

MINUTES OF THE MAY 1, 2025,
MEETING OF THE
ECONOMIC FORUM

The meeting of the Economic Forum (created by Senate Bill 23 of the 67th [1993] Legislature) was called to order by Chair Linda Rosenthal at 9:34 a.m. on Thursday, May 1, 2025, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 165 of the Nevada Legislature Office Building, 7230 Amigo Street, Las Vegas, Nevada.

ECONOMIC FORUM MEMBERS PRESENT:

Linda Rosenthal, Chair
Jennifer Lewis, Vice Chair
Michael Crome
Brian Gordon
Marvin Leavitt

STAFF:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB)
Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Christian Thauer, Deputy Fiscal Analyst, Fiscal Analysis Division, LCB
Hayley Owens, Economist, Fiscal Analysis Division, LCB
Maria Montes, Committee Secretary, Fiscal Analysis Division, LCB
Mauricio Solorio Arteaga, Ph.D., Economist, Governor's Finance Office

EXHIBITS:

- [Exhibit A:](#) Meeting Packet and Agenda
- [Exhibit B:](#) Agenda Item X—Department of Taxation Memo, Revenue Distribution Impacts
- [Exhibit C:](#) Agenda Item X—Department of Taxation, Presentation and Major Revenue Forecasts
- [Exhibit D:](#) Agenda Item X—Table 1, General Fund Revenues – Actuals, Fiscal Year (FY) 2022 Through FY 2024 and FY 2025 versus FY 2024 Year-to-Date Through April
- [Exhibit E:](#) Agenda Item X—Table 8, Major General Fund Revenue Forecasts for FY 2025, FY 2026, and FY 2027; Comparison of May 1, 2025, December 2, 2024, and November 7, 2024, Forecasts by Forecaster
- [Exhibit F:](#) Agenda Item X—Table 9, Comparison of Average Growth Required Over the Remainder of FY 2025 to Achieve the FY 2025 Forecast: Major General Fund Revenue Source Forecast by Forecaster; May 1, 2025, Forecast (Updated)
- [Exhibit G:](#) Agenda Item X—Governor's Finance Office, Major Revenue Forecast
- [Exhibit H:](#) Agenda Item X—Fiscal Analysis Division Forecast Information Packet

- [Exhibit I:](#) Agenda Item X—Gaming Control Board, Gaming Revenue Forecasts
[Exhibit J:](#) Agenda Item XII—General Fund Revenues—Economic Forum’s Forecast for FY 2025, FY 2026, and FY 2027 Approved at the May 1, 2025, Meeting
[Exhibit K:](#) Economic Forum General Fund Revenue Forecast Comparison: May 1, 2025, Forecast versus December 2, 2024, Forecast
[Exhibit L:](#) Letters to the Governor and the 83rd (2025) Legislature

I. ROLL CALL.

MARIA MONTES (Committee Secretary, Fiscal Analysis Division, LCB) called roll. All members were present.

II. OPENING REMARKS.

CHAIR ROSENTHAL:

I would like to welcome the members, presenters, staff, and members of the public to the May 1, 2025, meeting of the Economic Forum (Forum). I would like to thank the LCB staff for their assistance in setting up this meeting and their work today to allow this meeting’s agenda to be completed. Today’s meeting will include forecasts presented by the various forecasters of the state’s major General Fund revenue sources. The Forum will be approving forecasts for FY 2025, FY 2026, and FY 2027 for each revenue source that will be used by the Legislature to finalize the state’s budget for the 2025-27 Biennium. Additionally, the Forum will review the Technical Advisory Committee on Future State Revenues (TAC) forecast approved at its April 23, 2025, meeting, and then the Forum will approve a forecast of the minor revenue sources and tax credit programs. Finally, the Forum will approve the Economic Forum’s final forecast that will be provided to the Governor and the members of the Legislature.

As part of today’s agenda, there will be a presentation by Emily Mandel from Moody’s Analytics on its economic outlook and forecast for the sales and gaming taxes as well as an updated employment outlook presented by David Schmidt from the Department of Employment, Training and Rehabilitation. After that, the Forum will proceed through the agenda items regarding forecasts for the major and minor revenue sources. Once the forecast for all the revenue sources and tax credits has been approved, the Forum will recess to allow staff time to input the decisions into the forecast tables. Lastly, I will ask Mr. Nakamoto, as staff to the Forum, to assist me as needed in conducting today’s agenda.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

As Chair Rosenthal just noted, it is the intent of the Fiscal Analysis Division to take a break to allow staff to update the tables and get everything squared away so that the final forecast can be prepared and approved for distribution. Also, staff is aware of an additional recess around 11:00 a.m. that is necessary due to technical issues that are happening in the Legislative Building this morning. The recess is anticipated to last approximately 30 minutes to allow for the technology issues to be resolved.

III. PUBLIC COMMENT.

There was no public comment.

IV. APPROVAL OF THE MINUTES OF THE OCTOBER 16, 2024, MEETING.

MR. CROME MOVED TO APPROVE THE MINUTES OF THE OCTOBER 16, 2024, MEETING.

MR. GORDON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

V. APPROVAL OF THE MINUTES OF THE NOVEMBER 7, 2024, MEETING.

MR. CROME MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 7, 2024, MEETING.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

VI. APPROVAL OF THE MINUTES OF THE DECEMBER 2, 2024, MEETING.

MR. CROME MOVED TO APPROVE THE MINUTES OF THE DECEMBER 2, 2024, MEETING.

MR. GORDON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

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

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The presentation from Moody's Analytics begins on page 195 of the meeting packet ([Exhibit A](#)).

EMILY MANDEL (Associate Director – Senior Economist, Moody's Analytics [Moody's]):

I do not think this will come as a surprise, given some of the current conditions in the news and in the data, but Moody's has significantly downgraded its growth expectations for the United States (U.S.) and for the State of Nevada since its last forecast, which was presented to the Forum in early December 2024. The primary reason for this downgrade

is the global trade war. Moody's thinks that the global trade war will do real damage to the economy largely because of the higher tariffs and the uncertainty that the rapid changes in this policy are generating for businesses and households. There are multiple channels that this is passing through into the real economy and I will discuss some of the different ways that Moody's is expecting this to manifest in the economy over the next several months and quarters as well as some of the various degrees to which those will translate through into the Nevada economy.

Page 196 ([Exhibit A](#)) shows this graphically and puts it to scale. The graph includes a few different iterations of the national gross domestic product (GDP). The main ones that would be of comparison are the November 2024 forecast, shown in the salmon color line, versus the April 2025 forecast, shown in the blue line. The April 2025 forecast is Moody's latest forecast for national GDP growth. As shown, the GDP growth is predicted to slow to just over half a percentage point by the end of this calendar year. Therefore, Moody's forecasts there will be a sharp reduction in growth at the national level, but there will still be growth. This will technically avoid a recession. It will keep the economy expanding at a rate well below potential, but there will be minor gains from quarter to quarter. That being said, this will be a fairly deep deceleration from where the U.S. has been over the past year. The U.S. has had quite a strong economy coming into this year. A lot of the hard data through the first quarter of the year has been quite strong so it will be quite a significant slowdown. That will be felt by households and businesses on account of the speed at which Moody's is predicting things will begin to cool.

The interesting part of forecasting at this point in time is that a lot of the impacts of this trade war and policy changes are showing up in the softer data in things like the consumer sentiment survey and the business investment expectations. However, much of the harder data is delayed and job growth still shows as quite strong. For example, the GDP data for the most recent quarter has not yet been seen. Therefore, much of the slowdown is based on Moody's expectations and assumptions for the economy. The baseline to avoid recession is contingent upon there being a pivot in trade policy such as the announced tariffs not being maintained for a prolonged period of time, the U.S. getting some trade deals, there being some pull back, and that all of these do not fully have their impacts come through into the economy. I will share more about that later.

I mentioned that the labor market has been quite strong. The latest data point from March had around 228,000 jobs being added nationally. That's a very strong figure by whatever way you look at it. The April data point, that has yet to come out, will be the first data point after some of the reciprocal tariffs. Moody's is expecting things to begin to slow soon but, as of now, the labor market has been quite strong. If you look further under the surface, there have been some areas of slightly weaker performance such as the rate of hiring and the rate of quits. Just that momentum in the labor market has come down. There is also an increased rate of multiple job holders. That can be related to some financial stress by lower wage workers thinking they need to acquire an additional job. Job seekers are also staying unemployed for longer. It has become harder to get a job in the current economy, despite the fact that there is fairly strong job creation on net.

The dotted line on the chart on page 197 ([Exhibit A](#)) is Moody's forecast for the coming year. As I stated previously, Moody's is expecting the rate of job creation to slow dramatically and essentially stall out over the coming year. A lot of that has to do with uncertainty. If businesses are facing greater uncertainty as far as what demand will be for their goods and what their input costs will be, they are more likely to hit pause. That does not mean that businesses will be laying off workers. Moody's does not have broad-based significant layoffs in this forecast, but businesses might let open positions remain unfilled. Businesses might pull back on planned hiring that they would have done otherwise. On net, that will start to wind down as far as the rate of job creation.

I mentioned previously that much of this forecast hinges upon tariff policy. Page 198 ([Exhibit A](#)) shows some of the key assumptions that Moody's is making regarding the trade policy. The chart gives a sense of the scale of these tariffs relative to history as well as timing and direction relative to China and the rest of the world. The chart shows the effective tariff rate. Basically, it is looking at how much revenue is coming in relative to the amount of imports to get a rough measure of the magnitude of these tariffs. Moody's is expecting these to peak at roughly 21.5%. Prior to the first Trump administration, the U.S. had effectively a 0.0% tariff rate. They were not significant. There was an increase in tariffs during the first Trump administration that brought it up to 2.0% to 2.5%. In comparison to that, that 21.0% tariff rate that the U.S. will see temporarily is very large. It is not an exaggeration to say that these are significant. This will be the highest effective rate that the U.S. has seen since the early 1900s. Therefore, this is very much a change in trade policy.

Now, Moody's is expecting that these tariffs will only remain at that level for a short period of time. As can be seen on the chart, the effective rate peaks below 20.0% because this is the average of the quarter and Moody's is expecting that the tariffs will go into effect, a trade deal will be struck, and there will be some pullback as there is some pressure on the administration and some damage in the real economy showing up in those figures and wanting to take a step back. This is something that has been previously seen, even just with the initial announcement of the reciprocal tariffs and the, at the time, 90-day delay. It is something the Trump administration has been amenable and flexible with in its decisions to change its policy in relation to feedback and what it has been seeing as a result of this and damage that different sectors believe they will see as a part of this.

Moody's has a rough rule of thumb that every percentage point increase in the effective tariff rate reduced GDP by six to seven basis points over the coming year. If you do the math on that, a 19-percentage point increase in this rate would reduce GDP by 1.0% to 1.5% over the subsequent year; therefore, a quantifiable impact from that.

Previous research has shown that tariffs are largely passed on to consumers. Businesses might try to absorb some of the higher costs with an impact on profits, but the larger part of these tariffs will be passed on in the form of higher prices for imported goods and consumers will pay. In that sense, the tariffs act as a tax on consumer spending. There are higher prices with revenues going to the federal government as a result of the tariffs. As some of the larger announced plans go into effect, the anticipated impact of the tariffs has really had a detrimental effect on consumer confidence. As shown on page 199 ([Exhibit A](#)),

consumer confidence has dipped below the neutral line. Moody's received another month of data since this chart was provided to the Forum and consumer confidence has dropped to 86 points, which is a five year low as far as consumer confidence. In times when the economy is in good shape and chugging along, this is normally a lagging indicator. Before recessions, the causality of consumers changes. Confidence starts to erode even as the economy remains in decent shape. Therefore, this is one sign that the U.S. is heading for a weaker economy in the near term.

In the past, it has been seen that when the U.S. gets a 20-point reduction over three months in The Conference Board consumer confidence index, a recession will follow within six months. Currently, the U.S. is at 19.3%, so it is not there yet but it is just one of the reasons that Moody's has provided a weaker forecast. This is soft data, but consumers make up about two-thirds of the economy, so there are real implications for what they do as far as their spending.

One of the data points that has been observed in real time is the impact on the stock market. There have been declines in equity values. There is a correlation there. There are many more stock market corrections than there are recessions so it does not necessarily signal a downturn to come, but there is some reason that this will be more meaningful and impactful than what normally may be seen and that is because of the distribution of spending by income group, shown on page 200 ([Exhibit A](#)). Since the COVID-19 pandemic, the U.S. has had much more income and spending going by the 20.0% of households. There has been an increase in spending by the lower 80.0% of households as well, as they have kept up with consumer prices (shown as the dotted line on the chart) but it has not really surged the way it has for some of the wealthier people and that then translates into the potential risk to the economy through the wealth effect. As households see that their asset values are going down, they can become more cautious and save a little more and spend a little less. They are still going to be fine financially. It is not a point of macroeconomic stress, but it is a place where, as they contribute to so much spending, even a small reduction in the spending plans can have implications for overall spending in the economy.

Moody's calculates the wealth effect to be about 2.5 cents. That is to say that a \$1.0 reduction in asset values would lead to about 2.5 cents lower spending over the coming year. That may sound small, but when you multiply it by the scale of increased wealth, it can be more meaningful. However, Moody's does think that housing is largely doing all right and it will be fine. It is not going to be majorly affected. That is another part of wealth that households have that is going to be relatively secure. It is coming from financial assets rather than the housing market.

MR. LEAVITT:

When the Forum made its forecast in December 2024, it was the Forum's general assumption that it was making a conservative forecast. Since then, it seems that the Forum's forecast of revenues for the current fiscal year is probably too high. For the next two years after this one, do you envision that rather than decreasing revenue from the current level, the U.S. will probably see a lower increase than what was seen in December, but not necessarily a decrease from the level of FY 2025?

MS. MANDEL:

That is a good question. I think it will vary by revenue type. Different revenue types will be impacted differently. At least, that is what I show in Moody's forecast for the gaming percentage fee and sales tax collection. Moody's expects an increase in sales taxes, although not on the scale of what it expected previously, but it expects a decrease in gaming percentage fees. Based on the elasticity of the revenue sources relative to where stress in the economy is seen, some of them have slower growth, some of them outright decline.

MR. LEAVITT:

Sales tax is an interesting one to me because, I suppose, this is a situation where tariffs can cause the cost of goods to go up, which would naturally increase the levels of the sales tax. However, at the same time, if the tariffs cause an economic downturn, then people will have less to spend, which would cause a decrease in the sales tax. Therefore, you have both in opposition to each other and how they relate is a difficult question.

MS. MANDEL:

Precisely. The chart on page 202 ([Exhibit A](#)) shows what Moody's is expecting as far as nominal collections and the value of these sales relative to real collections (the volume) for durable goods consumption in Nevada. This is only one source of sales tax revenues, but it is an area that can be more sensitive. Moody's expects the volume of high-profile purchases that someone can maybe put off, such as buying a washing machine or vehicle, to remain flat. As people pull back, it is not anything close to the previous trajectory that was expected. However, as you said, Moody's is expecting higher prices to flow through for these goods and nominal collections to continue to rise. It may be slower and lower levels than previously, but there is minor growth there.

The chart on page 201 ([Exhibit A](#)) shows how people are expecting higher inflation as a result of the tariffs. If those prices are passed along to consumers, they are going to see higher costs because of that and that puts the Federal Reserve in a difficult position. There is the dual mandate of price stability and full employment which are moving in opposite directions as far as what their impact would be on policy. Higher prices would imply higher rates to combat that, but lower employment would imply lower rates. Thus, the Federal Reserve is waiting to see how much these things flow through. Moody's forecast expects that the full employment directive will win out over the next year, and the U.S. will start to see rate cuts once again. Moody's is expecting three rate cuts through the end of the year as the Federal Reserve tries to support the economy and then additional point rate cuts through the end of 2026 until the U.S. gets back to neutral territory. Even with the current declines, the U.S. is still in restrictive territory with rates and lending conditions, so Moody's expects those to come down a bit. Moody's also expects higher inflation in the near term because of the trade policies, with an expected peak at about 3.7% in late 2025. That is nowhere near what it was a couple of years ago, but it is an increase from where the U.S. is at today, which is around 2.4%.

This depends on two things: (1) the pivot on trade policies, such as Moody's has built into its assumptions, and (2) the inflation expectations staying anchored, meaning tariffs inherently would be a one-time price shock. For example, you would see this tariff level increase and businesses start to pass this through, perhaps the timing of when that gets passed through changes and maybe you would see that come through faster for perishable goods and maybe take a bit longer for high inventory goods, but altogether each would be a one-time price increase. In that respect, one would think that the U.S. will have a bump in inflation and then it will level off or slow down a little bit. If inflation expectations come unanchored—meaning consumers start to expect that the U.S. will be back in a situation it was before—that inflation will just keep increasing. That would require some higher interest rates to control it. That is not built into Moody's forecast, but it is one risk to be aware of.

Speaking more specifically about Nevada, it has been slowing already before some of the slowdown that is expected in the macroeconomy. The slowing has mainly been coming from the leisure and hospitality industry as well as retail and a bit from professional services. Nevada still has some strong growth in healthcare and government and some of the industries that are generally more stable because they are less tied to the tourism industry. However, altogether, it has shifted down. The vertical axis on the chart on page 204 ([Exhibit A](#)) shows job growth over the past three months. The horizontal axis shows job growth over the past year. Ideally, Nevada should be up in the top right corner, however, there have been recent job losses even though, in the past year, Nevada has added jobs. There has also been more divergence in the western pack, probably based on the different economic drivers. Nevada has slowed a bit faster than some of the other states. Moody's does expect job growth to remain flat and have some minor declines. Moody's expects the unemployment rate to increase over the coming year, peaking at about 5.6% to 5.7% in late calendar year 2026; therefore, more slowness is set to come for the state.

As far as how these different channels will tie into Nevada, on the business side of the equation—meaning businesses' exposure to exports in terms of weaker demand or retaliatory tariffs or imports in the form of higher input costs—Nevada's exposure is relatively limited compared to some other states, as shown on page 205 ([Exhibit A](#)). It is not a major exporter, and its manufacturing sector is not a huge part of the state's economy. In that sense, Nevada will be on better footing than some states in the South or the Midwest that have much higher dependence on manufacturing. Of course, consumers will still feel the higher prices that will be passed through to Nevada, but in this one sense of the channels, Nevada is fairly insulated.

One area that I have not really talked about much, as far as policy, but that I mentioned last time is expected policy changes regarding immigration. The policy changes have already started, and Moody's has a reduced forecast for international migration into the U.S. as a result. This will have a larger impact on Nevada than some other states because the foreign-born portion of the labor force is above average in the state. Industries such as construction and leisure/hospitality would be the most impacted by the reduced labor force. Moody's anticipates the reduction in one portion of the labor force can put some upward pressure on wages and squeeze profit margins for companies a little bit.

