MINUTES OF THE MEETING OF THE
ECONOMIC FORUM
(NRS 353.225 – NRS 353-229)
May 1, 2023

The meeting of the Economic Forum (created by Senate Bill 23, 1993 Legislative Session) was called to order by Chair Linda Rosenthal at 9:35 a.m. on May 1, 2023, 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:
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 VIII - Department of Employment, Training and Rehabilitation - Presentation on the State Employment Outlook
Exhibit C:	Agenda Item X - Moody's Analytics - Revenue Outlook: State 2% Sales and Use Tax, Gaming Percentage Fees
Exhibit D:	Agenda Item X - Gaming Control Board, Gaming Revenue Forecasts
Exhibit E:	Agenda Item X - Executive Budget Office Forecast
Exhibit F:	Agenda Item X - Fiscal Analysis Division Forecast Information Packet
Exhibit G:	Agenda Item X - Department of Taxation, Major Revenue Forecasts
Exhibit H:	General Fund Revenues - Economic Forum's Forecast for FY 2023, FY 2024 and FY 2025 Approved at the May 1, 2023, Meeting
Exhibit I:	Letters to the Governor and 82nd Legislature
Exhibit J:	Economic Forum General Fund Revenue Forecast Comparison: May 1, 2023, Forecast Versus December 5, 2022, Forecast

I. ROLL CALL.

TOM WEBER (Secretary, Fiscal Analysis Division, Legislative Counsel Bureau [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 OCTOBER 13, 2022, MEETING.

Refer to motion for approval under Agenda Item VI.

V. APPROVAL OF THE MINUTES OF THE NOVEMBER 14, 2022, MEETING.

Refer to motion for approval under Agenda Item VI.

VI. APPROVAL OF THE MINUTES OF THE DECEMBER 5, 2022, MEETING.

> MR. LEAVITT MOVED TO APPROVE THE MINUTES OF THE OCTOBER 13, 2022, NOVEMBER 14, 2022, AND DECEMBER 5, 2022, MEETINGS.

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

EMILY MANDEL (Economist, Moody's Analytics):
For today's revenue outlook, I want to focus on how things have changed since the December 5, 2022, Economic Forum meeting. By and large, the economy has largely stuck to the script laid out by Moody's Analytics (Moody's) and changes are minor. However, there have been some surprising changes in the economy primarily related to the banking crisis that began in March 2022, with Moody's making some adjustments to its macroeconomic outlook to account for this. Inflation is generally starting to come in as anticipated, but there is still a way to go. Inflation is still too high, but things are moving in the expected direction.

In addition, the labor market remains strong but is cooling, which is what Moody's and the Federal Reserve have been looking for to further bring inflation in. That said, cracks can be seen due to higher interest rates and their impact on the economy. This is largely manifested in the financial system and the housing market, but it seems like the country has been moving forward without more systemic impacts on the economy and without breaking the expansion of economic growth that it has experienced for the past couple of years. However, the country is still in a risky situation right now and it would be remiss not to mention that.

There are a few difficulties that Moody's has encountered in proceeding on its outlook of continued economic growth, which is much slower than seen previously. The country is avoiding a recession, but the economy is projected to be flat in terms of growth over the next several years. Page 151 of the meeting packet (Exhibit A) provides a high-level overview of some of the key indicators that in the past have been predictive of when the economy is going to slow further and enter a recession. The chart on page 151 shows a combination of housing, financial, manufacturing, and labor market indicators that have fallen significantly. In the past, the falling indicators have been a sign of recessions to come, but recessions are ultimately a loss of confidence in the economy. Recessions also involve a situation where consumers rein in their spending, banks rein in their lending, and businesses rein in their investment, all of which are not really being seen currently. The economy is currently in a unique position, and there are reasons that the country can avoid a major dip in economic growth and avoid a recession.

One of the main things that is bringing down growth in the economy is more restrictive lending standards, as shown on page 152 of (Exhibit A). The chart on page 152 describes the Federal Reserve Board's Senior Loan Officer Opinion Survey which shows several categories of lending to small and large firms, credit cards, and commercial real estate, and shows that lending standards have become more restrictive. Moody's expects this will increase further in the near term, especially as the country starts to feel the impacts of the March 2022 banking crisis. Lenders are becoming a lot more cautious, tightening lending standards, and being more restrictive in terms of who they will give funding to. Moody's believes that this will manifest into weaker investment in the economy. This is one of the changes that Moody's has seen since the December 2022 meeting that is bringing down its expectations for gross domestic product growth in 2023 by about 0.5% relative to what was previously projected. There has been weaker investment and weaker spending because of the more restrictive lending standards.

As shown on page 153 of (Exhibit A), another impact of the higher interest rates is default on debt. This is coming in part from higher interest rates, although by and large, people have locked in lower interest rates from a year or so ago. However, with prices and inflation staying high and with people having to spend more on their housing, medical care, and goods relative to a year ago, cracks are forming in terms of default rates. The chart on page 153 is specific to Nevada, although the picture is similar for the United States overall and shows the percent of loans by dollar value that are currently delinquent. The number of delinquencies has started to increase over the past year. While still not high and still not flashing warning signals compared to historical standards, consumer delinquencies have started to normalize since the recession resulting from the COVID-19 pandemic. This is a clear sign that some households have exhausted what resources they have and that they are starting to default on some of their debts.

There is a distinction between debt that is related to housing, home equity line of credit, and first mortgages, which are represented by the blue and green lines at the bottom of the chart on page 153. These sources of debt are still in good shape and are not showing stress as far as defaults, which is in large part because people have locked in lower interest rates. People have also built up the value in their homes, with house prices starting to come down but still being quite high; this is resulting in people having good cause to keep their payments going. Moody's does not anticipate the return of a situation like the 2009 housing crisis because people are currently in a stronger position.

A positive note is that there is still a significant amount of cash in the economy due to rising wages, past stimulus programs, and avoided spending during the pandemic. As shown on page 154 of (Exhibit A), the cumulative excess of household savings has started to decrease but is still quite high, represented by the blue bars on the chart. The main caveat is that excess savings are concentrated in the top 80.0% of the income quintile, and lower income households are experiencing stress which is contributing to the slight decrease in housing prices. There is also a restriction on consumer spending that will slow sales tax collections. However, the large population in this income distribution still has funds to spend and can keep up with rising prices. Cumulative excess savings will be a buffer for consumers regarding spending for most households.

How long cumulative savings can be held onto and how long this buffer will last depends on whether inflation remains high. Inflation has started to decrease over the past several months. As shown on page 155 of (Exhibit A), Moody's forecast for Consumer Price Index (CPI) inflation is virtually unchanged since the December meeting, as things have moved along as expected. Moody's anticipates that the prices of vehicles will continue to decrease as consumer demand is weakened and supply chains continue to stabilize and improve. Housing costs will need to continue slowing for inflation to head back to the federal target level. Housing costs are currently slowing, but it takes time for this to filter into the CPI index because the effects of leases only come through once a year. The slowing of housing costs is basically on autopilot at this point, which is important because housing costs are a significant part (approximately 40.0%) of spending for almost every household.

What is more unpredictable is the amount by which wage growth will normalize in a year's time. Wage growth can be a double-edged sword regarding tax collections. For example, while higher wages have a positive effect on people's ability to spend, as wages continue rising by about 5.0% year over year (high by historical standards), the longer inflation will stay high and become problematic. These things need to normalize as the labor market loosens up some over the next couple of years to hit the federal target level for inflation.

As described on page 156 of (Exhibit A), Moody's predictions for the job market are still on track with the labor market remaining resilient. The country is generating hundreds of thousands of jobs every month, but there is starting to be weaker job creation, fewer job openings, and the number of quits is falling. Moody's is looking to see these indicators come down over the next couple of months to take pressure off the labor market and wages, but the labor market is remaining remarkably resilient.

As described on page 157 of (Exhibit A), the economy in Nevada is booming and there has been remarkable growth across all industries. Unemployment remains stable and is fairly low at 5.5%. The labor force is growing, which is important in keeping the balance between the existing labor supply and the jobs that people are looking to hire for. Moody's forecast has Nevada continuing to outperform the U.S. with the state's job market staying stronger than the U.S. average, but the gap will eventually narrow. The resilient job market in Nevada can be attributed to population growth and the mix of industries in the state. Additionally, Nevada's technology industry is going to be more resilient than some other technology hubs because of how the state's technology industries are focused. Nevada will also continue to have broad-based growth in terms of consumer-focused industries such as health care.

As shown on the chart on page 158 of (Exhibit A), another thing that will bring Nevada's job market closer to the U.S. average is the state's net domestic migration, which pertains to how many people are moving into and out of the state on a high-frequency basis. The chart on page 158 shows that Nevada's estimated net domestic migration has decreased notably since 2022, which can be attributed to higher housing costs. Housing costs have become quite unaffordable in Nevada, increasing more than in most states. Moody's believes that this will be temporary and that there will be a turnaround as prices start to decline, but it is a headwind for growth in domestic migration. Declining housing prices will not cause any outright contraction and the state's net domestic migration will remain positive, but it may not be as strong as it has been.

Page 159 of (Exhibit A) pertains to Moody's outlook for housing, with the housing market playing an important role in Moody's Sales and Use Tax forecast because housing construction is a major driver of spending. Moody's sees housing prices coming in, but it still maintains an upbeat outlook for construction because there are still many projects currently in the pipeline, many of which will be completed over the coming year. This will have a positive impact on pricing in terms of increasing the supply of housing. Declining housing prices are obviously a negative for homeowners, but Moody's does not think this will translate into reduced spending, as housing prices are starting to decline only after experiencing massive gains. If approximately 10.0% of a home's value is lost, but the overall price has increased 40.0% over the past year, a homeowner is still sitting well in terms of housing value and is still ahead on their mortgage. As shown by the green line on the chart on page 159, as housing prices start to come in and affordability starts to improve, an increase in net migration can be expected as people are able to afford housing in the state once again.

The chart on page 160 of (Exhibit A) displays risks in the economy pertaining to where the country stands in the current business cycle, with the risks shown in red being more prominent. The banking crisis has stabilized, and it seems like the recent purchase of First Republic Bank is related more to problems experienced in March 2022 instead of anything new. Other regional banks also seem to be holding up well. On a negative note, if things start to intensify again and a lack of confidence in them grows, and more people withdraw their deposits from their banks, it could cause banks to seize up on credit even more than they already have.

Another risk to the economy pertains to Federal Reserve missteps, with a fine line existing between trying to continue dual mandates aimed at keeping prices stable along with full employment. The Federal Reserve is operating with the same data that Moody's is using and does not have the ability to know everything currently going on in the economy. It takes time for higher interest rates to filter through the economy which presents risks. There is a large degree of risk any time there is a monetary tightening cycle. So far things have been going according to script, but the future course of rate hikes and inflation still need to be determined. Less likely is a breach of the federal debt limit. However, even if a breach of the debt limit never happens, disruptive impacts on stocks and lending can be felt as the country moves closer to voting on whether to suspend the national debt limit.

Moody's current forecast for the Sales and Use Tax is described on page 162 of (Exhibit A), with the outlook being stronger than it was in December 2022, especially over fiscal year (FY) 2024. As shown on the chart, the forecast converges closer over the long run but stays higher than previously projected. The most recent data that has come in has been on the higher side, which Moody's believes is tied to the strength previously seen in Nevada's labor market. There has been very strong growth in wage and salary income, which is one of the major drivers in the model. Moody's expects that the Sales and Use Tax will come in at 7.6% for FY 2023 as a whole but will slow over the course of the year, and will slow further during FY 2024, particularly over the first half of that fiscal year. There will then be stabilization at levels that are more consistent with historical norms as the labor market slows, growth and wages slow, and households burn through some more of their savings.

The makeup of inflation has been shifting and will provide less support than it has in the past. As shown on page 163 of (Exhibit A), revenues were very concentrated in goods inflation, such as things someone can go buy at the store, but inflation is now shifting over more to services, which are not necessarily taxable. As there is stronger growth in prices of services rather than goods, there will be less connection between what the inflation forecast is as a whole and what the outlook for sales and use spending is; there will be divergence in these growth rates. The shifting makeup of inflation means that it will be a less reliable benchmark for how prices are rising in terms of what people are spending on taxable goods and will be more tied to internal demand. There is plenty of internal demand in Nevada, and Moody's anticipates that this will continue and will be more tied to wage growth, which is expected to come in some.

CHAIR ROSENTHAL:
When this information was presented at the December 2022 Economic Forum meeting, Moody's mentioned that its forecast was aggressive and that there was not a lot of room for upside. However, there is obviously some upside that is coming through in the current forecast. Why is that? It was also mentioned in December that the economic slowdown did not fit the criteria to be classified as a formal recession. What is Moody's current outlook regarding a recession?

MS. MANDEL:
Moody's still does not assume a recession will occur and is forecasting that growth will slow. It is also expected that there will be an increase in unemployment and some actual outright losses in jobs at the national level over a few months' time, but not enough to merit the label of recession. Upside forecasts assume a lot of risk, but none of the major risks that Moody's has been thinking through have come to pass at this point. Instead, the labor market has stayed very strong. As of now, the economy is on track, and it would take an unforeseen event to put it off course. Because such an event has not yet occurred and Nevada's economy has slightly outperformed relative to expectations, an increase in upside is coming through in the current forecast.

Moody's gaming percentage fee outlook is described on page 164 of (Exhibit A) and is up slightly from its December outlook. The outlook for quarter three of FY 2023 is very high when compared with quarter three of FY 2022, but this has not shifted the forecast and is a sign of continued strength. Moody's looks at recreational spending as the main driver of its gaming percentage fee forecast. There has been very strong growth in recreational spending which has increased the forecast, which can in large part be tied to strength in disposable income. Income growth has also been strong and coming in on the high side at the national level, which is in part due to ongoing inflation and strong pressures on wages. However, Moody's does expect growth to moderate significantly over the coming year.

As shown on the chart on page 164, there are some negatives and declines from a year ago on a quarter-to-quarter basis, with gaming percentage fee growth being essentially flat at 0.1% in FY 2024. Moody's is predicting that some of the gains in revenues can be held onto, but it does not expect to top these numbers until FY 2025. This prediction assumes that there will be monetary loosening and that restrictive conditions will start to come in, which will be a benefit for consumers and increase their ability to borrow money, go on vacations, and visit Nevada.

Slightly more unpredictable is the return of visitors to Nevada, which is described on page 165 of (Exhibit A). There has been stronger recovery in gaming revenues versus visitor volumes for Las Vegas as depicted by the blue and green lines on the chart. However, the incomplete visitor recovery and weak growth in visitation rates still provide upside as there is mixed ability to currently visit Las Vegas, especially for those people travelling from China, Europe, and Latin America, meaning there is room for growth that can temper some of the upside. There have also been some declines in the dollar which can be a positive; however, the dollar still remains relatively high. These circumstances are kind of a wash at the moment, but they are something that Moody's thinks can potentially result in stronger growth as we move further into FY 2025. International demand also still exists as we move forward. Another positive is that there has been stronger spending per visitor, which has allowed for very strong growth in collections; this will need to be held onto to keep levels where they are now. The level of risk is similar to that involved in sales tax collection, with all risks essentially being on the downside. However, something else needs to go wrong for those downside risks to materialize.

CHAIR ROSENTHAL:
You mentioned that most of Moody's data is focused on consumer spending at the national level. Moody's obviously looks at what is occurring globally as well. Does Moody's analyze specific data involving gross gaming revenue receipts or anything like that when it forecasts percentage revenue?

MS. MANDEL:
No, not so much. Moody's bases its forecast model on how revenues have performed historically, but it does not get into more specifics regarding different areas revenues are coming through.

VIII. PRESENTATION ON THE STATE EMPLOYMENT OUTLOOK.

DAVID SCHMIDT (Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation [DETR]):
Employment numbers have been strong in Nevada. Slide 2 of DETR's presentation on the state employment outlook (Exhibit B) looks at the change in employment since peak employment in each of the last three recessions. It is worth looking back at the last recession that occurred as the state came out of the COVID-19 pandemic and how it was slightly longer than the 2001 recession. In 2001, there was very little impact to Nevada's economy resulting from the dot-com bubble. The small green line on the upper left side of the chart on slide 2 represents the 2001 recession, through which you can also see the impact of the September 11, 2001, (9/11) attacks on Nevada's economy. At the time, the 9/11 attacks had a very significant impact on the economy as a result of the airlines temporarily shutting down and people's ensuing ambivalence about flying. People were wondering whether visitors would ever want to travel or get on planes again, but obviously travel eventually resumed. It is helpful to consider the last three recessions as we think about what might be coming, especially when discussing whether there will be another recession or wondering what will happen with the national economy and Nevada's economy moving forward. It is also helpful to think of the experience in 2001 because even though 9/11 was a significant occurrence, with large impacts on the travel industry, the resulting recession was relatively normal when compared with the last two recessions.

For example, during the Great Recession in 2007, Nevada lost many jobs, especially in the construction industry which pays very high wages, and it took a very long time to recover. As interest and mortgage rates are currently going up and we speculate on what the impact of these increases will be on Nevada's housing market, it is easy to flash back to the Great Recession and wonder if that is going to happen again. And then there was the 2020 recession caused by the COVID-19 pandemic, with the government imposing a shutdown that had a massive impact on Nevada. Roughly one-third of Nevada's economy was in the businesses that were shut down as shown by the very rapid decline of the blue line on the chart on slide 2. However, this decline was followed by a very rapid recovery due to changing policies and as the restrictions imposed due to COVID-19 started to ease, there was a rapid rebound in employment.

Nevada was hit the hardest in the nation during the 2020 recession, having the highest unemployment rate seen by any state since 1976 of just over 30.0% unemployment. The state recovered its jobs more quickly than it did after the 2001 recession. Even though the decline in the blue line on slide 2 is very deep, it is relatively short. Nevada has continued beyond this point to see rapid employment gains. DETR has several sources of data that it analyzes when determining employment growth, including monthly surveys that provide a point-in-time piece of information, and other, more comprehensive data that is gathered through administrative records that DETR uses, such as the quarterly census of employment and wages.

