ECONOMIC FORUM

Monday, May 1, 2023
9:30 a.m.

Legislative Building
401 South Carson Street
Carson City, Nevada
Room 3137

With videoconference to

Grant Sawyer State Office Building
555 East Washington Avenue
Las Vegas, Nevada
Room 4401

STATE OF NEVADA
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DANIELE MONROE-MORENO, *Assemblywoman, Chair*
Sarah Coffman, *Fiscal Analyst*
Wayne Thorley, *Fiscal Analyst*

MEETING NOTICE AND AGENDA

Name of Organization:	Economic Forum *Nevada Revised Statutes* (NRS) 353.226 – 353.229
Date and Time of Meeting:	Monday, May 1, 2023 9:30 a.m.
Place of Meeting:	Legislative Building, Room 3137 401 South Carson Street Carson City, Nevada, 89701

Advisory: The east entrance to the Legislative Building in Carson City is closed due to construction. All persons attending the meeting in Carson City should enter the building through the west (front) entrance or the north entrance, which is temporarily open to the public during construction. Those using the north entrance will need to pass through the security checkpoint outside the north entrance before entering the building.

Note: Individuals may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

Grant Sawyer State Office Building, Room 4401
555 East Washington Avenue
Las Vegas, Nevada, 89101

To provide public comment or testimony telephonically, dial (669) 900-6833 on the date of the meeting. When prompted, provide Meeting ID 896 8413 8192, and then press #. When prompted for a Participant ID, press #.

Additionally, this meeting can be listened to or viewed live over the Internet. The address for the Nevada Legislature's website is https://www.leg.state.nv.us. Click on the link: "Scheduled Meetings."

We are pleased to provide reasonable accommodation for members of the public with a disability. If accommodations for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at Fiscal@lcb.state.nv.us, or call the Fiscal Analysis Division at (775) 684-6821, as soon as possible.

Please provide the meeting secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes. Copies of testimony and visual presentations may also be emailed to EconomicForum@lcb.state.nv.us, mailed to the Fiscal Analysis Division, 401 South Carson St., Carson City, NV 89701, or faxed to (775) 684-6475.

Items on this agenda may be taken in a different order than listed. Two or more agenda items may be combined for consideration. An item may be removed from this agenda or discussion relating to an item on this agenda may be delayed at any time.

I. ROLL CALL.

II. OPENING REMARKS.

III. PUBLIC COMMENT.

Public testimony under this agenda item may be presented in person, by phone or by written comment.

Because of time considerations, each person offering testimony during this period of public comment will be limited to not more than 3 minutes. To call in to provide testimony during this period of public comment in the meeting any time after 9:00 a.m. on Monday, May 1, 2023, dial **(669) 900-6833.** When prompted to provide the Meeting ID, please enter **896 8413 8192** and then press #. When prompted for a Participant ID, please press #. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-6990.

A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted electronically before, during, or after the meeting by email to EconomicForum@lcb.state.nv.us. You may also mail written documents to the Fiscal Analysis Division, 401 South Carson St., Carson City, NV 89701, or fax them to (775) 684-6475.

For Possible Action IV. APPROVAL OF THE MINUTES OF THE OCTOBER 13, 2022, MEETING.

For Possible Action V. APPROVAL OF THE MINUTES OF THE NOVEMBER 14, 2022, MEETING.

For Possible Action VI. APPROVAL OF THE MINUTES OF THE DECEMBER 5, 2022, MEETING.

For Possible Action VII. PRESENTATION ON THE NATIONAL, REGIONAL, AND STATE ECONOMIC OUTLOOK.

Emily Mandel, Economist, Moody's Analytics

For Possible Action VIII. PRESENTATION ON THE STATE EMPLOYMENT OUTLOOK.

David Schmidt, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation

For Possible Action IX. PRESENTATION OF HISTORICAL TAXABLE SALES AND GAMING MARKET STATISTICS.

For Possible Action X. REVIEW AND APPROVAL OF FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2023, FY 2024, AND FY 2025.

A. GAMING PERCENTAGE FEE TAX

B. LIVE ENTERTAINMENT TAX
- GAMING
- NON-GAMING

C. STATE 2% SALES TAX

D. INSURANCE PREMIUM TAX

E. MODIFIED BUSINESS TAX
- NONFINANCIAL
- FINANCIAL
- MINING

F. REAL PROPERTY TRANSFER TAX

G. COMMERCE TAX

For Possible Action

XI. REVIEW AND APPROVAL OF FORECASTS OF MINOR GENERAL FUND REVENUES AND TAX CREDITS FOR FY 2023, FY 2024, AND FY 2025 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) AT ITS APRIL 21, 2023, MEETING.

For Possible Action

XII. APPROVAL OF THE ECONOMIC FORUM'S MAY 1, 2023, REVENUE FORECAST REPORT.

For Possible Action

XIII. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.

XIV. PUBLIC COMMENT.

Public testimony under this agenda item may be presented in person, by phone or by written comment.

Because of time considerations, each person offering testimony during this period of public comment will be limited to not more than 3 minutes. To provide public testimony by telephone during this period of public comment, members of the public may call any time after the Chair announces this second period of public comment on Monday, May 1, 2023. To call in, dial **(669) 900-6833.** When prompted to provide the Meeting ID, please enter **896 8413 8192** and then press #. When prompted for a Participant ID, please press #. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-6990.

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XV. ADJOURNMENT.

Notice of this meeting was posted at the Legislative Building, 401 South Carson Street, Carson City, NV 89701, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, NV 89101, and on the Internet through the Nevada Legislature's website at www.leg.state.nv.us. Supporting public material provided to Committee members for this meeting may be requested from Tom Weber, Fiscal Secretary, Fiscal Analysis Division, Legislative Counsel Bureau, 401 South Carson Street, Carson City, NV 89701, at (775) 684-6821 or by email at Fiscal@lcb.state.nv.us. Supporting public material for this meeting is/will also be available through the Nevada Legislature's website at www.leg.state.nv.us. Click on the link "Scheduled Meetings" followed by "Economic Forum."

MINUTES OF THE MEETING OF THE
ECONOMIC FORUM
(NRS 353.225 – NRS 353-229)
October 13, 2022

The meeting of the Economic Forum (created by Senate Bill 23, 1993 Legislative Session) was called to order by Chair Linda Rosenthal at 8:41 a.m. on October 13, 2022, online and in Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada.

ECONOMIC FORUM MEMBERS PRESENT:
Linda Rosenthal, Chair
Jennifer Lewis, Vice Chair
Michael Crome
Marvin Leavitt
Vincent Zahn

STAFF:
Russell Guindon, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Christian Thauer, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Anna Freeman, Committee Secretary, Fiscal Analysis Division, LCB
Jason Gortari, Executive Branch Economist, Governor's Office of Finance

EXHIBITS:
Exhibit A: Meeting Packet and Agenda
Exhibit B: Agenda Item VII – Southern Nevada Real Estate Update, Applied Analysis
Exhibit C: Agenda Item VIII – Reno-Sparks Economic Outlook, University Center for Economic Development
Exhibit D: Agenda Item IX – Tourism Trend Update, Las Vegas Convention and Visitors Authority
Exhibit E: Agenda Item IX – Reno-Sparks Convention and Visitors Authority
Exhibit F: Agenda Item XIII – Report on the Forecast Accuracy of the Economic Forum for Selected Revenues, Fiscal Analysis Division

I. ROLL CALL.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB), called roll. All members were present.

II. OPENING REMARKS.

CHAIR ROSENTHAL made housekeeping remarks.

III. PUBLIC COMMENT.

There was no public comment.

IV. APPROVAL OF THE MINUTES OF THE JUNE 9, 2022, MEETING.

MR. CROME MOVED TO APPROVE THE MINUTES OF THE JUNE 9, 2022, MEETING.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

V. PRESENTATION ON THE STATE EMPLOYMENT OUTLOOK.

DAVID SCHMIDT (Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation):
Employment has fully recovered. February 2020 employment levels were surpassed in June 2022 as shown on page 30 of the meeting packet (Exhibit A). There was strong employment growth in June and July, but August employment growth was lower. That volatility is typical when comparing month-to-month changes, especially after months of strong growth.

Overall, Nevada is 11,000 jobs ahead of February 2020 levels. The pace of the recovery has been rapid compared to either the 2001 or 2007 recession. Even after the initial surge in unemployment due to the closure of nonessential businesses, jobs were added at a rapid pace. Over the last year and a half, Nevada has been in the top two states for job growth.

Employment is above February 2020 levels for most industries (page 31, Exhibit A). The casino hotel industry is a major exception. Employment for the leisure and hospitality and accommodation and food services industries is still down by approximately 30,000 jobs. When considered separately, the food services industry is approximately 10% above its February 2020 employment level. The accommodations industry is at approximately 82% of its February 2020 employment level.

The following major areas of the economy have not recovered and are still below their February 2020 levels:

- Administrative and waste services, including temporary health workers.
- Other services, which is typically strongly tied to the leisure and hospitality industry, particularly in Las Vegas.
- State and local government.

Growth in the transportation, warehousing, and utilities sectors is far above where it had been. There has been significant growth in all goods-producing industries including mining, construction, and manufacturing; professional and technical services; and healthcare.

The chart on page 32 shows all employment industries in the state as of August 2022 (Exhibit A). The color of each box indicates the level of recovery in that industry. Areas that are darker red are less recovered, and areas that are brighter green are more recovered. The average weekly wage in 2021 is shown for each industry. Many of the industries showing recovery are paying above-average wages, such as the financial, manufacturing, wholesale trade, construction, and health care industries. Even transportation, warehousing, and utilities, for which pay is slightly less than average, pay considerably more than the accommodation industry's $840 per week. For comparison, the average weekly wage in 2021 was approximately $1,140.

There are some exceptions: food services pay is a little under $500 per week and government, an area that has not recovered, tends to pay above-average wages of $1,450 per week. On average, the areas that are growing are also areas that tend to pay more, which impacts the average wage in the state.

MR. ZAHN:
Does this information include both full-time and part-time employees?

MR. SCHMIDT:
Yes. This data comes from the U.S. Bureau of Labor Statistics' Quarterly Census on Employment and Wages. The average wage is calculated by taking all wages paid in an industry, divided by average employment in a quarter, which is then divided by 13. There is no assumption about the number of hours worked. The data includes an employee who may have worked five weeks rather than eight weeks, because that employee would have hours in more than one quarter.

The casino hotel industry experienced strong recovery at the end of 2021 and the beginning of 2022, but the trend has since flattened for both the Reno and Las Vegas areas (page 33, Exhibit A). Of all employment estimates, this is the most suspicious. The U.S. Department of Labor has reported estimates will be revised upward; however, these are currently our best monthly estimates.

Transportation, warehousing, and utilities experienced stronger increases in the Las Vegas area than the Reno area (page 34, Exhibit A). There has been real growth in this industry, which is driven by activities in the Las Vegas area.

Manufacturing employment has increased steadily in both Las Vegas and Reno and is at an all-time high in both areas (page 35, Exhibit A). Total employment in each of these areas is approximately 30,000 workers. Construction-driven manufacturing of gypsum drywall and cabinets in the Las Vegas area was impacted more by the Great Recession; until recently, Las Vegas was below the peak employment in this sector prior to the Great Recession but has now surpassed that total employment.

Construction employment is above pre-pandemic levels in both Las Vegas and Reno, but below Great Recession levels. It is encouraging that there has not been the same rapid acceleration and boom in construction employment that was experienced before the Great Recession. Nevada's current economy does not have an overweighted emphasis on the construction industry, which means the state is less exposed now than it was during the Great Recession.

Unemployment is low, currently 4.4%, but 0.7% higher than the U.S. as a whole (page 37, Exhibit A). Unemployment in Nevada is relatively high compared to other states, but this is good news for the overall health of the state's economy. States like Minnesota, New Hampshire, Utah, and Nebraska with approximately 2% unemployment have a very tight labor market with a low number of people transitioning between jobs. That will likely drive wage pressure and create challenges in recruiting and finding workers (page 38, Exhibit A). Nevada unemployment is below 5%, which is a low historical unemployment rate.

Nevada's labor force participation rate remains low (page 39, Exhibit A). The gray ribbon on the chart shows the 20th to 80th percentile; Nevada is near the lower end of the middle range, with overall labor force participation of approximately 60%.

There has been a long-term decline in employment among all states, which is driven by long-term demographic shifts. That has been a steady trend rather than a sudden shift due to specific impacts of the pandemic.

The charts on pages 40-42 show pieces of the total average weekly wages. The chart on page 40 is a monthly estimate of wages using current employment statistics (Exhibit A). Weekly wages are estimated using average hours worked and average hourly wage. This data excludes government employment. The average weekly wage in Nevada is $996, which is ranked 32nd among the states, but it has been growing at a relatively rapid pace of 6.7%, which is ranked 6th among the states as of August 2022.

The number of hours worked in Nevada has declined 1% over the year, which is right in the middle of the experience of all states (page 41, Exhibit A). Most states have experienced a decline, which is likely driven in part by the rising hourly wage. Nevada's hourly wage has been increasing at a relatively rapid pace of 7.8%, which ranked 4th among the states for all private sector workers.

Interest rates have been rising rapidly. The chart on page 43 shows the effective federal funds rate over the last 40 years (Exhibit A). As interest rates have risen, the yield curve is inverted; short-term rates are higher than long-term rates (page 44). This is often seen as a potential indicator of a recession. Some of the more dramatic recent headlines predicting a recession are shown on page 45.

In contrast, unemployment claims in Nevada are low (page 46, Exhibit A). The left axis of this chart is logarithmic; each line is a doubling, and each label is a quadrupling in the level of unemployment claims. These are new unemployment claims filed compared to total employment in the state. The impact of the pandemic is evident. Approximately 64 claims per 1,000 workers were filed per week. This is several orders of magnitude larger than even the Great Recession or the effects of September 11, 2001. Currently, Nevada has approximately 1.3 claims per 1,000 workers filed per week. Through the 1990s, this measure hovered at approximately 3 claims per 1,000 workers per week. Nevada's unemployment claims are approximately half of what they were during the decade-long economic boom. Relative to the number of workers in the economy, there are a very small number of people filing claims in any given week.

Page 47 shows several different measures from the unemployment insurance program (Exhibit A). For many of these measures, the August 2022 numbers and the 12-month average are close. This indicates that over the past year, unemployment insurance activity has been stable, without huge spikes or drop-offs. The level of initial claims is a few hundred higher, and the total level of weeks paid is a few hundred lower. The total dollar amount paid is a little higher, but that is in part because the average benefit amount has risen. The most dramatic number is the exhaustion rate, which is the share of unemployed workers who used all their benefits prior to exiting the program. Typically, this has been approximately 30%, even in good times. An exhaustion rate of approximately 21% is incredibly low by historical standards. This indicates there are many opportunities for people to find work.

Page 48 shows quit rates provided by the U.S. Bureau of Labor Statistics (Exhibit A). Quits as a share of total separations show separations that are voluntary versus layoffs and discharges. That indicator is the highest it has been in the history of the unemployment insurance program, both in Nevada, and in the U.S. That shows workers feel a great deal of confidence about leaving work to either retire or seek other work.

The chart on page 49 compares hire rates and job opening rates over the past year, which, in many industries appears to be sliding (Exhibit A). This is also true of the quit rate shown on page 51. The level of quit is still high as a share of total separation, but it appears to be shrinking a bit.

Employment is shifting from rapid recovery to slower economic growth based on underlying trends such as population size and normal factors that drive employment, as opposed to the recovery of the jobs lost during the pandemic. The level of unemployment is normal and consistent with prior periods of economic strength. Unemployment claims are low and quit rates are high. The labor market is tight, though it does appear to be loosening a bit. National hiring rates and job opening levels are coming down a bit.

The labor market is still strong. There appears to be a bit of softening, but there are no imminent signs of rapid deterioration in the economy at this point.

MR. LEAVITT:
In two months, the Economic Forum will estimate the amount of revenue collections for the next two and a half years to determine the state's budget. Given everything you have seen, what do you expect to happen over that period?

MR. SCHMIDT:
I tend to be an optimistic person with a "glass half full" perspective. Obviously, the rate of inflation is concerning. The Federal Reserve is trying to slow down the very rapid pace of economic activity. Nevada is still in a strong place. It is possible for unemployment to be too low, and the job market to be too tight, which would create an overall burden on economic activity. Nevada is in a better spot in that regard than a number of other states.

I recently prepared projections for unemployment benefits and that impact to the Unemployment Trust Fund for a two-year period. I did not include factors indicating a recession or expectations that the rate of benefit payments would rise. I expect to see rising costs in terms of total wages. Average wages and benefits would rise due to increases in wages over the next two years, but a major downward shift is not expected. The rate of inflation and the pace of wage increases are expected to slow but will still affect the economy for at least the next year.

There is a difference between loosening conditions and going into a decline in overall economic activity. For the next few years, I expect loosening with continuing trend growth rather than rapid growth. For example, I expect 2% employment growth over the next several years instead of the current 5% growth rate. I expect slower employment growth at a more stable and sustainable pace that is not recessionary or overly accelerated.

CHAIR ROSENTHAL:
Page 31 of the meeting packet shows the pace of recovery for different industries (Exhibit A). Both the leisure and hospitality and accommodation and food service industries still have quite a way to recovery. Do you have insight as to why those businesses are recovering more slowly? Are those industries slow to hire, or can they truly not find the workers?

MR. SCHMIDT:
There is a little of both taking place. There have been structural changes in these industries over the last two years that reduced the level of staff needed to maintain operations. I do not expect a return to previous employment levels. There is a very high level of job openings and hiring taking place in the leisure and hospitality industry. Data is not available at the state level, but national data can be used to set expectations locally. It is likely that there is still a desire to hire people. Gaming properties are posting job openings and attempting to recruit at job fairs. There is a struggle to attract and maintain workers because there are high levels of openings, hires, and quits in that industry.

Even if there were an infinite number of available workers, the industry would not return to pre-pandemic levels of employment due to changes adopted by employers during the pandemic shutdown, and since worked into their regular business practices, which reduced the overall demand for employees. Casino hotel industry hiring in Las Vegas peaked in 2006 and in Reno and Sparks in 1997. There has been a flat trend in terms of employment in those industries. Because of the shift, I would not expect hiring to return to where it was, but it will probably settle at a lower level in the long term. Our long-term projections are for accommodations to increase to pre-pandemic levels by 2030, but over the next few years it will remain well below the February 2020 level.

There was no further discussion on this agenda item.

VI. PRESENTATION ON THE STATE POPULATION OUTLOOK.

MATTHEW LAWTON (State Demographer, Department of Taxation):
This presentation will cover the components of population change as they relate to Nevada, some of the state's demographic characteristics, and a brief overview of the most recent population projections.

Population growth is estimated by adding natural increase (total births minus total deaths for the period) and net migration (immigration minus emigration for the same period) to the previous population level (page 58, Exhibit A).

Headlines earlier this year reported that the U.S. birth rate increased for the first time since 2014 (page 59, Exhibit A). The increase ended a seven-year slide, but it was only 1%.

The fertility rate nationally has been on a steady decline with a small bump just prior to the Great Recession. Table 1 on page 60 shows total births in the U.S. and the fertility rate, which is births per 1,000 women of childbearing age (Exhibit A). Both show a gradual decline. The trend shows women are waiting longer to have fewer babies. Figure 2 on page 60 shows that since 1990 women have delayed births into their late 20s and 30s, and overall are giving birth to fewer children. The trend in Nevada over the last two decades mirrors the national trend; normalized for the population of women of childbearing age, there is a steady decline in Nevada's fertility rate.

The top chart on page 64 shows total deaths annually in Nevada over the last decade (Exhibit A). Normalized for population, over the last decade Nevada had around 8 deaths per 1,000 people, until the COVID-19 pandemic. The lower chart shows the impact of the pandemic on total deaths over the last two years.

The picture becomes clear when then number of deaths is subtracted from the number of births to derive the natural change (page 65, Exhibit A). In 2019, eight counties in Nevada were already reporting a negative natural change (more deaths than births) with one reporting a single digit increase in net births. By 2020 the number had increased to nine counties with zero or negative natural change, and two with single-digit birth increases. As of 2021, 13 counties have negative natural change with one reporting single-digit net births. Only Clark, Elko, and Washoe Counties have significant births over deaths. Obviously COVID has impacted the last two years, but the pre-pandemic trend shows an obvious decline in natural growth in our state.

Domestic migration (population shifts within the U.S.) has been the primary driver for population growth in Nevada for the past several decades (page 66, Exhibit A). There is no direct measure of these shifts. However, the Internal Revenue Service publishes data based on tax returns, which tends to lag by a couple of years. The latest dataset published in May 2020 shows migration patterns based on returns filed between 2019 and 2020. Although this data does have its issues, it offers a glimpse of domestic migration patterns. Most counties in the state showed net population gains from 2019 to 2020; however, compared to the previous period from 2018 to 2019, there was nearly a 10% decline in net inflow to the state year-to-year.

The declining trend in domestic migration must be considered within the context of the pandemic; however, the decline is also supported by other subjective measures. One of the more interesting sources are the annual movers' studies published by various moving companies. For example, U-Haul's latest figures indicate Nevada dropped from #8 for inbound moves in 2020 to #29 in 2021. United Van Lines has consistently shown Nevada slipping since 2018, down to #31 nationally for inbound moves in 2021. North American Van Lines reports that in 2021 outbound moves have overtaken inbound moves in Nevada for the first time since 2012.

Another part of the migration formula is international migration, or population moving in and out of Nevada from other countries. The U.S. Census Bureau provides an estimate of net international migration for the U.S. in its annual population estimates. The estimates are allocated as a share for each state. Toward the end of the last decade the estimates showed a significant decline overall in international migration, which is reflected in the chart on page 68 (Exhibit A). However, there are indications the decline may have been overestimated. Due to pandemic delays and other administrative issues, the U.S. Census Bureau has not yet published its final intercensal series of population estimates for 2010 to 2020.

The current international migration picture is incomplete. The 2020 and 2021 figures shown on page 68 (Exhibit A) are from the U.S. Census Bureau's 2021 Vintage population estimates, which use a different population base derived from the 2020 Census. This data series should be taken with a grain of salt, since the years highlighted in yellow are not derived from the same estimate base as 2020 and 2021. By this time next year, the intercensal estimates should be available to provide a better idea of international migration trends over the last decade.

To summarize the components of population change, fertility rates continue to decline both nationally and in Nevada. Women are waiting longer to have fewer babies. Nevada's natural increase continues to decline, which was accelerated by the pandemic. Indications are that domestic migration to Nevada is slowing, although more post-pandemic data is needed to really understand what is happening. The international migration picture is unclear due to delays in the U.S. Census Bureau's intercensal estimates.

The demographic characteristics of the state show that Nevada is getting older (page 71, Exhibit A). Comparing the 2010 Decennial Census to the latest 2021 Vintage Census estimates, the median age for Nevada increased to 38.7 years old, which is nearly equal to the national median age.

Between 2010 and 2021 most Nevada counties' median age increased, two held steady, and one dropped. Statewide the median age increased by 2.4 years, which was faster than the national increase.

Page 73 illustrates the changing composition of race in Nevada (Exhibit A). The donut chart compares the racial and ethnic distribution in the Nevada population in the 2010 Census Estimate Base, shown in the inner ring, and the latest 2021 Vintage Census Estimate, shown in the outer ring. The bar chart shows the proportional increase for each racial and ethnic group, except for the "White Alone" category, which decreased during that period.

That is also illustrated in the chart on the right which visualizes each category by the rate of change. The largest increase was reported in the "Two or More Races" category, followed by "Black or African American", "Asian", and "Native Hawaiian and "Pacific Islander."

Last, I will share a summary of the latest population projections that I published on October 1, 2022. These projections are based primarily on an independent econometric model produced by Regional Economic Models Incorporated (REMI). This model has been used by the State Demographer for over 20 years. REMI is a well-regarded model that has existed since the 1980s and is used by various state and local governments and academic institutions. The latest release used for these projections was published in June. It was updated to include sector employment data through the 2021 second quarter. The model also uses employment forecasts for upcoming economic development projects, as provided by the Governor's Office of Economic Development and the regional development authorities.

Overall, the model showed a cumulative population increase of more than half a million over the course of the next 20 years. It projected a general slowing of the population growth rate statewide during that period. Although growth is projected, it is not expected to be at the pace seen in recent decades.

The model showed a gradual decline in growth for the two most populous counties in the state over the next 20 years, while the rural counties showed a fairly steady rate of growth.

Dividing the projections by region, the southern and northwestern counties mirror a declining growth rate. The central counties show a fairly steady growth rate through the time series, while the northeastern and north central counties (Humboldt and Pershing Counties) show slight increases in growth rate toward the middle of the series.

These projections should be viewed in the context of a 20-year series, especially considering the pandemic's impacts on economic indicators. There are several risks to these projections. The employment recovery coming out of the pandemic was stronger than predicted in the baseline model, which could inflate population growth, especially in the earlier years of the projections. Housing availability is a potential limiting factor that is not considered in the model; therefore, growth projections may not be realistic if counties do not have the housing to support that population. The model may not completely predict employee commuting patterns, which can affect population distribution among neighboring counties, especially in rural areas. The model attempts to forecast international migration, which is greatly dependent on policy set at the national level. Likewise, fluctuations in domestic migration patterns should be considered when interpreting these projections. Factors that are not yet understood, like the lingering impacts of the pandemic, threat of global conflict, resource limitations, and economic volatility will have impacts to long-term population forecasting.

There was no further discussion on this agenda item.

VII. PRESENTATION ON THE SOUTHERN NEVADA ECONOMIC AND CONSTRUCTION OUTLOOK.

BRIAN GORDON (Principal, Applied Analysis):
Applied Analysis was requested to discuss the broader economy and job market. The presentation by David Schmidt, Chief Economist, Research and Analysis Bureau, DETR was very informative, so this presentation will not dwell on that topic. Although the presentation will include information on the residential market, the commercial real estate market is the primary objective as it relates to construction activity, property taxes and other factors the Economic Forum is evaluating in its revenue projection process. Information about major investments in Southern Nevada indicate a potential expansion of the property tax base and other broader investments in the local economy.

Page 8 of the Southern Nevada Real Estate Update (Exhibit B) shows how different industries have performed relative to prior economic peaks. Southern Nevada is essentially back to its November 2019 pre-pandemic peak level. There has been some shifting and reshuffling within the economy. Trade, transportation and utilities, warehousing, and retail positions have experienced the bulk of the growth.

Steve Hill of the Las Vegas Convention and Visitors Authority will discuss the leisure and hospitality industry. Those indicators are performing relatively well and recovering at a relatively robust pace, but not all of the jobs have come back.

Regarding employment rates, nationally there are about 1.8 job openings for every person actively seeking work. That ratio is a little lower in Nevada.

Page 10 shows a trend chart on job openings. A question has arisen: If a position has been open for a year without being filled, is that position really open? A number of employers are suggesting that their workers are doing more with less. It is a relatively tight labor market, but it is starting to settle into a more stabilized pace of overall employment growth (Exhibit B).

There is a lot of interest in the housing market in Southern Nevada and expectations going forward. The information on pages 17 and 18 show robust price appreciation across the board in the resale market, and elevated price points in the new construction market (Exhibit B). Development activities, such as land, labor, and materials are causing elevated price points. There has been a dramatic shift in the last few months. The recent increases in mortgage interest rates and the federal funds rate are flowing through the economy. Those increases are playing a significant role in the housing market, for which demand has slowed dramatically.

Price points had been up significantly. Lots of wealth was generated and equity has been gained by homeowners. Some of that may come into public revenues. There have been sharp increases, then settling of home prices. The Economic Forum members understand how the assessment process works; there is a lag in the timing. Over the next year or two there may be some increase in revenue, but that may be offset by the softness after the increase.

Mr. Lawton spoke earlier about population growth. More people coming through Southern Nevada translates into more demand for housing. Page 14 shows year-over-year changes in the official metrics that were presented to the Economic Forum (Exhibit B). Nevada ranks number 8 in terms of overall population growth (page 15). It is expected that people will continue to move to Southern Nevada specifically. Near-term indicators, such as out-of-state driver license surrenders to the DMV in exchange for a local ID, are tracked month by month. Approximately 78,000 people over the last 12 months exchanged an out-of-state ID for a local ID. That indicates people are still moving here in significant numbers. Historically, numbers are at, or above levels seen for more than a decade.

Other monthly indicators, such as the number of homes that are connected to the local power grid, indicate the number of people that live here, and the expansion taking place in the residential market.

Four out of ten are migrating in from California. Nevada is benefiting from California's higher cost of living. There was migration at the onset of the pandemic due to remote work becoming more commonplace. Historically about one-third of those migrating from Southern Nevada would be expected to come from California. Those trends are continuing. From that standpoint, there is a steady influx of folks. For the first time in history, California has reported net out-migration for the past two years. Given Nevada's proximity and relatively low cost of living, the state is benefiting from some of that migration activity.

The map on page 16 demonstrates how the Las Vegas Valley market has built out over time (Exhibit B). All of the growth is taking place at the periphery of the valley. There are higher land costs for the master planned community developments along the Interstate 215 Beltway. Premiums related to the underlying real estate translate to higher costs for residential development activity, which is ultimately borne by the homebuyers in the new construction market.

The heat map on page 17 shows where development is taking place in the larger subdivisions actively selling homes today (Exhibit B). The bulk of the new construction activity is taking place around the Interstate 215 Beltway in the Valley Vista Master Planned Community, the Sky Canyon Community, Summerlin, North Las Vegas and Henderson.

Home price trends have skyrocketed as of late. There is a significant amount of demand. Page 18 shows data from the Las Vegas REALTORS (Exhibit B). Resale transactions of single-family attached homes such as condos and townhouses have increased dramatically, approximately 11% year-over-year. Home prices slipped month-to-month for about three months in June, July, and August, then flattened out in September. Prices for single-family homes had been up dramatically since the onset of the pandemic in March 2020 by about 40%, and 70% from about five years ago. Homeowners gained lots of equity over the last several years. If prices soften over the next years, the majority of homeowners will probably still be above their relative equity position.

A massive fallout from the housing market, such as what occurred during the 2008, 2009 and 2010 timeframe of the global financial crisis, is not expected. That environment was very different. Borrowers were much more leveraged and had little equity in their properties. Today's environment is much more stable as it relates to individual consumers and the equity in their homes.

Mortgage interest rates are driving today's residential housing environment (page 19, Exhibit B). The latest weekly data suggests that the 30-year fixed mortgage rate is about 6.7%. Mortgage rates have nearly doubled from a low of 3.5% over the past year. The chart on page 20 shows the pace at which mortgage interest rates have increased. Rising interest rates are creating concern in the market.

A buyer looking for a $500,000 mortgage today would pay about $1,000 more per month than they would have one year ago. That is a significant jump. At the same time, someone looking for a home a year ago would need to borrow $500,000, but for the same property today, their buying power would be diminished. Inversely, to keep that mortgage payment the same amount, they would only be able to afford about two-thirds of the price of the house relative to one year ago.

Broader economic uncertainty is also playing into buyers' decision making. Sales activity has dropped by half in recent months. New construction is slowing, the number of sales is slowing, and there are increased rates of cancellations.

Resale home closings are starting to slow (page 21, Exhibit B). Listing activity and inventory levels have risen significantly (page 22). The number of available units on the Multiple Listing Service (MLS) in Southern Nevada is hovering around 10,000, which is much higher than it has been recently.

Many homeowners are tied to their houses by low interest rate mortgages of 3%, 3.5% or even 4%. It is unlikely that these homeowners will sell their house to buy another house with a mortgage interest rate of 6%, 7% or higher. Therefore, there will be less movement and fewer homes coming onto the market. That lack of movement provides an opportunity for increased stability, as opposed to what occurred during the prior boom/bust cycle of the mid-2000s.

There are about four months of effective inventory. That is derived by comparing the number of sales to the number of homes on the market. Page 23 shows the pandemic period in early 2020 compared to the 2019 timeframe (Exhibit B). The numbers are not that unusual, but it looks different because the number of homes on the market is so low.

Lower-priced homes are in higher demand (page 24, Exhibit B). Homeowners are in a much stronger position than they were before (page 27). Very few folks are upside down on their mortgages, which provides some room for loss if prices should continue to adjust.

In the mid to late 2000s approximately 40% of home loans were adjustable-rate mortgages. Today adjustable-rate mortgages make up about 1% of home loans. Longer term fixed-rate mortgages provide more stability. Nationally, about 75% of all mortgage loans are under 4% interest rate. Assuming folks continue to have jobs and be gainfully employed, there is modest risk of fallout as it relates to the housing market (page 28, Exhibit B).

Mortgage defaults are at the lowest level in a couple of decades (page 30, Exhibit B). The housing opportunity index, which measures affordability, indicates that about 22% of typical households in Southern Nevada can afford the median home price. In the last quarter, this was dramatically affected by mortgage interest rates, which is shown on the chart as a steep decline. If home prices adjust, and mortgage rates decline, that should come back up a bit. In the prior cycle, about 13% of families could afford the median home price.

Investments in the apartment market will continue (page 32, Exhibit B). Multifamily housing has been in high demand, and rents are high. It is expected that about 12,000 units will be built over the next five years in Southern Nevada.

MR. LEAVITT:
The Economic Forum is responsible for providing a revenue estimate for the Real Property Transfer Tax (RPTT), which is largely governed by the residential real estate market. The commercial real estate market has ways to avoid payment of the RPTT. Prices are rising, interest rates are rising, and the market is diminished. What do you expect will happen in the next two and a half years in Nevada's residential real estate market?

MR. GORDON

As it relates to the RPTT, some level of slowdown can be expected for a couple of reasons, one being higher mortgage interest rates. In addition, at the onset of the COVID pandemic, many homeowners that had been sitting at home all day and all night decided now was the time to upgrade to new housing. People needed more space or did not like the finishes in their current homes.

Low mortgage interest rates caused people with future plans to move to advance their homebuying decision quicker. Maybe they planned to look for a new home in the next three to five years, but due to being hunkered down, and having their buying power increase due to the lower mortgage interest rates, they purchased a home in the next 6 to 12 months instead.

Now those buyers are in their new homes, mortgage interest rates are up, and they are locked in at a lower cost of borrowing. The likelihood of them moving again is probably limited. Three-quarters of homeowners have a mortgage interest rate under 4%. Much of that demand was moved forward, and there will not be turnover of properties at a level that would cause the RPTT revenue to increase. It is more likely to slow than increase.

MS. LEWIS:

Developers have been pulling their building permits and transferring them to build-for-rent versus offering them on the market for sale. The state will not collect the RPTT on those rental properties. Do you see the change to building residences for rentals taking up a larger share of the market?

MR. GORDON:

Permit cancellation rates are increasing. Builders with a pipeline of work in progress are becoming much more creative in keeping their businesses moving forward. A number of builders nationally have said they are pursuing that approach. It has been reported anecdotally that local builders are exploring those options. I am not sure in what numbers that is happening, but it is a viable path for builders, which would limit the number of homes transferring title that are subject to the tax.

MS. LEWIS:

Lots of apartment buildings changed hands over the last two years. Those large transactions were subject to the RPTT. Do you expect those kinds of transactions to continue?

MR. GORDON:

Much of that type of property has traded hands. Although rents are still high, cap rates are being adjusted and price points are coming down. It has been reported anecdotally that deals have seen price adjustments while under contract in the escrow period. Buyers and sellers are becoming more creative to get deals done. The volume that has taken place historically is likely to slow.

To answer Mr. Leavitt's question, there is some potential for slowdown on the RPTT collections.

CHAIR ROSENTHAL:
You talked about big housing developments planned in the suburban areas along the Interstate 215 Beltway. The map of development is spread out over the Las Vegas Valley. I am curious about the opportunities to expand for new home builders. It looks like there is unlimited land in Nevada, but much of it is owned by the federal government. Is there a geographic barrier to new housing projects in Southern Nevada?

MR. GORDON:
There is a de facto boundary around the urban Las Vegas Valley that has the potential to limit development activity over the long term. Within the Economic Forum's forecasting horizon, it is probably less of an issue, but there is a limitation to the amount of land that exists. Applied Analysis has worked with the Southern Nevada Home Builders Association to determine how the valley has built out historically and how much vacant lands exist within the urban valley. It was determined that there are about 11 years of effective inventory of available land if the Las Vegas Valley was built out at the expectation for population growth.

Federal lands bills and other measures have attempted to expand that boundary. In the absence of legislative change, the limit to available space to build will be reached at some point.

Next, I will present a handful of the key statistics related to the office market, the industrial market, and the retail real estate market. Trend charts provide a sense of how the commercial real estate market has been performing (page 36, Exhibit B). Investments continue in each segment. The chart also shows the millions of square feet in inventory in each of those segments.

The bulk of the investment and demand is in the industrial market for warehousing and distribution activities. The pandemic has generated significant demand for warehousing and distribution types of commercial real estate. Vacancy rates have been down across the board, and demand is outpacing new supply, (page 37, Exhibit B). Lease rates continue to escalate. The average asking rate for the available product has continued to increase 2% to 3% per year on average depending on the mix of the product. Absorption is the net demand that takes place each year (page 39). The industrial market has demanded over 9 million square feet of product in the last 12 months alone. There have been a significant number of net move-ins into industrial products. The number of completions, or new industrial product coming to the market, was about 7 million square feet in the past 12 months (page 40). Over ten million square feet of industrial product being constructed today will come on to the market over the next 12 to 24 months (page 41, Exhibit B).

Growth in the office and retail markets has been much more modest with only a couple hundred thousand square feet coming onto the market in the last year. Retail growth is relatively stable. The office market comprises only about one million square feet. I do not sense that the office market is being overbuilt by any significant amount.

MR. LEAVITT:
There have been changes in the business make-up in Clark and Washoe Counties. Warehouses have become a significant part of the economy. If there were a recession in the next year or two, how would Nevada's real estate market respond compared to the rest of the country based on what is happening here now?

MR. GORDON:
That question involves two ends of the state. Northern Nevada has a much more diversified economic base than Southern Nevada. Northern Nevada benefited from that diversity during the pandemic. Significant investments in manufacturing in Northern Nevada have been driving lots of the economic growth in the northern portion of the state. Northern Nevada is less dependent on tourism.

The tourism industry has been a phenomenal driver of the economy in Southern Nevada. One in four jobs is tied directly to the tourism industry. The industry is somewhat dependent on discretionary spending. An economic slowdown, nationally and internationally, would have the potential to affect Southern Nevada's economy more dramatically than Northern Nevada. Southern Nevada is a little more insulated now than during previous cycles. There has been diversification within the tourism industry with the addition of special events and sporting related activities. To the extent that the economy is or will be in a recession, it is likely to be much shallower and short-lived than the Great Recession, which gives a bit of comfort.

MR. CROME:
My question is similar to the previous question about the residential housing market. With the diversification of the economy in Southern Nevada, are there constraints on the space available to build commercial properties? I am particularly interested in industrial commercial real estate because that is where there is lots of growth.

MR. GORDON:
The 11 years' supply of land applies to both residential and non-residential development activities. In the industrial market, there are some pockets of potential development areas. Apex Industrial Park to the north of North Las Vegas is making massive investments in infrastructure. There is some capacity to develop in that area. A potential corridor is being opened south of Las Vegas. There are additional expansion opportunities in west Henderson. Pockets in the Southern Nevada market would allow non-residential development activity to continue. For the current forecast period, there is capacity for building.

MR. CROME:
As the industrial sector increases its share of the commercial real estate market, will there be a difference in wage rates between office, industrial and retail environments?

MR. GORDON:
It is a national phenomenon that wages are rising dramatically. Similar trends are happening in Nevada. There is demand for employees and a shortage of workers. That imbalance has driven wages up, specifically within the office, industrial and retail sectors, where a faster pace of wage growth has been seen. This is particularly true for the industrial sector. Nine million square feet of space was available and immediately leased. There are employees occupying those buildings. Filling those jobs has been challenging. Applied Analysis is tracking approximately $27 billion worth of major projects in the development pipeline (page 43, Exhibit B). Approximately $11 billion to $12 billion of that development is actively under construction today. These projects are tourism-related, non-tourism-related, infrastructure, manufacturing, and warehouses. Clearly the tourism industry is making massive investments in Southern Nevada. Major venues are being constructed, such as the MSG Sphere and the Fontainebleau Las Vegas. There are also major events coming, like Formula 1, which is making significant investments. The continuing investment in Las Vegas provides some comfort that there will be stability in the economy going forward.

There was no further discussion on this agenda item.

VIII. PRESENTATION ON THE NORTHERN NEVADA ECONOMIC AND HOUSING OUTLOOK.

FRED STEINMANN (Director, University Center for Economic Development, University of Nevada, Reno [UNR]):
Brian Bonnenfant, Project Manager, UNR University Center for Regional Studies, could not be in attendance. I will present an overview and economic outlook for the Northern Nevada economy, with particular focus on Washoe County and the Reno-Sparks Metropolitan Statistical Area (MSA) (Reno-Sparks Economic Outlook, Exhibit C).

Over the last couple of years, employment growth for the Reno-Sparks MSA has been driven by individual industry sectors at the top wage range. Manufacturing, transportation, warehousing, utilities, construction and professional business services, which pay wages that are significantly greater than the average wage for the entire region, experienced the strongest gains in terms of total employment growth. Lingering impacts of the pandemic continue to depress employment, specifically in the leisure and hospitality sectors, as well as the wholesale trade and government sectors. The impacts to government sector budgets as a result of decreased economic activity over the course of the pandemic have continued to push local governments and various public sector agencies to reduce total employment.

Relative to the Las Vegas MSA and the U.S. as a whole, total unemployment for the Reno-Sparks MSA tends to be significantly lower and is certainly well below the high unemployment rates of the early months of the pandemic (page 3, Exhibit C). Even though the average monthly unemployment rate for Washoe County and the Reno-Sparks MSA was 3.4% in August 2022, it is still ahead of where unemployment was pre-pandemic at 2.9%. With unemployment being relatively low, a major challenge to economic growth and continued expansion of the Northern Nevada region is the availability of a workforce. Most individuals who can be employed are currently employed, or a switching between jobs.

A significant factor driving economic growth and population growth throughout the Northern Nevada area, and Washoe County in particular, is net in-migration of individuals moving from other parts of the state or parts of California. About 25% of the net in-migration to Washoe County over the last couple of years has been driven by individuals between the ages of 20 and 29, which is ideal to support the industry sectors that have become major drivers of economic activity within the region (page 5, Exhibit C).

Those workers are approaching the age range for people to make their first major home purchase. As more individuals between the ages of 20 and 29 continue to move into the Washoe County area, that will likely continue to fuel demand for rental properties and single-family resident owner-occupied housing. Most of that in-migration into Washoe County over the last couple of years has been from Clark County, Lyon County, and Carson City (page 6, Exhibit C). Northern Nevada's ties to the Bay Area and parts of California such as the Central Valley, the Sierra Nevada region, and counties along the Interstate 80 corridor, continue to be major drivers of in-migration into Washoe County and other parts of Northern Nevada.

Between 2000 and 2010, the Washoe County area grew at an average annual rate of 2.2% (page 7, Exhibit C). That growth rate has decreased to an average of about 1.4% between 2010 and 2020. The relatively high paying industry sectors in Washoe County, neighboring Storey County, and other parts of the Northwestern Nevada region will likely continue to encourage and support population growth of about 1.5% per year over the next five years. Washoe County could potentially cross the total population milestone of 500,000 permanent residents sometime between now and the end of 2023.

Continued growth of the residential market is important to the Northern Nevada economy and Nevada's economy as a whole. The chart on page 8 shows the overall change in new single-family home sales activity in Washoe County, as well as the median new home sale price for each year of the last five years (Exhibit C). Over the course of the pandemic in 2020 and 2021, new home sales continued the year-over-year increase as the area continued recovery from the Great Recession. However, in the last year, particularly over the last couple of months, prices have begun to decline. The relatively high median new home sale price in Washoe County began to decline as well.

A number of factors are contributing to that decline. Obviously, the increase in interest rates, and subsequent increase in mortgage rates is starting to depress demand for new home sale activity. As a result, the median new home sale price declined. In the ten-year period prior to the Great Recession, single-family residential (SFR) units were the driver of new residential supply to the Washoe County housing market. New multifamily units represented a relatively small percentage.

In the post-Great Recession period, new multifamily units have become a significant driver of new residential units coming to the market in Washoe County (page 9, Exhibit C). That is likely, in part, due to a shift in the demand pattern as a result of a different population demographic moving into the area. The 20-29 age demographic is probably more inclined to rent than to buy, at least in their early to mid-twenties.

Developers may be tentative about building SFR units due to the impacts of the Great Recession on the housing market in Northwestern Nevada and other parts of the U.S., and therefore shifted investment to the development of multifamily properties. That trend is likely to continue in the foreseeable future for Washoe County and Northwestern Nevada, largely because of the continued increase in average rents, and the relative stability in overall vacancy rates. The chart on page 10 shows continued increases in average rents as well as continued stability and relatively low vacancy rates among apartments and other types of rental properties (Exhibit C). That will likely continue to fuel demand for and increase supply of additional apartment and similar residential projects in our region.

Page 11 shows where development is planned for Washoe County and the Reno-Sparks area (Exhibit C). Over the next year or so, a significant number of the nearly 32,000 approved unbuilt units of both single-family and multifamily housing is expected to hit the market. Moving forward, lots of that growth and development will be concentrated in the north valleys of Reno, the northern part of the City of Sparks and unincorporated Washoe County, the south valley area, and the Verdi area near the California border.

New listings, days to contract and active listings for Washoe County are shown on page 12 (Exhibit C). The middle green and red curves represent the two years of the pandemic. The data are fairly noisy. New listings and active listings are returning to pre-pandemic levels in the existing home sales inventory market, with days to contract starting to increase. That is probably being impacted by availability of supply as well as increased uncertainty in interest rates and mortgage rates.

Existing home sales followed a similar trend to new home sales for the Washoe County area over the last couple of years (page 13, Exhibit C). Over the course of the pandemic in 2020 and 2021, there was a continued trend of recovery and growth in both the residential and industrial markets in Northern Nevada. Supply of new homes started to decline in the last year from the previous years' highs. Median prices of existing home sales started to decline over the last several months as well. Again, a combination of factors, including inflationary pressures, rising interest rates, and rising mortgage rates may be starting to chill demand for existing home sales to a certain degree. As a result, there is a decrease in the median home price for existing home sales as well.

Information from the Washoe County Assessor's Office indicates the number of single-family homes with non-primary residence tax rates continued to remain stable over the last several quarters and years (page 14, Exhibit C).

A significant portion of new job creation and employment is being fueled by relatively high wages in industry sectors like manufacturing, transportation and logistics, which has helped diversify the Northern Nevada economy (page 15, Exhibit C). There has been significant growth over the last several years in terms of median household income, median family income, and per capita income. Those trends are likely to continue, given the relative importance of those emerging and diversified industry sectors, not only for the entire Nevada economy, but their contributions to national and even international shifts in emerging industry sectors.

Annual taxable sales for Washoe County, Storey County and the Reno-Sparks MSA have continued to increase at fairly robust rates over the last several years, reaching highs in 2020 and 2021 (page 16, Exhibit C). That is not a surprise, given patterns in individual consumer behavior moving toward big-ticket purchases like home improvement.

That increase is continuing into 2022 but may start to back off a little as people allocate more and more of their household income to experiential consumption like travel and resuming patterns that existed prior to the pandemic. That can be seen in a small month-to-month change in the monthly taxable sales for Washoe County. Again, taxable sales are remaining relatively robust over each month of 2022, but will probably fall off a bit to stabilize as individuals and households begin to return to a more balanced portfolio of consumption, which includes not only taxable items and goods, but also items related to travel outside the Washoe County area.

Over the last number of years, despite the dip in employment from 2020 to 2021 in Washoe County, very strong growth is expected in total employment for both Washoe County and the Tahoe-Reno Industrial Center in neighboring Storey County.

Wages remain relatively high. Washoe County's 2021 fourth quarter average was just under $33 per hour. The Tahoe-Reno Industrial Center's 2021 fourth quarter average was just under $46 per hour. Those high wages will continue to support economic growth and diversification throughout the region.

A growing area of concern in Northwestern Nevada, and Washoe County in particular, is home price affordability. Page 19 shows the home price affordability index for households with 1.8 income earners compared to single income earners by industry sector (Exhibit C).

The continued increase in rents and home prices over the last couple of years has resulted in fewer individuals and households being able to afford more expensive housing types. Only those individuals working in certain industries sectors like information and financial activities can still afford to purchase a new or existing single-family home based upon prevailing median sales prices. Some households with 1.8 or more earners can still afford a more diverse set of owner-occupied products, but single earners are almost completely priced out, and are only able to afford ownership of new townhomes or condo projects.

There is a similar trend on the rental side of the market (page 20, Exhibit C). Year-over-year, and by individual industry sector, it is becoming increasingly difficult for households with multiple earners, 1.8 or greater, to afford a wide variety of product in the rental market. More and more individuals are essentially being priced out of the rental market.

Those trends may begin to change over the next couple of years based upon a model provided by Mr. Bonnenfant through the University Center for Regional Studies. Page 21 shows an overlay of two models assuming a 6% annual average appreciation in home sale prices versus 4% (Exhibit C). Over the last several years, prices were in that range. In the last year or so, the median price for the greater Reno-Sparks area exceeded that model range, resulting in affordability questions for both owner-occupied and renter-occupied homes. Over the last few quarters median home prices began to decline, which will likely improve affordability indices for the next several years.

Generally speaking, based upon the analysis from the University Center for Regional Studies, the market is expected to return to a normal range of less than 5,000 jobs added per year within the region, with wage increases of less than 6% per year, and relatively low inventory between 6% and 4% appreciation.

Given increasing concerns over inflationary pressures and subsequent rises in interest and mortgage rates, stagflation could cause inflationary pressures to trigger low job growth rates. That could potentially make the product out of reach of the individuals moving into the area, as well as those already living in the area.

It is important to keep in mind that economic activity performance in Washoe County is part of a much larger economic picture. Diversification of the Northwestern Nevada region is continuing, especially in growing and emerging industry sectors such as lithium production and value-added processing. This growth is happening beyond the Tahoe Reno Industrial Center, moving further east along the Interstate 80 corridor, the Highway 50 corridor to Humboldt and Churchill Counties, further south into Carson City and along the Highway 50 corridor in the Dayton area of Lyon County.

Again, the emergence of these new primary industry sectors such as lithium production, value added processing, electric vehicles, battery production, or renewable energy production will likely continue to insulate the Northwestern Nevada region from some of the economic concerns emerging at the state level and potentially the national and international levels.

With this infrastructure and industry in place, the Northwestern Nevada economy is particularly well-suited to take advantage of the trend in continued growth of electric vehicles, both domestically and across the world. New priorities of the current federal administration focus on ensuring the protection of the domestic supply chain production, especially as it relates to rare earth value-added processing, battery manufacturing, and recycling. Again, these priorities take advantage of the existing strengths of the Northwestern Nevada economy.

Nevada as a whole, but certainly the northwestern and central parts of the state, is strategically well positioned to take advantage of growth in additional green energy, specifically geothermal, but also solar and wind.

To summarize, first and foremost, increasing mortgage rates for our region will likely continue to depress home sales volume over the next several years, bringing the market back to a more normal range. New homebuilders will likely continue their deep freeze in the provision of single-family owner-occupied units in favor of rental or multifamily construction. That is a factor of the changing sociodemographic profile of the in-migration to the region of the 20-29 age demographic, as well as the type of industries that are driving growth in the region. The northwestern and central region of the state is particularly well-suited to take advantage of various national and global economic fundamentals, especially the shift toward rare earth metal production, value-added processing, recycling, as well as the growth of renewable energy industry and related industry sectors.

One potential barrier to this kind of economic transformation to the region and other non-metro parts of the state is growing concerns over the availability of a workforce. The University Center for Economic Development works closely with various regional development authorities (RDA) throughout the state, such as the Northeastern Nevada RDA, Southwest Central RDA, and the Lincoln County RDA. These entities note that both new businesses from outside the area and existing businesses are potentially delaying expansion simply because there is no workforce to support those activities. The major barriers to the development of workforce in those areas is a lack of housing necessary to support in-migration from other parts of Nevada or other parts of the western U.S.

In addition to a lack of housing, there is also a lack of access to health care and educational services. Those three issues are becoming significant barriers to additional workforce development, especially in non-metro parts of the state. This is a canary in a coal mine for concerns that may emerge in metro parts of the state, especially in the Northwestern Nevada Region.

There were no further questions on this agenda item.

IX. PRESENTATION ON THE CURRENT STATUS AND OUTLOOK FOR THE TOURIST AND CONVENTION/TRADE SHOW MARKET IN NEVADA.

STEVE HILL (Chief Executive Officer/President, Las Vegas Convention and Visitors Authority):
This presentation will include background economic information on the tourism industry in Southern Nevada, which will provide a foundation of information for the current status and the outlook for future recovery.

Visitor volume has not fully recovered. Visitation is down approximately 10% over the past three months. The decrease is largely due to convention, meeting and trade show attendance, as well as international attendance. Those two types of visitors are related. For example, the Consumer Electronic Show attendance is typically made up of 25% to 30% international visitors. There is overlap between the meeting industry not recovering fully and international visitation not recovering fully.

Convention attendance over the last several years is shown on page 3 of the Tourism Trend Update presentation (Exhibit D). Convention attendance is now about 70% of the 2019 level. The Las Vegas Convention and Visitors Authority (LVCVA) projects that, from a same-show standpoint, on average, convention attendance will recover about 90%, depending on the industry of the tradeshow.

Southern Nevada will have 57 trade shows in calendar year 2022, with a little over 800,000 attendees (page 4, Exhibit D). Calendar year 2023 will be similar, but estimated attendance will recover to 1.4 million in 2024.

Hotel occupancy, which mirrors visitation, is down approximately the same percentage. On the other hand, the average daily rate (ADR) has been very strong, up 21% year-to-date over 2019. The combination of ADR and occupancy produces a revenue per available room (RevPAR) of about 5% over 2019 levels (page 6, Exhibit D). The city and the tourism industry are setting financial records, but not visitation records at this point.

Gaming revenue has been significantly higher than prior to the pandemic. The chart on page 7 shows that trend in a stark way (Exhibit D). Visitors now have a bigger gaming budget than at any time in the past, by as much as 50% more at its peak. That increase is starting to moderate somewhat.

Gaming revenue per room night is down 10% (page 8, Exhibit D). The spend per visitor level is approaching the past mean. This reflects the end of visitors' federal stimulus money and pent-up demand. During the pandemic, gaming was one of a limited set of choices for spending discretionary dollars. Now those options are not as limited.

The gaming revenue per room night occupied is expected to revert toward the mean over time, and full occupancy of 88% to 90% is expected to return over the next couple of years. Higher occupancy and lower spend per visitor may cancel each other out.

Page 9 shows 2022 tourism recovery compared to 2019. Gaming revenue and ADR are the big numbers. RevPAR is 105% of the 2019 level. Air passenger numbers have virtually recovered. The number of airline seats coming into Las Vegas on a monthly or annual basis is virtually identical to 2019.

There was a surge in the Interstate 15 drive market in 2021, but that has reduced, probably due to a combination of increase in fuel price and the bad driving experience on Interstate 15. That driving experience needs to be improved, and that will continue to be worked on.

The lower occupancy numbers shown on the chart on page 9 can be seen as opportunities (Exhibit D). The LVCVA believes the meeting industry will recover, which will increase occupancy to at least 100% of pre-pandemic levels. Approximately 6,000 to 7,000 rooms were added during the pandemic. The recovery of the meeting industry and the increase in the number of rooms is expected to result in record visitor volume.

Page 11 shows August 2022 year-to-date indicators in comparison to 2019 for international visitation to the U.S., not specifically Las Vegas (Exhibit D). This snapshot of international visitation to the U.S. can be used as a proxy for Las Vegas visitation, which tends to be within 5% to 7% of those numbers.

The LVCVA receives intermittent visitor information directly related to Las Vegas. That information only includes visitors who land at Harry Reid International Airport directly from an international destination. If the international visitor is connecting through a domestic airport like Los Angeles or San Francisco, they are not included.

The LVCVA has concerns going forward. Bill Hornbuckle, the CEO of MGM, on CNBC yesterday, summed up very well what the industry's future looks like. Right this minute, the industry seems to be in a soft landing, but the actions of the Federal Reserve may have more of an impact in the future than what is apparent now.

An LVCVA survey shows increased interest in travel, but there is concern about a potential recession, inflation, and staffing and service challenges. Mr. Gordon of Applied Analysis reported that industry staffing numbers were down 17,000 workers. That decrease is matched by a decline in occupancy. The employee-to-room occupied ratio is a little better than it was in 2019. Gas prices, global political stability, and international policies regarding COVID-19 continue to be issues. Right now, those concerns do not seem to be having a real impact on the tourism industry.

There are positive trends:

- Travel intent remains strong; it is stronger through the holidays than it has been in some time.
- Convention bookings continue to increase.
- The ADR has remained strong.
- There is strong visitor spending; the visitors are spending more than they have in the past.
- International travel is recovering.

The LVCVA sees opportunities in the occupancy rate. The 10% gap is expected to close fully moving forward, even with 6,000 or 7,000 more rooms on the market.

Las Vegas went into the pandemic with 11.5 million square feet of net meeting space. During the pandemic, about 3 million square feet was added. Currently there are about 14.5 million net leasable square feet. The Fontainebleau Las Vegas property will come online, adding nearly 500,000 square feet. That will bring Las Vegas leasable square feet to over 15 million.

Las Vegas has added 30% to 35% to its meeting space, and 4% or 5% to its room count. That allows lots of capacity to more than recover the number of meeting visitors. Southern Nevada will pass the 2019 meeting visitor number of 6.6 million people. The goal of the LVCVA is to have 8.3 million meeting visitors by 2026.

The LVCVA sees big opportunities around sports and events, which relates to the Economic Forum's projections for the Live Entertainment Tax (LET). There are two huge events in the first year of the next biennium. Formula 1 will take place November 16-18, 2023, and the Super Bowl will follow on February 11, 2024. The Formula 1 event is currently a three-year deal, which is anticipated to become a permanent annual event. Both events will produce eye-opening ticket sales and LET revenue.

The LVCVA projects Formula 1 ticket sales of between 110,000 and 130,000. The Formula 1 event will involve event ticket sales in addition to a package of hospitality food and beverage, and other entertainment. The LET calculation is not clear. Formula 1 representatives will meet with Department of Taxation staff to discuss what the LET will be applied to.

The Super Bowl is a much easier calculation. There will be a little over 60,000 tickets sold. LVCVA's projections for LET revenue just for the Super Bowl is between $17 million and $20 million. Formula 1 LET revenue will also be in that general range. A 25% increase in LET revenue for FY 2024 could be possible.

CHAIR ROSENTHAL:
Has show attendance fully recovered to 2019 levels?

MR. HILL:
Show attendance is mirroring occupancy. Show attendance is probably back 90% but has not yet recovered to 2019 levels.

The addition of major sporting events has broadened the entertainment opportunities for visitors. That may have a cannibalistic effect on attendance for shows that existed prior to the major sporting events becoming available.

MR. LEAVITT:
Has there been an increase in international visitor volume since the pandemic has receded a little bit?

MR. HILL:
International visitor volume continues to increase. Canada and Mexico make up 50% of Las Vegas's international visitors. It is easy to travel to Las Vegas from Canada and Mexico. Visitor volume from the United Kingdom has returned strongly. The current value of the dollar is a concern. It feels more expensive to visit the U.S. to international visitors. International air capacity is between 80% and 85% of former levels. It is a strong recovery.

China's pandemic lockdown policies do not allow a recovery in international travel. Visitors from China typically are not huge in number - about 250,000. However, the impact of the spend to gaming revenue is meaningful. Right now, that is absent.

MR. LEAVITT:
I am amazed at how well gaming revenue has done. It is much beyond what I would have expected, even under normal circumstances.

MR. HILL:
I would have anticipated that it would have been more of a spike, then a fall off. The fall off has been very gradual.

MR. LEAVITT:
It will be interesting to see how deep the potential recession will be. There are many conflicting signs. The stock market is all over the place, but mostly down.

MS. LEWIS:
Do you expect more new live events, such as concerts?

MR. HILL:
The Allegiant Stadium has performed exceptionally well; even better than the LVCVA models projected. It is close to absolute capacity.

MS. LEWIS:
When will MSG Sphere open?

MR. HILL:
MSG Sphere plans to open around September 2023. This project will generate lots of ticket sales. Formula 1 has entered into an agreement with MSG Sphere to sell tickets to a spectacular event inside the sphere during the race.

VINCENT ZAHN:
The number of trade shows at the new facility appears to be somewhat static. What is driving the projected jump in attendance? Will there be more attendees per group?

MR. HILL:
The expected increase in attendance is largely due to continued recovery. It assumes COVID will not reduce the number of visitors in January and February, which is right in the heart of convention season. The Consumer Electronics Show (CES) in January 2022 had about 40,000 attendees. In its biggest years, attendance was in the 180,000 range. January and February 2022 show attendance was impacted by Omicron. The LVCVA anticipates significant recovery and an increase in attendance for those shows, and overall continued improvement in the number of meeting visitors in general.

I recently attended a meeting of global trade show organizers in Asia, which included many of our biggest customers. It was noted that the U.S. is doing significantly better than Asia in meeting recovery. That is expected to give the U.S. an advantage in upcoming years. In-person meetings are re-engaging trade show clients with customers. During the pandemic, there was heavy employee turnover in every industry. The customers of these trade show clients are not the same people, and they are meeting in-person for the first time. The second and third iteration of these big trade shows will allow for a full recovery. There will be real progress in 2023.

CHARLES HARRIS (Chief Executive Officer/President, Reno-Sparks Convention and Visitors Authority):
The Reno-Sparks Convention and Visitors Authority (RSCVA) presentation is very similar to the LVCVA presentation. Northern Nevada is in the process of recovery with tax collections of over $457 million, which is its best year ever. The increased revenue is due to the leisure sector more than meetings and conventions. Meeting and conventions continue to recover. Northern Nevada has performed better than trends in the rest of the U.S. Recovery to former levels is expected in 2024 or 2025.

The RSCVA recently finished a three-year strategic plan update, which was approved unanimously by the RSCVA Board. The strategic plan helped to focus on updating the RSCVA's missions and vision statements, as well as establishing core values for the RSCVA for the very first time. At its core, the RSCVA is authentic in selling this destination, which is focused on outdoor activities, gaming and special events.

Visitor volume for the biennium peaked over the summer of 2020 (page 4, Exhibit E). November 2020 was the low point for visitor volume. Visitor volume is down around 9% to 10% overall, but ADR has carried Northern Nevada, much like in Southern Nevada, and allowed the region to set record revenues. Nine of the past 12 months were record setting for those particular months, which resulted in $457 million in collections.

Cash occupied room nights have recovered (page 5, Exhibit E). The summer season of June and July has been phenomenal. Northern Nevada was impacted by the fires in California in August and September 2021 and 2022, but because the ADRs were so strong, the region has maintained its record-setting pace. The ADR for individual hotels continued to increase from the low of $104 during the pandemic to $154 through the end of FY 2022 (page 6, Exhibit E). The ADRs are returning to seasonal changes. While the number of visitors decreased by 10%, the ADR increased, which allowed Northern Nevada to generate revenue.

Taxable room revenue peaked in June 2021, generating more than $50 million in a single month for the first time ever (page 7, Exhibit E). That has now occurred twice.

The chart on page 8 compares Northern Nevada scheduled air service departures in 2019, 2021, and 2022 (Exhibit E). During the pandemic, Northern Nevada was able to take advantage of reallocation of flights through Reno. Airlines continue to shift their fleets and it is now a challenge to get direct flights from the East Coast due to staffing shortages. Monthly seat capacity is down a bit compared to the last two years.

Air passenger service is heavy (page 9, Exhibit E). The Reno-Tahoe International Airport held a press conference today about its plans to expand and modernize its facilities.

Goals for meetings and conventions room night booking is shown on page 10 (Exhibit E). FY 2021 bookings were projected to be 206,500 but exceeded that number at 215,795. The goal of the RSCVA was to return to pre-pandemic numbers. The region has exceeded the room night goal the last two fiscal years.

Northern Nevada has about 1.1 million square feet of meeting space between the convention center and the five big box properties. At a recent IMEX America meeting in Las Vegas, there was lots of interest in places like Reno and Northern Nevada due to the opportunity for outdoor activities. Many of the meeting organizers are looking away from the big cities.

Short-term vacation rentals in Northern Nevada, specifically Washoe County and Incline Village, has remained very strong (page 11, Exhibit E). Both relocation and vacation activity during the pandemic have generated a fair amount of income for Northern Nevada.

Vacation rental occupied room nights is performing very well (page 12, Exhibit E). The seasonality was due to fires in August 2021, which specifically impacted the Lake Tahoe area.

Page 13 shows national travel highlights provided by Tourism Economics and the U.S. Travel Association (Exhibit E). Overall spending is still below the August 2019 level, but Nevada is trending better than the U.S. overall. Passenger volume levels have improved slightly. Meeting planners are very optimistic. Recent data indicates inflation is cutting into travel spending going into the holiday season; 79% of people are looking to change their travel plans.

Northern Nevada continues to have workforce challenges, specifically in the leisure and hospitality sector, which is losing workers to technology sector jobs. Affordable housing for the workforce is another issue for Northern Nevada and across the country as well.

Tourism is still strong, but compared to 2019, Northern Nevada is still in a recovery phase in terms of overall visitor volume numbers. The number of leisure and hospitality jobs is down, and overall private sector employment is nearly flat. Travel spending is still a little bit down compared to 2019. International travel is not expected to fully recover until 2024 or 2025.

Meetings and convention bookings in Reno and Lake Tahoe remain strong. The RSCVA's goal for FY 2023 was 215,000 group and convention room nights. For the first three months of FY 2023, room nights are about 102% of this goal. Meetings and conventions are moving away from the hybrid form of virtual meeting. Virtual meeting was very strong during the pandemic, but there is nothing like meeting in person for business relationships, and in-person meetings are gaining momentum.

CHAIR ROSENTHAL:
Is the Reno-Tahoe International Airport expansion expected to increase capacity? When will the region begin to benefit from the increases in travel statistics?

MR. HARRIS:
The expansion is starting right away. The head of the airport estimates the number of airlines and flights will increase in a few years. There will be some pain in terms of parking, but after the expansion there will be opportunities for more flights to come through the Reno-Tahoe International Airport.

It is important for meetings and convention planners that attendees are able to fly to Reno from the East Coast with a limited number of connections. For example, airlines were made partners with the airport to accommodate about 25,000 people who flew into the area for Burning Man.

CHAIR ROSENTHAL:
Will the benefits of the expansion happen outside of the forecast horizon?

MR. HARRIS:
Yes.

CHAIR ROSENTHAL:
Is there anything new and exciting coming to Reno that would draw additional visitation?

MR. HARRIS:
The RSCVA has doubled its annual budget to $1 million to attract new special events. The RSCVA is examining how to add special events to the 100+ events already in Northern Nevada. In the short-term, the RSCVA has signed two extensions. One involves extending the bowling stadium contract to 2032, which will include a couple of different open sports events. A bowling stadium event in March 2023 is looking very strong. The Miss USA Pageant has entered a three-year contract, which in its first year has resulted in thousands of rooms and millions of dollars in international publicity for the destination.

MS. LEWIS:
Will there be additional rooms added in Northern Nevada?

MR. HARRIS:
There are select-service hotels opening in Reno at the end of 2022. Kimpton Hotels has broken ground on what is probably the largest new property. The Element Reno Experience District hotel is ready to open. Other select-service hotel properties are slated for The Summit Reno and Tamarack Junction Casino areas. The current five big box properties remain important partners in special events.

BRENDA SCOLARI (Director, Department of Tourism and Cultural Affairs):
My presentation will touch on a few points about our economic outlook for the biennium (page 84, Exhibit A). The Economic Forum has heard lots about national economic trends from the other presenters, so I will not dwell too much on those.

I will start with influences to travel choices in rural Nevada. Throughout the height of the pandemic, travelers indicated that activities in which they could be away from crowds were the safest.

The information shown on page 86 is from a Destination Analysts State of the American Traveler July 2020 survey (Exhibit A). The chart shows that travelers felt outdoor recreation opportunities and road trips were the safest activities during COVID.

Because travelers felt that activities such as outdoor recreation and road trips offered in rural parts of the country were safer, rural destinations tended to recover faster than urban destinations. The chart on page 87 shows that room tax collections in rural Nevada reached pre-pandemic levels at a much faster rate than the urban areas of the state (Exhibit A). Although urban areas still represent the majority of room tax collections during this period, rural Nevada recovered more quickly than Clark and Washoe Counties.

Like room tax collections, room nights occupied in rural Nevada tended to recover much quicker than in the urban parts of the state during the height of the pandemic. Again, although the urban areas still accounted for the majority of visitation to the state during this time, rural areas approached pre-pandemic levels more quickly (page 88, Exhibit A).

Although rural Nevada as a whole has recovered well after the initial effects of the pandemic, some counties have fared particularly well. Douglas, Humboldt, and White Pine Counties have seen large gains in room tax collections when compared with 2019, particularly after the start of 2021. This is due to a quick recovery in visitation along with higher room rates throughout the state (page 89, Exhibit A).

One travel trend that is not unique to rural Nevada is high prices. Page 91 shows the average daily rate (ADR) of hotels throughout different areas of the state compared to 2019 (Exhibit A). Across all areas, ADR has surpassed 2019 levels, usually by a wide margin. Again, high prices are not unique to the travel industry at the moment but are very evident in room rates and air fare.

Consumers are aware of the rise in the cost of travel. In the Destination Analysts survey, when asked what has kept travelers from traveling more than they otherwise would over the past six months, the top four reasons cited were related to finances (page 92, Exhibit A). The fifth most cited answer was safety concerns related to COVID, which was the most cited response related to health and safety. It should also be noted that 16% indicated the possibility of flight cancellations has been a deterrent.

Another trend across the travel industry is a lack of workers. In the May Survey of the American Traveler, over 65% of respondents indicated it was likely that tourism businesses will continue to have problems finding employees (page 93, Exhibit A). This was cited as a deterrent to travel by more people than health safety concerns such as COVID. It is unclear what effect this will have on total travel demand, but the labor shortage is noticed by travelers.

Related to the labor shortage and ability of the travel industry to fulfill expectations, issues with flights have been noticed by travelers (page 94, Exhibit A). Almost three-quarters of respondents mentioned that they were aware of flight cancellations, delays and long lines for air travel according to the State of the American Traveler survey. Again, it is hard to know if this will impact travel demand, but this is an issue that is at least noticeable from the traveler's perspective.

When asked about the overall value for money spent on their most recent overnight trip, over 70% of respondents indicated that they agreed that they were satisfied while less than 10% disagreed (page 95, Exhibit A). This means that although travelers are aware of issues in the travel industry, travel is still valued by people, which is a good sign for future demand.

On another positive note, COVID continues to be less of a concern for travelers over time. The impact of COVID on the ability to have meaningful travel experiences has been on a downward trend. Recently, fewer than 30% said they were more than moderately impacted by COVID (page 96, Exhibit A).

When asked what domestic destinations are the most desired to visit in the next 12 months, Las Vegas consistently ranked near the top of the list (page 97, Exhibit A). This means Las Vegas has remained as a destination that is top-of-mind for travelers after the pandemic, which positions both Las Vegas and the state nicely for future travel demand.

Knowing that higher levels of employment is a good indication for travel, the labor market is a good place to look for signs as to how travel may perform. This is weighed against consumer spending remaining high, increased inflation and increased interest rates (pages 99-103, Exhibit A).

Traveler financial sentiment is trending lower (page 104, Exhibit A). Sentiment around traveler finances has been on a recent downward trend according to a Destination Analysts survey. That decline is generally due to rising prices. The number saying it is a good time to spend money on travel has fallen from around 41% early in 2022, to around 27% in August 2022. Expectations for traveling more for leisure has also fallen throughout 2022 but has ticked up recently.

To recap some of what was reviewed today regarding rural trends, travel trends and economic trends, although urban areas of the state make up a larger majority of room nights and room tax collections, rural Nevada recovered much quicker after the initial effects of the pandemic. People were drawn to outdoor opportunities in the rural areas, which were viewed as safer.

High prices and the labor shortage are seen as potential pain points. However, travelers indicate that they are still receiving value from travel experiences.

Rising prices and expectations of interest rate hikes are top-of-mind for people, which is creating fears of potential increases in unemployment. However, the short-term outlook for travel looks positive at the moment. As mentioned previously, the labor market is strong, and spending remains high which is a good indicator for travel. Also, COVID impacts continue to be less of a concern for travelers.

The mid-term outlook is a little less certain. Consumer sentiment levels are at relative low points. This could be impactful because it could lead to a self-fulfilling prophecy where lower expectations lead to lower spending which could impact the economy negatively.

Further, with inflation remaining high, the Federal Reserve is expected to keep raising interest rates. This could lead to lower demand for goods and services as consumers and businesses have less money to spend freely. Expectations are for a bit of an increase in unemployment around 2023, though this is not expected to be drastic.

Because of this assumption, our forecast calls for a bit of a softening in room demand around the middle of 2023, and an upward trajectory in 2024. Our forecast anticipates room demand to eclipse FY 2019 levels sometime in FY 2025.

CHAIR ROSENTHAL:
Lake Tahoe ADR experienced a decline but was above pre-pandemic levels at the end of the year. That end-of-year change mirrored prior years (page 91, Exhibit A). Is the effect of the annual calendar of events in Lake Tahoe driving that annual change?

MS. SCOLARI:
Yes, I would also make that assumption.

There was no further discussion on this agenda item.

X. PRESENTATION ON NEVADA INSURANCE MARKETS.

NICK STOSIC (Deputy Commissioner, Division of Insurance, Department of Business and Industry):
Although Insurance Premium Tax collections are reported on a fiscal year basis, the written premium information provided today comes from insurance carriers reporting to the National Association of Insurance Commissioners (NAIC), which reports data by calendar year.

There are numerous lines of insurance business written in Nevada, all of which are categorized by the NAIC into one of three types: health insurance, which accounts for 40% of the written premiums; life, accident and limited health, which makes up 28% of the written premiums; and property and casualty, which makes up the remaining 32% (page 112, Exhibit A).

JEREMEY GLADSTONE (Assistant Chief Insurance Examiner, Division of Insurance, Department of Business and Industry):
My presentation will focus on the life and health insurance markets. The chart on page 113 shows historical written premiums for life, annuities, accident and limited health products (Exhibit A). The premiums collected on these products experienced consistent growth for the last eight years, with the exception of 2016. These products have averaged 7.1% growth over the last five years.

The bar chart on page 114 shows premiums and deposits for life insurance in Nevada (Exhibit A). The figures represent both life and annuity products. Over this period, premiums and deposits increased 63.8%. Since the declines in 2016 and 2017, life insurance premiums and deposits have experienced consistent growth, with 2021 experiencing growth of 14.5%, and average growth over the period 2018 to 2021 of 9.2%. While the division cannot specifically pinpoint the cause of this growth, it may be related to the pandemic, and an increased demand for life insurance and annuities. In addition, carriers are streamlining the process for purchasing life insurance products, which allows for faster turnaround.

The pie chart on page 115 provides a snapshot of Nevada's healthcare results by coverage category (Exhibit A). The data is estimated based on information obtained from state, federal and private sources. Not all health plans sold in Nevada are required to pay Insurance Premium Tax. There has been a shift in the number of covered lives in the self-funded group market in Nevada. Previous estimates allocated 32% of Nevadans to this market; the latest estimates show an increase of 9%, to 41%. Given that self-funded group plans do not pay premium taxes, this shift could result in a decrease in taxable premiums.

Another potential shift in covered lives is likely to occur with the end of the federal public health emergency, which will cause some Nevadans to lose Medicaid eligibility. The Silver State Health Insurance Exchange (SSHIX) is working closely with the Department of Health and Human Services (DHHS), Department of Health Care Financing and Policy to engage individuals that lose Medicaid eligibility and assist them in enrolling in an Affordable Care Act (ACA) plan through the SSHIX.

Medicaid and individual market carriers both pay Insurance Premium Tax, so the shift and resulting impact could be negligible, depending on the number of Nevadans that enroll in individual plans.

The table on page 116 shows health insurance business written in the state, and details membership and premiums written by line of business (Exhibit A). Medicare, Medicaid and group comprehensive insurance remain the top three lines of business in Nevada based on written premiums. These three lines make up 86% of the written premiums in 2021. In 2020, Nevada was dealing with the potential impacts of COVID, and the division projected a loss of Insurance Premium Tax revenue due to an anticipated decrease in health premiums. This decrease was never realized. While some lines of business experienced minor decreases in 2020, overall health business premiums increased.

Furthermore, compared to 2020, written premiums for 2021 have increased for all lines of business. Premiums are up over 20% compared to pre-pandemic levels.

Turning the discussion specifically to the ACA health insurance markets (page 117, Exhibit A), the trends followed closely with the data reported on the previous slide (page 116). In 2020, total premiums saw a slight decline compared to 2019, with a decrease of 1.12%. This was driven by a 5.29% drop in individual premiums, and relatively no growth – less than 1% - in the group market.

For 2021, the market grew as a whole by 7.6%, with double-digit growth of 18% in the individual market, 8.81% for small groups and 2.81% in the large group. The growth in the individual market is partly attributable to the special enrollment period related to COVID, as well as expanded access to affordable health care through additional subsidies available to Nevadans through the American Rescue Plan Act (ARPA). Those subsidies were scheduled to expire December 31, 2022, but were extended through the end of 2025 by the Inflation Reduction Act (IRA).