One of the most important things to discuss is the expected impact on tourism. This is an area where shakiness is already being seen. The chart on the left of page 207 ([Exhibit A](#)) is Las Vegas visitor volume with percentage change a year ago. Some of this is coming from convention traffic and the change in the calendar. Moody's has one more data point since then and it is down 7.7%. It is a little better than this, but it is not really showing that it is leveling out yet. The Conference Board has a question on its consumer confidence survey regarding the number of households that are planning a U.S. vacation in the next six months. That has fallen substantially, and I think that is coming from a place of caution as consumers track a potential increase in price levels, higher expenses—which they are especially sensitive to after coming through the last couple of years—as well as some expected shakiness from the labor market. One other point that is not on page 207 is that there have been some declines in the Consumer Price Index for hotels and airfares that potentially show reduced demand.

The international front is another area that Moody's expects will translate into some reduced visitation to Nevada and Las Vegas. There are some dire numbers regarding vacation planning by Canadians to the U.S. There are reduced border crossing numbers. That has shown up mostly in land crossing as air arrivals take longer to show up because people are less likely to cancel a vacation that has already been booked than they are to choose not to book a new vacation in the near term. There is some variation in the statistical way that it is calculated but Canadians make up about 10.0% to 13.0% of total visitors to Las Vegas, thus being a meaningful component. If there start to be double-digit declines in the Canadian visitation, it will have a measurable impact on Nevada's tourism economy. Moody's is expecting some pull back in tourism as a result, largely on the international front and less on the domestic front because of confidence metrics. There has been a lot of pricing pressure on vacations to Las Vegas, especially in terms of things like hotel rates and concert prices. If those came in a little weaker, perhaps some domestic stabilization can be seen in the people coming into Las Vegas. It is not something Moody's forecasts directly, but it could be a stabilizing factor in reducing some of the pricing pressure that has been noted. Altogether though, Nevada is a cyclical economy, and it is more susceptible to the business cycle than the U.S. as a whole. Therefore, even if some of the channels for this most recent slowdown do not impact Nevada as closely, the tourism sector is very cyclical, and Nevada will feel the impacts and will have slower growth as a result.

MR. CROME:

Earlier in the presentation, you mentioned that Moody's is not forecasting a recession but that is under the assumption that things will start to turn. What does that time frame look like of when things need to turn before Moody's would begin forecasting a recession? What is your current assumption of when things will start to make that turn?

MS. MANDEL:

The policy would need to turn within the next couple of months, essentially around mid-year or summer 2025. Moody's expects the rest of the world would mainly be the source of the pivoting, especially there being a trade agreement set to be renewed with Canada and Mexico in mid-2026. Moody's would expect things to be resolved by then. By summertime, Moody's would expect the very high tariffs on China be reduced—not anywhere near to what they were before, but a reduction.

VIII. PRESENTATION ON THE STATE EMPLOYMENT OUTLOOK.

This agenda item was taken out of order.

DAVID SCHMIDT (Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation [DETR]):

My presentation will have some similar themes regarding the state's employment and unemployment data that was just heard. In looking at the data so far, it is only through March 2025. All the hard data is at best still a month before the announcement of tariffs and some of the shifts in policy. Even the data that is coming out tomorrow, though it is after that point in time, it is just about a week after because that data is through mid-April. The data will probably not pick up on that until the June release of the May data.

It is true that Nevada has been slowing a little bit as the employment growth rate was 0.6% over the past year in March. That is about in the middle of the range of what has been seen so far in 2025. More significant numbers were seen in the originally released 2024 data. The benchmark revisions that use a more complete data set for employment flattened a lot of that out so that trend will be a little bit different through the presentation. Nevada's unemployment rate is currently 5.7%, and that is basically steady. It has been in the 5.5% range or a little bit more for the last couple of years so there is not a significant change there. Labor force participation rate is 62.8%. For the U.S. in March, it is at 62.5%. In regard to hourly wage growth, it has been interesting because when looking at slowing employment growth and higher rates of unemployment, you might think of a much softer economy but, at the same time, there have been increases in hourly wages. Through 2024, the hourly wage rate increased through the year. It is at 5.6% now, which is similar to where Nevada was at the end of 2024.

Nationally, Nevada's 0.6% growth is good for the 32nd in the country. I should note that, on page 216 ([Exhibit A](#)), the employment growth rate is listed at 0.7%. That was a typo, and it was corrected in my presentation. The 0.6% employment growth rate is about the middle section of the states, compared to 0.6% employment growth in the pre-benchmark data at the end of last year which put Nevada towards the bottom of the states. A lot of states have seen a shift in which the original monthly survey data was more aggressive than the benchmark ultimately came in at. Nevada's rate is solid, and it is not one of the states that is shrinking yet, but it has seen that pullback in its growth.

Page 218 ([Exhibit A](#)) shows the annual change in percentage terms and the monthly change in hard numeric data for each sector. Most sectors have not seen a lot of change. The trend and overall theme are generally flat. The Forum heard health care called out as one of the sources of growth. Other services—which is a very broad spectrum of things, including auto mechanics, hairdressers, and lobbyists—is up 4.0% over the last year. Health care and social assistance is also up in that 4.0% range. Nevada's biggest areas of weakness are in the transportation, warehousing, and utilities sector; specifically, in the transportation/warehousing side. Utilities are not a big part of that sector. That is down about 4.0% over the last year and down about 1,000 jobs over the last month. I will highlight that this trend is not necessarily related to the tariffs because this is March data

so those had not come into play yet. More so, this is a sector that was growing very rapidly coming out of the COVID-19 pandemic. As it grew very rapidly, the pullback that is being seen right now is more of a rebalancing of that sector as businesses respond to the right size of their employment. I do not think it is necessarily a sign of shrinking or weakness at this point in time. It is more of a rebalancing and adjusting for the rapid growth that was seen.

As I said, Nevada's hourly wage data is up and that is generally true across sectors. The change over the last year has been positive across a lot of them. Hours are also up. Therefore, both wages and the number of hours people are working is rising, except for the construction industry, as their working hours are down about 2.5%. In general, the ongoing demand for labor is reflected in the wage data.

The next several charts (pages 220-226, [Exhibit A](#)) provide a visual of the industry trends, with the Las Vegas metropolitan statistical area (MSA) on the top and the Reno MSA on the bottom. The charts are all non-seasonally adjusted, so you will occasionally see some seasonal movement up or down. In general, the trend is flat. The red areas indicate recessions. The charts go back to 1990. At the top right of each chart, you will see that over the last year and a bit, the trend flattens out an awful lot. The dashed line across the top shows Nevada's current employment level. For most of 2024, page 220 shows total nonfarm employment growth will stay in a flat range.

That is also true for the construction industry (page 221, [Exhibit A](#)). The construction industry is interesting to highlight. The Forum just saw a chart in the previous presentation that says a third of the people roughly working in the construction industry in Nevada are foreign-born. For context, during the Great Recession, Nevada lost two-thirds of its construction industry, going from 150,000 jobs to 50,000 jobs. As shown on the chart on page 221, it took a long time to recover those jobs. Even as there was demand in the mid-2010s, losing a workforce and then training the replacements in a highly technical and skilled industry took a lot of time. That is particularly relevant in the current context. There has been steady and ongoing growth there, though flatter over the last year or so. In particular, the Reno MSA has been getting close to where it was during the Great Recession. It has been rebuilding and responding to the demand that is out there. Because the Las Vegas MSA boomed so much and was hit harder by the declines during the Great Recession, it is still taking a little bit longer.

The manufacturing industry has the same flat trend (page 222, [Exhibit A](#)). There was a rapid expansion post-COVID-19 and then it leveled off. The manufacturing industry has been in that flat trend for a little bit longer; however, Nevada does not have very large sources of growth. That is something that changed a lot in the benchmark revision. In DETR's original data, manufacturing was growing much more rapidly but as DETR got better employment data, the survey was a little bit optimistic, and those estimates have come down.

The retail trade industry is displayed on page 223 ([Exhibit A](#)). As shown, there are seasonal peaks and valleys. Nevada has been in a narrow range since 2018. It has been in an area that, for Nevada, is not a big source of job gains or losses. Instead, the seasonal peaks get up to about the same spot and the seasonal dips get down to about the same spot. It has been in a steady place. There has been a bit of pullback. You will notice that the seasonal peaks have gotten a little bit lower over the last couple of years and this, in part, reflects the shift to online versus physical employment in the retail trade sector, but it is a broader story that goes back over a few years.

On page 224 ([Exhibit A](#)), you can see that for the logistics industry—that is the transportation, warehousing, and utilities employment—there are peaks and sharper declines, especially over the last few months. I believe that is more of a rebalancing. You can see how much it grew following the COVID-19 pandemic.

The casino industry (page 225, [Exhibit A](#)) is obviously a major source of employment for the state. It is one that has been flat for a long time. In Las Vegas, the peak for casino employment was back in 2006. In the Reno area, it was back in 1997 when the Silver Legacy opened. The employment has gone up and down a little bit. Generally, what has been seen is that in a recession there is a bit of a decline in employment and then that kind of holds off. During the COVID-19 pandemic, there was a lot more recovery because of the nature of the job losses there. However, it does look like Nevada is leveling off at a point that is a bit less than what was seen through the 2010s.

The food service industry (page 226, [Exhibit A](#)) has sort of been the opposite. The industry as a whole is flat. It is up about 2% compared to pre-COVID levels because what the state has lost in the casino industry, it has largely added in the food service industry. That brings Nevada slightly closer to what the landscape looks like nationally. Nationally, in the accommodation and food service industry, food service is by far the dominant piece for Nevada. Because of the casino hotel industry, there has been a lot more employment in accommodation. Thus, this moves Nevada slightly closer to national trends. I do not think Nevada will ever get to that point because, obviously, I do not expect the casino industry to go away. By and large, what Nevada has gained in one, it has lost in the other. There is a bit of change in terms of the wages that are paid. Generally, the accommodation industry is paying about 50% more than the food service industry on an average weekly wage basis.

Looking at federal employment (page 227, [Exhibit A](#)), this is something that has been potentially an item to watch. However, the story here is very boring. Federal employment in Nevada has been flat since early 2024. A part of this is that there are shifting employment levels on the federal side. The nature of how that happens matters a lot because if a person takes a deferred resignation offer and is still getting paid, they still look like an employee and are probably still showing up in the data until that fully takes effect. Nevada may see a bit of change in this area in the future. So far, though, there has been nothing showing up in the data to quantify the number of people that are being paid.

This is also true of Nevada's unemployment claims for federal workers. Looking at the charts on page 228 ([Exhibit A](#)), on the week ending on April 12, 2025, there were zero new claims coming in from federal workers and for the week ending on April 19, 2025, there was one claim. Therefore, this trend is flat and not something that would really have a big impact on Nevada's data. If you are looking at changes in federal spending and policy, the employment aspect is not a big one. The bigger impacts would be things like grants, funding, nonprofits, and other money that is spent by the federal government, not necessarily on its workers. Nevada does not necessarily have the concentration of the type of departments that have been exposed to this, such as the U.S. Department of Defense, U.S. Department of Homeland Security, U.S. Department of Veterans Affairs have not been as impacted. Nevada's counties with the largest share of employment of federal workers are Churchill County and Mineral County because of the Naval Air Station Fallon and the Hawthorne Army Depot. The civilian employees at those bases are still a large part of the biggest concentrations Nevada has of federal workers at the county level, plus the services in the Las Vegas and Reno areas. Those might be the areas that would be more exposed to shifts in federal employment levels.

Looking at the unemployment rate ranking by state (page 229, [Exhibit A](#)), Nevada's unemployment rate is 5.7%, still ranking highest in the country. It did inch down a little bit from 5.8% to 5.7%. The level of the shift was so small that it was changed from rounding up to rounding down, not making it a very significant shift. Nevada is one of five states that has an unemployment rate of above 5.0%. South Dakota has an unemployment rate of below 2.0%.

If you look at the composition of Nevada's unemployment (page 230, [Exhibit A](#)), part of this is because Nevada has a higher level of labor force participation. Nevada has more people looking for work who did not lose their job; they are unemployed for some other reason. If you set Nevada's participation rate to the 62.5% that exists in the U.S. as a whole, that represents about 8,000 people in Nevada. That would shift Nevada's unemployment rate from 5.7% to 5.2%. There is a noticeable aspect in which more people generally looking for work does prop up that unemployment rate a bit.

It is important to think about the reasons for unemployment. The chart on page 231 ([Exhibit A](#)) is complicated but on the vertical axis is the unemployment rate for people who are not job losers. That means they lost their job for any other reason, largely reentrance to the workforce, new entrance to the workforce, and job leavers. On the horizontal axis is unemployment due to job loss. The arrows show the path over time going back to the early 2000s. It is very clear the Great Recession is the large loop that goes up into the upper right-hand corner. The COVID-19 recession is the narrower loop that shoots off to the right and back to the left near the bottom of the chart. Job losses are the important piece of unemployment when it comes to recessions because it is not necessarily people who are going to start looking for work, moving back into the workforce, or just graduated from school. People can be unemployed for many reasons, but it is when people are losing their jobs that you get a material economic component to their unemployment. Currently, Nevada is still at a point where it has more people unemployed for reasons other than job loss. The cluster at the lower left-hand corner of the chart, there is some early 2000s and mid-2010s data in there. Where Nevada is right

now is higher, but that means it has more people unemployed for reasons other than job loss than seen in some of those earlier areas. Nevada has more people engaged in job search, not necessarily having lost their jobs.

On the other hand, Nevada does have people looking for unemployment longer. As was heard during the previous presentation, the duration of unemployment is increasing nationally. This is true for Nevada as well. The table on page 232 ([Exhibit A](#)) shows the 12-month average data going back to March 2016. On the bottom right side, there are some numbers in green. That is the change in the number of people who are unemployed for fewer than 5 weeks, 5 to 14 weeks, 14 to 26 weeks, and more than 27 weeks. There has been a bit of a decline in the number of people who have been unemployed for the shortest amount of time. There has been increases in the number of people unemployed for 5 weeks or more. If instead Nevada had held flat and there were not people that were unemployed for longer periods of time, that adds about a percentage point to Nevada's total unemployment level. That is an increase of about 16,000 people. Those are very rough numbers. As people have been looking for work for a longer period of time, that does suggest that it is getting harder to potentially find a job. Nevada has more people looking for a job and entering the workforce, but they are taking longer to find work when they do.

This also shows up in Nevada's unemployment benefits. Unemployment is about 25.0% of Nevada's total unemployment, but it is much more tied to people who have lost their jobs. People who had previous wages, were fired, started claiming unemployment benefits, and qualify because they lost their job through no fault of their own. These are several different measures. The number of people coming into unemployment has leveled out and Nevada is about in the middle of the road nationally when it comes to unemployment claims. The bottom couple of lines on the chart on page 233 ([Exhibit A](#)) are the average duration of unemployment claims and the share of people who are exhausting or using up all those benefits. The increases that have been seen over the last year are in the top ten of the country. The level of weeks that Nevada is claiming is about 16.8 weeks. That is elevated and the level of exhaustion is at 42.5%. That is probably five to seven percentage points higher than what has been seen during the mid-1990s and the mid-2010s.

Looking at the average duration of benefits through time on page 234 ([Exhibit A](#)), the 16.8 weeks that Nevada is at right now is comparable to where Nevada was during the 2001 recession and a little bit above where Nevada was at the height of the 1991 recession. It is a longer period of job search. There are still some adjustments. As can be seen on the chart, the line drops and spikes twice following the COVID-19 pandemic because of the nature of the impact of people moving through the system in some waves as their eligibility period started to renew. The increase that has been seen recently is not the same spike. Nevada got through some of those aftershocks. This represents the increased time that it is taking for people to look for work. Nevada's labor market is one where people are slower to find jobs than what has been seen in the past.

The forecasts starting on page 235 ([Exhibit A](#)) use Nevada's Quarterly Census of Employment and Wages (QCEW) data from the U.S. Bureau of Labor Statistics. This is the more detailed employment picture. The Research and Analysis Bureau is in the process of finalizing the fourth quarter data, thus, the last data point in the black line is a little preliminary but unlikely to change to any significant degree. It is mostly some clean up in industry coding and things of that nature. The blue line shows a quick model based on the data through 2017 and then what model best predicts the data from 2018 through 2024. In general, there are a lot of the same themes. Nevada has been flat in its survey data going backward and a lot of the forecasts are flat going forward. For total employment across all ownerships, industries, and sectors, the Research and Analysis Bureau is looking at growth based on the trends through June 2027 of about 1.0% in terms of total jobs. That is a bit lower than the expected population growth but in the long term I expect employment and population growth to move in a similar way. Those trends do reflect the baseline expectations going forward.

Looking at the construction industry, or the North American Industry Classification System (NAICS) Sector 23 (page 236, [Exhibit A](#)), there is a projected growth of basically zero. It flattens out an awful lot. That is the trend that has been seen most recently, and a lot of these sectors will carry that forward. That is also true for Sector 48, which is the transportation section within the Transportation and Warehousing sector (page 237, [Exhibit A](#)). There is more air travel and passenger ground travel in Sector 48. The trend there again is essentially flat. Sector 49 is the Warehousing sector, which is a little more logistics-oriented and includes things like the postal service (page 238, [Exhibit A](#)). That also has a 0% growth. Sector 56, the Administrative and Support and Waste Management and Remediation Services sector, has a growth of about 0.7% (page 239, [Exhibit A](#)). It is a little bit up, but in the same kind of ballpark. There are not a lot of industries that are showing much more rapid growth outside of health care and social assistance. As the population gets older, the demand for health care is steady. I did not include it here because it is essentially a line that continues upward at about 3.0%. Finally, Sector 721120, the Casino Hotels sector (page 240, [Exhibit A](#)), has had the same flat trend coming out of the last few recessions and the Research and Analysis Bureau expects that trend to continue to carry forward.

As you heard, there is a lot of current economic uncertainty out there. In trying to grapple with whether those expectations should be pulled into the presentation, I decided that since I do not know what tariff policy will be six months from now and I do not have firm data to react to, I will instead include the current Nevada trends. The details of the policy that will come out will matter an awful lot. For example, Nevada has a relatively low exposure to tariffs in general and has the highest share of imports to the state that come from China of any U.S. state, at 26.6%. However, those imports are heavily concentrated on communications and electronics equipment. I think that may be largely because of phones and small things being flown in because of the closer distance to China. If there is a tariff on China but it exempts communications and electronics equipment, that would be a very different thing than just looking at the overall tariff rates. The details matter enough that there is no certainty on how exactly to project that yet.

The one thing that I do know is that uncertainty does make it harder for businesses to invest and does itself act as a slowdown on growth. Businesses tend to pull back from engagement and defer from making some of those decisions until they know how they can invest. As businesses and consumers have a collective pullback in activity, that itself leads to typical recessions. The U.S. has had large shocks to the economy during the Great Recession and the COVID-19 recession but the more typical recessions, in 1991 and 2001, were less of an incredible shock and more of a smaller pullback. It is something that causes people to wait a little bit and make some adjustments. That collective pullback is certainly the biggest risk.

Projecting forward with trying to incorporate all of this, the growth forecasts that are essentially flat would probably be negative, at least in the short term while we wait to see how this will affect the economy. There is a bit more hard data on what is happening with the supply chain, the number of blank sailings that are taking place across the Pacific, and some potential acceleration to the downward trend that has been seen in the logistics industry that has started to manifest so far. However, for other industries, there is more uncertainty than a reaction to any specific policy that would probably be depressing the employment forecasts.

