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NEVADA
CHANGE AND THE POLITICAL TIPPING POINT

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NEVADA CHANGE AND THE POLITICAL TIPPING POINT

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INTRODUCTION

Nevada is experiencing structural change and a political tipping point. The 2010 Census and subsequent reapportionment of the Nevada Legislature constitute the significant factors producing permanent political change in Nevada. Nevada set the wheels in motion for the realization of the political tipping point with the 2012 General Election. The political tipping point has arrived, resulting in a permanent shift in political power. Political power has tipped from the North to the South, rural to urban, and Republican to Democrat. Redistricting produced a 2013 Nevada Legislature where 75 percent of the members of the state Senate and state Assembly are from Clark County. The political tipping may well result in structural changes in the exercise of political power, party dominance, budgeting practices, revenue structure and the direction of public policy. The 2013 Nevada Legislature faced a Nevada economy that hit bottom and was flat during 2010 and 2011, and is now experiencing slow growth. Republican Governor Brian Sandoval was committed to the formulation of a balanced 2013-2015 biennial budget based upon modest increases in state spending, no tax increases and no new taxes. The Republicans in the Nevada Legislature, along with Governor Sandoval, were unified in their commitment to the enactment of achieving a balanced 2013-2015 biennial budget without significant tax increases or new taxes. In contrast, many Democrats in the Nevada Legislature are of the view that Nevada needs to increase taxes and consider the enactment of new taxes.

Nevada's budgetary politics have generally been highlighted by low levels of service provision and over reliance on two primary sources of revenue, namely, sales and gaming taxes (Herzik, 1991; Herzik, 1992; Herzik and Statham, 1993; Morin, 1994; Herzik and Morin, 1995; Morin, 1996; Morin, 1997; Morin, 1998). This article shall examine the Nevada political environment, the state biennial budget process, and the fiscal environment. This article shall also examine the 2012 General Election and the 2013 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 impacts the operation of state government. The Nevada Legislature and government are sensitive to public opinion, and 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. An individualistic political culture possesses a political environment where politics is kind of an open market place where individuals and interest groups pursue social and economic goals (Elazar, 1984; Dye, 1994; Bowman and Kearney, 1996). Nevada's political culture emphasizes limited government, fiscal conservatism, fragmentation of state governmental, and citizen control over government at the ballot box. In terms of partisan politics, Nevada is becoming more Democrat than Republican. Nevada's party competition classification in the 1970s was two-party Democratic dominant; however, in the 1980s this classification changed to two-party Republican leaning (Hrebendar and Benedict,

1991). In terms of party identification, a 1996 poll revealed that southern Nevada leaned Democrat while northern and rural Nevada leaned Republican (Beal et al., 1997). A political tipping point has been realized in terms of party registration. As of February 2013, there were 540,684 registered Democrats, 441,378 registered Republicans and 225,515 registered as non-partisan. Southern Nevada has become more and more Democrat while northern and rural Nevada continues to lean Republican (Secretary of State, 2013).

Nevada's political environment 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; Herzik and Morin, 1995; Morin, 1994; Herzik and Statham, 1993). Nevada historically has provided a relatively low level of state services resulting in a low tax burden (Morin, 1996; Herzik and Morin, 1995; Morin, 1994; Herzik and Statham, 1993). In the past, Nevadans were not necessarily opposed to spending on state programs; however, Nevadans wanted others—visitors, tourists, gamblers and corporations—to bear much of the tax burden (Winter, Calder and Carns, 1993).

Government Structure

Nevada's Constitution structures government at the state level by apportioning power between the legislative, executive and judicial branches (Driggs and Goodall, 1996). It provides 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 (Morin, 1997a; Driggs and Goodall, 1996). Nevada's Constitution provides for a bicameral Legislature. The state Senate is comprised of 20 members serving 4-year terms. The state Assembly is comprised of 42 members serving 2-year terms (Titus, 1997; Driggs and Goodall, 1996). The Nevada Legislature meets on a biennial basis, is a citizen or amateur Legislature, and is one of a small number of state Legislatures to employ a biennial budget system (Morin, 1996; Herzik and Morin, 1995; Morin, 1994; Herzik, 1992, Thomas, 1991). The Nevada Legislature's part-time status, low levels of staff support, and crowded agenda during a 120 day biennial session are inadequate to equip the Legislature to address long-term budgeting and policy issues in any significant manner (Morin, 1996; Herzik and Morin, 1995; Morin, 1994; Herzik, 1992).

