

APPENDIX

Report of the State of Nevada Economic Forum

*Forecast of Future State Revenues
November 30, 2006*

STATE OF NEVADA
ECONOMIC FORUM



FORECAST OF FUTURE
STATE REVENUES

November 30, 2006

THE STATE OF NEVADA ECONOMIC FORUM

Deborah Pierce, Chairwoman
William Martin, Vice Chairman
Cary Fisher
Leo Seevers
Michael Small



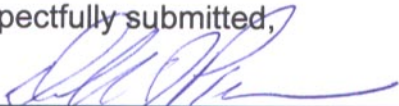
November 30, 2006


The Honorable Kenny Guinn
Governor of Nevada
Capitol Building
Carson City, Nevada 89701-4747

Dear Governor Guinn:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to Nevada Revised Statutes 353.228. This report, which must be presented by December 1, 2006, includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated General Fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections before May 1, 2007 to determine if any adjustment is necessary.

Respectfully submitted,


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State of Nevada Economic Forum


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Enclosure

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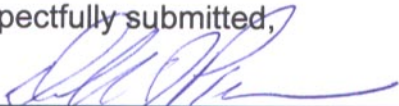
November 30, 2006


Members of the 74th Legislature
Legislative Building
Capitol Complex
Carson City, Nevada 89701-4747

Dear Nevada Legislator:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to Nevada Revised Statutes 353.228. This report, which must be presented by December 1, 2006, includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated General Fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections before May 1, 2007 to determine if any adjustment is necessary.

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**REPORT TO THE GOVERNOR
AND THE LEGISLATURE ON
FUTURE STATE REVENUES**

November 30, 2006

Senate Bill 23 (1993) provided for the creation of an Economic Forum to forecast future state General Fund revenues. The Forum, a panel of five economic and taxation experts from the private sector, is required to adopt an official forecast of unrestricted General Fund revenues for the biennial budget cycle. All agencies of the state, including the Governor and the Legislature, must use the Forum's forecast. A seven-member Technical Advisory Committee made up of Executive and Legislative Branch staff members as well as a representative of local government was also created in S.B. 23 to provide whatever assistance and resources the Forum required.

The Forum must present its forecast to the Governor and the Legislature by December 1, 2006, and any required revisions by May 1, 2007. This report includes forecasts of unrestricted General Fund revenues for Fiscal Years 2006-07, 2007-08 and 2008-09.

Methodology and Procedures

The Governor appointed the five members of the Economic Forum in 2006 for a two-year term. These appointments include two members nominated by the leadership of the Senate and Assembly. The Forum has since met in open meeting three times between September 28 and November 30, 2006.

The first meeting of the Forum was devoted to organizing, reviewing the assigned task, reviewing previous forecasts and outcomes and determining a course of action. At that time, the Forum directed the Technical Advisory Committee to prepare independent

forecasts for those revenues normally projected by individual state agencies, the Budget Division of the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau. The Forum also requested that the economic assumptions underlying the projections for major revenues be provided. In addition, the Forum solicited information from others known to develop such data and asked for commentary from economic experts not directly involved in the forecasting process.

In response to this request, the Budget Division and the Fiscal Analysis Division provided projections and economic analyses for seven major General Fund revenues at the second meeting of the Forum on November 1, 2006. The Department of Taxation and the Gaming Control Board also provided projections and economic analyses concerning the major revenues they have the responsibility to collect. The Forum also received forecasts of all minor General Fund revenues developed by the Technical Advisory Committee for its review and consideration.

In addition to the state agency information, the Economic Forum received forecasts of gaming percentage fees and sales taxes and state and national economic analysis from Global Insight, an economic and information consulting firm under contract with the state. Other public and private experts provided various economic and revenue analyses to the Forum. This process allowed the Forum to review results from a variety of econometric models and other analytical approaches to revenue estimation. The Economic Forum reviewed the forecast information and developed preliminary forecasts of General Fund revenues and requested that updated forecasts and information be provided at the meeting on November 30, 2006.

