

FY 2018 General Fund Revenue Status Report – October 2018 Update  
Actual Collections Compared to the Economic Forum May 1, 2017 Forecast  
Final Actual Collections for FY 2018

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The following report summarizes total General Fund collections for FY 2018, as available in the State Controller's system from September 21, 2018, compared to the Economic Forum's May 2017 forecast for the State General Fund revenue sources for FY 2018. The Economic Forum's forecast for FY 2018 was adjusted based on legislative actions approved during the 79th Legislative Session (2017) that impacted General Fund revenue sources. Attached to this report is a table, based on **final** actual gross and net General Fund revenue collection information for the complete twelve months of FY 2018 available in the State Controller's system on September 21, 2018.

**Fiscal Year 2018 Actual Collections Compared to the Economic Forum May 2017 Forecast: Based on Revenue Collection Information Available through September 2018 based on Information in the Controller's System on September 21, 2018**

Based on the information presented in the table, **final** actual total gross General Fund revenue collections in FY 2018 **before the application of any tax credits that were taken** were \$4,189.9 million, which is \$90.6 million or 2.2 percent above the total gross General Fund revenue forecast of \$4,099.3 million based on the Economic Forum's May 1, 2017, forecast.

**After the application of tax credits, final** actual total net General Fund revenue collections in FY 2018 were \$4,018.7 million, which is **\$103.2 million or 2.6 percent above** the total net General Fund revenue forecast of \$3,915.5 million based on the Economic Forum's May 1, 2017, forecast. The net revenue collections are the relevant figure in relation to the forecast used in the General Fund budget approved by the Legislature during the 2017 Session for FY 2018.

The following provides the information for the seven major General Fund revenue sources **before the application of any tax credits that were taken in FY 2018:**

State 2% Sales Tax: Actual gross collections of \$1,142.8 million for FY 2018 are \$11.9 million or 1.0 percent **below** the gross forecast of \$1,154.7 million.

Gaming Percentage Fees Tax: Actual gross collections of \$757.8 million for FY 2018 are **\$11.0 million or 1.5 percent above** the gross forecast of \$746.8 million.

Insurance Premium Tax: Actual gross collections of \$417.5 million for FY 2018 are **\$21.7 million or 5.5 percent above** the gross forecast of \$395.8 million.

Modified Business Tax (Non-Financial, Financial, and Mining Combined): Actual gross collections of \$655.6 million for FY 2018 are **\$15.0 million or 2.4 percent above** the gross forecast of \$640.6 million.

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Live Entertainment Tax (Gaming): Actual gross collections of \$100.9 million for FY 2018 are **\$5.8 million or 5.4 percent below** the gross forecast of \$106.7 million.

Real Property Transfer Tax: Actual gross collections of \$103.4 million for FY 2018 are **\$16.8 million or 19.3 percent above** the gross forecast of \$86.6 million.

Commerce Tax: Actual gross collections of \$201.9 million for FY 2018 are **\$15.9 million or 8.5 percent above** the gross forecast of \$186.0 million.

The actual gross collections for FY 2018 for these seven major General Fund revenue sources of \$3,379.9 million, **before the application of any tax credits that were taken**, are **\$62.8 million or 1.9 percent above** the gross forecast for these seven revenue sources of \$3,317.1 million.

Actual collections for FY 2018 for the ten selected non-major General Fund revenues, as shown in the attached table, of \$559.2 million are **\$0.6 million or 0.1 percent below** the forecast for these ten revenue sources of \$559.8 million.

Actual collections for FY 2018 for All Other General Fund revenue sources, as shown in attached table, of \$250.8 million are **\$28.5 million or 12.8 percent above** the forecast of \$222.3 million.

Net Proceeds of Minerals: Actual collections of \$63.5 million are **\$17.8 million above** the forecast of \$45.7 million.

