-2009*	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$49,179,534	\$50,092,050	\$99,271,584
Actual Growth	109.6%	1.9%	117.1%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$44,000,000	\$41,600,000	\$85,600,000
Agency	\$44,000,000	\$41,600,000	\$85,600,000
Fiscal Division	\$44,000,000	\$41,600,000	\$85,600,000
Budget Division	\$44,000,000	\$41,600,000	\$85,600,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	87.5%	-5.5%	87.2%
Agency	87.5%	-5.5%	87.2%
Fiscal Division	87.5%	-5.5%	87.2%
Budget Division	87.5%	-5.5%	87.2%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$5,179,534	\$8,492,050	\$13,671,584
Agency	\$5,179,534	\$8,492,050	\$13,671,584
Fiscal Division	\$5,179,534	\$8,492,050	\$13,671,584
Budget Division	\$5,179,534	\$8,492,050	\$13,671,584
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	10.5%	17.0%	13.8%
Agency	10.5%	17.0%	13.8%
Fiscal Division	10.5%	17.0%	13.8%
Budget Division	10.5%	17.0%	13.8%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	22.1%	7.3%	29.9%
Agency	22.1%	7.3%	29.9%
Fiscal Division	22.1%	7.3%	29.9%
Budget Division	22.1%	7.3%	29.9%

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.

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* Forecasts for FY 2008-09 have been adjusted to reflect legislative actions during the 2009 Legislative Session.

Secretary of State Commercial Recordings

	FY 2007-2008	FY 2008-2009	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$78,672,708	\$72,130,515	\$150,803,223
Actual Growth	2.2%	-8.3%	-3.9%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$78,976,000	\$78,976,000	\$157,952,000
Agency	\$78,976,000	\$78,975,571	\$157,951,571
Fiscal Division	\$78,976,000	\$78,975,571	\$157,951,571
Budget Division	\$78,976,000	\$78,975,571	\$157,951,571
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	2.6%	0.0%	0.6%
Agency	2.6%	0.0%	0.6%
Fiscal Division	2.6%	0.0%	0.6%
Budget Division	2.6%	0.0%	0.6%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	-\$303,292	-\$6,845,485	-\$7,148,777
Agency	-\$303,292	-\$6,845,056	-\$7,148,348
Fiscal Division	-\$303,292	-\$6,845,056	-\$7,148,348
Budget Division	-\$303,292	-\$6,845,056	-\$7,148,348
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	-0.4%	-9.5%	-4.7%
Agency	-0.4%	-9.5%	-4.7%
Fiscal Division	-0.4%	-9.5%	-4.7%
Budget Division	-0.4%	-9.5%	-4.7%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	-0.4%	-8.3%	-4.6%
Agency	-0.4%	-8.3%	-4.6%
Fiscal Division	-0.4%	-8.3%	-4.6%
Budget Division	-0.4%	-8.3%	-4.6%

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES JUNE 20, 2008 ECONOMIC FORUM MEETING

Total - Major Tax Sources

	FY 2007-2008	FY 2008-2009*	2007-2009 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$2,844,506,205	\$2,529,341,123	\$5,373,847,328
Actual Growth	-2.7%	-11.1%	-6.7%
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$2,844,448,000	\$2,801,324,269	\$5,606,960,000
Fiscal Division	\$2,852,061,394	\$2,906,864,596	\$5,720,018,871
Budget Division	\$2,849,175,571	\$2,801,765,838	\$5,612,051,142
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-2.7%	-1.5%	-2.7%
Fiscal Division	-2.5%	1.9%	-0.7%
Budget Division	-2.6%	-1.7%	-2.6%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$58,205	-\$271,983,146	-\$233,112,672
Fiscal Division	-\$7,555,189	-\$377,523,473	-\$346,171,543
Budget Division	-\$4,669,366	-\$272,424,715	-\$238,203,814
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	0.0%	-10.8%	-4.3%
Fiscal Division	-0.3%	-14.9%	-6.4%
Budget Division	-0.2%	-10.8%	-4.4%
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	0.0%	-9.6%	-4.0%
Fiscal Division	-0.3%	-13.0%	-6.0%
Budget Division	-0.2%	-9.4%	-4.1%

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* Forecasts for FY 2008-09 have been adjusted to reflect legislative actions during the 25th Special Session and 2009 Session.

FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES JANUARY 22, 2010 ECONOMIC FORUM MEETING

Sales and Use Tax

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$755,344,243	NA	NA
Actual Growth	-10.3%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$729,819,000	\$705,400,000	\$1,435,219,000
Agency	\$742,883,702	\$709,744,680	\$1,452,628,382
Fiscal Division	\$729,819,000	\$727,944,000	\$1,457,763,000
Budget Division	\$740,400,000	\$705,400,000	\$1,445,800,000
Moody's	\$740,700,000	\$805,000,000	\$1,545,700,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-13.4%	-3.3%	-20.6%
Agency	-11.8%	-4.5%	-19.7%
Fiscal Division	-13.4%	-0.3%	-19.4%
Budget Division	-12.1%	-4.7%	-20.1%
Moody's	-12.1%	8.7%	-14.5%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$25,525,243		
Agency	\$12,460,541		
Fiscal Division	\$25,525,243		
Budget Division	\$14,944,243		
Moody's	\$14,644,243		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	3.4%		
Agency	1.6%		
Fiscal Division	3.4%		
Budget Division	2.0%		
Moody's	1.9%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	3.0%		
Agency	1.5%		
Fiscal Division	3.0%		
Budget Division	1.8%		
Moody's	1.7%		

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JANUARY 22, 2010 ECONOMIC FORUM MEETING

Percentage Fees

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$630,526,019	NA	NA
Actual Growth	-3.8%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$639,400,000	\$635,600,000	\$1,275,000,000
Agency	\$652,213,719	\$682,096,608	\$1,334,310,327
Fiscal Division	\$640,370,000	\$667,564,000	\$1,307,934,000
Budget Division	\$639,400,000	\$635,600,000	\$1,275,000,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-2.4%	-0.6%	-10.6%
Agency	-0.5%	4.6%	-6.4%
Fiscal Division	-2.3%	4.2%	-8.3%
Budget Division	-2.4%	-0.6%	-10.6%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	-\$8,873,981		
Agency	-\$21,687,700		
Fiscal Division	-\$9,843,981		
Budget Division	-\$8,873,981		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	-1.4%		
Agency	-3.4%		
Fiscal Division	-1.6%		
Budget Division	-1.4%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	-1.4%		
Agency	-3.3%		
Fiscal Division	-1.5%		
Budget Division	-1.4%		

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Insurance Premium Tax

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$233,905,463	NA	NA
Actual Growth	-1.9%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$222,900,000	\$227,000,000	\$449,900,000
Agency	\$227,923,405	\$222,565,518	\$450,488,923
Fiscal Division	\$222,879,000	\$232,224,000	\$455,103,000
Budget Division	\$222,900,000	\$227,000,000	\$449,900,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-6.6%	1.8%	-9.2%
Agency	-4.4%	-2.4%	-9.0%
Fiscal Division	-6.6%	4.2%	-8.1%
Budget Division	-6.6%	1.8%	-9.2%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$11,005,463		
Agency	\$5,982,058		
Fiscal Division	\$11,026,463		
Budget Division	\$11,005,463		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	4.7%		
Agency	2.6%		
Fiscal Division	4.7%		
Budget Division	4.7%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	4.6%		
Agency	2.5%		
Fiscal Division	4.6%		
Budget Division	4.6%		

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JANUARY 22, 2010 ECONOMIC FORUM MEETING

Real Property Transfer Tax

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$53,315,435	NA	NA
Actual Growth	-19.1%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$47,500,000	\$42,000,000	\$89,500,000
Agency	\$46,961,225	\$43,627,558	\$90,588,783
Fiscal Division	\$48,664,000	\$44,361,000	\$93,025,000
Budget Division	\$47,500,000	\$42,000,000	\$89,500,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-27.9%	-11.6%	-41.0%
Agency	-28.8%	-7.1%	-40.3%
Fiscal Division	-26.2%	-8.8%	-38.7%
Budget Division	-27.9%	-11.6%	-41.0%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$5,815,435		
Agency	\$6,354,210		
Fiscal Division	\$4,651,435		
Budget Division	\$5,815,435		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	10.9%		
Agency	11.9%		
Fiscal Division	8.7%		
Budget Division	10.9%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	8.8%		
Agency	9.6%		
Fiscal Division	7.1%		
Budget Division	8.8%		

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Cigarette Tax

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$88,550,857	NA	NA
Actual Growth	-8.7%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$88,162,000	\$83,811,000	\$171,973,000
Agency	\$89,383,510	\$81,775,256	\$171,158,766
Fiscal Division	\$88,162,000	\$83,811,000	\$171,973,000
Budget Division	\$89,800,000	\$85,800,000	\$175,600,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-9.1%	-4.9%	-17.1%
Agency	-7.8%	-8.5%	-17.5%
Fiscal Division	-9.1%	-4.9%	-17.1%
Budget Division	-7.4%	-4.5%	-15.3%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$388,857		
Agency	-\$832,653		
Fiscal Division	\$388,857		
Budget Division	-\$1,249,143		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	0.4%		
Agency	-0.9%		
Fiscal Division	0.4%		
Budget Division	-1.4%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	0.4%		
Agency	-0.9%		
Fiscal Division	0.4%		
Budget Division	-1.3%		

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES JANUARY 22, 2010 ECONOMIC FORUM MEETING

Live Entertainment Tax - Gaming

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$108,244,011	NA	NA
Actual Growth	-3.7%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$104,700,000	\$104,200,000	\$208,900,000
Agency	\$102,760,125	\$107,817,084	\$210,577,209
Fiscal Division	\$105,577,000	\$108,950,000	\$214,527,000
Budget Division	\$104,700,000	\$104,200,000	\$208,900,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-6.9%	-0.5%	-10.7%
Agency	-8.6%	4.9%	-10.0%
Fiscal Division	-6.1%	3.2%	-8.3%
Budget Division	-6.9%	-0.5%	-10.7%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$3,544,011		
Agency	\$5,483,886		
Fiscal Division	\$2,667,011		
Budget Division	\$3,544,011		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	3.3%		
Agency	5.1%		
Fiscal Division	2.5%		
Budget Division	3.3%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	3.2%		
Agency	4.9%		
Fiscal Division	2.4%		
Budget Division	3.2%		

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Modified Business Tax - Nonfinancial

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$363,411,521	NA	NA
Actual Growth	43.6%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$351,300,000	\$351,665,000	\$702,965,000
Agency	\$361,717,516	\$371,279,582	\$732,997,098
Fiscal Division	\$358,225,000	\$365,830,000	\$724,055,000
Budget Division	\$351,300,000	\$337,500,000	\$688,800,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	38.8%	0.1%	36.0%
Agency	42.9%	2.6%	41.8%
Fiscal Division	41.5%	2.1%	40.0%
Budget Division	38.8%	-3.9%	33.2%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$12,111,521		
Agency	\$1,694,005		
Fiscal Division	\$5,186,521		
Budget Division	\$12,111,521		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	3.3%		
Agency	0.5%		
Fiscal Division	1.4%		
Budget Division	3.3%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	4.8%		
Agency	0.7%		
Fiscal Division	2.0%		
Budget Division	4.8%		

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FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JANUARY 22, 2010 ECONOMIC FORUM MEETING

Modified Business Tax - Financial

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$21,698,267	NA	NA
Actual Growth	-11.1%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$19,757,000	\$20,148,000	\$39,905,000
Agency	\$21,488,456	\$21,898,318	\$43,386,774
Fiscal Division	\$19,757,000	\$20,148,000	\$39,905,000
Budget Division	\$22,400,000	\$22,200,000	\$44,600,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-19.0%	2.0%	-11.5%
Agency	-11.9%	1.9%	-3.8%
Fiscal Division	-19.0%	2.0%	-11.5%
Budget Division	-8.2%	-0.9%	-1.1%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$1,941,267		
Agency	\$209,811		
Fiscal Division	\$1,941,267		
Budget Division	-\$701,733		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	8.9%		
Agency	1.0%		
Fiscal Division	8.9%		
Budget Division	-3.2%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	8.0%		
Agency	0.9%		
Fiscal Division	8.0%		
Budget Division	-2.9%		

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.
A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

Modified Business Tax - Total

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$385,109,788	NA	NA
Actual Growth	38.8%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$371,057,000	\$371,813,000	\$742,870,000
Agency	\$383,205,972	\$393,177,900	\$776,383,872
Fiscal Division	\$377,982,000	\$385,978,000	\$763,960,000
Budget Division	\$373,700,000	\$359,700,000	\$733,400,000
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	33.7%	0.2%	32.2%
Agency	38.1%	2.6%	38.1%
Fiscal Division	36.2%	2.1%	35.9%
Budget Division	34.7%	-3.7%	30.5%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$14,052,788		
Agency	\$1,903,816		
Fiscal Division	\$7,127,788		
Budget Division	\$11,409,788		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	3.6%		
Agency	0.5%		
Fiscal Division	1.9%		
Budget Division	3.0%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	5.1%		
Agency	0.7%		
Fiscal Division	2.6%		
Budget Division	4.1%		

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.
A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

FORECAST ERROR ANALYSIS BY FORECASTER FOR SELECTED REVENUES

JANUARY 22, 2010 ECONOMIC FORUM MEETING

Secretary of State Commercial Recordings

	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$68,684,586	NA	NA
Actual Growth	-4.8%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$66,405,342	\$65,265,027	\$131,670,369
Agency	\$66,405,571	\$67,114,256	\$133,519,827
Fiscal Division	\$66,405,571	\$65,265,027	\$131,670,598
Budget Division	\$63,254,342	\$59,463,027	\$122,717,369
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-7.9%	-1.7%	-12.7%
Agency	-7.9%	1.1%	-11.5%
Fiscal Division	-7.9%	-1.7%	-12.7%
Budget Division	-12.3%	-6.0%	-18.6%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$2,279,244		
Agency	\$2,279,015		
Fiscal Division	\$2,279,015		
Budget Division	\$5,430,244		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	3.3%		
Agency	3.3%		
Fiscal Division	3.3%		
Budget Division	7.9%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	3.2%		
Agency	3.2%		
Fiscal Division	3.2%		
Budget Division	7.5%		

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.
A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

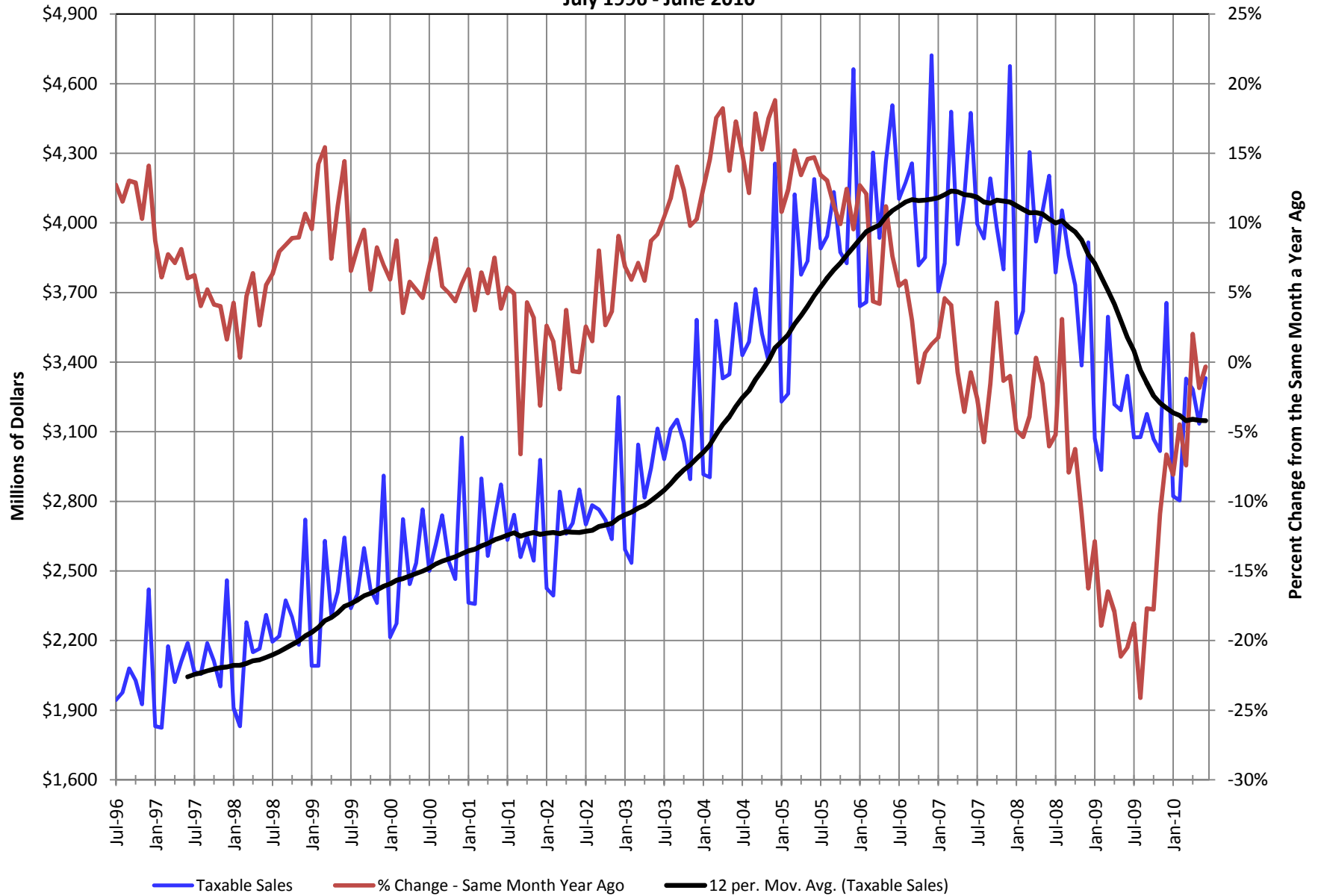
Total - Major Tax Sources

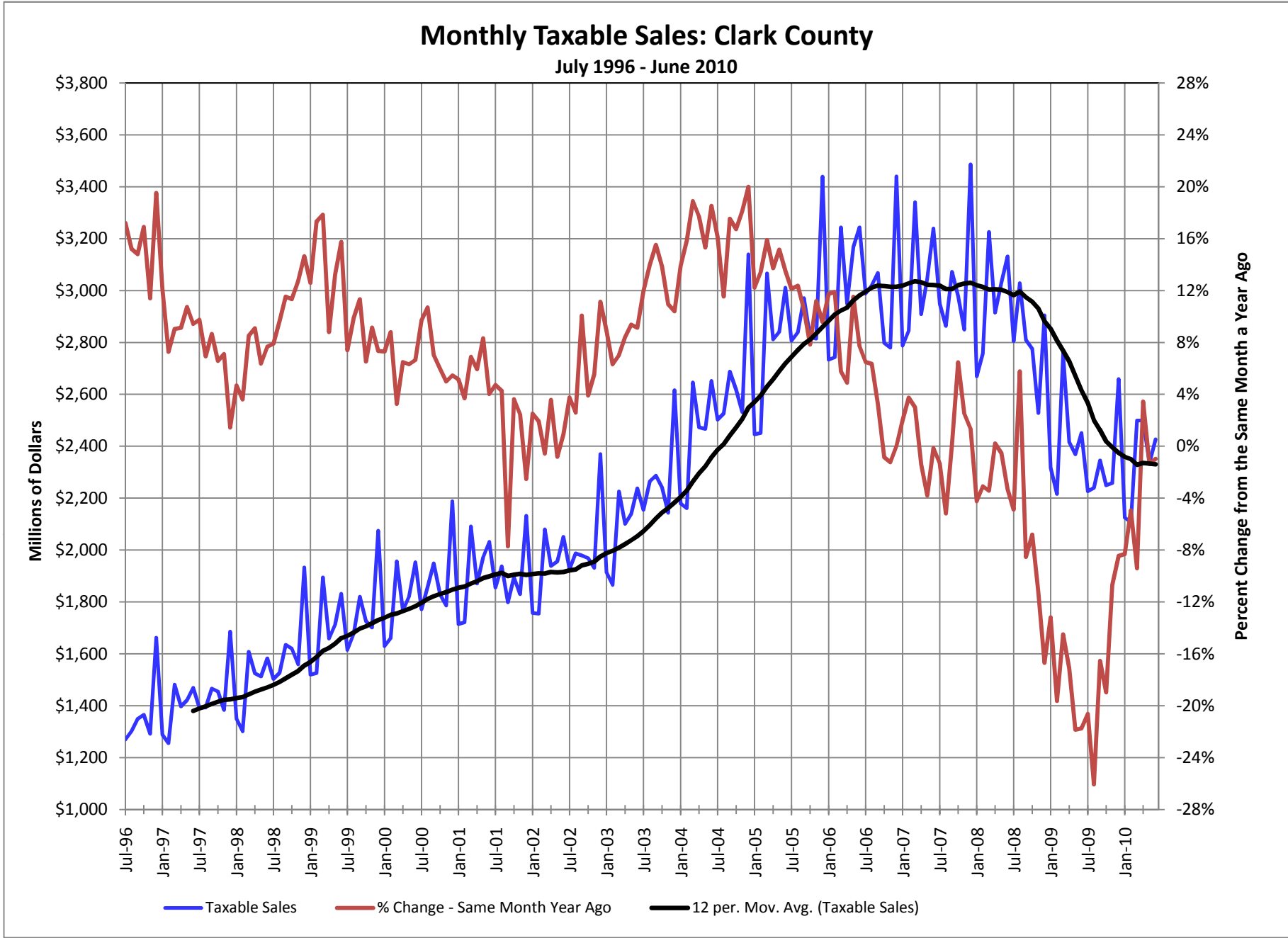
	FY 2009-2010	FY 2010-2011	2009-2011 Biennium
	Current Year Forecast	1-Year Ahead Forecast	Combined Forecast
Actual Collections	\$2,323,680,402	NA	NA
Actual Growth	-1.6%	NA	NA
Forecast Collections by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	\$2,269,943,342	\$2,235,089,027	\$4,505,032,369
Agency	\$2,311,737,229	\$2,307,918,860	\$4,619,656,089
Fiscal Division	\$2,279,858,571	\$2,316,097,027	\$4,595,955,598
Budget Division	\$2,281,654,342	\$2,219,163,027	\$4,500,817,369
Forecast Growth by Forecaster for Current Year, 1-Year Ahead, and Biennium			
Economic Forum	-3.9%	-1.5%	-10.5%
Agency	-2.1%	-0.2%	-8.3%
Fiscal Division	-3.4%	1.6%	-8.7%
Budget Division	-3.4%	-2.7%	-10.6%
Dollar Forecast Error: Actual Collections less Forecast Collections			
Economic Forum	\$53,737,060		
Agency	\$11,943,173		
Fiscal Division	\$43,821,831		
Budget Division	\$42,026,060		
Percent Forecast Error: (Actual Collections less Forecast Collections)/Actual Collections			
Economic Forum	2.3%		
Agency	0.5%		
Fiscal Division	1.9%		
Budget Division	1.8%		
Growth Forecast Error: (Actual Growth less Forecast Growth)			
Economic Forum	2.3%		
Agency	0.5%		
Fiscal Division	1.9%		
Budget Division	1.8%		

NOTE: A positive difference whether in dollar or percent terms indicates that the actual collections or growth was higher than forecast.
A negative difference whether in dollar or percent terms indicates that the actual collections or growth was lower than forecast.