At its November 30, 2006, meeting, the Economic Forum received the updated economic and revenue information from the state agencies, the Technical Advisory Committee, Global Insight and others to produce the binding forecast of all unrestricted General Fund revenue. A copy of that forecast is attached. A final meeting of the Forum will be scheduled on or before May 1, 2007, to make any necessary revisions to the November 30, 2006, forecast.

Economic Review: 2003 – 2005

As the U.S. economy closes out its fifth year of expansion, a review of recent economic performance reveals sustained growth marked by softness in certain areas. Table 1 highlights the annual growth in select U.S. and Nevada economic indicators.

TABLE 1. ANNUAL GROWTH IN ECONOMIC INDICATORS

<u>U.S.</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Real GDP	2.5%	3.9%	3.2%
Employment (Total Nonfarm)	-0.3%	1.1%	1.5%
Wage Growth	2.6%	5.5%	5.1%
Consumer Price Inflation	2.3%	2.7%	3.4%
Energy	7.6%	4.7%	10.6%
Housing Starts	10.3%	7.5%	6.5%
<u>Nevada</u>			
Employment (Total Nonfarm)	3.5%	5.9%	6.2%
Wage Growth	7.7%	11.3%	10.4%
Las Vegas Visitors	1.3%	5.2%	3.1%

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Nevada Department of Employment, Training and Rehabilitation, Las Vegas Convention and Visitor Authority

Real Gross Domestic Product (GDP) grew 3.2 percent in 2005 on top of robust 3.9 percent growth in 2004, with sustained employment and wage growth playing major roles in the expansion. U.S. total nonfarm employment exhibited continued recovery from the slight contraction in 2003 to grow 1.1 percent in 2004 and 1.5 percent in 2005. Growth in nominal wages clearly accelerated in 2004 to 5.5 percent compared to 2.6 percent in 2003. That level of growth was mostly maintained in 2005 at 5.1 percent.

In 2005, the gains achieved from employment and wages were partially offset by a sharp rise in inflation. The Consumer Price Index, which measures the increase in consumer prices, grew 3.4 percent in 2005, driven mainly by rising energy costs. The Fuels and Utilities sub-index of the CPI, which measures electricity, gasoline and other fuel prices, spiked 10.6 percent in 2005 due to supply disruptions caused by the damage to Gulf Coast refineries in the wake of Hurricane Katrina. Additionally, by the

end of 2005, some signs of softening in the housing market became evident with a deceleration in the growth of housing starts.

Given its status as the fastest growing state in the nation, economic activity in Nevada far outpaced the national measures from 2003 to 2005. Nevada total nonfarm employment consistently grew four to five times faster than national employment. Similarly, Nevada wages were true to form growing at twice the rate of national wage growth. The rate of growth in the number of visitors to Las Vegas, as reported by the Las Vegas Convention and Visitor Authority, slowed in 2005 to 3.1 percent compared to 5.1 percent in 2004.

Mixed Economic Data in 2006

The story for 2006 thus far has been a distinct mix of economic data. Strong gains in consumption and business investment have been partially offset by a slowdown in the housing market. Overall, the U.S. economy continues to expand, with real GDP growing at a 3.5 percent average annual rate through the first three quarters of 2006. However, even this point is not without its nuances. In the first quarter of 2006, real GDP grew at a very robust rate of 5.6 percent. By the second and third quarter, the rate of growth had eased to more moderate rates of 2.6 percent and 2.2 percent, respectively. The deceleration in real GDP growth in the second and third quarters primarily reflected a large decrease in federal government spending, a larger than expected reduction in residential fixed investment due to the housing market correction, and reductions in consumer spending on services as a result of high energy prices.

