

SECTION II

GENERAL FUND PROJECTED FUND BALANCE

Senate Bill 23 (1993) established an Economic Forum to forecast state General Fund revenues for use by all state agencies, the Governor and the Legislature (NRS 353.226 - NRS 353-229). The Economic Forum must forecast revenues by December 1 of even-numbered years and revise the forecast by May 1 during the Legislative Session, if necessary. If either the Governor or the Legislature wants to appropriate more than what is available pursuant to the official forecast, a revenue enhancement proposal must be made.

The Governor is recommending the following “new/enhanced” General Fund revenues for the 2009-11 biennium:

	FY 2010	FY 2011	Total 2009-11 Biennium
Imposition of Additional 3% Lodging Tax in Clark and Washoe Counties	\$ 142,000,000	\$ 150,000,000	\$ 292,000,000
"Redirect" 4 Cents of Ad Valorem Revenue in Counties with Population Greater than 400,000 (Clark & Washoe)	\$ 39,396,104	\$ 39,704,044	\$ 79,100,148
Redirect 3/8's of 1% Lodging Tax from Commission on Tourism to the State General Fund (a.)	\$ 17,700,000	\$ 18,700,000	\$ 36,400,000
Adjust Gross Gaming Revenue Fee to Include Markers Issued	\$ 31,000,000	\$ -	\$ 31,000,000
Increase Sales and Use Tax Collection Allowance Levied by the State from 0.75% to 1.75%	\$ 14,332,000	\$ 14,778,667	\$ 29,110,667
Deposit in the General Fund a Portion of the Court Assessments Collected Pursuant to NRS 176.059 (b.)	\$ 5,392,856	\$ 6,861,227	\$ 12,254,083
Redirect Secretary of State's Fees Charged Pursuant to NRS 225.140, Sec. 2 (d) to the State General Fund (c.)	\$ 2,272,569	\$ 1,818,056	\$ 4,090,625
Total New/Enhanced General Fund Revenues	\$ 252,093,529	\$ 231,861,994	\$ 483,955,523

(a.) General Fund Appropriation of \$8,115,496 (FY 2010) and \$8,590,742 (FY 2011) is recommended by the Governor to support the Commission on Tourism. Historically, the Commission has been supported by 3/8's of 1% Lodging Tax.

(b.) Historically, these fees have been utilized to support certain budgets within the Courts (51%), Victims of Crime, Criminal History Repository, and Peace Officers Standards and Training.

(c.) Historically, these fees have been utilized to support a portion of the Secretary of State's budget. The Governor is recommending the Secretary of State's budget be supported entirely by a General Fund Appropriation.

The Governor is also recommending (as approved for fiscal year 2009 by the 25th Special Session) the redirection of property tax receipts from the Indigent Supplemental Fund through the Intergovernmental Transfer account to the Medicaid account to offset General Fund appropriations to Medicaid by \$27.8 million in fiscal year 2010 and \$28.1 million in fiscal year 2011, a total of \$55.9 million over the 2009-11 biennium.

The 25th Special Session authorized a “Line of Credit” of \$160 million with the Local Government Pooled Investment Fund in fiscal year 2009. The Governor is projecting \$143.6 million will be drawn in fiscal year 2009. The repayment of this “draw” is recommended in the amount of \$38.1 million in fiscal year 2010 and \$38 million in fiscal

year 2011. The source of the repayment is \$15 million per year from the Bond Interest and Redemption Account and General Fund appropriations of \$23.1 million in fiscal year 2010 and \$23 million in fiscal year 2011.

Once the official forecast of state revenues has been completed, an estimate of the unappropriated General Fund balance (surplus) can be made. The schedule on page 14 displays the General Fund balance as estimated by the Budget Division for fiscal years 2008-09 through 2010-11. This balance is estimated to be achieved based on the General Fund revenue projections as provided by the Economic Forum on December 1, 2008 (decrease of \$753.4 million for FY 2008-09 from the May 1, 2007, projections and the amount approved by the 2007 Legislature) and adjusted by actions taken during the 25th Special Session. The Governor is also recommending reversions and fund transfers of \$893.1 million in fiscal year 2008-09 (refer to the following schedule for details).

The projected General Fund balance, before any legislative action, on June 30, 2009, is projected to be \$585.7 million. Pursuant to NRS 353.213, the recommended budget must provide for a reserve of not less than 5 percent or more than 10 percent of the total proposed ongoing appropriations from the state General Fund. Based on this statute, the ending fund balance for FY 2006-07 requires a minimum reserve of \$170 million (5 percent); this results in \$415.7 million available for appropriation in FY 2008-09 by the 2009 Legislature. Under the proposed budget, the balance would decrease from \$315.7 million on June 30, 2008, to \$189.2 million on June 30, 2011 (minimum 5 percent reserve would be \$157.2 million).