Monthly Taxable Sales: Statewide

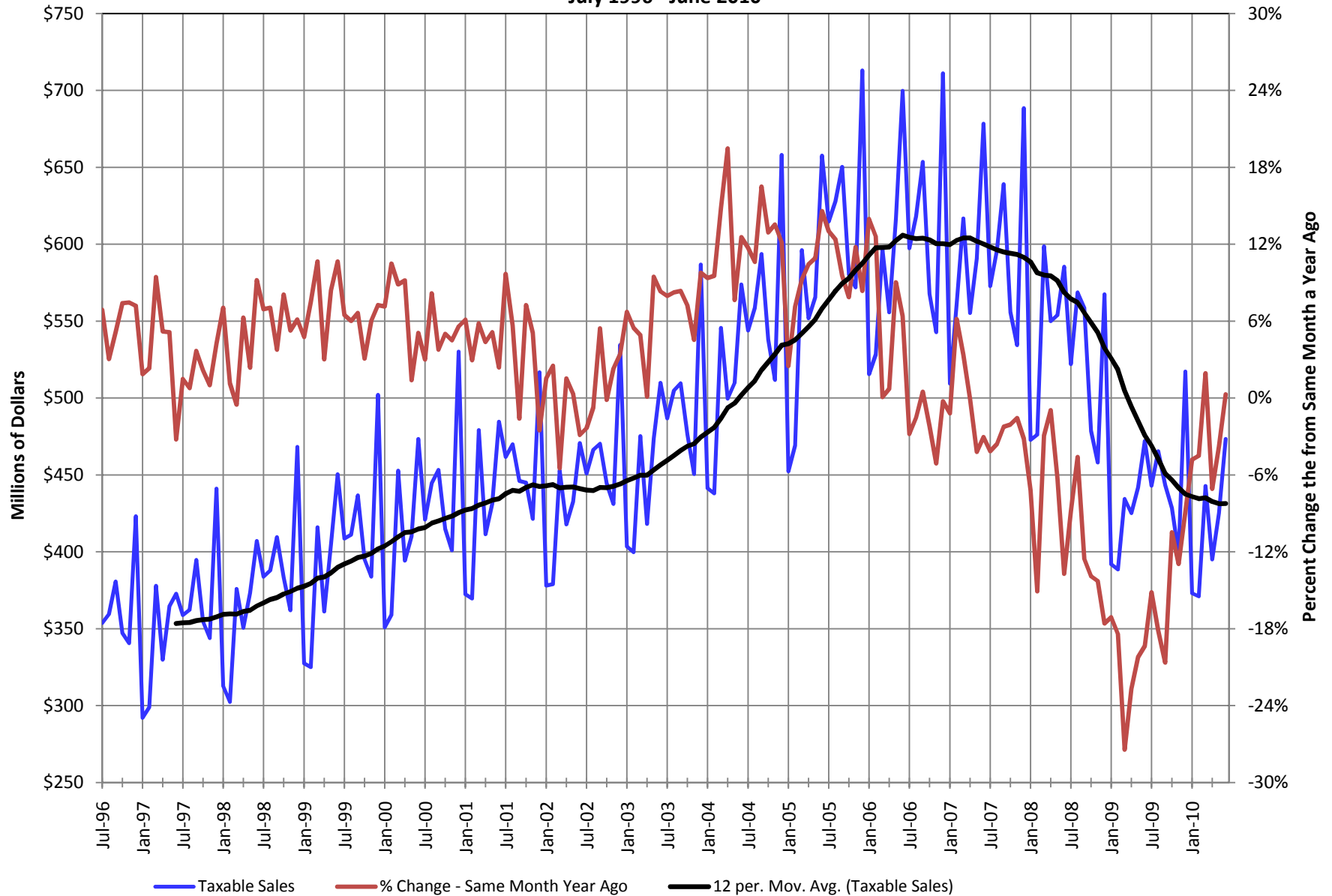
July 1996 - June 2010

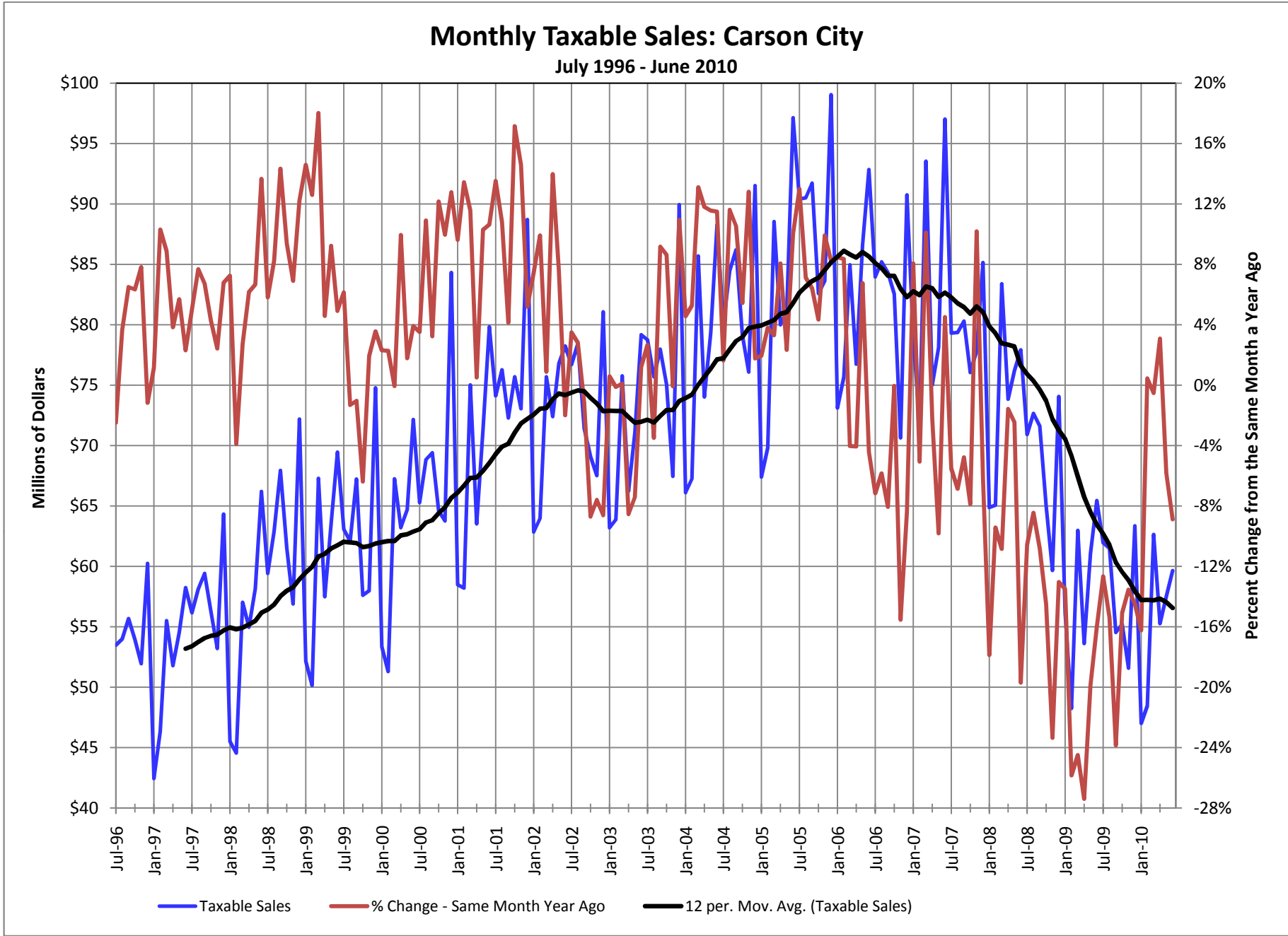




Monthly Taxable Sales: Washoe County

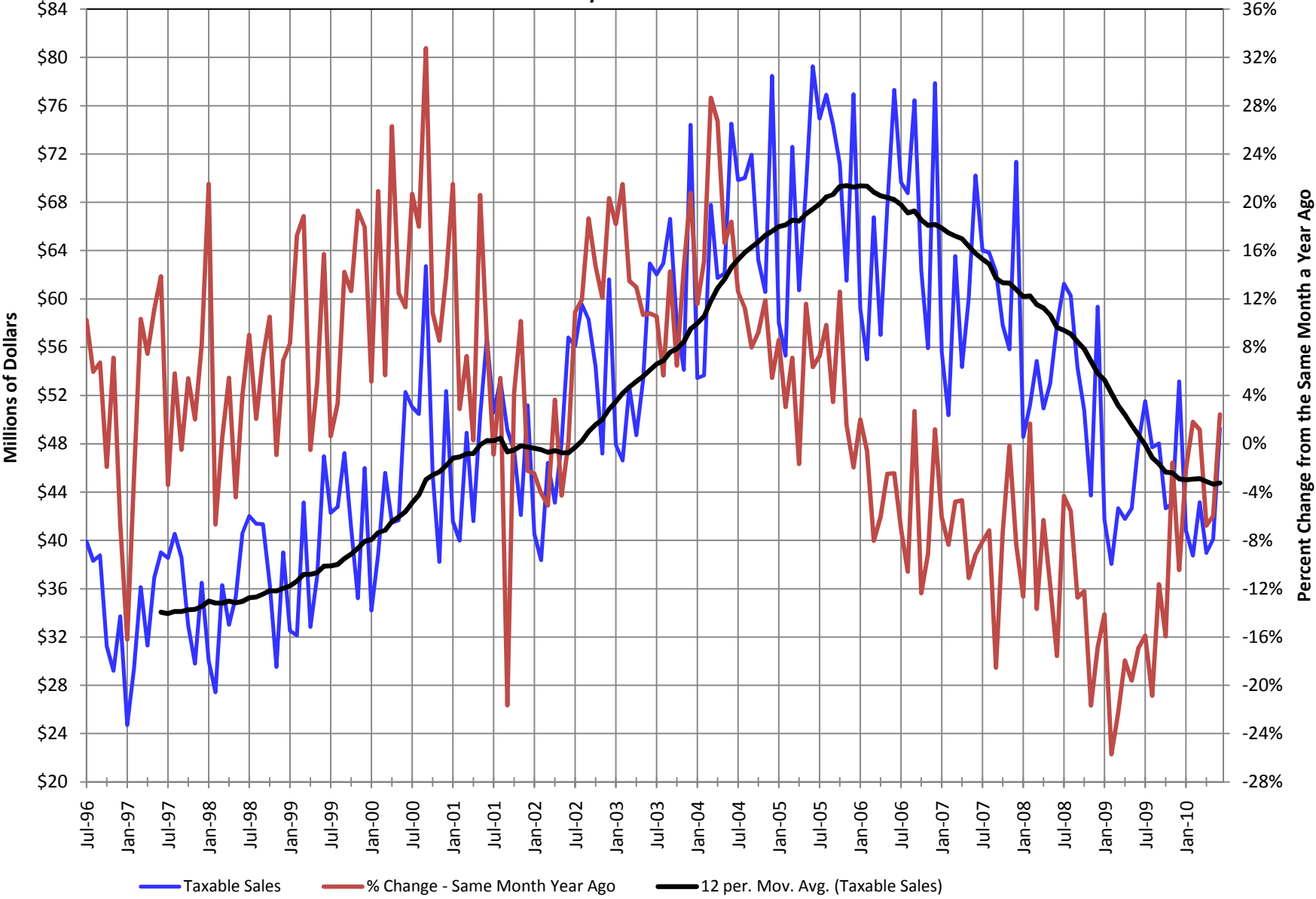
July 1996 - June 2010

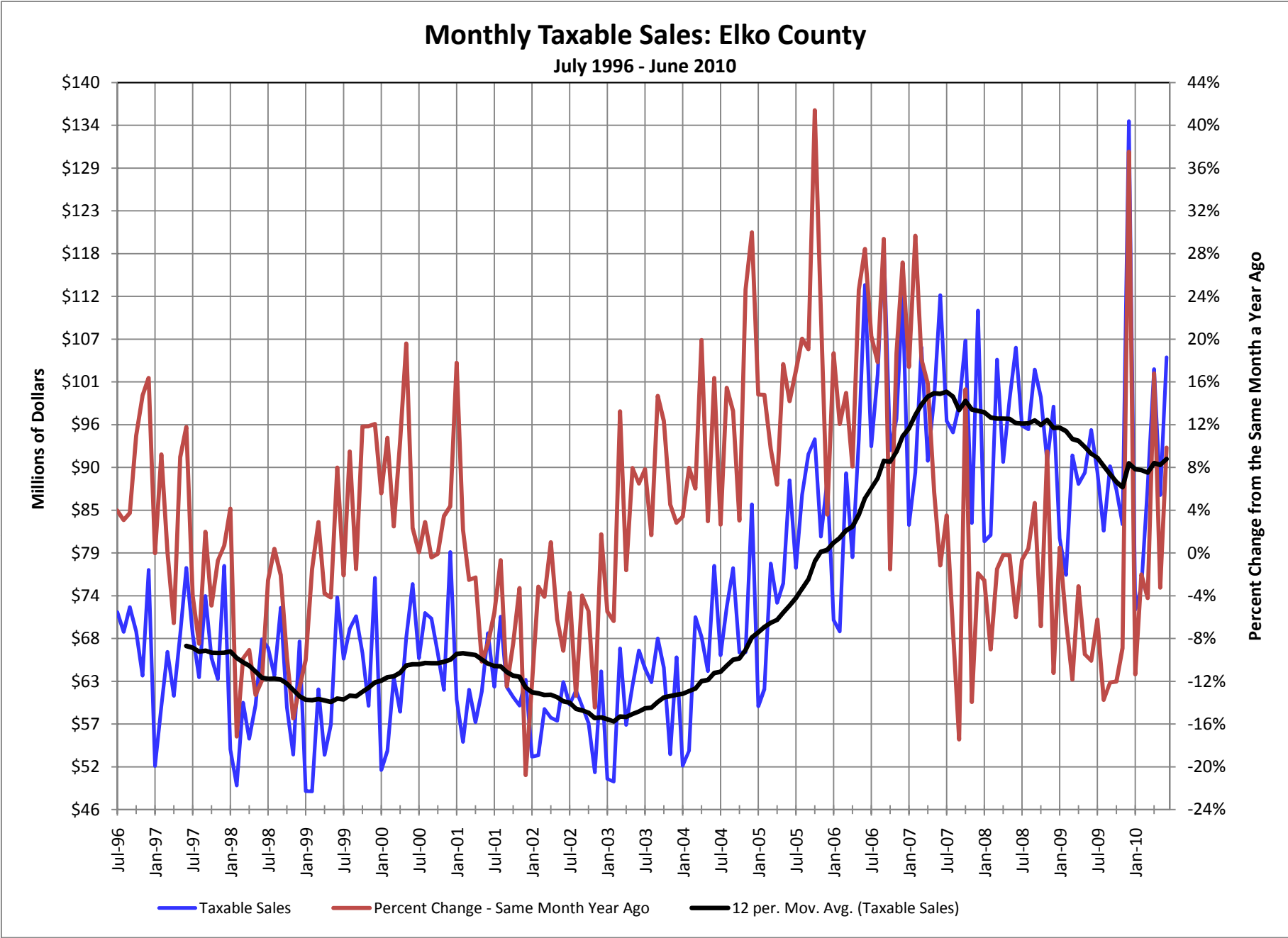




Monthly Taxable Sales: Douglas County

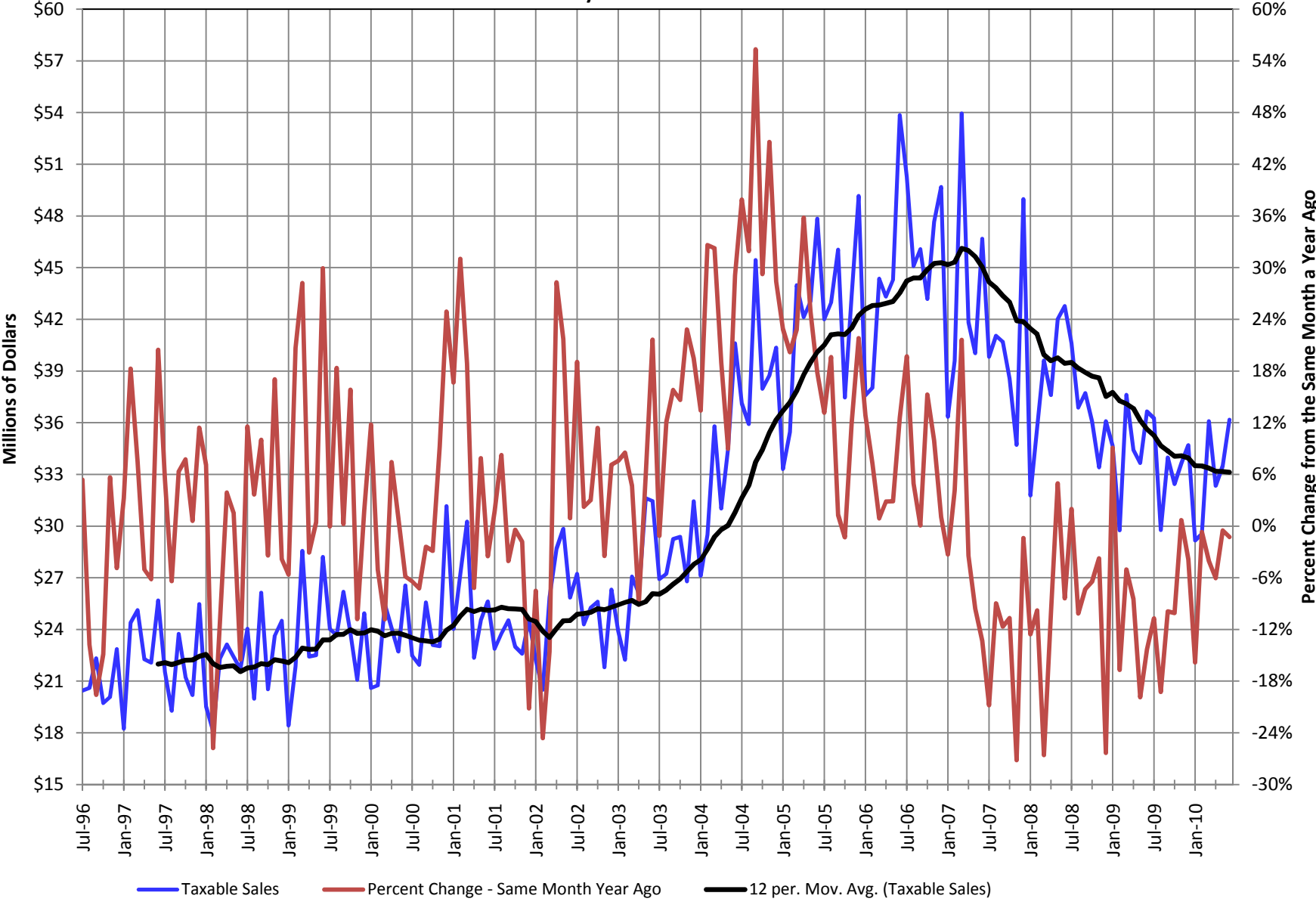
July 1996 - June 2010

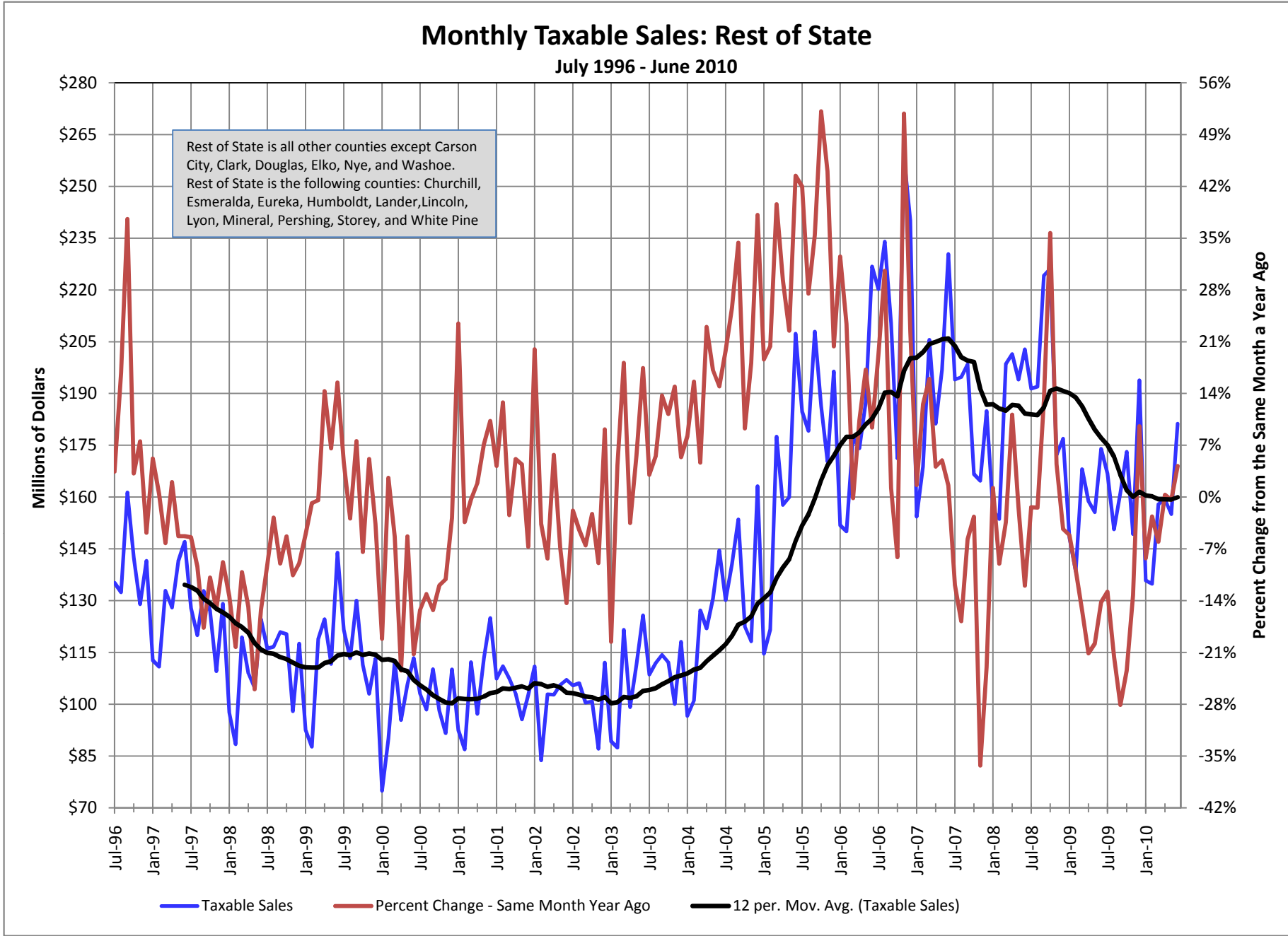




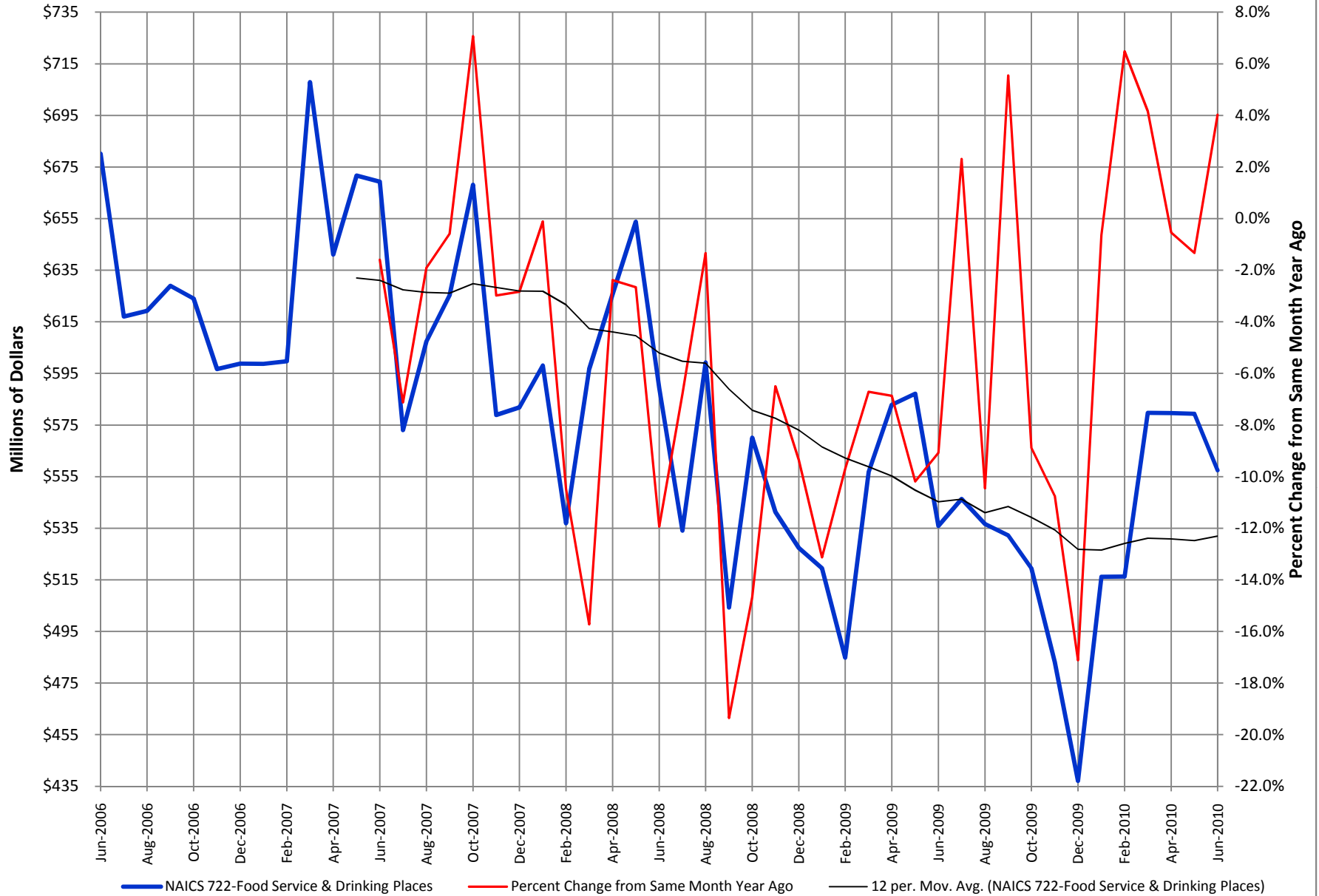
Monthly Taxable Sales: Nye County

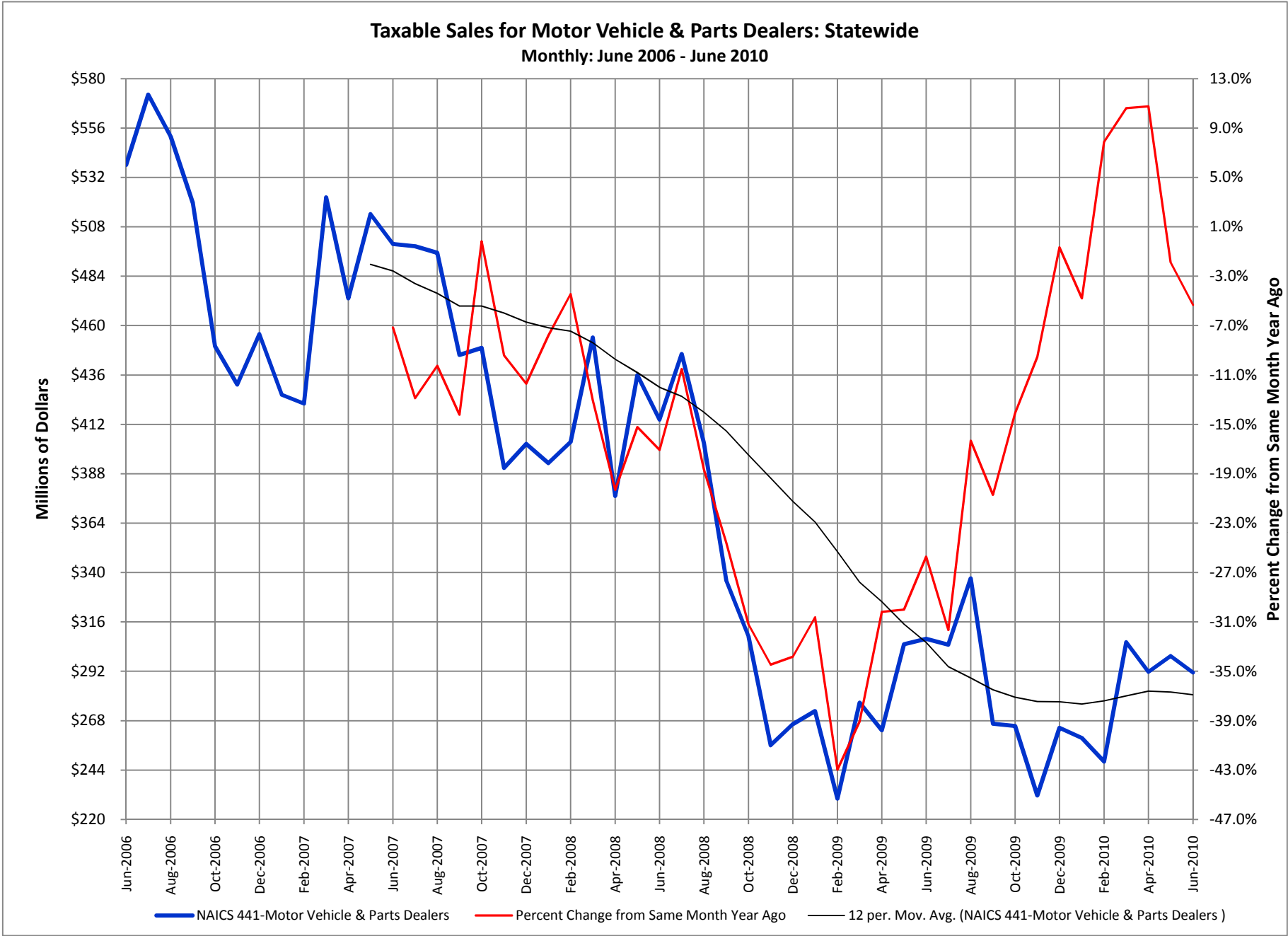