The overall price of healthcare under the ACA has stabilized in recent years and is well below the rate increases that Nevada's individual ACA market experienced in 2018 (page 118, Exhibit A). The higher overall rate change for plan year 2023 is skewed by one carrier's higher rate change. When that outlier is removed, the overall rate increase is 5.6% for the individual market. For the small group market, rates increased over the last five years, and are nearing the high of 7.91% approved in 2018. The increase in both markets in recent years is due to a variety of factors, one being the continued increase in medical costs.

The average monthly premium for a 40-year-old in Nevada by rating area is shown on page 119 (Exhibit A). This data illustrates stabilization in recent years and a steep increase in 2018. For the remainder of Nevada counties which represents a large portion of rural Nevada, premiums peaked in 2020 and declined over the last two years. For plan year 2023, this trend has continued with average premiums down $30 over prior year rates.

For rating area 3 (Carson, Lyon, Storey and Douglas Counties) premiums spiked in 2018 and 2019, leveled out in 2021, and have been steadily increasing for plan years 2022 and 2023. Premiums in rating areas 1 and 2 (Clark, Nye, and Washoe Counties) have remained relatively flat since the larger increases in 2018 and 2019.

With the stability of pricing, carriers have returned to the individual market. In 2018, Nevada's individual exchange market was on the verge of being without plan offerings in rating area 4; only two carriers in rating areas 1 and 2; and one carrier in rating area 3 and 4. Since that time, more carriers have entered the Nevada market and for plan year 2023, there are six carriers offering individual health plans in rating areas 1 and 2, four carriers with offerings in rating areas 3, and three carriers in rating area 4.

MR. STOSIC:
The balance of the presentation will be about the property and casualty market and the overall market in the state. The slide on page 120 reflects the numerous lines of insurance that make up the property and casualty market (Exhibit A). The largest segment is automobile insurance, which accounts for over 50% of the property and casualty direct written premiums in Nevada. Other significant lines of business are homeowners' insurance, commercial non-auto coverages, workers compensation, surety, mortgage guaranty, and medical malpractice insurance.

Property and casualty insurance direct written premiums have grown each year in the past nine years, from $4 billion in 2013 to over $7 billion of annual written premiums in calendar year 2021 (page 121, Exhibit A). During this nine-year period there was steady growth in homeowner and commercial insurance premiums, while medical malpractice insurance experienced a slight decline in written premiums each year from 2012 through 2018. Medical malpractice insurance rebounded from a low of $65 million in written premiums in 2018 to $94 million in 2021.

Automobile premiums made up 89% of personal auto lines, such as cars, private passenger trucks, motorcycles and recreational vehicles, while the other 11% are for vehicles in the state's commercial markets. Nevada's automobile written premiums experienced significant increases from 2016 through 2019, with annual increases of 9.6%, 11.6%, 14.6% and 9.4% (page 122, Exhibit A).

While most lines of insurance experience increased written premiums in 2020 and 2021, automobile insurance decreased by 2.5% in 2020 to $3.265 billion. The pandemic significantly reduced driving during the period of stay-at-home restrictions and many of Nevada's carriers provided refunds or premium credits to their automobile customers. Automobile written premiums rebounded and grew by 9% in 2021 to $3.56 billion.

Nevada's written premiums reduced three straight years during the Great Recession, from 2008 to 2010; fortunately, that level of decrease did not occur during the pandemic. During the Great Recession, premiums reduced by 0.5% in 2008, 5.2% in 2009, and 0.1% in 2010. That is the last time a downturn showed what the potential impact on premiums might be. Total written premiums increased by 5.2% in 2020 to $19.8 billion, then grew by 11.8% in 2021 to just under $22 billion (page 123, Exhibit A).

Overall, insurance written premiums in Nevada have experienced resiliency and continued growth over the past 10 years. The state's written premiums have almost doubled during that period, from $11.5 billion in 2012 to just under $22 billion in 2021 (page 123, Exhibit A).

Factors impacting insurance costs in the U.S. include supply-chain disruption, which has increased the cost of building materials and automobile parts; increased severe weather events, including wildfire risks due to drought conditions and increased temperatures; and high levels of inflation. These factors are expected to increase insurance pricing soon. The division is currently experiencing higher requested rate filings than in the past couple of years.

The last slide reflects the state's Insurance Premium Tax collections over the past six years, which have closely followed the calendar year written premiums reported by the NAIC (page 124, Exhibit A). In FY 2020 there was an increase of 6.3% in Insurance Premium Tax collections; FY 2021 increased 8.2%; and FY 2022 increased 5.1%. The Insurance Premium Tax continues to be a relatively stable source of revenue to the state.

RYAN HIGH (Executive Director, SSHIX):
The SSHIX mission statement is shown on page 127 (Exhibit A). The main part of the SSHIX's mission is to "increase the number of insured Nevadans," and its values are to be consumer focused and innovative, and to provide diversity in terms of engaging and enrolling a wide range of stakeholders, and to be business friendly.

The SSHIX operates the online marketplace, Nevada Health Link, which connects Nevadans who are not insured by their employer, Medicaid, or Medicare to comprehensive health insurance coverage. Individuals can purchase ACA Certified Qualified Health Plans or Qualified Dental Plans through the Exchange. The SSHIX also promotes a vision product, which is a recent change.

If eligible, consumers can receive subsidy assistance to offset monthly premium costs through advance premium tax credits (APTC). NevadaHealthLink.com is the only site where Nevadans can get access to financial assistance for insurance through the federal government. The division is solely self-funded – no state General Funds, and only limited federal funds are used to support operations.

The map on page 129 shows enrollment by county (Exhibit A). Clark County is obviously the largest population of enrollees, followed by Washoe County.

Page 130 shows "metal" levels under which consumers purchased plans (Exhibit A). Consumers received APTC and cost sharing reductions (CSR) for the silver plan, which is the metal level with the largest percentage of enrollment.

Almost 9 out of 10 consumers that shop on the exchange receive some financial benefit; 88% of enrollees receive subsidies. Almost half of our customers pay $100 or less for their monthly premium.

The chart on page 131 (Exhibit A) shows year-over-year enrollment. For the current plan year 2022, the SSHIX enrolled a little over 101,000, which is approximately 24% over the previous year. That growth is attributed to the American Rescue Plan Act (ARPA) expanding subsidies and increasing the amount of subsidies and tax credits, including for those making more than 400% of the federal poverty level. The recently passed Inflation Reduction Act (IRA) will extend that expansion for another three years through plan year 2025.

Of the 101,000 consumers enrolled last year, about half are male and half are female. The largest age group is between 35 and 50 years old.

Page 134 shows statistics for both pre- and post- ARPA (Exhibit A). In pre-ARPA plan year 2020, a little over 85% of our consumers received subsidies. In post-ARPA, this increased to about 90%, which was about a 5% increase. The statewide average monthly pre-ARPA premium was $366, which reduced to $293 post-ARPA, for a savings of about $72 per month.

Page 135 shows specific examples of how ARPA affected Nevadans (Exhibit A). For example, the monthly premium for a family of four in Las Vegas went from $348 to zero dollars. The monthly premium for a family of five in Elko County went from over $3,600 to $483. The monthly premium for a 29-year-old in Las Vegas went from $320 to $39. These are concrete examples of how the ARPA, and subsequently the IRA, are reducing health care costs for exchange consumers.

For plan year 2023, there are a total 163 qualified health plan (QHP) offerings across seven carriers. The last time the SSHIX presented to the Economic Forum in 2020, there were only 27 QHPs over three carriers. Currently, for plan year 2022, there are 128 plans over seven carriers.

The final average rate on the Exchange increased by 9.2%. Consumers will not feel the increase as much, because subsidies will increase as well. There will be seven navigator grantees, which are community-based organizations that help consumers enroll. There will be seven broker grantees throughout the state. The SSHIX has a healthy and robust partnership with over 800 brokers that are trained and certified with the Exchange, but the seven broker grantees receive grants to increase their presence in the community. For example, a broker grantee may increase marketing, or open a pop-up office in a mall during open enrollment.

The IRA extended ARPA subsidies for another three years. The National Academy for State Health Policy (NASHP) estimates that Nevada consumers between 250% and 400% of the federal poverty level (FPL) experienced an approximate 50% decrease in out-of-pocket premiums. Nevada consumers who are up to 150% of the FPL can get silver plans for zero premiums in reduced deductibles.

One point of note is the “Family Glitch.” Consumers that receive Employer-Sponsored Insurance (ESI) offers which are deemed unaffordable can shop on the Exchange. Until now, the Internal Revenue Service has only deemed affordability based on the individual employee, not the remaining members of the family. Now, if a family’s insurance is deemed to be unaffordable based on the totality of the family, the other three family members can shop on the Exchange and receive subsidies.

The federal government declared a public health emergency due to COVID on January 31, 2020. The public health emergency helps low-income families and children receive preventive and primary care during the pandemic without a disruption in coverage. The public health emergency required states to keep Medicaid enrollees continuously covered. The public health emergency is now unwinding. Until now, with the public health emergency still in effect, consumers that are on Medicaid have not been redetermined. If they had been determined ineligible, for example, for having too much income, they would have been directed to the Exchange, which would be the next step in providing coverage options. Since the public health emergency has been in effect, these redeterminations have not been made. The Centers for Medicare and Medicaid Services (CMS), and U.S. Department of Health and Human Services has promised to provide a 60-day notice before the public health emergency ends. The SSHIX is working closely with CMS and the DHHS Division of Welfare and Supportive Services to coordinate messaging, coordinate account transfers, and determine the most efficient way to serve Nevadans that may be determined ineligible for Medicaid.

CHAIR ROSENTHAL:
I was surprised to hear that the largest age group of Exchange consumers was between 35 and 50 years old. What are the broad categories of people who choose to use the Exchange? For example, are they independent contractors, or retirees?

MR. HIGH:
They are independent contractors. The SSHIX's marketing campaign targets gig workers, such as an Uber, Lyft or DoorDash driver. An independent contractor could be a real estate agent who is part of a real estate firm but does not have health insurance through that company. The SSHIX is also targeting service workers, such as restaurant employees who may not have employer-sponsored healthcare.

CHAIR ROSENTHAL:
The Economic Forum will be forecasting the Insurance Premium Tax. Does that include premiums paid, either under the Nevada Health Link or other insurance carriers?

MR. HIGH:
Yes, the Insurance Premium Tax includes those paid premiums.

There was no further discussion on this agenda item.

XI. REPORT AND DISCUSSION OF FY 2022 ACTUAL COLLECTIONS COMPARED TO THE ECONOMIC FORUM MAY 4, 2021, FORECAST, ADJUSTED FOR LEGISLATIVE ACTIONS APPROVED DURING THE 2021 SESSION AND COURT DECISIONS.

Chair Rosenthal called a recess at 12:00 p.m. The Economic Forum returned from recess at 12:16 p.m.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Table 1 on page 141 is a comparison of actual collections versus the December 3, 2020, and May 4, 2021, forecasts for both FY 2021 and FY 2022, for the Economic Forum, and each of the forecasters that presented a forecast to the Economic Forum at the respective meetings (Exhibit A).

The forecasts for all taxes and fees were provided by the agency responsible for administering or collecting the tax revenue, the LCB Fiscal Analysis Division, and the Budget Division of the Governor's Office of Finance. Moody's Analytics will provide forecasts for the Sales and Use Tax and Percentage Fees Tax, which will be the continuing process into the November and December forecasts for this cycle.

The table shows forecasts for FYs 2021 and 2022. In her opening remarks, Chair Rosenthal used the word "uncertainty" to describe the forecasting environment. Looking back on this forecasting cycle, there was lots of uncertainty in our world in December 2020. It was unknown when the federal stimulus funds would be available, or how much it would be. It was also unknown whether a vaccine would be available; whether there would be future waves of the coronavirus that would impact the day-to-day lives of ordinary Nevadans and ordinary Americans; or whether the pandemic would necessitate another round of closures of businesses and schools.

More specifically, in December of 2020 there was less information about actual revenues. For FY 2021, limited information was available as to actual collections. The first quarter of the MBT, Insurance Premium Tax, and RPTT collections had just become available. There was three months of information for the Sales and Use Tax and LET Non-Gaming; four months for LET Gaming; and five months for the Gaming Percentage Fee.

In May 2021 an additional five months of information was available for everything except the MBT, the Insurance Premium Tax, and the RPTT, for which only the second quarter was available. The third quarter information would not be available until the end of May.

Looking through FY 2021 actuals for each of the revenues listed on the table, the difference between the forecast and the actual amounts decreased, with a couple of exceptions, the Insurance Premium Tax being one (page 141, Exhibit A). The forecasters did not expect much impact from the pandemic with respect to Insurance Premium Tax collections.

More information became available to the forecasters about the timing and availability of vaccines and stimulus funds. By May 2021, the forecasts were getting closer to actual collections for both FYs 2021 and 2022.

The table on page 141 shows all the forecasts for the Sales and Use Tax, Gaming Percentage Fee, the Insurance Premium Tax, and two of the three pieces of the MBT (Exhibit A). Page 142 shows MBT Mining, LET, the RPTT, Commerce Tax, as well as the total for all these major revenue sources. Page 143 shows "major/minor" revenue sources the Economic Forum delegated to its Technical Advisory Committee on Future State Revenues (TAC) to review and forecast for its consideration.

Actual gross collections for the State General Fund in FY 2021 totaled $4,529,322,702. The Economic Forum's forecast was $4,308,848,000, approximately $220,475,000 less than actual collections. In FY 2022, total gross General Fund collections were $5,524,470,795. The Economic Forum's gross forecast for FY 2022 made in May 2021 was $4,513,938,000, a difference of approximately $1,010,532,000.

The TAC also forecasts tax credits that reduce the amount of General Fund revenue collected. Those forecasts are shown on pages 145 and 146 (Exhibit A). Commerce Tax credits allow a taxpayer to deduct up to 50% of their Commerce Tax liability from their Modified Business Tax. The table also shows film tax credits; the Nevada New Markets Job Act tax credits, which are specifically credited against the Insurance Premium Tax; Education Choice Scholarship tax credits, which are credited against the MBT; Catalyst Account tax credits, which can be used against the MBT, the Insurance Premium Tax or the Gaming Percentage Fee. The College Savings Plan tax credits can be used against the MBT, and the Affordable Housing Transferable tax credits can be used against the MBT, the Insurance Premium Tax or the Gaming Percentage Fee.

The total forecast by the Economic Forum for all other tax credits was higher than actual tax credits taken. The credits are subtracted to arrive at the amount of additional money that is available for the state to spend.

Collections were approximately $226.2 million above the forecast in FY 2021. The Economic Forum's forecast of $4,425,925,000 was approximately $1,013,410,000 net above actual net collections for the State General Fund, which in FY 2022 was $5,439,335,105.

Table 2, which is a modification of Table 1, shows actual versus forecast comparison of the December 3, 2020, and May 4, 2021, forecasts adjusted for measures approved during the 2021 Legislative Session as well as court actions that affected the Modified Business Tax revenue for FY 2022 (page 148, Exhibit A). Every single revenue source on the Economic Forum tables is listed here, including the forecasts approved by this body at each of those meetings, the actual collections, and how those compared.

The bottom line on page 152 shows the same total for the May forecast, where actual collections net all tax credits are again $1,013,410,290 above the Economic Forum's May 4, 2021, forecast for FY 2022 (Exhibit A).

MR. LEAVITT:
It appears the Economic Forum estimated low based on growth coming out of the pandemic. Is there any item that seems to be out of line with the rest that could improve our future forecasts?

Gaming revenues have rebounded much more than I expected. Room occupancy is 89%, but gaming revenue is way above that.

MR. NAKAMOTO:
Not many of the forecasters could have anticipated in December 2020 or May 2021 that there would be consecutive months of gaming win above $1 billion, that taxable sales would grow by double digits, or that there would be an increased rate of inflation. There were a few exceptions in which the forecasts were relatively close, such as the Insurance Premium Tax. Otherwise, all the forecasts were low, which is borne out by the individual forecasts on Table 1.

The forecasters and the Economic Forum based their projections on what were realistic assumptions. There was not enough information to indicate what has transpired since May 2021.

MR. LEAVITT:
Based on the information available at the time of the forecast in May 2021, I do not know the forecasts would have been changed. Speaking practically, I would much rather have the forecast be high than low, as there are different consequences to the state budget.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The tables presented by Mr. Nakamoto show that the forecasters missed the 2021 forecast, but it was not that bad for forecasting in a pandemic, considering the information set available at the time. The forecasters tried to figure out how vaccine availability and the federal stimulus funds would affect the forecast. The forecasters used employment data and wage data from the federal Bureau of Economic Analysis and Bureau of Labor Statistics. After the Economic Forum's forecast was completed in May 2021, those agencies increased employment numbers significantly. If the forecasters had those revised numbers, the forecast probably would have been higher. It was a very difficult time.

To address Mr. Leavitt's question, there is uniformity across the revenues and how they behave. Our economy and tax revenue are tied to visitor numbers. Fiscal staff have been watching the indicators to find out what is driving this.

At the June 2022 meeting of the Economic Forum, Fiscal staff reported revenue of $800 million, and thought the forecast would be higher. It ended up being in the billion-dollar range. I do not see anything anomalous, but it seems everything behaved better than expected, because everything actually was better than expected.

March 2021 gaming revenue was a record billion dollars. If any of the forecasters had predicted that every month since then would be a billion dollars, with only a couple below pre-pandemic levels, the Economic Forum members probably would not have given that forecaster much credibility.

Our information set was limited. There was uncertainty about the federal stimulus dollars. At that time, it was not known that the Child Tax Credit would be given. That has a role, as it would expand people's disposable income. Child Tax Credit funds were accelerated in that they were given as checks rather than claimed as deductions when filing income tax returns.

Clearly, the current Economic Forum forecast for FY 2023 is $4.7 billion. For FYs 2024 and 2025, I do not know.

Under the statutory provisions, 40% of any ending fund balance over 7% must go to the Rainy Day Fund, formally known as the Account to Stabilize the Operation of the State Government; that amounts to approximately $400 million. That is not a bad thing to have happen due to the Economic Forum over forecasting. There will be an additional opportunity to restore or add to the amount in the Rainy Day Fund. This is especially important with the Federal Reserve trying to orchestrate a soft landing. I offer this as additional context - there is a downstream benefit of the over forecast in that it helped other parts of the state's budget by increasing the Rainy Day Fund.

There was no further discussion on this agenda item.

XII. MODIFIED BUSINESS TAX RATE REDUCTION PROVISIONS IN NRS 360.203.

This agenda item was taken out of order.

ERICA SCOTT (Economist, Department of Taxation):
Per *Nevada Revised Statutes* (NRS) 360.203, by September 30 of each even-numbered year, the Department of Taxation must evaluate whether an adjustment to the Modified Business Tax (MBT) rate is necessary based upon the amounts collected for the MBT, the Commerce Tax and the Branch Bank Excise Tax in the previous fiscal year.

To do this, the amount of MBT, Commerce Tax and the Branch Bank Excise Tax collected for the previous fiscal year - in this case FY 2022 - are totaled and compared to the amounts forecasted by the Economic Forum.

If the collected amount exceeds the forecasted amount by more than 4%, the MBT rate reduction is triggered. The MBT rate must be decreased proportionally for general business, financial institutions, and mining, so that the combined collected amount would have been only 4% higher than the forecasted amount. The reduced MBT rate then becomes effective for the upcoming fiscal year, in this case July 1, 2023, or the start of FY 2024. The Branch Bank Excise Tax and Commerce Tax rates are not affected.

In FY 2022, the MBT rates were 1.378% for general business and 1.853% for financial institutions and mining. A simplified table on page 159 shows the collected amounts for FY 2022 for the MBT, Commerce Tax and Bank Branch Excise Tax, which is net any Commerce Tax credit and any other tax credit taken that year (Exhibit A). The department collected $1.039 billion, while the forecast was for collections of $880 million. Collections exceeded the forecast by a little over 18%.

The 4% over-forecast threshold would have allowed for collections of $915.75 million, meaning the new MBT rates had to be calculated such that they would have resulted in that amount, keeping Commerce Tax and Branch Bank Excise Tax collections constant. When factoring in this reduced MBT rate in the upcoming forecasts, the collections in this area will be reduced potentially by around $124 million.

The new reduced MBT rate for FY 2024, as calculated pursuant to NRS 360.203, is 1.170% for general business and 1.554% for financial institutions and mining.

The actual calculated MBT reduced rates based on the reduction calculation methodology used since 2016 were 1.169% for general business and 1.553% for financial institutions and mining. However, to comply statutorily with the intent of NRS 360.203, subsection 4, the rate must not be below 1.17%. Therefore, the new MBT rates will be 1.170% for general business and 1.554% for financial institutions and mining to maintain the proportional consistency of the MBT rate reduction calculation.

In addition, the MBT rate reduction calculation will not need to be made again according to NRS 360.203, subsection 4(a). Because the MBT rate has reached the statutory rate of 1.17%, the department is no longer required to make this determination.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The current MBT rate reduction means that the forecasters from the Department of Taxation, GFO and Fiscal Analysis Division will produce forecasts for FY 2023 using current rates, and for FY 2024 and FY 2025 using the lower rates.

To make it easier for the Economic Forum members to compare the three forecasts, a separate agenda item will be added to the November and December meetings to include a table showing what the forecast would have been for all three years at the higher rates.

CHAIR ROSENTHAL:
That would be very helpful.

There was no further discussion on this agenda item.

XIII. REPORT ON FORECAST ACCURACY BY FORECASTER FOR SELECTED REVENUES.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Report on the Forecast Accuracy of the Economic Forum for Selected Revenues is regularly presented to the Economic Forum at its October meeting in even-numbered years (Exhibit F). The report provides information on historical average forecast errors for selected major revenues: State 2% Sales Tax; Gaming Percentage Fee; Insurance Premium Tax; Casino/Live Entertainment Tax; Cigarette Tax; and total General Fund revenues. The report tracks forecast errors for those revenue sources to the 1995-97 biennium.

The report also includes information on the Modified Business Tax, Nonfinancial, Financial, Mining, and total MBT combined; RPTT; and Commerce Tax. The report tracks forecast errors for these revenues back to the 2005-07 biennium.

A summary table showing the average and absolute average percent forecast error over the biennium can be found on page 2 (Exhibit F). The more relevant measure is arguably the absolute average percent forecast error, which measures the average distance of forecast to actual revenues, without allowing positive and negative forecast errors to cancel each other out.

The absolute average percent forecast error for the State 2% Sales Tax is 5.5%; Gaming Percentage Fee, 6.7%; and total General Fund revenue, 5.3%. It is of note that these numbers do not yet include what Mr. Nakamoto presented for FY 2022 regarding deviation between actual and forecast. We are still in the 2021-23 biennium, so those numbers are not yet included in this table.

The expectation is that once these numbers are included, the absolute average percent forecast error for the total General Fund revenues and for many of the select major revenue sources featured in the report, would increase for the reasons Mr. Nakamoto and Mr. Guindon mentioned. In that context it would be interesting to ask, what would the absolute average percent forecast error look like over time if outliers were removed? For example, the 2019-21 biennium when the coronavirus came upon the economy and lockdowns brought the economy to a partial standstill, or the 2007-09 biennium when a financial crisis caused the Great Recession.

Fiscal staff has also provided an analysis of how the absolute average percent forecast error would look if the 2019-21 biennium and the Great Recession in the 2007-09 biennium were removed. The result is that the absolute average percent forecast error is significantly lower under these normal conditions without the outliers. For example, the absolute average percent forecast error for the State 2% Sales Tax is 5.5% (page 2, Exhibit F). If the Great Recession and the 2019-21 biennium are removed, the absolute average percent forecast error goes down to 4%.

The same is true for total General Fund revenue, which, including the Great Recession and the impact of the coronavirus is 5.3%. With those factors removed from the calculation, the absolute average percent forecast error decreases to 4%. The Gaming Percentage Fees absolute average percent forecast error was 6.7%, but with those factors removed from the calculation, the absolute average percent forecast error decreases to 3.75%.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB): Removing the outliers moves the forecast by about one percent. That might not seem like much, but, as a forecaster, if you are going to miss by 4% or 5%, that one percent matters. It will be very interesting to see the difference for the 2021-23 biennium when it is added to the metrics, and then backed out.

Everyone would like for the forecast error to be zero percent. Interestingly enough, when the positives and negatives of the Great Recession and the pandemic balance each other out, the total General Fund forecast error is basically zero. That implies that the Economic Forum is not biased in its forecast nor is it consistently over forecasting.

These forecast errors are for the two-year biennium period. The total General Fund forecast error was 5%, or about $500 million of the $10 billion biennial budget. That does not allow much wiggle room in the state budget.

The Executive Budget and the legislatively approved budget include a 5% ending fund balance. It is interesting that the state is attempting to keep 5% a year in the state budget, and the absolute error is now around 5%, without these two anomalous events.

CHAIR ROSENTHAL:
Thank you for that perspective. It is helpful to keep these things in mind. Also, it provides background information for the new members of the Economic Forum about how this body has performed through the years.

There was no further discussion on this agenda item.

XIV. PRESENTATION ON PERSONAL INCOME AND WAGES IN RELATION TO POPULATION, EMPLOYMENT, AND INFLATION ON A NATIONAL LEVEL AND IN THE STATE OF NEVADA.

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Since Mr. Schmidt (DETR) presented a comprehensive overview of the job market, I will skip through the slides related to employment (page 166, Exhibit A). The State Demographer presented population trends and outlooks, so I will not present information related to population growth rates (page 170).

Page 171 shows the Consumer Price Index (CPI) and selected CPI components (Exhibit A). Inflation had been barely noticeable for decades but is now suddenly a top concern. The state's economy has seen a robust recovery by many economic metrics, but the state's economy is not doing as well on inflation-adjusted terms, because inflation has eroded purchasing power.

The slides on pages 172 and 173 provide detail about what is driving the inflation rate (Exhibit A). Page 172 shows the CPI, which is the headline inflation indicator for all items, was up 8.6% year-over-year in the second quarter. If today's inflation report is added, CPI measured year-over-year is down a little bit to 8.3%. Core inflation does not include the volatile food and energy components. Based on this measure, inflation was 6% compared to one year ago in the second quarter. With the new update, the core inflation rate year-over-year actually rose 6.3% if the third quarter is included.

The slide on page 173 shows that the energy component has been the largest contributor to change in the CPI (Exhibit A). Energy prices rose 35.4% year-over-year in the second quarter and declined considerably to the 25% range for the third quarter. Food prices rose as well. In the second quarter food prices rose 10% year-over-year and increased 11.2% in the third quarter.

Personal income includes all earnings, including salaries and wages, investments, and other sources. The slide on page 174 shows the components and their respective shares of total personal income for the U.S. The largest share of personal income is wages and salaries. Prior to the pandemic, that share was about 50% of all personal income. That share is now slightly higher than what it had been before the pandemic.

Government transfer payments in the form of money income and in-kind benefits accounted for about 17% of total personal income prior to the pandemic response by the federal government (page 174, Exhibit A). That is almost back to pre-pandemic levels. The chart shows the magnitude of the impact the government's transfer payments played in 2020 and 2021 in response to the lost wages and salaries due to the pandemic. Interestingly, the share of government transfers did not increase as much in response to the fiscal stimulus enacted during the Great Recession as it did in response to the pandemic-related federal programs.

The slide on page 175 tells a similar story, except that the drop in share of wages and salaries as a percent of total personal income was larger for Nevada than for the U.S. (Exhibit A). The increase in the share of transfer payments as a percent of total personal income in 2020 and 2021 was more pronounced for Nevada than for the U.S.

Shifting to U.S. total personal income and total wages and salaries, the two spikes on the chart coincide with federal stimulus and other programs in FYs 2020 and 2021 (page 176, Exhibit A). As a result, there is not a typical peak-to-trough and recovery pattern that is usually associated with economic downturns. The chart shows the recovery as a peak-to-peak and back to trend line. When compared to the first quarter of 2020, which is the last period before the pandemic started, personal income was up 13.7%. Wages and salaries show a more typical pattern of the peak, then trough, and subsequent recovery. When compared to FY 2020 first quarter, wages and salaries are up 15.5%.

For Nevada, the narrative is very similar. When compared to the first quarter of 2020, personal income is up 14.4% and wages and salaries are up 15.5% (page 177, Exhibit A).

The chart on page 178 shows the growth rate for personal income, comparing Nevada to the U.S. (Exhibit A). Since the onset of the pandemic, Nevada's personal income grew an average 6.7% compared to 5.9% for the U.S.

The growth rate for wages and salaries comparing Nevada to the U.S. is shown on page 179 (Exhibit A). During normal times, Nevada's wage and salary growth rate tends to outpace the U.S. When looking at the recent shocks to the economic system, the magnitude of the decline in wage and salary growth were deeper for Nevada than for the U.S. Since the second quarter of 2020, Nevada has outpaced the U.S. with a growth rate of 7.7% compared to 6.4%.

Page 180 shows per capita personal income for the U.S. (Exhibit A). Compared to the quarter preceding the start of the pandemic, per capita personal income is up 12.6% in the U.S. However, when adjusted for inflation, it is down 0.2% during that period. In nominal terms, Nevada per capita personal income is up 11.3% since the first quarter of 2020, but when adjusted for inflation, it is down 1.5% during that period.

Growth rates for per capita personal income comparing Nevada to the U.S. from the first quarter of 2020 to the most recent quarter are shown on page 181 (Exhibit A). The percent change is 12.6% for the U.S. versus 11.2% for Nevada. When adjusted for inflation, the U.S. per capita personal income percent change is -0.2% versus -1.5% for Nevada.

Per capita personal income growth rates since the onset of the pandemic are shown on page 184 (Exhibit A). In terms of per capita personal income growth rates, Nevada is very comparable to the U.S. For the last two years, the U.S. per capita personal income growth has averaged 5.5% compared to 5.3% for Nevada. Inflation adjusted, per capita personal income growth is only 1.4% for the U.S. and 1.2% for Nevada (page 185, Exhibit A).

Shifting to wages and salaries on a per-employee basis for the U.S., when the pandemic hit, there was a large decline in lower-wage jobs leading to a sharp increase in wages and salaries per employee. This is because the cost of the pandemic-induced recession was disproportionately borne by lower wage workers as they experienced a bigger share of job and wage losses than those with higher incomes. As employment has recovered, there has been robust growth in employee wages and salaries.

When compared to the quarter that preceded the start of the pandemic, U.S. wages and salaries per employee increased 15.7%, yet, when adjusted for inflation, wages and salaries rose only 2.6% during that period (page 186, Exhibit A).

That same pattern of a sudden upward movement can be seen in wages and salaries per employee in Nevada in response to large losses of jobs associated with lower-wage sectors such as leisure and hospitality (page 187, Exhibit A). In nominal terms, Nevada wages and salaries per employee are up 15.2% since the first quarter of 2020; however, when adjusted for the effects of inflation, wages and salaries on a per-employee basis are only up 2.1% for that period.

The slide on page 188 shows the percent change in wages and salaries per employee for the U.S. and Nevada in nominal terms from the first quarter 2020 to the second quarter 2022 (Exhibit A). It is interesting that the widening gap between the U.S. and Nevada that occurred after the Great Recession has never narrowed.

Page 189 summarizes the last two slides showing the percent change in wages and salaries per employee on inflation adjusted terms from the first quarter 2020 to the second quarter 2022 for the U.S. and Nevada (Exhibit A).

Page 190 shows that Nevada is very comparable to the U.S. in terms of wages and salaries per employee growth rates. Over the last two years, the U.S. averaged a growth rate of 6.9% compared to 7.2% for Nevada. On an inflation-adjusted basis, wages and salaries grew only 2.7% for the U.S., and 3% for Nevada (page 191, Exhibit A).

Prior to the Great Recession, Nevada's median household income exceeded that of the U.S., but has remained below the U.S. since (page 192). This trend was briefly reversed in 2019 but Nevada fell below the U.S. at the onset of the pandemic. Between 2019 and 2021, the median household income rose by 3% for the U.S. but declined 9.3% for Nevada. Nevada's median household income has not recovered from the impact of the pandemic. When adjusted for inflation, the U.S. median household income fell 2.8% between 2019 and 2021, while Nevada's median household income fell 14.4% (page 193, Exhibit A).

The slide on page 194 summarizes U.S. versus Nevada in terms of nominal growth rates (Exhibit A). The slide on page 195 compares the U.S. to Nevada in terms of those inflation adjusted growth rates.

Page 196 compares Nevada General Fund revenue per $1,000 of Nevada personal income and shows the change over time (Exhibit A).

Page 197 shows how the General Fund and personal income growth rates have performed over time (Exhibit A). The first observation is that the trend between the two series tends to move together. The second observation is that while the state has seen record tax revenues, the recent peak in the General Fund growth rate has not surpassed the peak of FY 2004 that followed major tax changes during the 2003 Legislative Session.

MR. GUINDON:
The chart on page 196 shows Nevada General Fund revenue per $1,000 of Nevada personal income. It is interesting that there is a big increase in revenue from FY 2003 to FY 2004 (Exhibit A). That was due to a significant change made during the 2003 Legislative Session and 20th Special Session to generate more General Fund revenue.

Revenue remained at the same level until the Great Recession. Revenue bounced back in FYs 2010 and 2011, because the Legislature and the Governor worked together to take action to increase General Fund revenue to keep the budget intact.

Those actions were transitory for FY 2010 and 2011. Revenue started to fall when those actions were no longer in effect. Again, in 2015, the Commerce Tax was put in place, and the MBT rates were increased, as well as a few other measures. Revenue increased in 2016, but immediately started to decline.

The big fall was expected for FY 2020. The big jump in FY 2022 was close to the effect of FY 2003 legislative actions, but it was not due to actions of the Governor or the Legislature, rather, due to the economy coming out of the pandemic. The chart shows that nobody could have expected this type of recovery.

XV. PRESENTATION OF HISTORICAL TAXABLE SALES, GAMING MARKET, AND COMMERCE TAX STATISTICS.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
I recommend that the Economic Forum members look at the charts and tables linked to this meeting on the Economic Forum's webpage on the Nevada Legislature website (October 13 Economic Forum Meeting). Forecasters will use information in the tables regarding wages, personal income, and employment to develop their forecasts.

In several categories, the charts that show taxable sales by fiscal year do not reflect that there was a pandemic going on. For Washoe County and several of the rural areas there was no decrease in taxable sales in FY 2021.

A bill was passed during the 2017 Legislative Session allowing sales tax to be collected for online purchases. During the pandemic, there were lots more people making online purchases. The negative economic event of the pandemic was possibly offset by revenue generated by purchases made online and delivered to a buyer's doorstep. If it had not been for that change in taxing online sales, that revenue would have been lost during the pandemic event.

The information sets and charts for February and March 2021 on the Economic Forum's webpage detail what forecasters would have known for gaming win and taxable sales at that time. Nothing appeared too extraordinary, but many changes occurred. There is a lot of variances in the monthly and quarterly data. A lot of the monthly charts have the 12-month moving average and the quarterly charts have the four-quarter moving average, which will smooth out. The gaming and taxable sales charts display year-over-year data. When forecasting, I look to see if there is an inflection point in the moving average data and to determine if revenue will flatten out now that the data is year-over-year. I am not saying there will not be growth, but I am curious if the phenomena that we have been seeing is annualizing.

Commerce Tax data is shown across 26 different business categories. Forecasters can look at the individual pieces standing behind the tax. The Commerce Tax revenue for FY 2022 was expected to be well over forecast, because taxable sales were well over forecast. Taxable sales are retail, which is part of the Commerce Tax. Wholesale is also part of the Commerce Tax. Transportation and warehousing are also involved in retail and wholesale sales. It is not clear whether there is a signal there that can help forecasting, or whether it is more noise.

Those tables will be updated for the Economic Forum's November 2022 meeting.

There was no further discussion on this agenda item.

XVI. INSTRUCTIONS TO THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) CONCERNING THE GENERAL FUND REVENUE FORECASTS.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
At its June 2022 meeting, the Economic Forum provided direction as to which revenues would be considered major revenues to be discussed and forecast by the Economic Forum, and which revenues would be assigned to the Technical Advisory Committee (TAC) to prepare a forecast for its consideration.

This is an opportunity for the Economic Forum to make changes to the direction that was provided to the TAC and Fiscal staff.

CHAIR ROSENTHAL:
Are any of the Economic Forum members inclined to change the instructions given to the TAC or Fiscal staff at the last meeting?

None of the Economic Forum members requested changes to the instructions.

MR. GUINDON:
Fiscal staff will work on the table for the MBT. That will make it easier for the members to follow.

There was no further discussion on this agenda item.

XVII. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Fiscal staff worked with Chair Rosenthal and the Economic Forum members to set the schedule of future meetings. The next meetings of the Economic Forum are scheduled for Monday, November 14, 2022; and Monday, December 5, 2022. Chair Rosenthal intends for those meetings to be attended at the meeting location in the Legislative Building in Carson City and the Grant Sawyer State Office Building in Las Vegas, but with all five members attending in Carson City. It is easier to have all five members sitting at the dais, and most of the presenters are in Carson City, but the Zoom platform will be available if it is needed.

Moody's Analytics will present on the U.S. and regional economies to the Economic Forum at its November 14, 2022, meeting. Fiscal staff will work with Chair Rosenthal regarding other presentations for that agenda.

There was no further discussion on this agenda item.

XVIII. PUBLIC COMMENT.

There was no public comment.

XIX. ADJOURNMENT.

Chair Rosenthal adjourned the meeting at 1:21 p.m.

Respectfully submitted,

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Becky Lowe, Secretary for the Minutes

APPROVED:

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Linda Rosenthal, Chair

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Date

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775) 684-6821.

MINUTES OF THE MEETING OF THE
ECONOMIC FORUM
(NRS 353.225 – NRS 353-229)
November 14, 2022

The meeting of the Economic Forum (created by Senate Bill 23, 1993 Legislative Session) was called to order by Chair Linda Rosenthal at 9:50 a.m. on November 14, 2022, online, and in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

ECONOMIC FORUM MEMBERS PRESENT:
Linda Rosenthal, Chair
Jennifer Lewis, Vice Chair
Michael Crome
Marvin Leavitt
Vincent Zahn

STAFF:
Russell Guindon, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Christian Thauer, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Tom Weber, Committee Secretary, Fiscal Analysis Division, LCB
Jason Gortari, Executive Branch Economist, Governor's Office of Finance

EXHIBITS:
Exhibit A: Meeting Packet and Agenda
Exhibit B: Agenda Item VI - Gaming Control Board Gaming Revenue Forecast
Exhibit C: Agenda Item VI - Executive Budget Office Forecast
Exhibit D: Agenda Item VI - Fiscal Analysis Division Forecast
Exhibit E: Agenda Item VI - Department of Taxation Forecast
Exhibit F: General Fund Major Revenue Source Forecasts by Forecaster

I. ROLL CALL.

TOM WEBER, Committee Secretary, Fiscal Analysis Division, LCB, called roll. All members were present.

II. OPENING REMARKS.

Chair Rosenthal made housekeeping remarks.

III. PUBLIC COMMENT

There was no public comment.

IV. PRESENTATION ON THE NATIONAL, REGIONAL, AND STATE ECONOMIC OUTLOOK.

EMILY MANDEL (Economist, Moody's Analytics):
This presentation will include assumptions underlying Moody's Analytics' outlook for the U.S. economy and the risks confronting the economy (Economic Outlook and Revenue Projections, page 5, Exhibit A); an outlook specific to Nevada's economy; and Moody's Analytics' forecast for the two different revenue series.

Moody's Analytics is a separate company from Moody's Investor Services. Nothing in this presentation should be construed as having any bearing on any ratings actions, past, present, or future.

There is no doubt that the recovery from the pandemic-induced recession has been extremely strong. Much of that recovery is due to the huge amount of stimulus funding that was pumped into the economy, which resulted in a couple of years of very strong economic growth. That strong growth is starting to slow.

There has been talk about a recession, but the economy is clearly not in a recession yet. One quarter ago there were two quarters of negative GDP growth, which set alarm bells ringing. Based on the strength of the labor market and consumer spending, it is clear there is a good amount of strength left in the economy.

The chart on page 8 shows real gross domestic product (GDP) (Exhibit A). Moody's Analytics baseline outlook, represented by the blue line on the chart, assumes the economy does not enter a recession.

There are pressures on the economy, particularly as the Federal Reserve raises interest rates to bring down inflation. Moody's baseline outlook shows that the economy has stayed on a fairly narrow path to avoid entering a recession.

After two years of strong growth, economic activity will slow. The chart on page 8 shows where the scenario lines diverge (Exhibit A). Moody's does not expect growth anywhere near what was experienced over the last two years.

Prior recessions are delineated on the chart by the gray recession bars. Moody's does not expect the economy to enter such a scenario, but the risk for a recession is higher than it has been for many years now.

There are a couple of other paths that the economy could take. The yellow line on the chart on page 8 represents a moderate recession (Exhibit A). That moderate recession scenario does not come anywhere close to the 2008 Great Recession due to the underlying strength in the economy and tighter lending standards.

The more concerning potential scenario would be stagflation, which is a prolonged period of high inflation and slow economic growth, shown on the chart as a red line (page 8, Exhibit A). Moody's Analytics thinks the economy will avoid that scenario, but it is a potential path.

What assumptions will keep the economy on that non-recession baseline outlook? Most importantly, inflation must come under control. The chart on page 9 shows inflation historically to date by major category (Exhibit A). Moody's is watching those categories to get a sense of whether the economy is staying on the correct path.

Inflation is high, but it is moving in the right direction for the economy to remain on that narrow path to avoid a recession. There is no one major source of inflation in the economy; it is coming from different sources. Some of those sources are more responsive to the Federal Reserve raising interest rates than others.

In order to stay on the baseline outlook, there needs to not be another major shock to the economy.

The Federal Reserve actions have an impact on prices that are related to demand. The Federal Reserve is not able to control inflation that stems from supply, such as disruption of supply chains. For example, during the pandemic, there was a backlog of goods coming from Asia. Costs were high to get parts like semiconductors to the U.S. Those parts were needed in the U.S. to manufacture other products. Those kinds of supply issues are not very responsive to inflation, because the issues are driven by external factors rather than demand.

Supply chains for industries such as vehicle sales and apparel are reliant on global trade. Some supply chain issues have begun to resolve. The progress in the supply chain is shown on the chart on page 9 as a purple bar (Exhibit A).

Energy is categorized as a supply chain factor. Energy prices have been a major driver of inflation recently, not just because of the prices that people are paying for gasoline and heating, but because gasoline is a large component of the cost to transport goods across the country. Energy prices are beginning to improve, but those prices are at the mercy of global events, such as the conflict in Ukraine, as well as moves by the Organization of the Petroleum Exporting Countries (OPEC) to constrain supply. Moody's has forecast energy prices to remain elevated relative to levels in recent years, but begin to decrease, and not reach the $100 a barrel oil price that was problematic for inflation.

Another component of inflation is shelter. Higher interest rates are already putting a damper on the housing market. That will have effects on the cost of rent and will reduce shelter costs in general by destroying some of the demand. People will decide to stay in their current place longer, or Generation Z may decide to stay with parents for a bit longer. All of that put together will take some pressure off the price of shelter.

There are wild cards on the supply side, but many of those factors are decreasing. Moody's anticipates inflation will average around 8% in calendar year 2022, decrease to 4% in 2023, then mid-to-low 2% in 2024.

That path will keep inflation high over the coming year relative to rates during the pandemic, but down from recent levels.

The reason higher prices are not causing more of a contraction in economic activity is that there is still lots of cash in the economy. The chart on page 10 is fairly striking in showing the climb in household checkable deposits and currency, or the amount of money households have in their bank accounts (Exhibit A). This surged at the start of the pandemic, largely because of stimulus measures, and has not decreased since then. Not all checkable deposits and currency will be spent, but it will be a cushion. This is driving growth in consumer spending, and strong taxable sales.

It is important to know whether millionaires and billionaires are spending the money, or whether it is broadly spread across the economy. With a notable exception, it is widespread. The middle of the road family has significantly more money in their bank accounts than before the recession. Checkable deposits and currency by income quintile for the second quarter 2022 is shown on page 10 (Exhibit A). Information as of the second quarter 2022 shows the amount of deposits households have relative to the end of 2019, which is immediately prior to the pandemic-induced recession. With the notable exception of the lowest quintile, which is under $28,000 in annual income, households have significantly more money than before.

This cushion is compensating for the impact of rising prices on goods like housing and gas. Because there is so much cash out there, people can continue to spend in other areas of the economy.

That is what the Federal Reserve is fighting against. The Federal Reserve is trying to reduce some of the demand in the economy. It has been a difficult job, given that there is still lots of cash for consumer spending. The Federal Reserves has employed rapid rate increases to try to tamp down some of the demand.

With the notable exception of lowest income quintile, households have lots of money on hand. However, there has been a recent reversal in how people are paying for the money they are spending. The chart on page 11 shows bank credit card balances by credit score (Exhibit A). Each credit score level tells the same story: people are starting to rely more heavily on credit card balances to fuel spending.

At the start of the pandemic, people used federal stimulus money to pay down credit card balances. Since then, people have started to rely on them more heavily. This is seen across the income and credit score spectrum. In addition, there has been an increase in default rates, not just for credit cards, but also other loans. The default rate is not high by historical standards but is getting back to a more normal level. One notable exception is housing. People have remained on fair terms with housing loans.

Because interest rates are rising, the financing costs for these loans are higher than before. The impact of debt will be potentially more problematic for some than before.

Moody's baseline outlook is that the rate of inflation is going to decrease. The labor market is still strong. As the Federal Reserve raises interest rates to pull back on demand, some companies will pull back on hiring. That will take pressure off wages, which, along with the external factors mentioned earlier, will help bring inflation under control.

There are still many things that could go wrong. The Federal Reserve does not have a good record of raising interest rates without spurring a recession. While Moody's thinks the economy is on a path to avoid a recession, there are factors at play that could lead the economy into one of the less optimistic scenarios.

The economy is at a risky place in the business cycle. The matrix on page 12 shows subjective scores of things that could go wrong in the economy (Exhibit A). The risks that are higher on the chart are ones that Moody's thinks subjectively are more likely to happen. The risks on the right of the chart are more likely to cause a more severe shock to the economy. The risks on the top right of the chart are Federal Reserve missteps, and stagflation.

The Federal Reserve is raising interest rates. If rates rise too quickly, the economy could be pulled into a recession. If demand is reduced too fast, businesses will not only pull back on hiring, but will perform layoffs. That would be fodder for a recession.

Not all of the impacts of higher interest rates will be seen immediately. It takes time for that effect to play out in the economy. There are different kinds of economic fault lines such as the housing market. Because not all of the impacts of the higher interest rates would be seen immediately, it is difficult to know in the moment whether the Federal Reserve is raising rates to the appropriate degree, or whether over-tightening will cause greater instability in credit markets and result in a pullback of the economy that is too steep.

The stagflation risk is related to an external shock. For example, the situation with Russia could cause a supply-driven increase in energy prices. That is something the Federal Reserve is not well equipped to confront. That could result in stagflation, where economic growth is slower, and inflation is hard to bring under control. The end result would be a steeper recession than under the first potential downside, because the Federal Reserve would need to take extreme action to reduce the feedback loops driving inflation.

On the optimistic side, Moody's thinks things are going to continue on a decently positive route. The economy will slow but will move in the right direction. There are lots of things that could go wrong. It is important to keep these potential risks in mind to know whether the economy is shifting toward one of those other trajectories.

MR. LEAVITT:
The Economic Forum will provide revenue estimates for the next two and a half years in December. If the Economic Forum provides revenues that are too generous, the Legislature will appropriate money for that amount in the 2023 Legislative Session. If that optimistic scenario does not come true, the state budget will have a cash shortage. If the Economic Forum estimates too low, programs that could have been established would not be.

If you were in the Economic Forum's position, given the risks that could affect the economy, what recommendations would you give?

MS. MANDEL:
The risks are clearly skewed to the downside. There is very little that could go right and put the economy on a trajectory better than Moody's Analytics baseline outlook. There is reason not to place a recession into the outlook; there is lots of support in the economy, and things are moving in the right direction. There is some cause to handicap those outlooks a little to the lower side because of the risks.

Forecasters are in a difficult position. Moody's Analytics tries to synthesize every new piece of information that comes in to determine whether the forecast is shifting on a moment-by-moment basis. Caution is warranted in the current environment, but right now it is far from certain that the economy will enter a recession. Moody's Analytics does not recommend including a recession in the economic outlook at this time.

MR. ZAHN:
Moody's baseline forecast seems optimistic. Are employment levels factored into the baseline forecast?

MS. MANDEL:
The current employment picture is very strong. Nevada has 1.6 job openings for every person actively looking for work. There is still a significant amount of demand for labor, and a significant number of open positions. There has been fairly strong growth across industries.

To focus on Nevada, there has been very strong growth in a broad array of private services, especially, white collar services. There has been some flattening in the leisure and hospitality industry, but lots of that is due to labor shortages. Employers are not able to find the number of workers needed without putting huge pressure on wages.

Moody's expects job growth to slow quite a bit, but the unemployment rate would rise by only about 0.5% because the labor force is increasing a bit faster than businesses are adding workers. That small increase in unemployment would take pressure off wages. There will still be positive job growth, but it will be significantly slower than it has been.

CHAIR ROSENTHAL:
Moody's Analytics' first downside scenario is a recession. Would that scenario impact the entire forecasting cycle, or would it be a temporary impact with assumptions for growth in FY 2024 and FY 2025?

MS. MANDEL:
The timing is important. If the economy were to enter a recession scenario, it would happen in the middle to second half of calendar year 2023, when economic pressures would lead to some job losses. Because of the current labor force strengths, it would take time for layoffs to materialize.

Moody's Analytics would not anticipate a particularly deep recession, but levels would probably not be back to the baseline in FY 2025. There would be some growth in the outlying fiscal year, but downside in the interim. The growth in FY 2025 would not be at levels seen previously.

CHAIR ROSENTHAL:
You mentioned the narrow path for the economy to avoid tipping into the downside scenario. It was noted that there are potential drivers for a bigger negative impact than Moody's baseline outlook, with no drivers for a more positive impact.

How narrow is the economy's current path? Is the economy at the edge, and any downside scenario would cause a recession? Is there a significant amount of buffer?

MS. MANDEL:
The buffer is fairly small. The most recent CPI report reduced recession probabilities. That was a move in the right direction, but one report only changes things so much, and there could be a reversal of that later. The economy is particularly susceptible to external shocks at this time. The real question is, how fast would businesses cut positions if they felt the economy was moving in a bad direction?

There has been some reduction in confidence recently. There has been some contraction among industries that are more susceptible to interest rates, particularly in the housing sector and tech companies. That has not manifested more broadly in the economy, because other companies are not as reliant on short-term financing. However, there is definitely risk, and some reduction in confidence. If something else went wrong externally to further destroy that confidence, and make businesses even more wary, that could lead the economy into a recession scenario.

MR. ZAHN:
In each of the three scenarios provided by Moody's there are varying degrees of recovery in the economy. In the baseline outlook there is a moderate recovery; in the recession scenario there is a sharper recovery; and in the stagflation scenario there is an even sharper recovery. Please talk about the drivers and assumptions behind those differences.

MS. MANDEL:
It is important to reiterate that the chart on page 8 measures growth rates (Exhibit A). Recovery in the three difference scenarios are not on level terms. Despite the fact that there might be stronger growth rates under the two lower scenarios, the economy would not return to levels that would have been reached if there had not been a recession.

In the moderate recession scenario, businesses would pull back on payroll, and the economy would experience job losses. Moody's baseline forecast is for interest rates to stay high, at their terminal rate, through calendar year 2024. In the downside scenario interest rates would decline sooner because there would be a downturn in the economy. That downturn would reduce the rate of inflation on its own. In the moderate recession scenario, there would be stimulative monetary policy, which is part of the reason for the stronger recovery.

The risk to the downside scenario is that the federal government would not step in with significant fiscal stimulus because the outlays during the pandemic were quite large. Also, the government is divided politically at the national level.

Stabilizers like Medicaid and unemployment insurance would prevent a deeper contraction, but a recovery would be driven more by fiscal stimulus.

In the stagnation scenario, there is a steeper drop, because inflation would have become intrenched. That is part of the reason Moody's expects growth to remain negative for longer. There is no momentum for the stimulus to help the economy sooner. There would eventually be a stronger rebound once inflation was under control, which is shown in the stronger growth rates, but it is slower and much more damaging in the process.

The presentation will shift to focus on Nevada's economy (page 14, Exhibit A). The Nevada labor market is quite healthy at this time. Nevada was hit especially hard at the start of the pandemic. Like the national economy, but even more dramatically, Nevada has bounced back from the pandemic-related recession. Total employment is higher than before the pandemic. Unemployment is very low by historical standards. Job openings have been a major hallmark of the economic recovery. There is a huge number of job openings and unfulfilled demand for labor.

The number of job openings has declined somewhat, but the labor market is still very strong. The strong labor market is part of what is underpinning Moody's revenue projections.

Under the baseline scenario Nevada is very similar to the U.S. in that there is expected to be slower job growth, and a small increase in unemployment. Job creation will not keep up with labor force growth, but it is moving slowly in the right direction.

Sales and Use Tax revenue growth in the past two years has been massive by historical standards. There was 9% growth in FY 2021 and almost 22% in FY 2022 (page 15, Exhibit A). Growth was much stronger than Moody's Analytics anticipated in its prior revenue outlook. Part of the growth is due to stimulus money, and part is from the strong recovery in tourism, people moving to the state, and consumer spending. Inflation was a factor in growth of this revenue, because the higher the price of the goods purchased, the higher the amount of Sales and Use Tax collected.

Moody's outlook is for fairly strong growth of 8% in FY 2023, with growth gradually declining throughout the course of the year due to a slowdown in the broader economy and remaining around 5% through the next two fiscal years.

There are two major supports for these revenues. First is inflation. Moody's projects inflation nationally at around 8% in calendar year 2022, then down to around 4%. That growth in Sales and Use Tax revenue is keeping track with inflation, at least in the near term. The other positive is the labor market. Moody's sees strength in the Nevada labor market and population growth. A growing population is probably the main driver of increased sales in an economy.

On the negative side, demand for credit will be constrained by higher interest rates as credit gets more expensive for both households and businesses. Also, the labor market is currently strong, but is starting to cool a little bit.

The chart on page 16 shows historical population growth in Nevada (Exhibit A). Population growth has been one of the main supports of consumer spending. The two drivers Moody's uses for Sales and Use Tax revenue forecast are personal consumption expenditures, and wage and salary income. Personal consumption expenditures have been supported by both inflation, population, and the huge amount of cash in the economy nationally. Increases in wage and salary income has been driven by the tightness in the labor market. Some of that growth is going to slow. The growth is still expected to remain positive, but not to the degree it has grown over the past two years with the massively strong recovery in sales tax revenue.

Moody's expects that people will start spending their savings and increasing credit card balances to keep up with higher prices. That is not the healthiest way to finance growth, but that is what is happening. Lots of the sectors that are experiencing higher prices involve products whose purchase is not avoidable, like automobiles. Middle income households need to put money toward those purchases. Those households will rely more heavily on lending to stay afloat as the economy gets a little bit weaker.

MR. LEAVITT:
Sales and Use Tax is a difficult revenue to forecast because it involves so many complexities. One component of Sales and Use Tax is items purchase for daily consumption. Another component is for purchases that require going into debt and paying off that debt over several years. Those purchases are dependent on an individual's perception of what is going to happen in the economy in the future.

What is your feeling as to how people view making purchases that require going into debt? How will those views effect the Sales and Use Tax revenue?

Ms. MANDEL:
There are lots of moving parts. Consumer sentiment about the economy is starting to decline, but there has not been a corresponding change to actual spending habits. In the current environment, people's spending behavior is different than how they report feeling about the economy. The question is, how long that will hold up?

Spending has been very resilient. In the wake of the pandemic, people stocked up on a huge amount of goods, refurnished their houses, brought patio furniture, and other things to make their lives better under quarantine.

Moody's Analytics expected a stronger shift in spending toward services and away from goods, but spending on goods has been very resilient. Moody's has included a slowdown in that spending in its personal consumption expenditures forecast that is used as a driver in this model. However, at least for the time being, people have shown through their actions that they will keep buying.

Lots of that spending is due to the strength in the economy and the labor market. It is hard to feel that you should cut down on spending when you still have a job and your wage gains have been relatively strong. Some slowdown of that spending is expected, but for now, "resiliency" is the key word.

The Gaming Percentage Fee revenue is a bit different. The growth rates in this forecast are definitely lower that what Moody's anticipates for the Sales and Use Tax forecast. Similar to the Sales and Use Tax forecast, there was a massive rebound in gaming spending coming out of the pandemic. Gaming Percentage Fee revenue rose almost 11% in FY 2021, followed in FY 2022 by growth of over 40%. That is significantly higher than what Moody's forecast a year and a half ago. Part of the reason for that is the huge amount of pent-up demand for vacations and recreational activities. Visitors have had the financial resources to come to Nevada and spend money, which has increased these revenues.

Moody's does not think future growth will be anywhere near the pace that it has been. Rather, Moody's expects the revenue to retrench a little bit. Gaming Percentage Fee revenues have always been more sensitive to the business cycle than the Sales and Use Tax, because the revenue comes from discretionary spending. The Gaming Percentage Fee revenue is more reliant on tourism. The Sales and Use Tax revenue has a statewide base, such as the growing population of people who live in Nevada that will keep spending. For the Gaming Percentage Fee revenues, there is variation depending on what type of visitor is coming into the state.

Moody's expects this revenue will remain near current levels but is forecasting a small decline in 2023 as people become a little bit more cautious, and as some of that pent-up demand has already been satisfied. Moody's then expects the revenue to remain around constant in FY 2024, before beginning to resume growth similar to pre-pandemic levels in FY 2025.

Moody's expects slower growth for the next couple of years, followed by stronger growth as this current tightening cycle winds down. Lots of Moody's forecasts have a bit of cyclicality built in, even the baseline "no recession" scenario. This is reflected in the Gaming Percentage Fee forecasts.

Unlike Sales and Use Tax revenue, where inflation can support the forecast because it increases prices, as people are feeling pressed by inflation and the rising prices of energy food and other goods, less money is available to spend on items whose revenues would be captured by the Gaming Percentage Fee.

Moody's is fairly pessimistic in its outlook for international visitors (page 18, Exhibit A). International visitors have been slower to return to the state, but domestic visitors has almost totally recovered. The global economy is facing significantly more pressure now than one year ago. That pressure is in large part due to high energy prices, which is hitting Europe harder than the U.S. There is also a slowdown in economic growth in China.

The global economy will be weaker than the U.S. economy for the next several years. Another significant factor is that the dollar is exceptionally strong right now. The dollar is expected to remain strong by historical standards over the next few years (page 19, Exhibit A). A stronger dollar is a headwind for gaming because it increases the cost of a U.S. domestic vacation relative to spending that could be done overseas. Moody's Analytics does not expect this to abate soon. The stronger dollar has been driven both by the Federal Reserve's interest rate tightening process and a "flight to quality" by investors.

MR. CROME:
What is Moody's Analytics' forecast for international visitors?

MS. MANDEL:
Moody's Analytics does not specifically forecast international visitors, but international visitation and the subsequent recreational spending is a driver for the revenue forecast. The baseline for international visitors is fairly weak. Moody's does not expect international visitation to come back in the near term. That is due to the stronger dollar, and the slowing global economy.

Moody's Analytics thinks international visitation will resume around FY 2025. For the next several years, there are lots of headwinds to international visitors.

There was no further discussion of this agenda item.

V. PRESENTATION OF HISTORICAL TAXABLE SALES AND GAMING MARKET STATISTICS.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Numerous charts and tables are available on the meeting webpage through the following link:
https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2021/Meeting/24288.
The charts and tables have been part of the Economic Forum's process for over a decade. Fiscal staff will not present the information, but it is on the website for the members and the public to view.

The tables have been updated from the October 13, 2022, meeting to include an additional month's gaming market statistics from the Gaming Control Board, and an additional month's taxable sales information from the Department of Taxation. The Commerce Tax tables have not been updated since the October meeting, because that information is reported annually.

There was no further discussion of this agenda item.

VI. REVIEW AND DISCUSSION OF PRELIMINARY FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2023, FY 2024, AND FY 2025.

CHAIR ROSENTHAL:
Given the uncertainty ahead of us in the forecast cycle, I want a better understanding of the underlying assumptions used by each of the forecasters to develop the forecasts, similar to what was provided in the presentation by Moody's Analytics.

This information does not need to be provided in the presentation for each revenue source, but more just a general overview of their views of the economy, the outlook for the future, and any specific assumptions that will help the Forum members understand the context behind the forecasts.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The following meeting materials are associated with Agenda Item VI.

- Table 1 (page 35, Exhibit A) shows actual year-to-date collections for FY 2020, FY 2021, and FY 2022, and fiscal year-to-date for every revenue source.
- Table 3 (page 45, Exhibit A) lists forecasts for all of the General Fund revenue sources that the Economic Forum considers along with its forecast by the Executive Branch, the agency responsible for administering and collecting that specific revenue source (Agency); the Governor's Finance Office, Budget Division (Budget), and the Fiscal Analysis Division (Fiscal).
- Table 4 (page 53, Exhibit A), which shows the forecast by forecaster for each major revenue source considered by the Forum for FY 2023, FY 2024, and FY 2025.

- Table 8 (page 57, Exhibit A) shows the forecasts by forecaster for each of the revenue sources for each of the fiscal years being forecast. The December 2022 forecast will be added to this table, which will show how the forecasters are changing their forecasts between November and December.
- Tables for the Modified Business Tax (page 65, Exhibit A) show the effect of the rate reduction calculations.
- Commerce Tax forecast information starts on page 67, with the consensus forecast on page 70 (Exhibit A).
- Moody's Analytics revenue outlook for State 2% Sales and Use Tax and Gaming Percentage Fees is on page 23 (Exhibit A).
- Separate handouts that have been prepared by the Governor's Finance Office (Exhibit C), the Department of Taxation (Exhibit E), the Gaming Control Board (Exhibit B), and the Fiscal Analysis Division (Exhibit D).
- A colored line chart displays the major revenue sources by forecaster (Exhibit F).

A. GAMING PERCENTAGE FEE TAX
B. LIVE ENTERTAINMENT TAX
- GAMING
- NON-GAMING

C. STATE 2% SALES TAX
D. INSURANCE PREMIUM TAX
E. MODIFIED BUSINESS TAX
- NONFINANCIAL
- FINANCIAL
- MINING

F. REAL PROPERTY TRANSFER TAX G. COMMERCE TAX

A. GAMING PERCENTAGE FEE TAX

MICHAEL LAWTON (Senior Economic Analyst, Nevada Gaming Control Board):
Per Chair Rosenthal's request, the following are the Gaming Control Board's major assumptions for forecasts on gaming win. The GCB forecasts assume that statewide gross gaming revenue will peak during FY 2023. The catalyst for this growth will be the Las Vegas Strip, which is hosting various distinctive special events and conventions during the next six months. These events include an Elton John concert, which occurred at Allegiant Stadium on November 1, 2022, in addition to Adele beginning her residency at Caesar's Palace in late November. In calendar year 2023, the Las Vegas Strip will host two large city-wide conventions: the Consumer Electronics Show (CES) in January, and the CONEXPO-CON/AGG show in March. These two conventions are not expected to be negatively impacted by a surge of COVID cases, as was experienced during the beginning of calendar year 2022 due to the Omicron variant.

Additionally, T-Mobile Arena will host Sweet 16 and Elite 8 NCAA Men's Basketball Tournament games in March 2023. Other noteworthy events are on the calendar for 2024, including the opening of the 17,500 seat MSG Sphere arena featuring a performance by U2; the Formula 1 Las Vegas Grand Prix; and the 2024 Super Bowl game at Allegiant Stadium.

The models have taken these events into consideration, in addition to an expected moderation in the current levels of gaming win due to an anticipated pullback in consumer spending as a consequence of inflation, rising interest rates, and volatility in the stock market.

With the Federal Reserve attempting to lower inflation by ongoing interest rate hikes, the gaming industry continues to look for signs of a slowdown in consumer spending. Although these trends have not surfaced yet on the Las Vegas Strip, it would seem reasonable to assume some impact over time on leisure spending.

As these two conflicting variables converge, a realistic outcome estimates that gross gaming revenue decreases somewhere between 5% and 10% during FY 2024 and FY 2025. Under this scenario gross gaming win would still be between 12% and 18% above pre-pandemic levels recorded during FY 2019.

The Economic Forum members have received a set of charts that will be referenced during this presentation (Gaming Control Board Gaming Revenue Forecasts, Exhibit B). In forecasting Gaming Percentage Fee revenue collections, the GCB first forecasts gaming win for the applicable fiscal years, converts that into taxable gaming win, and lastly, into Gaming Percentage Fee collections. The GCB projects growth rates for the state's 16 individual major markets, such as the Las Vegas Strip, Las Vegas Downtown, Las Vegas locals, Reno, Elko, and South Lake Tahoe. Any new properties, property expansions, and known or anticipated property closings are incorporated into our models.

This is done through a review of trends, and more importantly, through interviews with staff of the individual properties in the various markets. The GCB also gets input from several Wall Street analysts, the Research Department of the Las Vegas Convention and Visitors Authority, and the Nevada Division of Tourism. The sum of these individual market forecasts produces an estimate of total statewide win. Within these markets, the GCB forecasts slot win and games win separately.

Page 2 shows an outline for the State of Nevada's gross gaming revenue for the next three years (Exhibit B). For FY 2023, the forecasted gaming win total is $14.7 billion, an increase of 1.3% over FY 2022, which represented the highest win total in the state's history, with $14.5 billion in win.

Currently, fiscal year-to-date, the gross gaming revenue for the state is up 3.8%, or $184.4 million, and for the remaining eight months of the fiscal year, is headed toward a growth rate of 35.2%. Nevada has registered 19 consecutive months of gaming revenue in excess of one billion dollars with no clear sign of this streak ending any time soon. It can safely be assumed that this is a long-term trend. Using FY 2019 as the base year has become unrealistic. The GCB considers the base year to be FY 2022 and will either increase or decrease from this fiscal year moving forward.

The state's record level of gaming win can be attributed to several factors including stimulus, and steady demand for gaming related activities by resilient customers whose behavior has remained consistent in the face of several challenges, which include record levels of inflation and fuel prices. Additionally, Nevada has continued to benefit from the surging demand in leisure travel, both domestic and international, and a healthy local economy experiencing record employment levels.

For FY 2024, the Gaming Control Board forecasts statewide gaming win to total $14.2 billion, a decrease of 3.7% from FY 2023. During this fiscal year, the GCB anticipates the opening of the Fontainebleau Las Vegas, and the Durango Station. The GCB anticipates the remodel and rebranding of the Mirage to the Hard Rock to begin in FY 2024 as well. In FY 2025, the GCB forecasts statewide gaming win to total $14 billion, a decrease of 1.5% from FY 2024. The GCB does not anticipate any new property openings during FY 2025.

The forecasted gaming win total for the Las Vegas Strip for FY 2023 is $8.3 billion, an increase of 3.5% over FY 2022 (page 3, Exhibit B). Fiscal year-to-date, the Strip is up 7.6%, or $202.2 million. For the remaining eight months of the fiscal year, the Strip is facing a growth rate of 16.6%. Gaming win on the Strip is also at all-time record levels, which is driven by the factors mentioned previously, as well as multiple signature special events that have occurred since June 2021. The sports and entertainment calendar has been incredible during this period, with numerous concerts, residencies, music festivals, and multiple high-profile sporting events. The Strip has truly become the greatest arena on earth.

In FY 2024, the GCB forecasts the Strip's gaming win to total $8 billion, a decrease of 3% from FY 2023. For FY 2025, the GCB forecasts the Strip's gaming win to be $7.9 billion, a decrease of 1.9%.

In forecasting gaming win, the GCB prepares a separate forecast for slot win and gaming table win for each market. Slot win began to recover in FY 2021. In FY 2022, slot win recorded its highest win ever with $9.8 billion, which was driven by near record volume in FY 2022, with $136.8 billion in coin-in (page 4, Exhibit B).

To put this in perspective, the slot win for FY 2022 is 17.7% above the all-time record win amount established in FY 2007, which was $8.4 billion. For FY 2023, the GCB projects slot win will be up 0.5%, totaling $9.9 billion. Fiscal year-to-date, slot win is up 1.5%, or $48.4 million, and volumes are up 2.9%, or $1.3 billion. The comparison over the remaining eight months is an increase of nearly 30%. In FY 2024, the GCB forecasts slot win to decrease 4% for a total of $9.5 billion in win, and decrease 1.4% in FY 2025, for $9.4 billion in win.

The business activity the state is experiencing in slots remains stable, however, as comparisons have become more difficult, several markets have started to report decreases. It is anticipated that slot revenue totals will begin to level off and decline in FY 2024 and FY 2025, as consumers continue to face mounting headwinds. For example, fiscal year-to-date, Las Vegas Downtown slot win is down 7.7%, North Las Vegas is down 1.7%, Laughlin in down 5.3%, the Boulder Strip is down 5%, and the balance of Clark County is down 2.5%.

Statewide game and table win did not begin to recover until FY 2022 due to its reliance on the Las Vegas Strip, which lagged other markets in FY 2021 (page 5, Exhibit B). This was due to table games' dependence on special events and domestic air travel. However, game and table win recorded its highest total win ever in FY 2022 with $4.7 billion in win, which was driven by near record volume in FY 2022, with $26 billion in drop. The game and table win figure in FY 2022 was 6% above the all-time record win amount established in FY 2014, which was $4.4 billion.

Although not as robust as the slot win tables, games win amounts are still very impressive when you consider a key component of table game win, baccarat, is not at record levels due to its reliance on international players from the Far East. At its peak in FY 2014, baccarat win totaled $1.6 billion. In FY 2022, baccarat win totaled $1.1 billion, which was $511 million, or 31.8% below the peak. For FY 2023, baccarat is currently up 21.2%, or $80 million, and volumes are up 8.3%, or $215 million. This fiscal year so far, baccarat has benefited from an elevated hold percentage of around 16.3% compared to 14.5% this time last year.

Non-baccarat game and table win set an all-time record in FY 2022 with $3.6 billion in win, which was up 4.6% above the all-time record of $3.4 billion set in FY 2007. For FY 2023, non-baccarat win is currently up $56 million, or 4.9%, while non-baccarat drop is up 4.6%, or $366 million.

For FY 2023, the GCB forecasts game and table win will be up 2.8%, totaling $4.8 billion. Fiscal year-to-date, game and table win is up 8.9%, or $136.1 million, and volume is up 5.5% or $581 million. The comparison growth for the next eight months is an increase of 48.1%. In FY 2024 the GCB forecasts a decrease of 2.9% in game and table win, with a win total of $4.7 billion, down 1.8% in FY 2025, with $4.6 billion in win.

Similar to slot win the business activity in games and tables remains solid. However, the comparisons for the Las Vegas Strip are becoming more difficult. Due to potential softness in consumer spending, along with the always somewhat uncertain outlook for international baccarat play, the GCB expects game and table revenue totals will begin to level off and decline in FY 2024 and FY 2025.

When the GCB forecasts gaming win, it converts forecasted win totals to taxable gaming revenue. The forecast for taxable gaming revenue is very similar to the trajectory for total gaming win (page 6, Exhibit B). The GCB projects statewide taxable gaming revenue will peak at $14.2 billion for FY 2023, which is 0.4% over the FY 2022 record total of $14.1 billion. Fiscal year-to-date gaming revenue is up 4%, or $186.4 million. The comparison for the remaining 8 months for taxable gaming revenue is an increase of 36.9%.

The ratio between gaming win and taxable gaming win is currently 96.6%. The GCB is forecasting the ratio will be 96.3% in FY 2023 and will continue to decrease slightly in FY 2024 and FY 2025 to levels that are higher than pre-pandemic ratios, but slightly lower than FY 2021 and FY 2022, which averaged around 97.1%.

The GCB expects this key ratio to decrease due to sustained increases in credit issues, which are beginning to average pre-pandemic levels. In FY 2024, the GCB forecasts a decrease of 3.8% with total taxable gaming win of $13.6 billion, and a decrease of 1.5% in FY 2025, to $13.4 billion.

Lastly, the Gaming Percentage Fees collections is shown on page 7. For FY 2023, the GCB forecasts $928.5 million in collections, a decrease of 3.7%, or $35.7 million from the FY 2022 peak total of $964.2 million. Currently, fiscal year-to-date, with four months reported, total Gaming Percentage Fee collections are $325.3 million, down 1.5%, or $4.9 million. The comparison for growth over the remaining 8 months is an increase of 25.3%.

There are two components that make up Gaming Percentage Fee collections. First is collections on taxable gaming revenue, which fiscal year-to-date, total $320.5 million, up 3.2%, or $9.9 million. The other component is the Estimated Fee Adjustment (EFA), which, fiscal year-to-date, is $4.8 million, down 75.5%, or $14.8 million.

For FY 2022, the EFA collections totaled $33.7 million, and represented very difficult comparisons for our models. The EFA is the difference between the amount of tax due on the gross gaming revenue for the current month, less the amount of tax paid three months prior. Estimated Fee Adjustment collections have been a positive contributor to the state's record level of Gaming Percentage Fee collections, however, as our models show revenue totals beginning to moderate in FY 2023, and slightly decrease in FY 2024 and FY 2025, EFA totals are expected to decrease as well. In our models, FY 2023's forecasted decrease in Gaming Percentage Fee collections is almost entirely due to the forecasted decrease in EFA collections from $33.7 million in FY 2022, down to -$532,000 in FY 2023. For FY 2024, the board forecasts Gaming Percentage Fee collections of $878.8 million, a decrease of 5.4%. In FY 2025, the board forecasts Gaming Percentage Fee collections of $878.6 million, a slight decrease of 0.01%.

MS. LEWIS:
Do you expect the convention business recovery to make an impact on the Gaming Percentage Fee revenue?

MR. LAWTON:
Mid-week business is soft compared to the pre-pandemic period. It is expected to continue to grow and increase, and by the end of calendar year 2023, business could theoretically be close to pre-pandemic FY 2019 levels. From discussions with licensee personnel, the GCB has a strong sense that the first quarter will be very good for the Las Vegas Strip.

The first quarter of FY 2022 was disappointing. The GCB expected it to be strong, but there was severe weather on the East Coast; the Omicron variant; and the CES fizzled. CONEXPO-CON/AGG is a different type of convention because it only meets every three years. Without those issues, calendar year 2023 is expected to get off to a really good start.

MS. LEWIS:
There is lots of optimism for the Live Entertainment Tax (LET) in FY 2024. I have never imagined seeing a Formula 1 race in Las Vegas. Is there something even more spectacular coming to Las Vegas for FY 2025? It was concerning when Celine Dion's residency ended. There was a large amount of LET generated by her shows. However, other performers could attract even more tourists and even more LET revenue.

MR. LAWTON:
It is too early to tell. Those announcements happen in real time. For example, very recently there was an announcement about Garth Brooks shows scheduled for May to November 2023. That is not in the GCB model. That new information will be added to the GCB LET model for December's Economic Forum meeting.

MR. LEAVITT:
In the past, international travel has been an important part of the Economic Forum's discussion. Revenue growth is somewhat dependent on international visitation. What are the current levels of international visitation? Is it expected to come back?

MR. LAWTON:
There has been an increase in international travel from Canada, Central America, and Mexico.

In terms of international travel, the focus is concentrated on baccarat. Baccarat has performed through all of this, without Macau casinos bringing new customers from China. China's zero COVID policy has not allowed international visitation from China.

The GCB has had discussions with properties in the baccarat business. In those discussions, there was no indication about when that portion of international travel was expected to come back. The slowdown in international business has not necessarily been a drag on gaming revenue. It is off from its peak, but our understanding is that there are customers that have multiple residences in the U.S. Domestic baccarat play has been very strong.

Baccarat has been a pleasant surprise. I am comfortable with the level of baccarat and am glad the forecast does not rely on it. There are large swings in the hold for baccarat. The state gives up taxable gaming revenue because of deals made with customers. The GCB forecasts some softness in gaming revenue, but I am not relying on baccarat to save the day, because nobody is telling me that is going to happen. If someone were telling me something different, that would change the trajectory of the Gaming Percentage Fee forecast.

MR. ZAHN:
You have an immense amount of experience in your role at the GCB. Since the Gaming Percentage Fee is such an important part of our forecast, could you draw on your experience and describe the downside scenario?

MR. LAWTON:
The GCB's forecast is optimistic, with a splash of pessimism. The forecast includes a drop of about 5% in FY 2024 and FY 2025. The drop could possibly go to 10%.

Again, the GCB models rely on relationships and human intelligence, not only with individuals on the Las Vegas Strip, but with all the markets. None of those people are telling the GCB that the bottom is going to fall out. Going into these meetings, I had assumptions about what the casino properties contacts would say but was pleasantly surprised and relieved that the casino properties were weighing the same factors as the GCB. For example, there is an incredible events schedule and strong employment, but there are also headwinds. There is a balancing act, and the GCB forecast may be more to the pessimistic side; however, there is also an upside to the GCB forecast. As was mentioned earlier, we are on a narrow path.

The Nevada Division of Tourism recently provided the GCB with survey information from a market research firm. Regarding whether there were expectations for a recession in the U.S.: 65.5% of respondents agreed or strongly agreed. As for the number of respondents that would reduce travel expenditures due to recession concerns: 78.9% agreed or strongly agreed. Regarding whether the respondents had personal financial concerns regarding a potential upcoming recession: 57.6% agreed or strongly agreed. Those survey responses pushed me toward being more pessimistic than optimistic. There could be some more downside risk, but there could be some upside, and I could be wrong by being too pessimistic.

MR. CROME:
Does your model consider casino openings in other domestic gaming markets, which could be a potential drag on Nevada tourism? If so, how does that factor into your forecast?

