

## 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 2013-15 biennium:

	FY 2014	FY 2015	Total 2013-15 Biennium
Continue the 1.17% Modified Business Tax rate and increase wage threshold to \$85,500	\$ 114,525,000	\$ 120,151,000	\$ 234,676,000
Continue the Business License Fee increase from \$100 to \$200	\$ 30,975,000	\$ 31,285,000	\$ 62,260,000
Continue Advance Payment on the Net Proceeds of Minerals Tax	\$ 86,119,000	\$ (3,366,000)	\$ 82,753,000
Continue the elimination of the deduction for health and industrial insurance expenses for the purpose of calculating the Net Proceeds of Mineral tax liability.	\$ 8,846,000	\$ 9,717,000	\$ 18,563,000
Deposit the Government Services Tax proceeds from the 10% depreciation factor change to the General Fund	\$ 63,020,535	\$ 63,335,638	\$ 126,356,173
Continue Sales and Use tax Commission from Extending the the .35% increase in the Local School Support Tax	\$ 1,226,600	\$ 1,277,100	\$ 2,503,700
Deposit in the General Fund a Portion of the Court Assessments Collected Pursuant to NRS 176.059 (a.)	\$ 3,273,886	\$ 3,413,609	\$ 6,687,495
Re-direct Government Services Tax Commissions and Penalties from the Department of Motor Vehicles (FY 2015)	\$ -	\$ 24,755,390	\$ 24,755,390
<b>Total New/Enhanced General Fund Revenues</b>	<b>\$ 307,986,021</b>	<b>\$ 250,568,737</b>	<b>\$ 558,554,758</b>

(a.) 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.

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 22 displays the General Fund balance as estimated by the Budget Division for Fiscal Years 2013 through 2015. This balance is estimated to be achieved based on the General Fund revenue projections as provided by the Economic Forum on November 30, 2012 (increase of \$88.6 million for FY 2013 from the May 2, 2011, projections, and the amount approved by the 2011 Legislature). The Governor is also recommending reversions and fund transfers of \$118.1 million in Fiscal Year 2013 (refer to the schedule for details).

The projected General Fund balance, before any legislative action, on June 30, 2013, is projected to be \$305.1 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 2013 requires a minimum reserve of \$156.9 million (5 percent of approved operating appropriations of \$3.14 billion); this results in \$148.2 million available for appropriation in FY 2013 by the 2013 Legislature. Under the proposed budget, the balance would decrease from \$335.6 million on June 30, 2012, to \$170.8 million on June 30, 2015 (minimum 5 percent reserve would be \$166.7 million).

### **STABILIZATION FUND (NRS 353.288)**

In 1991, the Legislature created the Account to Stabilize the Operation of State Government (Rainy Day Account) to help stabilize the budget. The idea was to create a state trust account 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 to help the state through financial emergencies. The conditions under which monies can be expended are defined in law (NRS 353.288) and provide that the Chief of the Budget Division of the Department of Administration may submit a request to the State Board of Examiners to transfer funds from the Rainy Day Account to the State General Fund to offset a budget shortfall or fiscal emergency under certain circumstances. Any transfer from the Rainy Day Account to the State General Fund must be approved by either the Legislature, if in session, or the Interim Finance Committee, if the Legislature is not in session. The Interim Finance Committee is not bound by the recommendations of the State Board of Examiners.

The 2003 Legislature approved Assembly Bill 259, which provided for the transfer of \$135 million from the Rainy Day Account to the State General Fund. Following this transfer, approximately \$1.3 million remained in the Rainy Day Account. The 24<sup>th</sup> Special Session (2008) approved Senate Bill 1, which provided for the transfer of \$267 million from the Rainy Day Account to the State General Fund. The 26<sup>th</sup> Special Session (2010) of the Legislature approved Assembly Bill 3, which provided for the transfer of \$632,516 from the Rainy Day Account to the State General Fund

