

**Request for Three Billion Dollar Grant
from the United States Congress
by
Chancellor James E. Rogers
November 17, 2008**

**I.
General Remarks**

I need not tell you of Nevada's economic woes. In the 55 years I have lived here, I have never seen anything even remotely close to the problems that negatively affect every aspect of Nevada life. However, one characteristic of Americans, especially Nevadans, is the will to find a way to solve problems by bold, creative, progressive and aggressive action. I am convinced that if we stop moaning and groaning about our dilemma and start looking for solutions, Nevada will rebound quickly and fully.

The Nevada System of Higher Education has been working round the clock for the last four months; first to describe the effects of the Governor's requested budget cuts, if they were implemented. And second, and more importantly, the System has been developing a laundry list of reasonable and sound solutions. The System has discussed, or will discuss in the Chancellor's weekly memos the following sources of funds:

1. Securitization of the tobacco fund which could immediately raise \$600 million.
2. Increase of student tuition and fees by a reasonable amount which could raise \$50 million per year. This is the subject of tomorrow's Chancellor's memo. This is an increase of slightly over 25%.
3. Reduce certain tax loopholes which are estimated to be \$1.3 billion per year. If those abatements could be reduced by 50 percent, an additional \$600 million in local support would come into the state coffers.
4. Obtain local support from the respective county commissions for community colleges located within their communities. This could bring in \$50 to \$100 million per year, or even more, once the counties adjusted to this very necessary support.
5. Use the state's bonding capacity to partially cover the short fall to provide up to \$700 million dollars.
6. Examine the mining industry and its ability to fairly contribute to Nevada's tax base. In the last twelve months, by my calculations, foreign mining companies have taken profits from Nevada that approach \$2 billion, while paying a mere \$30 million in taxes. That equates to a tax rate of less than two percent. If mining paid taxes equivalent to the gaming industry, Nevada would raise another \$150-\$180 million.

If Nevada adopted these six solutions, there would be more than enough money to fill the state's current "revenue hole." If Nevada would add to this list a broad-based business tax, which would be imposed like the federal tax rate, on a graduated scale, so that those having a hard time would pay nothing, Nevada would have financial sources to fill the chasm.

**II.
The Three Billion Dollar Grant**

Now let me discuss one other possible source of short-term financing for Nevada and the primary reason I invited you here today. Nevadans pay a tremendous amount of income taxes to the federal government. Because of Nevada's demographics (low age, general good health and other positive low cost related reasons), Nevada does not receive an equal share of funds the federal government sends to other states to support the needs of the citizens of those states. For every dollar Nevadans send to Washington, Nevadans receive only 70 cents in return.

Nevada ranks 47th in federal reimbursements. According to a 2003 U.S. Census Bureau study, Nevada sends more than \$4 billion a year in excess of what Nevada receives from the federal government. I can't imagine that number has improved over the past five years. Let me repeat- Nevadans spend more than \$4

billion to solve the social and economic problems of other states. Just think what Nevada could do with that additional \$4 billion each year.

I do not quarrel with the need for the so-called bailout of Wall Street or the bailout of the nation's banks, automobile manufacturers or other institutions whose survival is necessary for the survival of the U.S. economy. But it seems to me that the survival of Nevada's citizens' fundamental way of life is just as essential as the survival of big business pocketbooks. Nevadans must not damage education; all of education, K-16. Nevada must provide for the health and welfare of its citizens, both young and old, and Nevada must maintain a prison system that protects its citizens. It seems obvious that the federal government can and must help bridge the financial gap for Nevada, an enterprise that may have greater potential and be a better risk than some of the other recipients of federal funding. I am therefore asking that the federal government grant the State of Nevada \$3 billion to see Nevada through these hard times.

Nevada's federal delegation is small but is among the most active and productive in the country. I hope Nevadans realize the treasure Nevadans have in Senator Harry Reid. As the nation's most powerful senator, Nevada is represented as well as any state with 10 times the number of representatives. Senator John Ensign has quickly risen up the ranks of the Republican caucus. Congresswoman Berkley is a 10-year veteran with a seat on the powerful House Ways and Means Committee. Congressman Dean Heller is a rising star within his caucus and my education partner Dina Titus will not take long to become a valuable member of the U.S. House of Representatives. Certainly, her background in education will help K-16.

People will naturally ask this question: If the federal government steps in to help Nevada, won't it be inundated by 49 requests from every other state? The answer is yes, of course. Being fiscally prudent, I would encourage the federal government to consider helping states with double digit drops in revenue. No other state in the union has seen or will see its revenues decline by a greater margin than Nevada. Even with a one-time \$3 billion dollar grant, the federal government will still receive more money from Nevadans than it returns to Nevadans.

I have spoken with Senator Reid. I have talked with leaders of major Nevada businesses who have a lobbying presence in Washington, D.C. They have offered their full support. I have spoken with Governor Jim Gibbons, Speaker Barbara Buckley, and Majority Leader Steven Horsford. All agree this request for support from the federal government will be a major contributor to the solution.

If the federal government can return to Nevada, in just this one instance, more than Nevadans pay in federal income taxes, Nevada will recover from this financial crisis. Nevada must still do more for itself. Nevada must spend more on education and health care. Nevada's tax-free businesses must step to the plate and fund the government that supports their businesses. Even though fundamental flaws in the banking and automotive businesses have been exposed, Congress has still concluded these institutions must be saved. Despite whatever flaws exist in Nevada's taxing and spending policies, Nevada should also be high on the priority lists for financial support.

I will now take any questions.