As DETR looked at employment trends, the initial surveys tended to be slightly weak in part because it is hard to model the pace of gains being seen. However, in each of the last couple of years, there has been a large upward revision in that series as the more comprehensive data behind the scenes pushed estimates upward. As a result, the initial path was a little too weak, as Nevada was in fact seeing greater than 10.0% gains in terms of total employment in the state. It is important to note that what is driving those employment gains is not the more volatile data, it is instead the more comprehensive data that DETR is gathering behind the scenes. There is a firm foundation for those numbers, which is important as the state moves ahead.

As shown on slide 3 of (Exhibit B), Nevada is leading the nation in terms of employment growth over the year. You can expect to see some slowing when compared with the information provided by Moody's, with their information going through 2022 and DETR's information going through March 2023. Slower employment growth is expected as Nevada moves further away from the rapid rebound in employment growth it experienced during the pandemic. For context, if you look back at the 1990s when Nevada was the fastest growing state in the nation for four decades in a row, there was approximately 6.0% employment growth, which was considered very rapid and high; the state is currently at 5.0% employment growth. I would not expect the state to reach 6.0% employment growth going forward. As shown on the chart on slide 3, after accounting for employment growth in the top four states (with Nevada topping the list at 5.0%), employment growth is closer to 3.0% or 2.0% for the remaining states. Nevada's high employment growth will most likely revert to the national mean and come down.

In looking at the chart on slide 4 of (Exhibit B) which shows trends by metropolitan area, Las Vegas is on top, and Reno is on the bottom. The COVID-19 pandemic hit Las Vegas harder than it hit Reno, but Las Vegas has also been recovering swiftly. Las Vegas has been the faster growing area in recent months and has been one of the fastest growing metropolitan areas in the nation. When looking at metropolitan areas with a population of 1 million or more, Las Vegas has been at or near the fastest pace of growth. As Nevada has been leading the nation in terms of states, Las Vegas has been leading in terms of metropolitan areas. Overall, Reno and Sparks have recovered faster than Las Vegas did, but this is more related to trend growth in Northern Nevada instead of recovery growth, with Las Vegas starting slower but recovering faster in recent months.

In looking at recovery rates across industries, the chart on slide 5 of (Exhibit B) examines the major sectors. DETR took a slightly different approach with this chart in that it broke out the accommodation from food service sector because there have been different trends behind the scenes in this area. Generally, the greener a sector is, the more it has recovered compared to its level of employment during the pandemic. The actual percentage of how much a sector has recovered and the average weekly wages in that sector during 2021 are also shown, with how large of a piece of the economy that sector is being represented by the size of the boxes. As shown, most of Nevada's economy is recovering.

There are not one or two industries that are driving everything forward, but rather there is broad-based growth across all industries. The transportation, warehousing, and utilities sector stands out and is about 25.0% above where it was prior to the pandemic; most industries are approximately 10.0% higher than where they were prior to the pandemic. The one big exception is the accommodation sector that is led by casino and hotels, which is sitting at 86.0% recovered. There are slight gains in the accommodation sector, especially in the Las Vegas area, but it is not shooting back up to where it was, being down between approximately 20,000 and 25,000 jobs compared to before the pandemic. The trend has generally been flat and DETR does not expect to see a lot of growth in this sector, especially not in the next couple of years.

Wage information, including what people are making on an hourly basis and the number of hours worked, is displayed on the chart on slide 6 of (Exhibit B). Wage growth was hotter in Nevada approximately six months ago, with the state being up closer to the top of the chart in terms of its wage growth. Nevada's wage growth has been coming down in recent months and is in the 5.0% range instead of the 9.0% or 10.0% range seen not long ago, but the state is still ranked 13th in the nation. There is moderation in terms of wages, and DETR expects this to continue due to softening of the labor market.

Nevada is number one in terms of its employment growth and unemployment rate, which can be slightly contradictory. As shown on the chart on slide 7 of (Exhibit B), other states do not even come close, as Nevada's unemployment rate is about eight-tenths of a point higher than that of the number 2 state. Nevada's unemployment rate is currently 5.5%, where it has sat since September 2022. It is important to note that the state's employment and unemployment rate estimates come from different surveys, so there are two slightly different perspectives on what is happening in the labor market. It is also useful to know that when looking at Nevada's labor force data from the survey that provides the state's unemployment rate, there are increases in both employment and unemployment. People are not losing their jobs, with employment falling and unemployment rising. Instead, both employment and unemployment are advancing. This shows that people are moving back into the labor market, which is a good thing. Some of those people are immediately finding jobs and some of them are still looking for work. In either case, both sides of that balance are rising.

To make the math easy, it is helpful to think that if you have an unemployment rate of 5.0%, and 20 people move into the labor force over the course of a particular period, with 2 of those people looking for work and with 18 of them finding jobs right away, the unemployment rate is still going to go up because of the new people coming into the labor force; the unemployment rate of that additional share would be 10.0%, even though 18 of the 20 people are moving into work. Just because there may be a few more people who are looking for work than those who are actually finding work when they come into the labor force, the bigger part of the picture is that people are moving into the labor force.

Regarding the overall population, the civilian, non-institutional population age 16 years and older is the foundation for the labor force and is used in estimates of labor force participation rates among many other measures. The employed and unemployed sides of the population are mostly discussed, but the chart on slide 8 of (Exhibit B) examines the people who are not in the labor force, with the type of person not in the labor force differing greatly. There are 1.5 million unique stories in terms of those people in the labor force, with these stories being just as diverse as those of the people who are not in the labor force.

At one end of the spectrum, you have someone who is happily retired and never intends to work another day in their life. This person is not in the labor force and does not want a job. A job could be sitting there for them, and they would decline it, being done with that part of their life. This category has seen some significant growth over the last 30 years. This makes sense, as there is an aging population with more people retiring. For example, the largest birth year cohort of the baby-boomer generation turned 65 in 2022, resulting in a growing share of people who are not in the labor force and who do not want a job.

However, there are also people who are not in the labor force that are at varying levels of potentially moving back into the labor force. These are people who say that they want a job but have not looked for one in the last year and are detached from the labor force to some degree. To be counted as unemployed, someone must have looked for work in the last four weeks. As shown on the chart on slide 8, most people not in the labor force do not want a job, but there are approximately 50,000 people not in the labor force who do want a job but are not searching for one. These are rough numbers, as each square on the chart represents 10,000 individuals, but it gives a sense of how large the proportions are.

There are also people who want a job and have searched for one in the past year, but they are not currently available for work due to medical or childcare reasons. Then there are people who want a job and have searched for one in the past year and are available for work right now. Even though they have not looked in the last four weeks, these people are probably the most attached to a job of the non-labor force population; there are about 20,000 people in this bucket. A total of approximately 30,000 people have searched for a job in the past year but are not available for work right now. Of those people not in the workforce, there is only a small fraction reengaging with the workforce by and large. The point is that there is not a large unforeseen number of workers ready to reenter the workforce and while it is a marginal piece, 30,000 people looking for work out of 80,000 people who are unemployed is still a large number. However, this is still a fraction of those who are not participating in the labor force and who do not want a job.

As described on slide 9 of (Exhibit B), Nevada's job openings and turnover rates are still relatively high. Nationally and in Nevada, the number of job openings decreased from the high levels previously seen. Nevada's quits rate is still at about 44,000 individuals out of the 64,000 total separations the state experienced, which is a high proportion. Nevada's hire rates and job openings have come back into balance, and as shown on the bottom table on slide 9, the state's national rank in terms of hire rates, job openings, and separation rates is pretty much middle of the pack. Nevada's turnover statistics show that the state is not running hot or cold relative to other states.

Slide 10 of (Exhibit B) shows quits as a share of total separations. As Nevada's workforce went forward through the Great Recession in 2008, 40.0% of separations were quits and 60.0% were due to layoffs or other forms of separations. The story is reversed following the COVID-19 pandemic where 60.0% or 70.0% of all separations were quits. This demonstrates how much power currently rests in the hands of workers and why the state is experiencing wage increases and tight labor markets even while having 5.5% unemployment. There are over 100,000 job openings and 80,000 people who are unemployed in Nevada, with the state experiencing the highest unemployment rate in the nation while still having 20,000 more job openings than people who are unemployed according to the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS). While Nevada's labor market is still tight, it has been leveling off over the past six months. As depicted on slide 10, the curves do not go up forever, but they are also not coming down quickly in either the 12-month average or the month-to-month numbers. As a result, quits as a share of total separations in Nevada is still high, resulting in a tight labor market.

Slide 11 of (Exhibit B) displays five-year cohorts of the national population by age. In 2022, 3 of the top 10 largest cohorts were people aged 50 years or older, as highlighted in yellow on the chart. This number is more than was seen in 2010 but changes a lot when looking ahead to 2030. In 2030, none of the top 10 cohorts are ages 50 years or older. The top 6 cohorts are all less than 50 years old but are still of a working age, with the other 4 cohorts representing people who are ages 20 or younger. As a result, there is a big shift coming in terms of the demographics of the population and who will be in the workforce.

It is worth noting that in 2023, the oldest of the millennials are turning 43 and are right in the middle of their prime working years. Following this, by 2030, Generation Z people will begin entering the workforce. There are large demographic changes and declining participation rates when compared to the baby-boomer generation who is moving up to and past retirement age. The next big wave that is coming is the increasing concentration of the younger generation entering the workforce, with there being more people entering the workforce and a larger concentration of the population again being of a prime working age. This shift will have implications for how many people are going to be looking for work and what the overall balance of economic activity in Nevada will look like.

Slide 12 of (Exhibit B) shows that the Federal Funds Effective Rate has been increasing and is affecting the economic outlook, particularly mortgage rates. Slide 13 of (Exhibit B) shows that mortgage rates have also been coming up, which has implications in terms of affordability of mortgages in Nevada. Regarding housing affordability in Nevada, the median qualifying income in 2022 was approximately $100,000 for someone buying a house, and the mean was even higher, being somewhere in the $120,000 to $130,000 range. As housing prices get tighter and the housing market cools off, it can be easy to think that what happened during the Great Recession will happen to Nevada again.

The chart on slide 16 of (Exhibit B) looks at construction employment in Las Vegas and Reno. As Nevada went into the peak of the housing boom in 2008, especially in Las Vegas (top half of the chart), the acceleration in construction employment that the state experienced can be seen; Nevada reached a peak of about 150,000 construction workers. By the time the state hit its trough, it was down to about 50,000 construction workers, losing almost two-thirds of its high-paying construction jobs. What is currently happening in Nevada is comparable to what happened during the Great Recession in that the state has much activity concentrated in construction which could quickly be lost if the housing market cools off.

However, there are some important differences in the underlying structure of where the state is as it looks ahead to a potential cooling off in the housing market, which is why I do not expect to see a repeat of the Great Recession. For example, if you look at both Las Vegas and Reno, a rapid acceleration in construction is not currently being seen. While the state's construction employment has been growing steadily for some time, there is not a rush into the industry as things are heating up, there is instead the growth that can be expected due to the demand for housing and construction that currently exists. Construction employment was down over the month and has been potentially cooling off, but I still do not expect to see the plunge and the cessation of construction activity in the same way that was seen during the Great Recession.

As described on slide 17 of (Exhibit B), another industry that is cooling off has been finance and insurance, which is down slightly over the last year. This industry was also hit significantly during the Great Recession and while it has been growing, it does not show the same rapid acceleration as seen in 2008. The chart on slide 17 shows that the finance and insurance industry has been flat in the Las Vegas area for much of the past year. The industry has also been somewhat flat in the Reno area where it has experienced ups and downs for the last couple of years. This is another industry that DETR is watching to see whether the same declines seen during the last recession will occur again. While this sector was not the largest piece of the last recession, it is another area where a cooling housing market may show up.

The table on slide 18 of (Exhibit B) describes employment projections by industry, which are mostly trend-driven. The top row of the table shows nonfarm growth of approximately 1.6%, which is consistent with some of DETR's other employment forecasts. DETR's employment forecast is prepared during the creation of some of its other forecasts to help give a sense of what the trends are in Nevada's different industries, and 1.6% annual change per year over the next three years makes sense. This change does however reflect a cooling in Nevada's employment growth from the 85.0% it is currently at and is slightly more in line with the population growth expected of approximately 1.0%. From a long-term perspective, having employment growth and population growth in the same ballpark makes sense because if job growth is well in excess of population growth, it is being fueled by people coming into the labor market who are not currently a part of it.

Total private sector employment in Nevada is described on slide 19 of (Exhibit B), showing the three different trends that are selected when providing employment projections and the confidence intervals around them. The confidence intervals are broad because predicting the future is difficult, and it is hard to have tight bands in a model that looks at what happened during the Great Recession while trying to decipher the odds of something like that happening again. However, the overall trends are similar to what Nevada experienced in the 2010 to 2020 period and may even be slower. This is also true for some of the forecasts for goods-producing industries, as shown on slide 20 of (Exhibit B). The autoregressive integrated moving average (ARIMA) model is flatter, with DETR's approach when pulling the forecasts together involving taking one of the series that showed some growth and combining it with the flatter ARIMA series and averaging the two out to obtain a middle ground.

Because of the big hit that the construction industry experienced coming out of the Great Recession, some models show employment projections in this industry going down while others show it going up. DETR blended the differing projections to determine what looked reasonable for this industry, as shown on slide 21 of (Exhibit B). Employment projections for the trade, transportation, and utilities industry is an area that experienced much growth, and DETR sees this growth carrying forward into the future as shown on slide 22 of (Exhibit B). Employment projections for the education and health services industry is a reliable series to forecast because it is close to a straight line, as depicted on slide 23 of (Exhibit B). This industry was obviously impacted by the COVID-19 pandemic, but outside of that, it is showing steady growth. Because a large part of Nevada's population is aged 50 years or older, demand for health services is expected to continue increasing.

CHAIR ROSENTHAL:
Moody's discussed trends in migration to Nevada. What is DETR seeing regarding these trends, and what does it expect to happen with the trends in the future?

MR. SCHMIDT:
Moody's has more detailed data in terms of migration trends, with DETR being a more secondary user of the data. DETR is seeing a broad slowing of population growth, but any state on the West Coast that is not California has an enviable position compared to the rest of the nation as there is a steady source of domestic migrants coming in, which is expected to continue. International migration is slowing across the nation, with this being an area that Nevada has had a higher share of in the past. The state Demographer's forecast also shows population growth slowing statewide over time.

CHAIR ROSENTHAL:
Slide 5 of (Exhibit B) shows DETR's recovery projections by sector. Is the accommodation sector's still being down when compared to prior to the pandemic a function of the ability to attract workers? It seems like the hotels in Nevada are very busy and are hosting many events, with room rates being high. I am surprised the recovery of this sector is still down.

MR. SCHMIDT:
There are a couple of pieces to this. Workers in the hospitality industry in general were particularly impacted by the shutdown orders issued during the pandemic, and people may have been nervous to work in an environment that has a lot of face-to-face contact when a virus was spreading. There is a demand for workers in this industry, but companies in the accommodation sector have had to change the way they do business, such as reopening with fewer workers or having to provide a way for people to visit a property and enjoy the casino experience while keeping them socially distanced from other patrons. People are also changing their preference for where they want to work.

Nevada has also been experiencing wage challenges throughout the last couple of years. DETR does not have data in Nevada describing turnover rates by industry from the JOLTS survey, but it does have national data, which shows leisure and hospitality in general seeing much higher rates of hires, but also much higher rates of separations. As a result, the overall churn of employment is much higher in the accommodation industry. Employment turnover is also high in the retail industry. As the state has been in an environment where wages are increasing, the ability of companies to respond and meet those changes in wages can affect recovery.

Additionally, it is not just the static level of employment, but it is the job turnover that is affecting the accommodation industry. Even if people are hired, if they are leaving their jobs relatively quickly, when total employment is measured in that industry at a point in time, there will always be people recently transitioning out or just coming in, resulting in a net difference. In looking at the casino industry over time, Las Vegas' peak employment in the casino industry was in 2006 and in Reno it was in 1997. Overall, the employment trend has been relatively flat, and it has generally taken some time for the industry to recover following a recession. For example, following the 2001 recession, it took Las Vegas until about 2004 or 2005 to get back up to where it had been before 9/11. Following the Great Recession in 2008, employment in the accommodation sector initially recovered but then remained flat. Total industry employment in this sector has tended to fall and then go flat, and there are changing levels regarding how companies do business. Even when new properties open, there is more of a reallocation of the existing labor force than there are new jobs being added.

MS. LEWIS:
It appears that DETR is projecting hospitality employment to stay flat through at least 2026. Should it be assumed that the 86.0% recovery rate of the accommodation sector is the new baseline? I am not aware of new casinos opening, so maybe the steady employment numbers in this sector and more people preferring non-gaming employment are a testament to the work of the Governor's Office of Economic Development among other factors.

MR. SCHMIDT:
The reason that this projection ended up with a flat line forecast is in part because there has been so much volatility in the accommodation sector. When this projection was fed into the chosen time series model, it remained flat. This may be pessimistic, but only because I expect to see more growth on the food service side, which is a part of leisure and hospitality; I did not separate food service and accommodations. I believe that the casino industry will stabilize, but I do not think there will be a return of 20,000 jobs in this area. There is currently an uptrend with some recovery taking place, and while there may continue to be some growth, it might be recovered at 90.0% instead of at 100.0%.

Exactly how much of a shift will be seen is hard to say. My baseline expectation is for some level of recovery from where we are now. Employment is on a bit of an upswing and is not completely flat, but I do not expect to get back to full employment in the hospitality industry because of the different factors affecting both employers and workers, resulting in a new balance. The Fontainebleau Las Vegas will likely be opening soon which might bring employment numbers back in, but I do not expect the opening of this property to create a bunch of new jobs; I would instead expect a reshuffling of existing jobs.

