

Nevada

Federal Policies Have Cost Nevada \$1.1 Billion over the Past Four Years

Federal Policies Affect Nevada Revenue and Spending Levels, 2002-2005

*Cost to
Nevada*

➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts reduce state revenue directly.	\$71 million
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$588 million
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$36 million
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$432 million
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$81 million
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$105 million)
	TOTAL COST (net of fiscal relief), 2002-2005:	\$1.1 billion

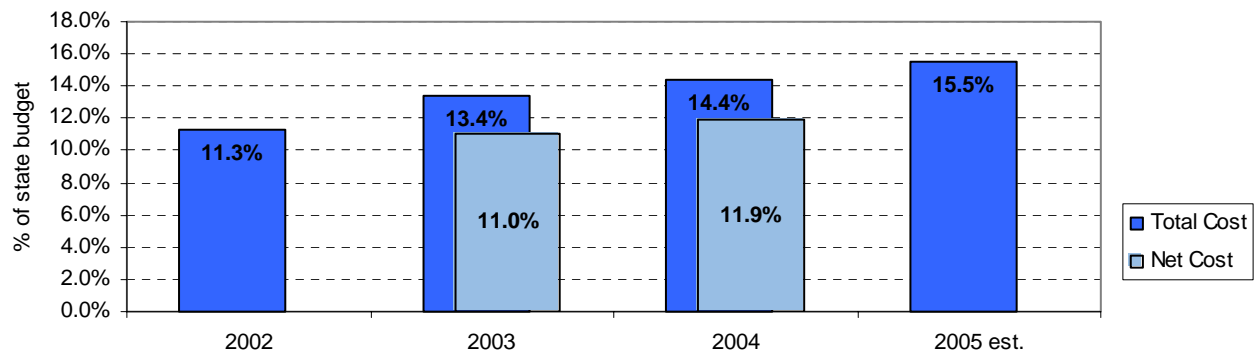
Nevada Has Been More Affected by Federal Policies than Most States

*Ranking among 50
states plus D.C.*

➤	Total cost as percent of General Fund budget (2002-2005):	13.8%	2nd
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	12.6%	2nd

Nevada has been among the states affected most heavily by federal policy largely because it lacks a diverse revenue base, relying more on sales tax revenue than any other state. As a result, it is more affected by federal restrictions on sales taxation than most states.

Net Cost of Federal Policy to Nevada as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.