MR. LAWTON:
The GCB forecast does not consider casino openings in other domestic gaming markets. The damage to the gaming industry in Nevada from other jurisdictions has mainly happened in the northern part of the state with Native American gambling in Northern California. That has already done its damage. Reno and Washoe County have become a great hybrid of regional tourism and a booming local economy. Legalized sports betting in California could have dragged some business. No other place is even close to Nevada in terms of special events. I keep track of the special events, and there are months where I do not understand how all the events are done in one weekend.

CHAIR ROSENTHAL:
You described some of the significant events in FY 2023 and FY 2024. Are those events relatively equal in your model? Is the decline in FY 2024 based on consumer behavior excluding these events?

MR. LAWTON:
Everyone is very excited about the Formula 1 race in November 2023. There is probably more excitement about that than any other event. Everyone is also excited about with CES, CONEXPO-CON/AGG, the Super Bowl, and the Sweet 16 and Elite 8 tournaments. Those events are going to be very big. Everyone thought the NFL draft would be the greatest thing ever for revenue, but it really was not. It was good for some tourism metrics involving rooms, and food and beverage, but that did not spill into gaming. I do not think that will happen with the Super Bowl.

The first quarter and fourth quarter of calendar year 2023 have events that are expected to generate lots of revenue, but events in the second and third quarters may not match that level of interest.

JASON GORTARI (Executive Branch Economist, Governor's Finance Office):
At the direction of Chair Rosenthal, I will first provide a general outlook on the economy, and assumptions that were made in developing the Budget Office revenue forecast. The forecast assumes that the Federal Reserve will have reduced the growth of inflation over the forecast period. The forecast assumes that employment and wages will continue to grow, and the unemployment rate will remain relatively steady. The Budget forecast also assumes there will be a slowdown in the economy in the second half of FY 2023, and the start of FY 2024. The economy will then pick up for the remainder of the forecast period. Consumers will continue to spend, whether that be through wage increases or unrealized savings from the continuation of the hybrid work model.

The Budget Office forecast for Gaming Percentage Fee revenue relies heavily on expected gaming volume and gaming win. Slots, baccarat, and other gaming was separated for statewide gaming volume. When discussing the broader economy, consumer confidence remains relatively low, and interest rates remain relatively high. However, jobs continue to be added, and the unemployment rate remains low. As of October 2022, the U.S. unemployment rate was 3.7%, up from September's 29-month low of 3.5%. As a result, the GFO expects statewide gaming volume to dip slightly in FY 2023 and FY 2024, then increase in FY 2025 (page 3, Executive Budget Office Forecast, Exhibit C).

Turning to page 4, total statewide gaming win, the GFO forecast assumes international business and convention travel will continue to improve over the forecast period (Exhibit C). In this forecast, the gaming win is a mathematical function of the historical relationship between win and volume. The expectation for the forecast period is that the historical relationship will hold.

Page 5 shows the key metrics used by the GFO to derive the Gaming Percentage Fee collections forecast (Exhibit C). The win-to-drop ratio is higher than normal in FY 2023. For FY 2023, the win-to-drop ratio is forecast to be 8.5%. For FY 2024 and FY 2025 the win-to-drop ratio is expected to reduce slightly, which is in line with recent historical data. The gross revenue-to-win ratio for FY 2023 is lower than what is typical, at 92.2%. For FY 2024, and FY 2025, those ratios are predicted to be 96%, which is in line with historical data.

Collections are estimated to decrease moderately in the first two fiscal years, then increase slightly in the last fiscal year. Page 6 shows the Budget Office gross Gaming Percentage Fee collections forecast of $934.9 million in FY 2023, $907.6 million in FY 2024, and $935.8 million in FY 2025 (Exhibit C).

CHAIR ROSENTHAL:
You noted the total gross revenue-to-win ratio in FY 2023 was very low. What are the main drivers of that decrease?

MR. GORTARI:
The reason for the decrease is that FY 2023 has a lower baccarat win number.

CHAIR ROSENTHAL:
Is that what has been experienced to-date, or what is expected? There is still a way to go to the end of FY 2023.

MR. GORTARI:
That is based on year-to-date information, which is down a little bit. I expect that to continue with international travel gaming decreasing about 18% so far.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
I would like to talk about the outlook underlying the various revenue forecasts prepared by staff of the Fiscal Analysis Division. The starting point for the Fiscal forecasts is the Moody's Analytics forecast, as well as some of the other scenarios. Fiscal staff then prepares its own forecast.

The chart on page 2 of the Fiscal Analysis Division Forecast Information packet shows total employment (Fiscal Analysis Division Forecast, Exhibit D). The Fiscal outlook is slightly higher than Moody's Analytics, which assumes a little bit of slower growth. By the end of the forecast horizon, the two total employment forecasts are pretty much comparable.

Fiscal expects the average wage per employee to increase approximately 2.5% to 3% per year over the forecast horizon. Based on Moody's Analytics' baseline forecast, inflation as measured by CPI will increase by 6.3% in FY 2023, about 2.6% in FY 2024, and 2.2% in FY 2025. If the Federal Reserve can successfully engineer a soft landing, it will raise interest rates, then start to lower them next year. Inflation will then decrease to the 2% to 3% range.

The Fiscal forecast for average wage per employee is not as optimistic as Moody's. At 2.5% growth in FY 2023, in real purchasing power, the average wage per employee is degraded (page 4, Exhibit D). The average wage per employee grows around 3% in FY 2024, and FY 2025.

The non-wage component is used to derive personal income, which is one of the variables used for the Sales and Use Tax and other revenue sources (page 8, Exhibit D). The biggest non-wage component is dividends, interest, and rent. The Fiscal outlook is stronger than Moody's outlook in its baseline for Nevada. Because the Federal Reserve is raising interest rates, in the near term, interest earnings will increase. The other component of non-wage is transfer payments, such as Unemployment Insurance (UI) and the federal stimulus payment, which were distorting the non-wage numbers. Those distortions are now out of the forecast. What is left are more traditional payments, such as Medicaid, Medicare, and Social Security benefits. There will be an 8.7% increase in Social Security benefits effective January 2023. That increase is built into the forecast for transfer payments. Likely, inflation will subside, but for the next two cycles the Social Security increases will be larger due to inflation.

Nevada is one of the states for which non-wage income is higher than wage income (page 10, Exhibit D). Part of that is due to the expansion of Medicaid, as well as dividends, interest, and rent. The effect of the stimulus payments is evident. The Fiscal forecast expects non-wage income to stay above wage income over the forecast horizon.

Chart 6A (page 12) compares Moody's and Fiscal's total personal income forecasts between wages and non-wages. The two forecasts cancel each other out to end up with basically the same forecast for personal income (Exhibit D). That demonstrates how forecasters can use different approaches and end up with a comparable forecast.

A comparison of Fiscal and Moody's construction employment is shown on page 14 (Exhibit D). The Fiscal forecast is lower than Moody's. There is an inflection point at which growth increases at a decreasing rate. Interest rates will put a curb on some projects, but the projects that are financed and in progress will continue to go forward. Construction employment could be a little weaker. That is one of the things the forecasters will have to examine in preparation for the December Economic Forum meeting.

Chart 11A is Fiscal's visitor volume forecast (page 22, Exhibit D). Visitor volume is always difficult to forecast, but even more so now. The chart shows the pre-pandemic visitor volume and the pandemic's subsequent distortion. The Fiscal forecast is for visitor volume to continue to grow.

The gaming industry has demonstrated that it is very adept at using their facilities to draw visitors. It is not just big names like Adele or Garth Brooks that are performing in Las Vegas. Artists want to perform in Las Vegas, either in a casino entertainment facility or Allegiant Stadium. Taylor Swift is now scheduled to perform in Las Vegas.

However, not having that special event information in advance, it is hard to forecast visitor volume and its effect on the Gaming Percentage Fee.

Also, as was stated, the Sweet 16 and Elite 8 March Madness games will be a good event for the state. The Formula 1 race is scheduled, and Fontainebleau Las Vegas is opening. The Formula 1 race will not just happen over a day or a weekend. The Formula 1 organization is building a facility to host the event. There will be other things going on before the events that will generate economic activity. Race participants and Formula 1 staff will come to Las Vegas early to set up for the race. Similarly, with the Super Bowl, the economic activity begins approximately two weeks before the event with teams and their staff coming in. That would not be the same order of magnitude as the people coming for the game, but it will bring economic activity to the state.

Clearly, FY 2023 has major events going on, and FY 2024 has at least two major events. It is hard to forecast visitor volume for FY 2025 without knowing the kind of special events that will draw people, but it is clear that the casinos and the stadiums are working to bring in major events.

Fiscal's forecast for the Gaming Percentage Fee is the more optimistic forecast (page 28, Exhibit D). Fiscal expected to lower the forecast based on the drop per unit. However, considering the number of people that will be drawn by the upcoming events, there is no reason to lower the forecast. The denominator of the drop per unit is going to stay up. If visitor volume increases, then why should the amount of revenue not grow?

Today's electronic gaming devices are much different than what were previously referred to as "slot machines." The manufacturers are good at creating products that people want to play, and the industry is good at drawing customers to the casinos. The machines will most likely either have a slightly higher hold or will be able to maintain the hold. Without that, win would be degraded by inflation.

Fiscal staff were concerned that the slot win forecast for FY 2023 was a little too strong. However, the 3.1% growth needed to meet that forecast is slightly less than the 3.8% through the first four months.

After Mr. Lawton reviews the GCB numbers, information will be available to the forecasters for five months of the fiscal year. Because that data accounts for almost half of the fiscal year, the forecasters might adjust their assumptions.

With the Formula 1 race and the events at Allegiant Stadium, there could be a bit more credit play in FY 2024. Taxable Gaming Revenue (TGR) could decrease a little. However, slots will still maintain a share of the market, and there is generally less credit with slots. Slots being a higher percent of the market has helped maintain TGR-to-win.

For FY 2023, Fiscal forecasts the effective tax rate at 6.59%, from the current 6.34% year-to-date. The FY 2022 average tax rate is perplexing to me as a forecaster. The tax rate was 6.59% in FY 2022 versus 6.63% in FY 2019. (The tax rates for FY 2020 and FY 2021 were removed due to the pandemic distortions.) The TGR went from $11.4 billion in FY 2019 to $14.1 billion in FY 2022, an increase of $2.7 billion. The monthly tax rates are 3.5% on anything up to $50,000; 4.5% on the next $84,000; and 6.75% on anything over $134,000. The $134,000 monthly amount is pretty much de minimis. There was $3.7 billion more in TGR at the top tax bracket, but the average effective tax went down rather than up. That is statistically perplexing.

The Fiscal forecast is now up to $15.1 billion and $15.7 billion in TGR. With that amount in the 6.75% tax bracket, I am comfortable with the average effective tax rate increasing.

To address Mr. Zahn's question, if there were a recession, clearly revenue collections would decrease, because some of the visitors would not come to Las Vegas. Certain events like the Formula 1 race and the Super Bowl will be relatively inelastic to a recession, considering the high prices for tickets and rooms. A recession would probably not hurt people who are spending that amount of money on tickets and rooms compared to other more marginal visitors.

MR. LEAVITT:
Each of the forecasters have used a great amount of logic to come to very different conclusions. That tells us something about the economic situation throughout the country, and the world. Forecasters can use the very best logic, and still be in a period of uncertainty.

MR. GUINDON:
Moody's has the ability to provide two baseline forecasts and an alternate. It is harder for the other forecasters to estimate when a recession might occur, how deep it might be, and what the recovery would look like. Forecasters can be cautious, and keep in mind that there could be a slowdown, but it is very difficult to forecast a recession.

CHAIR ROSENTHAL:
Mr. Lawton quoted statistics from a Division of Tourism survey. Is the context to the survey just visitors to Las Vegas, and was it a broad-based survey? There is a potential for higher-wealth people to attend some of these major events. I am trying to correlate the results of the survey to who might actually visit the state during that period.

MR. LAWTON:
My understanding is that it was a broad-based survey, not specific to Las Vegas.

CHAIR ROSENTHAL:
Those results might not be directly correlated to the type of visitor that would come to Nevada for these big events, and the impact on tax revenue and the economy.

MR. LAWTON:
That is correct. I saw the survey after the GCB models were done. I am not necessarily forecasting a recession. I did not mention recession in my presentation. I am saying there could be a pull-back in leisure spending.

How economists define a recession is way beyond what I am doing. I have data and research, and this is what my research tells me. Some resorts are modeling for flat to low single-digit decline in growth. If that is what the resorts are modeling, that is also what I am going to model.

CHAIR ROSENTHAL:
Those declines are from a very high base.

MR. LAWTON:
The revenue numbers are still great. That is why I described the GCB forecast as both optimistic and pessimistic. There is not a single month in the GCB model with under a billion dollars in gaming win. That amount may seem too high, but it is difficult to bring it down much further.

MR. CROME:
Formula 1 is a new event for Las Vegas. The Super Bowl and March Madness are not new; they have always been strong events. How are you estimating the additional new revenue for the Super Bowl and March Madness games occurring in Las Vegas? Are you expecting even more discretionary spending from high-net-worth individuals?

MR. LAWTON:
March is always a huge month in Las Vegas because of March Madness, but those tournament games have never been held in Las Vegas. This is a first. In the past, March Madness revenue growth has been year-over-year, but this event will add the economic activity from the Sweet 16 and Elite 8 games occurring in Las Vegas to the regular year-over-year growth.

Studies indicate that the Super Bowl's economic impact to Las Vegas is bigger than the Super Bowl's impact to the city actually hosting the event. Now the Super Bowl is happening in Las Vegas, which adds a whole other level of economic activity and growth. The economic activity is not just the effect of the game on Sunday, but also the period building up to that big event.

MR. GORTARI:
I agree with much of what Mr. Lawton said. More people visit Las Vegas for the Super Bowl than visit the town where the Super Bowl is actually hosted. There will be an additional 65,000 attendees in Las Vegas, as well as others who are just excited to be in Las Vegas to watch the Super Bowl at surrounding casinos or bars, or in the tailgate environment.

MR. GUINDON:
Friends of mine travel to Las Vegas in March of each year to sit in the sports book, watch the tournament games, and place wagers. With games actually occurring in Las Vegas, all the players and the fans will be there. It will be a good event.

Regarding the Super Bowl, no offense to the other host cities, but they are not Las Vegas. People will drive to Las Vegas for the Super Bowl from Southern California, whether or not a Southern California team is playing in the game.

The Formula 1 race will be a phenomenal event. The track layout would allow visitors to watch the race from their hotel room.

Mr. Crome asked earlier about competition from gaming expanding to other markets. The state has long proven since the mid-1990s that competition from casino style gaming is not a detriment to Las Vegas. Expansion of gaming causes some people to not make as many trips, but it also causes others to make trips. These “latent gamers” did not know they were gamers until it was brought to them; they now want to visit the Mecca of gaming.

The expansion of legal sports wagering in other states could have a bit of a negative effect, but it could also have somewhat of a positive effect. People who may not have bet on sports before it was legal in their state may want to spend a weekend in a casino sports book to watch games and make wagers.

MR. CROME:
Las Vegas already experiences a high occupancy rate before March Madness and the Super Bowl. Are you assuming consumers with larger amounts of discretionary income will visit and spend more? At some point, the city will reach capacity.

MR. GUINDON:
The room rates being reported for the Formula 1 race are very high, but occupancy will probably still be very good, even with the high rates. If the room rates were not raised, demand would be greater than the supply of rooms, which is remarkable given there are over 100,000 rooms in Las Vegas. Say’s Law of Markets in classical economics states that supply creates its own demand. The gaming industry is clearly good at creating a product, which people end up demanding.

There was no further discussion of this agenda item.

The Economic Forum took a recess at 11:58 a.m. and reconvened at 12:28 p.m.

B. LIVE ENTERTAINMENT TAX

MICHAEL LAWTON (Senior Economic Analyst, Nevada Gaming Control Board):
The Casino Live Entertainment Tax (LET) is based on a forecast of taxable casino entertainment activity. The forecast is based on an examination of historical growth patterns, and most importantly through a review of entertainment offerings and discussions with industry representatives. The forecast also incorporates expected increases in taxable activity due to the opening of new properties, and changes in entertainment venues at existing properties.

As I have said many times before, the LET is one of the most difficult revenues the GCB forecasts, as there is no statistical detail such as that used for gaming-related taxes. Changes to entertainment offerings are challenging to predict.

On June 1, 2021, all COVID capacity limits were lifted, and LET collections began to improve dramatically. Fiscal Year 2022 total represents a vast improvement over FY 2021. However, LET collections remain below the peak levels recorded in FY 2016 and FY 2017 under the current law.

After last year's $92.1 million increase, in FY 2023, the GCB expects LET to increase 26.5% with $125.7 million in collections, which would be a new all-time high under the current law which taxes admissions at 9% (page 8, Gaming Control Board Gaming Revenue Forecast, Exhibit B).

Fiscal year-to-date, a total of $28.7 million has been collected, which is an increase of 26.8% or $6 million over FY 2022. Through September 2022, the growth comparison for the remaining nine months is an increase of 971.2%. For FY 2024, the GCB projects $122.5 million in collections, a 2.5% decrease from FY 2023. For FY 2025, the GCB forecasts $118.7 million in collections, a 3.16% decrease, but still well above any record prior to the pandemic.

The GCB models are built on the assumption that FY 2023 growth will be achieved by increased showroom occupancy as a result of improved business travel lifting mid-week business levels. LET sales have trailed gross gaming revenue growth over the past 19 months and have not peaked due to the lag in business travel compared to leisure travel. Mid-week group convention business is a key component to LET recovery. It is crucial for large production shows and headliners. These performances include multiple shows throughout the week and require large venues to be at maximum capacity in order to be profitable.

Additional incremental growth this fiscal year is forecasted due to new programming at the Las Vegas Strip at multiple properties including the Park MGM, Wynn, Venetian, Caesars Palace, with shows like Adele, Awakenings, John Cougar Mellencamp, Garth Brooks, Maroon 5, and Keith Urban. There will also be a new show at the Paris Las Vegas Resort Casino.

Just this morning Garth Brooks announced a run of performances in Las Vegas. Based on that new information, the GCB will increase its FY 2024 forecast and present the update to the Economic Forum at its December meeting.

Moving into FY 2024 and FY 2025, LET could have some very difficult comparisons due to known programming in FY 2023, versus unknown programming in the other years of the forecast period. There could be a gradual decline in collections due to a softening in the average ticket price in FY 2023, in addition to potential moderating in consumer spending.

JASON GORTARI (Executive Branch Economist, Governor's Finance Office):
I will first discuss the Gaming LET portion of the revenue forecast (page 8, Executive Budget Office Forecast (Exhibit C). Visitation is one of the main drivers for both Gaming and Non-Gaming LET. The Budget forecast assumes an increase in visitation in the fourth quarter of calendar year 2022 compared to the same period in 2021. The Budget forecast also assumes increased growth in the number of local residents that spend money on entertainment because of the recent tight labor market and growth in wages.

Furthermore, the expectation is that the overall trend in Las Vegas visitation will continue to increase as long as people have disposable income. Fiscal year-to-date through September this revenue source is up 21%, or $7 million over the year-to-date amount collected last fiscal year. The Budget forecast elevates in FY 2023 to $119.4 million, then steadily increases in FY 2024 and FY 2025, to $122.8 million and $124.8 million, respectively.

Live Entertainment Tax Non-Gaming revenues tend to track with high revenue events (page 10, Executive Budget Office Forecast (Exhibit C). With the addition of T-Mobile Arena, Allegiant Stadium and other large non-gaming event centers, Las Vegas continues to reinvent itself and claim its stake as the tourism capital of the world. Not only is Las Vegas an international brand, but it has the infrastructure to host over 300,000 tourists in a weekend. That sets Las Vegas apart from other metro areas in the U.S. and internationally.

For example, in FY 2023, there are a few notable events scheduled to take place in Las Vegas within the same month. There is a Taylor Swift concert, Adele concerts, and the Sweet 16 and Elite 8 NCAA men's basketball games. In FY 2024, Las Vegas will host the Super Bowl.

My forecast assumes visitation will continue to increase over the forecast period, and Las Vegas will continue to land these large-scale events, especially with its expansion into several major professional sports leagues, and having the ability to host championships for those leagues at both the collegiate and professional level.

Fiscal year-to-date through September this revenue source is up nearly 200%, or $6 million over the year-to-date amount collected in the last fiscal year. The Budget forecast elevates in FY 2023 to $52.4 million, then moderately increases in FY 2024 and FY 2025 to $52.6 million and $53.5 million, respectively.

ERICA SCOTT (Economist, Department of Taxation):
It has been difficult to prepare this forecast due to unprecedented events such as COVID, post-COVID recovery, rising transportation and gas costs, the ongoing war in Ukraine, inflation, and the raising of interest rates. With all of these factors in mind, the Department of Taxation's working hypothesis for this forecast is as follows. In general, consumer spending will slow; employment rates will stay consistent and healthy; inflation rates will slow due to fiscal policy; and a housing market will slow due to the rising cost of mortgage rates. However, it is not necessarily assumed that the economy will be in a proper recession, but rather experience a slowing of the growth seen in the past two years.

In FY 2023, revenue growth in the state is expected to slow to rates lower than FY 2022, yet remain steady. In FY 2022 revenues were higher than expected because of the post-COVID economic recovery and inflation. The effects of slowing spending have not yet been felt. Taxation's forecast assumes employment rates will continue steadily into the next fiscal year.

For FY 2024 the assumption is that inflation rates will slow while Nevada continues to have sustained real economic growth due to entertainment and tourism projects being completed. This is referencing some of the same projects the forecasters have been discussing. There is MSG Sphere, Formula 1, Fontainebleau Las Vegas, and the Super Bowl. Some of these recurring events will begin in FY 2024. In FY 2025 there should be sustained growth in employment and spending. These are the key assumptions that the Department of Taxation is putting forth today.

The chart on page 4 shows the historic change to the LET since 2016, and Taxation's forecast figures (Department of Taxation Forecast, Exhibit E). The chart shows that the historic revenue from the Non-Gaming LET has been fairly volatile in the past, even prior to the pandemic, due to varying size and timing of events in Nevada. For FY 2023 the revenue is compared to the continued post-COVID resurgence of live events when LET revenues were up 946%. None of the forecasters expected those changes in growth would continue, however, the revenues are expected to continue to grow due not only to historic live events, such as Electric Daisy Carnival, Burning Man and Life is Beautiful, but the newly added venues that will continue to bring additional events to Nevada.

Page 5 shows the historic revenues from LET in this forecast graph (Exhibit E). Obviously, the graph is showing the lower confidence, but Taxation can confidently say the LET revenue is on an upward trajectory. Taxation is utilizing the upper confidence in this forecast, due to the new permanent event spaces and the new recurring events planned.

CHAIR ROSENTHAL:
Is Taxation's forecast represented by the upper yellow line of the graph on page 5 (Exhibit E)?

MS. SCOTT:
Yes.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Economic Forum members will find the Fiscal forecast for the LET on page 45 of the Fiscal Analysis Division Forecast (Exhibit D). Beginning with the Gaming LET, Fiscal's forecast is based on various considerations and sources of information. For example, Fiscal staff researches ongoing and scheduled shows, and residencies advertised on websites and other publications of major Las Vegas Strip gaming venues. Mr. Lawton provided a very comprehensive overview before the recess. I will not repeat that, but suffice to say from Santana, Aerosmith, ZZ Top, Måneskin, Tenacious D, Adele, John Fogerty, Garth Brooks, to a New Year's concert with The Killers, live entertainment offerings are at or above FY 2022 levels.

Fiscal considered inflation and information forecasts provided by Moody's Analytics as potential price drivers for tickets, and accordingly, tax revenues. In addition, Fiscal considered its own visitor forecast projections, which foresees a gradual increase of visitors reaching pre-pandemic levels in FY 2025.

Fiscal also considered new events coming to Las Vegas such as the Formula 1 race and the Super Bowl. These events will in all likelihood draw large crowds of visitors to Nevada who will also wish to enjoy gaming live entertainment, and boost revenues.

Fiscal projects the Gaming LET to increase 18% to $170.205 million in FY 2023; 10.6% to $129.612 million in FY 2024, and 4.7% to $135.640 million in FY 2025.

Chart 3 on page 51 shows actual and forecast Gaming and Non-Gaming LET (Exhibit D). The Fiscal forecast projects increasing Gaming LET revenues, but in terms of inflation-adjusted dollars per visitor, the revenue will reach pre-pandemic levels. The forecast does not include an increase in tax revenues per visitor, but visitor numbers will increase. Inflation is part of what drives the Fiscal forecast for Gaming LET.

I will now turn to the Non-Gaming LET. Generally speaking, this revenue source is driven primarily by large one-off special events. These include music or art festivals, such as Burning Man, the Electric Daisy Carnival, or Life is Beautiful, and also large concerts in the T-Mobile and Allegiant Stadiums. For example, Taylor Swift is scheduled to play Allegiant Stadium in March 2023.

Big sports events such as the Formula 1 race, March Madness Basketball, and the Super Bowl are expected to increase the revenues. In particular, the Formula 1 race and the Super Bowl will have an impact on the Non-Gaming LET revenue in FY 2024.

An interesting aspect in relation to the Super Bowl is that pursuant to NRS 368A.200, the LET does not apply to an athletic contest conducted by a professional team based in the state if that team is a participant in the contest. In other words, if there were a professional sports team with a home in Nevada that competed in the Super Bowl, the state would not collect any LET revenue from the event. The Fiscal forecast took that into account and split the anticipated LET revenues that would derive from the Super Bowl in half. In either event, with or without the participation of a Nevada-based team, the Fiscal forecast will not be too far off from actual revenues.

In view of these considerations, Fiscal projects Non-Gaming LET to increase by 27.9% to $50.098 million in FY 2023; 33.9% to $68.163 million in FY 2024; and decrease by 15.4% to $57.699 million in FY 2025. The FY 2024 forecast includes the Formula 1 race and Super Bowl. Without those events in FY 2025, the forecast is for a decrease in revenue compared to FY 2024.

CHAIR ROSENTHAL:
I would like the other forecasters to give their assumptions for the revenue if the Raiders were one of the teams in the Super Bowl.

MR. LAWTON:
I did not assume any Gaming LET revenue from the Super Bowl.

MR. GORTARI:
I also did not make that assumption in my forecast.

CHAIR ROSENTHAL:
There is definitely a legislative nuance to LET revenue collections when certain professional sports teams participate in ticketed events. What other events are not subject to the tax?

MR. THAUER:
There are several exemptions in NRS 368A to Gaming and Non-Gaming LET. One of the pertinent ones is that a professional sports team with a home in Nevada is currently exempt from paying this tax. There are other exemptions, but I would need to look at the statute.

CHAIR ROSENTHAL:
Since the exemption is for professional sports teams, is it true that nothing would prevent the collection of LET for the Sweet 16 and Elite 8 games, if UNLV or UNR participated in any of those games?

MR. THAUER:
The Department of Taxation would not be able to collect LET on the sale of those tickets if a team in Nevada participated in these tournaments.

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The professional sports exemption is interesting. The Shamrock Classic was held at the Allegiant Stadium, and the teams were Brigham Young University and Notre Dame. If UNLV had been a contender, the ticket sales would not be subject to the LET. As a forecaster of the LET, I would hope that the NCAA does not put a Nevada team in the bracket that would end up in the Sweet 16 and Elite 8 games in Las Vegas, because the college sports exemption for home-based teams would apply.

Keep in mind that the T-Mobile Arena is on the non-gaming side, even though it is located among the casinos. There has been talk that the MSG Sphere will be considered non-gaming. Even though it is located at a casino resort, it will not be construed to be under a licensed gaming establishment for the purposes of tax reporting.

C. STATE 2% SALES TAX

ERICA SCOTT (Economist, Department of Taxation):
For the Department of Taxation State 2% Sales and Use Tax revenues, the assumptions are the same as for the previous revenue forecast. There will be some slowing in growth, but not a distinct recession. The forecast accounts for the taxable sales components and historic revenue of the different industries (Department of Taxation Forecast packet, page 8, Exhibit E). There is a distinctive dip in the revenue from the pandemic and the post-pandemic recovery, with an overcorrection in that area. Coming off of the volatile past few years, it is very difficult to confidently forecast this revenue. However, widening the scope to capture the last recession period and the COVID period reveals the revenue’s long-term historic picture.

Utilizing Moody’s model, the original forecast would have been growth of 7.76% in FY 2023, 6.68% in FY 2024, and 10.76% in FY 2025. However, utilizing the straight historic trends, the forecast is much lower (page 9, Exhibit E). Taxation opted to average the two, then tamp down the exponential growth on the original model, with the assumption that consumer spending will slow.

The Department of Taxation forecast is shown on page 10 (Exhibit E); FY 2023, 7.13%; FY 2024, 4.56%, and FY 2025, 6.54%. The 21% growth in FY 2022 is not anticipated to be relived in FY 2023, 2024 or 2025. It is assumed this was an effect of inflation driving higher revenues. Consumers paid a higher price for some of the items purchased. In addition, some increase in post-COVID spending may have spilled into FY 2022. The assumption is that consumers will slow their spending on items other than household items. In FY 2024 Taxation expects continued growth, but at a slower rate. In FY 2025, Taxation expects that to level out to sustained growth.

JASON GORTARI (Executive Branch Economist, Governor’s Finance Office):
A regression model was used to develop the Budget forecast for retail sales, which was driven by variables such as visitation, employment wages, and total gaming volume. I used many of the same assumptions that I provided in my opening remarks. Turning to

page 12, taxable retail sales increased for the past 19 months (Executive Budget Office Forecast, Exhibit C). With inflation increasing to over 8%, the upward adjustment in the price of goods has resulted in higher collections.

Page 13 shows the top 12 taxable retail sales revenue generating industries in Nevada (Exhibit C). The dash lines on the facet chart are the current taxable retail sales amounts as of August 2022. The charts are ordered from the top ranked, to the 12th ranked. These are also based on the three-digit NAICS industries. It is important to note that almost all 12 taxable retail sales industries are elevated far past their pre-pandemic levels and continue on a positive trend.

From 2018 to 2020, the non-store retail category has shot up from the 17th largest taxable sales source to the fifth, increasing by nearly $400 million over four years. Non-store retail is trending on a vertical path as remote sellers increase their market share in the overall retail space.

To provide additional context, the U.S. Supreme Court ruled in South Dakota vs. Wayfair in 2018 that states can require remote sellers to collect and remit sales and use tax on sales delivered to locations within their state regardless of whether the seller has a physical location in the state. Consistent with the Wayfair decision, Nevada adopted regulations for Assembly Bill 445 of the 2019 Legislative Session requiring remote sellers and marketplace facilitators to collect taxes on retail sales in Nevada. These sellers must exceed $100,000 in revenue or make or facilitate two hundred separate retail transactions to be subject to the tax.

With that in mind, this revenue source has realized a new normal. The Budget Division forecasts a steady increase throughout the forecast period, with collections of $1.75 billion in FY 2023, $1.81 billion in FY 2024, and $1.9 billion in FY 2025 (page 14, Exhibit C).

RUSSELL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Fiscal Analysis Division forecast for the State 2% Sales Tax is on page 53 (Fiscal Analysis Division Forecast, Exhibit D). Taxable sales is forecast using an equation that models taxable sales per employee as a function of personal income, visitors, construction employment, and new car registrations. Instead of using Moody's variable set for national personal recreational consumption expenditures, Fiscal's forecast assumes out-of-state visitation will pick up. Using Moody's variable set, the equation did not explain what had been going on for the last several quarters. Using out-of-state visitation, the equation made sense.

I would like to point out that the four forecasts were prepared in four different ways, but the forecasts are very similar.

The chart on page 58 shows actual versus forecast State 2% Sales Tax collections. There is an inflection point in the forecast where growth is increasing at a decreasing rate. The last quarter grew approximately 10.3%, but inflation was 8.3%, resulting in

2% real growth. The Fiscal forecast is for taxable sales growth of about 6.9%, but inflation is projected to be 6.3%, which does not result in much real growth in taxable sales. Considering inflation, it is hard to figure out how much real growth is occurring.

Chart 5 on page 62 shows taxable sales per non-farm establishment employee (Exhibit D). Sales were much stronger than employment during the pandemic. Fiscal expects employment in the leisure and hospitality sectors to continue to grow, but not return to pre-pandemic levels.

The pandemic has required the leisure and hospitality industry to produce the same goods and services for their clients with less labor. Employment in the leisure and hospitality sector will not return quickly to pre-pandemic levels.

Taxable sales per $1,000 of statewide personal income is shown on page 63 (Exhibit D). In the Fiscal forecast, taxable sales growth is sort of flat, then increases a little. The increase is due to the Formula 1 and Super Bowl events, which will generate taxable sales that are not necessarily tied to Nevada personal income.

The fact that the state is able to capture online retail sales is important for Nevada's taxable sales base. The Wayfair decision, which was implemented through regulation, allows the collection of taxes from online retailers. The marketplace facilitator bill (Assembly Bill 445, 2019 Legislative Session) requires Amazon and those types of entities to collect sales tax for third-party retailers.

The NAICS 454 non-store retailers reported by the Department of Taxation is now the fourth or fifth largest taxable sales category, accounting for about 7% of taxable sales. Before, non-store retailers was the eleventh or twelfth largest category. The phenomenon of online sales is not going away. As inflation rises, and consumers continue purchasing, taxes are being captured. That is a good thing for taxable sales from the state's perspective of improving that tax base.

The "blips" on the chart on page 63 in the fourth quarter are Christmas and Black Friday sales (Exhibit D). The revenue flattened in 2018 because of the Wayfair decision, then it grew because of the marketplace facilitator legislation. The data show degradation due to online purchases for which sales tax was not collected. I do not think the pattern is bothersome.

Two charts show taxable sales per Las Vegas visitor on pages 64 and 65 (Exhibit D). Taxable sales per visitor had been gradually increasing pre-pandemic, then it flattened out a bit. There is a question as to whether the forecast should stay flat or have a little bump due to the two very large special events.

Statewide personal income per employee is shown on the chart on page 66 (Exhibit D). The line has a little more slope than it had historically. That is due to stronger non-wage income, such as the social security inflation adjustment, and dividends, interest, and rent.

Las Vegas visitors per statewide number of employees is coming back up (page 67, Exhibit D). The denominator of the number of employees has changed versus the number of visitors.

D. INSURANCE PREMIUM TAX

ERICA SCOTT (Economist, Department of Taxation):
Historically the Insurance Premium Tax (IPT) has increased consistently over time. The Taxation forecast for IPT started with the historic rates (page 12) and forecasted consistent 5% to 7% growth (Department of Taxation Forecast, page 13, Exhibit E).

JASON GORTARI (Executive Branch Economist, Governor's Finance Office):
The Budget Office forecast for IPT is on page 16 of the Executive Budget Office Forecast packet (Exhibit C). The IPT is a stable revenue in the state. It is not subject to as many fluctuations as some of the taxes that are more closely aligned with tourism, such as the Gaming Percentage Fee or Live Entertainment Tax.

With that in mind, I estimated the IPT revenue with a regression model based on household medical, CPI, and the ten-year Treasury rate. Those estimates come from the Moody's forecast database. The Budget forecast steadily increases throughout the forecast period, with collections of $569 million in FY 2023, $612 million in FY 2024, and $657.9 million in FY 2025.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Fiscal forecast for the IPT begins on page 69 of the Fiscal Analysis Division Forecast packet (Exhibit D). The forecast table is on page 71. In the past, the Fiscal Analysis Division reported many different categories such as workers' compensation, industrial insurance, independently procured, refunds, and interest. Because that is not really the gist of the IPT forecast, Fiscal staff decided to collapse those down to "All Other Collections," which is a negative to the forecast, because the items in that category are predominately adjustments to prior periods.

The quarter ending categories make up about 95% of the collections for the tax. The chart on page 72 shows annual collections from FY 1992 to present (Exhibit D). The only time collections decreased was during the Great Recession. The revenue hit a peak around the Great Recession, slid a little bit from FY 2007 to FY 2008, declined for a couple of years and stayed at the bottom, then started to increase. For FY 2013 and FY 2014, that increase was far steeper than before the Great Recession. Those of you who were members of the Economic Forum at that time will remember that the discussion on this revenue focused on the Affordable Care Act (ACA). Now, a decade later, the forecasters have information on growth rates that resulted since the implementation of the ACA.

With the exception of the little dip in FY 2020 because of the pandemic, the IPT has been a stable revenue source. By all appearances it is going to stay that way. At the October meeting, the Insurance Division and Silver State Health Insurance Exchange talked about rate changes being approved for health insurance, which makes up about 40% of the insurance market. The Exchange had a weighted average increase of 9.2%. The Insurance Division noted the small group market rate increases of 7.1%, and individual market rate increases of 9%. When four-tenths of the market increases between 7% and 9%, the revenue source will grow at a fairly stable rate.

The Department of Taxation will release the first quarter collections toward the end of November. The $143.2 million collected in the quarter ending June 20 for FY 2022 is a record. In the history of this category, there is nothing even close to that. If growth continues at that pace, even the Fiscal forecast of 5.4% growth in this fiscal year is potentially too low. With those announced increases of between 7% and 9% that could well be.

The high subsidy payments for the ACA through the Inflation Reduction Act (IRA) will carry through to the end of 2025 under current federal law. Insurance is something people are likely to purchase for their homes, cars, and themselves, regardless of economic conditions. Not a lot of things would cause people to suddenly stop buying insurance. It would take a large recession, with people losing their jobs and not having much of a cash buffer to actually stop the purchase of insurance.

Please note the agency forecast for the IPT presented by Ms. Scott (page 13, Exhibit E) does not match what is on page 71 (Exhibit D). An additional approximately $20 million to $21 million is added to the forecast for the surplus lines portion of the IPT, which is collected and forecasted separately by the Insurance Division of the Department of Business and Industry. The number on Table 8 is the sum of those two forecasts, rather than just the Department of Taxation forecast.

E. MODIFIED BUSINESS TAX

ERICA SCOTT (Economist, Department of Taxation):

MBT - NONFINANCIAL INSTITUTIONS

There was a dip in the historic rates for the Modified Business Tax (MBT) for general business because of the pandemic, then the revenue returned to an upward trajectory (Department of Taxation Forecast, page 15, Exhibit E). Because of the healthy employment rates, growth is estimated to flatten out a bit. Then the MBT rate reduction will increase in FY 2024. That change will be factored in as well.

MBT - FINANCIAL INSTITUTIONS

For the MBT Financial Institutions, Taxation expects some growth due to the upward trajectory of wages (page 16, Exhibit E). That growth is expected to be sustained in FY 2023, FY 2024, and FY 2025. However, collections may dip due to the rate reduction in FY 2024.

MBT – MINING

For MBT Mining, Taxation expects a bit of volatility due to employment shortages in the industry and the seasonality of mining (page 17, Exhibit E).

The Taxation forecast for the three MBT types is shown on page 18 (Exhibit E). The forecast is for a slight leveling off in FY 2023, and a dip in FY 2024. The forecast is for some resurgence in FY 2025, but because of the reduced rate, there will not be as much of the growth in the revenue source, even if reported wages for MBT increase.

The estimated rate reduction in the Taxation forecast is roughly a $237 million difference if the tax were to stay at the same rate instead of reducing in FY 2024. Revenues are still estimated to be up overall in FY 2025 due to sustained healthy employment rates.

CHAIR ROSENTHAL:
The other two forecasters are forecasting growth, but you are forecasting a decline. What is driving that difference?

MS. SCOTT:
Historic trends have more weight in that industry than actual recent growth. I would like more time to develop this model a bit more.

CHAIR ROSENTHAL:
I understand. The Economic Forum is looking forward to your revenue forecast presentation in December.

JASON GORTARI (Executive Branch Economist, Governor's Finance Office):

MBT - NONFINANCIAL INSTITUTIONS

My outlook is based on the most up to date employment statistics. My forecast shows steady increases in employment throughout the forecast period (page 18, Exhibit C). Nevada has surpassed its pre-pandemic level and continues to add jobs, with data as of September 2022. Total non-farm employment is up 13,500 jobs, and the private sector is up 18,500 jobs from its pre-pandemic peak level. The current employment level is 1,463,100. The unemployment rate remains low historically at 4.4%. It is important to note that, post-pandemic, a shift has taken place in Nevada's labor market. While the leisure and hospitality industry is down roughly 30,000 jobs from its pre-pandemic peak, manufacturing, and transportation and warehousing is up 30,000 jobs collectively, with average weekly wages in both of these industries more than double those of leisure and hospitality.

Collections for MBT Nonfinancial are shown on page 19 (Exhibit C). The red bars represent the actual revenue forecast, and the green bars represent the forecast before the MBT rate buydown. Under the old rates, the Budget estimate increases steadily throughout the forecast period, with \$828.7 million in FY 2023, \$877.6 million in FY 2024, and \$929.4 million in FY 2025. However, after accounting for the MBT rate buydown scheduled to occur in FY 2024, revenue amounts for FY 2024 and FY 2025 will be \$745.1 million and \$789.1 million respectively, or about \$130 million less in FY 2024, and \$140 million less in FY 2025.

MBT - FINANCIAL INSTITUTIONS

Employment data through September shows financial industry employment is nearly 4,000 jobs above its pre-pandemic peak (page 21, Exhibit C). Average weekly wages are nearly \$2,700 per week, which is the third highest in the state.

While higher interest rates may impact employment in this industry, the expectation is that the Federal Reserve will get a handle on inflation within the forecast period, and employment in this industry will continue to grow.

The Budget Division forecast for MBT Financial is summarized on page 22 (Exhibit C). Under the old rates, the Budget Division estimates moderately increased throughout the forecast period, with revenue of \$53.4 million in FY 2023, \$55.6 million in FY 2024, and \$57.8 million in FY 2025, however, after accounting for the MBT rate buydown, the FY 2024 and FY 2025 amounts will be roughly \$46.6 million and \$48.5 million respectively, or about \$9 million less in each fiscal year.

MBT – MINING

Employment in the mining sector tends to follow the trend of gold prices, which are currently hovering at an all-time high. The mining industries average weekly wages are the highest in the state as well, near \$2,700 per week, and employment is expected to remain stable in this industry over the forecast period, with many of the efficiencies of the Newmont merger having already occurred, and with new lithium companies adding their presence in the state.

The Budget Division forecast for MBT Mining is summarized on page 25 (Exhibit C). Under the old rate, estimates moderately increased through the forecast period, with collections coming in at \$21.8 million in FY 2023, \$22.4 million in FY 2024, and \$23.1 million in FY 2025. After accounting for the MBT rate buydown, the FY 2024 and FY 2025 amounts will be \$18.8 million and \$19.4 million respectively, or roughly \$3 million less in each fiscal year.

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Each forecaster completed their projection without the rate reduction, which is shown on page 65 of the meeting packet on Table 1 (Exhibit A). It is easier to compare the individual forecasts across the fiscal years when keeping the tax rate unchanged. Table 2 on page 66 makes the mathematical calculations needed to account for the impact of the reduced tax rates. Those numbers on Table 2 match the figures displayed in Table 3.

MBT - NONFINANCIAL INSTITUTIONS

The Fiscal Analysis Division's preliminary forecast for the MBT starts on page 77 (Exhibit D). The Department of Taxation will post FY 2023 first quarter MBT collections later this month. That new collections information may result in changes to Fiscal's final December forecast. The Fiscal Analysis Division forecasts the three components of the MBT separately, as each of them are different.

Wage and salary disbursements are driven by employment as well as the average wage per employee assumptions. For Nonfinancial MBT, the major sectors subject to MBT are forecast separately, then combined to get to the total.

Fiscal's Nonfinancial MBT forecast considers some of the inflationary pressures on wages in FY 2023, and many of the special events occurring in our state in FY 2024. Those factors are expected to normalize as we march toward FY 2025. As inflation slows, wage growth is expected to slow as well.

Table 2A shows Fiscal's Nonfinancial MBT sector employment forecast (page 80, Exhibit D). The forecast is for 3.9% growth in FY 2023, 2.1% growth in FY 2024, and 1.8% growth in FY 2025. With regard to average annual wage per employee, Fiscal projects 2.5% growth in FY 2023, 3.3% in FY 2024, and 3.1% for FY 2025.

The nonfinancial wage forecast is a function of nonfinancial employment and nonfinancial wage per employee. The forecast uses Bureau of Economic Analysis data and adjusts what Fiscal expects the Department of Taxation to report for nonfinancial wages. This information is displayed on 2B on page 81 in columns A through D (Exhibit D). Nonfinancial wage growth for FY 2023 is 5.8%, FY 2024, 5.5%, and FY 2025, 5%.

Column K of page 81 shows the collections forecast for Nonfinancial MBT, which, accounting for the tax rate reduction in FY 2024 and FY 2025, are as follows: FY 2023, $789.3 million, FY 2024, $705 million; and FY 2025, $739.6 million (Exhibit D).

MBT - FINANCIAL INSTITUTIONS

Some items considered in Fiscal's Financial MBT forecast are inflation pressures and wages. Fiscal expects some negative impact due to higher interest rates on interest-sensitive areas of the financial sector, such as mortgage and other lending related employment. Fiscal then expects the economy to normalize.

Financial sector employment is forecast for 2.1% growth in FY 2023; a slight decline of 0.4% in FY 2024; and 1.3% growth in FY 2025 (Table 3A, page 85, Exhibit D). With regard to average annual wage per employee, Fiscal projects growth of 5.6% in FY 2023; 4% in FY 2024; and 3.6% in FY 2025.

Total financial wages forecast is a function of employment and wage per employee. This information is now displayed on Table 3B on page 86 in columns A through D (Exhibit D). Total financial wage forecast growth for FY 2023 is 7.9%, FY 2024 is 3.8%, and FY 2025 is 4.9%.

The collections forecast for Financial MBT is in column K. After accounting for the tax rate reduction in FY 2024 and FY 2025, FY 2023 collections are $49.6 million; FY 2024 collections are $43.2 million, and FY 2025 collections are $45.3 million.

MBT – MINING

The Fiscal Division's MBT Mining forecast begins on page 89 of the Fiscal Analysis Division Forecast packet (Exhibit D). The Mining MBT forecast assumes there will be inflation pressure on wages in the front end of the forecast period. Mining employment is not fluctuating. As you heard earlier, the mining industry has found efficiencies from mergers. For the time being, the forecast assumes somewhat of a steady state in this industry. Based on the most recent data mining sector employment is forecast to decline by 1.1% in FY 2023, then stay steady. With regard to average annual wage per employee, Fiscal projects growth of 4.5% in FY 2023, 2.6% in FY 2024, and 2.4% in FY 2025.

Total mining wages are also a function of employment and wage per employee forecast. Table 4B on page 90 shows the total mining wages forecast (Exhibit D). Fiscal Year 2023 growth is 3.5%, followed by 2.6% in FY 2024, and 2.5% in FY 2025.

Column K of Table 4B on page 90 shows the collections forecast for Mining MBT, accounting for the tax rate reduction that will take place in FY 2024 and FY 2025: FY 2023, $21.6 million, FY 2024, $18.6 million, and FY 2025, $19.1 million.

MR. NAKAMOTO:
Ms. Powers referred to the MBT forecast with and without the rate reduction. Those tables are on pages 65 and 66 of the Economic Forum meeting packet (Exhibit A). Table 1 shows revenue at the current rate in FY 2023. The provisions of the law require a rate reduction to occur in FY 2024. Fiscal wanted to show the economic activity driving the wages in the forecast. Table 2 shows the reduction in the forecast as a result of that rate reduction.

F. REAL PROPERTY TRANSFER TAX

ERICA SCOTT (Economist, Department of Taxation):
The Department of Taxation Real Property Transfer Tax (RPTT) forecast begins on page 20, which shows historic trends (Exhibit E). Historically, this tax revenue has been increasing. Obviously, the last few years growth in the housing market are due to low interest rates and historically low mortgage rates. Lots of people took advantage of that in FY 2021. Sales of property generated lots of RPTT revenue. However, due to increased interest rates it is expected to flatten out. I do not foresee a negative slide in this tax, but definitely some slowing of the housing market.

The Department of Taxation's forecast for the RPTT is shown on page 21 (Exhibit E). The peak of the growth is in FY 2022. Moving down to growth of 7% in FY 2023, 6.6% in FY 2024, and 6.2% in FY 2025.

CHAIR ROSENTHAL:
The assumptions of slowing of the market due to interest rates makes sense. Housing prices are coming down across the state, and interest rates are higher. Why does your forecast show growth? Is something countering the reduction in value and the additional hurdle of getting financing?

MS. SCOTT:
The demand for housing is expected to continue. If it makes more sense to purchase a home than continue to rent, people will purchase a home, despite higher interest rates. The demand for housing is driving the forecast figures.

MR. ZAHN:
How have these tax collections performed more recently over the past six months?

MS. SCOTT:
I do not have that information with me today. I will research the information while I am working with the models for the December meeting of the Economic Forum.

JASON GORTARI (Executive Branch Economist, Governor's Finance Office):
The Executive Budget Office forecast for the RPTT begins on page 27 (Exhibit C), with two charts that provide information on single-family home permits in Nevada on a calendar year and fiscal year basis. Housing starts in FY 2022 were the highest since 2007 as shown on the bottom chart. The top chart shows that in calendar year 2021, builders seemed to be digging us out of that hole created from the 2008 to 2019 period.

Recently, higher interest rates spooked builders a bit, as seen in the number of single-family home permits in September 2022 but did not discourage them enough to drop to the 2009 to 2012 levels.

Page 28 provides a forecast for single-family housing permits in the state. Assuming the Federal Reserve is able to control inflation during the forecast period, housing permits should dip in FY 2023, then pick up in FY 2024 for the remainder of the forecast period (Exhibit C).

Page 29 provides Nevada's 12-month percent change in housing price index (page 29, Exhibit C). The annotations represent point-to-point 16-month decelerations, with the last showing only eight months to current deceleration. While it is highly unlikely that those periods are exactly analogous to the current period, the information serves as a useful reference when trying to form an opinion of the rate of growth moving forward.

I do not think the major deceleration will be followed by separate large decelerations, as in 2005 to 2010.

My estimates for Home Index Price (HPI) growth is roughly a 5% decrease by the end of the forecast period (page 30, Exhibit C).

The information on page 31 provides historical context on the U.S. average 30-year fixed mortgage rate (Exhibit C). In October 2022, the 30-year fixed mortgage rates reached their highest level in over 20 years. The last time the rate was higher was in March 2002, when the rate was 7.18%. However, the rate has decreased slightly in November 2022 to 6.95% from October's 7.08%.

Pages 32 and 33 show a projection of existing home sales in Nevada on a calendar year and fiscal year basis (Exhibit C). The forecast expects existing home sales to decline in the first year of the forecast period due to the impact of the high 30-year fixed mortgage rates, and then increase in the final two years, with the expectation the mortgage rates will continue to improve.

With all of that information in mind, RPTT is a function of sales volume and price, driven by the residential real estate sector. With the expectation that building will rebound, home prices will not bottom out as in 2008, and mortgage rates will decline over the forecast period, I forecast collections of $155.3 million in FY 2023, then increase in FY 2024 and FY 2025 to $165.9 million and $176.4 million, respectively (page 34, Exhibit C).

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Fiscal forecast for the Real Property Transfer Tax begins on page 103 of the Fiscal Analysis Division Forecast packet (Exhibit D). I will start my presentation by addressing Mr. Zahn's question about how the tax has been performing historically. Page 104 shows actual and forecast RPPT collections. The last quarter for which the Department of Taxation has reported actual information is the second quarter of 2022, which is just short of $45.9 million.

The RPTT has both statewide and local components. The statewide portion, which is $1.30 per $500 of value of the property being transferred, is collected at the county level. The tax is paid at the time of the title transfer. The county receives the revenue, keeps a commission as the counties are entitled to under the law, and remits the collections on a monthly or quarterly basis to the State Controller. Fiscal staff are able to view the collections in the State Controller's system as the fees are remitted. Five of the 17 counties (Washoe, Elko, Lyon, Lander, and Eureka) remit collections on a monthly basis. Clark County and the 11 other counties report on a quarterly basis. In finalizing the forecast, 15 of the 17 counties had reported for the first quarter. The only counties that were missing were Nye County and Storey County. As of today, 16 of the 17 counties have posted; Nye County reported for the first quarter.

Fiscal will adjust its forecast for the first quarter, depending on what Storey County posts. However, $33.5 million, or -23.1% is close to the actual amount. The revenue has decreased by more than one-third between the second quarter and the third quarter.

The information for the total statewide residential property sales forecast is from the real estate website Redfin (page 104, <u>Exhibit D</u>). The Redfin website breaks total residential property sales by co-ops, condominiums, and single-family residences. The Fiscal forecast uses the aggregate amount. The data is not seasonally adjusted. There has been a significant drop off.

The forecasters have talked about reasons for the drop off, such as the increase in interest rates and inflated prices. Through the pandemic and the work-from-home environment, people found that as long as they were telecommuting, home could be wherever they wanted to be. Lots of tech money in California suddenly found its way elsewhere, including Reno and Las Vegas.

Analysts have been talking about what this means for housing prices going forward. Reno and Las Vegas are at or near the top of markets that are going to correct by 15% or 20% in terms of home values.

Fiscal's RPTT forecasts reflect a general slowdown in sales because of interest rates. Based on Moody's Analytics' forecasts of mortgage rates through the end of the year, Fiscal does not think interest rates will fall. The Federal Reserve is increasing the federal funds rate again. Nobody knows how many times that might happen before inflation is under control. Interest rates may rise above 7% or closer to 7.5% before all is said and done. As long as that occurs, there is very little incentive for anyone to purchase a house.

The volume of people applying for a mortgage is down about 40% year-to-year. People are just not interested in buying a house. As long as home prices and interest rates are high, that will continue. The question becomes, when does all of this correct? Based on everything I am reading the Federal Reserve will get to a point where it will not increase rates anymore. Mortgage rates will then fall, albeit at a slower pace. Home prices will have to fall for a little while before they actually start coming back. Fiscal staff do not expect home sales to return until the end of the forecast cycle.

The Fiscal Division forecasts a decline of 31.1% in FY 2023. The second and third quarters will be worse than the first quarter. Fiscal forecasts a decline of 14% in FY 2024. In FY 2025 there will be a little bit of recovery in the market.

Table 8 shows the FY 2022 forecast. Actual collections were $116,000 below that forecast. The Economic Forum selected the Fiscal forecast, which expected a correction in the market but did not expect it to correct from where it was. There will probably not be a significant revision to this Fiscal forecast in December, unless there is other information as to what the market will look like in the next couple of years, which is not likely.

G. COMMERCE TAX

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Exhibits for this agenda item are on pages 67 through 70 of the meeting packet (Exhibit A). The process used for the Commerce Tax since it became a General Fund revenue source is to develop a consensus forecast by the Department of Taxation, the agency that administers the tax, the Budget Office and the Fiscal Analysis Division which is then presented to the Economic Forum. The Economic Forum directed staff to use this process based on discussions and actions at the June 20, 2022, meeting, and reaffirmed at the October 13, 2022, meeting.

The Commerce Tax is an annual tax on the Nevada gross revenue of businesses, but it is paid on a fiscal year basis. The tax rate varies based on the type of industry the business is primarily engaged in. The first $4 million of gross revenue is exempt from the tax. The tax is due 45 days after the fiscal year ends on June 30. There are now seven years of history with this tax. We now know that we do not get the full amount at the end of the fiscal year, because the tax due date is so close to the official closing of the state fiscal year, the third Friday in September.

Approximately 10% of Commerce Tax collections come from prior periods. That "tail" must be accounted for because that revenue gets deposited the following year. Table 1 on page 67 of the meeting packet summarizes how that spillover is accounted for (Exhibit A). Commerce Tax is forecast on the basis of business activity. Fiscal Year 2022 is still an estimate, and we are attempting to estimate how big of a tail from the previous fiscal year will need to be accounted for.

Since there are not enough data points for more complex statistical methods, Fiscal created an approach that attempts to connect the tax with relevant economic metrics in the state. Table 3 on page 69 shows five years of history for selected economic indicators for the Nevada economy that can be used for comparison (Exhibit A).

The first column on Table 1 on page 67 of the meeting packet applies the projected growth rates to Commerce Tax based on Moody's Analytics' October 2022 baseline forecast for Nevada gross domestic product (Exhibit A). Based on that scenario, Commerce Tax growth is 6.8% in FY 2023, 5.5% in FY 2024, and 6.3% in FY 2025.

There are other growth rate scenarios for consideration. The last column on page 67 is the consensus forecast prepared by the Department of Taxation, the Budget Office, and the Fiscal Analysis Division. The two major events in Las Vegas – the Formula 1 race and the Super Bowl – are part of our FY 2024 forecast. Fiscal Year 2025 is assumed to be an average year. The consensus forecast growth rates for the Commerce Tax in the business period phases are 7% for FY 2023, 6.5% for FY 2024, and 5.5% for FY 2025.

Table 2 on page 68, shows the business period Commerce Tax converted to an accounting basis, which produces different growth rates (Exhibit A). This process allows forecasters to estimate how much Commerce Tax will be deposited to the state's accounting system. The Commerce Tax revenue on an accounting basis is estimated to be $301.8 million in FY 2023, $321.6 million in FY 2024, and $339.5 million in FY 2025.

Table 3 on page 69 shows a five-year history of selected economic indicators in the Nevada economy (Exhibit A). Table 1 on page 70 shows the Commerce Tax business period with the estimated tail, and the associated Commerce Tax credit that can be taken against the MBT. By law, businesses with payroll in the state can credit up to 50% of their Commerce Tax paid during the preceding year against their MBT liability. This is the reason Commerce Tax credits are part of the forecast. Commerce Tax paid determines the amount of Commerce Tax credits that may be taken against MBT. Historically, the amount of Commerce Tax credits have been slightly above 20% of the Commerce Tax. Fiscal estimates the percentage will fall below 20% in the forecast period, because the Commerce Tax will grow more than taxable wages and because of a shrinking MBT base due to the lower tax rates starting in FY 2024.

Table 2 on page 70 translates Commerce Tax and the credits to an accounting period, with the estimated tail and associated Commerce Tax credits that can be taken against the MBT (Exhibit A). The consensus estimate for the Commerce Tax credit is $50.6 million in FY 2023, $54.5 million in FY 2024, and $58.1 million in FY 2025.

The Commerce Tax tables and pie charts can be found on the November 14, 2022, Economic Forum meeting page on the Nevada Legislature website.

MR. LEAVITT:
It is difficult to believe the tax is designed that way.

MR. GUINDON:
The original proposal was for the tax to be quarterly, but the Department of Taxation needed time to administer the tax. The revenue committees originally wanted to collect two quarters in the first fiscal year. It was then proposed that the tax for the whole preceding fiscal year would be due 45 days after the end of the fiscal year. That allowed 12 months of revenue to be collected in the first fiscal year of the tax.

MR. LEAVITT:
The MBT and Commerce Tax could be combined into one tax with a much less complex formula.

VII. REVIEW AND APPROVAL OF PRELIMINARY FORECASTS OF MINOR GENERAL FUND REVENUES AND TAX CREDITS FOR FY 2023, FY 2024, AND FY 2025 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) AT ITS NOVEMBER 4, 2022, MEETING.

MR. GUINDON:
These are preliminary forecasts. There will be another month of revenue information available in case adjustments are needed for the forecasts in December. There has been much interest in special events that are expected to bring additional revenue. I will bring to your attention which of the minor revenue sources are tied to events such as Formula 1, the Super Bowl, and an increase in visitors.

Table 5 on page 71 of the meeting packet include the "major minor" revenues (Exhibit A). Table 6 on page 73 is the forecast approved by the Technical Advisory Committee on Future State Revenues (TAC) at its November 4, 2022, meeting.

The Fiscal Division and the Budget Office sent a joint request to the agencies' requesting their forecasts, with the Fiscal Division and Budget Office doing their own forecasts as well. Those forecasts were used by the Budget Office and Fiscal Division to develop a consensus forecast to bring forward to the TAC. Similar to the Economic Forum, the TAC is presented with economic information and can adjust the consensus forecast. The consensus forecast presented to the TAC by Fiscal and Budget Office staff was approved without modification.

The first two revenues under the Mining Tax category on Table 6 are the Net Proceeds of Minerals tax and the Mining Gross Revenue Tax-Gold and Silver (page 73, Exhibit A).

Under current law, the Proceeds of Minerals tax revenues are in the State General Funds. Based on legislation passed during the 2021 Legislative Session, the revenue is dedicated to the State Education Fund to become a K-12 funding source in FY 2024.

The new Gold and Silver Excise Tax on the gross revenue of those businesses engaged in extraction of gold and silver was passed during the 2021 Legislative Session. It is a three-tiered tax on a 12-month calendar year basis: the first $20 million is exempt; anything between $20 million and $150 million is taxed at 0.75%; and anything over $150 million is taxed at 1.1%.

Under the law, the proceeds from this tax go to the State General Fund through FY 2023, and to the State Education Fund beginning in FY 2024, which is why you only see forecasts for FY 2023.

When a new casino property comes online, or there is a change in licenses, the Advance License Fee is triggered. Collections of this fee in FY 2024 are higher because of the new Fontainebleau Las Vegas property coming online.

The Transportation Connection Excise Tax is referred to as the Uber/Lyft tax, but it is not just applied to ride sharing companies. It is also applied to motor carriers in the business of transporting passengers, i.e., taxicabs and limousines. The tax is 3% on the gross revenue of the charge for the patron using the services.

The first $5 million of every biennium is required to be dedicated to the State Highway Fund. There should be an increase in collections of this tax due to visitors using transportation connection entities such as taxicabs, Uber, and Lyft during the major events of the Formula 1 race and the Super Bowl.

Only 25% of the state portion of the Governmental Services Tax (GST) is dedicated to the State General Fund. The other 75% is dedicated to the State Highway Fund. The tax is based on the value of a vehicles when it is registered each year. During the Great Recession and the pandemic, the Legislature made decisions to allocate a portion of the State Highway Fund to the General Fund to keep it intact. Historically, the revenue increases by about 2.5% per year. The state's portion of the Governmental Services Tax does not benefit from new vehicles. When a new vehicle is purchased and registered, it benefits the local and school district, or State Education Fund, portion. It is not until the car is registered in the second year that it begins to generate money for this portion of the GST.

Athletic Commission fees are attached to unarmed combat (page 76, Exhibit A). The principal drivers of this revenue are Ultimate Fighting Championship (UFC) and boxing events. You may have seen the article that the Nevada Athletic Commission, based on requests by Dana White and UFC, has approved slap fighting as an event. The forecasters may need to contact the Athletic Commission for information on when those events might start occurring, and whether an adjustment to the forecast is needed.

In the Fees and Fines block, GL 3066, includes revenue from peer-to-peer car rentals based on Senate Bill 389 of the 2021 Legislative Session, sometimes referred to as the "Turo" bill (page 76, Exhibit A). Entities that rent out privately-owned vehicles on peer-to-peer sharing platforms must collect tax on the value of the vehicle being rented. The rate is 10% statewide. For Clark and Washoe Counties an additional 2% is dedicated to special purposes in those two counties. Those peer-to-peer entities are not deemed to be short-term car rental companies.

Actual collections for Treasurer's interest income was about $24.2 million in FY 2022. The amount rose to $109 million, then decreased to $89 million (page 77, Exhibit A). The reason for that fluctuation is fairly intuitive: the Federal Reserve is raising short-term interest rates, thus the expected earnings for investing the state's portfolio have increased. The investments must be short-term because this money is also used to cover the state's bills.

Under the federal guidance and state law, interest that the Treasurer can earn on the federal stimulus is required to be dedicated to the unrestricted State General Fund. The state will spend down its federal stimulus, and therefore will not have the $1 billion to invest over the forecast period in FY 2024 and FY 2025. Short-term interest rates should come down over the forecast period.

Table 7 on page 83 shows the major-minor revenues and the tax credits in another way (Exhibit A). Tax credits information comes from the agencies responsible for administering them, principally the Department of Taxation, the Film Office and GOED. Using that information, consensus forecasts were prepared by Fiscal and Budget and approved by the TAC.

It is worth noting that the Nevada New Market Jobs Act tax credit program was renewed for another $200 million worth of contributions from insurance companies that is equal to 58%, or $116 million in tax credits.

The Affordable Housing Transferrable Tax Credit program is administered by the Housing Division. The program was just beginning when the pandemic started. One project has been approved and $3 million has been allocated. Partnering the state's program with federal stimulus money and other federal programs will allow for more affordable housing projects going forward.

Table 7 on page 83 shows the major-minor revenues and tax credits. The far right column "Biennium Difference" shows the current preliminary forecast for the minor General Fund revenue sources and the tax credits is approximately negative $150 million. That should not be a surprise. Two revenue sources are being removed from the minor revenues for FY 2024 and FY 2025: the Net Proceeds of Minerals and the Gold and Silver Excise Tax.

Without that effect, the revenue would probably be up about $105 million. The minor revenues are forecast to increase, but accounting for the changes to the process that will move the revenue, it is declining in the 2023-25 biennium compared to the 2021-23 biennium.

The minor revenues will benefit from the Formula 1 and Super Bowl events, but that will not make up for the loss of moving Gold and Silver and Net Proceeds of Minerals revenue sources, which is worth about $150 million per year, or $300 million over the biennium.

The TAC will meet on November 29, 2022. Fiscal staff will revisit its forecast, and potentially bring a revised forecast to the Economic Forum on December 5.

CHAIR ROSENTHAL:
The Economic Forum instructs the TAC to provide projections for the minor revenue sources, but the Forum also has the ability to reclassify major and minor revenue sources. The big item is the Treasurer's Interest. It may be interesting to the Forum members to be presented with a more formal forecast on that revenue.

There is flexibility in what is classified as major and minor General Fund revenues that are forecast by the Economic Forum and the TAC. If the Economic Forum chose to move an item to the major revenues, when would that take effect?

MR. GUINDON:
The Economic Forum can direct staff to move a revenue item to the major revenues, and a forecast will be given at the next meeting. I would offer for the consideration of the Economic Forum something in between, which is leaving it a minor revenue, discuss it in the TAC, but when the forecast is brought to the Economic Forum in December, have someone from the Treasurer’s Office available to present more information on the revenue.

If the Economic Forum moves the revenue from a minor to a major revenue source, staff will need to redo the tables. It can be done, but there is a tight turnaround between the November and December meetings of the Economic Forum.

There was no further discussion of this agenda item.

CHAIR ROSENTHAL:
Do any of the Economic Forum members have an interest in making a minor revenue a major revenue?

There was no interest by any of the members of the Economic Forum.

VIII. INSTRUCTIONS TO THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) CONCERNING THE GENERAL FUND REVENUE FORECASTS.

MR. GUINDON:
Since there was no interest by the members of the Economic Forum in moving a minor revenue to a major revenue source, this agenda item has been addressed.

Fiscal and Budget staff will contact the larger agencies about their forecasts, and we will get to see the actuals for some of the larger revenues, such as the short-term car rental tax, for the first quarter.

There was no further discussion of this agenda item.

IX. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.

MR. GUINDON:
A meeting of the Economic Forum will be scheduled for December 5, 2022.

There was no further discussion of this agenda item.

X. PUBLIC COMMENT

There was no public comment.

XI. ADJOURNMENT.

Chair Rosenthal adjourned the meeting at 2:40 p.m.

Respectfully submitted,

____

Becky Lowe, Secretary for the Minutes

APPROVED:

____

Linda Rosenthal, Chair

____

Date

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775) 684-6821.

MINUTES OF THE MEETING OF THE
ECONOMIC FORUM
(NRS 353.225 – NRS 353.229)
December 5, 2022

The meeting of the Economic Forum (created by Senate Bill 23, 1993 Legislative Session) was called to order by Chair Linda Rosenthal at 10:14 a.m. on December 5, 2022, online, and in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

ECONOMIC FORUM MEMBERS PRESENT:
Linda Rosenthal, Chair
Jennifer Lewis, Vice Chair
Michael Crome
Marvin Leavitt
Vincent Zahn

STAFF:
Russell Guindon, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Christian Thauer, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Tom Weber, Committee Secretary, Fiscal Analysis Division, LCB
Jason Gortari, Executive Branch Economist, Governor's Office of Finance

EXHIBITS:
Exhibit A: Meeting Packet and Agenda
Exhibit B: Agenda Item VI - GF Major Revenue Source Forecasts by Forecaster Charts - December 2022 Forecast
Exhibit C: Agenda Item VI - Fiscal Analysis Division Forecast Information Packet
Exhibit D: Agenda Item VI - Executive Budget Office Forecast
Exhibit E: Agenda Item VI - Department of Taxation, Major Revenue Forecasts
Exhibit F: Agenda Item VI - Gaming Control Board, Gaming Revenue Forecasts
Exhibit G: Agenda Item VII - Final Report to the Governor and Legislature on Future State Revenues

I. ROLL CALL.

TOM WEBER (Secretary, Fiscal Analysis Division, Legislative Counsel Bureau [LCB]) called roll; all members were present.

III. PUBLIC COMMENT

LEA CASE (Belz & Case Government Affairs):
Today marks the one-year anniversary of the passing of former Nevada Taxpayers Association President Carole Vilardo. I am saddened there are lobbyists from my cohort who did not have the opportunity to meet Carole, as she had a wealth of knowledge regarding Nevada tax laws, particularly laws pertaining to the Commerce Tax. I learned from Carole that the closer the nexus is between the tax and the user the better, and that there is no such thing as a perfect tax.

IV. PRESENTATION ON THE NATIONAL, REGIONAL, AND STATE ECONOMIC OUTLOOK.

EMILY MANDEL (Economist, Moody's Analytics):
Moody's Analytics (Moody's) is an independent entity from Moody's Investors Service, so nothing I say today should be construed as having any bearing on any ratings actions, past, present, or future. As I did during the November 14, 2022, meeting of the Economic Forum, I will speak about the national economic outlook and how it has evolved, with not much changing since November. I will also talk about Nevada, Moody's outlook for the state, and provide updated forecast tables for the Sales and Use Tax and the Gaming Percentage Fee Tax.

The chart on slide 8 of the meeting packet (Exhibit A) has not changed much since it was presented to the Committee in November, and this consistency will be a theme throughout my presentation today. Slide 8 shows the forecast for real gross domestic product (GDP) growth and has been updated to reflect Moody's November forecast vintage; when I presented this forecast in November, I was working off Moody's October vintage. The forecasts are very similar because Moody's outlook has not materially changed between these two months and Moody's assumptions have remained the same. The baseline forecast (blue line) on slide 8 is still recession free. However, the outlook for Moody's GDP forecast is tenuous and there is quite a bit of risk. The baseline for the Fiscal Year (FY) 2022 and FY 2023 forecasts show that Moody's is expecting a significant slowdown. Moody's is referring to the expected slowdown as a growth recession, meaning that while the economy does not contract year over year, the slowdown will not fit the criteria to be classified as a formal recession under the National Bureau of Economic Research.

The country has experienced strong growth over the last few years as it comes out of the recession resulting from the COVID-19 pandemic, but Moody's expects this growth to slow. This slowing in growth will happen quickly over the span of a year and will feel a bit like a recession, and the country will experience a slowdown in different areas of the economy. It is possible there will be increased layoffs and that the unemployment rate will go up slightly, with these being baked into Moody's forecast. When GDP growth is essentially flat for a year, it means that some parts of the economy are still growing while other large portions can be contracting. The slowdown will be significant even if it is not going to be a full recession in Moody's baseline forecast. To put the size of the slowdown that Moody's is anticipating into context, prior histories and recessions have been built into the chart on slide 8 of (Exhibit A), which are denoted by gray recession bars. Moody's GDP baseline outlook is similar to recessions that occurred in 2000 and 2001. Even without some of the financial market impacts the country has experienced, I do not know if the baseline shown on slide 8 for FY 2022 and FY 2023 could be classified as a recession because it just went down to around zero; it could be classified more as a "growth recession."

As shown on slide 9 of (Exhibit A), inflation is going to be key to the economic outlook over the next year. Inflation data is beginning to come in, and Moody's is seeing the consumer price index (CPI) report from November 2022 being in line with what the country needs to remain on the path shown on slide 9. There needs to be more inflation so that the country does not experience even higher interest rates than it will soon be seeing, resulting in an even more deliberate slowdown of the economy. Part of the CPI reduction in inflation is already on autopilot, but not all of it. There are going to be a few different phases regarding how Moody's thinks the slowdown in inflation is going to play out. The first phase ties back to commodity prices, with the prices of commodities being part of the reason that inflation is so high and persistent today. The country is experiencing a rapid increase in oil prices and the prices of other commodities as a result of Russia's invasion of Ukraine. If oil stays at its current level and price over the next year, it will have a major impact in bringing down inflation just through the base effects.

Inflation in the past month was at 7.7%. If the country gets stability in some of its commodity prices, inflation will potentially decrease closer to the 4.0% range; this would happen without any significant decline or any new shock that would raise the prices of commodities higher. The CPI of energy is represented by the yellow bar on the chart on slide 9, which is already starting to come in a little in terms of the year-ago change.

The second phase of slowing down inflation which is already moving ahead relates to the cost of housing. There has been a massive runoff in housing both in Nevada and nationally over the past two years, but this has started to turn. Prices are already starting to rollover in single family and multifamily housing. Demand destruction is occurring as people cannot afford prices at current levels, especially with mortgage rates being elevated. Some inflation is being created intentionally by the Federal Reserve to bring in some of this activity, which is succeeding. It needs to be determined how severe an impact the rapid reduction in housing activity is going to have on the economy, but it is going to have positive impacts in terms of bringing down prices, which is already being experienced. There are some lags in terms of how this is measured by the U.S. Bureau of Labor Statistics, but it is on tract and is already starting to happen.

The third phase of slowing down inflation involves the moderation of wage growth and is going to be the most difficult and least guaranteed phase, as it involves getting CPI growth from 4.0% down further to match the federal target of approximately 2.0% to 2.5%. Service price inflation is a major part of this third phase and is tied back to the labor shortages that the U.S. has been feeling in its economy and the pressure the labor shortage has been putting on wages. The labor market needs to cool down, and the higher interest rates need to work in bringing down the pace of job growth to cool some of the wage pressure to bring the country down to target.

The chart on slide 10 of (Exhibit A) describes the country's robust labor market, which is a major reservoir of strength in the economy and is the reason that the economy is still expanding and that the country is not falling into a recession. The chart on slide 10 displays the difference in jobs nationally from month to month over the past year. There are no surprises, as the country has continued to quickly add new jobs. This would normally be an unambiguous positive, but the everchanging state of affairs can result in too much of a good thing actually being a bad thing, especially when looking out over the next year or so at getting wage pressures under control. According to the U.S. Department of Labor's jobs report released on December 2, 2022, the job growth for November is close to the three-month average, with the country adding approximately 263,000 jobs and seeing previsions to the prior month. This will be slightly concerning for the Federal Reserve as it works to bring down some of these pressures. The easing of job growth is impacting certain areas of the economy more than others, with this past month's jobs report being a little concerning in that regard; the jobs report is positive in the sense that there is not another recession but is negative in the sense that there will still be pressure on wages.

Slide 11 of (Exhibit A) describes the labor market, which is another reservoir of strength for the economy in that people have jobs; this is also an important support for consumer spending. The labor market dictates how much cash consumers have. The chart on slide 11 shows the different amounts of cash that are held by different income groups at different times. Going from the top to the bottom of the chart shows the different income quintiles regarding household income. The top tier is \$150,000-\$500,000 versus the lowest tier of under-\$28,000 in household income. Household income for different points in time are shown on the chart, with the blue bars representing the fourth quarter of 2019 (prior to the COVID-19 pandemic), with federal stimulus payments starting to come in for the third quarter of 2020 and the second quarter of 2022.

Checkable deposits and currency by income group are up significantly for all except the lowest income tier. This is positive in the sense that it means that people have a lot of resilience and can spend through higher prices. However, there are also implications, since the Federal Reserve is trying to lean hard against the demand that exists in the economy because people have additional resources. The under-\$28,000 income bracket shown on the chart is the main area that is shrinking. However, when considering the way these income tiers are stacked up as a share of spending in the economy, the implications of this are low. The implications of this from a government perspective would be more on the expenditure side in terms of utilization of social services rather than the revenue side, because there is less spending that is taking place in this income group. Despite the positives, there are some warning signs in the economy right now and those are coming from some, but not all areas of the economy.

The chart on slide 12 of (Exhibit A) displays the number of indicators that Moody's tracks to get an advanced warning of recession risks. The indicators are ordered by timing, with the middle bar representing time to recession in months. The indicators are ranked by their relationship to the business cycle. The top indicators on the chart tend to start deteriorating further in advance of previous recessions, and the bottom indicators are lagging indicators that may not show problems until the recession occurs.

The indicators that are higher up on the chart on slide 12 are categorized in red and orange versus the lower indicators are categorized in green. The high-risk indicators shown in red tend to be financial in nature and are tied to investor behavior and are more sensitive to the current interest rate increases and risks being seen in financial markets. The yield curve inversion relates to the stress the country is seeing in housing and is a definite warning sign. Contrary to this stress is consumer sentiment, which has been very stable in recent months. A lot of the strengths being seen in the economy tie back to the consumer, which is an area that has held up well. There is also strength in the labor market. Financial conditions might not be as indicative of recession risks as they were in the past, which is important to note when balancing the potential versus the economy and coming up with revenue forecasts. The main reason certain indicators may not be as problematic as they would have been in the past is that consumer and business balance sheets generally look good. There was not as much advanced debt issuance during the past couple of years as is normally seen before a recession, and because the country does not have as much overleverage as it had in 2008 and in previous recessions, it is possible that these tightening lending standards might not impact the economy as hard as they have in the past.