July 1996 - June 2010



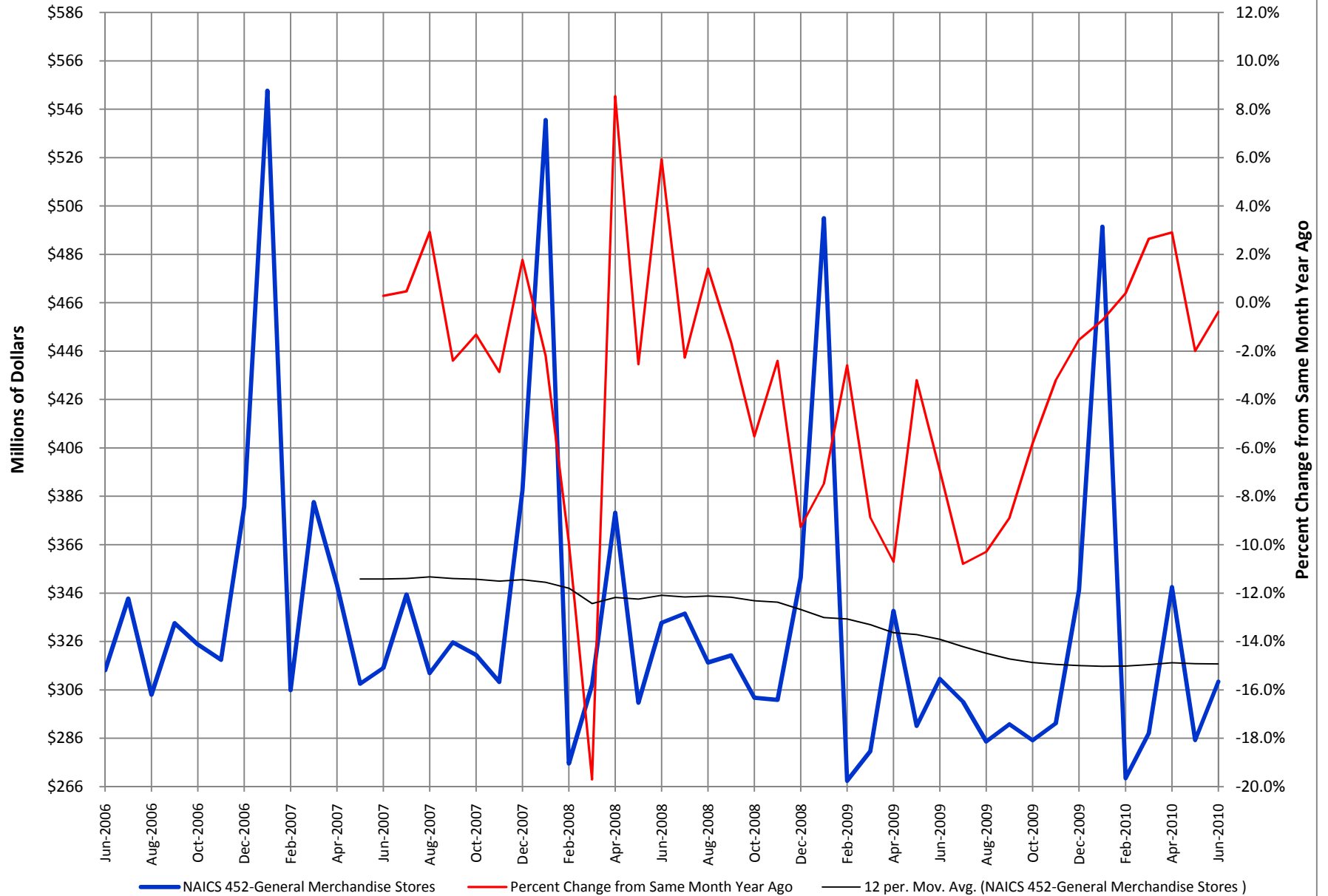


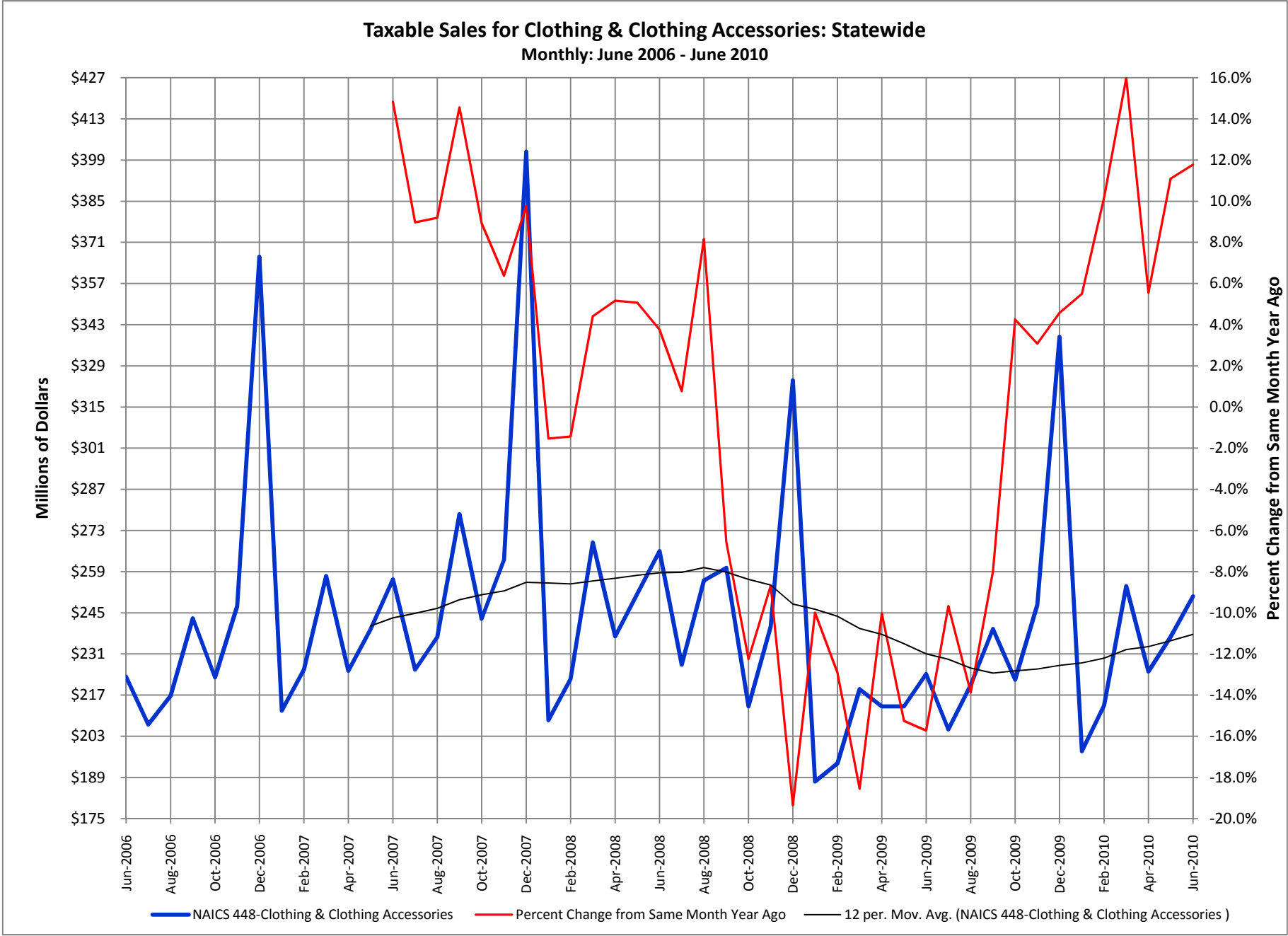
Taxable Sales for Food Service & Drinking Places: Statewide **Monthly: June 2006 - June 2010**



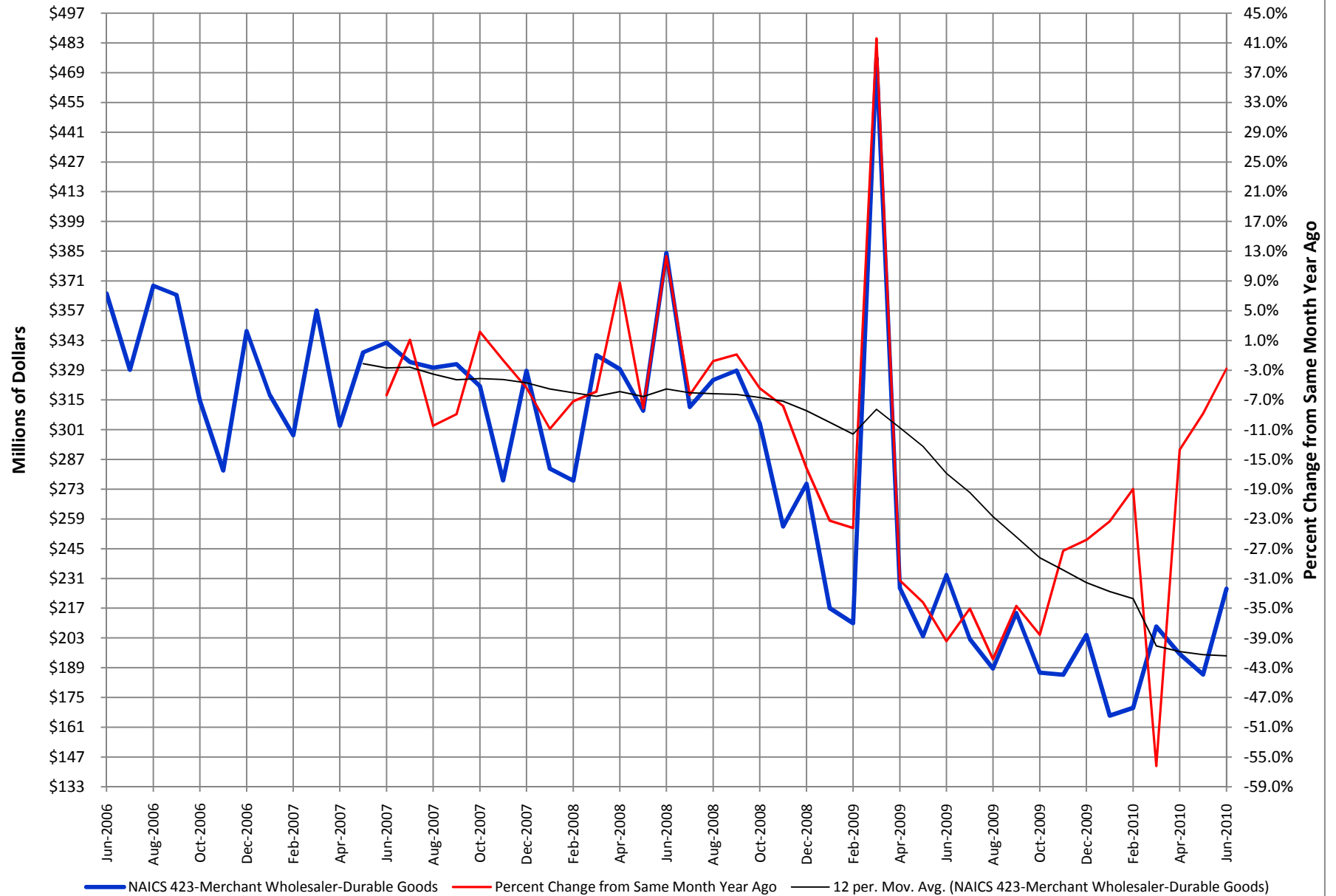


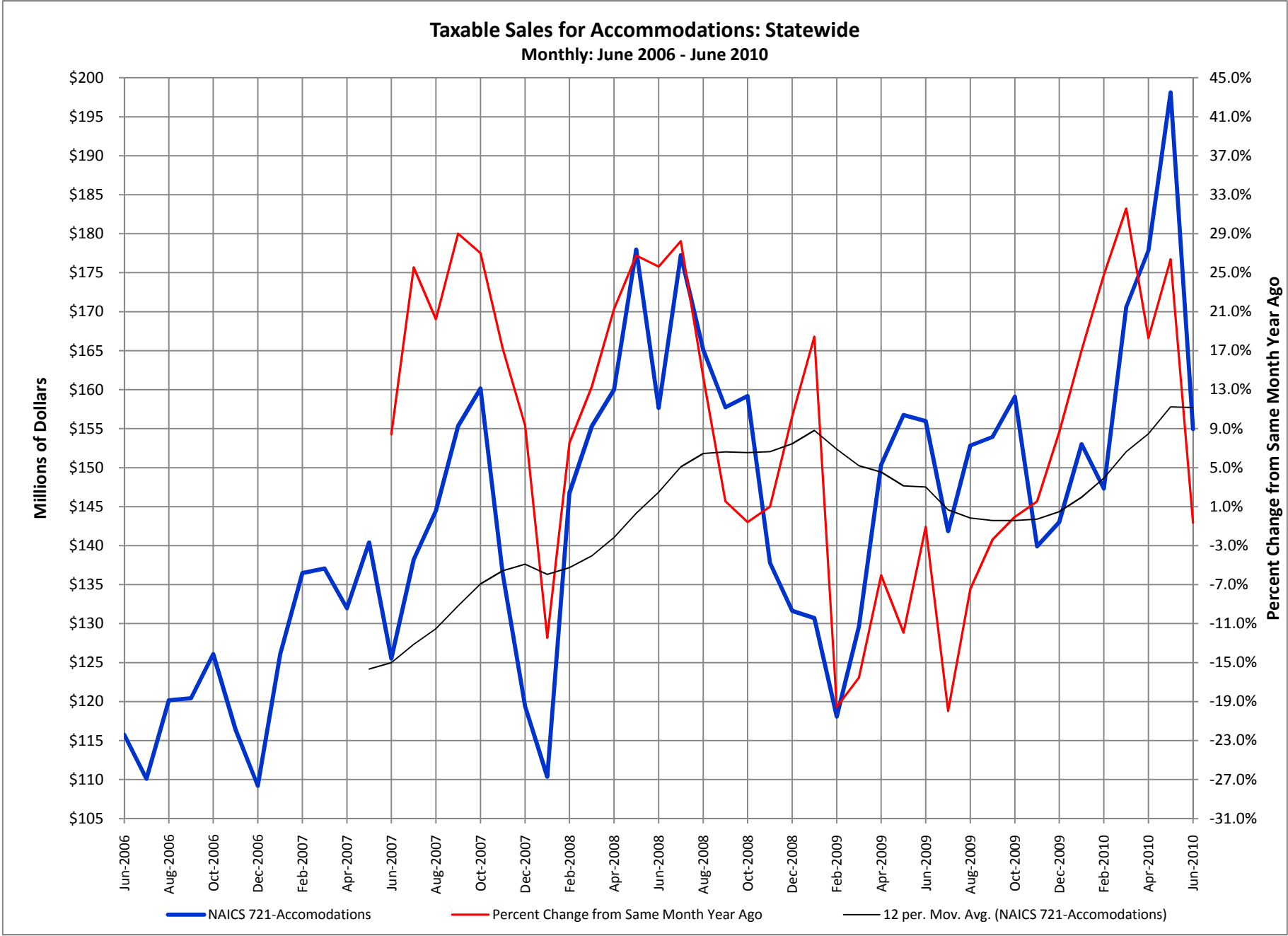
Taxable Sales for General Merchandise Stores: Statewide **Monthly: June 2006 - June 2010**

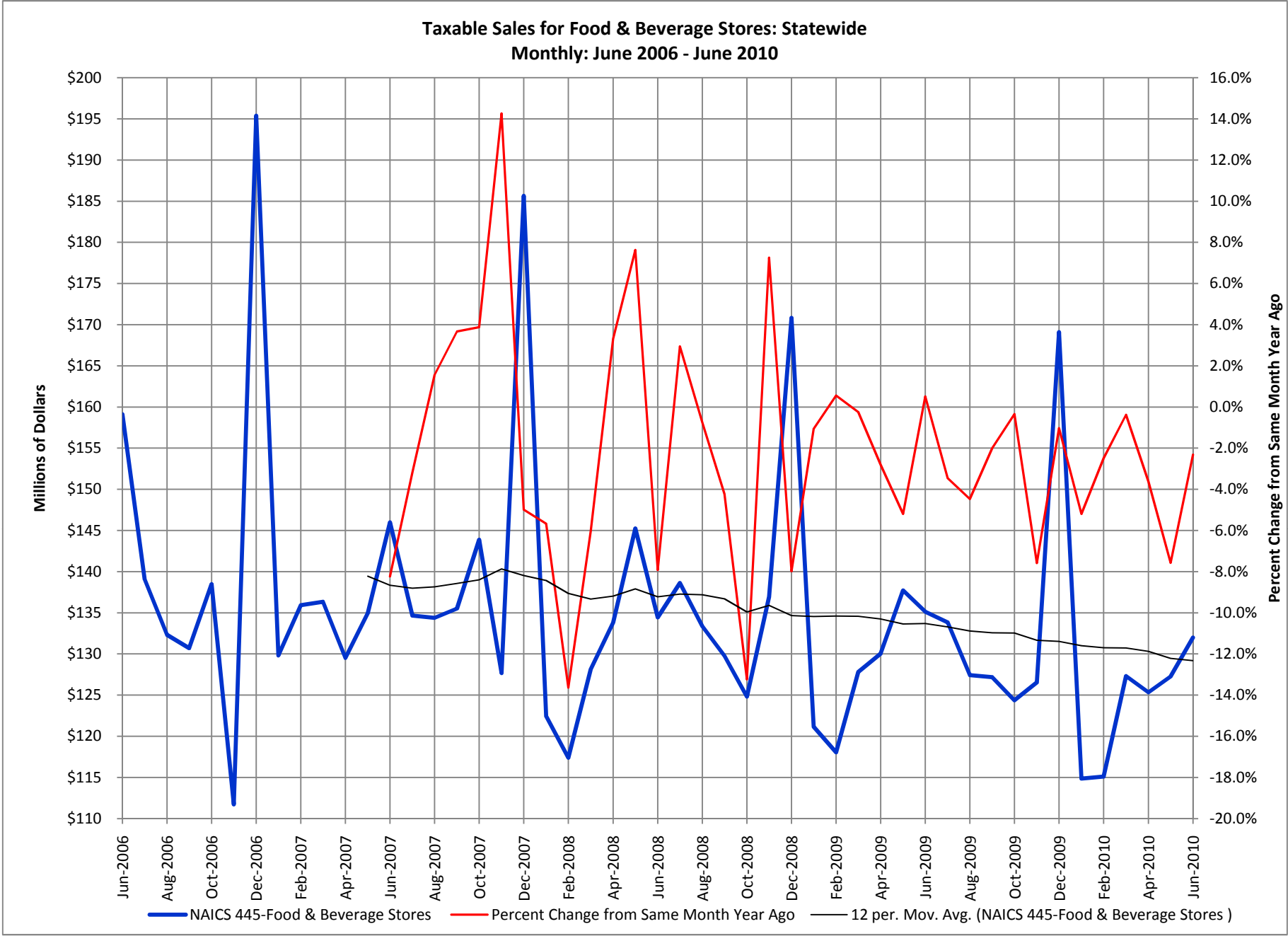


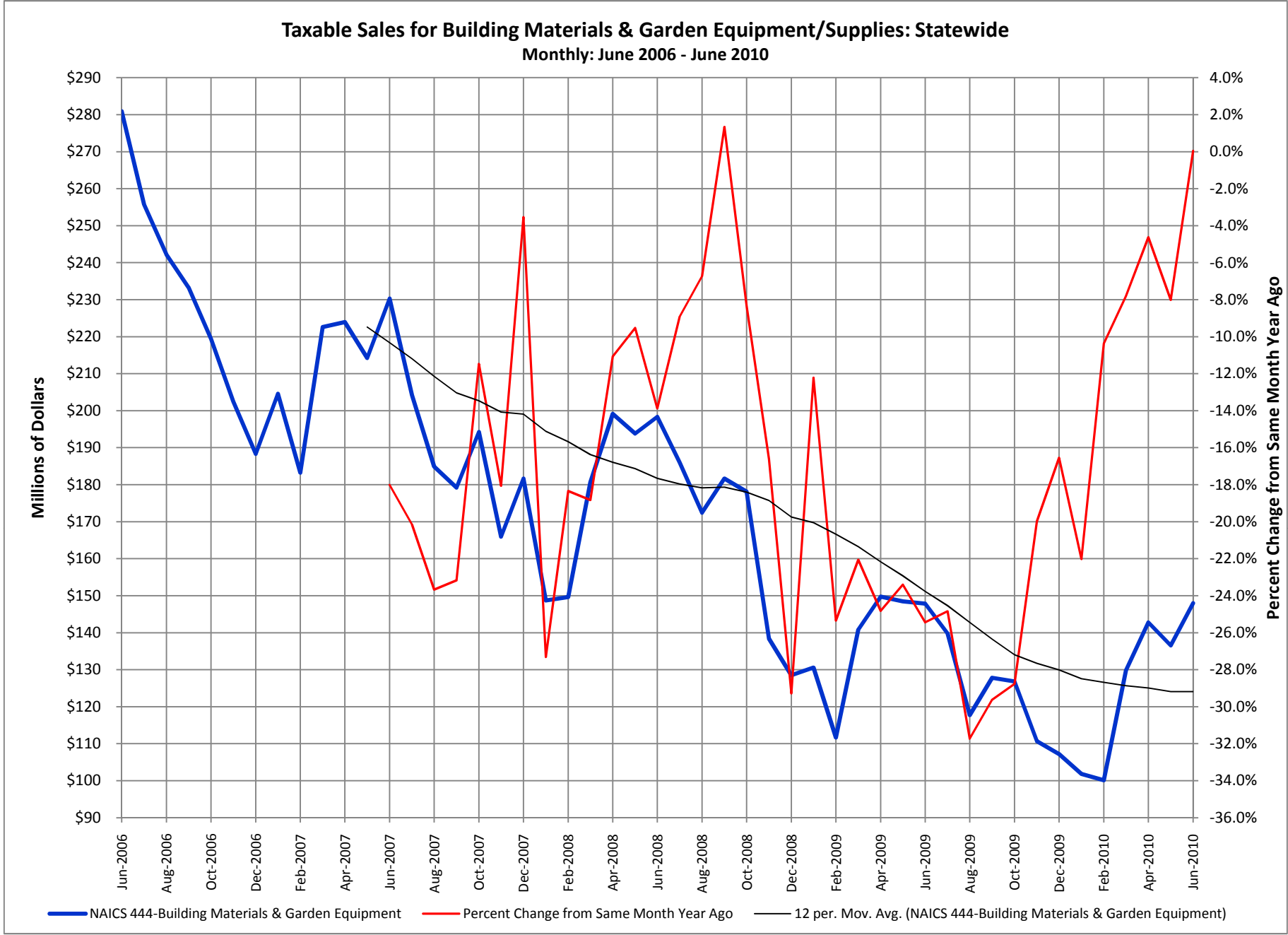


Taxable Sales for Merchant Wholesaler-Durable Goods: Statewide **Monthly: June 2006 - June 2010**

