
THE CALIFORNIA *Journal of*
Politics & Policy

Nevada: Solid Economic Performance

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Abstract

Nevada is experiencing solid economic performance during 2018. The state budget is resting on a solid foundation in terms of satisfying revenue projections contained in the 2017-2019 biennial budget. Nevada successfully faced and responded to a state economic environment that was characterized for many years by recession, a budget crisis and political budget fights. The budget in Nevada is currently stable and Nevada has experienced steady economic improvement during fiscal year 2018–2019. The Nevada Legislature meets once every two years during odd-numbered years and 2018 represents an off year for the Nevada Legislature. The off legislative year consists of monitoring economic indicators and the preliminary construction of the new biennial budget. The 2018 General Election represented an election year of great success for Democrats in Nevada. The 2018 General Election produced unified state government with the Democrats looking forward to being solidly in control of Nevada government in 2019.

NEVADA: SOLID ECONOMIC PERFORMANCE

INTRODUCTION

During 2018 Nevada experienced steady economic improvement and economic performance. The state budget is resting on a sound foundation in terms of satisfying revenue projections contained in the 2017-2019 biennial budget (Nevada Department of Employment, Training and Rehabilitation, 2017a). The 2019 Nevada Legislature will begin the biennial budget formulation process when it convenes in February of 2019. The state successfully faced and responded to a state economic environment that was characterized for a period of 10 years by recession, a budget crisis and political budget fights. The budget is currently stable and Nevada has experienced steady economic performance during fiscal year 2018–2019. The Nevada Legislature meets once every two years during odd numbered years and 2018 represents an off year for the Nevada Legislature. The off legislative year, each even numbered year, consists of monitoring economic indicators, preliminary construction of the new biennial budget and examining the results of the fall general election.

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 state biennial budgeting process, the 2017-2019 biennial budget, the Nevada fiscal environment, and the results of the 2018 General Election.

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 it's 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 Democrat urban 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 Nevada Court of Appeals commenced operation 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 shaping the structure, operation and direction of state and local government. The Nevada Constitution provides for the direct democracy procedures of initiative, referendum, and recall 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, which 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

which 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, cigarette, and insurance premiums (Legislative Counsel Bureau, 2017). Gaming and sales taxes constituted approximately 50 percent of the General Fund revenue for the 2013-2015, 2015-2017 and 2017-2019 bienniums. Earmarking, the dedication of certain tax revenues to specific programs, is popular and a long standing practice 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 at least the past 20 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: (1) executive preparation and presentation, (2) legislative review and adoption, (3) implementation, and (4) 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 budget 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 each odd numbered year in January. 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 which 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 which 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 ten percent of annual appropriations (Legislative Counsel Bureau, 1997a).

THE 2017 NEVADA LEGISLATURE AND THE BIENNIAL BUDGET

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 2017-2019 biennium totaled \$7.985 billion, a noticeable increase from the \$7.298 billion budget approved by the 2015 Nevada Legislature for the 2015-2017 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 Original Biennium Total	2017-2019 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

Gaming taxes were projected to constitute 18.9 percent of the total General Fund revenue for the 2017-2019 biennium and sales and use taxes were 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 (Nevada 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, 2017, a fifteen percent tax was levied on wholesale marijuana, the product sold to retail dispensaries, and a ten percent tax levied on retail sales of marijuana from retail dispensaries. It was estimated that the taxation of recreational marijuana would 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 Health and Human Services and the Nevada System of Higher Education. (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 outlined 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.

Table 3. Nevada General Fund Appropriations
2017-2019 Biennium

	Governor Recommendation	Governor Recommendation	Legislature Approved	Legislature Approved
Appropriation Category	2017-2019 Biennium	% of total	2017-2019 biennium	% 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%
Total	\$7,930,220,815	100.0%	\$ 7,985,955,981	100.0%

* The Other Education sub-function 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

Table 4. Nevada General Fund Appropriations
2015-2017 Biennium and 2017-2019 Biennium

	Legislature Approved	Legislature Approved	Legislature Approved	Legislature Approved
Appropriation Category	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%
Total	\$7,298,269,113	100.0%	\$ 7,985,955,981	100.0%

* The Other Education sub-function 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

THE NEVADA FISCAL ENVIRONMENT

The Great Recession and Economic Recovery

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 national economy began its tenth year of economic expansion in the spring of 2000 and through November 2000 the national economy had continued to grow, growing for 116 consecutive months, representing the longest expansion of the national economy in the history of the United States (State of Nevada Economic Forum, 2000). The Nevada economy began to cool down as the Nevada Legislature debated the final components of the 2007-2009 biennial budget. There was an economic slowdown throughout 2007 which continued during 2008. The poor Nevada economy was attributable to a housing slowdown, stagnant retail sales, flat gaming revenue and decreasing job growth, resulting in a state budget shortfall (Nevada Department of Employment, Training and Rehabilitation, 2007). By the end of 2008, Nevada's economy was officially in recession (Nevada Department of Employment, Training and Rehabilitation, 2008). The Nevada economy continued to weaken during 2009, 2010 and 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, 2011).

The Nevada economy remained in crisis during 2010 and 2011, but began to grow throughout the following years. In 2015, the Nevada economy experienced significant recovery 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, and it was the lowest rate since June 2008 (Nevada Department of Employment, Training and Rehabilitation, 2015). As the fourth quarter of 2017 concluded, Nevada was in a very favorable economic position. Nevada continued to experience strong job growth, declining unemployment insurance claims, and a steady unemployment rate. In 2017, since the height of the Great Recession, 230,600 jobs were added to the Nevada economy, with employment at a record high of 1.34 million. The unemployment rate for June 2017 was 4.7 percent and the unemployment rate for December 2017 was 4.9 percent (Nevada Department of Employment, Training and Rehabilitation, 2017; Nevada Department of Employment, Training and Rehabilitation, 2017a).