The Economic Forum's May 1, 2017, forecast estimated that approximately \$88.8 million in Commerce Tax credits would be used against the Modified Business Tax in FY 2018 and an additional \$95.0 million in tax credits from various programs approved by the Legislature would be used against the Gaming Percentage Fees Tax, the Modified Business Tax, or the Insurance Premium Tax.

The actual Commerce Tax credits used in FY 2018 were \$57.8 million or approximately \$30.9 million below the forecast for Commerce Tax credits, and the actual tax credits used in FY 2018 from the various tax credit programs were \$113.4 million or \$18.4 million above the forecast for these programs. The total tax credits used in FY 2018 of \$171.2 million are \$12.5 million below the forecast of \$183.7 million.

Because the amount of tax credits that were used was \$12.5 million below the forecast, actual total net General Fund revenue collections in FY 2018 **after the application of any tax credits that were taken** were \$4,018.7 million, which is **\$103.2 million or 2.6 percent above** the net total General Fund revenue forecast of \$3,915.5 million based on the Economic Forum's May 1, 2017, forecast.

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The tax credit programs approved by the Legislature consist of two different types: credits that can be used only against a specific revenue source (either the Modified Business Tax or the Insurance Premium Tax), or transferable tax credits that can be declared against one of three different taxes (the Gaming Percentage Fees Tax, the Modified Business Tax, or the Insurance Premium Tax) by the entity who was awarded the credit.

The following provides the information for the three major General Fund revenue sources to which tax credits can be applied **after the application of tax credits that were actually taken in FY 2018:**

Gaming Percentage Fees Tax: Actual net collections of \$683.6 million for FY 2018 are **\$63.1 million or 8.5 percent below** the net forecast of \$746.7 million. Actual tax credits used against this tax source were \$74.2 million, compared with a forecast of zero.

Insurance Premium Tax: Actual net collections of \$394.3 million for FY 2016 are **\$22.5 million or 6.1 percent above** the net forecast of \$371.8 million. Actual tax credits used against this tax source were \$23.2 million, compared with a forecast of \$24.0 million.

Modified Business Tax (Non-Financial, Financial, and Mining Combined): Actual net collections of \$581.8 million for FY 2018 are **\$56.2 million or 10.7 percent above** the net forecast of \$525.6 million. Actual tax credits used against this tax source were \$73.8 million, compared with a forecast of \$114.9 million.

**State General Fund Revenues: FY 2018 Actual Compared to Forecast - GROSS (Before Tax Credits) and NET (After Tax Credits)**  
**FY 2018 Forecast is the Economic Forum (EF) May 1, 2017, Forecast Adjusted for Actions Approved by the 2017 Legislature (79th Session)**