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

<b>The Fund to Stabilize the Operation of State Government</b>	
<b>Balance – Close of the 2003 Legislative Session</b>	<b>\$1,340,970</b>
Transfer per NRS 353.288 – Close of FY 2004	\$70,609,836
Contingent Appropriation – Senate Bill 1, 20 <sup>th</sup> 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
<b>Estimated Balance – Close of FY 2007</b>	<b>\$267,632,516</b>
Senate Bill 1, 24 <sup>th</sup> Special Session	-\$267,000,000
<b>Balance Start of 2009 Legislative Session</b>	<b>\$632,516</b>
Assembly Bill 3, 26 <sup>th</sup> Special Session	-\$632,516
Transfer per NRS 353.288 – Close of FY 2010	\$41,321,014
<b>Balance Start of 2011 Legislative Session</b>	<b>\$41,321,014</b>
Assembly Bill 561, 76 <sup>th</sup> Session	-\$41,321,014
Transfer per NRS 353.288 – Close of FY 2011	\$39,237,222
Transfer per NRS 353.288 – Close of FY 2012	\$45,500,054
<b>Balance Start of 2013 Legislative Session</b>	<b>\$84,737,276</b>

## Statement of Projected Unappropriated General Fund Balance – Fiscal Years 2013-15 – Governor Recommends

<b>Unappropriated Balance July 1, 2012 (a.)</b>	<b>\$ 335,569,312</b>
<b>Unrestricted General Fund Revenue</b>	
Projected Revenues FY 2013 - Economic Forum November 30, 2012	\$ 3,078,974,612
Mining Claim Fee Refunds	\$ (2,440,242)
<b>Restricted General Fund Revenue</b>	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 770,104
<b>General Fund Reversions / Fund Transfers</b>	
Unrestricted General Fund Reversions	<u>\$ 118,100,000</u>
<b>Total Funds Available</b>	<b>\$ 3,538,573,786</b>
<b>Less Appropriations:</b>	
FY 2013 Operating Appropriations	\$ (3,099,883,028)
Appropriations Transferred Between Fiscal Years	\$ (37,307,471)
One-Time Appropriations 2011 Legislature	<u>\$ (40,455,983)</u>
<b>Total FY 2013 Appropriations Before Legislative Action</b>	<b>\$ (3,177,646,482)</b>
<b>Restricted General Fund Transfers</b>	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Problem Gambling	\$ (770,104)
Transfer to Disaster Relief Account	\$ (2,000,000)
Account to Stabilize the Operation of State Government	<u>\$ (45,500,054)</u>
<b>Total Estimated General Fund Balance July 1, 2013</b>	<b>\$ 305,057,146</b>
<b>5% Minimum Ending Fund Balance</b>	<b>\$ 156,859,525</b>
<b>Balance Over / (Under) 5% Minimum Ending Fund Balance</b>	<b>\$ 148,197,621</b>
(a.) Subject to reconciliation with the Controller's Annual Report.	

<b><u>Estimated General Fund Balance Before Legislative Action</u></b>	
<b>Unrestricted General Fund Revenue</b>	
Projected Revenues FY 2014 - Economic Forum November 30, 2012	\$ 2,811,515,017
Transfer from the Fund to Stabilize the Operation of State Government	\$ 84,737,276
<b>Restricted General Fund Revenue</b>	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,460,200
<b>General Fund Reversions</b>	
	\$ 40,000,000
<b>Restricted General Fund Transfers</b>	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Quarterly Slot Tax - Problem Gambling	\$ (1,460,200)
Transfer to Disaster Relief Account	\$ (2,000,000)
Fund to Stabilize the Operation of State Government	<u>\$ (31,195,010)</u>
<b>Total Estimated Revenues &amp; Reversions FY 2014</b>	<b>\$ 2,903,057,283</b>
<b>Unrestricted General Fund Revenue</b>	
Projected Revenues FY 2015 - Economic Forum November 30, 2012	\$ 3,006,110,617
Transfer from the Fund to Stabilize the Operation of State Government	\$ 48,761,804
<b>Restricted General Fund Revenue</b>	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,460,200
<b>General Fund Reversions</b>	
	\$ 40,000,000
<b>Restricted General Fund Transfers</b>	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Quarterly Slot Tax - Problem Gambling	\$ (1,460,200)
Transfer to Disaster Relief Account	\$ (2,000,000)
Fund to Stabilize the Operation of State Government	<u>\$ (32,566,794)</u>
<b>Total Estimated Revenues &amp; Reversions FY 2015</b>	<b>\$ 3,060,305,627</b>
<b>Estimated Unappropriated Balance July 1, 2015, Before Legislative Action</b>	<b>\$ 6,268,420,056</b>

