

## **Nevada: Blue Wave and a Progressive Agenda**

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### **Abstract**

Nevada has experienced steady economic improvement as it continues its recovery from the Great Recession of 2008. The state budget is resting on a solid foundation in terms of satisfying revenue projections contained in the 2015–2017 biennial budget. The state successfully faced and responded to a state economic environment that has been characterized for the past few years by recession, a budget crisis and political budget fights. The 2017–2019 biennial budget was the result of divided government. The Senate and the Assembly—with Democrat majority control, and Governor Sandoval—a Republican, resulted in Nevada adopting a 2017–2019 biennial budget that was the result of compromises. The 2017–2019 legislatively approved appropriations closely resemble the 2015–2017 biennial budget on a category basis. Economic recovery, economic growth, and incremental tax revenue growth constituted the basic approach taken to budgeting by the 2017 Nevada Legislature and Governor Sandoval.

### **Introduction**

Nevada has experienced steady economic improvement and continues its recovery from the Great Recession of 2008. The state budget is resting on a solid foundation in terms of satisfying revenue projections contained in the 2015–2017 biennial budget (Nevada Department of Employment, Training, and Rehabilitation 2015). The state successfully faced and responded to a state economic environment that has been characterized for the past few years by recession, a budget crisis, and political budget fights. The budget is currently stable, and Nevada has experienced slow, steady economic improvement during fiscal year 2016–2017.

Nevada experienced partisan political change as a result of the 2016 General Election. The Republicans achieved great political success during the 2014 General Election, and the Democrats achieved great political success during the 2016 General Election. In a general election year where the Republicans experienced success nationally, there was a blue wave in Nevada. The 2010 Census and subsequent reapportionment of the Nevada Legislature constituted significant factors producing permanent political change in Nevada. The 2012 General Election produced a political tipping point in Nevada, resulting in a permanent shift in political power from north to south, rural to urban, and Republican to Democrat. Redistricting produced a 2013 Nevada Legislature where 75 percent of the members of both the state Senate and the state Assembly hail from Clark County. The change may result in structural changes in the exercise of political power, party dominance, budgeting practices, revenue structure, and the direction of public policy.

One of the major lessons to be learned from the 2014 and 2016 General Elections is that although there has been a turning point, voter turnout is critical in the electoral process. When voter turnout was very low in the 2014 General election, Republicans experienced greater electoral success. In 2016, the voter turnout increased, and Democrats excelled politically (Secretary of State 2014, Secretary of State 2016). There was higher voter turnout for the 2016 General Election, 76.83 percent statewide, and that was a driver in the Democrats experiencing great electoral success (Secretary of State 2016).

The 2017 Nevada Legislature faces a Nevada economy that flat-lined during 2010 and 2011 and has been experiencing slow growth since the Great Recession. Republican Governor Brian Sandoval was committed to the formulation of a balanced 2017–2019 biennial budget based upon modest increases in state spending and corresponding modest increases in revenue to help the state recover from the recession.

Nevada's budgetary politics have in general been historically highlighted by low levels of service provision and over-reliance on two primary sources of revenue: sales and gaming taxes (Morin 1998). This article examines the Nevada political environment, the 2016 General Election, the state biennial process, the fiscal environment, and the 2017 Nevada Legislature.

## **The Nevada Political Environment**

The Nevada political environment is a composite of Nevada's political culture, government structure, and tax structure. The health of the national and state economies directly impact the operation of state government. The Nevada Legislature and government are sensitive to public opinion, and consequently Nevada's biennial budget usually conforms to public opinion and the results of the preceding general election (Herzik and Morin 1995, Morin, 2000).

### **Political Culture**

Nevada's political culture is individualistic, meaning its politics are an open marketplace for individuals, and interest groups pursue social and economic goals (Elazar 1984, Dye 1994, Bowman and Kearney 1996). The political culture of Nevada emphasizes limited government, fiscal conservatism, fragmentation of state governmental power, and citizen control over government at the ballot box. In terms of partisan politics, Nevada is becoming more Democrat than Republican. Nevada's party classification has changed multiple times in the last 50 years, but its current status is Democratic. The divide occurs between Republican rural citizens and Democratic citizens (Secretary of State 2017).