Inflation

Inflation was a major concern in the beginning of the year given that the Consumer Price Index had increased 3.4 percent in 2005. Driven by high-energy prices, total consumer inflation averaged 3.9 percent from January through August of this year compared to the same period in 2005.

Growth in the Fuel and Utilities sub-index of the CPI averaged 13.3 percent from January through August over the same months a year ago. Average crude oil prices, as measured by the West Texas Intermediate Spot rate, peaked in the second quarter at \$70 a barrel amid concerns of supply disruptions relating to geopolitical tensions involving Iran. As that situation subsided, some relief from the upward pressure in energy prices was found in September when oil prices began to retreat from their highs. By October, the Fuel and Utilities sub-index had declined 1.4 percent compared to the previous year. This translated to a mere 1.3 percent advance in total inflation in October 2006 compared to the October 2005.

Employment

U.S. employment continued to expand in 2006. Nonfarm payroll grew an average of 1.9 percent over the first ten months of the year compared to the first ten months of 2005. In October 2006, the unemployment rate fell to 4.4 percent, which marks the lowest unemployment rate since May 2001. In the minutes of the October meeting of the Federal Open Market Committee, Federal Reserve Bank policy makers expressed concerns about tight labor markets. A shortage of professional and skilled workers could lead to a sustained increase in wage pressure. Wage and salary disbursements grew 8.0 percent in the first two quarters of 2006 compared to the previous year.

In the first two quarters of 2006, total nonfarm employment in Nevada increased 5.6 percent compared to the same period a year ago. This was accompanied by 8.2 percent growth in wage disbursements in the first two quarters of the year. Total nonfarm employment in Nevada grew 5.2 percent in the third quarter of 2006 compared to the third quarter of 2005. This underlying employment growth should translate into continued strong growth in wages and personal income in Nevada.

Housing Market

Calendar year 2006 gave witness to the start of the long predicted correction of the housing market. The resulting slowdown in residential construction is acting as a drag on real GDP growth. In their October meeting, Federal Reserve Bank policy makers noted that the inventory in unsold homes is historically high and price appreciation in existing homes continues to slow. The U.S. Census Bureau reported that housing starts declined 20.8 percent in the third quarter of 2006 compared to the previous year. Overall, housing starts are down 10.3 percent for the first three quarters of 2006 compared to the first three quarters of 2005.

However, some economic analysts offer a moderating view of the current market by noting that while real residential investment declined almost 10 percent over the past year, it is still not as large as declines posted in previous housing boom-bust cycles. Thus, the adverse effects on the entire economy of the current market correction may not be as severe in terms of magnitude when compared to past housing market contractions.

Nonresidential construction activity has actually expanded to absorb some of the resources displaced from the residential sector. There is evidence of this phenomenon occurring in Nevada, where construction employment grew 12.4 percent in the first two quarters of 2006 compared to the previous year despite the recent residential market downturn. However, the rate of growth in construction employment slowed to 9.7% in the third quarter of 2006, compared to the third quarter of 2005.

Consumer Spending

Aggregate economic data shows that the effects of the housing market slowdown have not spilled into consumer spending. Real consumer spending grew 3.1 percent in the first three quarters of 2006 compared to the previous year. On average, the consumer

still enjoys the lagged effects of increases in household wealth gained from the housing boom. Additionally, recent increases in the equity markets have bolstered household wealth along with wage growth. The recent decline in fuel prices and borrowing costs that remain relatively low offer more signs of future strength in consumer spending.

