

Economic Forum

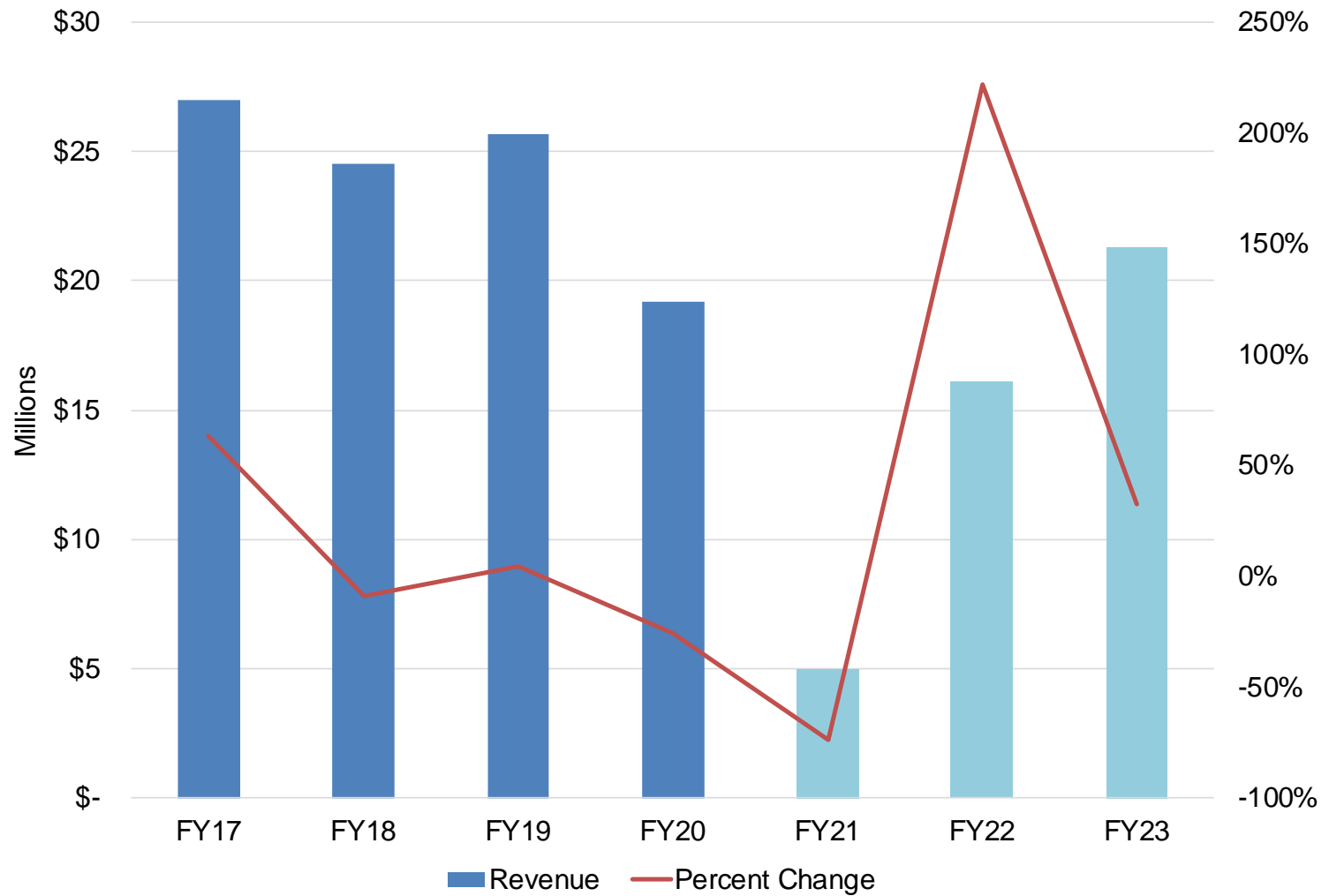
Major Revenue Forecasts Nevada Department of Taxation

December 3, 2020

Live Entertainment Tax

Non-gaming

Live Entertainment Tax - History and Forecast



LET – Nongaming Forecast

FY	Live Entertainment Tax	% Change
FY19	\$ 25,642,344	4.5%
FY20	\$ 19,159,947	-25.3%
FY21	\$ 5,000,000	-73.9%
FY22	\$ 16,100,000	222.0%
FY23	\$ 21,300,000	32.3%

- Assumption that live entertainment will resume throughout FY21 but at lower occupancy levels and less tickets sold.
- FY22 and FY23 are expected to benefit from increased demand for live entertainment post-Covid shutdowns and as vaccine availability spreads.

Sales and Use Tax

2% General Fund Portion

Forecast Scenarios

Moody's Baseline

- New infections peak in November 2020
- Vaccine available by April 2021, infections abate in August 2021
- Some Federal Reserve emergency lending facilities extended into 2021
 - FFR remains at 0 - 0.25% through 2023
- \$1.5 trillion in additional fiscal stimulus in Q1 of 2021
 - Stimulus checks
 - Aid to small businesses, airlines
 - Aid to state and local government

Moody's 75%ile Downside

- New infections peak in November 2020
- Vaccine available by July 2021, infections abate in November 2021
- Consumers are slower to return to spending on air travel, retail, and hotels than in the baseline
- Fiscal stimulus is scaled back and delayed compared to baseline, but still goes out in Q1 of 2021
 - Unemployment increases in Q1 2021

Alternate Forecast Scenario

Moody's Baseline

- New infections peak in November 2020
- Vaccine available by April 2021, infections abate in August 2021
- Some Federal Reserve emergency lending facilities extended into 2021
 - FFR remains at 0 -0.25% through 2023
- \$1.5 trillion in additional fiscal stimulus in Q1 of 2021
 - Stimulus checks
 - Aid to small businesses, airlines
 - Aid to state and local government

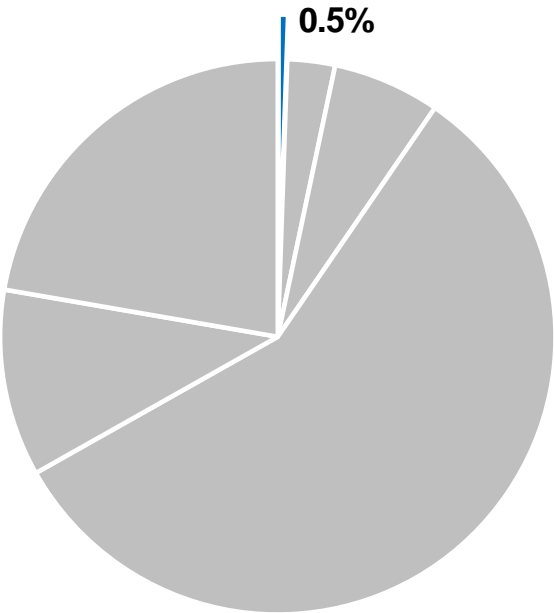
Moody's 90%ile Downside

- New infections peak in November 2020
- Vaccine available by November 2021, infections abate in March 2022
- Some nonessential business closures, but no widespread shutdowns
- No additional federal fiscal stimulus; expanded unemployment insurance ends in Dec 2020
- Consumer confidence and spending erode; economy falls back into recession in Q1 of 2021

Taxable Sales Forecast Components

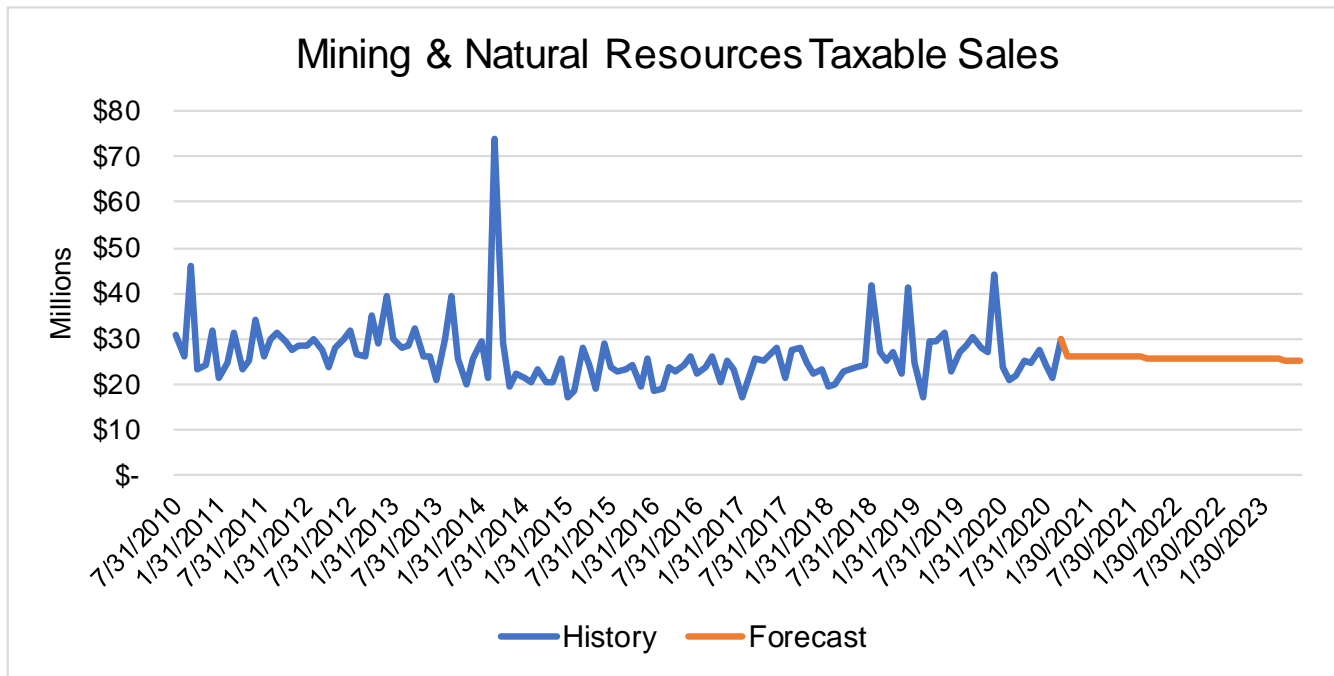
- Mining & Natural Resources
- Construction
- Manufacturing
- Trade (Wholesale & Retail),
Transportation/Warehousing, &
Utilities
- Services & Government
- Leisure & Hospitality