The chart on slide 13 of (Exhibit A) describes Nevada's labor market and shows that the trends occurring at the national level also hold true for Nevada. Nevada's labor market is showing a lot of strength. The red line on the chart on slide 13 represents unemployed workers, people that are currently looking for a job but have not gotten one. Unemployment in Nevada peaked to above 400,000 workers at the height of COVID-19 pandemic, but it has decreased quickly since then. The blue line represents job openings, which are businesses that are trying to hire new employees and add to their bare walls; this is different from a budgeting maneuver in the private sector where companies hold positions vacant.

When comparing the red and blue lines, there is still about one and a half job openings for every person looking; some of this can be attributed to mismatches between who is looking and what jobs are available. There is more pressure in some industries then others, but this is a point to the strength of the labor market. The green line on the chart represents layoffs, which are extremely low by any standard. This points to the fact that business have been having so much trouble hiring that they are holding onto the workers they have. This is one of the areas that will help Nevada coast over some of the stresses in the economy. Labor pressures will not just impact businesses today, as businesses will be watching these pressures for the next couple of years and over the long term as certain demographic pressures reduce available labor in Nevada and nationally. The yellow line represents people who are quitting their jobs, whether they are looking for something else or retiring. The number of quits is a bit elevated and is something that Moody's would like to see come down as some of the strength in the labor market gets more normalized. All the indicators on the chart on slide 13 show a strong labor force in Nevada.

One of the implications of a strong labor force is that it leads to a stronger growth in incomes, which will have an important impact on tax revenue. The blue line shown on the chart on slide 14 (Exhibit A) represents Nevada personal income that has been impacted by transfer payments and federal stimulus payments; the jumping around of the line coincides with when payments were transferred. The annualized percent change is normalized and is expected to stay fairly strong through the forecast. The blue line on the chart is juxtaposed against consumer prices showing inversion, with the green line moving above the blue line showing that prices are rising faster than wages. This has not happened before, as the last period of high inflation back in the 1970's was due to wages keeping up with inflation; this was a problem back then because it led to a more entrenched cycle. Income growth being slower than price growth is a negative for consumers because it means that consumers are spending more than they are bringing in regarding how things are growing. However, this is also what Nevada needs for the final step of the inflation path to be realized.

There are broad and real implications for rising costs even as income growth remains strong. As shown on the chart on slide 15 of (Exhibit A), rising costs have impacted the housing market in Nevada, with Nevada being impacted more than most states. The chart on slide 15 details Nevada's net domestic migration, which involves people moving into and out of the state. The people moving into Nevada are reflected in green and the people moving out of Nevada are reflected in orange. The difference between inflow and outflow on the chart is represented by the blue bars. Nevada's net migration has fallen significantly over the past year, which can be attributed to the rising cost of housing in the state, which is also having an impact on population growth. This is high frequency data and is not going to align perfectly with the net migration data that can be derived from the census in a year's time. However, this information shows that the higher influx of people into the state is starting to impact housing costs. The situation is positive and is something that a lot of other states would love to experience, but it is also something that is important to keep in mind. The decrease in Nevada's net migration should be temporary, as the housing market is already in a recession and prices are starting to come down. The prices of single-family homes in Nevada are already down by approximately 4.0% since June 2022, which will make homes more affordable for people. Nevada is going to maintain its appeal due to its tax system, with people benefiting from the state's amenities. The situation of Nevada's net domestic migration will turn around, but it is another reason there will be more cyclicality over the upcoming year.

The net result of all these fluctuations in the economy and the activities of the Federal Reserve are resulting in higher interest rates and slowing but still elevated prices. The country is entering a new phase of slower growth as shown on slide 16 of (Exhibit A). Until present, Nevada's economy has been performing very well. Despite suffering a significant blow from the COVID-19 pandemic, Nevada has currently moved ahead of the

Western United States and its other U.S. counterparts. The blue line on slide 16 is shown to pass the green and orange lines. However, over the next couple of years, the net job creation across the country will remain relatively flat. This aligns with the national perspective in terms of weaker job creation and increases in layoffs in some sectors of the economy. The net result is payrolls will remain essentially flat over the next couple of years with a small increase in unemployment. Toward the end of this forecast, an uptick can be seen as interest rates start to come back down as inflation comes under control; this will result in stronger economic growth. We should all be considering how the country is going to navigate through the next couple of years and how much of a toll this is going to take on Nevada's economy.

Moody's revenue outlook begins on slide 18 of (Exhibit A), which describes a new forecast for sales tax collections. Moody's expects continued strength through the next couple of quarters through calendar year 2023, but then it expects that growth to cool to more typical rates. The main drivers of sales tax collections are spending on goods and wage and salary incomes. It is positive that inflation is raising the nominal prices of goods, and there is the strength of the labor market, so people have jobs and can spend from their incomes. Negatives of the sales tax outlook involve cooling demand and a higher cost of credit as people take out loans to pay their credit card balances. There is also spent up demand, as people spent a lot on durable goods and other goods during the pandemic and the year after because of these significant balances. As some of these balances are paid off and there is some normalization, there is going to be a bit of a negative. Net result is moderate growth through this forecast.

The table on slide 19 of (Exhibit A) reflects that level terms are slightly lower when compared to Moody's November report, which is partially due to a weaker than expected FY 2023 first quarter and small tweaks in the forecast. However, given all the risks that are facing the economy right now, this downgrade seems warranted. Moody's Gaming Percentage Fee outlook is described on the chart on slide 20 of (Exhibit A), and is more sensitive to the business cycle, being a slower and weaker outlook when compared to the Sales and Use Tax outlook. The main driver behind the Gaming Percentage Fee outlook is national recreational services spending. Moody's Gaming Percentage Fee forecast has not changed appreciatively from its October or November forecasts. There is pent-up demand from postponed vacations, and some declines are expected. The strong U.S. dollar is a negative for international travel, but consumers still have a significant number of resources, which is preventing a more severe destruction. There are also some high-profile events coming to the state which could provide some extra power to collections.

CHAIR ROSENTHAL:
When Moody's presented to the Committee in November, it provided a high-level overview of the Gaming Percentage Fee it scribed to inflation in different years. I believe this was 8.0% in 2022, 4.0% in 2023, and mid-low 2.0% in 2024. Have these percentages changed with Moody's revised forecast?

MS. MANDEL:
No, those percentages are almost identical to what Moody's was expecting in its November forecast. The main changes from Moody's previous forecasts are that it is now slightly increasing its forecast for interest rates by a quarter percentage point in the Federal Reserve's terminal rate. Moody's previously estimated the interest rate at 4.75% but is now expecting it to increase to 5.0%. This is a reflection of some of the communication that Moody's has been seeing from the Federal Reserve about its strong motivation to start bringing interest rates in. This has not had a significant impact on Moody's current forecast and is more marginal and is part of the reason that Moody's CPI numbers are similar to what they were previously.

CHAIR ROSENTHAL:
Interest rates can change daily due to surprise reports and sentiment.

There was no further discussion on this item.

V. PRESENTATION OF HISTORICAL TAXABLE SALES AND GAMING MARKET STATISTICS.

RUSSEL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
All the historical taxable sales and gaming market statistics charts have been updated and placed on the Nevada Legislature's website for the Economic Forum. There is an additional month of taxable sales data for September 2022 and an additional month of gaming win data for October 2022. November 2022 collections data for the gaming metrics are also available on the website.

There was no further discussion on this item.

VI. REVIEW AND APPROVAL OF FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2023, FY 2024, AND FY 2025.

CHAIR ROSENTHAL:
I ask that each forecaster focus their remarks on the differences between the forecasts from the November 14, 2022, Economic Forum meeting and today's meeting.

RUSSEL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Table 1 is described on pages 37 through 46 of the meeting packet (Exhibit A) and does not contain certain data regarding the Modified Business Tax (MBT) and the Insurance Premium Tax. Normally, by the December Economic Forum meeting of even-numbered years, the Department of Taxation would be able to report first quarter data for the MBT and Insurance Premium Tax. Even though there were MBT and Insurance Premium Tax collections for the first quarter of FY 2023, due to technical issues encountered when processing tax returns, the Department of Taxation was not able to report this data for use by forecasters. To make Table 1 as even as possible, Fiscal staff had to remove FY 2022 first quarter data for the MBT and Insurance Premium Tax, otherwise Table 1 would show that General Fund revenues were significantly down year-to-date which would be statistically incorrect.

Table 8 is described on pages 59 through 65 of (Exhibit A) and will aid the Committee in approving its revenue forecast report that will be sent to the Governor and Legislature. The rest of the tables in (Exhibit A) have been updated with FY 2022 November data.

A. GAMING PERCENTAGE FEE TAX

MICHAEL LAWTON (Senior Economic Analyst, Gaming Control Board):
As can be seen in the tables contained in the Gaming Control Board (GCB), Gaming Revenue Forecasts (Exhibit F), the GCB's percentage fees forecast was revised slightly upwards after the November 14, 2022, Economic Forum meeting. This minor revision was the result of stronger than anticipated slot revenue performance on the Las Vegas Strip (Strip) and several other markets in the state. Once the data was incorporated into the GCB's models, the percentage fees forecast produced slight increases to total gaming win and taxable gaming win throughout the forecast period. In turn, this also increased the associated forecasted totals for the estimated fee adjustment and percentage fees on taxable gaming revenue.

The total gaming win for October 2022 was approximately $1.28 billion, which increased 4.8% or $59.0 million over the total gaming win for October 2021. The GCB forecasted the October 2022 total gaming win would be an all-time record for October, but table games win came in softer than anticipated. Compared to the pre-pandemic month of October 2019, gaming win totals for December 2022 were off-the-charts, being up 25.3% or $258.9 million. This represented the 20th consecutive month that statewide gaming win was in excess of $1.0 billion. Surprisingly, the driving factors behind this month's gaming win increase were the state's combined markets outside of the Strip, which increased 10.6% or $55.3 million; almost the entire gaming win increase for the state came from markets outside of the Strip. This represented the largest increase for markets outside of the Strip recorded since February 2022. The combined markets have now recorded three consecutive monthly increases, which is following four consecutive year-over-year decreases for the period April through July.

The Strip continued to set record amounts of gaming win, winning approximately $705.8 million in November 2022. However, this was only a slight increase over October 2022 numbers, being up 0.5% or $3.7 million. Although the Strip's total gaming win was basically flat, slot win was record breaking. The Strip had its highest monthly total in slot win ever recorded, being $410.4 million. This was due to a coin-in total of $5.1 billion, which was also an all-time record. The Strip continued to benefit from a very strong sports entertainment calendar, with several concerts, residencies, and multiple high-profile sporting events occurring. Percentage fees came in at $76.4 million, being up 6.4% or $4.6 million.

Slide 2 of (Exhibit F) shows the GCB's statewide total gaming win forecast for the 2023-25 biennium. For FY 2023, the GCB is forecasting $14.8 billion, which is an increase of 1.7% or $242.6 million over FY 2022; this is a $61.6 million or 0.4% increase over the GCB's November forecast. For FY 2024, the GCB is forecasting $14.3 billion in total gaming win, which is a decrease of 3.5% or $512.8 million. For FY 2025, the GCB is forecasting total gaming win to decrease by 1.5% or $208.9 million, with $14.1 billion in total gross gaming revenue. For FY 2023, the state is up 4.0% or $243.4 million. When compared to the last seven months, this is an increase of 33.5%; the Strip comparison is an increase of 57.3%. The average growth required to meet the GCB's forecasted total win amount is an actual decrease of 0.01%. As a result, the GCB is not currently asking the Committee to approve an extraordinary forecast. In three of the next seven months, the state will be facing a comparison to the second, third and fourth highest gaming win totals of all time. This makes comparing forecasts historically difficult, and it will be hard for gaming win revenue to come in flat even with the high-profile events occurring in the state.

The GCB's forecast is built on the assumption that statewide gross gaming revenue will peak during FY 2023. The catalyst for this growth is the Strip, which is hosting various distinctive special events and conventions during the next 16 months. The GCB's models have taken these special events into consideration and expects moderation in current levels of gaming win due to an anticipated pullback in consumer spending as a consequence of record-high inflation, rising interest rates, and volatility in the stock market. With the Federal Reserve attempting to lower inflation through ongoing hikes in interest rates, the gaming industry continues to look for a slowdown in consumer spending. Although these trends have not yet surfaced on the Strip, it is reasonable to assume an impact over time on leisure spending. As these two conflicting variables converge, a realistic outcome estimates that gross gaming revenue could decrease somewhere between 5.0% to 10.0% in FY 2024 and FY 2025. Under this scenario, gross gaming win would still be between 13.0% to 19.0% higher than it was during pre-pandemic FY 2019.

Slide 3 of (Exhibit F) details the GCB's statewide slot win forecast for the 2023-25 biennium. With October 2022 results, the GCB's FY 2023 slot win forecast totaled $9.9 billion, which is an increase of 1.2% or $117.9 million when compared to FY 2022. This is also an increase of $69.3 million or 0.7% since the November Economic Forum meeting. The cause of this revision was due to slot win totals for October 2022 coming in stronger than anticipated, with slot win totaling $877.3 million, an increase of 11.0% or $86.7 million on a coin-in total of $12.2 billion, which was up $470.7 million or 4.0%. The Strip set an all-time slot win amount off an all-time high in coin-in. The Strip's slot win was up $42.2 million or 11.5%. Additionally, the markets outside of the Strip recorded a $44.4 million or 10.5% increase. The statewide slot win total was very strong.

In FY 2024, the GCB is forecasting $9.6 billion in slot win, a decrease of 3.8% or $374.1 million when compared to FY 2023. In FY 2025, the GCB is forecasting slot win to come in at $9.5 billion, which is a decrease of 1.3% or $126.0 million. For FY 2023, slot win is currently up by 3.3% or $135.0 million. When compared to the last seven months of FY 2023, this is an increase of 28.5%; the Strip comparison is an increase of 53.1%. Fiscal year-to-date slot volume is healthy, being up 3.1% off record levels. The average growth needed to meet the GCB's forecasted slot win amount is a decrease of 0.3%.

As discussed at the November meeting, the business activity the state is experiencing in slots remains stable. However, as comparisons have become more difficult, the growth rates of several markets have not only moderated but have begun to show decreases. As a result, the GCB anticipates that slot revenue totals will begin to level off and decline in FY 2024 and FY 2025 as consumers continue to face mounting headwinds.

Slide 4 of (Exhibit F) details the GCB's statewide game and table win forecast for the 2023-25 biennium. With October 2022 data, the FY 2023 games win forecast totaled $4.8 billion, which is up 2.7% or $124.7 million compared to FY 2022. This is a decrease of $7.6 million or 0.1% compared to the GCB's November 2022 forecast. The cause of this revision was due to game and table wins totals for October 2022 coming in softer than anticipated, primarily due to the games win on the Strip decreasing by 11.5% or $38.6 million; drop was down 14.7% or $368.3 million. One of the reasons that the Strip's game win decreased over the past month was due to baccarat, with baccarat win decreasing by 30.0% or $27.9 million in October 2022; volumes were down 17.8% or $109.0 million, showing that the volatility of baccarat win can damage forecasts.

In FY 2024, the GCB is forecasting game and table win to be at $4.7 billion, which is a decrease of 2.9% or $138.8 million when compared to FY 2023. In FY 2025, the GCB is forecasting game and table win to total $4.6 billion, a decrease of 1.8% or $83.0 million. For FY 2023, game and table win is up by 5.5% or $108.4 million. The comparison over the last seven months of FY 2023 shows an increase of 45.5%, with the Strip's comp increasing by 62.9%. Current games volume is healthy and up by 1.2%, and the average growth needed to meet the GCB's forecasted game and table win amount is an increase of 0.6%.

As discussed at the November meeting, the game and table win figure in FY 2022 was 6.0% above the previous peak in FY 2014 of $4.4 billion. Although the game and table win amounts are not as robust as slot win totals, game win amounts are impressive despite baccarat (a key component of table game win) not being at record levels due to its reliance on international players from Eastern countries. However, fiscal year-to-date, baccarat is currently up 11.5% or $54.1 million; volumes are up 3.4% or $108.5 million. This fiscal year, baccarat has benefited from an increased hold percentage, which fiscal year-to-date is sitting at 15.8% versus 14.6% at this time last year. The non-baccarat side of table game win is also healthy, up 3.6% or $54.3 million. Non-baccarat drop is up by 0.5% or 58.4 million, also benefiting from an increased hold percentage fiscal year-to-date of 14.2% versus 13.8% this time last year.

Similar to slot win, the business activity that the state is experiencing in game and table win remains solid. However, comparisons for the Strip are becoming more difficult due to a potential softness in consumer spending along with an uncertain outlook for international baccarat play. The GCB expects that game and table win revenue totals will begin to level off and decline in FY 2024 and FY 2025.

Slide 5 of (Exhibit F) details the GCB's percentage fees forecast for the 2023-25 biennium. For its FY 2023 percentage fees forecast, the GCB is projecting a decrease of 2.8% or $27.4 million with $936.832 million in total collections. This is up 8.3% from the GCB's initial projection of $928.5 million in total collections in November 2022. The primary cause for this revision is an increase to the estimated fee adjustment. Fiscal year-to-date, percentage fee collections total $410.9 million, being flat, down just $122,000 at this point.

Regarding the two components of percentage fees, percentage fees on taxable gaming revenue currently total $398.3 million, being up 3.0% or $11.7 million. The estimated fee adjustment collections are currently sitting at $3.6 million and are down $11.8 million or 76.4%. The average growth needed to meet the GCB's percentage fees forecast to achieve the $936.8 million projected for FY 2023 is a decrease of 4.8%. The growth over the last seven months of FY 2022 when compared to the last seven months of FY 2021 is an increase of 23.5%.

As discussed in November, the estimated fee adjustment (EFA) collections totaled $33.7 million in FY 2022, making it difficult to compare these figures with the EFA collections FY 2023. The EFA is the difference between the amount of tax due on taxable gross gaming revenue for the current month, less the amount of taxes paid on taxable gross gaming revenue from the previous three months. Due to record levels of gaming revenue growth that the state recorded in FY 2022, EFA collections have been a positive contributor to the state's record level of percentage fee collections. However, as gaming revenue totals begin to moderate and slightly decrease as the GCB has forecasted, EFA totals are expected to decrease as well.

The percentage fees forecast that the GCB is presenting to the Committee today is entirely due to the forecasted decrease in EFA collections. The EFA collections were projected to be $33.7 million in FY 2022, and the GCB has upped these projections to $5.4 million for FY 2023, which is a decrease of $28.3 million; this equates to the entire decrease that the GCB is currently forecasting. In FY 2024, the GCB is forecasting a 5.4% decrease in percentage fees when compared to FY 2023 (equating to $50.9 million), for a $885.911 million total in percentage fees collections for FY 2024. In FY 2025, the GCB is forecasting percentage fees to be flat, coming in at $885.944 million in total collections.

JASON GORTARI (Executive Branch Economist, Governor's Finance Office [GFO], Office of the Governor):
As can be seen on slide 3 of the Executive Budget Office Forecast (Exhibit D), the GFO Budget Division's (Budget Office) gaming percentage fee forecast relies heavily on expected statewide gaming volume and statewide gaming win, stratified by slots (blue bar), baccarat (red bar), and other gaming revenues (green bar). When discussing the broader economy, consumer confidence remains low and interest rates remain relatively high. However, jobs continue to be added and the unemployment rate remains relatively low. As of November of 2022, the U.S. unemployment rate is still at 3.7% and near a 53-year low. As a result, the Budget Office is forecasting that statewide gaming volume dipping slightly in FY 2024 before increasing in FY 2025. The forecast also assumes that international business and convention travel will continue to improve and will approach pre-pandemic levels over the forecast period.

Slide 4 of (Exhibit D) details the Budget Office's total statewide gaming win forecast, with the gaming win being a mathematical function of historical relationships between gaming win; the expectation for the forecast period is that this historical relationship will hold. Slide 5 of (Exhibit D) details the office's gaming percentage fee forecast, with better-than-expected percentage fee collections in October 2022. The office's total estimated collections in FY 2023 increased slightly due to the adjustments from the year-to-date actual numbers and remain almost identical to the numbers presented at the November 2022 meeting for FY 2024 and FY 2025. Collections are estimated to total $938.753 million in FY 2023, $907.862 million in FY 2024, and $935.883 million in FY 2025. As was also discussed at the November meeting, collections are projected to decrease in FY 2023 and FY 2024 before slightly increasing in FY 2025.

RUSSEL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Table 1C on page 30 of the Fiscal Analysis Division Forecast Information Packet (Exhibit C) details the Fiscal Division's percentage fee tax collections forecast for the 2023-25 biennium. The table describes the differences between the Fiscal Division's December 5, 2022, and November 14, 2022, forecasts. The December forecast is highlighted in yellow; the November forecast is highlighted in green; and the difference between the two forecasts is highlighted in orange. During the November 2022 meeting of the Economic Forum, I voiced my concerns regarding the effective tax rate, which has been adjusted in Table 1C.

The Fiscal Division's economic overview charts contain its outlook regarding key economic variables and are located on pages 2 through 25 of (Exhibit C). The assumptions used in developing the forecast for today's meeting have not changed since the November meeting. An additional month of employment data was received, but this did not include quarterly data for wages or personal income, and no additional information was received to force the Fiscal Division to change its forecasts for employment wages or personal income. The outlook of Moody's Analytics for these same components regarding Nevada employment data also did not change much since November, and the economic outlook that the Fiscal Division is driving through its revenue forecast is similar to that of Moody's.

The Fiscal Division's December 5, 2022, percentage fee tax collection forecast contains November's tax data, and includes an additional month of tourism data from October; the tourism data came in stronger than anticipated. When compared to its November 14, 2022, forecast, the Fiscal Division slightly revised its slot win forecast for FY 2023, with the slot win forecast for FY 2024 and FY 2025 not changing significantly. The Fiscal Division was overly optimistic regarding its hold percentages forecast, with these numbers being slightly pulled back for the games win and drop forecasts; this brought the games win forecast down for FY 2023, FY 2024, and FY 2025. For FY 2023, the Fiscal Division's slot win forecast increased when compared to its games win forecast. The Fiscal Division's taxable gaming revenue (TGR) forecast for the 2023-25 biennium was impacted by information provided by the GCB regarding the 6.59% tax rate on the approximately $14.0 billion in TGR for FY 2022. When the Fiscal Division originally forecasted the TGR for today's meeting, it did not consider how the TGR percentage fees component of its forecast worked regarding adjustments made to the TGR due to the COVID-19 pandemic and how TGR numbers were reported during that time.

The Fiscal Division's October 2022 ratio of TGR to win was previously too optimistic for its FY 2023 forecast and has been lowered by almost 0.5%. Therefore, the Fiscal Division's TGR forecast decreased for FY 2024 and FY 2025 when compared to FY 2023, with the average of the last seven months of FY 2023 being below the average of the last seven months of FY 2022. The Fiscal Division's average effective tax rate was also decreased since the November 2022 forecast, as the 6.62% (FY 2023), 6.63% (FY 2024), and 6.64% (FY 2025) average tax rate from the November forecast were also unrealistic based on analysis and data provided by the GCB; the average tax rate will need to increase along with an increase in the TGR. As a result, the Fiscal Division lowered its percentage fee forecast since the November meeting by $11,050,000 in FY 2023, with its overall percentage fee forecast being down by 0.01%. The percentage fees from the TGR are offset by the percentage fee change in the EFA (similar to the GCB's forecast), with the Fiscal Division projecting a slightly different EFA growth in terms of net effect. For FY 2024, the net effect of changing the TGR to win ratio, the average effective tax rate, and the total win lowers the Fiscal Division's percentage fee forecast down by $7,215,000 in FY 2024 and $7,456,000 in FY 2025.

CHAIR ROSENTHAL:
Table 1C on page 30 of (Exhibit C) is helpful to reference as it stratifies the Fiscal Division's percentage fee tax collections forecast by percentage fee TGR, percentage fee EFA, and percentage fee total. Table 8 on pages 59 through 65 of (Exhibit A) only contains the forecast for total percentage fee collections, which do not tell the full story behind growth assumptions. This is especially evident in the current environment, which has had record levels of gaming win for the past 20 months. What are the percentage fee collections forecasts by percentage fee TGR for the GCB and the Budget Office, and are these in line with the Fiscal Division's forecast regarding percentage fee EFA and the percent change from a year ago? This information will provide the Committee with the underlying percentage fee TGR growth rate that each agency is assuming year-by-year.

MR. LAWTON:
The GCB is forecasting that $931.4 million in percentage fees will be collected on TGR in FY 2023, which is an increase of 0.1% over FY 2022. For FY 2024, the GCB is forecasting that $903.8 million in percentage fees will be collected on TGR, which is a decrease of 2.95% when compared to FY 2023. For FY 2025, the GCB is forecasting that $890.6 million in percentage fees will be collected on TGR, which is a decrease of 1.5% when compared to FY 2024. The GCB's percentage fee collections forecast for percentage fee EFA in FY 2023 is $5.4 million, which is a decrease of approximately 90.0% when compared to the $33.7 million forecasted in FY 2022. For FY 2024, the GCB's percentage fee EFA forecast is negative $17.9 million, which is a result of the GCB's FY 2024 gaming revenue forecast decreasing. For FY 2025, the GCB's percentage fee EFA forecast is negative $4.7 million; this is an improvement when compared to FY 2024, as gaming revenue amounts are projected to flatten out during this time.

CHAIR ROSENTHAL:
There is a lot of disparity between the GCB and Fiscal Division percentage fee forecasts, both in growth rates, the resulting TGR, and percentage fees. There are wide variances occurring for this forecast period, and the differences between the agency's forecasts will help the Committee come up with a logical forecast that makes sense from a growth perspective.

MR. GORTARI:
The Budget Office's forecasted total TGR to win ratio for FY 2023 is 95.9%, which increases to 96.0% in FY 2024 and FY 2025. The office is forecasting that the EFA will decline by $8.3 million in FY 2023, by $7.2 million in FY 2024, and by $11.6 million in FY 2025.

MR. GUINDON:
Percentage fee tax collections are a difficult revenue source to forecast due to the statutory structure of the tax. The Fiscal Division has growth in percentage fee collections occurring in FY 2024 and FY 2025 due to two large special events occurring in the state in FY 2024. As the TGR grows, the EFA should be net positive, similar to how the forecasts of the GCB and Budget Office have the EFA declining along with the declining TGR. The opening of new gaming properties can alter these forecasts, but generally the TGR growth and the delta in terms of the net EFA should move in the same direction. The Fiscal Division is forecasting TGR growth and the EFA to be net positive, but the percentage fee total decreases slightly in FY 2025 (2.8%) when compared to FY 2024 (5.0%) due to less growth.

CHAIR ROSENTHAL:
During the November 14, 2022, meeting of the Economic Forum, the GCB forecasted that the TGR would peak in FY 2023 before slightly declining. The state is experiencing record levels of gaming win and percentage fee collections, and while the percentage fee tax collections being forecasted for the current period are still elevated, it will be hard to see continued growth off historical records. The GCB is forecasting that percentage fees collected on TGR will increase by 0.1% in FY 2023 when compared to FY 2022, which is very different from the forecasts of the Budget Office and Fiscal Division. The Fiscal Division has growth in percentage fee collections occurring in FY 2024 based on special events occurring in the state, but this is growth over FY 2023, which also has special events occurring during that time.

MR. GUINDON:
Two events cannot have that large of an impact on percentage fee collections for a given fiscal year. However, some of the record months that the state is experiencing regarding percentage fee collections can be attributed to the pent-up demand of visitors traveling to Las Vegas. There are also a lot of events occurring in Las Vegas, and elevated percentage fee collections may continue into FY 2024. The collections may slightly decrease in FY 2025 as it is not yet known if there will be a Formula One (F1) racing event occurring, and a Super Bowl will not be held in Nevada during that time. However, this does not mean that other high-profile events will not occur, as another Pacific-12 Football Championship Game or high-profile football game could be held at

Allegiant Stadium. These types of events contributed to the record levels of percentage fee collections in FY 2023 and will probably continue to occur based on the high-class sporting facilities that exist in Las Vegas to hold such events. Even though inflation is going to decrease to 2.0% to 3.0% (down from the 7.0% to 8.0% currently being seen), there will still be some inflation in percentage fee collections and nominal growth in total gaming win in FY 2024 and FY 2025.

CHAIR ROSENTHAL:
Is data available regarding monthly percentage fee TGR growth over the prior year?

MR. GUINDON:
Table 1B on page 29 of (Exhibit C) contains the Fiscal Division's fiscal year-to-date percentage fee collections forecast for the first five months of FY 2019 to FY 2023, and growth rate percentages for FY 2020 to FY 2023. Table 1B also details the Fiscal Division's fiscal year-to-date percentage fee collections forecast for the last seven months of FY 2019 to FY 2022 and what the collections would need to be to meet this forecast for the last seven months of FY 2023.

MR. LEAVITT:
I agree with the percentage fees forecast of the GCB for FY 2023 and the Budget Office's forecast for FY 2024 and FY 2025. This will result in an approved percentage fees forecast that is not as ambitious as the Fiscal Division's forecast and not as negative as the GCB's forecast.

> MR. LEAVITT MOVED TO APPROVE THE AGENCY'S (GAMING CONTROL BOARD) FORECAST FOR PERCENTAGE FEE COLLECTIONS OF $936.832 MILLION FOR FY 2023; AND THE BUDGET OFFICE'S FORECAST OF $907.862 MILLION FOR FY 2024, AND $935.883 MILLION FOR FY 2025.
>
> MS. LEWIS SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

B. LIVE ENTERTAINMENT TAX
- **GAMING**
- **NON-GAMING**

MICHAEL LAWTON (Senior Economic Analyst, Gaming Control Board):
The GCB's Live Entertainment Tax (LET)-Gaming forecast for the 2023-25 biennium is detailed on slide 6 of (Exhibit F), and was slightly increased since the November 14, 2022, meeting of the Economic Forum. The primary reason for the upward revision in the forecast was a stronger than anticipated October 2022 which recorded LET collections of $10.4 million, an 11.1% or $1.0 million increase over October 2021. Additionally, a new show in Las Vegas was announced subsequent to the November meeting, with the show running in FY 2023 and FY 2024; the show was extended even longer, but this was

announced after the GCB built its forecast for today's meeting. This shows that the LET can be difficult to forecast.

Fiscal year-to-date, LET collections total $39.2 million, and are up 22.5% or $7.2 million. For FY 2023, the GCB is projecting the LET to increase by 29.4% or $29.2 million, with $128.6 million in collections. This represents a $2.9 million or 2.3% increase since the November meeting. When compared to the last eight months of FY 2021, the last eight months of FY 2022 saw the LET increase by 843.7%. The average growth required over the last eight months of FY 2023 to achieve this forecast is a strong increase of 32.8%. In FY 2024, the GCB is forecasting the LET to decrease slightly by 2.0% or $2.6 million, with $126 million in collections. In FY 2025, the GCB is forecasting a decrease of 4.9% or $6.2 million, with $119.9 million in collections.

The assumptions used in the GCB's forecast have not changed since November. The GCB's LET forecast models are built on the assumption that in FY 2023, growth will be achieved by increased showroom occupancy as a result of improved business travel, which lifted midweek business levels. Post-pandemic, LET sales have trailed gross gaming revenue growth and have not peaked due to the lag in business travel compared to that of leisure travel. Midweek group convention business is a key component to LET, and its recovery is crucial for production shows and headliners. These performances include multiple shows throughout the week and require large venues to be at maximum capacity to be profitable.

Additional incremental growth in FY 2023 is being forecasted due to new programming on the Strip at multiple properties including the Park MGM, the Wynn Las Vegas, the Venetian Resort, and Caesars Palace. Moving into FY 2024 and FY 2025, the GCB feels that LET comparisons will be difficult due to known programming coming online in FY 2023 versus unknown programming in the out years of FY 2024 and FY 2025. It is anticipated that this could result in a gradual decline in LET collections due to a softening of the average ticket price charged in FY 2023 in addition to potential moderation of consumer spending.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
Slide 7 of (Exhibit D) details the Budget Office's LET-Gaming forecast for the 2023-25 biennium, with visitation rates being a main driver behind the office's Gaming and LET-Nongaming forecasts. The office's forecast assumes increased visitation in the fourth quarter of calendar year 2022 when compared to the same period for calendar year 2021. The office's forecast also assumes increased growth in the number of local residents who spend money on entertainment due the tight labor market and growth in wages currently being seen. Furthermore, the office expects that the overall trend in Las Vegas visitation rates will continue to increase throughout the forecast period, which is expected to continue if people have disposable income.

Fiscal year-to-date through October 2022, the LET revenue source is up 21.0% or approximately $7.0 million over the year-to-date amount collected last year. The office's estimates are largely unchanged from what was presented at the November meeting. With another month's data added to the model, a slight upward adjustment was made to FY 2023. The office's forecast elevates in FY 2023 to $119.9 million and steadily increases to $122.8 million in FY 2024 and $124.8 million in FY 2025.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Fiscal Analysis Division's LET-Gaming and Nongaming forecasts for the 2023-25 biennium are shown in Table 8 on page 61 of the meeting packet (Exhibit A). The Fiscal Division's December 5, 2022, LET-Gaming forecast has not changed significantly from its November 14, 2022, forecast. The division still assumes that Strip-based gaming and live entertainment will continue to be strong throughout the 2023-25 biennium. The slight differences between the division's November and December LET-Gaming forecasts are mainly due to drivers such as inflation and visitor forecasts. As Moody's Analytics indicated earlier, the inflation and visitor forecasts have only undergone slight adjustments based on the most recent actuals. For FY 2023, the Fiscal Division's LET-Gaming forecast is $118.297 million; for FY 2024, $130.293 million; and for FY 2025, $136.159 million.

Even though the recorded LET collections for October 2022 were $10.4 million, the Fiscal Division did not adjust its LET-Gaming forecast because these collections were within the anticipated range. Chart 3 on page 51 of (Exhibit C) shows that the division is not projecting an increase in dollars spent per visitor on an inflation-adjusted base for LET-Gaming (red line). The blue line on the chart shows the division's increased LET-Gaming projections which are largely driven by inflation and the number of visitors to the state.

CHAIR ROSENTHAL:
Similar to percentage fee collections, it makes sense that gross gaming revenue (GGR) would increase along with LET-Gaming collections. Given how extreme results have been in the last 20 months, the underlying assumptions of a peak in LET-Gaming collections in FY 2023 followed by moderation in FY 2024 and FY 2025 seems to closely resemble the GCB's forecast. The GCB's LET-Gaming forecast appears to differ from the Fiscal Division and Budget Office forecasts, which are forecasting less LET-Gaming revenue for FY 2023 but are projecting continued growth in FY 2024 and FY 2025. Is this correct?

MR. LAWTON:
The LET-Gaming collections and GGR go hand in hand, but the LET-Gaming is more robust than gaming percentage fees in FY 2023 as the LET has not yet peaked. It takes a while for shows to ramp up, with midweek business being a large driver in LET-Gaming collections. Midweek business is still lagging but it is also rebounding, and this will help drive the LET-Gaming forecast along with amazing new shows such as Garth Brooks, Adele, and Maroon 5. As a result, the GCB is comfortable with its LET-Gaming forecast for FY 2023, which did not decrease much in FY 2024.

MR. LEAVITT:
The LET-Gaming forecast is difficult to approve. I agree with the GCB's LET-Gaming forecasts for FY 2023 and FY 2024, but do not want to decrease as much as the GCB did in FY 2025. I agree with the Budget Office's LET-Gaming forecast for FY 2025.

MS. LEWIS:
I agree. While I believe there are many things in the works for FY 2025, it is too early in the forecast cycle to imagine what those results will be. I also hope that the convention business continues to recover in FY 2023.

MR. ZAHN:
Can the Fiscal Division discuss the precipitous drop that it is occurring in the FY 2025 LET-Gaming forecasts? Is the drop due to tough comparisons or are there other assumptions?

MR. THAUER:
In line with its percentage fees forecast, the Fiscal Division is projecting a boost to its LET-Gaming forecast in FY 2024 and FY 2025 due to special events occurring in Las Vegas. Therefore, the division is forecasting a decreasing increase in LET-Gaming revenue for FY 2024 and FY 2025.

CHAIR ROSENTHAL:
I agree with the comments that have been made so far. Even though it is difficult to forecast a tax on unknown events, Las Vegas always seems to find a way to bring additional shows and events into town to generate tax revenue. I am concerned regarding declining tax revenue in FY 2025 and want the Committee to know that it can set its own forecast and is not married to the information contained in Table 8 of (Exhibit A).

> MR. LEAVITT MOVED TO APPROVE THE AGENCY'S (GAMING CONTROL BOARD) FORECAST FOR LET-GAMING OF $128.602 MILLION FOR FY 2023, AND $126.048 MILLION FOR FY 2024; AND A FORECAST OF $126.048 MILLION FOR FY 2025.
>
> MR. CROME SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

CHAIR ROSENTHAL:
The Committee will now hear the LET-Nongaming forecasts.

ERICA SCOTT (Economist, Department of Taxation):
Slides 2 through 4 of (Exhibit E) detail the Department of Taxation's (Department) LET-Nongaming forecast for the 2023-25 biennium. Since the November 2022 meeting of the Economic Forum, the Department has revised its LET-Nongaming forecast to depend less on historical data and more on events scheduled to occur in the upcoming fiscal year. In the first quarter of FY 2023, the Department has seen notable growth of $19.0 million in

the LET-Nongaming tax, which is higher than expected. Since November, the Department has increased its LET-Nongaming forecast by 15.0% in FY 2023, 30.0% in FY 2024, and 15.0% in FY 2025 to acknowledge the growth being seen in the tax. The Department is forecasting solid growth in FY 2023 with a large uptick in FY 2024 (due to the Super Bowl and an F1 racing event) before leveling out in FY 2025.

Slide 4 of (Exhibit E) describes LET-Nongaming revenue year-over-year growth based on known historical figures. There is 24.0% growth in revenue collected in FY 2023 over FY 2022, and 16.36% growth in revenue collected in FY 2024 over FY 2023. Even though growth is projected to level off in FY 2025 with a dip of negative 9.04%, the LET-Nongaming growth forecasted for the 2023-25 biennium is still at record-high levels. Prior to FY 2022, strong LET-Nongaming figures were also being seen, and the Department expects to see continued growth in this tax.

CHAIR ROSENTHAL:
In its November forecast, the Fiscal Division based part of its LET-Nongaming forecast on the fact that there might be a Super Bowl hosted in Las Vegas in FY 2024 if the Las Vegas Raiders make it that far. The Department, GCB, and Budget Office did not consider a possible Super Bowl occurring in Las Vegas in their respective LET-Nongaming forecasts in November, but the Department has now revised its forecast to include an assumption of Super Bowl revenue for this tax source. Is that correct?

MS. SCOTT:
The Department partly increased its FY 2024 LET-Nongaming forecast due to a potential Super Bowl, but the increase in its forecast is also due to several well-known events that will also be occurring in the state during that time. Not all the increase in the Department's forecast is due to the Super Bowl.

CHAIR ROSENTHAL:
The Department's LET-Nongaming forecast is not event-specific and is more of a broader generalization of what may be occurring in the state during the 2023-25 biennium. Is that correct?

MS. SCOTT:
That is correct.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
Slide 9 of (Exhibit D) details the GFO Budget Division's (Budget Office) LET-Nongaming forecast for the 2023-25 biennium. Nongaming venues can also attract high-revenue events. With the additions of T-Mobile Arena, Allegiant Stadium and other large nongaming event centers, Las Vegas continues to reinvent and claim its stake as being the tourism capital of the world. Not only is Las Vegas an international brand, but it also has the infrastructure to host over 300,000 tourists in a weekend, which are two key attributes that will help Las Vegas secure future events over other metropolis set up for tourism. For example, in FY 2023, a Taylor Swift concert at Allegiant Stadium, an Adele concert, and Sweet 16 and Elite 8 National Collegiate Athletic Association (NCAA) men's basketball

games are scheduled to occur in Las Vegas in the same month. Additionally, during FY 2024, Las Vegas is expected to host a Super Bowl and an F1 racing event. It was also recently announced that Las Vegas will be hosting the NCAA Final Four tournament in 2028. Looking at this long-term outlook, many event planners are bullish on Las Vegas.

The Budget Office's LET-Nongaming forecast assumes that visitation will continue to increase over the forecast period and that Las Vegas will continue to land large-scale events, especially with the city's expansion into several pro sports leagues and its ability to host collegiate championships. Fiscal year-to-date through October 2022, the LET-Nongaming revenue source is up nearly 200.0% and $12.0 million over the year-to-date amount collected last year. October's collections came in more than double of what was being forecasted for that period at $9.8 million. As a result, the office's forecast for FY 2023 is approximately $5.0 million more than its previous estimate to account for October's collections. The office carried this signal forward, also increasing its FY 2024 and FY 2025 forecasts by a similar amount. The office's LET-Nongaming forecast elevates in FY 2023 to $57.8 million, and moderately increases to $59.047 million in FY 2024 and $59.842 million in FY 2025.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Fiscal Division's December 5, 2022, LET-Nongaming forecast differs when compared to its November 14, 2022, forecast by approximately $9.0 million in each fiscal year of the 2023-25 biennium. The division's basic assumptions and outlook in relation to the nongaming tax include inflation and have not changed. Two things have happened instead. First, after the November 2022 meeting, the division revisited its forecast to reassess its analysis and discovered that it had under projected the first quarter revenues for the tax in FY 2023 by approximately $3.0 million. The take-off point of the division's November 2022 forecast was about $3.0 million too low; this has been corrected upwards since.

Second, after the Fiscal Division received September 2022 revenue data regarding the LET-Nongaming tax to use in its December forecast, it was noticed that the September revenues came in significantly higher than in any previous month of the history of the tax. For perspective, in the already strong months of July and August 2022, the LET-Nongaming collections came in at approximately $4.5 million for each of these months; in September 2022, LET-Nongaming revenues reach approximately $9.8 million. The actuals for the first quarter of FY 2023 were approximately $5.5 million higher than the division's upward-corrected forecast. Consistent with its November forecast, the division believes that the Las Vegas entertainment industry, which includes stadiums, concert organizers, and music and art festivals, will be able to repeat the strong performance in earnings and taxes in future fiscal years. As a result, the division upgraded its starting point for its forecast due to the actuals received.

The Fiscal Division's LET-Nongaming forecast for FY 2023 is $50.032 million. The forecast spikes in FY 2024 due to the previously mentioned high-profile events to $79.385 million. Taking out these events, the division's forecast for FY 2025 dropped to $66.016 million.

MR. CROME:
How much of the forecasts presented for FY 2023 and FY 2024 are due to announced/known events versus unknown events?

MR. THAUER:
The Fiscal Division analyzed the state's events calendar and discovered that T-Mobile Arena and Allegiant Stadium have approximately 17 to 18 high-profile events scheduled during FY 2023 when compared to just 11 events in FY 2022. There are also additional festivals planned to take place on top of the Life is Beautiful and Burning Man festivals. The division's forecast is based on taking these events into account one-by-one and assumes that the events will continually be held in fiscal years to come. The significant taxpayers paying the LET-Nongaming tax have learned how to continually generate this tax revenue and will continually try to reproduce results. So far, the division has no indication that this cannot be done.

MS. SCOTT:
For the most part, the Department knows what events will be occurring in the state in FY 2023 and FY 2024, including large one-time events. While there are some events in FY 2025 that have not yet been announced, the Department is assuming stabilization regarding the large concert venues that consistently hold concerts and acts.

CHAIR ROSENTHAL:
The decline in LET-Nongaming revenue being forecasted by the Department in FY 2025 is due to the removal of the Super Bowl and an F1 event, but it is still assuming that the concert events calendar will stay consistent. Is that correct?

MS. SCOTT:
That is correct.

MR. GORTARI:
The Budget Office's forecast is in line with the Fiscal Division and Department of Taxation forecasts. The office's FY 2023 LET-Nongaming forecast is built off its FY 2022 forecast, and as each event is announced the forecast is adjusted upward. There are a lot of unknowns in FY 2025, but the office is assuming that the same high-profile events occurring in FY 2023 and FY 2024 will continue to occur.

MR. CROME:
As new events are announced, are the events added to the forecast or are they plugged into a previously existing unknown events category already built into the forecast?

MR. GORTARI:
Newly announced events are plugged into an existing unknown events category in the office's forecast which amplifies the forecast's growth factor.

MR. LEAVITT:
I agree with the Fiscal Division's LET-Nongaming forecast for FY 2023 and FY 2025 but am concerned by how high the division's FY 2024 forecast is when compared to the Department of Taxation and Budget Office forecasts. I am comfortable approving an LET-Nongaming forecast of $60.0 million for FY 2024.

MR. CROME:
I agree there will be increased demand to attend shows on the Strip and a recurrence of high-profile events, but I agree more with the Budget Office's LET-Nongaming forecast for the 2023-25 biennium. I feel the other forecasts are too aggressive and over reliant on a potential Super Bowl.

CHAIR ROSENTHAL:
Is there a dollar estimate regarding how much a Super Bowl or F1 event can contribute to the LET-Nongaming forecast? If so, the estimates could be backed out of the forecasts to provide a more realistic growth trajectory before being added back in for a specific fiscal year.

MR. THAUER:
The Fiscal Division's estimate for the amount of LET-Nongaming revenue that can be generated from a Super Bowl or F1 event includes visitor rates and potential ticket prices. If an F1 event realistically sells 100,000 tickets at an average price of $1,300 per ticket, this would generate $11.7 million in tax revenue. Similarly, if 65,000 people buy a ticket to the Super Bowl at an average ticket price of $2,500, this would generate $7.3 million in tax revenue. These figures can be over realistic and must be balanced with other events taking place during FY 2024.

CHAIR ROSENTHAL:
What is the tax rate on the approximate $20.0 million in LET-Nongaming revenue that can be generated from these potential events?

MR. THAUER:
The LET-Nongaming tax rate is 9% of gross ticket prices.

CHAIR ROSENTHAL:
There is approximately $2.0 million in incremental LET-Nongaming tax revenue that can be generated. The $20.0 million is the estimated revenue from the events upon which the 9% tax rate is applied. Is that correct?

MR. THAUER:
No, the $20.0 million is the revenue estimated to be generated after the 9% tax rate is applied to gross ticket prices.

CHAIR ROSENTHAL:
Even though it is speculated there will be F1 events held in Las Vegas in the future, the frequency of these events is unknown, and LET-Nongaming revenue may decrease along with a consistent or slow-growing base for other events.

MR. LEAVITT:
I agree with the Fiscal Division's forecast of $59.032 million in FY 2023. Due to known scheduled events, a forecast of $65.0 million could be approved for FY 2024. The Budget Office's forecast of $59.842 million could be approved for FY 2025.

> MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR LET-NONGAMING OF $59.032 MILLION FOR FY 2023; A FORECAST OF $65.0 MILLION FOR FY 2024; AND THE BUDGET OFFICE'S FORECAST OF $59.842 MILLION FOR FY 2025.

CHAIR ROSENTHAL:
I agree with the calculations that the Fiscal Division used regarding the LET-Nongaming revenue that could potentially be generated from the two unique events in FY 2024. Approving a forecast of $65.0 million in FY 2024 is only an increase of $6.0 million over FY 2023, which is small considering that the division is forecasting that approximately $19 million in revenue could be generated from a Super Bowl or F1 event occurring in FY 2024 (assuming there is a decline in concerts and other events). I would feel more comfortable approving a forecast closer to that of the Fiscal Division's FY 2024 forecast and approving the division's FY 2025 forecast. The division's FY 2025 forecast does not assume the two high-profile events will be repeated but it does reflect moderate/flat growth in concert events.

MR. LEAVITT:
Should the Committee approve a forecast of $70.0 million in FY 2024?

CHAIR ROSENTHAL:
I think $70.0 million is still too low in FY 2024 considering the $19.0 million in potential revenue but would be comfortable approving $75.0 million.

MR. CROME:
The $75.0 million in FY 2024 is a bit aggressive, and I would be more comfortable approving a forecast of $65.0 million or $70.0 million for that fiscal year.

MS. LEWIS:
I agree with approving $70.0 million for FY 2024 as I do not feel an amount higher than that is sustainable. Rooms are currently being developed but there is only so much room capacity in Las Vegas, which may limit the number of visitors attending an F1 event.

> THE MOTION WAS REVISED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR LET-NONGAMING OF $59.032 MILLION IN FY 2023; A FORECAST OF $70.0 MILLION IN FY 2024; AND THE BUDGET OFFICE'S FORECAST OF $59.842 MILLION IN FY 2025.
>
> MR. CROME SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

C. STATE 2% SALES TAX

ERICA SCOTT (Economist, Department of Taxation):
The Department of Taxation's (Department) forecast for the State 2.0% Sales and Use Tax has not changed since the November 14, 2022, Economic Forum meeting. Slide 6 of (Exhibit E) shows the trends in monthly taxable sales so far in FY 2023 and provides reasoning behind why the Department's forecast did not change. When compared to FY 2022, the growth in taxable sales for FY 2023 is 6.5% in July, 11.3% in August, and 9.4% in September. The Department's assumption is that there could be potential slowing in spending, and it is going to stick with its forecast of 7.1% taxable sales growth in FY 2023.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
The Budget Office's forecast for the State 2.0% Sales and Use Tax begins on Slide 11 of (Exhibit D). Regarding inflation by Level 1 components, all eight major groups begin to slightly decline in October 2022 but still remain stubbornly high in certain categories. Housing dipped below 8.0%, and transportation, the second biggest Consumer Price Index (CPI) component, is back down near 11.0%, nearly half of the March 2022 number for transportation which printed at 22.5% inflation. Food and beverages still remain high at 10.6%. Medical care, apparel, and recreation are all in the 4.0% to 5.0% range, with almost all groups being elevated when compared to January 2021 numbers.

Slide 12 of (Exhibit D) shows the main drivers of the headline inflation number by CPI category. The weight column represents the specific group's share of the total inflation number, and the lines on the right of the chart display the non-seasonally adjusted index time series of the CPI category dating back to 1990; the green dot on the lines represent the all-time high of the series. Over the past year, the green dot has become close to the end of the line, meaning the category's index is the highest it has been in some time or the highest it has ever been. The top four drivers of inflation are housing, which represents approximately 35.0% to 40.0% of the headline number; transportation at 18.0%; food and beverages at 14.0%; and medical care at 9.0%. Collectively, these groups account for over 80.0% of the total inflation number. As long as these four categories remain high and far above the target inflation rate, the headline inflation number will remain elevated too. There is still a lot of work to do to contain inflation.

Fortunately, sales tax serves somewhat as a hedge to inflation. With inflation increasing to over 8.0% this year in almost all inflation categories, the current inflation category numbers are elevated far above their 2021 numbers. An upward adjustment to goods has resulted in higher prices and higher collections. This is demonstrated in the taxable retail sales graph on slide 13 of (Exhibit D). Collections have increased over approximately the past 20 months.

Slide 14 of (Exhibit D) describes the top 12 taxable retail sales revenue generating industries in Nevada. The dashed lines on the facet chart represent the current taxable retail sales amounts as of September 2022, and the charts are ordered left to right from top rank to 12th rank. From 2018 to 2022, nonstore retailers (5th in line on the chart) have shot up, averaging the 11th or 12th largest taxable sales source and increasing by nearly

$400.0 million over four years. The nonstore retailers category is trending on a vertical path as remote retailers and marketplace facilitators increase their market share in the overall retail space.

The State 2.0% Sales and Use Tax revenue source has realized a new normal. Slide 15 of (Exhibit D) displays the regression model used by the office to forecast retail sales which are driven by variables such as visitation, employment, wages, and total gaming volume. The office's forecast for sales and use tax is slightly stronger than its November 2022 forecast. After adjusting for year-to-date actuals, the office's estimates steadily increase throughout the forecast period with collections coming in at $1.75 billion in FY 2023, $1.85 billion in FY 2024, and $1.9 billion in FY 2025.

RUSSEL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The taxable sales forecast for the Fiscal Analysis Division begins on page 53 of (Exhibit C). As previously stated, the division's economic outlook has not changed since November. The Division received September 2022 taxable sales and sales tax collection data, and when forecasting the first quarter of FY 2023, the division already had the first two-thirds of data for the quarter (July and August data), so it is only forecasting for September. September's taxable sales came in at 9.4%; the division was expecting this to be 9.1%, which is not off by much. Unfortunately, sales tax collections only grew by 7.2%, which is approximately 2.0% less than the taxable sales growth. However, there can be a variance between the taxable sales and collections reported due to diversions for tourism improvement and economic diversification districts for Tesla's gigafactory project. Variances can also occur due to accounting errors when people file their taxes incorrectly and do not pay the correct amount.

The 2.0% difference between sales tax collections and taxable sales was a surprise to the Fiscal Division, and the division's forecast was off regarding the first quarter of sales tax collection data. As a result, the division adjusted its forecast downward for the first quarter of FY 2023 as it now knows what actual collections are. The visitor numbers for October 2022 also came in stronger than anticipated, and the October, November, and December forecasted visitor numbers for FY 2023 were revised upwards. This slightly increased the FY 2023 second quarter forecast as well.

Table 8 on pages 59 through 65 of (Exhibit A) shows that the net effect of the difference between sales tax collections and taxable sales slightly revised the Fiscal Division's forecast downwards. There was an approximate $4.0 million negative adjustment as the division forecasted that sales tax collections would grow by 9.0%, not 7.0%. The division's forecast was revised downwards by only $264,000 and remained basically unchanged. Missing September 2022 data sales tax data while having visitor numbers for October 2022 led the division to assume that higher visitor numbers would translate into higher taxable sales in FY 2023.

The Fiscal Division's State 2.0% Sales and Use Tax forecast for FY 2024 underwent minimal adjustment and did not change since the November 2022 meeting. However, when reviewing the forecast again, it was noticed that FY 2023 first quarter numbers were off. The third quarter data for calendar year 2023, contained in Table 3 on page 57 of (Exhibit C), shows the year ago percent change growing by 7.9% with the difference between the November 2022 and December 2022 forecasts also increasing. The difference between the forecasts should not increase along with percent change growth, meaning there are skewed numbers in the presentation tables compared to what was forecasted. The December 2022 forecast for quarter three of 2023 should read \$448.8 million, not the \$453.1 million shown in Table 3.

The State 2.0% Sales and Use Tax forecast for FY 2024 in Table 8 (Exhibit A) should be \$1,843.322 million, which is a 6.6% (not 6.8%) increase over the FY 2023 forecast; this is a downward revision of approximately \$1.5 million. Because the error regarding the data from the third quarter of 2023 propagated forward into the third quarter of 2024, the FY 2025 sales tax forecast shown in Table 8 should be revised to \$1,929.422 million; this is a downward revision of approximately \$7.3 million, not the \$3.0 million shown. The forecast for FY 2024 was revised slightly downward, with part of the adjustment being attributable to the rate of inflation starting to subside as was mentioned in the Moody's Analytics presentation earlier. The division had too much real growth occurring around the Super Bowl and F1 event in its FY 2024 forecast. There was still growth in the FY 2024 forecast as can be seen in Table 3 (Exhibit C), but this was slightly backed off.

After revisiting its forecast, the Fiscal Division realized it had not backed off its forecast enough for the four quarters of calendar year 2025, as it is not assuming that a Super Bowl or F1 event will occur in FY 2025. With the rate of inflation coming down to around 2.0%, the division had too much real growth occurring in FY 2025. As a result, the division pulled back the quarter 1 and quarter 2 numbers for its State 2.0% Sales and Use Tax forecast for FY 2025 (larger downward revision when compared to its FY 2024 forecast) as shown in Table 3 on page 57 of (Exhibit C).

MR. LEAVITT:
Inflation has a direct effect on sales tax. There are certain components of the sales tax that are based on peoples' feelings about the future economy. For example, a person may delay purchasing a vehicle if they think there will be a downturn in the economy. An advantage of the sales tax, as described by Moody's Analytics, is that people have accumulated assets, and the assets that are subject to the sales tax are those assets most likely to be used in the future. Based on these factors, I believe there will be sales tax growth in FY 2024 even if there is a small recession, but I am unsure about FY 2025. I would move to approve the Fiscal Division's State 2.0% Sales and Use Tax forecast for FY 2023 and FY 2024 and the Department of Taxation's forecast for FY 2025.

MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR THE STATE 2.0% SALES AND USE TAX OF $1,729.966 MILLION FOR FY 2023, AND $1,843.322 MILLION FOR FY 2024; AND THE AGENCY'S (DEPARTMENT OF TAXATION) FORECAST OF $1,925.377 MILLION FOR FY 2025.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

D. INSURANCE PREMIUM TAX

ERICA SCOTT (Economist, Department of Taxation):
Slide 9 of (Exhibit E) describes the Department's Insurance Premium Tax (IPT) forecast for the 2023-25 biennium, which has not changed since the November meeting. The model the Department used in its IPT forecast is based on historical growth which has remained consistent. The Department's IPT forecast for FY 2023 is $532 million, for FY 2024 is $563 million, and for FY 2025 is $594 million.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
The Budget Office's IPT forecast for the 2023-25 biennium is described on Slide 17 of (Exhibit D). The IPT is a relatively stable revenue source for the state and is not subject to as much fluctuation as the taxes that are closely aligned with tourism and spending are (such as gaming percentage fee collections and live entertainment taxes). The office estimated the IPT revenue with an aggression model based on households, medical CPI and the ten-year Treasury rate, with no new data coming in for this revenue source. The office's IPT forecast for December 2022 is identical to its November forecast. The forecast steadily increases throughout the forecast period, with IPT collections coming in at $569 million in FY 2023, $612 million in FY 2024, and $657.9 million in FY 2025.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
As a usual reminder regarding the IPT, there is always an addition of approximately $20 million to $21 million from the Department of Business and Industry, Division of Insurance for the surplus lines portion of the IPT collected. Therefore, the numbers in the Department of Taxation's IPT presentation on Slide 9 of (Exhibit E) do not match the figures shown for the Department's IPT forecast in Table 8 of (Exhibit A).

Regarding the Fiscal Division's IPT forecast, the division has not received actual collections data for quarter one of FY 2023 because of the issues the Department of Taxation came across. With very minor changes to our personal income and economic outlook forecasts, the Fiscal Division's December 2022 IPT forecast has not changed since the November meeting. The Fiscal Division also received information from the Division of Insurance and the Silver State Health Insurance Exchange regarding health insurance rates (approximately 40.0% of the current insurance market). As can be seen on the line chart on page 74 of (Exhibit C), the IPT is relatively recession proof. Apart from the Great Recession in 2008, the IPT collections have been steadily increasing. There is IPT growth in between 5.4% and 5.8% throughout the forecast horizon, which is a reasonable growth rate based on this tax.

MR. CROME MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR THE INSURANCE PREMIUM TAX OF $570.385 MILLION FOR FY 2023, $603.622 MILLION FOR FY 2024, AND $636.429 MILLION FOR FY 2025.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

E. MODIFIED BUSINESS TAX

- **NONFINANCIAL**
- **FINANCIAL**
- **MINING**

ERICA SCOTT (Economist, Department of Taxation):
Regarding the Modified Business Tax (MBT), the Department has seen strong employment in Nevada. Since the November meeting, the Department adjusted its forecast model to match wage and salary disbursement data provided by Moody's Analytics. The estimated growth rate in the wage and salary disbursement is in the mid-to-high 6.0% rate range for the 2023-25 biennium.

Slide 11 of (Exhibit E) describes the Department's MBT General Business/Nonfinancial forecast for the 2023-25 biennium, which came in at $792.83 million for FY 2023. The forecast provided on slide 11 is prior to the known MBT rate reduction occurring in FY 2024. Prior to the rate reduction, there would have been growth in the MBT of up to $842.94 million in FY 2024 and $898.66 million in FY 2025. The forecast shown on slide 12 of (Exhibit E) factors in the rate reduction, with the figures for FY 2023 remaining unchanged. However, after the rate reduction, the forecast for FY 2024 decreases to $715.70 million, and decreases to $763.01 million in FY 2025.

Slide 13 of (Exhibit E) describes the Department's MBT Financial forecast prior to the MBT rate reduction, which utilizes the wage and salary disbursement data provided by Moody's Analytics and includes a component of financial section employment data. With this information, the MBT Financial forecast comes in at $49.77 million for FY 2023, $52.91 million for FY 2024, and $56.41 million for FY 2025. The Department's MBT Financial forecast including the FY 2024 MBT rate reduction is shown on slide 14 of (Exhibit E), with the numbers decreasing to $44.37 million in FY 2024 and $47.31 million in FY 2025.

The Department's MBT Mining forecast for the 2023-25 biennium is described on slides 15 and 16 of (Exhibit E). The Department ran similar factors in this forecast, but also considered employment trends in the natural resources field which estimate approximately 6.0% in employment growth. The MBT Mining forecast without the FY 2024 rate reduction is $22.13 million for FY 2023, $23.46 million for FY 2024, and $24.16 million for FY 2025. When factoring in the FY 2024 rate reduction, the Department's MBT Mining forecast drops to $19.67 million in FY 2024 and $20.26 million in FY 2025. Slide 17 of (Exhibit E) describes the Department's overall MBT forecast with growth in FY 2023 and a reduction in FY 2024 due to the MBT rate reduction.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
The Budget Office's MBT General Business/Nonfinancial forecast for the 2023-25 biennium begins on Slide 19 of (Exhibit D). Slide 19 describes a general business employment forecast, with steady increases in employment throughout the forecast period. Nevada has surpassed its pre-pandemic job peak and continues to add jobs. As of data from October 2022, total non-farm employment is up 22,200 jobs from its pre-pandemic peak, and the private sector is up 28,500 jobs from its pre-pandemic peak level. The unemployment rate also remains relatively low at 4.6%. It is important to note that, post-pandemic, a shift has taken place in Nevada's labor market. While the leisure and hospitality industry is still down 30,000 jobs from its pre-pandemic peak, manufacturing, and transportation and warehousing is up 30,000 jobs collectively, with average weekly wages in both of these industries more than double those of leisure and hospitality.

The chart on slide 20 of (Exhibit D) shows the office's forecast for MBT General Business/Nonfinancial collections, with the red bars representing the actual revenue forecast and the green bars representing the revenue forecast before the MBT rate buydown. With no new data coming in for this revenue source, the office's December 2022 forecast is identical its November forecast. Under the old rates, the office's estimates steadily increase throughout the forecast period, being $828.7 million in FY 2023, $877.6 million in FY 2024, and $929.4 million in FY 2025. However, after accounting for the MBT rate buydown, the FY 2024 and FY 2025 amounts decrease to $745.1 million and $789.1 million respectively, or approximately $130 million less in each fiscal year as shown by the red bars.

The office's MBT forecast for financial institutions is described on slides 22 through 24 of (Exhibit D). The office's forecast begins with a financial employment outlook as shown on slide 22. Employment data through October shows that financial industry employment is above its pre-pandemic peak. However, the Current Employment Statistics survey from the U.S. Bureau of Labor Statistics shows that financial employment in October 2022 declined by 1,100 jobs statewide. Using this as a signal and carrying it forward, the office reduced its financial employment forecast. The office used Moody's baseline scenario forecast instead of the baseline scenario forecast from the Department of Employment, Training and Rehabilitation. The baseline scenario forecast from Moody's has slower growth in FY 2023, negative growth in FY 2024, and slight growth in FY 2025.

Slide 23 of (Exhibit D) shows the Mortgage Applications Index versus the 30-year fixed mortgage rate, which provides a snapshot of consumer demand for mortgage loans. As rates go up, mortgage applications go down. As mortgage rates have eased off the 7.0% mark recently, mortgage applications have bounced back and are up 9.0% over the week as of November 21, 2022. However, mortgage purchase applications have contracted by approximately 52.0% from the seasonally adjusted peak in January 11, 2021. Since then, roughly every one percentage point increase in mortgage rates is associated with a 17.0% decrease in mortgage applications. This is important for MBT financial revenue collections because lower demand for mortgages will partially contribute to a slowdown in employment and wages and commissions in the financial activities sector. This is especially true in a market where refinancing does not make much sense for existing homeowners.

Slide 24 of (Exhibit D) summarizes the Budget Office's MBT Financial collections forecast. The office made a downward revision to its estimates after considering October's reduction in employment in the financial activities sector along with the large decrease in U.S. mortgage applications from 2021. Under the old rates, the office's estimates moderately increase throughout the forecast period, with collections coming in at \$42.5 million in FY 2023, \$47.6 million in FY 2024, and \$49.2 million in FY 2025. However, after accounting for the MBT rate buydown, the FY 2024 and FY 2025 amounts will be approximately \$39.9 million and \$41.2 million (approximately \$8.5 million less in each fiscal year), respectively, as shown by the red bars on slide 24.

The Budget Office's MBT forecast for mining institutions begins on slide 26 of (Exhibit D). Employment in the mining sector tends to follow the trend of gold prices which are currently hovering at an all-time high. The mining industry's average weekly wages are the highest in the state at \$2,700 per week. Employment is expected to remain stable in the mining industry over the forecast period.

Slide 27 of (Exhibit D) summarizes the Budget Office's MBT Mining collections forecast. With no new data coming in for this revenue source or no new signals indicating a different direction, the office's forecasts for November and December are identical. Under the old rates, the office's estimates moderately increase through the forecast period with collections coming in at \$21.8 million in FY 2023, \$22.4 million in FY 2024, and \$23.1 million in FY 2025. However, after accounting for the MBT rate buydown, the FY 2024 and FY 2025 amounts will be \$18.8 million and \$19.4 million (approximately \$2.0 million less in each fiscal year), respectively, as shown by the red bars on slide 27.

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The tax rate will change on all types of MBT effective FY 2024 when the MBT rate reduction is accounted for. Table 1 on page 67 of the meeting packet (Exhibit A) compares the Fiscal Division's individual MBT forecasts across the 2023-25 biennium when keeping the tax rate unchanged. There were a few minor revisions to the division's employment forecasts resulting from one additional month of jobs data released by the U.S. Bureau of Labor Statistics on November 18, 2022. Monthly job reports have continued to show a strong labor market in Nevada. In the near term, the division expects inflationary pressures on wages, but as inflation decelerates, the wage growth should ease.

The Fiscal Division's FY 2023 forecasts for the nonfinancial and mining sectors had slight upward revisions due to a better-than-expected monthly jobs report in November 2022. Interest rate-sensitive areas of the financial sector are experiencing softening. For the financial sector, the division's FY 2023 MBT forecast had a slight downward revision due to a larger-than-expected decline in jobs in November when compared to the prior month. Assuming the Federal Reserve will soft-land the economy, there should be some softening in the labor market and wage growth in FY 2024 when compared to FY 2023, as reflected in the division's forecast. In FY 2025, the economic activity and metrics associated with the MBT are expected to normalize.

Table 8 on page 62 of the meeting packet (Exhibit A) displays the mathematical calculations needed to account for the impact of the reduced tax rates (effective FY 2024) on the Fiscal Division's MBT forecast. Table 8 also shows the minor revisions to the division's MBT Nonfinancial, Financial, and Mining forecasts after the November 2022 meeting.

MR. LEAVITT:
The MBT forecasts of the Department of Taxation, Budget Office, and Fiscal Division are all fairly close, with the Fiscal Division's forecast being in the middle.

MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S MODIFIED BUSINESS TAX-NONFINANCIAL FORECAST OF $795.061 MILLION FOR FY 2023, $709.281 MILLION FOR FY 2024, AND $742.555 MILLION FOR FY 2025; AND

TO APPROVE THE FISCAL ANALYSIS DIVISION'S MODIFIED BUSINESS TAX-FINANCIAL FORECAST OF $49.429 MILLION FOR FY 2023, $42.855 MILLION FOR FY 2024, AND $44.968 MILLION FOR FY 2025; AND

TO APPROVE THE FISCAL ANALYSIS DIVISION'S MODIFIED BUSINESS TAX-MINING FORECAST OF $22.032 MILLION FOR FY 2023, $18.962 MILLION FOR FY 2024, AND $19.428 MILLION FOR FY 2025.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

F. REAL PROPERTY TRANSFER TAX

ERICA SCOTT (Economist, Department of Taxation):
Slide 19 of (Exhibit E) describes the Department of Taxation's (Department) Real Property Transfer Tax (RPTT) forecast for the 2023-25 biennium. Since the November meeting of the Economic Forum, the Department has pulled many different economic indicators provided by Moody's Analytics to determine trends in the RPTT, which proved difficult with this tax type. The RPTT is down from this time last year by approximately 23.0% due to

rising interest rates and a decrease in mortgage originations. The cost of borrowing money is also up while the housing market is experiencing a drop in sales which is directly affecting the RPTT. However, the Department is hopeful that interest rates will stabilize in FY 2024 and FY 2025 which will further stabilize the RPTT.

In its model, the Department dropped down its FY 2023 RPTT forecast to $131.85 million. For FY 2024, the Department is hopeful to see some recovery and is forecasting RPTT collections to come in at $140.17 million. The Department is anticipating the RPTT will stabilize in FY 2025 and is forecasting $150.40 million in collections for that fiscal year. All three fiscal years of the 2023-25 biennium are projected to have reduced RPTT collections when compared to FY 2022 due to the growth in housing that occurred during FY 2022.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
The Budget Office's RPTT forecast for the 2023-25 biennium begins on Slide 28 of (Exhibit D). Slide 29 provides historical context on single-family permits in Nevada on both a calendar year and fiscal year basis. Housing starts in FY 2022 were the highest since 2007 as shown on the bottom chart on slide 29. The top chart shows that in calendar year 2021 (red dot), builders seemed to be digging the state out of the hole created from the 2008 to 2012 period. Recently, higher interest rates seem to have spooked builders a bit as indicated by the October 2022 number (blue dot), but the rates did not discourage builders enough to drop to the low levels seen from 2008 to 2012.

Slide 30 of (Exhibit D) provides a forecast for single-family housing permits in the state. Assuming the Federal Reserve can control inflation during the forecast period, housing permits should dip in FY 2023 before picking up for the remainder of the forecast period. Slide 31 of (Exhibit D) displays Nevada's historical 12-month percent change in the Housing Price Index (HPI). The annotations represent point-to-point 16-month decelerations (black dash lines and numbers), with the last annotation only showing a 9 month to current deceleration. While it is highly unlikely that those periods are exactly analogous of the current period, the information serves as a useful reference when forming an opinion of the current rate of growth. While I do not think the state will follow the major deceleration that it did from 2005 to 2010, the state may still experience a moderate deceleration. Since the Committee last met, this number has dropped from 9.3% to 4.5% appreciation.

The Budget Office's estimates for HPI growth are represented on slide 32 of (Exhibit D), which roughly forecast a 15.0% decrease in the HPI from FY 2022 to the end of FY 2025. Slide 33 provides historical context on the U.S. average 30-year fixed mortgage rates. In October 2022, the 30-year fixed mortgage rates reached their highest level in over 20 years; the last time the rate was higher was in March 2002. However, the rate has decreased by 0.5% in November 2022 and has decreased slightly to under 6.5% as of December 1, 2022.

Slide 34 of (Exhibit D) describes year-to-date change in the U.S. average 30-year fixed mortgage rate by year. The gray faded lines represent all years from 1972 to 2022, except for 1981 which is in red and 2022 which is in blue. The year 1981 was picked because the pattern of rate changes in 2022 have roughly been following those of 1981, especially after week 20 of the year. If this pattern holds true to finish the year, mortgage rates will be approximately 2.0% higher than last year, putting the state's 30-year fixed mortgage rate within the 5.0% range by the end of the month.

Slides 35 and 36 of (Exhibit D) show a projection of existing home sales in Nevada on a calendar year and fiscal year basis. The Budget Office's forecast expects existing home sales to decline in the first year of the forecast period due to the impact of the relatively high 30-year fixed mortgage rates. Home sales are expected to increase in the final two years of the forecast period, with the expectation that mortgage rates will continue to improve over the next two fiscal years as well.

The RPTT is a function of sales volume and price driven by the residential retail sector. As shown on slide 37 of (Exhibit D) and as indicated by the Department of Taxation, first quarter collections for FY 2023 were down approximately 20.0% over the year. After careful review of its assumptions, the Budget Office revised its RPTT forecast downwards, but still holds the expectation that building will rebound, home prices will not bottom out, and mortgage rates will continue to decline over the forecast period (at a slower pace than initially anticipated at the November meeting). The office is forecasting RPTT collections to come in at $145.027 million for FY 2023, $155.505 million in FY 2024, and $165.288 million in FY 2025.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB): Regarding the Fiscal Division's RPTT forecast, Table 8 on page 60 of the meeting packet (Exhibit A) shows that the division made minor revisions to its forecast, which is wholly attributable to the first quarter of FY 2023. When this presentation was first done at the November 14, 2022, meeting of the Economic Forum, the division has data from 16 of Nevada's 17 counties and had the number of approximately $33.5 million for RPTT collections. The last county that the division was waiting for did not report its RPTT collections by the time the Department of Taxation released first quarter numbers, but this information is now available. This has resulted in a revision to the Fiscal Division's RPTT forecast of $167,000 in FY 2023 due to Storey County reporting $167,000 more in RPTT collections than was anticipated in the division's original forecast.

Apart from this, the Fiscal Division has not changed its outlook regarding housing. I am sure that members of the Committee would prefer that the division's housing outlook be as positive as that of the Department of Taxation or Budget Office, but the division is not as optimistic. Regarding Moody's Analytics' forecast for the 30-year fixed mortgage rate, Moody's still has the rate increasing going into 2023 and not declining until late 2023 or early 2024; the rate may not even dip below 7.0% by FY 2025. Additionally, housing prices are still slightly inflated based on all the activities that occurred during the COVID-19 pandemic.

As noted during the November meeting, people in certain markets (especially on the West Coast in places such as Seattle, Phoenix, Boise, Las Vegas, and Reno) were observed to move and buy homes in other more affordable states as they were no longer tethered to working in a physical office location, which greatly appreciated housing prices. Reno and Las Vegas in particular are seeing the effects of this, and it will be a while before housing prices begin to correct. When comparing the Fiscal Division's FY 2024 RPTT forecast to the historical collections shown on page 108 of (Exhibit C), the division's FY 2024 forecast of $105.326 million is close to what was seen pre-pandemic. Page 108 of (Exhibit C) shows that the division forecasted RPTT collections to come in at $103.390 million in FY 2018, $101.045 in FY 2019, and $100.267 million in FY 2020. The housing market needs to settle back to these levels in terms of revenue. Houses will cost more now, but there will be lower demand for housing as interest rates settle, and without originations there will be no transfers. Things will progress as the inflation rate is stabilized and activities increase, which will allow housing prices to appreciate.

CHAIR ROSENTHAL:
Regarding RPTT growth and stabilization in FY 2025, the Fiscal Division mentioned that per Moody's forecast interest rates are still very high. How will the high interest rates affect RPTT growth and recovery in FY 2025 when coming off the FY 2024 levels?

MR. NAKAMOTO:
Moody's forecast for the 30-year fixed mortgage rate falls down to approximately 5.5% when entering calendar year 2025. Prior to the pandemic, the normal level for the 30-year fixed mortgage rate was between 2.0% to 3.0%. I do not know whether the mortgage rate will get down this low again, but if the rate gets to a level that is significantly lower than what is currently being seen, and as housing prices stabilize, there should be increased activity to account for RPTT growth by FY 2025.

CHAIR ROSENTHAL:
Many people may delay buying a home until mortgage rates stabilize and prices come down, which can then positively impact RPTT growth in FY 2025.

MR. NAKAMOTO:
This is the Fiscal Division's assumption as well.

MS. LEWIS:
I agree with the Fiscal Division's RPTT forecasts for the 2023-25 biennium. This is especially true for FY 2023 with housing permits being down by approximately 20.0% for the last few months of 2022. Throughout 2020 and 2021, there were a large number of expensive apartments and industrial buildings changing hands in Clark County; I counted approximately 60 transactions equating to over $50 million during this time. No one will buy these properties for a second time in 2022 and 2023 with the same inflated interest rates used in the original purchases, but there are many expensive properties still up for sale that can positively impact RPTT growth moving forward.

MR. LEWIS MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR THE REAL PROPERTY TRANSFER TAX OF $122.572 MILLION FOR FY 2023; A FORECAST OF $120.0 MILLION FOR FY 2024, AND THE FISCAL ANALYSIS DIVISION'S FORECAST OF $121.290 MILLION FOR FY 2025.

MR. LEAVITT SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

G. COMMERCE TAX

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Table 8 on page 60 of the meeting packet (Exhibit A) displays the Fiscal Division's Commerce Tax forecast for the 2023-25 biennium. The Commerce Tax is fairly complicated due to the exemption of the first $4 million on Nevada gross revenue and the structure of the tax as it pertains to 26 different industries, each with different tax rates. To forecast the Commerce Tax, staff from the Department of Taxation, Budget Office, and Fiscal Division get together to think through various scenarios of how the economy may influence the tax given the mix of tax rates within the industry. No new information has been provided since the November meeting, and the consensus forecast has not changed.

As shown on Table 8, the consensus forecast is that Commerce Tax revenue will be $301.800 million in FY 2023, $321.558 million in FY 2024, and $339.548 million in FY 2025. By law, businesses can take up to 50.0% of their Commerce tax paid during the preceding year as credit against their MBT liability if they have payroll in Nevada. Once the Commerce tax estimate is known, the Commerce Tax credits can be projected based on the history of the tax. The Commerce Tax credit consensus forecast is shown on page 64 of (Exhibit A), with the Commerce Tax credits estimated to be $50.645 million in FY 2023, $54.542 million in FY 2024, and $58.098 million in FY 2025.

