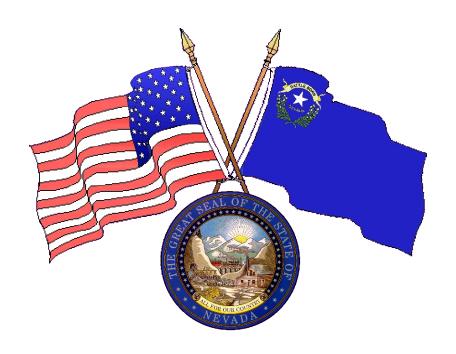
STATE OF NEVADA ECONOMIC FORUM



FORECAST OF FUTURE STATE REVENUES

December 3, 2018

THE STATE OF NEVADA ECONOMIC FORUM

Linda Rosenthal, Chair Craig Billings, Vice Chair Marvin Leavitt Jennifer Lewis Frank Streshley



December 3, 2018

Members of the 80th Legislature Legislative Building Capitol Complex Carson City, Nevada 89701-4747

Dear Nevada Legislator:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to *Nevada Revised Statutes* 353.228. This report includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated General Fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections on or before May 1, 2019, to determine if any adjustment is necessary.

Respectfully submitted,

Linda Rosenthal, Chair

State of Nevada Economic Forum

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Craig Billings, Vice Chair

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Frank Streshley

Enclosure

THE STATE OF NEVADA ECONOMIC FORUM

Linda Rosenthal, Chair Craig Billings, Vice Chair Marvin Leavitt Jennifer Lewis Frank Streshley



December 3, 2018

The Honorable Brian Sandoval Governor of Nevada Capitol Building Carson City, Nevada 89701-4747

Dear Governor Sandoval:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to *Nevada Revised Statutes* 353.228. This report includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated General Fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections on or before May 1, 2019, to determine if any adjustment is necessary.

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REPORT TO THE GOVERNOR AND THE LEGISLATURE ON FUTURE STATE REVENUES

December 3, 2018

Senate Bill (S.B.) 23 (1993) provided for the creation of an Economic Forum to forecast State General Fund revenues. The Forum, a panel of five representatives from the private sector with backgrounds in economics, business, and taxation, is required to adopt an official forecast of unrestricted General Fund revenues for the biennial budget cycle. A seven-member Technical Advisory Committee made up of Executive and Legislative Branch staff members as well as a representative of local government was also created in S.B. 23 to provide assistance and resources to the Forum.

The Forum must submit its forecast to the Governor and the Legislature by December 3 of each even-numbered year, and any revisions by May 1 of each odd-numbered year; however, if either of these dates falls on a weekend or a holiday, the Forum must submit its forecast no later than the second business day following these dates. The Governor must use the December forecast in developing The Executive Budget submitted to the Legislature, and the Legislature uses the May forecast in developing the legislatively approved General Fund budget during session.

This report includes the December 3, 2018, forecast of unrestricted General Fund revenues for Fiscal Years 2019, 2020, and 2021.

Methodology and Procedures

Based on the provisions of Assembly Bill 332 (2011), the Forum is required to hold two additional informational meetings during each biennium to consider current economic indicators and update the status of actual General Fund revenues compared to the most

recent revenue estimates made by the Forum. These two informational meetings of the Forum were held on December 8, 2017, and June 8, 2018. These interim meetings allowed the Forum to receive regular updates on current economic conditions and the outlook for the state's economy while also tracking the actual FY 2017 and FY 2018 revenues against the Forum's May 2017 forecast. During these meetings, the Forum reviewed various economic indicators and received a series of presentations from Legislative Counsel Bureau staff and several Executive Branch agencies, including the Department of Taxation; Department of Employment, Training and Rehabilitation; Department of Business and Industry; Governor's Office of Economic Development; and the Silver State Health Insurance Exchange.

Governor Sandoval appointed the five members of the Economic Forum in 2018 for a two-year term. These appointments include two members nominated by the leadership of the Senate and Assembly. The Forum has since held public meetings three times on October 11, 2018, November 8, 2018, and December 3, 2018, to complete its assigned responsibilities and duties regarding the approval of forecasts of unrestricted General Fund revenues for Fiscal Years 2019, 2020, and 2021.

The first meeting of the Forum on October 11, 2018, was devoted to organizing and reviewing the assigned tasks; reviewing the accuracy of forecasts prepared in December 2016 and May 2017; and determining a course of action for future meetings. The Forum also reviewed historical taxable sales and gaming market statistics and received presentations on a variety of subjects related to the Nevada economy, such as residential real estate trends; economic development programs available through the Governor's Office of Economic Development; and the state of Nevada's insurance markets.

During the November 8, 2018, meeting, the Forum received presentations on the outlook for the national, state, and local economies. Daniel White, Economist, Moody's Analytics (an economic consulting firm under contract with the state), provided a national, regional and Nevada economic outlook; David Schmidt, Chief Economist, Nevada Department of

Employment, Training and Rehabilitation, provided an update to Nevada's employment and unemployment outlook; and Jeff Hardcastle, State Demographer, provided an outlook for Nevada's population.

At the meeting of the Forum on November 8, 2018, the Budget Division of the Governor's Office of Finance (Budget Division) and the Fiscal Analysis Division of the Legislative Counsel Bureau (Fiscal Analysis Division) provided preliminary projections and economic analysis for seven major General Fund revenues. The Department of Taxation and the Gaming Control Board also provided projections and analysis concerning the major revenues for which they are responsible to collect. In addition to the state agency information, the Forum received forecasts of gaming percentage fees and sales taxes from Moody's Analytics. The Forum also received forecasts of all non-major General Fund revenues developed by the Technical Advisory Committee for the Forum's review and consideration.

The Economic Forum reviewed the forecast information and requested that any updated forecasts and information be provided at the meeting on December 3, 2018. The Forum then directed the Technical Advisory Committee to prepare forecasts for non-major revenues based on projections by individual state agencies, the Budget Division, and the Fiscal Analysis Division.

At the December 3, 2018, meeting, the Forum received revised forecasts and economic analysis from the Budget Division, Fiscal Analysis Division, Department of Taxation, Gaming Control Board, Moody's Analytics, and the Technical Advisory Committee, which were used to produce the binding forecast of all unrestricted General Fund revenue. A copy of the Economic Forum's official December 3, 2018, forecast is provided in the attached table. A final meeting of the Forum will be scheduled during the 80th Legislative Session, on or before May 1, 2019, to make any necessary revisions to the December 3, 2018, forecast.

Economic Review

The U.S. economy is now in its tenth year of expansion following the end of the Great Recession in June 2009, currently reflecting the second longest expansion in modern history. Although this recovery has been characterized as being one of the weakest in terms of growth in gross domestic product (GDP), the resiliency of the recovery is characterized by the fact that the U.S. has experienced job growth on a year-over-year basis during each month since September 2010. As of May 2014, the U.S. economy had recovered all of the 8.7 million jobs that were lost during the recession, and over 19.0 million jobs have now been added since the previous low in February of 2010. The unemployment rate for October 2018 of 3.7% is the lowest rate since December 1969.

The pace of growth experienced during the past year and the expectations for continued growth in the near term has been aided by fiscal stimulus from the Tax Cuts and Jobs Act of 2017. The economy is currently operating at or near the top of the business cycle, and if the current trends continue through June 2019, this expansion would become the longest by surpassing the expansion that followed the 1990 recession.