## Statement of Projected Unappropriated General Fund Balance – Fiscal Years 2013-15 – Governor Recommends

<b>Recommended General Fund Revenues / Appropriations Before the 77th Nevada Legislature</b>		
<b>New / Redirected General Fund Revenues - FY 2014</b>		
Continue 1.17% Modified Business Tax rate and inc. taxable wage threshold to \$85,000	\$	114,525,000
Continue the Business License Fee increase from \$100 to \$200	\$	30,975,000
Continue advance payment on the Net Proceeds of Minerals Tax	\$	86,119,000
Extend the prohibition on Net Proceeds of Minerals Tax deductions	\$	8,846,000
Redirect Government Services Tax to the General Fund	\$	63,020,535
Commission on the .35% Local School Support Tax increase	\$	1,226,600
Deposit in General Fund the uncommitted balance of Court Admin Assessments	\$	<u>3,273,886</u>
<b>Total New / Redirected General Fund Revenues - FY 2014</b>	<b>\$</b>	<b>307,986,021</b>
<b>New / Redirected General Fund Revenues - FY 2015</b>		
Continue 1.17% Modified Business Tax rate and inc. taxable wage threshold to \$85,000	\$	120,151,000
Continue the Business License Fee increase from \$100 to \$200	\$	31,285,000
Continue advance payment on the Net Proceeds of Minerals Tax	\$	(3,366,000)
Extend the prohibition on Net Proceeds of Minerals Tax deductions	\$	9,717,000
Redirect Government Services Tax to the General Fund	\$	63,335,638
Commission on the .35% Local School Support Tax increase	\$	1,277,100
Deposit in General Fund the uncommitted balance of Court Admin Assessments	\$	3,413,609
Redirect Government Services Tax and Penalties to the General Fund	\$	<u>24,755,390</u>
<b>Total New / Redirected General Fund Revenues - FY 2015</b>	<b>\$</b>	<b>250,568,737</b>
<b>Total New / Redirected General Fund Revenues Before 77<sup>th</sup> Nevada Legislature</b>	<b>\$</b>	<b>558,554,758</b>
2013 Supplemental Appropriations	\$	(27,533,091)
2013 Restoration of Fund Balances	\$	(11,100,000)
2013 One-Time Appropriations	\$	(31,344,386)
Estimated Cost of the 77 <sup>th</sup> Nevada Legislature	\$	<u>(20,000,000)</u>
<b>2013 Recommended Appropriations</b>	<b>\$</b>	<b>(89,977,477)</b>
2014 Operating Appropriations	\$	<u>(3,211,249,331)</u>
<b>2014 Recommended Appropriations</b>	<b>\$</b>	<b>(3,211,249,331)</b>
2015 Operating Appropriations	\$	(3,334,952,194)
Estimated Cost of the 78 <sup>th</sup> Nevada Legislature	\$	<u>(20,000,000)</u>
<b>2015 Recommended Appropriations</b>	<b>\$</b>	<b>(3,354,952,194)</b>
<b>2013-15 Recommended Appropriations</b>	<b>\$</b>	<b>(6,656,179,002)</b>
<b>Estimated Unappropriated Balance July 1, 2013, Before Legislative Action</b>	<b>\$</b>	<b>6,268,420,056</b>
<b>Total New / Redirected General Fund Revenues Before 77<sup>th</sup> Nevada Legislature</b>	<b>\$</b>	<b>558,554,758</b>
<b>Recommended Appropriations Before the 77<sup>th</sup> Nevada Legislature</b>	<b>\$</b>	<b>(6,656,179,002)</b>
<b>Estimated Unappropriated General Fund Balance June 30, 2015</b>	<b>\$</b>	<b>170,795,812</b>
<b>Minimum 5% Ending Fund Balance</b>	<b>\$</b>	<b>166,747,610</b>
<b>Amount Over / (Under) Minimum 5% Ending Fund Balance</b>	<b>\$</b>	<b>4,048,202</b>