Nevada is conservative in budgeting and fiscal matters. Republican and Democrat legislators display fiscal conservatism in both the state Senate and the state Assembly (Morin 1996). Historically, Nevada has provided a relatively low level of state services resulting in a low tax burden (Morin 1996). In the past, Nevadans were not necessarily opposed to spending on state programs, but wanted tourists, visitors, gamblers, and corporations to bear much of the tax burden (Winter 1993).

### **Government Structure**

Nevada's constitution structures government at the state level by apportioning power between the legislative, executive, and judicial branches providing for a weak, fragmented, and decentralized executive branch. The governor, who possesses package veto power, shares executive

power and authority with other elected executive officials, boards, commissions, and councils. Nevada's constitution provides for a bicameral legislature. The state Senate is comprised of 20 members serving four-year terms while the state Assembly is comprised of 42 members serving two-year terms. The Nevada Legislature, a citizen legislature, is one of a small number of state legislatures to use a biennial budget system. The Nevada Legislature's part-time status, low levels of staff support, and crowded agenda during a 120-day biennial session inadequately equips the legislature to address long-term budgeting and policy issues in any significant manner (Morin 1996).

The Nevada judicial branch consists of a seven-member Supreme Court, district, family, justice, and municipal courts. After repeatedly rejecting constitutional amendments to create an intermediate appellate court, voters finally approved said amendment in 2014, the court that operating in January of 2015 (Secretary of State 2014). The Nevada Constitution specifically provides for the various types of courts; however, it grants considerable authority to the Nevada Legislature to determine the structure and operation of the judicial system. Although elected officials of the legislative and executive branches run for office on a partisan ballot, all state and local judges are elected on a nonpartisan ballot by Nevada voters (Bushnell and Driggs 1984).

Nevadans have a long tradition of commandeering the government through their vote and have shaped the structure, operation, and direction of state and local government. The Nevada Constitution provides for the recall, initiative, and referendum of public officers (Driggs and Goodall 1996, Bushnell and Driggs, 1984).

Nevada's governmental structure entails a lack of capacity to adequately respond to economic and budget problems. Because of Nevada's heavy reliance on gaming and sales tax revenue, the state is highly vulnerable to economic trends. A biennial legislature leaves Nevada to cope with pressing issues that might not have been discussed for two years. Presently, the legislature employs an Interim Finance Committee in order to address fiscal and budget matters that may arise between regular sessions. The Interim Finance Committee is comprised of members of the Senate Committee on Finance and the Assembly Committee on Ways and Means from the preceding legislative session (Legislative Counsel Bureau 1997).

## **Tax and Fiscal Structure**

Nevada presently possesses one of the most centralized fiscal systems in the United States. The state controls, in one way or another, approximately 80 percent of the total revenues of local governments (Atkinson and Oleson 1993). Fiscal centralization refers to the degree to which the state restricts local governmental autonomy to determine the level and mix of revenues and expenditures.

The Nevada Constitution requires a balanced budget. Although the Nevada Constitution previously limited the level of state general obligation debt to one percent of the state's assessed property value, Nevada voters approved a ballot question in 1996 that amended the constitution to increase the limit to two percent (Ebel 1990, Driggs and Goodall 1996). Debt issued for the purpose of protecting or preserving the state's property or natural resources is excepted from the two percent constitutional debt limit (Ebel 1990).

Nevada relies on nine main types of taxes as sources of revenue for the state's General Fund: sales, gaming, casino entertainment, business license, modified business tax, commerce, mining, cigarettes, and insurance premiums (Legislative Counsel Bureau 2017). Gaming and sales taxes constituted approximately 50 percent of the General Fund revenue for both the 2009–2011 and the 2015–2017 bienniums. Earmarking, the dedication of certain tax revenues to specific pro-

grams, is popular in Nevada with both politicians and the public. As far as the most earmarked states, Nevada ranks fifth, earmarking 52 percent of its total state tax revenues, which is almost two-and-a-half times the average state's earmarking rate of 21 percent (Gold, Erickson, and Kissell 1987). Earmarking presents three main disadvantages for state government. First, the legislature lacks systematic review in the regular appropriation process. Second, earmarking reduces legislative flexibility in tailoring the budget to address economic changes. Third, once a revenue source has been earmarked, legislators may feel that they are absolved from further responsibility to appropriate additional General Fund revenues to the program (Winter 1993, Thomas 1991, Ebel 1990).