Despite the fact that the current economic recovery has been one of the longest since World War II, it has also been characterized as being one of the slowest recoveries during that period. Between 2010 and 2017, real GDP has grown on average by only 2.2% per year. Similarly, in spite of low unemployment rates, wage growth and personal income have grown slowly, with annual real growth in wages and personal income averaging 2.2% and 2.7% during that same period, respectively. Additionally, labor force participation – which was at a high of 83.4 million in October 2008 – continued to fall after the end of the recession to a low of 80.8 million in December 2014.

| | 0040 | 0040 | 0044 | 0045 | 0040 | 0047 |
|----------------------------|-------|-------|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| <u>U.S.</u> | | | | | | |
| Gross Domestic Product | 4.2% | 3.6% | 4.4% | 4.0% | 2.7% | 4.2% |
| Real GDP | 2.2% | 1.8% | 2.5% | 2.9% | 1.6% | 2.2% |
| Employment (Total Nonfarm) | 1.7% | 1.6% | 1.9% | 2.1% | 1.8% | 1.6% |
| Personal Income | 5.1% | 1.2% | 5.7% | 4.9% | 2.6% | 4.4% |
| Wage Growth | 4.6% | 2.7% | 5.1% | 5.1% | 2.9% | 4.6% |
| Consumer Price Inflation | 2.1% | 1.5% | 1.6% | 0.1% | 1.3% | 2.1% |
| Fuels & Utilities | -0.6% | 2.8% | 4.2% | -1.9% | -0.6% | 3.7% |
| Housing Starts | 28.1% | 18.4% | 7.7% | 10.7% | 6.4% | 2.6% |
| Oil (\$ per barrel) | \$94 | \$98 | \$93 | \$49 | \$43 | \$51 |
| Nevada | | | | | | |
| Gross Domestic Product | 0.8% | 2.2% | 3.8% | 6.8% | 4.3% | 5.5% |
| Real GDP | -1.4% | 0.5% | 1.6% | 4.1% | 2.1% | 3.5% |
| Employment (Total Nonfarm) | 1.7% | 2.6% | 3.5% | 3.5% | 3.2% | 3.3% |
| Personal Income | 4.1% | 0.4% | 6.8% | 8.1% | 3.0% | 5.8% |
| Wage Growth | 3.0% | 3.5% | 5.1% | 5.5% | 5.5% | 5.3% |
| Housing Starts | 43.5% | 19.0% | 19.7% | 7.2% | 22.6% | 8.2% |
| Las Vegas Visitors | 2.1% | -0.2% | 3.7% | 2.9% | 1.5% | -1.7% |

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Nevada Department of Employment, Training and Rehabilitation, Las Vegas Convention and Visitors Authority

To stimulate the economy during and after the Great Recession, the Federal Reserve engaged in several rounds of quantitative easing, purchasing more than \$4 trillion in bonds and other securities between 2008 and 2014. Although concerns regarding higher inflation as a result of these injections of money into the economy were raised, these concerns were eventually unfounded, with the inflation rate (which had grown by 3.1% in 2011) increasing by only 2.1% in 2012, 1.5% in 2013, and 1.6% in 2014. In fact, significant decreases in the price of oil in 2015 (which dropped from \$90 per barrel to less than \$50 per barrel that year) led to lower prices for goods and services throughout the economy, pushing the inflation rate down to just 0.1% that year. With the price of oil staying low through 2016 and 2017, and the actions by the Federal Reserve to raise the Federal Funds rate beginning in late 2015, the inflation rate raised slightly by 1.3% in 2016 and 2.1% in 2017.

Total nationwide employment, which lost nearly 8.0 million jobs as a result of the Great Recession, reached a low of 129.7 million in February 2010. Over the next several

years, job growth slowly increased from an average of 174,000 jobs per month in 2011 to 179,000 jobs per month in 2012 and 192,000 jobs per month in 2013. By May 2014, the number of total employees in the U.S. had reached 138.6 million, higher than the pre-recession peak of 138.4 million in January 2008. Job growth would continue to accelerate in 2014 (with 250,000 jobs added per month), but would decelerate in 2015 (with 226,000 jobs added per month), 2016 (195,000 jobs added per month), and again in 2017 (182,000 jobs added per month).

Wages, which fell by 4.4% in 2009, have also steadily increased since the end of the recession, with slower increases for several years (2.0% in 2010, 4.0% in 2011, 4.6% in 2012, and 2.7% in 2013), followed by two years of more moderate increases (5.1% per year in both 2014 and 2015). However, although the unemployment rate has continued to drop, expected upward pressures on wages resulting from the low numbers of unemployed have not materialized, with wage growth of only 2.9% in 2016 and 4.6% in 2017. Similarly, personal income, which fell by 3.1% in 2009, has increased by at least 4.0% in every year since 2010 except for 2013 (where it grew by only 1.2%) and 2016 (where it grew by only 2.6%). In particular, transfer payments, which grew by an average of 2.8% between 2011 and 2013, grew by more than 8.0% per year in both 2014 and 2015, as Medicaid expansion and health insurance subsidies resulting from the Affordable Care Act began to affect personal incomes nationwide.

Growth Accelerates in 2018

After job growth in the U.S. peaked at 2.2% in the first quarter of 2015, job growth slowed to 1.5% by the fourth quarter of 2017 as some industries began to face challenges combined with the diminishing availability of qualified workers as the economy approached full employment. However, through the third quarter of 2018, average job growth nationwide has accelerated, increasing to 1.7%, and the number of jobs being created each month has increased from an average of 182,000 jobs per month during 2017 to an average of over 213,000 jobs per month so far in 2018 through October.

The unemployment rate has continued its steady decline in 2018, falling from a rate of 4.1% in January to just 3.7% in October, the lowest rate in the U.S. since December 1969.

Real GDP increased by 2.2% in the first quarter of 2018, equal to the growth seen during 2017 and throughout much of the current expansion. However, during the second and third quarters of 2018, the pace of real GDP growth has increased to 4.2% in the second quarter and 3.5% in the third quarter of 2018. The increased pace of growth experienced during the past year and the expectations for continued growth in the near term has been aided by the tax cuts and increased level of spending by the federal government.

In Nevada, job growth has exceeded the national rate since the second quarter of 2012, peaking at just over 4.0% in the fourth quarter of 2014. The rate of growth has fluctuated at rates above 3.0% through 2015 and 2016 before falling to a low of 2.9% in the third quarter of 2017. Similar to the national trend of stronger growth in 2018, job growth in Nevada has since increased to 3.3% in the third quarter of 2018, and the state has returned to being one of the fastest growing states in the nation in terms of job growth.

Average statewide employment increased by approximately 40,300 jobs in 2016 and 42,600 jobs in 2017, driven by increases in several sectors, including professional services; trade, transportation, and utilities; leisure and hospitality; education and health services; and construction. However, during 2018, Nevada's job growth has been led by growth in the construction and manufacturing industries.

The sustained pace of job growth seen in Nevada throughout the current expansion has translated into increases in wages for Nevada employees. Total Nevada wages, after having increased by 3.0% in 2012 and 3.5% in 2013, has increased by more than 5.0% during each of the past four years. During each of the first two quarters of 2018, average wage growth in Nevada has exceeded 7.0%. Similar to the national trend, given the lower rates of inflation during 2015 and 2016, these increases in total Nevada wages also increased in inflation-adjusted terms during that period.

A significant factor contributing to the economic recovery in Nevada has been the growth in visitors since the end of the Great Recession. After hitting a pre-recession peak of 39.2 million visitors to Las Vegas in 2007, annual visitation fell to a low of 36.4 million in 2009 before climbing steadily upward. By 2012, annual visitation had surpassed the pre-recession peak, and in 2016, more than 42.9 million visitors to Las Vegas were reported by the Las Vegas Convention and Visitors Authority. During 2017, however, the impact of the October 1 tragedy contributed to a 1.7% decline to 42.2 million visitors in 2017. Visitation for the first nine months of 2018 has continued this downward trend, with 3.1% fewer visitors reported compared to the same period in 2017.

While the current economic conditions, which should be sustained in the near term based on the various projects currently underway in both Northern and Southern Nevada, are encouraging signs, housing affordability and supply remain concerns for residents of the state, particularly in the urban areas in Clark and Washoe counties.

<u>Housing</u>

The housing market – having suffered both the boom of the early-to-mid 2000s and the depths of the Great Recession – has returned to more normal levels seen before the boom. Nationwide, single-family home sales, which sat below 4.0 million units for several years during the late 2000s and early 2010s, climbed to 4.1 million in 2012 and nearly 4.5 million units in 2013, due in large part to relatively low prices and heavy investment activity – nearly 50.0% of single-family home sales in 2013, for example, were cash transactions. Following a 3.1% decrease in sales in 2014, single-family home sales have rebounded, increasing to a level of 4.9 million units in 2017, slightly below the level of home sales recorded in 2002. As home sales have increased, the supply of existing homes has decreased – nationwide, the supply of available single-family homes dropped from 5.2 months in 2013 to 3.8 months in 2017. This has led in part to a slowdown in sales – existing single-family home sales grew by only 1.8% in 2017, and through the first three quarters of calendar year 2018, existing single-family sales have decreased by 2.0%, with the supply of available housing sitting at approximately 3.9 months over that same period.