MR. ZAHN:
Can you discuss downside scenarios, risks, and the more vulnerable employment sectors in the private employment base that DETR analyzes?

MR. SCHMIDT:
DETR is looking ahead towards the potential for a more normal recession than those experienced after the COVID-19 pandemic or during the Great Recession. However, if things turn upside down like they did when 9/11 impacted travel and tourism, a downside scenario could be that employment in the leisure and hospitality industries is exposed, but I would not expect there to be a deep hit. I would instead expect some demand to be shaved off, but not to the same scale seen during the Great Recession or the pandemic. Leisure could take a hit as people's income gets tighter. In looking at the spending seen in recent years with the surge of the pandemic stimulus money entering the economy, there could be some declines and pulldown in terms of retail and consumption as people are seeing more debt and are less capable of non-income driven spending as there is less stimulus money available.

There could also be slowing down in the construction sector with housing not being as hot as it has been. I do not expect two-thirds of the industry to go away, but I could see it leveling off or dropping by 10.0% as Nevada adjusts to higher mortgage costs and high housing prices in the midst of high demand. There are high constraints in terms of housing purchases, especially when considering a median income of $100,000 or a modal income closer to $80,000 is needed to afford a home. On the other hand, there has been some softening in terms of rental prices and leases, and that might help to absorb some of the slack that could hit the construction industry in terms of multifamily housing and new construction. While these areas may be vulnerable, I expect something closer to what happened in 2001 instead of what happened in 2007 or 2020.

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

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB): Agenda Item IX pertains to the taxable sales and gaming market statistics charts that Fiscal Analysis Division staff has been putting together for the Economic Forum on a regular basis for several years. Now, as in previous meetings, I do not intend to go through all the charts, but they have been updated with the most recent information available and placed on the Nevada Legislature's website for the Economic Forum. The gaming percentage fee statistics are updated through March 2023 with information released by Michael Lawton, Senior Economic Analyst with the Gaming Control Board last week. The information on the Sales and Use Tax and taxable sales statistics was updated through February 2023, based on the press release put out by the Department of Taxation last Friday. The latest month of taxable sales data was not available for all the forecasters presenting at today's meeting to incorporate into their information sets, but that information is now available and has been incorporated into the taxable sales and gaming market statistics charts on the website.

X. 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 what has changed since their December 5, 2022, forecasts and what is driving the changes.

MR. NAKAMOTO:
Table 1 on page 169 of (Exhibit A) displays the year-to-date collections for the State General Fund through March 31 of FY 2022 and FY 2023. The most current information with the most recent month's data would be through April 30 of each fiscal year but because today is May 1, there was not enough time to incorporate April's data into the table. The Fiscal Division strives to provide the best information available, and there will be other tables in (Exhibit A) that give a better picture in terms of how the year-to-date collections for certain revenue sources compare with today's data. Table 3 begins on page 179 of (Exhibit A) and shows the General Fund revenue forecasts for each forecaster, including the agency responsible for collecting and administering the tax, the Fiscal Division, and the Governor's Finance Office. Table 3 details all the forecasts by revenue type for each fiscal year and includes all the major and minor revenue sources; the minor revenue sources will be discussed further under Agenda Item XI.

Table 4 begins on page 187 of (Exhibit A) and shows the forecasts for each of the major revenue sources by forecaster and fiscal year, including Moody's Analytics' forecast, for the sales tax and gaming percentage fee. Table 4 also shows the Economic Forum's December 5, 2022, forecast for comparison. Detailed changes from the November 14 and December 5, 2022, forecasts when compared with today's forecast are described in Table 8 on page 191 of (Exhibit A). Table 8 has also been printed outside of the packet on green paper and will be referenced often throughout the forecast because it also shows the Economic Forum's approved December 5, 2022, forecast.

Table 9 is located on pages 199 through 201 of (Exhibit A) and shows year-to-date actuals for FY 2021 through FY 2023. Table 9 also shows all the forecasts by forecaster for FY 2023 and the growth rate that is required over the remaining period to achieve that forecast. The table contains the most up-to-date information for all the major revenue sources and has ten months of the gaming percentage fee, nine months of the Live Entertainment Tax (LET)-Gaming, eight months of the Sales and Use Tax and the LET-Nongaming, and the first two quarters of the Modified Business Tax (MBT), the Real Property Transfer Tax (RPTT), and the Insurance Premium Tax (IPT). The IPT is collected quarterly, with the last quarter ending on March 31, 2023, and the returns from the IPT are due to the Department of Taxation anytime now. The department will then report the third quarter data at the end of May 2023.

A. GAMING PERCENTAGE FEE TAX

MICHAEL LAWTON (Senior Economic Analyst, Gaming Control Board [GCB]):
I will first provide the Forum with a brief update regarding what has transpired with statewide gaming win, taxable gaming win, and gaming percentage fee collections since the December 5, 2022, meeting. When the Economic Forum met last December, the GCB only had gaming win reported through October 2022. At that time, total gaming win was up 4.0%. Data through March 2023 is now available, leaving the GCB two months to complete the fiscal year. Slide 2 of the GCB Gaming Revenue Forecasts (Exhibit D) shows where gaming win sits fiscal year-to-date, currently being at $12.7 billion, an increase of $584.4 million or 4.8% from this time last year.

Total gaming win has recorded only three months of decreases in FY 2023. Since the December 2022 meeting, the state's record levels of gaming win have continued the streak of gaming win in excess of $1.0 billion now reaching 25 consecutive months. In fact, the last two quarters of FY 2023 recorded all-time records for statewide gaming win. The quarter recently completed in March 2023 represents the new all-time quarterly high with $3.8 billion in gross gaming revenue.

Gaming win growth can be attributed to several factors, which includes steady demand for gaming-related activities by resilient customers whose behavior has remained consistent in the face of several challenges, including record levels of inflation and elevated interest rates. Additionally, Nevada has continued to benefit from the surging demand of leisure travel, both domestically and internationally, and a healthy local economy with record levels of employment. It is also important to note the multiple signature special events which have occurred this fiscal year, and the entertainment calendar has been incredible in its ability to drive gaming activity on the Las Vegas Strip (Strip). The special events include numerous concerts, residencies, music festivals, and multiple high-profile sporting events.

Slide 3 of (Exhibit D) describes statewide slot win fiscal year-to-date. Nevada is currently at $8.5 billion in slot win, up 4.2% or $341.4 million through March 2023; slot win was up 3.3% in December 2022. Slot win has only recorded two decreases this fiscal year. Not shown on slide 3 is slot volume, which is currently up 4.4% or $5.0 billion fiscal year-to-date; in October 2022, slot volume was up 3.1%. Additionally, the slot hold is sitting consistent at 7.21% fiscal year-to-date; last year at this time it was 7.22%, so not much has changed. March 2023 recorded a slot win of $906.5 million, which was the highest slot win ever recorded in Nevada, beating the previous high set in March 2022. The coin-in total was $12.5 billion, which was the second highest total recorded in state history just behind the $12.6 billion recorded in December 2022.

Slide 4 of (Exhibit D) shows that the statewide game and table win is at $4.2 billion fiscal year-to-date, being up 6.2% or $243 million; game and table win was up 5.6% at the December 2022 meeting. Game and table win has recorded four monthly decreases this fiscal year, primarily the result of baccarat. Game and table volume is not shown but is currently down 0.2% fiscal year-to-date, or $59.2 million. In October 2022, game and table volume was up slightly by 1.2%. Currently, the state is up 8.4% in baccarat win, or $76.1 million. Volumes are also up by 3.7% or $246.3 million, with a hold of 14.4% versus 13.7% this time last year. The non-baccarat side of table game win is up as well, being at 5.5% or $166.9 million, with non-baccarat drop down 1.3% or $305.5 million. The hold is currently at 14.0%, versus 13.1% percent last year. The reason for the softness in the non-baccarat game and table volume is primarily related to sports wagering but there is nothing structurally wrong, and the volumes are down because they are facing historically difficult comparisons.

Slide 5 of (Exhibit D) describes gaming win fiscal year-to-date for the Strip, with the Strip's total gaming win sitting at $7.2 billion, being up 7.8% or $523.2 million through March 2023; the Strip's gaming win was up 6.2% at the December 2022 meeting. Slot win for the Strip is very strong, being up 8.3% or $306.9 million, and the Strip's gaming win is up 7.2% or $216.3 million. As displayed on the chart on slide 5, the Strip has recorded three monthly decreases this fiscal year. Even though it is not shown on the chart, it is important to note how much the Strip has contributed to the state's record level of gaming win. Through March 2023, the Strip was responsible for 90.0% or $523.2 million of the state's $584.4 million increase in gross gaming revenue (GGR) this fiscal year; the remainder of the state is up 1.1% or $61.2 million over the same time. Several markets have been impacted by weather and the rough winter, with some markets being impacted by the fact that the comps are extremely hard and are at all-time records. However, as mentioned earlier, multiple signature special events have occurred this fiscal year on the Strip, and the sports and entertainment calendar has delivered in terms of the Strip's gaming revenue growth as shown on the chart on slide 5.

Slide 6 of (Exhibit D) shows where Nevada is at fiscal year-to-date with its taxable gaming revenue, being at $11.7 billion, up 3.9% or $454.7 million. During the December 2022 meeting, taxable gaming win was up slightly higher, being at 4.1%. Not shown on the chart on slide 6 is the ratio between taxable gaming revenue to win, which currently sits at 96.08%; the ratio was 96.07% at the December 2022 meeting and has not changed much. This time last year the ratio between taxable gaming revenue to win was higher, being at 96.96%, with this important ratio being elevated the last couple of fiscal years. However, the ratio is starting to come back down to more historical levels because credit activity is increasing, and the ratio is expected to begin moderating and returning to more historical norms.

Slide 7 of (Exhibit D) shows that percentage fee collections fiscal year-to-date are sitting at $818.2 million, up 2.0% or $15.7 million; the collections were down slightly by 0.3% in December 2022. Not shown on the chart on slide 7 are the two components that create the total percentage fee collection, which are the percentage fees on total gaming revenue (TGR) and the estimated fee adjustment (EFA). Percentage fee collections on TGR are at $795.2 million and are up $19.9 million or 2.6%. The EFA is at $23.0 million, which is down $4.2 million or 15.1%.

Regarding the GCB's outlook behind its gaming win and percentage fee collections forecasts, the GCB's thesis has not changed and is built on the assumption that statewide gaming revenue will peak in FY 2023. The increases seen since the GCB's December 2022 forecast are due to the fact that the peak in FY 2023 was raised because of continued monthly gaming win totals that outperformed the GCB's original estimates. However, the GCB's models continue to have a low single-digit downturn built in due to continued macroeconomic pressures like inflation, rising interest rates, and tighter credit that the GCB feels will eventually impact gaming spend, which is at a record high. The GCB has taken into consideration certain events on the calendar in the upcoming 12 months that will occur on the Las Vegas Strip and will offset some of the softness anticipated. These events include the opening of the Sphere at the Venetian Resort, the opening of the Fontainebleau Las Vegas, a Formula One racing event and the Super Bowl. The Strip's strength is led by special events and is expected to continue offsetting the decreases seen in other markets. There are also other tailwinds to the GCB's forecast for the Strip which include increasing international visitation rates as China is opening up and growing convention attendance rates, with these factors potentially acting as a counter to pullbacks and leisure spending domestically.

Another important item that the GCB took into consideration when building its forecast are the comparisons that the state is facing over the next 12 months. The most recent month of data that was just released in March 2023 could possibly be a precursor to what might be seen in the future. March 2023 recorded an all-time gaming win of $1.3 billion, which was actually a decrease of 3.2%, as March 2022 recorded the second highest gaming win of all time. To put this into perspective, over the next 12 months of April 2023 through March 2024, each month that Nevada will be comparing against is either going to be the highest monthly total for that month or the second highest total for that specific month. Needless to say, the comparisons are going to be the most difficult the state has ever seen.

Slide 8 of (Exhibit D) details the GCB's statewide slot win forecast for the 2023-25 biennium. The GCB adjusted its December 2022 forecast up slightly for slot win from an increase of 1.2% in FY 2023 to an increase of 3.7% with $10.2 billion in slot win. The last two months of FY 2023 are being compared against a 2.5% increase for the state and a 9.7% increase for the Strip. The FY 2024 growth rate was adjusted from a 3.8% decrease in December 2022 to a 1.6% decrease with $10.0 billion in slot win. The FY 2025 growth rate was adjusted from a 1.3% decrease in December 2022 to a 0.5% decrease, again being close to $10.0 billion in slot win.

Slide 9 of (Exhibit D) details the GCB's statewide game and table win forecast, with the growth rate for FY 2023 again being adjusted up from an increase of 2.7% in December 2022 to 5.0% in May 2023 with $4.9 billion in win. The last two months of FY 2023 are being compared against an 18.7% increase for the state and a 26.3% increase for the Strip. The baccarat comparison is a little daunting, with a 35.1% increase in win and a 55.2% increase to volumes. The growth rate for FY 2024 was adjusted from December 2022 from a decrease of 2.9% to a 0.42% decrease with $4.9 billion in win. The GCB is expecting events on the Strip, improved international visitation rates as China continues to open, and a property opening to possibly improve its original outlook for table games in FY 2024. The growth rate for FY 2025 was adjusted from a 1.8% decrease in December 2022 to a 1.7% decrease with $4.8 billion in game and table win.

Slide 10 of (Exhibit D) describes the GCB's total statewide gaming win forecast, with growth rate being adjusted up from an increase of 1.7% in December 2022 to an increase of 4.2% in FY 2023 with $15.1 billion in win. This is being compared against a growth rate of 7.0% for the state and 16.4% for the Strip for the last two months of FY 2023. The growth rate for FY 2024 was adjusted from a 3.5% decrease to a 1.2% decrease with $14.9 billion in win. The growth rate for FY 2025 was adjusted from a 1.5% decrease in December 2022 to a 0.9% decrease with $14.8 billion in total win.

The GCB's forecast for percentage fee collections is described on slide 11 of (Exhibit D). For FY 2023, the GCB is projecting an increase of just 0.1% or $1.3 million with $965.5 million in total collections. This is up 3.0% or $28.7 million from the GCB's initial projection of $938.8 million in collections back in December 2022, which was originally forecasted as a 2.8% decrease from FY 2022. In forecasting percentage fee collections for TGR in FY 2023, the GCB is looking at $950.9 million compared with $930.5 million last year. For the EFA collections, the GCB is looking at a total of $14.6 million compared to $33.7 million last year. The average monthly growth rate to achieve this forecast is a decrease of 8.9%, with the percentage fee on TGR growing slightly by 0.2%. The EFA will also need to decrease by $8.4 million during the last two months of FY 2023 compared to increasing by $6.5 million in the last two months of FY 2022, resulting in a large swing of $14.9 million.

The EFA is the difference between the amount of tax due on GGR in the current month, less the amount of the tax paid on GGR from three months prior. The GCB's GGR forecast for April to May 2023 is relatively flat, being up 0.8% versus a comparison of 7.0% in April to May 2022. This results in larger swings, which is accounting for the change in the EFA between FY 2022 and FY 2023. For FY 2024, the GCB is projecting a 4.2% decrease in percentage fees with $924.7 million in total collections. This amount is up 4.4% or $38.8 million from the GCB's December 2022 forecast, which totaled $885.9 million and represented a 5.4% decrease when compared to FY 2023.

Most of the decrease in percentage fee collections projected for FY 2024 is a result of EFA collections, which are expected to decrease compared with those in FY 2023. Due to the record levels of gaming revenue recorded in FY 2022 and FY 2023, 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 GCB is forecasting 0.5% growth in percentage fee collections in FY 2025, with $929.6 million total collections. This is an increase of 4.9% or $43.7 million from the GCB's December 2022 estimate of $885.9 million, which was flat versus the estimate for FY 2024 in the December forecast. In total, the forecast was increased by 4.1% for the forecast period, or $111.1 million.

CHAIR ROSENTHAL:
The GCB's percentage fee collections forecast for FY 2024 comes down significantly from what was projected in December 2022. The return of international travel, new properties opening, and special events have been discussed, all of which would point to at least flat revenue versus a decline. You stated the decline was based more on concerns related to broader consumer spending. Can you discuss this further? I am trying to get a sense of why the GCB's percentage fee collections forecast is considerably lower than those of the other forecasters so that the Committee knows where to land when approving today's forecasts.

MR. LAWTON:
The GCB is predicting that percentage fee collections will peak in FY 2023 and be up from the December 2022 forecast because monthly GGR has come in higher than anticipated. The decreases in FY 2024 and FY 2025 are not as severe as originally forecasted in December, primarily because of the strength of events on the Strip, and I am confident those events will offset any softness seen in other markets. International travel and convention attendance rates will also continue to grow. I think the economic uncertainty is a strong headwind, but the potential impact is unknown. The GCB's model has the Strip carrying the load of percentage fee collections in FY 2024 and FY 2025, even though collections may be down slightly.

The comparisons that the GCB's model makes to how the state was performing this time last year are what concern me. The GCB analyzes the numbers every month, but the other forecasters may not do so. Only 3 of the months have the second highest totals of all time, and out of the next 12 months, 9 have the highest records of percentage fee collections ever. A lot of things must go right for a month to set an all-time record. For example, March 2023 was close to setting a record, but baccarat did not hold. There also might be another month where baccarat does not deliver volume, and it may be difficult to meet the comparisons. The GCB is not the only one who feels this way, as it gets a lot of intel from a number of operators from different markets, and it does not think that anyone expects the trajectory that the state is on to continue forever. Challenging months are expected regardless of the events that are on the calendar. For example, March 2023 had the greatest calendar of events that the GCB has ever seen, but it still did not beat March 2022.

CHAIR ROSENTHAL:
Understood. Obviously, there is also a difference between continuing the same trajectory or beating records, and a decline.