The Nevada judicial branch consists of a 7 member Supreme Court, district, family, justice and municipal courts. The state's voters have repeatedly rejected proposed constitutional amendments to create an intermediate appellate court (Driggs and Goodall, 1996; Neilander, 1997). 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 taking matters into their own hands at the polls and have shaped the structure, operation and direction of state and local government. The Nevada Constitution provides for the recall of public officers, the initiative, and the referendum (Driggs and Goodall, 1996; Bushnell and Driggs, 1984).

Nevada's governmental structure necessarily entails a lack of capacity to adequately respond to economic and budget problems. Heavy reliance upon gaming and sales tax revenue renders Nevada highly vulnerable to economic trends, which must be addressed by the Legislature more than once every two years (Morin, 1996; Herzik and Morin, 1995; Morin,

1994). 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

Beginning in the late 1970s, Nevada moved from having a state and local revenue system characterized as more decentralized to having one more centralized than the average state and local revenue system in the United States (Ebel, 1990). In 1979, the Legislature enacted a tax relief package and, in response, Nevada voters defeated a constitutional initiative to limit local property taxes, which was similar to California's Proposition 13 (Ebel, 1990). As a result, control of local revenues has been shifted from local elected officials to the Nevada Legislature and its Interim Finance Committee, and to the Nevada Tax Commission (Ebel, 1990). Nevada presently possesses one of the most centralized fiscal systems in the United States.

Fiscal centralization refers to the degree to which the state restricts local governmental autonomy to determine the level and mix of revenues and expenditures (Gold, 1989). Prior to the reduction in local property taxes in 1979 and a tax shift in 1981, only school district revenue was highly centralized, and local governments primarily survived on their own tax base (Ebel, 1990). Today, the state controls, in one way or another, approximately 80 percent of the total revenues of local governments (Atkinson and Oleson, 1993).

The Nevada Constitution requires a balanced budget for the state (Driggs and Goodall, 1996). Although the Nevada Constitution previously limited the level of state general obligation debt to 1% of the state's assessed property value, Nevada voters approved a ballot question in 1996 which amended the Constitution to increase the limit to 2% (Ebel, 1990; Driggs and Goodall, 1996). Debt issued for the purpose of protecting or preserving the state's property or natural resources are exempted from the 2% constitutional debt limit (Ebel, 1990).

Nevada relies on seven main types of taxes as sources of revenue for the state's General Fund. The seven types of taxes include sales, gaming, casino entertainment, business license, mining, cigarette, and insurance premiums. Gaming and sales taxes constituted approximately 50% of the General Fund revenue for the 2009-2011 biennium (Legislative Counsel Bureau, 2010). Gaming and sales taxes are projected to constitute approximately 54% of the General Fund revenue for the 2013-2015 biennium (Legislative Counsel Bureau, 2013). Nevada continues with its political practice of heavy reliance on sales and gaming taxes to generate revenue for the General Fund. Earmarking, the dedication of certain tax revenues to specific programs, is popular in Nevada with both politicians and the public. Nevada is one of the most earmarked states in the United States (Ebel, 1990). Nevada ranks fifth among the 50 states, earmarking 52% of its total state tax revenues, which is almost two and a half times the earmarking rate of 21% for the average state (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, and the Legislature lacks any real ability to enact a personal income tax because Nevada voters passed a state constitutional prohibition on

personal income taxation (Herzik, 1991). Nevada state law also requires a 5% minimum balance of the General Fund at the end of each fiscal year that cannot be touched (O'Driscoll, 1994). Nevada 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 many years, gaming and sales taxes have represented approximately 50-75% of all state revenue (Legislative Counsel Bureau, 2005; Legislative Counsel Bureau, 2010, Morin, 1998; Morin, 1997; Morin, 1996; Herzik and Morin, 1995; Morin, 1994; Herzik, 1992). 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

The Nevada budgeting process is driven by the condition of the national economy and the Nevada state economy. 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 fate of Nevada's economy is contingent upon the state of the national economy (State of Nevada Economic Forum, 1994; Morin, 1996). Nevada experienced the effects of the 1981-1982 national recession, resulting in a budget crisis during the 1981-1983 biennium (State of Nevada Economic Forum, 1994; Herzik and Statham, 1993). Nevada again experienced the effects of the 1990-1991 national recession, resulting in a budget crisis during the 1991-1993 biennium (State of Nevada Economic Forum, 1994; Morin, 1994). Most recently, Nevada confronted the effects of the great recession beginning in 2008. The fortunes of Nevada's economy in the 1990s, 2000s and 2010s have paralleled the fortunes of the national economy.