Revenue Source	GROSS (Before Tax Credits)				TAX CREDITS		NET (After Tax Credits)			
	FY 2018 Actual	FY 2018 Forecast	Dollar Difference: Actual less Forecast	Percent Difference Relative to Forecast	Actual Tax Credits	Forecast Tax Credits	FY 2018 Actual	FY 2018 Forecast	Dollar Difference: Actual less Forecast	Percent Difference Relative to Forecast
	Fiscal Year Actual	Fiscal Year Forecast					Fiscal Year Actual	Fiscal Year Forecast		
<b>Major General Fund Revenues</b>										
Sales and Use Tax	\$1,142,799,766	\$1,154,724,000	-\$11,924,234	-1.0%			\$1,142,799,766	\$1,154,724,000	-\$11,924,234	-1.0%
Percentage Fees Tax	\$757,790,502	\$746,753,000	\$11,037,502	1.5%	-\$74,186,822	\$0	\$683,603,680	\$746,753,000	-\$63,149,320	-8.5%
Insurance Premium Tax	\$417,497,362	\$395,753,000	\$21,744,362	5.5%	-\$23,234,613	-\$24,000,000	\$394,262,749	\$371,753,000	\$22,509,749	6.1%
Total Modified Business Tax (MBT)	\$655,635,451	\$640,566,000	\$15,069,451	2.4%	-\$73,791,722	-\$114,951,000	\$581,843,729	\$525,615,000	\$56,228,729	10.7%
Live Entertainment Tax (Gaming)	\$100,863,918	\$106,663,000	-\$5,799,082	-5.4%			\$100,863,918	\$106,663,000	-\$5,799,082	-5.4%
Real Property Transfer Tax	\$103,390,400	\$86,628,000	\$16,762,400	19.3%			\$103,390,400	\$86,628,000	\$16,762,400	19.3%
Commerce Tax	\$201,926,513	\$186,046,000	\$15,880,513	8.5%			\$201,926,513	\$186,046,000	\$15,880,513	8.5%
<b>Total: Major General Fund Revenues</b>	<b>\$3,379,903,911</b>	<b>\$3,317,133,000</b>	<b>\$62,770,911</b>	<b>1.9%</b>			<b>\$3,208,690,754</b>	<b>\$3,178,182,000</b>	<b>\$30,508,754</b>	<b>1.0%</b>
<b>Select Non-Major General Fund Revenues</b>										
Transportation Connection Excise Tax	\$21,773,229	\$18,848,000	\$2,925,229	15.5%			\$21,773,229	\$18,848,000	\$2,925,229	15.5%
Live Entertainment Tax (Non-Gaming)	\$24,544,887	\$26,150,000	-\$1,605,113	-6.1%			\$24,544,887	\$26,150,000	-\$1,605,113	-6.1%
Cigarette Tax	\$160,664,759	\$172,577,000	-\$11,912,241	-6.9%			\$160,664,759	\$172,577,000	-\$11,912,241	-6.9%
Governmental Services Tax [1.]	\$20,252,358	\$19,367,000	\$885,358	4.6%			\$20,252,358	\$19,367,000	\$885,358	4.6%
Business License Fee	\$109,297,773	\$105,559,000	\$3,738,773	3.5%			\$109,297,773	\$105,559,000	\$3,738,773	3.5%
Liquor Tax	\$44,194,634	\$43,588,000	\$606,634	1.4%			\$44,194,634	\$43,588,000	\$606,634	1.4%
Other Tobacco Tax	\$16,496,006	\$15,086,000	\$1,410,006	9.3%			\$16,496,006	\$15,086,000	\$1,410,006	9.3%
SOS Commercial Filings	\$77,057,113	\$75,120,000	\$1,937,113	2.6%			\$77,057,113	\$75,120,000	\$1,937,113	2.6%
SOS Securities	\$29,322,672	\$27,923,000	\$1,399,672	5.0%			\$29,322,672	\$27,923,000	\$1,399,672	5.0%
Short-Term Car Rental Tax	\$55,601,611	\$55,584,000	\$17,611	0.0%			\$55,601,611	\$55,584,000	\$17,611	0.0%
<b>Total: Select Non-Major General Fund Revenues</b>	<b>\$559,205,042</b>	<b>\$559,802,000</b>	<b>-\$596,958</b>	<b>-0.1%</b>			<b>\$559,205,042</b>	<b>\$559,802,000</b>	<b>-\$596,958</b>	<b>-0.1%</b>
<b>Total: All Other General Fund Revenues [2.]</b>	<b>\$250,815,660</b>	<b>\$222,333,896</b>	<b>\$28,481,764</b>	<b>12.8%</b>			<b>\$250,815,660</b>	<b>\$222,333,896</b>	<b>\$28,481,764</b>	<b>12.8%</b>
<b>Total: General Fund Revenues - Before Tax Credits</b>	<b>\$4,189,924,613</b>	<b>\$4,099,268,896</b>	<b>\$90,655,717</b>	<b>2.2%</b>			<b>\$4,018,711,456</b>	<b>\$3,960,317,896</b>	<b>\$58,393,560</b>	<b>1.5%</b>
<b>Commerce Tax Credits</b>	<b>-\$57,816,568</b>	<b>-\$88,763,000</b>	<b>\$30,946,432</b>	<b>-34.9%</b>						
<b>Total: General Fund Revenues - After Commerce Tax Credits</b>	<b>\$4,132,108,045</b>	<b>\$4,010,505,896</b>	<b>\$121,602,149</b>	<b>3.0%</b>			<b>\$4,018,711,456</b>	<b>\$3,960,317,896</b>	<b>\$58,393,560</b>	<b>1.5%</b>
<b>Total: Tax Credit Programs</b>	<b>-\$113,396,589</b>	<b>-\$94,996,426</b>	<b>-\$18,400,163</b>	<b>19.4%</b>				<b>-\$44,808,426</b>	<b>\$44,808,426</b>	
Film Transferrable Tax Credits [TC-1]	\$0	-\$11,720,926	\$11,720,926	-100.0%				-\$11,720,926	\$11,720,926	
Economic Development Transferrable Tax Credits [TC-2]	-\$73,831,822	-\$31,087,500	-\$42,744,322	137.5%				-\$31,087,500	\$31,087,500	
Catalyst Account Transferrable Tax Credits [TC-4]	-\$355,000	-\$2,000,000	\$1,645,000	-82.3%				-\$2,000,000	\$2,000,000	
Nevada New Markets Job Act Tax Credits [TC-3]	-\$23,234,613	-\$24,000,000	\$765,387	-3.2%				\$0	\$0	
Education Choice Scholarship Tax Credits [TC-5]	-\$15,975,154	-\$26,050,000	\$10,074,846	-38.7%				\$0	\$0	
College Savings Plan Tax Credits [TC-6]	\$0	-\$138,000	\$138,000	-100.0%				\$0	\$0	
<b>Total: General Fund Revenues - After Tax Credits</b>	<b>\$4,018,711,456</b>	<b>\$3,915,509,470</b>	<b>\$103,201,986</b>	<b>2.6%</b>			<b>\$4,018,711,456</b>	<b>\$3,915,509,470</b>	<b>\$103,201,986</b>	<b>2.6%</b>