MR. LAWTON:
Gaming revenue decline is not as severe as the decline in percentage fee collections, as the latter has declined by 4.2%. However, the EFA is a negative multiplier, and if collections are not growing, the EFA starts to contribute negatively. This is why the GCB's model is more pessimistic than others.

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 E), the GFO Budget Division's (Budget Office) gaming percentage fee forecast relies heavily on expected gaming volume and gaming win. The chart on slide 3 shows total statewide gaming volume broken out by baccarat, all other games, and slots. There was some uncertainty during the December 2022 meeting about whether gaming volume would continue at the pace that it did in FY 2022. However, Las Vegas seems to be receiving the benefit of some lagging pent-up demand for tourism and is discovering new demand as it evolves into a sports entertainment capital; along with that comes more gaming volume. Visitor volume in Las Vegas is up from pre-pandemic levels, and convention attendance continues to improve as exhibition traffic surged 40% in March 2023, amounting to approximately 770,000 attendees. Hotel occupancy is up and just under pre-pandemic levels in calendar year 2023 and is expected to improve. Las Vegas airport traffic was up by approximately 16% in March 2023, largely driven by international attendees. All these variables are attributed to the increase in gaming volume and gaming win.

As shown on slide 3 of (Exhibit E), the Budget Office is projecting statewide gaming volume to come in close to FY 2022 levels, rather than dropping back down to FY 2019 levels. Slide 4 of (Exhibit E) details the Budget Office's total statewide gaming win forecast, with gaming win levels also coming in close to FY 2022 levels, rather than dropping off to pre-pandemic levels. Through March 2023, the state has experienced 25 straight months where gaming win has exceeded $1.0 billion. As alluded to in the GCB presentation, $1.0 billion seems to be the new normal in each month of gaming. Clark County casinos alone have won $1.0 billion for 11 straight months through March 2023, and the GCB thinks this will be the new trend moving forward. Slide 5 of (Exhibit E) shows key metrics on how the gaming percentage fee collections are derived in the Budget Office's forecast, with the win-to-drop ratio remaining on par with FY 2023 before dropping off slightly in FY 2024 and FY 2025. The Budget Office's total gross revenue-to-win ratio in FY 2023 is forecasted to be approximately 96.6% before dropping off to 96%, with the data being heavily influenced by year-to-date information.

The Budget Office's gaming percentage fee collections forecast is detailed on slide 6 of (Exhibit E), with better-than-expected gaming percentage fee collections year-to-date. The Budget Office's total estimated collections in FY 2023 increase due to adjustments made to year-to-date actual numbers, which were used as a signal and carried forward. In FY 2024 and FY 2025, the estimates were revised up and reflect only a slight drop off from FY 2023. Collections are estimated to total $974.6 million in FY 2023, $957.3 million in FY 2024, and $965.1 million in FY 2025.

CHAIR ROSENTHAL:
Regarding the Budget Office's assumptions during the December 2022 meeting, the office had commented that its forecast assumed inflation was under control, there were steady unemployment rates, and that the slowdown in the economy would happen in the last half of FY 2023 and the first half of FY 2024. Are those assumptions still the same?

MR. GORTARI:
Those assumptions are largely the same. The Budget Office is now projecting the economic slowdown to occur primarily in the first half of FY 2024 and to be carried through that fiscal year before moving forward slightly into FY 2025.

CHAIR ROSENTHAL:
There is a small shift in the timing regarding when the Budget Office is forecasting the economic slowdown to occur.

MR. NAKAMOTO:
I wanted to make a few general comments regarding the Fiscal Division's outlook for the gaming percentage fee and the LET-Gaming. Comparing the Fiscal Division's May 1, 2023, forecast with its December 5, 2022, forecast shows that in many cases the division trued-up to where the actuals are, with many revenue sources either holding their own or doing slightly better. There are not going to be a lot of changes between what the division presents today and what was presented at the December 2022 meeting. However, the Fiscal Division's gaming percentage fee and LET-Gaming forecasts changed more than its other forecasts, being primarily driven by visitor volume. Based on information that Steve Hill, President of the Las Vegas Convention and Visitors Authority (LVCVA) has been reporting for Las Vegas over the last few months, visitor volume is stronger than anticipated, coming back to a more normal post-pandemic level. As a result, the Fiscal Division has softened its expectations for the gaming percentage fee and LET-Gaming as visitor volume is slightly less than what was forecasted back in December 2022.

The blue line shown on Chart 11A on page 22 of the Fiscal Analysis Division Forecast Information Packet (Exhibit F) shows that actual total Las Vegas visitor volume comes back faster before being slightly pulled back in FY 2023, FY 2024, and FY 2025; this will be reflected in the division's forecasts. As presented by Moody's Analytics on page 165 of (Exhibit A), the historical relationship between visitor volume to Las Vegas and gaming revenue were very close before growing apart after the COVID-19 pandemic. This shows that there are not as many visitors to Las Vegas, but that those who are visiting are spending more money and have a bigger budget. As discussed by the LVCVA at the October 13, 2022, meeting of the Economic Forum, midweek convention traffic needed to come back, and the division is observing that it is coming back, but there are signs that it might not be coming back completely. Other than its gaming percentage fee forecast, and except for possibly its RPTT forecast, there are not going to be a lot of significant revisions to the Fiscal Division's forecasts from the December 2022 meeting.

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
I will keep my remarks related to how much the Fiscal Division's economic outlook pertains to gaming and how its forecast differs from the one presented in December 2022. The Fiscal Division's gaming percentage fee collections forecast starts on page 27 of (Exhibit F). Table 1C on page 30 of (Exhibit F) details the division's slot win, games win, and total win forecasts. The division forecasts the slot and games win segment for Clark and Washoe Counties and balances those with the rest of state, but it is Clark County that is the main driver of the forecast. Table 1C summarizes the individual market pieces and compiles a statewide summary. The division's FY 2023 slot and games win forecasts were revised upward as both forecasts were stronger fiscal year-to-date than estimated in the December 2022 forecast, translating into a better-than-expected total win in FY 2023.

When compared with the December 2022 forecast, there was a slight downward adjustment to slot and games win for FY 2024 that is consistent with the division's Las Vegas visitation outlook. Total gaming win is expected to increase by 2.2% over FY 2023 which is driven by major special events including Formula One, the Super Bowl, and a Sweet 16 basketball tournament held in Las Vegas during March Madness in FY 2024. The division expects extraordinary gaming win for the second and third quarters of FY 2024. Compared to its December forecast, there was a downward revision in FY 2025 for two main reasons. First, in its visitor forecast, the division believes the business, travel and convention business that supports the midweek convention business is not going to be 100% back to pre-pandemic levels. Second, in the absence of the Super Bowl and another confirmed Formula One racing event, the division believes it will be challenging to grow off FY 2024, resulting in the total gaming win forecast for FY 2025 declining by 1.9%.

The FY 2023 TGR to win ratio was adjusted downward in the Fiscal Division's forecast as recent trends indicate that the ratio is declining, as previously mentioned by Mr. Lawton. In FY 2021 and FY 2022, the TGR to win ratio remained elevated by approximately 97.0% due to less credit play. The ratio has decreased this fiscal year and now appears to be more consistent with historical pre-pandemic ratios, as shown on Table 1A on page 28 of (Exhibit F). In its FY 2024 forecast, the division assumes more credit play around major special events, slightly decreasing the TGR to win ratio before returning the ratio to similar levels that existed before the COVID-19 pandemic in FY 2025. April and May are the two business activity months left in FY 2023, and the division expects the EFA to be positive for May as that month's fee collections will be adjusted to fees paid in February; the May EFA tends to be positive because of this dynamic. In the division's forecast, the FY 2023 EFA results in $973.2 million in gaming percentage fee collections. After considering the EFA, the division is predicting that gaming percentage fee collections will be $997.7 million in FY 2024 and $980.3 million in FY 2025.

> MR. LEAVITT MOVED TO APPROVE THE AGENCY'S (GAMING CONTROL BOARD) FORECAST FOR PERCENTAGE FEE COLLECTIONS OF $965.490 MILLION FOR FY 2023; AND THE BUDGET OFFICE'S FORECAST OF $957.340 MILLION FOR FY 2024, AND $965.114 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, GCB):
Slide 12 of (Exhibit D) describes where Nevada sits fiscal year-to-date for LET-Gaming, with collections currently being at $91.4 million, up 28.8% or $20.5 million from this time last year. As slide 12 indicates, LET-Gaming has not recorded any decreases in FY 2023. At the December 2022 meeting, LET-Gaming was up 22.5% or $7.2 million. The collections are driven by two main factors. First, the continued improvement of midweek convention business is a key component to LET growth due to production shows and headliners having multiple performances throughout the week, with these large venues being required to be at maximum capacity to be profitable. Second, the well-known headline growth is attributed to new programming at multiple properties on the Strip including hugely popular residencies such as Adele, Maroon 5, and Keith Urban, which are all driving spending on the LET.

Slide 13 of (Exhibit D) displays the GCB's LET-Gaming collections forecast, with changes to the FY 2023 forecast including the projection of the LET to increase by 24.9% or $24.7 million, with $124.1 million in collections. A new show was recently announced on the Strip, but it has not started yet, which is impacting the GCB's models. Some of the GCB's models and assumptions may also have been a little too aggressive and could be impacted relative to Strip performance, with projections being dialed back for the last three months of the FY 2023 outlook to be more conservative. The average monthly growth rate to achieve this forecast is still a 14.9% increase.

There was also a slight shift in the LET collections projected for FY 2024, and the GCB is forecasting the LET to increase by $5.3 million or 4.3%, with $129.3 million in collections. Fiscal Year 2024 is the peak year for LET-Gaming collections, increasing by 2.7% or $3.3 million from the December 2022 forecast. This adjustment is largely attributable to the recent extension announced to occur on the Strip. Garth Brooks is also performing on the Strip, and amazing residencies will continue, which the GCB believes can drive LET-Gaming collections. There is still a decrease of 5.3% or $6.8 million in FY 2025, with $122.5 million in collections. However, these figures are still elevated from what was forecasted in December, being up 2.2% or $2.6 million.

The decrease that the GCB is forecasting in FY 2025 for LET-Gaming is similar to what is being seen in its gaming percentage fee forecast, with projections facing very difficult year-to-date comparisons. The current forecast is facing known programming that was already projected in FY 2023 to begin occurring in FY 2024, but it is not yet known what will be occurring in FY 2025. Known versus unknown programming makes forecasting the LET-Gaming collections challenging, and the GCB is taking a conservative approach in its forecast. I am not saying that LET-Gaming collections cannot be matched in terms of headliners and performers but known versus unknown programming plays a large role in the forecast. As a result, the GCB anticipates this could result in a gradual decline in collections due to softening of the average ticket price charge compared to FY 2023 and FY 2024, in addition to potential moderation of consumer spending. Overall, the GCB's LET-Gaming forecast for this period was increased slightly by 0.4% or $1.4 million from the December 2022 meeting. This represents a shift between fiscal years, as the GCB originally predicted the peak in LET-Gaming collections would occur in FY 2023. However, the GCB is now predicting the peak to happen in FY 2024 because of some of the ever-changing announcements that it received the week before its forecast.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
Slide 8 of (Exhibit E) shows the Budget Office's LET-Gaming forecast, with the forecast for FY 2023 being adjusted downward to account for year-to-date actuals. The forecasts for FY 2024 and FY 2025 have been revised slightly downward since the December 2022 meeting to reflect a small decrease from FY 2023. The office's forecast also assumes that some of the LET-Gaming events will start to become an inferior product when compared to nongaming events. In the case of an inferior product, quantity demand will fall, and the substitution effect is negated. The substitution effect takes place when there are two comparable products, and if the price rises for one, a person will purchase more of the cheaper alternative. However, regarding the LET, some of the gaming events occurring at the same time on the same weekend as nongaming events will be inferior to the nongaming events. For example, if my wife and I are visiting Las Vegas and we have plans to see Carrot Top at the Luxor Las Vegas, but then we find out that there is a National Collegiate Athletic Association (NCAA) Final Four game at Allegiant Stadium, I will plead my case to go to that Final Four game. Other visitors may experience a similar situation when deciding whether to have a unique experience at one of the marvelous nongaming event centers in Las Vegas.

The Budget Office's LET-Gaming forecast remains above pre-pandemic levels due to some of the big-name residencies that have been announced during the forecast period, as alluded to earlier by Mr. Lawton. Additionally, increased visitation spending, along with recently reported wage income, will keep LET-Gaming collections on par with FY 2022 levels, or perhaps slightly lower. As a result, the office's revenue forecast remains relatively flat and drops off slightly with FY 2023 coming in at $124.8 million, FY 2024 coming in at $223.4 million, and FY 2025 coming in at $123.8 million. The office's forecast drops off slightly in FY 2024 and FY 2025 due to competing events.

Slide 10 of (Exhibit E) details the Budget Office's LET-Nongaming forecast. Nongaming venues continue to attract and host high-revenue events which have generated better-than-expected revenues year-to-date. Top notch, world-class entertainment has come to Las Vegas, and this is expected to continue throughout the forecast period. For example, March 2023 had a packed entertainment calendar which included sports entertainment: NCAA basketball tournaments, NASCAR's return to the Las Vegas Motor Speedway, and a heavyweight boxing fight at T-Mobile Arena, all of which have not been accounted for in the year-to-date numbers; these events can be expected to further boost revenues for FY 2023. The Taylor Swift and Adele concerts also took place in March 2023, with various other artists playing at nongaming event centers.

Looking forward, Las Vegas is going to host the Super Bowl and Formula One in FY 2024. Overall, event planners seem to be bullish on scheduling events in Las Vegas and continue to seek scheduling events. Formula One is seeking to become an annual event for the next ten years to take place from calendar years 2023 to 2032, with the current agreement extending the race through 2025. There will also be various championship soccer matches in the summer of 2023 and then a Beyonce and Pink concert in the fall. In FY 2025, the University of Southern California and Louisiana State University football teams are going to play a neutral site game at Allegiant Stadium, which is expected to sell out and draw various visitors from California and Louisiana. Given the solid year-to-date numbers in FY 2023 without March 2023 events, and the assumption that Las Vegas will continue to land large-scale events, the Budget Office revised its forecast up significantly for each fiscal year. The office's LET-Nongaming forecast elevates to $76.1 million in FY 2023 and, after accounting for the Super Bowl, increases to $82.6 million in FY 2024. The forecast then drops slightly to $76.8 million in FY 2025. Eventually, the law of diminishing returns will be reached, and this revenue source will be at maximum capacity. However, the potential of the LET-Nongaming is just starting to be realized and will not meet capacity during the current forecast period.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Page 193 of the meeting packet (Exhibit A) details the Fiscal Division's LET forecasts, with additional in-depth information being summarized beginning on page 45 of (Exhibit F). Regarding LET-Gaming, the division's May 1, 2023, forecast has not changed significantly when compared with its forecast from December 5, 2022. The division's forecast from December 2022 projected LET-Gaming collections to come in at $118.3 million for FY 2023, while its May forecast projects revenues of $120.8 million for FY 2023. Thus, the division's May forecast for LET-Gaming is approximately $2.5 million over its December forecast. There are two main reasons for this adjustment, with the first being that year-to-date actual revenues came in higher than anticipated. The second reason pertains to the fact that March 2023 was a strong month for events in Las Vegas that included NCAA March Madness, several high-profile concerts, and many visitors to the Strip. As a result, the division is anticipating a strong month regarding LET revenues once that information is reported.

The Fiscal Division's May 2023 forecast is projecting LET-Gaming revenues to come in at $130.1 million in FY 2024 and $133.8 million in FY 2025. In comparison, the division's December LET-Gaming forecast for FY 2024 was approximately $180,000 higher, projecting $130.3 million in revenues and its FY 2025 forecast from December was about $2.3 million higher than its May forecast. The difference is due to the division's forecast being sensitive to visitor projections, with the division slightly adjusting its visitor projections downward. The division's May 2023 forecasts higher visitor numbers in 2023 than the December projections. However, with the potential banking crisis mentioned earlier by Moody's Analytics and several other developments such as the midweek visitor level not getting back to 100.0% pre-pandemic levels (potentially hovering around 85.0%

to 90.0%), the division slightly adjusted its visitor forecast down, which plays a role in the way it calculates the revenue forecast for LET-Gaming.

The Fiscal Division has made some adjustments to its LET-Nongaming forecast since the December 2022 meeting. The division's December LET-Nongaming forecast also made an upward adjustment when compared to the November forecast for FY 2023. In December, the division projected LET-Nongaming revenues of $59.0 million for FY 2023. The division is making another upward adjustment to its May 2023 LET-Nongaming forecast and is now projecting $73.3 million in collections in FY 2023. The division's May 2023 LET-Nongaming forecast for FY 2023 is thus about $14.3 million above its December forecast. The upward adjustment is a result of year-to-date actual revenue collection for this tax, with eight months of revenue already being reported by the Department of Taxation for FY 2023, coming in significantly over what was anticipated in the December forecast.

There are two reasons for the upward adjustment of the Fiscal Division's LET-Nongaming forecast, with the first being that the big events at T-Mobile Arena and Allegiant Stadium that include the Taylor Swift and Depeche Mode concerts have so far generated more LET revenues in FY 2023 than forecasted in December. The regular live entertainment business in Las Vegas is going stronger than the division's previous forecast had expected. The second reason for the upward adjustment is that the division believes the strong year-to-date actuals for LET-Nongaming already include at least some of the ticket sales for the special events that are scheduled to take place in FY 2024, including Formula One and the Super Bowl. In its December forecast, the division specifically accounted for both Formula One and the Super Bowl to occur in FY 2024, and therefore projected higher LET revenues in FY 2024 than in FY 2023 or FY 2025. The division still believes that these two events will have a significant impact on tax revenues. However, the distribution of the additional tax revenue generated through the special events appears to be somewhat different from what the division anticipated in its December forecast, in that part of these additional revenues appear to have already been collected in FY 2023. In fact, Formula One had at least one large round of ticket sales in December 2022, with another round in late March 2023. Because the Department of Taxation collects the tax revenues upon ticket sales, the division assumes that these revenues should be part of the year-to-date actuals for LET-Nongaming.

