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## Assembly

MINUTES OF MEETING - WAYS AND MEANS COMMITTEE - NEVADA STATE LEGISLATURE  
1968 SPECIAL SESSION FEBRUARY 6, 1968

The meeting was called to order by Chairman Glaser at 9:15 AM in the Ways and Means Room. Introductions were made and Assistant Fiscal Analyst Earl Oliver was welcomed.

Present: Glaser, Mello, Webb, Bowler, Ashworth, Young, Howard, Jacobsen, Tyson

Absent: None

Mr. Glaser went over the tentative agenda, stressing that it would be flexible to overcome any conflicts and would be changed if the need arises.

Fiscal Analyst Bob Bruce briefed the committee on the papers distributed, which should be attached and are a part of the minutes. They included a letter from Mr. Bruce, dated January 23, 1968; Exhibit A - General Fund Projection of Revenue and General Fund Balances, General Fund Projection of Estimated Revenue (Schedule #1), Comparison of Sources of Revenue to Total Revenue (Schedule #2), Comparison of Increase or Decrease in Sources of Revenue (Schedule #3); Exhibit B - Consolidated Bond and Interest Redemption Fund/Analysis of Estimated Fund Balances, Bond and Interest Redemption (Schedule #1), for Fiscal Year 1967-1968, and Bond and Interest Redemption (Schedule #2) for Fiscal Year 1968-1969; and General Fund Comparison of Revenue Projections and General Fund Balances comparing the figures prepared by the Fiscal Analyst and those of the Budget Director with Schedule #1 for the Fiscal Year 1967-1968 and Schedule #2 for the Fiscal Year 1968-1969.

Mr. Bruce told the committee that they should be getting the January income figures in a few days. If they warrant a revision of the figures, a new set would be prepared. In answer to Mr. Glaser's comment of any supplemental appropriations not being included, Mr. Bruce said that Mr. Oliver would keep the committee posted on this. It was noted that the General Fund balance is predicted to be \$726,894 as of June 30, 1969, rather than the traditional balance in the neighborhood of 4 million.

On Exhibit B, mention was made of the 15 year bonds on which payment could be delayed and then this would revert back to the general fund. The bonds could then be paid on their normal schedule. Mr. Bruce mentioned this as a possibility. In answer to question, it was noted that the quick payoff is separate from the legislative building; that is a separate appropriation. It pertains to University buildings and a number of other state buildings. The bonds were let at a rate of slightly less than 4%. If the interest were paid at 3.9%, it would amount to about \$165,000.

It was noted that there is a difference of 2 million dollars between the figures of the Fiscal Analyst and the Budget Director. Mr. Barrett will review his figures with the committee at a later meeting. Mr. Bruce said there is an upward trend in the sales tax now and in gaming. It is too early to estimate the effect of the new taxes, but when the January figures are available, there will perhaps be a revision of these figures.

On Exhibit A, Schedule #3, actual revenue is shown in addition to the estimated revenue for the next two fiscal years, which reflects the change in the ad valorem rate from 28¢ to 25¢. Mr. Bruce noted that the sales tax figure may increase with the new January figures.

However, some of the effect of the new gaming tax is reflected, which is the reason it is a little higher. The all-over increase in the general fund shows 5.42% over last year's general fund revenues, exclusive of any reversions or appropriations. There is a projection of 4.51% increase for 1968-1969.

On Exhibit A, Schedule #2, it was noted that the gaming licenses are in with the Gaming Tax.

Mr. Jacobsen asked (on Schedule #3) how we account for those receipts going to the hospital (pertaining to the \$274,000 figure for 67-68 and \$48,000 for 68-69), so that we don't lose sight of it.

Mr. Bruce said that this was in anticipation of clarifying legislation to allow this. It would make the hospital more responsible in collecting receipts previously written off as "uncollectable". Mr. Glaser noted that this would reflect in their budget next year.

In answer to question of Mr. Swackhamer, Mr. Bruce said the reason for the Distributive School Fund Reversion on Schedule #2, Exhibit A, is that the reversion is not made til the end of the biennium. The increasing enrollment has shown excesses at the end of the year, but they are not really excesses.

Mr. Jacobsen asked if the cigarette tax in the counties and cities has increased. Mr. Bruce said yes. Mr. Jacobsen then asked if the cigarette tax would be broken down by county.

Mr. Glaser said that we have always tried to maintain a balance of 4 million dollars, so it is disturbing to find the balance down to under 1 million dollars. Mr. Bruce said he doesn't view these figures as being conservative. They could be a million dollars apart and not be far off percentage-wise. Again, as soon as the third quarter figures come in, we will be taking a second look at it and if it is warranted, especially by the gaming and sales taxes, we will raise the figures and projections.

Mr. Glaser asked if on the projection curves it shows that we have an economic recession in Nevada. Mr. Bruce said it is more of a leveling off (cooling period). The last 8 to 10 years the state has grown at such a pace that the 10% increase from the last year has become harder to obtain. The last year and a half or two years, the leveling off growth rate has been getting smaller as far as revenue is concerned. He would like to feel that we are heading out of it now, but there is no way of telling how long it will last. The effects of things such as the copper strike begin to snowball and affect other communities. However, I would like to feel the economy is on an uptrend now.

Assemblyman Frank Young questioned why the casino entertainment tax is so high. He said that in his observation, the casinos are upping prices, so there would not be such a high increase next year. Mr. Bruce commented that this is a benefit tax and as such is hard to explain why.

Mr. Roy Young questioned the bonded indebtedness. Mr. Bruce said that the Marlette Lake bonds are not technically considered in the 14 million

bonding capacity. Therefore, the figure could be reduced by the 1 million figure for Marlette Lake leaving about \$10,700,000 at June 30, 1968, as opposed to the capacity of 14 million dollars. The new building is not being bonded: figures given were supplemental appropriation \$152,400, 1967-68 - \$1,675,000 and appropriated for the second fiscal year \$1,747,600.

Mr. Jacobsen asked if the Fiscal Division ever makes a comparison between the population, revenue and expenditures to see if expenditures are more than revenue as we grow. Mr. Bruce said this could be done if we agree upon an estimated population figure - probably around 500,000. Mr. Glaser also expressed interest in this kind of analysis to see if the two curves are parallel or if the expenditures are growing faster than revenue per capita, and particularly in what areas - because of the federal government or schools or in what area.

Mr. Glaser called the attention of the committee to the tax schedule #2. He noted we are dependent upon gaming directly now for 34% of our revenue, the casino entertainment tax for another 7 or 8%, which means we are leaning on this to the extent of 42% and indirectly another 10 to 18%. Liquor is gambling related so this means about 70% of our revenue seems to be related to gambling. He pointed out the need for carrying a considerable cushion over on our June 30 balance because gambling is not a real stable industry. It fluctuates considerably. It could drop off 5 or 6 million dollars over night which could throw our budget into quite a crisis. So, the 4 million dollars we have been trying to carry over from year to year might have been ample when our figures were lower, but it appears we should raise this to about 7 million dollars in carry-over. This would be difficult to maintain when people look at the large amount sitting in the balance. A balance of less than 1 million dollars would be normal for other states, perhaps, but in our state with gambling such a fluctuating business, we need a larger carry-over.

Meeting was adjourned at 10 AM.