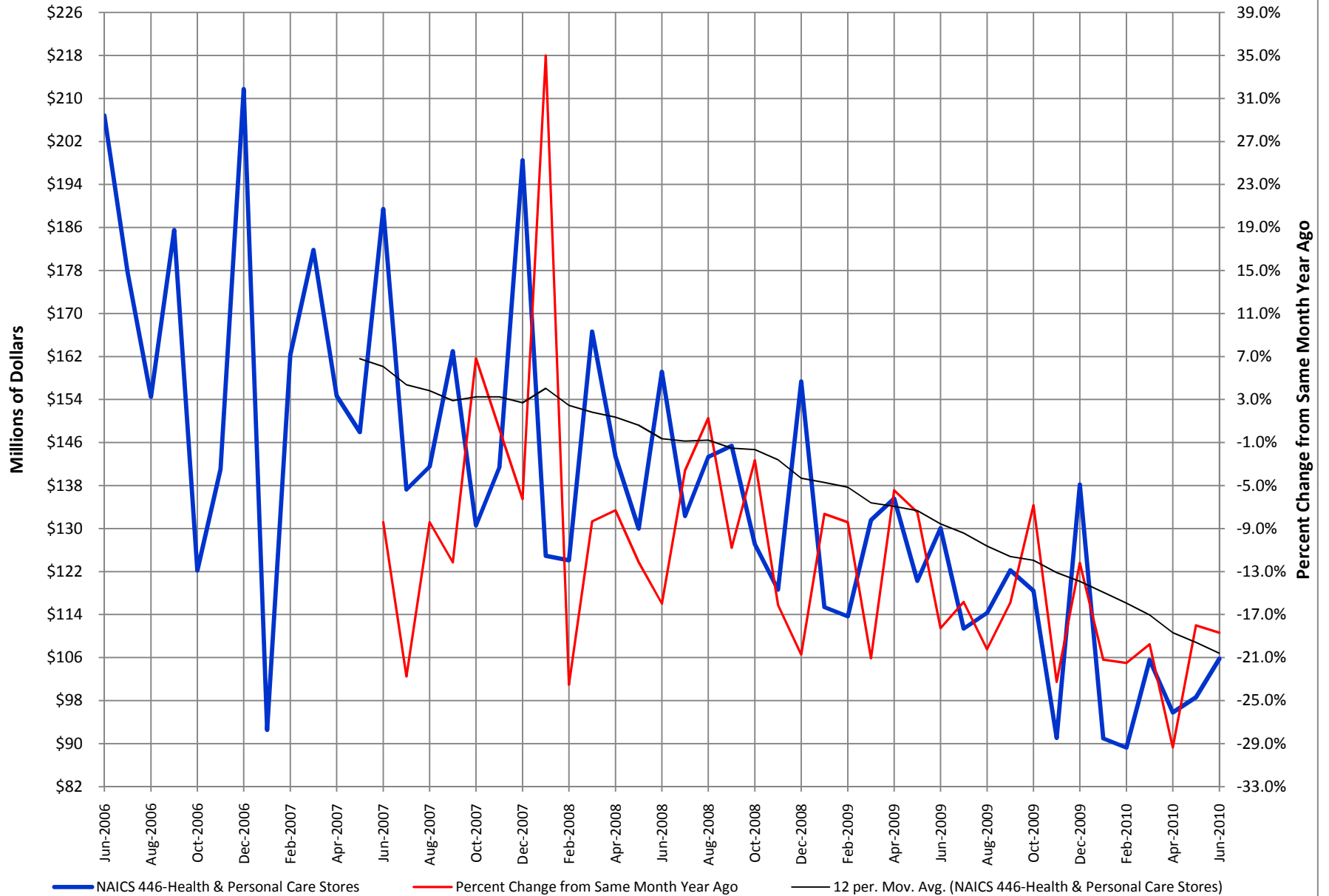


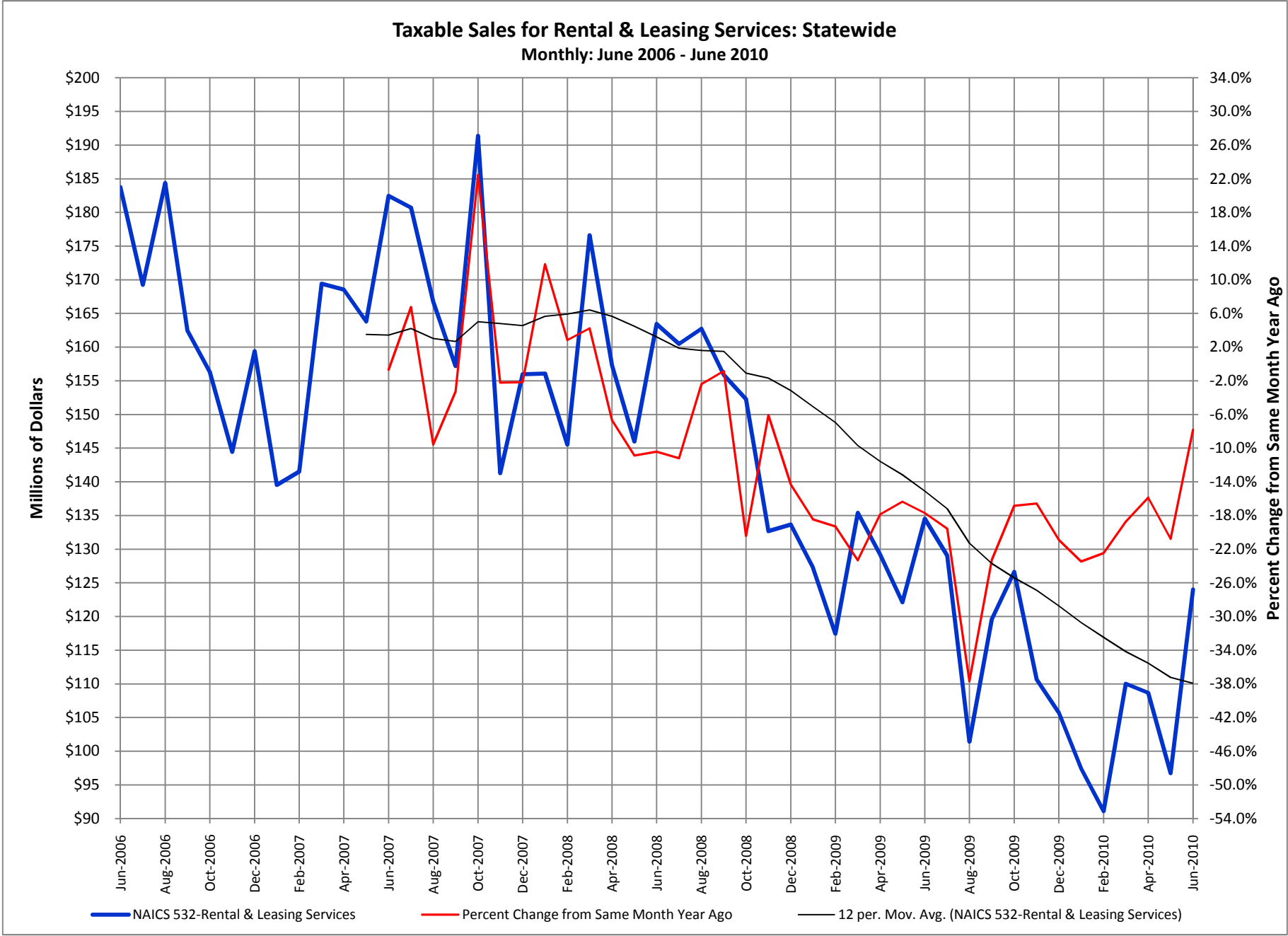




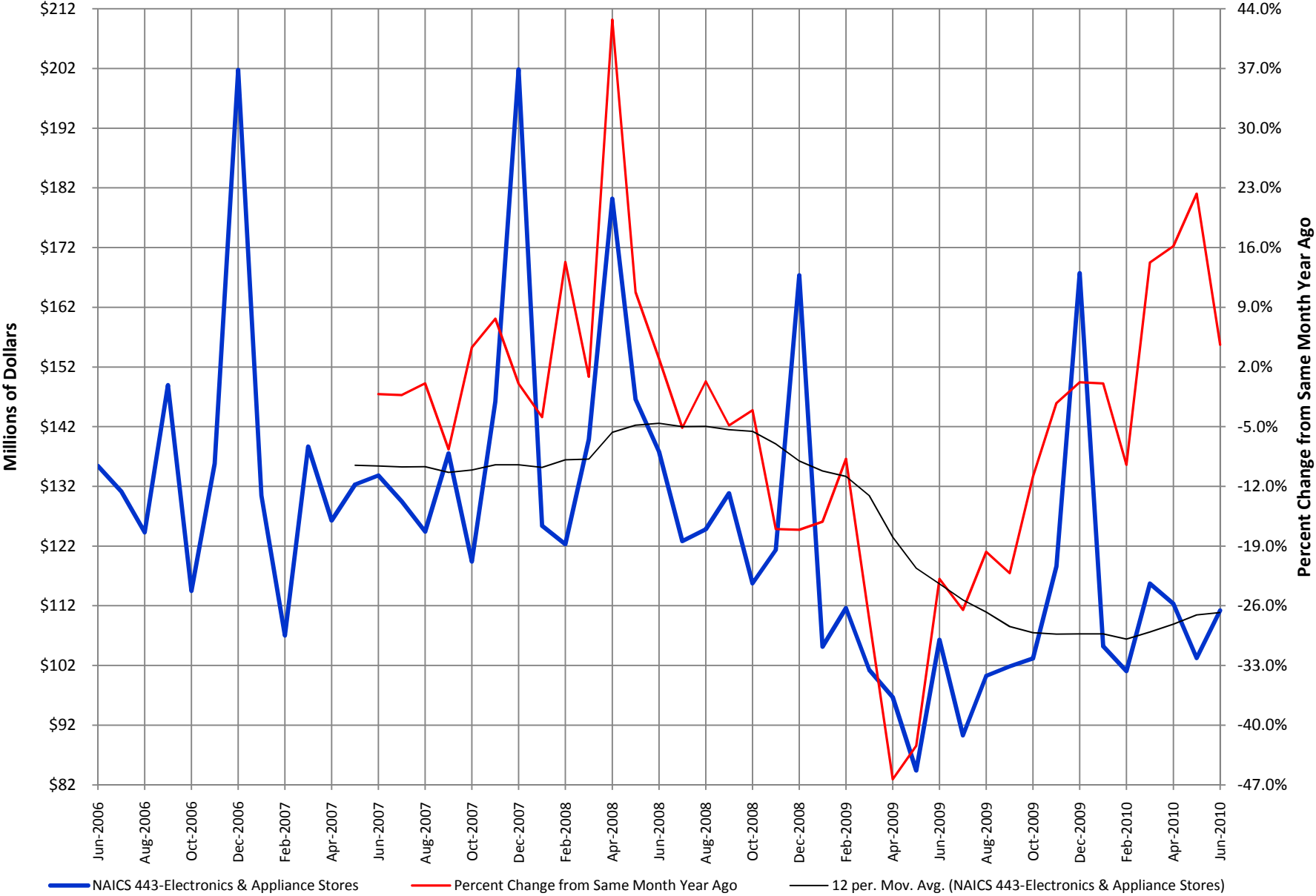


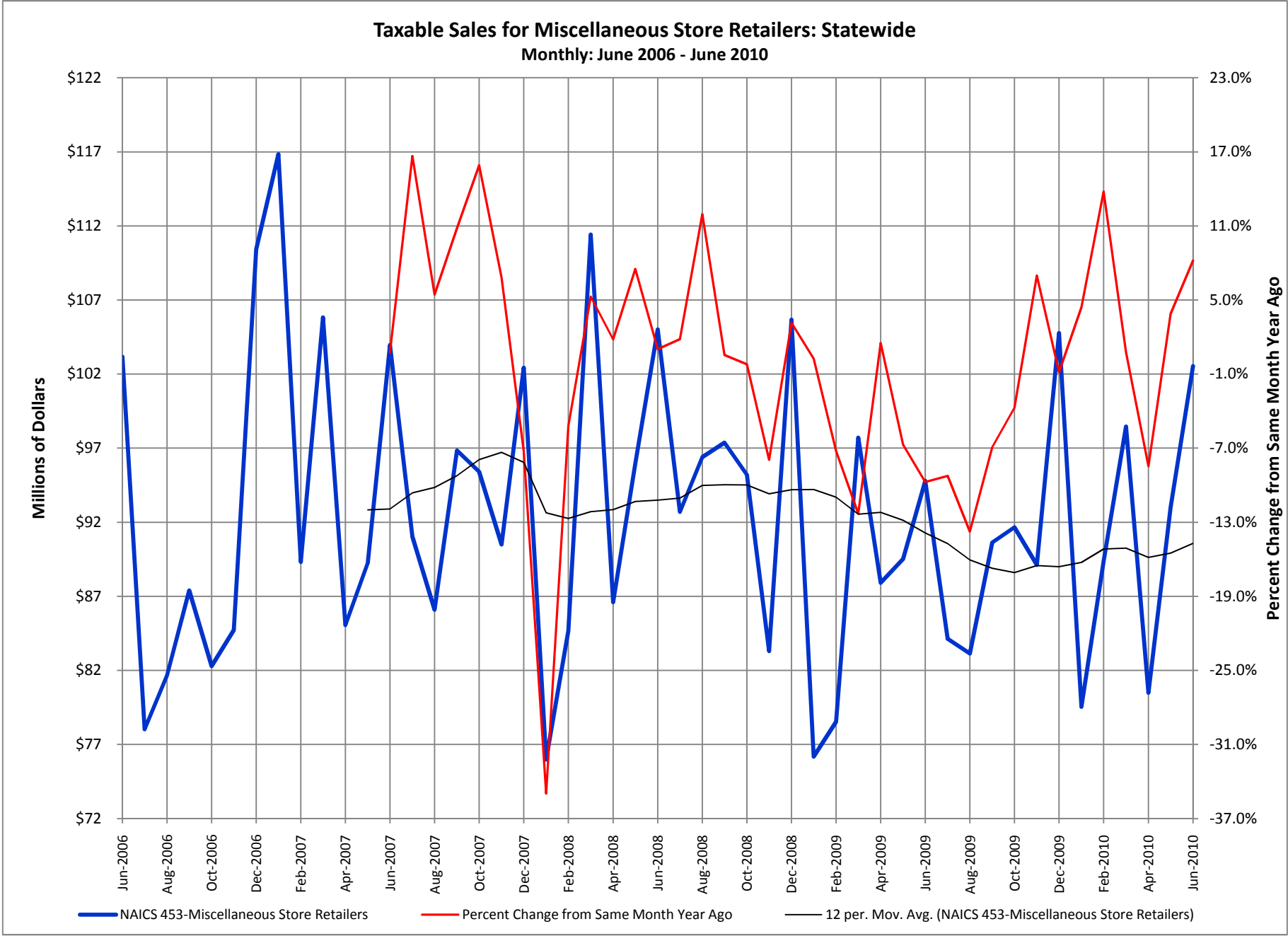
Taxable Sales for Health & Personal Care Stores: Statewide **Monthly: June 2006 - June 2010**



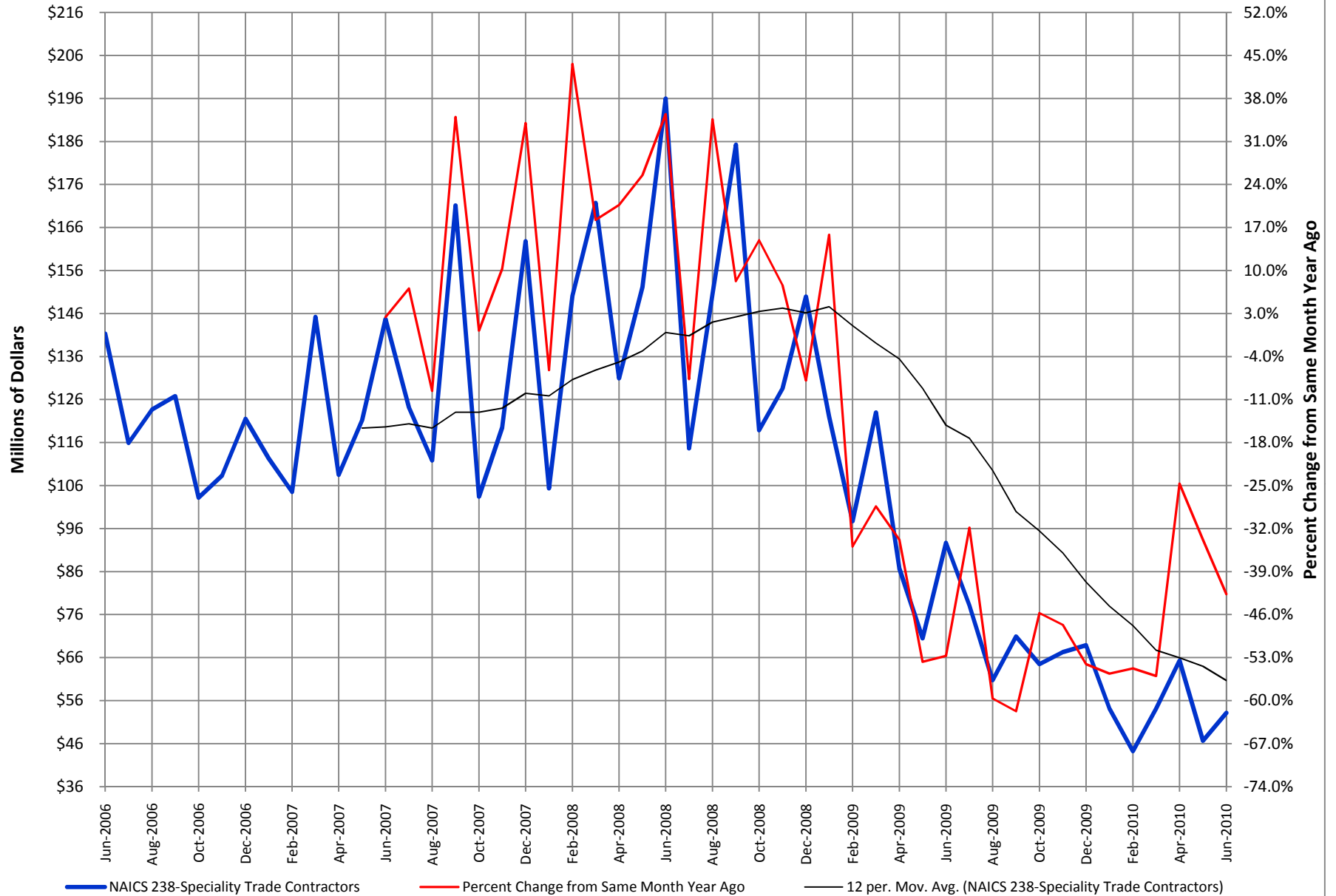


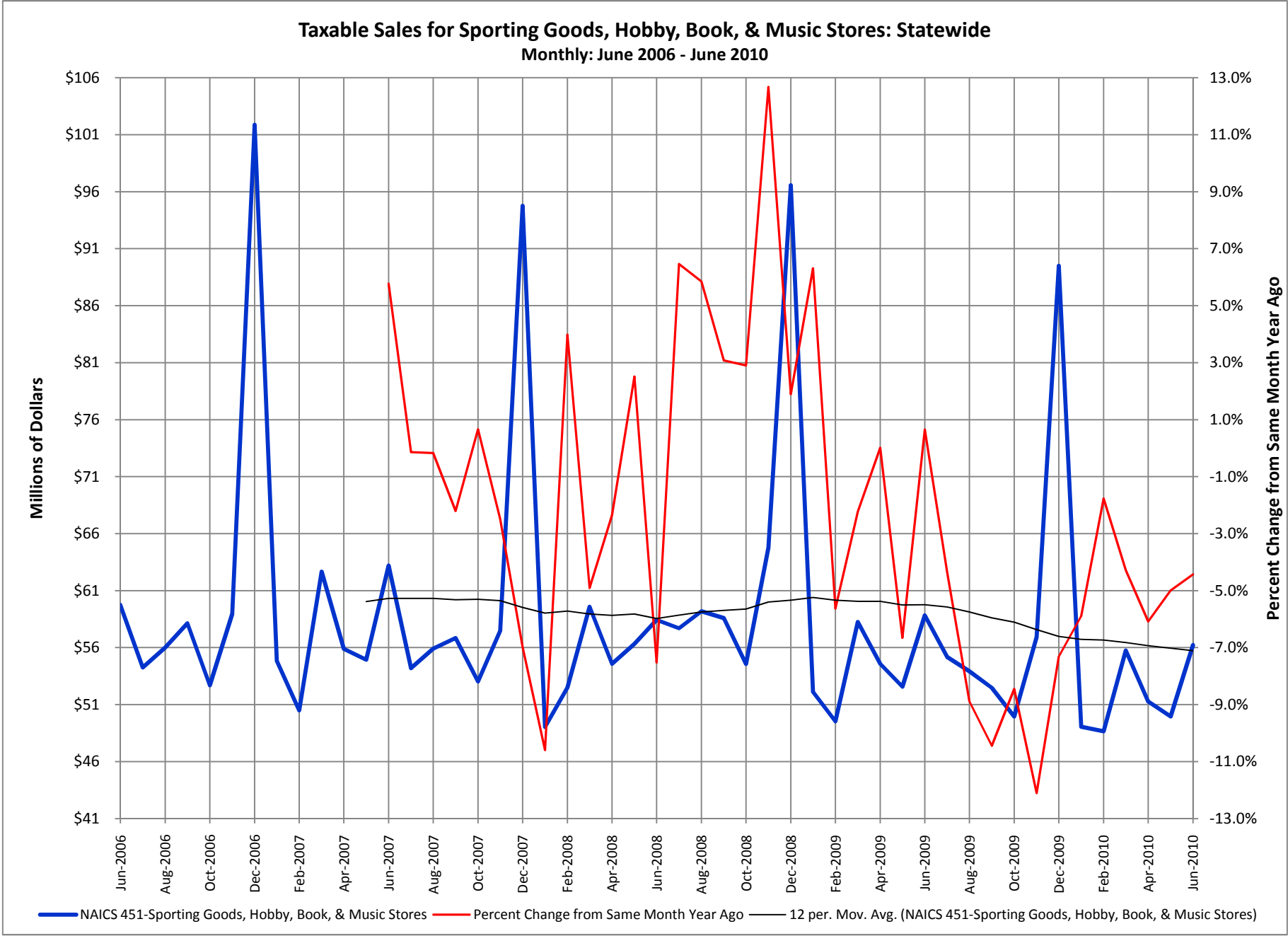
Taxable Sales for Electronics & Appliance Stores: Statewide
Monthly: June 2006 - June 2010



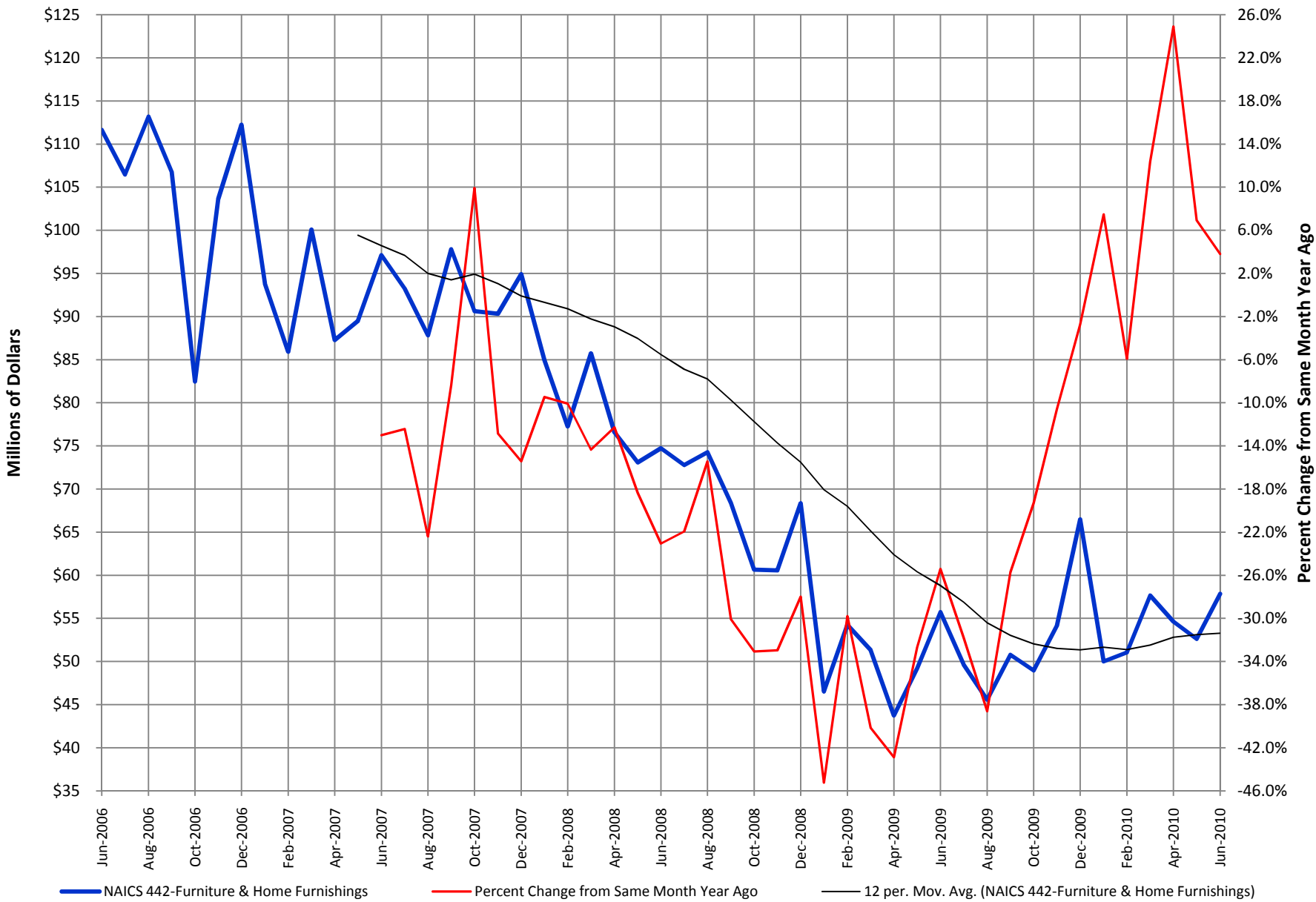


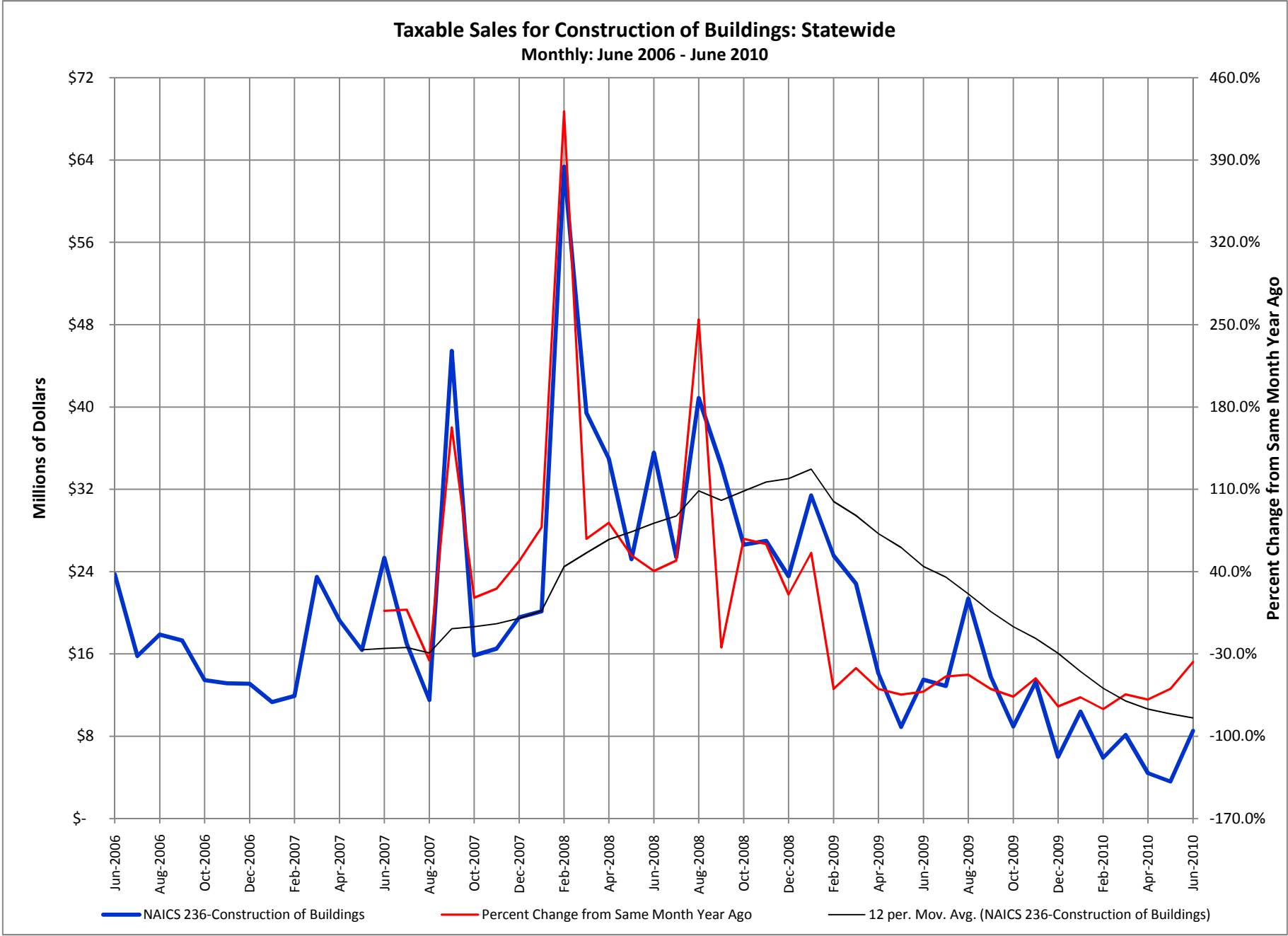
Taxable Sales for Speciality Trade Contractors: Statewide **Monthly: June 2006 - June 2010**





Taxable Sales for Furniture & Home Furnishings Stores: Statewide **Monthly: June 2006 - June 2010**





Taxable Sales Merchant Wholesalers-Nondurable Goods: Statewide **Monthly: June 2006 - June 2010**