On one hand, revenues derived from the regular large concert events in the stadiums came in stronger than the division thought they would in December. On the other hand, some of the revenue generated through Formula One and the Super Bowl in FY 2024 is already coming in during FY 2023, resulting in a relatively significant upward revision of the division's forecast for FY 2023 of $73.3 million. For FY 2024, the division's May 2023 LET-Nongaming forecast projects revenues of $74.6 million, with the division's May projections being about $4.8 million under its December projections. This is because the division believes that some of the additional revenue that could be generated from Formula One and the Super Bowl, which are both scheduled to take place in FY 2024, is already being generated through ticket sales in FY 2023. As a result, the division is reallocating some of the additional revenue generated through the special events from FY 2024 to FY 2023 in its forecast.

For FY 2025, the Fiscal Division is projecting LET-Nongaming revenues of $69.1 million, with the division's May 2023 projection being approximately $3.1 million over its December forecast. The main reason behind this shift upward is that the LET-Nongaming revenues generated by establishments such as T-Mobile Arena and Allegiant Stadium, festivals and other music events are coming in stronger year-to-date than anticipated in December. In other words, the starting point of the division's forecast moved upward, with the entire forecast being based on the belief that these live entertainment establishments will be able to repeat what they did in FY 2023 going forward.

MR. CROME:
Each forecaster's assumption regarding how much LET-Nongaming revenue can be generated from Formula One differs for FY 2024 and FY 2025. Can you please explain the differences?

MR. GORTARI:
The Budget Office's assumptions are that the Formula One event will bring in roughly $12.0 million in LET-Nongaming revenue during that weekend, which is far above the $3.5 million generated in a typical month. This estimate is on par with the amount of revenue generated from the Electric Daisy Carnival that is held at the Las Vegas Motor Speedway.

MR. CROME:
That information is helpful. Is the $12.0 million reflected in the Budget Office's LET-Nongaming forecast for FY 2024 and FY 2025?

MR. GORTARI:
Yes, the revenue is baked into all three forecasts.

CHAIR ROSENTHAL:
The Fiscal Division mentioned that there may be a timing shift regarding when the Formula One tickets are sold. What is the Budget Office's timing assumption between FY 2023 and FY 2024?

MR. GORTARI:
The timing of ticket sales can be closely aligned to the date that the Formula One event occurs. There was approximately $5.0 million in LET-Nongaming collections in February 2023, which is approximately $200,000 less than February 2022. Considering that tickets for the Taylor Swift and Adele concerts were being sold in February 2023, it makes sense that the amount of revenue generated for that month was high. Las Vegas also hosted the 2023 Pro Bowl during February, which was the main generator of the $5.0 million in collections and is what brought the monthly number so close to the FY 2022 number.

CHAIR ROSENTHAL:
The Budget Office does have assumptions for Formula One ticket sales in its FY 2023 forecast that are based on February data and year-to-date actuals from December 2022 and March 2023, correct?

MR. GORTARI:
That is correct.

MR. CROME:
Are all the forecasters assuming that the LET-Nongaming tax is paid as the tickets are collected, not after the event takes place?

MR. THAUER:
The Gaming Control Board collects the LET-Gaming tax upon an event occurring whereas the Department of Taxation collects the tax upon ticket sales.

MR. LAWTON:
That assumption is correct. The Gaming Control Board does not have anything to do with Formula One in terms of the LET.

MR. CROME:
What is the Fiscal Division's assumption regarding Formula One?

MR. THAUER:
The division's assumption for Formula One is that ticket sales are already occurring in FY 2023. Revenue from the ticket sales will also be seen in data from December 2022 or March 2023, whenever the sales took place. Therefore, the division shifted some of the anticipated revenues from FY 2024 to FY 2023.

MR. CROME:
Is the Fiscal Division assuming that the revenue collections will continue into FY 2024 and FY 2025?

MR. THAUER:
The division is assuming that LET-Nongaming revenue will be higher in the first months of FY 2024 due to Formula One ticket sales, with sales obviously decreasing after the event takes place. I believe that Formula One anticipates selling tickets until 90 minutes after the race starts, with revenues coming in right up to that point.

ERICA SCOTT (Economist, Department of Taxation):
The graph on slide 4 of the Department of Taxation, Major Revenue Forecasts (Exhibit G) shows the department's forecast and the history of the LET. The red bars are the department's forecast, and the blue bars represent the actuals. Since the last meeting of the Economic Forum in December 2022, the department's LET-Nongaming forecast was revised upward based on actual revenues that are streaming in. Per *Nevada Revised Statutes* (NRS), the nongaming portion of the LET is collected upon the sale of tickets. While revenues for upcoming events may spill into FY 2024, the revenues are being realized in FY 2023. The department analyzes upcoming shows set to occur in Las Vegas in its forecasts, with approximately 94.0% of LET-Nongaming revenues coming from the massive headliners at T-Mobile Arena and Allegiant Stadium.

The shows occurring in Las Vegas are pushing Nevada's LET revenues into all-time high record months. In fact, the latest month of FY 2023 is the only non-record month of the fiscal year. The department's assumptions regarding LET-Nongaming revenue are similar to those of the GCB, the Budget Office, and the Fiscal Division and assumes that ticket revenues will come in during FY 2023. There are some huge one-time events occurring in FY 2024 such as the Super Bowl, with a lot of revenue being generated during that fiscal year. Due to the opening of the Sphere at the Venetian Resort and the U2 concert also taking place there, the department revised its forecast upward to $65.0 million for FY 2023 and $76.0 million for FY 2024. There is a lower, more conservative estimate model that the department used for FY 2025 based on demand for tickets as other concert venues are opened. I do not believe that ticket prices are going to continue at the level they have been, assuming steadier growth in FY 2025. As the demand is filled at multiple locations, ticket prices may come down to a steadier stream.

Slide 5 of (Exhibit G) displays the department's LET-Nongaming forecasts from previous years, showing the large swings in this revenue source from prior years. However, some of the event centers that are opening in the Las Vegas area will continue to stack the events calendar, with the new normal appearing to be well over $4.0 million a month regarding this revenue stream.

MR. CROME:
Does the Department of Taxation have the same Formula One assumptions baked into its forecast for all three years?

MS. SCOTT:
Yes. The historic model that the department is using pulls in existing revenue streams that are already realized in certain months as tickets are sold, with revenue coming in within 30 days of the sales.

CHAIR ROSENTHAL:
When the Economic Forum met last December, the Fiscal Division mentioned it was assuming that only half of the LET-Nongaming tax would be generated from the Super Bowl in FY 2024 because the tax will not be generated if the Raiders are playing in that game. As a result, the division took a middle-road approach in its forecast. Is that still the case with the division's current forecast?

MR. THAUER:
Yes, that is still the approach the division is using in its current forecast.

CHAIR ROSENTHAL:
Can the Department of Taxation and the Budget Office comment on their assumptions for the Super Bowl and whether it is assumed that the whole tax, no tax or half the tax will be generated?

MS. SCOTT:
The Department of Taxation assumed the full LET-Nongaming tax on a very conservative sales base. Regarding seating and average ticket price information provided by various sources, there are differing speculations as far as the range of pricing that would come in for those particular tickets. Even though the department used a conservative model, the Super Bowl still drove its May 2023 forecast up to $76.0 million for FY 2024.

MR. GORTARI:
Given the longshot odds of the Raiders reaching the Super Bowl, the Budget Office assumed that full LET-Nongaming tax collection would occur in FY 2024.

MR. LEAVITT MOVED TO APPROVE THE BUDGET OFFICE'S FORECAST FOR LET-GAMING OF $124.846 MILLION FOR FY 2023; AND THE ECONOMIC FORUM'S FORECAST OF $126.048 MILLION FOR FY 2024, AND $126.048 MILLION FOR FY 2025; AND

TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR LET-NONGAMING OF $73.289 MILLION FOR FY 2023, $74.555 MILLION FOR FY 2024, AND $69.110 MILLION FOR FY 2025.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

C. STATE 2% SALES TAX

ERICA SCOTT (Economist, Department of Taxation):
The chart on slide 7 of (Exhibit G) shows the General Fund revenues generated from the State 2.0% Sales and Use Tax back to FY 2019 and the color-coded display rank of highest and lowest values. The highest and lowest months of each year are shown, with the December months being consistently high as expected, followed by a slight lull in January and February revenues. The revenues are at $1.14 billion so far in FY 2023, whereas at this same time in FY 2022 the revenues sat at $1.05 billion. This increase of 8.76% drove the Department of Taxation to increase its forecast from the December 2022 meeting. The department's December forecast assumed a slowing of growth earlier in FY 2023, but this is not playing out. Although there has been some slowing of sales tax growth since February 2023, sales tax revenue is still on track to be higher than previously forecasted.

Slide 8 of (Exhibit G) displays a historical graph of the highs and lows of the sales tax since FY 2020. Slide 9 of (Exhibit G) shows the differences between the department's current and prior forecasts, with the department increasing its sales tax forecast to $1.76 billion in FY 2023, $1.85 billion in FY 2024, and $1.95 billion in FY 2025. In its model, the department used differing predictions, and mimicked models provided by Moody's Analytics to determine the personal consumption forecast for Nevada, which also predicts a growth rate of about 5.4% for FY 2024 and FY 2025. Overall, the department increased its State 2.0% Sales and Use Tax revenue forecast by approximately 2.8% in FY 2024 and 1.7% in FY 2025.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
The Budget Office's forecast for the State 2.0% Sales and Use Tax is shown on slide 12 of (Exhibit E). Regarding inflation by Level 1 components, almost all eight major groups are down from the high levels seen in FY 2022. Transportation, the second biggest driver of the Consumer Price Index (CPI), has deflated significantly, being down from the March 2022 number of 22.0%. The headline inflation number for all items rounds to 5.0%, which is still above the federal target rate of 2.0% but is a significant improvement from the 8.5% percent seen in March 2022.

Slide 13 of (Exhibit E) displays 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 dots on the lines represent the current month's numbers. Over the past year or so, the green dots are at or are close to the end of the line in most categories, meaning that many of the category indexes are still at the highest point they have been at in quite some time. However, out of the top four drivers, transportation and medical are down. As shown on the lines for these two categories, the green dot has shifted over towards the middle of the non-seasonally adjusted time index; the green dots were near the end of the lines last December. Transportation represents about 17.0% of the headline number and medical care represents about 8.0%. Included in transportation are new and used vehicles, airline fares, gas, and car insurance. Medical care includes prescription drugs, medical equipment, supplies, hospital services, medical insurance, eyeglasses, and eyecare.

Slide 14 of (Exhibit E) shows Nevada's monthly taxable retail sales and the over-the-year percent change from the prior year. Inflation has gradually declined from 8.9% in June 2022 to the current rate of 5.0%, which is reflected by the trend shown on the chart from July 2022 to the current month, with the taxable retail sales growth once being 11.3%, then 9.4%, with it now being down to 8.2% for February 2023. With all that in mind, sales tax continues to grow, and inflation is still above 2.0%. However, sales tax growth is not looking as strong as it did five months ago.

Slide 15 of (Exhibit E) displays Nevada's top 12 taxable retail sales revenue-generating industries. The dashed lines on the facet chart represent the current taxable retail sales amounts as of February 2023, and the charts are ordered left to right from top rank to 12th rank. It is important to note that retail sales revenue from January and February typically drop off from December when holiday shopping subsides and there is usually less visitation to the state. However, almost all 12 taxable retail sales industries are up from their pre-pandemic levels and continue on a positive trend.

Slide 16 of (Exhibit E) shows the Budget Office's State 2.0% Sales and Use Tax forecast. After making some adjustments for inflation and considering year-to-date actual numbers, the office revised its forecast downward over the 2023-25 biennium. The office's forecasts are softer than when the Committee met in December 2022, but increase steadily throughout the forecast period, with collections coming in at $1.74 billion in FY 2023, $1.81 billion in FY 2024, and $1.87 billion in FY 2025.

MR. THAUER:
Detailed information about the Fiscal Division's State 2.0% Sales and Use Tax forecast begins on page 53 of (Exhibit F), with the division forecasting sales tax revenues of $1.75 billion in FY 2023, $1.87 billion in FY 2024, and $1.95 billion in FY 2025. The division's May 2023 forecast for FY 2023 is $17.7 million higher than its December 2022 forecast; for FY 2024 it is $19.1 million higher, and for FY 2025 it is $18.1 million higher. In the overall proportion, the higher forecast is a minor adjustment, even though these are large numbers. The main reason for the higher forecast is that the year-to-date actuals came in higher than expected in December. So far in FY 2023, there has continued to be growth in taxable sales in each month when compared with the same month from one year ago. There was growth between 9.0% and more than 11.0% in the first quarter of FY 2023, with sales tax growth being around 8.0% stronger in the last quarter than anticipated in the December forecast. The division's revised forecast is thus due to an adjustment to the actuals and a slightly higher starting point.

MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR THE STATE 2.0% SALES AND USE TAX OF $1,747.689 MILLION FOR FY 2023; AND THE ECONOMIC FORUM'S FORECAST OF $1,843.322 MILLION FOR FY 2024, AND $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):
The chart on slide 12 of (Exhibit G) shows the department's revised Insurance Premium Tax (IPT) forecast since the December 2022 meeting. The department uses a simplified historical model when forecasting the IPT, as the revenue from this tax type is very steady. However, the department adjusted its December forecast upward by roughly 3.4% in FY 2023, 2.0% in FY 2024, and 1.9% in FY 2025. While revisiting its model, the department found that some historical figure components were incorporating the tax credits, but this forecast model is supposed to be used prior to any tax credits, and the forecast was revised upwards as a result. Additionally, the behavior of the IPT revenue for FY 2023 was built further into the model. The graph on slide 13 of (Exhibit G) provides a larger perspective of this tax type, showing steady growth over the years. The forecasted

red bars on the graph are before any tax credits are taken, whereas the blue bars representing actual realized revenues are post-tax credits. The department's revised IPT forecast predicts $550 million in IPT revenue for FY 2023, $574 million in FY 2024, and $605 million in FY 2025.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
For clarification, the numbers referred to by the Department of Taxation in its IPT forecast pertain to the department's portion of the IPT. This is why the numbers just referenced by the department in its forecast are different from those shown in Table 8 on page 192 of (Exhibit A). There is a portion of the IPT that is collected by the Department of Business and Industry, Division of Insurance relating to surplus lines insurance that accounts for the difference and is why larger numbers are shown in Table 8.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
Slide 18 of (Exhibit E) describes the Budget Office's IPT forecast for May 2023. The IPT is a relatively stable revenue source and is not subject to as many fluctuations as taxes that are closely aligned with tourism and spending. The office estimated IPT revenue with an aggression model based on households, medical CPI, and the ten-year U.S. Treasury rate, all of which came out of Moody's Analytics' forecast database. With medical CPI decreasing, the 10-year U.S. Treasury rate starting to soften, and collections coming in softer-than expected through the first half of FY 2023, the office's IPT forecast was revised slightly downward since the December 2022 meeting. However, the forecast then steadily increases throughout the forecast period, projecting IPT collections to come in at $567 million in FY 2023, $602 million in FY 2024, and $632 million in FY 2025.

MR. NAKAMOTO:
The Fiscal Division's IPT forecast for May 2023 begins on page 71 of (Exhibit F). Additionally, Table 8 on page 192 of (Exhibit A) reflects very minor upward revisions to the division's IPT forecast. The Surplus Lines category shown in the table on page 73 of (Exhibit F) represents the largest changes to the division's forecast. In its December forecast, the division had surplus lines insurance coming in at about $21.5 million, with the year-to-date number on page 73 of (Exhibit F) showing the Surplus Lines category coming in at just under $12.9 million for FY 2023. But this data is only through December 2022. I looked in the Office of the State Controller's system to see revenues that have already come in, and as of Friday afternoon, $25,000,999.73 had been collected just for the Surplus Lines item. As a result, the division's forecast for the Surplus Lines category was off due to stronger year-to-date collections than what was forecasted in December.

Everything else that the division is seeing so far with respect to quarterly IPT collections is holding, with approximately 95.0% of the tax being attributable to insurers paying their premiums on a quarterly basis. There is also the annual renewal which is effectively a true-up of IPT collections in a lot of instances, although not by a large amount. As previously mentioned, the IPT is a steady revenue source. People are still going to purchase insurance and insure their cars, even during economic difficulty. Employers are also still going to pay for their employees' health insurance if the employee is not going to the Silver State Health Insurance Exchange and buying it for themselves. As long as subsidies are still offered by the federal government for people to purchase insurance from federal exchanges, the IPT will continue to remain a stable revenue source.

> MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR THE INSURANCE PREMIUM TAX OF $573.728 MILLION FOR FY 2023, $606.509 MILLION FOR FY 2024, AND $638.973 MILLION FOR FY 2025.
>
> MR. CROME SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

E. MODIFIED BUSINESS TAX

- **NONFINANCIAL**
- **FINANCIAL**
- **MINING**

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Beginning on page 203 of the meeting packet (Exhibit A) are two additional tables for Agenda Item X that directly pertain to the Modified Business Tax (MBT). As mentioned in previous Economic Forum meetings, there is a reduction in the MBT rate that occurs statutorily in FY 2024 due to the provisions of NRS 360.203. Table 1 on page 203 shows each of the forecasters' forecasts for all three components of the MBT without the rate reduction, displaying the magnitude of growth and wages without the reduction. Table 2 on page 204 of (Exhibit A) translates the MBT rate reduction back into the forecasts. The collections after the rate reduction for each of the three components of the MBT are shown in Table 8 on page 194 of (Exhibit A).