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 2012 for the 2013-2015 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. The state Budget Director may also provide guidelines for agencies to follow in the agency budget request formulation process (Driggs and Goodall, 1996; Reno Gazette-Journal, 1996). The guidelines may limit agency requests, such as to a maximum increase of 4% over the existing biennial budget of the agency, and can also incorporate the Governor's priorities for the upcoming biennium. The state Budget Director may convey to state agencies a governor's directive that agencies are to hold the line or that there will be no new taxes (Driggs and Goodall, 1996).

All state agencies must submit their biennial budget requests to the state Budget Director by September 1st of the even-numbered years. The state Budget Director spends September through December examining the agency budget requests, meeting with each agency head, estimating how much revenue will be available for the biennium, and trying to put together a set of budget recommendations that will be acceptable to the governor. The state Budget Director

informs each agency head in December of the office's preliminary budget for the agency. In the event an agency is unsatisfied with its preliminary budget, the agency has the right to make an appeal to the Governor. Agency budget requests are submitted to the Nevada Legislature by December 10 (Driggs and Goodall, 1996; Reno Gazette-Journal, 1996). State agency budgets are outside of the one for the state's building program. The State Public Works Manager receives state construction requests and must present a list of requested projects to the Governor by October 1 for ultimate inclusion in the Governor's proposed executive budget (Reno Gazette-Journal, 1996).

Prior to 1993, the Governor was responsible for submitting a budget proposal to the Nevada Legislature containing his estimated forecast of future state General Fund revenues and proposed expenditures (Morin, 1997a). The 1991-1993 budget broke ranks with past budgets and adopted an aggressive 30% increase in state spending based upon a quite optimistic revenue estimate accepted by the Nevada Legislature and the Governor. Nevada's break with conservative budget practices could not have been more poorly timed (Herzik and Morin, 1995). "Almost immediately after the fiscal year commenced, the effect of the National recession began to show up in Nevada. State revenue collections plunged and a hiring freeze was invoked. Over the next 18 months, state agencies suffered through three budget revertments" (Herzik and Statham, 1993:59). In response to the 1991-1993 biennial budget crisis, the Nevada Legislature enacted legislation in 1993, which provided for the creation of an Economic Forum to estimate and forecast future state General Fund revenues. The Forum, a panel of five economic and taxation experts from the private sector, is required to adopt an official forecast of future state General Fund revenues for the biennial budget cycle. All agencies of the state, including the Governor and Nevada Legislature, are required to use the Forum's forecast (State of Nevada Economic Forum, 1994). The Forum must provide its first forecast no later than December 1 of the even numbered years, just shortly before the beginning of a new legislative session (State of Nevada Economic Forum, 1996). This 1993 enactment effectively serves to reduce the scope of the Governor's formal powers in preparing the budget.

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 during the first week of the biennial legislative session. The proposed executive budget is delivered to the Nevada Legislature shortly after the Governor's State of the State address (Driggs and Goodall, 1996). The 1995 Nevada Legislature attempted to directly challenge the executive branch's institutional powers by proposing the establishment of a state legislative budget office, similar to the Congressional Budget Office, which would have been responsible for drafting its own version of the state budget for review by the money committees of the Assembly and Senate (Morin, 1997a). The Nevada Legislature and Governor Miller ultimately reached a compromise when Governor Miller threatened to veto the proposed legislative budget office. The compromise entailed giving legislative budget analysts more say in the preparation of the executive budget drafted by the Governor's office; however, the compromise legislation contained a sunset clause providing that the legislation would be void after two years (Morin, 1997a). In accordance with this 1995 legislative enactment, the Fiscal Analysis Division of the Legislative Counsel Bureau provided the 1997 Nevada Legislature with its first report that provided legislators a summary of the financial status of the State and Governor Miller's budget recommendations for the 1997-1999 biennium (Legislative Counsel Bureau, 1997a).