Due in part to low interest rates and the sustained economic recovery, home prices nationwide have also recovered from the effects of the Great Recession. As measured by the Case-Shiller home price index, single-family home prices, which hit their pre-recession peak in July 2006, reached the level of that prior peak in January 2017 after falling by more than 27.0% between July 2006 and February 2012. After reaching the pre-recession peak in early 2017, prices have continued to climb, with prices in mid-2018 more than 11.0% higher than the pre-recession peak.

As a result of the Great Recession, new single-family home completions in 2011 were at their lowest level in nearly fifty years with a total of only 446,000 units completed. Though the total has steadily increased since then, reaching a total of 795,000 in 2017, the number of new single-family home completions is still lower than any year since 1982 when total completions were slightly more than 630,000. Through the first three quarters of calendar year 2018, new home completions nationwide are 8.6% higher than the same period in 2017, with Moody's forecasting completions for 2018 that will exceed 850,000 for the first time since the Great Recession.

| TABLE 2: SELECTED U.S. HOUSING MARKET STA CALENDAR YEARS 2012 - 2017 | TISTICS | | | | | | | | | | |
|---|--------------|-------------|--------------|-----------|-------------|--------|--|--|--|--|--|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | | | | | |
| New Housing Completions (% change) | 7.2% | 19.1% | 8.7% | 4.4% | 13.9% | 7.9% | | | | | |
| Sales of New Single-Family Homes (% change) | 20.1% | 16.8% | 2.3% | 14.2% | 11.6% | 9.8% | | | | | |
| Case-Shiller Home Price Index (% change) | 1.3% | 9.6% | 6.6% | 4.6% | 5.1% | 5.8% | | | | | |
| Sales of Existing Single-Family Homes (% change) | 8.8% | 8.5% | -3.1% | 6.6% | 4.4% | 1.8% | | | | | |
| Total Mortgage Originations (% change) | 44.2% | -10.9% | -31.1% | 32.3% | 21.8% | -13.7% | | | | | |
| Total Mortgage Loans Delinquent (% change) | -3.0% | -3.4% | 1.1% | -3.3% | -4.0% | 0.9% | | | | | |
| Total Foreclosures Started (% change) | -14.6% | -29.3% | -30.1% | -8.0% | -21.3% | -15.9% | | | | | |
| Supply of Existing Single-Family Homes (Months) 4.87 5.23 4.89 4.50 4.00 3.84 | | | | | | | | | | | |
| Sources: National Association of Realtors, Standard and Poor's, U. | .S. Census P | Bureau. Fed | eral Reserve | Board, Mo | rtgage Bank | ers' | | | | | |

Sources: National Association of Realtors, Standard and Poor's, U.S. Census Bureau, Federal Reserve Board, Mortgage Bankers Association

Unlike the national housing market, which has seen steady increases in single-family home sales since the end of the Great Recession, Nevada's market has been more inconsistent. After falling to a low of less than 36,000 units in 2007, single-family home

sales in Nevada, fueled in large measure by investors buying distressed and foreclosed homes at low prices, surged to a high of 91,000 in 2011. As the market stabilized, the number of homes sold steadily decreased to 67,000 in 2015, but increased in 2016 to 71,000 and again in 2017 to nearly 80,000. The increased sales over the past two years has led to serious concerns in both Northern and Southern Nevada regarding the available supply of homes – by the middle of 2018, the available supply of homes in both Clark and Washoe counties fell below 1.5 months, far below the six months that is considered to be a balanced market. The constrained supply, in combination with increasing mortgage interest rates, has also had some effect on home sales thus far in 2018, which are down 3.9% through the first two quarters of this year compared to the first half of 2017.

Home prices in Nevada, after falling to mid-1990s levels at the end of the Great Recession, have steadily increased, with levels by the end of 2017 reaching the levels seen in Nevada in mid-2004. Thus far in 2018, prices show no signs of slowing down - as measured by the Case-Shiller index, home prices in the second quarter of 2018 were 5.7% higher than were seen only six months prior. Moody's Analytics forecasts that, by the end of 2018, prices in Nevada will increase by another 5.5%, bringing the average home price in Nevada by the end of this year to the levels seen in early 2005.

Single-family home completions, which had decreased in Nevada from a high of 38,000 units in 2004 to a low of 5,100 units in 2011, have steadily increased since reaching bottom, with completions being more than double that amount (11,700 units) in 2017. Moody's Analytics forecasts that these completions will only continue to increase throughout 2018, with a projected total of 14,000 units completed by the end of the year.

Inflation

Between 2008 and 2014, the Federal Reserve, through several different rounds of quantitative easing, created nearly \$4.5 trillion of additional currency for the purchase of bonds and other securities held by the federal government. Though concerns were raised for several years regarding the effect that these repeated rounds of quantitative easing would have on the inflation rate, these concerns were ultimately unfounded, as inflation would not grow by more than 3.1% at any point between 2010 and 2017. In fact, the inflation rate would dip as low as 0.1% in 2015 due in large part to the price of oil, which dropped from a high of \$106 per barrel in the third quarter of 2013 to a low of \$48 per barrel by the end of 2015.

In December of 2015, the Federal Reserve's Open Markets Committee increased the federal funds rate – the rate at which banks may borrow money from the Federal Reserve Bank – by 0.25%, which was the first increase in the rate since 2006, and the first actions taken by the Federal Reserve to tighten monetary policy since before the first round of quantitative easing began in 2008. This was ultimately the first of five different increases in the federal funds rate over the next two years – the Open Markets Committee raised the rate by 0.25% on four more occasions (in December 2016 and three different times in 2017). With the actions to increase the federal funds rate, the inflation rate increased by only 1.3% in 2016 and 2.1% in 2017.

The Open Markets Committee, thus far in 2018, has increased the federal funds rate another three times – once in March, once in June, and again in September – resulting in a rate that is 2.0% higher than it was before the original rate increase in December 2015. The Consumer Price Index (CPI), through the first three quarters of 2018, has increased by 2.5%. With a projected increase of 2.4% in the fourth quarter, Moody's forecasts that the CPI will increase by 2.5% for calendar year 2018. Moody's is forecasting the CPI to increase by 2.3% in 2019, 2.0% in 2020, and 2.2% in 2021.

Employment

After eight years of steady declines, the U.S. unemployment rate, which hit a high of 10.0% in October 2009, fell below 4.0% in April 2018 to a rate of 3.9% in April and 3.8% in May, which at the time represented the lowest unemployment rate since April 2000 when the rate was also 3.8% in that month. Although the rate increased again to 4.0% in June 2018, it has since fallen to a rate of 3.7% for September and October 2018.

According to the Bureau of Labor Statistics, over 2.5 million jobs have been created between October 2017 and October 2018. The gains during that period were primarily in the professional and business services sector (515,000 jobs gained); the education and health services sector (500,000 jobs gained); the construction sector (330,000 jobs gained); the trade, transportation, and utilities sector (310,000 jobs gained); the manufacturing sector (300,000 jobs gained); the leisure and hospitality sector (250,000 jobs gained); and the financial sector (115,000 jobs gained). A smaller increase has been seen in the mining sector (65,000 jobs gained). The Information sector was the only major industry sector to experience negative job growth during the past year (15,000 jobs lost).

Between October 2017 and October 2018, the government sector has added a total of 66,000 jobs. The bulk of the increase in public sector jobs during this time period is attributable to local governments (70,000 jobs gained) and state governments (4,000 jobs gained); however, federal employment declined during this period (8,000 jobs lost).

Like the national trend, Nevada's unemployment rate has declined steadily after reaching a peak of 13.7% in November 2010, but the rate has not yet reached a level that is below the national average. In October 2014, Nevada's unemployment rate, at 7.1%, was higher than all but five other states, and 1.3% higher than the national rate at the time. Four years later, Nevada's unemployment rate for October 2018 is at 4.4%, only 0.7% above the national rate. Though Nevada's rate is still above the national rate, it fares more comparably against other states — currently, eight states and the District of

Columbia have a higher unemployment rate, and the current rate of 4.4% is generally comparable to six other states that had rates between 4.2% and 4.6% in October 2018 (Connecticut, Illinois, Kentucky, New Mexico, Ohio, and Washington).