Nevada does not have a personal income tax. The legislature lacks any real ability to enact a personal income tax because Nevada voters passed a state constitutional prohibition against it (Herzik 1991). Nevada state law requires a five percent minimum balance of the General Fund at the end of each fiscal year that cannot be touched but lacks a unified budgeting and accounting system, which renders it quite difficult to examine the state's finances in a comprehensive manner (Dobra 1993). Over the course of the past years, gaming and sales taxes have represented approximately 50–75 percent of all state revenue (Legislative Counsel Bureau 2010, Morin 1998). The only viable tax policy options available to the legislature entail increased tax burdens on business, increasing the sales tax rate, and increasing property taxes (Advisory Commission on Intergovernmental Relations 1994, Dobra 1993). The legislature does have the option of increasing nontax revenues, such as charges for services, licenses, fees, and fines (Legislative Counsel Bureau 1997a).

## **The Nevada Budgeting Process**

### **State Budgeting Process**

The budget process in Nevada consists of four stages: executive preparation and presentation, legislative review and adoption, implementation, and review. The four stages are not discrete; they overlap with some activities occurring simultaneously (Driggs and Goodall 1996). Stage one, executive preparation and presentation, begins in the spring of even-numbered years; which was the spring of 2016 for the 2017–2019 biennial budget. The state budget director, a gubernatorial appointee, requests that state agencies prepare their budget requests. Agencies are required to estimate their needs three and one-half years ahead of the end of the biennial budget. Firstly, each agency submits their biennial budget requests to the state director, who examines and edits them to present to the governor. The second stage of the budget process is legislative review and adoption, which begins with the governor providing the Nevada Legislature with a general outline of priorities and the proposed executive budget in the State of the State address. Committees meet to review each budgetary plan until they can be accepted.

The third stage of Nevada's budgeting process is implementation and is the responsibility of the executive branch. The Nevada Legislature employs an Interim Finance Committee to address budget and fiscal matters that may arise between regular sessions. The Interim Finance Committee is comprised of members of the Senate Finance Committee and the Assembly Ways and Means Committee from the preceding legislative session (Driggs and Goodall 1996, Legislative Counsel Bureau 1997). The fourth stage of Nevada's budgeting process is review, which entails reviewing the past budget activities of state government. The state controller audits claims against the state and the legislative auditor's office also conducts periodic audits of the financial

records of the various agencies. The state budget director and the legislative fiscal analysts review past budgets when they prepare recommendations for the future. Finally, the legislative money committees review past budget actions as they are considering and formulating the next biennial budget (Driggs and Goodall 1996).

In 1991, the Nevada Legislature created a “rainy day” fund to help stabilize the state budget. This enactment created a state trust fund that would be built up during good times and would be accessed in the case of 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 held in the “rainy day” trust fund to help the state through fiscal emergencies (Morin 1996, Legislative Counsel Bureau 1997a). The 1995 Nevada Legislature indexed the maximum limit on the rainy day fund to 10 percent of annual appropriations (Legislative Counsel Bureau 1997a).

## **The Nevada Fiscal Environment**

Nevada’s heavy reliance upon gaming and sales taxes for state revenue places Nevada in a position of being quite vulnerable to economic fluctuations. The nation’s economy began its tenth year of economic expansion in the spring of 2000, and through November 2000 the nation’s economy had continued to grow. The nation’s economy had been growing for 116 consecutive months, representing the longest expansion of the nation’s economy in the history of the United States (State of Nevada Economic Forum 2000). As it entered early 2007, the Nevada economy remained strong and it was anticipated that the remainder of the decade would be characterized by impressive growth (Nevada Department of Employment, Training, and Rehabilitation 2007). The Nevada economy, although strong, was beginning to cool down as the Nevada Legislature began to debate the final components of the 2007–2009 biennial budget. The Economic Forum’s forecast was for a slower rate of growth in the Nevada economy than what was originally forecasted by the Economic Forum in December of 2006 (State of Nevada Economic Forum, 2007). There was an economic slowdown throughout 2007, which continued during 2008. The poor Nevada economy was attributable to a housing slowdown, stagnant retail sales, still gaming revenue, and decreasing job growth, resulting in a state budget shortfall (Nevada Department of Employment, Training, and Rehabilitation 2007a). By the end of 2008, Nevada’s economy was officially in recession (Nevada Department of Employment, Training, and Rehabilitation 2008d).