ERICA SCOTT (Economist, Department of Taxation):
Slide 15 of (Exhibit G) describes the Department of Taxation's MBT General Business/Nonfinancial forecast prior to the rate reduction for May 2023. The department used the current growth model in its MBT forecast for FY 2023, with current growth in reported wages being approximately 8.0% more in the first and second quarters of FY 2023 when compared to those same quarters from FY 2022. This growth in wages is representative of the job growth that Mr. Schmidt from DETR had talked about earlier today. The Department of Taxation's revised MBT General Business/Nonfinancial forecast was increased to $837.72 million in FY 2023. For FY 2024 and FY 2025, the department incorporated the growth rates forecasted by Moody's Analytics for Nevada's real personal income and revised its forecasts for the MBT accordingly, being $857.55 million in FY 2024 and $891.19 million in FY 2025.

Slide 16 of (Exhibit G) describes the department's MBT General Business/Nonfinancial forecast with the rate reduction. As stated by Mr. Nakamoto with the Fiscal Division, the MBT forecast with the rate reduction is not an indication of any less growth in income; it is simply a rate reduction. Incorporating the rate reduction reduced the department's forecast by approximately 15.0% in FY 2024 and FY 2025, resulting in a forecast of $728.11 million for FY 2024 and $756.67 million for FY 2025.

Slide 17 of (Exhibit G) shows the department's MBT-Financial forecast without the FY 2024 rate reduction. Similar to its MBT General Business/Nonfinancial forecast, the department applied the current growth model for FY 2023. However, the financial sector of the MBT has seen a slight decrease in reported wages. As previously discussed, the financial sector is experiencing tightening in the lending industry, with lower wages being reported possibly due to tightening of the federal interest rates and the slowdown of the housing market. As a result, applying the current growth rate reduces the forecasted revenue for the MBT-Financial sector in FY 2023 to $43.0 million. The department again applied Moody's forecasted growth for Nevada income into its forecast model, resulting in MBT-Financial revenues of $45.0 million for FY 2024 and $46.0 million for FY 2025.

Slide 18 of (Exhibit G) shows that once the rate reduction is again applied, the department's MBT-Financial forecast decreases to $37.84 million in FY 2024 and $39.19 million in FY 2025. The department's MBT-Mining forecast without the FY 2024 rate reduction is displayed on slide 19 of (Exhibit G). The department again applied the current growth model for FY 2023, which has seen a greater-than-expected increase since the December forecast. The department's MBT-Mining forecast for FY 2023 increased from $22.0 million in December 2022 to $24.0 million in May 2023, with additional quarters of data incorporated into its model. The department utilized Moody's forecasted growth for employment in Nevada's natural resources and mining sector which resulted in forecasted revenue of $23.0 million for FY 2024 and $24.0 million for FY 2025.

Slide 20 of (Exhibit G) shows the department's MBT-Mining forecast with the rate reduction, which brings the forecasted revenue down to $19.0 million for FY 2024 and $20.0 million for FY 2025. The department's forecasts did not drastically change from its prior estimates, with the forecast for FY 2023 having the largest difference. Slide 21 of (Exhibit G) shows the department's overall forecast for MBT revenues, being $905 million in FY 2023, $785 million in FY 2024, and $816 million in FY 2025.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
The Budget Office's MBT General Business/Nonfinancial forecast starts on slide 20 of (Exhibit E). The office's outlook for general business employment is based on the most up-to-date employment statistics, with the forecast showing steady increases in employment throughout the forecast period, although not quite as strong as was seen in December 2022. Nevada has surpassed it is pre-pandemic job peak and continues to add jobs. Based upon data from March 2023, the state is up about 79,000 jobs from the pre-pandemic peak. Recent announcements that have been encouraging include Redwood Materials' plans to add approximately 200 jobs during the forecast period. Also, Tesla, Inc. announced that it is going to expand Gigafactory Nevada. While the 3,000 team members who Tesla, Inc. is estimating to add might not be realized during the forecast period, many indirect jobs will be created to expand the factory, begin construction, and apply certain trades.

The chart on slide 21 of (Exhibit E) shows national wage growth data from the Federal Reserve Bank of Atlanta, which is constructed using microdata from the current population survey. Overall, wages are cooling from the peak that was realized in August 2022, with that year being the highpoint shown near the right side on the chart. Wages were up 6.7% over the year in August 2022. Since then, wages have gradually cooled to a low of 6.1% as of February 2023, before ticking back up again slightly in March 2023, when the federal government indicated that it might not raise interest rates again. This data is consistent with the Federal Reserve's policy of raising interest rates to cool the economy and reduce inflation, which can affect most workers, especially in the technology and real estate industries. There have been large layoffs on the national level at companies such as Meta, Amazon.com, Inc., Google LLC, Redbox Automated Retail LLC, and a variety of others. Reducing wage growth is a key aim for the Federal Reserve because high labor costs have contributed to high growth in the cost of consumer goods and services. Using this as a signal and carrying it forward, the Budget Office reduced its MBT General Business/Nonfinancial revenue estimates in each fiscal year from the previous estimates presented in November 2022.

Slide 22 of (Exhibit E) displays the Budget Office's MBT General Business/Nonfinancial revenue forecast. The red bars on the chart represent the revenue forecast after the MBT rate buydown. Under the old rates, the office's estimates steadily increase throughout the forecast period, being $820.3 million in FY 2023. After accounting for the MBT rate buydown, the revenue estimates will be $721.2 million in FY 2024 and $755.1 million in FY 2025 as shown by the red bars on the chart, or about $130 million less than the amounts would be under the old rates.

The office's MBT forecast for financial institution employment begins on slide 24 of (Exhibit E). The Current Employment Statistics survey from the U.S. Bureau of Labor Statistics shows that through March 2023, the financial employment industry is up 100 jobs, seasonally adjusted, over the year. However, the residential and commercial real estate industries are experiencing slowdowns and will likely reduce employment during the forecast period. There have also been some notable layoffs in the financial activity sector in FY 2023. The Worker Adjustment and Retraining Notification Act, also known as the WARN Act, requires employers with 100 or more full-time workers to provide 60 days advance notice of a layoff of 50 or more workers to that state's employment department. This allows the state employment department to properly prepare for issuing unemployment insurance claims.

The WARN ACT notice that the Department of Employment, Training and Rehabilitation (DETR) received in April 2023 indicated that Aspiration, Inc., a financial technology company in Reno, was planning to lay off 184 employees on May 26, 2023. In October 2022, Clear Capital laid off 300 employees in Reno, followed by Panorama Mortgage Group laying off 50 employees in Las Vegas in November 2022. Using these intended and actual layoffs as a signal and carrying it forward, the Budget Office reduced its financial employment outlook over the forecast period. Regarding Clear Capital, there was some initial thought that the 300 employees who were laid off might be hired back and moved into the old Harrah's Reno building in the Reno City Center, but it was announced last month that this would no longer be happening; it is assumed these employees will still be laid off.

The chart on slide 25 of (Exhibit E) shows the Mortgage Applications Index versus the 30-year fixed mortgage rate, providing a snapshot view of consumer demand for mortgage loans. As rates go up, the purchase of mortgage applications goes down. Mortgage rates have hovered around 6.5% in FY 2023. However, as of April 20, 2023, mortgage rates are down 52.0% when compared to the same time last year when rates were around 5.1%. This is important for MBT-Financial revenue because there are commissions on the sale of mortgage purchases. If there are fewer purchases, there is less need for staff in the financial activity sector, especially in a market where refinancing does not make much sense.

The chart on slide 26 of (Exhibit E) summarizes the Budget Office's MBT-Financial revenue collection forecast. The red bars on the chart represent the revenue forecasts after the MBT rate buydown. The office made a downward revision to its estimates after considering DETR's WARN Act notices in the financial activity sector, the significant decrease in U.S. mortgage applications, and softer-than-expected year-to-date collections through the first half of FY 2023, which were about $19.8 million. Under the old rates, the office's estimates moderately increase throughout the forecast period, starting with $37.1 million in FY 2023. After accounting for the MBT rate buydown, and as shown by the red bars on the chart, the amounts will be approximately $33.7 million in FY 2024 and $34.4 million in FY 2025, or about $6.5 million less than what they would have been in each fiscal year under the old rates.

The Budget Office's MBT forecast for mining institutions begins on slide 28 of (Exhibit E). Employment in the mining sector tends to follow the trend of gold prices which are currently hovering near an all-time high, being about $1,900 per ounce in March 2023. The mining industry's average weekly wages are the highest in the state at approximately $2,700 per week, and employment is expected to remain relatively stable in this industry over the forecast period. However, the WARN Act notices that DETR received indicate that Jerritt Canyon goldmine will be closing on May 19, 2023, in Elko County, which will impact 218 employees.

The chart on slide 27 of (Exhibit E) summarizes the Budget Office's MBT-Mining collections forecast. The red bars on the chart represent the revenue forecast after the MBT rate buydown. With wages softening in general and with the upcoming mine closure, the office reduced its revenue estimates down slightly in each fiscal year of the 2023-25 biennium. Under the old rates, the office's estimates moderately increase throughout the forecast period, with collections coming in at $21.4 million in FY 2023. After accounting for the MBT rate buydown, and as shown by the red bars on the chart, mining revenue collections are estimated to come in at $18.5 million in FY 2024 and $18.9 million in FY 2025, or about $3.5 million less in each fiscal year.

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
The Fiscal Division's MBT forecast starts on page 79 of (Exhibit F). Table 1 on page 83 of (Exhibit F) summarizes collections by MBT type. Table 2A on page 84 of (Exhibit F) contains information on variables that drive the division's MBT General Business/Nonfinancial revenue forecast, with the division forecasting the major sectors that are subject to the MBT-Nonfinancial separately before rolling them up. Compared to the December 2022 forecast, there was an upward revision to the MBT-Nonfinancial forecast resulting from the following: 1) the annual employment benchmark conducted by the U.S. Bureau of Labor Statistics in March 2023 increased last year's employment levels more than the data had previously indicated; and 2) the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) released two additional quarters of wage data that were higher than what the division had predicted in its December forecast. The division's wage and salary forecasts did not otherwise go through any changes in assumptions, with any changes being limited to either additional data or revisions to previously available data.

Table 2B on page 85 of (Exhibit F) displays the Fiscal Division's forecast process. In its forecast, the division takes what it expects to see for BEA data and estimates the wages that would be subject to the MBT-Nonfinancial. It then deducts the estimate of eligible health care deductions to calculate the taxable wages and derives the estimated quarterly tax collections. Chart 1 on page 86 of (Exhibit F) provides a summary showing the division's MBT-Nonfinancial collections forecast accounting for the tax rate reduction in FY 2024. Estimated MBT-Nonfinancial collections are $842.1 million in FY 2023, $748.4 million in FY 2024, and $782.4 million in FY 2025.

Table 3A on page 89 of (Exhibit F) shows the Fiscal Division's MBT-Financial forecast. Forecasting the MBT-Financial can be tricky, especially because the wage and employment data of the financial services sector includes subsectors that are not subject to the MBT-Financial tax rate, and the forecast had to be adjusted to account for this. The current uncertainty and problems being seen in the banking sector make gauging MBT-Financial collections even more complicated. Compared to its December 2022 forecast, there was a downward revision to the division's MBT-Financial forecast for May 2023 resulting from weaker-than-expected wage and employment data. In retrospect, this is not surprising given how the financial sector has been impacted by high interest rates.

Table 3B on page 90 of (Exhibit F) shows that in December 2022, the division expected softening in the financial sector to already occur by this time. As a result, the division revised its forecast to account for the most recent data available, which includes two additional quarters of tax collections that came in lower than initially expected. The revisions to the division's forecast were driven by the additional data, and there were no changes to the assumptions in its forecast. Table 3B also discusses the process used by the division in estimating the MBT-Financial forecast, which is the same process used to forecast the MBT-Nonfinancial collections. The division receives wage data before estimating the share of wages that are subject to the MBT-Financial, and then it deducts the eligible health care deductions to arrive at quarterly tax collections. Chart 1 on page

91 of (Exhibit F) displays the Fiscal Division's MBT-Financial forecast, being $43.6 million in FY 2023, $40.3 million in FY 2024, and $42.1 million in FY 2025; the lower tax rate is factored in for FY 2024.

The division's MBT-Mining forecast begins in Table 4A on page 93 of (Exhibit F), with the same set of information being used to estimate mining revenue collections. Compared to its December forecast, there was a slight upward revision to the MBT-Mining forecast that came from better-than-expected wage and employment data, including two additional tax collections for two quarters that came in slightly higher than initially expected. The division's forecast assumes the mining industry will remain steady. Even though coal prices are at record highs, mining employment has remained stable, which is most likely a result of gain efficiencies from certain mergers. Table 4B on page 94 of (Exhibit F) shows that the process the division uses in its MBT-Mining forecast is the same process it uses when forecasting the MBT-Financial and MBT-Nonfinancial revenue collections. Chart 1 on page 95 of (Exhibit F) provides a summary of the division's MBT-Mining forecast, with estimates being $22.8 million for FY 2023, $19.6 million for FY 2024, and $20.0 million for FY 2025.

MR. LEAVITT MOVED TO APPROVE THE AGENCY'S (DEPARTMENT OF TAXATION) MODIFIED BUSINESS TAX-NONFINANCIAL FORECAST OF $837.724 MILLION FOR FY 2023, $728.106 MILLION FOR FY 2024, AND $756.673 MILLION FOR FY 2025.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

MR. LEAVITT MOVED TO APPROVE THE AGENCY'S (DEPARTMENT OF TAXATION) MODIFIED BUSINESS TAX-FINANCIAL FORECAST OF $43.407 MILLION FOR FY 2023, $37.837 MILLION FOR FY 2024, AND $39.185 MILLION FOR FY 2025.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

MR. LEAVITT MOVED TO APPROVE THE ECONOMIC FORUM'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.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

F. REAL PROPERTY TRANSFER TAX

ERICA SCOTT (Economist, Department of Taxation):
The table on slide 23 of (Exhibit G) shows the highs and lows of the quarterly revenues coming in for the Real Property Transfer Tax (RPTT). Forecasting the RPTT was troublesome given the current climate of the banking industry and the tightening of the housing market. The department applied and removed many factors from its forecast model but is comfortable with the model being presented today. The table on slide 23 is color-coded and compares RPTT revenues with prior quarters back to FY 2019. The quarters with the highest revenue are shown to occur in FY 2022, but the direction began to change during the first quarter of FY 2023, when interest rates began to rise. Quarter two of FY 2023 saw the lowest RPTT revenue since the COVID-19 pandemic in 2020 and was down almost 46.0% from the prior year's quarter two revenues for FY 2022. With rising mortgage rates, the demand for home purchasing has drastically decreased and prices of homes are coming down, resulting in declining revenues in this tax type.

Slide 24 of (Exhibit G) shows the Department of Taxation's RPTT forecast chart. In its forecast model, the department incorporated forecasts provided by Moody's Analytics which estimated the number of home sales and the median home price in Nevada. *Nevada Revised Statutes* 375.090 acknowledges that there are 14 exemptions to the RPTT, including property transfers from relative to first lineage relative, transfer due to divorce, and transfer of title without consideration from one joint tenant to another; these exemptions must also be factored into the department's RPTT forecast. Pursuant to the Department of Taxation's Division of Excise and Local Government Services, the figures used for the RPTT reports must be published on the Department of Taxation's website. Going back five years to 2019, these exemptions make up around 37.37% of the RPTT, which was also factored into the department's RPTT forecast model.

The structure of the RPTT is not as straightforward as some of the other tax types, being $1.95 for each $500 of the selling price of a home. As shown on slide 24 of (Exhibit G), the department's RPTT forecast for May 2023 is $113.30 million in FY 2023, $120.85 million in FY 2024, and $121.84 million in FY 2025. These forecasts also display the assumption that the housing market will stabilize toward the end of FY 2023 and into FY 2024, so long as nothing else drastic occurs. Slide 25 of (Exhibit G) provides a summary of the department's forecast for RPTT revenues and shows that FY 2023 will finish out with a negative 36.2% growth rate when compared to the records set in FY 2022. For FY 2024 and FY 2025, the department is forecasting revenues to stabilize at $120 million and $121 million, respectively. Even though these RPTT revenues are much less when compared with FY 2021 and FY 2022 revenues, the department's forecast is still above revenue seen in FY 2019 and FY 2020 for this tax type.

CHAIR ROSENTHAL:
The Department of Taxation is forecasting that RPTT collections will be weaker in FY 2023 before stabilizing in FY 2024 and FY 2025. Are trends in interest rates driving this assumption?

MS. SCOTT:
The department is assuming that federal interest rates and mortgage rates will be rising. However, as the prices of homes come down, the number of home sales will stabilize. The department is not assuming that this will all occur drastically at one time.

CHAIR ROSENTHAL:
Is the department assuming that interest rates will rise before stabilizing in FY 2024 and FY 2025?

MS. SCOTT:
That is correct. The department is assuming that interest rates will begin stabilizing in FY 2024 and FY 2025.

MR. ZAHN:
During the December 2022 Economic Forum meeting, the Fiscal Division provided the most recent data for RPTT collections. Because the actual collections being discussed today only go through December, is more recent information available?

MR. NAKAMOTO:
The most recent data available for the RPTT goes through the second quarter of FY 2023, as significant collections have not yet been reported for the third quarter.

JASON GORTARI (Executive Branch Economist, GFO, Office of the Governor):
Slide 31 of (Exhibit E) displays a time series of single-family housing permits in Nevada. In calendar year 2022, single-family permits went down to the lows seen in 2014 due to a lack of builder confidence. However, data from March 2023 shows an improvement with 1,200 permits provided, putting Nevada on par with 2021 averages. This recent increase was driven by Las Vegas builders who added 500 single-family homes in January 2023, 700 single-family homes in February 2023, and 1,000 single-family homes in March 2023.