For comparison to the U.S., from October 2017 to October 2018, Nevada's total nonfarm employment has increased by 45,800, with the most significant gains in construction (9,500 jobs gained); professional services (9,200 jobs gained); manufacturing (6,900 jobs gained); education and health services (6,100 jobs gained); leisure and hospitality services (5,600 jobs gained); trade, transportation, and utilities (3,900 jobs gained); and government (3,600 jobs gained). For the government sector, local governments had a net gain of 1,700 jobs, with the state adding 900 jobs over that period. However, federal government employment declined by 100 jobs over that period. The only major industry sector that lost jobs during this period was financial activities (400 jobs lost).

The continued expansion of the Tesla Gigafactory in Storey County has contributed to the strength in both the construction industry and the manufacturing industry in the past year, and should bring the net increase in manufacturing jobs higher in 2019 and future years.

A number of projects are currently underway that will keep construction industry employment strong over the next two years. The Las Vegas Convention Center expansion, Raiders stadium, Genting Resorts World Hotel Casino, and several other projects expected to be completed in 2020 and 2021 are also anticipated to provide a benefit to the state's leisure and hospitality industry.

Consumer Spending

Although growth in the U.S. gross domestic product has been weaker in this recovery than in any recovery since World War II, growth in jobs, along with increases in wages and personal income, has led to modest growth in consumer spending since the end of the recession. After decreasing by 1.3% in 2009, consumer spending has grown by at

least 2.8% in every year since 2010, and actually averaging 4.2% growth from 2014 to 2017. With the relatively low inflation and the strength in employment and personal income gains, inflation-adjusted consumer spending averaged growth of 3.0% over this four-year period.

The trend of increasing rates of consumer spending has also continued into 2018 – for the first three quarters of the year, total consumer expenditures have increased on average by 4.8% compared to the first three quarters of 2017. This increase is primarily driven by expenditures on nondurable goods, which increased by 5.1% during this period, but expenditures on services and durable goods also have been strong, increasing during this period by 4.7% and 4.6%, respectively. Personal consumption expenditures on recreation services, however, have been comparatively weak, only growing by 2.4% during the first three quarters of this year.

In addition, the amount of personal income that is being saved by Americans has increased for much of the last several years. Although this amount dropped by 9.1% in 2016, total personal savings increased by 4.1% in 2017 and, through the first three quarters of 2018, are up 5.0% compared to the same period in 2017.

Should the current expansion, which began in June 2009, continue past June 2019, it will become the longest expansion since World War II, passing the 120-month expansion experienced from March 1991 to March 2001. As the calendar marches closer to that date, the question of a potential slowdown in the economy has possibly changed from a question of "if" to a question of "when." Though it is believed that the economy will continue to perform well through the rest of 2018 and into 2019, many analysts are starting to believe that there will be some degree of slowdown in 2020.

Moody's Analytics, in its November 2018 forecast, predicts that real GDP growth will begin slowing in calendar year 2020 to below 1.0%, with the second quarter projected to decline by 0.1%. Due to this slowdown in national output, Moody's forecasts that employment will also slow down, with the number of jobs projected to decline for

four consecutive quarters from the second quarter of 2020 to the first quarter of 2021. The Congressional Budget Office (CBO) outlook from their August 2018 forecast also predicts a slowdown in 2020, beginning slightly later and lasting longer than Moody's, but does not actually expect declines in real GDP or employment during this period.

As shown in Table 3, Moody's predicts that real GDP will increase by 2.9% in calendar year 2019, 0.9% in calendar year 2020, and 2.3% in calendar year 2021, compared to 2.8%, 1.9%, and 1.6%, respectively, in the CBO forecast. With respect to employment, Moody's forecasts job growth to increase by 1.5% and 0.3% in calendar years 2019 and 2020, but to decline by 0.1% in calendar year 2021, compared to CBO's projected employment growth of 1.6%, 0.9%, and 0.2%, respectively.

The length and breadth of any slowdown in the economy, if and when it does occur, will depend on a number of factors, including the winding down of the effect of the tax cuts and any actions that may be taken relating to changes to or repeal of the Affordable Care Act. Other economic and political issues, including looming trade tensions between the U.S. and China and the scheduled departure of the United Kingdom from the European Union in March 2019, may have wider effects upon the global economy that end up rippling through the U.S. economy as well.

TABLE 3: Congressional Budget Office (CBO) and Moody's Analytics (Moody's) Forecasts for GDP, Real GDP, and Total Nonfarm Employment Quarters: 2016Q1 - 2021Q4, Calendar Years: 2017 - 2021, and Fiscal Years: 2018 - 2021

| | | Gross Dome | stic Product | | R | eal Gross Do | mestic Prodເ | ıct | • | Total Nonfarm | n Employme | nt |
|-------------|----------|-------------------|--------------|------------|----------|--------------|--------------|------------|----------|---------------|------------|------------|
| | | % Change | | % Change | | % Change | | % Change | | % Change | | % Change |
| | СВО | from Prior | Moody's | from Prior | СВО | from Prior | Moody's | from Prior | СВО | from Prior | Moody's | from Prior |
| Quarter | Forecast | Quarter | Forecast | Quarter | Forecast | Quarter | Forecast | Quarter | Forecast | Quarter | Forecast | Quarter |
| 2016Q1 | 18,325 | | 18,409 | | 16,572 | | 16,648 | | 143.4 | | 143.4 | |
| 2016Q2 | 18,538 | 4.7% | 18,641 | 5.1% | 16,664 | 2.2% | 16,742 | 2.3% | 144.0 | 1.7% | 144.0 | 1.5% |
| 2016Q3 | 18,729 | 4.2% | 18,800 | 3.5% | 16,778 | 2.8% | 16,822 | 1.9% | 144.7 | 2.0% | 144.7 | 2.0% |
| 2016Q4 | 18,906 | 3.8% | 18,979 | 3.9% | 16,851 | 1.8% | 16,895 | 1.8% | 145.3 | 1.7% | 145.3 | 1.5% |
| 2017Q1 | 19,058 | 3.3% | 19,163 | 3.9% | 16,903 | 1.2% | 16,970 | 1.8% | 145.9 | 1.7% | 145.9 | 1.6% |
| 2017Q2 | 19,250 | 4.1% | 19,359 | 4.2% | 17,031 | 3.1% | 17,096 | 3.0% | 146.3 | 1.1% | 146.3 | 1.3% |
| 2017Q3 | 19,501 | 5.3% | 19,588 | 4.8% | 17,164 | 3.2% | 17,215 | 2.8% | 146.9 | 1.7% | 146.9 | 1.5% |
| 2017Q4 | 19,754 | 5.3% | 19,832 | 5.1% | 17,287 | 2.9% | 17,313 | 2.3% | 147.4 | 1.4% | 147.4 | 1.5% |
| 2018Q1 | 19,960 | 4.2% | 20,041 | 4.3% | 17,372 | 2.0% | 17,408 | 2.2% | 148.1 | 1.9% | 148.1 | 1.7% |
| 2018Q2 | 20,256 | 6.1% | 20,412 | 7.6% | 17,552 | 4.2% | 17,586 | 4.2% | 148.6 | 1.4% | 148.7 | 1.7% |
| 2018Q3 | 20,519 | 5.3% | 20,659 | 4.9% | 17,686 | 3.1% | 17,738 | 3.5% | 149.3 | 1.9% | 149.3 | 1.7% |
| 2018Q4 | 20,771 | 5.0% | 20,936 | 5.5% | 17,817 | 3.0% | 17,851 | 2.6% | 150.0 | 1.9% | 149.9 | 1.7% |
| 2019Q1 | 21,022 | 4.9% | 21,242 | 6.0% | 17,936 | 2.7% | 17,985 | 3.0% | 150.6 | 1.6% | 150.5 | 1.5% |
| 2019Q2 | 21,266 | 4.7% | 21,552 | 6.0% | 18,052 | 2.6% | 18,127 | 3.2% | 151.2 | 1.6% | 151.0 | 1.4% |
| 2019Q3 | 21,504 | 4.6% | 21,799 | 4.7% | 18,156 | 2.3% | 18,217 | 2.0% | 151.7 | 1.3% | 151.5 | 1.2% |
| 2019Q4 | 21,738 | 4.4% | 21,993 | 3.6% | 18,252 | 2.1% | 18,270 | 1.2% | 152.1 | 1.1% | 151.9 | 1.0% |
| 2020Q1 | 21,959 | 4.1% | 22,108 | 2.1% | 18,331 | 1.8% | 18,290 | 0.4% | 152.4 | 0.8% | 152.1 | 0.5% |
| 2020Q2 | 22,167 | 3.8% | 22,174 | 1.2% | 18,408 | 1.7% | 18,284 | -0.1% | 152.8 | 1.1% | 151.9 | -0.4% |
| 2020Q3 | 22,374 | 3.8% | 22,293 | 2.2% | 18,483 | 1.6% | 18,306 | 0.5% | 152.8 | 0.0% | 151.6 | -0.9% |
| 2020Q4 | 22,579 | 3.7% | 22,504 | 3.8% | 18,555 | 1.6% | 18,389 | 1.8% | 152.8 | 0.0% | 151.4 | -0.4% |
| 2021Q1 | 22,798 | 3.9% | 22,763 | 4.7% | 18,628 | 1.6% | 18,507 | 2.6% | 152.9 | 0.3% | 151.4 | -0.1% |
| 2021Q2 | 23,006 | 3.7% | 23,055 | 5.2% | 18,700 | 1.6% | 18,651 | 3.2% | 153.0 | 0.3% | 151.5 | 0.2% |
| 2021Q3 | 23,214 | 3.7% | 23,369 | 5.6% | 18,772 | 1.6% | 18,813 | 3.5% | 153.1 | 0.3% | 151.7 | 0.5% |
| 2021Q4 | 23,424 | 3.7% | 23,676 | 5.4% | 18,845 | 1.6% | 18,967 | 3.3% | 153.1 | 0.0% | 151.9 | 0.8% |
| Calendar Y | 'ear | | | | | | | | | | | |
| CY 2017 | 19,391 | 4.1% | 19,485 | 4.2% | 17,096 | 2.3% | 17,149 | 2.2% | 146.6 | 1.6% | 146.6 | 1.6% |
| CY 2018 | 20,377 | 5.1% | 20,512 | 5.3% | 17,607 | 3.0% | 17,646 | 2.9% | 149.0 | 1.6% | 149.0 | 1.6% |
| CY 2019 | 21,383 | 4.9% | 21,646 | 5.5% | 18,099 | 2.8% | 18,150 | 2.9% | 151.4 | 1.6% | 151.2 | 1.5% |
| CY 2020 | 22,270 | 4.1% | 22,270 | 2.9% | 18,444 | 1.9% | 18,317 | 0.9% | 152.7 | 0.9% | 151.7 | 0.3% |
| CY 2021 | 23,110 | 3.8% | 23,216 | 4.2% | 18,736 | 1.6% | 18,734 | 2.3% | 153.0 | 0.2% | 151.6 | -0.1% |
| Fiscal Year | r | | | | | | | | | | | |
| FY 2018 | 19,868 | 4.6% | 19,968 | 4.7% | 17,344 | 2.7% | 17,381 | 2.6% | 147.8 | 1.5% | 147.8 | 1.5% |
| FY 2019 | 20,895 | 5.2% | 21,097 | 5.7% | 17,873 | 3.1% | 17,926 | 3.1% | 150.3 | 1.7% | 150.2 | 1.6% |
| FY 2020 | 21,842 | 4.5% | 22,019 | 4.4% | 18,287 | 2.3% | 18,265 | 1.9% | 152.3 | 1.3% | 151.8 | 1.1% |
| FY 2021 | 22,689 | 3.9% | 22,654 | 2.9% | 18,592 | 1.7% | 18,463 | 1.1% | 152.9 | 0.4% | 151.5 | -0.2% |