Natural Resources & Mining



FY	Natural Resources & Mining	% Change
FY19	\$ 340,179,157	20.7%
FY20	\$ 329,389,226	-3.2%
FY21	\$ 310,943,486	-5.6%
FY22	\$ 310,116,525	-0.3%
FY23	\$ 306,630,803	-1.1%

Natural Resources & Mining



Natural Resources & Mining

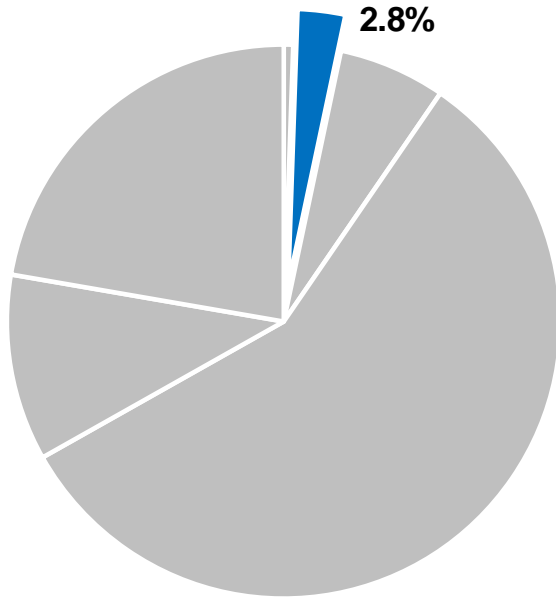
Smallest sector, only ~0.5% of taxable sales

Does not include sales of minerals

Not really correlated with any major economic indicator

Basic trend forecast

Construction



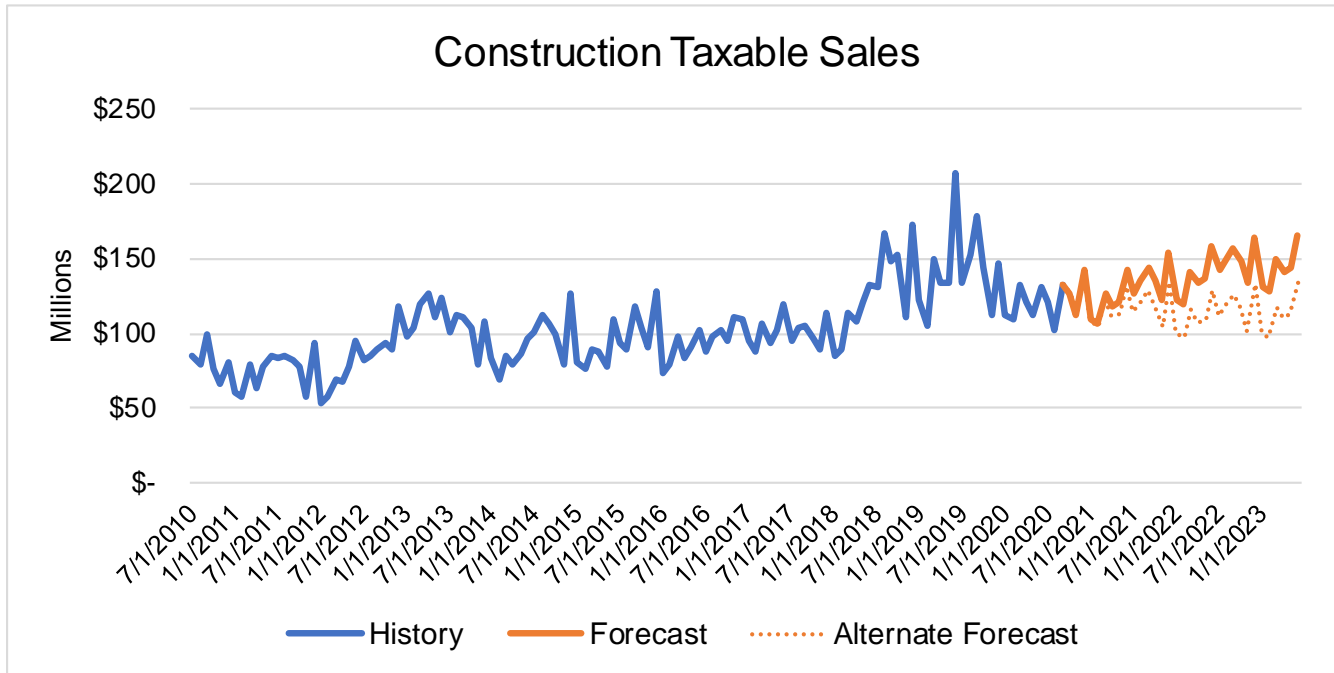
Expected Forecast

FY	Construction	% Change
FY19	\$ 1,732,073,117	38.4%
FY20	\$ 1,586,887,281	-8.4%
FY21	\$ 1,462,028,676	-7.9%
FY22	\$ 1,628,047,800	11.4%
FY23	\$ 1,756,114,576	7.9%

Alternate Forecast

FY	Construction	% Change
FY19	\$ 1,732,073,117	38.4%
FY20	\$ 1,586,887,281	-8.4%
FY21	\$ 1,429,338,020	-9.9%
FY22	\$ 1,377,755,232	-3.6%
FY23	\$ 1,379,303,736	0.1%

Construction



Construction

Forecast variables:

Total value of construction put in place, Nevada

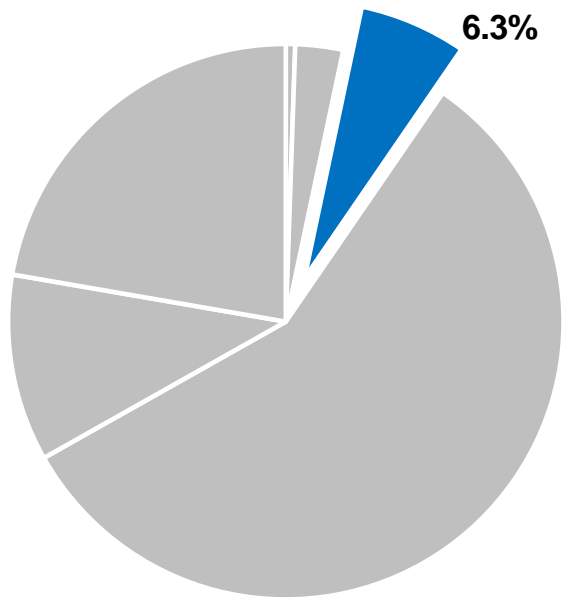
Total housing starts, Nevada

Expected Forecast scenarios:

Baseline Moody's forecast for construction put in place

75%ile Downside Moody's forecast for housing starts

Manufacturing



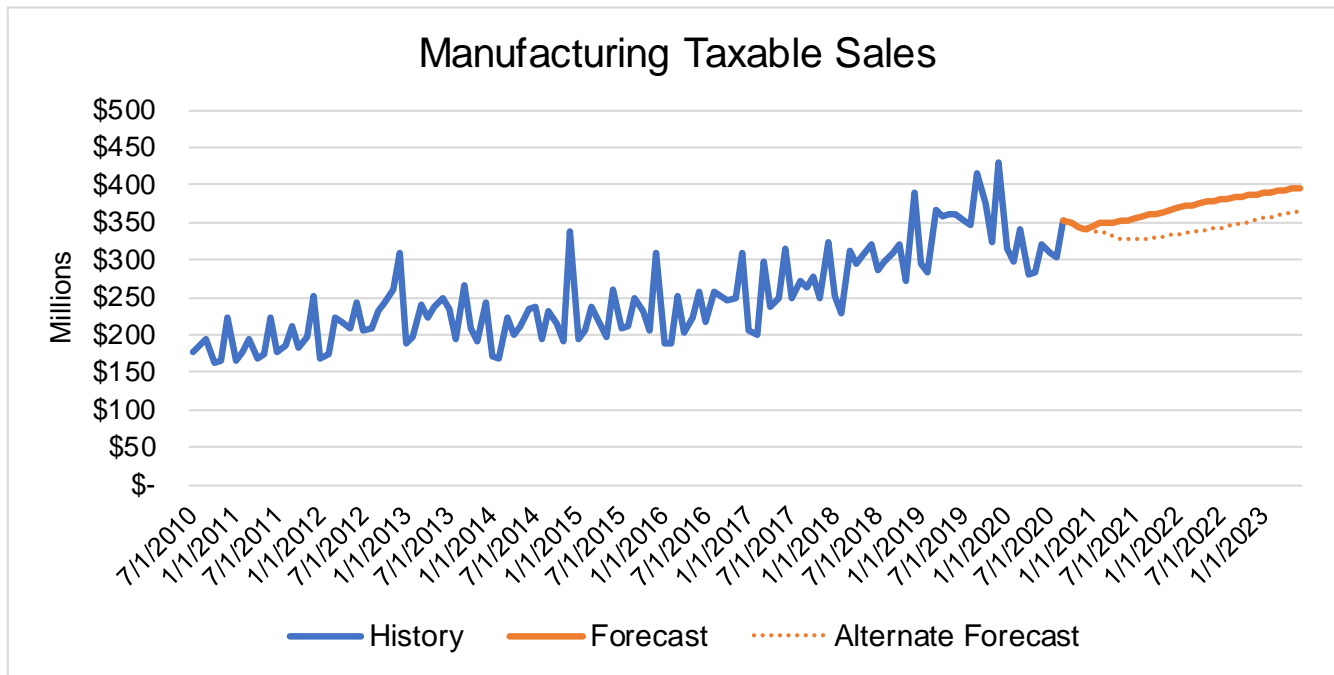
Expected Forecast

FY	Manufacturing	% Change
FY19	\$ 3,902,182,544	16.4%
FY20	\$ 4,082,540,891	4.6%
FY21	\$ 4,099,388,452	0.4%
FY22	\$ 4,412,079,712	7.6%
FY23	\$ 4,661,238,080	5.6%

Alternate Forecast

FY	Manufacturing	% Change
FY19	\$ 3,902,182,544	16.4%
FY20	\$ 4,082,540,891	4.6%
FY21	\$ 4,001,903,012	-2.0%
FY22	\$ 4,008,743,168	0.2%
FY23	\$ 4,250,668,320	6.0%

Manufacturing

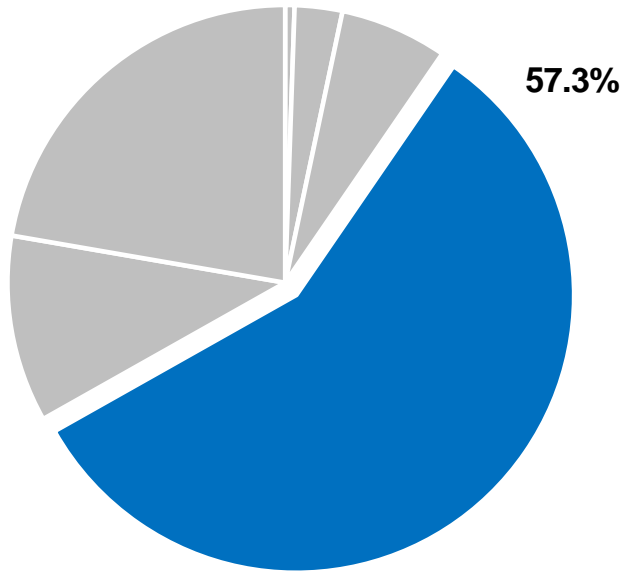


Manufacturing

Forecast variable:
Gross State Product, Manufacturing

Expected Forecast scenario:
Baseline Moody's forecast

Trade, Transportation, & Utilities



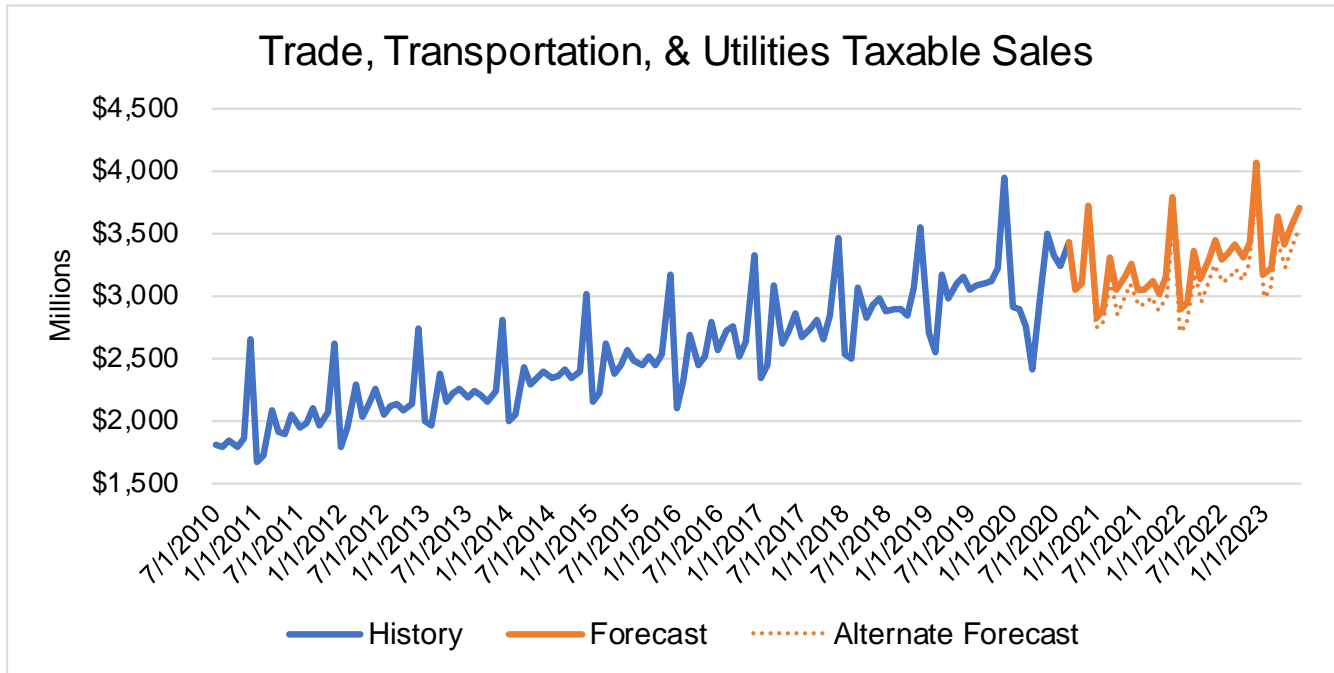
Expected Forecast

FY	Trade, Transportation, Utilities	% Change
FY19	\$ 35,731,189,522	5.2%
FY20	\$ 36,956,242,419	3.4%
FY21	\$ 38,302,799,875	3.6%
FY22	\$ 38,213,873,408	-0.2%
FY23	\$ 41,492,563,200	8.6%

Alternate Forecast

FY	Trade, Transportation, Utilities	% Change
FY19	\$ 35,731,189,522	5.2%
FY20	\$ 36,956,242,419	3.4%
FY21	\$ 37,361,192,707	1.1%
FY22	\$ 36,258,912,768	-3.0%
FY23	\$ 39,267,795,712	8.3%

Trade, Transportation, & Utilities



Trade, Transportation, & Utilities

Forecast variables:

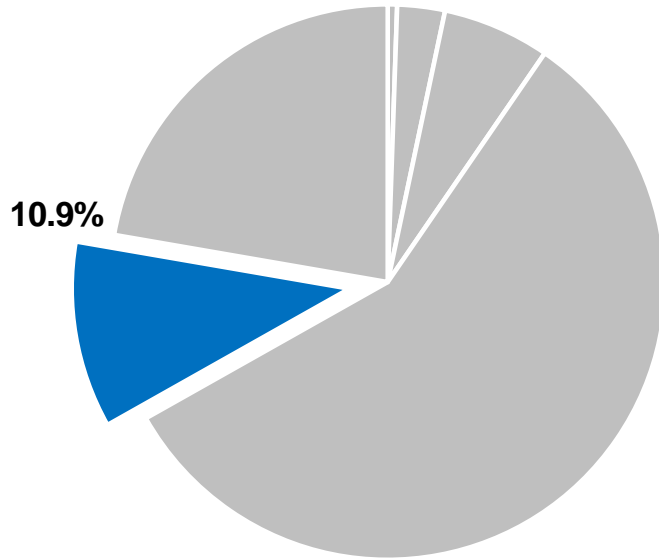
Gross State Product, Trade/Transportation/
Utilities

Personal Disposable Income, Nevada

Expected Forecast scenario:

75%ile Downside Moody's forecast

Services



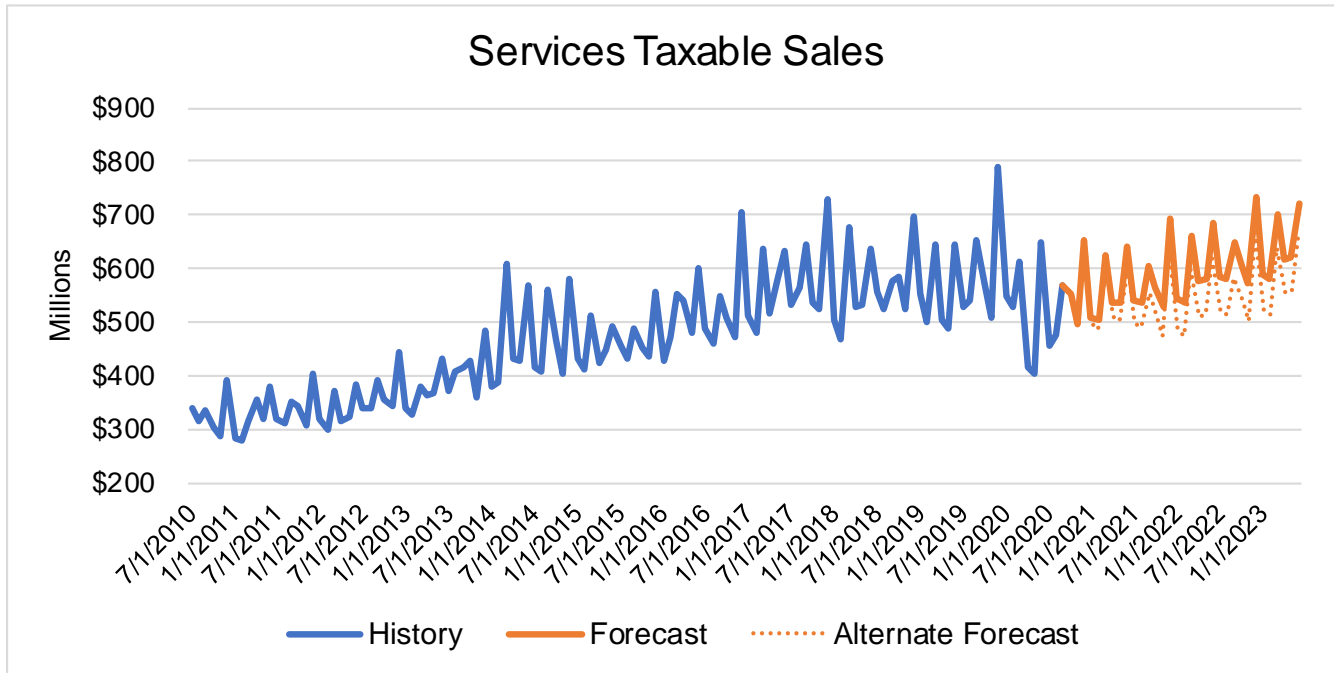
Expected Forecast

FY	Services	% Change
FY19	\$ 6,791,704,868	-1.3%
FY20	\$ 6,748,503,363	-0.6%
FY21	\$ 6,552,931,523	-2.9%
FY22	\$ 7,053,922,336	7.6%
FY23	\$ 7,560,644,544	7.2%

Alternate Forecast

FY	Services	% Change
FY19	\$ 6,791,704,868	-1.3%
FY20	\$ 6,748,503,363	-0.6%
FY21	\$ 6,405,710,339	-5.1%
FY22	\$ 6,368,623,104	-0.6%
FY23	\$ 6,772,391,008	6.3%

Services



Services

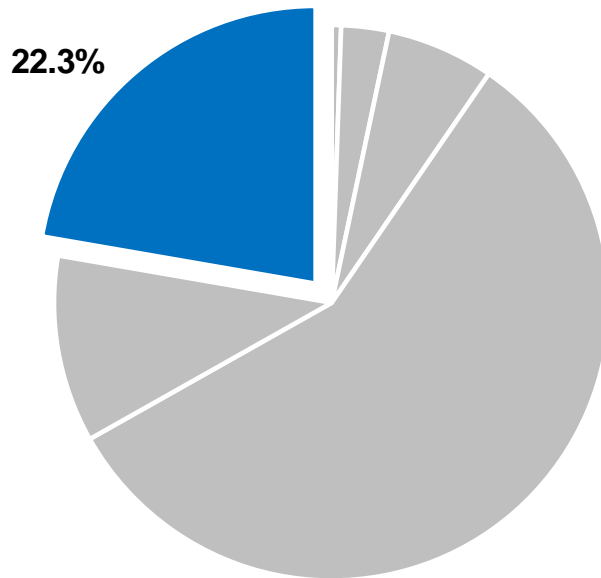
Forecast variables:

Sum of Gross State Product for:
Professional/Business Services, Education/
Health Services, and Other Services

Expected Forecast scenario:

Baseline Moody's forecast

Leisure & Hospitality



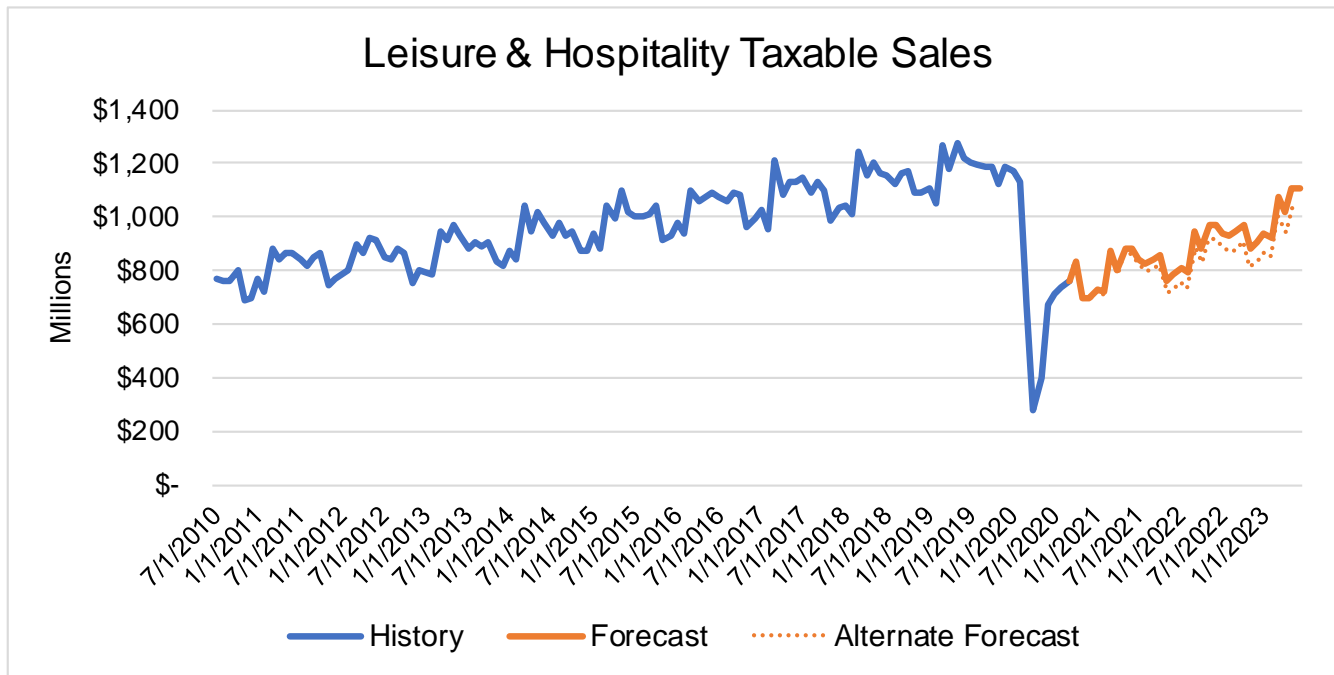
Expected Forecast

FY	Leisure & Hospitality	% Change
FY19	\$ 13,902,148,439	4.5%
FY20	\$ 11,410,919,679	-17.9%
FY21	\$ 9,322,139,536	-18.3%
FY22	\$ 10,284,959,744	10.3%
FY23	\$ 11,739,264,256	14.1%

Alternate Forecast

FY	Leisure & Hospitality	% Change
FY19	\$ 13,902,148,439	4.5%
FY20	\$ 11,410,919,679	-17.9%
FY21	\$ 9,246,221,968	-19.0%
FY22	\$ 9,748,032,832	5.4%
FY23	\$ 10,936,514,688	12.2%