**Summary of Actual FY 2018 Transferrable Tax Credits Applied to Specific Revenues**

Revenue Source	Total Actual Tax Credits	Film	Economic Development	Catalyst Account	Nevada New Markets Jobs Act	Education Choice Scholarship	College Savings Plan
Percentage Fees Tax	-\$74,186,822	\$0	-\$73,831,822	-\$355,000	\$0	\$0	\$0
Insurance Premium Tax	-\$23,234,613	\$0	\$0	\$0	-\$23,234,613	\$0	\$0
Total Modified Business Tax (MBT)	-\$15,975,154	\$0	\$0	\$0	\$0	-\$15,975,154	\$0
<b>Total</b>	<b>-\$113,396,589</b>	<b>\$0</b>	<b>-\$73,831,822</b>	<b>-\$355,000</b>	<b>-\$23,234,613</b>	<b>-\$15,975,154</b>	<b>\$0</b>

## Notes:

The Economic Forum's forecast shown in Tables 1 through 6 reflect the forecast approved at the May 1, 2017, meeting based on the following measures approved by the 2017 Legislature (79th Session):

**[1.] Governmental Services Tax:** A.B. 486 requires 25% of the proceeds from the portion of the Governmental Services Tax (GST) generated from the 10% depreciation schedule change, approved in S.B. 429 (2009), to be allocated to the State General Fund in FY 2018 and FY 2019, with the remaining 75% deposited in the State Highway Fund. Under A.B. 486, 100% of the additional revenue generated from the GST 10% depreciation schedule change is required to be deposited in the State Highway Fund beginning in FY 2020 and going forward permanently. Estimated to generate \$19,367,000 in FY 2018 and \$19,573,500 in FY 2019.

**[2.] Total All Other General Fund Revenues:** Includes all General Fund revenue sources not specifically listed under Major General Fund Revenues and Select Non-Major General Fund Revenues that were authorized in statute to be collected in FY 2018 or FY 2019.