STABILIZATION FUND (NRS 353.288)

In 1991, the Legislature created the Fund to Stabilize the Operation of State Government (Rainy Day Fund) to help stabilize the budget. The idea was to create a state trust fund which could be funded during good times and accessed in a fiscal emergency. When the state General Fund surplus reaches a certain threshold at the end of a fiscal year, a portion of the excess is to be held in trust to help the state through financial emergencies. The conditions under which monies held in trust can be expended are tightly defined in law (NRS 353.288) and require concurrence of both the Legislature and the Governor.

The 2003 Legislature approved A.B. 259, which provided for the transfer of \$135 million from the Rainy Day Fund to the state General Fund. Following this transfer, approximately \$1.3 million remained in the Rainy Day Fund. The 24th Special Session approved S.B. 1, which provided for the transfer of \$267 million from the Rainy Day Fund to the state General Fund

The following summarizes the activities in the Fund to Stabilize the Operation of State Government subsequent to the 2003 Legislature:

The Fund to Stabilize the Operation of State Government	
Balance – Close of the 2003 Legislative Session	\$1,340,970
Transfer per NRS 353.288 – Close of FY 2004	\$70,609,836
Contingent Appropriation – S.B. 1, 20 th Special Session	\$50,000,000
Transfer per NRS 353.288 – Close of FY 2005	\$25,214,470
Appropriation Approved by 2005 Legislature – FY 2006	\$37,000,000
Transfer per NRS 353.288 – Close of FY 2006	\$49,467,240
Appropriation Approved by 2005 Legislature – FY 2007	\$34,000,000
Estimated Balance – Close of FY 2007	\$267,632,516
A.B. 1, 24 th Special Session	-\$267,000,000
Balance Start of 2009 Legislative Session	\$632,516

**Statement of Projected Unappropriated
General Fund Balance – Fiscal Years 2009-11 – Governor Recommends**

Unappropriated Balance July 1, 2007 (a.)	\$ 315,698,733
Unrestricted General Fund Revenue	
Projected Revenues FY 2006-07 - Economic Forum December 1, 2008	\$ 2,777,278,456
Restricted General Fund Revenue	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,632,000
General Fund Reversions / Fund Transfers	
Unrestricted General Fund Reversions	\$ 45,000,000
Ongoing, One-Shot, Capital Improvement & IFC Budget Reserves	\$ 337,943,569
Eliminate Retiree Pre-Funding of Health Insurance	\$ 27,793,246
Transfer from the Healthy Nevada Fund	\$ 17,200,000
Transfer from the Public Health Trust Fund	\$ 41,227,466
Transfer from the Fund to Stabilize the Operation of State Government	\$ 72,000,000
Transfers / Reversions from Various Accounts	\$ 20,000,000
25th Special Session Solutions	\$ 325,397,138
General Fund Savings from Excess Retired Group Insurance Reserves	\$ 6,030,535
Accelerated Repayments from Buildings & Grounds	\$ 481,500
Total Funds Available	\$ 3,995,282,643
Less Appropriations:	
FY 2008-09 Operating Appropriations	\$ (3,487,132,623)
Appropriations Transferred Between Fiscal Years	\$ 87,498,140
One-Time Appropriations - 2007 Legislature	\$ (8,092,035)
Total FY 2008-09 Appropriations Before Legislative Action	\$ (3,407,726,518)
Restricted General Fund Transfers	
Problem Gambling	\$ (1,632,000)
Millennium Scholarship Trust Fund	\$ -
Disaster Relief Account	\$ (253,008)
Total Estimated General Fund Balance July 1, 2009 (a.)	\$ 585,671,117
5% Minimum Ending Fund Balance	\$ 169,981,724
Balance Over / (Under) 5% Minimum Ending Fund Balance	\$ 415,689,393

(a.) Subject to reconciliation with the Controller's Annual Report. Does not include \$632,516 in the Stabilization Fund (Rainy Day Fund).