The Nevada economy continued to weaken during 2009. The unemployment rate increased to 13 percent in December 2009, with the second-highest unemployment rate in the United States. Taxable sales were down, and Nevada gaming revenue slipped (Department of Employment, Training, and Rehabilitation 2009b, Department of Employment, Training, and Rehabilitation 2010). Nevada’s economy did little for recovery through 2010 and in to the beginning of 2011. Nevada suffered from the effects of a long-term housing slowdown, foreclosures, increasing fuel prices, reduced tourist traffic, lack of available credit for commercial construction projects, high levels of unemployment, reduced consumer confidence, and increasing consumer prices (Nevada Department of Employment, Training, and Rehabilitation 2008a, 2008b, 2008c, 2009a, and 2011; O’Driscoll 2008).

The Nevada economy remained in crisis during 2010 and 2011 but began to grow throughout the following years. In 2014 the Nevada economy continued to grow. Tourism and consumer spending along with the housing and construction industries also rebounded. Automobile manufacturing company Tesla announced that it would build its Gigafactory in Storey County, bring-

ing with it at least 6,000 manufacturing jobs. Nevada's recovery from the Great Recession continued, and the state experienced growth in jobs and a reduction in unemployment rates (State of Nevada Economic Forum, 2014, Nevada Department of Employment, Training, and Rehabilitation 2015).

In 2015, the Nevada economy continued to recover from the impact of the Great Recession of 2008. Nevada employment declined by 175,000 jobs during the Great Recession, but by the end of 2015, it was estimated that Nevada had added back approximately 135,000 of those jobs. By 2015, Nevada's unemployment rate averaged 6.8 percent, down one full percentage point from 2014—the lowest rate since June 2008. The construction, leisure, and hospitality sectors experienced the most employment growth. The state's job growth is attributable more to the expansions of existing businesses than new businesses opening, but both are responsible for decreasing unemployment. From 2014 to 2015, the gross gaming win, taxable sales, and Las Vegas visitor volume had all increased, gaming by 7.8 percent, taxable sales by 0.6 percent, and visitor volume by 2.8 percent (Nevada Department of Employment, Training, and Rehabilitation 2015a).

As the second quarter of 2017 concludes, Nevada is in a very favorable economic position. Nevada continues to experience strong job growth, declining unemployment insurance claims, and a steady unemployment rate. There has also been increasing wages, small business jobs and employer counts. Since the height of the Great Recession, 230,600 jobs have been added to the Nevada economy, with employment at a record high of 1.34 million. The unemployment rate for June 2017 was only 4.7 percent. Nevada has experienced year-over-year employment gains for the 78 straight months. The largest year-to-date gains in Nevada employment were in professional and business services, leisure and hospitality, and construction sectors (Nevada Department of Employment, Training, and Rehabilitation 2017). The Nevada retail sector is strong and significant. There are in excess of 50,000 retail salespersons in Nevada, with 93 percent of these jobs in retail, making the concentration of the retail salespeople much higher than the national average (Nevada Department of Employment, Training, and Rehabilitation 2017). Gaming revenue continues to increase, and in May 2017 it was up 3.8 percent year-to-date over 2016. Taxable sales were \$4.56 billion in April 2017, an increase of 4.6 percent year-over-year (Nevada Department of Employment, Training, and Rehabilitation 2017). The Clark County economy continues to grow at a steady pace and is the engine driving the economic recovery in Nevada. Tourism and hospitality are important drivers for the Clark County economy. Leisure and hospitality remained the largest employer in Nevada and accounted for one in every four additional jobs in 2016. Although gaming is a tourist activity, the hospitality industry has expanded to include activities in addition to gaming activities. Casinos and resorts in Clark County have added activities such as live entertainment, meeting facilities, convention attractions, and restaurants. Major league sporting activities represent a new dimension of entertainment and a draw for tourism. The National Hockey League added a franchise through expansion in Las Vegas, and the team will play in a newly built arena. The Oakland Raiders football team of the National Football League is moving its franchise from Oakland, California to Las Vegas, Nevada (Wells Fargo 2017).