MR. LEAVITT MOVED TO APPROVE THE COMMERCE TAX FORECAST OF $301.800 MILLION FOR FY 2023, $321.558 MILLION FOR FY 2024, AND $339.548 MILLION FOR FY 2025, AND

TO APPROVE THE COMMERCE TAX CREDITS FORECAST OF $50.645 MILLION FOR FY 2023, $54.542 MILLION FOR FY 2024, AND $58.098 MILLION FOR FY 2025.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

VII. REVIEW AND APPROVAL OF FORECASTS OF MINOR GENERAL FUND REVENUES AND TAX CREDITS FOR FY 2023, FY 2024, AND FY 2025 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) AT ITS NOVEMBER 29, 2022, MEETING.

MR. GUINDON:
The tables for Agenda Item VII begin on page 73 of the meeting packet (Exhibit A). Table 5 on page 73 shows the "major-minor" revenues in terms of the forecast approved by the Technical Advisory Committee on Future State Revenues (TAC) as forecasted by each forecaster. The first part of this forecasting process is that staff from the Budget Office and Fiscal Division ask all agencies responsible for administering each revenue source under this agenda item for their forecasts. The forecasts are then reviewed by the Budget Office and the Fiscal Division to produce a consensus forecast to bring forward to the TAC for its review and approval.

The major-minor forecasts were solicited prior to the November 14, 2022, meeting of the Economic Forum, and the agencies were not asked to resubmit their forecasts as some of the forecasts did not contain new information. However, agencies reporting on some of the larger revenue sources such as those from the Office of the State Treasurer's Abandoned Property Trust Account (Unclaimed Property) or the Office of the Secretary of State are asked if they have a revised forecast to provide for reconsideration. The Budget Office and the Fiscal Division will then redo their forecasts and will receive revised forecasts from the Department of Taxation and the Gaming Control Board for the revenues administered by these two agencies. This information will then be brought before the TAC.

Table 6 is described on pages 75 through 84 of (Exhibit A) and shows the forecast that was approved by the TAC at its November 29, 2022, meeting, which is now being brought before the Economic Forum for its consideration and approval. As shown on page 75, there is no forecast for FY 2024 and FY 2025 for the revenues generated from the Net Proceeds of Minerals Tax and the Mining Gross Revenue Tax on businesses extracting gold and silver. This is based on the provisions approved in Assembly Bill 495 (2021 Legislative Session) stating that beginning in FY 2024, the proceeds from the Net Proceeds of Minerals tax and the Mining Gross Revenue Tax will be dedicated to the State Education Fund, which is the fund that provides revenue for funding K-12 education in the State of Nevada.

General Ledger (G/L) 3046 is described on page 75 of (Exhibit A) and represents Advance License Fees for gaming, which is forecasted to have a large increase in revenue in FY 2024 when compared to FY 2023 due to the assumption that the Fontainebleau Las Vegas will be opening in FY 2024 which will trigger Advance License Fees in that fiscal year. General Ledger 3073, the Transportation Connection Excise Tax, represents the 3.0% tax on businesses such as Uber Technologies, Inc., Lyft, Inc., taxicabs, and other motor carriers that transport passengers. The forecast for the Transportation Connection Excise Tax increases in FY 2023 before decreasing in FY 2024 and then increasing again in FY 2025. This is because existing law states that in each biennium, the first $5.0 million of the Transportation Connection Excise Tax is required to be deposited into the State Highway Fund and not the State General Fund.

Page 77 of (Exhibit A) shows G/L 3051, the Governmental Services Tax (GST). Under current law, of the state's portion of the GST, 25.0% is dedicated to the State General Fund with 75.0% going to the State Highway Fund (the forecast shown on page 77 is for the 25.0% dedicated to the State General Fund). During economic downturns, the Governor and Legislature can adjust the GST to change the amount allocated to the State Highway Fund versus the State General Fund. Historically, the GST can look like it changes a lot, but this can be attributed to the percentage of the GST being dedicated to a certain state fund rather than the GST itself fluctuating.

Page 78 of (Exhibit A) displays G/L 3066, Short-Term Car Lease fees, which has traditionally been the 10% tax on the Hertz and Dollar Car Rental companies. However, a bill was passed during the 2021 Legislative Session that allowed for peer-to-peer carsharing platforms such as Turo to operate in Nevada. Turo is now required to collect a 10% tax (the statewide rate) when a private car owner rents out their vehicle. In Clark and Washoe Counties, there is an additional 2.0% tax that is part of the Short-Term Car Lease fees that individuals who rent their cars on Turo or comparable peer-to-peer carsharing platforms also must pay.

Since this 2.0% tax is part of the same tax structure, the Fiscal Division is including the tax under its Short-Term Car Lease fee forecast. Due to a limited number of taxpayers reported as paying the 2.0% tax, the Department of Taxation has concerns with breaking out the 2.0% tax and reporting it separately from overall Short-Term Car Lease fees due to disclosure issues. Thus, the Department of Taxation does not report on the number of individual taxpayers paying the 2.0% tax and does not allow that information to be deduced. This has resulted in the Fiscal Division's forecast for Short-Term Car Lease revenue to be stronger for the 2023-25 biennium then it may have been historically as the forecast now contains the peer-to-peer tax component.

Page 79 of (Exhibit A) displays G/L 3290 and the forecast for the Office of the State Treasurer's (Treasurer) Interest Income, which goes up in FY 2023 and FY 2024 before coming back down in FY 2025. This is not surprising, as interest rates are being increased by the Federal Reserve, which allows the Treasurer to earn more on its portfolio investments. Additionally, the FY 2022 actual was significantly higher when compared to the forecast, which resulted in the FY 2023 forecast being revised upwards. Thus, there is more money in the Treasurer's portfolio against higher interest rates. Federal American Rescue Plan Act (ARPA) funding is also affecting the Treasurer's Interest Income as the state is still spending the stimulus funding. Under federal guidance and state law, any interest earned on the investment of ARPA proceeds is allowed to be retained by Nevada and is required to be deposited in the State General Fund.

The information shown for the tax credit programs on page 79 of (Exhibit A) is based on maximum allowable amounts that can be issued or made available under Nevada law. When calculating its tax credit forecast, the Fiscal Division gathers information from agencies responsible for administering the programs and determines what the agencies think may be in the pipeline to be approved for credits, and how many credits have been issued but not yet taken. It may seem that the FY 2024 and FY 2025 forecasts are experiencing slow growth when compared to the 2021-23 biennium, but this is due to the revenues generated from the Net Proceeds of Minerals tax and the Mining Gross Revenue Tax being dedicated to the State Education Fund beginning in FY 2024. This equates to approximately $300.0 million over the 2023-23 biennium, or $150.0 million per fiscal year, which should also be considered when comparing the forecasts of the 2023-25 biennium and the 2025-27 biennium.

MS. LEWIS MOVED TO APPROVE THE REVENUE FORECASTS OF MINOR GENERAL FUND REVENUES AND TAX CREDITS FOR FY 2023, FY 2024, AND FY 2025 AS APPROVED BY THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES.

MR. LEAVITT SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

VIII. APPROVAL OF THE ECONOMIC FORUM'S DECEMBER 5, 2022, REVENUE FORECAST REPORT.

CHAIR ROSENTHAL:
Are there any proposed changes to the final Economic Forum Forecast Report on Future State Revenues that will be sent to the Governor and Legislature?

RUSSEL GUINDON (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Taking this agenda item out of order and discussing it now will give Fiscal staff a head start on incorporating any of the Committee's proposed changes to the Final Report to the Governor and Legislature on Future State Revenues (Exhibit G) before it is approved. Fiscal staff will update the date in the last paragraph on page 25 of the preliminary draft of the report from May 1, 2019, to May 4, 2021; otherwise, there will be no additional changes to the report.

Chair Rosenthal called a recess at 1:17 p.m. The meeting reconvened at 2:59 p.m.

MR. CROME MOVED TO APPROVE THE ECONOMIC FORUM'S REPORT ON FUTURE STATE REVENUES TO BE DISTRIBUTED UPON ADJOURNMENT OF THE MEETING AND PROVIDED TO THE GOVERNOR AND THE LEGISLATURE AS REQUIRED UNDER NRS 353.228.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

MR. GUINDON:
The General Fund revenue net forecast after tax credits approved by the Economic Forum is $5,668,555,760 for FY 2023. For reference, the actual amount for FY 2022 was $5,439,335,105. The General Fund revenue net forecast after tax credits approved today for FY 2024 is $5,628,359,732 and for FY 2025 is $5,805,287,284. The overall General Fund net forecast after tax credits approved by the Committee for the 2023-25 biennium is approximately $11.434 billion. The approved forecast for the 2021-23 biennium (FY 2022 actual) was approximately $11.108 billion, which is approximately $325.8 million less than the approved 2023-25 forecast. As a reminder, the difference in forecasts can be attributed to the MBT rate reduction, and revenue from the Net Proceeds of Minerals tax and Mining Gross Revenue Tax being dedicated to the State Education Fund in FY 2024 and FY 2025.

IX. INSTRUCTIONS TO THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) CONCERNING THE GENERAL FUND REVENUE FORECASTS.

MR. GUINDON:
Staff from the Fiscal Division and Budget Office will work with Chair Rosenthal to schedule the next TAC meeting to occur sometime in April 2023.

There was no further discussion on this item.

X. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.

MR. GUINDON:
By statute, the Economic Forum is required to prepare a revised forecast, if necessary, on or before May 1 of odd-numbered years. Because May 1, 2023, is a Monday, the Fiscal Division requests to have the next Economic Forum meeting on that day, versus trying to hold the next meeting on Friday, April 28, 2023. Holding the next meeting on May 1, 2023, will allow staff two extra days to prepare, which is especially important when considering that Nevada’s 2023 Legislative Session will be occurring during that time.

A TAC meeting will be held in late April 2023 to approve a consensus forecast of Nevada’s major-minor revenue sources, with that approved forecast then being brought before the Economic Forum for its consideration. There are not multiple Economic Forum meetings leading up to the May meetings like there are for the December meetings, as multiple meetings would be too difficult to hold during a legislative session. The Fiscal Division will monitor actual data as it comes in for FY 2022 and will update its tables as necessary to provide the Committee with the most recent actual monthly data. Because taxes are not due for the quarter ending March until the end of April, third quarter data will not be available but additional monthly sales tax and gaming tax data will be incorporated into the Fiscal Division’s revised tables.

There was no further discussion on this item.

XI. PUBLIC COMMENT

There was no public comment.

XII. ADJOURNMENT.

Chair Rosenthal adjourned the meeting at 3:06 p.m.

Respectfully submitted,

____
Tom Weber, Committee Secretary

APPROVED:

____
Linda Rosenthal, Chair

____
Date

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775) 684-6821.

Moody's Analytics

Better Faster Decisions

Economic Outlook and Revenue Projections

Emily Mandel, Senior Economist

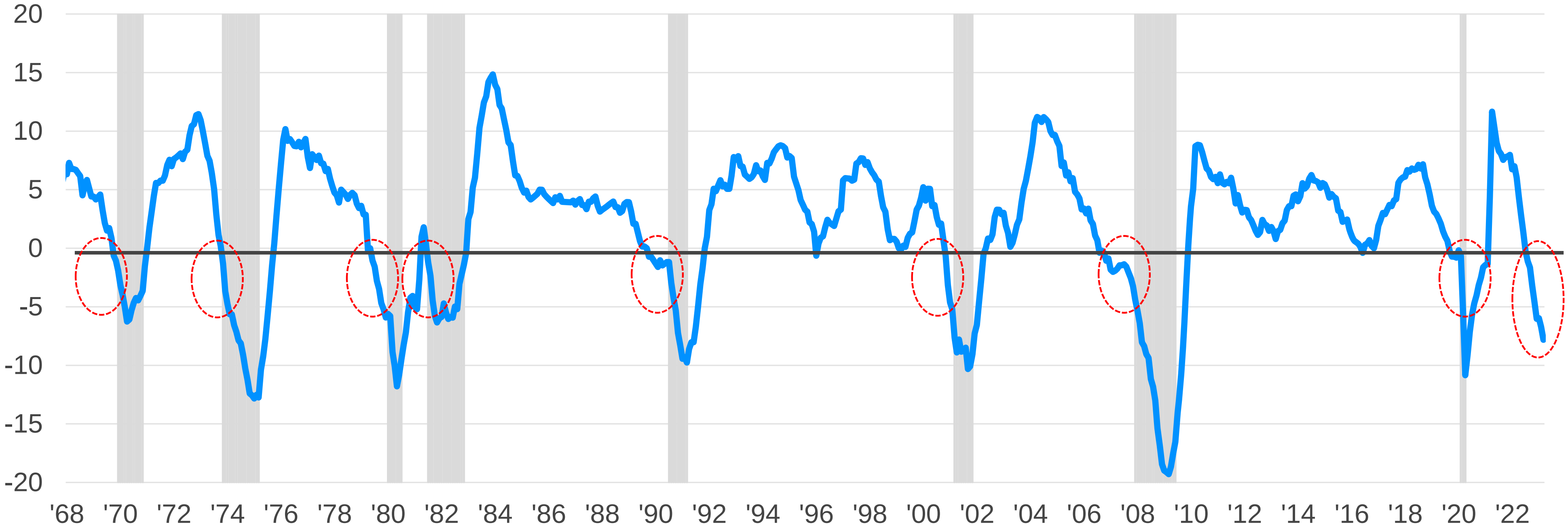
Nevada Economic Forum, May 2023

MOODY'S ANALYTICS

1 | Economic Outlook

Leading Indicators Signal Heightened Recession Risk

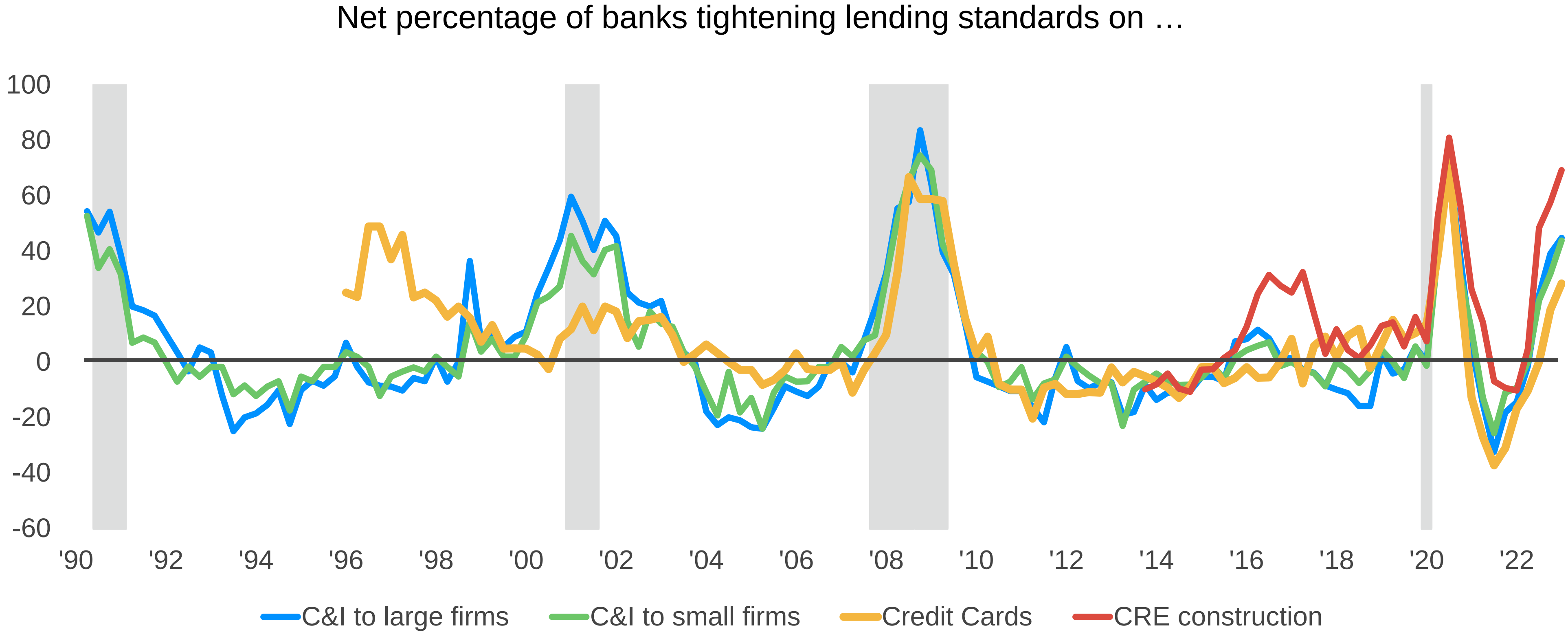
Composite Index of Leading Indicators* (2016=100), % yr/yr change



*includes Average weekly hours in manufacturing; Average weekly initial claims for unemployment insurance; Manufacturers' new orders for consumer goods/materials; ISM® Index of New Orders; Manufacturers' new orders for nondefense capital goods excluding aircraft; Building permits for new private housing; S&P 500® Index; Leading Credit Index™; Interest rate spread (10-year Treasury bonds less federal funds rate); Average consumer expectations for business conditions.

Sources: Conference Board, Moody's Analytics

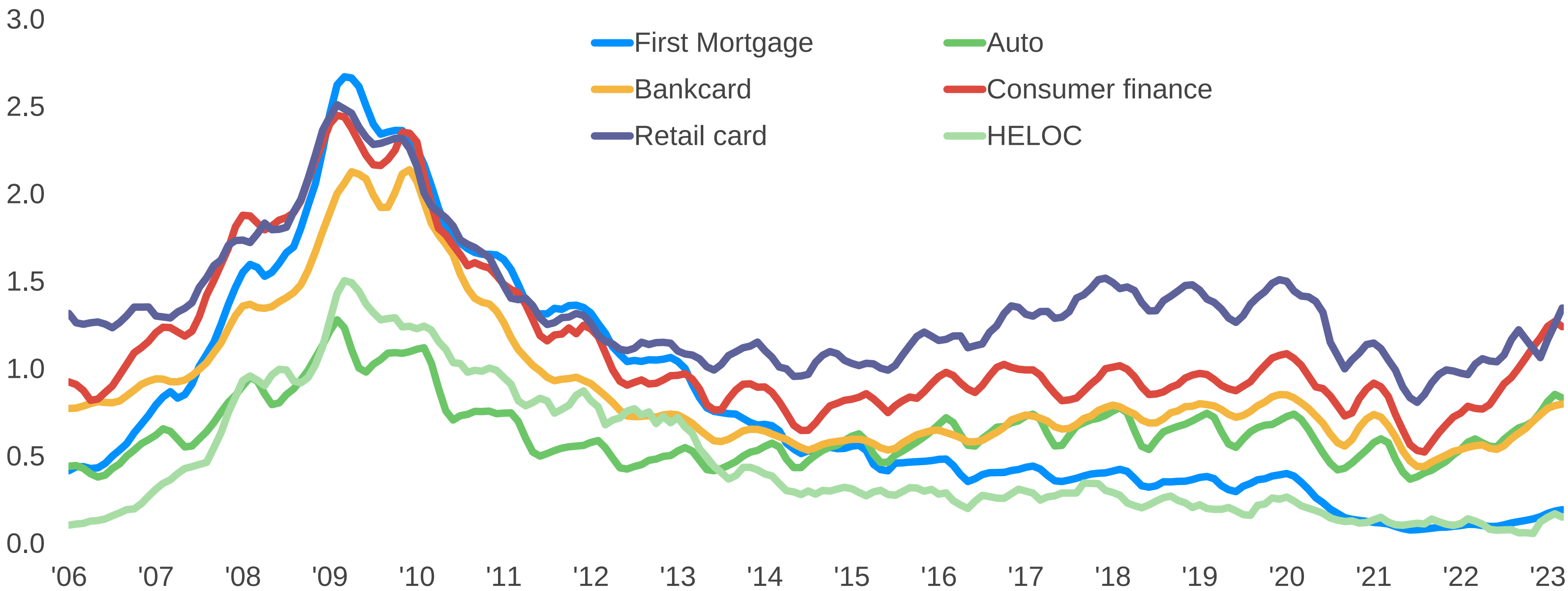
Lenders Have Turned More Cautious



Sources: FRB Senior Loan Officer Opinion Survey, Moody's Analytics

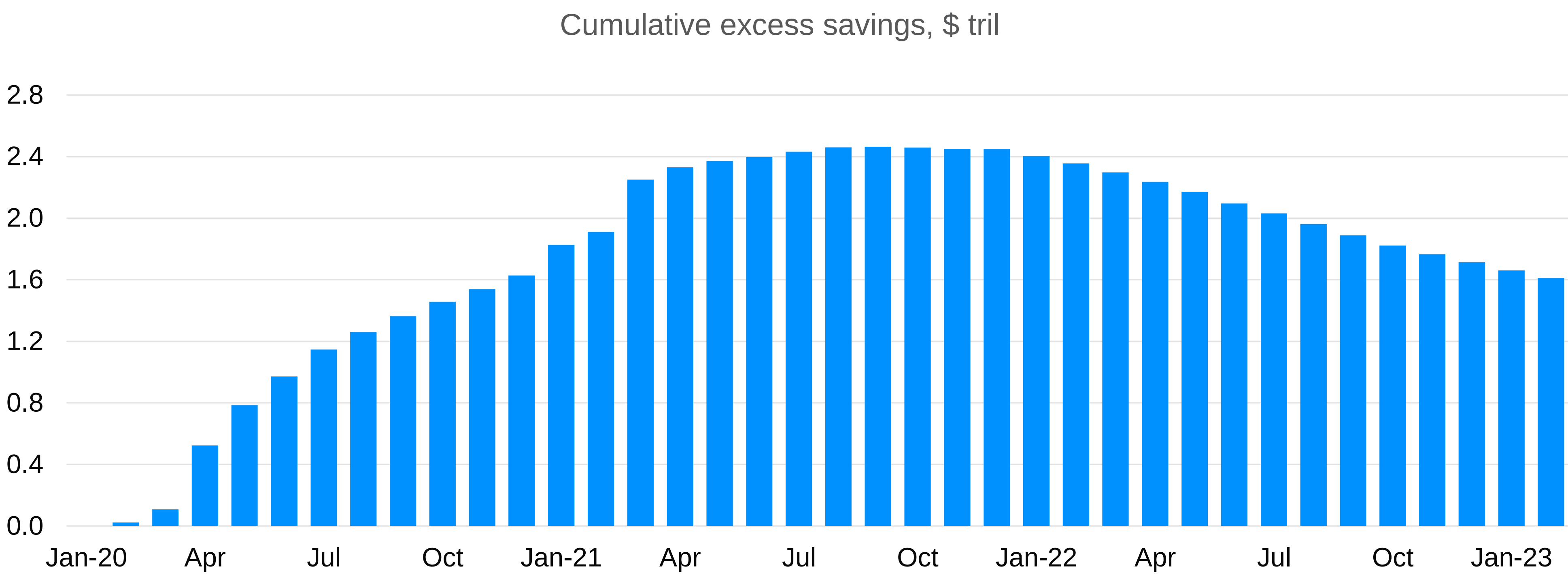
Consumer Delinquencies Are Rising

Nevada, 60 days delinquent, % of outstanding $ balance, 3 month moving average



Sources: Equifax, Moody's Analytics

Most Households Still Have Resources

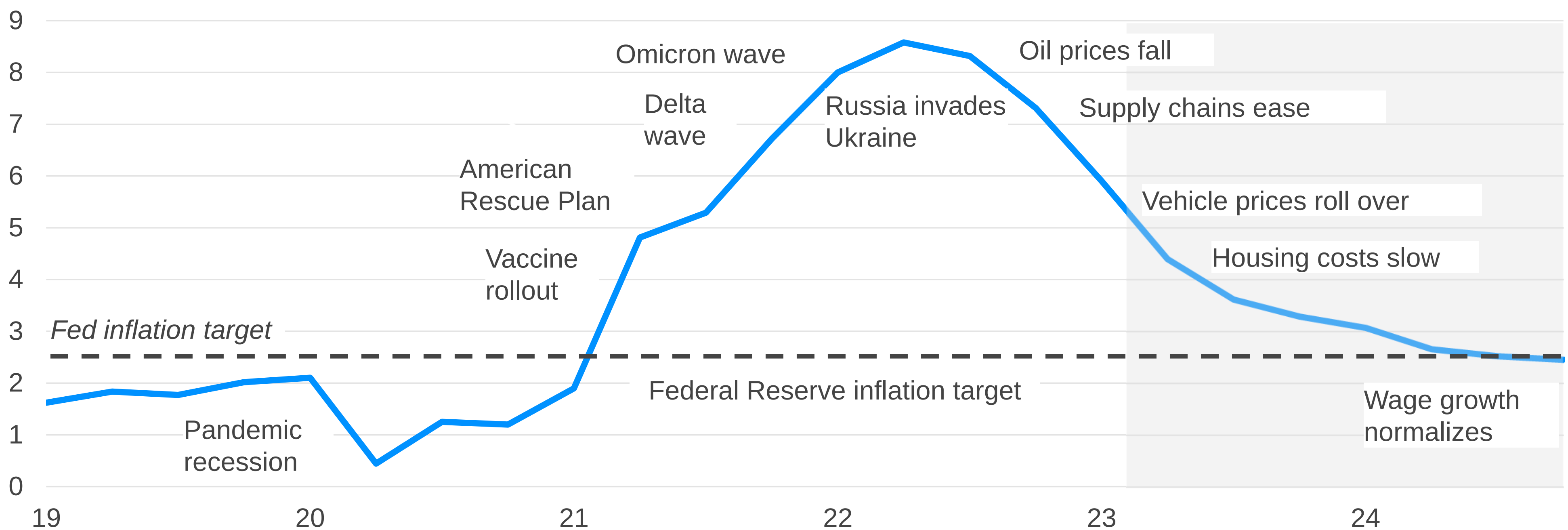


Excess savings=Personal savings greater than 7.635% saving rate

Sources: BEA, Moody's Analytics

Inflation Is Headed Back to the Fed's Target

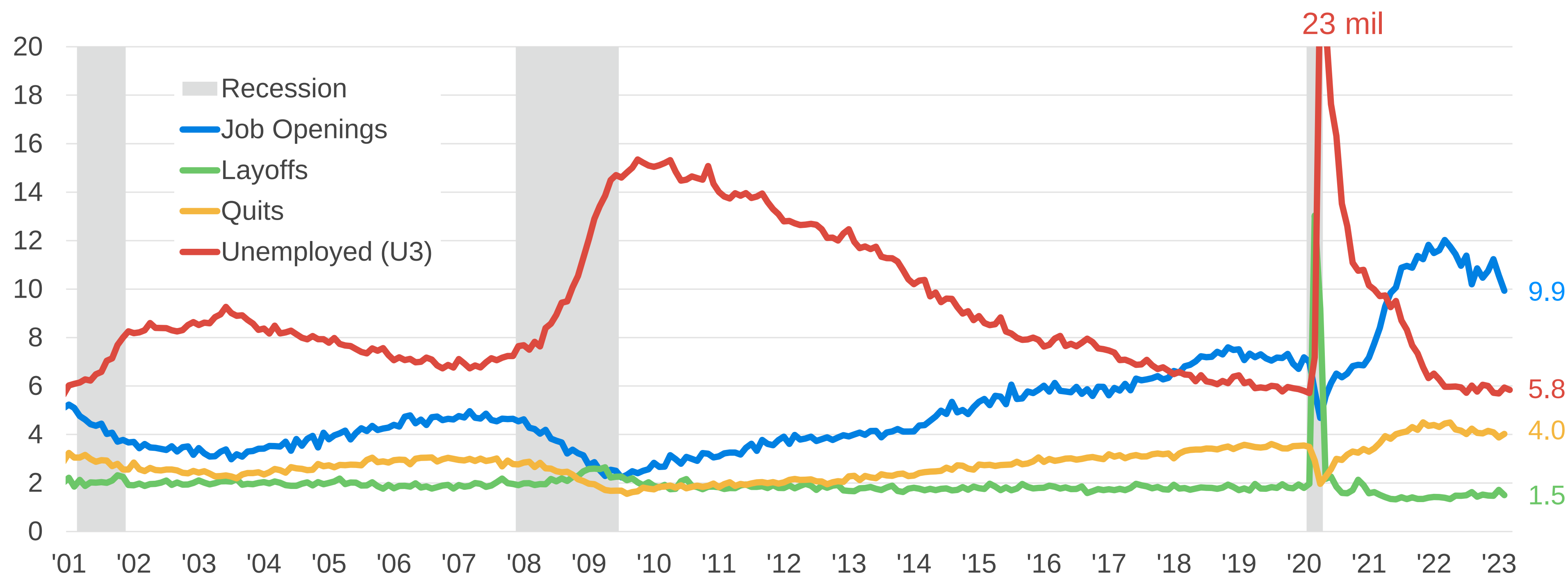
Consumer price inflation, % change yr ago



Sources: BLS, Moody's Analytics

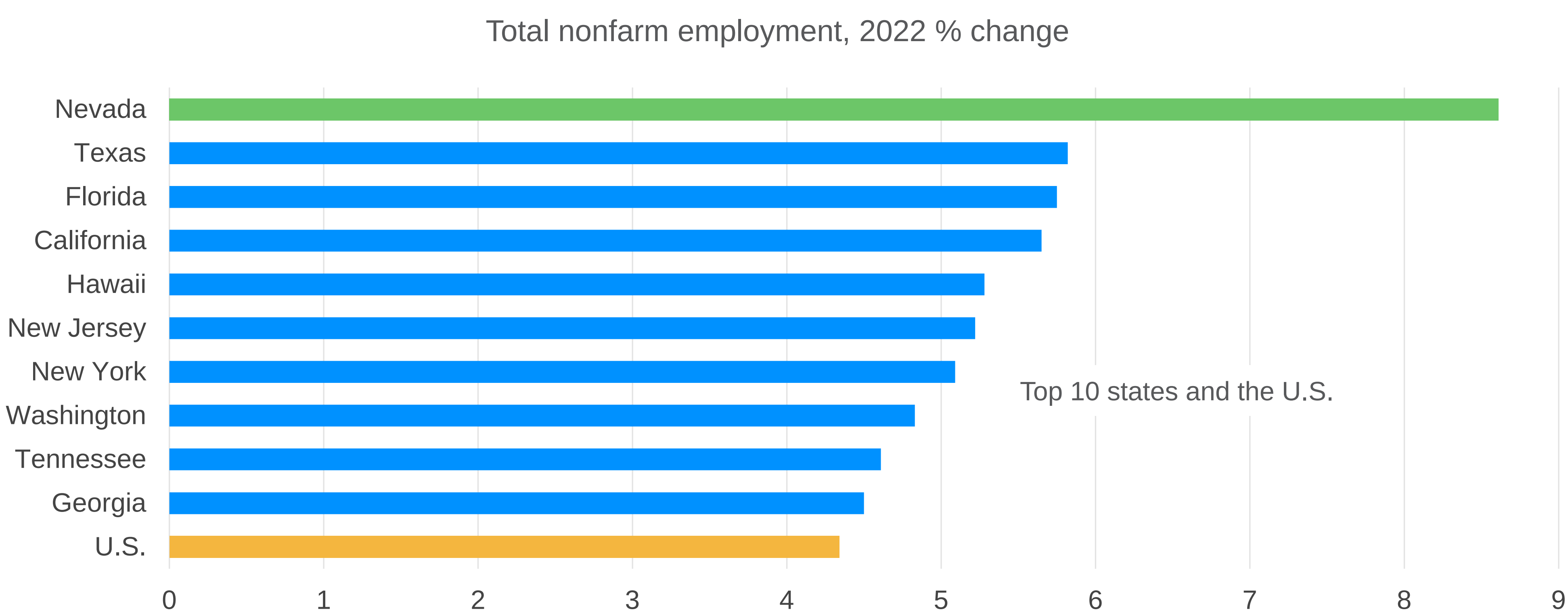
Job Market Remains Resilient

U.S., # mil



Sources: BLS, Moody's Analytics

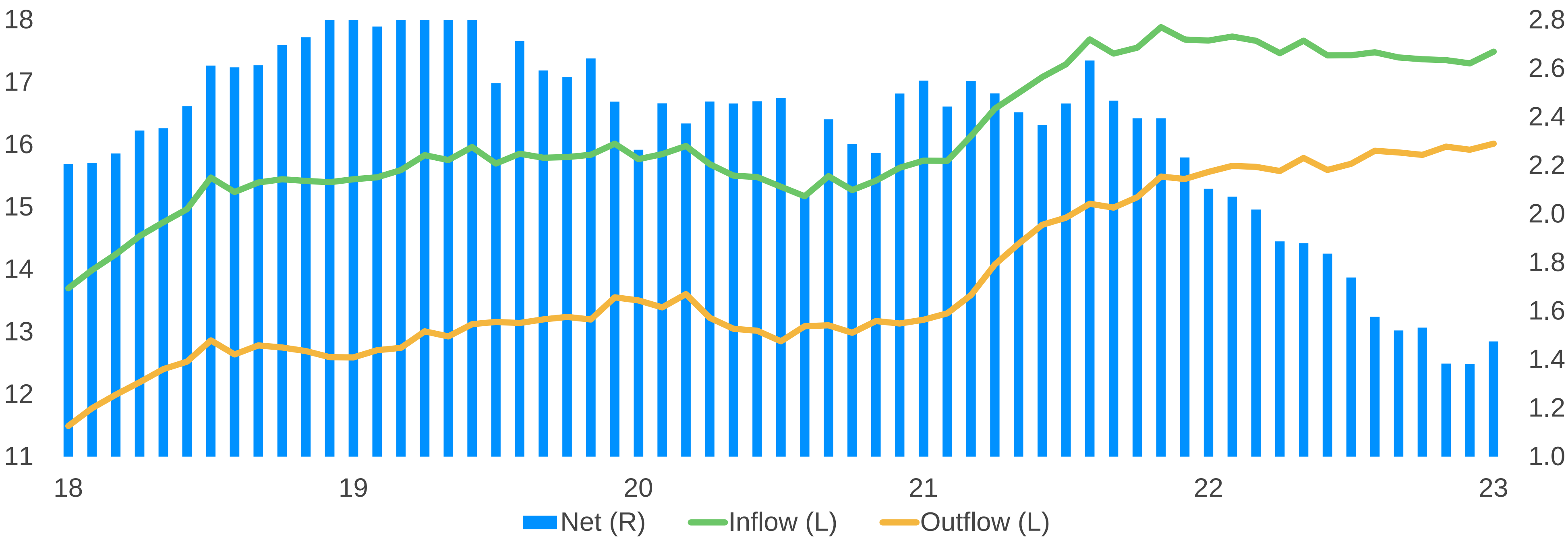
Nowhere More So Than in Nevada



Sources: BLS, Moody's Analytics

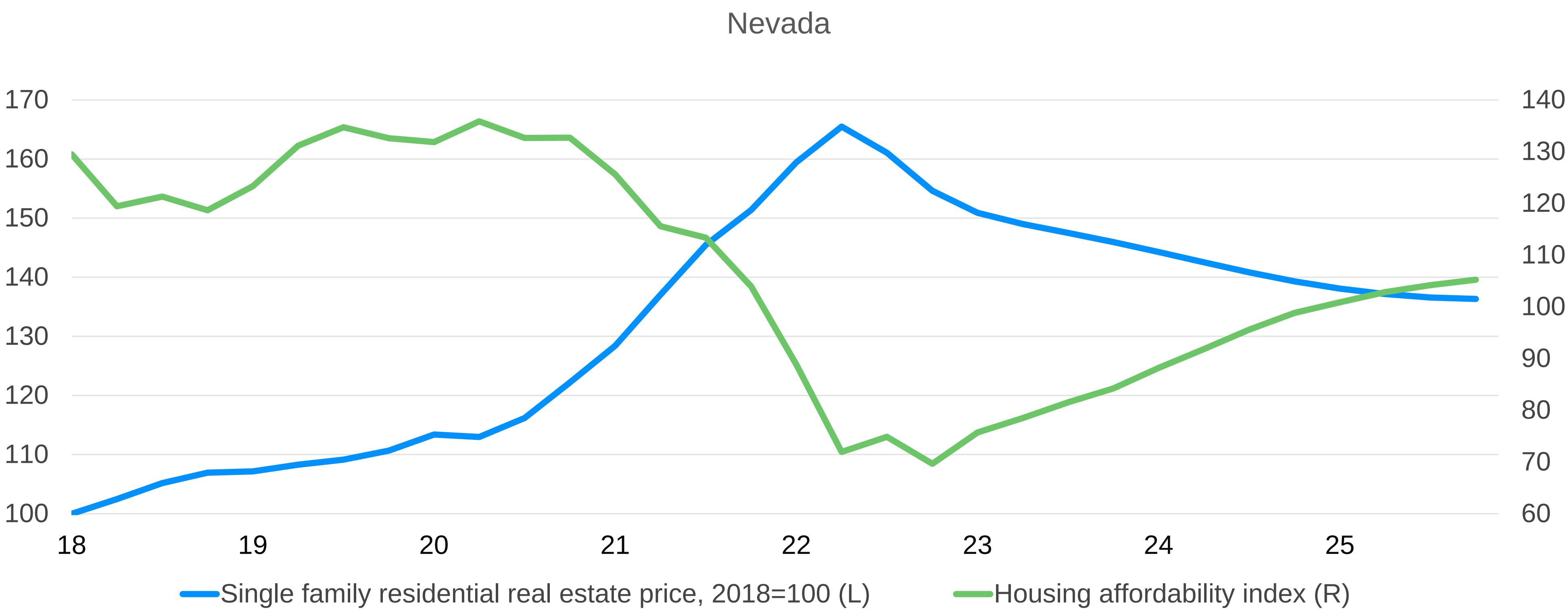
Higher Costs Weaken Nevada’s Appeal to New Residents

Nevada’s estimated net domestic migration, ths



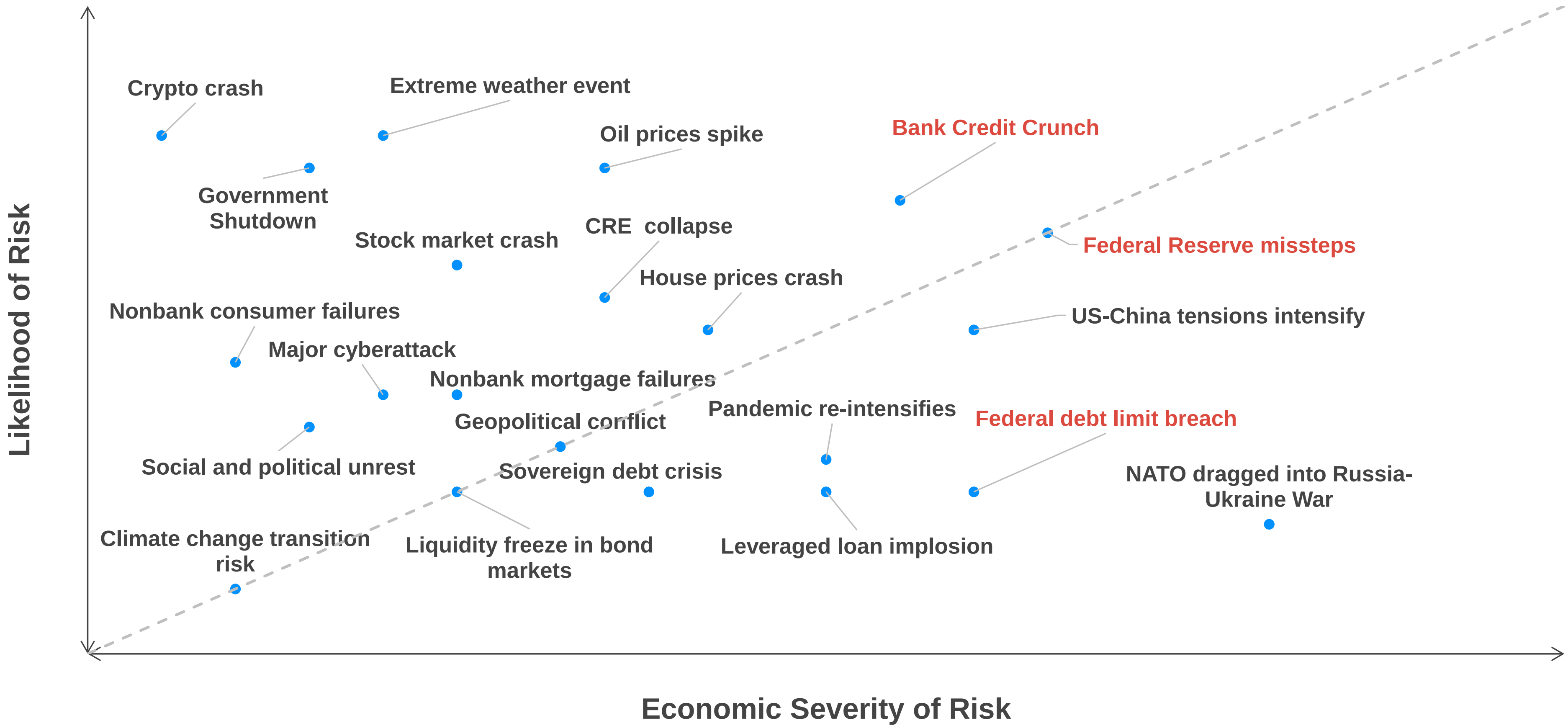
Sources: Equifax, Moody’s Analytics

Housing Market Correction a Double-Edged Sword



Source: Moody's Analytics

What Could Go Wrong?



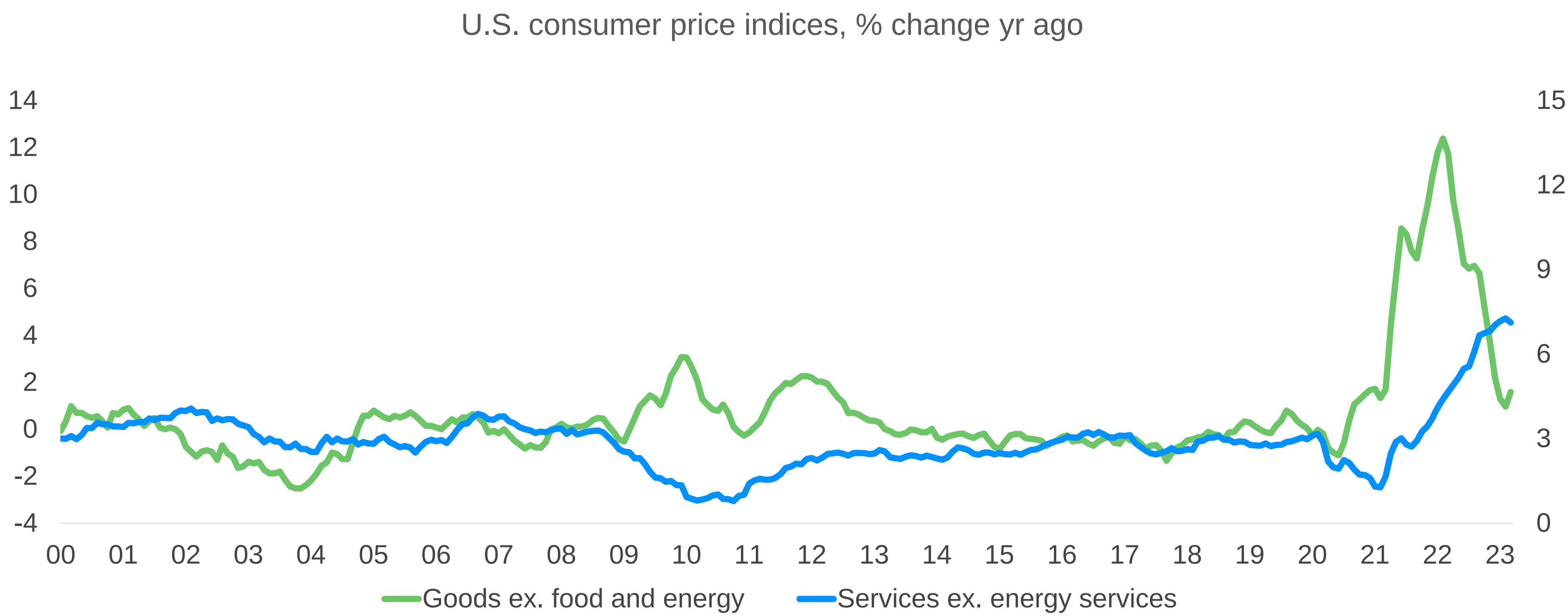
MOODY'S ANALYTICS

2 Revenue Outlook

Sales and Use Tax Outlook

	Q1	Q2	Q3	Q4	Total
Fiscal 2022, $ mil	385.4	412.1	386.9	428.9	1,613.3
Change yr ago	28.6%	28.7%	20.6%	11.4%	21.7%
Fiscal 2023, $ mil	419.9	448.8	419.9	447.3	1,735.8
Change yr ago	8.9%	8.9%	8.5%	4.3%	7.6%
Fiscal 2024, $ mil	443.9	463.3	433.5	463.6	1,804.3
Change yr ago	5.7%	3.2%	3.3%	3.6%	3.9%
Fiscal 2025, $ mil	461.5	481.0	450.4	482.2	1,875.2
Change yr ago	4.0%	3.8%	3.9%	4.0%	3.9%

Shifting Makeup of Inflation a Negative for Revenues

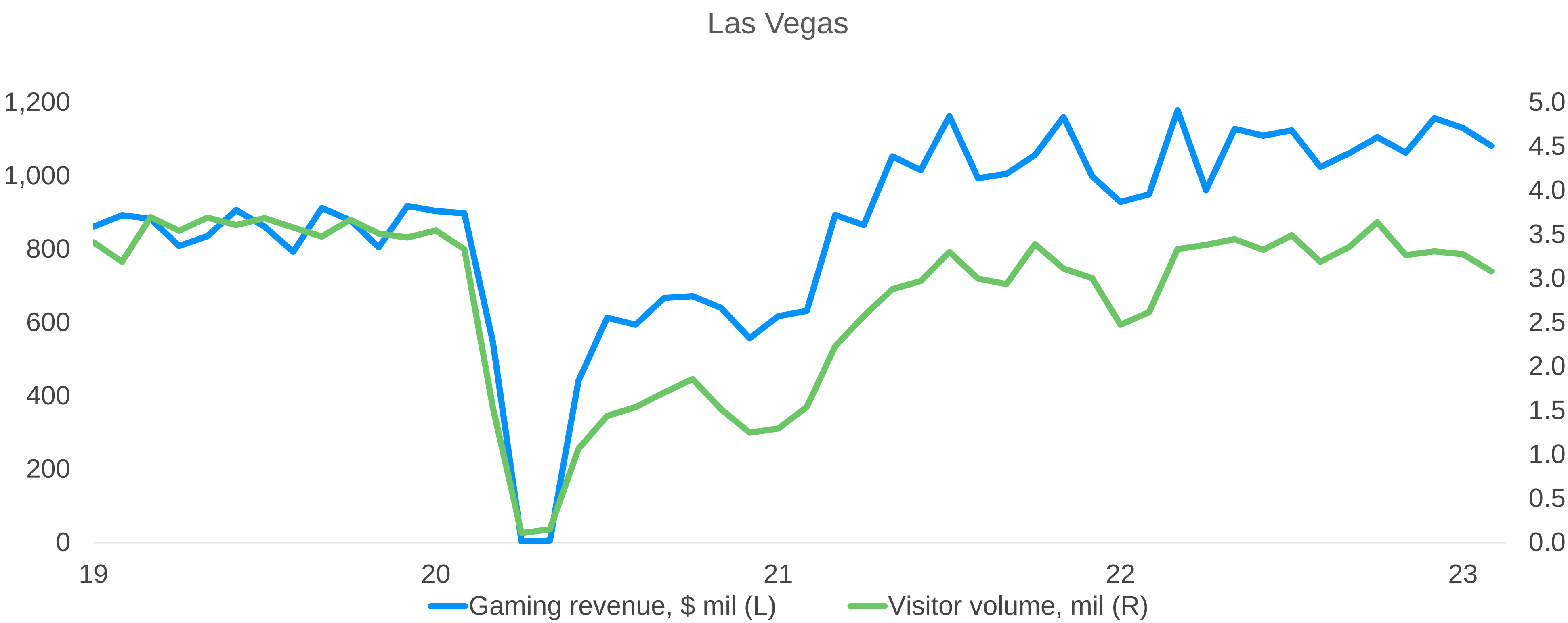


Sources: BLS, Moody's Analytics

Gaming Percentage Fee Outlook

	Q1	Q2	Q3	Q4	Total
Fiscal 2022, $ mil	256.5	239.5	208.7	259.5	964.2
Change yr ago	130.7%	42.0%	72.3%	-8.7%	40.7%
Fiscal 2023, $ mil	245.0	234.9	240.9	262.0	982.8
Change yr ago	-4.5%	-1.9%	15.4%	1.0%	1.9%
Fiscal 2024, $ mil	229.6	248.5	230.9	275.2	984.1
Change yr ago	-6.3%	5.8%	-4.2%	5.0%	0.1%
Fiscal 2025, $ mil	241.0	260.3	241.5	287.4	1,030.1
Change yr ago	5.0%	4.7%	4.6%	4.4%	4.7%

Incomplete Visitor Recovery Gives Revenues Room to Run



Sources: Las Vegas Convention & Visitors Authority, Moody's Analytics

MOODY'S ANALYTICS

Better Faster Decisions

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TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

	DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	YEAR-TO-DATE [b.] FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change
	TAXES										
	MINING TAX										
3064	Net Proceeds of Minerals [1-21][1-23][1-24]	$57,157,296	13.5%	$177,607,159	211%	$71,266,942	-59.9%	$0	$1,441,386	$1,441,386	
3245	Centrally Assessed Penalties	$1,684	-90.2%	$12,188	624%	$423	-96.5%	$423	$0	-$423	
3074	Mining Gross Revenue Tax - Gold and Silver [3-22]	$0		$0		$36,921,487		$0	$102,377	$102,377	
	TOTAL MINING TAXES AND FEES	$57,158,980	13.5%	$177,619,347	211%	$108,188,852	-39.1%	$423	$1,543,763	$1,543,340	
	SALES AND USE										
3001	Sales & Use Tax [1-19][1-20][4-22]	$1,214,701,336	-1.7%	$1,325,814,026	9.1%	$1,613,341,781	21.7%	$917,976,234	$999,903,851	$81,927,617	8.9%
3002	State Share - LSST [1-19][1-20][4-22]	$11,770,188	-1.4%	$12,976,471	10.2%	$15,666,269	20.7%	$8,919,632	$9,653,685	$734,053	8.2%
3003	State Share - BCCRT [1-19][1-20][4-22]	$5,254,882	-1.2%	$5,783,773	10.1%	$7,004,724	21.1%	$3,982,501	$4,325,646	$343,146	8.6%
3004	State Share - SCCRT [1-19][1-20][4-22]	$18,387,225	-1.2%	$20,237,415	10.1%	$24,509,793	21.1%	$13,935,121	$15,135,661	$1,200,540	8.6%
3005	State Share - PTT [1-19][1-20][4-22]	$13,825,825	0.9%	$15,761,379	14.0%	$19,349,241	22.8%	$11,000,473	$11,972,917	$972,444	8.8%
	TOTAL SALES AND USE	$1,263,939,457	-1.6%	$1,380,573,065	9.2%	$1,679,871,809	21.7%	$955,813,961	$1,040,991,760	$85,177,799	8.9%
	GAMING - STATE										
3041	Percent Fees - Gross Revenue: Before Tax Credits	$619,269,825	-17.7%	$685,144,193	10.6%	$964,214,339	40.7%	$704,735,835	$720,811,952	$16,076,117	2.3%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	-$337,637		-$1,030,589		-$664,260		-$557,157	-$2,200,088	-$1,642,931	
	Economic Development Transferrable Tax Credits [TC-2]	-$21,912,501		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	-$300,000		$0		$0		$0	$0	$0	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	-$22,550,138		-$1,030,589		-$664,260		-$557,157	-$2,200,088	-$1,642,931	
	Percent Fees - Gross Revenue: After Tax Credits	$596,719,687	-15.8%	$684,113,604	14.6%	$963,550,079	40.8%	$704,178,678	$718,611,864	$14,433,186	2.0%
3032	Pari-mutuel Tax	$3,379	4.7%	$0	-100%	$3,162		$3,162	$3,858	$696	22.0%
3181	Racing Fees	$9,286	24.5%	$0	-100%	$10,102		$10,102	$5,390	-$4,712	-46.6%
3247	Racing Fines/Forfeitures	$0		$0		$1,500		$1,500	$3,900	$2,400	160%
3042	Gaming Penalties	$176,184	-99.2%	$761,164	332%	$361,734	-52.5%	$250,176	$264,334	$14,157	5.7%
3043	Flat Fees-Restricted Slots [2-20]	$8,073,138	-2.9%	$7,820,556	-3.1%	$8,466,294	8.3%	$5,931,591	$4,700,346	-$1,231,245	-20.8%
3044	Non-Restricted Slots [2-20]	$10,223,380	-1.9%	$9,798,140	-4.2%	$10,149,080	3.6%	$7,023,880	$5,844,600	-$1,179,280	-16.8%
3045	Quarterly Fees-Games	$5,439,293	-13.2%	$5,467,970	0.5%	$5,466,294	0.0%	$3,838,251	$3,122,616	-$715,635	-18.6%
3046	Advance License Fees	$1,173,154	-18.2%	$3,414,656	191%	$16,467,639	382%	$3,093,506	$8,023	-$3,085,483	-99.7%
3048	Slot Machine Route Operator	$32,000	0.0%	$30,000	-6.3%	$26,000	-13.3%	$25,500	$25,000	-$500	-2.0%
3049	Gaming Info Systems Annual	$42,000	40.0%	$30,000	-28.6%	$49,000	63.3%	$48,000	$47,000	-$1,000	-2.1%
3028	Interactive Gaming Fee - Operator	$500,000	0.0%	$937,500	87.5%	$250,000	-73.3%	$250,000	$500,000	$250,000	100%
3029	Interactive Gaming Fee - Service Provider	$13,000	-75.5%	$11,000	-15.4%	$14,000	27.3%	$14,000	$13,000	-$1,000	-7.1%
3030	Interactive Gaming Fee - Manufacturer	$75,000	-25.0%	$75,000	0.0%	$75,000	0.0%	$50,000	$50,000	$0	0.0%
3033	Equip Mfg. License	$286,510	-1.7%	$288,020	0.5%	$287,480	-0.2%	$284,480	$277,000	-$7,480	-2.6%
3034	Race Wire License	$5,059	27.2%	$2,248	-55.6%	$4,332	92.7%	$1,936	$2,178	$242	12.5%
3035	Annual Fees on Games	$132,153	15.8%	$146,263	10.7%	$84,550	-42.2%	$0	$0	$0	
	TOTAL GAMING - STATE: BEFORE TAX CREDITS	$645,453,361	-19.5%	$713,926,710	10.6%	$1,005,930,506	40.9%	$725,561,918	$735,679,197	$10,117,278	1.4%
	Tax Credit Programs	-$22,550,138		-$1,030,589		-$664,260		-$557,157	-$2,200,088	-$1,642,931	
	TOTAL GAMING - STATE: AFTER TAX CREDITS	$622,903,223	-17.9%	$712,896,121	14.4%	$1,005,266,246	41.0%	$725,004,761	$733,479,109	$8,474,347	1.2%
	LIVE ENTERTAINMENT TAX (LET)										
3031G	Live Entertainment Tax-Gaming [5-22]	$72,175,787	-31.7%	$7,276,035	-89.9%	$99,353,405	1265%	$61,408,512	$78,870,918	$17,462,406	28.4%
3031NG	Live Entertainment Tax-Nongaming [5-22]	$19,159,947	-25.3%	$3,803,758	-80.1%	$39,802,290	946%	$14,508,978	$43,573,594	$29,064,616	200%
	TOTAL LET	$91,335,734	-30.4%	$11,079,793	-87.9%	$139,155,695	1156%	$75,917,490	$122,444,512	$46,527,023	61.3%
	COMMERCE TAX										
3072	Commerce Tax	$204,983,790	-9.6%	$221,958,301	8.3%	$281,881,659	27.0%	$20,232,420	$25,493,742	$5,261,323	26.0%
	TRANSPORTATION CONNECTION EXCISE TAX										
3073	Transportation Connection Excise Tax	$19,868,720	-34.2%	$17,141,416	-13.7%	$28,464,128	66.1%	$13,319,884	$23,278,811	$9,958,927	74.8%
	CIGARETTE TAX										
3052	Cigarette Tax [3-20]	$156,694,742	-4.7%	$152,701,797	-2.5%	$144,068,816	-5.7%	$84,277,295	$77,786,244	-$6,491,051	-7.7%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
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								YEAR-TO-DATE [b.]			
	DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change
	TAXES - CONTINUED										
	MODIFIED BUSINESS TAX (MBT)										
	MBT - NONFINANCIAL BUSINESSES (MBT-NFI) [4-20][6-22]										
3069	MBT - Nonfinancial: Before Tax Credits	$646,338,474	0.2%	$579,937,865	-10.3%	$747,602,083	28.9%	$367,886,641	$424,023,089	$56,136,448	15.3%
	Commerce Tax Credits	-$49,894,345		-$42,636,492		-$47,232,337		-$38,669,368	-$48,498,414	-$9,829,046	
	MBT - Nonfinancial: After Commerce Tax Credits	$596,444,129	-0.7%	$537,301,372	-9.9%	$700,369,745	30.3%	$329,217,274	$375,524,675	$46,307,401	14.1%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	$0		-$44,808		-$104,621		-$41,662	-$491,294	-$449,632	
	Economic Development Transferrable Tax Credits [TC-2]	$0		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	$0		$0		$0		$0	$0	$0	
	Education Choice Scholarship Tax Credits [TC-5]	-$11,069,828		-$6,934,892		-$11,462,423		-$7,313,423	-$5,258,647	$2,054,777	
	College Savings Plan Tax Credits [TC-6]	$0		-$499		-$473		-$78	-$158	-$80	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	-$11,069,828		-$6,980,200		-$11,567,517		-$7,355,164	-$5,750,099	$1,605,065	
	MBT - Nonfinancial: After Tax Credit Programs	$585,374,301	-0.5%	$530,321,172	-9.4%	$688,802,229	29.9%	$321,862,110	$369,774,576	$47,912,467	14.9%
	MBT - FINANCIAL BUSINESSES (MBT-FI) [4-20][6-22]										
3069	MBT - Financial: Before Tax Credits	$35,412,610	18.4%	$42,364,248	19.6%	$46,926,269	10.8%	$24,718,374	$19,984,392	-$4,733,982	-19.2%
	Commerce Tax Credits	-$875,623		-$413,186		-$548,227		-$365,631	-$329,824	$35,807	
	MBT - Financial: After Commerce Tax Credits	$34,536,987	16.7%	$41,951,062	21.5%	$46,378,041	10.6%	$24,352,743	$19,654,569	-$4,698,175	-19.3%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	$0		$0		$0		$0	$0	$0	
	Economic Development Transferrable Tax Credits [TC-2]	$0		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	$0		$0		$0		$0	$0	$0	
	Education Choice Scholarship Tax Credits [TC-5]	-$230,000		-$179,723		-$320,277		-$70,277	-$221,634	-$151,357	
	College Savings Plan Tax Credits [TC-6]	$0		$0		$0		$0	$0	$0	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	-$230,000		-$179,723		-$320,277		-$70,277	-$221,634	-$151,357	
	MBT - Financial: After Tax Credit Programs	$34,306,987	15.9%	$41,771,339	21.8%	$46,057,764	10.3%	$24,282,466	$19,432,935	-$4,849,531	-20.0%
	MBT - MINING BUSINESSES (MBT-MINING) [4-20][6-22]										
3069	MBT - Mining: Before Tax Credits	$22,992,626	2.1%	$19,152,769	-16.7%	$20,878,094	9.0%	$9,805,235	$10,356,747	$551,511	5.6%
	Commerce Tax Credits	-$70,648		-$56,890		-$66,316		-$80,044	-$64,251	$15,793	
	MBT - Mining: After Commerce Tax Credits	$22,921,979	2.2%	$19,095,879	-16.7%	$20,811,778	9.0%	$9,725,191	$10,292,496	$567,304	5.8%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	$0		$0		$0		$0	$0	$0	
	Economic Development Transferrable Tax Credits [TC-2]	$0		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	$0		$0		$0		$0	$0	$0	
	Education Choice Scholarship Tax Credits [TC-5]	$0		$0		$0		$0	$0	$0	
	College Savings Plan Tax Credits [TC-6]	$0		$0		$0		$0	$0	$0	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	$0		$0		$0		$0	$0	$0	
	MBT - Mining - After Tax Credit Programs	$22,921,979	2.2%	$19,095,879	-16.7%	$20,811,778	9.0%	$9,725,191	$10,292,496	$567,304	5.8%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
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	DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	YEAR-TO-DATE [b.] FY 2022 MARCH	YEAR-TO-DATE [b.] FY 2023 MARCH	YEAR-TO-DATE [b.] $ Difference	YEAR-TO-DATE [b.] % Change
	TAXES - CONTINUED										
	TOTAL MBT - NFI, FI, & MINING										
	TOTAL MBT: BEFORE TAX CREDITS	$704,743,710	1.1%	$641,454,882	-9.0%	$815,406,446	27.1%	$402,410,251	$454,364,228	$51,953,977	12.9%
	TOTAL COMMERCE TAX CREDITS	-$50,840,616		-$43,106,568		-$47,846,881		-$39,115,042	-$48,892,489	-$9,777,446	
	TOTAL MBT: AFTER COMMERCE TAX CREDITS	$653,903,094	0.2%	$598,348,313	-8.5%	$767,559,565	28.3%	$363,295,208	$405,471,739	$42,176,531	11.6%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	$0		-$44,808		-$104,621		-$41,662	-$491,294	-$449,632	
	Economic Development Transferrable Tax Credits [TC-2]	$0		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	$0		$0		$0		$0	$0	$0	
	Education Choice Scholarship Tax Credits [TC-5]	-$11,299,828		-$7,114,615		-$11,782,700		-$7,383,700	-$5,480,280	$1,903,420	
	College Savings Plan Tax Credits [TC-6]	$0		-$499		-$473		-$78	-$158	-$80	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	-$11,299,828		-$7,159,923		-$11,887,794		-$7,425,441	-$5,971,732	$1,453,708	
	TOTAL MBT: AFTER TAX CREDIT PROGRAMS	$642,603,266	0.3%	$591,188,391	-8.0%	$755,671,771	27.8%	$355,869,767	$399,500,007	$43,630,239	12.3%
	INSURANCE TAXES										
3061	Insurance Premium Tax: Before Tax Credits	$458,514,238	3.7%	$491,567,091	7.2%	$541,092,065	10.1%	$275,325,747	$291,260,928	$15,935,181	5.8%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	$0		-$2,788,983		-$714,842		-$78,370	-$293,936	-$215,566	
	Economic Development Transferrable Tax Credits [TC-2]	$0		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	$0		$0		-$350,000		$0	$0	$0	
	Nevada New Markets Job Act Tax Credits [TC-3]	-$7,775,281		-$912,027		-$23,671,913		-$12,946,063	-$14,733,962	-$1,787,900	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	-$7,775,281		-$3,701,009		-$24,736,755		-$13,024,433	-$15,027,899	-$2,003,466	
	Insurance Premium Tax: After Tax Credit Programs	$450,738,957	6.7%	$487,866,081	8.2%	$516,355,310	5.8%	$262,301,314	$276,233,029	$13,931,715	5.3%
3062	Insurance Retaliatory Tax	$378,126	22.2%	$271,532	-28.2%	$502,182	84.9%	$419,531	$211,869	-$207,662	-49.5%
3067	Captive Insurer Premium Tax	$1,244,273	-1.7%	$1,131,457	-9.1%	$1,161,859	2.7%	$1,154,359	$1,253,716	$99,357	8.6%
	TOTAL INSURANCE TAXES: BEFORE TAX CREDITS	$460,136,638	3.7%	$492,970,080	7.1%	$542,756,106	10.1%	$276,899,637	$292,726,512	$15,826,876	5.7%
	TAX CREDIT PROGRAMS	-$7,775,281		-$3,701,009		-$24,736,755		-$13,024,433	-$15,027,899	-$2,003,466	
	TOTAL INSURANCE TAXES: AFTER TAX CREDITS	$452,361,356	6.7%	$489,269,070	8.2%	$518,019,351	5.9%	$263,875,204	$277,698,614	$13,823,410	5.2%
	REAL PROPERTY TRANSFER TAX (RPTT)										
3055	Real Property Transfer Tax	$100,266,873	-0.8%	$133,907,671	33.6%	$177,690,923	32.7%	$92,344,950	$59,828,676	-$32,516,273	-35.2%
	GOVERMENTAL SERVICES TAX (GST)										
3051	Governmental Services Tax [2-18][5-20][2-21]	$21,307,879	-0.8%	$101,417,370	376%	$26,430,864	-73.9%	$17,065,480	$17,288,263	$222,783	1.3%
	OTHER TAXES										
3113	Business License Fee	$103,062,659	-6.6%	$113,217,289	9.9%	$119,544,202	5.6%	$78,229,129	$78,795,804	$566,676	0.7%
3050	Liquor Tax	$42,312,940	-5.5%	$43,548,721	2.9%	$50,392,542	15.7%	$29,335,136	$28,189,180	-$1,145,956	-3.9%
3053	Other Tobacco Tax [6-20]	$23,200,047	28.2%	$32,336,890	39.4%	$35,755,018	10.6%	$20,424,358	$20,128,161	-$296,197	-1.5%
4862	HECC Transfer	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$0	$0	$0	
3068	Branch Bank Excise Tax	$2,608,720	-6.9%	$2,594,677	-0.5%	$2,336,987	-9.9%	$1,183,413	$1,125,858	-$57,555	-4.9%
	TOTAL TAXES: BEFORE TAX CREDITS	$3,902,074,250	-5.6%	$4,241,448,008	8.7%	$5,162,874,552	21.7%	$2,793,015,743	$2,979,664,712	$186,648,969	6.7%
	TOTAL COMMERCE TAX CREDITS	-$50,840,616		-$43,106,568		-$47,846,881		-$39,115,042	-$48,892,489	-$9,777,446	
	TOTAL TAXES: AFTER COMMERCE TAX CREDITS	$3,851,233,634	-5.8%	$4,198,341,440	9.0%	$5,115,027,671	21.8%	$2,753,900,701	$2,930,772,223	$176,871,522	6.4%
	Tax Credit Programs:										
	Film Transferrable Tax Credits [TC-1]	-$337,637		-$3,864,380		-$1,483,723		-$677,189	-$2,985,318	-$2,308,129	
	Economic Development Transferrable Tax Credits [TC-2]	-$21,912,501		$0		$0		$0	$0	$0	
	Catalyst Account Transferrable Tax Credits [TC-4]	-$300,000		$0		-$350,000		$0	$0	$0	
	Nevada New Markets Job Act Tax Credits [TC-3]	-$7,775,281		-$912,027		-$23,671,913		-$12,946,063	-$14,733,962	-$1,787,900	
	Education Choice Scholarship Tax Credits [TC-5]	-$11,299,828		-$7,114,615		-$11,782,700		-$7,383,700	-$5,480,280	$1,903,420	
	College Savings Plan Tax Credits [TC-6]	$0		-$499		-$473		-$78	-$158	-$80	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0		$0		$0		$0	$0	$0	
	Total - Tax Credit Programs	-$41,625,247		-$11,891,521		-$37,288,809		-$21,007,031	-$23,199,719	-$2,192,688	
	TOTAL TAXES: AFTER TAX CREDITS	$3,809,608,386	-5.1%	$4,186,449,919	9.9%	$5,077,738,862	21.3%	$2,732,893,670	$2,907,572,504	$174,678,834	6.4%

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	DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	YEAR-TO-DATE [b.] FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change
	LICENSES										
3101	Insurance Licenses	$23,569,572	7.5%	$27,118,191	15.1%	$29,419,100	8.5%	$25,286,466	$24,983,118	-$303,348	-1.2%
3120	Marriage License	$267,159	-19.4%	$336,350	25.9%	$345,163	2.6%	$173,358	$181,012	$7,654	4.4%
	SECRETARY OF STATE										
3105	UCC	$3,057,329	27.0%	$3,835,489	25.5%	$3,454,770	-9.9%	$2,243,474	$2,285,674	$42,200	1.9%
3129	Notary Fees	$464,366	-11.4%	$659,232	42.0%	$717,235	8.8%	$462,133	$473,425	$11,292	2.4%
3130	Commercial Recordings	$72,629,712	-4.7%	$84,354,074	16.1%	$88,574,485	5.0%	$57,950,445	$56,649,873	-$1,300,572	-2.2%
3131	Video Service Franchise	$2,950	-89.4%	$26,250	790%	$300	-98.9%	$250	$150	-$100	-40.0%
3121	Domestic Partnership Registry Fee	$33,998	-28.4%	$55,790	64.1%	$62,391	11.8%	$0	$0	$0	
3152	Securities [7-22]	$30,131,586	0.8%	$32,033,172	6.3%	$35,068,024	9.5%	$31,121,742	$32,767,821	$1,646,080	5.3%
	TOTAL SECRETARY OF STATE	$106,319,941	-2.5%	$120,964,007	13.8%	$127,877,205	5.7%	$91,778,043	$92,176,944	$398,901	0.4%
3172	Private School Licenses	$194,318	-11.8%	$237,873	22.4%	$217,461	-8.6%	$134,295	$123,897	-$10,398	-7.7%
3173	Private Employment Agency	$19,700	5.9%	$17,000	-13.7%	$20,100	18.2%	$17,000	$16,800	-$200	-1.2%
	REAL ESTATE										
3161	Real Estate License	$2,533,241	-6.4%	$2,965,619	17.1%	$2,936,854	-1.0%	$2,095,630	$2,117,215	$21,585	1.0%
3162	Real Estate Fees	$1,650	-8.3%	$1,950	18.2%	$2,850	46.2%	$1,950	$2,400	$450	23.1%
	TOTAL REAL ESTATE	$2,534,891	-6.4%	$2,967,569	17.1%	$2,939,704	-0.9%	$2,097,580	$2,119,615	$22,035	1.1%
3102	Athletic Commission Fees	$4,021,180	-7.2%	$91,559	-97.7%	$5,846,931	6286%	$4,984,264	$3,461,577	-$1,522,686	-30.5%
	TOTAL LICENSES	$136,926,762	-1.2%	$151,732,549	10.8%	$166,665,664	9.8%	$124,471,006	$123,062,963	-$1,408,043	-1.1%
	FEES AND FINES										
3203	Divorce Fees	$144,113	-9.2%	$158,109	9.7%	$152,694	-3.4%	$98,840	$88,488	-$10,352	-10.5%
3204	Civil Action Fees	$1,226,220	-4.7%	$1,360,985	11.0%	$1,259,803	-7.4%	$626,193	$575,470	-$50,723	-8.1%
3242	Insurance Fines	$390,033	-19.1%	$447,172	14.6%	$367,121	-17.9%	$281,059	$310,639	$29,579	10.5%
3242LC	Investigative Costs Recovery - Labor Commission	$18,000		$34,000	88.9%	$69,050	103%	$64,050	$23,304	-$40,746	-63.6%
3103MD	Medical Plan Discount Reg. Fees	$0		$500		$500		$0	$0	$0	
	REAL ESTATE FEES										
3107IOS	IOS Application Fees	$6,600	-4.1%	$8,300	25.8%	$8,020	-3.4%	$5,940	$4,540	-$1,400	-23.6%
3165	Land Co Filing Fees	$19,400	-30.5%	$29,150	50.3%	$36,175	24.1%	$26,000	$22,925	-$3,075	-11.8%
3169	Real Estate Reg Fees	$14,450	48.6%	$25,700	77.9%	$26,750	4.1%	$17,900	$2,900	-$15,000	-83.8%
4741	Real Estate Exam Fees	$442,139	-24.7%	$866,492	96.0%	$801,447	-7.5%	$450,904	$0	-$450,904	
3178	Real Estate Accred Fees	$100,475	-12.8%	$105,054	4.6%	$112,750	7.3%	$78,400	$80,950	$2,550	3.3%
3254	Real Estate Penalties	$83,050	-20.8%	$112,460	35.4%	$93,843	-16.6%	$69,805	$70,565	$760	1.1%
3190	A.B. 165, Real Estate Inspectors	$62,730	7.5%	$67,875	8.2%	$62,320	-8.2%	$46,420	$45,270	-$1,150	-2.5%
	TOTAL REAL ESTATE FEES	$728,844	-19.9%	$1,215,031	66.7%	$1,141,305	-6.1%	$695,369	$227,150	-$468,219	-67.3%
3066	Short Term Car Lease [8-22]	$45,208,997	-21.1%	$45,687,019	1.1%	$74,584,103	63.3%	$36,361,028	$41,587,940	$5,226,912	14.4%
3103AC	Athletic Commission Licenses/Fines	$135,750	-2.7%	$163,775	20.6%	$183,965	12.3%	$130,348	$121,373	-$8,975	-6.9%
3150	Navigable Water Permit Fees [3-18]	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$126,550	$133,625	$7,075	5.6%
3205	State Engineer Sales [4-18]	$3,731,855	-4.0%	$3,848,492	3.1%	$3,721,744	-3.3%	$2,889,605	$3,239,946	$350,340	12.1%
3206	Supreme Court Fees	$205,770	-18.5%	$177,805	-13.6%	$190,495	7.1%	$137,130	$139,395	$2,265	1.7%
3115	Notice of Default Fee	$487,642	-17.5%	$193,735	-60.3%	$355,350	83.4%	$203,015	$287,150	$84,135	41.4%
3601	Professional Employer Organization Fee [9-22]					$92,500		$79,500	$106,500	$27,000	34.0%
3271	Misc Fines/Forfeitures [5-18]	$1,671,151	-52.2%	$2,828,409	69.2%	$2,060,891	-27.1%	$1,681,045	$1,769,223	$88,178	5.2%
	TOTAL FEES AND FINES	$54,013,376	-21.2%	$56,180,032	4.0%	$84,244,519	50.0%	$43,373,733	$48,610,203	$5,236,470	12.1%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	YEAR-TO-DATE [b.] FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change
USE OF MONEY AND PROP										
OTHER REPAYMENTS										
4403 Forestry Nurseries Fund Repayment (05-M27)	$20,670		$20,670		$20,670		$0	$20,670	$20,670	
4408 Comp/Fac Repayment	$13,032		$13,032		$13,032		$0	$0	$0	
4408 EITS Repayment - State Microwave Communications System [1-18]	$57,900		$57,900		$266,914		$0	$0	$0	
4408 EITS Repayment - Cyber Security Resource Enhancement [2-19]	$201,079		$178,351		$124,406		$0	$0	$0	
4408 EITS Repayment - Wide-Area Network Upgrade [3-19]	$499,724		$499,723		$223,808		$0	$0	$0	
4408 EITS Repayment - Enterprise Cloud Application [1-22]	$0		$0		$448,209		$0	$0	$0	
4408 EITS Repayment - Firewall Replacement [2-22]	$0		$0		$677,637		$0	$0	$0	
4408 EITS Repayment - Content Management and Portal Platform [2-24]	$0		$0		$0		$0	$0	$0	
4409 Motor Pool Repay - LV	$125,000		$125,000		$125,000		$0	$125,000	$125,000	
TOTAL OTHER REPAYMENTS	$917,405	0.6%	$894,676	-2.5%	$1,899,676	112%	$0	$145,670	$145,670	
INTEREST INCOME										
3290 Treasurer	$20,026,728	10.0%	$8,789,668	-56.1%	$24,192,051	175%	$6,486,210	$41,571,182	$35,084,971	541%
3291 Other	$177,821	-13.8%	$19,693	-88.9%	$11,780	-40.2%	$5,337	$294,691	$289,354	5422%
TOTAL INTEREST INCOME	$20,204,550	9.7%	$8,809,361	-56.4%	$24,203,830	175%	$6,491,547	$41,865,873	$35,374,326	545%
TOTAL USE OF MONEY & PROP	$21,121,955	9.3%	$9,704,037	-54.1%	$26,103,506	169%	$6,491,547	$42,011,543	$35,519,996	547%
OTHER REVENUE										
3059 Hoover Dam Revenue	$300,000	0.0%	$275,595	-8.1%	$324,405	17.7%	$0	$0	$0	
MISC SALES AND REFUNDS										
3047 Expired Slot Machine Wagering Vouchers	$10,821,026	4.3%	$8,755,404	-19.1%	$16,506,340	88.5%	$12,032,603	$14,403,037	$2,370,434	19.7%
3107 Misc Fees [3-18][9-22]	$410,057	-2.1%	$520,655	27.0%	$695,658	33.6%	$554,272	$564,525	$10,253	1.8%
3109 Court Admin Assessments [6-18][7-20]	$0		$0		$0		$0	$0	$0	
3114 Court Administrative Assessment Fee	$1,831,501	-14.6%	$1,582,424	-13.6%	$1,419,507	-10.3%	$907,679	$965,198	$57,519	6.3%
3168 Declare of Candidacy Filing Fee	$20,405	-44.6%	$24,000	17.6%	$58,241	143%	$1,875	$42,384	$40,509	2160%
3202 Fees & Writs of Garnishments	$1,295	-80.1%	$755	-41.7%	$570	-24.5%	$415	$370	-$45	-10.8%
3220 Nevada Report Sales	$3,450	-69.4%	$6,050	75.4%	$1,215	-79.9%	$945	$490	-$455	-48.1%
3222 Excess Property Sales	$6,446	-32.3%	$18,447	186%	$12,878	-30.2%	$16,018	$2,416	-$13,601	
3240 Sale of Trust Property	$573	-83.7%	$0	-100%	$0		$0	$0	$0	
3243 Insurance - Misc	$364,448	2.7%	$395,481	8.5%	$391,986	-0.9%	$286,265	$269,167	-$17,098	-6.0%
3274 Misc Refunds	$30,139	-19.6%	$38,342	27.2%	$32,662	-14.8%	$24,222	$22,624	-$1,598	-6.6%
3276 Cost Recovery Plan [7-18][8-20][10-22]	$10,588,533	1.4%	$10,968,431	3.6%	$9,079,171	-17.2%	$6,813,308	$4,283,496	-$2,529,812	-37.1%
TOTAL MISC SALES & REF	$24,077,873	-5.6%	$22,309,988	-7.3%	$28,198,227	26.4%	$20,637,602	$20,553,707	-$83,895	-0.4%
3255 Unclaimed Property	$31,198,989	48.8%	$47,672,493	52.8%	$56,059,921	17.6%	$0	$0	$0	
TOTAL OTHER REVENUE	$55,576,862	18.8%	$70,258,076	26.4%	$84,582,554	20.4%	$20,637,602	$20,553,707	-$83,895	-0.4%
TOTAL GENERAL FUND REVENUE: BEFORE TAX CREDITS	$4,169,713,203	-5.4%	$4,529,322,702	8.6%	$5,524,470,795	22.0%	$2,987,989,631	$3,213,903,128	$225,913,497	7.6%
TOTAL COMMERCE TAX CREDITS	-$50,840,616		-$43,106,568		-$47,846,881		-$39,115,042	-$48,892,489	-$9,777,446	
TOTAL GENERAL FUND REVENUE: AFTER COMMERCE TAX CREDITS	$4,118,872,587	-5.6%	$4,486,216,133	8.9%	$5,476,623,914	22.1%	$2,948,874,589	$3,165,010,639	$216,136,050	7.3%
TAX CREDIT PROGRAMS:										
FILM TRANSFERRABLE TAX CREDITS [TC-1]	-$337,637		-$3,864,380		-$1,483,723		-$677,189	-$2,985,318	-$2,308,129	
ECONOMIC DEVELOPMENT TRANSFERRABLE TAX CREDITS [TC-2]	-$21,912,501		$0		$0		$0	$0	$0	
CATALYST ACCOUNT TRANSFERRABLE TAX CREDITS [TC-4]	-$300,000		$0		-$350,000		$0	$0	$0	
NEVADA NEW MARKET JOBS ACT TAX CREDITS [TC-3]	-$7,775,281		-$912,027		-$23,671,913		-$12,946,063	-$14,733,962	-$1,787,900	
EDUCATION CHOICE SCHOLARSHIP TAX CREDITS [TC-5]	-$11,299,828		-$7,114,615		-$11,782,700		-$7,383,700	-$5,480,280	$1,903,420	
COLLEGE SAVINGS PLAN TAX CREDITS [TC-6]	$0		-$499		-$473		-$78	-$158	-$80	
AFFORDABLE HOUSING TRANSFERRABLE TAX CREDITS [TC-7]	$0		$0		$0		$0	$0	$0	
TOTAL- TAX CREDIT PROGRAMS	-$41,625,247		-$11,891,521		-$37,288,809		-$21,007,031	-$23,199,719	-$2,192,688	
TOTAL GENERAL FUND REVENUE: AFTER TAX CREDITS	$4,077,247,340	-4.9%	$4,474,324,612	9.7%	$5,439,335,105	21.6%	$2,927,867,558	$3,141,810,920	$213,943,362	7.3%

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

							YEAR-TO-DATE [b.]			
DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change

NOTES:

[b.] The fiscal year-to-date amounts for Sales and Use Tax, Cigarette Tax, Liquor Tax, Other Tobacco Tax, Live Entertainment Tax-Nongaming and Gaming, and all of the taxes and fees listed under Gaming-State are based on actual amounts reported by the Department of Taxation and Gaming Control Board. The fiscal year-to-date amounts for the Secretary of State License revenues are based on actual amounts reported by the Secretary of State. The fiscal-year-to-date amounts for all other General Fund revenue sources shown in the table represent the figures obtained from the Controller's system through March 31 of FY 2022 and FY 2023. The amounts for revenue sources from the Department of Taxation represent the fiscal year-to-date amount through first the seven months (for monthly tax sources) and through the first two quarters (for quarterly tax sources).

