

Kate Marshall
State Treasurer



Renee L. Parker, Esq.
Chief of Staff

Robin V. Reedy
Chief Deputy Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

February 5, 2008

Governor Jim Gibbons
State of Nevada
101 N. Carson St.
Suite 1
Carson City, NV 89701

Dear Governor Gibbons:

This correspondence is sent in response to your letter of December 14, 2007, requesting that I voluntarily reduce my office's general fund budget by 4.5% over the current biennium. As I indicated to you in our November 5, 2007, meeting, my office had already begun to make preparations to meet or exceed anticipated budget cuts based on the concerns you initially raised in the beginning of this fiscal year. Thus, we directed efforts to gain additional salary savings and reduce other expenditures within the office to ensure we could meet anticipated shortfalls. We have continued these efforts to date, and I hereby extend to you once again my commitment to revert a minimum of 4.5 % of our biennial budget, or \$139,396, over the biennium.

In addition to planning our budget reductions in response to your request, I am pleased to inform you that I have also been able to obtain additional revenues not included in the State's revenue forecasts, which should assist in offsetting other State budget shortfalls. Specifically, we have identified another \$40 million that we can revert to the General Fund over the biennium between unclaimed property and bond opportunities. The particulars of how these additional revenues are achieved are laid out below.

Through our Unclaimed Property Division, I anticipate reverting to the general fund approximately \$23 million in addition to our original \$17 million in unclaimed property revenue forecasts. While my office has been able to increase unclaimed property revenues, I should also note that my office has returned over \$12 million in response to claims in this fiscal year to date, compared to returns of only about \$3 million as of this date in fiscal year 2007. Moreover, the number of properties paid to date compared to the previous fiscal year has also increased by almost 50%.

CARSON CITY OFFICE

State Treasurer
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax



My Debt Management Division has also been working on forecasts within the Debt Affordability Model and the Bond Interest and Redemption Account ("Bond Fund") to determine if other opportunities for savings exist. Because the actual issuance of bonds has been slower than previously expected and the rates we received on those bonds have been slightly lower than projected, we believe we will not need the transfer of funds to repay bonds issued for the benefit of the Department of Corrections and the Department of Child and Family Services. Essentially, this process forgives the repayment of the debt, by the two agencies identified above, over the biennium to the Bond Fund. As a result, the Department of Administration could require those agencies to revert the funds that would have been used to make their debt payments to the General Fund. We estimate this would result in a reversion of approximately \$7.2 million over the biennium.

Finally, our analysis has identified interest earned on the Bond Fund of approximately \$10 million in excess of what is necessary to repay currently outstanding bonds. Such monies could also be reverted to the General Fund in this fiscal year. In order to transfer the savings identified within the Debt Division, we would be most appreciative if the Department of Administration could assist us in developing a transparent process that falls within statutory guidelines.

In summary, the Office of the State Treasurer will revert a minimum of 4.5% of our biennial budget appropriation over the current biennium. Furthermore, we have identified another \$40 million at a minimum that we can revert to the General Fund through revenues obtained by the Unclaimed Property Division and savings opportunities identified within the Debt Division.

I look forward to continuing to assist the State in prudently managing its finances while it recovers from the economic slowdown. If you have any questions concerning the foregoing, please do not hesitate to contact me or my Chief of Staff, Renee Parker, at (775) 684-7109.

Regards,



Kate Marshall
State Treasurer

Cc: Senator William J. Raggio
Speaker Barbara E. Buckley
Assemblyman Morse Arberry Jr.
Members of the Interim Finance Committee
Andrew Clinger, Director, Department of Administration
Mark Stevens, Fiscal Analyst
Gary Ghiggeri, Fiscal Analyst