## **The 2016 General Election**

Election year 2016 represented a great success for Democrats in Nevada. In accordance with historical precedent, the presidential election resulted in a larger voter turnout in 2016 than was the voter turnout in 2014. A blue wave resulted in Democrats winning Nevada's six electoral col-

lege votes with Democrat Hillary Clinton winning a plurality of the popular vote for president. The Democrats won a majority in the Nevada Assembly and a majority in the Nevada Senate. U.S. Senator Harry Reid had previously announced his retirement and this open U.S. Senate seat race was a top priority for Democrats and Republicans in the United States and in Nevada. Former Democrat Nevada Attorney General Catherine Cortez Masto was elected to the U.S. Senate, defeating Republican Congressman Joe Heck. The Democrats captured three of the four seats in the U.S. House of Representatives. Democrat Dina Titus was reelected in District 1, Republican Mark Amodei was reelected in District 2, and Democrat Jacky Rosen was elected in District 3, into an open seat that had been vacated by Congressman Joe Heck when he ran for the U.S. Senate seat. Republican Congressman Crescent Hardy was defeated for reelection by Democrat Ruben Kihuen in the District 4 race. The voters also used the direct democracy process in Nevada at the 2016 General Election to approve the use of recreational marijuana (Secretary of State 2016).

The Democrats enjoyed success during the 2016 General Election regarding the partisan composition of the 2017 Nevada Legislature. All of the 42 state Assembly seats and half of the 21 state Senate seats were up for election in the 2016 General Election. The Clark County delegation controls 75 percent of both houses of the 2017 Nevada Legislature. The 2016 General Election produced divided state government. Republican Governor Brian Sandoval faced a 2017 state Assembly controlled by the Democrats by a margin of 27 to 15. Only two years previous in 2015, the state Assembly had been controlled with the same margin, 27 to 15, but with the Republicans favored. The Democrats controlled the state Senate in 2017 by a margin of 12 to 9. The Republicans had controlled the state Senate in 2015 by a margin of 11 to 10 (Legislative Counsel Bureau 2017 and 2015). Prior to commencement of the 2017 legislature, Republican State Senator Patricia Farley of Las Vegas left the Republican Party when she changed her affiliation to nonpartisan. The 2016 General Election determined that the 2014 red wave in Nevada was indeed transitory.

## **The 2017 Nevada Legislature**

The Nevada biennial budget and taxes were dominant issue areas confronting the 2017 Nevada Legislature. Governor Brian Sandoval presented the legislature with his 2017–2019 executive budget in January of 2017. Governor Sandoval’s proposed budget contained an increase of 9.6 percent in overall spending from the levels contained in the 2015–2017 biennial budget. Governor Sandoval employed the revenue projections of the Nevada Economic Forum in its December 2016 report in the formulation of the proposed biennial budget. Expenditures for the 2015–2017 biennium total \$8.124 billion, a noticeable overshoot from the \$7.413 billion budget approved by the 2015 Nevada Legislature for the same biennium (Legislative Counsel Bureau 2017a).

### **Revenue**

Nevada receives revenue from a variety of funds and sources for each biennium. Table 1 sets forth all revenue for Nevada from all funds and sources for the 2015–2017 biennium and the anticipated, budgeted revenue from all funds and sources for the 2017–2019 biennium. Nevada receives revenue from a variety of types of taxes and fees for the General fund. Table 2 sets forth the source of actual Nevada General Fund revenue by source, before tax credits, for Fiscal year 2016.