FY 2018: Note 1 represents legislative actions approved during the 2015 Legislative Session.

[1-18] Section 51 of S.B. 514 allows the Division of Enterprise Information Technology Services of the Department of Administration to use revenues from intergovernmental transfers to the State General Fund for the repayment of special appropriations that were made to the Division for the replacement of the state's microwave communications system. The legislatively approved repayment from the Division to the State General Fund is $57,900 per year between FY 2018 and FY 2021, with increased repayments between FY 2022 and FY 2028.

FY 2018: Notes 2 through 7 represent legislative actions approved during the 2017 Legislative Session.

[2-18] 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.

[3-18] 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.

Prior to the passage of S.B. 512, the proceeds from the navigable water permit fees permitted pursuant to NRS 322.120 were recorded as Miscellaneous Fee revenue. Beginning in FY 2018, the proceeds from these fees are accounted for separately under Navigable Water Permit Fees, resulting in a corresponding reduction to the forecast for Miscellaneous Fees of $65,000 per fiscal year in FY 2018 and FY 2019.

[4-18] 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.

[5-18] 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.

[6-18] 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.

[7-18] Adjustment to the Statewide Cost Allocation amount included in the Legislature Approved budget after the May 1, 2017, approval of the General Fund revenue forecast by the Economic Forum.

FY 2019: Notes 1 through 3 represent legislative actions approved during the 2017 Legislative Session.

[1-19] Senate Bill 415 (2017) required the submission of a question on the November 2018 General Election ballot seeking approval to amend the Sales and Use Tax Act of 1955 to provide an exemption from the State 2% sales and use tax for certain feminine hygeine products. This ballot question was approved by the voters and, therefore, the sales tax exemption for these products will be effective January 1, 2019, until December 31, 2028.

S.B. 415 also provides that if the ballot question is approved by the voters, identical exemptions for these products from the Local School Support Tax and other state and local taxes would become effective January 1, 2019, and would also expire on December 31, 2028. These exemptions will reduce the amount of the commission that is kept by the Department of Taxation and deposited in the State General Fund for collection of these taxes.

[2-19] Section 39 of A.B. 518 provides General Fund appropriations of $497,625 in FY 2018 and $306,690 in FY 2019 to the Division of Enterprise Information Technology Services of the Department of Administration to enhance the state's cyber security resources. The legislatively approved repayment of these appropriations is 25 percent of the amounts appropriated per year, beginning in FY 2019 (for the FY 2018 appropriation) and in FY 2020 (for the FY 2019 appropriation).

[3-19] Section 40 of A.B. 518 provides a General Fund appropriation of $1,998,895 in FY 2018 to the Division of Enterprise Information Technology Services of the Department of Administration to increase the bandwidth and connectivity of the State's wide area network. The legislatively approved repayment of this appropriation is 25 percent of the amount appropriated per year, beginning in FY 2019.

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

							YEAR-TO-DATE [b.]			
DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change

FY 2020: Notes 1 through 8 represent legislative actions approved during the 2019 Legislative Session.

[1-20] A.B. 445 requires a marketplace facilitator, defined as a person who facilitates the sale of tangible personal property by a marketplace seller in the state of Nevada, to collect and remit sales and use taxes on certain sales that are facilitated on behalf of the marketplace seller, effective October 1, 2019. Estimated to generate $16,459,000 in FY 2020 and $21,945,000 in FY 2021 for the State 2% rate. This requirement is also estimated to increase collections for the General Fund Commissions by $668,000 in FY 2020 (LSST: $160,000; BCCRT: $72,000; SCCRT: $252,000; PTT: $184,000) and $892,000 in FY 2021 (LSST: $214,000; BCCRT: $96,000; SCCRT: $336,000; PTT: $246,000).

[2-20] S.B. 535 removes the requirement that an amount equal to $2 per slot machine collected from quarterly restricted and non-restricted slot machine fees be allocated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. Estimated to generate $1,303,100 in FY 2020 (Non-restricted: $1,149,400; Restricted: $153,700) and $1,298,800 in FY 2021 (Non-restricted: $1,143,900; Restricted: $154,900).

[3-20] A.B. 535 increases the existing license fee on wholesale dealers of cigarettes, which is currently distributed between the State General Fund and local governments, and establishes new license fees for manufacturers, wholesale dealers of other tobacco products, and tobacco retailers. This bill requires all license fee proceeds to be retained by the Department of Taxation to administer and enforce the cigarette and OTP statutes. This action to require the license fees on wholesale dealers of cigarettes to be retained by the Department is estimated to reduce General Fund revenue by less than $10,000 per year in FY 2020 and FY 2021; thus, no adjustment is made to the forecast.

[4-20] S.B. 551 permanently repeals the provisions requiring the Modified Business Tax (MBT) tax rates on nonfinancial institutions (MBT-NFI), financial institutions (MBT-FI), and mining companies (MBT-Mining) to be reduced by the Department of Taxation if actual collections from these taxes, in combination with collections from the Commerce Tax and Branch Bank Excise Tax and tax credits taken against the MBT, are more than 4% above the Economic Forum's May forecast in any even-numbered fiscal year.

As a result of the passage of this bill, the rates for the MBT-NFI, which was to be reduced to 1.378% for all taxable wages in excess of $50,000 per calendar quarter, and the MBT-FI and MBT-Mining, which were to be reduced to 1.853% for all taxable wages, effective July 1, 2019, will remain at the current rates of 1.475% (for the MBT-NFI) and 2% (for the MBT-FI and MBT-Mining), on and after that date. Estimated to generate $48,166,000 in FY 2020 (MBT-NFI: $44,101,000; MBT-FI: $2,335,000; MBT-Mining: $1,730,000) and $49,998,000 in FY 2021 (MBT-NFI: $45,827,000; MBT:FI: $2,420,000; MBT-Mining: $1,751,000).

[5-20] S.B. 541 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 on a permanent basis, effective July 1, 2019. The remaining 75% portion of these proceeds are to be deposited in the State Highway Fund. Estimated to generate $21,954,000 in FY 2020 and $22,321,000 in FY 2021.

[6-20] S.B. 263 specifies that alternative nicotine products and vapor products, including e-cigarettes and their components, are subject to the 30 percent wholesale tax on other tobacco products, effective January 1, 2020. Estimated to generate $3,699,000 in FY 2020 and $7,931,000 in FY 2021.

[7-20] 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 2020 and FY 2021. Estimated to generate $351,220 in FY 2020 and $270,166 in FY 2021.

[8-20] Adjustment to the Statewide Cost Allocation amount included in the Legislatively Approved budget after the May 1, 2019, approval of the General Fund revenue forecast by the Economic Forum.

FY 2021: Notes 1 through 3 represent legislative actions approved during the 31st Special Session (July 2020).

[1-21] S.B. 3 requires the advance payment on the net proceeds of minerals (NPM) tax in FY 2021 based on the estimated net proceeds for the current calendar year 2021. This additional NPM tax payment in FY 2021 is estimated to generate $54,500,000 from the General Fund portion of the tax due on the estimated net proceeds for calendar year 2021 based on the consensus estimate prepared by the Department of Taxation, Budget Division, and the Fiscal Analysis Division. The provisions of S.B. 3 also apply to FY 2022 and FY 2023, but the NPM tax reverts back to the former method (tax due based on actual mining activity from the preceding calendar year) of taxing net proceeds on July 1, 2023.

[2-21] S.B. 3 requires 100% 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 2021 only. Beginning in FY 2022, the distribution reverts to 75% of the additional revenue generated from the GST 10% depreciation schedule change deposited in the State Highway Fund and 25% deposited in the State General Fund, as approved in S.B. 541 (2019). Estimated to generate an additional $71,346,000 in FY 2021 for the State General Fund, based on the consensus estimate prepared by the Budget Division and the Fiscal Analysis Division.

[3-21] S.B. 3 requires the Department of Taxation to establish and conduct a tax amnesty program by which taxpayers may pay a fee, tax, or assessment required to be paid to the Department without incurring any penalties or interest that would otherwise be required as a result of the unpaid fee, tax, or assessment. This program is required to be conducted by the Department for a period of not more than 90 calendar days and must be concluded no later than June 30, 2021. Estimated to generate $14,000,000 to the State General Fund and $7,000,000 to the Distributive School Account (DSA) in FY 2021 based on the consensus estimate prepared by the Department of Taxation, Budget Division, and the Fiscal Analysis Division.

FY 2022: Notes 1 and 2 represent legislative actions approved during the 2019 Legislative Session.

[1-22] Section 1 of A.B. 512 provides a General Fund appropriation of $2,138,800 in FY 2020 to the Division of Enterprise Information Technology Services of the Department of Administration for the implementation of an enterprise cloud electronic mail and business productivity application. The legislatively approved repayment of this appropriation is 25 percent of the cost of the implementation of an enterprise cloud electronic mail and business productivity application per year, beginning in FY 2022.

[2-22] Section 2 of A.B. 512 provides a General Fund appropriation of $4,186,202 in FY 2020 to the Division of Enterprise Information Technology Services of the Department of Administration for the replacement of firewalls. The legislatively approved repayment of this appropriation is 25 percent of the cost of the replacement of the firewalls per year, beginning in FY 2022.

TABLE 1
GENERAL FUND REVENUES - ACTUALS
FY 2020 THROUGH FY 2022 AND FY 2023 VERSUS FY 2022 YEAR-TO-DATE THROUGH MARCH
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	YEAR-TO-DATE [b.] FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change

FY 2022: Notes 3 through 11 represent legislative actions approved during the 2021 Legislative Session.

[3-22] A.B. 495 imposes an annual tax on each business entity engaged in the business of extracting gold or silver in this State whose Nevada gross revenue in a taxable year exceeds $20 million, effective July 1, 2021. The tax rate is 0.75% of all taxable revenue in excess of $20 million, but not more than $150 million; and 1.1% of all Nevada gross revenue in excess of $150 million. The proceeds from this tax are to be deposited in the State General Fund in FY 2022 and FY 2023, but will be deposited in the State Education Fund as a dedicated state funding source for the benefit of K-12 education under the Pupil-Centered Funding Plan beginning in FY 2024. Estimated to generate $83,802,000 in FY 2022 and $80,996,000 in FY 2023.

[4-22] S.B. 440 provides an exemption from sales and use taxes on purchases of tangible personal property by members of the Nevada National Guard who are on active status and who are residents of this State and certain relatives of such members, if the purchase occurs on the date on which Nevada Day is observed or the immediately following Saturday or Sunday, between July 1, 2021, and June 30, 2031. The bill also revises the eligibility requirements for the current exemption that is authorized for members of the Nevada National Guard called into active service to provide that this exemption is available to these members and certain relatives, if the member has been called into active duty for a period of more than 30 days outside of the United States. The exemption is anticipated to reduce sales and use tax revenue for the state and local governments; however, an estimate of the potential reduction was not prepared.

[5-22] S.B. 367 provides an exemption from the Live Entertainment Tax for live entertainment that is provided by or entirely for the benefit of a governmental entity, effective upon passage and approval (June 4, 2021). Because this exemption is expected to provide a minimal reduction to LET revenues, no adjustment to the forecast was made.

[6-22] On May 13, 2021, the Nevada Supreme Court upheld a First Judicial District Court ruling that certain actions by the Legislature in Senate Bill 551 (2019) were unconstitutional, as that legislation was approved without the two-thirds majority in each house required in Article 4, Section 18 of the Nevada Constitution. As a result, the tax rates for the Modified Business Tax were reduced effective April 1, 2021 to the rates determined by the Department of Taxation on or before September 30, 2018, that were to become effective on July 1, 2019, pursuant to the provisions of NRS 360.203. The rate for the MBT-NFI was reduced from 1.475% to 1.378% for all taxable wages in excess of $50,000 per calendar quarter and the rate for the MBT-FI and MBT-Mining was reduced from 2.0% to 1.853% on all quarterly taxable wages. The court ruling additionally requires the Department of Taxation to issue refunds for all MBT that was collected at the higher rates, between July 1, 2019, and March 31, 2021, based on the difference between the rate approved in S.B. 551 and the reduced rate determined by the Department in September 2018, as well as interest on the excess amount collected.

The adjustments to the May 2021 Economic Forum forecast reflect the estimated combined negative impact for each fiscal year for the refund and interest attributable to FY 2020 and FY 2021 overpayments as allocated to FY 2021 and FY 2022 and the tax rate reduction for the fourth quarter of FY 2021 and all four quarters of FY 2022 and FY 2023. The estimated negative impact to total MBT collections attributable to the refund and interest on tax overpayments for FY 2020 and FY 2021 allocated to FY 2021 is $75,575,000 (MBT-NFI: $68,066,000, MBT-FI: $4,647,000, MBT-Mining: $2,862,000) and allocated to FY 2022 is $4,717,000 (MBT-NFI: $3,722,000, MBT-FI: $943,000, MBT-Mining: $52,000). The estimated negative impact to total MBT collections attributable to the reduction in the tax rates for FY 2021 is $12,128,000 (MBT-NFI: $10,917,000, MBT-FI: $785,000, MBT-Mining: $426,000), for FY 2022 is $50,573,000 (MBT-NFI: $45,445,000, MBT-FI: $3,386,000, MBT-Mining: $1,742,000), and for FY 2023 is $53,659,000 (MBT-NFI: $48,238,000, MBT-FI: $3,637,000, MBT-Mining: $1,784,000). The estimates for the refund and interest are based on information provided by the Department of Taxation, based on an analysis of actual taxpayer accounts, regarding the potential total refund and interest amounts for the four quarters of FY 2020 and the three quarters of FY 2021 and the actual refund and interest amounts issued for each fiscal year in FY 2021 by each component of the MBT.

[7-22] S.B. 9 provides an exemption from licensure for investment advisers to certain qualifying private funds, effective July 1, 2022, if: (1) the investment adviser solely advises one or more qualifying private funds; (2) the investment adviser is not required to register with the Securities and Exchange Commission; (3) neither the investment adviser nor any of its advisory affiliates have engaged in certain bad acts; (4) the investment adviser files certain reports with the Administrator, who is the Deputy of Securities appointed by the Secretary of State; and (5) the investment adviser pays a fee prescribed by the Administrator. Estimated to reduce revenue by $12,000 in FY 2023.

[8-22] S.B. 389 provides for the regulation and licensing of peer-to-peer car sharing programs by the Department of Motor Vehicles, and also provides that passenger cars that are shared through such a program are subject to a Short Term Car Lease Fee that is identical to the fee already collected by the Department of Taxation on the rental of other passenger cars in this state, effective October 1, 2021. Estimated to generate $750,000 in FY 2022 and $1,000,000 in FY 2023.

[9-22] The proceeds from the licensure of certain professional employer organizations (employee leasing companies), which were being retained by the Division of Industrial Relations in the Department of Business and Industry, were going to be deposited in the State General Fund beginning on July 1, 2021. The Economic Forum May 4, 2021, forecast accounted for this action by including an estimate of $103,500 in G.L. 3107. Senate Bill 55 transfers the duties for regulating and licensing professional employer organizations from the Division to the Labor Commissioner, effective July 1, 2021. It was determined after the passage of S.B. 55 that the Labor Commissioner will post the revenues from the licensing fees in G.L. 3601, not G.L. 3107. Thus, a new line for G.L. 3601 – Professional Employer Organization Fee is added to the table and $103,500 is transferred from the forecast for G.L. 3107 to this new G.L., resulting in a net zero change to the Economic Forum May 4, 2021, forecast.

[10-22] Adjustment to the Statewide Cost Allocation amount included in the Legislatively Approved budget after the May 4, 2021, approval of the General Fund revenue forecast by the Economic Forum.

[11-22] A.B. 445 requires the State Controller, as soon as practicable after the close of FY 2021, to transfer $1,000,000 from the Abandoned Property Trust Account (Unclaimed Property) to the Grant Matching Account for the purpose of providing grants or satisfying matching requirements for nongovernmental organizational grants by the Office of Federal Assistance in the Office of the Governor. For FY 2023 and all subsequent years, the first $1.0 million of revenue from Unclaimed Property that is generated after the required transfer of the first $7.6 million to the Millennium Scholarship Trust Fund must be transferred to the Grant Matching Account. The actions in A.B. 445, therefore, reduce the forecast for this revenue source by $1.0 million per year in FY 2022, FY 2023, and all future fiscal years.

FY 2023: Note 1 represents legislative actions approved during the 2023 Legislative Session.

[1-23] S.B. 124 amends the provisions originally approved in S.B. 3 of the 31st Special Session (July 2020), which required the prepayment of the State General Fund portion of the Net Proceeds of Minerals Tax for FY 2021, FY 2022, and FY 2023 based on the estimated mining activity during each of those calendar years, to revert the payment of the tax back to its former method (tax due based on actual mining activity from the preceding calendar year) of taxing net proceeds on July 1, 2022, rather than on July 1, 2023, as originally approved in S.B. 3. The passage of S.B. 124 will require these tax proceeds to be paid based on actual calendar year 2023 mining activity during FY 2024, and the proceeds will be deposited in the State Education Fund, pursuant to A.B. 495 (2021); thus, the resultant forecast for this tax remains zero in FY 2024 and FY 2025, based on current law.

FY 2024: Notes 1 and 2 represent legislative actions approved during the 2021 Legislative Session.

[1-24] A.B. 495 provides that, beginning in FY 2024, the portion of the Net Proceeds of Minerals Tax currently deposited in the State General Fund be instead deposited in the State Education Fund as a dedicated state funding source for the benefit of K-12 education under the Pupil-Centered Funding Plan. This action does not affect the Economic Forum's forecast for FY 2022 or FY 2023.

[2-24] S.B. 426 provides a General Fund appropriation of $1,784,500 to the Division of Enterprise Information Technology Services of the Department of Administration for the replacement of the content management and portal platform. The legislatively approved annual repayment of this appropriation is 25 percent of the cost of the replacement of the content management and portal platform per year, beginning in FY 2024.

TABLE 1
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DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	YEAR-TO-DATE [b.] FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change
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.

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. The forecasts for FY 2023, FY 2024, and FY 2025 are based on information provided by the Nevada Film Office of GOED.

[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 $0 per fiscal year for FY 2023, FY 2024, and FY 2025, because the entirety of the $195 million in transferrable tax credits that could be authorized pursuant to S.B. 1 have been awarded and used.

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.

Pursuant to Senate Bill 410 of the 2019 Session, a project is eligible for the transferable tax credits only if the Interim Finance Committee approves a written request submitted by GOED for the issuance of the transferable tax credits. The Interim Finance Committee may approve such a request only if the Interim Finance Committee determines that approval of the request will not impede the ability of the Legislature to carry out its duty to provide for an annual tax sufficient to defray the estimated expenses of the State for each fiscal year as set forth in Article 9, Section 2 of the Nevada Constitution; and will promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director of GOED.

On January 31, 2023, the Interim Finance Committee, under the provisions required pursuant to Senate Bill 410 of the 2019 Session, approved a written request by the Office of Economic Development for the issuance of $2,137,500 in transferable tax credits to Redwood Materials, Inc., the lead participant engaged in a qualified project in Storey County. The Board of Economic Development approved the application for this project at its meeting on December 1, 2022. Based on information received from GOED, the estimated amount of credits that will be used is $950,000 in FY 2024, $475,000 in FY 2025, and $712,500 in FY 2026.

[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, which were allowed to be taken by insurance companies beginning in the third quarter of FY 2015 under the provisions of S.B. 357, 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%; 3 years after the investment is made: 12%; 4 years after the investment is made: 12%; 5 years after the investment is made: 11%; and 6 years after the investment is made: 11%.

Pursuant to A.B. 446 (2019), an additional $200 million in qualified equity investments may be certified by the Department of Business and Industry, effective July 1, 2019, with a total of $116 million of credits that may be taken based on the increment percentages originally approved in S.B. 357 (2013). However, pursuant to A.B. 446, no credits may be taken against the Insurance Premium Tax before July 1, 2021 (FY 2022).

The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Business and Industry and the Department of Taxation during the 2023 Session.

[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. The forecasts for FY 2023, FY 2024, and FY 2025 are based on information provided by GOED.

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							YEAR-TO-DATE [b.]			
DESCRIPTION	FY 2020 ACTUAL	% Change	FY 2021 ACTUAL	% Change	FY 2022 ACTUAL	% Change	FY 2022 MARCH	FY 2023 MARCH	$ Difference	% Change

[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. The forecast for FY 2019 is based on the amount of this $20 million that was awarded in FY 2018, but not used against the MBT in that fiscal year, plus the maximum amount of annual credits allowed based on the statutory formula adopted in A.B. 165 (2015). The forecasts for FY 2020 and FY 2021 are based on the maximum amount of annual credits allowed based on the statutory formula in A.B. 165 only.

A.B. 458 (2019) permanently eliminated the 10 percent increase in the amount of credits that may be authorized in each year, capping the total amount that may be authorized in each year at $6,655,000 beginning in FY 2020. The bill additionally clarified that the $6,655,000 limit per year applies to the combined credits that may be taken under both chapters of the MBT (Chapters 363A and 363B), rather than as a separate limit for each chapter.

S.B. 551 (2019) authorized an additional $4,745,000 in credits against the MBT (Chapters 363A and 363B combined) under this program per year in FY 2020 and FY 2021 beyond those that were authorized in those years based on the provisions of A.B. 458 (2019). Any amount of the $4,745,000 in credits that is not approved by the Department in each fiscal year may be issued in future fiscal years.

A.B. 495 (2021) authorized an additional $4,745,000 in credits against the MBT (Chapters 363A and 363B combined) under this program per year in FY 2022 beyond those that are authorized in that year based on the provisions of A.B. 458 (2019). Any amount of the $4,745,000 in credits that is not approved by the Department in FY 2022 may be issued in future fiscal years.

The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Taxation during the 2023 Session.

[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.

[TC-7] S.B. 448 (2019) authorizes the Housing Division of the Department of Business and Industry (Division) to approve a total of $40 million of transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax. Under the provisions of S.B. 448, the Division may award up to $10 million in transferable tax credits per year to persons who develop affordable housing projects in Nevada over the four years of the pilot program, but may award an additional $3 million in credits in any fiscal year if the issuance of the credits is necessary for the development of additional affordable housing projects in the state. If the Division approves any credits in excess of $10 million in a fiscal year, the amount to be awarded in the next fiscal year must be reduced by the amount in excess of $10 million that was issued in the previous fiscal year. If the Division does not issue all of the $10 million in credits authorized in a fiscal year, that amount is carried forward and may be issued in a subsequent fiscal year.

S.B. 284 (2021) made several changes to this tax credit program, including revising the procedure for the issuance of transferable tax credits so that transferable tax credits are issued before, rather than after, the project is completed; removing the 4-year sunset provisions originally established by S.B. 448 (2019), making the program permanent; and clarifying that the maximum amount of tax credits that may be issued under the program remains at $40 million as established in S.B. 448 (2019).

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025
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G.L. NO.		FY 2022 ACTUAL	FISCAL YEAR 2023 AGENCY FORECAST	%	FISCAL YEAR 2023 FISCAL FORECAST	%	FISCAL YEAR 2023 BUDGET FORECAST	%	FISCAL YEAR 2024 AGENCY FORECAST	%	FISCAL YEAR 2024 FISCAL FORECAST	%	FISCAL YEAR 2024 BUDGET FORECAST	%	FISCAL YEAR 2025 AGENCY FORECAST	%	FISCAL YEAR 2025 FISCAL FORECAST	%	FISCAL YEAR 2025 BUDGET FORECAST	%
	TAXES																			
	MINING TAX																			
3064	Net Proceeds of Minerals [1-21][1-23][1-24]	$71,266,942	$1,441,386	-98.0%	$1,441,000	-98.0%	$1,441,386	-98.0%												
3245	Centrally Assessed Penalties	$423																		
3074	Mining Gross Revenue Tax - Gold and Silver [3-22]	$36,921,487	$67,201,036	82.0%	$67,201,000	82.0%	$67,201,036	82.0%												
	TOTAL MINING TAXES AND FEES	$108,188,852	$68,642,422	-36.6%	$68,642,000	-36.6%	$68,642,422	-36.6%	$0		$0		$0		$0		$0		$0	
	SALES AND USE																			
3001	Sales & Use Tax [1-19][1-20][4-22]	$1,613,341,781	$1,761,531,000	9.2%	$1,747,689,000	8.3%	$1,738,814,942	7.8%	$1,856,900,000	5.4%	$1,866,638,000	6.8%	$1,813,879,145	4.3%	$1,957,793,000	5.4%	$1,951,882,000	4.6%	$1,871,306,967	3.2%
3002	State Share - LSST [1-19][1-20][4-22]	$15,666,269	$17,175,000	9.6%	$17,040,000	8.8%	$16,953,000	8.2%	$18,105,000	5.4%	$18,200,000	6.8%	$17,685,000	4.3%	$19,088,000	5.4%	$19,031,000	4.6%	$18,245,000	3.2%
3003	State Share - BCCRT [1-19][1-20][4-22]	$7,004,724	$7,707,000	10.0%	$7,646,000	9.2%	$7,607,000	8.6%	$8,124,000	5.4%	$8,167,000	6.8%	$7,936,000	4.3%	$8,565,000	5.4%	$8,539,000	4.6%	$8,187,000	3.2%
3004	State Share - SCCRT [1-19][1-20][4-22]	$24,509,793	$26,973,000	10.0%	$26,761,000	9.2%	$26,626,000	8.6%	$28,434,000	5.4%	$28,583,000	6.8%	$27,775,000	4.3%	$29,979,000	5.4%	$29,888,000	4.6%	$28,654,000	3.2%
3005	State Share - PTT [1-19][1-20][4-22]	$19,349,241	$21,294,000	10.1%	$21,126,000	9.2%	$21,020,000	8.6%	$22,447,000	5.4%	$22,564,000	6.8%	$21,927,000	4.3%	$23,667,000	5.4%	$23,594,000	4.6%	$22,621,000	3.2%
	TOTAL SALES AND USE	$1,679,871,809	$1,834,680,000	9.2%	$1,820,262,000		$1,811,020,942	7.8%	$1,934,010,000	5.4%	$1,944,152,000		$1,889,202,145	4.3%	$2,039,092,000	5.4%	$2,032,934,000		$1,949,013,967	3.2%
	GAMING - STATE																			
3041	Percent Fees - Gross Revenue: Before Tax Credits	$964,214,339	$965,490,223	0.1%	$973,188,000	0.9%	$974,606,367	1.1%	$924,673,987	-4.2%	$997,724,000	2.5%	$957,340,118	-1.8%	$929,550,540	0.5%	$980,337,000	-1.7%	$965,114,121	0.8%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	-$664,260																		
	Economic Development Transferrable Tax Credits [TC-2]	$0																		
	Catalyst Account Transferrable Tax Credits [TC-4]	$0																		
	Affordable Housing Transferrable Tax Credits [TC-7]	$0																		
	Total - Tax Credit Programs	-$664,260	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	Percent Fees - Gross Revenue: After Tax Credits	$963,550,079	$965,490,223	0.2%	$973,188,000	1.0%	$974,606,367	1.1%	$924,673,987	-4.2%	$997,724,000	2.5%	$957,340,118	-1.8%	$929,550,540	0.5%	$980,337,000	-1.7%	$965,114,121	0.8%
3032	Pari-mutuel Tax	$3,162	$3,858	22.0%	$3,900	23.3%	$3,900	23.3%	$3,700	-4.1%	$3,700	-5.1%	$3,700	-5.1%	$3,600	-2.7%	$3,600	-2.7%	$3,600	-2.7%
3181	Racing Fees	$10,102	$5,390	-46.6%	$5,400	-46.5%	$5,400	-46.5%	$7,500	39.1%	$7,500	38.9%	$7,500	38.9%	$7,500	0.0%	$7,500	0.0%	$7,500	0.0%
3247	Racing Fines/Forfeitures	$1,500	$3,900	160%	$3,900	160%	$3,900	160%												
3042	Gaming Penalties	$361,734	$400,000	10.6%	$400,000	10.6%	$400,000	10.6%	$400,000	0.0%	$400,000	0.0%	$400,000	0.0%	$400,000	0.0%	$400,000	0.0%	$400,000	0.0%
3043	Flat Fees-Restricted Slots [2-20]	$8,466,294	$8,451,275	-0.2%	$8,451,000	-0.2%	$8,451,000	-0.2%	$8,441,473	-0.1%	$8,441,000	-0.1%	$8,442,000	-0.1%	$8,465,705	0.3%	$8,466,000	0.3%	$8,466,000	0.3%
3044	Non-Restricted Slots [2-20]	$10,149,080	$10,254,052	1.0%	$10,254,000	1.0%	$10,254,000	1.0%	$10,538,489	2.8%	$10,538,000	2.8%	$10,539,000	2.8%	$10,519,988	-0.2%	$10,520,000	-0.2%	$10,520,000	-0.2%
3045	Quarterly Fees-Games	$5,466,294	$5,456,448	-0.2%	$5,456,000	-0.2%	$5,456,000	-0.2%	$5,706,923	4.6%	$5,707,000	4.6%	$5,707,000	4.6%	$5,708,605	0.0%	$5,709,000	0.0%	$5,709,000	0.0%
3046	Advance License Fees	$16,467,639	$55,628	-99.7%	$55,600	-99.7%	$55,600	-99.7%	$9,387,285	16775%	$9,387,000	16783%	$938,700	1588%	$650,000	-93.1%	$650,000	-93.1%	$650,000	-30.8%
3048	Slot Machine Route Operator	$26,000	$25,000	-3.8%	$25,000	-3.8%	$25,000	-3.8%	$25,500	2.0%	$25,500	2.0%	$25,500	2.0%	$26,500	3.9%	$26,500	3.9%	$26,500	3.9%
3049	Gaming Info Systems Annual	$49,000	$48,000	-2.0%	$48,000	-2.0%	$48,000	-2.0%	$48,000	0.0%	$48,000	0.0%	$48,000	0.0%	$48,000	0.0%	$48,000	0.0%	$48,000	0.0%
3028	Interactive Gaming Fee - Operator	$250,000	$500,000	100%	$500,000	100%	$500,000	100%	$500,000	0.0%	$500,000	0.0%	$500,000	0.0%	$500,000	0.0%	$500,000	0.0%	$500,000	0.0%
3029	Interactive Gaming Fee - Service Provider	$14,000	$13,000	-7.1%	$13,000	-7.1%	$13,000	-7.1%	$13,000	0.0%	$13,000	0.0%	$13,000	0.0%	$13,000	0.0%	$13,000	0.0%	$13,000	0.0%
3030	Interactive Gaming Fee - Manufacturer	$75,000	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%
3033	Equip Mfg. License	$287,480	$278,500	-3.1%	$278,500	-3.1%	$278,500	-3.1%	$281,500	1.1%	$281,500	1.1%	$281,500	1.1%	$283,000	0.5%	$283,000	0.5%	$283,000	0.5%
3034	Race Wire License	$4,332	$4,400	1.6%	$4,400	1.6%	$4,400	1.6%	$4,300	-2.3%	$4,300	-2.3%	$4,300	-2.3%	$4,250	-1.2%	$4,300	0.0%	$4,250	-1.2%
3035	Annual Fees on Games	$84,550	$89,593	6.0%	$89,600	6.0%	$90,000	6.4%	$96,406	7.6%	$96,400	7.6%	$96,000	6.7%	$95,972	-0.5%	$96,000	-0.4%	$96,000	0.0%
	TOTAL GAMING - STATE: BEFORE TAX CREDITS	$1,005,930,506	$991,154,267	-1.5%	$998,851,300	-0.7%	$1,000,270,067	-0.6%	$960,203,064	-3.1%	$1,033,251,900	3.4%	$984,421,318	-1.6%	$956,351,660	-0.4%	$1,007,138,900	-2.5%	$991,915,971	0.8%
	Tax Credit Programs	-$664,260	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	TOTAL GAMING - STATE: AFTER TAX CREDITS	$1,005,266,246	$991,154,267	-1.4%	$998,851,300	-0.6%	$1,000,270,067	-0.5%	$960,203,064	-3.1%	$1,033,251,900	3.4%	$984,421,318	-1.6%	$956,351,660	-0.4%	$1,007,138,900	-2.5%	$991,915,971	0.8%
	LIVE ENTERTAINMENT TAX (LET)																			
3031G	Live Entertainment Tax-Gaming [5-22]	$99,353,405	$124,057,116	24.9%	$120,785,000	21.6%	$124,845,510	25.7%	$129,341,508	4.3%	$130,105,000	7.7%	$123,453,611	-1.1%	$122,499,000	-28.9%	$133,818,000	2.9%	$123,898,941	0.4%
3031NG	Live Entertainment Tax-Nongaming [5-22]	$39,802,290	$65,000,000	63.3%	$73,289,000	84.1%	$76,071,644	91.1%	$76,000,000	16.9%	$74,555,000	1.7%	$82,688,002	8.7%	$54,000,000	-28.9%	$69,110,000	-7.3%	$76,789,531	-7.1%
	TOTAL LET	$139,155,695	$189,057,116	35.9%	$194,074,000	39.5%	$200,917,154	44.4%	$205,341,508	8.6%	$204,660,000	5.5%	$206,141,613	2.6%	$176,499,000	-14.0%	$202,928,000	-0.8%	$200,688,472	-2.6%
	COMMERCE TAX																			
3072	Commerce Tax	$281,881,659	$301,311,000	6.9%	$301,311,000	6.9%	$301,311,000	6.9%	$321,318,000	6.6%	$321,318,000	6.6%	$321,318,000	6.6%	$339,294,000	5.6%	$339,294,000	5.6%	$339,294,000	5.6%
	TRANSPORTATION CONNECTION EXCISE TAX																			
3073	Transportation Connection Excise Tax	$28,464,128	$39,614,662	39.2%	$39,995,000	40.5%	$39,980,925	40.5%	$34,348,047	-13.3%	$36,827,000	-7.9%	$36,982,356	-7.5%	$40,370,787	17.5%	$42,505,000	15.4%	$41,974,974	13.5%
	CIGARETTE TAX																			
3052	Cigarette Tax [3-20]	$144,068,816	$131,032,648	-9.0%	$131,385,000	-8.8%	$129,939,008	-9.8%	$130,301,690	-0.6%	$129,774,000	-1.2%	$128,496,525	-1.1%	$128,020,393	-1.8%	$128,839,000	-0.7%	$127,710,863	-0.6%

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	FISCAL YEAR 2023						FISCAL YEAR 2024						FISCAL YEAR 2025					
			AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%
	TAXES - CONTINUED																			
	MODIFIED BUSINESS TAX (MBT)																			
	MBT - NONFINANCIAL BUSINESSES (MBT-NFI) [4-20][6-22]																			
3069	MBT - Nonfinancial: Before Tax Credits	$747,602,083	$837,724,000	12.1%	$842,064,000	12.6%	$820,303,250	9.7%	$728,106,000	-13.1%	$748,358,000	-11.1%	$721,209,271	-12.1%	$756,673,000	3.9%	$782,352,000	4.5%	$755,051,490	4.7%
	Commerce Tax Credits	-$47,232,337																		
	MBT - Nonfinancial: After Commerce Tax Credits	$700,369,745	$837,724,000	19.6%	$842,064,000	20.2%	$820,303,250	17.1%	$728,106,000	-13.1%	$748,358,000	-11.1%	$721,209,271	-12.1%	$756,673,000	3.9%	$782,352,000	4.5%	$755,051,490	4.7%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	-$104,621																		
	Economic Development Transferrable Tax Credits [TC-2]	$0																		
	Catalyst Account Transferrable Tax Credits [TC-4]	$0																		
	Education Choice Scholarship Tax Credits [TC-5]	-$11,462,423																		
	College Savings Plan Tax Credits [TC-6]	-$473																		
	Affordable Housing Transferrable Tax Credits [TC-7]	$0																		
	Total - Tax Credit Programs	-$11,567,517	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	MBT - Nonfinancial: After Tax Credit Programs	$688,802,229	$837,724,000	21.6%	$842,064,000	22.3%	$820,303,250	19.1%	$728,106,000	-13.1%	$748,358,000	-11.1%	$721,209,271	-12.1%	$756,673,000	3.9%	$782,352,000	4.5%	$755,051,490	4.7%
	MBT - FINANCIAL BUSINESSES (MBT-FI) [4-20][6-22]																			
3069	MBT - Financial: Before Tax Credits	$46,926,269	$43,407,000	-7.5%	$43,637,000	-7.0%	$37,138,469	-20.9%	$37,837,000	-12.8%	$40,277,000	-7.7%	$33,729,858	-9.2%	$39,185,000	3.6%	$42,126,000	4.6%	$34,404,455	2.0%
	Commerce Tax Credits	-$548,227																		
	MBT - Financial: After Commerce Tax Credits	$46,378,041	$43,407,000	-6.4%	$43,637,000	-5.9%	$37,138,469	-19.9%	$37,837,000	-12.8%	$40,277,000	-7.7%	$33,729,858	-9.2%	$39,185,000	3.6%	$42,126,000	4.6%	$34,404,455	2.0%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	$0																		
	Economic Development Transferrable Tax Credits [TC-2]	$0																		
	Catalyst Account Transferrable Tax Credits [TC-4]	$0																		
	Education Choice Scholarship Tax Credits [TC-5]	-$320,277																		
	College Savings Plan Tax Credits [TC-6]	$0																		
	Affordable Housing Transferrable Tax Credits [TC-7]	$0																		
	Total - Tax Credit Programs	-$320,277	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	MBT - Financial: After Tax Credit Programs	$46,057,764	$43,407,000	-5.8%	$43,637,000	-5.3%	$37,138,469	-19.4%	$37,837,000	-12.8%	$40,277,000	-7.7%	$33,729,858	-9.2%	$39,185,000	3.6%	$42,126,000	4.6%	$34,404,455	2.0%
	MBT - MINING BUSINESSES (MBT-MINING) [4-20][6-22]																			
3069	MBT - Mining: Before Tax Credits	$20,878,094	$24,456,000	17.1%	$22,818,000	9.3%	$21,443,435	2.7%	$19,992,000	-18.3%	$19,578,000	-14.2%	$18,479,279	-13.8%	$20,392,000	2.0%	$19,973,000	2.0%	$18,885,823	2.2%
	Commerce Tax Credits	-$66,316																		
	MBT - Mining: After Commerce Tax Credits	$20,811,778	$24,456,000	17.5%	$22,818,000	9.6%	$21,443,435	3.0%	$19,992,000	-18.3%	$19,578,000	-14.2%	$18,479,279	-13.8%	$20,392,000	2.0%	$19,973,000	2.0%	$18,885,823	2.2%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	$0																		
	Economic Development Transferrable Tax Credits [TC-2]	$0																		
	Catalyst Account Transferrable Tax Credits [TC-4]	$0																		
	Education Choice Scholarship Tax Credits [TC-5]	$0																		
	College Savings Plan Tax Credits [TC-6]	$0																		
	Affordable Housing Transferrable Tax Credits [TC-7]	$0																		
	Total - Tax Credit Programs	$0	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	MBT - Mining - After Tax Credit Programs	$20,811,778	$24,456,000	17.5%	$22,818,000	9.6%	$21,443,435	3.0%	$19,992,000	-18.3%	$19,578,000	-14.2%	$18,479,279	-13.8%	$20,392,000	2.0%	$19,973,000	2.0%	$18,885,823	2.2%
	TOTAL MBT - NFI, FI, & MINING																			
	TOTAL MBT: BEFORE TAX CREDITS	$815,406,446	$905,587,000	11.1%	$908,519,000	11.4%	$878,885,154	7.8%	$785,935,000	-13.2%	$808,213,000	-11.0%	$773,418,408	-12.0%	$816,250,000	3.9%	$844,451,000	4.5%	$808,341,768	4.5%
	TOTAL COMMERCE TAX CREDITS	-$47,846,881	-$54,383,000		-$54,383,000		-$54,383,000		-$59,037,000		-$59,037,000		-$59,037,000		-$62,949,000		-$62,949,000		-$62,949,000	
	TOTAL MBT: AFTER COMMERCE TAX CREDITS	$767,559,565	$851,204,000	10.9%	$854,136,000	11.3%	$824,502,154	7.4%	$726,898,000	-14.6%	$749,176,000	-12.3%	$714,381,408	-13.4%	$753,301,000	3.6%	$781,502,000	4.3%	$745,392,768	4.3%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	-$104,621																		
	Economic Development Transferrable Tax Credits [TC-2]	$0																		
	Catalyst Account Transferrable Tax Credits [TC-4]	$0																		
	Education Choice Scholarship Tax Credits [TC-5]	-$11,782,700																		
	College Savings Plan Tax Credits [TC-6]	-$473																		
	Affordable Housing Transferrable Tax Credits [TC-7]	$0																		
	Total - Tax Credit Programs	-$11,887,794	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	TOTAL MBT: AFTER TAX CREDIT PROGRAMS	$755,671,771	$851,204,000	12.6%	$854,136,000	13.0%	$824,502,154	9.1%	$726,898,000	-14.6%	$749,176,000	-12.3%	$714,381,408	-13.4%	$753,301,000	3.6%	$781,502,000	4.3%	$745,392,768	4.3%

TABLE 3

GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET

MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

			FISCAL YEAR 2023						FISCAL YEAR 2024						FISCAL YEAR 2025					
G.L. NO.		FY 2022 ACTUAL	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%
	TAXES - CONTINUED																			
	INSURANCE TAXES																			
3061	Insurance Premium Tax: Before Tax Credits	$541,092,065	$573,568,383	6.0%	$573,728,000	6.0%	$567,267,647	4.8%	$598,039,751	4.3%	$606,509,000	5.7%	$601,581,206	6.0%	$629,520,546	5.3%	$638,973,000	5.4%	$632,247,408	5.1%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	-$714,842																		
	Economic Development Transferrable Tax Credits [TC-2]	$0																		
	Catalyst Account Transferrable Tax Credits [TC-4]	-$350,000																		
	Nevada New Markets Job Act Tax Credits [TC-3]	-$23,671,913																		
	Affordable Housing Transferrable Tax Credits [TC-7]	$0																		
	Total - Tax Credit Programs	-$24,736,755	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	Insurance Premium Tax: After Tax Credit Programs	$516,355,310	$573,568,383	11.1%	$573,728,000	11.1%	$567,267,647	9.9%	$598,039,751	4.3%	$606,509,000	5.7%	$601,581,206	6.0%	$629,520,546	5.3%	$638,973,000	5.4%	$632,247,408	5.1%
3062	Insurance Retaliatory Tax	$502,182	$393,863	-21.6%	$325,000	-35.3%	$294,520	-41.4%	$399,263	1.4%	$325,000	0.0%	$294,520	0.0%	$412,263	3.3%	$325,000	0.0%	$294,520	0.0%
3067	Captive Insurer Premium Tax	$1,161,859	$1,261,216	8.6%	$1,260,000	8.4%	$1,261,216	8.6%	$1,286,440	2.0%	$1,275,000	1.2%	$1,287,701	2.1%	$1,312,169	2.0%	$1,300,000	2.0%	$1,314,743	2.1%
	TOTAL INSURANCE TAXES: BEFORE TAX CREDITS	$542,756,106	$575,223,462	6.0%	$575,313,000	6.0%	$568,823,382	4.8%	$599,725,454	4.3%	$608,109,000	5.7%	$603,163,427	6.0%	$631,244,978	5.3%	$640,598,000	5.3%	$633,856,670	5.1%
	TAX CREDIT PROGRAMS	-$24,736,755	$0		$0		$0		$0		$0		$0		$0		$0		$0	
	TOTAL INSURANCE TAXES: AFTER TAX CREDITS	$518,019,351	$575,223,462	11.0%	$575,313,000	11.1%	$568,823,382	9.8%	$599,725,454	4.3%	$608,109,000	5.7%	$603,163,427	6.0%	$631,244,978	5.3%	$640,598,000	5.3%	$633,856,670	5.1%
	REAL PROPERTY TRANSFER TAX (RPTT)																			
3055	Real Property Transfer Tax	$177,690,923	$113,300,000	-36.2%	$112,463,000	-36.7%	$107,742,987	-39.4%	$120,848,000	6.7%	$97,056,000	-13.7%	$110,488,809	2.5%	$121,836,000	0.8%	$113,540,000	17.0%	$114,360,918	3.5%
	GOVERMENTAL SERVICES TAX (GST)																			
3051	Governmental Services Tax [2-18][5-20][2-21]	$26,430,864	$26,907,000	1.8%	$26,923,000	1.9%	$26,850,954	1.6%	$27,548,000	2.4%	$27,596,000	2.5%	$27,346,867	1.8%	$28,225,000	2.5%	$28,286,000	2.5%	$27,931,764	2.1%
	OTHER TAXES																			
3113	Business License Fee	$119,544,202	$119,531,650	0.0%	$118,475,000	-0.9%	$119,191,219	-0.3%	$119,525,650	0.0%	$118,454,000	0.0%	$119,787,175	0.5%	$119,525,650	0.0%	$118,652,000	0.2%	$120,386,111	0.5%
3050	Liquor Tax	$50,392,542	$49,490,979	-1.8%	$49,090,000	-2.6%	$48,939,805	-2.9%	$51,102,179	3.3%	$49,320,000	0.5%	$49,234,990	0.6%	$50,826,496	-0.5%	$49,673,000	0.7%	$49,629,710	0.8%
3053	Other Tobacco Tax [6-20]	$35,755,018	$35,290,251	-1.3%	$34,784,000	-2.7%	$34,158,001	-4.5%	$35,608,813	0.9%	$35,275,000	1.4%	$34,319,234	0.5%	$36,249,772	1.8%	$35,772,000	1.4%	$34,796,470	1.4%
4862	HECC Transfer	$5,000,000	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%
3068	Branch Bank Excise Tax	$2,336,987	$2,229,086	-4.6%	$2,255,000	-3.5%	$2,220,138	-5.0%	$2,139,123	-4.0%	$2,219,000	-1.6%	$2,131,332	-4.0%	$2,049,345	-4.2%	$2,163,000	-2.5%	$2,067,392	-3.0%
	TOTAL TAXES: BEFORE TAX CREDITS	$5,162,874,552	$5,388,051,543	4.4%	$5,387,342,300	4.3%	$5,343,893,158	3.5%	$5,332,954,528	-1.0%	$5,421,224,900	0.6%	$5,291,452,199	-1.0%	$5,490,835,081	3.0%	$5,591,773,900	3.1%	$5,446,969,050	2.9%
	TOTAL COMMERCE TAX CREDITS	-$47,846,881	-$54,383,000		-$54,383,000		-$54,383,000		-$59,037,000		-$59,037,000		-$59,037,000		-$62,949,000		-$62,949,000		-$62,949,000	
	TOTAL TAXES: AFTER COMMERCE TAX CREDITS	$5,115,027,671	$5,333,668,543	4.3%	$5,332,959,300	4.3%	$5,289,510,158	3.4%	$5,273,917,528	-1.1%	$5,362,187,900	0.5%	$5,232,415,199	-1.1%	$5,427,886,081	2.9%	$5,528,824,900	3.1%	$5,384,020,050	2.9%
	Tax Credit Programs:																			
	Film Transferrable Tax Credits [TC-1]	-$1,483,723	-$6,010,163		-$6,010,163		-$6,010,163		-$8,500,000		-$8,500,000		-$8,500,000		-$8,000,000		-$8,000,000		-$8,000,000	
	Economic Development Transferrable Tax Credits [TC-2]	$0							-$950,000		-$950,000		-$950,000		-$475,000		-$475,000		-$475,000	
	Catalyst Account Transferrable Tax Credits [TC-4]	-$350,000																		
	Nevada New Markets Job Act Tax Credits [TC-3]	-$23,671,913	-$24,000,000		-$24,000,000		-$24,000,000		-$24,000,000		-$24,000,000		-$24,000,000		-$22,000,000		-$22,000,000		-$22,000,000	
	Education Choice Scholarship Tax Credits [TC-5]	-$11,782,700	-$13,000,000		-$13,000,000		-$13,000,000		-$8,910,000		-$8,910,000		-$8,910,000		-$6,655,000		-$6,655,000		-$6,655,000	
	College Savings Plan Tax Credits [TC-6]	-$473	-$500		-$500		-$500		-$550		-$550		-$550		-$605		-$605		-$605	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0	-$6,000,000		-$6,000,000		-$6,000,000		-$10,000,000		-$10,000,000		-$10,000,000		-$10,000,000		-$10,000,000		-$10,000,000	
	Total - Tax Credit Programs	-$37,288,809	-$49,010,663		-$49,010,663		-$49,010,663		-$52,360,550		-$52,360,550		-$52,360,550		-$47,130,605		-$47,130,605		-$47,130,605	
	TOTAL TAXES: AFTER TAX CREDITS	$5,077,738,862	$5,284,657,880	4.1%	$5,283,948,637	4.1%	$5,240,499,495	3.2%	$5,221,556,978	-1.2%	$5,309,827,350	0.5%	$5,180,054,649	-1.2%	$5,380,755,476	3.0%	$5,481,694,295	3.2%	$5,336,889,445	3.0%

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

			FISCAL YEAR 2023						FISCAL YEAR 2024						FISCAL YEAR 2025					
G.L. NO.		FY 2022 ACTUAL	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%
	LICENSES																			
3101	Insurance Licenses	$29,419,100	$29,115,752	-1.0%	$29,272,000	-0.5%	$29,066,175	-1.2%	$29,115,752	0.0%	$29,857,000	2.0%	$29,373,102	1.1%	$29,115,752	0.0%	$30,753,000	3.0%	$29,814,671	1.5%
3120	Marriage License	$345,163	$241,349	-30.1%	$350,200	1.5%	$351,817	1.9%	$235,418	-2.5%	$351,200	0.3%	$351,817	0.0%	$229,488	-2.5%	$352,300	0.3%	$351,817	0.0%
	SECRETARY OF STATE																			
3105	UCC	$3,454,770	$3,463,863	0.3%	$3,413,000	-1.2%	$3,351,127	-3.0%	$3,463,863	0.0%	$3,447,000	1.0%	$3,367,883	0.5%	$3,463,863	0.0%	$3,481,000	1.0%	$3,411,665	1.3%
3129	Notary Fees	$717,235	$717,235	0.0%	$715,600	-0.2%	$753,097	5.0%	$717,235	0.0%	$722,700	1.0%	$760,628	1.0%	$717,235	0.0%	$730,000	1.0%	$765,952	0.7%
3130	Commercial Recordings	$88,574,485	$88,291,736	-0.3%	$85,898,000	-3.0%	$86,612,452	-2.2%	$88,291,736	0.0%	$86,297,000	0.5%	$87,233,834	0.7%	$88,291,736	0.0%	$86,872,000	0.7%	$87,789,163	0.6%
3131	Video Service Franchise	$300	$300	0.0%	$300	0.0%	$300	0%	$300	0.0%	$300	0.0%	$300	0.0%	$300	0.0%	$300	0.0%	$300	0.0%
3121	Domestic Partnership Registry Fee	$62,391	$58,000	-7.0%	$58,000	-7.0%	$57,581	-7.7%	$58,000	0.0%	$58,000	0.0%	$57,581	0.0%	$58,000	0.0%	$58,000	0.0%	$57,581	0.0%
3152	Securities [7-22]	$35,068,024	$35,087,286	0.1%	$36,661,000	4.5%	$35,261,986	0.6%	$35,087,286	0.0%	$37,028,000	1.0%	$36,513,000	3.5%	$35,087,286	0.0%	$37,583,000	1.5%	$37,555,182	2.9%
	TOTAL SECRETARY OF STATE	$127,877,205	$127,618,420	-0.2%	$126,745,900	-0.9%	$126,036,543	-1.4%	$127,618,420	0.0%	$127,553,000	0.6%	$127,933,225	1.5%	$127,618,420	0.0%	$128,724,300	0.9%	$129,579,843	1.3%
3172	Private School Licenses	$217,461	$218,650	0.5%	$210,000	-3.4%	$212,272	-2.4%	$222,000	1.5%	$210,000	0.0%	$214,488	1.0%	$226,750	2.1%	$210,000	0.0%	$216,704	1.0%
3173	Private Employment Agency	$20,100	$19,900	-1.0%	$20,000	-0.5%	$20,100	0.0%	$19,900	0.0%	$20,000	0.0%	$20,100	0.0%	$19,900	0.0%	$20,000	0.0%	$20,100	0.0%
	REAL ESTATE																			
3161	Real Estate License	$2,936,854	$2,967,104	1.0%	$2,804,000	-4.5%	$2,944,036	0.2%	$2,996,775	1.0%	$2,767,000	-1.3%	$2,958,349	0.5%	$3,026,742	1.0%	$2,897,000	4.7%	$2,955,796	-0.1%
3162	Real Estate Fees	$2,850	$3,300	15.8%	$3,000	5.3%	$2,900	1.8%	$3,366	2.0%	$3,000	0.0%	$2,900	0.0%	$3,433	2.0%	$3,000	0.0%	$2,900	0.0%
	TOTAL REAL ESTATE	$2,939,704	$2,970,404	1.0%	$2,807,000	-4.5%	$2,946,936	0.2%	$3,000,141	1.0%	$2,770,000	-1.3%	$2,961,249	0.5%	$3,030,176	1.0%	$2,900,000	4.7%	$2,958,696	-0.1%
3102	Athletic Commission Fees	$5,846,931	$5,000,000	-14.5%	$5,000,000	-14.5%	$4,899,397	-16.2%	$5,846,931	16.9%	$5,500,000	10.0%	$5,022,617	2.5%	$5,846,931	0.0%	$5,500,000	0.0%	$5,097,956	1.5%
	TOTAL LICENSES	$166,665,664	$165,184,475	-0.9%	$164,405,100	-1.4%	$163,533,239	-1.9%	$166,058,562	0.5%	$166,261,200	1.1%	$165,876,597	1.4%	$166,087,416	0.0%	$168,459,600	1.3%	$168,039,788	1.3%
	FEES AND FINES																			
3203	Divorce Fees	$152,694	$102,243	-33.0%	$142,000	-7.0%	$137,213	-10.1%	$99,026	-3.1%	$143,800	1.3%	$137,899	0.5%	$95,809	-3.2%	$145,600	1.3%	$138,588	0.5%
3204	Civil Action Fees	$1,259,803	$767,293	-39.1%	$1,251,000	-0.7%	$1,114,132	-11.6%	$754,297	-1.7%	$1,268,000	1.4%	$1,167,800	4.8%	$741,302	-1.7%	$1,284,000	1.3%	$1,132,766	-3.0%
3242	Insurance Fines	$367,121	$396,701	8.1%	$400,000	9.0%	$405,451	10.4%	$404,635	2.0%	$400,000	0.0%	$405,451	0.0%	$412,727	2.0%	$400,000	0.0%	$405,451	0.0%
3242LC	Investigative Costs Recovery - Labor Commission	$69,050	$28,301	-59.0%	$30,000	-56.6%	$35,000	-49.3%	$28,301	0.0%	$30,000	0.0%	$40,000	14.3%	$28,301	0.0%	$30,000	0.0%	$40,000	0.0%
3103MD	Medical Plan Discount Reg. Fees	$500	$500	0.0%	$500	0.0%	$500	0.0%	$500	0.0%	$500	0.0%	$500	0.0%	$500	0.0%	$500	0.0%	$500	0.0%
	REAL ESTATE FEES																			
3107IOS	IOS Application Fees	$8,020	$6,620	-17.5%	$7,500	-6.5%	$6,540	-18.5%	$6,620	0.0%	$7,500	0.0%	$6,540	0.0%	$6,620	0.0%	$7,500	0.0%	$6,540	0.0%
3165	Land Co Filing Fees	$36,175	$28,995	-19.8%	$30,000	-17.1%	$30,879	-14.6%	$28,995	0.0%	$33,000	10.0%	$31,929	3.4%	$28,995	0.0%	$35,000	6.1%	$33,653	5.4%
3169	Real Estate Reg Fees	$26,750	$7,676	-71.3%	$10,800	-59.6%	$6,400	-76.1%	$7,676	0.0%	$14,500	34.3%	$11,750	83.6%	$7,676	0.0%	$17,300	19.3%	$14,808	26.0%
4741	Real Estate Exam Fees	$801,447	$633,989	-20.9%	$650,000	-18.9%	$629,382	-21.5%	$633,989	0.0%	$675,000	3.8%	$657,748	4.5%	$633,989	0.0%	$700,000	3.7%	$685,161	4.2%
3178	Real Estate Accred Fees	$112,750	$112,254	-0.4%	$112,800	0.0%	$113,625	0.8%	$112,254	0.0%	$112,800	0.0%	$111,353	-2.0%	$112,254	0.0%	$112,800	0.0%	$109,125	-2.0%
3254	Real Estate Penalties	$93,843	$94,864	1.1%	$100,000	6.6%	$93,140	-0.7%	$95,813	1.0%	$100,000	0.0%	$93,140	0.0%	$96,771	1.0%	$100,000	0.0%	$93,140	0.0%
3190	A.B. 165, Real Estate Inspectors	$62,320	$60,171	-3.4%	$60,000	-3.7%	$58,342	-6.4%	$60,171	0.0%	$60,000	0.0%	$58,342	0.0%	$60,171	0.0%	$60,000	0.0%	$58,342	0.0%
	TOTAL REAL ESTATE FEES	$1,141,305	$944,568	-17.2%	$971,100	-14.9%	$938,309	-17.8%	$945,517	0.1%	$1,002,800	3.3%	$970,802	3.5%	$946,475	0.1%	$1,032,600	3.0%	$1,000,769	3.1%
3066	Short Term Car Lease [8-22]	$74,584,103	$83,315,464	11.7%	$82,300,000	10.3%	$82,993,279	11.3%	$86,373,142	3.7%	$84,561,000	2.7%	$87,248,952	5.1%	$88,903,875	2.9%	$84,751,000	0.2%	$88,726,912	1.7%
3103AC	Athletic Commission Licenses/Fines	$183,965	$148,055	-19.5%	$180,000	-2.2%	$165,056	-10.3%	$183,965	24.3%	$180,000	0.0%	$175,784	6.5%	$183,965	0.0%	$180,000	0.0%	$190,511	8.4%
3150	Navigable Water Permit Fees [3-18]	$65,000	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%
3205	State Engineer Sales [4-18]	$3,721,744	$3,809,870	2.4%	$3,800,000	2.1%	$3,975,088	6.8%	$3,809,870	0.0%	$3,800,000	0.0%	$3,975,088	0.0%	$3,809,870	0.0%	$3,800,000	0.0%	$3,975,088	0.0%
3206	Supreme Court Fees	$190,495	$190,495	0.0%	$200,000	5.0%	$205,173	7.7%	$190,495	0.0%	$200,000	0.0%	$205,173	0.0%	$190,495	0.0%	$200,000	0.0%	$205,173	0.0%
3115	Notice of Default Fee	$355,350	$356,407	0.3%	$430,700	21.2%	$427,174	20.2%	$356,407	0.0%	$430,700	0.0%	$427,174	0.0%	$356,407	0.0%	$355,400	-17.5%	$365,741	-14.4%
3601	Professional Employer Organization Fee [9-22]	$92,500	$119,500	29.2%	$120,000	29.7%	$122,216	32.1%	$121,890	2.0%	$120,000	0.0%	$124,216	1.6%	$124,328	2.0%	$120,000	0.0%	$126,216	1.6%
3271	Misc Fines/Forfeitures [5-18]	$2,060,891	$1,199,533	-41.8%	$2,200,000	6.7%	$2,082,565	1.1%	$884,194	-26.3%	$2,200,000	0.0%	$1,708,997	-17.9%	$891,956	0.9%	$2,200,000	0.0%	$1,595,430	-6.6%
	TOTAL FEES AND FINES	$84,244,519	$91,443,930	8.5%	$92,090,300	9.3%	$92,666,155	10.0%	$94,217,239	3.0%	$94,401,800	2.5%	$96,652,834	4.3%	$96,751,010	2.7%	$94,564,100	0.2%	$97,968,144	1.4%

TABLE 3

GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET

MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	FISCAL YEAR 2023 AGENCY FORECAST	%	FISCAL YEAR 2023 FISCAL FORECAST	%	FISCAL YEAR 2023 BUDGET FORECAST	%	FISCAL YEAR 2024 AGENCY FORECAST	%	FISCAL YEAR 2024 FISCAL FORECAST	%	FISCAL YEAR 2024 BUDGET FORECAST	%	FISCAL YEAR 2025 AGENCY FORECAST	%	FISCAL YEAR 2025 FISCAL FORECAST	%	FISCAL YEAR 2025 BUDGET FORECAST	%
	USE OF MONEY AND PROP																			
	OTHER REPAYMENTS																			
4403	Forestry Nurseries Fund Repayment (05-M27)	$20,670	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%	$20,670	0.0%
4408	Comp/Fac Repayment	$13,032	$13,032	0.0%	$13,032	0.0%	$13,032	0.0%	$13,032	0.0%	$13,032	0.0%	$13,032	0.0%	$5,239	-59.8%	$5,239	-59.8%	$5,239	-59.8%
4408	EITS Repayment - State Microwave Communications System [1-18]	$266,914	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%	$266,914	0.0%
4408	EITS Repayment - Cyber Security Resource Enhancement [2-19]	$124,406																		
4408	EITS Repayment - Wide-Area Network Upgrade [3-19]	$223,808																		
4408	EITS Repayment - Enterprise Cloud Application [1-22]	$448,209	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%	$448,209	0.0%
4408	EITS Repayment - Firewall Replacement [2-22]	$677,637	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%	$677,635	0.0%
4408	EITS Repayment - Content Management and Portal Platform [2-24]								$446,125		$446,125		$446,125		$439,124	-1.6%	$439,124	-1.6%	$439,124	-1.6%
4409	Motor Pool Repay - LV	$125,000	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%	$125,000	0.0%
	TOTAL OTHER REPAYMENTS	$1,899,676	$1,551,460	-18.3%	$1,551,460	-18.3%	$1,551,460	-18.3%	$1,997,585	28.8%	$1,997,585	28.8%	$1,997,585	28.8%	$1,982,791	-0.7%	$1,982,792	-0.7%	$1,982,792	-0.7%
	INTEREST INCOME																			
3290	Treasurer	$24,192,051	$116,675,511	382.3%	$116,676,000	382.3%	$116,676,000	382.3%	$170,619,311	46.2%	$170,619,000	46.2%	$170,619,000	46.2%	$153,113,021	-10.3%	$153,113,000	-10.3%	$153,113,000	-10.3%
3291	Other	$11,780	$392,922	3236%	$325,000	2659%	$421,114	3475%	$392,922	0.0%	$300,000	-7.7%	$389,531	-7.5%	$392,922	0.0%	$275,000	-8.3%	$352,525	-9.5%
	TOTAL INTEREST INCOME	$24,203,830	$117,068,433	383.7%	$117,001,000	383.4%	$117,097,114	383.8%	$171,012,233	46.1%	$170,919,000	46.1%	$171,008,531	46.0%	$153,505,943	-10.2%	$153,388,000	-10.3%	$153,465,525	-10.3%
	TOTAL USE OF MONEY & PROP	$26,103,506	$118,619,893	354.4%	$118,552,460	354.2%	$118,648,575	354.5%	$173,009,818	45.9%	$172,916,585	45.9%	$173,006,116	45.8%	$155,488,734	-10.1%	$155,370,792	-10.1%	$155,448,317	-10.1%
	OTHER REVENUE																			
3059	Hoover Dam Revenue	$324,405	$300,000	-7.5%	$300,000	-7.5%	$300,000	-7.5%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%
	MISC SALES AND REFUNDS																			
3047	Expired Slot Machine Wagering Vouchers	$16,506,340	$19,847,004	20.2%	$19,847,000	20.2%	$19,847,000	20.2%	$20,061,477	1.1%	$20,061,000	1.1%	$20,062,000	1.1%	$19,841,369	-1.1%	$19,841,000	-1.1%	$19,841,000	-1.1%
3107	Misc Fees [3-18][9-22]	$695,658	$763,912	9.8%	$700,000	0.6%	$741,911	6.6%	$770,406	0.9%	$700,000	0.0%	$786,426	6.0%	$820,689	6.5%	$700,000	0.0%	$833,611	6.0%
3109	Court Admin Assessments [21-16][6-18][7-20]	$0																		
3114	Court Administrative Assessment Fee	$1,419,507	$1,000,000	-29.6%	$1,448,000	2.0%	$1,305,053	-8.1%	$1,000,000	0.0%	$1,311,000	-9.5%	$1,101,000	-15.6%	$1,000,000	0.0%	$1,328,000	1.3%	$1,101,000	0.0%
3168	Declare of Candidacy Filing Fee	$58,241	$50,000	-14.1%	$60,000	3.0%	$62,269	6.9%	$50,000	0.0%	$50,000	-16.7%	$62,269	0.0%	$50,000	0.0%	$25,000	-50.0%	$38,496	-38.2%
3202	Fees & Writs of Garnishments	$570	$467	-18.1%	$600	5.3%	$600	5.3%	$298	-36.1%	$600	0.0%	$600	0.0%	$130	-56.5%	$600	0.0%	$600	0.0%
3220	Nevada Report Sales	$1,215	$6,000	393.8%	$6,000	393.8%	$6,000	393.8%	$1,200	-80.0%	$1,200	-80.0%	$1,200	-80.0%	$6,000	400.0%	$6,000	400.0%	$6,000	400.0%
3222	Excess Property Sales	$12,878	$7,670	-40.4%	$3,000	-76.7%	$6,566	-49.0%	$7,670	0.0%	$10,000	233.3%	$6,566	0.0%	$7,670	0.0%	$10,000	0.0%	$6,566	0.0%
3240	Sale of Trust Property	$0																		
3243	Insurance - Misc	$391,986	$374,888	-4.4%	$375,000	-4.3%	$368,466	-6.0%	$374,888	0.0%	$375,000	0.0%	$368,466	0.0%	$374,888	0.0%	$375,000	0.0%	$368,466	0.0%
3274	Misc Refunds	$32,662	$30,482	-6.7%	$30,000	-8.2%	$31,220	-4.4%	$30,482	0.0%	$30,000	0.0%	$31,220	0.0%	$30,482	0.0%	$30,000	0.0%	$31,220	0.0%
3276	Cost Recovery Plan [7-18][8-20][10-22]	$9,079,171	$8,602,062	-5.3%	$8,602,062	-5.3%	$8,602,062	-5.3%	$9,448,576	9.8%	$9,448,576	9.8%	$9,448,576	9.8%	$8,914,352	-5.7%	$8,914,352	-5.7%	$8,914,352	-5.7%
	TOTAL MISC SALES & REF	$28,198,227	$30,682,484	8.8%	$31,071,662	10.2%	$30,971,147	9.8%	$31,744,997	3.5%	$31,987,376	2.9%	$31,868,323	2.9%	$31,045,579	-2.2%	$31,229,952	-2.4%	$31,141,312	-2.3%
3255	Unclaimed Property	$56,059,921	$38,958,911	-30.5%	$45,318,000	-19.2%	$38,959,000	-30.5%	$43,700,337	12.2%	$40,754,000	-10.1%	$43,700,000	12.2%	$46,953,456	7.4%	$37,754,000	-7.4%	$46,953,000	7.4%
	TOTAL OTHER REVENUE	$84,582,554	$69,941,395	-17.3%	$76,689,662	-9.3%	$70,230,147	-17.0%	$75,745,334	8.3%	$73,041,376	-4.8%	$75,868,323	8.0%	$78,299,035	3.4%	$69,283,952	-5.1%	$78,394,312	3.3%
	TOTAL GENERAL FUND REVENUE: BEFORE TAX CREDITS	$5,524,470,795	$5,833,241,236	5.6%	$5,839,079,822	5.7%	$5,788,971,274	4.8%	$5,841,985,481	0.1%	$5,927,845,861	1.5%	$5,802,856,070	0.2%	$5,987,461,276	2.5%	$6,079,452,344	2.6%	$5,946,819,611	2.5%
	TOTAL COMMERCE TAX CREDITS	-$47,846,881	-$54,383,000		-$54,383,000		-$54,383,000		-$59,037,000		-$59,037,000		-$59,037,000		-$62,949,000		-$62,949,000		-$62,949,000	
	TOTAL GENERAL FUND REVENUE: AFTER COMMERCE TAX CREDITS	$5,476,623,914	$5,778,858,236	5.5%	$5,784,696,822	5.6%	$5,734,588,274	4.7%	$5,782,948,481	0.1%	$5,868,808,861	1.5%	$5,743,819,070	0.2%	$5,924,512,276	2.4%	$6,016,503,344	2.5%	$5,883,870,611	2.4%
	TAX CREDIT PROGRAMS:																			
	FILM TRANSFERRABLE TAX CREDITS [TC-1]	-$1,483,723	-$6,010,163		-$6,010,163		-$6,010,163		-$8,500,000		-$8,500,000		-$8,500,000		-$8,000,000		-$8,000,000		-$8,000,000	
	ECONOMIC DEVELOPMENT TRANSFERRABLE TAX CREDITS [TC-2]	$0							-$950,000		-$950,000		-$950,000		-$475,000		-$475,000		-$475,000	
	CATALYST ACCOUNT TRANSFERRABLE TAX CREDITS [TC-4]	-$350,000																		
	NEVADA NEW MARKET JOBS ACT TAX CREDITS [TC-3]	-$23,671,913	-$24,000,000		-$24,000,000		-$24,000,000		-$24,000,000		-$24,000,000		-$24,000,000		-$22,000,000		-$22,000,000		-$22,000,000	
	EDUCATION CHOICE SCHOLARSHIP TAX CREDITS [TC-5]	-$11,782,700	-$13,000,000		-$13,000,000		-$13,000,000		-$8,910,000		-$8,910,000		-$8,910,000		-$6,655,000		-$6,655,000		-$6,655,000	
	COLLEGE SAVINGS PLAN TAX CREDITS [TC-6]	-$473	-$500		-$500		-$500		-$550		-$550		-$550		-$605		-$605		-$605	
	AFFORDABLE HOUSING TRANSFERRABLE TAX CREDITS [TC-7]	$0	-$6,000,000		-$6,000,000		-$6,000,000		-$10,000,000		-$10,000,000		-$10,000,000		-$10,000,000		-$10,000,000		-$10,000,000	
	TOTAL- TAX CREDIT PROGRAMS	-$37,288,809	-$49,010,663		-$49,010,663		-$49,010,663		-$52,360,550		-$52,360,550		-$52,360,550		-$47,130,605		-$47,130,605		-$47,130,605	
	TOTAL GENERAL FUND REVENUE: AFTER TAX CREDITS	$5,439,335,105	$5,729,847,573	5.3%	$5,735,686,159	5.4%	$5,685,577,611	4.5%	$5,730,587,931	0.0%	$5,816,448,311	1.4%	$5,691,458,520	0.1%	$5,877,381,671	2.6%	$5,969,372,739	2.6%	$5,836,740,006	2.6%

TABLE 3

GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET

MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

G.L. NO.	FY 2022 ACTUAL	FISCAL YEAR 2023						FISCAL YEAR 2024						FISCAL YEAR 2025					
		AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%

NOTES:

FY 2018: Note 1 represents legislative actions approved during the 2015 Legislative Session.

[1-18] Section 51 of S.B. 514 allows the Division of Enterprise Information Technology Services of the Department of Administration to use revenues from intergovernmental transfers to the State General Fund for the repayment of special appropriations that were made to the Division for the replacement of the state's microwave communications system. The legislatively approved repayment from the Division to the State General Fund is $57,900 per year between FY 2018 and FY 2021, with increased repayments between FY 2022 and FY 2028.

FY 2018: Notes 2 through 7 represent legislative actions approved during the 2017 Legislative Session.

[2-18] 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.

[3-18] 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.

Prior to the passage of S.B. 512, the proceeds from the navigable water permit fees permitted pursuant to NRS 322.120 were recorded as Miscellaneous Fee revenue. Beginning in FY 2018, the proceeds from these fees are accounted for separately under Navigable Water Permit Fees, resulting in a corresponding reduction to the forecast for Miscellaneous Fees of $65,000 per fiscal year in FY 2018 and FY 2019.

[4-18] 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.

[5-18] 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.

[6-18] 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.

[7-18] Adjustment to the Statewide Cost Allocation amount included in the Legislature Approved budget after the May 1, 2017, approval of the General Fund revenue forecast by the Economic Forum.

FY 2019: Notes 1 through 3 represent legislative actions approved during the 2017 Legislative Session.

[1-19] Senate Bill 415 (2017) required the submission of a question on the November 2018 General Election ballot seeking approval to amend the Sales and Use Tax Act of 1955 to provide an exemption from the State 2% sales and use tax for certain feminine hygeine products. This ballot question was approved by the voters and, therefore, the sales tax exemption for these products will be effective January 1, 2019, until December 31, 2028.

S.B. 415 also provides that if the ballot question is approved by the voters, identical exemptions for these products from the Local School Support Tax and other state and local taxes would become effective January 1, 2019, and would also expire on December 31, 2028. These exemptions will reduce the amount of the commission that is kept by the Department of Taxation and deposited in the State General Fund for collection of these taxes.

[2-19] Section 39 of A.B. 518 provides General Fund appropriations of $497,625 in FY 2018 and $306,690 in FY 2019 to the Division of Enterprise Information Technology Services of the Department of Administration to enhance the state's cyber security resources. The legislatively approved repayment of these appropriations is 25 percent of the amounts appropriated per year, beginning in FY 2019 (for the FY 2018 appropriation) and in FY 2020 (for the FY 2019 appropriation).

[3-19] Section 40 of A.B. 518 provides a General Fund appropriation of $1,998,895 in FY 2018 to the Division of Enterprise Information Technology Services of the Department of Administration to increase the bandwidth and connectivity of the State's wide area network. The legislatively approved repayment of this appropriation is 25 percent of the amount appropriated per year, beginning in FY 2019.

FY 2020: Notes 1 through 8 represent legislative actions approved during the 2019 Legislative Session.