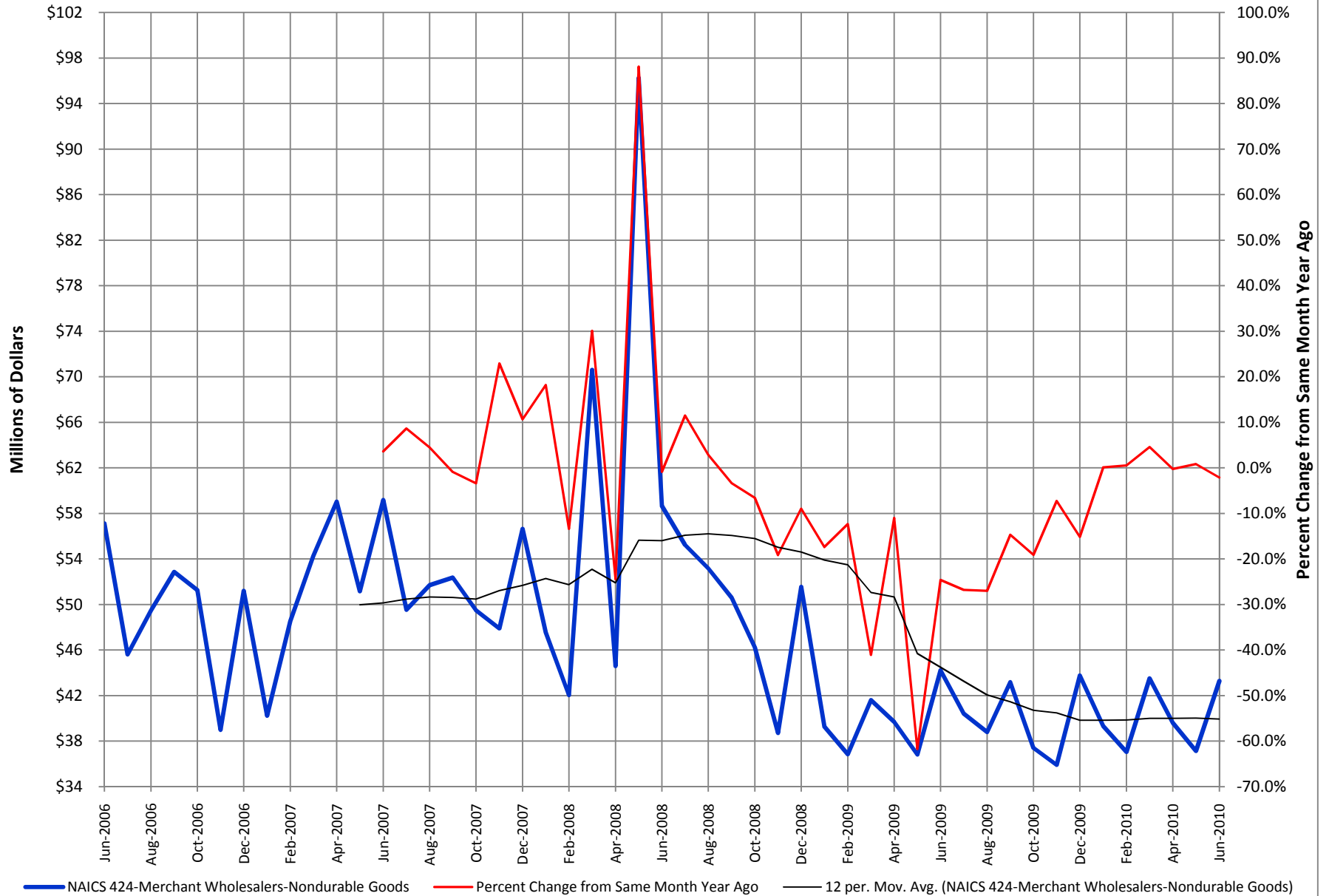


TABLE 1M
Statewide Total Percentage Fee Collections and
Percentage Fee Collections from Taxable Gaming Revenue
Fiscal Year Tax Collection Basis: July 1993 - July 2010

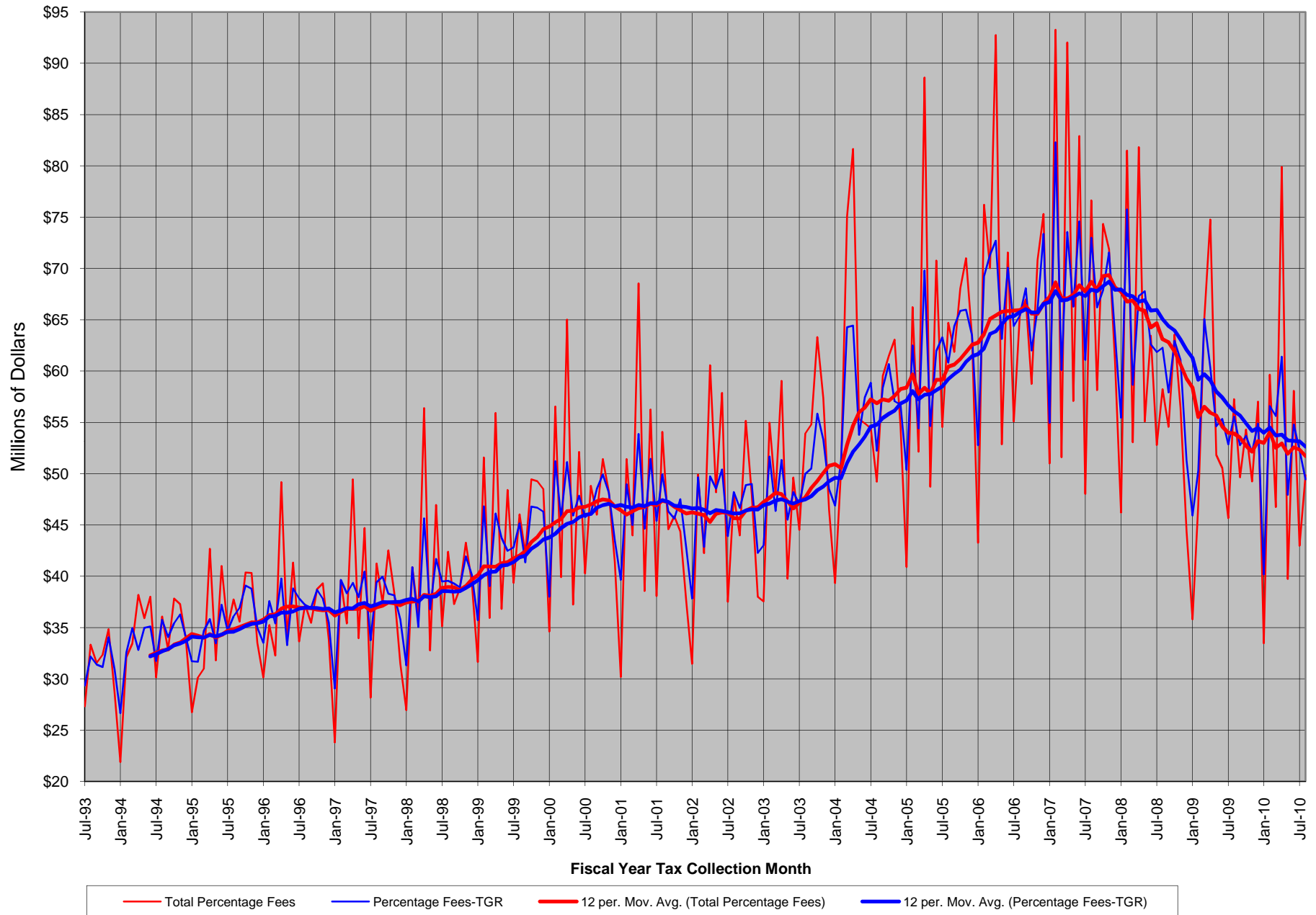


TABLE 4M
Statewide Total Win and Taxable Gaming Revenue
Fiscal Year Tax Collection Basis: July 1993 - July 2010

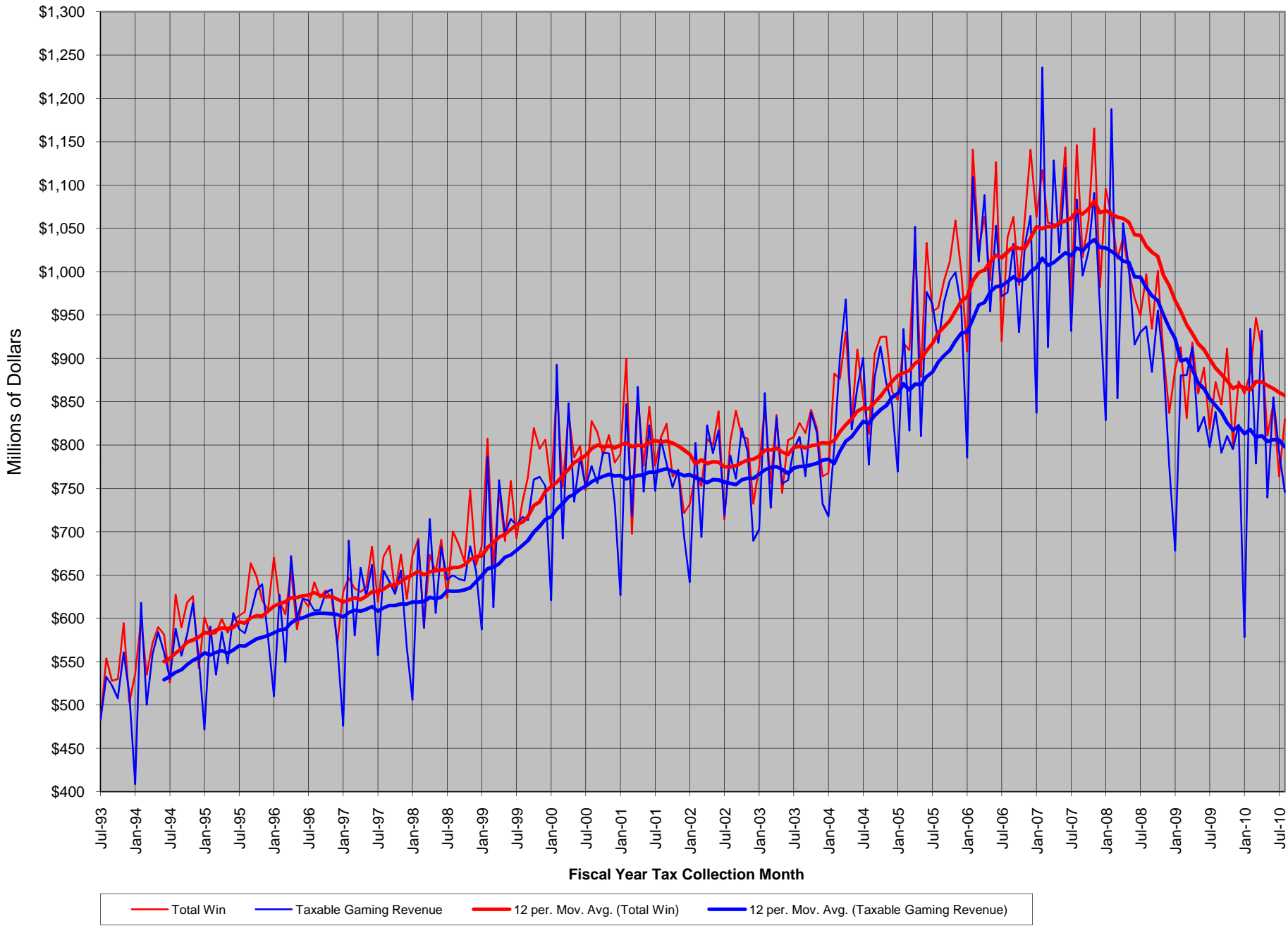


TABLE1Q
Statewide Total Percentage Fee Collections and
Percentage Fee Collections from Taxable Gaming Revenue
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

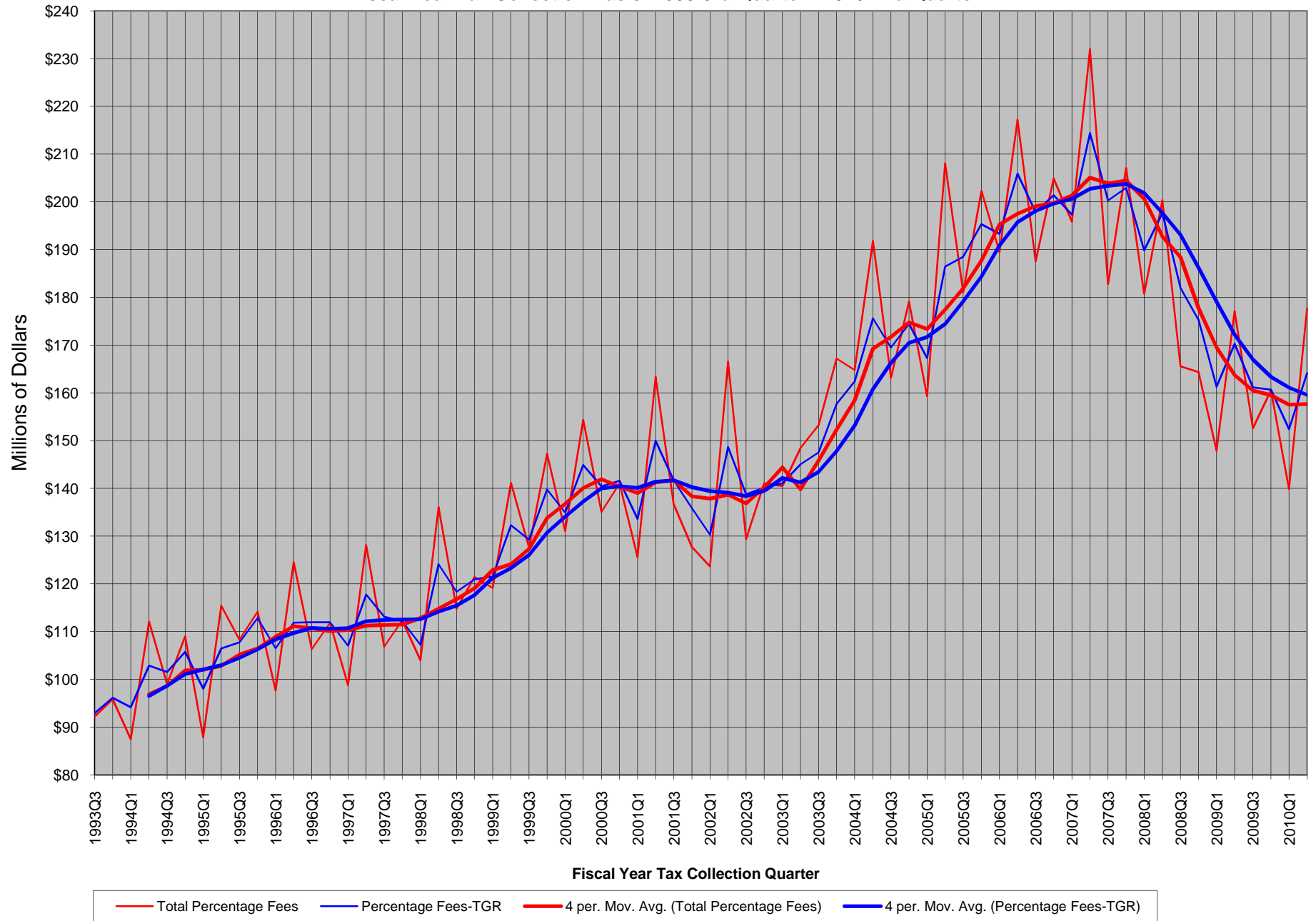


TABLE 2Q
Comparison of the Growth in Statewide Total Percentage Fee Collections and Percentage Fee Collections from
Taxable Gaming Revenue - Quarter versus Same Quarter Year Ago
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:1st Quarter

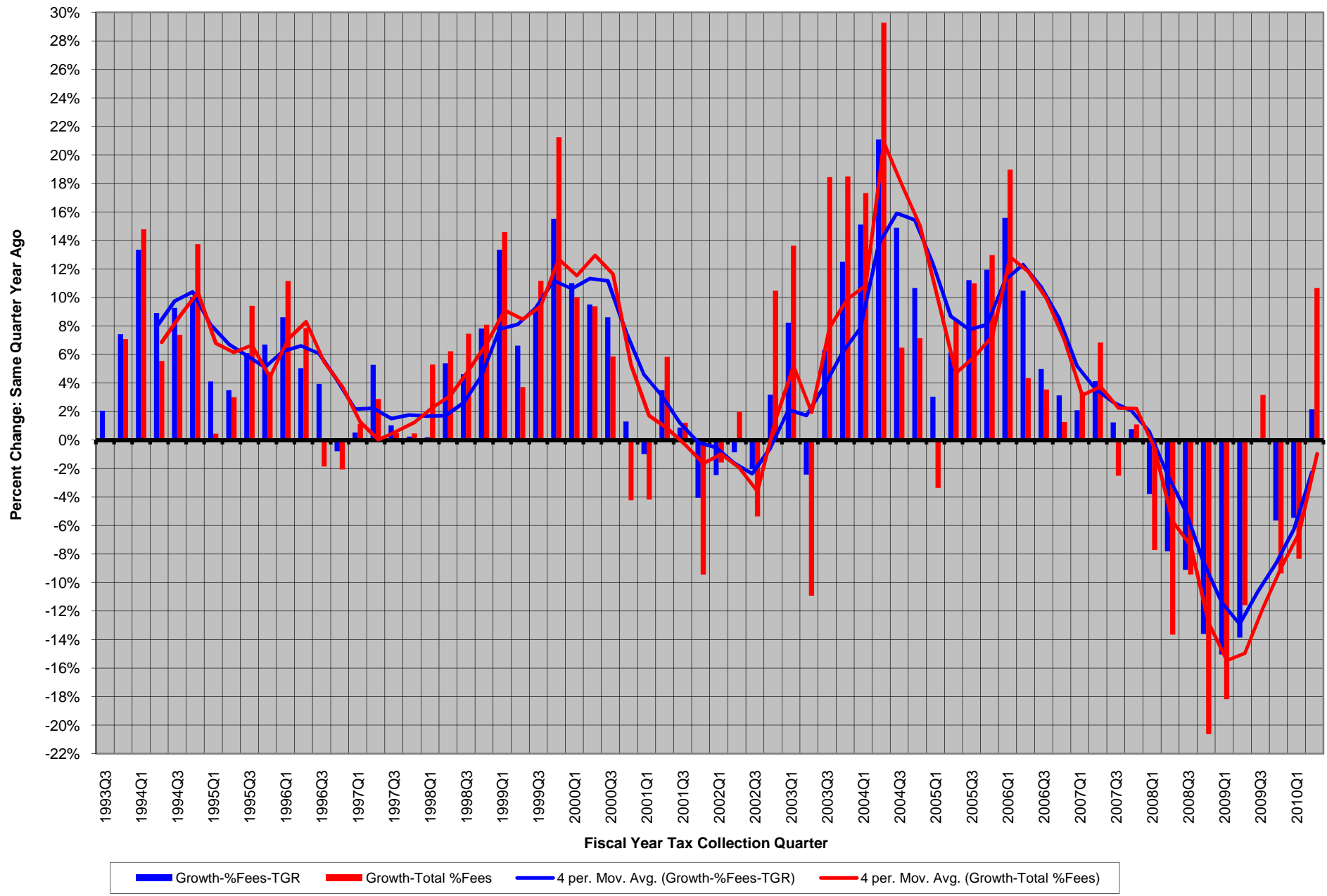
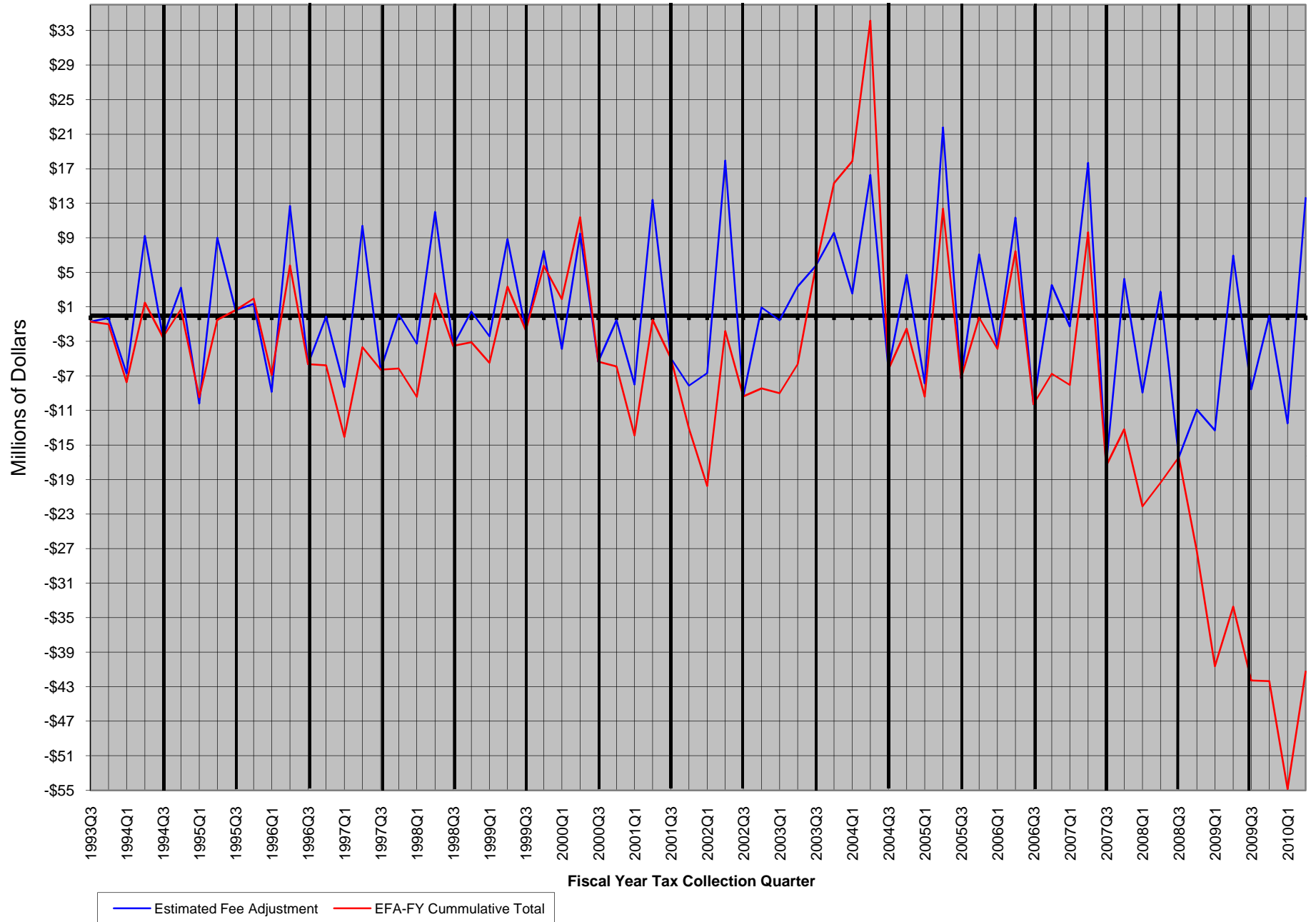


TABLE3Q
Statewide Estimated Fee Adjustment by Quarter and Cumulative Fiscal Year-to-Date by Fiscal Year
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:1st Quarter



TALBE 4Q
Statewide Total Win and Taxable Gaming Revenue
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

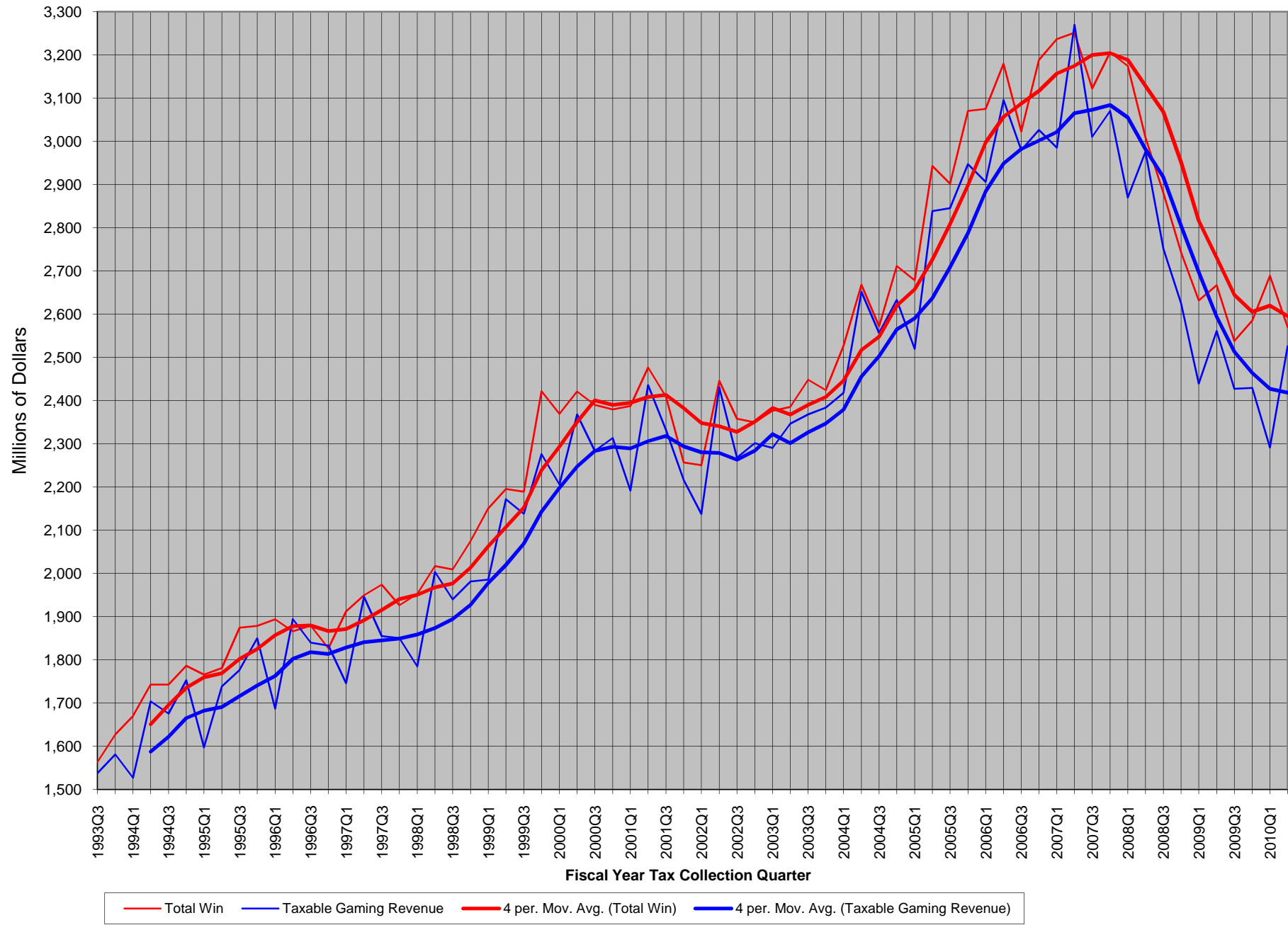


TABLE 5Q
Comparison of the Growth in Statewide Total Win & Taxable Gaming Revenue-Quarter versus Same Quarter Year Ago
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