Estimated General Fund Balance Before Legislative Action

Unrestricted General Fund Revenue	
Projected Revenues FY 2009-10 - Economic Forum December 1, 2008	\$ 2,782,404,527
Restricted General Fund Revenue	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,664,899
General Fund Reversions	\$ 53,500,000
Restricted General Fund Transfers	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Quarterly Slot Tax - Problem Gambling	\$ (1,664,899)
Disaster Relief Account	\$ -
Total Estimated Revenues & Reversions FY 2009-10	\$ 2,835,904,527
Unrestricted General Fund Revenue	
Projected Revenues FY 2010-11 - Economic Forum December 1, 2008	\$ 2,874,157,271
Restricted General Fund Revenue	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,676,245
General Fund Reversions	\$ 58,000,000
Restricted General Fund Transfers	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Quarterly Slot Tax - Problem Gambling	\$ (1,676,245)
Disaster Relief Account	\$ -
Total Estimated Revenues & Reversions FY 2010-11	\$ 2,932,157,271
Estimated Unappropriated Balance July 1, 2011 Before Legislative Action ^(b.)	\$ 6,353,732,915

(b.) Does not include \$632,516 in the Stabilization Fund (Rainy Day Fund).

**Statement of Projected Unappropriated
General Fund Balance – Fiscal Years 2009-11 – Governor Recommends**

Recommended General Fund Revenues / Appropriations Before the 75th Nevada Legislature		
New / Redirected General Fund Revenues - FY 2009-10		
Additional 3% Lodging Tax - Clark and Washoe Counties	\$	142,000,000
Adjust Gross Gaming Revenue Fee to Include Markers	\$	31,000,000
Increase Sales and Use Tax Collection Allowance from 0.75% to 1.75%	\$	14,332,000
Redirect 4 Cents of Ad Valorem Tax in Counties with Population Greater Than 400,000	\$	39,396,104
Redirect State's 3/8 of 1% Lodging Tax to General Fund	\$	17,700,000
Deposit in General Fund a Portion of the Current Court Admin Assessment	\$	5,392,856
Redirect Secretary of State Expedite Fees to General Fund	\$	2,272,569
Reduced Repayment from Buildings & Grounds	\$	(42,225)
Total New / Redirected General Fund Revenues - FY 2009-10	\$	252,051,304
New / Redirected General Fund Revenues - FY 2010-11		
Additional 3% Lodging Tax - Clark and Washoe Counties	\$	150,000,000
Adjust Gross Gaming Revenue Fee to Include Markers	\$	-
Increase Sales and Use Tax Collection Allowance from 0.75% to 1.75%	\$	14,778,667
Redirect 4 Cents of Ad Valorem Tax in Counties with Population Greater Than 400,000	\$	39,704,044
Redirect State's 3/8 of 1% Lodging Tax to General Fund	\$	18,700,000
Deposit in General Fund a Portion of the Current Court Admin Assessment	\$	6,861,227
Redirect Secretary of State Expedite Fees to General Fund	\$	1,818,056
Reduced Repayment from Buildings & Grounds	\$	(42,225)
Total New / Redirected General Fund Revenues - FY 2009-10	\$	231,819,769
Total New / Redirected General Fund Revenues Before 75th Nevada Legislature	\$	483,871,073
2008-09 Supplemental Appropriations	\$	(381,608,945)
Estimated Cost of the 75th Nevada Legislature	\$	(15,000,000)
2008-09 Recommended Appropriations	\$	(396,608,945)
2009-10 Restoration of Fund Balances	\$	(16,150,000)
2009-10 Operating Appropriations	\$	(3,028,916,284)
2009-10 Utility Appropriation to IFC for State Agencies & NSHE	\$	(2,206,295)
2009-10 General Fund Payback on Line of Credit	\$	(23,066,271)
2009-10 Recommended Appropriations	\$	(3,070,338,850)
2010-11 Restoration of Fund Balances	\$	-
2010-11 Operating Appropriations	\$	(3,140,345,992)
2010-11 Utility Appropriation to IFC for State Agencies & NSHE	\$	(3,126,269)
2010-11 General Fund Payback on Line of Credit	\$	(22,998,937)
Estimated Cost of the 76th Nevada Legislature	\$	(15,000,000)
2010-11 Recommended Appropriations	\$	(3,181,471,198)
2009-11 Recommended Appropriations	\$	(6,648,418,993)
Estimated Unappropriated Balance July 1, 2011 Before Legislative Action	\$	6,353,732,915
Total New / Redirected General Fund Revenues Before 75th Nevada Legislature	\$	483,871,073
Recommended Appropriations Before the 75th Nevada Legislature	\$	(6,648,418,993)
Estimated Unappropriated General Fund Balance June 30, 2011	\$	189,184,995
Minimum 5% Ending Fund Balance	\$	157,173,613
Amount Over / (Under) Minimum 5% Ending Fund Balance	\$	32,011,382