Economic Outlook: 2007 - 2009

National forecasts prepared by Global Insight predict that economic growth, as measured by the growth in real GDP, will be constrained by the continued slowdown in the housing market through 2007. However, conditions are expected to improve by 2008, when the housing market is forecast to turn and real GDP growth is expected to return to the 3 percent level. Strong real GDP growth is expected to continue in 2009, driven by low unemployment and inflation. Table 2 shows some highlights from Global Insight’s November 2006 U.S. forecast

TABLE 2. GLOBAL INSIGHT U.S. FORECASTS

	2007	2008	2009
Real Gross Domestic Product (% Change)	2.4%	3.1%	3.3%
Consumer Price Index (% Change)	2.1%	1.9%	1.8%
Housing Starts (%)	-13.8%	4.7%	2.2%
Unemployment Rate	4.8%	4.9%	4.7%
3-month Treasury Bill Rate	4.7%	4.4%	4.6%
10-year Treasury Note Yield	4.6%	4.9%	5.3%

There is a degree of uncertainty associated with any forecast. Global Insight assigns a 60 percent probability to the base scenario portrayed in Table 2. Global Insight believes that there is a 20 percent probability that economic conditions in the next three years could be more favorable than those described in the baseline forecast. In its optimistic forecast, the housing market would still experience further decline in 2007, though the magnitude of the decline would be less severe. Additionally, the recovery would be more robust in 2008 and 2009. Table 3 shows some highlights from Global Insight’s optimistic scenario.

TABLE 3. GLOBAL INSIGHT OPTIMISTIC FORECASTS

	2007	2008	2009
Real Gross Domestic Product (% Change)	2.9%	3.9%	4.0%
Consumer Price Index (% Change)	1.3%	1.4%	1.4%
Housing Starts (%)	-9.4%	9.1%	2.8%
Unemployment Rate	4.7%	4.5%	4.1%
3-month Treasury Bill Rate	4.5%	4.2%	4.4%
10-year Treasury Note Yield	4.4%	4.5%	5.0%

Conversely, Global Insight also believes that there is a 20 percent probability that economic conditions in the next three years could be worse than those described in the baseline forecast. In its pessimistic forecast, real GDP growth would fall below 2 percent in 2007 and 2008. Inflation would remain high at the 3 percent level and the housing market downturn would be prolonged and more severe. Table 4 shows some highlights from Global Insight's pessimistic scenario.

TABLE 4. GLOBAL INSIGHT PESSIMISTIC FORECASTS

	2007	2008	2009
Real Gross Domestic Product (% Change)	1.1%	1.7%	3.2%
Consumer Price Index (% Change)	3.1%	2.8%	3.0%
Housing Starts (%)	-23.4%	-2.9%	12.1%
Unemployment Rate	5.2%	5.9%	5.5%
3-month Treasury Bill Rate	6.5%	6.7%	6.0%
10-year Treasury Note Yield	6.0%	6.4%	6.4%

The economic outlook for Nevada will inevitably be affected by the state of the national economy and global economic conditions. However, certain parts of Nevada's economy tend to outperform the national measures and there is no unambiguous reason to believe that this would not continue into the next three years. Table 5 shows some highlights from Global Insight's October 2006 Nevada Forecast.

TABLE 5. GLOBAL INSIGHT NEVADA FORECASTS

	2007	2008	2009
Personal Income	7.0%	6.5%	7.3%
Employment (Total Nonfarm)	3.2%	2.9%	3.4%
Wage Growth	6.4%	6.3%	7.2%

The Nevada Department of Employment, Training and Rehabilitation offers a more optimistic outlook of Nevada employment with forecasts for growth in total statewide employment of 5.0 percent in 2007, 4.9 percent in 2008 and 4.5 percent in 2009.

In addition to solid fundamentals, Nevada’s economy stands to benefit from some major construction projects that are scheduled to be developed in the next three years. MGM Mirage’s Project CityCenter, which is currently under construction, is a 72 acre mixed use development on the Las Vegas Strip. The Palazzo and the Cosmopolitan Resort and Casino are expected to enter the Las Vegas Strip market in the next couple of years as well.

The activity generated from projects such as these should be further augmented by the recovery of the residential housing market. The timing of a recovery is always a tricky proposition, but given the available economic data, forecasters generally expect the residential housing market to begin to rebound by the middle of 2008.