The legislative review process is centered almost entirely in the Senate Finance Committee and the Assembly Ways and Means Committee. State budgeting issues and the Governor's budget recommendations are considered by these committees in the context of public hearings and are the subject of interest group and lobbying activities and the subject of discussion and compromises by state legislators (Driggs and Goodall, 1996). The Taxation Committee in each house considers tax bills and must act before the Assembly Ways and Means and Senate Finance Committees can finalize the biennial budget. Although the Economic Forum must provide its first forecast no later than December 1st of the even numbered years, the Forum is required to revise its forecast, if necessary, by May 1st during the legislative session. If either the Governor or the Nevada Legislature wants to appropriate more than what is available pursuant to the Forum's official forecast, a revenue enhancement proposal must be made (State of Nevada Economic Forum, 1996; Legislative Counsel Bureau, 1997a). A reconciliation process takes place between the two money committees prior to the budget going to the floors of the two houses for approval. Consideration of the budget by the full houses is almost always perfunctory (Driggs and Goodall, 1996). The second stage of the budget process concludes with legislative passage of the biennial budget and presentation to the Governor for signature. The Governor lacks effective power to resist legislative changes in the budget that he prepares and presents to the Nevada Legislature. Nevada's Governor is the only governor in the thirteen Western states to lack line-item veto power; therefore, he must sign or veto the budget passed by the Nevada Legislature as an entire package. Unlike the President, he lacks pocket veto power. Any bills vetoed by the Governor after the Nevada Legislature has adjourned its biennial session are subject to veto override attempts two years later when the Nevada Legislature meets again for its next regular session. A vetoed bill must receive a two-thirds vote of all members elected to each house in order to override a Governor's veto and become law (Morin, 1997a; Driggs and Goodall, 1996).

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. Lastly, the legislative money committees review past budget actions as they are considering and formulating the next, new 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 (Herzik and Morin, 1995; 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 fate of Nevada's economy is contingent upon the state of the national economy (Morin, 2001). 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 we entered early 2007, the Nevada economy remained strong and it was anticipated that the current 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 continuing through 2008. The poor Nevada economy was attributable to a housing slowdown, stagnant retail sales, stagnant gaming revenue and slowing job growth. The weak economy resulted 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 and decline during 2009. The unemployment rate increased to 13% in December 2009, the second highest unemployment rate in the United States. Taxable sales were down and Nevada gaming revenue slipped in December 2009 (Department of Employment, Training and Rehabilitation, 2009b; Department of Employment, Training and Rehabilitation, 2010). Nevada's economy continued to be in recession through 2010 and in to the beginning of 2011; the unemployment rate in January of 2011 was 13.6% among the highest in the country. Gaming revenue and sales tax revenue were essentially flat. 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; Nevada Department of Employment, Training and Rehabilitation, 2008b; Nevada Department of Employment, Training and Rehabilitation, 2008c; O'Driscoll, 2008; Department of Employment, Training and Rehabilitation, 2009a; Nevada Department of Employment, Training and Rehabilitation, 2011).

The Nevada economy hit bottom and essentially was flat during 2010 and 2011, though it began to slowly recover and grow in 2012. In 2012, the number of visitors to the Las Vegas area returned to approximately the pre-recession peak established in 2007 and the number of Nevada businesses has grown each quarter during 2012. The Nevada economy has experienced a growth in employment and the unemployment rate fell to 10.8% in November of 2012. Sales and use tax revenues have grown every month during 2012 and it is estimated that sales and use tax revenues will grow each year for the next three years. There has also been growth in gaming tax revenues; however, gaming tax revenues have grown at a slower rate than have sales and use tax revenues. It is estimated that gaming tax revenues will grow modestly over the course of the 2013-2015 biennium. The economic recovery in Nevada has been slow and many continue to view the state of the Nevada economy as being fragile (Department of Administration, 2013).

THE 2012 GENERAL ELECTION

2012 represented an election year of success for Democrats in Nevada. Democrat President Barack Obama defeated Republican Mitt Romney by almost 7% in Nevada. Republican U.S. Senator Dean Heller, who was appointed by Governor Sandoval to complete the term of office of Senator John Ensign, narrowly defeated Democrat Congresswoman Shelley Berkley in the race for the senate seat. Reapportionment increased the Nevada delegation in the U.S. House of Representative by one new seat. Democrat Dina Titus was elected in District 1, Republican Mark Amodei was reelected in District 2, Republican Joe Heck was reelected in District 3, and Democrat Steven Horford was elected in District 4. None of the statewide constitutional offices were on the ballot in 2012, however, these offices will be on the ballot in 2014 (Nevada Secretary of State, 2012).