MR. LEAVITT:

Based on what you were just saying, I am wondering if, for example, a company that had plans to start a big construction project within the next year but, based on the general feeling about the economy right now, instead had the disposition not to start that construction project right now and defer it for another time. If that company defers that project and the current construction projects end, then the state does not have anything to replace it. Would you say that is an accurate depiction of what could possibly be happening in this particular segment of the economy?

MR. SCHMIDT:

I think that is certainly a reasonable assumption to make. Obviously, in an economy of 100,000 businesses, not everybody stops. I would not say that it is necessarily systematic, but there are more people choosing to stop than to keep going. There are still businesses that will see an available labor pool and feel they can still earn a profit. For me, it makes sense to go ahead and invest. But if there are more people pulling back than choosing to invest, that is when you start to see some general slowdown. I think it is important to disentangle the specific items from the net balance. On net, I would probably expect a few more people holding back and waiting, looking for a good investment and a guaranteed return, and having some level of decrease in terms of overall activity.

MR. LEAVITT:

Mr. Gordon and I were talking before the meeting started about how, if you feel the economy is going to be bad, that could be a self-fulfilling prophecy. If someone reacts in such a way that they do not spend money because they are nervous about it, the fact that they do not spend money reduces the whole level of activity.

MR. SCHMIDT:

I totally agree. Expectations matter an awful lot because expectations become your reality as you act on them.

CHAIR ROSENTHAL:

There is obviously uncertainty that is looming out there. What is your best guess of the impact that will have on employment and wages going forward?

MR. SCHMIDT:

It is hard to come up with a certain number, which is obviously the challenging task you have today. A lot of it will depend. If it were just the uncertainty and by sometime in the summer some of the issues get resolved, such as maybe there are some increases in costs but it is not necessarily a 145.0% on China and a 30.0% on everything else, there would certainly be some impact, but it would not be like the Great Recession or the COVID-19 recession. I think it might be something more akin to what was experienced in the 1991 or 2001 recessions in terms of a dip in growth. It would come at a time when Nevada is not growing as fast as it was back then. Nevada spent most of the 1980s, 1990s, and 2000s growing at double the rate of the U.S. as a whole. Those recessions were very mild for the state because it was against a baseline of incredible growth. Nevada dipped and then kept on going with barely a speed bump.

I do think there would be a bigger impact on Nevada's economy because it is going from a much flatter baseline trend. A dip of a couple of percentage points would certainly be reasonable. At the same time, Nevada has a background of strong wage growth. There is a solid demand. There is the potential for a tight labor market because of changes to immigration policy, as well as an aging population, reducing that available supply of labor. That might offset the impacts to jobs a little bit because, with a tight labor market, it might not be that jobs are necessarily very hard to find. There might be challenges in connecting someone who is dislocated in one area or getting a job in another area. That might tend to help support employment, or at least prevent it from falling, if not necessarily contribute to it rising because of the tight and restricted labor supply. That could also keep wages a little bit higher and keep them from seeing the same sort of vicious cycle in a typical recession. It is not unreasonable to think that there may be a decline of a couple of percentage points given that Nevada was recently growing at 3.0%. In the labor force of 1.6 million people, a change of 1.0% is 16,000 jobs. Could the state see 16,000 to 32,000 jobs affected? That is certainly in the realm of possibility.

CHAIR ROSENTHAL:

That is interesting considering that most of Nevada's taxes that the Forum will forecast are based on consumer spending. It is the health of the consumer. The Forum will have to try to figure out what that looks like when there are worsening macroeconomic conditions. In discussing the specifics for Nevada, there are things like higher wages and steady employment. Those are things that sound like they would not have as big of a negative impact on the consumer. What is your view of the health of the consumer through all of this?

MR. SCHMIDT:

It depends a lot on the details. As the Forum heard, Nevada has an economy that is more highly concentrated in leisure and hospitality. I saw some analysis from the University of Nevada, Las Vegas that said that Canadian travel to Las Vegas supported more total jobs than the manufacturing industry in Las Vegas. Therefore, it is a significant thing that is certainly exposed. Domestic travel is still by far the biggest thing driving tourism and visitation in Las Vegas. If there is a national slowdown in domestic travel, that would leave Nevada more exposed to slowdowns to travel from Canada. While travel from Asia is big for individual spenders because they tend to be much wealthier and can try things like baccarat play, I do not think that is as big for the average worker in the Las Vegas area as the sheer number of people that travel from the U.S. and North America.

As much as businesses find ways to operate a little bit leaner, when there is a downturn, it tends to drop and not necessarily come up. Consumers working in that industry are a little bit more exposed and at risk. People in one of the skilled trades in which they are building infrastructures for other businesses are probably a little bit more protected. The level of quits is falling. There is a little bit less confidence, but they are falling from high levels of 2022 and 2023. The current levels of quits are just now getting back a bit below where they were in 2018 and 2019. For 2018 and 2019, you could say it was a confident economy, and things were growing pretty solid because it was a positive place. Nevada has fallen but it is important to remember it has fallen from 2022 and 2023 when it was much easier for someone to leave a job and have many other job options. That is less the case than it was. Nevada is not at 2019 levels, and it has continued to slide past that, but it is also not at 2009 or 2010 levels. There is still enough demand for workers out there and solid opportunities.

I think it is more just the capacity of the economy. As Nevada has recovered from the COVID-19 pandemic, it has grown 9.0% or 10.0% beyond where it was prior. The biggest restrictions are more so the overall level of employment that is demanded by the businesses that the state has here. I do not think it is necessarily a situation where people cannot find work. There are people entering the job market thinking that there is work out there for them, it is just taking a little bit longer to find those jobs. That is still relatively strong overall.

There was no further discussion on this agenda item.

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

EMILY MANDEL (Associate Director – Senior Economist, Moody’s Analytics [Moody’s]):

I am sure the Forum will get more information about this later but there was a change with the processing system for payments for the Sales and Use Tax, so the data on page 210 ([Exhibit A](#)) will look a little bit distorted. The blue line on this chart is the data as provided, acknowledging that there was some underreporting because of the change that is being made in how these are recorded. I will not get into the details of that because there are other people present who are better qualified to explain that change. The dotted line on the chart compensates for the revenues, if this were an “apples-to-apples” comparison to how things were beforehand. In forecasting these revenues, I have discounted the recent data that is distorted. The actual revenue levels—except for FY 2025, which includes the data as provided—should be what Moody’s would expect based on underlying economic conditions, which are the FY 2026 and FY 2027 amounts shown. The overall trend Moody’s is expecting for Sales and Use Tax collections is a modest decline in the current fiscal year, followed by growth in the following two years. Basically, the path of the dotted line and the numbers to probably think about for a year-to-year perspective would be a 0.9% decline in FY 2025 followed by 1.6% growth in FY 2026.

Therefore, essentially, the forecast calls for that gradual growth of 1.6% in FY 2026, and 1.9% in FY 2027 as Moody’s baseline outlook, aligning with projections for the economy discussed earlier. This is very much below the potential rate of growth that would be expected in normal times in the Nevada economy because of the weaker labor force as a result of the reduced consumer confidence, but growth is still expected. A lot of this stems from rising prices because consumers will be forced to absorb some of the higher costs to maintain their quality of life. However, this would grow below the pace of income growth that would be expected for the state and grow below the pace of inflation itself. It is a reduction in the real level of purchases.

To construct this forecast, Moody’s looks at a few different metrics. Moody’s looks at U.S. recreational spending to get a sense of the spending by tourists in Nevada as one component. Moody’s also looks at more homegrown measures that demand things like the durable goods purchases, personal income, and the unemployment rate in Nevada. As there is some weakness coming from the unemployment rate, it translates into slower growth that Moody’s is anticipating for Sales and Use Tax collections.

MR. GORDON:

Can you provide information on how Moody’s breaks out and thinks about the projection from a tourism-based economy? I know you mentioned Moody’s looks at things such as the U.S. recreational spending versus the homegrown spending. Is there a distribution or a differential that the Forum should consider in terms of how fast or slow those subsets of potential sources of Sales and Use Tax perform?

MS. MANDEL:

So much of Nevada's employment base and wages are tied to that same industry. The unemployment rate tends to move in tandem with the health of the tourism economy. From that perspective, it bleeds over into the homegrown part as well, as these individuals go home from work and spend their wages. I do not want to undercount the value of Nevada's rapidly growing population. As the population grows, that is just an inherent source of increasing demand for the Sales and Use Tax. Moody's does not have specific weighting. It is essentially what Moody's regression models tend to put those coefficients at, comparing the different parts. That is part of the reason that Moody's includes the recreational spending metric to ensure it is incorporating that. Unfortunately, I do not have a clear answer in terms of percentage.

To shift over to the Gaming Percentage Fee outlook (page 211, [Exhibit A](#)), this is one area where Moody's is expecting outright declines in revenues, particularly in FY 2026. There is also the potential for FY 2025 to be a little bit weaker than what is noted on this chart. I would like to acknowledge that is definitely a very real risk. After finalizing these numbers, I received an additional month of data once that was released, and it was down 8.3% for April 2025. That is not a great start to the fourth quarter, and I wanted to acknowledge the potential discounting for FY 2025.

To construct this outlook, Moody's put a few different pieces together. First, it looked at forecasting the visitation to Las Vegas to try to get a sense of how many people are coming, which is especially important in the current environment. To do that, Moody's looks at recreational spending in Nevada, the strength of the dollar, and the national unemployment rate to get a sense of how the economy is doing, how affordable a vacation is for international visitors, and how much spending there is in general going on in the state.

Moody's is expecting a decline in that metric. It is expecting fewer visitors to the state. This is a rougher forecast, but it has Moody's expecting about a 7.0% decline in visitation peak-to-trough in that period. To get a sense compared to different previous recessions, that would be a little less than what was seen in 2008 and more than 2002 during the dot-com bubble. I would expect a larger part of that to come from international visitation, as I said before. That metric of visitation then gets combined with measures of income as well as unemployment in the state to pull together how much the actual spending on gaming will be and how much revenue will come from there.

After putting that together, Moody's expects a decline in gaming revenues. Although those have been high recently, there has been some leveling off. It has stabilized a little bit in recent years. It has not been quite as strong as when Nevada had some of the higher profile events take place. Going off that higher base, Moody's is expecting a 5.6% decline in the next year, but it will bring Nevada back to levels that have not been seen since a recovery was made in FY 2022, so there is definitely some weakness there. Moody's expects a mild pick up of a 2.2% growth in FY 2027 as the situation begins to stabilize, the economy begins to improve (especially towards the end of that fiscal year), and people feel comfortable again in booking vacations and spending more in the state.

CHAIR ROSENTHAL:

You mentioned that the forecasts for these revenue sources will vary from tax to tax because they have different drivers. For the Gaming Percentage Fee outlook, the forecast is quite a bit more dire than the Sales and Use Tax outlook. What level of assumption of macroeconomic pressures are included in this forecast? It sounds like a lot of negative possibilities are being “baked” into this forecast with an extreme decline expected.

MS. MANDEL:

I am hesitant to say that there are not still substantial downside risks in the current environment. Moody’s is expecting a decline. I do not know that I would call it “dire” relative to the realm of possibilities. I do not know if that is too downbeat to say. I used the same kind of metric that I was observing before and compared visit volume during past recessions. For example, in 2008, the peak to trough was about a 23.0% decline. The Gaming Percentage Fee is a very cyclical series. The major differentiator between the stronger forecast for Sales and Use Tax and the much more downbeat Gaming Percentage Fee forecast is that it is inherently discretionary. People will have to buy a car, goods, and different taxable items eventually. People are not necessarily going to have to book a vacation or spend an evening at a casino. There is more flexibility and elasticity there in terms of spending. That is the reason that Moody’s has a greater downbeat outlook for the Gaming Percentage Fee.

There was no further discussion on this agenda item.

CHAIR ROSENTHAL:

We will formally recess until at least 11:30 a.m.

Chair Rosenthal called a recess at 10:57 a.m. The meeting reconvened at 11:33 a.m.

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

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

There are a series of taxable sales and gaming charts that the Fiscal Analysis Division updates. Those are available on the Forum’s meeting webpage, under “Links” at <https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2023/Meeting/34580>.

Earlier this week, the Gaming Control Board released the latest month’s statistics. The Fiscal Analysis Division has updated those statistics, and they are available on the meeting webpage. However, it is a different story for the taxable sales statistics. There is going to be a discussion during the next agenda item relating to the upgrade of the Department of Taxation’s computer systems and its modernization. That has caused a change in the series for taxable sales, so the taxable sales statistics that are on the website are only updated through October 2024. The Fiscal Analysis Division is working with the Department of Taxation to come up with a brand-new series based on the way that the taxable sales are now being reported; however, that was not able to happen before this meeting. Hopefully, that will be rectified before the next Forum meeting in December 2025.

X. REVIEW AND APPROVAL OF FORECASTS OF MAJOR GENERAL FUND REVENUES FOR FY 2025, FY 2026, AND FY 2027.

- A. STATE 2% SALES TAX
- B. LIVE ENTERTAINMENT TAX
 - GAMING
 - NONGAMING
- C. GAMING PERCENTAGE FEE TAX
- D. INSURANCE PREMIUM TAX
- E. MODIFIED BUSINESS TAX
 - NONFINANCIAL
 - FINANCIAL
 - MINING
- F. REAL PROPERTY TRANSFER TAX
- G. COMMERCE TAX
- H. INTEREST INCOME – TREASURER

CHAIR ROSENTHAL:

The members of the Forum have received a letter from the Department of Taxation, which is also available to the public, that provides an overview of the rollout of its computer system modernization and the effects on revenue distributions during the current fiscal year ([Exhibit B](#)).

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

As the Office of the State Treasurer has another obligation, the Forum could consider taking the agenda items out of order. The Treasurer's Interest Income is a consensus forecast between the Office of the State Treasurer, the Budget Division of the Governor's Finance Office, and the Fiscal Analysis Division.

CHAIR ROSENTHAL:

That would be fine.

H. INTEREST INCOME – TREASURER

This agenda item was taken out of order.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

The interest projection materials that were submitted by the Office of the State Treasurer begin on page 293 of the meeting packet ([Exhibit A](#)).

STEVEN HALE (Deputy Treasurer of Investments, Office of the State Treasurer):

I will briefly walk through the changes to the Office of the State Treasurer's interest earnings projections. There is now about a \$6.0 million increase in projected interest for FY 2025 versus the December 2024 forecasts. This is largely due to the benefit of having actual data for the first two quarters of FY 2025. The actual for the first six months was \$6.0 million better and fully explains the difference from the earlier projection. For FY 2026 and FY 2027, the projected interest declined by \$14.0 million and \$11.0 million respectively. This is primarily explained by lower forecasted interest rates in those years. However, another factor was a small decline in projected fund balances, which was a result of the Department of Taxation's implementation of a new accounting system earlier in the year. The new system allows for the calculation of the consolidated tax to be completed more quickly. The Office of the State Treasurer and the Department of Taxation both believe it is important to deliver those funds to the counties as quickly as possible so that the counties can continue to provide vital services. Historically, the state would have had the funds for up to 60 days of investment. The office now projects that those funds will only be in state coffers for 30 days, which would have a slight reduction in both the balance and interest earned.

MR. CROME MOVED TO ACCEPT THE CONSENSUS FORECAST FOR INTEREST EARNINGS PROJECTIONS FOR FISCAL YEARS 2025, 2026, AND 2027.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

CHAIR ROSENTHAL:

Now, the Forum will move forward with the rest of Agenda Item X. We will begin with the presentation from the Department of Taxation regarding its new system.

ERICA SCOTT (Economist, Department of Taxation):

Before I present forecasts, I would like to address some of the changes that have occurred since the last Economic Forum meeting that have altered the timing and reporting of revenues for the tax types addressed in the forecast. The Department of Taxation has launched the first phase of the state's new modernized tax system known as Project MYNT (page 2, [Exhibit C](#)). MYNT is also the acronym used to describe the new tax system known as My Nevada Tax, which includes the department's e-services portal for taxpayer account services, reporting, and payment.

Project MYNT is set to be implemented in three phases in December of each year, with the first phase having been implemented on December 9, 2024. The following tax types were included in the first implementation of the MYNT system: Sales and Use Tax, Consumer Use Tax, Cigarette Tax, Live Entertainment Tax, Liquor Tax, and all Liquor, Tobacco, and Other Tobacco Products license renewals and fees. The phase one tax types were planned out to include all taxes and fees associated with the consolidated tax distribution as well as some other common taxes and fees.

There have been various observations or concerns that the new MYNT system has negatively impacted revenue to the state; however, this presentation will clarify that the new MYNT system offers a new type of revenue reporting and indeed a faster distribution cycle for realized revenues. During the transition to the new MYNT system, the department experienced some temporary fluctuations in the reported revenue. These fluctuations have been resolved, and I will explain hereafter any true reductions in the revenue related to economic conditions. There was no lost or missing revenue as a result of the new system.

Page 3 ([Exhibit C](#)) discusses some of the differences between the old system and the new system since there was a temporary revenue impact during the transition based upon the manner in which the revenue is now reported. As the department had worked through certain taxpayer reporting and payment errors, under the old system, the department historically reported monthly revenue and tied that revenue directly to a business activity period or filing period. For example, the department reported monies collected in March 2025 as February 2025 filing period receipts, since the February filing period was due by the end of March. This method could be viewed as a partial accrual accounting method of reporting. To more accurately attribute monies received within each month to a filing period, the department focused on reconciling business activity for that period during each fiscal period close. The old system also held on to any early paid periods there were not yet due as future revenues and would not distribute those funds until the due date had passed in the future revenue period.

With the first rollout in MYNT, the department transitions the reporting of revenues for these tax types and MYNT to a cash accounting basis with statistics on the business activity or filing period reported separately from the revenue period totals. Revenue periods now close earlier and reconcile monies received during a given period regardless of the filing period with which the payments are associated, which represents a true cash accounting method of reporting. The department will be able to provide additional reports that show that March 2025 revenue consisted of payments that were paid primarily from the February 2025 filing period and any additional late payments for previous filing periods.

Regarding the taxable sales report, the taxable sales statistics out of MYNT are now reported for a specific filing period, based on what taxpayers have reported up to the point of the date the report is pulled. This is based on filings that taxpayers have submitted to the department. The old system generated a taxable sales statistical report specifically tied to distributions of funds received during a revenue period. In the old system, if a taxpayer filed and paid a late return that was due during a prior revenue period, the taxable sales would then show up in a current revenue period despite being attributed to a prior business activity or filing period. This method of reporting also included attributing all the taxable sales in a filing period when only a partial payment was received during that revenue period. The new way of obtaining the taxable sales is more directly related to current business activity, with the consideration that there will be some late filers not captured in the data should they file over 30 days late.

The taxable sales statistics for the November, December, January, and February filing period are being uploaded onto the website with the memo telling users of the statistics and what has changed from prior series. The department is also working with LCB and the Governor's Finance Office on providing historical data pulled in the same manner, which will be a project I will be overseeing.