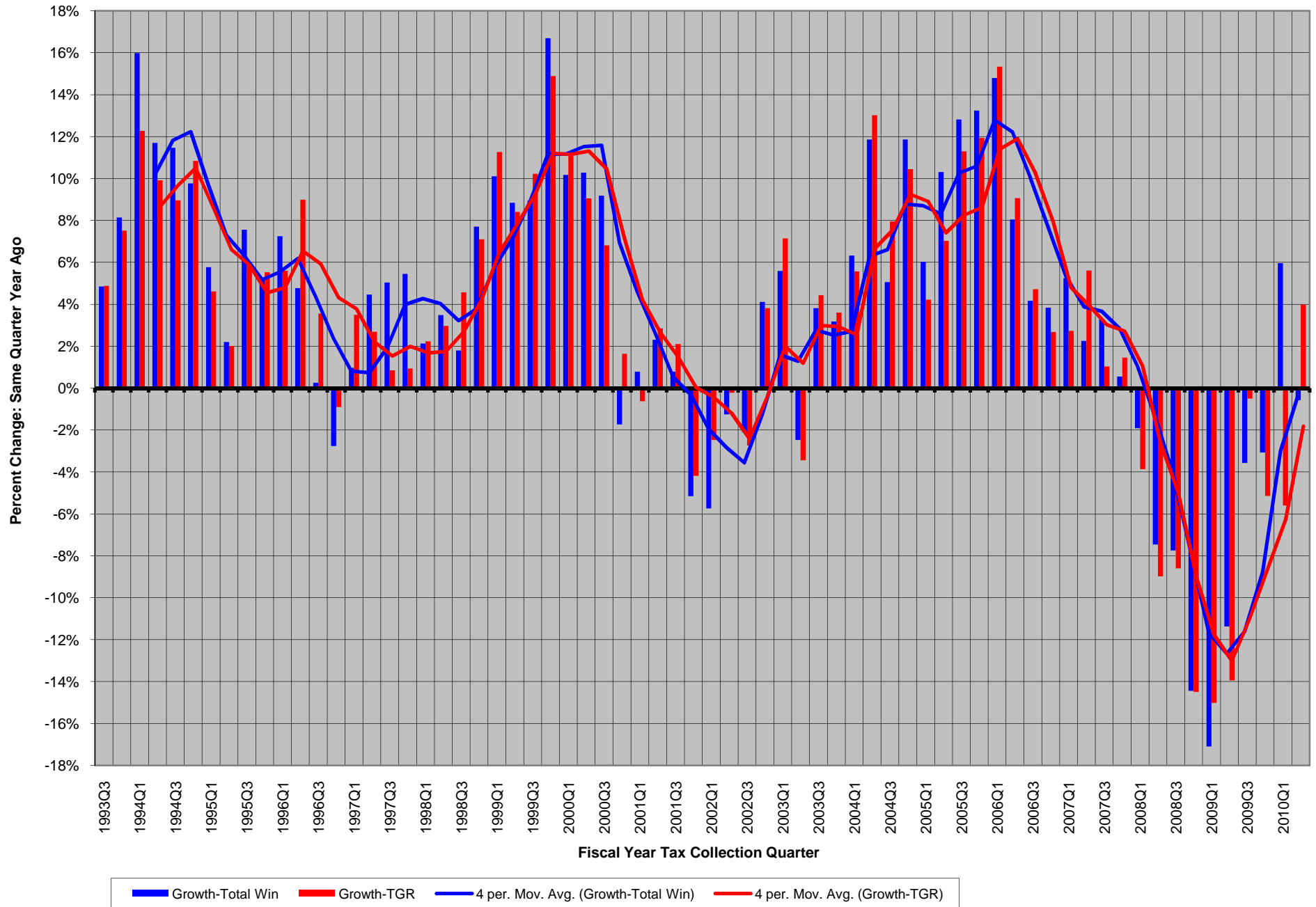


TABLE 6Q
Statewide Ratio of Taxable Gaming Revenue to Total Win and Cumulative Fiscal Year-to-Date Ratio by Fiscal Year
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

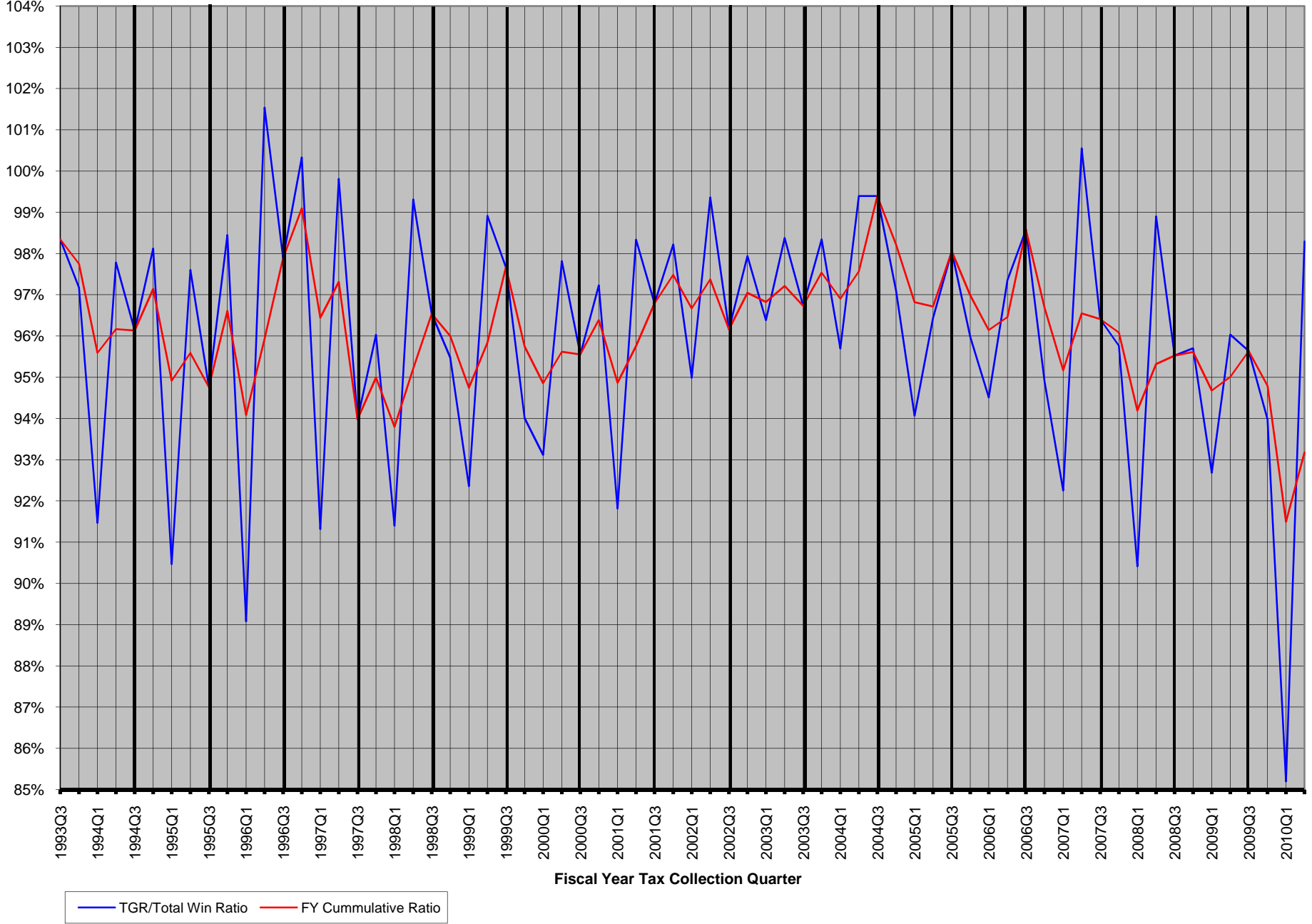


TABLE 7Q
Statewide Average Tax Rate (Percentage Fees from TGR/Taxable Gaming Revenue (TGR))
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

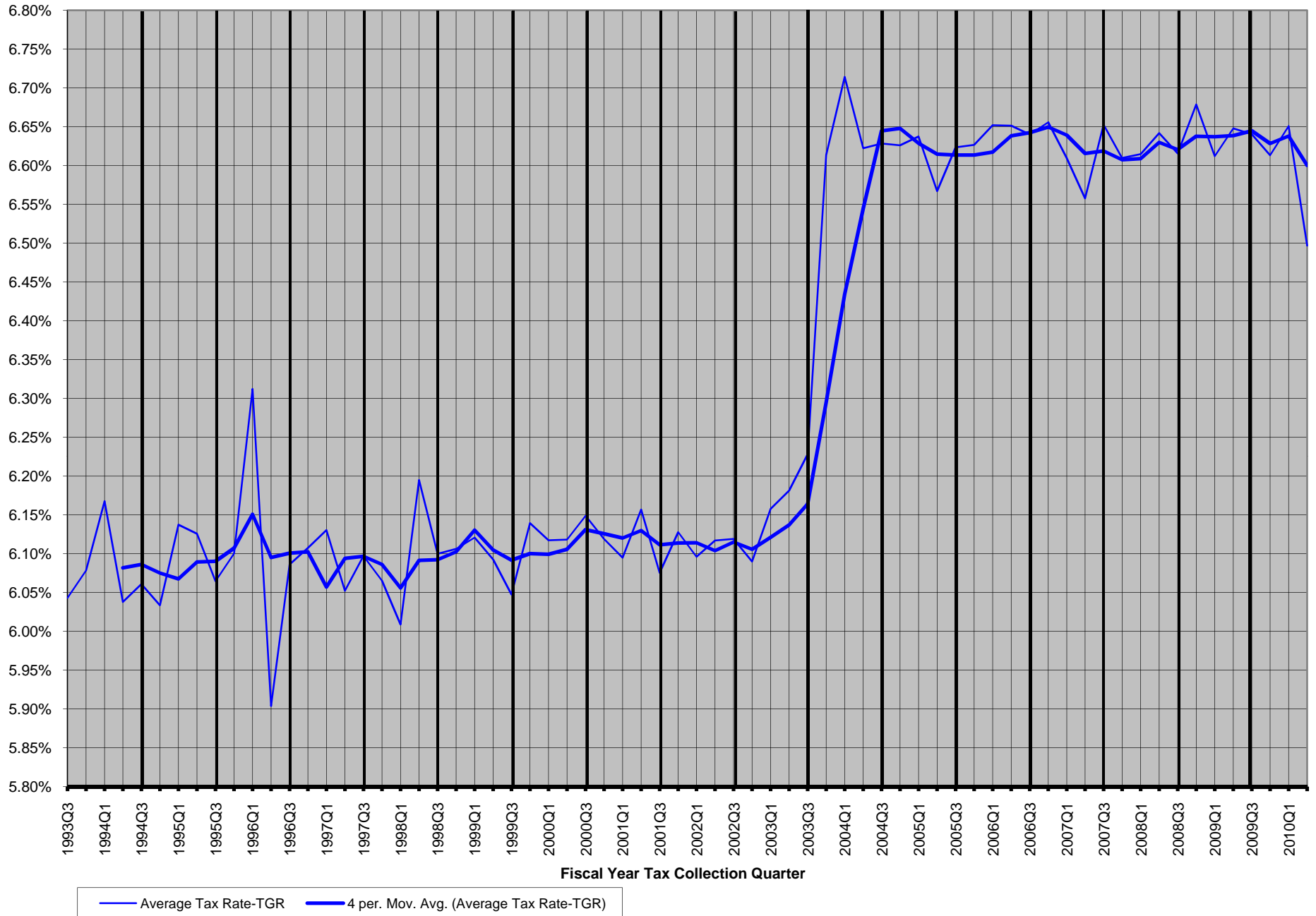


TABLE 8Q
Statewide Total Win, Slot Win and Table Games Win
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

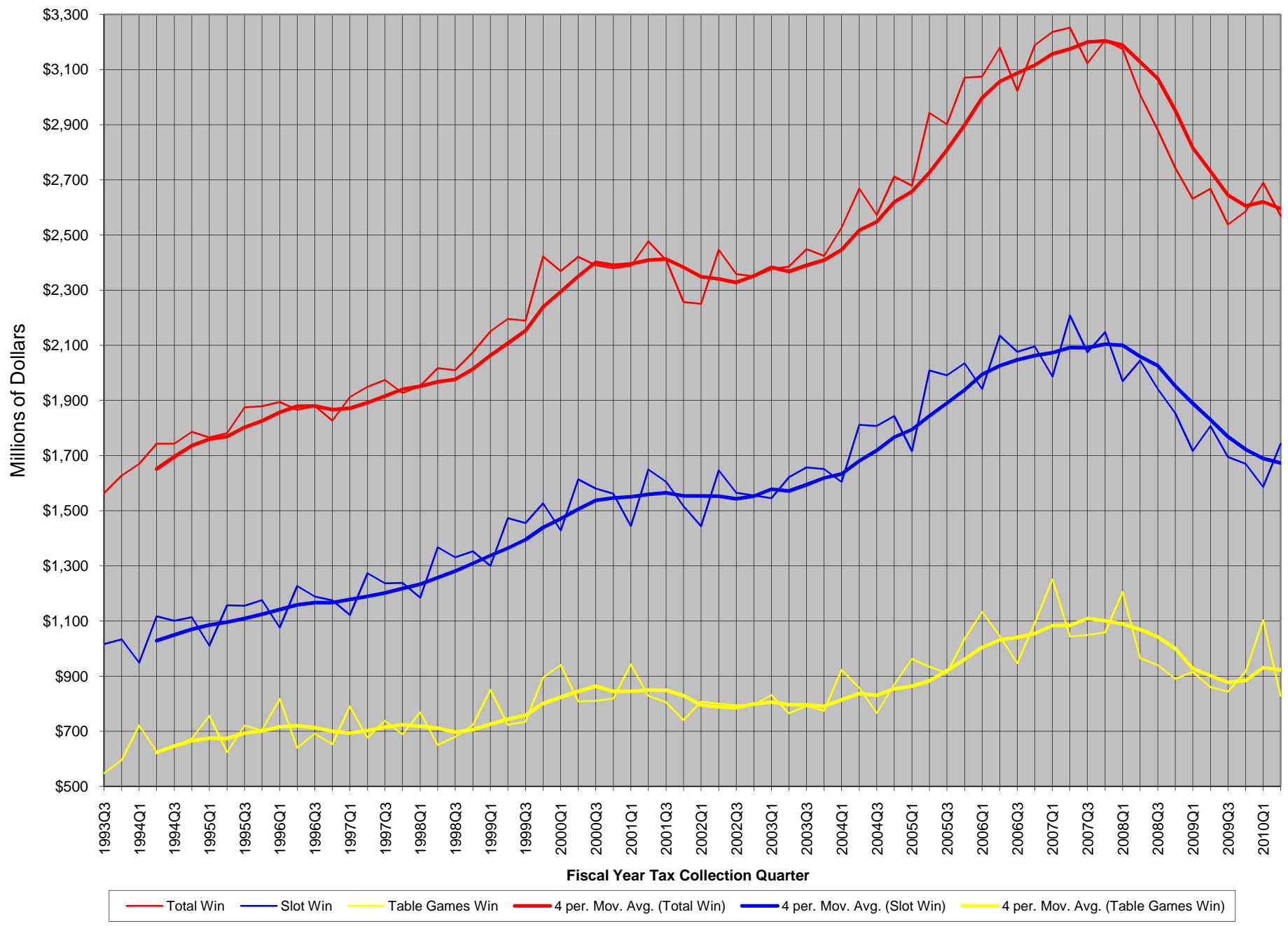


TABLE 9Q
Statewide Total Win
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

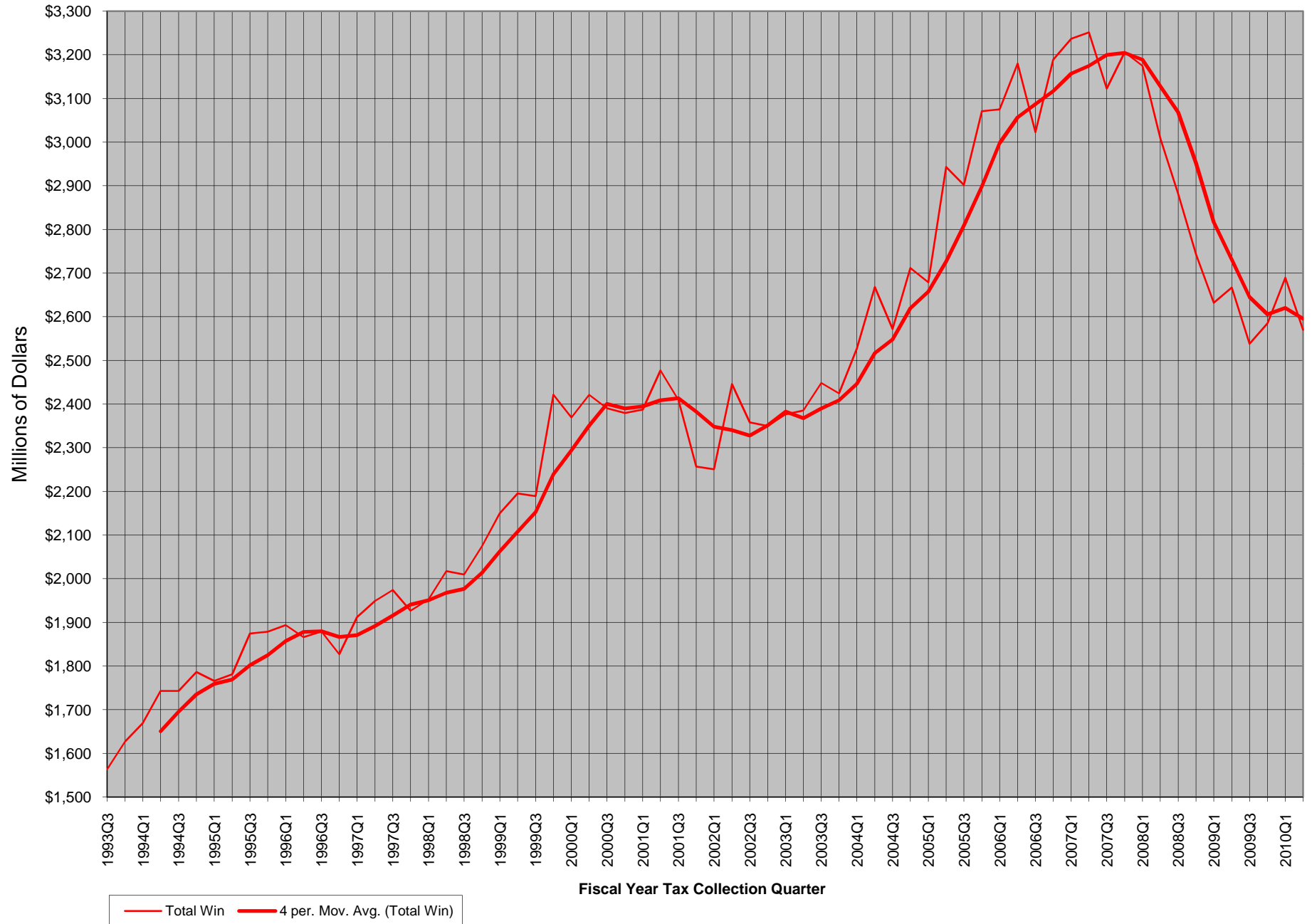


TABLE 10Q
Statewide Slot Win
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

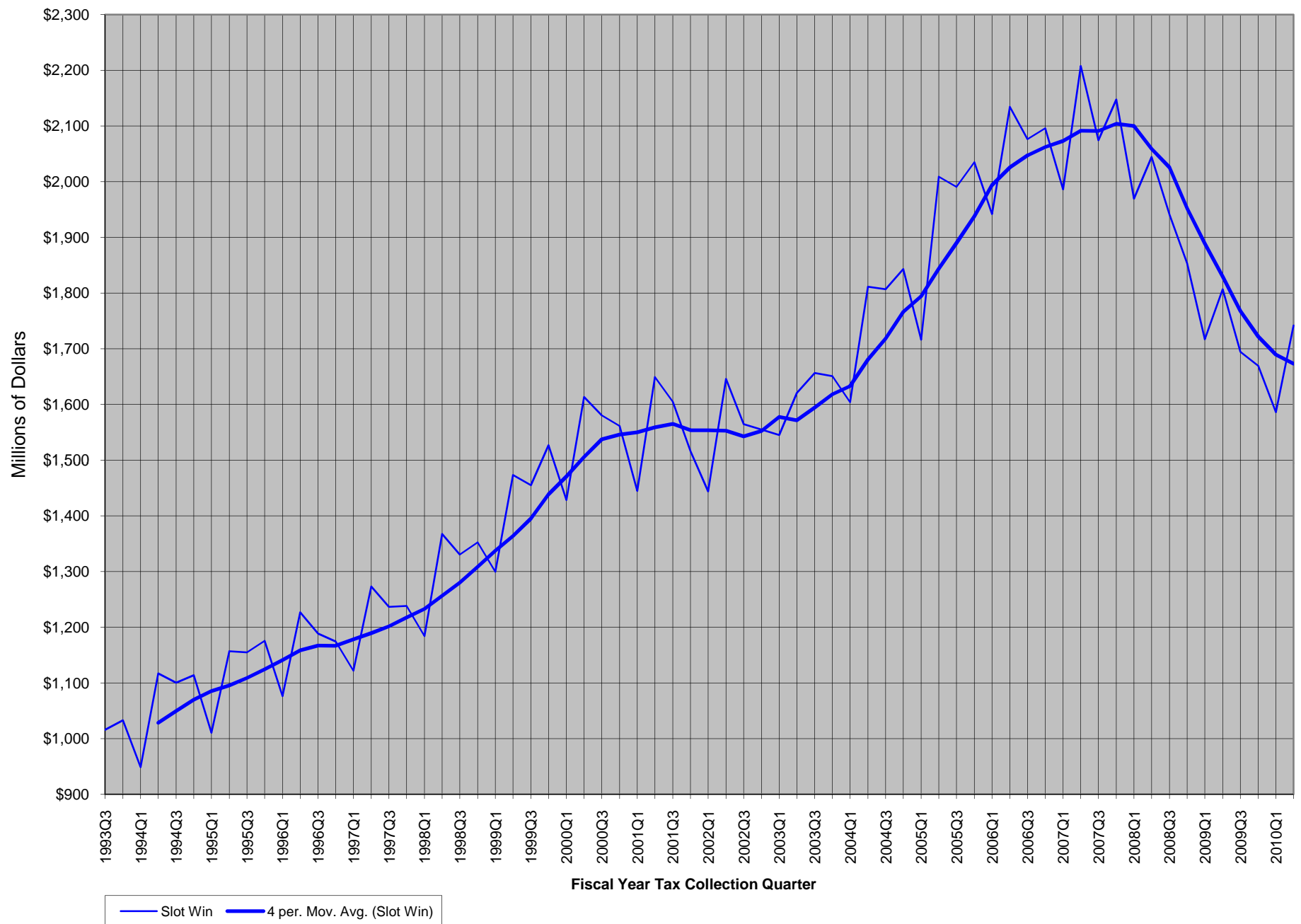


TABLE 11Q
Statewide Slot Coin-In
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

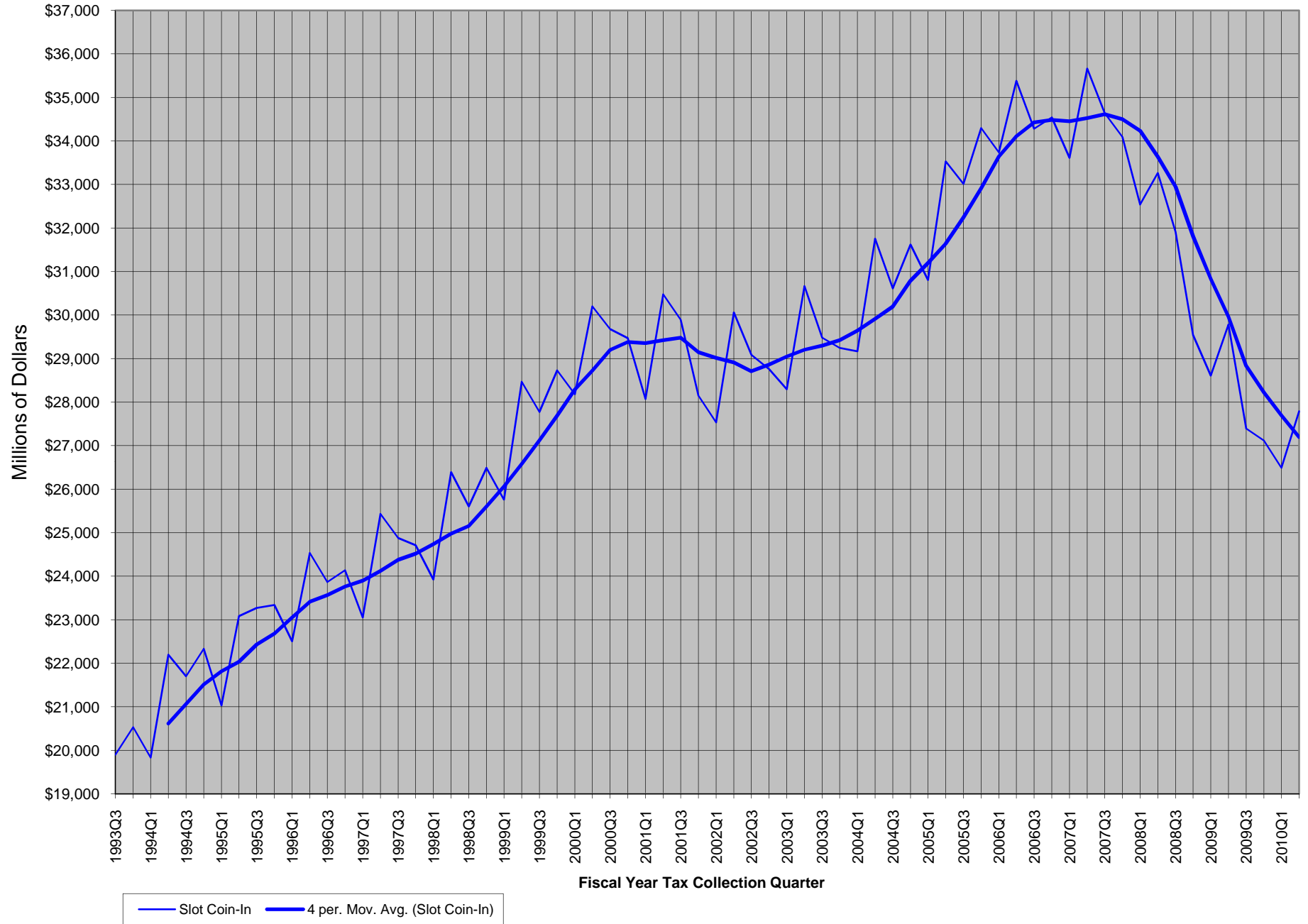


TABLE 12Q
Comparison of the Growth in Statewide Slot Win and Slot Coin-In - Quarter versus Same Quarter Year Ago
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