Slide 32 of (Exhibit E) provides historical context on single-family permits and total permits in Nevada on a calendar year basis. The chart on the right of slide 32 shows that in 2022, Nevada had fewer single-family permits than it did in 2018. However, in looking at total permits, the chart on the left of slide 23 shows that Nevada picked up a decent number of multifamily units, putting the total units for 2022 at the second highest level that the state has had in a decade. Nevada is starting to build a lot more multifamily units in comparison to single-family homes.

Slide 33 of (Exhibit E) provides a forecast of single-family housing permits in the state. Housing permits are experiencing a dip in FY 2023 but should pick up again in FY 2025, assuming mortgage rates continue to improve in those years. Slide 34 of (Exhibit E) shows Nevada's historical 12-month percent change in the Housing Price Index using data from Freddie Mac and Fannie Mae. As of February 2023, the state is sitting at a 6.0% decline. Home prices have held up a bit better than expected, as the median price in March 2023 in the Reno/Sparks area was $528,000, down 8.0% from last year. In Las Vegas, the median home price is about $425,000, down 6.5% from last year. Unfortunately, higher prices coupled with higher mortgage rates have made sales extremely challenging over the past 12 months due to lack of affordability.

Slide 35 of (Exhibit E) provides historical context on the U.S. average 30-year fixed mortgage rate. In October 2022, the 30-year fixed mortgage rate reached the highest level seen in 20 years; the last time the rate was higher was in March 2002. From October 2022 until now, rates have hovered around 6.0%, which has kept housing unaffordable to many. According to the Federal Housing Finance Agency, two out of every three mortgages for prior purchases on homes were under 4.0%. Regarding a 6.0% market, for people already existing in the housing market, it does not make much sense for them to trade in their 4.0% rate for a 6.0% rate if they want to upgrade into a new home. For a new buyer, a $500,000 house with roughly a 6.5% mortgage rate would cost them about $3,200 month in a mortgage payment. This is almost double the average rent price in Nevada and is unaffordable for many new buyers; someone would need a $100,000 income to tap into this market. This also does not include the homeowner association fees that almost all new multifamily and single-family complexes include in home purchases.

Slides 36 and 37 of (Exhibit E) show a projection with two different visualizations of existing home sales in Nevada on a fiscal year basis. The Budget Office's forecast assumes that existing home sales will decline in the first year of the forecast period due to the impact of the relatively high 30-year fixed mortgage rate. Home sales are then expected to improve in the last two years of the forecast period along with the expectation that mortgage rates will continue to improve. The three tables shown beginning on slide 38 of (Exhibit E) depict the RPTT and how this revenue type has performed over the year. The 12-month percent change in revenue growth over the reporting period in Clark County is reported on a calendar year basis.

The RPTT is paid on a quarterly basis in Clark County, with the March, June, September, and December months being shown in the table on slide 38 of (Exhibit E). The lighter the green cells are, the more significant the decline is, with the darker green cells representing larger increases in RPTT collections. The coloring scheme in the table works vertically, and a dark green cell represents the highest all-time collections recorded in that month. As shown in the table, the largest RPTT collection increases on record in Clark County occurred in quarters two, three, and four of calendar year 2021 and the first quarter of calendar year 2022, by a large margin. Come June 2022, RPTT revenue growth is shown to begin slowing and declining significantly to close out the year, right around the time that mortgage rates started to take off and bump up to the 5.0% to 7.0% range. Even though mortgage rates were around 5.1% to 5.7% during the second quarter of calendar year 2022, there was still positive RPTT revenue growth and a higher average house price in the state.

The table on slide 39 of (Exhibit E) displays the RPTT growth for Washoe County. Washoe County reports its RPTT revenues on a monthly basis, and data for every month of the calendar year is displayed in the table. Washoe County also experienced record-setting increases in 2021 before things started to slow in 2022. Revenue declines hit Washoe County earlier than they hit Clark County, declining in 10 of the last 11 months. Using Washoe County data as an early indicator for Clark County, it can be assumed that a sizable decline in RPTT revenue will occur in Clark County in the first quarter of 2023. Data in the table reflects a negative 30.0% decline in January 2023 followed by a negative 60.0% decline in February 2023.

Slide 40 of (Exhibit E) shows the RPTT totals for Clark and Washoe Counties and these counties' total share of the state's RPTT collections on a fiscal year basis; the collections are shown from the previous ten years. Throughout the history of the RPTT, Clark and Washoe Counties have consistently accounted for about 90.0% of the statewide total collections and basically drive this tax revenue gross for Nevada. With four months of collections remaining for Washoe County, two quarters for Clark County, and three or four months remaining for the rest of Nevada's counties, RPTT collections are assumed to land close to 2018 numbers in FY 2023, given the year-to-date amounts and the current economic climate.

Slide 41 of (Exhibit E) provides a time series of RPTT collections in the state for the metropolitan areas of Carson City and Clark and Washoe Counties, with all three areas experiencing a significant decline. The declines in RPTT collections for Washoe and Clark Counties are slightly more significant than the decline seen in Carson City. The middle chart on slide 41 displays RPTT collections for Clark County, with revenue tapping out at the same level it did during the 2017 to 2019 time period. If revenues hold, the state will experience a level of RPTT collections similar to what was seen in 2018, as Clark County accounts for about 75.0% of total state revenues for this tax. Slide 42 of (Exhibit E) shows that the Budget Office's RPTT revenue forecast has been revised downward since the December 2022 meeting, with collections now forecasted to come in at $107.7 million for FY 2023 before picking up slightly in FY 2024 and FY 2025 at $110.5 million and $114.4 million, respectively.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB): The Fiscal Division's RPTT forecast begins on page 107 of (Exhibit F). Regarding all 17 Nevada counties, the RPTT is collected at the county level by the county recorder, who then remits the proceeds for the State General Fund portion to the state. The proceeds are then input into the Office of the State Controller's system before eventually being reported by the Department of Taxation. Most of the counties in Nevada remit the tax collections on a quarterly basis, including Clark County, while the remaining counties, such as Washoe County, collect and remit the RPTT monthly to the state. We currently have full quarter collections for 13 of the 17 counties in Nevada. The problem though is that data from two of the counties that we are missing includes the entire third quarter of Clark County data and the third month of data for Washoe County. As a result, good information on third quarter RPTT collections is not currently available, and all that currently exists are news reports that examine where the housing industry sits right now in terms of home prices, interest rates, and home sales.

The Fiscal Division's RPTT forecast is shown on page 108 of (Exhibit E). The division had the lowest RPTT forecast during the December 2022 meeting, and its forecast has now been lowered even further. The division decreased its forecast by approximately $10.1 million in FY 2023, $8.3 million in FY 2024, and $7.8 million in FY 2025. Nonresidential, residential, and several different real property transactions make up the RPTT, but the tax basically comes down to price multiplied by quantity.

At the December meeting, the division forecasted home prices to fall a lot faster than they did, but there has been less of a decrease in home prices than anticipated. As a result, home prices have held up a little higher. However, the other side of the equation pertains to the quantity of homes. Page 108 of (Exhibit E) describes Nevada's total statewide residential property sales. The division extracts this information from the Redfin Corporation's website, which tracks real estate sales in Nevada. Total statewide residential property sales include the sale of single-family homes, housing cooperatives, and condominiums. The second quarter of RPTT collections for FY 2022 (fourth quarter of calendar year 2022) was available at the December meeting, with the division forecasting 10,197 home sales to occur; the actual was 8,588 home sales.

As shown in the table on page 108, third quarter data for FY 2023 (first quarter for calendar year 2023 as shown in the table) is the only number in that row that is not highlighted in yellow. This is because Redfin Corporation has reported through March 2023, and the 9,088 shown in the table is actual sales that have been reported through the first three months of calendar year 2023. The Fiscal Division forecasted actual home sales to come in at 10,174 during the December meeting, so it missed the mark on that. This happened in part because interest rates, while high, are not as high as previously forecasted. When the division was looking at Moody's interest rate forecast back in November 2022, Moody's had interest rates going over 7.0% and staying above 7.0% for several months before falling back down to the low 6.0% to high 5.0% range.

Interest rates are high enough that the demand for housing is being depressed. There may also be a constraint to supply, which has been a problem in the Nevada real estate market for a while. There are many people who are buying houses that are probably still more expensive than they can afford, and the Fiscal Division is receiving anecdotal information regarding homebuilders who have simply stopped building houses at this point because they cannot get rid of supply. Homebuilders will start building again after they get rid of the supply that they have and when homes do not sell as quickly as they would like. All these factors will cause further decreases in the housing market, at least through the end of calendar year 2024. As predicted by Moody's, when the 30-year fixed mortgage rate begins stabilizing around 5.7% or 5.8% at the beginning of FY 2024 and heading into calendar year 2025, recovery in the housing market will start being seen, but not to any great extent. In the end, the division reduced its RPTT forecast by these amounts, decreasing its forecast in FY 2023 by 36.7% to $112.5 million, and minus 13.7% in FY 2024 to $97.1 million. The division then increased its RPTT forecast in FY 2025 by 17.0% to $113.5 million, which was the level being seen prior to the COVID-19 pandemic.

MR. LEAVITT:
The RPTT is probably the most volatile of all the taxes, and the Committee has the least amount of information regarding what actual collections were for the RPTT when compared to the other taxes.

MS. LEWIS:
The RPTT collections are volatile, with the December 2022 RPTT forecasts being more optimistic than the May 2023 forecast.

MS. LEWIS MOVED TO APPROVE THE BUDGET OFFICE'S FORECAST FOR THE REAL PROPERTY TRANSFER TAX OF $107.743 MILLION FOR FY 2023, $110.489 MILLION FOR FY 2024, AND $114.361 MILLION FOR FY 2025.

MR. ZAHN:
Considering all the headwinds to the housing market, I agree that taking a conservative approach to the RPTT is prudent.

MR. ZAHN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

G. COMMERCE TAX

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):
Beginning on page 205 of the meeting packet (Exhibit A) are five tables relating to Agenda Item X and the Commerce Tax. The first three tables deal directly with the Commerce Tax while the last two tables deal with the Commerce Tax credit that can be taken against the MBT. Table 1 on page 205 describes the fiscal year activity period within the taxable year for the Commerce Tax as it occurs, irrespective of when the proceeds are remitted. The FY 2022 Commerce Tax estimate shown on Table 1 is $281,074,000. Back in December 2022, the division estimated this figure to be $283,913,000 for FY 2022, or about $2.85 million higher.

There are a few reasons that the consensus Commerce Tax forecast was decreased since the December meeting. Ever since the Commerce Tax was put in place during the 2015 Legislative Session and first collected back in FY 2016, most taxpayers have paid it on time. However, for whatever reason, there are some taxpayers who pay the tax late, and the division expected that there would be some amount of the tax that would come in later. Based on Commerce Tax collection information provided by the Department of Taxation for the first two quarters of FY 2023, the late collections were not as high as anticipated, and the division has reduced its estimates, using the $281,074,000 as the base for its Commerce Tax forecast.

We looked at Moody's forecasted growth for Nevada's gross state product, represented by the first column in Table 1 on page 205. As shown in the table, Moody's is estimating that Commerce Tax revenue will grow by 9.0% in FY 2023, 5.9% in FY 2024, and 6.0% in FY 2025. By comparison, Moody's December forecast for gross state product was only 6.3% for the first quarter of FY 2023. There are now two quarters' worth of data available, and growth has increased to 9.0%.

Because the Commerce tax forecast is a consensus forecast, the Fiscal Division looked at the Commerce Tax growth rate and after discussions with the Department of Taxation and the GFO, it was agreed that a higher increase in FY 2023 activity collections would be appropriate. The Commerce Tax consensus estimate, and growth rates are shown on the far right of Table 1, with 8.0% growth in FY 2023, 6.5% growth in FY 2024, and 5.5% growth in FY 2025. The growth rate estimate for FY 2023 was increased from 7.0% to 8.0% to account for the higher-than-expected gross state product. Because the Commerce Tax forecast started from a lower base it can grow by a higher amount, so there is not a fundamental change to the actual fiscal year activity collections.

Table 2 on page 206 of (Exhibit A) shows how Commerce Tax collections by activity period compare to when the revenue was collected. When the forecast growth estimates by activity period are turned back to the accounting period, forecasted growth for the Commerce Tax is 6.9% in FY 2023, 6.6% in FY 2024, and 5.6% in FY 2025, as shown in the far-right column of Table 2. As a result, the net change to the Commerce Tax forecast is a reduction of $489,000 in FY 2023, a reduction of $240,000 in FY 2024, and a reduction of $254,000 in FY 2025. Using a lower base that can grow higher throughout the forecast period results in the forecast getting back to the same point. Outside of this, there were no other significant revisions to the Commerce Tax forecast.

Tables 1 and 2 on page 208 of (Exhibit A) describe the Commerce Tax credits taken against the MBT. The boxes highlighted in yellow at the top right corner of Table 1 also show the amounts of economic activity by fiscal year that were detailed on page 206. Calculations are used to map the forecasted amounts back to the taxable year, as businesses can take up to 50.0% of the Commerce Tax they paid as a credit against their MBT liability in the next fiscal year. As shown in the bottom of Table 1 on page 208, 50.0% of the Commerce Tax credit is not being reached in the forecasts for FY 2023, FY 2024, and FY 2025, with 19.5% of MBT Commerce Tax credits being taken as a percentage of the Commerce Tax; this is based on the current MBT fiscal year business activity period in that current fiscal year. For example, someone can take the MBT Commerce Tax Credit they earned during FY 2022 and use it in FY 2023.

The MBT Commerce Tax credits taken as a percentage of the Commerce Tax was previously at 18.0% during the December 2022 meeting. However, through two quarters of FY 2023, it has been found that the number of credits used was higher than anticipated. Table 2 on page 208 details the Commerce Tax credits taken against the MBT for the entire fiscal year accounting period, showing there was $49.1 million in FY 2022 credits used in FY 2023. Through the second quarter of FY 2023, $48.4 million in MBT Commerce Tax credits have been used year-to-date. Normally, the number of credits used drops off because most of the credits are used within the first two fiscal years of the forecast period. Regardless, the gap is more than $700,000, and it was thought prudent to increase the percentage of MBT Commerce Tax credits taken as a percentage of the Commerce Tax from 18.0% to 19.5% to show that there are more credits being used and carried through the forecast horizon.

As shown on page 208 of (Exhibit A), when the forecasted amounts shown in Table 1 are translated back into Table 2, the amounts shown at the bottom of Table 2 are $54,383,000 in FY 2023, $59,037,000 in FY 2024, and $62,949,000 in FY 2025. The difference between the amounts forecasted for the activity period and the amounts forecasted for the accounting period are due to people having late or amended tax returns from previous fiscal years, or they may have had tax credits they were eligible to use in a previous year that are just now being applied. Table 8 on page 196 of (Exhibit A) shows that the increase in the amount of Commerce Tax credits issued is forecasted to be approximately $3.7 million in FY 2023, $4.5 million in FY 2024, and $4.9 million in FY 2025. Because the number of Commerce Tax credits used is being increased, the dollar difference shows up as a negative because the amount of net revenue is being decreased. Every additional dollar of credit taken against the Commerce Tax is one less dollar that can be spent by the state.

MR. LEAVITT MOVED TO APPROVE THE COMMERCE TAX FORECAST OF $301.311 MILLION FOR FY 2023, $321.318 MILLION FOR FY 2024, AND $339.924 MILLION FOR FY 2025; AND

TO APPROVE THE COMMERCE TAX CREDITS FORECAST OF $54.383 MILLION FOR FY 2023, $59.037 MILLION FOR FY 2024, AND $62.949 MILLION FOR FY 2025.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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.

MR. NAKAMOTO:
Pages 209 through 221 of the meeting packet (Exhibit A) contain three tables relating to Agenda Item XI. Table 5 begins on page 209 and contains a summary of selected major-minor revenues by forecaster, as well as the forecast that the Technical Advisory Committee on Future State Revenues (TAC) approved at its April 21, 2023, meeting. Table 6 begins on page 211 and breaks down the complete forecast that was approved by the TAC at its April meeting, which is now being brought before the Economic Forum for its consideration and approval. Table 7 on page 221 provides a summary of the major-minor revenues; the actual collections for each of those revenue sources for

FY 2022; the forecast for FY 2023, FY 2024, and FY 2025; and the biennial totals for the two biennia being discussed.

Table 6 details the forecast that was approved by the TAC at its April 21, 2023, meeting. The TAC is responsible for reviewing and approving the forecasts for all the revenue sources in Table 6 that are not individually approved by the Economic Forum, with the Committee approving the overall summary forecast. Regarding the Mining Tax, there was a large revision of the Net Proceeds of Minerals Tax. When the Economic Forum met on December 5, 2022, the Net Proceeds of Minerals Tax was around $71.7 million, but now only $1.4 million is being forecasted for FY 2023.

During the 31st Special Session (2020), legislation was approved that required mining companies to prepay the General Fund portion of the Net Proceeds of Minerals Tax for FY 2021, FY 2022, and FY 2023, with those provisions expiring in FY 2024. As shown in Table 6, the TAC's forecast presented for the Committee's consideration today is showing $0 for FY 2024. This is a result of separate legislation passed during the 2021 Legislative Session requiring the proceeds from the Net Proceeds of Minerals Tax to be deposited into the State Education Fund instead of into the State General Fund. When taken together, the two legislative actions resulted in the prepayment of the Net Proceeds of Minerals Tax ending in FY 2024, at the same time the proceeds of the tax were to be moved from the State General Fund to the State Education Fund. This meant that there would be no revenue from the tax dedicated to the State Education Fund in FY 2024. Therefore, the Legislature decided to end the prepayment a year early, and the mining companies were no longer required to make their payments on March 1. As a result, mining companies will pay taxes on calendar year 2023 activities based on their actual activities in FY 2024, with the proceeds going to the State Education Fund. Therefore, the forecast has been reduced by $70.3 million.

