

Mining unexpectedly infuses millions into Nev. budget

By Anne Knowles

CARSON CITY – Nevada's next biennium budget just got \$217 million bigger thanks to mining, the Ruby Pipeline project in Northern Nevada and a stabilizing economy.

The Economic Forum, a panel of five businesspeople appointed by the governor and Legislature, met Monday to review its forecast of state revenue for the current fiscal year and the next biennium. By law, the state is required to use the forum's forecast to build its budget.

After hearing presentations from the state's taxation department, budget office and the Legislative Counsel Bureau's fiscal analysis division, as well as from an economist from Moody's Analytics, the forum voted to increase the forecast for fiscal year 2011 by about \$97 million, fiscal year 2012 by approximately \$59 million and fiscal year 2013 by almost \$61 million.



Fiscal year 2011 ends in June, but the additional revenue forecasted for it can be used in 2012, said Russell Guindon, principal deputy fiscal analyst with LCB's fiscal analysis division, bumping the 2012 budget by a total of about \$156 million.

"People have asked of it matters since 2011 is almost over, but it does matter in that those revenues will go into a fund balance and can go forward into 2012," Guindon said.

The bulk of the additional money is expected to come from the state's sales tax, which is benefiting from sales of mining equipment and taxes paid by workers on the Ruby Pipeline, a

gas pipeline being laid across all of Northern Nevada in Elko, Humboldt and Washoe counties.

Also, visitor numbers were higher than expected, pushing up revenue from the live entertainment tax paid on tickets to events like Celine Dion concerts and other shows, as well as adding to retail sales tax coffers. The forecast on revenue from the room tax paid on lodging was also increased, from an earlier estimate of \$104.1 million to \$108.5 million in fiscal year 2011. The tax is set to expire – or “sunset” – at the end of this fiscal year, not generating any more income for the next biennium unless it is extended by the Legislature.

Visitors, however, aren't gambling like they once did. Percentage fees on gaming wins were actually forecasted downward by the forum, from an earlier forecast of \$658.6 million to \$647.9 million in fiscal year 2011, from \$679.5 million to \$665.4 million in fiscal year 2012 and \$702.2 million to \$683.4 million in fiscal year 2013.

And although the state's modified business tax is being lowered, and bringing in lower revenue than before, the forecast for it was upped by more than \$30 million over the next three fiscal years.

There was also some positive news on the jobs front for Nevada, which still has the nation's highest unemployment rate. In March, the state recorded positive job growth and the unemployment rate dropped to 13.2 percent, the lowest rate since late-2009, according to Bill Anderson, chief economist with the Nevada Department of Employment, Training and Rehabilitation.

Most of the job growth, said Anderson and others, has come from the leisure/hospitality industry, which added 5,400 jobs in the last 12 months, and healthcare and professional services. The labor pool is also shrinking, either because people are leaving the state to find a job or because they're

still here but have given up looking for work, said Anderson.

"For a decade we were the fastest growing state in the nation and now we're doing a 180 off that," Anderson said May 2.

All the economists warned, however, that any number of factors could adversely affect the state's stabilizing but fragile economy, especially the price of gas, which, if it continues to rise, could deter visitors and sap discretionary income.