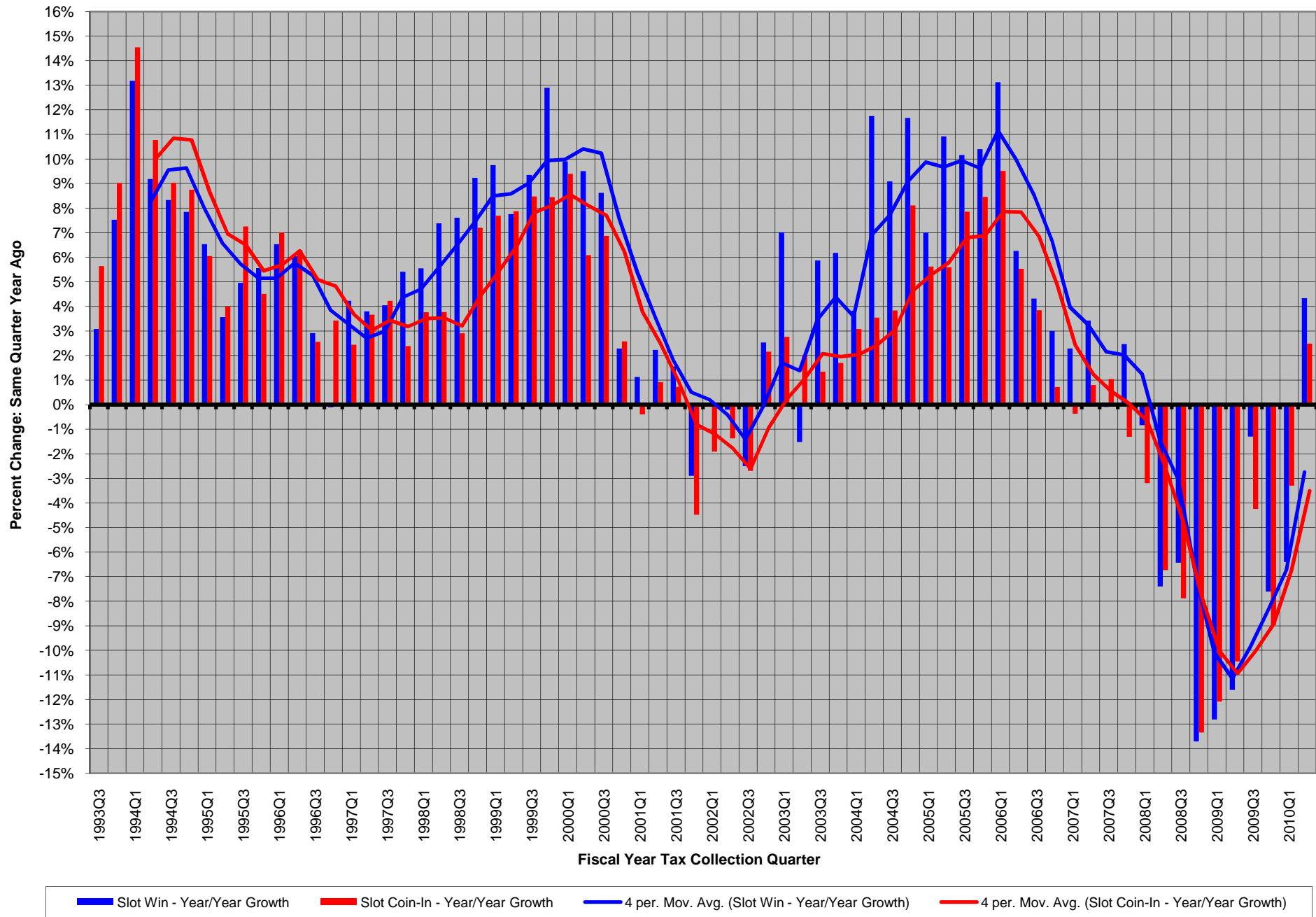


TABLE 13Q
Statewide Slot Win % (Slot Win / Slot Coin-In)
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

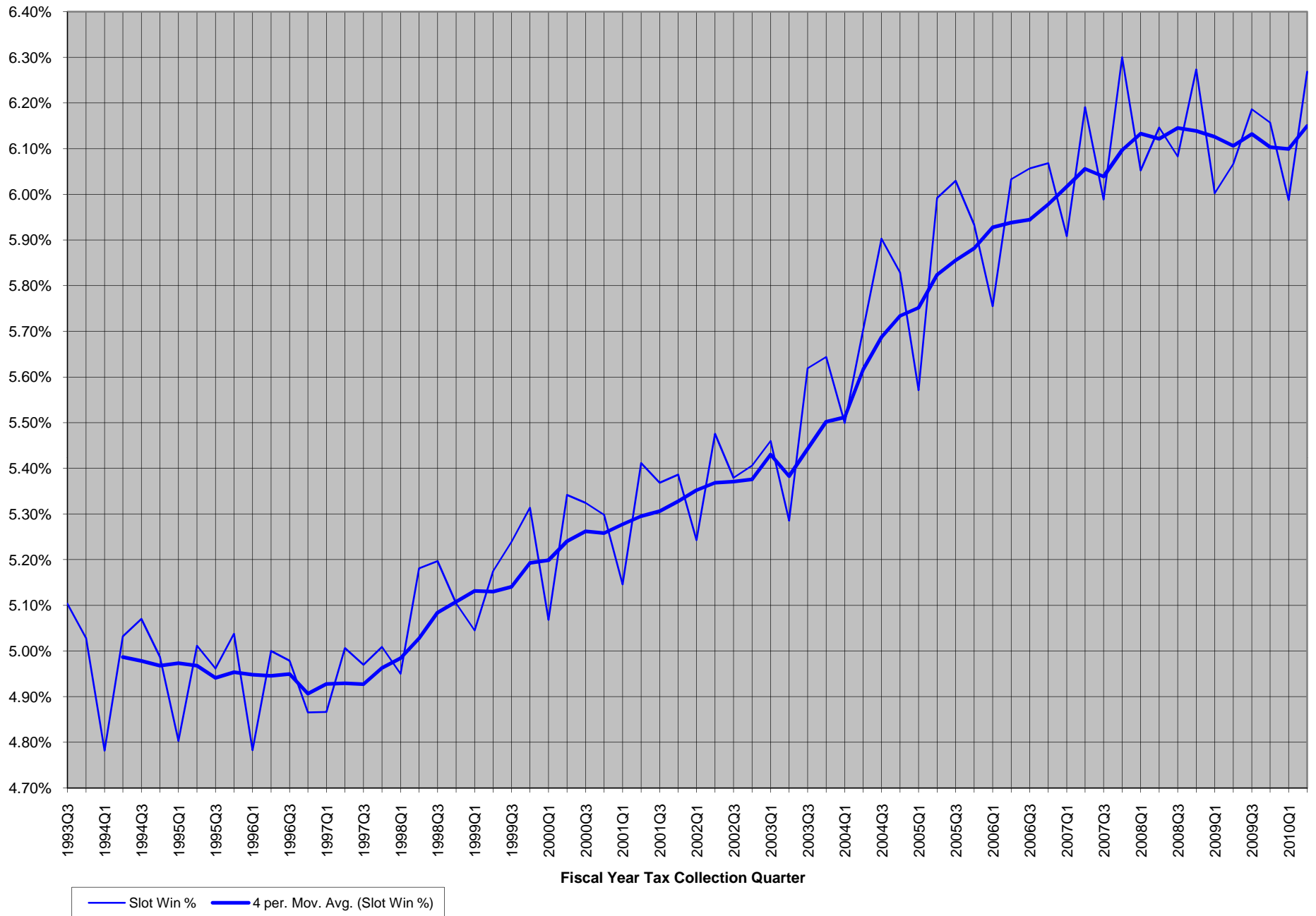


TABLE 14Q
Statewide Number of Slot Machines (Non-restricted)
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

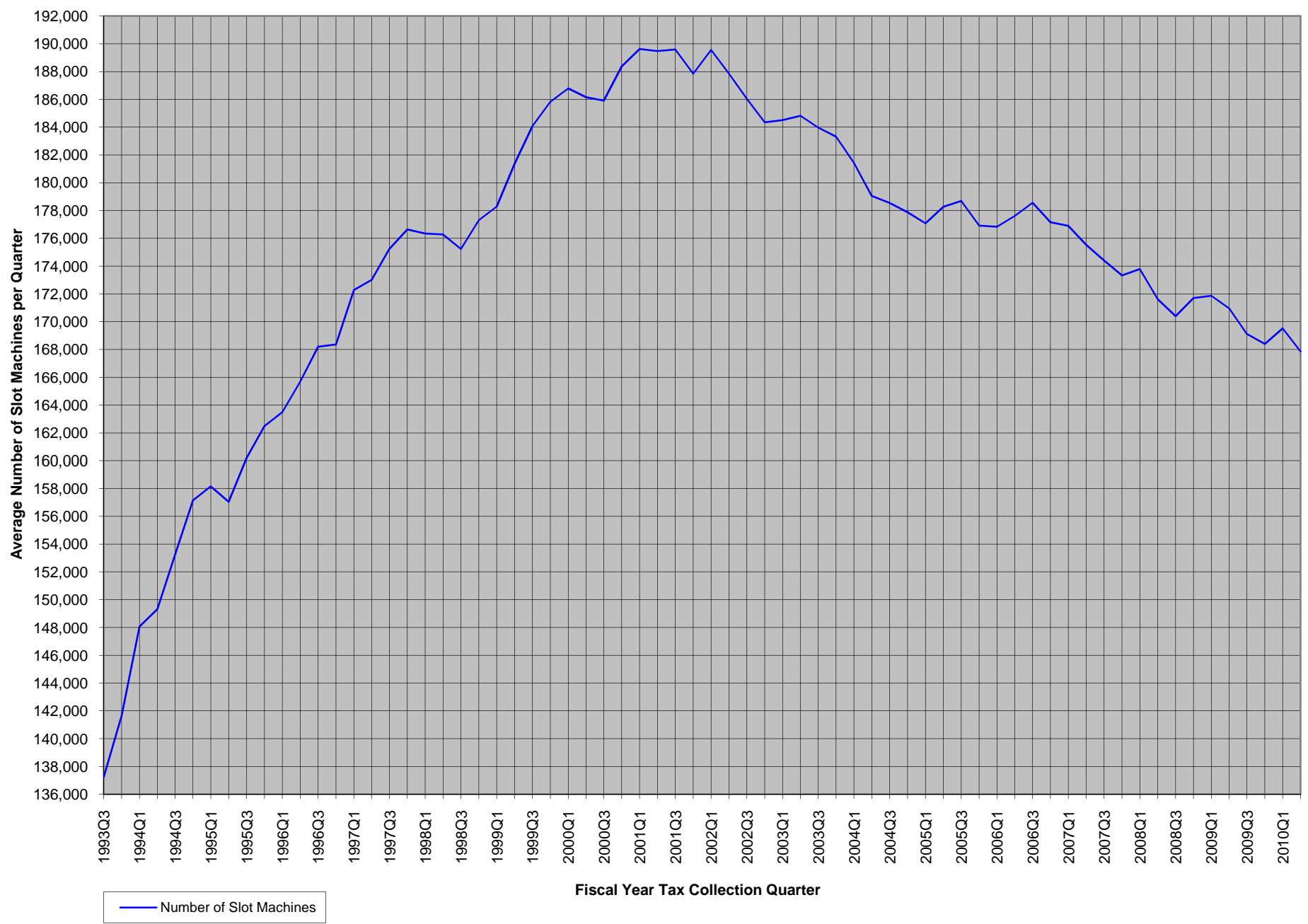


TABLE 15Q
Statewide Win per Slot
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

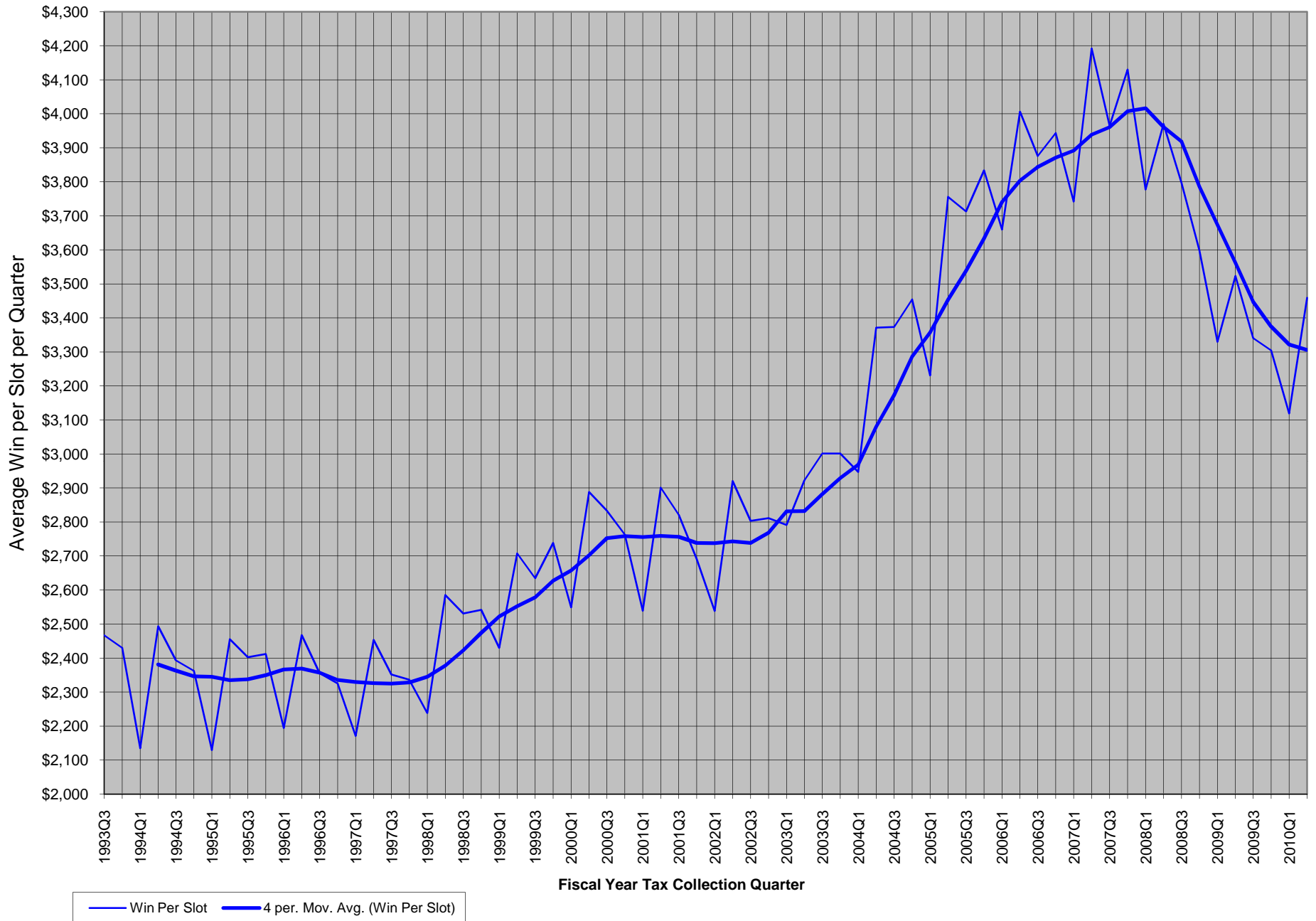


TABLE 16Q
Statewide Coin-In per Slot
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

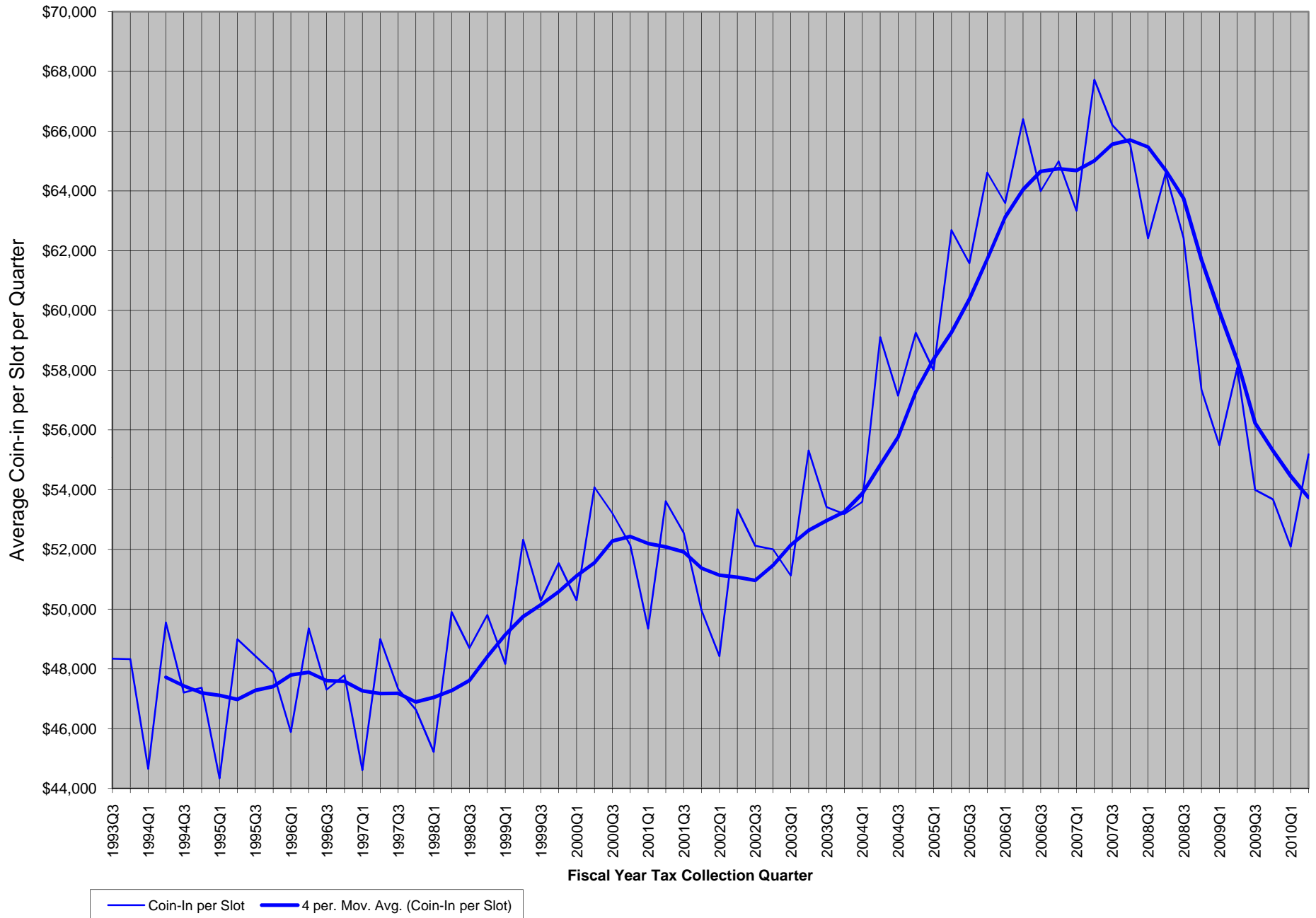


TABLE 17Q
Comparison of the Growth in Statewide Win per Slot and Coin-In per Slot - Quarter versus Same Quarter Year Ago
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

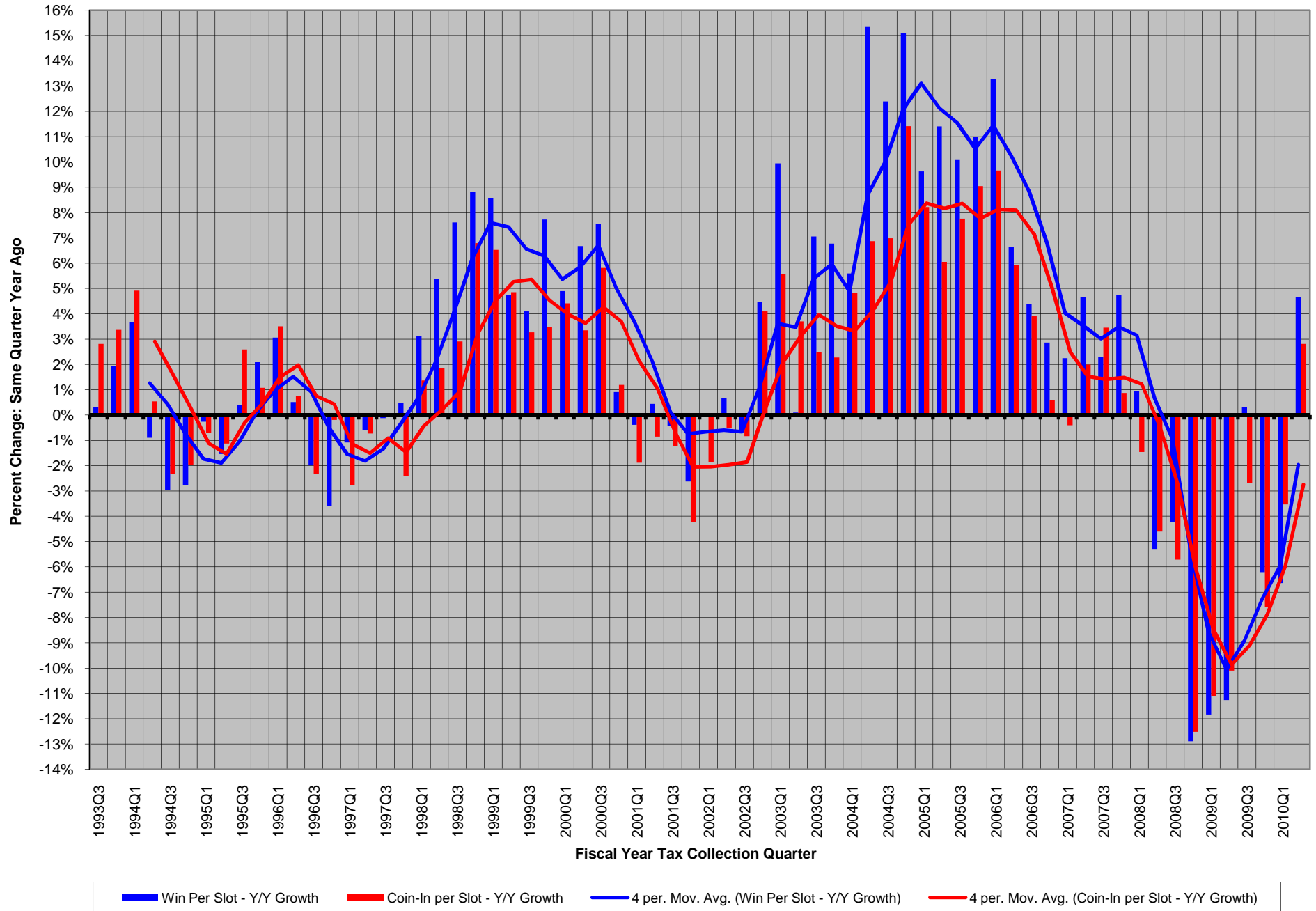


TABLE 18Q
Statewide Table Games Win
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

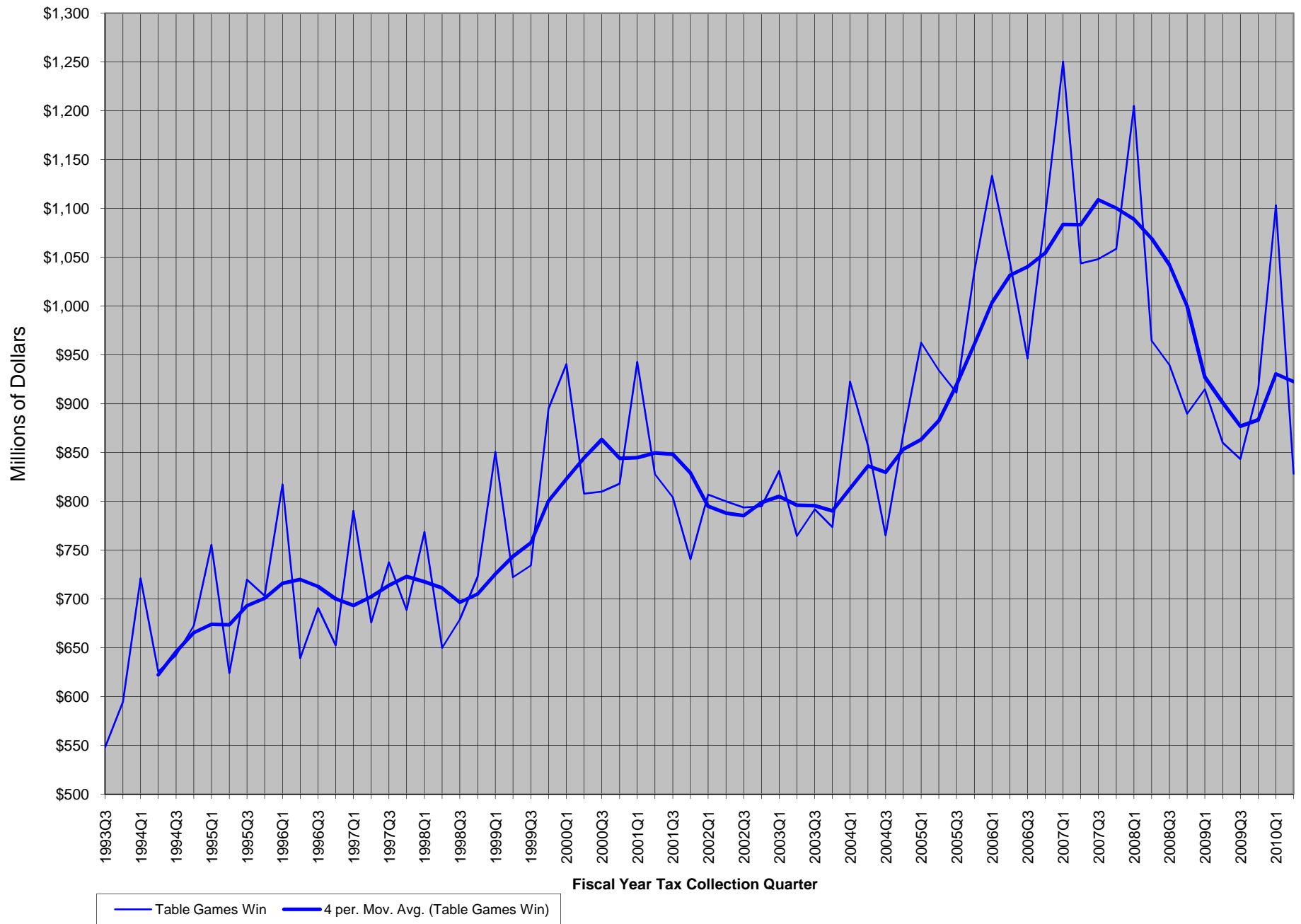


TABLE 19Q
Statewide Table Games Drop
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