[1-20] A.B. 445 requires a marketplace facilitator, defined as a person who facilitates the sale of tangible personal property by a marketplace seller in the state of Nevada, to collect and remit sales and use taxes on certain sales that are facilitated on behalf of the marketplace seller, effective October 1, 2019. Estimated to generate $16,459,000 in FY 2020 and $21,945,000 in FY 2021 for the State 2% rate. This requirement is also estimated to increase collections for the General Fund Commissions by $668,000 in FY 2020 (LSST: $160,000; BCCRT: $72,000; SCCRT: $252,000; PTT: $184,000) and $892,000 in FY 2021 (LSST: $214,000; BCCRT: $96,000; SCCRT: $336,000; PTT: $246,000).

[2-20] S.B. 535 removes the requirement that an amount equal to $2 per slot machine collected from quarterly restricted and non-restricted slot machine fees be allocated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. Estimated to generate $1,303,100 in FY 2020 (Non-restricted: $1,149,400; Restricted: $153,700) and $1,298,800 in FY 2021 (Non-restricted: $1,143,900; Restricted: $154,900).

[3-20] A.B. 535 increases the existing license fee on wholesale dealers of cigarettes, which is currently distributed between the State General Fund and local governments, and establishes new license fees for manufacturers, wholesale dealers of other tobacco products, and tobacco retailers. This bill requires all license fee proceeds to be retained by the Department of Taxation to administer and enforce the cigarette and OTP statutes. This action to require the license fees on wholesale dealers of cigarettes to be retained by the Department is estimated to reduce General Fund revenue by less than $10,000 per year in FY 2020 and FY 2021; thus, no adjustment is made to the forecast.

[4-20] S.B. 551 permanently repeals the provisions requiring the Modified Business Tax (MBT) tax rates on nonfinancial institutions (MBT-NFI), financial institutions (MBT-FI), and mining companies (MBT-Mining) to be reduced by the Department of Taxation if actual collections from these taxes, in combination with collections from the Commerce Tax and Branch Bank Excise Tax and tax credits taken against the MBT, are more than 4% above the Economic Forum's May forecast in any even-numbered fiscal year.

As a result of the passage of this bill, the rates for the MBT-NFI, which was to be reduced to 1.378% for all taxable wages in excess of $50,000 per calendar quarter, and the MBT-FI and MBT-Mining, which were to be reduced to 1.853% for all taxable wages, effective July 1, 2019, will remain at the current rates of 1.475% (for the MBT-NFI) and 2% (for the MBT-FI and MBT-Mining), on and after that date. Estimated to generate $48,166,000 in FY 2020 (MBT-NFI: $44,101,000; MBT-FI: $2,335,000; MBT-Mining: $1,730,000) and $49,998,000 in FY 2021 (MBT-NFI: $45,827,000; MBT:FI: $2,420,000; MBT-Mining: $1,751,000).

[5-20] S.B. 541 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 on a permanent basis, effective July 1, 2019. The remaining 75% portion of these proceeds are to be deposited in the State Highway Fund. Estimated to generate $21,954,000 in FY 2020 and $22,321,000 in FY 2021.

[6-20] S.B. 263 specifies that alternative nicotine products and vapor products, including e-cigarettes and their components, are subject to the 30 percent wholesale tax on other tobacco products, effective January 1, 2020. Estimated to generate $3,699,000 in FY 2020 and $7,931,000 in FY 2021.

[7-20] 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 2020 and FY 2021. Estimated to generate $351,220 in FY 2020 and $270,166 in FY 2021.

[8-20] Adjustment to the Statewide Cost Allocation amount included in the Legislatively Approved budget after the May 1, 2019, approval of the General Fund revenue forecast by the Economic Forum.

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

			FISCAL YEAR 2023						FISCAL YEAR 2024						FISCAL YEAR 2025					
G.L. NO.		FY 2022 ACTUAL	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%

FY 2021: Notes 1 through 3 represent legislative actions approved during the 31st Special Session (July 2020).

[1-21] S.B. 3 requires the advance payment on the net proceeds of minerals (NPM) tax in FY 2021 based on the estimated net proceeds for the current calendar year 2021. This additional NPM tax payment in FY 2021 is estimated to generate $54,500,000 from the General Fund portion of the tax due on the estimated net proceeds for calendar year 2021 based on the consensus estimate prepared by the Department of Taxation, Budget Division, and the Fiscal Analysis Division. The provisions of S.B. 3 also apply to FY 2022 and FY 2023, but the NPM tax reverts back to the former method (tax due based on actual mining activity from the preceding calendar year) of taxing net proceeds on July 1, 2023.

[2-21] S.B. 3 requires 100% 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 2021 only. Beginning in FY 2022, the distribution reverts to 75% of the additional revenue generated from the GST 10% depreciation schedule change deposited in the State Highway Fund and 25% deposited in the State General Fund, as approved in S.B. 541 (2019). Estimated to generate an additional $71,346,000 in FY 2021 for the State General Fund, based on the consensus estimate prepared by the Budget Division and the Fiscal Analysis Division.

[3-21] S.B. 3 requires the Department of Taxation to establish and conduct a tax amnesty program by which taxpayers may pay a fee, tax, or assessment required to be paid to the Department without incurring any penalties or interest that would otherwise be required as a result of the unpaid fee, tax, or assessment. This program is required to be conducted by the Department for a period of not more than 90 calendar days and must be concluded no later than June 30, 2021. Estimated to generate $14,000,000 to the State General Fund and $7,000,000 to the Distributive School Account (DSA) in FY 2021 based on the consensus estimate prepared by the Department of Taxation, Budget Division, and the Fiscal Analysis Division.

FY 2022: Notes 1 and 2 represent legislative actions approved during the 2019 Legislative Session.

[1-22] Section 1 of A.B. 512 provides a General Fund appropriation of $2,138,800 in FY 2020 to the Division of Enterprise Information Technology Services of the Department of Administration for the implementation of an enterprise cloud electronic mail and business productivity application. The legislatively approved repayment of this appropriation is 25 percent of the cost of the implementation of an enterprise cloud electronic mail and business productivity application per year, beginning in FY 2022.

[2-22] Section 2 of A.B. 512 provides a General Fund appropriation of $4,186,202 in FY 2020 to the Division of Enterprise Information Technology Services of the Department of Administration for the replacement of firewalls. The legislatively approved repayment of this appropriation is 25 percent of the cost of the replacement of the firewalls per year, beginning in FY 2022.

FY 2022: Notes 3 through 11 represent legislative actions approved during the 2021 Legislative Session.

[3-22] A.B. 495 imposes an annual tax on each business entity engaged in the business of extracting gold or silver in this State whose Nevada gross revenue in a taxable year exceeds $20 million, effective July 1, 2021. The tax rate is 0.75% of all taxable revenue in excess of $20 million, but not more than $150 million; and 1.1% of all Nevada gross revenue in excess of $150 million. The proceeds from this tax are to be deposited in the State General Fund in FY 2022 and FY 2023, but will be deposited in the State Education Fund as a dedicated state funding source for the benefit of K-12 education under the Pupil-Centered Funding Plan beginning in FY 2024. Estimated to generate $83,802,000 in FY 2022 and $80,996,000 in FY 2023.

[4-22] S.B. 440 provides an exemption from sales and use taxes on purchases of tangible personal property by members of the Nevada National Guard who are on active status and who are residents of this State and certain relatives of such members, if the purchase occurs on the date on which Nevada Day is observed or the immediately following Saturday or Sunday, between July 1, 2021, and June 30, 2031. The bill also revises the eligibility requirements for the current exemption that is authorized for members of the Nevada National Guard called into active service to provide that this exemption is available to these members and certain relatives, if the member has been called into active duty for a period of more than 30 days outside of the United States. The exemption is anticipated to reduce sales and use tax revenue for the state and local governments; however, an estimate of the potential reduction was not prepared.

[5-22] S.B. 367 provides an exemption from the Live Entertainment Tax for live entertainment that is provided by or entirely for the benefit of a governmental entity, effective upon passage and approval (June 4, 2021). Because this exemption is expected to provide a minimal reduction to LET revenues, no adjustment to the forecast was made.

[6-22] On May 13, 2021, the Nevada Supreme Court upheld a First Judicial District Court ruling that certain actions by the Legislature in Senate Bill 551 (2019) were unconstitutional, as that legislation was approved without the two-thirds majority in each house required in Article 4, Section 18 of the Nevada Constitution. As a result, the tax rates for the Modified Business Tax were reduced effective April 1, 2021 to the rates determined by the Department of Taxation on or before September 30, 2018, that were to become effective on July 1, 2019, pursuant to the provisions of NRS 360.203. The rate for the MBT-NFI was reduced from 1.475% to 1.378% for all taxable wages in excess of $50,000 per calendar quarter and the rate for the MBT-FI and MBT-Mining was reduced from 2.0% to 1.853% on all quarterly taxable wages. The court ruling additionally requires the Department of Taxation to issue refunds for all MBT that was collected at the higher rates, between July 1, 2019, and March 31, 2021, based on the difference between the rate approved in S.B. 551 and the reduced rate determined by the Department in September 2018, as well as interest on the excess amount collected.

The adjustments to the May 2021 Economic Forum forecast reflect the estimated combined negative impact for each fiscal year for the refund and interest attributable to FY 2020 and FY 2021 overpayments as allocated to FY 2021 and FY 2022 and the tax rate reduction for the fourth quarter of FY 2021 and all four quarters of FY 2022 and FY 2023. The estimated negative impact to total MBT collections attributable to the refund and interest on tax overpayments for FY 2020 and FY 2021 allocated to FY 2021 is $75,575,000 (MBT-NFI: $68,066,000, MBT-FI: $4,647,000, MBT-Mining: $2,862,000) and allocated to FY 2022 is $4,717,000 (MBT-NFI: $3,722,000, MBT-FI: $943,000, MBT-Mining: $52,000). The estimated negative impact to total MBT collections attributable to the reduction in the tax rates for FY 2021 is $12,128,000 (MBT-NFI: $10,917,000, MBT-FI: $785,000, MBT-Mining: $426,000), for FY 2022 is $50,573,000 (MBT-NFI: $45,445,000, MBT-FI: $3,386,000, MBT-Mining: $1,742,000), and for FY 2023 is $53,659,000 (MBT-NFI: $48,238,000, MBT-FI: $3,637,000, MBT-Mining: $1,784,000). The estimates for the refund and interest are based on information provided by the Department of Taxation, based on an analysis of actual taxpayer accounts, regarding the potential total refund and interest amounts for the four quarters of FY 2020 and the three quarters of FY 2021 and the actual refund and interest amounts issued for each fiscal year in FY 2021 by each component of the MBT.

[7-22] S.B. 9 provides an exemption from licensure for investment advisers to certain qualifying private funds, effective July 1, 2022, if: (1) the investment adviser solely advises one or more qualifying private funds; (2) the investment adviser is not required to register with the Securities and Exchange Commission; (3) neither the investment adviser nor any of its advisory affiliates have engaged in certain bad acts; (4) the investment adviser files certain reports with the Administrator, who is the Deputy of Securities appointed by the Secretary of State; and (5) the investment adviser pays a fee prescribed by the Administrator. Estimated to reduce revenue by $12,000 in FY 2023.

[8-22] S.B. 389 provides for the regulation and licensing of peer-to-peer car sharing programs by the Department of Motor Vehicles, and also provides that passenger cars that are shared through such a program are subject to a Short Term Car Lease Fee that is identical to the fee already collected by the Department of Taxation on the rental of other passenger cars in this state, effective October 1, 2021. Estimated to generate $750,000 in FY 2022 and $1,000,000 in FY 2023.

[9-22] The proceeds from the licensure of certain professional employer organizations (employee leasing companies), which were being retained by the Division of Industrial Relations in the Department of Business and Industry, were going to be deposited in the State General Fund beginning on July 1, 2021. The Economic Forum May 4, 2021, forecast accounted for this action by including an estimate of $103,500 in G.L. 3107. Senate Bill 55 transfers the duties for regulating and licensing professional employer organizations from the Division to the Labor Commissioner, effective July 1, 2021. It was determined after the passage of S.B. 55 that the Labor Commissioner will post the revenues from the licensing fees in G.L. 3601, not G.L. 3107. Thus, a new line for G.L. 3601 – Professional Employer Organization Fee is added to the table and $103,500 is transferred from the forecast for G.L. 3107 to this new G.L., resulting in a net zero change to the Economic Forum May 4, 2021, forecast.

[10-22] Adjustment to the Statewide Cost Allocation amount included in the Legislatively Approved budget after the May 4, 2021, approval of the General Fund revenue forecast by the Economic Forum.

[11-22] A.B. 445 requires the State Controller, as soon as practicable after the close of FY 2021, to transfer $1,000,000 from the Abandoned Property Trust Account (Unclaimed Property) to the Grant Matching Account for the purpose of providing grants or satisfying matching requirements for nongovernmental organizational grants by the Office of Federal Assistance in the Office of the Governor. For FY 2023 and all subsequent years, the first $1.0 million of revenue from Unclaimed Property that is generated after the required transfer of the first $7.6 million to the Millennium Scholarship Trust Fund must be transferred to the Grant Matching Account. The actions in A.B. 445, therefore, reduce the forecast for this revenue source by $1.0 million per year in FY 2022, FY 2023, and all future fiscal years.

FY 2023: Note 1 represents legislative actions approved during the 2023 Legislative Session.

[1-23] S.B. 124 amends the provisions originally approved in S.B. 3 of the 31st Special Session (July 2020), which required the prepayment of the State General Fund portion of the Net Proceeds of Minerals Tax for FY 2021, FY 2022, and FY 2023 based on the estimated mining activity during each of those calendar years, to revert the payment of the tax back to its former method (tax due based on actual mining activity from the preceding calendar year) of taxing net proceeds on July 1, 2022, rather than on July 1, 2023, as originally approved in S.B. 3. The passage of S.B. 124 will require these tax proceeds to be paid based on actual calendar year 2023 mining activity during FY 2024, and the proceeds will be deposited in the State Education Fund, pursuant to A.B. 495 (2021); thus, the resultant forecast for this tax remains zero in FY 2024 and FY 2025, based on current law.

FY 2024: Notes 1 and 2 represent legislative actions approved during the 2021 Legislative Session.

[1-24] A.B. 495 provides that, beginning in FY 2024, the portion of the Net Proceeds of Minerals Tax currently deposited in the State General Fund be instead deposited in the State Education Fund as a dedicated state funding source for the benefit of K-12 education under the Pupil-Centered Funding Plan. This action does not affect the Economic Forum's forecast for FY 2022 or FY 2023.

[2-24] S.B. 426 provides a General Fund appropriation of $1,784,500 to the Division of Enterprise Information Technology Services of the Department of Administration for the replacement of the content management and portal platform. The legislatively approved annual repayment of this appropriation is 25 percent of the cost of the replacement of the content management and portal platform per year, beginning in FY 2024.

TABLE 3
GENERAL FUND REVENUE FORECASTS: AGENCY - FISCAL - BUDGET
MAY 1, 2023 FORECAST: FY 2023, FY 2024 and FY 2025
Economic Forum May 1, 2023, Meeting - 4/26/2023 - 8:00 PM

		FISCAL YEAR 2023						FISCAL YEAR 2024						FISCAL YEAR 2025					
G.L. NO.	FY 2022 ACTUAL	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%	AGENCY FORECAST	%	FISCAL FORECAST	%	BUDGET FORECAST	%

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.

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. The forecasts for FY 2023, FY 2024, and FY 2025 are based on information provided by the Nevada Film Office of GOED.

[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 $0 per fiscal year for FY 2023, FY 2024, and FY 2025, because the entirety of the $195 million in transferrable tax credits that could be authorized pursuant to S.B. 1 have been awarded and used.

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.

Pursuant to Senate Bill 410 of the 2019 Session, a project is eligible for the transferable tax credits only if the Interim Finance Committee approves a written request submitted by GOED for the issuance of the transferable tax credits. The Interim Finance Committee may approve such a request only if the Interim Finance Committee determines that approval of the request will not impede the ability of the Legislature to carry out its duty to provide for an annual tax sufficient to defray the estimated expenses of the State for each fiscal year as set forth in Article 9, Section 2 of the Nevada Constitution; and will promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director of GOED.

On January 31, 2023, the Interim Finance Committee, under the provisions required pursuant to Senate Bill 410 of the 2019 Session, approved a written request by the Office of Economic Development for the issuance of $2,137,500 in transferable tax credits to Redwood Materials, Inc., the lead participant engaged in a qualified project in Storey County. The Board of Economic Development approved the application for this project at its meeting on December 1, 2022. Based on information received from GOED, the estimated amount of credits that will be used is $950,000 in FY 2024, $475,000 in FY 2025, and $712,500 in FY 2026.

[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, which were allowed to be taken by insurance companies beginning in the third quarter of FY 2015 under the provisions of S.B. 357, 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%; 3 years after the investment is made: 12%; 4 years after the investment is made: 12%; 5 years after the investment is made: 11%; and 6 years after the investment is made: 11%.

Pursuant to A.B. 446 (2019), an additional $200 million in qualified equity investments may be certified by the Department of Business and Industry, effective July 1, 2019, with a total of $116 million of credits that may be taken based on the increment percentages originally approved in S.B. 357 (2013). However, pursuant to A.B. 446, no credits may be taken against the Insurance Premium Tax before July 1, 2021 (FY 2022).

The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Business and Industry and the Department of Taxation during the 2023 Session.

[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. The forecasts for FY 2023, FY 2024, and FY 2025 are based on information provided by GOED.

[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. The forecast for FY 2019 is based on the amount of this $20 million that was awarded in FY 2018, but not used against the MBT in that fiscal year, plus the maximum amount of annual credits allowed based on the statutory formula adopted in A.B. 165 (2015). The forecasts for FY 2020 and FY 2021 are based on the maximum amount of annual credits allowed based on the statutory formula in A.B. 165 only.

A.B. 458 (2019) permanently eliminated the 10 percent increase in the amount of credits that may be authorized in each year, capping the total amount that may be authorized in each year at $6,655,000 beginning in FY 2020. The bill additionally clarified that the $6,655,000 limit per year applies to the combined credits that may be taken under both chapters of the MBT (Chapters 363A and 363B), rather than as a separate limit for each chapter.

S.B. 551 (2019) authorized an additional $4,745,000 in credits against the MBT (Chapters 363A and 363B combined) under this program per year in FY 2020 and FY 2021 beyond those that were authorized in those years based on the provisions of A.B. 458 (2019). Any amount of the $4,745,000 in credits that is not approved by the Department in each fiscal year may be issued in future fiscal years.

A.B. 495 (2021) authorized an additional $4,745,000 in credits against the MBT (Chapters 363A and 363B combined) under this program per year in FY 2022 beyond those that are authorized in that year based on the provisions of A.B. 458 (2019). Any amount of the $4,745,000 in credits that is not approved by the Department in FY 2022 may be issued in future fiscal years.

The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Taxation during the 2023 Session.

[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.

[TC-7] S.B. 448 (2019) authorizes the Housing Division of the Department of Business and Industry (Division) to approve a total of $40 million of transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax. Under the provisions of S.B. 448, the Division may award up to $10 million in transferable tax credits per year to persons who develop affordable housing projects in Nevada over the four years of the pilot program, but may award an additional $3 million in credits in any fiscal year if the issuance of the credits is necessary for the development of additional affordable housing projects in the state. If the Division approves any credits in excess of $10 million in a fiscal year, the amount to be awarded in the next fiscal year must be reduced by the amount in excess of $10 million that was issued in the previous fiscal year. If the Division does not issue all of the $10 million in credits authorized in a fiscal year, that amount is carried forward and may be issued in a subsequent fiscal year.

S.B. 284 (2021) made several changes to this tax credit program, including revising the procedure for the issuance of transferable tax credits so that transferable tax credits are issued before, rather than after, the project is completed; removing the 4-year sunset provisions originally established by S.B. 448 (2019), making the program permanent; and clarifying that the maximum amount of tax credits that may be issued under the program remains at $40 million as established in S.B. 448 (2019).

TABLE 4

Forecasts for the Major General Fund Revenues: FY 2023, FY 2024, and FY 2025

Economic Forum Forecast is the Forecast Approved at the December 5, 2022, Meeting

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting: 4/26/23 8:00 PM

	FY 2022[1]	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[3]	% Change
Sales and Use Tax	$1,613.342												
Economic Forum[2]		$1,729.966	$116.624	7.2%	$1,843.322	$113.356	6.6%	$1,925.377	$82.055	4.5%	$3,768.699	$425.391	24.6%
Agency		$1,761.531	$148.189	9.2%	$1,856.900	$95.369	5.4%	$1,957.793	$100.893	5.4%	$3,814.693	$439.820	13.0%
Fiscal Division		$1,747.689	$134.347	8.3%	$1,866.638	$118.949	6.8%	$1,951.882	$85.244	4.6%	$3,818.520	$457.489	13.6%
Budget Division		$1,738.815	$125.473	7.8%	$1,813.879	$75.064	4.3%	$1,871.307	$57.428	3.2%	$3,685.186	$333.029	9.9%
Moody's Analytics		$1,735.815	$122.473	7.6%	$1,804.268	$68.453	3.9%	$1,875.193	$70.925	3.9%	$3,679.461	$330.304	9.9%
Percentage Fees Tax	$964.214												
Economic Forum[2]		$936.832	-$27.382	-2.8%	$907.862	-$28.970	-3.1%	$935.883	$28.021	3.1%	$1,843.745	-$57.301	-6.1%
Agency		$965.490	$1.276	0.1%	$924.674	-$40.816	-4.2%	$929.551	$4.877	0.5%	$1,854.225	-$75.480	-3.9%
Fiscal Division		$973.188	$8.974	0.9%	$997.724	$24.536	2.5%	$980.337	-$17.387	-1.7%	$1,978.061	$40.659	2.1%
Budget Division		$974.606	$10.392	1.1%	$957.340	-$17.266	-1.8%	$965.114	$7.774	0.8%	$1,922.454	-$16.366	-0.8%
Moody's Analytics		$982.837	$18.623	1.9%	$984.105	$1.268	0.1%	$1,030.126	$46.021	4.7%	$2,014.232	$67.180	3.5%
Insurance Premium Tax	$541.092												
Economic Forum[2]		$570.385	$29.293	5.4%	$603.622	$33.237	5.8%	$636.429	$32.807	5.4%	$1,240.051	$128.574	22.5%
Agency		$573.568	$32.476	6.0%	$598.040	$24.471	4.3%	$629.521	$31.481	5.3%	$1,227.560	$112.900	10.1%
Fiscal Division		$573.728	$32.636	6.0%	$606.509	$32.781	5.7%	$638.973	$32.464	5.4%	$1,245.482	$130.662	11.7%
Budget Division		$567.268	$26.176	4.8%	$601.581	$34.314	6.0%	$632.247	$30.666	5.1%	$1,233.829	$125.469	11.3%
Real Property Transfer Tax	$177.691												
Economic Forum[2]		$122.572	-$55.119	-31.0%	$120.000	-$2.572	-2.1%	$121.290	$1.290	1.1%	$241.290	-$58.973	-48.1%
Agency		$113.300	-$64.391	-36.2%	$120.848	$7.548	6.7%	$121.836	$0.988	0.8%	$242.684	-$48.307	-16.6%
Fiscal Division		$112.463	-$65.228	-36.7%	$97.056	-$15.407	-13.7%	$113.540	$16.484	17.0%	$210.596	-$79.558	-27.4%
Budget Division		$107.743	-$69.948	-39.4%	$110.489	$2.746	2.5%	$114.361	$3.872	3.5%	$224.850	-$60.584	-21.2%
Commerce Tax	$281.882												
Economic Forum[2]		$301.800	$19.918	7.1%	$321.558	$19.758	6.5%	$339.548	$17.990	5.6%	$661.106	$77.424	25.7%
Agency		$301.311	$19.429	6.9%	$321.318	$20.007	6.6%	$339.294	$17.976	5.6%	$660.612	$77.419	13.3%
Fiscal Division		$301.311	$19.429	6.9%	$321.318	$20.007	6.6%	$339.294	$17.976	5.6%	$660.612	$77.419	13.3%
Budget Division		$301.311	$19.429	6.9%	$321.318	$20.007	6.6%	$339.294	$17.976	5.6%	$660.612	$77.419	13.3%

TABLE 4

Forecasts for the Major General Fund Revenues: FY 2023, FY 2024, and FY 2025
Economic Forum Forecast is the Forecast Approved at the December 5, 2022, Meeting

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting: 4/26/23 8:00 PM

	FY 2022[1]	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[3]	% Change
LET - Gaming	$99.353												
Economic Forum[2]		$128.602	$29.249	29.4%	$126.048	-$2.554	-2.0%	$126.048	$0.000	0.0%	$252.096	$24.141	18.8%
Agency		$124.057	$24.704	24.9%	$129.342	$5.284	4.3%	$122.499	-$6.843	-5.3%	$251.841	$28.430	12.7%
Fiscal Division		$120.785	$21.432	21.6%	$130.105	$9.320	7.7%	$133.818	$3.713	2.9%	$263.923	$43.785	19.9%
Budget Division		$124.846	$25.492	25.7%	$123.454	-$1.392	-1.1%	$123.899	$0.445	0.4%	$247.353	$23.154	10.3%
LET - Non-Gaming	$39.802												
Economic Forum[2]		$59.032	$19.230	48.3%	$70.000	$10.968	18.6%	$59.842	-$10.158	-14.5%	$129.842	$31.008	52.5%
Agency		$65.000	$25.198	63.3%	$76.000	$11.000	16.9%	$54.000	-$22.000	-28.9%	$130.000	$25.198	24.0%
Fiscal Division		$73.289	$33.487	84.1%	$74.555	$1.266	1.7%	$69.110	-$5.445	-7.3%	$143.665	$30.574	27.0%
Budget Division		$76.072	$36.269	91.1%	$82.688	$6.616	8.7%	$76.790	-$5.898	-7.1%	$159.478	$43.604	37.6%
LET - TOTAL	$139.156												
Economic Forum[2]		$187.634	$48.478	34.8%	$196.048	$8.414	4.5%	$185.890	-$10.158	-5.2%	$381.938	$55.148	29.4%
Agency		$189.057	$49.901	35.9%	$205.342	$16.284	8.6%	$176.499	-$28.843	-14.0%	$381.841	$53.628	16.3%
Fiscal Division		$194.074	$54.918	39.5%	$204.660	$10.586	5.5%	$202.928	-$1.732	-0.8%	$407.588	$74.358	22.3%
Budget Division		$200.917	$61.761	44.4%	$206.142	$5.224	2.6%	$200.688	-$5.453	-2.6%	$406.830	$66.757	19.6%
MBT - Nonfinancial	$747.602												
Economic Forum[2]		$795.061	$47.459	6.3%	$709.281	-$85.780	-10.8%	$742.555	$33.274	4.7%	$1,451.836	-$90.827	-11.4%
Agency		$837.724	$90.122	12.1%	$728.106	-$109.618	-13.1%	$756.673	$28.567	3.9%	$1,484.779	-$100.547	-6.3%
Fiscal Division		$842.064	$94.462	12.6%	$748.358	-$93.706	-11.1%	$782.352	$33.994	4.5%	$1,530.710	-$58.956	-3.7%
Budget Division		$820.303	$72.701	9.7%	$721.209	-$99.094	-12.1%	$755.051	$33.842	4.7%	$1,476.261	-$91.645	-5.8%
MBT - Financial	$46.926												
Economic Forum[2]		$49.429	$2.503	5.3%	$42.855	-$6.574	-13.3%	$44.968	$2.113	4.9%	$87.823	-$8.532	-17.3%
Agency		$43.407	-$3.519	-7.5%	$37.837	-$5.570	-12.8%	$39.185	$1.348	3.6%	$77.022	-$13.311	-14.7%
Fiscal Division		$43.637	-$3.289	-7.0%	$40.277	-$3.360	-7.7%	$42.126	$1.849	4.6%	$82.403	-$8.160	-9.0%
Budget Division		$37.138	-$9.788	-20.9%	$33.730	-$3.409	-9.2%	$34.404	$0.675	2.0%	$68.134	-$15.930	-19.0%
MBT - Mining	$20.878												
Economic Forum[2]		$22.032	$1.154	5.5%	$18.962	-$3.070	-13.9%	$19.428	$0.466	2.5%	$38.390	-$4.520	-10.5%
Agency		$24.456	$3.578	17.1%	$19.992	-$4.464	-18.3%	$20.392	$0.400	2.0%	$40.384	-$4.950	-10.9%
Fiscal Division		$22.818	$1.940	9.3%	$19.578	-$3.240	-14.2%	$19.973	$0.395	2.0%	$39.551	-$4.145	-9.5%
Budget Division		$21.443	$0.565	2.7%	$18.479	-$2.964	-13.8%	$18.886	$0.407	2.2%	$37.365	-$4.956	-11.7%

TABLE 4

Forecasts for the Major General Fund Revenues: FY 2023, FY 2024, and FY 2025

Economic Forum Forecast is the Forecast Approved at the December 5, 2022, Meeting

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting: 4/26/23 8:00 PM

	FY 2022[1]	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[3]	% Change
MBT - TOTAL	$815.406												
Economic Forum[2]		$866.522	$51.116	6.3%	$771.098	-$95.424	-11.0%	$806.951	$35.853	4.6%	$1,578.049	-$103.879	-6.2%
Agency		$905.587	$90.181	11.1%	$785.935	-$119.652	-13.2%	$816.250	$30.315	3.9%	$1,602.185	-$118.808	-6.9%
Fiscal Division		$908.519	$93.113	11.4%	$808.213	-$100.306	-11.0%	$844.451	$36.238	4.5%	$1,652.664	-$71.261	-4.1%
Budget Division		$878.885	$63.479	7.8%	$773.418	-$105.467	-12.0%	$808.342	$34.923	4.5%	$1,581.760	-$112.531	-6.6%
Total - Major Tax Sources	$4,532.783												
Economic Forum[2]		$4,715.711	$182.928	4.0%	$4,763.510	$47.799	1.0%	$4,951.368	$187.858	3.9%	$9,714.878	$466.384	5.0%
Agency		$4,809.845	$277.062	6.1%	$4,813.056	$3.212	0.1%	$4,970.743	$157.687	3.3%	$9,783.799	$441.172	4.7%
Fiscal Division		$4,810.972	$278.189	6.1%	$4,902.118	$91.146	1.9%	$5,071.405	$169.287	3.5%	$9,973.523	$629.768	6.7%
Budget Division		$4,769.545	$236.762	5.2%	$4,784.167	$14.622	0.3%	$4,931.354	$147.186	3.1%	$9,715.521	$413.193	4.4%

[1] Actual collections for FY 2022 are before the application of any tax credits that were taken against the Percentage Fees Tax, Insurance Premium Tax, or the MBT.

[2] Economic Forum's December 5, 2022, Forecast.

[3] Represents the difference between the total for the 2023-25 biennium (FY 2024 and FY 2025 forecasts) and the total for the 2021-23 biennium (FY 2022 actual and FY 2023 forecast).

TABLE 8
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2023, FY 2024, AND FY 2025
Comparison of May 1, 2023, December 5, 2022, and November 14, 2022, Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2022 Actual	FY 2023 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2024 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2025 Forecast	% Change	Dollar Difference:	Growth Difference:
STATE SALES	$1,613.342												
Economic Forum[1]		$1,729.966	7.2%			$1,843.322	6.6%			$1,925.377	4.5%		
Agency													
November 14, 2022 Forecast		$1,728.373	7.1%			$1,807.187	4.6%			$1,925.377	6.5%		
December 5, 2022 Forecast		$1,728.373	7.1%	$0.000	0.0%	$1,807.187	4.6%	$0.000	0.0%	$1,925.377	6.5%	$0.000	0.0%
May 1, 2023 Forecast		$1,761.531	9.2%	$8.321	2.1%	$1,856.900	5.4%	$10.368	0.8%	$1,957.793	5.4%	$53.157	-1.1%
Fiscal Division													
November 14, 2022 Forecast		$1,730.230	7.2%			$1,844.806	6.6%			$1,936.756	5.0%		
December 5, 2022 Forecast		$1,729.966	7.2%	-$0.264	0.0%	$1,847.576	6.8%	$2.770	0.2%	$1,933.762	4.7%	-$2.994	-0.3%
May 1, 2023 Forecast		$1,747.689	8.3%	$17.723	1.1%	$1,866.638	6.8%	$19.062	0.0%	$1,951.882	4.6%	$18.120	-0.1%
Budget Division													
November 14, 2022 Forecast		$1,753.813	8.7%			$1,810.196	3.2%			$1,895.272	4.7%		
December 5, 2022 Forecast		$1,753.210	8.7%	-$0.603	0.0%	$1,846.532	5.3%	$36.336	2.1%	$1,904.636	3.1%	$9.364	-1.6%
May 1, 2023 Forecast		$1,738.815	7.8%	-$14.395	-0.9%	$1,813.879	4.3%	-$32.652	-1.0%	$1,871.307	3.2%	-$33.329	0.1%
Moody's Analytics													
November 14, 2022 Forecast		$1,745.308	8.2%			$1,830.244	4.9%			$1,923.079	5.1%		
December 5, 2022 Forecast		$1,704.639	5.7%	-$40.669	-2.5%	$1,781.741	4.5%	-$48.503	-0.3%	$1,867.705	4.8%	-$55.374	-0.3%
May 1, 2023 Forecast		$1,735.815	7.6%	$31.176	1.9%	$1,804.268	3.9%	$22.527	-0.6%	$1,875.193	3.9%	$7.488	-0.9%
PERCENTAGE FEES[2]	$964.214												
Economic Forum[1]		$936.832	-2.8%			$907.862	-3.1%			$935.883	3.1%		
Agency													
November 14, 2022 Forecast		$928.544	-3.7%			$878.770	-5.4%			$878.641	0.0%		
December 5, 2022 Forecast		$936.832	-2.8%	$8.287	0.9%	$885.911	-5.4%	$7.141	-0.1%	$885.944	0.0%	$7.303	0.0%
May 1, 2023 Forecast		$965.490	0.1%	$28.659	2.9%	$924.674	-4.2%	$38.763	1.2%	$929.551	0.5%	$43.606	0.5%
Fiscal Division													
November 14, 2022 Forecast		$974.569	1.1%			$1,018.791	4.5%			$1,047.261	2.8%		
December 5, 2022 Forecast		$963.519	-0.1%	-$11.050	-1.1%	$1,011.576	5.0%	-$7.215	0.5%	$1,039.805	2.8%	-$7.456	0.0%
May 1, 2023 Forecast		$973.188	0.9%	$9.669	1.0%	$997.724	2.5%	-$13.852	-2.5%	$980.337	-1.7%	-$59.468	-4.5%
Budget Division													
November 14, 2022 Forecast		$934.877	-3.0%			$907.633	-2.9%			$935.755	3.1%		
December 5, 2022 Forecast		$938.753	-2.6%	$3.875	0.4%	$907.862	-3.3%	$0.229	-0.4%	$935.883	3.1%	$0.127	0.0%
May 1, 2023 Forecast		$974.606	1.1%	$35.854	3.7%	$957.340	-1.8%	$49.478	1.5%	$965.114	0.8%	$29.232	-2.3%
Moody's Analytics													
November 14, 2022 Forecast		$947.907	-1.7%			$950.090	0.2%			$1,001.359	5.4%		
December 5, 2022 Forecast		$939.847	-2.5%	-$8.060	-0.8%	$951.322	1.2%	$1.232	1.0%	$1,001.895	5.3%	$0.536	-0.1%
May 1, 2023 Forecast		$982.837	1.9%	$42.991	4.4%	$984.105	0.1%	$32.783	-1.1%	$1,030.126	4.7%	$28.231	-0.6%

TABLE 8
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2023, FY 2024, AND FY 2025
Comparison of May 1, 2023, December 5, 2022, and November 14, 2022, Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2022 Actual	FY 2023 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2024 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2025 Forecast	% Change	Dollar Difference:	Growth Difference:
INSURANCE PREMIUM[2]	$541.092												
Economic Forum[1]		$570.385	5.4%			$603.622	5.8%			$636.429	5.4%		
Agency													
November 14, 2022 Forecast		$553.504	2.3%			$584.953	5.7%			$616.412	5.4%		
December 5, 2022 Forecast		$553.504	2.3%	$0.000	0.0%	$584.953	5.7%	$0.000	0.0%	$616.412	5.4%	$0.000	0.0%
May 1, 2023 Forecast		$573.568	6.0%	$20.065	3.7%	$598.040	4.3%	$13.086	-1.4%	$629.521	5.3%	$13.109	-0.1%
Fiscal Division													
November 14, 2022 Forecast		$570.385	5.4%			$603.622	5.8%			$636.429	5.4%		
December 5, 2022 Forecast		$570.385	5.4%	$0.000	0.0%	$603.622	5.8%	$0.000	0.0%	$636.429	5.4%	$0.000	0.0%
May 1, 2023 Forecast		$573.728	6.0%	$3.343	0.6%	$606.509	5.7%	$2.887	-0.1%	$638.973	5.4%	$2.544	0.0%
Budget Division													
November 14, 2022 Forecast		$568.994	5.2%			$612.012	7.6%			$657.854	7.5%		
December 5, 2022 Forecast		$568.994	5.2%	$0.000	0.0%	$612.012	7.6%	$0.000	0.0%	$657.854	7.5%	$0.000	0.0%
May 1, 2023 Forecast		$567.268	4.8%	-$1.727	-0.4%	$601.581	6.0%	-$10.431	-1.6%	$632.247	5.1%	-$25.606	-2.4%
REAL PROPERTY TRANSFER	$177.691												
Economic Forum[1]		$122.572	-31.0%			$120.000	-2.1%			$121.290	1.1%		
Agency													
November 14, 2022 Forecast		$190.215	7.0%			$202.739	6.6%			$215.264	6.2%		
December 5, 2022 Forecast		$131.859	-25.8%	-$58.356	-32.8%	$140.166	6.3%	-$62.573	-0.3%	$150.398	7.3%	-$64.866	1.1%
May 1, 2023 Forecast		$113.300	-36.2%	-$18.559	-10.4%	$120.848	6.7%	-$19.318	0.4%	$121.836	0.8%	-$28.562	-6.5%
Fiscal Division													
November 14, 2022 Forecast		$122.405	-31.1%			$105.326	-14.0%			$121.290	15.2%		
December 5, 2022 Forecast		$122.572	-31.0%	$0.167	0.1%	$105.326	-14.1%	$0.000	-0.1%	$121.290	15.2%	$0.000	0.0%
May 1, 2023 Forecast		$112.463	-36.7%	-$10.109	-5.7%	$97.056	-13.7%	-$8.270	0.4%	$113.540	17.0%	-$7.750	1.8%
Budget Division													
November 14, 2022 Forecast		$155.336	-12.6%			$165.890	6.8%			$176.364	6.3%		
December 5, 2022 Forecast		$145.027	-18.4%	-$10.309	-5.8%	$155.505	7.2%	-$10.385	0.4%	$165.288	6.3%	-$11.076	0.0%
May 1, 2023 Forecast		$107.743	-39.4%	-$37.284	-21.0%	$110.489	2.5%	-$45.016	-4.7%	$114.361	3.5%	-$50.927	-2.8%
COMMERCE	$281.882												
Economic Forum[1]		$301.800	7.1%			$321.558	6.5%			$339.548	5.6%		
Agency													
November 14, 2022 Forecast		$301.800	7.1%			$321.558	6.5%			$339.548	5.6%		
December 5, 2022 Forecast		$301.800	7.1%	$0.000	0.0%	$321.558	6.5%	$0.000	0.0%	$339.548	5.6%	$0.000	0.0%
May 1, 2023 Forecast		$301.311	6.9%	-$0.489	-0.2%	$321.318	6.6%	-$0.240	0.1%	$339.294	5.6%	-$0.254	0.0%
Fiscal Division													
November 14, 2022 Forecast		$301.800	7.1%			$321.558	6.5%			$339.548	5.6%		
December 5, 2022 Forecast		$301.800	7.1%	$0.000	0.0%	$321.558	6.5%	$0.000	0.0%	$339.548	5.6%	$0.000	0.0%
May 1, 2023 Forecast		$301.311	6.9%	-$0.489	-0.2%	$321.318	6.6%	-$0.240	0.1%	$339.294	5.6%	-$0.254	0.0%
Budget Division													
November 14, 2022 Forecast		$301.800	7.1%			$321.558	6.5%			$339.548	5.6%		
December 5, 2022 Forecast		$301.800	7.1%	$0.000	0.0%	$321.558	6.5%	$0.000	0.0%	$339.548	5.6%	$0.000	0.0%
May 1, 2023 Forecast		$301.311	6.9%	-$0.489	-0.2%	$321.318	6.6%	-$0.240	0.1%	$339.294	5.6%	-$0.254	0.0%

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TAX	FY 2022 Actual	FY 2023 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2024 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2025 Forecast	% Change	Dollar Difference:	Growth Difference:
LET - GAMING	$99.353												
Economic Forum[1]		$128.602	29.4%			$126.048	-2.0%			$126.048	0.0%		
Agency													
November 14, 2022 Forecast		$125.657	26.5%			$122.473	-2.5%			$118.658	-3.1%		
December 5, 2022 Forecast		$128.602	29.4%	$2.945	2.9%	$126.048	-2.0%	$3.575	0.5%	$119.866	-4.9%	$1.208	-1.8%
May 1, 2023 Forecast		$124.057	24.9%	-$4.545	-4.5%	$129.342	4.3%	$3.293	6.3%	$122.499	-5.3%	$2.633	-0.4%
Fiscal Division													
November 14, 2022 Forecast		$117.205	18.0%			$129.612	10.6%			$135.640	4.7%		
December 5, 2022 Forecast		$118.297	19.1%	$1.092	1.1%	$130.293	10.1%	$0.681	-0.4%	$136.159	4.5%	$0.519	-0.2%
May 1, 2023 Forecast		$120.785	21.6%	$2.488	2.5%	$130.105	7.7%	-$0.188	-2.4%	$133.818	2.9%	-$2.341	-1.6%
Budget Division													
November 14, 2022 Forecast		$119.449	20.2%			$122.799	2.8%			$124.824	1.6%		
December 5, 2022 Forecast		$119.891	20.7%	$0.442	0.5%	$122.799	2.4%	$0.000	-0.4%	$124.824	1.6%	$0.000	0.0%
May 1, 2023 Forecast		$124.846	25.7%	$4.954	5.0%	$123.454	-1.1%	$0.655	-3.5%	$123.899	0.4%	-$0.925	-1.4%
LET - NONGAMING	$39.802												
Economic Forum[1]		$59.032	48.3%			$70.000	18.6%			$59.842	-14.5%		
Agency													
November 14, 2022 Forecast		$42.917	7.8%			$44.178	2.9%			$45.439	2.9%		
December 5, 2022 Forecast		$49.355	24.0%	$6.438	16.2%	$57.431	16.4%	$13.253	13.5%	$52.254	-9.0%	$6.816	-11.9%
May 1, 2023 Forecast		$65.000	63.3%	$15.645	39.3%	$76.000	16.9%	$18.569	0.5%	$54.000	-28.9%	$1.746	-19.9%
Fiscal Division													
November 14, 2022 Forecast		$50.908	27.9%			$68.163	33.9%			$57.699	-15.4%		
December 5, 2022 Forecast		$59.032	48.3%	$8.124	20.4%	$79.385	34.5%	$11.222	0.6%	$66.016	-16.8%	$8.317	-1.4%
May 1, 2023 Forecast		$73.289	84.1%	$14.257	35.8%	$74.555	1.7%	-$4.830	-32.8%	$69.110	-7.3%	$3.094	9.5%
Budget Division													
November 14, 2022 Forecast		$52.401	31.7%			$52.628	0.4%			$53.496	1.6%		
December 5, 2022 Forecast		$57.894	45.5%	$5.493	13.8%	$59.047	2.0%	$6.419	1.6%	$59.842	1.3%	$6.345	-0.3%
May 1, 2023 Forecast		$76.072	91.1%	$18.177	45.6%	$82.688	8.7%	$23.641	6.7%	$76.790	-7.1%	$16.948	-8.4%
LET - TOTAL	$139.156												
Economic Forum[1]		$187.634	34.8%			$196.048	4.5%			$185.890	-5.2%		
Agency													
November 14, 2022 Forecast		$168.574	21.1%			$166.651	-1.1%			$164.096	-1.5%		
December 5, 2022 Forecast		$177.956	27.9%	$9.383	6.8%	$183.479	3.1%	$16.828	4.2%	$172.120	-6.2%	$8.024	-4.7%
May 1, 2023 Forecast		$189.057	35.9%	$11.101	8.0%	$205.342	8.6%	$21.862	5.5%	$176.499	-14.0%	$4.379	-7.8%
Fiscal Division													
November 14, 2022 Forecast		$168.113	20.8%			$197.775	17.6%			$193.339	-2.2%		
December 5, 2022 Forecast		$177.329	27.4%	$9.216	6.6%	$209.678	18.2%	$11.903	0.6%	$202.175	-3.6%	$8.836	-1.4%
May 1, 2023 Forecast		$194.074	39.5%	$16.745	12.0%	$204.660	5.5%	-$5.018	-12.8%	$202.928	-0.8%	$0.753	2.7%
Budget Division													
November 14, 2022 Forecast		$171.851	23.5%			$175.427	2.1%			$178.320	1.6%		
December 5, 2022 Forecast		$177.786	27.8%	$5.935	4.3%	$181.846	2.3%	$6.419	0.2%	$184.666	1.6%	$6.345	0.0%
May 1, 2023 Forecast		$200.917	44.4%	$23.132	16.6%	$206.142	2.6%	$24.296	0.3%	$200.688	-2.6%	$16.023	-4.2%

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TAX	FY 2022 Actual	FY 2023 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2024 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2025 Forecast	% Change	Dollar Difference:	Growth Difference:
MBT - NONFINANCIAL[2]	$747.602												
Economic Forum[1]		$795.061	6.3%			$709.281	-10.8%			$742.555	4.7%		
Agency													
November 14, 2022 Forecast		$669.869	-10.4%			$589.150	-12.1%			$609.543	3.5%		
December 5, 2022 Forecast		$792.832	6.0%	$122.963	16.4%	$715.703	-9.7%	$126.553	2.4%	$763.011	6.6%	$153.468	3.1%
May 1, 2023 Forecast		$837.724	12.1%	$44.892	6.1%	$728.106	-13.1%	$12.403	-3.4%	$756.673	3.9%	-$6.338	-2.7%
Fiscal Division													
November 14, 2022 Forecast		$789.305	5.6%			$705.017	-10.7%			$739.591	4.9%		
December 5, 2022 Forecast		$795.061	6.3%	$5.756	0.8%	$709.281	-10.8%	$4.264	-0.1%	$742.555	4.7%	$2.964	-0.2%
May 1, 2023 Forecast		$842.064	12.6%	$47.003	6.3%	$748.358	-11.1%	$39.077	-0.3%	$782.352	4.5%	$39.797	-0.2%
Budget Division													
November 14, 2022 Forecast		$828.722	10.9%			$745.146	-10.1%			$789.109	5.9%		
December 5, 2022 Forecast		$828.722	10.9%	$0.000	0.0%	$745.146	-10.1%	$0.000	0.0%	$789.109	5.9%	$0.000	0.0%
May 1, 2023 Forecast		$820.303	9.7%	-$8.418	-1.2%	$721.209	-12.1%	-$23.937	-2.0%	$755.051	4.7%	-$34.058	-1.2%
MBT - FINANCIAL[2]	$46.926												
Economic Forum[1]		$49.429	5.3%			$42.855	-13.3%			$44.968	4.9%		
Agency													
November 14, 2022 Forecast		$50.247	7.1%			$45.685	-9.1%			$49.231	7.8%		
December 5, 2022 Forecast		$49.765	6.0%	-$0.482	-1.1%	$44.373	-10.8%	-$1.313	-1.7%	$47.306	6.6%	-$1.925	-1.2%
May 1, 2023 Forecast		$43.407	-7.5%	-$6.358	-13.5%	$37.837	-12.8%	-$6.536	-2.0%	$39.185	3.6%	-$8.121	-3.0%
Fiscal Division													
November 14, 2022 Forecast		$49.621	5.7%			$43.183	-13.0%			$45.282	4.9%		
December 5, 2022 Forecast		$49.429	5.3%	-$0.192	-0.4%	$42.855	-13.3%	-$0.328	-0.3%	$44.968	4.9%	-$0.314	0.0%
May 1, 2023 Forecast		$43.637	-7.0%	-$5.792	-12.3%	$40.277	-7.7%	-$2.578	5.6%	$42.126	4.6%	-$2.842	-0.3%
Budget Division													
November 14, 2022 Forecast		$53.430	13.9%			$46.601	-12.8%			$48.465	4.0%		
December 5, 2022 Forecast		$42.472	-9.5%	-$10.958	-23.4%	$39.938	-6.0%	-$6.662	6.8%	$41.229	3.2%	-$7.236	-0.8%
May 1, 2023 Forecast		$37.138	-20.9%	-$5.333	-11.4%	$33.730	-9.2%	-$6.208	-3.2%	$34.404	2.0%	-$6.825	-1.2%
MBT - MINING[2]	$20.878												
Economic Forum[1]		$22.032	5.5%			$18.962	-13.9%			$19.428	2.5%		
Agency													
November 14, 2022 Forecast		$18.564	-11.1%			$16.402	-11.6%			$14.555	-11.3%		
December 5, 2022 Forecast		$22.131	6.0%	$3.567	17.1%	$19.673	-11.1%	$3.271	0.5%	$20.264	3.0%	$5.709	14.3%
May 1, 2023 Forecast		$24.456	17.1%	$2.325	11.1%	$19.992	-18.3%	$0.319	-7.1%	$20.392	2.0%	$0.128	-1.0%
Fiscal Division													
November 14, 2022 Forecast		$21.639	3.6%			$18.620	-14.0%			$19.079	2.5%		
December 5, 2022 Forecast		$22.032	5.5%	$0.393	1.9%	$18.962	-13.9%	$0.342	0.1%	$19.428	2.5%	$0.349	0.0%
May 1, 2023 Forecast		$22.818	9.3%	$0.786	3.8%	$19.578	-14.2%	$0.616	-0.3%	$19.973	2.0%	$0.545	-0.5%
Budget Division													
November 14, 2022 Forecast		$21.752	4.2%			$18.789	-13.6%			$19.353	3.0%		
December 5, 2022 Forecast		$21.752	4.2%	$0.000	0.0%	$18.789	-13.6%	$0.000	0.0%	$19.353	3.0%	$0.000	0.0%
May 1, 2023 Forecast		$21.443	2.7%	-$0.308	-1.5%	$18.479	-13.8%	-$0.310	-0.2%	$18.886	2.2%	-$0.467	-0.8%

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MBT - TOTAL[2]	$815.406												
Economic Forum[1]		$866.522	6.3%			$771.098	-11.0%			$806.951	4.6%		
Agency													
November 14, 2022 Forecast		$738.681	-9.4%			$651.238	-11.8%			$673.329	3.4%		
December 5, 2022 Forecast		$864.728	6.0%	$126.047	15.4%	$779.749	-9.8%	$128.511	2.0%	$830.580	6.5%	$157.251	3.1%
May 1, 2023 Forecast		$905.587	11.1%	$40.859	5.1%	$785.935	-13.2%	$6.186	-3.4%	$816.250	3.9%	-$14.330	-2.7%
Fiscal Division													
November 14, 2022 Forecast		$860.565	5.5%			$766.820	-10.9%			$803.952	4.8%		
December 5, 2022 Forecast		$866.522	6.3%	$5.957	0.8%	$771.098	-11.0%	$4.278	-0.1%	$806.951	4.6%	$2.999	-0.2%
May 1, 2023 Forecast		$908.519	11.4%	$41.997	5.1%	$808.213	-11.0%	$37.115	0.0%	$844.451	4.5%	$37.500	-0.1%
Budget Division													
November 14, 2022 Forecast		$903.903	10.9%			$810.535	-10.3%			$856.927	5.7%		
December 5, 2022 Forecast		$892.945	9.5%	-$10.958	-1.4%	$803.873	-10.0%	-$6.662	0.3%	$849.691	5.7%	-$7.236	0.0%
May 1, 2023 Forecast		$878.885	7.8%	-$14.060	-1.7%	$773.418	-12.0%	-$30.455	-2.0%	$808.342	4.5%	-$41.349	-1.2%
TOTAL - MAJOR REVENUES	$4,532.783												
Economic Forum[1]		$4,715.711	4.0%			$4,763.510	1.0%			$4,951.368	3.9%		
Agency													
November 14, 2022 Forecast		$4,609.691	1.7%			$4,613.096	0.1%			$4,812.667	4.3%		
December 5, 2022 Forecast		$4,719.888	4.1%	$110.197	2.4%	$4,742.349	0.5%	$129.252	0.4%	$4,899.639	3.3%	$86.971	-1.0%
May 1, 2023 Forecast		$4,809.845	6.1%	$89.956	2.0%	$4,813.056	0.1%	$70.707	-0.4%	$4,970.743	3.3%	$71.105	0.0%
Fiscal Division													
November 14, 2022 Forecast		$4,728.067	4.3%			$4,858.698	2.8%			$5,078.575	4.5%		
December 5, 2022 Forecast		$4,732.093	4.4%	$4.026	0.1%	$4,870.434	2.9%	$11.736	0.1%	$5,079.960	4.3%	$1.385	-0.2%
May 1, 2023 Forecast		$4,810.972	6.1%	$78.879	1.7%	$4,902.118	1.9%	$31.684	-1.0%	$5,071.405	3.5%	-$8.555	-0.8%
Budget Division													
November 14, 2022 Forecast		$4,790.575	5.7%			$4,803.252	0.3%			$5,040.040	4.9%		
December 5, 2022 Forecast		$4,778.514	5.4%	-$12.060	-0.3%	$4,829.188	1.1%	$25.936	0.8%	$5,037.565	4.3%	-$2.475	-0.6%
May 1, 2023 Forecast		$4,769.545	5.2%	-$8.969	-0.2%	$4,784.167	0.3%	-$45.020	-0.8%	$4,931.354	3.1%	-$106.211	-1.2%
TOTAL - ALL OTHER	$991.688												
Economic Forum[1]		$1,061.272	7.0%			$971.302	-8.5%			$958.673	-1.3%		
Agency													
November 14, 2022 Forecast		$1,059.271	6.8%			$966.730	-8.7%			$957.060	-1.0%		
December 5, 2022 Forecast		$1,023.125	3.2%	-$36.146	-3.6%	$918.605	-10.2%	-$48.126	-1.5%	$971.035	5.7%	$13.975	6.7%
May 1, 2023 Forecast		$1,023.397	3.2%	$0.272	0.0%	$1,028.929	0.5%	$110.325	10.8%	$1,016.718	-1.2%	$45.683	-6.9%
Fiscal Division													
November 14, 2022 Forecast		$1,060.483	6.9%			$972.298	-8.3%			$958.376	-1.4%		
December 5, 2022 Forecast		$1,063.599	7.3%	$3.117	0.4%	$974.512	-8.4%	$2.214	-0.1%	$960.288	-1.5%	$1.912	-0.1%
May 1, 2023 Forecast		$1,028.108	3.7%	-$35.492	-3.6%	$1,025.728	-0.2%	$51.216	8.1%	$1,008.047	-1.7%	$47.760	-0.3%
Budget Division													
November 14, 2022 Forecast		$1,070.622	8.0%			$981.254	-8.3%			$972.460	-0.9%		
December 5, 2022 Forecast		$1,065.440	7.4%	-$5.182	-0.6%	$974.590	-8.5%	-$6.664	-0.2%	$957.917	-1.7%	-$14.543	-0.8%
May 1, 2023 Forecast		$1,019.426	2.8%	-$46.014	-4.6%	$1,018.689	-0.1%	$44.099	8.5%	$1,015.466	-0.3%	$57.549	1.4%

TABLE 8
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2023, FY 2024, AND FY 2025
Comparison of May 1, 2023, December 5, 2022, and November 14, 2022, Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2022 Actual	FY 2023 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2024 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2025 Forecast	% Change	Dollar Difference:	Growth Difference:
TOTAL GF - BEFORE CREDITS	$5,524.471												
Economic Forum[1]		$5,776.983	4.6%			$5,734.812	-0.7%			$5,910.041	3.1%		
Agency													
November 14, 2022 Forecast		$5,668.962	2.6%			$5,579.827	-1.6%			$5,769.728	3.4%		
December 5, 2022 Forecast		$5,743.013	4.0%	$74.051	1.4%	$5,660.953	-1.4%	$81.127	0.2%	$5,870.673	3.7%	$100.946	0.3%
May 1, 2023 Forecast		$5,833.241	5.6%	$90.228	1.6%	$5,841.985	0.1%	$181.032	1.5%	$5,987.461	2.5%	$116.788	-1.2%
Fiscal Division													
November 14, 2022 Forecast		$5,788.550	4.8%			$5,830.996	0.7%			$6,036.951	3.5%		
December 5, 2022 Forecast		$5,795.692	4.9%	$7.143	0.1%	$5,844.946	0.8%	$13.950	0.1%	$6,040.248	3.3%	$3.297	-0.2%
May 1, 2023 Forecast		$5,839.080	5.7%	$43.387	0.8%	$5,927.846	1.5%	$82.900	0.7%	$6,079.452	2.6%	$39.205	-0.7%
Budget Division													
November 14, 2022 Forecast		$5,861.197	6.1%			$5,784.506	-1.3%			$6,012.500	3.9%		
December 5, 2022 Forecast		$5,843.954	5.8%	-$17.242	-0.3%	$5,803.778	-0.7%	$19.272	0.6%	$5,995.482	3.3%	-$17.018	-0.6%
May 1, 2023 Forecast		$5,788.971	4.8%	-$54.983	-1.0%	$5,802.856	0.2%	-$0.922	0.9%	$5,946.820	2.5%	-$48.663	-0.8%
COMMERCE TAX CREDITS	-$47.847												
Economic Forum[1]		-$50.645	5.8%			-$54.542	7.7%			-$58.098	6.5%		
Agency													
November 14, 2022 Forecast		-$50.645	5.8%			-$54.542	7.7%			-$58.098	6.5%		
December 5, 2022 Forecast		-$50.645	5.8%	$0.000	0.0%	-$54.542	7.7%	$0.000	0.0%	-$58.098	6.5%	$0.000	0.0%
May 1, 2023 Forecast		-$54.383	13.7%	-$3.738	7.9%	-$59.037	8.6%	-$4.495	0.9%	-$62.949	6.6%	-$4.851	0.1%
Fiscal Division													
November 14, 2022 Forecast		-$50.645	5.8%			-$54.542	7.7%			-$58.098	6.5%		
December 5, 2022 Forecast		-$50.645	5.8%	$0.000	0.0%	-$54.542	7.7%	$0.000	0.0%	-$58.098	6.5%	$0.000	0.0%
May 1, 2023 Forecast		-$54.383	13.7%	-$3.738	7.9%	-$59.037	8.6%	-$4.495	0.9%	-$62.949	6.6%	-$4.851	0.1%
Budget Division													
November 14, 2022 Forecast		-$50.645	5.8%			-$54.542	7.7%			-$58.098	6.5%		
December 5, 2022 Forecast		-$50.645	5.8%	$0.000	0.0%	-$54.542	7.7%	$0.000	0.0%	-$58.098	6.5%	$0.000	0.0%
May 1, 2023 Forecast		-$54.383	13.7%	-$3.738	7.9%	-$59.037	8.6%	-$4.495	0.9%	-$62.949	6.6%	-$4.851	0.1%
ALL OTHER TAX CREDITS[3]	-$37.289												
Economic Forum[1]		-$57.783	55.0%			-$51.911	-10.2%			-$46.656	-10.1%		
Agency													
November 14, 2022 Forecast		-$57.183	53.4%			-$53.401	-6.6%			-$46.656	-12.6%		
December 5, 2022 Forecast		-$57.783	55.0%	-$0.600	1.6%	-$51.911	-10.2%	$1.490	-3.6%	-$46.656	-10.1%	$0.000	2.5%
May 1, 2023 Forecast		-$49.011	31.4%	$8.772	-23.6%	-$52.361	6.8%	-$0.450	17.0%	-$47.131	-10.0%	-$0.475	0.1%
Fiscal Division													
November 14, 2022 Forecast		-$57.183	53.4%			-$53.401	-6.6%			-$46.656	-12.6%		
December 5, 2022 Forecast		-$57.783	55.0%	-$0.600	1.6%	-$51.911	-10.2%	$1.490	-3.6%	-$46.656	-10.1%	$0.000	2.5%
May 1, 2023 Forecast		-$49.011	31.4%	$8.772	-23.6%	-$52.361	6.8%	-$0.450	17.0%	-$47.131	-10.0%	-$0.475	0.1%
Budget Division													
November 14, 2022 Forecast		-$57.183	53.4%			-$53.401	-6.6%			-$46.656	-12.6%		
December 5, 2022 Forecast		-$57.783	55.0%	-$0.600	1.6%	-$51.911	-10.2%	$1.490	-3.6%	-$46.656	-10.1%	$0.000	2.5%
May 1, 2023 Forecast		-$49.011	31.4%	$8.772	-23.6%	-$52.361	6.8%	-$0.450	17.0%	-$47.131	-10.0%	-$0.475	0.1%

TABLE 8
MAJOR GENERAL FUND REVENUE FORECASTS FOR FY 2023, FY 2024, AND FY 2025
Comparison of May 1, 2023, December 5, 2022, and November 14, 2022, Forecasts by Forecaster
(Forecasts and Dollar Differences are in Millions of Dollars)

TAX	FY 2022 Actual	FY 2023 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2024 Forecast	% Change	Dollar Difference:	Growth Difference:	FY 2025 Forecast	% Change	Dollar Difference:	Growth Difference:
TOTAL GF - AFTER CREDITS	$5,439.335												
Economic Forum[1]		$5,668.556	4.2%			$5,628.360	-0.7%			$5,805.287	3.1%		
Agency													
November 14, 2022 Forecast		$5,561.134	2.2%			$5,471.884	-1.6%			$5,664.974	3.5%		
December 5, 2022 Forecast		$5,634.585	3.6%	$73.451	1.4%	$5,554.501	-1.4%	$82.617	0.2%	$5,765.920	3.8%	$100.946	0.3%
May 1, 2023 Forecast		$5,729.848	5.3%	$95.262	1.8%	$5,730.588	0.0%	$176.087	1.4%	$5,877.382	2.6%	$111.462	-1.2%
Fiscal Division													
November 14, 2022 Forecast		$5,680.722	4.4%			$5,723.054	0.7%			$5,932.197	3.7%		
December 5, 2022 Forecast		$5,687.265	4.6%	$6.543	0.2%	$5,738.494	0.9%	$15.440	0.2%	$5,935.494	3.4%	$3.297	-0.3%
May 1, 2023 Forecast		$5,735.686	5.4%	$48.421	0.9%	$5,816.448	1.4%	$77.955	0.5%	$5,969.373	2.6%	$33.879	-0.8%
Budget Division													
November 14, 2022 Forecast		$5,753.369	5.8%			$5,676.563	-1.3%			$5,907.746	4.1%		
December 5, 2022 Forecast		$5,735.526	5.4%	-$17.842	-0.4%	$5,697.325	-0.7%	$20.762	0.6%	$5,890.729	3.4%	-$17.018	-0.7%
May 1, 2023 Forecast		$5,685.578	4.5%	-$49.949	-0.9%	$5,691.459	0.1%	-$5.867	0.8%	$5,836.740	2.6%	-$53.989	-0.8%

[1] Represents the Economic Forum December 5, 2022, Forecast.

[2] Individual forecasts for the Gaming Percentage Fee Tax, Insurance Premium Tax, and Modified Business Tax do not include the effect of any tax credits that may be taken against these revenue sources.

[3] All Other Tax Credits includes credits issued and taken against the Gaming Percentage Fee Tax, Insurance Premium Tax, and Modified Business Tax from any tax program approved by the Legislature other than the Commerce Tax Credit against the Modified Business Tax.

TABLE 9

COMPARISON OF AVERAGE GROWTH REQUIRED OVER THE REMAINDER OF FY 2023 TO ACHIEVE THE FY 2023 FORECAST: MAJOR GENERAL FUND REVENUE SOURCE FORECASTS BY FORECASTER: MAY 1, 2023, FORECAST

	ACTUAL		FORECASTER							
	Fiscal Year-to-Date	% Change	Agency	% Change from FY 2022	Fiscal	% Change from FY 2022	Budget	% Change from FY 2022	Moody's Analytics	% Change from FY 2022
STATE SALES & USE TAX										
FY 2021 (July-February)	$811.0									
FY 2022 (July-February)	$1,037.1	27.9%								
FY 2023 (July-February)	$1,128.0	8.8%								
FY 2021 Actual	$1,325.8									
FY 2022 Actual	$1,613.3	21.7%								
FY 2023 Forecast			$1,761.5	9.2%	$1,747.7	8.3%	$1,738.8	7.8%	$1,735.8	7.6%
Growth Over Last 4 Months of FY 2022 compared to Last 4 Months of FY 2021			11.9%		11.9%		11.9%		11.9%	
Average Growth Required Over Last 4 Months of FY 2023 to Achieve Forecast			**9.9%**		**7.5%**		**6.0%**		**5.5%**	
GAMING PERCENTAGE FEE TAX										
FY 2021 (July-April)	$497.9									
FY 2022 (July-April)	$802.4	61.2%								
FY 2023 (July-April)	$818.2	2.0%								
FY 2021 Actual	$685.1									
FY 2022 Actual	$964.2	40.7%								
FY 2023 Forecast			$965.5	0.1%	$973.2	0.9%	$974.6	1.1%	$982.8	1.9%
Growth Over Last 2 Months of FY 2022 compared to Last 2 Months of FY 2021			-13.6%		-13.6%		-13.6%		-13.6%	
Average Growth Required Over Last 2 Months of FY 2023 to Achieve Forecast			**-8.9%**		**-4.2%**		**-3.3%**		**1.8%**	
INSURANCE PREMIUM TAX										
FY 2021 (2nd Quarter)	$238.0									
FY 2022 (2nd Quarter)	$275.3	15.7%								
FY 2023 (2nd Quarter)	$291.3	5.8%								
FY 2021 Actual	$491.6									
FY 2022 Actual	$541.1	10.1%								
FY 2023 Forecast			$573.6	6.0%	$573.7	6.0%	$567.3	4.8%		
Growth Over Last 2 Quarters of FY 2022 compared to Last 2 Quarters of FY 2021			4.8%		4.8%		4.8%			
Average Growth Required Over Last 2 Quarters of FY 2023 to Achieve Forecast			**6.2%**		**6.3%**		**3.9%**			

TABLE 9
COMPARISON OF AVERAGE GROWTH REQUIRED OVER THE REMAINDER OF FY 2023 TO ACHIEVE THE FY 2023 FORECAST: MAJOR GENERAL FUND REVENUE SOURCE FORECASTS BY FORECASTER: MAY 1, 2023, FORECAST

	ACTUAL		FORECASTER							
	Fiscal Year-to-Date	% Change	Agency	% Change from FY 2022	Fiscal	% Change from FY 2022	Budget	% Change from FY 2022	Moody's Analytics	% Change from FY 2022
REAL PROPERTY TRANSFER TAX										
FY 2021 (2nd Quarter)	$60.9									
FY 2022 (2nd Quarter)	$92.3	51.7%								
FY 2023 (2nd Quarter)	$59.8	-35.2%								
FY 2021 Actual	$133.9									
FY 2022 Actual	$177.7	32.7%								
FY 2023 Forecast			$113.3	-36.2%	$112.5	-36.7%	$107.7	-39.4%		
Growth Over Last 2 Quarters of FY 2022 compared to Last 2 Quarters of FY 2021			16.9%		16.9%		16.9%			
Average Growth Required Over Last 2 Quarters of FY 2023 to Achieve Forecast			**-37.3%**		**-38.3%**		**-43.9%**			
LET - GAMING										
FY 2021 (July-March)	$1.3									
FY 2022 (July-March)	$70.9	5372.6%								
FY 2023 (July-March)	$91.4	28.8%								
FY 2021 Actual	$7.3									
FY 2022 Actual	$99.4	1265.5%								
FY 2023 Forecast			$124.1	24.9%	$120.8	21.6%	$124.8	25.7%		
Growth Over Last 3 Months of FY 2022 compared to Last 3 Months of FY 2021			375.6%		375.6%		375.6%			
Average Growth Required Over Last 3 Months of FY 2023 to Achieve Forecast			**14.9%**		**3.4%**		**17.7%**			
LET - NONGAMING										
FY 2021 (July-February)	$0.8									
FY 2022 (July-February)	$20.5	2489.4%								
FY 2023 (July-February)	$48.8	138.5%								
FY 2021 Actual	$3.8									
FY 2022 Actual	$39.8	946.4%								
FY 2023 Forecast			$65.0	63.3%	$73.3	84.1%	$76.1	91.1%		
Growth Over Last 4 Months of FY 2022 compared to Last 4 Months of FY 2021			541.7%		541.7%		541.7%			
Average Growth Required Over Last 4 Months of FY 2023 to Achieve Forecast			**-16.3%**		**26.6%**		**41.0%**			

TABLE 9

COMPARISON OF AVERAGE GROWTH REQUIRED OVER THE REMAINDER OF FY 2023 TO ACHIEVE THE FY 2023 FORECAST: MAJOR GENERAL FUND REVENUE SOURCE FORECASTS BY FORECASTER: MAY 1, 2023, FORECAST

	ACTUAL		FORECASTER							
	Fiscal Year-to-Date	% Change	Agency	% Change from FY 2022	Fiscal	% Change from FY 2022	Budget	% Change from FY 2022	Moody's Analytics	% Change from FY 2022
MBT - NONFINANCIAL BUSINESSES										
FY 2021 (2nd Quarter)	$318.4									
FY 2022 (2nd Quarter)	$367.9	15.5%								
FY 2023 (2nd Quarter)	$424.0	15.3%								
FY 2021 Actual	$579.9									
FY 2022 Actual	$747.6	28.9%								
FY 2023 Forecast			$837.7	12.1%	$842.1	12.6%	$820.3	9.7%		
Growth Over Last 2 Quarters of FY 2022 compared to Last 2 Quarters of FY 2021			45.2%		45.2%		45.2%			
Average Growth Required Over Last 2 Quarters of FY 2023 to Achieve Forecast			**9.0%**		**10.1%**		**4.4%**			
MBT - FINANCIAL BUSINESSES										
FY 2021 (2nd Quarter)	$23.8									
FY 2022 (2nd Quarter)	$24.7	3.8%								
FY 2023 (2nd Quarter)	$20.0	-19.2%								
FY 2021 Actual	$42.4									
FY 2022 Actual	$46.9	10.8%								
FY 2023 Forecast			$43.4	-7.5%	$43.6	-7.0%	$37.1	-20.9%		
Growth Over Last 2 Quarters of FY 2022 compared to Last 2 Quarters of FY 2021			19.7%		19.7%		19.7%			
Average Growth Required Over Last 2 Quarters of FY 2023 to Achieve Forecast			**5.5%**		**6.5%**		**-22.8%**			
MBT - MINING										
FY 2021 (2nd Quarter)	$10.5									
FY 2022 (2nd Quarter)	$9.8	-6.6%								
FY 2023 (2nd Quarter)	$10.4	5.6%								
FY 2021 Actual	$19.2									
FY 2022 Actual	$20.9	9.0%								
FY 2023 Forecast			$24.5	17.1%	$22.8	9.3%	$21.4	2.7%		
Growth Over Last 2 Quarters of FY 2022 compared to Last 2 Quarters of FY 2021			27.9%		27.9%		27.9%			
Average Growth Required Over Last 2 Quarters of FY 2023 to Achieve Forecast			**27.3%**		**12.5%**		**0.1%**			
MBT - TOTAL										
FY 2021 (2nd Quarter)	$352.7									
FY 2022 (2nd Quarter)	$402.4	14.1%								
FY 2023 (2nd Quarter)	$454.4	12.9%								
FY 2021 Actual	$641.5									
FY 2022 Actual	$815.4	27.1%								
FY 2023 Forecast			$905.6	11.1%	$908.5	11.4%	$878.9	7.8%		
Growth Over Last 2 Quarters of FY 2022 compared to Last 2 Quarters of FY 2021			43.0%		43.0%		43.0%			
Average Growth Required Over Last 2 Quarters of FY 2023 to Achieve Forecast			**9.3%**		**10.0%**		**2.8%**			

TABLE 1

MBT FORECASTS - WITHOUT RATE REDUCTION in FY 2024 and FY 2025

Forecasts for the Modified Business Tax (MBT): FY 2023, FY 2024, and FY 2025

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting

	FY 2022[1]	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[2]	% Change
MBT - Nonfinancial	$747.602												
Agency		$837.724	$90.122	12.1%	$857.547	$19.823	2.4%	$891.193	$33.646	3.9%	$1,748.740	$163.414	10.3%
Fiscal Division		$842.064	$94.462	12.6%	$881.399	$39.335	4.7%	$921.437	$40.038	4.5%	$1,802.836	$213.170	13.4%
Budget Division		$820.303	$72.701	9.7%	$849.424	$29.121	3.6%	$889.283	$39.859	4.7%	$1,738.707	$170.802	10.9%
MBT - Financial	$46.926												
Agency		$43.407	-$3.519	-7.5%	$45.117	$1.710	3.9%	$46.724	$1.607	3.6%	$91.841	$1.508	1.7%
Fiscal Division		$43.637	-$3.289	-7.0%	$48.026	$4.389	10.1%	$50.231	$2.205	4.6%	$98.257	$7.694	8.5%
Budget Division		$37.138	-$9.788	-20.9%	$40.220	$3.081	8.3%	$41.024	$0.804	2.0%	$81.244	-$2.821	-3.4%
MBT - Mining	$20.878												
Agency		$24.456	$3.578	17.1%	$23.839	-$0.617	-2.5%	$24.316	$0.477	2.0%	$48.155	$2.821	6.2%
Fiscal Division		$22.818	$1.940	9.3%	$23.345	$0.527	2.3%	$23.816	$0.471	2.0%	$47.161	$3.465	7.9%
Budget Division		$21.443	$0.565	2.7%	$22.035	$0.591	2.8%	$22.520	$0.485	2.2%	$44.554	$2.233	5.3%
MBT - TOTAL	$815.406												
Agency		$905.587	$90.181	11.1%	$926.503	$20.916	2.3%	$962.233	$35.730	3.9%	$1,888.736	$167.743	9.7%
Fiscal Division		$908.519	$93.113	11.4%	$952.770	$44.251	4.9%	$995.484	$42.714	4.5%	$1,948.254	$224.329	13.0%
Budget Division		$878.885	$63.479	7.8%	$911.679	$32.794	3.7%	$952.827	$41.148	4.5%	$1,864.505	$170.214	10.0%

[1] Actual collections for FY 2022 are before the application of any tax credits that were taken against the Modified Business Tax (MBT).

[2] Represents the difference between the total for the 2023-25 biennium (FY 2024 and FY 2025 forecasts) and the total for the 2021-23 biennium (FY 2022 actual and FY 2023 forecast).

TABLE 2

MBT FORECASTS - WITH RATE REDUCTION in FY 2024 and FY 2025

Forecasts for the Modified Business Tax (MBT): FY 2023, FY 2024, and FY 2025

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting

	FY 2022[1]	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[2]	% Change
MBT - Nonfinancial	$747.602												
Agency		$837.724	$90.122	12.1%	$728.106	-$109.618	-13.1%	$756.673	$28.567	3.9%	$1,484.779	-$100.547	-6.3%
Fiscal Division		$842.064	$94.462	12.6%	$748.358	-$93.706	-11.1%	$782.352	$33.994	4.5%	$1,530.710	-$58.956	-3.7%
Budget Division		$820.303	$72.701	9.7%	$721.209	-$99.094	-12.1%	$755.051	$33.842	4.7%	$1,476.261	-$91.645	-5.8%
MBT - Financial	$46.926												
Agency		$43.407	-$3.519	-7.5%	$37.837	-$5.570	-12.8%	$39.185	$1.348	3.6%	$77.022	-$13.312	-14.7%
Fiscal Division		$43.637	-$3.289	-7.0%	$40.277	-$3.360	-7.7%	$42.126	$1.849	4.6%	$82.403	-$8.160	-9.0%
Budget Division		$37.138	-$9.788	-20.9%	$33.730	-$3.409	-9.2%	$34.404	$0.675	2.0%	$68.134	-$15.930	-19.0%
MBT - Mining	$20.878												
Agency		$24.456	$3.578	17.1%	$19.992	-$4.464	-18.3%	$20.392	$0.400	2.0%	$40.385	-$4.949	-10.9%
Fiscal Division		$22.818	$1.940	9.3%	$19.578	-$3.240	-14.2%	$19.973	$0.395	2.0%	$39.551	-$4.145	-9.5%
Budget Division		$21.443	$0.565	2.7%	$18.479	-$2.964	-13.8%	$18.886	$0.407	2.2%	$37.365	-$4.956	-11.7%
MBT - TOTAL	$815.406												
Agency		$905.587	$90.181	11.1%	$785.935	-$119.652	-13.2%	$816.250	$30.315	3.9%	$1,602.185	-$118.808	-6.9%
Fiscal Division		$908.519	$93.113	11.4%	$808.213	-$100.306	-11.0%	$844.451	$36.238	4.5%	$1,652.664	-$71.261	-4.1%
Budget Division		$878.885	$63.479	7.8%	$773.418	-$105.467	-12.0%	$808.342	$34.923	4.5%	$1,581.760	-$112.531	-6.6%

[1] Actual collections for FY 2022 are before the application of any tax credits that were taken against the Modified Business Tax (MBT).

