

Report: Nevada faces long-term deficit issues

By Jason Hidalgo, Reno Gazette-Journal

Nevada is on track to developing a serious long-term deficit with its budget unless key changes are made to add balance to the state's revenue and tax structure, a new report found.

The report, released this month by Brookings Mountain West and the Morrison Institute for Public Policy in Arizona State University, analyzed the public budget crises in four states: Nevada, California, Arizona and Colorado.

The report recommended diversification of the tax systems across the entire four-state area, adding that "the region's massive budget gaps cannot responsibly be closed with only spending reductions."

Nevada was singled out for having "one of the least diversified tax systems in the country." The state's addition of tax provisions into the Constitution coupled with a heavy reliance on formula mandates that dedicate revenue to several spending programs also makes it one of the least flexible tax systems in the nation, the report found.

"Nevada relies heavily on sales tax and gaming revenue and has no personal and corporate income tax, so you have one of the most narrow state revenue systems found in the country," wrote lead researcher Matthew Murray, a professor of economics at the University of Tennessee. "With property and sales tax revenue suffering, it is not at all clear where Nevada will find the revenue to fund services, including those that support economic development moving forward."

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