[2.1] S.B. 512 removes fees for the issuance of certain permits relating to the usage of piers, docks, buoys, or other facilities on navigable bodies of water in this state from NRS 322.120, and instead requires that the State Land Registrar of the Division of State Lands of the Department of Conservation and Natural Resources establish these fees by regulation, effective July 1, 2017. The bill requires that the first \$65,000 of the proceeds from these permit fees be deposited in the State General Fund in each fiscal year, with any proceeds in excess of \$65,000 to be used by the State Land Registrar to carry out programs to preserve, protect, restore, and enhance the natural environment of the Lake Tahoe Basin.

[2.2] S.B. 514 requires that certain fees collected by the State Engineer of the Division of Water Resources of the Department of Conservation and Natural Resources relating to services for the adjudication and appropriation of water be deposited in the State General Fund. Estimated to generate \$3,467,000 per year in FY 2018 and FY 2019.

[2.3] S.B. 515 requires that certain penalties received by the Securities Division of the Secretary of State's Office be deposited in the State General Fund, instead of the Secretary of State's Office's operating budget, effective July 1, 2017. Estimated to generate \$117,256 per fiscal year in FY 2018 and FY 2019.

[2.4] Estimated portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund (pursuant to subsection 9 of NRS 176.059), based on the legislatively approved projections and the authorized allocation for the Court Administrative Assessment Fee revenues (pursuant to subsection 8 of NRS 176.059) for FY 2018 and FY 2019. Estimated to generate \$1,328,228 in FY 2018 and \$1,080,780 in FY 2019.

[2.5] Adjustment to the Statewide Cost Allocation amount included in the Legislature Approves budget after the May 1, 2017, approval of the General Fund revenue forecast by the Economic Forum.

## TAX CREDIT PROGRAMS APPROVED BY THE LEGISLATURE

[TC-1] Pursuant to S.B. 165 (2013), the Governor's Office of Economic Development (GOED) could issue up to \$20 million per fiscal year for a total of \$80 million for the four-year pilot program in transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax. The provisions of the film tax credit program were amended in S.B. 1 (28th Special Session (2014)) to reduce the total amount of the tax credits that may be approved by GOED to a total of \$10 million. The amounts shown reflect estimates based on information provided by GOED during the 2017 Session on the amount of tax credits that have been or will be approved for use in FY 2017 and FY 2018.

Pursuant to A.B. 492 (2017), a total of \$10 million per year in film tax credits may be awarded by GOED beginning in FY 2018, in addition to any remaining amounts from S.B. 1 of the 28th Special Session (2014). Any portion of the \$10 million per fiscal year that is not approved by GOED may be carried forward and made available during the next or any future fiscal year.

[TC-2] Pursuant to S.B. 1 (28th Special Session (2014)), for certain qualifying projects, the Governor's Office of Economic Development (GOED) is required to issue transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and the Gaming Percentage Fee Tax. The amount of transferrable tax credits are equal to \$12,500 for each qualified employee employed by the participants in the project, to a maximum of 6,000 employees, plus 5 percent of the first \$1 billion of new capital investment in the State made collectively by the participants in the qualifying project, plus an additional 2.8 percent of the next \$2.5 billion in new capital investment in the State made collectively by the participants in the project. The amount of credits approved by GOED may not exceed \$45 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and GOED may not issue total credits in excess of \$195 million. The forecast is \$36,475,946 for FY 2017, \$31,087,500 for FY 2018, and \$44,600,000 for FY 2019 based on information provided by GOED to the Economic Forum for consideration at their May 1, 2017, meeting.