With respect to global economic conditions, Global Insight forecasts further weakening in the U.S. dollar from 2007 through 2009. The Nevada gaming industry could benefit from a weak dollar exchange rate environment as it would make the state’s gambling destinations more affordable for international visitors. This could prove to be an important advantage for Nevada in attracting international visitors, especially those from the high-end segment of the market.

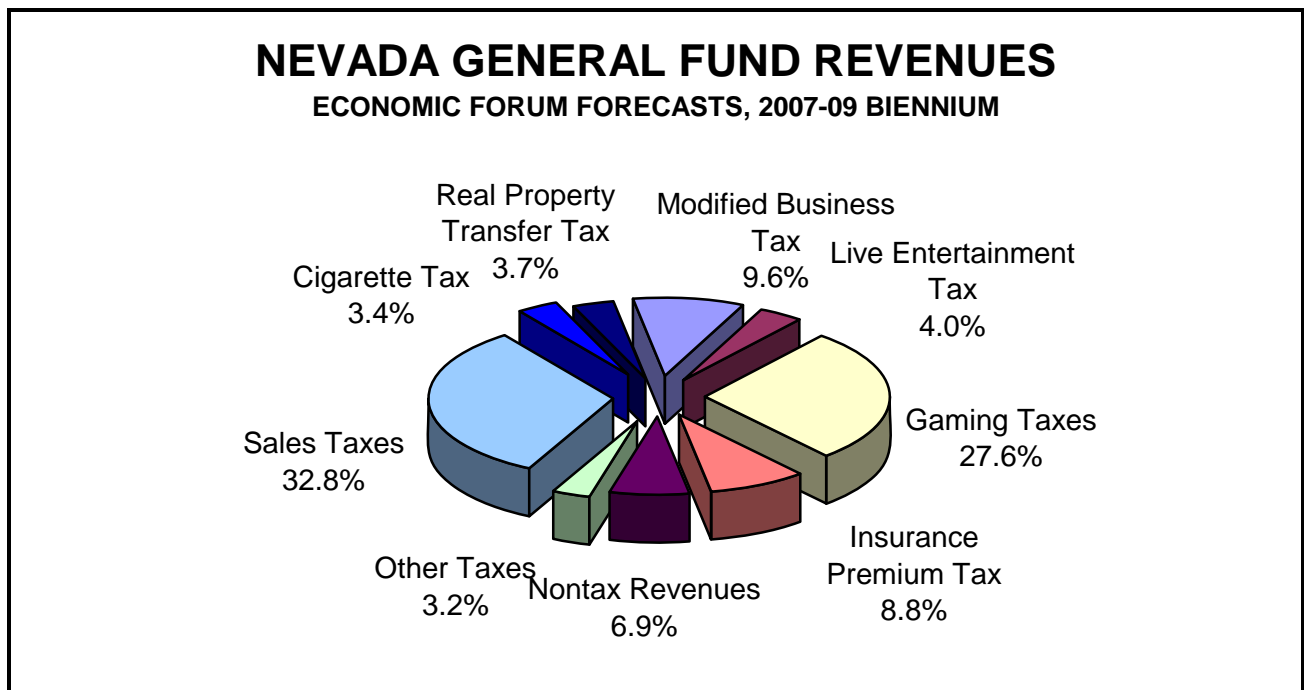
In general, strong fundamentals coupled with continued construction activity and favorable global market conditions present an encouraging outlook for continued, if not more moderate growth, in Nevada’s economy for the next three years.

General Fund Revenue Forecast

Following is a summary of the General Fund revenue forecast by the Nevada Economic Forum. This forecast should be considered neither optimistic nor pessimistic, but has been developed based on the economic conditions and available economic data at the time the forecast was made. Due consideration, however, was given to the increasing uncertainty of economic circumstances two and a half years into the future. All forecasts have been made on the basis of existing law; thus, no assumptions are included for any proposed law changes.

