



State of Nevada Department of Business & Industry

NEVADA NEW MARKET JOBS ACT (NMJA) Tax Credit Program

(SENATE BILL 357, 2013 LEGISLATIVE SESSION; CHAPTER 231A OF NRS)

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Agenda Item VIII



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NMJA Program Update for 7 CDEs:

- ▶ \$193,953,333 (97%) of \$200,000,000 allocation invested
 - \$116,000,000 (58%) in insurance premium tax credits deducted from the general fund over 5 years
- ▶ \$79,700,000 allocation of federal New Market Tax Credits invested in Nevada
 - \$26.4MM Federal Funds invested in Nevada businesses, $\$79.7\text{MM} \times (.39\% \text{ TC}) \times (.85\% \text{ raise})$
- ▶ 33 business investments in Nevada businesses
- ▶ 9 Multi CDE investments in same businesses



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NMJA Program Tax Credit Update:

- ▶ All CDE investors plan to take full tax credits from 2016 to 2020
- ▶ \$13,906,753 actual adjusted total tax credits taken in SFY 2015
- ▶ \$25,987,578 actual total tax credits taken during SFY 2016
- ▶ \$39,894,332 total tax credits taken through NMJA program through 6/30/2016
- ▶ \$76,105,668 remaining to be taken through 2020

Note: Insurance premium tax credits are taken on a calendar year basis and may be reconciled over time. For this reason state fiscal year totals may not match projected compared to actual. Snapshots in time of current tax credits may appear to be greater than allowed, but once adjusted they are within the annual limits. Per NRS 231A, under certain conditions tax credits can be held to be taken past 2020.



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NMJA Program Update for 22 Businesses:

- ▶ 22 Qualified Active Low-Income Community Businesses (QALICBs):
 - ▶ Majority of QALICBs just over a year in the program
 - ▶ 2 businesses opening in the next 2 months
 - Eclipse Theater opening October 2016 (Downtown Las Vegas)
 - Rising Star Ranch opening in November 2016 (Mesquite)
 - ▶ 3 businesses still building manufacturing line
- ▶ Total program results to date:
 - ▶ 627 new FTE jobs created
 - ▶ \$65MM in current and future earnings impact estimated (see Emsi results in appendix)
 - ▶ \$68.3MM in capital expenditures (capex = equipment, land, construction to date)
 - ▶ Future earnings + capex = \$133,556,517



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NMJA Program Economic Impact to Cost

- ▶ Calculation: $\text{Economic Impact (Earnings + Capex)} / \text{Cost of Tax Credits}$
 - ▶ CDE Percentage results range from 55% to 179%
 - ▶ Businesses percentage ranges 4% to 429%
 - ▶ Overall percentage for whole program currently at 119%
 - ▶ Can be interpreted as positive 19% economic impact return to date
- ▶ Assessment of taxes paid by businesses to state and local government due by year end
- ▶ Additional economic impact assessment by year end

Note: Capex = funds spent by business on capital expenditures of equipment, land, and construction



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Table 2: Total NMJA Funding by Community Development Entity (CDE) Including Federal NMTC Dollars

Community Development Entity (CDE)	Total Nevada Authorized NMJA TC Allocation	Reported Total Investment	Actual Cost to State (58%)	Percentage of Allocation Invested	Additional Federal TC Allocation	Federal NMTC Dollars Invested
Advantage	\$ 32,000,000	\$ 30,000,000	\$ 17,400,000	94%	\$ 27,500,000	\$ 9,116,250
Clearinghouse	\$ 8,000,000	\$ 8,000,000	\$ 4,640,000	100%	\$ 34,600,000	\$ 11,469,900
Enhanced	\$ 32,000,000	\$ 32,000,000	\$ 18,560,000	100%	\$ 3,000,000	\$ 994,500
KHC	\$ 32,000,000	\$ 28,033,333	\$ 16,259,333	88%	\$0	\$0
Stonehenge	\$ 32,000,000	\$ 32,000,000	\$ 18,560,000	100%	\$ 4,000,000	\$ 1,326,000
USBCDE	\$ 32,000,000	\$ 32,000,000	\$ 18,560,000	100%	\$ 3,000,000	\$ 994,500
Urban	\$ 32,000,000	\$ 31,920,000	\$ 18,513,600	99.75%	\$0	\$0
Total	\$ 200,000,000	\$ 193,953,333	\$ 112,492,933	96.98%	\$ 72,100,000	\$ 23,901,150
Additional Federal (3rd Party CDE)		-----	-----	-----	\$ 7,600,000	\$ 2,519,400
Grand Total Federal Actual Dollars		-----	-----	-----	\$ 79,700,000	\$ 26,420,550