Regarding the Mining Gross Revenue Tax on businesses extracting gold and silver (General Ledger [G/L] 3074), the forecast of $67.2 million shown in Table 6 is approximately $9.8 million lower than the December forecast. This is based on information that the Department of Taxation has received with respect to people filing their returns, showing the revenues and activity for the tax. It turns out that mining activity has decreased and is lower than what was previously forecasted. Even though gold prices are high, there has not been as much production as was forecasted, resulting in a downward revision to the forecast by approximately $9.8 million.

With respect to the gaming taxes, the consensus forecast that was presented to the Economic Forum was based on information provided by the Gaming Control Board (GCB). The Fiscal Division is comfortable with going with the GCB's forecasts that were presented to and approved by the TAC in April. The most significant thing to note for gaming pertains to Advance License Fees, G/L 3046. The $56,000 in Advance License Fees being forecasted for FY 2023 is the lowest it has been in 30 years and is a result of there not being a lot of new licensees, or certain sold properties being considered as a continuing operation rather than a new one. The Advance License Fee is essentially paid to prime the gaming percentage fee, and gaming properties must pay a fee equal to three times their first month's operations so they can get the percentage fees primed; however, this has not been happening this year. Major properties such as the Fontainebleau will be opening in FY 2024, with the forecast coming back to what is considered normal in FY 2025. The TAC's Advance License Fee forecast shows a downward revision of approximately $719,000 in FY 2023, an upward revision of approximately $1.5 million in FY 2024, and a downward revision of approximately $192,000 in FY 2025.

The forecast for the Transportation Connection Excise Tax, G/L 3073, otherwise known as the Uber or the Lyft tax, shows that actual year-to-date collections have been higher primarily due to stronger-than-anticipated visitor volume in Las Vegas. This was predicted by the forecasters, with the Transportation Connection Excise Tax forecast being revised upward since the December meeting by approximately $2.3 million in FY 2023, approximately $1.9 million in FY 2024, and approximately $1.2 million in FY 2025. The Cigarette Tax experienced one of the bigger downward revisions of all the forecasts shown in Table 6 on page 211 of (Exhibit A), decreasing by approximately $9.3 million in FY 2023, approximately $8.4 million in FY 2024, and approximately $8.3 million in FY 2025. Simply put, people are smoking less, with fewer stamps that go on cigarette packs currently being sold year-to-date.

The portion of Table 6 shown on page 213 of (Exhibit A) displays G/L 3113 and the forecast for the Business License Fee, which had negative reductions of approximately $1.3 million in FY 2023, approximately $1.4 million in FY 2024, and approximately $2.6 million in FY 2025. This is a result of the year-to-date filings for corporations and other entities who are required to obtain a state business license being down and not recovering nearly as quickly as anticipated. General Ledger 3050, the Liquor Tax, and G/L 3053, the Other Tobacco Tax, have also been revised downward since the December 2022 meeting due to softening and fewer year-to-date collections. The smaller amount of revenue being forecasted for the Other Tobacco Tax may have to do with changing attitudes about tobacco, similar to those surrounding the Cigarette Tax. The Other Tobacco Tax includes electronic cigarettes and vapor products, with people potentially shifting away from these products due to possible health concerns. There is the argument that these products are safer than cigarettes, but the debate is still out there as to whether they are truly safe, which may be impacting collections.

CHAIR ROSENTHAL:
Does the cannabis tax go to the State Education Fund?

MR. NAKAMOTO:
There are two components of the cannabis tax. The first is the 10.0% Retail Cannabis Tax which goes directly to the State Education Fund, and then there is the 15.0% Wholesale Cannabis Tax. The wholesale tax was a ballot measure approved by voters back in November 2016, of which a portion is used to fund the budget of the Cannabis Compliance Board. There is also an allocation to local governments for their enforcement costs, with the remainder of the wholesale tax going to the State Education Fund. The cannabis excise taxes are outside the Committee's purview for its forecasts.

CHAIR ROSENTHAL:
Other than the major change to the Mining Tax, are there any other big changes that have come out of the 2023 Legislative Session that would affect the minor General Fund revenues?

MR. NAKAMOTO:
There is another item affecting the minor revenues that will be discussed further when the information on tax credits is presented.

The portion of Table 6 shown on page 214 of (Exhibit A) shows that G/L 3101, Insurance Licenses, experienced a downward revision of just over $700,000 per year during the forecast period. Insurance companies must have licensed agents to sell insurance in Nevada, but the agents do not have to be located in the state. For example, if someone calls Allstate Insurance Company's call center to buy a policy, the call center must connect them with someone who is licensed to sell insurance in Nevada. This revenue source has steadily increased over the years (similar to the Insurance Premium Tax), but every once in a while, there is a year when revenue from the fee will go down; this is happening in FY 2023. As a result, the forecast of $29,151,000 for FY 2023 is the first decrease seen for this fee in about five fiscal years. This trend carries throughout the forecast period and increases slightly in FY 2024 and FY 2025, but for whatever reason, be it changes in the economy or insurance companies thinking that they do not need as many licensed agents, the fees from Insurance Licenses are not performing to expectations, resulting in a downward revision.

Under licenses for the Secretary of State, the fees from Commercial Recordings, G/L 3130 are paid by corporations and other entities who want to register with the Office of the Secretary of State. These can be limited liability companies who have annual lists and other assorted filing fees that they pay. Year-to-date collections for Commercial Recording fees are not what was anticipated, following the same trend shown for Business License fees. Revisions to the forecast for Commercial Recordings since the December 2022 meeting are approximately $965,000 in both FY 2023 and FY 2024, and approximately $1.6 million in FY 2025. Fees collected from Securities Licenses are showing an opposite trend, with year-to-date collections being stronger than anticipated. The forecast for Securities Licenses has increased by about $1.7 million in each of the three fiscal years, which includes year-to-date activity and carries it through the forecast.

Athletic Commission Fees, G/L 3102, under total licenses on page 214 of (Exhibit A), is the license fee paid on the admission to unarmed combat events such as boxing and Ultimate Fighting Championship (UFC) events. There is an 8.0% admission fee that is paid based on admission to these events, of which 6.0% goes to the State General Fund, while the remaining 2.0% is retained by the Nevada Athletic Commission for its budget. The forecast of the 6.0% portion of the Athletic Commission Fee that goes to the State General Fund is shown in Table 6 and is approximately $688,000 lower in FY 2023, approximately $421,000 lower in FY 2024, and approximately $486,000 lower in FY 2025 than what was forecasted in December. While UFC and boxing events are still taking place, they are not necessarily always happening in Las Vegas, with these events taking place more and more in other areas throughout the United States and the world, causing a slight downward revision to the forecast.

Regarding the fees and fines shown on page 214 of (Exhibit A), the forecast for Short-Term Car Lease fees, G/L 3066, was revised upward by about $2.2 million in both FY 2023 and FY 2024, and by approximately $2.0 million in FY 2025. This is a function of year-to-date collections being stronger-than-anticipated. The Turo Tax is also included in Short-Term Car Lease fees and is the tax on peer-to-peer car rentals and can be thought of as the Airbnb for rental cars. There is higher-than-anticipated activity in the tax that is carrying forward through the forecast.

As shown in the portion of Table 6 on page 215 of (Exhibit A), under use of money and property, the repayments for Treasurer's Interest Income, G/L 3290, are unchanged from the December forecast, but there is an upward revision based on the TAC's April forecast of approximately $56.9 million in FY 2023, approximately $61.6 million in FY 2024, and approximately $64.1 million in FY 2025. Information provided by Treasurer Conine at the April 21, 2023, TAC meeting indicated that the state has large balances available to invest due to the significant amount of federal stimulus money given to the state throughout the COVID-19 pandemic. The stimulus money must be obligated by the end of calendar year 2024 and spent by the end of calendar year 2026. As those balances decrease, the state is still able to invest and earn interest on the money that it has not yet spent, with those proceeds going to the State General Fund.

It was also stated at the April TAC meeting that the interest rates in the Office of the State Treasurer's portfolio were far higher than anticipated in the December forecast, being approximately $60.0 million for FY 2023. Approximately $40.0 million in interest has been earned through the third quarter of FY 2023, with about $29.0 million in interest being earned in the second quarter alone. The Treasurer's Office provided its forecast to the Fiscal Division in late March/early April and had a good idea of what the balance was at that time, including what the interest rates were in the portfolio for the third quarter of FY 2023. The Treasurer's Office said that $35.0 million was not out of the realm of possibility for a third quarter deposit into the State General Fund. As forecasters, the GFO and the Fiscal Division are comfortable with the information that was presented to the TAC and concurred in the forecast. After deliberation, the TAC approved the forecast that is being provided for the Committee's consideration today.

The last revenue source listed in Table 6 that experienced a significant upward revision since the December forecast is Expired Slot Machine Wagering Vouchers, G/L 3047, under other revenue sources. The forecast for this revenue source was revised upward by approximately $1.7 million in FY 2023, approximately $2.1 million in FY 2024, and approximately $2.4 million in FY 2025. Unclaimed property, G/L 3255, experienced downward revisions of approximately $5.1 million in FY 2023, approximately $2.2 million in FY 2024, and approximately $1.8 million in FY 2025. The difference in forecasts can be attributed to the way that this particular revenue source works, which deals with unclaimed bank deposits, stock certificates, safety deposit boxes, and unclaimed property that gets turned in. The December forecast was anticipating that more unclaimed property would be turned in and that less would be redeemed and taken back, with the value of unclaimed property sitting in the General Fund until someone makes a claim against it. It was originally thought that FY 2023 might follow the same unclaimed property trends seen in FY 2022, but the trends are similar to those seen in FY 2021. There is not as much coming into the state under this program than there had been and there seems to be a little more going out, resulting in a downward revision to the forecast.

Table 7 on page 221 of (Exhibit A) describes tax credit programs, with there being some revisions to the tax credits forecasts. The forecast for Film Tax Transferrable Tax Credits is approximately $6.0 million for FY 2023, approximately $8.5 million for FY 2024, and approximately $8.0 million for FY 2025. As shown in Table 7, these are negative numbers, representing a reduction to the revenue. The Film Tax Transferrable Tax Credits forecast for FY 2023 is about $2.8 million lower than the division had on its balance sheets, which is based on information received from the film office at the Governor's Office of Economic Development (GOED) regarding what has been issued, approved, and what is anticipated to be used. GOED had a smaller amount of credit, which is actually adding about $2.8 million worth of revenue to the forecast. The forecast for FY 2024 is about $500,000 more in credits when compared to the December forecast, with the forecast for FY 2025 being unchanged.

There was much discussion surrounding the Economic Development Transferable Tax Credits during the 2023 Legislative Session. Previously, these credits were only used for Tesla, Inc.'s tax credits back when that company was approved for the credits during the 28th Special Session (2014). There was also additional legislation that approved tax credits for what was known as the Faraday Future project, but this project never took place, and those credits were never used. However, on January 31, 2023, the Interim Finance Committee approved GOED's application for the issuance of approximately $2.1 million of transferable tax credits to the Redwood Materials, Inc. project in Storey County. The tax credits that were approved were those that were previously authorized for use in the Faraday Future project that were never used. Based on information provided by GOED, the amount of credits anticipated to be issued to and used by Redwood Materials, Inc. as a result of legislative action would be approximately $950,000 in FY 2024 and approximately $475,000 in FY 2025, with the balance of those credits to be put on balance sheets in FY 2026. These were previously forecasted to be $0 because the earlier forecast was based on current law, and it was not known that these tax credits were going to be issued.

The Catalyst Account Transferable Tax Credits forecast is still at $0, which remains unchanged since the December meeting. The numbers shown for the Nevada New Markets Jobs Act Tax Credits are -$24.0 million in both FY 2023 and FY 2024 and -$22.0 million in FY 2025, which also have not changed since December; this is based on the statutory formula for this particular program. Insurance companies are allowed to make $200 million in qualified equity investments in organizations that are used for investment in certain census tracts. These investments took place in 2019 and follow the statutory schedule by which the organizations can get credits back against the Insurance Premium Tax that began in FY 2022. There is 58.0% total credit, so a $200 million investment turns into

$116 million in credits that can be taken over five fiscal years, with the actuals turning out to be close to that.

The Education Choice Scholarship Tax Credits is the program by which taxpayers can make contributions to scholarship organizations which then provide scholarships to private schools. There is a statutory amount of $6,655,000 in credits that can be issued every fiscal year. However, during the last two legislative sessions, the Legislature approved additional credits to be awarded in FY 2020, FY 2021, and FY 2022 of $4,745,000. The tax credits get taken, but they do not have to be used right away, as organizations have five fiscal years from the fiscal year in which the credit was issued for it to be used. Information from the Department of Taxation is available regarding when the credits were issued and how many are remaining in each bucket, as there is a separate bucket for every fiscal year. Based on this information, the Fiscal Division is estimating that approximately $13.0 million in credits will be used in FY 2023 and that $8.9 million will be used in FY 2024, before returning back to $6,655,000 in FY 2025. The amounts forecasted for FY 2023 and FY 2024 are higher because some of the $4,745,000 in additional allocations are still being used. There is fundamentally no change to this forecast over the next three years except that the amount of credits issued is increased by $1.0 million in FY 2023 and decreased by $1.0 million in FY 2024 to act as an offset, with the timing of when the credits are to be issued being the only thing that changes.

The Affordable Housing Transferable Tax Credits are provided to affordable housing developments throughout the state. The only change to this forecast occurs in FY 2023 and is based on information provided by the Department of Business and Industry's Housing Division, which reduces the amount of anticipated credits to be used in FY 2023 from 13.0 million to $6.0 million. This resulted in a net increase of the deposit to the General Fund of $7.0 million in FY 2023. As shown on the bottom of Table 7, the total tax credits forecast by the TAC is -$49,010,663 in FY 2023, -$52,360,550 in FY 2024, and -$47,130,605 in FY 2025. As a result, the difference between the December forecast is an increase in revenue (equal to the decrease in the amount of credits used) of $8,772,034 in FY 2023. In FY 2024 and FY 2025, there is an increase in credit (equal to the decrease in revenues) of $450,000 and $475,000, respectively.

As shown on Table 7, the TAC's total forecast for all minor revenue sources before tax credits is $952,241,322 in FY 2023, which is a decrease from the December forecast of $37,192,135. In FY 2024, the forecast is $950,208,561, which is an increase of $55,453,279. In FY 2025, the total before tax credits is $931,734,343, which is an increase of $53,015,454. The TAC's total forecast for all minor revenue sources after tax credits is shown on the bottom of Table 7, being $903,230,659 in FY 2023, which is a decrease of $28,420,101. In FY 2024, the forecast is $897,848,011, which is an increase of $55,003,279. In FY 2025, the total after tax credits is $884,603,738, which is an increase of $52,540,454 compared to the December forecast.

MR. LEAVITT MOVED TO APPROVE THE 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 AT ITS APRIL 21, 2023, MEETING.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

CHAIR ROSENTHAL:
Is there one table that shows the entire forecast that will be approved today that includes the major/minor revenue sources and the tax credits?

MR. NAKAMOTO:
Similar to the December meeting, during this meeting's recess, the Fiscal Division will prepare a forecast table that reflects the decisions that the Committee made today, which includes the decisions made regarding tax credits (Exhibit H). There will also be letters reflecting this information that will be sent to Governor Lombardo and all 63 members of the Legislature that the Committee will need to review and sign (Exhibit I). This will satisfy the obligation of this body to prepare and provide its forecast on or before May 1 of odd-numbered years. Additionally, there will be another table that compares the difference between the General Fund revenue forecasts that the Economic Forum approved today and what was approved at the December 5, 2022, meeting (Exhibit J).

Chair Rosenthal called a recess at 1:56 p.m. The meeting reconvened at 3:24 p.m.

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

MR. NAKAMOTO:
The table showing the General Fund Revenues - Economic Forum's Forecast for FY 2023, FY 2024 and FY 2025 Approved at the May 1, 2023, Meeting (Exhibit H) will be made available to the public once it is approved by the Committee. As shown on page 5 of (Exhibit H), the total General Fund revenue forecast before tax credits being approved by the Committee today is $5,822,073,322 for FY 2023, $5,851,240,561 for FY 2024, and $6,005,250,343 for FY 2025. The total General Fund revenue forecast after tax credits being approved today is $5,718,679,659 for FY 2023, $5,739,843,011 for FY 2024, and $5,895,170,738 for FY 2025.

For reference, the Economic Forum General Fund Revenue Forecast Comparison: May 1, 2023, Forecast Versus December 5, 2022, Forecast (Exhibit J) shows the difference between the two forecasts. Before tax credits, the difference between the May 2023 and December 2022 forecasts is an increase of approximately $45.1 million in FY 2023, an increase of approximately $116.4 million in FY 2024, and an increase of approximately $95.2 million in FY 2025, for a three-year total of approximately

$256.7 million, by which the May 2023 forecast is above the December 2022 forecast. After tax credits, the difference between the December 2022 and May 2023 forecasts is an increase of approximately $50.1 million in FY 2023, approximately $111.5 million in FY 2024, and approximately $89.9 million in FY 2025, for a three-year total of approximately $251.5 million.

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.

XIII. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.

MR. NAKAMOTO:
The next meeting of the Economic Forum is statutorily required to be on or before December 10 of this year, which will be the first of two mid-cycle Economic Forum meetings that provide updates on revenues for the previous fiscal year. Presentations and additional information are presented to the Forum, and there is not a requirement for this body to provide forecasts at these meetings, which mostly take place for informational purposes. This calendar year, December 10 happens to fall on a Sunday, which gives this body up until Tuesday, December 12 to have the meeting, per statute. The date for the December meeting does not have to be decided today, but if the Forum wants to give consideration to having the meeting on December 11 or 12, it can let the Fiscal Division know its preference as we get closer to those dates. Typically, the meeting is held in Las Vegas, either at the Grant Sawyer State Office Building or wherever the Legislature has offices at that time, depending upon decisions that may be made this Legislative Session about office space in Southern Nevada.

XIV. PUBLIC COMMENT.

There was no public comment.

XV. ADJOURNMENT.

Chair Rosenthal adjourned the meeting at 3:31 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.