

Nevada's leaders face yet more budget austerity - Reuters

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increases

* New governor plans more cuts, not tax

* Revenue from gambling key to bolstering state finances

* Lawmakers taking up governor's austere budget plan

By [Jim Christie](#)

SAN FRANCISCO, Feb 11 (Reuters) - The slump in Nevada's casino industry shows signs of reaching bottom, giving state leaders some hope the state's economic engine will warm up.

But first they must contend with the effect of hard times on their state's coffers -- sharply reduced revenue that Governor Brian Sandoval says demands more austerity.

Sandoval, sworn in last month, opposes tax hikes and has proposed slashing spending and shifting revenues to close a \$1.2 billion gap to balance the books over the next two-year budget cycle. He proposes a \$5.8 billion general fund budget.

His proposed cuts would add to those imposed by his predecessor, Jim Gibbons, a fellow Republican whose single term as Silver State governor was dominated by fiscal crisis.

It was fueled by the implosion of the state's once-torrid housing market -- foreclosures abound in Las Vegas, where home builders once struggled to meet demand to keep up with explosive growth -- and a nosedive in revenue from gambling as consumers hoarded cash during the recession.

Now there are signs that gamblers are opening their wallets. Nevada's Gaming Control Board this week noted the state's two-year run of tumbling gaming revenue ended with a marginal 0.1 percent uptick last year.

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Nevada Gaming Control Board analyst Mike Lawton added that last year Las Vegas visitor volume rose 2.7 percent over 2009 and gamblers boosted spending on table games in casinos along the city's famous "Strip." Slot machine gambling was off 0.7 percent last year, compared with falls of 12.6 percent in 2009 and 8.7 percent in 2008.

"The Strip has hit bottom and is slowly starting to climb back out," he said. "It's not back to levels of 2007, but it's positive."

'WE HAVE CUT AND CUT AND CUT'

There other signals that Nevada's economy is regaining its footing, albeit without enough strength to pare its 14.5 percent unemployment rate, the worst of any state, said Stephen Brown, director the Center for Business and Economic Research at the University of Nevada, Las Vegas.

"The state is at the beginning of a recovery, particularly here in southern Nevada," Brown said, noting his center has found that optimism among Las Vegas businesses, ranging from small firms to casinos, is on the upswing.

A pickup in revenue from gambling can't come fast enough for Nevada's legislature. Even some of its Republicans are concerned the state's cost-cutting risks going too far.

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