Notes:

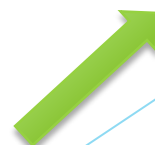
1. Total cost to state over 5 years Allocation * .58% tax credit = \$116,000,000
2. Federal actual dollars invested Federal Allocation * .39% (tax credit) *.85% (raise)



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Table 6(a): Total NMJA Tax Credits by Community Development Entity (CDE) - SFY 2015

Community Development Entity (CDE)	Total Program Allocation	Total Credits Available 2015	Actual Tax Credits Used 2015 (12% Q3 & Q4)				
			Q1	Q2	Q3	Q4	Total Yr.
Advantage	\$ 32,000,000	\$ 1,920,000	\$ -	\$ -	\$ 1,321,538	\$ 1,329,419	\$ 2,650,958
Clearinghouse	\$ 8,000,000	\$ 480,000	\$ -	\$ -	\$ 420,676	\$ 36,304	\$ 456,980
Enhanced	\$ 32,000,000	\$ 1,920,000	\$ -	\$ -	\$ -	\$ 1,103,175	\$ 1,103,175
KHC	\$ 32,000,000	\$ 1,920,000	\$ -	\$ -	\$ 801,326	\$ 1,227,170	\$ 2,028,496
Stonehenge	\$ 32,000,000	\$ 1,920,000	\$ -	\$ -	\$ 1,152,070	\$ 1,075,478	\$ 2,227,548
Urban	\$ 32,000,000	\$ 1,920,000	\$ -	\$ -	\$ 1,511,624	\$ 1,816,648	\$ 3,328,272
USBCDE	\$ 32,000,000	\$ 1,920,000	\$ -	\$ -	\$ 949,999	\$ 1,161,326	\$ 2,111,325
Total per Quarter / Year	\$ 200,000,000	\$ 12,000,000			\$ 6,157,232	\$ 7,749,521	\$ 13,906,753





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Table 6(b): Total NMJA Tax Credits by Community Development Entity (CDE) - SFY 2016

Community Development Entity (CDE)	Total Credits Available 2016	Actual Tax Credits Used 2016 (12%) To Date				
		Q1	Q2	Q3	Q4	Total Yr.
Advantage	\$ 3,840,000	\$ 1,043,967	\$ 145,075	\$ 1,398,970	\$ 1,385,469	\$ 3,973,481
Clearinghouse	\$ 960,000	\$ 206,538	\$ 296,482	\$ 464,397	\$ 250,708	\$ 1,218,125
Enhanced	\$ 3,840,000	\$ 1,293,596	\$ 985,573	\$ 1,481,982	\$ 1,215,097	\$ 4,976,249
KHC	\$ 3,840,000	\$ 1,111,248	\$ 698,603	\$ 1,122,153	\$ 1,127,340	\$ 4,059,344
Stonehenge	\$ 3,840,000	\$ 992,835	\$ 476,256	\$ 1,303,652	\$ 1,138,067	\$ 3,910,811
Urban	\$ 3,840,000	\$ 293,504	\$ 218,224	\$ 2,018,918	\$ 1,267,980	\$ 3,798,626
USBCDE	\$ 3,840,000	\$ 1,094,627	\$ 608,339	\$ 1,176,907	\$ 1,171,069.6	\$ 4,050,942
Total per Quarter / Year	\$ 24,000,000	\$ 6,036,316	\$ 3,428,552	\$ 8,966,980	\$ 7,555,731	\$ 25,987,578



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Table 6(c): Total NMJA Tax Credits by Community Development Entity (CDE) - SFY 2017 - 2020

Community Development Entity (CDE)	Actual Grand Total Taken to date (Tentative)	Projected 2017 (12%)	Projected 2018 (12% Q1 ,Q2 11% Q3 & Q4)	Projected 2019 (11%)	Projected 2020 (11% Q1,Q2)	Projected Grand Total Over Program
Advantage	\$ 6,624,439	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Clearinghouse	\$ 1,675,106	\$ 960,000	\$ 920,000	\$ 880,000	\$ 440,000	\$ 4,640,000
Enhanced	\$ 6,079,424	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
KHC	\$ 6,087,839	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Stonehenge	\$ 6,138,359	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Urban	\$ 7,126,897	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
USBCDE	\$ 6,162,267	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Total per Quarter / Year	\$ 39,894,332	\$ 24,000,000	\$ 23,000,000	\$ 22,000,000	\$ 11,000,000	\$ 116,000,000

