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Nevada Resort Association
3773 Howard Hughes Parkway
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RE: Nevada Resort Association Analyses | Gaming Industries Contribution to Nevada's Education Funding

Pursuant to our recent discussions, Applied Analysis has reviewed Nevada's K-12 education funding system and prepared an estimate of the gaming industry's contribution to that system. Our analysis was based on the education program detailed outlined in the 2005 Appropriations Report prepared by the Fiscal Analysis Division of the Nevada Legislative Counsel Bureau.¹ Estimates were based on budgeted expenditures for the 2007 fiscal year ("FY 2007").

As you are aware, Nevada's education funding is neither straightforward nor transparent. Including revenues from all sources, Nevada's schools were expected to receive \$2.93 billion in state and local funding during FY 2007. We estimate that Nevada's gaming industry and its patrons will contribute \$1.02 billion or 35 percent of this annual total. Exhibit 1 provided on the following page summarizes our analysis and its findings.

Thank you again for the opportunity to assist the Nevada Resort Association with this important project. Should you have any questions or should you require any additional information, please never hesitate to contact me directly at 702.967.3333.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Aguero'.

JEREMY A. AGUERO
PRINCIPAL ANALYST

¹ Report available at: <http://www.leg.state.nv.us/lcb/fiscal/Appropriation%>, pages 117 through 158.

Exhibit 1
Gaming Industry's Share of Nevada's K-12 Education Funding
Fiscal Year 2007, State and Local Revenue Sources

	Estimated Total Education Revenue	Estimated Gaming Industry Contributions	Estimated Gaming Industry Share
Local School Support Tax ²	\$1,001,121,291	\$341,382,360	34.1%
Property Tax (\$0.25) ³	\$204,865,724	\$54,289,417	26.5%
Property Tax (\$0.50) ⁴	\$409,731,448	\$108,578,834	26.5%
Motor Vehicle Privilege Tax ⁵	\$97,400,000	\$7,597,200	7.8%
Charter School Special Pay ⁶	\$(28,169)	\$-	0.0%
State's General Fund ⁷	\$963,564,914	\$463,474,724	48.1%
Slot Tax ⁸	\$37,968,811	\$37,968,811	100.0%
Permanent School Fund	\$5,490,122	\$-	0.0%
Federal Mineral Lease Revenue	\$3,858,462	\$-	0.0%
Other Local Revenue ⁹	\$118,000,000	\$5,900,000	5.0%
Out-of-State LSST	\$86,979,320	\$-	0.0%
Estate Tax	\$3,027,399	\$-	0.0%
Total	\$2,931,979,322	\$1,019,191,345	34.8%

² Local school support tax is a portion of Nevada's sales and use tax. Estimates include business-to-business purchases as well as visitor purchases for food, beverage, retail shopping, and general merchandise. Estimates by Applied Analysis based on data reported by Nevada Department of Taxation (<http://tax.state.nv.us/pubs.htm>).

³ Property tax includes value land, improvement, and personal property value for Nevada's gaming hotel and casinos and conservatively estimates direct employees' ad valorem contributions. Estimates by Applied Analysis based on data reported by Nevada Department of Taxation, Redbook 2007; Clark County Assessors Office; and Washoe County Assessors Office.

⁴ Id.

⁵ Motor vehicle privilege tax includes vehicles registered by Nevada's casino hotels as well as vehicles used by supporting industries and employed persons. Estimates by Applied Analysis based on data provided by the Nevada Department of Transportation and the Nevada Legislative Council Bureau.

⁶ Value reported as a revenue source in the 2007 Appropriations Report. No revenue assumptions made for the casino-hotel industry.

⁷ Gaming industry's contribution to the state's general fund prepared by Applied Analysis and reported in the 2007 Nevada Gaming Handbook (Nevada Resort Association, 2007).

⁸ One hundred percent of Nevada's slot tax attributable to the casino industry and its patron. Estimates by Applied Analysis based on data reported by the Nevada Gaming Control Board and the Nevada Legislative Council Bureau, Fiscal Division.

⁹ Franchise taxes, federal revenue, interest, tuition and other local revenue and opening balances are expected to contribute \$117.9 million in FY 2005-06 and \$118.0 million in FY 2006-07. Estimates by Applied Analysis based on data reported by the Nevada Department of Taxation; the Nevada Legislative Council Bureau; and Clark County local governments.