The 2018 Nevada Fiscal Environment

The Nevada economy through the end of the third quarter of 2018 is performing at high levels based upon increases in employers, job growth and levels of unemployment. The number of employers in Nevada set a new record high in the third quarter of 2018, establishing 28 consecutive quarters of year-over-year growth. (Nevada Department of Employment, Training and Rehabilitation, 2018). Nevada has experienced year-over-year employment gains for 94 straight months. Total nonfarm employment was 1,397,900 in October of 2018, an increase of 45,800 since October 2017. This employment increase represents an annual gain of 3.4 percent, compared to 1.7 percent for the U.S. as a whole. Nevada's job growth has outpaced that for the U.S. for 75 straight months. The largest gains in Nevada employment were in professional and business services, leisure and hospitality, and manufacturing sectors (Nevada Department of Employment, Training and Rehabilitation, 2018). The October 2018 unemployment rate was 4.4 percent, down 0.1 percent from September 2018 and down from 4.9 percent in October 2017. The unemployment rate of 4.4 percent is higher than the U.S. rate of 3.7 percent (Nevada Department of Employment, Training and Rehabilitation, 2018).

In general, revenue has been experiencing growth during 2018. Gaming revenue continues to increase, and in August of 2018 the gross gaming win was \$913 million. Gross gaming win in August of 2018 was down 7.7 percent year-over-year and was up 2.1 percent year-to-date over 2017 (Nevada Department of Employment, Training and Rehabilitation, 2018a). Taxable sales were \$5.05 billion in July of 2018, an increase of 4.7 percent year-over-year (Nevada Department of Employment, Training and Rehabilitation, 2018a). The Nevada marijuana tax revenues for 2018 have been outstanding. Marijuana tax revenues exceeded the \$8 million mark for the month of August 2018, setting another record. Marijuana tax revenues have been strong for both

wholesale and retail taxes. Marijuana tax collections for August of 2018 were \$3.2 million higher than in August of 2017. Marijuana tax collections are running ahead of forecast for the first two months of the new 2019 fiscal year (Nevada Department of Taxation, 2018). The Clark County economy continues to grow at a steady pace and is the engine driving the economy in Nevada. Tourism and hospitality are important drivers for the Clark County economy. Food services, leisure and hospitality remained the largest employer in Nevada in 2018. 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. A new football stadium is currently under construction and the Raiders will begin play in the new stadium in the fall of 2020 (Wells Fargo, 2017).

THE RESULTS OF THE 2018 GENERAL ELECTION

2018 represented an election year of great success for Democrats in Nevada. Voter turnout in the 2018 General Election was 62.42 percent statewide. All six statewide constitutional offices were on the ballot in 2018 and the Democrats won five of the six statewide constitutional offices. Democrat Clark County Commissioner Steve Sisolak was elected Governor. All of the 42 State Assembly seats and half of the 21 State Senate seats were up for election in the 2018 General Election. The Clark County delegation will again control 75 percent of both houses of the 2019 Nevada Legislature. The 2018 General Election produced unified state government. Democrat Governor Steve Sisolak will enjoy a 2019 State Assembly controlled by the Democrats by a margin of 29 to 13. Only four years previous in 2015, the State Assembly had been controlled by the Republicans by a margin of 27 to 15. The Democrats will control State Senate in 2019 by a margin of 13 to 8. The Republicans had controlled the State Senate in 2015 by a margin of 11 to 10 (Secretary of State, 2018; Legislative Counsel Bureau, 2017; Legislative Counsel Bureau, 2015). Republican U.S. Senator Dean Heller was running for reelection in 2018 and his Democrat opponent was Democrat Congresswoman Jacky Rosen. The race for Senator Heller's U.S. Senate seat was a top priority for Democrats and Republicans in Nevada and was closely watched nationwide. Senator Heller was generally considered to be the most vulnerable incumbent Republican U.S. Senator running for reelection in the United States in the 2018 General election. Congresswoman Jacky Rosen defeated Senator Dean Heller by a margin of 50.41 percent to 45.39 percent. All four of the seats in U.S. House of Representatives were on the ballot for election in 2018 and two of the seats were open seats. The Democrats captured three of the four seats in the U.S. House of Representatives (Secretary of State, 2018).

CONCLUSION

As the fourth quarter of 2018 concluded, Nevada was in a very favorable economic position. Nevada continues to experience strong job growth, declining unemployment insurance claims, and a steady unemployment rate. The current solid economic

foundation will allow Nevada politicians an opportunity to be proactive in the policymaking process and budgeting process during the 2019 Session of the Nevada Legislature as opposed to being reactive, which had been the standard fare since the Great Recession began in 2008.

One of the major lessons to be learned from the 2014 and 2016 General Elections was that 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 2018 General Election was a test for the Republicans and Democrats and their respective get out the vote operations. The Democrats won the test. The 2018 General Election represented an election year of great success for Democrats in Nevada. Voter turnout determined the political success of the Democrat Party. The 2018 General Election produced unified state government with the Democrats looking forward to being solidly in control of Nevada government in 2019. We will gain insight as to the impact of the Democrats electoral success in terms of budget priorities and the new biennial budget in January 2019 when Governor Sisolak delivers the proposed executive budget and his State of the State address to the 2019 Nevada Legislature.

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