Notes:

1. Completed as of State Fiscal Year End 2016 (6/30/16)
2. Actual credits used in a given year may exceed total credits available due to insurance company premium credits being adjusted on a calendar year basis while tax credits available are tallied on a state fiscal year basis
3. Tax credits taken may adjust quarterly due to reconciliation by taxation therefore previous quarters may be adjusted for potentially two quarters following
4. Excess tax credits can be held over for future quarters and may extend beyond 2020



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Table 5: Economic Impact from Earnings Created and Capital Expenditures Compared to State Cost by CDE

Community Development Entity (CDE)	Payroll Impact by CDE	Capex per CDE	Total Impact Payroll + Capex per CDE	CDE Investment (State Cost)	Percentage of Impact to State Cost
Advantage	\$ 13,499,815	\$ 9,582,912	\$ 23,082,727	\$ 17,400,000	133%
Clearinghouse	\$ 1,350,449	\$ 6,950,627	\$ 8,301,076	\$ 4,640,000	179%
Enhanced	\$ 6,782,753	\$ 14,752,814	\$ 21,535,567	\$ 18,560,000	116%
KHC	\$ 24,913,551	\$ 2,861,002	\$ 27,774,553	\$ 16,259,333	171%
Stonehenge	\$ 4,673,120	\$ 22,181,043	\$ 26,854,163	\$ 18,560,000	145%
USBCDE	\$ 4,260,981	\$ 5,858,740	\$ 10,119,721	\$ 18,560,000	55%
Urban	\$ 9,734,794	\$ 6,153,917	\$ 15,888,711	\$ 18,513,600	86%
Total	\$ 65,215,462	\$ 68,341,055	\$ 133,556,517	\$ 112,492,933	119%

Notes:

1. Future earnings impact analysis projected using Emsi data model based on industry, location, and direct, indirect, and induced FTE jobs created (see Appendix)
2. Capex = Total equipment, land and construction expenditures, totals have not been finalized due to ongoing development

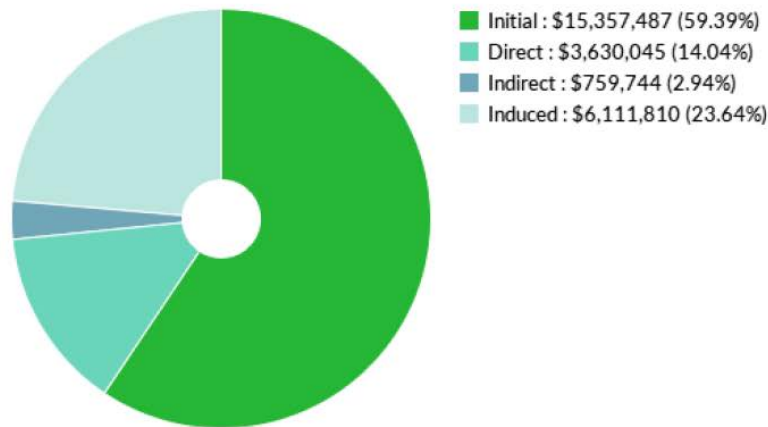


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APPENDIX: Example of Emsi Earnings Output

Effect on earnings from adding 294 jobs to All Other Plastics Product Manufacturing

\$15,357,487	\$3,630,045	\$759,744	\$6,111,810
Initial 1.00 Multiplier	Direct 0.24 Multiplier	Indirect 0.05 Multiplier	Induced 0.40 Multiplier



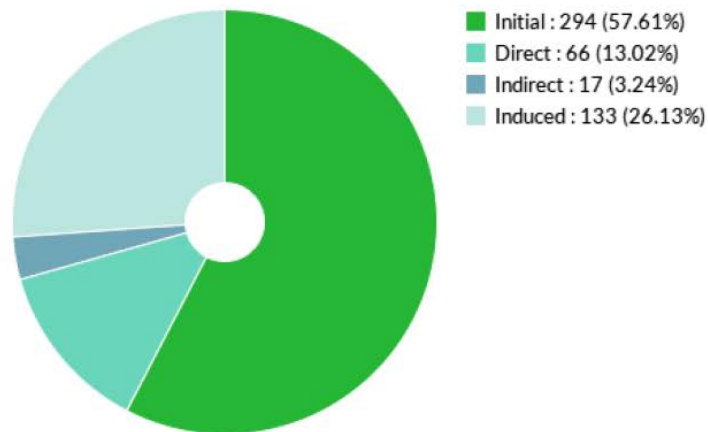


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APPENDIX: Example of Emsi Jobs Output

