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EDITORIAL: State, county get handouts as budgets go up

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President Joe Biden remains in the middle of a drawn out home-run trot for the \$1.9 trillion “stimulus,” even though the bill piles on massive debt as the economy is already showing signs of a robust recovery. The partisan package includes nearly \$500 billion for state and local governments, even though many are doing far better financially than anticipated.

Clark County, for instance, last week approved a \$1.51 billion budget for fiscal 2022 beginning in July. That’s a healthy 18 percent increase over the previous fiscal year outlay of \$1.28 billion. It’s also up 3.5 percent from the fiscal 2019, pre-pandemic budget of \$1.46 billion.

County officials tapped reserve funds last year thanks to the damage triggered by coronavirus shutdowns, and the new spending plan calls for replenishing the rainy day fund. The blueprint also allows officials to fill vacant positions that were frozen during the pandemic.

The county did indeed experience significant drop-offs in tax collections thanks to COVID — the room tax take has fallen \$88 million since March 2020, while gaming license fees and sales tax were down \$149 million — but, all in all, the government is in much better fiscal condition than many might have projected 12 months ago.

Ditto for the state. Gov. Steve Sisolak’s proposed budget calls for \$9.2 billion in spending over the next biennium, an increase from the budget passed two years ago before the pandemic. Count on legislative Democrats to push for even more.

All this undercuts the notion that state and local governments need additional Washington handouts. “Nationwide, state and local tax revenues fell 5 percent in the second quarter of 2020,” the Cato Institute reported in February, “but they more than made up for lost ground in the third and fourth quarters, according to data from the Bureau of Economic Analysis.”

In addition, property tax revenue continued to increase during the COVID recession. While Nevada has property tax caps that limit liabilities for homeowners, the hot market has helped mitigate the effects of the economic disruption. Nationally, “housing prices rose steadily during 2020,” Cato found. “This is noteworthy because 70 percent of local government tax revenues come from property taxes.”

Yet Nevada is counting on \$4.5 billion from Washington, while Clark County will receive \$439 million. County officials don’t even know what to do with the windfall. Chief Financial Officer Jessica Colvin “said that county lawmakers will consider how to allocate that funding in the near future,” the Review-Journal reported.

Rather than help, the “free” money has the potential to lead to future budget snags, higher taxes and bigger government, particularly if recipients use the cash to increase base-line budgets rather than fund one-time projects. But perhaps that’s precisely the intention.