Notably, the total distributions since the December 2024 revenue period have reflected a split in revenue from different filing periods. Specifically, the December revenue period reflected a portion of monies collected for the November filing period. The other portion of November's filing period was then distributed in the January 2025 revenue period. Moreover, for the January revenue period, a portion of the distributions were derived from the December 2024 business activity. Finally, for the February revenue period, a portion of the distributions related to the December 2024 business activity and the other portion for January 2025 business activity and so forth. In summary, where various portions of the revenue from each reporting period are distributed in the first month and the other portion is distributed in the second month. The revenue for a given filing period is distributed over a two-month period with any remainder pursued as accounts receivable in the future periods. However, the close of FY 2025 revenues will include the full June 2025 filing period revenues, which have been included in the department's forecast. Therefore, the full June 2025 period is included in the department's forecasts, which explains why there are some differences in the forecasts before you today.

Despite the department's best efforts to implement new processes as recommended with the vendor, there were several unanticipated challenges in processing, allocating, and distributing taxpayer payments at the outset of phase one. With each complication, the department has already launched processes to address them. Again, notably some of these challenges are not new or because of the MYNT system but rather indicative of the issues the department has always experienced with taxpayer errors in filing and reporting. The department has always had processes in place to address these types of concerns and have updated some of those processes.

The challenges in some of the forecasts today include unallocated funds, overpayment credits, and some delinquency.

- Unallocated funds—Currently, the following funds are received but need to be worked on by staff in order to properly allocate and distribute the revenue. There are roughly around 900 payments or \$6.38 million of payments that have been made by taxpayers without any indication to the department about what tax type they are attempting to pay. That portion of the unallocated money has not been considered in the forecast, but the department is working through all those 900 payments as of the date of this presentation. The forecast is not inclusive of the \$6.38 million. While the department works towards allocating the 900 payments to their appropriate tax types, the dollar amount is de minimis at less than a single percent of the FY 2025 major revenue forecasts, forecasted by the department today.
- Overpayment credits—As of the date that these figures were pulled the other day, \$22.97 million in the 6.85% total state sales tax, according to the general ledger, have been found to be taxpayer error by making a payment on a \$0 return or an erroneous \$0 return being filed with a payment, or applying payments to the wrong already-paid period. There are various reasons, but those are the main two. Staff is working through these accounts and contacting and educating the taxpayers. These overpayments have been considered in the FY 2025 sales tax forecast, of which \$6.7 million has been added to the 2.0% portion.

There are also unallocated payments of roughly \$10.0 million and 2,500 filing, which were mostly for quarters one and two of FY 2025. These payments receded with an issue on the return that locked the payment, requiring the department employees to review. This amount has been allocated to the general business portion of the Modified Business Tax (MBT) forecast from the department, based on data derived about these payments. Not to the extent of the MBT, but the Insurance Premium Tax also has unallocated payments of roughly \$8.9 million or about 177 returns, mostly from quarter two of FY 2025. Like the MBT, these were payments receded in with an issue that locked the payment and employees must review. This amount has been considered as a FY 2025 forecast revenue.

The department has included the unallocated and overpayment revenues in the forecasts except for the non-targeted payments. The department's modernization efforts created a brief disruption of compliance activities toward the end of the second quarter of FY 2025, which decreased the rate of collections at the same time as this accounting

realignment. This has since been resolved. These factors contributed to temporary underperformance of actual revenue during those couple of months versus projections and variations in reporting for FY 2025. Moreover, current economic conditions will be discussed shortly that explain the actual revenue differences. As collection activities have resumed starting in the middle of the third quarter of FY 2025, the rate of collections has returned to normal, and the department is focusing efforts on recovering accounts receivables regardless of the filing period, including undercollected periods from the end of calendar year 2024.

Aligning with the department's continual goal of transparency to provide relevant and reliable information, these factors had to be discussed at this meeting. Again, the revisions in the department's forecasts from the December meeting totals are mainly due to economic conditions but, because we are simultaneously reviewing fiscal year-to-date totals, these discussions had to take place.

MR. LEAVITT:

The Forum has estimates from the Department of Taxation, the Fiscal Analysis Division, and the Governor's Finance Office. The numbers you just discussed, would they in and of themselves cause a difference between the three estimates that are different than the department's estimates for general economic activity?

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

That can be discussed further after the presentations regarding the sales tax. I can say the Fiscal Analysis Division handled the distribution of MYNT differently than the Department of Taxation. The Fiscal Analysis Division believed there would be an allocation of the last FY 2025 revenue into June. Because of that assumption, the division had that posting in the first part of FY 2026, which, with a different understanding, would cause an upward revision to the division's forecast in FY 2025.

A. STATE 2% SALES TAX

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

So that members of the Forum and the public can follow along with the meeting information, the following tables are relevant to this agenda item:

- Table 1 on page 243 of the meeting packet ([Exhibit A](#)) has the year-to-date collections for FY 2024 and FY 2025 through the end of March.
- There is another Table 1 outside of the packet ([Exhibit D](#)) that has the year-to-date collections for FY 2024 and FY 2025 through the end of April.
- Table 3 on page 253 of the meeting packet ([Exhibit A](#)) has the forecasts by forecasters for the major and non-major revenues for each fiscal year.

- Table 3 – Difference on page 263 of the meeting packet ([Exhibit A](#)) shows the change between the December 2, 2024, and May 1, 2025, forecasts.
- Table 4 on page 269 of the meeting packet ([Exhibit A](#)) has a summary of the major revenue sources and the forecasts by forecaster as well as the Economic Forum’s December 2, 2024, forecast.
- Table 8 on page 273 of the meeting packet ([Exhibit A](#)) shows the forecasts for the major and some of the non-major revenue sources, including tax credits by forecaster, and shows the changes from the November 7, 2024, forecast, the December 2, 2024, forecast, and today’s forecast.
- Because Table 8 features most of the information for today’s discussion, it has been provided outside of the meeting packet as well ([Exhibit E](#)).
- Table 9 on page 281 of the meeting packet ([Exhibit A](#)) shows the growth rate that would be necessary based on the latest year-to-date collections for each forecaster to get to their forecast based on the current year-to-date collections compared to last year.
- The Fiscal Analysis Division received information regarding the recent month of the Gaming Percentage Fee Tax and the Live Entertainment Tax for gaming after the meeting packet had gone to print; therefore, there is an updated Table 9 outside of the packet ([Exhibit F](#)).

ERICA SCOTT (Economist, Department of Taxation):

Slide 4 ([Exhibit C](#)) shows the key assumptions of the department’s forecast, focusing on the differences from the December 2, 2024, meeting. There will be higher than expected inflation from the December meeting. The department has forecasted that some of FY 2026 will be felt at the tail end of FY 2025, with inflation relatively slowing in FY 2027. There will be sustained higher than expected lending rates in FY 2025 and FY 2026 with some decreases in FY 2027. The department is assuming that mortgage rates are going to remain at a higher level than what it forecasted in December. The department assumes that wage growth is going to be relatively sustained but have a slower growth rate in FY 2026. Also, the housing supply remains tight, but the market is overall slowing due to the sustained higher mortgage in interest rates. Therefore, there is overall slowing in growth in FY 2025 and 2026 from what the assumptions were at the December meeting.

When it comes to the Sales and Use Tax 2% rate, the revenues on slide 6 ([Exhibit C](#)) look at the time series. The impact to the November revenue is visible due to the cutover from the old tax system to the new MYNT system. While there was a rebound in the next month, month-to-month comparisons are misleading because of the change to the cash accounting. Accordingly, the more accurate comparisons will look at year-to-year comparisons going forward. Once December 2025 receipts are available and accounting closes in FY 2026, there will be a clearer prior year comparison.

The department's Sales and Use Tax 2% forecast is shown on slide 7 ([Exhibit C](#)), and it anticipates a slight decline in FY 2025 to be \$1.79 billion, then a rather flat growth to \$1.80 billion in FY 2026, and some stabilization in growth at \$1.88 billion in FY 2027. The slowdown in FY 2025 and 2026 from what the department had forecasted during the December 2, 2024, meeting is due to the national policies at play. There is some slowing in tourism while the inflation does attribute to the higher prices for sales tax and retail sale sold items. There is also consumer spending slowing on those items. As shown on slide 8 ([Exhibit C](#)), that works out to a 0.2% decline in FY 2025, a 1.0% growth from FY 2025 to FY 2026, and then a more stable 4.3% growth rate in FY 2027.

MR. GORDON:

Is the amount shown for FY 2025 for 12 months' worth of revenue?

Ms. SCOTT:

Yes, it is.

MR. GORDON:

Based on Mr. Nakamoto's earlier comments, am I understanding correctly that the Department of Taxation pulled forward some accrual accounting that may have fallen at the end of June 2025 and would leak into July 2025 and accounted for that in its forecast so that it is more of an "apples-to-apples" comparison? That way, there are 12 months of business-related activity and sales tax collection information. When that is compared to 2024 as a whole, excluding any anomalies associated with the system conversions, there is a decline in overall retail sales and use activity of about 2/10 of 1.0% for FY 2025. Am I recharacterizing what you presented correctly?

Ms. SCOTT:

That is correct.

MR. GORDON:

Since the department pulled the July 2025 data into the current fiscal year, you have done a similar thing at the end of FY 2026 to ensure there is another 12 months of equal economic activity, at least from a timing standpoint. Based on that, it is now a modest 1.0% increase in the overall projection for that year, which is a lower growth rate than what the department had forecast at the December 2024 meeting, and that also applies to FY 2027. Am I interpreting that correctly? Because I wanted to make sure that as the Forum hears all the forecasters that it is all taking place in the same way. There are the reporting elements but there is also the reality of what is happening in the economy.

Ms. SCOTT:

That is correct.

CHAIR ROSENTHAL:

How many months of forecast data is included in the FY 2025 number versus the actual results? When are the actuals booked through?

Ms. SCOTT:

The department has business activity reporting. Taxable sales would be acknowledged through the filing period of February 2025; however, receipts have been split into the receipts the department is about to close for the next revenue month. April's revenue month would be reflective of half of February and half of the March filing and business activity period.

CHAIR ROSENTHAL:

There are still five months or so of forecast data in this forecast, which is not as simple as being two months away from the end of the fiscal year.

Ms. SCOTT:

That is correct.

CHAIR ROSENTHAL:

Please confirm the expected impact from the macroeconomic uncertainty that is happening is reflected a little in FY 2025, but the department expects a bigger impact in FY 2026.

Ms. SCOTT:

That is correct.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, Governor's Finance Office [GFO]):

I am here to present the GFO's May 2025 forecast for the upcoming biennium, starting with the State 2% Sales Tax (page 3, [Exhibit G](#)). Since the Forum's last meeting in December 2024, pretty much everything has changed. There is tariff uncertainty that is dampening consumer and business confidence and spending. There are also inflation expectations that have now risen, according to the Federal Reserve Bank of New York. Short-term expectations have risen by 0.5%. That now equates to 3.6% while the long-term expectations remain anchored at 3.0%. The Federal Reserve has not cut any interest rates. It is still holding the interest rate at 4.25% to 4.5% and any cuts in 2025 are quite unlikely to happen. I know Moody's Analytics mentioned that it is forecasting two rate cuts, but that is uncertain. At a conference, the chair mentioned it is unknown whether price stability or unemployment will be prioritized. Hopefully there will be more certainty regarding the interest rate after the Federal Reserve Board of Governors meets. However, as of right now, it does not seem the Federal Reserve will cut any interest rate in 2025. As the Forum heard from Mr. Schmidt, a modest increase in unemployment is expected as well as an increase in unemployment in the logistics and shipment industry once the tariffs start to kick in. Lastly, there is the international tourism outlook. The GFO was not expecting to see such a massive decline in tourism to Las Vegas and Reno.

Moving on to page 4 ([Exhibit G](#)), I am considering the decrease in tourism will be offset by a weaker dollar. Nevada will not see much of a pessimistic forecast for tourism moving forward because a weaker dollar will boost some of the international tourism from Europe. Right now, the conversion of €1 is \$1.13 and £1 is \$1.30, so I foresee some sort of boost in tourism from Western European countries due to the weaker dollar. That will help mitigate what is going on with Canada and Mexico, so I have that included in the forecast.

For unemployment drivers, I am foreseeing that, in FY 2026, unemployment will rise to 6.5% and then will decrease moderately in FY 2027. I used historical unemployment records from 2001 and 2002 to mimic what is going to happen in FY 2026 and FY 2027, as there was no formal economic recession, but a slowdown of economic growth was seen. That is something that might be seen moving forward.

For tourism volume, I forecast a total state visitation of 44.3 million visitors for FY 2025, which is a downward revision of 2.43% compared to FY 2024 statewide today. I took these numbers from the Las Vegas Convention and Visitors Authority and the Reno-Sparks Convention and Visitors Authority. I put those together and for the statewide year-to-date, the state is down 1.8%. I foresee that the state will most likely close FY 2025 at around 2.4% because of the geopolitical tensions. The forecast for FY 2026 is 42.4 million, which is a decrease of 4.4% compared to FY 2025 because of the slowdown in Canadian and Mexican visitors. I am seeing that Western European countries are going to help mitigate the gap. For FY 2027, there will be some sort of recovery on tourism as hopefully the issues with Canada and Mexico will be sorted out by then.

The inflation expectation for FY 2025 will remain around 2.8%. For FY 2026, once tariffs start to kick in—which are expecting to kick in this summer—there will be an increase in inflation. These estimates are difficult to put together because economists are throwing numbers all over the place in reports. I based these estimates on expectations from the Federal Reserve Bank and on the idea that some of the tariffs are going to be dialed down. I have the hope that the state will not see massive increases in prices as previously thought. In FY 2027, there will be a moderate decrease in inflation. I am not seeing that the tariffs are going to go away in FY 2025. In FY 2026, once the tariffs start to kick in, the price level is going to increase, and inflation will need to be considered from there. Prices are not going to go down if tariffs are still in place. The calculation of inflation will be from a different price point. That is what I am seeing for FY 2027.

Page 5 ([Exhibit G](#)) is a comparison of real sales tax versus nominal sales tax. Nominal sales tax, shown as the red line, has grown at a faster pace than real sales tax and that is mainly due to inflation. The real sales tax, the anchor, is adjusted for inflation. The price effects are mitigated to see the true economic activity. As can be seen, the real sales tax is flat. The actual growth from quarter three of FY 2022 to quarter three of FY 2024, quarter-to-quarter has been 0.2%. This indicates that Nevada households and tourists are probably buying the same amount of goods, except they are paying higher prices for it, which is certainly concerning given the fact that both households and tourists need to move together to see some real true economic change.

Page 6 ([Exhibit G](#)) compares the year-over-year change in inflation with the year-over-year real sales tax and nominal sales tax. The first portion of the graph shows what the Federal Reserve Bank is trying to do. It is something called price stability. As inflation is very stable at 2.0%, nominal sales tax and real sales tax are close to one another. In this scenario, it doesn't matter which one is forecast because they are pretty much the same number. That is why the Federal Reserve Bank is always trying to keep the inflation very stable so that it produces price stability. Thus, one need not worry about nominal or real sales tax because they are the same. However, once inflation starts to grow, the nominal and real sales tax start to separate from one another and that causes a lot of issues. Quarter one of FY 2023 is where Nevada saw the biggest inflation during the post-pandemic era, at around 9.0% inflation. Nominal and real sales tax are completely away from one another. After inflation started to go down, inflation has not gone back to pre-pandemic levels and that is what is pushing the real sales tax and the nominal sales tax to go down.

Page 7 ([Exhibit G](#)) shows the effects that unemployment and tourism are having on real sales tax and nominal sales tax. In quarter four of FY 2021, you can see the unemployment number start to increase and the tourism number start to decelerate. The growth started to contract while the unemployment rate started to go up. Nominal sales tax and real sales tax started to go down as well. It is as if unemployment and tourism are squeezing the nominal and real sales tax. It is a very fascinating graph.

The forecast for real sales tax is on page 8 ([Exhibit G](#)). Given that inflation is up in the air due to tariffs, the real sales tax is an extremely difficult thing to try to forecast. I ended up calculating real sales tax based on unemployment and tourism data. Real sales tax is -2.9% from FY 2024 to FY 2025, which is \$1.3 billion; -1.12% in FY 2026, which is \$1.36 billion; and then a moderate increase of 0.93% in FY 2027, which is \$1.37 billion. When this is converted to nominal sales tax (page 9, [Exhibit G](#)), given inflation expectations, the nominal sales tax for FY 2025 is -0.1%, which is \$1.79 billion; a growth of 1.9% in FY 2026, which is \$1.82 billion; and a growth of 3.5% in FY 2027, which is \$1.89 billion.

Page 10 ([Exhibit G](#)) is a comparison of the nominal sales tax versus the real sales tax. Nevada had stable inflation before the COVID-19 pandemic in FY 2020 and FY 2021. For those fiscal years, you will see that the nominal and real sales tax are close to one another. However, once inflation starts to grow, that is when you start to see a gap between the real sales tax and the nominal sales tax. The inflation rate expectation for FY 2026 is 3.15% and 2.5% for FY 2027.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

The Fiscal Analysis Division's State 2% Sales Tax forecast can be found in the *Fiscal Analysis Division Forecast Information Packet* starting on page 55 ([Exhibit H](#)). The division's forecast projects lower State 2% Sales Tax collections over the 2025-27 Biennium than its December 2024 forecast. It is also lower than the December 2024 Economic Forum's forecast. The Fiscal Analysis Division projects a drop in revenues of approximately 5.0% between FY 2024 and FY 2025.

There are three main differences between the division's May 2025 forecast and its December 2024 forecast. The first difference relates to Project MYNT. The division accounted for the implementation and the change in reporting periods of Project MYNT, but it was under a different understanding of how it would be handled. The Fiscal Analysis Division assumed that Nevada would only collect 11.5 months of taxes in FY 2025 and that the two weeks of taxes missing tax collections in July would account for \$75.3 million in the forecast. On Table 8 ([Exhibit E](#)), you will see the Fiscal Analysis Division's forecast is \$101.645 million below the division's forecast from December and that the \$75.3 million are entirely accounted for by the division's assumptions with respect to Project MYNT.

The second difference concerns the Fiscal Analysis Division's argument on consumer spending realignment. At the December 2, 2024, Economic Forum meeting, the division made the point that, when looking at actual tax collection data for July and August, there were year-over-year decreases in sales tax collections. I explained back then that the division's understanding is that this has something to do with the realignment of consumer behavior. That consumer spending will go more towards areas that are not taxable, at least by sales tax. For example, things like insurance premiums, rent, or groceries, which under Nevada law do not attach to the Sales and Use Tax. That is a behavior that the division saw. However, the difference to the Fiscal Analysis Division's December forecast is probably that it now sees that period of realignment of consumer spending behavior will take longer than it originally thought. In December, the division thought it would be short-lived and now the division sees this continuing in FY 2025, all the way into FY 2026. That accounts for the somewhat more pessimistic projections concerning sales tax collections.