Notes:

^(1.) The CBO Forecast is from the supplemental data tables to the Congressional Budget Office (CBO) August 2018 report "An Update to the Economic Outlook: 2018 to 2028". This forecast is based on the actual data reported by the Bureau of Economic Analysis of the U.S. Department of Commerce and the Bureau of Labor Statistics of the U.S. Department of Labor through the first quarter of calendar year 2018 available at the time of the preparation of the forecast.

^(2.) The Moody's Forecast is Moody's Analytics November 2018 forecast. This forecast is based on the actual data reported by the Bureau of Economic Analysis of the U.S. Department of Commerce and the Bureau of Labor Statistics of the U.S. Department of Labor through the third quarter of calendar year 2018 available at the time of the preparation of the forecast.

General Fund Revenue Forecast – Fiscal Years 2019, 2020, and 2021

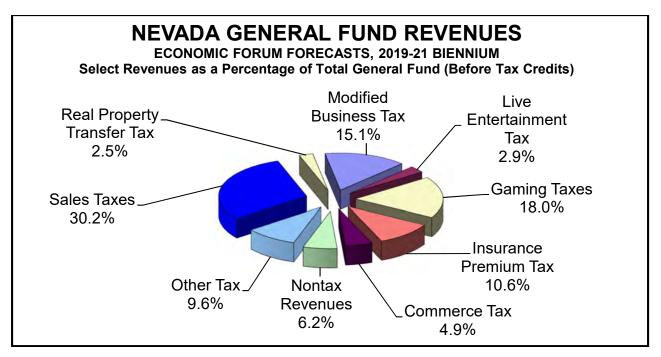
At the December 3, 2018, meeting, the Economic Forum took into consideration presentations made at the meeting on November 8, 2018. These presentations included the Nevada employment outlook made by David Schmidt from the Nevada Department of Employment, Training and Rehabilitation; the Nevada population outlook by Jeff Hardcastle, State Demographer; and the U.S. and Nevada general economic outlook by Daniel White from Moody's Analytics. The Forum also took into consideration the economic outlooks used to derive the General Fund revenue forecasts made by the Budget Division, the Department of Taxation, the Gaming Control Board, Moody's Analytics, and the Fiscal Analysis Division.

(Exhibits presented to the Economic Forum at its meetings are available from the Fiscal Analysis Division upon request, or on the Legislative Counsel Bureau's website: https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2017/Committee/1366/Overview.)

Based on consideration of the information that was provided to the Forum at these meetings, the following forecast was approved at the December 3, 2018, meeting.

Total Nevada General Fund revenues, before the application of any tax credits approved by the Legislature, are forecast at \$4.450 billion for FY 2020 and \$4.575 billion for FY 2021. The 2019-2021 biennial total of \$9.025 billion is 5.4% higher than the current revised estimate for FY 2019 and the actual collections for FY 2018 of \$8.563 billion for the 2017-2019 biennium.

As you will note in the chart below, gaming taxes are forecast to provide 18.0% of all General Fund revenues during the 2019-21 biennium, a decrease from the 18.4% now estimated for the current biennium. Sales tax collections are forecast to provide 30.2% of all General Fund revenues during the 2019-21 biennium, an increase from the 28.7% currently estimated for the 2017-19 biennium. Modified business tax collections are forecast to provide 15.1% of all General Fund revenues during the 2019-21 biennium, a decrease from the 15.7% currently estimated for the 2017-19 biennium.



More detailed information on specific revenues in addition to gaming, sales, and modified business taxes is available in the accompanying table.

Sales Tax

Sales tax collections are forecast to reach \$1.219 billion in FY 2019, a 6.7% increase from FY 2018 levels. Sales taxes are expected to increase by 5.2% in FY 2020 and increase by 4.0% in FY 2021. These forecasts result in projected total sales tax receipts of \$2.618 billion during the 2019-21 biennium.

Gaming Percentage Fee Tax

Total gaming percentage fee tax revenues are forecast to reach \$763.4 million in FY 2019, an increase of 0.7% from actual FY 2018 collections. From this base, the tax is estimated to increase by 1.8% in FY 2020 and increase by 1.9% in FY 2021 to yield revenues of \$1.569 billion for the General Fund during the 2019-21 biennium.

Modified Business Tax

In FY 2019, the modified business tax rate for financial institutions and mining companies is 2.0% on all taxable wages (gross wages less eligible health care expenses) per quarter. For all other businesses, the rate is zero on the first \$50,000 of taxable wages per quarter, and 1.475% on all taxable wages in excess of \$50,000 per quarter.

Pursuant to NRS 360.203, if the combined revenue from the commerce tax, modified business tax, and branch bank excise tax in an even-numbered fiscal year is more than 104.0% of the Economic Forum's May 1 forecast for that fiscal year, then the Department of Taxation must reduce the rates for the modified business tax in the proportion that the actual amount collected from each tax for that fiscal year bears to the total combined amount collected from both taxes for that fiscal year. The rate change becomes effective on July 1 of the first fiscal year of the biennium following the determination of the rate change.