Leisure & Hospitality



Leisure & Hospitality

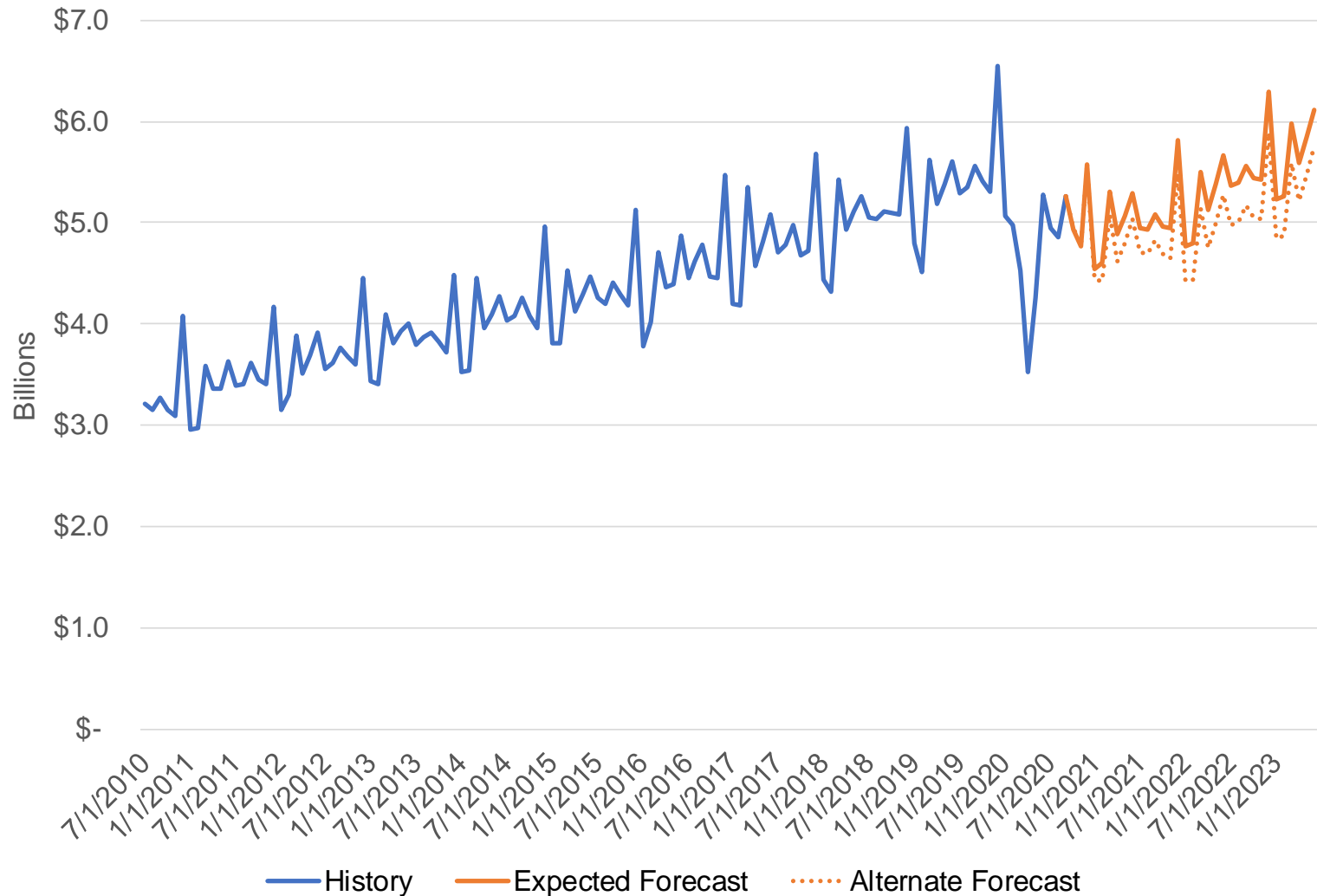
Forecast variables:

Gross State Product, Leisure & Hospitality
U.S. Personal Consumption Expenditures,
Recreation Services

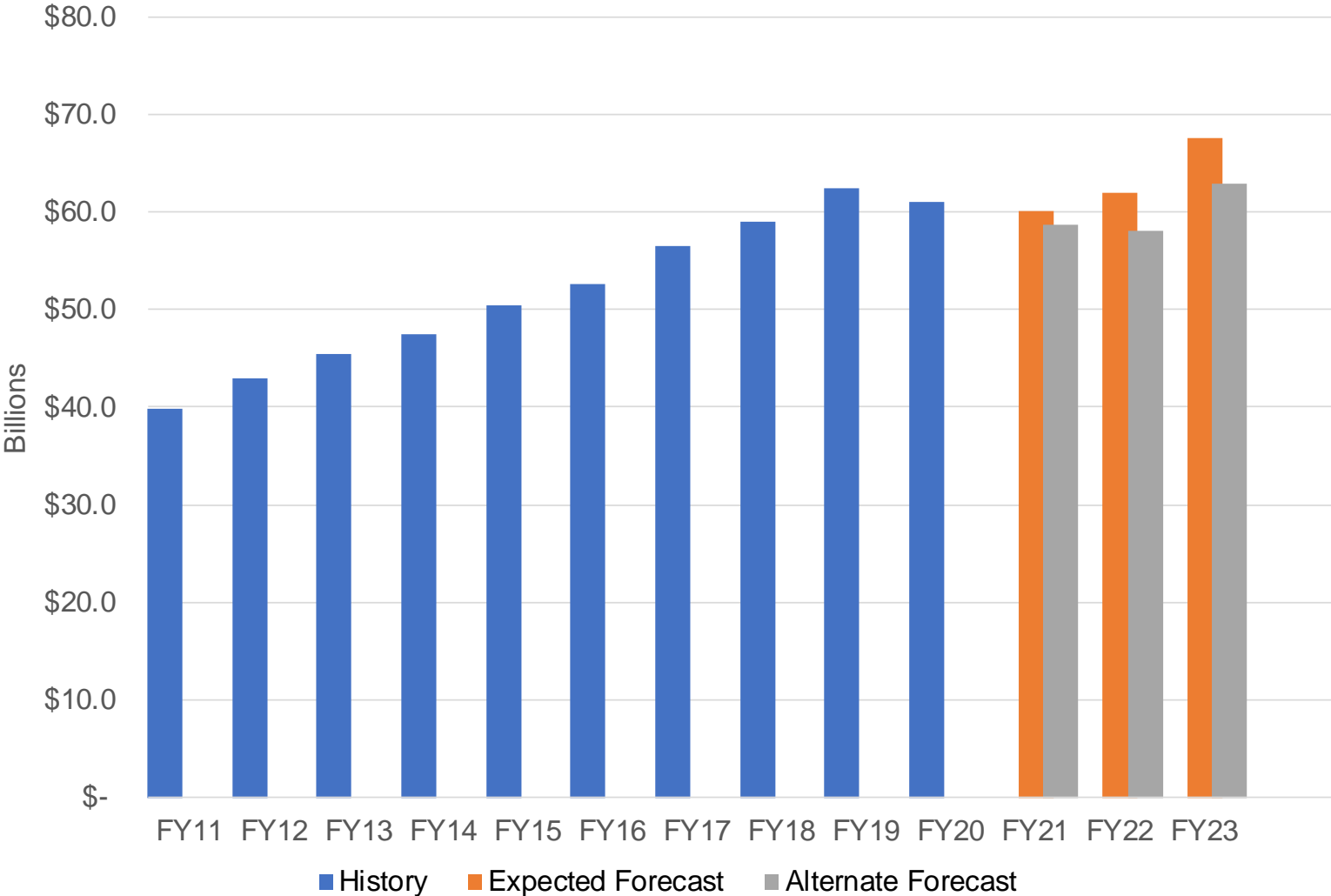
Expected Forecast scenario:

75%ile Downside Moody's forecast

Total Taxable Sales - Monthly



Total Taxable Sales - Annually



Expected and Alternate Sales & Use Tax Forecast

Expected Forecast

FY	Sales & Use Tax	% Change
FY19	\$ 1,235,124,279	8.1%
FY20	\$ 1,214,701,336	-1.7%
FY21	\$ 1,187,108,500	-2.3%
FY22	\$ 1,223,735,100	3.1%
FY23	\$ 1,334,705,300	9.1%

Alternate Forecast

FY	Sales & Use Tax	% Change
FY19	\$ 1,235,124,279	8.1%
FY20	\$ 1,214,701,336	-1.7%
FY21	\$ 1,161,509,738	-4.4%
FY22	\$ 1,148,005,301	-1.2%
FY23	\$ 1,243,707,440	8.3%

Insurance Premium Tax

What will premiums do in a Covid world?