[2] Represents the difference between the total for the 2023-25 biennium (FY 2024 and FY 2025 forecasts) and the total for the 2021-23 biennium (FY 2022 actual and FY 2023 forecast).

TABLE 1 - ESTIMATES BASED ON FISCAL YEAR ACTIVITY PERIOD - MAY 2023 ESTIMATES
COMMERCE TAX DUE ESTIMATES UNDER ALTERNATIVE GROWTH RATE SCENARIOS
Actual to Date: FY 2018 - FY 2022 Estimate: FY 2023 - FY 2025 (Taxation, Budget, and Fiscal Consensus)

(Actual to date amounts for FY 2018 - FY 2021 and the FY 2022 estimate includes amounts recorded in other fiscal years that belong to activity tax period for each fiscal year.)

Fiscal Year	Commerce Tax: Moody's Forecast Growth[1.]	% Change	Commerce Tax: 8.0%, 6.0%, & 7.0% Growth	% Change	Commerce Tax: 7.0%, 5.0%, & 6.0% Growth	% Change	Commerce Tax: 8.0%, 7.0%, & 6.0% Growth	% Change	Commerce Tax: 7.0%, 6.5%, & 5.5% Growth	% Change	Commerce Tax: Consensus Estimate	% Change
FY 2018 Actual to Date	$202,982,481	8.4%	$202,982,481	8.4%	$202,982,481	8.4%	$202,982,481	8.4%	$202,982,481	8.4%	$202,982,481	8.4%
FY 2019 Actual to Date	$223,220,542	10.0%	$223,220,542	10.0%	$223,220,542	10.0%	$223,220,542	10.0%	$223,220,542	10.0%	$223,220,542	10.0%
FY 2020 Actual to Date	$216,274,610	-3.1%	$216,274,610	-3.1%	$216,274,610	-3.1%	$216,274,610	-3.1%	$216,274,610	-3.1%	$216,274,610	-3.1%
FY 2021 Actual to Date	$220,072,191	1.8%	$220,072,191	1.8%	$220,072,191	1.8%	$220,072,191	1.8%	$220,072,191	1.8%	$220,072,191	1.8%
FY 2022 Estimate	$281,074,000	27.7%	$281,074,000	27.7%	$281,074,000	27.7%	$281,074,000	27.7%	$281,074,000	27.7%	$281,074,000	27.7%
FY 2023 Estimate	$306,339,000	9.0%	$303,560,000	8.0%	$300,749,000	7.0%	$303,560,000	8.0%	$300,749,000	7.0%	$303,560,000	8.0%
FY 2024 Estimate	$324,413,000	5.9%	$321,774,000	6.0%	$315,786,000	5.0%	$324,809,000	7.0%	$320,298,000	6.5%	$323,291,000	6.5%
FY 2025 Estimate	$343,837,000	6.0%	$344,298,000	7.0%	$334,733,000	6.0%	$344,298,000	6.0%	$337,914,000	5.5%	$341,072,000	5.5%
17-19 Biennium	$426,203,023	17.0%	$426,203,023	17.0%	$426,203,023	17.0%	$426,203,023	17.0%	$426,203,023	17.0%	$426,203,023	17.0%
19-21 Biennium	$436,346,801	2.4%	$436,346,801	2.4%	$436,346,801	2.4%	$436,346,801	2.4%	$436,346,801	2.4%	$436,346,801	2.4%
21-23 Biennium	$587,413,000	34.6%	$584,634,000	34.0%	$581,823,000	33.3%	$584,634,000	34.0%	$581,823,000	33.3%	$584,634,000	34.0%
23-25 Biennium	$668,250,000	13.8%	$666,072,000	13.9%	$650,519,000	11.8%	$669,107,000	14.4%	$658,212,000	13.1%	$664,363,000	13.6%
DIFFERENCE: BY FISCAL YEAR AND BIENNIUM												
FY 2019 - FY 2018	$20,238,060		$20,238,060		$20,238,060		$20,238,060		$20,238,060		$20,238,060	
FY 2020 - FY 2019	-$6,945,931		-$6,945,931		-$6,945,931		-$6,945,931		-$6,945,931		-$6,945,931	
FY 2021 - FY 2020	$3,797,580		$3,797,580		$3,797,580		$3,797,580		$3,797,580		$3,797,580	
FY 2022 - FY 2021	$61,001,809		$61,001,809		$61,001,809		$61,001,809		$61,001,809		$61,001,809	
FY 2023 - FY 2022	$25,265,000		$22,486,000		$19,675,000		$22,486,000		$19,675,000		$22,486,000	
FY 2024 - FY 2023	$18,074,000		$18,214,000		$15,037,000		$21,249,000		$19,549,000		$19,731,000	
FY 2025 - FY 2024	$19,424,000		$22,524,000		$18,947,000		$19,489,000		$17,616,000		$17,781,000	
19-21 Biennium - 17-19 Biennium	$10,143,778		$10,143,778		$10,143,778		$10,143,778		$10,143,778		$10,143,778	
21-23 Biennium - 19-21 Biennium	$151,066,199		$148,287,199		$145,476,199		$148,287,199		$145,476,199		$148,287,199	
23-25 Biennium - 21-23 Biennium	$80,837,000		$81,438,000		$68,696,000		$84,473,000		$76,389,000		$79,729,000	
DIFFERENCE: BY FISCAL YEAR AND BIENNIUM FROM THE TAXATION, BUDGET, AND FISCAL CONSENSUS ESTIMATE												
FY 2023 - FY 2022	$2,779,000		$0		-$2,811,000		$0		-$2,811,000			
FY 2024 - FY 2023	$1,122,000		-$1,517,000		-$7,505,000		$1,518,000		-$2,993,000			
FY 2025 - FY 2024	$2,765,000		$3,226,000		-$6,339,000		$3,226,000		-$3,158,000			
21-23 Biennium	$2,779,000		$0		-$2,811,000		$0		-$2,811,000			
23-25 Biennium	$3,887,000		$1,709,000		-$13,844,000		$4,744,000		-$6,151,000			

Notes:

(1.) Based on Moody's Analytics April 2023 forecast, the projected growth rates for Nevada Gross Domestic Product are 9.0% for FY 2023, 5.9% for FY 2024, and 6.0% for FY 2025.

TABLE 2 - ESTIMATES BASED ON THE DEPOSIT OF COLLECTIONS FROM FISCAL YEAR ACTIVITY PERIOD - MAY 2023 ESTIMATES
COMMERCE TAX DUE ESTIMATES UNDER ALTERNATIVE GROWTH RATE SCENARIOS
Actual: FY 2018 - FY 2022 Estimate: FY 2023 - FY 2025 (Taxation, Budget, and Fiscal Consensus)
(Actual amounts for FY 2018 - FY 2022 are the amounts actually deposited in each fiscal year accounting period.)

Fiscal Year	Commerce Tax: Moody's Forecast Growth	% Change	Commerce Tax: 8.0%, 6.0%, & 7.0% Growth	% Change	Commerce Tax: 7.0%, 5.0%, & 6.0% Growth	% Change	Commerce Tax: 8.0%, 7.0%, & 6.0% Growth	% Change	Commerce Tax: 7.0%, 6.5%, & 5.5% Growth	% Change	Commerce Tax: Consensus Estimate	% Change
FY 2018 Actual	$201,926,513	2.1%	$201,926,513	2.1%	$201,926,513	2.1%	$201,926,513	2.1%	$201,926,513	2.1%	$201,926,513	2.1%
FY 2019 Actual	$226,770,333	12.3%	$226,770,333	12.3%	$226,770,333	12.3%	$226,770,333	12.3%	$226,770,333	12.3%	$226,770,333	12.3%
FY 2020 Actual	$204,983,790	-9.6%	$204,983,790	-9.6%	$204,983,790	-9.6%	$204,983,790	-9.6%	$204,983,790	-9.6%	$204,983,790	-9.6%
FY 2021 Actual	$221,958,301	8.3%	$221,958,301	8.3%	$221,958,301	8.3%	$221,958,301	8.3%	$221,958,301	8.3%	$221,958,301	8.3%
FY 2022 Actual	$281,881,659	27.0%	$281,881,659	27.0%	$281,881,659	27.0%	$281,881,659	27.0%	$281,881,659	27.0%	$281,881,659	27.0%
FY 2023 Estimate	$304,265,441	7.9%	$301,680,971	7.0%	$299,066,741	6.1%	$301,680,971	7.0%	$299,066,741	6.1%	$301,311,000	6.9%
FY 2024 Estimate	$323,021,495	6.2%	$320,386,590	6.2%	$314,635,035	5.2%	$323,209,140	7.1%	$318,831,195	6.6%	$321,318,000	6.6%
FY 2025 Estimate	$342,386,950	6.0%	$342,630,250	6.9%	$333,331,525	5.9%	$342,827,525	6.1%	$336,583,135	5.6%	$339,294,000	5.6%
17-19 Biennium	$428,696,846	25.6%	$428,696,846	25.6%	$428,696,846	25.6%	$428,696,846	25.6%	$428,696,846	25.6%	$428,696,846	25.6%
19-21 Biennium	$426,942,091	-0.4%	$426,942,091	-0.4%	$426,942,091	-0.4%	$426,942,091	-0.4%	$426,942,091	-0.4%	$426,942,091	-0.4%
21-23 Biennium	$586,147,100	37.3%	$583,562,630	36.7%	$580,948,400	36.1%	$583,562,630	36.7%	$580,948,400	36.1%	$583,192,659	36.6%
23-25 Biennium	$665,408,445	13.5%	$663,016,840	13.6%	$647,966,560	11.5%	$666,036,665	14.1%	$655,414,330	12.8%	$660,612,000	13.3%
DIFFERENCE: BY FISCAL YEAR AND BIENNIUM												
FY 2019 - FY 2018	$24,843,821		$24,843,821		$24,843,821		$24,843,821		$24,843,821		$24,843,821	
FY 2020 - FY 2019	-$21,786,544		-$21,786,544		-$21,786,544		-$21,786,544		-$21,786,544		-$21,786,544	
FY 2021 - FY 2020	$16,974,511		$16,974,511		$16,974,511		$16,974,511		$16,974,511		$16,974,511	
FY 2022 - FY 2021	$59,923,358		$59,923,358		$59,923,358		$59,923,358		$59,923,358		$59,923,358	
FY 2023 - FY 2022	$22,383,782		$19,799,312		$17,185,082		$19,799,312		$17,185,082		$19,429,341	
FY 2024 - FY 2023	$18,756,054		$18,705,619		$15,568,294		$21,528,169		$19,764,454		$20,007,000	
FY 2025 - FY 2024	$19,365,455		$22,243,660		$18,696,490		$19,618,385		$17,751,940		$17,976,000	
19-21 Biennium - 17-19 Biennium	-$1,754,755		-$1,754,755		-$1,754,755		-$1,754,755		-$1,754,755		-$1,754,755	
21-23 Biennium - 19-21 Biennium	$159,205,009		$156,620,539		$154,006,309		$156,620,539		$154,006,309		$156,250,568	
23-25 Biennium - 21-23 Biennium	$79,261,345		$79,454,210		$67,018,160		$82,474,035		$74,465,930		$77,419,341	
DIFFERENCE: BY FISCAL YEAR AND BIENNIUM FROM THE TAXATION, BUDGET, AND FISCAL CONSENSUS ESTIMATE												
FY 2023 - FY 2022	$2,954,441		$369,971		-$2,244,259		$369,971		-$2,244,259			
FY 2024 - FY 2023	$1,703,495		-$931,410		-$6,682,965		$1,891,140		-$2,486,805			
FY 2025 - FY 2024	$3,092,950		$3,336,250		-$5,962,475		$3,533,525		-$2,710,865			
21-23 Biennium	$2,954,441		$369,971		-$2,244,259		$369,971		-$2,244,259			
23-25 Biennium	$4,796,445		$2,404,840		-$12,645,440		$5,424,665		-$5,197,670			

TABLE 3 - SELECT ECONOMIC INDICATORS FOR THE NEVADA ECONOMY - MAY 2023 ESTIMATES
Actual: FY 2018 - FY 2022
(Actual amounts for FY 2018 - FY 2022 includes amounts recorded in other fiscal years that belong to activity tax period for each fiscal year.)

Fiscal Year	Commerce Tax	% Change	Nevada Gross Domestic Product (GDP) (Millions of $'s)	% Change	Nevada Population	% Change	Nevada Personal Income (Millions of $'s)	% Change	Nevada Total Nonfarm Employment (1,000's)	% Change	U.S. Consumer Price Index (CPI)	% Change	Population and CPI Growth	Employment and CPI Growth
FY 2018	$202,982,481	8.5%	$165,314,275	5.5%	3,057,582	2.4%	$144,562	5.9%	1,360.8	3.0%	248.1	2.2%	4.7%	5.3%
FY 2019	$223,220,542	10.0%	$175,780,575	6.3%	3,112,937	1.8%	$155,689	7.7%	1,404.6	3.2%	253.3	2.1%	3.9%	5.4%
FY 2020	$216,274,610	-3.1%	$177,384,050	0.9%	3,145,184	1.0%	$168,534	8.3%	1,359.2	-3.2%	257.3	1.6%	2.6%	-1.7%
FY 2021	$220,072,191	1.8%	$181,125,250	2.1%	3,158,539	0.4%	$181,098	7.5%	1,297.3	-4.6%	263.2	2.3%	2.7%	-2.4%
FY 2022	$281,074,000	27.7%	$206,584,775	14.1%	3,204,105	1.4%	$188,857	4.3%	1,423.0	9.7%	282.0	7.2%	8.7%	17.5%

Commerce Tax: Per $1,000 of GDP, Per Capita, Per $1,000 of Personal Income, and Per Employee

Fiscal Year		Commerce Tax per $1,000 of GDP	% Change	Commerce Tax per Capita	% Change	Commerce Tax per $1,000 of Personal Income	% Change	Commerce Tax per Employee	% Change
FY 2018		$0.001	2.9%	$66.39	6.0%	$1.404	2.5%	$149.16	5.4%
FY 2019		$0.001	3.4%	$71.71	8.0%	$1.434	2.1%	$158.92	6.5%
FY 2020		$0.001	-4.0%	$68.76	-4.1%	$1.283	-10.5%	$159.12	0.1%
FY 2021		$0.001	-0.3%	$69.68	1.3%	$1.215	-5.3%	$169.65	6.6%
FY 2022		$0.001	12.0%	$87.72	25.9%	$1.488	22.5%	$197.53	16.4%

TABLES 1 and 2

COMMERCE TAX AND COMMERCE TAX CREDITS AGAINST THE MBT - ACTUAL AND FORECAST: FY 2018 - FY 2025

FISCAL YEAR BUSINESS ACTIVITY PERIOD AND FISCAL YEAR ACCOUNTING PERIOD BASIS

TABLE 1

Commerce Tax and Commerce Tax Credits Against the MBT Based on Fiscal Year Business Activity Period

Commerce Tax	FY 2018 Actual to Date	FY 2019 Actual to Date	FY 2020 Actual to Date	FY 2021 Actual to Date	FY 2022 Estimate	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Commerce Tax for the Current Fiscal Year Business Activity Period in the Current Fiscal Year Accounting Period	$186,563,165	$206,821,057	$188,004,838	$194,884,631	$255,521,703	$303,560,000	$323,291,000	$341,072,000
Commerce Tax for the Current Fiscal Year Business Activity Period from Future Fiscal Year Accounting Periods	$16,232,272	$16,053,849	$27,500,641	$23,349,712	$25,552,170			
Total Commerce Tax for the Fiscal Year Business Activity Period	$202,795,437	$222,874,906	$215,505,479	$218,234,343	$281,074,000	$303,560,000	$323,291,000	$341,072,000

MBT Commerce Tax Credits	FY 2019 Actual to Date	FY 2020 Actual to Date	FY 2021 Actual to Date	FY 2022 Estimate	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	
Commerce Tax Credits for the Current MBT Fiscal Year Business Activity Period in the Current Fiscal Year Accounting Period	$43,015,447	$46,285,206	$41,563,564	$43,393,166	$52,842,000	$57,069,000	$60,824,000	
Commerce Tax Credits for the Current MBT Fiscal Year Business Activity Period from Future Fiscal Year Accounting Periods	$4,177,248	$1,513,186	$1,591,598	$1,541,000	$1,968,000	$2,125,000	$2,265,000	
Total Commerce Tax Credits Against the MBT for the Fiscal Year Business Activity Period	$47,192,695	$47,798,392	$43,155,162	$44,934,166	$54,810,000	$59,194,000	$63,089,000	
MBT Commerce Tax Credits as % of the Commerce Tax	23.3%	21.4%	20.0%	20.6%	19.5%	19.5%	19.5%	

TABLE 2

Commerce Tax and Commerce Tax Credits Against the MBT Based on Fiscal Year Accounting Period

Commerce Tax	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Commerce Tax for the Current Fiscal Year Accounting Period from the Current Fiscal Year Business Activity Period	$186,563,165	$206,821,057	$188,004,838	$194,884,631	$255,521,703	$273,204,000	$290,962,000	$306,965,000
Commerce Tax for the Current Fiscal Year Accounting Period from Prior Commerce Tax Fiscal Year Business Activity Periods	$15,363,348	$19,949,276	$16,978,952	$27,073,670	$26,359,956	$28,107,000	$30,356,000	$32,329,000
Total Commerce Tax for the Fiscal Year Accounting Period	$201,926,513	$226,770,333	$204,983,790	$221,958,301	$281,881,659	$301,311,000	$321,318,000	$339,294,000

MBT Commerce Tax Credits	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	
Commerce Tax Credits for the Current MBT Fiscal Year Accounting Period from the Current Fiscal Year Business Activity Period	$43,015,447	$46,285,206	$41,563,564	$43,393,166	$52,842,000	$57,069,000	$60,824,000	
Commerce Tax Credits for the Current Fiscal Year Accounting Period from Prior MBT Fiscal Year Business Activity Periods	$1,954,303	$4,555,410	$1,543,004	$4,453,715	$1,541,000	$1,968,000	$2,125,000	
Total Commerce Tax Credits Against the MBT for the Fiscal Year Accounting Period	$44,969,750	$50,840,616	$43,106,568	$47,846,881	$54,383,000	$59,037,000	$62,949,000	
MBT Commerce Tax Credit as % of the Commerce Tax	22.3%	22.4%	21.0%	21.6%	19.3%	19.6%	19.6%	

TABLE 5

Technical Advisory Committee Forecasts for Selected Revenues: FY 2023, FY 2024, and FY 2025

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting: 4/26/23 8:00 PM

	FY 2022	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[1]	% Change
Transportation Connection Tax	$28.464												
Technical Advisory Committee[2]		$39.864	$11.400	40.0%	$36.052	-$3.812	-9.6%	$41.617	$5.565	15.4%	$77.669	$9.341	13.7%
Agency		$39.615	$11.151	39.2%	$34.348	-$5.267	-13.3%	$40.371	$6.023	17.5%	$74.719	$6.640	9.8%
Fiscal Division		$39.995	$11.531	40.5%	$36.827	-$3.168	-7.9%	$42.505	$5.678	15.4%	$79.332	$10.873	15.9%
Budget Division		$39.981	$11.517	40.5%	$36.982	-$2.999	-7.5%	$41.975	$4.993	13.5%	$78.957	$10.512	15.4%
SOS - Commercial Filings	$88.574												
Technical Advisory Committee[2]		$86.934	-$1.640	-1.9%	$87.274	$0.340	0.4%	$87.651	$0.377	0.4%	$174.925	-$0.583	-0.3%
Agency		$88.292	-$0.282	-0.3%	$88.292	$0.000	0.0%	$88.292	$0.000	0.0%	$176.584	-$0.282	-0.2%
Fiscal Division		$85.898	-$2.676	-3.0%	$86.297	$0.399	0.5%	$86.872	$0.575	0.7%	$173.169	-$1.303	-0.7%
Budget Division		$86.612	-$1.962	-2.2%	$87.234	$0.622	0.7%	$87.789	$0.555	0.6%	$175.023	-$0.163	-0.1%
SOS - Securities	$35.068												
Technical Advisory Committee[2]		$35.670	$0.602	1.7%	$36.209	$0.539	1.5%	$36.742	$0.533	1.5%	$72.951	$2.213	3.1%
Agency		$35.087	$0.019	0.1%	$35.087	$0.000	0.0%	$35.087	$0.000	0.0%	$70.174	$0.019	0.0%
Fiscal Division		$36.661	$1.593	4.5%	$37.028	$0.367	1.0%	$37.583	$0.555	1.5%	$74.611	$2.882	4.0%
Budget Division		$35.262	$0.194	0.6%	$36.513	$1.251	3.5%	$37.555	$1.042	2.9%	$74.068	$3.738	5.3%
Governmental Services Tax	$26.431												
Technical Advisory Committee[2]		$26.915	$0.484	1.8%	$27.572	$0.657	2.4%	$28.256	$0.684	2.5%	$55.828	$2.482	4.7%
Agency		$26.907	$0.476	1.8%	$27.548	$0.641	2.4%	$28.225	$0.677	2.5%	$55.773	$2.435	4.6%
Fiscal Division		$26.923	$0.492	1.9%	$27.596	$0.673	2.5%	$28.286	$0.690	2.5%	$55.882	$2.528	4.7%
Budget Division		$26.851	$0.420	1.6%	$27.347	$0.496	1.8%	$27.932	$0.585	2.1%	$55.279	$1.997	3.7%
Unclaimed Property	$56.060												
Technical Advisory Committee[2]		$42.138	-$13.922	-24.8%	$42.227	$0.089	0.2%	$42.354	$0.127	0.3%	$84.581	-$13.617	-13.9%
Agency		$38.959	-$17.101	-30.5%	$43.700	$4.741	12.2%	$46.953	$3.253	7.4%	$90.653	-$4.366	-4.6%
Fiscal Division		$45.318	-$10.742	-19.2%	$40.754	-$4.564	-10.1%	$37.754	-$3.000	-7.4%	$78.508	-$22.870	-22.6%
Budget Division		$38.959	-$17.101	-30.5%	$43.700	$4.741	12.2%	$46.953	$3.253	7.4%	$90.653	-$4.366	-4.6%
Net Proceeds of Minerals Tax	$71.267												
Technical Advisory Committee[2]		$1.441	-$69.826	-98.0%	$0.000	-$1.441	-100.0%	$0.000	$0.000		$0.000	-$72.708	-100.0%
Agency		$1.441	-$69.826	-98.0%	$0.000	-$1.441	-100.0%	$0.000	$0.000		$0.000	-$72.708	-100.0%
Fiscal Division		$1.441	-$69.826	-98.0%	$0.000	-$1.441	-100.0%	$0.000	$0.000		$0.000	-$72.708	-100.0%
Budget Division		$1.441	-$69.826	-98.0%	$0.000	-$1.441	-100.0%	$0.000	$0.000		$0.000	-$72.708	-100.0%
Liquor Tax	$50.393												
Technical Advisory Committee[2]		$49.174	-$1.219	-2.4%	$49.886	$0.712	1.4%	$50.043	$0.157	0.3%	$99.929	$0.362	0.4%
Agency		$49.491	-$0.902	-1.8%	$51.102	$1.611	3.3%	$50.826	-$0.276	-0.5%	$101.928	$2.044	2.0%
Fiscal Division		$49.090	-$1.303	-2.6%	$49.320	$0.230	0.5%	$49.673	$0.353	0.7%	$98.993	-$0.490	-0.5%
Budget Division		$48.940	-$1.453	-2.9%	$49.235	$0.295	0.6%	$49.630	$0.395	0.8%	$98.865	-$0.468	-0.5%

TABLE 5

Technical Advisory Committee Forecasts for Selected Revenues: FY 2023, FY 2024, and FY 2025

Actual and Forecast Revenues are in Millions of Dollars

Economic Forum May 1, 2023, Meeting: 4/26/23 8:00 PM

	FY 2022	FY 2023			FY 2024			FY 2025			2023-2025 Biennium		
	Actual: Millions $'s	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change	% Change	Forecast: Millions $'s	$ Change[1]	% Change
Short-Term Car Lease	$74.584												
Technical Advisory Committee[2]		$82.870	$8.286	11.1%	$86.061	$3.191	3.9%	$87.461	$1.400	1.6%	$173.522	$16.068	10.2%
Agency		$83.315	$8.731	11.7%	$86.373	$3.058	3.7%	$88.904	$2.531	2.9%	$175.277	$17.378	11.0%
Fiscal Division		$82.300	$7.716	10.3%	$84.561	$2.261	2.7%	$84.751	$0.190	0.2%	$169.312	$12.428	7.9%
Budget Division		$82.993	$8.409	11.3%	$87.249	$4.256	5.1%	$88.727	$1.478	1.7%	$175.976	$18.399	11.7%
Business License Fee	$119.544												
Technical Advisory Committee[2]		$119.003	-$0.541	-0.5%	$118.990	-$0.013	0.0%	$119.089	$0.099	0.1%	$238.079	-$0.468	-0.2%
Agency		$119.532	-$0.012	0.0%	$119.526	-$0.006	0.0%	$119.526	$0.000	0.0%	$239.052	-$0.024	0.0%
Fiscal Division		$118.475	-$1.069	-0.9%	$118.454	-$0.021	0.0%	$118.652	$0.198	0.2%	$237.106	-$0.913	-0.4%
Budget Division		$119.191	-$0.353	-0.3%	$119.787	$0.596	0.5%	$120.386	$0.599	0.5%	$240.173	$1.438	0.6%
Cigarette Tax	$144.069												
Technical Advisory Committee[2]		$130.786	-$13.283	-9.2%	$129.524	-$1.262	-1.0%	$128.190	-$1.334	-1.0%	$257.714	-$17.141	-6.2%
Agency		$131.033	-$13.036	-9.0%	$130.302	-$0.731	-0.6%	$128.020	-$2.282	-1.8%	$258.322	-$16.780	-6.1%
Fiscal Division		$131.385	-$12.684	-8.8%	$129.774	-$1.611	-1.2%	$128.839	-$0.935	-0.7%	$258.613	-$16.841	-6.1%
Budget Division		$129.939	-$14.130	-9.8%	$128.497	-$1.442	-1.1%	$127.711	-$0.786	-0.6%	$256.208	-$17.800	-6.5%
Other Tobacco Tax	$35.755												
Technical Advisory Committee[2]		$34.471	-$1.284	-3.6%	$34.797	$0.326	0.9%	$35.284	$0.487	1.4%	$70.081	-$0.145	-0.2%
Agency		$35.290	-$0.465	-1.3%	$35.609	$0.319	0.9%	$36.250	$0.641	1.8%	$71.859	$0.814	1.1%
Fiscal Division		$34.784	-$0.971	-2.7%	$35.275	$0.491	1.4%	$35.772	$0.497	1.4%	$71.047	$0.508	0.7%
Budget Division		$34.158	-$1.597	-4.5%	$34.319	$0.161	0.5%	$34.796	$0.477	1.4%	$69.115	-$0.798	-1.1%
Athletic Commission Fees	$5.847												
Technical Advisory Committee[2]		$4.966	-$0.881	-15.1%	$5.457	$0.491	9.9%	$5.482	$0.025	0.5%	$10.939	$0.126	1.2%
Agency		$5.000	-$0.847	-14.5%	$5.847	$0.847	16.9%	$5.847	$0.000	0.0%	$11.694	$0.847	7.8%
Fiscal Division		$5.000	-$0.847	-14.5%	$5.500	$0.500	10.0%	$5.500	$0.000	0.0%	$11.000	$0.153	1.4%
Budget Division		$4.899	-$0.948	-16.2%	$5.023	$0.124	2.5%	$5.098	$0.075	1.5%	$10.121	-$0.625	-5.8%
TOTAL - 12 Selected Revenues	$736.056												
Technical Advisory Committee[2]		$654.232	-$81.824	-11.1%	$654.049	-$0.183	0.0%	$662.169	$8.120	1.2%	$1,316.218	-$74.070	-5.3%
Agency		$653.962	-$82.094	-11.2%	$657.734	$3.772	0.6%	$668.301	$10.567	1.6%	$1,326.035	-$63.983	-4.6%
Fiscal Division		$657.270	-$78.786	-10.7%	$651.386	-$5.884	-0.9%	$656.187	$4.801	0.7%	$1,307.573	-$85.753	-6.2%
Budget Division		$649.226	-$86.830	-11.8%	$655.886	$6.660	1.0%	$668.552	$12.666	1.9%	$1,324.438	-$60.844	-4.4%

[1] Represents the difference between the total for the 2023-25 biennium (FY 2024 and FY 2025 forecasts) and the total for the 2021-23 biennium (FY 2022 actual and FY 2023 forecast).

[2] Technical Advisory Committee April 21, 2023, Forecast.

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY FY 2023	%	FY 2024	%	FY 2025	%
	TAXES							
	MINING TAX							
3064	Net Proceeds of Minerals [1-21][1-23][1-24]	$71,266,942	$1,441,000	-98.0%	$0		$0	
3245	Centrally Assessed Penalties	$423	$0		$0		$0	
3074	Mining Gross Revenue Tax - Gold and Silver [3-22]	$36,921,487	$67,201,000	82.0%	$0		$0	
	TOTAL MINING TAXES AND FEES	$108,188,852	$68,642,000	-36.6%	$0		$0	
	SALES AND USE							
3001	Sales & Use Tax [1-19][1-20][4-22]	$1,613,341,781						
3002	State Share - LSST [1-19][1-20][4-22]	$15,666,269						
3003	State Share - BCCRT [1-19][1-20][4-22]	$7,004,724						
3004	State Share - SCCRT [1-19][1-20][4-22]	$24,509,793						
3005	State Share - PTT [1-19][1-20][4-22]	$19,349,241						
	TOTAL SALES AND USE	$1,679,871,809						
	GAMING - STATE							
3041	Percent Fees - Gross Revenue: Before Tax Credits	$964,214,339						
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	-$664,260						
	Economic Development Transferrable Tax Credits [TC-2]	$0						
	Catalyst Account Transferrable Tax Credits [TC-4]	$0						
	Affordable Housing Transferrable Tax Credits [TC-7]	$0						
	Total - Tax Credit Programs	-$664,260						
	Percent Fees - Gross Revenue: After Tax Credits	$963,550,079						
3032	Pari-mutuel Tax	$3,162	$3,900	23.3%	$3,700	-5.1%	$3,600	-2.7%
3181	Racing Fees	$10,102	$5,400	-46.5%	$7,500	38.9%	$7,500	0.0%
3247	Racing Fines/Forfeitures	$1,500	$3,900	160.0%	$0		$0	
3042	Gaming Penalties	$361,734	$400,000	10.6%	$400,000	0.0%	$400,000	0.0%
3043	Flat Fees-Restricted Slots [2-20]	$8,466,294	$8,451,000	-0.2%	$8,441,000	-0.1%	$8,466,000	0.3%
3044	Non-Restricted Slots [2-20]	$10,149,080	$10,254,000	1.0%	$10,538,000	2.8%	$10,520,000	-0.2%
3045	Quarterly Fees-Games	$5,466,294	$5,456,000	-0.2%	$5,707,000	4.6%	$5,709,000	0.0%
3046	Advance License Fees	$16,467,639	$56,000	-99.7%	$9,387,000	16663%	$650,000	-93.1%
3048	Slot Machine Route Operator	$26,000	$25,000	-3.8%	$25,500	2.0%	$26,500	3.9%
3049	Gaming Info Systems Annual	$49,000	$48,000	-2.0%	$48,000	0.0%	$48,000	0.0%
3028	Interactive Gaming Fee - Operator	$250,000	$500,000	100.0%	$500,000	0.0%	$500,000	0.0%
3029	Interactive Gaming Fee - Service Provider	$14,000	$13,000	-7.1%	$13,000	0.0%	$13,000	0.0%
3030	Interactive Gaming Fee - Manufacturer	$75,000	$75,000	0.0%	$75,000	0.0%	$75,000	0.0%
3033	Equip Mfg. License	$287,480	$278,500	-3.1%	$281,500	1.1%	$283,000	0.5%
3034	Race Wire License	$4,332	$4,400	1.6%	$4,300	-2.3%	$4,300	0.0%
3035	Annual Fees on Games	$84,550	$89,600	6.0%	$96,400	7.6%	$96,000	-0.4%
	TOTAL GAMING - STATE: BEFORE TAX CREDITS	$1,005,930,506	$25,663,700	-97.4%	$35,527,900	38.4%	$26,801,900	-24.6%
	Tax Credit Programs	-$664,260	$0		$0		$0	
	TOTAL GAMING - STATE: AFTER TAX CREDITS	$1,005,266,246	$25,663,700	-97.4%	$35,527,900	38.4%	$26,801,900	-24.6%
	LIVE ENTERTAINMENT TAX (LET)							
3031G	Live Entertainment Tax-Gaming [5-22]	$99,353,405						
3031NG	Live Entertainment Tax-Nongaming [5-22]	$39,802,290						
	TOTAL LET	$139,155,695						
	COMMERCE TAX							
3072	Commerce Tax	$281,881,659						
	TRANSPORTATION CONNECTION EXCISE TAX							
3073	Transportation Connection Excise Tax	$28,464,128	$39,864,000	40.0%	$36,052,000	-9.6%	$41,617,000	15.4%
	CIGARETTE TAX							
3052	Cigarette Tax [3-20]	$144,068,816	$130,786,000	-9.2%	$129,524,000	-1.0%	$128,190,000	-1.0%

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%
	TAXES - CONTINUED							
	MODIFIED BUSINESS TAX (MBT)							
	MBT - NONFINANCIAL BUSINESSES (MBT-NFI) [4-20][6-22]							
3069	MBT - Nonfinancial: Before Tax Credits	$747,602,083						
	Commerce Tax Credits	-$47,232,337						
	MBT - Nonfinancial: After Commerce Tax Credits	$700,369,745						
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	-$104,621						
	Economic Development Transferrable Tax Credits [TC-2]	$0						
	Catalyst Account Transferrable Tax Credits [TC-4]	$0						
	Education Choice Scholarship Tax Credits [TC-5]	-$11,462,423						
	College Savings Plan Tax Credits [TC-6]	-$473						
	Affordable Housing Transferrable Tax Credits [TC-7]	$0						
	Total - Tax Credit Programs	-$11,567,517						
	MBT - Nonfinancial: After Tax Credit Programs	$688,802,229						
	MBT - FINANCIAL BUSINESSES (MBT-FI) [4-20][6-22]							
3069	MBT - Financial: Before Tax Credits	$46,926,269						
	Commerce Tax Credits	-$548,227						
	MBT - Financial: After Commerce Tax Credits	$46,378,041						
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	$0						
	Economic Development Transferrable Tax Credits [TC-2]	$0						
	Catalyst Account Transferrable Tax Credits [TC-4]	$0						
	Education Choice Scholarship Tax Credits [TC-5]	-$320,277						
	College Savings Plan Tax Credits [TC-6]	$0						
	Affordable Housing Transferrable Tax Credits [TC-7]	$0						
	Total - Tax Credit Programs	-$320,277						
	MBT - Financial: After Tax Credit Programs	$46,057,764						
	MBT - MINING BUSINESSES (MBT-MINING) [4-20][6-22]							
3069	MBT - Mining: Before Tax Credits	$20,878,094						
	Commerce Tax Credits	-$66,316						
	MBT - Mining: After Commerce Tax Credits	$20,811,778						
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	$0						
	Economic Development Transferrable Tax Credits [TC-2]	$0						
	Catalyst Account Transferrable Tax Credits [TC-4]	$0						
	Education Choice Scholarship Tax Credits [TC-5]	$0						
	College Savings Plan Tax Credits [TC-6]	$0						
	Affordable Housing Transferrable Tax Credits [TC-7]	$0						
	Total - Tax Credit Programs	$0						
	MBT - Mining - After Tax Credit Programs	$20,811,778						

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY FY 2023	%	FY 2024	%	FY 2025	%
	TAXES - CONTINUED							
	TOTAL MBT - NFI, FI, & MINING							
	TOTAL MBT: BEFORE TAX CREDITS	$815,406,446						
	TOTAL COMMERCE TAX CREDITS	-$47,846,881						
	TOTAL MBT: AFTER COMMERCE TAX CREDITS	$767,559,565						
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	-$104,621						
	Economic Development Transferrable Tax Credits [TC-2]	$0						
	Catalyst Account Transferrable Tax Credits [TC-4]	$0						
	Education Choice Scholarship Tax Credits [TC-5]	-$11,782,700						
	College Savings Plan Tax Credits [TC-6]	-$473						
	Affordable Housing Transferrable Tax Credits [TC-7]	$0						
	Total - Tax Credit Programs	-$11,887,794						
	TOTAL MBT: AFTER TAX CREDIT PROGRAMS	$755,671,771						
	INSURANCE TAXES							
3061	Insurance Premium Tax: Before Tax Credits	$541,092,065						
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	-$714,842						
	Economic Development Transferrable Tax Credits [TC-2]	$0						
	Catalyst Account Transferrable Tax Credits [TC-4]	-$350,000						
	Nevada New Markets Job Act Tax Credits [TC-3]	-$23,671,913						
	Affordable Housing Transferrable Tax Credits [TC-7]	$0						
	Total - Tax Credit Programs	-$24,736,755						
	Insurance Premium Tax: After Tax Credit Programs	$516,355,310						
3062	Insurance Retaliatory Tax	$502,182	$337,800	-32.7%	$339,600	0.5%	$343,900	1.3%
3067	Captive Insurer Premium Tax	$1,161,859	$1,261,000	8.5%	$1,283,000	1.7%	$1,309,000	2.0%
	TOTAL INSURANCE TAXES: BEFORE TAX CREDITS	$542,756,106	$1,598,800	-99.7%	$1,622,600	1.5%	$1,652,900	1.9%
	TAX CREDIT PROGRAMS	-$24,736,755	$0		$0		$0	
	TOTAL INSURANCE TAXES: AFTER TAX CREDITS	$518,019,351	$1,598,800	-99.7%	$1,622,600	1.5%	$1,652,900	1.9%
	REAL PROPERTY TRANSFER TAX (RPTT)							
3055	Real Property Transfer Tax	$177,690,923						
	GOVERMENTAL SERVICES TAX (GST)							
3051	Governmental Services Tax [2-18][5-20][2-21]	$26,430,864	$26,915,000	1.8%	$27,572,000	2.4%	$28,256,000	2.5%
	OTHER TAXES							
3113	Business License Fee	$119,544,202	$119,003,000	-0.5%	$118,990,000	0.0%	$119,089,000	0.1%
3050	Liquor Tax	$50,392,542	$49,174,000	-2.4%	$49,886,000	1.4%	$50,043,000	0.3%
3053	Other Tobacco Tax [6-20]	$35,755,018	$34,471,000	-3.6%	$34,797,000	0.9%	$35,284,000	1.4%
4862	HECC Transfer	$5,000,000	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%
3068	Branch Bank Excise Tax	$2,336,987	$2,235,000	-4.4%	$2,163,000	-3.2%	$2,093,000	-3.2%
	TOTAL TAXES: BEFORE TAX CREDITS	$5,162,874,552	$503,352,500	-90.3%	$441,134,500	-12.4%	$438,026,800	-0.7%
	TOTAL COMMERCE TAX CREDITS	-$47,846,881	$0		$0		$0	
	TOTAL TAXES: AFTER COMMERCE TAX CREDITS	$5,115,027,671	$503,352,500	-90.2%	$441,134,500	-12.4%	$438,026,800	-0.7%
	Tax Credit Programs:							
	Film Transferrable Tax Credits [TC-1]	-$1,483,723	-$6,010,163		-$8,500,000		-$8,000,000	
	Economic Development Transferrable Tax Credits [TC-2]	$0	$0		-$950,000		-$475,000	
	Catalyst Account Transferrable Tax Credits [TC-4]	-$350,000	$0		$0		$0	
	Nevada New Markets Job Act Tax Credits [TC-3]	-$23,671,913	-$24,000,000		-$24,000,000		-$22,000,000	
	Education Choice Scholarship Tax Credits [TC-5]	-$11,782,700	-$13,000,000		-$8,910,000		-$6,655,000	
	College Savings Plan Tax Credits [TC-6]	-$473	-$500		-$550		-$605	
	Affordable Housing Transferrable Tax Credits [TC-7]	$0	-$6,000,000		-$10,000,000		-$10,000,000	
	Total - Tax Credit Programs	-$37,288,809	-$49,010,663		-$52,360,550		-$47,130,605	
	TOTAL TAXES: AFTER TAX CREDITS	$5,077,738,862	$454,341,837	-91.1%	$388,773,950	-14.4%	$390,896,195	0.5%

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%
	LICENSES							
3101	Insurance Licenses	$29,419,100	$29,151,000	-0.9%	$29,449,000	1.0%	$29,894,000	1.5%
3120	Marriage License	$345,163	$351,000	1.7%	$351,500	0.1%	$352,100	0.2%
	SECRETARY OF STATE							
3105	UCC	$3,454,770	$3,409,000	-1.3%	$3,426,000	0.5%	$3,452,000	0.8%
3129	Notary Fees	$717,235	$728,600	1.6%	$733,500	0.7%	$737,700	0.6%
3130	Commercial Recordings	$88,574,485	$86,934,000	-1.9%	$87,274,000	0.4%	$87,651,000	0.4%
3131	Video Service Franchise	$300	$300	0.0%	$300	0.0%	$300	0.0%
3121	Domestic Partnership Registry Fee	$62,391	$57,900	-7.2%	$57,900	0.0%	$57,900	0.0%
3152	Securities [7-22]	$35,068,024	$35,670,000	1.7%	$36,209,000	1.5%	$36,742,000	1.5%
	TOTAL SECRETARY OF STATE	$127,877,205	$126,799,800	-0.8%	$127,700,700	0.7%	$128,640,900	0.7%
3172	Private School Licenses	$217,461	$213,600	-1.8%	$215,500	0.9%	$217,800	1.1%
3173	Private Employment Agency	$20,100	$20,000	-0.5%	$20,000	0.0%	$20,000	0.0%
	REAL ESTATE							
3161	Real Estate License	$2,936,854	$2,905,000	-1.1%	$2,907,000	0.1%	$2,960,000	1.8%
3162	Real Estate Fees	$2,850	$3,100	8.8%	$3,100	0.0%	$3,100	0.0%
	TOTAL REAL ESTATE	$2,939,704	$2,908,100	-1.1%	$2,910,100	0.1%	$2,963,100	1.8%
3102	Athletic Commission Fees	$5,846,931	$4,966,000	-15.1%	$5,457,000	9.9%	$5,482,000	0.5%
	TOTAL LICENSES	$166,665,664	$164,409,500	-1.4%	$166,103,800	1.0%	$167,569,900	0.9%
	FEES AND FINES							
3203	Divorce Fees	$152,694	$139,600	-8.6%	$140,800	0.9%	$142,100	0.9%
3204	Civil Action Fees	$1,259,803	$1,182,600	-6.1%	$1,217,900	3.0%	$1,208,400	-0.8%
3242	Insurance Fines	$367,121	$400,700	9.1%	$403,400	0.7%	$406,100	0.7%
3242LC	Investigative Costs Recovery - Labor Commission	$69,050	$31,100	-55.0%	$32,800	5.5%	$32,800	0.0%
3103MD	Medical Plan Discount Reg. Fees	$500	$500	0.0%	$500	0.0%	$500	0.0%
	REAL ESTATE FEES							
3107IOS	IOS Application Fees	$8,020	$6,900	-14.0%	$6,900	0.0%	$6,900	0.0%
3165	Land Co Filing Fees	$36,175	$30,000	-17.1%	$31,300	4.3%	$32,500	3.8%
3169	Real Estate Reg Fees	$26,750	$8,300	-69.0%	$11,300	36.1%	$13,300	17.7%
4741	Real Estate Exam Fees	$801,447	$637,800	-20.4%	$655,600	2.8%	$673,000	2.7%
3178	Real Estate Accred Fees	$112,750	$112,900	0.1%	$112,100	-0.7%	$111,400	-0.6%
3254	Real Estate Penalties	$93,843	$96,000	2.3%	$96,300	0.3%	$96,600	0.3%
3190	A.B. 165, Real Estate Inspectors	$62,320	$59,500	-4.5%	$59,500	0.0%	$59,500	0.0%
	TOTAL REAL ESTATE FEES	$1,141,305	$951,400	-16.6%	$973,000	2.3%	$993,200	2.1%
3066	Short Term Car Lease [8-22]	$74,584,103	$82,870,000	11.1%	$86,061,000	3.9%	$87,461,000	1.6%
3103AC	Athletic Commission Licenses/Fines	$183,965	$164,400	-10.6%	$179,900	9.4%	$184,800	2.7%
3150	Navigable Water Permit Fees [3-18]	$65,000	$65,000	0.0%	$65,000	0.0%	$65,000	0.0%
3205	State Engineer Sales [4-18]	$3,721,744	$3,862,000	3.8%	$3,862,000	0.0%	$3,862,000	0.0%
3206	Supreme Court Fees	$190,495	$198,600	4.3%	$198,600	0.0%	$198,600	0.0%
3115	Notice of Default Fee	$355,350	$404,800	13.9%	$404,800	0.0%	$359,200	-11.3%
3601	Professional Employer Organization Fee [9-22]	$92,500	$120,600	30.4%	$122,000	1.2%	$123,500	1.2%
3271	Misc Fines/Forfeitures [5-18]	$2,060,891	$2,141,000	3.9%	$1,954,000	-8.7%	$1,898,000	-2.9%
	TOTAL FEES AND FINES	$84,244,519	$92,532,300	9.8%	$95,615,700	3.3%	$96,935,200	1.4%

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY FY 2023	%	FY 2024	%	FY 2025	%
	USE OF MONEY AND PROP							
	OTHER REPAYMENTS							
4403	Forestry Nurseries Fund Repayment (05-M27)	$20,670	$20,670		$20,670		$20,670	
4408	Comp/Fac Repayment	$13,032	$13,032		$13,032		$5,239	
4408	EITS Repayment - State Microwave Communications System [1-18]	$266,914	$266,914		$266,914		$266,914	
4408	EITS Repayment - Cyber Security Resource Enhancement [2-19]	$124,406	$0		$0		$0	
4408	EITS Repayment - Wide-Area Network Upgrade [3-19]	$223,808	$0		$0		$0	
4408	EITS Repayment - Enterprise Cloud Application [1-22]	$448,209	$448,209		$448,209		$448,209	
4408	EITS Repayment - Firewall Replacement [2-22]	$677,637	$677,635		$677,635		$677,635	
4408	EITS Repayment - Content Management and Portal Platform [2-24]	$0	$0		$446,125		$439,124	
4409	Motor Pool Repay - LV	$125,000	$125,000		$125,000		$125,000	
	TOTAL OTHER REPAYMENTS	$1,899,676	$1,551,460	-18.3%	$1,997,585	28.8%	$1,982,791	-0.7%
	INTEREST INCOME							
3290	Treasurer	$24,192,051	$116,676,000	382.3%	$170,619,000	46.2%	$153,113,000	-10.3%
3291	Other	$11,780	$373,100	3067.3%	$344,800	-7.6%	$313,800	-9.0%
	TOTAL INTEREST INCOME	$24,203,830	$117,049,100	383.6%	$170,963,800	46.1%	$153,426,800	-10.3%
	TOTAL USE OF MONEY & PROP	$26,103,506	$118,600,560	354.3%	$172,961,385	45.8%	$155,409,591	-10.1%
	OTHER REVENUE							
3059	Hoover Dam Revenue	$324,405	$300,000	-7.5%	$300,000	0.0%	$300,000	0.0%
	MISC SALES AND REFUNDS	$0						
3047	Expired Slot Machine Wagering Vouchers	$16,506,340	$19,847,000	20.2%	$20,061,000	1.1%	$19,841,000	-1.1%
3107	Misc Fees [3-18][9-22]	$695,658	$735,300	5.7%	$752,300	2.3%	$784,800	4.3%
3109	Court Admin Assessments [6-18][7-20]	$0	$0		$0		$0	
3114	Court Administrative Assessment Fee	$1,419,507	$1,251,000	-11.9%	$1,137,000	-9.1%	$1,143,000	0.5%
3168	Declare of Candidacy Filing Fee	$58,241	$57,400	-1.4%	$54,100	-5.7%	$37,800	-30.1%
3202	Fees & Writs of Garnishments	$570	$600	5.3%	$500	-16.7%	$400	-20.0%
3220	Nevada Report Sales	$1,215	$6,000	393.8%	$1,200	-80.0%	$6,000	400.0%
3222	Excess Property Sales	$12,878	$5,700	-55.7%	$8,100	42.1%	$8,100	0.0%
3240	Sale of Trust Property	$0	$0		$0		$0	
3243	Insurance - Misc	$391,986	$372,800	-4.9%	$372,800	0.0%	$372,800	0.0%
3274	Misc Refunds	$32,662	$30,600	-6.3%	$30,600	0.0%	$30,600	0.0%
3276	Cost Recovery Plan [7-18][8-20][10-22]	$9,079,171	$8,602,062	-5.3%	$9,448,576	9.8%	$8,914,352	-5.7%
	TOTAL MISC SALES & REF	$28,198,227	$30,908,462	9.6%	$31,866,176	3.1%	$31,138,852	-2.3%
3255	Unclaimed Property	$56,059,921	$42,138,000	-24.8%	$42,227,000	0.2%	$42,354,000	0.3%
	TOTAL OTHER REVENUE	$84,582,554	$73,346,462	-13.3%	$74,393,176	1.4%	$73,792,852	-0.8%
TOTAL GENERAL FUND REVENUE: BEFORE TAX CREDITS		$5,524,470,795	$952,241,322	-82.8%	$950,208,561	-0.2%	$931,734,343	-1.9%
	TOTAL COMMERCE TAX CREDITS	-$47,846,881	$0		$0		$0	
TOTAL GENERAL FUND REVENUE: AFTER COMMERCE TAX CREDITS		$5,476,623,914	$952,241,322	-82.6%	$950,208,561	-0.2%	$931,734,343	-1.9%
TAX CREDIT PROGRAMS:								
	FILM TRANSFERRABLE TAX CREDITS [TC-1]	-$1,483,723	-$6,010,163		-$8,500,000		-$8,000,000	
	ECONOMIC DEVELOPMENT TRANSFERRABLE TAX CREDITS [TC-2]	$0	$0		-$950,000		-$475,000	
	CATALYST ACCOUNT TRANSFERRABLE TAX CREDITS [TC-4	-$350,000	$0		$0		$0	
	NEVADA NEW MARKET JOBS ACT TAX CREDITS [TC-3]	-$23,671,913	-$24,000,000		-$24,000,000		-$22,000,000	
	EDUCATION CHOICE SCHOLARSHIP TAX CREDITS [TC-5]	-$11,782,700	-$13,000,000		-$8,910,000		-$6,655,000	
	COLLEGE SAVINGS PLAN TAX CREDITS [TC-6]	-$473	-$500		-$550		-$605	
	AFFORDABLE HOUSING TRANSFERRABLE TAX CREDITS [TC-7]	$0	-$6,000,000		-$10,000,000		-$10,000,000	
TOTAL- TAX CREDIT PROGRAMS		-$37,288,809	-$49,010,663		-$52,360,550		-$47,130,605	
TOTAL GENERAL FUND REVENUE: AFTER TAX CREDITS		$5,439,335,105	$903,230,659	-83.4%	$897,848,011	-0.6%	$884,603,738	-1.5%

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%

NOTES:

FY 2018: Note 1 represents legislative actions approved during the 2015 Legislative Session.

[1-18] Section 51 of S.B. 514 allows the Division of Enterprise Information Technology Services of the Department of Administration to use revenues from intergovernmental transfers to the State General Fund for the repayment of special appropriations that were made to the Division for the replacement of the state's microwave communications system. The legislatively approved repayment from the Division to the State General Fund is $57,900 per year between FY 2018 and FY 2021, with increased repayments between FY 2022 and FY 2028.

FY 2018: Notes 2 through 7 represent legislative actions approved during the 2017 Legislative Session.

[2-18] 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.

[3-18] 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.

[4-18] 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.

[5-18] 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.

[6-18] 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.

[7-18] Adjustment to the Statewide Cost Allocation amount included in the Legislature Approved budget after the May 1, 2017, approval of the General Fund revenue forecast by the Economic Forum.

FY 2019: Notes 1 through 3 represent legislative actions approved during the 2017 Legislative Session.

[1-19] Senate Bill 415 (2017) required the submission of a question on the November 2018 General Election ballot seeking approval to amend the Sales and Use Tax Act of 1955 to provide an exemption from the State 2% sales and use tax for certain feminine hygeine products. This ballot question was approved by the voters and, therefore, the sales tax exemption for these products will be effective January 1, 2019, until December 31, 2028.

S.B. 415 also provides that if the ballot question is approved by the voters, identical exemptions for these products from the Local School Support Tax and other state and local taxes would become effective January 1, 2019, and would also expire on December 31, 2028. These exemptions will reduce the amount of the commission that is kept by the Department of Taxation and deposited in the State General Fund for collection of these taxes.

[2-19] Section 39 of A.B. 518 provides General Fund appropriations of $497,625 in FY 2018 and $306,690 in FY 2019 to the Division of Enterprise Information Technology Services of the Department of Administration to enhance the state's cyber security resources. The legislatively approved repayment of these appropriations is 25 percent of the amounts appropriated per year, beginning in FY 2019 (for the FY 2018 appropriation) and in FY 2020 (for the FY 2019 appropriation).

[3-19] Section 40 of A.B. 518 provides a General Fund appropriation of $1,998,895 in FY 2018 to the Division of Enterprise Information Technology Services of the Department of Administration to increase the bandwidth and connectivity of the State's wide area network. The legislatively approved repayment of this appropriation is 25 percent of the amount appropriated per year, beginning in FY 2019.

FY 2020: Notes 1 through 8 represent legislative actions approved during the 2019 Legislative Session.

[1-20] A.B. 445 requires a marketplace facilitator, defined as a person who facilitates the sale of tangible personal property by a marketplace seller in the state of Nevada, to collect and remit sales and use taxes on certain sales that are facilitated on behalf of the marketplace seller, effective October 1, 2019. Estimated to generate $16,459,000 in FY 2020 and $21,945,000 in FY 2021 for the State 2% rate. This requirement is also estimated to increase collections for the General Fund Commissions by $668,000 in FY 2020 (LSST: $160,000; BCCRT: $72,000; SCCRT: $252,000; PTT: $184,000) and $892,000 in FY 2021 (LSST: $214,000; BCCRT: $96,000; SCCRT: $336,000; PTT: $246,000).

[2-20] S.B. 535 removes the requirement that an amount equal to $2 per slot machine collected from quarterly restricted and non-restricted slot machine fees be allocated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. Estimated to generate $1,303,100 in FY 2020 (Non-restricted: $1,149,400; Restricted: $153,700) and $1,298,800 in FY 2021 (Non-restricted: $1,143,900; Restricted: $154,900).

[3-20] A.B. 535 increases the existing license fee on wholesale dealers of cigarettes, which is currently distributed between the State General Fund and local governments, and establishes new license fees for manufacturers, wholesale dealers of other tobacco products, and tobacco retailers. This bill requires all license fee proceeds to be retained by the Department of Taxation to administer and enforce the cigarette and OTP statutes. This action to require the license fees on wholesale dealers of cigarettes to be retained by the Department is estimated to reduce General Fund revenue by less than $10,000 per year in FY 2020 and FY 2021; thus, no adjustment is made to the forecast.

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%

[4-20] S.B. 551 permanently repeals the provisions requiring the Modified Business Tax (MBT) tax rates on nonfinancial institutions (MBT-NFI), financial institutions (MBT-FI), and mining companies (MBT-Mining) to be reduced by the Department of Taxation if actual collections from these taxes, in combination with collections from the Commerce Tax and Branch Bank Excise Tax and tax credits taken against the MBT, are more than 4% above the Economic Forum's May forecast in any even-numbered fiscal year.

As a result of the passage of this bill, the rates for the MBT-NFI, which was to be reduced to 1.378% for all taxable wages in excess of $50,000 per calendar quarter, and the MBT-FI and MBT-Mining, which were to be reduced to 1.853% for all taxable wages, effective July 1, 2019, will remain at the current rates of 1.475% (for the MBT-NFI) and 2% (for the MBT-FI and MBT-Mining), on and after that date. Estimated to generate $48,166,000 in FY 2020 (MBT-NFI: $44,101,000; MBT-FI: $2,335,000; MBT-Mining: $1,730,000) and $49,998,000 in FY 2021 (MBT-NFI: $45,827,000; MBT:FI: $2,420,000; MBT-Mining: $1,751,000).

[5-20] S.B. 541 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 on a permanent basis, effective July 1, 2019. The remaining 75% portion of these proceeds are to be deposited in the State Highway Fund. Estimated to generate $21,954,000 in FY 2020 and $22,321,000 in FY 2021.

[6-20] S.B. 263 specifies that alternative nicotine products and vapor products, including e-cigarettes and their components, are subject to the 30 percent wholesale tax on other tobacco products, effective January 1, 2020. Estimated to generate $3,699,000 in FY 2020 and $7,931,000 in FY 2021.

[7-20] 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 2020 and FY 2021. Estimated to generate $351,220 in FY 2020 and $270,166 in FY 2021.

[8-20] Adjustment to the Statewide Cost Allocation amount included in the Legislatively Approved budget after the May 1, 2019, approval of the General Fund revenue forecast by the Economic Forum.

FY 2021: Notes 1 through 3 represent legislative actions approved during the 31st Special Session (July 2020).

[1-21] S.B. 3 requires the advance payment on the net proceeds of minerals (NPM) tax in FY 2021 based on the estimated net proceeds for the current calendar year 2021. This additional NPM tax payment in FY 2021 is estimated to generate $54,500,000 from the General Fund portion of the tax due on the estimated net proceeds for calendar year 2021 based on the consensus estimate prepared by the Department of Taxation, Budget Division, and the Fiscal Analysis Division. The provisions of S.B. 3 also apply to FY 2022 and FY 2023, but the NPM tax reverts back to the former method (tax due based on actual mining activity from the preceding calendar year) of taxing net proceeds on July 1, 2023.

[2-21] S.B. 3 requires 100% 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 2021 only. Beginning in FY 2022, the distribution reverts to 75% of the additional revenue generated from the GST 10% depreciation schedule change deposited in the State Highway Fund and 25% deposited in the State General Fund, as approved in S.B. 541 (2019). Estimated to generate an additional $71,346,000 in FY 2021 for the State General Fund, based on the consensus estimate prepared by the Budget Division and the Fiscal Analysis Division.

[3-21] S.B. 3 requires the Department of Taxation to establish and conduct a tax amnesty program by which taxpayers may pay a fee, tax, or assessment required to be paid to the Department without incurring any penalties or interest that would otherwise be required as a result of the unpaid fee, tax, or assessment. This program is required to be conducted by the Department for a period of not more than 90 calendar days and must be concluded no later than June 30, 2021. Estimated to generate $14,000,000 to the State General Fund and $7,000,000 to the Distributive School Account (DSA) in FY 2021 based on the consensus estimate prepared by the Department of Taxation, Budget Division, and the Fiscal Analysis Division.

FY 2022: Notes 1 and 2 represent legislative actions approved during the 2019 Legislative Session.

[1-22] Section 1 of A.B. 512 provides a General Fund appropriation of $2,138,800 in FY 2020 to the Division of Enterprise Information Technology Services of the Department of Administration for the implementation of an enterprise cloud electronic mail and business productivity application. The legislatively approved repayment of this appropriation is 25 percent of the cost of the implementation of an enterprise cloud electronic mail and business productivity application per year, beginning in FY 2022.

[2-22] Section 2 of A.B. 512 provides a General Fund appropriation of $4,186,202 in FY 2020 to the Division of Enterprise Information Technology Services of the Department of Administration for the replacement of firewalls. The legislatively approved repayment of this appropriation is 25 percent of the cost of the replacement of the firewalls per year, beginning in FY 2022.

FY 2022: Notes 3 through 11 represent legislative actions approved during the 2021 Legislative Session.

[3-22] A.B. 495 imposes an annual tax on each business entity engaged in the business of extracting gold or silver in this State whose Nevada gross revenue in a taxable year exceeds $20 million, effective July 1, 2021. The tax rate is 0.75% of all taxable revenue in excess of $20 million, but not more than $150 million; and 1.1% of all Nevada gross revenue in excess of $150 million. The proceeds from this tax are to be deposited in the State General Fund in FY 2022 and FY 2023, but will be deposited in the State Education Fund as a dedicated state funding source for the benefit of K-12 education under the Pupil-Centered Funding Plan beginning in FY 2024. Estimated to generate $83,802,000 in FY 2022 and $80,996,000 in FY 2023.

[4-22] S.B. 440 provides an exemption from sales and use taxes on purchases of tangible personal property by members of the Nevada National Guard who are on active status and who are residents of this State and certain relatives of such members, if the purchase occurs on the date on which Nevada Day is observed or the immediately following Saturday or Sunday, between July 1, 2021, and June 30, 2031. The bill also revises the eligibility requirements for the current exemption that is authorized for members of the Nevada National Guard called into active service to provide that this exemption is available to these members and certain relatives, if the member has been called into active duty for a period of more than 30 days outside of the United States. The exemption is anticipated to reduce sales and use tax revenue for the state and local governments; however, an estimate of the potential reduction was not prepared.

[5-22] S.B. 367 provides an exemption from the Live Entertainment Tax for live entertainment that is provided by or entirely for the benefit of a governmental entity, effective upon passage and approval (June 4, 2021). Because this exemption is expected to provide a minimal reduction to LET revenues, no adjustment to the forecast was made.

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%

[6-22] On May 13, 2021, the Nevada Supreme Court upheld a First Judicial District Court ruling that certain actions by the Legislature in Senate Bill 551 (2019) were unconstitutional, as that legislation was approved without the two-thirds majority in each house required in Article 4, Section 18 of the Nevada Constitution. As a result, the tax rates for the Modified Business Tax were reduced effective April 1, 2021 to the rates determined by the Department of Taxation on or before September 30, 2018, that were to become effective on July 1, 2019, pursuant to the provisions of NRS 360.203. The rate for the MBT-NFI was reduced from 1.475% to 1.378% for all taxable wages in excess of $50,000 per calendar quarter and the rate for the MBT-FI and MBT-Mining was reduced from 2.0% to 1.853% on all quarterly taxable wages. The court ruling additionally requires the Department of Taxation to issue refunds for all MBT that was collected at the higher rates, between July 1, 2019, and March 31, 2021, based on the difference between the rate approved in S.B. 551 and the reduced rate determined by the Department in September 2018, as well as interest on the excess amount collected.

The adjustments to the May 2021 Economic Forum forecast reflect the estimated combined negative impact for each fiscal year for the refund and interest attributable to FY 2020 and FY 2021 overpayments as allocated to FY 2021 and FY 2022 and the tax rate reduction for the fourth quarter of FY 2021 and all four quarters of FY 2022 and FY 2023. The estimated negative impact to total MBT collections attributable to the refund and interest on tax overpayments for FY 2020 and FY 2021 allocated to FY 2021 is $75,575,000 (MBT-NFI: $68,066,000, MBT-FI: $4,647,000, MBT-Mining: $2,862,000) and allocated to FY 2022 is $4,717,000 (MBT-NFI: $3,722,000, MBT-FI: $943,000, MBT-Mining: $52,000). The estimated negative impact to total MBT collections attributable to the reduction in the tax rates for FY 2021 is $12,128,000 (MBT-NFI: $10,917,000, MBT-FI: $785,000, MBT-Mining: $426,000), for FY 2022 is $50,573,000 (MBT-NFI: $45,445,000, MBT-FI: $3,386,000, MBT-Mining: $1,742,000), and for FY 2023 is $53,659,000 (MBT-NFI: $48,238,000, MBT-FI: $3,637,000, MBT-Mining: $1,784,000). The estimates for the refund and interest are based on information provided by the Department of Taxation, based on an analysis of actual taxpayer accounts, regarding the potential total refund and interest amounts for the four quarters of FY 2020 and the three quarters of FY 2021 and the actual refund and interest amounts issued for each fiscal year in FY 2021 by each component of the MBT.

[7-22] S.B. 9 provides an exemption from licensure for investment advisers to certain qualifying private funds, effective July 1, 2022, if: (1) the investment adviser solely advises one or more qualifying private funds; (2) the investment adviser is not required to register with the Securities and Exchange Commission; (3) neither the investment adviser nor any of its advisory affiliates have engaged in certain bad acts; (4) the investment adviser files certain reports with the Administrator, who is the Deputy of Securities appointed by the Secretary of State; and (5) the investment adviser pays a fee prescribed by the Administrator. Estimated to reduce revenue by $12,000 in FY 2023.

[8-22] S.B. 389 provides for the regulation and licensing of peer-to-peer car sharing programs by the Department of Motor Vehicles, and also provides that passenger cars that are shared through such a program are subject to a Short Term Car Lease Fee that is identical to the fee already collected by the Department of Taxation on the rental of other passenger cars in this state, effective October 1, 2021. Estimated to generate $750,000 in FY 2022 and $1,000,000 in FY 2023.

[9-22] The proceeds from the licensure of certain professional employer organizations (employee leasing companies), which were being retained by the Division of Industrial Relations in the Department of Business and Industry, were going to be deposited in the State General Fund beginning on July 1, 2021. The Economic Forum May 4, 2021, forecast accounted for this action by including an estimate of $103,500 in G.L. 3107. Senate Bill 55 transfers the duties for regulating and licensing professional employer organizations from the Division to the Labor Commissioner, effective July 1, 2021. It was determined after the passage of S.B. 55 that the Labor Commissioner will post the revenues from the licensing fees in G.L. 3601, not G.L. 3107. Thus, a new line for G.L. 3601 – Professional Employer Organization Fee is added to the table and $103,500 is transferred from the forecast for G.L. 3107 to this new G.L., resulting in a net zero change to the Economic Forum May 4, 2021, forecast.

[10-22] Adjustment to the Statewide Cost Allocation amount included in the Legislatively Approved budget after the May 4, 2021, approval of the General Fund revenue forecast by the Economic Forum.

[11-22] A.B. 445 requires the State Controller, as soon as practicable after the close of FY 2021, to transfer $1,000,000 from the Abandoned Property Trust Account (Unclaimed Property) to the Grant Matching Account for the purpose of providing grants or satisfying matching requirements for nongovernmental organizational grants by the Office of Federal Assistance in the Office of the Governor. For FY 2023 and all subsequent years, the first $1.0 million of revenue from Unclaimed Property that is generated after the required transfer of the first $7.6 million to the Millennium Scholarship Trust Fund must be transferred to the Grant Matching Account. The actions in A.B. 445, therefore, reduce the forecast for this revenue source by $1.0 million per year in FY 2022, FY 2023, and all future fiscal years.

FY 2023: Note 1 represents legislative actions approved during the 2023 Legislative Session.

[1-23] S.B. 124 amends the provisions originally approved in S.B. 3 of the 31st Special Session (July 2020), which required the prepayment of the State General Fund portion of the Net Proceeds of Minerals Tax for FY 2021, FY 2022, and FY 2023 based on the estimated mining activity during each of those calendar years, to revert the payment of the tax back to its former method (tax due based on actual mining activity from the preceding calendar year) of taxing net proceeds on July 1, 2022, rather than on July 1, 2023, as originally approved in S.B. 3. The passage of S.B. 124 will require these tax proceeds to be paid based on actual calendar year 2023 mining activity during FY 2024, and the proceeds will be deposited in the State Education Fund, pursuant to A.B. 495 (2021); thus, the resultant forecast for this tax remains zero in FY 2024 and FY 2025, based on current law.

FY 2024: Notes 1 and 2 represent legislative actions approved during the 2021 Legislative Session.

[1-24] A.B. 495 provides that, beginning in FY 2024, the portion of the Net Proceeds of Minerals Tax currently deposited in the State General Fund be instead deposited in the State Education Fund as a dedicated state funding source for the benefit of K-12 education under the Pupil-Centered Funding Plan. This action does not affect the Economic Forum's forecast for FY 2022 or FY 2023.

[2-24] S.B. 426 provides a General Fund appropriation of $1,784,500 to the Division of Enterprise Information Technology Services of the Department of Administration for the replacement of the content management and portal platform. The legislatively approved annual repayment of this appropriation is 25 percent of the cost of the replacement of the content management and portal platform per year, beginning in FY 2024.

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%

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.

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. The forecasts for FY 2023, FY 2024, and FY 2025 are based on information provided by the Nevada Film Office of GOED.

[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 $0 per fiscal year for FY 2023, FY 2024, and FY 2025, because the entirety of the $195 million in transferrable tax credits that could be authorized pursuant to S.B. 1 have been awarded and used.

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.

Pursuant to Senate Bill 410 of the 2019 Session, a project is eligible for the transferable tax credits only if the Interim Finance Committee approves a written request submitted by GOED for the issuance of the transferable tax credits. The Interim Finance Committee may approve such a request only if the Interim Finance Committee determines that approval of the request will not impede the ability of the Legislature to carry out its duty to provide for an annual tax sufficient to defray the estimated expenses of the State for each fiscal year as set forth in Article 9, Section 2 of the Nevada Constitution; and will promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director of GOED.

On January 31, 2023, the Interim Finance Committee, under the provisions required pursuant to Senate Bill 410 of the 2019 Session, approved a written request by the Office of Economic Development for the issuance of $2,137,500 in transferable tax credits to Redwood Materials, Inc., the lead participant engaged in a qualified project in Storey County. The Board of Economic Development approved the application for this project at its meeting on December 1, 2022. Based on information received from GOED, the estimated amount of credits that will be used is $950,000 in FY 2024, $475,000 in FY 2025, and $712,500 in FY 2026.

[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, which were allowed to be taken by insurance companies beginning in the third quarter of FY 2015 under the provisions of S.B. 357, 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%; 3 years after the investment is made: 12%; 4 years after the investment is made: 12%; 5 years after the investment is made: 11%; and 6 years after the investment is made: 11%.

Pursuant to A.B. 446 (2019), an additional $200 million in qualified equity investments may be certified by the Department of Business and Industry, effective July 1, 2019, with a total of $116 million of credits that may be taken based on the increment percentages originally approved in S.B. 357 (2013). However, pursuant to A.B. 446, no credits may be taken against the Insurance Premium Tax before July 1, 2021 (FY 2022).

The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Business and Industry and the Department of Taxation during the 2023 Session.

[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. The forecasts for FY 2023, FY 2024, and FY 2025 are based on information provided by GOED.

TABLE 6

ECONOMIC FORUM - GENERAL FUND REVENUE FORECAST

TECHNICAL ADVISORY COMMITTEE FORECAST BASED ON APRIL 21, 2023, MEETING

FY 2023, FY 2024 and FY 2025

Economic Forum May 1, 2023, Meeting - 4/26/23 - 8:00 PM

G.L. NO.		FY 2022 ACTUAL	ECONOMIC FORUM FORECAST - PRELIMINARY					
			FY 2023	%	FY 2024	%	FY 2025	%

[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. The forecast for FY 2019 is based on the amount of this $20 million that was awarded in FY 2018, but not used against the MBT in that fiscal year, plus the maximum amount of annual credits allowed based on the statutory formula adopted in A.B. 165 (2015). The forecasts for FY 2020 and FY 2021 are based on the maximum amount of annual credits allowed based on the statutory formula in A.B. 165 only.

A.B. 458 (2019) permanently eliminated the 10 percent increase in the amount of credits that may be authorized in each year, capping the total amount that may be authorized in each year at $6,655,000 beginning in FY 2020. The bill additionally clarified that the $6,655,000 limit per year applies to the combined credits that may be taken under both chapters of the MBT (Chapters 363A and 363B), rather than as a separate limit for each chapter.

S.B. 551 (2019) authorized an additional $4,745,000 in credits against the MBT (Chapters 363A and 363B combined) under this program per year in FY 2020 and FY 2021 beyond those that were authorized in those years based on the provisions of A.B. 458 (2019). Any amount of the $4,745,000 in credits that is not approved by the Department in each fiscal year may be issued in future fiscal years.

A.B. 495 (2021) authorized an additional $4,745,000 in credits against the MBT (Chapters 363A and 363B combined) under this program per year in FY 2022 beyond those that are authorized in that year based on the provisions of A.B. 458 (2019). Any amount of the $4,745,000 in credits that is not approved by the Department in FY 2022 may be issued in future fiscal years.

The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Taxation during the 2023 Session.

[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.

[TC-7] S.B. 448 (2019) authorizes the Housing Division of the Department of Business and Industry (Division) to approve a total of $40 million of transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax. Under the provisions of S.B. 448, the Division may award up to $10 million in transferable tax credits per year to persons who develop affordable housing projects in Nevada over the four years of the pilot program, but may award an additional $3 million in credits in any fiscal year if the issuance of the credits is necessary for the development of additional affordable housing projects in the state. If the Division approves any credits in excess of $10 million in a fiscal year, the amount to be awarded in the next fiscal year must be reduced by the amount in excess of $10 million that was issued in the previous fiscal year. If the Division does not issue all of the $10 million in credits authorized in a fiscal year, that amount is carried forward and may be issued in a subsequent fiscal year.

S.B. 284 (2021) made several changes to this tax credit program, including revising the procedure for the issuance of transferable tax credits so that transferable tax credits are issued before, rather than after, the project is completed; removing the 4-year sunset provisions originally established by S.B. 448 (2019), making the program permanent; and clarifying that the maximum amount of tax credits that may be issued under the program remains at $40 million as established in S.B. 448 (2019).

TABLE 7
SUMMARY OF THE TECHNICAL ADVISORY COMMITTEE (TAC) FORECAST FOR SELECT GENERAL FUND REVENUE SOURCES
TAC April 21, 2023, Forecast for FY 2023, FY 2024, and FY 2025 Based on Current Statute

	2021-23 Biennium		2023-25 Biennium		Biennium Comparison		
	FY 2022 Actual	FY 2023 TAC April 21 Forecast	FY 2024 TAC April 21 Forecast	FY 2025 TAC April 21 Forecast	2021-23 Biennium: Actual/Forecast	2023-25 Biennium: Forecast	Biennium Difference
General Fund Revenue Sources Forecast by the TAC (Before Tax Credits)							
Governmental Services Tax	$26,430,864	$26,915,000	$27,572,000	$28,256,000	$53,345,864	$55,828,000	$2,482,136
All Other Gaming Taxes and Fees	$41,716,167	$25,663,700	$35,527,900	$26,801,900	$67,379,867	$62,329,800	-$5,050,067
Net Proceeds of Minerals	$71,266,942	$1,441,000	$0	$0	$72,707,942	$0	-$72,707,942
Cigarette Tax	$144,068,816	$130,786,000	$129,524,000	$128,190,000	$274,854,816	$257,714,000	-$17,140,816
Transportation Connection Excise Tax	$28,464,128	$39,864,000	$36,052,000	$41,617,000	$68,328,128	$77,669,000	$9,340,872
Business License Fee	$119,544,202	$119,003,000	$118,990,000	$119,089,000	$238,547,202	$238,079,000	-$468,202
Liquor Tax	$50,392,542	$49,174,000	$49,886,000	$50,043,000	$99,566,542	$99,929,000	$362,458
Other Tobacco Tax	$35,755,018	$34,471,000	$34,797,000	$35,284,000	$70,226,018	$70,081,000	-$145,018
Total Secretary of State Revenues	$127,877,205	$126,799,800	$127,700,700	$128,640,900	$254,677,005	$256,341,600	$1,664,595
Short-Term Car Rental Fee	$74,584,103	$82,870,000	$86,061,000	$87,461,000	$157,454,103	$173,522,000	$16,067,897
Expired Slot Machine Wagers	$16,506,340	$19,847,000	$20,061,000	$19,841,000	$36,353,340	$39,902,000	$3,548,660
Unclaimed Property	$56,059,921	$42,138,000	$42,227,000	$42,354,000	$98,197,921	$84,581,000	-$13,616,921
Interest Income - Treasurer	$24,192,051	$116,676,000	$170,619,000	$153,113,000	$140,868,051	$323,732,000	$182,863,949
All Others	$108,299,561	$136,592,822	$71,190,961	$71,043,543	$244,892,383	$142,234,504	-$102,657,879
Total-All Sources Forecast by the TAC (Before Credits)	$925,157,860	$952,241,322	$950,208,561	$931,734,343	$1,877,399,182	$1,881,942,904	$4,543,722
Tax Credits Forecast by the TAC							
Film Tax Transferrable Tax Credits	-$1,483,723	-$6,010,163	-$8,500,000	-$8,000,000	-$7,493,886	-$16,500,000	-$9,006,114
Economic Development Transferrable Tax Credits	$0	$0	-$950,000	-$475,000	$0	-$1,425,000	-$1,425,000
Catalyst Account Transferrable Tax Credits	-$350,000	$0	$0	$0	-$350,000	$0	$350,000
Nevada New Markets Jobs Act Tax Credits	-$23,671,913	-$24,000,000	-$24,000,000	-$22,000,000	-$47,671,913	-$46,000,000	$1,671,913
Education Choice Scholarship Tax Credits	-$11,782,700	-$13,000,000	-$8,910,000	-$6,655,000	-$24,782,700	-$15,565,000	$9,217,700
College Savings Plan Tax Credits	-$473	-$500	-$550	-$605	-$973	-$1,155	-$182
Affordable Housing Transferrable Tax Credits	$0	-$6,000,000	-$10,000,000	-$10,000,000	-$6,000,000	-$20,000,000	-$14,000,000
Total Tax Credits Forecast by the TAC	-$37,288,809	-$49,010,663	-$52,360,550	-$47,130,605	-$86,299,472	-$99,491,155	-$13,191,683
Total of All General Fund Revenue Sources Forecast by the TAC (After Tax Credits)							
Total Revenue Sources Forecast by the TAC (After Credits)	$887,869,051	$903,230,659	$897,848,011	$884,603,738	$1,791,099,710	$1,782,451,749	-$8,647,961