Because the actual collections for the commerce tax, modified business tax, and branch bank excise tax in FY 2018 were more than 104.0% of the Economic Forum's May 1, 2017, forecasts for these revenues, the Department of Taxation determined that the rates for the modified business tax should be permanently reduced to 1.853% for financial institutions and mining companies, and 1.378% for all other businesses, effective at the beginning of FY 2020 (July 1, 2019).

Total modified business tax revenues, before the effect of the credit that may be taken against this tax by persons who pay the commerce tax, are forecast to reach \$689.9 million in FY 2019, an increase of 5.2% from actual FY 2018 collections. Due to the reduction in tax rates that will take effect on July 1, 2019, modified business taxes are estimated to decrease by 1.7% in FY 2020. Collections for this tax are estimated to increase by 1.4% in FY 2021, which results in total revenues of \$1.366 billion for the General Fund during the 2019-21 biennium.

Collections for the modified business tax are additionally estimated to be reduced by \$59.2 million in FY 2019, \$61.9 million in FY 2020, and \$65.1 million in FY 2021, as a result

of the commerce tax credit allowed against the modified business tax. The commerce tax credit is discussed in greater detail in the Commerce Tax subsection below.

<u>Insurance Premium Tax</u>

Total insurance premium tax revenues are forecast to reach \$441.5 million in FY 2019, an increase of 5.7% from actual FY 2018 collections. From this base, the tax is estimated to increase by 5.0% in FY 2020 and increase by 5.1% in FY 2021 to yield revenues of \$950.7 million for the General Fund during the 2019-21 biennium.

<u>Live Entertainment Tax</u>

Total live entertainment tax revenues from gaming and nongaming establishments are forecast to reach \$126.8 million in FY 2019, an increase of 1.1% from actual FY 2018 collections. From this base, the tax is estimated to increase by 1.1% in FY 2020 and increase by 1.0% in FY 2021 to yield revenues of \$257.6 million for the General Fund during the 2019-21 biennium.

Real Property Transfer Tax

Total real property transfer tax revenues are forecast to reach \$106.9 million in FY 2019, an increase of 3.4% from actual FY 2018 collections. From this base, the tax is estimated to increase by 5.0% in FY 2020 and increase by 2.5% in FY 2021 to yield revenues of \$227.4 million for the General Fund during the 2019-21 biennium.

Commerce Tax

Total commerce tax revenues are forecast to reach \$210.2 million in FY 2019, an increase of 4.1% from actual FY 2018 collections. From this base, the tax is estimated to increase by 3.8% in FY 2020 and increase by 4.0% in FY 2021 to yield revenues of \$444.9 million for the General Fund during the 2019-21 biennium.

As approved by the Legislature during the 2015 Session, taxpayers who have a commerce tax liability in a preceding fiscal year are entitled to take a credit of up to 50.0% of that liability against the modified business tax in the current fiscal year. Based on the actual FY 2018 commerce tax collections of \$201.9 million, actual and projected

revenue based on FY 2018 taxable activity but not collected until FY 2019, and historical usage of these credits against the modified business tax in FY 2017 and FY 2018, the commerce tax credit is estimated at \$59.2 million in FY 2019.

The commerce tax credit is estimated to be \$61.9 million in FY 2020 and \$65.1 million in FY 2021.

Tax Credit Programs

Total credits from all other tax credit programs authorized by the Legislature are forecast to reduce General Fund revenues by \$88.4 million in FY 2019, \$44.5 million in FY 2020, and \$19.1 million in FY 2021. The total forecast of \$63.6 million in tax credits for the 2019-2021 biennium results in additional General Fund revenue of \$138.2 million compared to the \$201.8 million in tax credits estimated for the 2017-19 biennium, based on the actual credits taken in FY 2018 and the revised estimates for FY 2019. This increase is primarily attributable to the completion of the tax credits for the New Markets Jobs Act program and the completion of the economic development incentives for the Tesla Gigafactory project in Storey County in FY 2020.

Total General Fund Revenues

Total Nevada General Fund revenues, after the application of all tax credits, are forecast at \$4.344 billion for FY 2020 and \$4.491 billion for FY 2021. The 2019-2021 biennial total of \$8.835 billion is 7.2% higher than the current revised estimate for FY 2019 and the actual collections for FY 2018 of \$8.244 billion for the 2017-2019 biennium.