Finally, the third aspect where the May 2025 forecast differs from the December 2024 forecast is in the Fiscal Analysis Division's general economic outlook, such as the general uncertainty, decreasing visitor volumes to Las Vegas, and the general uncertainty concerning jobs, which will have an impact on consumer spending. Combined, these differences account for a decline in Sales and Use Tax revenues of 5.0% in FY 2025 or \$1,701 million. If I take out the \$75.3 million from MYNT, the difference to the division's December forecast goes down to approximately \$26.3 million. Thus, accounting for how the Department of Taxation plans to handle the shift to Project MYNT, the Fiscal Analysis Division projects lower revenues of approximately \$26.3 million in FY 2025. There is no adjustment needed in FY 2026 because the accounting for MYNT would only concern FY 2025. Therefore, in FY 2026 the division forecasts that Sales and Use Tax revenues will increase by 6.6% or \$1.814 billion. Note, however, that if the MYNT correction were taken out in FY 2025, that increase is much smaller and goes down to 2.1%. For FY 2027, the division projects that sales tax revenue will increase by 3.3%, approximately \$1,874 billion.

MR. CROME:

I understand that there is basically a \$26.0 million difference when accounting for the MYNT system. You discussed two factors not related to Project MYNT. How does the \$26.0 million break down between those two factors?

MR. THAUER:

Project MYNT accounts for \$75.3 million. The two factors—the longer period of realignment and the different in economic outlook—account for \$26.6 million compared to the December 2024 forecast.

MR. CROME:

Which one of those two factors influences the \$26.6 million more?

MR. THAUER:

In the nearer term, it is the realignment. In the longer term, it is the economic outlook. The realignment allows us to see how the trend of sales tax collections, which can be seen in the actual data, will project over the coming months. From there on, the division is dependent on the economic outlook, which includes employment, visitors, and inflation and how that plays out and affects the taxable sales and, accordingly, the collection of Sales and Use Taxes.

MR. GORDON:

Just so that I understand, there was a pro forma adjustment in which the division pulled two weeks of July collections into June. Though, you mentioned that would not change the absolute amount of collections in FY 2026 and FY 2027. Is that because, once that adjustment is made, it is a rolling 12 months and an adjustment is not necessary?

MR. THAUER:

That is correct. It is the assumption of the Fiscal Analysis Division that once the switch is made, there will be a setback in 2025 because of the two weeks of collections and reporting and from there on there will be 12 months but on a different reporting and collection basis.

MR. GORDON:

If someone was looking at Table 8 at the differences between the December 2024 forecast and the current forecast cumulatively as they are presented, there are \$75.0 million worth of overstated adjustments if the pro forma adjustment were not made. If the \$101.0 million for FY 2025, \$55.0 million for FY 2026, and \$81.0 million for FY 2027 were added, it would be a bit of an overstatement of the adjustments because of the \$75.0 million MYNT accounting related activity.

I think the public and the members of the Forum feel like we want to understand how projections have adjusted from where they were in December to where they are today. The Department of Taxation, GFO, and the Fiscal Analysis Division have all outlined that there is a lowered expectation but, in questioning what is going to be the impact to the state's coffers, adding the differences cumulatively is not a fair thing to do. I just want to make it clear that would not be the right way to look at this schedule because there was an anomaly that was treated differently. Is that reasonable?

MR. THAUER:

That is correct. It concerns mainly the \$101.0 million in FY 2025. That would have to be reduced by \$75.3 million.

MR. GORDON:

Would that account for the \$26.0 million difference?

MR. THAUER:

Yes, that would be the \$26.3 million difference instead of that \$101.0 million.

MR. GORDON:

Perfect, I just wanted to make sure.

MR. CROME:

Listening to the presentations, I tend to lean towards what the Fiscal Analysis Division is projecting. I am not very optimistic about the way things are going to look for FY 2025. I am perhaps a little bit more optimistic about FY 2026.

MR. CROME MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S STATE 2% SALES TAX FORECAST OF \$1,775.556 MILLION FOR FY 2025, \$1,814.039 MILLION FOR FY 2026, AND \$1,874.609 MILLION FOR FY 2027.

MR. GORDON:

At the December 2, 2024, meeting, the Forum selected the agency forecast for the State 2% Sales Tax. Are the members of the Forum able to see what the difference would be between the December forecast versus today? If that is not possible, that is fine. I just think knowing what that looks like would be helpful.

MR. THAUER:

According to my calculations, the difference between the Economic Forum's forecast from December 2, 2024, and the Fiscal Analysis Division's current forecast is -\$16.6 million for FY 2025, -\$51.4 million for FY 26, and -\$51.1 million for FY 2027.

MR. GORDON SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

MR. NAKAMOTO:

Regarding Mr. Gordon's question, I just wanted to note that after the forecast is finalized, the Fiscal Analysis Division also provides a table that shows the differences between the December 2024 forecast and today's forecast for all the major revenues, the non-major revenues, the tax credits, and everything else. It will clearly show how all the forecasts are changing.

B. LIVE ENTERTAINMENT TAX–NONGAMING

ERICA SCOTT (Economist, Department of Taxation):

Page 10 ([Exhibit C](#)) of the Department of Taxation's major revenue forecasts is the time series for the Live Entertainment Tax (LET) nongaming revenue. It shows a decrease in October and November 2024 due to the timing of the switch over to the new system; however, there was a large rebound in the December 2024 filing period. This tax type still maintains an average monthly revenue of \$8.7 million and that is even accounting for the low October and November months. Therefore, the average monthly revenue from this tax type is continuing strong.

The forecast for the LET nongaming revenue is on page 11 ([Exhibit C](#)). The department is forecasting a decline in FY 2025 not due to a lack of demand in shows but mainly due to the fiscal year not being able to compete with the prior fiscal year, which included hosting the Super Bowl and the inaugural Formula 1 race. The state continues to fill the calendar with performances in the stadiums and events, which is why the forecast is still well above prior years such as FY 2023 and before. Ultimately, this is still a growing tax revenue. The demand for these shows is what is maintaining domestic tourism. I know there has been a lot of talk about a decrease in tourism from international guests to the City of Las Vegas, which is where most of these shows are occurring, but the department is forecasting steady growth, albeit a little slightly less aggressive than the December 2024 forecast. The department forecasts \$104.0 million in FY 2025, \$106.0 million in FY 2026, and \$109.0 million in FY 2027.

Page 12 ([Exhibit C](#)) shows the differences, which are a decrease of 19.3% in FY 2025, a growth of 1.7% in FY 2026, and a more significant growth of 2.5% in FY 2027. As I had stated earlier, this tax type is also subject to tourism impacts; however, the demand of shows for domestic tourists and locals does not seem to indicate much slowing in consumer spending as it does on retail.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, Governor's Finance Office [GFO]):

For the LET nongaming revenue, the previous GFO assumptions still hold. As noted on page 15 ([Exhibit G](#)), there is a capacity constraint. There is still Formula 1 in the future and average ticket prices are still high. One of the things that I added for this forecast is the resiliency of live entertainment. In doing some research, I found there is an emotional value attached to concerts. According to Soundvibe Mag, 86.0% to 90.0% of surveyors will still go to concerts despite economic downturns. Additionally, according to Business Insider, live music spending has historically grown during recessions, which is quite

fascinating. If you examine one of the biggest concerts of the year, Coachella, 60.0% of the participants finance their tickets. That is something that might be seen moving forward. Even if tickets are \$1,000, people will find a way to finance them. Therefore, the LET might be a recession-proof type of revenue, as well as the Liquor Tax, as people like to drink and sing their sorrows away.

With that in mind, the forecast for the LET nongaming revenue (page 16, [Exhibit G](#)) is \$108.3 million in FY 2025, a decrease of 16.2%; \$110.5 million in FY 2026, a moderate growth of 2.04%; and \$114.3 million in FY 2027, a growth of 3.42%.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

Looking at the LET nongaming forecast on Table 8 (page 3, [Exhibit E](#)), you will notice two things. First, the Fiscal Analysis Division's forecast is lower for FY 2025 than for the FY 2024 actual revenue and that is because FY 2024 was such an exceptional reference year for the first time, with events such as Formula 1 and the Super Bowl. Second, the division made a slight upward revision to its forecast because of how the tax moves. Big stadium events, such as concerts in the Allegiant Stadium, T-Mobile Arena, and the Sphere, seem to be more frequent and for higher ticket prices than ever before. At the same time, there are certain segments in that tax that seem to be moving down. Festivals do not work that well anymore. Two big festivals have been cancelled in FY 2025. Additionally, the second year of Formula 1 seems to have been less of a revenue maker than projected.

There were some exceptional events as well. Last weekend, WrestleMania took place in Las Vegas. Based on news articles, the Fiscal Analysis Division believes it was probably something that would fall under the LET nongaming revenue. The tickets sold for incredibly high amounts of money. Therefore, the division factored that into the forecast as well.

To reiterate, the division sees two moving directions: (1) big-ticket stadium events are stronger than ever and that accounts for the upward revision of the forecast, whereas (2) in other areas, the tax is losing in festivals and Formula 1. That accounts for the Fiscal Analysis Division's forecast of:

- \$108.715 million in FY 2025, a decrease of 15.9%. At the same time, as I just explained, it is an upward revision to the division's December 2, 2024, forecast.
- \$107.707 million in FY 2026, a decrease of 0.9%. That decrease is mainly due to the division's expectation of slightly fewer big-ticket events in FY 2026 and general declining or stagnating visitor numbers in Las Vegas. Additionally, as of now, there is no knowledge whether WrestleMania will repeat in FY 2026, so that was not included.
- \$109.025 million in FY 2027, a moderate increase of 1.2%. The Las Vegas Convention and Visitors Authority schedules annual Formula 1 races until the end of calendar year 2025. Just like in December 2024, the Fiscal Analysis Division factored the uncertainty regarding that event into its forecast for FY 2027 by cutting the anticipated revenue generated by the Formula 1 race in half. However, the effect of

factoring in this uncertainty is at least partially cancelled out. The division is also taking into account that the college football playoff national championship will take place in Las Vegas in January 2027 and will, according to the division's estimation, be a major revenue source in that fiscal year. That explains how the Fiscal Analysis Division estimates a slight increase in FY 2027 despite the Formula 1 uncertainty.

MR. GORDON:

The Forum just heard a long discussion about the My Nevada Tax (MYNT) system. Does the MYNT system impact LET nongaming revenue at all?

MR. THAUER:

For LET, there is no deduction for MYNT, so it was a non-factor in the Fiscal Analysis Division's forecast.

MR. LEAVITT:

Looking at all the forecasts, they are all close to what the Forum had forecasted in December 2024.

MR. LEAVITT MOVED TO KEEP THE ECONOMIC FORUM'S DECEMBER 2, 2024, FORECAST FOR THE LIVE ENTERTAINMENT TAX-NONGAMING OF \$104.276 MILLION FOR FY 2025, \$106.549 MILLION FOR FY 2026, AND \$108.106 MILLION FOR FY 2027.

MS. LEWIS SECONDED THE MOTION.

MS. LEWIS:

The Forum was conservative in its December 2024 forecast, and with the current consumer confidence issue, I think staying conservative is the right approach.

MR. GORDON:

How does the Forum want to deal with FY 2025? Now that the Forum has gotten additional insight, is Nevada currently tracking ahead of the LET nongaming forecast or would the Forum like to accept the December forecast?

MR. LEAVITT:

The agency (Department of Taxation) is projecting \$104.290 million for FY 2025, which is very close to what the Forum had forecast in December with \$104.276 million. Keeping that projection, it is essentially the same as what the agency is projecting for the current fiscal year. Therefore, my thinking is that it may be best to just keep the Forum's December 2, 2024, projections.

Ms. SCOTT:

To clarify, the LET nongaming tax is not relevant to any issues with the MYNT system because the tax is due during the ticket sale. The fiscal year is closing out during the hottest time of the year when some of those events may not be taking place. I hope that information assists in answering that question.

MR. CROME:

Mr. Gordon, are you asking whether Nevada is currently trending with the forecasted \$104 billion in LET nongaming?

MR. GORDON:

I was just suggesting that it sounded like there was more optimism among some of the forecasters as it relates to the current period. However, it is probably a de minimis amount in the big scheme of things.

MR. CROME:

I had a similar question. Is this the trend that Nevada is on right now for the LET nongaming revenue?

DR. SOLORIO ARTEAGA:

Fiscal year to date, Nevada is down 5.8% on LET nongaming from the prior fiscal year.

CHAIR ROSENTHAL:

What is the year to date?

DR. SOLORIO ARTEAGA:

It is \$61.2 million in FY 2025.

MR. CROME:

How many months is that?

DR. SOLORIO ARTEAGA:

Seven months. And then on FY 2024, for the same year-to-date, it was \$65.03 million.

MR. CROME:

My other question is regarding the memo from the Department of Taxation ([Exhibit B](#)). It mentions that there is \$6.38 million in non-targeted payments. Is it possible that some of that is related to some of the categories we are discussing here? Or what am I missing?

Ms. SCOTT:

There is a possibility that some of that is related; however, the highest amount of receipts that the department receives are from Sales and Use Tax.

MR. CROME:

I understand. It is likely in that category, but you cannot guarantee it.

CHAIR ROSENTHAL:

To add to the discussion before the Forum considers the motion and votes, if you take the actual collections year-to-date and annualize it, the state is right around \$104.0 billion. Unless there is something that leads the Forum to believe that in the next few months that number is going to be significantly higher, it seems like the agency's (Department of Taxation) forecast is in line with what the Forum had forecasted for this year.

I know there are not big differences in the forecast, but this is one tax where I personally feel more comfortable with a bit higher of a forecast. There are entertaining events that people are going to spend money on to enjoy, whether they are suffering financially or not. Therefore, I would be comfortable going higher, but I am also comfortable with keeping with the Forum's original forecast. It is a time to be prudent. I think this is one of those taxes where the state might not see the consumer impact as greatly.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

B. LIVE ENTERTAINMENT TAX-GAMING

SHELLEY NEWELL (Senior Economic Analyst, Gaming Control Board):

The board has revised the forecasts presented to the Forum on December 2, 2024. Some of the facts have not changed, such as The Mirage closure and its reopening as the Hard Rock is still expected in the next biennium. The fact that the Tropicana closed has not changed. The primary drivers for the changes in this forecast were the actual data and the information that the board has to date as well as the discussions the board has been having with its licensees. The numbers that were presented in December 2024 were through October 2024. These numbers are through March 2025.

Page 3 of Table 8 ([Exhibit E](#)) shows the agency's (Gaming Control Board) December 2, 2024, forecast was \$117.2 million for FY 2025, \$113.7 million for FY 2026, and \$114.8 million for FY 2027. The agency's new forecast has brought those numbers down to \$112.4 million in FY 2025, which is approximately \$4.9 million lower; \$112.8 million for FY 2026, bringing that down approximately \$900,000; and \$113.9 million for FY 2027, which is also down approximately \$900,000. Again, the driving factor was the data that the board has to date. Fiscal year-to-date, there was \$95.0 million for FY 2024 and current collections are \$84.2 million for FY 2025. That is down \$10.8 million, which is an 11.42% decrease from the board's forecast numbers.

The Gaming Control Board had discussions with its licensees regarding whether the issue was not being able to fill seats, price point, or a combination of the two. The licensees have expressed that they have been able to fill seats, and the issue was more driven by price point. Their goal is always to find a headliner. Taking that information into consideration, while the board did bring those Live Entertainment Tax (LET) gaming estimates down, it also begins to bring those back up. Entertainment also drives gaming numbers. The licensees are always looking to drive both gaming and nongaming simultaneously.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, Governor's Finance Office [GFO]):

The prior assumptions of the GFO for the LET gaming still hold (page 12, [Exhibit G](#)). The state will still see a decline in the LET gaming revenue due to the rise of competition of the LET nongaming revenues. For this forecast, I included an additional assumption that slowing in tourism will further decrease this revenue because fewer people are coming to the state in addition to the tax having to compete with the bigger events. The revised forecast (page 13, [Exhibit G](#)) is \$112.9 million for FY 2025, a decrease of 11.8%; \$110.8 million for FY 2026, a decrease of 1.92%; and \$108.6 million for FY 2027, a decrease of 1.9%.

CHAIR ROSENTHAL:

I am concerned with the decline year-over-year, especially with FY 2027 being the lowest year, even though, at that point in time, the Forum feels like some of the pressures at a macroeconomic level would be subsided. I know you stated the decline in the forecast was due to competition from nongaming venues, but I question that logic a bit considering tourism would be back and the gaming properties have venues and entertainment options. Personally, I would see the LET gaming grow year-over-year, perhaps at a slow rate, but I would not see a decline.

DR. SOLORIO ARTEAGA:

One of the reasons the GFO forecast is showing a downtrend in FY 2027 is because of the pressure that the office is foreseeing from households and tourism. If things go wrong in FY 2026, people are going to be more conscious with their money. If someone comes to Vegas for a \$1,000 concert, they might not have a spare \$100 to go watch a magic show at the MGM Grand, or if someone already bought a \$600 ticket for a football game, they would wonder about spending another \$150 on another show in a casino. That is the tradeoff I am forecasting for FY 2027.

CHRISTIAN THAUER (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

Most of the Fiscal Analysis Division's December 2024 assumptions still hold. The division took into account the closure of the Mirage, the fact that FY 2025 is up against a very strong reference year, and the fact that we believe there is a change in consumer behavior. More Las Vegas visitors book their concert tickets or their tickets to the Sphere first and then book the rest of the Las Vegas trip around it. That may lead to a little bit of overall competition between outside of casinos LET and within casinos LET, which explains the division's estimates to some extent for FY 2025. However, the division does see slight growth in FY 2026 and FY 2027 because it believes that this LET will basically fall from the very strong reference year and then embark on a slow growth path.

The difference from today's forecast versus December's is probably the division's general outlook has changed, particularly in terms of visitors. The Fiscal Analysis Division projects visitors to basically be stagnant in FY 2026, a slight decrease in FY 2025 compared to FY 2024, and visitors will start coming back in a slow growth path in FY 2027. That means that, from FY 2024, there is a fall of 10.0% followed by a growth of 1.3% in FY 2026 and FY 2027. That results in a forecast of \$114.322 million in FY 2025; \$115.767 million in FY 2026, a growth of 1.3%; and \$117.360 million in FY 2027, a moderate growth of 1.4%.

MR. CROME:

Dr. Solorio Arteaga made a couple of points about the tradeoff between the gaming and nongaming LET. Was that factored in the agency and Fiscal Analysis Division's forecasts? Do you think that tradeoff happens, and the state is seeing a shift or is that already built into the forecast of prior years because the nongaming piece has been prevalent for a while now? How do you think about those two things?

Additionally, Dr. Solorio Arteaga made a second point regarding seeing growth coming back in FY 2026 and FY 2027. Do you think people will make the tradeoff of buying only one show as opposed to two? How did you think about that in your approach?

MR. THAUER:

Yes, the Fiscal Analysis Division factored that in and that is why, for the current LET nongaming forecast, in comparison to December's forecast, there is some growth. If you were to remove WrestleMania, there would be growth from there on whereas LET falls a little bit on a lower level; however, the division still thinks that once the Mirage has been absorbed and the casinos figure out how to fill the hole that has been created there, there will be a slow growth path. If you look at the numbers, the gaming part of the LET has been declining somewhat but, overall, there is still a lot of entertainment going on and the division believes that is not something that is going to go away. There is a market correction happening with consumer orientation that has maybe changed a little bit; however, the division believes that from that correction forward there will be growth again. The reason that is more factored into FY 2025 is because, to my own surprise, the stadium events are just doing incredibly well in Las Vegas.