Total General Fund Revenues

Total Nevada General Fund revenues are forecast at \$3.3 billion for FY 2007-08 and \$3.6 billion for FY 2008-09. The 2007-2009 biennial total of \$6.9 billion is 11.2 percent higher than the revised revenue estimate of \$6.2 billion for the 2005-2007 biennium.



As you will note in the above chart, gaming taxes are forecast to provide 27.6 percent of all General Fund revenues during the 2007-2009 biennium, an increase from the 27.4 percent now estimated for the current biennium. Sales tax collections are forecast

to provide 32.8 percent of all General Fund revenues during the 2007-2009 biennium, unchanged from the 32.8 percent now estimated for the current biennium. More detailed information on specific revenues in addition to gaming and sales taxes is available in the accompanying table.

Sales Taxes

Sales taxes have been forecast consistent with increased consumption due to increased employment and population gains and tourism activity. Sales tax collections are forecast to reach \$1.0 billion in FY 2006-07, a 3.7 percent increase from FY 2005-06 levels. Sales taxes are expected to grow by 5.1 percent in FY 2007-08 and by another 7.0 percent in FY 2008-09. These increases result in total sales tax receipts of \$2.3 billion during the 2007-2009 biennium.

The forecasts for state 2 percent sales tax collections have been adjusted to reflect the impact of the passage of Question 8 at the November 7, 2006, General Election. Question 8 provides an exemption for the value of a used vehicle taken in trade towards the purchase of another vehicle and the value of farm machinery and equipment. The exemptions become effective on January 1, 2007.

The exemptions are estimated to reduce state 2 percent sales tax revenue by 1.97 percent in FY 2007-08 and FY 2008-09 and by only half this amount in FY 2006-07, given the January 1, 2007, effective date. The vehicle trade-in allowance and the farm machine exemption are estimated to reduce collections by 1.9 percent and 0.07 percent, respectively.

In total, the exemptions are estimated to reduce collections by \$10.2 million in FY 2006-07, \$21.6 million in FY 2007-08, and \$23.1 million in FY 2008-09.

Gaming Percentage Fee Taxes

The forecasts for percentage fees rely, in part, on the expertise of the Gaming Control Board in identifying market developments throughout the forecast period. Total gaming percentage fee tax revenues are forecast to reach \$830.0 million in FY 2006-07, an increase of 5.0 percent from actual FY 2005-06 collections. From this base, gaming taxes are estimated to grow by 6.4 percent in FY 2007-08 and 7.2 percent in FY 2008-09 to yield revenues of \$1.8 billion for the General Fund during the 2007-2009 biennium.

GENERAL FUND REVENUES - ECONOMIC FORUM NOVEMBER 30, 2006 FORECAST
ACTUAL: FY 2003 THROUGH FY 2006 AND FORECAST: FY 2007 THROUGH FY 2009
ECONOMIC FORUM'S FORECAST FOR FY 2007, FY 2008, AND FY 2009 APPROVED AT THE NOVEMBER 30, 2006 MEETING

DESCRIPTION	FY 2003		FY 2004		FY 2005		FY 2006		NOVEMBER 30, 2006 ECONOMIC FORUM FORECAST				
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2007	% Change	FY 2008	% Change	FY 2009

NOTES:

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

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 license fee imposed on restricted and nonrestricted slot machines and sunsets effective June 30, 2007. A total of \$822,000 in FY 2006 and \$1,678,000 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 2007

[1-FY07] The state 2% sales tax collections forecasts for FY 2007, FY 2008, and FY 2009 are adjusted to reflect the impact of the approval of Question 8 at the November 7, 2006, General Election. Question 8 provides an exemption for the value of a used vehicle taken in trade on the purchase of another vehicle and the value of farm machinery and equipment, effective January 1, 2007. Based on the January 1, 2007 effective date, the FY 2007 forecast was adjusted down by .985%. The forecasts for FY 2008 and FY 2009 were adjusted down by 1.97%.

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.