The Democrats enjoyed success at the state level in the 2013 Nevada Legislature. All of the 42 State Assembly seats and half of the 21 State Senate seats were up for election in the 2012 General Election. The Clark County delegation controls 75% of both houses. The 2012 General Election produced a divided state government; Republican Governor Brian Sandoval faced a State Assembly controlled by the Democrats by a margin of 27 to 15 and a 2013 State Senate controlled by the Democrats by a margin of 11 to 10 (Legislative Counsel Bureau, 2013a).

THE 2013 NEVADA LEGISLATURE

The Nevada economy and biennial budget were the dominant issue areas confronting the 2013 Nevada Legislature. Governor Brian Sandoval presented the 2013 Nevada Legislature with his 2013-2015 Executive Budget in January of 2013. Governor Sandoval's proposed 2013-2015 biennial budget contained an increase of 11% in overall spending from the levels contained in the 2011-2013 biennial budget. Governor Sandoval employed the revenue projections of the Nevada Economic Forum in its December 2012 report in the formulation of the proposed biennial budget. Expenditures for the 2013-2015 biennium totaled \$7.546 billion, an increase of approximately \$1.8 billion over the 2011-2013 biennium. Gaming taxes were projected to constitute 23% of the total General Fund revenue for the 2013-2015 biennium and sales and use taxes were projected to constitute another 31% of the total General Fund revenue for the 2013-2015 biennium. Governor Sandoval's proposed Executive Budget recommended spending for the 2013-2015 biennial budget that represented, on an expenditure category basis, the same percentage as was the spending contained in the 2011-2013 biennial budget. Governor Sandoval proposed increases in spending for K-12 education and in the Human Services category in order to handle expected increases in Nevada's spending obligation for the growth in the Medicaid program. (Department of Administration, 2013). Governor Sandoval's proposed Executive Budget continued revenue enhancements that were scheduled to expire on June 30, 2013. The Nevada Economic Forum submitted its revised May 2013 report and the biennial revenue forecast was adjusted upward by \$608 million (Legislative Counsel Bureau, 2013).

The 2013 Nevada Legislature approved a General Fund operating budget for the 2013-2015 biennium that totaled \$6.709 billion, which was approximately \$72.5 million more than the amount recommended by Governor Sandoval in his Executive Budget. (Legislative Counsel Bureau, 2013). For FY2014, the General Fund appropriation was \$3.278 billion, which represented a 3% increase when compared to the Fiscal Year 2013 appropriation of \$3.278 billion. For FY2015, the General Fund appropriation was \$3.318 billion, which represented a 1.2% increase when compared to the FY2014 appropriation (Legislative Counsel Bureau, 2013). The General Fund functional areas of state government in terms of operating

appropriations for the 2013-2015 biennial budget were similar to the functional areas in terms of the operating appropriations for the 2011-2013 biennial budget. The K-12 education appropriation represented 38.6% of the 2013-2015 biennial budget, compared to 37.3% of the 2011-2013 biennial budget. The higher education appropriation represented 14.7% of the 2013-2015 biennial budget, compared to 15.2% of the 2011-2013 biennial budget. The human services appropriation represented 31.1% of the 2013-2-15 biennial budget, compared to 31.4% of the 2011-2013 biennial budget. The public safety appropriation represented 8.8% of the 2013-2015 biennial budget, compared to 9.3 percent of the 2011-2013 biennial budget. In short, the K-12 education appropriation increased at the expense of the higher education appropriation in the 2013-2015 biennial budget. There was really nothing remarkable about the 2013-2015 General Fund appropriations when compared to previous biennial budgets (Legislative Counsel Bureau, 2013).

CONCLUSION

At the midpoint of the session, the 2013 Nevada Legislature had actually accomplished very little. Many bills were introduced and discussed in committees. Most legislative activity had been comprised of positioning for the substantive legislative activity that usually transpires near the end of a session, that period of time from May 1, 2013 through June 3, 2013. The May 2013 revised revenue projections of the Nevada Economic Forum provided little additional projected revenue for the 2013-2015 biennium, leaving little to be accomplished other than the routine formulation and adoption of the 2013-2015 biennial budget. Most of the legislators, as well as Governor Sandoval, seem pleased that the Nevada economy was slowing growing and recovering from the recession. The adjournment of the 2013 Nevada Legislature was routine and nothing exceptional transpired; however, the foundation was established for significant political structural change and Nevada will experience a political tipping point. The future look of Nevada will be very different from the current look of Nevada. In short, the south, urban and Democrat factions will control the future look of Nevada.

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