**Table 1. Nevada Revenue Summary by Funding Source  
2015–2017 Biennium and 2017–2019 Biennium**

Revenue Funding Source	2015–2017	2017–2019
	Original Biennium Total	Original Biennium Total
Federal Fund	\$ 7,954,752,641	\$ 9,031,206,519
General Fund	\$ 7,296,769,113	\$ 7,985,955,981
Other Fund	\$ 3,746,304,344	\$ 4,023,605,222
Interagency Transfer	\$ 2,834,242,028	\$ 3,204,793,201
Balance Forward	\$ 1,011,057,509	\$ 1,101,736,512
Highway Fund	\$ 930,774,774	\$ 943,261,910
Interim Finance	\$ 0	\$ 0
Total	\$23,773,900,409	\$26,290,559,345

Source: <http://www.opengovernment.nv.gov> (2017)

**Table 2. Nevada General Fund Revenue  
Fiscal Year 2016—Actual by Source before Tax Credits**

Revenue Source	Percent	Millions \$'s
State Gaming Taxes	19.6%	\$ 733.4
Sales and Use Taxes	28.7%	\$1,077.0
Insurance Premium Taxes	9.0%	\$ 336.2
Cigarette Tax	4.1%	\$ 153.0
Live Entertainment Tax – Gaming Establishments	3.0%	\$ 112.0
Live Entertainment Tax – Non-Gaming Establishments	0.4%	\$ 16.5
Modified business Tax	15.1%	\$ 566.3
Commerce Tax	3.8%	\$ 143.5
Transportation Connection Excise Tax	0.3%	\$ 11.9
Real Property Transfer Tax	2.0%	\$ 75.8
Business License Fee	2.7%	\$ 103.0
Liquor Tax	1.2%	\$ 44.0
Governmental Services Tax	1.8%	\$ 66.7
Mining Tax	0.9%	\$ 34.8
Annual Slot Tax Transfer	0.1%	\$ 5.0
Other Tobacco Tax	0.4%	\$ 13.1
Branch Bank Excise Tax	0.1%	\$ 2.8
Licenses	3.5%	\$ 131.9
Fees and Fines	1.6%	\$ 59.2
Use of Money and Property	0.1%	\$ 1.5
Miscellaneous Revenues	1.6%	\$ 61.4
Total	100.0%	\$3,749.1

Source: Legislative Counsel Bureau, 2017

**Table 3. Nevada General Fund Appropriations, 2017–2019 Biennium**

Appropriation Category	Governor Recommendation 2017–2019 Biennium	Governor Recommendation % of total	Legislature Approved 2017–2019 Biennium	Legislature Approved % of total
Elected Officials	\$ 300,488,859	3.8%	\$ 331,724,952	4.2%
Finance and Administration	\$ 152,035,499	1.9%	\$ 89,678,759	1.1%
K-12 Education	\$ 2,838,931,787	35.8%	\$ 2,917,317,412	36.5%
Higher Education	\$ 1,223,907,458	15.4%	\$ 1,223,599,760	15.3%
Other Education *	\$ 764,396	0.0%	\$ 0	0.0%
Commerce and Industry	\$ 114,296,474	1.4%	\$ 115,543,915	1.4%
Health and Human Services	\$ 2,493,389,243	31.4%	\$ 2,496,761,841	31.2%
Public Safety	\$ 707,815,283	8.9%	\$ 711,464,315	8.9%
Infrastructure	\$ 79,255,789	1.0%	\$ 78,128,971	1.0%
Special Purpose Agencies	\$ 19,336,027	0.2%	\$ 21,736,056	0.3%
<b>Total</b>	<b>\$7,930,220,815</b>	<b>100.0%</b>	<b>\$ 7,985,955,981</b>	<b>100.0%</b>

\* The Other Education subfunction previously included the Commission on Postsecondary Education. The Commission on Postsecondary Education was transferred to the Department of Employment, Training, and Rehabilitation by the 2017 legislature, which is classified under the Human Services function.

Source: Legislative Counsel Bureau, 2017; Legislative Counsel Bureau, Fiscal Analysis Division, personal communication, August 16, 2017

Gaming taxes are projected to constitute 18.9 percent of the total General Fund revenue for the 2017–2019 biennium, and sales and use taxes are projected to constitute another 30 percent of the total General Fund revenue for the 2017–2019 biennium, with modified business taxes projected to constitute another 15.7 percent. The 2017 legislature enacted a new tax that was signed into law by Governor Sandoval. The voters approved the use of recreational marijuana (Secretary of State 2016). This enabled the 2017 legislature to enact legislation establishing a regulatory structure to tax the cultivation and sale of recreational marijuana. Effective July 1, 2107, there is a 15 percent tax levied on wholesale marijuana, the product sold to retail dispensaries, and a 10 percent tax levied on retail sales of marijuana from retail dispensaries. It is estimated that the taxation of recreational marijuana will raise \$69 million in revenue during the 2017–2019 biennium. The state department of taxation was given the responsibility of regulating all marijuana sales and taxes (Kane 2017).