2021 Premium Changes on ACA Exchanges and the Impact of COVID-19 on Rates

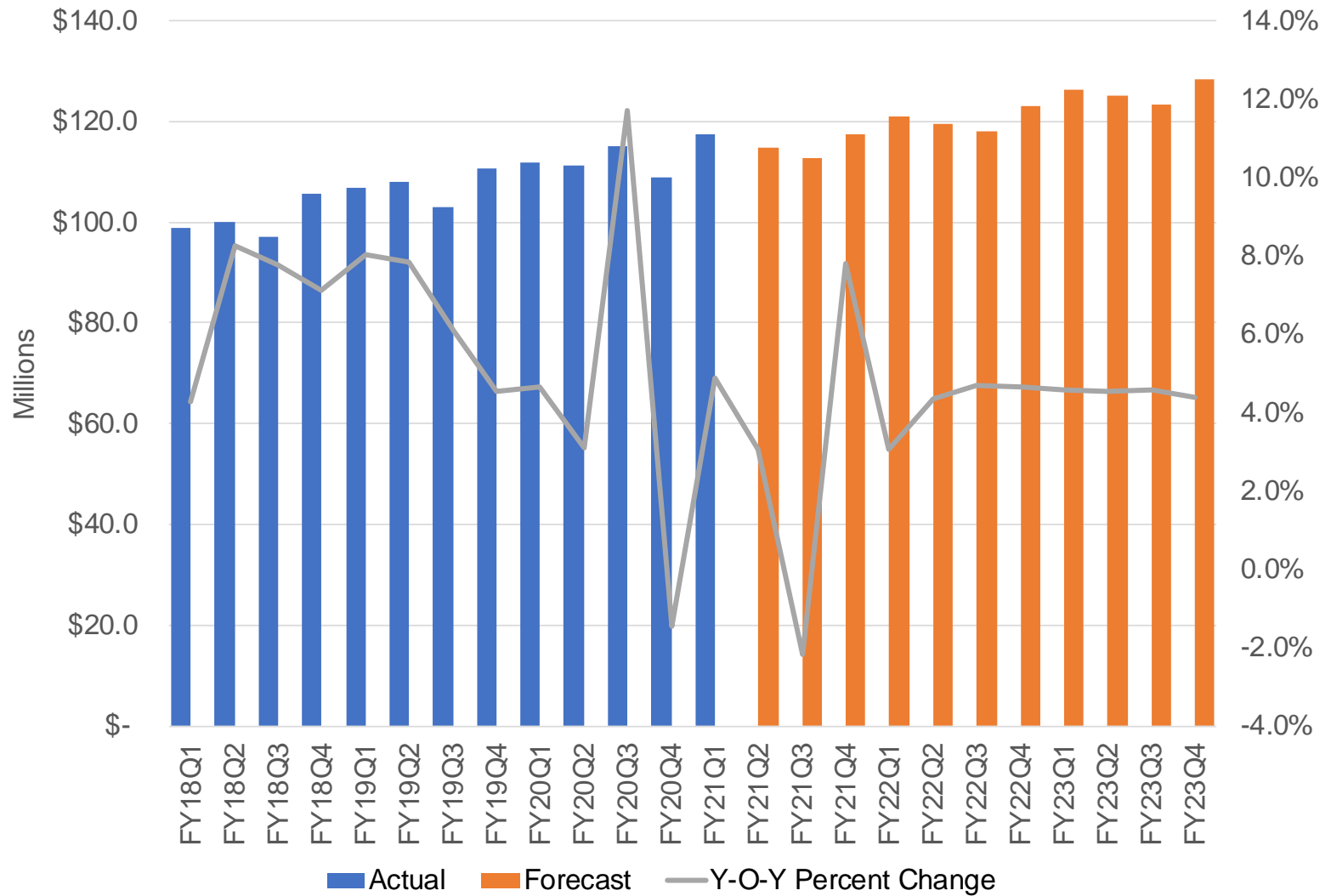
“...the majority of rate changes for 2021 are still moderate, with increases or decrease of a few percentage points. Proposed rate changes range from a -42.0% decrease to a 25.6% increase, though half fall between a 3.5% decrease and 4.6% increase.”

– Kaiser Family Foundation, 10/19/2020

Nevada

Friday Health Plans of Nevada	New entrant
Health Plan of Nevada Incorporated	5.00%
HMO Colorado INC D/BA HMO Nevada	3.90%
Hometown Health Plan	-5.00%
Hometown Health Providers Insurance	-1.60%
Rocky Mountain Hospital and Medical Service	11.00%
SelectHealth	New entrant
Sierra Health and Life Insurance Company	9.80%
SilverSummit Health Plan	2.30%

Insurance Premium Tax (Gross) - History and Forecast



Insurance Premium Tax – Forecast of Gross Revenue

FY	Insurance Premium Tax	% Change
FY19	\$ 431,190,855	
FY20	\$ 441,453,916	2.4%
FY21	\$ 463,917,100	5.1%
FY22	\$ 481,257,900	3.7%
FY23	\$ 502,988,720	4.5%

Forecast variables:

- Personal consumption expenditures on financial services and insurance, Nevada
- Nevada population

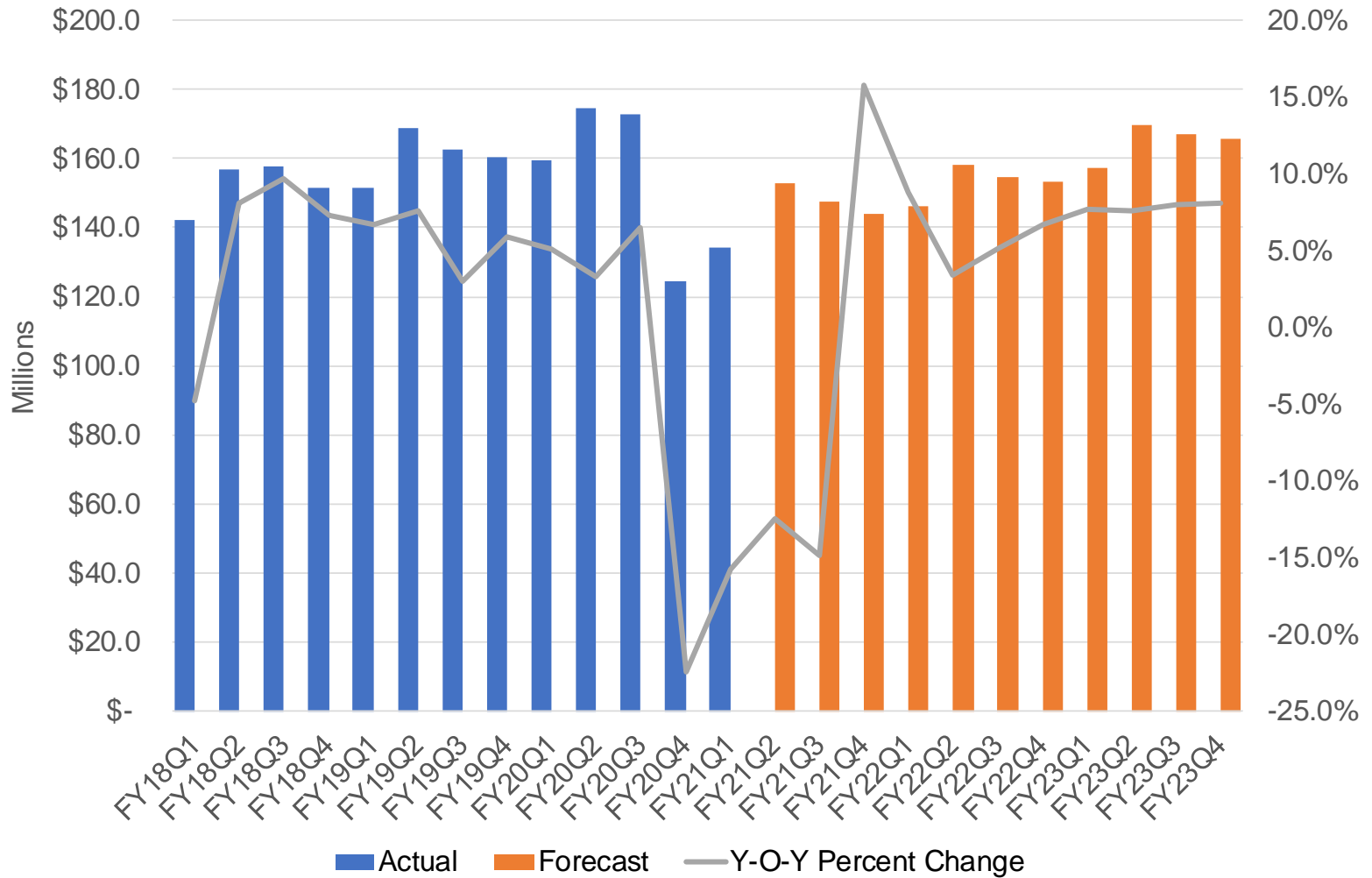
Forecast scenario:

- Moody's baseline

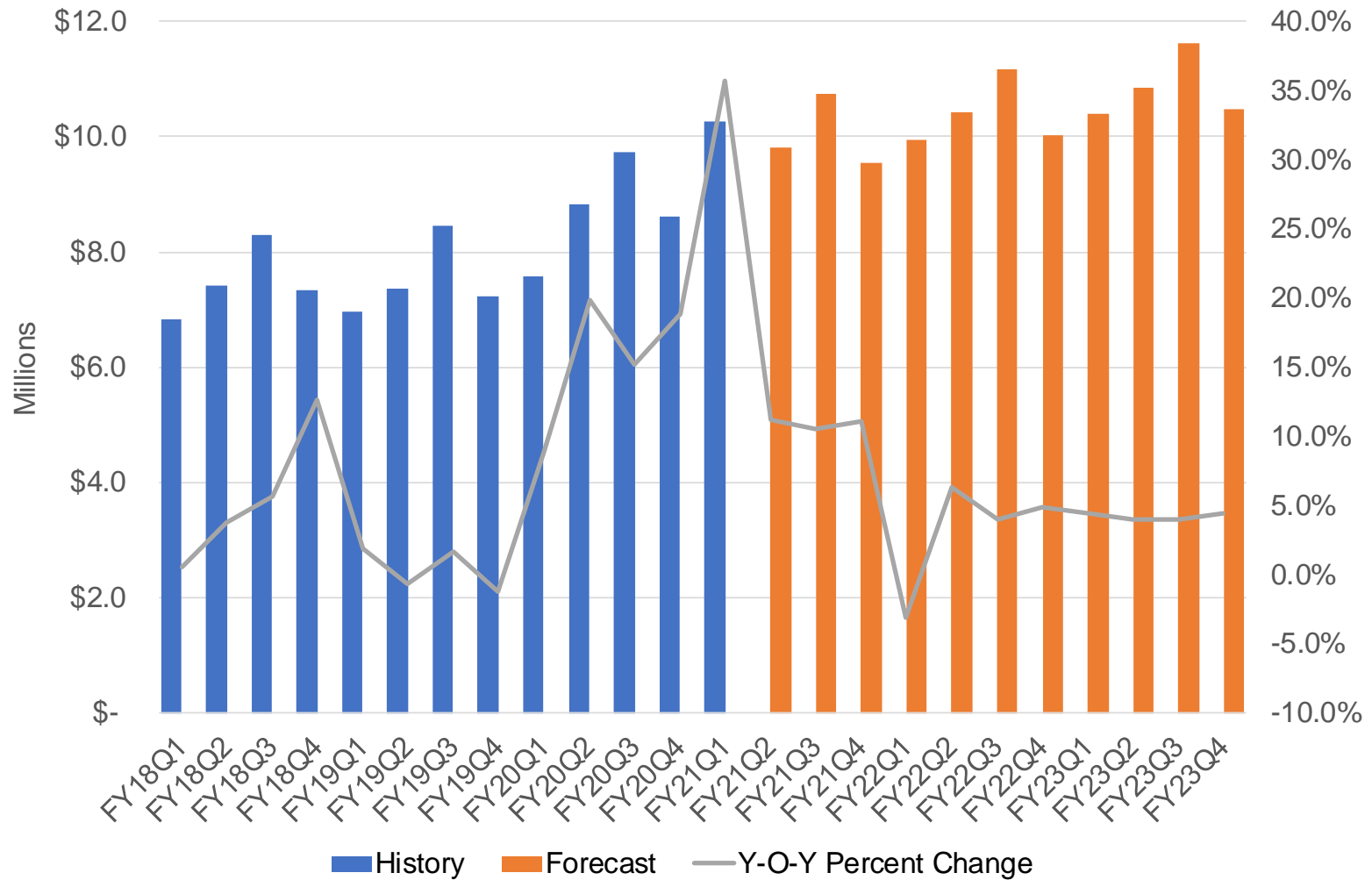
Modified Business Tax

- General Business
- Financial Institutions
- Mining

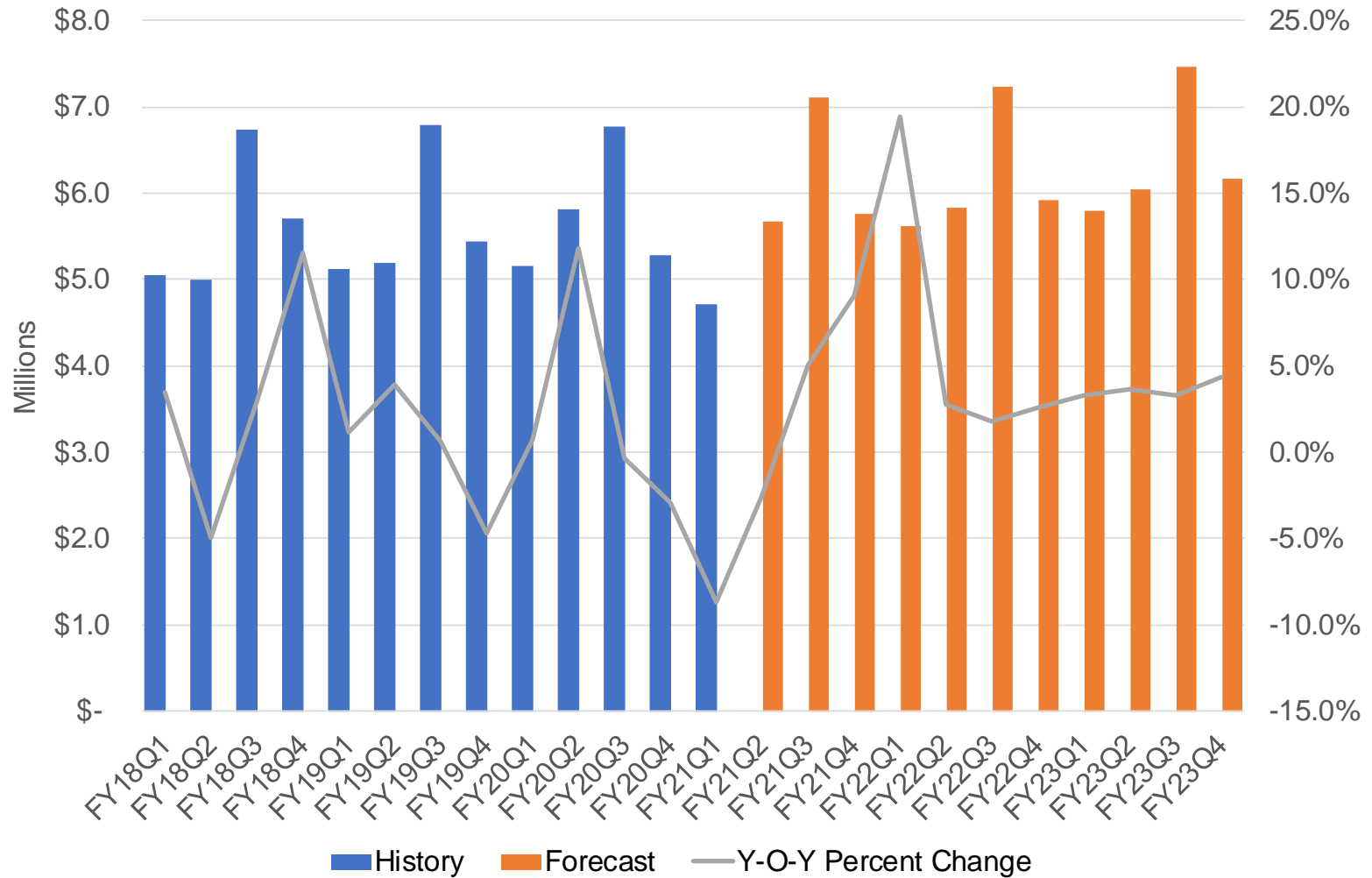
Modified Business Tax - General Business (Gross) History and Forecast



Modified Business Tax - Financial Institutions (Gross) History and Forecast



Modified Business Tax - Mining (Gross) History and Forecast



Modified Business Tax – Forecast by Type

FY	General	% Δ	Financial	% Δ	Mining	% Δ	Total
FY19	\$ 644,970,150	6.8%	\$ 29,919,524	2.9%	\$ 22,520,260	0.1%	\$ 697,409,933
FY20	\$ 646,338,474	0.2%	\$ 35,412,610	18.4%	\$ 22,992,626	2.1%	\$ 704,743,710
FY21	\$ 578,433,500	-10.5%	\$ 40,384,000	14.0%	\$ 23,241,100	1.1%	\$ 642,058,600
FY22	\$ 612,524,100	5.9%	\$ 41,566,100	2.9%	\$ 24,584,300	5.8%	\$ 678,674,500
FY23	\$ 660,455,700	7.8%	\$ 43,316,100	4.2%	\$ 25,472,400	3.6%	\$ 729,244,200

General Business

Forecast variables:

- Employment Cost Index, U.S.
- Total Nonfarm Employment, Nevada

Forecast scenario: Moody's baseline

Financial Institutions

Forecast variables:

- Wages & Salaries, Finance & Insurance, Nevada
- Financial Activities Employment, Nevada

Forecast scenario: Moody's baseline

Mining

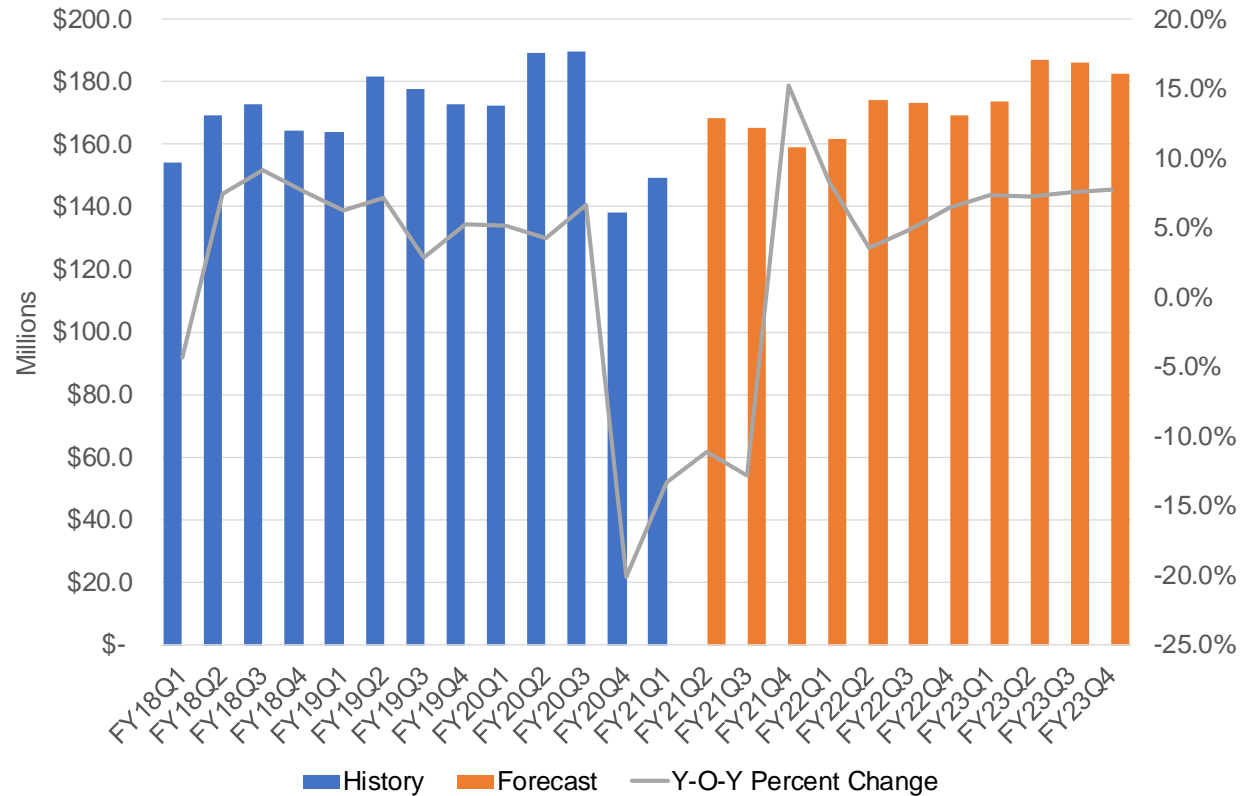
Forecast variables:

- Wages & Salaries, Mining (except Oil & Gas), Nevada

Forecast scenario: Moody's baseline

Modified Business Tax – Forecast of Gross Revenue

**Modified Business Tax - Total (Gross)
History and Forecast**



FY	Modified Business Tax		% Change
FY19	\$	697,409,933	6.4%
FY20	\$	704,743,710	1.1%
FY21	\$	642,058,600	-8.9%
FY22	\$	678,674,500	5.7%
FY23	\$	729,244,200	7.5%

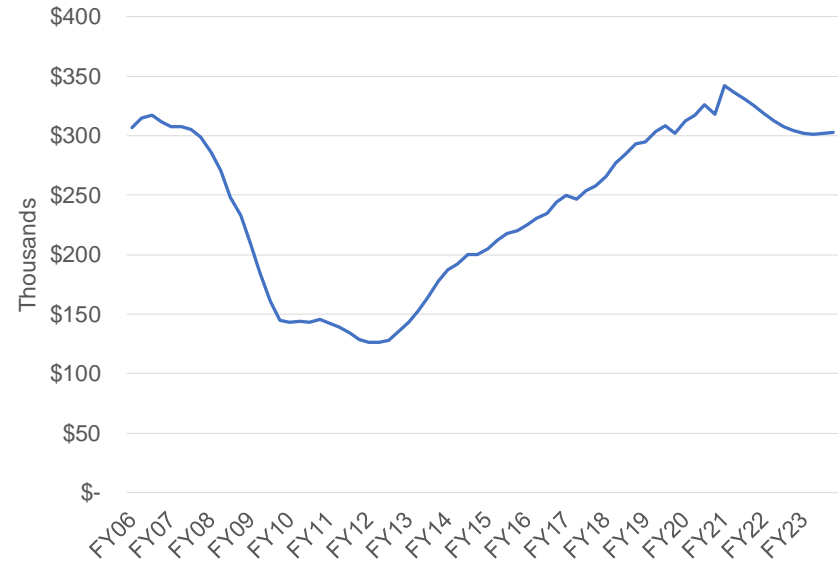
Real Property Transfer Tax

General Fund Portion

Housing Starts



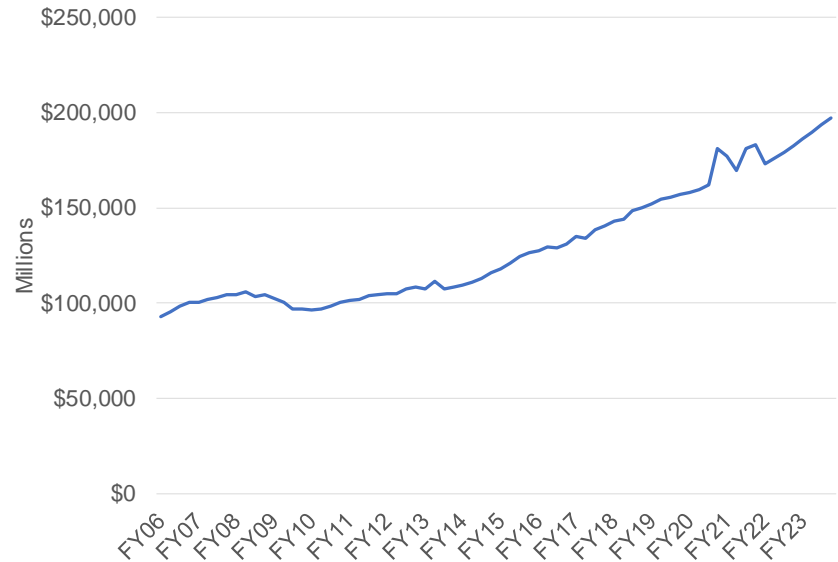
Median Home Price



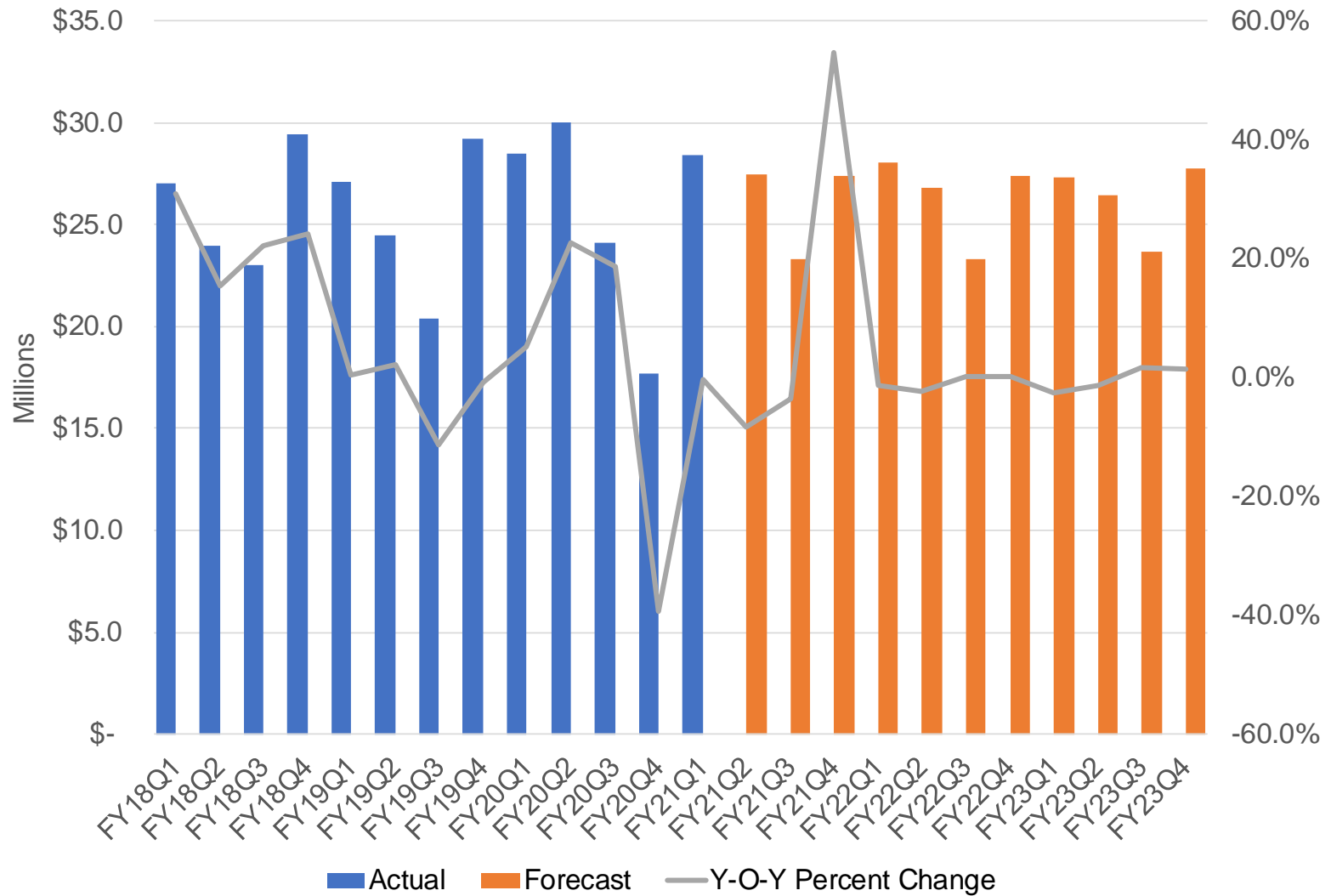
Mortgage Originations



Personal Income



Real Property Transfer Tax - History and Forecast



Real Property Transfer Tax Forecast

FY	Real Property Transfer Tax	% Change
FY19	\$ 101,045,306	
FY20	\$ 100,266,873	-0.8%
FY21	\$ 106,506,573	6.2%
FY22	\$ 105,459,544	-1.0%
FY23	\$ 105,143,476	-0.3%

Forecast variables:

- Mortgage Originations, Purchase, Nevada
- Median Existing Single-Family Home Price, Nevada
- Total Housing Starts, Nevada
- Total Personal Income, Nevada

Forecast scenario:

- Moody's baseline