MS. NEWELL:

When the Gaming Control Board was looking at revenue projections for the LET, it factored in whether people would transition between the gaming over to the nongaming. The board has also been thinking about the conversation around the nation's economy and that has also been factored into this forecast. The board is aware that when people want to go see an entertainer, they will pay that price for that entertainer. Keeping those things in mind, those elements were factored into the board's forecast.

MR. LEAVITT:

I am concerned about increasing the forecast when the news the Forum has received since December is not particularly good regarding the economy. For that, I think the Forum should go with the agency's forecast for all three years.

MR. LEAVITT MOVE TO APPROVE THE AGENCY'S (GAMING CONTROL BOARD'S) LIVE ENTERTAINMENT TAX-GAMING FORECAST OF \$112.364 MILLION FOR FY 2025, \$112.764 MILLION FOR FY 2026, AND \$113.869 MILLION FOR FY 2027.

MS. LEWIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

C. GAMING PERCENTAGE FEE TAX

SHELLEY NEWELL (Senior Economic Analyst, Gaming Control Board):

The Gaming Control Board has made revisions to the Gaming Percentage Fee Tax forecasts that were presented to the Forum on December 2, 2024, for FY 2025, FY 2026, and FY 2027. The primary drivers of those changes were the actual numbers and the additional data that the board has had since the December meeting. For statewide total win, the figures were adjusted slightly upward, and the figures were adjusted slightly downward in game and table win, which together led to the forecast that I am presenting today. Page 2 ([Exhibit I](#)) was from the presentation made to the Forum in December. At that meeting, the statewide total gaming win forecast was based on data through October 2024's numbers. The Gaming Control Board now has the March numbers, so the forecast has been updated to reflect that data. Page 2 has been included here for reference purposes.

Page 3 ([Exhibit I](#)) is the statewide total win. It is from June 2024 all the way up through February 2025. At the time the PowerPoint was put together, I did not have the March 2025 numbers, but I have those now. The board released that information a couple of days ago. March 2025 came in at \$1.276 billion in total win. March 2025 also made for a moderate to difficult comparison to March 2024. As you know, March 2024 fell behind the Super Bowl month. In addition, for March 2025 there was one last weekend day. When it falls on a weekend, that obviously is where there is a spike in revenue. Despite those factors, March's total win was only down 1.1% or \$14.3 million when compared to March 2024. With the release of the March numbers, the board can confirm that this is the 49th consecutive month that total gaming win has hit over \$1.0 billion. Like the narrative in December, total win has been a single-digit increase or decrease, except for January 2025, which resulted in a double-digit increase of 12.6% in total win compared to January 2024.

Page 4 ([Exhibit I](#)) shows the original actual numbers for total win for FY 2022, FY 2023, and FY 2024, represented as the blue bars on the graph. The orange bars next to those are the figures forecasted in December 2024. Lastly, the green bars are the newly forecasted win figures for FY 2025, FY 2026, and FY 2027 for the total win. The updated forecast figures are based on the data that the board has to date with those changes being made to the slot side and the game and table side. The minor percentage changes are the differences between the new forecast and the old forecast.

Page 5 ([Exhibit I](#)) provides a closer look. For FY 2025, the newly forecasted total gaming win was adjusted up by approximately \$8.0 million or an increase of 0.5%. For FY 2026, the newly forecasted total gaming win amount was adjusted downward approximately by \$25.0 million, a decrease of 0.16%. For FY 2027, the forecasted total gaming win amount was adjusted downward by approximately \$16.0 million, a decrease of 0.1%. It is important to note that this is just a comparison of the two forecasts, but they are small decreases. That is important as the board evaluates what gaming win should be and what the board's forecast should be. The forecast changes come primarily as a result of the board's actual figures to date, which are through March; discussions with the board's licensees; and historical data that the board has both in slots and gaming tables. The Gaming Control Board evaluated all those factors as it was working through what the total gaming win number should be.

Page 6 ([Exhibit I](#)) shows the updated statewide slot win forecast for FY 2025, FY 2026, and FY 2027. This changes as a result of the data that the board has to date. The new forecast figures show a 1.71% increase to slot win for FY 2025, an increase of 0.48% to slot win for FY 2026, and an increase of 1.21% to slot win for FY 2027. The December 2024 forecast showed \$10.48 billion in slot win for FY 2025, \$10.54 billion in slot win for FY 2026, and \$10.67 billion in slot win for FY 2027. The percentage change between the December forecast and the new forecast is an increase of 0.51% to slot win for FY 2025, an increase of 0.32% for FY 2026, and an increase of 0.39% for FY 2027.

In terms of slot win, I can dive into some of the factors that drove the Gaming Control Board to modify those numbers. The chart on page 7 ([Exhibit I](#)) shows slot win through February 2025. Again, the March 2025 numbers have since come out. For March 2025, slot win came in at \$918.0 million, which is at 5.05% year-over-year or \$44.1 million when compared to March 2024. When compared to pre-pandemic levels slot win is up 36.1% and overall has continued to steadily grow post-pandemic. There continue to be slight increases in slot volume, which is an indicator of increased play. Slot count totals remained relatively the same in discussions with the board's licensees. The licensees expressed wanting to continue to increase slot counts to bring their slot counts more in line with what they were pre-pandemic, which is a large difference and would affect the revenue for the state.

To give the Forum an idea of the volume changes, in January 2025 the slot volume was \$11.7 billion, up 6.16% compared to January 2024. In February 2025 the slot volume was \$11.5 billion, down 2.7% on the year-over-year. Again, that is a difficult month for comparison. In March 2025 the slot volume climbed to \$12.9 billion, up 1.77% year-over-year. Compared to February, it is an increase of 12.5%.

Fiscal year-to-date, slot win is up 2.1%. The Gaming Control Board has not been given any indicators that would cause it to decrease the slot win component for gaming win. Based on the information and numbers that the board has up to date, it made adjustments to the December forecast and increased its slot win in its forecast models for the forecast period.

This had a slight effect in a different direction for game and table win. Page 8 ([Exhibit I](#)) shows the statewide game and table win forecast for FY 2025, FY 2026, and FY 2027. For FY 2025, game and table win shows a 6.7% decrease from FY 2024. For FY 2026, game and table win shows a gradual climb with an increase of 0.59%. For FY 2027, game and table win shows a gradual climb of 1.16%. There is nothing material on the forecast changes.

Page 9 ([Exhibit I](#)) provides more specific details on game and table win. Again, the graph shows the numbers up until February 2025, but the March 2025 numbers have since come out. Game and table win for March 2025 came in at \$357.0 million, which is down from last month which was \$402.0 million. Year-over-year, game and table win is down 14.1% or \$58.4 million. However, March 2025 game and table volume was \$3.1 billion, which is up \$91.7 million or 3.08% when compared to March 2024. If someone were to merely look at win and say that is how to build the forecast, they would be mistaken. They need to look at both sides of the equation because you can have loss and volume. You can also have a little bit of volume but big win. Therefore, the board looks at both those factors in building the forecast.

Fiscal year-to-date through March 2025, game and table win is down 9.0%. Fiscal year-to-date volume is down 2.6%. Baccarat is a volatile game and impacts the state's table game win. Fiscal year-to-date, baccarat win is down \$18.9 million or 6.28%. Baccarat volume is down \$154.0 million or 6.53% as of March 2025. Again, having one less day on the weekend can also be one of those contributing factors for the numbers being down. While some of the numbers seem to flip-flop, such as volume might be up or win might be down, I would like to point out that game and table win is down by single digits to 9.01%. The volume is at 2.6%. The state is not in double-digit declines. Those were contributing factors as the board considered what the forecast should be for FY 2025, FY 2026, and FY 2027.

Page 8 ([Exhibit I](#)) shows game and table win at a decrease of 6.07% for FY 2025; however, from that new forecast, there is a gradual climb of 0.59% in FY 2026, and a gradual climb of 1.16% in FY 2027. The board has had discussions with its licensees. The licensees are cognizant of their numbers, and they do what it takes because they want to be successful in their businesses. They want the patrons in their establishment. The reason for the increases in the following two fiscal years is because the licensees are so cognizant of their numbers.

Page 10 ([Exhibit I](#)) displays the taxable gaming revenue through February 2025. Again, at the time that the presentation was put together, the board did not have the March 2025 numbers. The taxable gaming revenue for March 2025 came in at \$1.256 billion. It has remained stable throughout the period, as can be seen on page 10. The taxable gaming

ratios have remained above 90.0%, with the exception of June 2024, which came in at 88.48%. Since then, it has never dropped more than 94%. It has always been higher than that in terms of taxable gaming-to-win ratio. As of March 2025, it is 95.75%. That is another factor that the board considered when it came up with its estimates for percentage fees.

Page 11 ([Exhibit I](#)) displays the updated percentage fees forecasts for FY 2025 through FY 2027. There are two components that make up percentage fee collections: (1) percentage fees on gaming revenue, and (2) estimated fee adjustments (EFAs). Fiscal year-to-date, the percentage fee collections are up 11.72% compared to FY 2024. Actual collections compared to actual collections from FY 2024 to FY 2025; FY 2024 came in at \$754.6 million. To date, there is \$843.1 million in collection. Therefore, collections are up \$88.4 million or 11.72%. Comparing forecasts, the Gaming Control Board forecasted \$731.9 million, and the actual collection is \$843.1 million, so it is up \$111.0 million or 15.2% from the original forecast.

Taking all of this into consideration, the board forecasts \$990.6 million for FY 2025, a 0.93% decrease; \$981.1 million for FY 2026, a 0.95% decrease; and \$991.9 million for FY 2027, a 1.10% increase. You may be asking why the board is forecasting those positive numbers. As I stated, there are two components that make up percentage fee collections and this comes from the EFA side.

MR. LEAVITT:

I am happy to see the numbers, and it is interesting to see all three of the forecasters for the current year have numbers that are higher than forecasted at the December 2024 meeting and the numbers for the next two years are very close to what were used for the December numbers for all three. From these numbers, it is possible to go down a fair amount and still meet the forecast for December.

MS. NEWELL:

The numbers are coming in relatively high, over the billion-dollar mark. The taxable gaming revenue looks healthy through March and was taken into consideration, which the Gaming Control Board was happy to see.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, Governor's Finance Office [GFO]):

For my predictions on gaming win, my previous prediction still holds. One of the things I added this time is that slight decline in tourism is expected in FY 2026. However, when I was doing my analysis, I was trying to do all sorts of correlations on gaming win. I was trying to do this discretionary spending and tourism, and it seems that this gaming percentage win is something that is possible with very slow tourism and really high gaming win or with a really low discretionary spending and really high gaming win. It is driven by a couple of people playing Baccarat or betting millions of dollars in a poker game. It is very difficult. However, one of the things that I noticed is that this gaming percentage is very stable. If you look at the gaming percentage fees before the pandemic, those were stable at \$600.0 million for five or seven years. This is something that I am expecting to see moving forward, the gaming percentage fees are going to stabilize to what is seen in this moving average.

With that in mind, my forecast for FY 2025 is moderate growth compared to FY 2024 of 0.5%, which is around \$985.8 million, and projecting a small decline in FY 2026 due to the lower tourism expectations which brings the dollar amount to \$981.5 million. For FY 2027, there is an increase of 0.3%, which is \$984.5 million.

Page 20 ([Exhibit G](#)) shows my forecast and the actuals from FY 2022 to FY 2027. The actuals, the moving average, has been around \$971.6 million. With my forecast that moving average will go up slightly to 1.2%, which is \$903.9 million for FY 2025 to FY 2027.

SUSANNA POWERS (Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

Page 29 ([Exhibit H](#)) of the *Fiscal Analysis Division Forecast Information Packet* begins by describing the tax. On page 33, Table 2 presents the division's outlook for the statewide slot and game and table markets and the changes from the December 2024 forecast. The FY 2025 year-to-date statistics for gaming have remained resilient, especially notable given the challenging year-over-year comparisons to FY 2024 which benefited from major events such as the Super Bowl and Formula 1 race. The Fiscal Analysis Division's FY 2025 gaming forecast revisions closely align with year-to-date gaming performance.

Next, I will briefly discuss the gaming outlook. The economic outlook for the upcoming 2025-27 Biennium softened significantly compared to the previous forecast released in December 2024 driven largely by downward benchmark revision to key data. For reference, the economic outlook is in the *Fiscal Analysis Division Forecast Information Packet* on pages 2 through 27 ([Exhibit H](#)). Initial employment statistics for the last year had indicated growth in high-wage industries such as manufacturing and construction; however, this year's benchmark revisions revealed those sectors were relatively flat leading to a more measured employment growth outlook given the level of uncertainties on the horizon. As a result, the wage growth outlook was revised downward reflecting a moderation in overall wage trends. An important factor influencing the forecast for slot coin-in and win performance. Similarly, the visitor forecast for Las Vegas was adjusted lower in response to recent data, which plays a critical role in shaping expectations for game and table drop and win. The outlook for FY 2026 expects the games and table segment to remain under some pressure while slot coin-in and win are projected to experience a modest pullback.

Looking ahead to FY 2027, modest growth is projected with upside potential. A major event on the horizon is the College Football Playoff National Championship in January 2027, which is expected to boost visitation and gaming activity. Table 1A on page 30 ([Exhibit H](#)) presents a percentage fee collections forecast. For FY 2025, there is a 0.5% decline from the previous fiscal year to \$995.0 million, then followed by a 1.5% decline in FY 2026 to \$980.4 million, followed by a 1.4% increase in FY 2027 to \$993.7 million.

MR. LEAVITT MOVED TO APPROVE THE AGENCY'S (GAMING CONTROL BOARD'S) FORECAST FOR FY 2025 AND THE DECEMBER 2024 FORECAST FOR FY 2026 AND FY 2027.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

D. INSURANCE PREMIUM TAX

ERICA SCOTT (Economist, Department of Taxation):

I will begin on page 14 ([Exhibit C](#)) of the Department of Taxation's presentation. For this particular tax type, the time series shown was not as much of a revenue impact with Project My Nevada Tax (MYNT) phase one implementation issues. This tax type is not yet implemented in MYNT but is scheduled for the December 2025 phase two implementation. Any kind of significant impacts are not anticipated on the later phases as with the initial phase one. Another of note in the time series is it is interesting that there was not as much of a decline in March 2020 from the COVID-19 pandemic like other revenue sources such as Live Entertainment Tax or sales tax; therefore, premiums were continuing to be paid and tax revenue continued to be collected. Regarding the forecast, the Department of Taxation is forecasting premium increases as with the prior December 2, 2024, meeting, but also that it is assumed consumers will continue to spend their wages on insurance premiums and maintain that revenue source for the state.

On page 15 ([Exhibit C](#)), the department's current forecast has been increased from the December 2024 meeting due to receiving higher than expected revenue in FY 2025; therefore, adding in those actuals gave the forecast model a higher starting point than the figures previously anticipated. The forecast for FY 2025 came in at \$656.0 million, FY 2026 at \$699.0 million, and FY 2027 at \$755.0 million before any credits considered. That is for the department's portion of the administered tax type, or the revenues that flow through the Department of Taxation.

The table on page 16 ([Exhibit C](#)) does not have the proper comparison to the prior fiscal year totals as the prior year revenues are net any tax credits. However, the forecast for growth in this tax type in FY 2025 is about 7.3% when accounting for those tax credits, 6.5% in FY 2026, and 7.9% in FY 2027.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, Governor's Finance Office [GFO]):

My prior assumptions still hold for the Insurance Premium Tax, and I would like to add additional assumptions that if the 25.0% tariffs on autos and auto parts remain in place, another auto insurance premium rate hike at the end of FY 2026 due to the high cost of repairs of autos due to the tariffs on auto parts should be expected. As shown in fall 2024, these insurance increases exist because one of the main factors was the cost of repairs. If the 25.0% tariffs are still in place, some sort of insurance hikes can be expected because of the cost of repairs and evaluations of newer cars being higher.

Another thing I am factoring into this Insurance Premium Tax is the potential increase of home insurances due to the Los Angeles fires in early 2025. Sadly, Northern Nevada has very similar dry and windy weather conditions. Northern Nevada does not have as much of a population density as Los Angeles, but weather conditions can still cause insurance businesses to reconsider costs and coverage.

One more thing to keep in mind is that if the 25.0% tariffs are still in place, there will be higher construction, repair, and maintenance costs for houses. If something in a home breaks, it will need to be replaced, which will drive home insurance prices up in the near future.

With that in mind I am forecasting for FY 2025 a growth of 5.9% to \$685.0 million. In FY 2026 I am seeing this bump in insurances due to the tariffs that will bring it to \$732.6 million. Then, I am not foreseeing any sort of rate increases in FY 2027; therefore, my growth now goes back down to 4.53%, which will bring the Insurance Premium Tax to \$765.8 million. I would like to make a clarification here; looking at the Insurance Premium Taxes, I moved them up quite a bit from my prior forecast because I was also forecasting the net. I was not aware that there are tax credits taking against Insurance Premium Taxes as well, so I forgot to add that originally. Now, I am showing a gross Insurance Premium Tax.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

I would like to make sure the Forum has the information with respect to the other portion of the agency forecast for the Insurance Premium Tax, and that is the surplus lines portion from the Department of Business and Industry, Insurance Division. The Insurance Division's forecasts are between \$35.5 million and \$36.0 million per year. I believe there was a 0.5% growth per fiscal year in that particular portion. Table 8 ([Exhibit E](#)) shows that is added to the forecast to get the total agency forecast, but it was not reflected in Ms. Scott's earlier presentation.

The Fiscal Analysis Division's forecast for the Insurance Premium Tax is on page 65 of the packet ([Exhibit H](#)). I will go through the changes between the table on page 67 of the packet and Table 8 ([Exhibit E](#)). Looking at Table 8, the forecasts did not change very much and turned out close to the November 2024 numbers. These are forecasted on a quarterly basis and the quarterly premium tax collections make up about 95.0% of the Insurance Premium Tax. The second quarter came in about \$3.3 million above our forecast, at about \$170.8 million. The December 2024 forecast was \$167.5 million.

The All Other category, which considers prior periods and some of the other categories such as workers' compensation, were increased by about \$3.0 million just based on heavier activity year-to-date than anticipated. However, then the surplus lines category that I previously mentioned was brought down by \$2.0 million because it is not coming in as strongly as I thought. The net increase to our forecast is about \$4.7 million. Looking at Table 8 ([Exhibit E](#)), we brought our forecast down in December 2024 by about \$5.9 million from November 2024, showing we get closer to back to where we were in November, but we do not get the whole way there. Table 8 shows the forecast being increased in FY 2026 and FY 2027, but not as much. Looking at the economic conditions right now, it is still my belief in my overriding philosophy, that regarding insurance, in terms of when people are spending money and especially during downturns in the economy, people will change their purchasing patterns. However, insurance is one of the last things for people to stop spending money on because there are things that need to be insured whether under mandate or because it is the wise thing to do. Nonetheless, that was considered, and I did bring those forecasts back a little in FY 2026 and FY 2027 and then like the increase in all other category that I added that \$3.0 million to, I did not feed that

the whole way through the forecast. Thus, our forecast for FY 2026 is only about \$2.2 million higher than December 2024 and then in FY 2027, it is only \$684,000 higher than December, kind of keeping more of a status quo and flattening out a little bit. Again, this is one of the more stable tax sources and it is a little less sensitive to these sorts of things. There is still some growth, but a little bit less growth than there was in December.

