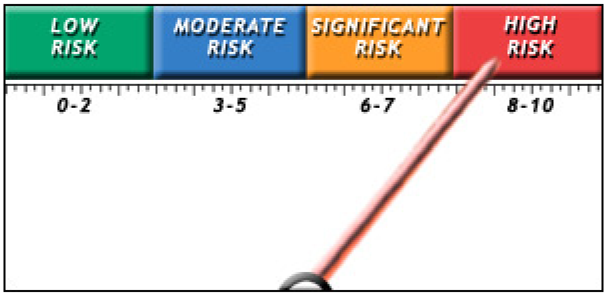
CENTER ON BUDGET AND POLICY PRIORITIES
820 First Street, NE, Suite 510, Washington, DC 20002
Tel: 202-408-1080 Fax: 202-408-1056 center@cbpp.org www.cbpp.org

NEVADA

Most states have structural weaknesses in their tax systems that put them at risk of experiencing gaps between revenues and necessary expenditures in coming years. The Center evaluated each state's likelihood of facing a structural deficit by determining how many of ten "risk factors" applied to each state. Nevada is rated as having a high risk of a structural deficit based on its score of nine on the risk scale for structural deficits.



- In Nevada, the percent of sales subject to sales tax declined by 17.1 percentage points from 1990-2003, exceeding the US median decline of 8.0 percentage points. Moreover, Nevada's sales tax covers less household services than the average state.

- Nevada does not have a corporate income tax.

- Nevada could lose an estimated $225 to $352 million in revenue a year due to the growth of e-commerce. This loss is greater than the national average as a share of total revenue.

- Nevada does not have a personal income tax.

- Nevada faces spending pressures from: Medicaid, a growing elderly population, and the number of high school graduates potentially entering college.

- Nevada has a statutory spending limit that restricts proposed expenditures to population plus inflation. Nevada also has two types of limits on the growth of local property taxes: a property tax rate limit and a property tax revenue limit. It also has a supermajority requirement for all tax increases.

- Nevada remains linked to the federal phase-out of the estate tax, which eliminates a rapidly growing revenue source and costs the state an estimated $35 million per year.

- Two other national studies (Hovey 1998 and Boyd 2002) found that Nevada has a structural gap.