| Pry 2016 Pry 2016 Pry 2017 Pry 2016 | | | | | | | | ECC | NOMIC F | ORUM DECEMB | ER 3, 201 | 8, FORECAST | |
|---|---|-----------------|---------------|-----------------|---------------|-----------------|---------------|--|----------|-----------------|--------------|---------------------|--------------|
| TASE | | | | | | | | FY 2019 | | FY 2020 | | FY 2021 | |
| MINIOT TAX 30H MIN PROPRIES \$44,674.818 - 33.09 \$22,001.10 27.29 \$53,522.10 10.15 \$53,601.00 0.5% \$51,845.00 -3.29 \$51,624.00 -3.09 30T TAX MINIOT TAXES AND FEES \$34,765.568 32.29 \$34,765. | DESCRIPTION | | | | | | | FORECAST | | FORECAST | | FORECAST | - 11 |
| MINING TAX MIN | | ACTOAL | Change | ACTOAL | Change | ACTUAL | Change | | Criarige | | Change | | Change |
| 345 Certainly Assessed Penalties \$3,664 \$1,525 \$1,525 \$2,525 \$3,243,255 \$2,255 \$3,243,255 \$2,255 \$3,243,255 \$3,243,255 \$2,255 \$3,243,25 | | | | | | | | | | | | | |
| 345 Certainly Assessed Penalties \$3,664 \$1,525 \$1,525 \$2,525 \$3,243,255 \$2,255 \$3,243,255 \$2,255 \$3,243,255 \$3,243,255 \$2,255 \$3,243,25 | 3064 Net Proceeds of Minerals [2-16][3-16] | \$34,674,918 | -33.0% | \$25,260,140 | -27.2% | \$63,522,196 | 151.5% | \$63,861,000 | 0.5% | \$61,843,000 | -3.2% | \$61,524,000 | -0.5% |
| SALES AND USE 31,038,546,227 4.2½ \$1,000,683,36 5.2½ \$1,142,798,766 4.8% \$1,219,386,000 6.7% \$1223,340,000 5.2½ \$13,034,023,000 4.0% 300 State Share - ISCRT [1-19] \$10,554,00 4.4% \$10,005,7175 4.4% \$11,061,961 0.0% \$11,869,000 7.2% \$12,310,000 5.2½ \$13,000 0.00 4.0% 300 State Share - SCCRT [1-19] \$15,640,00 4.4% \$10,005,7175 4.4% \$11,061,961 0.0% \$11,869,000 7.2% \$12,310,000 5.2½ \$58,000 4.0% 300 State Share - SCCRT [1-19] \$15,640,00 3.0% \$15,640,00 4.0% \$11,640,00 0.0% \$18,672,00 0.0% \$15,640,00 5.2½ \$58,000 4.0% 300 State Share - SCCRT [1-19] \$15,000 5.2½ \$10,000 5.2½ | | \$68,648 | | \$3,636 | | \$1 | | \$0 | | \$0 | | \$0 | l l |
| 300 State Share - ESCPT [1-19] | TOTAL MINING TAXES AND FEES | \$34,743,566 | <u>-32.8%</u> | \$25,263,776 | <u>-27.3%</u> | \$63,522,196 | <u>151.4%</u> | <u>\$63,861,000</u> | 0.5% | \$61,843,000 | <u>-3.2%</u> | <u>\$61,524,000</u> | <u>-0.5%</u> |
| 300 State Share - ESCPT [1-19] | SALES AND LISE | | | | | | | | | | | | l l |
| 3002 State Shee - BCERT [1-19] | | \$1 036 549 227 | 4 2% | \$1 090 695 356 | 5.2% | \$1 142 799 766 | 4 8% | \$1 219 396 000 | 6.7% | \$1 283 340 000 | 5.2% | \$1 334 223 000 | 4 0% |
| 300 State Share - BCCRT [1-19] | | | | . , , , | | . , , | - | | | , , , , | - | | |
| 3000 State Stare - SPCT[1-19] 51576-8,07 3 PK 510,520,44 5 0 PK 510,220 C | 1 | . , , , | | | | . , , | - | II ' ' ' ' | | | - | | - 11 |
| State State - PTI [1-19] \$10,028,644 6.0% \$11,133,045 1.0% \$12,867,000 6.7% \$13,733,000 6.2% \$13,733,000 6.2% \$13,035,000 6.2% \$ | | \$15,764,607 | 3.9% | \$16,550,744 | 5.0% | | 5.6% | <u> </u> | | | | \$20,430,000 | 4.0% |
| GAMING - STATE 304 Procrete Fees - Cross Revenue Bafore Tax Credits Film Transferrable Tax Credits [TC-1] | 3005 State Share - PTT [1-19] | \$10,028,644 | 6.0% | \$11,133,048 | 11.0% | \$12,857,082 | 15.5% | \$13,733,000 | | | 5.2% | \$15,026,000 | 4.0% |
| 3941 Percent Fees - Gross Revenue: <u>Editor Tax Credits</u> Total Credits | TOTAL SALES AND USE | \$1,077,003,772 | 4.2% | \$1,133,715,143 | 5.3% | \$1,189,226,502 | 4.9% | \$1,269,025,000 | 6.7% | \$1,335,572,000 | 5.2% | \$1,388,525,000 | 4.0% |
| 3941 Percent Fees - Gross Revenue: <u>Editor Tax Credits</u> Total Credits | GAMING - STATE | | | | | | | | | | | | l l |
| Filth Transformatic Trans (Trans (T | | \$700,773,974 | 1.1% | \$730,496,482 | 4.2% | \$757,790,502 | 3.7% | \$763,360,000 | 0.7% | \$777,248,000 | 1.8% | \$792,106,000 | 1.9% |
| Economic Development Transferrable Tax Credits [TC-2] Catalyst Account Transferrable Tax Credits [TC-4] S0 S0 S52, S58, S50, S55, S50, S50 S0 S0 S0 S0 S0 S0 S0 | Tax Credit Programs: | | | | | | | | | | | | |
| Economic Development Transferrable Tax Credits [TC-2] Catalyst Account Transferrable Tax Credits [TC-4] S0 S0 S52, S58, S50, S55, S50, S50 S0 S0 S0 S0 S0 S0 S0 | Film Transferrable Tax Credits ITC-11 | -\$4.288.194 | | -\$5,222,720 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Catalyst Account Transferable Tax Credits TC-4 S0 S0 \$3535,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 | | . , , | | | | · · | | | | | | | |
| Total - Tax Credit Programs | | | | | | | | \$0 | | \$0 | | | |
| 332 Part-mutuel Tax 3181 Racing Fiese \$9.293 24.69% \$9.935 6.99% \$8.723 -12.29% \$7.500 -14.09% \$7.500 0.09% \$7.000 13.99% 3247 Racing Fines/Forfeitures \$9.203 24.69% \$9.935 6.99% \$8.723 -12.29% \$7.500 0.09% \$7.500 | Total - Tax Credit Programs | -\$24,749,748 | | -\$42,073,239 | | -\$74,186,822 | | \$0 | | \$0 | | \$0 | |
| 332 Part-mutuel Tax 3181 Racing Fiese \$9.293 24.69% \$9.935 6.99% \$8.723 -12.29% \$7.500 -14.09% \$7.500 0.09% \$7.000 13.99% 3247 Racing Fines/Forfeitures \$9.203 24.69% \$9.935 6.99% \$8.723 -12.29% \$7.500 0.09% \$7.500 | Percent Fees - Gross Revenue: After Tax Credits | \$676.024.226 | -2.5% | \$688.423.243 | 1.8% | \$683,603,680 | | \$763.360.000 | 11.7% | \$777.248.000 | 1.8% | \$792,106,000 | 1.9% |
| 3247 Racing Fines/Forfeitures \$700 \$0 \$500 \$500 \$300 \$301 | | | | | | | -6.0% | | | | | | - 11 |
| 3042 Garning Penalties \$4,068,112 1105,5% \$2,161,524 47,1% \$415,429 -80.7% \$2,500,000 501,8% \$750,000 0.0% \$3043 Non-Restricted Slots \$8,225,963 -0.8% \$8,172,087 -0.7% \$8,270,489 1.2% \$8,398,000 1.5% \$8,552,000 1.8% \$8,626,000 0.9% \$3044 Non-Restricted Slots \$10,486,0491 -1.1% \$10,496,040 -1.4% \$10,401,000 -0.6% \$10,384,000 -0.6% \$10,384,000 -0.7% \$3,4000 -2.9% \$33,500 -1.5% \$3,4000 -2.9% \$33,500 -1.5% \$32,000 -4.5% \$32,000 -4.5% \$32,000 -4.0% \$33,000 -1.6% \$33,000 -1.5% \$30,000 -0.9% \$3049 Garning fine Systems Annual \$40,000 -0.0% \$40,000 -4.0% \$40,000 -4.0% \$40,000 -4.0% \$3049 Garning fine Systems Annual \$40,000 -0.0% \$30,000 -1.6% \$30,000 -1.5% \$30,000 -1.5% \$30,000 -1.4% \$30,000 -1.4% \$32,000 -4.5% \$32,000 -0.9% \$33,000 -1.6% \$30,000 -1.5% \$30,000 -1.5% \$30,000 -1.4% \$30,000 -1.5% \$30, | 3181 Racing Fees | | 24.6% | | | | -12.2% | | -14.0% | | 0.0% | | |
| 3045 Flat Fees-Restricted Slots \$8.225,963 - 0.8% \$8,172,087 - 0.7% \$8,270,489 1.2% \$8,388,000 1.5% \$8,552,000 0.9% \$10,861,213 2.7% \$10,641,144 \$10,045,045 510,441,100 0.8% \$10,441,000 0.8 | 3247 Racing Fines/Forfeitures | \$700 | | \$0 | | \$0 | | \$500 | | \$0 | | \$0 | l l |
| 3044 Non-Restricted Slots \$10,861,213 - 2.7% \$10,641,146 - 2.0% \$10,460,604 - 1.4% \$6,390,520 - 0.8% \$6,313,000 - 1.0% \$6,290,000 0.7% \$3046 Advance License Fees \$1,780,785 - 2.7% \$1,042,709 - 41.4% \$1,003,75 - 4.1% \$1,732,000 73.1% \$80,000 - 4.0% \$3,000 - 1.1% \$6,290,000 0.7% \$3046 Advance License Fees \$1,780,785 - 2.7% \$1,042,709 - 41.4% \$1,003,75 - 4.1% \$1,732,000 73.1% \$80,000 - 4.1% \$6,290,000 0.7% \$3046 Slot Machine Route Operator \$340,000 - 2.9% \$33,500 - 1.5% \$32,000 - 4.5% \$32,000 0.0% \$33,000 0.0% \$33,000 0.0% \$33,000 0.0% \$33,000 0.0% \$30,000 - 16.7% \$33,000 0.0% \$30,000 0.0% \$30,000 0.0% \$30,000 0.0% \$30,000 0.0% \$30,000 0.18% \$30,000 0.0% \$30,000 | 3042 Gaming Penalties | \$4,069,112 | 1105.5% | \$2,151,524 | -47.1% | \$415,429 | -80.7% | \$2,500,000 | 501.8% | \$750,000 | -70.0% | \$750,000 | 0.0% |