Pursuant to S.B. 1 (29th Special Session (2015)), for certain qualifying projects, the Governor's Office of Economic Development (GOED) is required to issue transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and the Gaming Percentage Fee Tax. The amount of transferrable tax credits are equal to \$9,500 for each qualified employee employed by the participants in the project, to a maximum of 4,000 employees. The amount of credits approved by GOED may not exceed \$7.6 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and GOED may not issue total credits in excess of \$38 million. The forecast for tax credits attributable to the Faraday Project are \$0 for FY 2018 and FY 2019 based on information provided by GOED to the Economic Forum for consideration at their May 1, 2017, meeting.

**Notes:**

[TC-3] Pursuant to S.B. 357 (2013), the Nevada New Markets Jobs Act allows insurance companies to receive a credit against the tax imposed on insurance premiums in exchange for making qualified equity investments in community development entities, particularly those that are local and minority-owned. A total of \$200 million in qualified equity investments may be certified by the Department of Business and Industry. In exchange for making the qualified equity investment, insurance companies are entitled to receive a credit against the Insurance Premium Tax in an amount equal to 58 percent of the total qualified equity investment that is certified by the Department. The credits may be taken in increments beginning on the second anniversary date of the original investment, as follows:

2 years after the investment is made: 12 percent of the qualified investment

3 years after the investment is made: 12 percent of the qualified investment

4 years after the investment is made: 12 percent of the qualified investment

5 years after the investment is made: 11 percent of the qualified investment

6 years after the investment is made: 11 percent of the qualified investment

Under the provisions of S.B. 357, the insurance companies were allowed to begin taking tax credits in the third quarter of FY 2015. The amounts shown reflect estimates of the amount of tax credits that will be taken during FY 2018 based on information provided by the Department of Taxation to the Economic Forum for consideration at their May 1, 2017, meeting.

[TC-4] S.B. 507 (2015) authorizes the Governor's Office of Economic Development (GOED) to approve transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax to new or expanding businesses to promote the economic development of Nevada. As approved in S.B. 507, the total amount of transferrable tax credits that may be issued is \$500,000 in FY 2016, \$2,000,000 in FY 2017, and \$5,000,000 for FY 2018 and each fiscal year thereafter. The amounts shown are the estimate based on the maximum amount that can be issued in each fiscal year.

A.B. 1 of the 29th Special Session (2015) reduced the total amount of transferrable tax credits that may be issued by GOED to zero in FY 2016, \$1 million in FY 2017, \$2 million per year in FY 2018 and FY 2019, and \$3 million in FY 2020. For FY 2021 and future fiscal years, the amount of credits that may be issued by GOED remains at \$5 million per year.

[TC-5] A.B. 165 (2015) allows taxpayers who make donations of money to certain scholarship organizations to receive a dollar-for-dollar credit against the taxpayer's liability for the Modified Business Tax (MBT). The total amount of credits that may be approved by the Department of Taxation (Department) is \$5 million in FY 2016, \$5.5 million in FY 2017, and 110 percent of the total amount of credits authorized in the previous year, for all subsequent fiscal years. The amounts shown reflect the estimate based on the assumption that the total amount authorized for each fiscal year will be donated to a qualified scholarship organization and taken as credits against the MBT.

S.B. 555 (2017) authorized an additional \$20 million in credits against the MBT under this program in Fiscal Year 2018 beyond those that were authorized in FY 2018 based on the provisions of A.B. 165 (2015). Any amount of the \$20 million in credits that is not approved by the Department may be issued in future fiscal years.

[TC-6] S.B. 412 (2015) provides a tax credit against the Modified Business Tax (MBT) to certain employers who match the contribution of an employee to one of the college savings plans offered through the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program authorized under existing law. The amount of the tax credit is equal to 25 percent of the matching contribution, not to exceed \$500 per contributing employee per year, and any unused credits may be carried forward for 5 years. The provisions relating to the Nevada College Savings Program are effective January 1, 2016, and the Higher Education Prepaid Tuition Program are effective July 1, 2016. The amounts shown are estimates based on information provided by the Treasurer's Office on enrollment and contributions for the college savings plans.