### Appropriations

Governor Sandoval’s proposed executive budget recommended spending for the 2017–2019 biennial budget that represented approximately the same percentage as was the spending contained in the 2015–2017 biennial budget on an expenditure category basis. Governor Sandoval proposed increases in spending for the Health and Human Services category and the Nevada Sys-

**Table 4. Nevada General Fund Appropriations, 2015–2017 Biennium and 2017–2019 Biennium**

Appropriation Category	Legislature Approved	Legislature Approved	Legislature Approved	Legislature Approved
	2015–2017 Biennium	% of total	2017–2019 Biennium	% of total
Elected Officials	\$ 294,583,814	4.0%	\$ 331,724,952	4.2%
Finance and Administration	\$ 124,920,026	1.7%	\$ 89,678,759	1.1%
K-12 Education	\$ 2,811,335,904	38.5%	\$ 2,917,317,412	36.5%
Higher Education	\$ 1,072,485,609	14.7%	\$ 1,223,599,760	15.3%
Other Education *	\$ 612,448	0.0%	\$ 0	0.0%
Commerce and Industry	\$ 120,716,108	1.7%	\$ 115,543,915	1.4%
Health and Human Services	\$ 2,171,545,101	29.8%	\$ 2,496,761,841	31.2%
Public Safety	\$ 628,828,148	8.6%	\$ 711,464,315	8.9%
Infrastructure	\$ 62,056,673	0.8%	\$ 78,128,971	1.0%
Special Purpose Agencies	\$ 11,185,282	0.2%	\$ 21,736,056	0.3%
<b>Total</b>	<b>\$7,298,269,113</b>	<b>100.0%</b>	<b>\$ 7,985,955,981</b>	<b>100.0%</b>

\* The Other Education subfunction previously included the Commission on Postsecondary Education. The Commission on Postsecondary Education was transferred to the Department of Employment, Training, and Rehabilitation by the 2017 legislature, which is classified under the Human Services function.

Source: Legislative Counsel Bureau, 2017; Legislative Counsel Bureau, Fiscal Analysis Division, personal communication, August 16, 2017.

tem of Higher Education category (Legislative Counsel Bureau 2017a). The Democrats in the state Senate and Assembly set forth a progressive legislative agenda when they announced their Nevada Blueprint. The Nevada Blueprint outlines in a broad fashion principles and legislative goals addressing the policy issue areas of K-12 education, college and technical education, jobs, workers, worker pay, senior citizens, youth, health care, and the environment. Democrats introduced specific bills that set forth specific proposals in all of these policy issue areas (Nevada State Democrats and the Assembly Democratic Caucus 2017). Ultimately, the Democrats achieved little with their Nevada Blueprint in terms of statutory enactment.

The 2017–2019 biennial budget was the result of divided government. The Senate and the Assembly, with Democrat majority control, and Governor Sandoval, a Republican, resulted in Nevada adopting a 2017–2019 biennial budget that was the result of compromises of the Nevada Legislature and Governor Sandoval.

## Conclusion

The year 2017 represented an opportunity for Nevada to experience continued economic improvement. The current stable economic foundation allowed Nevada politicians an opportunity to

be proactive in the policymaking and budgeting processes as opposed to being reactive, which has been the standard fare since the Great Recession began in 2008. Economic improvement has been slow and steady but has allowed Nevada to achieve its goal of returning the economy to its pre-Great Recession stability.

The 2017 Nevada Legislature convened on February 6, 2017 and concluded its 120-day session on June 5, 2017. The 2016 General Election blue wave and the progressive legislative agenda set forth by the Democrats in the Nevada Blueprint did not result in significant statutory enactments. The 2017–2019 biennial budget was the result of divided government—a Democratic Senate and Assembly and a Republican governor. The 2017–2019 legislatively approved appropriations closely resemble the 2015–2017 biennial budget on an appropriation category basis. Economic recovery, economic growth and incremental tax revenue growth constituted the basic approach taken to budgeting by the 2017 Nevada Legislature and Governor Sandoval.

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