Effect on jobs from adding 294 jobs to All Other Plastics Product Manufacturing

294 Initial 1.00 Multiplier	66 Direct 0.23 Multiplier	17 Indirect 0.06 Multiplier	133 Induced 0.45 Multiplier
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APPENDIX: Example of Emsi Earnings Output

Parameters

Regions

Code	Description
32003	Clark County, NV

Industry Scenario

Code	Description	Change Type	Change Value
326199	All Other Plastics Product Manufacturing	Jobs	294

Input-Output Year

2014

Changes to All Other Plastics Product Manufacturing

\$25,859,087	510	\$50,675
Change in Earnings	Change in Jobs	Average Earnings Per Job (2014)
1.68 Multiplier	1.74 Multiplier	



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APPENDIX: Example of Emsi Jobs Output

Scenario Results - Industry

NAICS	Industry	Change in Jobs
11	Crop and Animal Production	0
21	Mining, Quarrying, and Oil and Gas Extraction	0
22	Utilities	1
23	Construction	9
31	Manufacturing	308
42	Wholesale Trade	9
44	Retail Trade	26
48	Transportation and Warehousing	10
51	Information	4
52	Finance and Insurance	8
53	Real Estate and Rental and Leasing	10
54	Professional, Scientific, and Technical Services	22
55	Management of Companies and Enterprises	8
56	Administrative and Support and Waste Management and Remediation Services	19
61	Educational Services	3
62	Health Care and Social Assistance	25
71	Arts, Entertainment, and Recreation	5
72	Accommodation and Food Services	25
81	Other Services (except Public Administration)	13
90	Government	8



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APPENDIX: Example of Emsi Jobs Output

Scenario Results - Occupation

SOC	Occupation	Change in Jobs
11-0000	Management Occupations	40
13-0000	Business and Financial Operations Occupations	19
15-0000	Computer and Mathematical Occupations	6
17-0000	Architecture and Engineering Occupations	8
19-0000	Life, Physical, and Social Science Occupations	2
21-0000	Community and Social Service Occupations	2
23-0000	Legal Occupations	2
25-0000	Education, Training, and Library Occupations	5
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	12
29-0000	Healthcare Practitioners and Technical Occupations	11
31-0000	Healthcare Support Occupations	5
33-0000	Protective Service Occupations	3
35-0000	Food Preparation and Serving Related Occupations	21
37-0000	Building and Grounds Cleaning and Maintenance Occupations	14
39-0000	Personal Care and Service Occupations	11
41-0000	Sales and Related Occupations	44
43-0000	Office and Administrative Support Occupations	68
45-0000	Farming, Fishing, and Forestry Occupations	0
47-0000	Construction and Extraction Occupations	10
49-0000	Installation, Maintenance, and Repair Occupations	25
51-0000	Production Occupations	143
53-0000	Transportation and Material Moving Occupations	58
55-0000	Military occupations	0
99-0000	Unclassified Occupation	1



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APPENDIX: Example of Jobs Output

Scenario Results - Demographics

Demographics	Change in Jobs
Female 14-18	3
Male 14-18	2
Female 19-21	6
Male 19-21	10
Female 22-24	9
Male 22-24	19
Female 25-34	36
Male 25-34	60
Female 35-44	42
Male 35-44	70
Female 45-54	47
Male 45-54	85
Female 55-64	30
Male 55-64	58
Female 65-99	12
Male 65-99	23



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APPENDIX: Emsi Data Sources and Calculations

Input-Output Data

The input-output model in this report is Emsi's gravitational flows multi-regional social account matrix model (MR-SAM). It is based on data from the Census Bureau's Current Population Survey and American Community Survey; as well as the Bureau of Economic Analysis' National Income and Product Accounts, Input-Output Make and Use Tables, and Gross State Product data. In addition, several Emsi in-house data sets are used, as well as data from Oak Ridge National Labs on the cost of transportation between counties.

State Data Sources

This report uses state data from the following agencies: Nevada Department of Employment, Training and Rehabilitation, Information Development and Processing Division, Research and Analysis Bureau