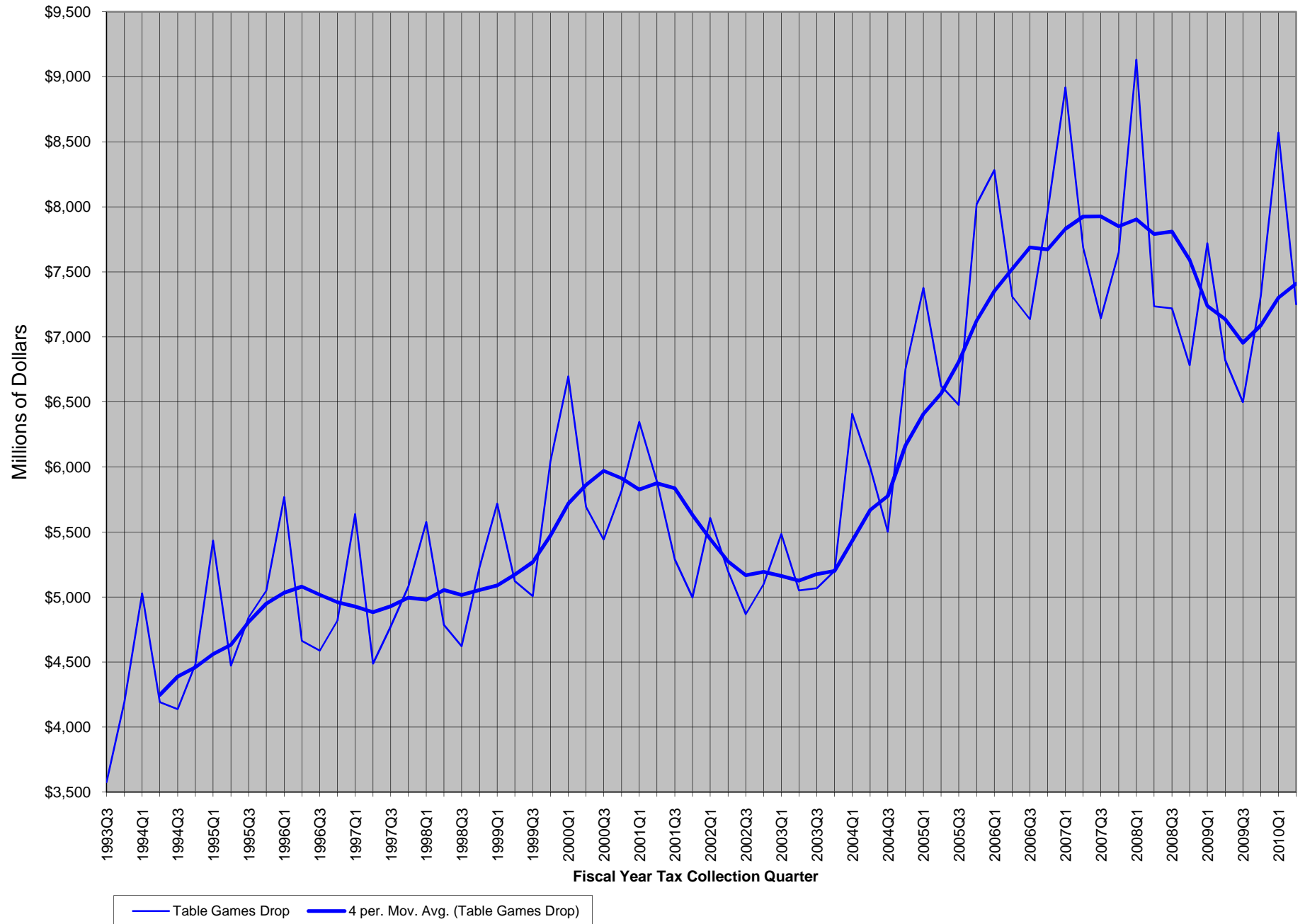


TABLE 20Q
Comparison of the Growth in Statewide Table Games Win & Table Games Drop - Quarter versus Same Quarter Year Ago
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

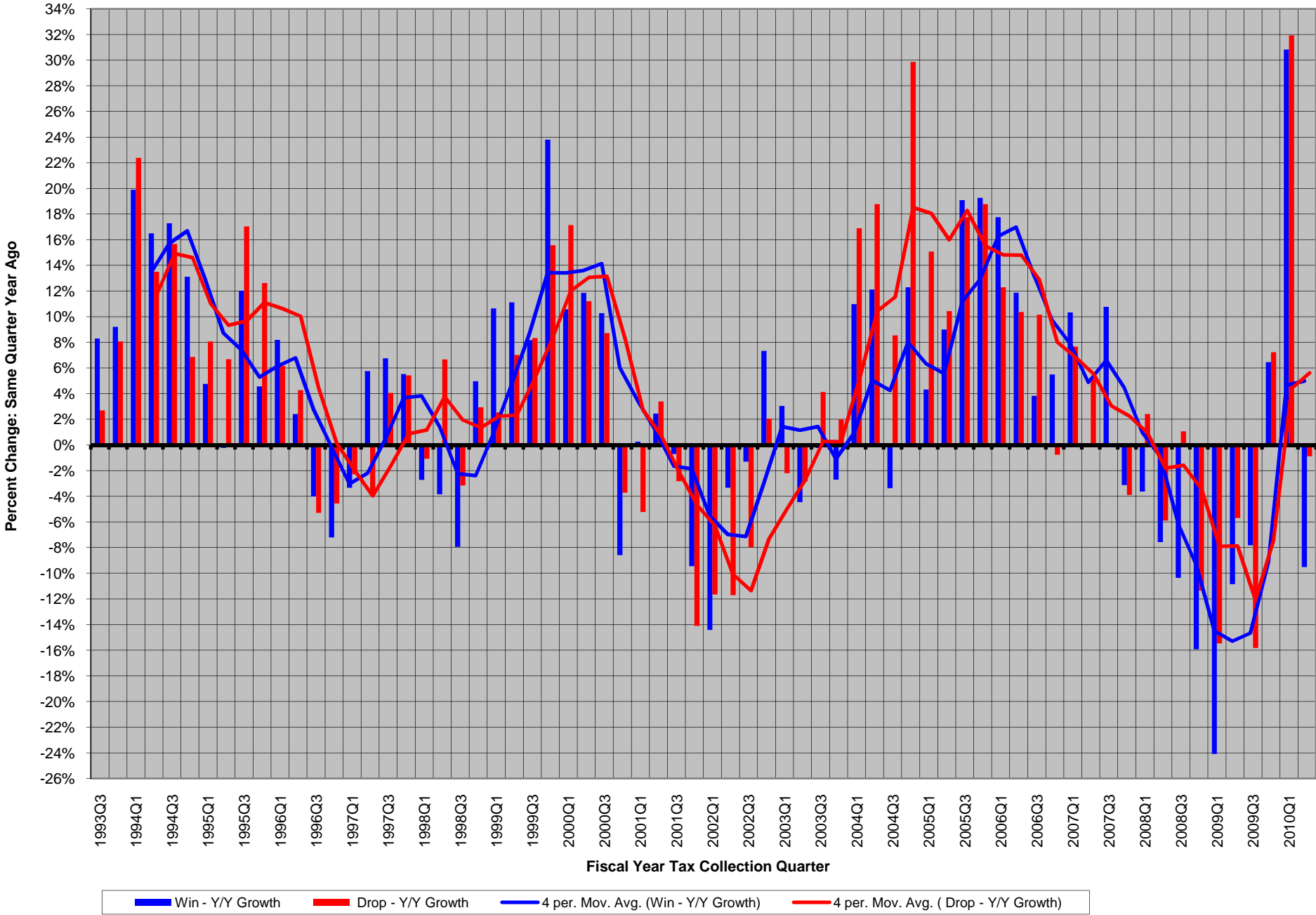


TABLE 21Q
Statewide Table Games Win % (Table Games Win / Table Games Drop)
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

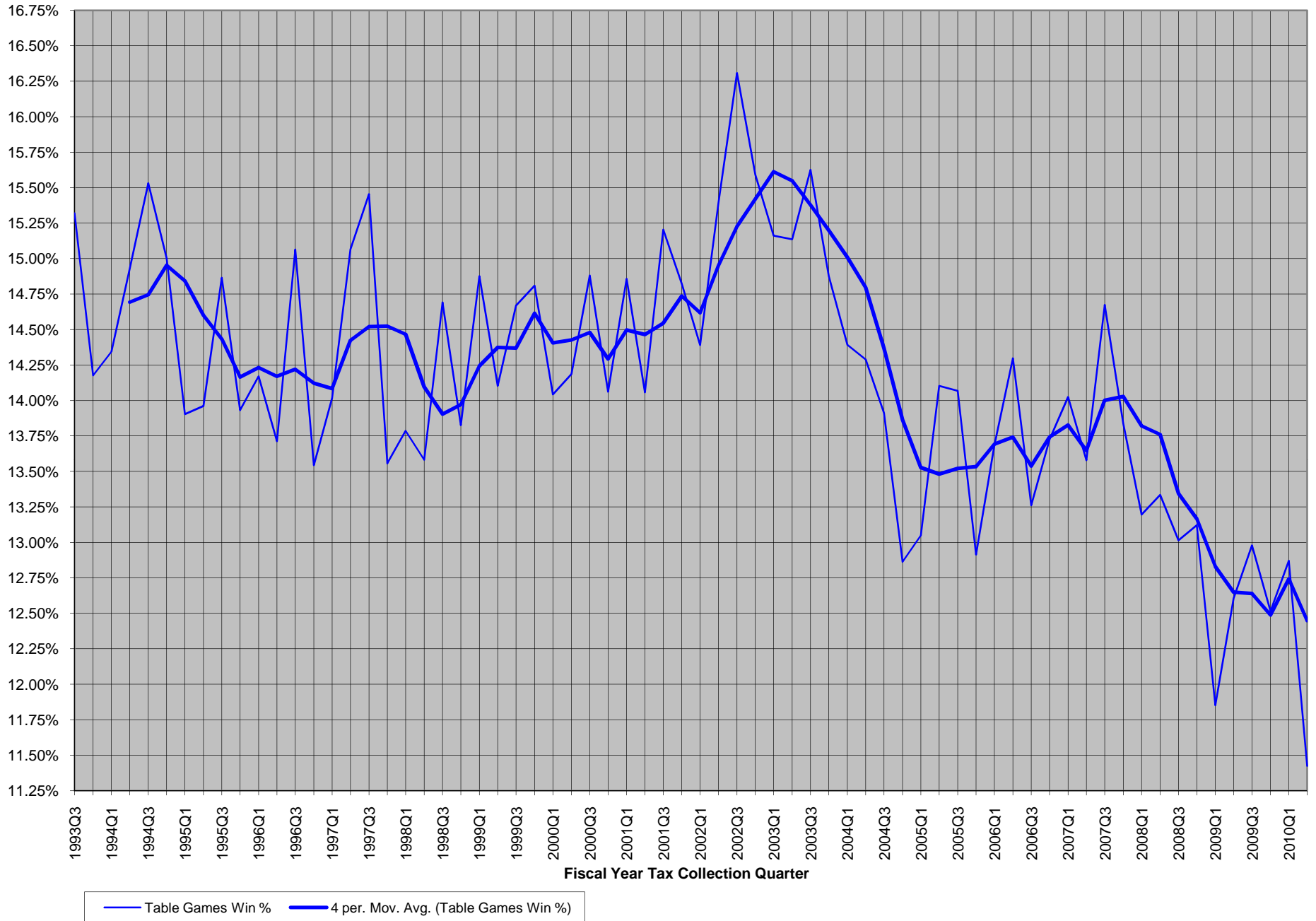


TABLE 22Q
Statewide Number of Table Games
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

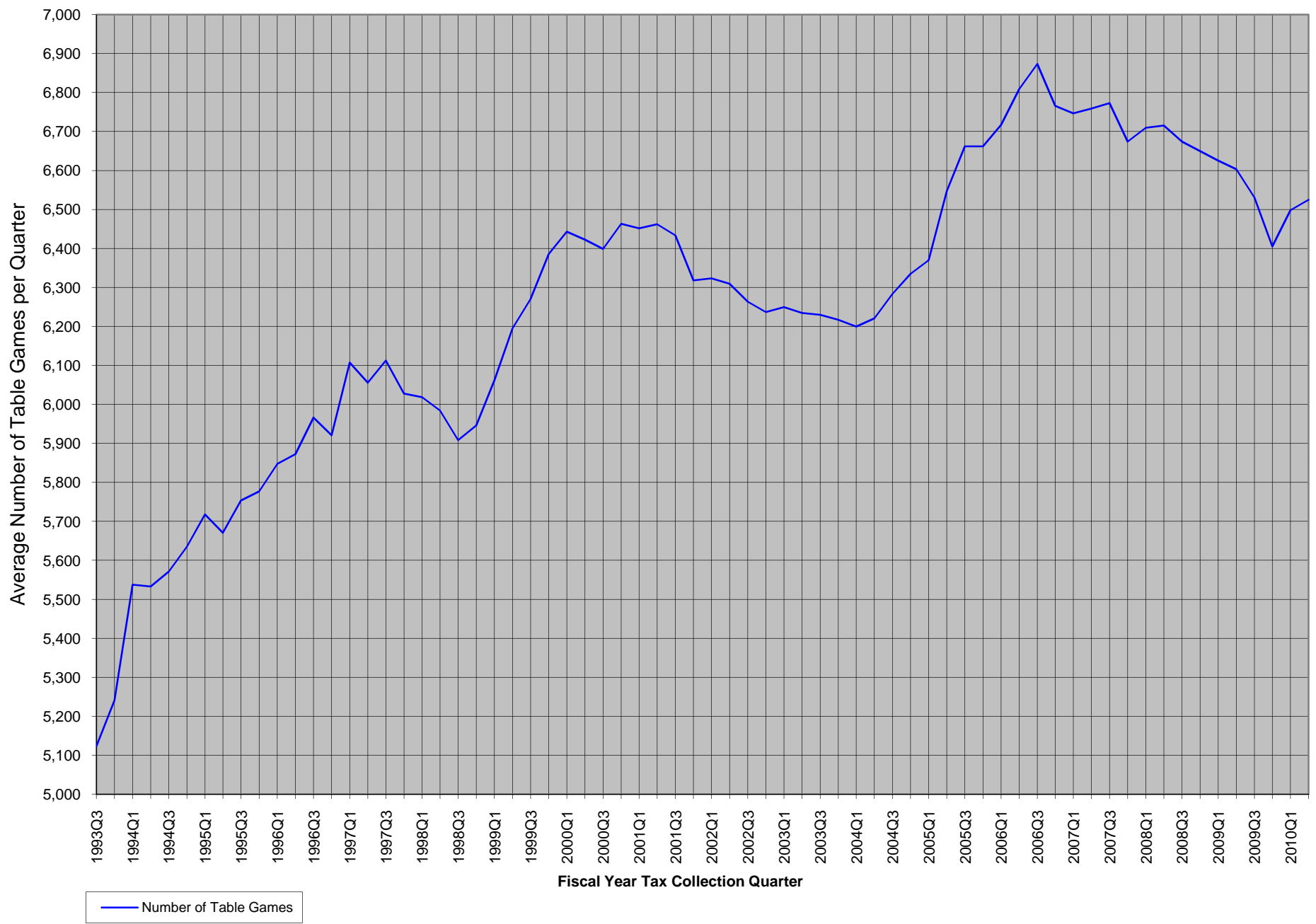


TABLE 23Q
Statewide Win per Table Game
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

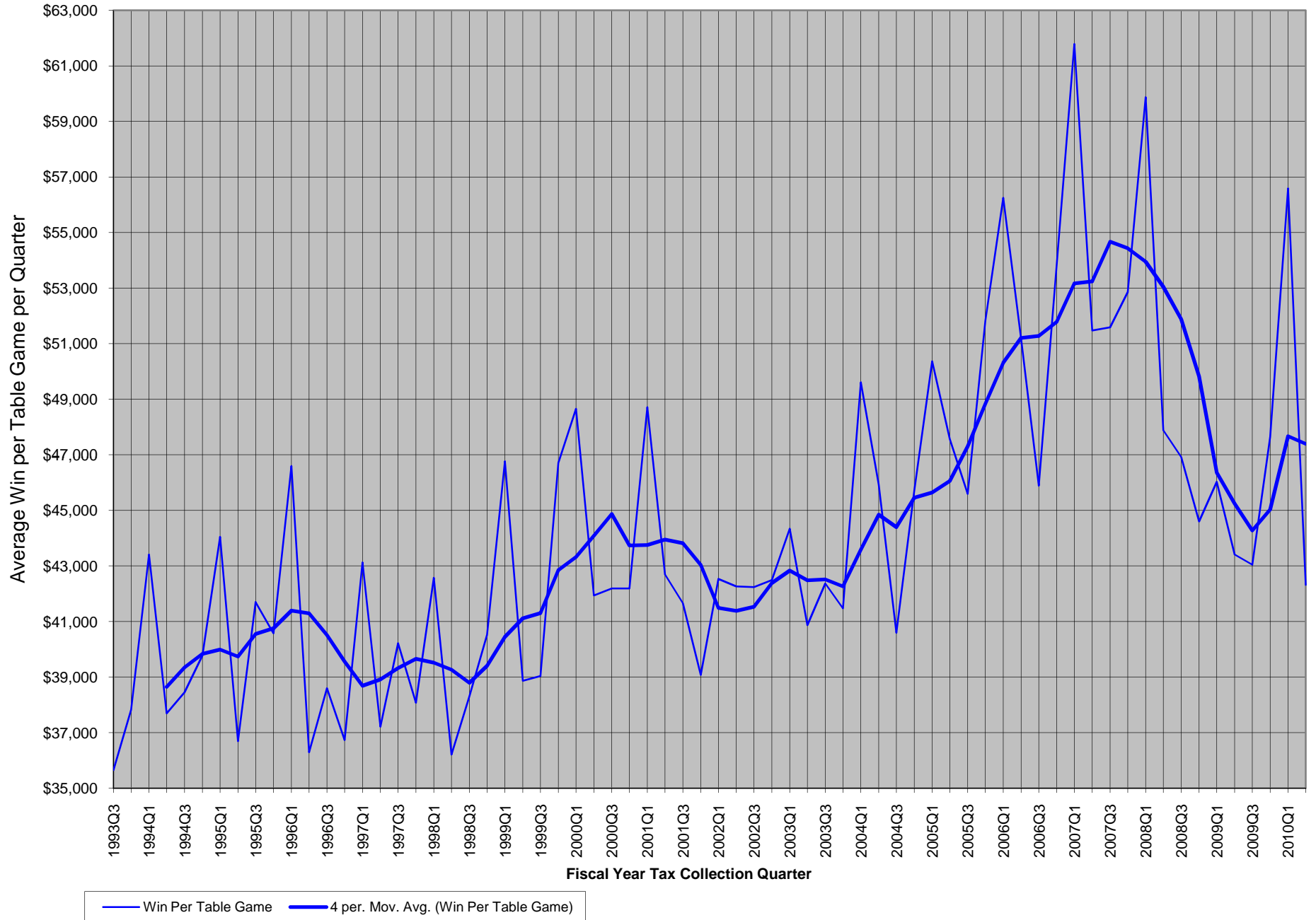


TABLE 24Q
Statewide Drop per Table Game
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter

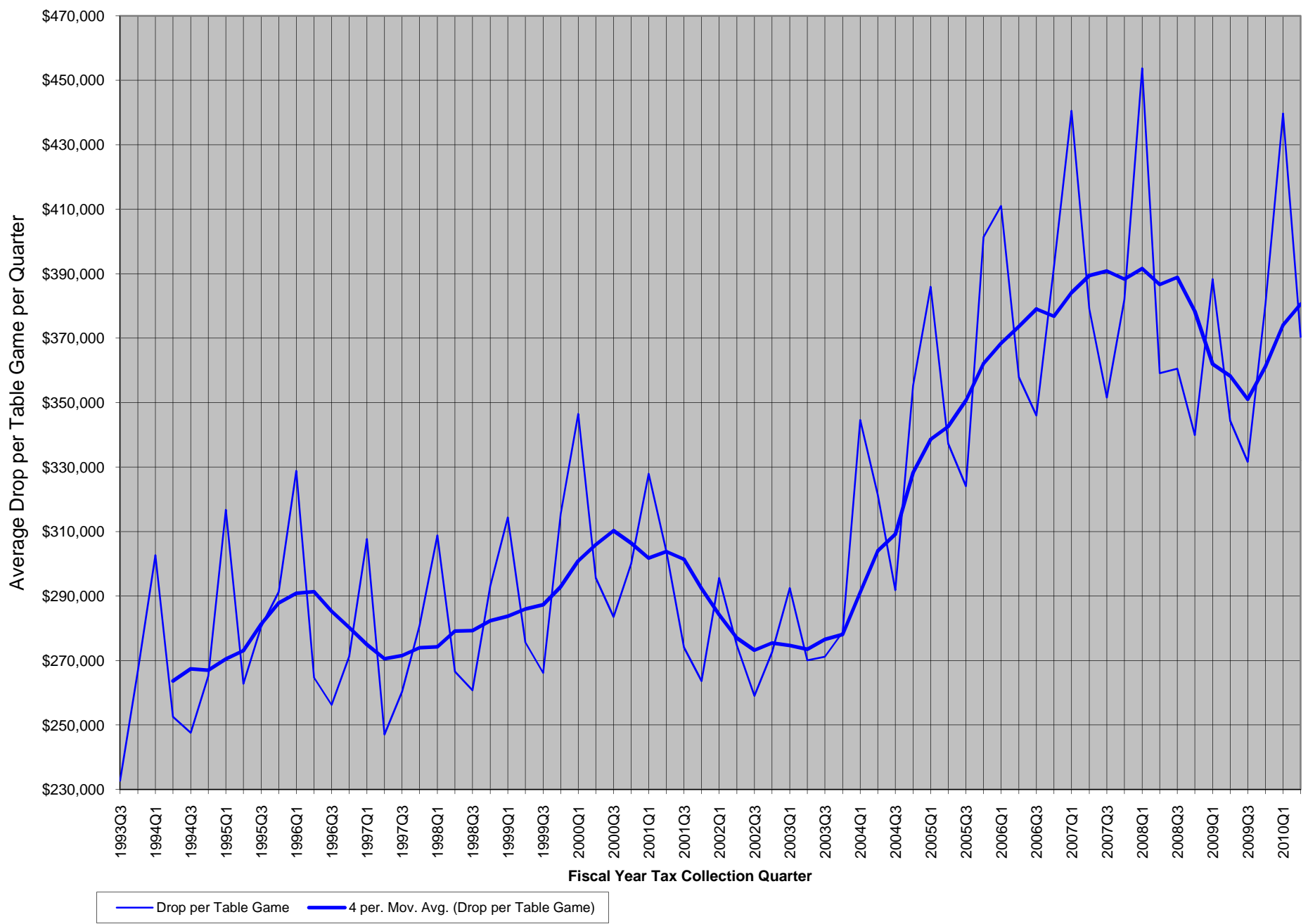
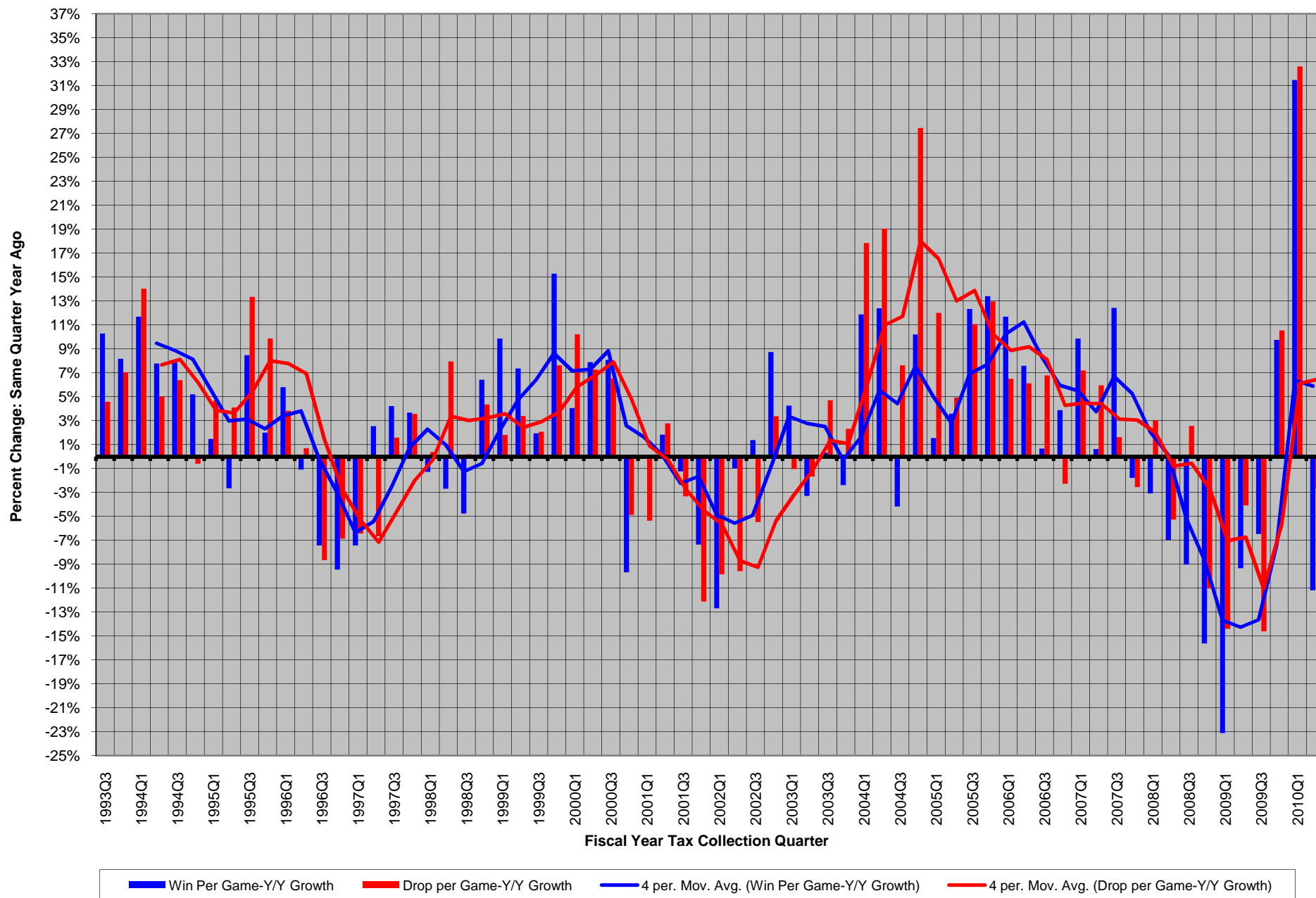


TABLE 25Q
Comparison of the Growth in Statewide Win per Table Game and
Drop per Game - Quarter versus Same Quarter Year Ago
Fiscal Year Tax Collection Basis: 1993:3rd Quarter - 2010:2nd Quarter



2010 - 2011 Calendar

AUGUST 2010

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER 2010

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

6 Labor Day

OCTOBER 2010

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

29 Nevada Day

NOVEMBER 2010

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

11 Veterans Day

25-26 Thanksgiving

DECEMBER 2010

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

24 Christmas Eve
31 New Year's Eve

JANUARY 2011

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

17 M.L. King Jr. Day

FEBRUARY 2011

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

21 Presidents Day

MARCH 2011

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL 2011

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

MAY 2011

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

30 Memorial Day

JUNE 2011

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY 2011

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

4 Independence Day