MR. LEAVITT:

I am happy to see that this stable one is up for everyone since the December 2024 estimates. On the agency forecast, I am a little concerned about the size if you get up to \$790.0 million in the third year. It seems if we use the Fiscal Analysis Division forecasts for all three years, I would think we are almost guaranteed to get that amount, where if we go higher than that, then I think there is a risk that it will not be achieved.

MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR FY 2025, FY 2026, AND FY 2027.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

E. MODIFIED BUSINESS TAX

ERICA SCOTT (Economist, Department of Taxation):

The presentation for Modified Business Tax general business begins on page 18 ([Exhibit C](#)) of the Department of Taxation presentation. First is the time series that I have included, but this total is actually for the Modified Business Tax total revenue, including the financial and mining sectors just for the time series portion of the graph. In FY 2021 and FY 2022, some of the effects of the Nevada Supreme Court decision and backdating those rate reductions and when the department issued some refunds there can be seen. In FY 2024, the revenue did not exceed levels in FY 2023 due to statutorily required rate reductions, but in the second quarter of FY 2025, the revenue did not reach out of quarter two of FY 2024 for comparison. This was due to a brief pause in processing of payments out of the old system while there was the initial MYNT integration. While Modified Business Tax was not in phase one implementation, the processing had to pause while the department did the integration for the phase one tax types. For the record, that is not anticipated to be as much of a halt or pause during any of the other phases to come.

Page 19 ([Exhibit C](#)) shows the forecast for the general business portion of the Modified Business Tax, which includes the assumption of continued wage growth, although at a slower pace than what was anticipated at the December 2024 meeting based on some of the wages seen reported. In FY 2025, the department forecast \$819.0 million, \$844.0 million in FY 2026, and \$877.0 million in FY 2027.

Page 20 ([Exhibit C](#)) displays the chart that I did add back in the tax credits for proper comparison to FY 2024 and FY 2025. The expected growth rate is 2.7% in FY 2025, 3.0% growth in FY 2026, and 3.9% growth in FY 2027.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, Governor's Finance Office [GFO]):

The Modified Business Tax is another one that I was having issues with after the November 7, 2024, Economic Forum meeting. I looked at my actuals of the December 2024 meeting because I wanted to see why mine were not matching my colleagues. The issue I was having is that I was forgetting to put an extra piece of the modified nonfinancial business tax into it, which is why my actuals were lower than my colleagues. Once I added that extra piece, it matched. That is why my numbers increase on this one.

With my new assumptions on Modified Business Tax, I am expecting employment to remain relatively stable with some hiccups in FY 2026, as I mentioned at the beginning of my presentations. Business expansion is likely to be limited due to heightened economic uncertainty and risk aversion. Most business owners are probably not going to be expanding as much as preferred because of all the uncertainty that is going to happen. Having said this, the revenue growth that I am projecting here is mainly going to be driven by wage increases caused by adjustment for inflation and relative employment levels, rather than large scale hiring or business expansions.

With that in mind, I am projecting a growth rate of 2.1%, which equates to \$118.7 million for my forecast for FY 2025. Fiscal Year 2026 will have the most kind of uncertainty going on with the most risk aversion from businesses. I am predicting there will be a slight growth of 1.5%, which will be mainly driven by some sort of stable employment and adjustment of wages. In FY 2027 some resolution on this study is seen, like a toning down with business leaders coming together and doing deals, which is why I am foreseeing an increase of about 4.1%, which will bring the Modified Business Tax of \$861.2 million.

Another point I want to make on why FY 2027 is increasing quite a bit is because I am foreseeing that all the business owners who were planning on doing an expansion of FY 2026, once there is some sort of certainty from the federal government, those expansions will be done in FY 2027 and businesses will be expanding operations and there will be a pent up demand from the business side.

HAYLEY OWENS (Economist, Fiscal Analysis Division, LCB):

The Fiscal Analysis Division's Modified Business Tax forecast material begins on page 73 ([Exhibit H](#)) of the packet. There are many detailed and summary tables, but there is a simple visual on page 80 of a bar chart of the recent years in the forecast years. I prepared a lot of very convincing statistics about our forecast, but most of it has been covered, so I will try to be brief.

Fiscal's forecast is down from December 2024 for all three years and there are three reasons for that. Firstly, since December, the Bureau of Labor Statistics released its benchmark revisions for Nevada jobs and that did have a negative impact on job growth in Nevada in 2024. Therefore, before even forecasting, we are in a little bit of a lower job state. Secondly, as was seen from Dave Schmidt's presentation from the

Department of Employment, Training and Rehabilitation, job growth in recent months has been weak and flat. This time last year, there was about 2.5% year-over-year growth in total private employment, which is now down to about 0.05%, so the recent trends have been weaker than estimated in December. Lastly, the third reason is that the outlook has obviously deteriorated. For those reasons, we do not expect to lose jobs economywide in this forecast, but we have lowered our growth expectations both for jobs and wages.

Fiscal forecast Modified Business Tax nonfinancial collections to reach \$815.5 million in FY 2025. There will be a decline of \$13.4 million from December 2024's forecast, although it is still up from FY 2024, and then \$840.5 million in FY 2026, which is a decrease of \$25.1 million from December, which is still positive year-over-year growth. Then \$869.7 million in FY 2027, which is a decline of \$31.1 million from December.

MR. GORDON:

Being two full quarters into the Modified Business Tax, please confirm the current growth rate trend.

MS. OWENS:

The nonfinancial portion specifically is up 2.1% through the first two quarters.

MR. LEAVITT:

Looking at the various forecasts, it seems the Fiscal Analysis Division's is the one that is the most logical simply because it is based on increasing growth over the two years, and it is somewhat less in all categories than the December 2024 forecast. It falls in between the others, and I think that is probably as good as it will be.

MR. LEAVITT MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR FY 2025, FY 2026, AND FY 2027.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

There is a table on page 285 ([Exhibit A](#)) of the Economic Forum meeting packet titled *Table 1 MBT-Financial Institutions and MBT-Mining – Agency, Fiscal, Budget, and Consensus Forecasts*, which is self-explanatory of what it is trying to do. Late last week, Dr. Solorio, Ms. Scott, and the four of us from the LCB Fiscal Analysis Division had a Teams meeting. As a bit of background, this consensus forecast is handled maybe a little differently than the Commerce Tax or the interest forecasts, but similar to the Technical Advisory Committee forecast, in which each of the forecasters did their own forecasts for Modified Business Tax (MBT)-Financial and MBT-Mining based on their own assumptions for wages and employment. Then those are all put together in this table and it is decided what would be the reasonable consensus to bring to the Forum.

With respect to MBT-Financial, the numbers seen in the table (page 285, [Exhibit A](#)), the \$42,091,000 for FY 2025, \$43,503,000 for FY 2026, and \$45,144,000 for FY 2027, was the average of the forecasts between the Department of Taxation and the Fiscal Analysis Division. With respect to how that changes from the December 2024 forecast, it is a decrease of \$709,000 in FY 2025, about \$1.2 million in FY 2026, and about \$1.7 million in FY 2027.

With respect to MBT-Mining, the consensus forecast table on page 285 ([Exhibit A](#)) is the average between the Department of Taxation, the Fiscal Analysis Division, and the Budget Division: \$20,368,000 in FY 2025, \$20,646,000 in FY 2026, and \$21,095,000 in FY 2027. Those are all increases compared to the December 2024 forecast. The FY 2025 forecast increases by \$358,000, FY 2026 by \$418,000, and FY 2027 by \$816,000. As a general observation and just as a forecaster, I think for MBT-Mining the slightly stronger than anticipated gold prices can be pointed to as possibly driving those forecasts.

MS. LEWIS MOVED TO APPROVE THE CONSENSUS FORECAST FOR THE MODIFIED BUSINESS TAX-FINANCIAL AND MODIFIED BUSINESS TAX-MINING.

MR. LEAVITT SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

F. REAL PROPERTY TRANSFER TAX

ERICA SCOTT (Economist, Department of Taxation):

The changes that have been made to the forecast from the Department of Taxation since the December 2024 meeting are based on actuals that are coming in on Real Property Transfer Tax, which is coming in higher than expected from the last meeting. The assumption is that pent up demand for real estate is still at play here and continued to be at play in the department's forecast for this biennium. Therefore, the department's forecast is higher and quarter two of FY 2025 came in about 20.0% above FY 2024 year-to-date totals. While the sustained higher interest rates that are assumed to also going to be at play here, it is anticipated to affect not as much for the new home purchases. Existing homeowners are probably not going to be buying new homes unless life circumstances make them do so. However, new homeowners will continue to buy at the market rate currently, so that is in the department's forecast.

The General Fund portion of the Real Property Transfer Tax has been forecast at \$129.4 million in FY 2025, \$133.0 million in FY 2026, and \$138.5 million in FY 2027. Page 23 ([Exhibit C](#)) of the Department of Taxation packet shows the growth rates indicate the growth as 18.7% in FY 2025, 2.8% growth in FY 2026, and while the market somewhat softens in FY 2026, then the stabilization of the growth of 4.1% in FY 2027 in this tax type.

MAURICIO SOLORIO ARTEAGA (Ph.D., Economist, GFO):

For the Real Property Transfer Tax, all assumptions still hold. Homeowners with historically low mortgages are unlikely to sell because they are locked into really low interest rates. New residential developments will slow down due to high construction costs. This assumption was made in November 2024 before anyone knew what is going to happen with the tariffs, so new essential developments might slow down even more due to the tariffs and high construction cost.

One of the things that have now been added into this model is that the mortgage rate expectations have shifted. Prior, there was a stabilization around 5.0% of mortgage rates. However, now due to persistent inflation pressures, elevated treasury yields, and the delay of the Federal Reserve cutting interest rates, mortgage rates are now projected to stabilize between low 6.0% and mid 6.0% in range through the next 2025-27 Biennium. This will continue to suppress real estate transaction volume particularly among rate-sensitive buyers.

Page 29 ([Exhibit G](#)) includes a table of the November 2024 Mortgage Rates Forecast that Moody's Analytics (Moody's) was projecting. The average projection that Moody's has for the mortgage rate was about 5.6%. When I did this analysis for May 2025, the current projections are 6.41% (page 30, [Exhibit G](#)). I was doing some sort of calculations between how much would that mean in interest payments if I borrow \$400,000 from the bank to buy a house. In five years, I am going to be paying the difference between the 5.6% and the 6.4%, which will be about \$12,000 in interest just on that. Then on top of that, the slowdown of the housing market needs to be added into consideration for home buyers at the beginning of this year because now home buyers need to factor in the higher cost of necessities such as groceries, medicines, and everything else like insurance, which will be going up. Will home buyers be able to afford a \$2,600 mortgage moving forward? The heat up that was seen at the end of FY 2024 with people buying a lot of houses was because people had the expectation that rates were going to go down, that everything was going to be fine with the economy, but nothing ended up going down. The interest rate might go up if the Federal Reserve banks decide to combat inflation instead of unemployment. Currently, people are not buying homes as much because they do not know if they are going to be able to afford the higher prices of mortgages given that everything else is going to go up as well.

With that in mind, my forecast for FY 2025 is about \$120.6 million, which is quite close to where we are today. In FY 2026, once we start seeing the higher cost of goods moving up, we are going to see a slowdown from home buyers because they are going to be more cautious about getting a \$500,000 mortgage loan. If that is being factored, everything else is going to be very expensive, which is why for FY 2026 I have it going down to 5.5%, which equates to \$13.9 million. In FY 2027, as everything starts to stabilize, hopefully there will be some cuts, but honestly, it does not look like it is going to happen. That is why I am going to see a modest growth of 1.8%, which will bring it to \$116.0 million for FY 2027.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

The Fiscal Analysis Division's forecast for the Real Property Transfer Tax begins on page 101 ([Exhibit H](#)) of the packet. Normally, I would bring up page 102 of the packet which has our forecast spelled out by quarter, which is one where we do a quarterly forecast; however, the actuals that have been reported by the Department of Taxation as previously noted are through the second quarter. The second quarter of FY 2025 was 33.8% above the previous fiscal year and it was approximately \$6.4 million above our forecast that was presented in December 2024. There is a lot of strength in Clark County, which was up 39.6%, as well as in Washoe County, which was up 27.1%. For the third quarter, the number that we have in our forecast of \$28,637,000 is a fairly good number because this is about the point where I can say, we will go into the State Controller system because this is remitted from the counties to the state, and we can look at what has been sent to us.

When we did the forecast, we had 15 of the 17 counties and we were missing Pershing and Esmeralda Counties, which I estimated were worth about \$15,000 or so. As of this morning, Pershing County has showed up and is worth \$14,000. Esmeralda County needs to get to \$1,000 and my forecast for the third quarter looks pretty good. What this means in actual terms is the \$27.8 million is a 10.3% increase and is about \$800,000 above our forecast from December 2024. Clark County was up 16.7% and Washoe County about 8.4%, which were not as strong. Most of the strength is in Clark County, which brings the question of, what do we think is going on here? One of the assumptions that was made in December 2024 is that there was going to be a stabilization of home prices, and that has not occurred yet. This is surprising because, Dr. Solorio and the Fiscal Analysis Division discussed in December 2024 about how with the higher interest rates, one would think that there might be a little downward pressure on prices because of softened demand and that really has not seemed to be the case. What I think is still going on is that there are a significant amount of cash purchases coming from out of state because people have equity, and they are deciding to come here.

Our forecast for FY 2025 largely considers the increases that have been seen and increases by about \$7.5 million. This is mostly driven by the second and third quarter, and we add a little in the fourth quarter, but not too much. Looking at Table 8 ([Exhibit E](#)), that growth does not carry through. We grow by about \$4.2 million in FY 2026 and only by about \$2.7 million in FY 2027.

An observation that I recently read that made a lot of sense to me is that there is perhaps, in these times of economic uncertainty, the people who may be willing to move from California or other higher costs of living places and pay cash in either Northern or Southern Nevada, that might be a little diminished because it involves uprooting families and jobs. In an environment where it might be a little more difficult to find employment, people might be less likely to do this and might stay in a situation where there is at least some sort of stability. What is seen going forward is the demand and prices will settle a little and while there still is growth in our forecast, we have pulled that back a little just with the idea that some of the people, irrespective of interest rates, because again, I think

interest rates do not play as much of a role in this facet as we might have previously thought, but people may be a little less willing to move than previously. I think interest rates for the people who are already in Nevada, who might decide to downsize or change their arrangements, might play into it a little as well, but I think there will be some softening in the market. I am not saying it will be like the 2008 Great Recession type softening, because I do not know if softening is the right word for that, but I think there will still be some increases, just not as much because of the changes in conditions and a little uncertainty.

MR. GORDON:

The background is helpful in understanding how the forecasts were put together across the board, particularly that the current FY 2024 is being tracked ahead of schedule.

MR. GORDON MOVED TO APPROVE THE FISCAL ANALYSIS DIVISION'S FORECAST FOR REAL PROPERTY TRANSFER TAX.

MR. LEAVITT SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

G. COMMERCE TAX

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

The Commerce Tax consensus forecast information begins on page 287 ([Exhibit A](#)) of the Economic Forum meeting packet and was done the same day as the Modified Business Tax consensus. This was done a little differently; the Fiscal Analysis Division puts together some information, it is sent to the Department of Taxation and the Budget Division, and then the three have a conversation about the assumptions. The methodology that is being used for this is identical to what has been used for the forecasting since we started forecasting the Commerce Tax in front of the Economic Forum in November 2016.

Table 1 (page 287, [Exhibit A](#)) is looking at the Commerce Tax by business activity period, so irrespective of when the tax is collected and remitted, it is the tax activity year that the collections belong to. One of the things that is looked at is kind of a gauge and is the actual and forecasts of gross state product that is received from Moody's Analytics (Moody's). In November 2024, the baseline forecast that Nevada had for Nevada gross state product was an increase of 5.3% in FY 2024, an increase of 5.3% in FY 2025, and increases of 5.4% per year in FY 2026 and FY 2027. The most recent forecast from Moody's for Nevada gross state product decreased to 4.7% in FY 2025 and FY 2026, and 4.5% increase in FY 2027. This is still above inflation, but it is lower than it was. The end result is in on the right-hand side of Table 1, where you can see kind of the consensus growth for the activity period, collections for the Commerce Tax, where in November there was 6.0% growth in FY 2025 and 5.5% growth in FY 2026 and FY 2027. That was brought down in terms of activity period collections to 5.0% per fiscal year in FY 2025, FY 2026, and FY 2027.

The table on page 288 ([Exhibit A](#)) is taking those collections and translating them back to the accounting period in November 2024. It was previously mentioned how there was the increase in prior period collections in FY 2024 and a lot of collections in FY 2024 were attributable to previous periods. That 5.0% activity period amount actually decreased to about 3.2% when it was translated back to the accounting period, so we are keeping that in line. The information received from the Department of Taxation says that we are not getting as many prior period collections thus far in FY 2025 than in FY 2024, so that has been left the same. That growth rate continues and that is why you have the current reduced growth rate of 2.3% in FY 2025 compared to FY 2024. However, then in FY 2026, the growth rate for collections goes down to 1.6% and it is a decrease of \$13.6 million.

This is a My Nevada Tax (MYNT) issue. The Commerce Tax is in a phase of MYNT that will be implemented at the end of FY 2026; therefore, the result of this is that instead of under the current law, the Commerce Tax is due 45 days after the end of the fiscal year. Unless it falls on a weekend or a holiday, August 14 is the due date. This gives enough time for the Department of Taxation to collect Commerce Tax for about a month under the current law so that it can be reported and posted into the Controller's system before the fiscal year closes on the third Friday of September. Beginning in FY 2026, the close of the fiscal year as it relates to MYNT is August 30. This cuts off this window of about two weeks after August 30 and up to September 14, of which anything that is after August 30 will now post in the subsequent fiscal year. This is an absolute non-negotiable, hard stop for MYNT as it has been relayed to us.

That having been said, based on the information Fiscal received from the Department of Taxation, that two weeks of Commerce Tax is not of the magnitude that two weeks of sales tax is. Of the \$13.6 million reduction in our forecast, approximately \$8.5 million is because of that MYNT issue of money that would have posted in FY 2026 but now will post in FY 2027 with the balance of about \$5.1 million being because of the decrease in our assumptions. In FY 2027, that annualizes, so we do not have to worry about MYNT as it is only a one-year thing, but our forecast still does come down by about \$7.2 million in FY 2027.

Along the same lines, on page 289 ([Exhibit A](#)) and in Table 8 ([Exhibit E](#)), are the Commerce Tax credits, where up to 50% of a taxpayer's Commerce Tax liability in a fiscal year can be used against their Modified Business Tax liability in the subsequent fiscal year. Since forecasts have been reduced for the Commerce Tax, it also reduces the forecast for the Commerce Tax credits because fewer credits available means fewer credits will particularly be issued. Table 8 shows the net change to the Commerce Tax credit forecast being \$66,388,000. These are negative numbers, so there is a decrease in the amount of credits of approximately \$1.2 million. This actually results in additional revenue as the decrease in credits means additional revenue that comes to the State General Fund. In FY 2026, the \$69,741,000 results in increased revenue of approximately \$642,000 in this forecast. In FY 2027, \$73,227,000 in credits results in approximately \$1,037,000 in additional revenue due to the decreased credits.

MR. LEAVITT MOVED TO APPROVE THE CONSENSUS FORECAST FOR THE COMMERCE TAX AND THE COMMERCE TAX CREDITS.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

Before moving on to the next agenda item, there is one more thing to discuss. There is a forecast that falls out of a forecast that was previously approved by this Forum. If you look at the Economic Forum table ([Exhibit D](#)), underneath the sales and use tax are the sales tax commissions, which are driven by a formula that takes into account the rates and how much of that is retained by the State General Fund. Based on the actions that were approved by this Forum, with respect to the sales and use tax forecasts, the following General Fund commissions will be added to the forecast to have all the pieces plus the non-majors. For FY 2025, it would be \$73,757,000, FY 2026 would be \$75,312,000, and in FY 2027 the amount is \$77,827,000. Once those are added in with the approved majors and non-majors, that hopefully will balance as the tables are checked and verified. This information is useful for Agenda Item XI.

XI. REVIEW AND APPROVAL OF FORECASTS OF MINOR GENERAL FUND REVENUES AND TAX CREDITS FOR FY 2025, FY 2026, AND FY 2027 APPROVED BY THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES (NRS 353.229) AT ITS APRIL 23, 2025, MEETING.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

On Wednesday, April 23, 2025, the Technical Advisory Committee met, as requested by the Forum, to consider non-major revenue forecasts and tax credits. The relevant tables for Agenda Item XI are found in the Economic Forum meeting packet ([Exhibit A](#)) on page 297 with Table 5, which is the companion of Table 4 but only for the non-majors, and on page 299 for Table 6, which is the summary of the entire forecast I will be discussing today. Table 6 - Difference begins on page 311, which is the difference between the forecasts approved by the Technical Advisory Committee at their meeting last Wednesday compared to their meeting in November 2024 before the December 2024 meeting. Table 7 on page 317 summarizes the information into something that is a little more digestible.

In the interest of time, I do not intend on going through all the information, but I will go through the highlights keying in on some of the more significant differences and issues that needed to be addressed with respect to the forecast.

Looking at Table 6 (page 299, [Exhibit A](#)), for gaming penalties under the gaming block GL 3042, the forecast that was approved by the Technical Advisory Committee for FY 2025 was \$11.0 million. The \$11.0 million in this forecast is predominantly due to a \$10.5 million penalty that was levied on Resorts World in late March 2025 by the Nevada Gaming Commission. This is one where the timing was a little unfortunate because there was an additional penalty the Nevada Gaming Commission was looking to levy against MGM in the amount of \$8.5 million. The Nevada Gaming Commission met the day after the

Technical Advisory Committee, and because of the timing there, we were not in the position to add any revenue for that particular penalty. However, now that the Nevada Gaming Commission did meet last Thursday and the issuance of that penalty was approved, I will discuss what will happen when we get to the point when the forecast is approved. This comes from the direction of the Technical Advisory Committee because we let them know that this issue was going on and the uncertainty around it. Fiscal's recommendation as staff would be that if you are to approve the Technical Advisory Committee's forecast for the Economic Forum, that staff is allowed to make an upward adjustment of \$8.5 million in FY 2025 to account for that additional revenue from that penalty based on the information that was received from Ms. Newell at the Gaming Control Board. That money is anticipated to be paid into the State General Fund by the conclusion of FY 2025 because of the timing of when it was levied.

Also on page 299 ([Exhibit A](#)) is the Transportation Connection Excise Tax, which is the Uber/Lyft/taxicab tax that is 3.0% of the fare. There were downward revisions in all three fiscal years for that; approximately \$1.5 million in FY 2025, about \$2.8 million in FY 2026, and about \$3.7 million in FY 2027 that were primarily attributable to downward outlooks on visitors. From what I can gather, about 90.0% of this tax is generated in Las Vegas, so it is very tourism heavy and dependent.

Next, is the cigarette tax, which was a tax affected by MYNT, but that was taken into account as part of the forecast. There were downward revisions of the forecast of approximately \$597,000 in FY 2025, about \$212,000 in FY 2026, and about \$568,000 in FY 2027. I believe this was all the forecasters looking at it and saying people are not smoking as much as we thought they would. This is not so much of a MYNT adjustment, this is that we do not think the tax is doing quite as well as we thought.

There are no forecasts for the Modified Business Tax, so that will be skipped. The third page of Table 6 (page 301, [Exhibit A](#)) shows the Business License Fee, which is predominantly collected by the Secretary of State's office. There was an increase in the forecast of \$114,000 in FY 2025, but decreases of approximately \$1.9 million in FY 2026, and about \$1.2 million in FY 2027. I believe the reasoning behind this is the tax is holding fairly well during this fiscal year, but I think there might be some downward pressures on it based on the uncertainty. This is in large part coming from out-of-state corporations and other business entities that come to Nevada to do their entity filings. There may be an expectation that those soften a little, which is going to sound strange when discussing the commercial recordings next, but that is kind of how the forecast went with respect to that one.

The Liquor Tax, GL 3050 had significant downward revisions in all three fiscal years. This is another MYNT issue, and I think this is one where we found it perhaps a little difficult to sleuth out whether it was a MYNT issue or an activity issue, but we could actually see with decreased tourism demands and visitor volumes where there could be a softening of liquor tax because there is a large consumption of alcoholic beverages by visitors. There is a decrease of about \$3.9 million in FY 2025, about \$4.0 million in FY 2026, and about \$3.3 million in FY 2027. I will skip tax credits for now and will go to those at the end of the presentation.

On page 302 ([Exhibit A](#)) under Licenses, there are a few that are worth noting here, three being for the Secretary of State. The first one is GL 3105 UCC, which stands for uniform commercial code filings. There is a significant downward revision in terms of percentages, probably the largest percentage downward revision of all the forecasts. It is about \$560,000 in FY 2025, \$577,000 in FY 2026, and \$593,000 in FY 2027. The only thing I can come up with on this is the conditions during the pandemic, which many federal stimulus programs had, especially the Paycheck Protection Program loans. One of the conditions to receive those is you had to have certain UCC filings with your state regulator, causing those to spike during the pandemic, but I think as time has progressed, the demand for those has lessened significantly. The forecasts that you see there of just under \$3.0 million in FY 2025 and going up to just over \$3.0 million, which were in line with the historical amounts. It just seems the last few fiscal years were abnormally high, but it is now coming back down to normal. I think this is something we did not anticipate in November 2024 when we had the original forecast, but now the year-to-date collections are just not coming in, so there was a reduction in the forecast.

For Commercial Recordings, GL 3130, the forecasts on page 302 ([Exhibit A](#)) have a slight upward revision of \$755,000 in FY 2025, about \$824,000 in FY 2026, and about \$1.3 million in FY 2027. When I said it probably does not make a lot of sense with respect to when you go back and look at the business license fees, that would be it. Year-to-date, this is actually performing fairly well, so I think at least for Fiscal, this has just been built into our outlook. We did not change it that significantly, but we also had fairly conservative growth in this given the uncertainty that we were seeing in December 2024 that could kind of float through as well.

Securities, GL 3152, had increases of \$659,000 in FY 2025, \$686,000 in FY 2026, and \$703,000 in FY 2027. This is based on year-to-date actuals coming in stronger than anticipated and just kind of more or less flowing that through the forecast.

Lastly, there is GL 3102 (page 302, [Exhibit A](#)), the Athletic Commission Fees, which is an 8.0% fee the Athletic Commission levies against admissions for unarmed combat, like boxing, mixed martial arts, and so on, of which 2.0% is retained by the agency to fund their operations and 6.0% goes to the State General Fund. There is a significant downward revision in all three fiscal years, about \$1.5 million per year in FY 2025 and FY 2026, and about \$1.6 million in FY 2027. The Athletic Commission basically thought the sanctioned events under their purview were going to be less in FY 2025 and then throughout the forecast horizon, and Fiscal did not disagree. It does not mean UFC fights, or these types of events, are any less popular, but they have an international audience, so they are just as likely to have their fights in Mexico City, Dubai, Tokyo, or London as they are in Las Vegas. Branching out and having these events elsewhere does result in a decrease of the forecast. For total licenses, the decrease was about \$849,000 in FY 2025, about \$814,000 in FY 2026, and about \$384,000 in FY 2027.

Also on page 302 ([Exhibit A](#)) is Fees and Fines, which I will only discuss the Short Term Car Lease, GL 3066. There was a downward revision of about \$1.7 million in FY 2025, about \$2.6 million in FY 2026, and about \$3.2 million in FY 2027. Again, this is one that is heavily dependent on tourism and with softening expectations on tourist activity, particularly in the Las Vegas Valley, the decision was made to reduce those

forecasts accordingly. The total fees and fines, the reductions, were about \$1.5 million in FY 2025, about \$2.5 million in FY 2026, and about \$3.1 million in FY 2027, again, largely tracking with the short-term car rental.

On page 303 ([Exhibit A](#)) under Use of Money and Property, there were no changes to any of those repayments as those are basically set by statute. What the forecast is, is what the statute says. The only changes to this were under Other Total Interest Income, GL 3291, where there was an upward provision of \$34,500 in FY 2026 and \$63,700 in FY 2027. Fiscal Year 2025 was unchanged.

I will discuss a couple items under Other Revenue (page 303, [Exhibit A](#)). First, is Expired Slot Machine Wagering Vouchers, which had a decrease of about \$250,000 in FY 2025, \$368,000 in FY 2026, and \$462,000 in FY 2027. This was Ms. Newell's forecast from the Gaming Control Board, just with the changes in expectations having those vouchers soften a little.

The one that is worth mentioning the most on page 303 ([Exhibit A](#)) is GL 3255, Unclaimed Property, which had a significant upward revision in FY 2025 with smaller revisions in FY 2026 and FY 2027. The increase of about \$8.9 million in FY 2025 was largely due to the Fiscal Analysis Division. This is the program by which certain assets, abandoned bank accounts, and so forth get turned over to the Treasurer's Office that puts people's names on the list and those people can go to the Unclaimed Property website and look up their name and see if there is any unclaimed property, and if so, then apply to receive a check for that back. Under this program, there are certain expenses that need to be paid and then a couple of required transfers that need to be made, but then the balance goes to the State General Fund.

As Fiscal was looking at what had been coming in in terms of the deposits and various receipts that are being paid into this account. The amount had come in at about \$136.0 million, then four days later it was up to \$146.0 million. \$10.0 million in four days is a little unusual this time of year, it is more money than I can recall ever having come into this. Looking at the amounts coming in and the amounts going out, I thought it was prudent to increase our forecasts, which led to a forecast increase of about \$8.9 million. The way it was relayed to me from the Treasurer's Office was that a lot of these deposits coming in during FY 2025 were more one time in nature and it was not going to repeat, so I did not have that amount coming back in. Therefore, there were smaller upward revisions in FY 2026 and FY 2027 of about \$2.5 million in FY 2026 and \$144,000 in FY 2027.

The bottom line with respect to the total revenues, and this is with that \$8.5 million added in and before tax credits, the FY 2025 forecast is \$798,260,078, which is a 1.1% decrease compared to FY 2024. Fiscal Year 2026 is \$766,355,284, which is a 4.0% decrease compared to FY 2025, and FY 2027 is \$773,821,284, which is a 1.0% increase compared to FY 2026. In terms of changes from the November 2024 Technical Advisory Committee meeting, for FY 2025, before tax credits, that amount I read off is \$18,996,800 higher than was approved by the Forum at the December 2024 meeting. In FY 2026, the total that I read is \$10,340,100 lower than was approved by this body at the December 2024 meeting. In FY 2027 this total was \$12,887,600 lower than was approved at the December 2024 meeting.

There are only a few changes to tax credits that I would like to highlight. The first is the Film Transferable Tax Credit Program, which had upward revisions to all three fiscal years, most predominantly in FY 2026. The reason for this is because on April 3, 2025, the Nevada Film Office, which administers this program, approved a preliminary tax credit amount of approximately \$4.2 million related to WrestleMania and the associated events for that. Therefore, there is an upward revision to the film tax credits and it is primarily in FY 2026. Most of the rest of these are largely unchanged. There is a little movement on the Education Choice Scholarship tax credits in that there are a little more in credits being awarded and used in both FY 2025 and FY 2026.

During the December 2024 meeting, there was a question if the tax credits would get used because we were approximately a month away from a bunch of credits expiring as their shelf life is four years. I believe the assumption was that there were going to be more that expired than did. More got used, probably because of the timing and how that works out, and they will end up being used a little more.

The forecasts for the Education Choice Scholarship credits are \$400,000 higher in FY 2025 and \$500,000 higher in FY 2026. The Affordable Housing Transferable tax credits, which are forecasts that were given to us by the Housing Division of the Department of Business and Industry, increased their forecasts of the amount of credits being used in FY 2025 by \$1,725,000 and in FY 2027 by \$1,275,000 or so, totaling \$3.0 million over the three-year period.

The way this works is this is the last piece of the financing for affordable housing credits. There is federal money, state money, matching loans, and all kinds of financing that comes from all kinds of places, and this is the last piece. There was a lot of federal American Rescue Plan Act money that went to affordable housing to the tune of \$500.0 million. However, as the deadline of the end of the calendar year 2026 where that money needs to be used by approaches, I believe they are relying a little more on the credits to spread it out and then eventually that money is going to go away, so they will use more of these credits. There is also the baseball stadium, which is on at \$36.0 million per fiscal year and that is unchanged.

The forecast for tax credits of \$53,346,458 is \$2,350,358 higher than the December 2024 forecasts, so that amount of money that is now not available for the state to use and reduces the forecast. Then in FY 2026 the forecast increases by \$6,584,647, which is that \$77,895,297 amount and is \$5.6 million higher than the December forecast. In FY 2027, the total of \$86,430,700 is \$3,275,000 higher than from the December forecast. Once again, that is less revenue that is available.

The net after tax credits based on the forecast that is in front of you (page 303, [Exhibit A](#)) with the addition of that \$8.5 million for the gaming penalty for MGM, the total for FY 2025 is \$744,913,620, which is \$16,646,442 higher than the December 2024 forecast, but it is a net 3.1% decrease compared to FY 2024. In FY 2026, the total of \$688,459,987 is a 7.6% reduction compared to FY 2025. It is also a reduction compared to the December forecast of \$15,924,747. In FY 2027, the total of \$687,390,584 is a 0.002% decrease compared to FY 2026, and it is a decrease in the forecast of \$16,162,600.

MR. LEAVITT MOVED TO APPROVE THE FORECASTS OF MINOR GENERAL FUND REVENUES AND TAX CREDITS FOR FY 2024, FY 2025, AND FY 2026 AS APPROVED BY THE TECHNICAL ADVISORY COMMITTEE ON FUTURE STATE REVENUES AT ITS APRIL 23, 2025, MEETING.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

Chair Rosenthal called a recess at 2:55 p.m. The meeting reconvened at 4:22 p.m.

XII. APPROVAL OF THE ECONOMIC FORUM'S MAY 1, 2025, REVENUE FORECAST REPORT.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

In Agenda Item XII there will be three components the Forum had the opportunity to review. For the benefit of the public, both in Carson City and Las Vegas, as well as anybody online, I will go through some of the decisions and then talk about the components of the report, giving highlights.

First, is the Economic Forum's May 1, 2025, table ([Exhibit K](#)), which is taking all the decisions that were made today, the Technical Advisory Committee's forecasts with the addition of that \$8.5 million in gaming penalties for FY 2025 as well as the tax credits, and all the decisions on the major revenues and the sales tax commissions that fell out of that. The bottom line for FY 2025 before tax credits is \$6,148,678,078, or a 0.7% increase compared to FY 2024. In FY 2026, it is \$6,183,974,284, or a 0.6% increase compared to FY 2025. In FY 2027, the total before tax credits is \$6,365,559,284, or a 2.9% increase compared to FY 2026. After tax credits, FY 2025 is \$6,028,943,620, or a 0.3% increase compared to FY 2024. Fiscal Year 2026 is \$6,036,337,987, or a 0.1% increase compared to FY 2025. Fiscal Year 2027 is \$6,205,901,584, or a 2.8% increase compared to FY 2026.

The second table that will be part of the report is titled *Economic Forum General Fund Revenue Forecast Comparison: May 1, 2025, Forecast Versus December 2, 2024, Forecast* ([Exhibit K](#)), which lays out the comparison between the two forecasts. Before tax credits, in FY 2025, the approved forecast today is \$19,014,800 higher than the Economic Forum's December 2024 forecast. In FY 2026, the approved forecast before tax credits is \$92,448,100 lower than what was approved at the December meeting. In FY 2027, the total is \$91,247,600 lower than what was approved at the December meeting. After tax credits, and this is the one that matters the most for the budget, the FY 2025 revised forecast that is under consideration today is \$17,902,442 higher than the December forecast. The FY 2026 forecast for today is \$97,390,747 lower than what was approved at the December meeting. The FY 2027 forecast is \$93,485,600 lower than what was approved at the December meeting.

Net of tax credits the Legislature has for this current 2023-25 Biennium based on the 2024-25 actual, the total forecast after tax credits is \$12,020,827,681, which is the \$17,902,442 higher than the forecast from the December 2024 meeting. For the upcoming biennium for FY 2026 and FY 2027, the total forecast net of tax credits of \$12,433,115,918 is \$190,876,347 less than what was approved at the December meeting.

The last part of the report are the letters the Forum has copies of ([Exhibit L](#)) that are for Governor Lombardo and the members of the 83rd (2025) Legislature. There are amounts in the letters that should match everything I just read.

MR. GORDON 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.

MR. CROME SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY WITH THE MEMBERS PRESENT.

XIII. SCHEDULING OF FUTURE ECONOMIC FORUM MEETINGS.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst, Fiscal Analysis Division, LCB):

This is the last scheduled statutory forecast meeting for the Economic Forum for this cycle. There is, however, a statutorily required meeting on or before December 10, 2025, which is anticipated to be held in the new building in Las Vegas. We are not at the point where we are ready to schedule that yet. Fiscal staff will work with Chair Rosenthal based on her schedule and then work with the Forum members based on your schedules to accommodate a meeting sometime on or before December 10, 2025.

XIV. PUBLIC COMMENT.

There was no public comment.

XV. ADJOURNMENT.

Chair Rosenthal adjourned the meeting at 4:32 p.m.

Respectfully submitted,

Basia Thomas, Secretary for the Minutes

APPROVED:

Linda Rosenthal, Chair

Date