| 3045 Quarterly Fees-Games | 3043 Flat Fees-Restricted Slots | \$8,225,963 | -0.8% | \$8,172,087 | -0.7% | \$8,270,489 | 1.2% | \$8,398,000 | 1.5% | \$8,552,000 | 1.8% | \$8,626,000 | 0.9% |
| 3046 Advance License Fees \$1,780,785 2,7% \$1,042,709 41.4% \$1,000,375 4.1% \$1,000,375 3.1% \$900,000 48.0% \$4,394,000 388.2% 3048 Slot Machine Route Operator \$34,000 -2.9% \$33,000 -1.5% \$32,000 -4.5% \$32,000 -6.7% \$30,000 0.0% | 3044 Non-Restricted Slots | \$10,861,213 | -2.7% | \$10,641,146 | -2.0% | \$10,496,064 | -1.4% | \$10,411,000 | -0.8% | \$10,348,000 | -0.6% | \$10,384,000 | 0.3% |
| 3048 Slot Machine Route Operator 3049 Garning Info Systems Annual 3028 Interactive Garning Fee - Operator 3029 Interactive Garning Fee - Service Provider 3030 Interactive Garning Fee - Manufacturer 3030 Interactive Garning Fee - M | | | | | | | | | | | | | - 11 |
| 3049 Gaming Info Systems Annual \$42,000 0.0% \$36,000 -14.3% \$36,000 0.0% \$30,000 -16.7% \$30,000 0.0% \$30,000 | | | | | | | | | | | | | - 11 |
| 3028 Interactive Gaming Fee - Operator 3029 Interactive Gaming Fee - Service Provider 3030 Interactive Gaming Fee - Service Provider 3031 Retractive Gaming Fee - Service Provider 3030 Interactive Gaming Fee - Service Provider 3030 Interactive Gaming Fee - Service Provider 3031 Retractive Gaming Fee - Service Provider 3030 Interactive Gaming Fee - Manufacturer 3031 Interactive Gaming Fee - Manufacturer 3031 Interactive Gaming Fee - Manufacturer 3031 Interactive Interaction Fee Manufacturer 3031 Interactive Gaming Fee - Manufacturer 3031 Interactive Interaction Fee Fox Fee Manufacturer 3031 Int | ! · | | | | | | | | | | | | - 11 |
| 3029 Interactive Gaming Fee - Service Provider 3029 Interactive Gaming Fee - Service Provider 3030 Interactive Gaming Fee - Manufacturer 3031 Equip Mfg. License 3031 Equip Mfg. License 3032 Race Wire License 3034 Race Wire License 3035 Annual Fees on Games 3035 Annual Fees on Games 3036 TOTAL GAMING - STATE: BEFORE TAX CREDITS TOTAL GAMING - STATE: AFTER TAX CREDITS TOTAL CAMING - STATE: AFTER TAX CREDITS TOTAL CAMING - STATE: AFTER TAX CREDITS TOTAL CAMING - STATE: AFTER TAX CREDITS TOTAL GAMING - STATE: AFTER TAX CREDITS TOTAL CAMING - STATE: AFTER TAX CREDI | | | | | | | | | | | | | - 11 |
| 3030 Interactive Gaming Fee - Manufacturer 3031 Report License 3031 Report License 3031 Report License 3032 Interactive Gaming Fee - Manufacturer 3034 Race Wire License 3034 Race Wire License 3036 Annual Fees on Games 3036 Interactive License 3036 See State Stat | į į | | | | | | | <u> </u> | | | | | - 11 |
| 3033 Equip Mfg. License \$\ \frac{\}{279,500} \cdot -0.5\ \\ \} \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ | , | | | | | | | | | | | | - 11 |
| 3034 Race Wire License 3035 Annual Fees on Games TOTAL GAMING - STATE: BEFORE TAX CREDITS TAX Credit Programs TOTAL GAMING - STATE: AFTER TAX CREDITS LIVE ENTERTAINMENT TAX (LET) 3031 G Live Entertainment Tax-Nongaming [5-16] TOTAL LET COMMERCE TAX Commerce Tax [6-16] TRANSPORTATION CONNECTION EXCISE TAX Transportation Connection Excise Tax [7-16] \$11,898,532 \$28,391 \$28.1% \$12,084 \$6.8% \$121,284 \$52% \$119,782 \$111,700 \$2.3% \$111,700 \$2.3% \$111,700 \$2.3% \$111,700 \$2.3% \$111,700 \$2.3% \$111,700 \$2.3% \$111,700 \$2.3% \$111,700 \$2.3% \$111,898,532 \$111,898,532 \$111,208 \$2.6,996 \$112,244 \$2.2% \$111,984 \$2.2% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$2.3% \$111,984 \$1.3% \$1.3% \$111,984 \$1.3% \$111,984 \$1.3% \$1.3% \$111,984 \$1.3% \$1. | <u> </u> | | | | | | | <u> </u> | | | | | - 11 |
| 3035 Annual Fees on Games TOTAL GAMING - STATE: BEFORE TAX CREDITS TOX Credit Programs TOTAL GAMING - STATE: AFTER TAX CREDITS | | | | | | | | <u> </u> | | | | | |
| TOTAL GAMING - STATE: BEFORE TAX CREDITS | | | | | | | | | | | | | - 11 |
| Tax Credit Programs TOTAL GAMING - STATE: AFTER TAX CREDITS TOTAL GAMING - STATE: AFTER TAX SETURGATE TAX STATE AFTER TAX STATE AFTER TAX SETURGATE TAX STATE AFTER TAX STATE AFTER TAX SETURGATE TAX STATE AFTER TAX STATE AFTER TAX CREDITS TOTAL GAMING - STATE: AFTER TAX CREDITS TOTAL GAMING - STATE: AFTER TAX STATE AFTER TAX SETURGATE TAX STATE AFTER TAX CREDITS TOTAL GAMING - STATE: AFTER TAX CREDITS TOTAL GAMING - STATE: AFTER TAX CREDITS TOTAL GAMING - STATE AFTER TAX STATE AFTER | | | | | | | | | | | | | |
| TOTAL GAMING - STATE: AFTER TAX CREDITS LIVE ENTERTAINMENT TAX (LET) 3031G Live Entertainment Tax-Gaming [5-16] 3031NG Live Entertainment Tax-Nongaming [5-16] TOTAL LET COMMERCE TAX Commerce Tax [6-16] TRANSPORTATION CONNECTION EXCISE TAX Transportation Connection Excise Tax [7-16] \$708.670,149 | <u> </u> | | | | | | | | | | | | |
| 3031G Live Entertainment Tax-Gaming [5-16] \$111,994,620 -14.4% \$102,328,255 -8.6% \$100,863,918 -1.4% \$24,544.887 -9.0% \$26,775,000 8.9% \$28,392,000 6.2% \$29,339,000 3.3% \$100,128,000 0.4% \$26,977,758 63.1% \$24,544.887 -9.0% \$125,408.805 -3.0% \$126,786,000 1.1% \$128,138,000 1.1% \$129,467,000 1.0% \$12 | • | | -1.9% | | | | -0.9% | | 11.6% | | <u>1.4%</u> | | |
| 3031G Live Entertainment Tax-Gaming [5-16] \$111,994,620 -14.4% \$102,328,255 -8.6% \$100,863,918 -1.4% \$24,544.887 -9.0% \$26,775,000 8.9% \$28,392,000 6.2% \$29,339,000 3.3% \$100,128,000 0.4% \$26,977,758 63.1% \$24,544.887 -9.0% \$125,408.805 -3.0% \$126,786,000 1.1% \$128,138,000 1.1% \$129,467,000 1.0% \$12 | LIVE ENTERTAINMENT TAY (LET) | | | | | | | | | | | | |
| 3031NG Live Entertainment Tax-Nongaming [5-16] | , , | \$111 994 620 | -14 4% | \$102 328 255 | -8 6% | \$100,863,918 | -1 4% | \$100.061.000 | -n 8% | \$99.746.000 | -n 3% | \$100 128 000 | 0.4% |
| TOTAL LET \$\frac{\frac{128,530,966}{2128,530,966}}{\frac{-11.9\%}{2128,530,966}} \frac{\frac{11.9\%}{2128,306,013}}{\frac{10.6\%}{2128,530,966}} \frac{-11.9\%}{\frac{129,467,000}{2128,530,966}} \frac{-11.9\%}{\frac{129,467,000}{2128,613}} \frac{-11.9\%}{\frac{129,467,000}} \frac{-11.9\%}{\frac{129,467,000}{2128,613}} \frac{-11.9\%}{129,4 | | , , , , , , , | | ,, | | , , , | l l | <u> </u> | | | | , . , . , , | · II |
| COMMERCE TAX Commerce Tax [6-16] \$143,507,593 \$197,827,208 37.9% \$201,926,513 2.1% \$210,160,000 4.1% \$218,054,000 3.8% \$226,880,000 4.0% TRANSPORTATION CONNECTION EXCISE TAX Transportation Connection Excise Tax [7-16] \$11,898,532 \$23,101,058 94.2% \$21,773,229 -5.7% \$30,600,000 40.5% \$29,028,000 -5.1% \$36,713,000 26.5% | | | | | | | | | | | | | |
| Commerce Tax [6-16] \$143,507,593 \$197,827,208 37.9% \$201,926,513 2.1% \$210,160,000 4.1% \$218,054,000 3.8% \$226,880,000 4.0% TRANSPORTATION CONNECTION EXCISE TAX Transportation Connection Excise Tax [7-16] \$11,898,532 \$23,101,058 94.2% \$21,773,229 -5.7% \$30,600,000 40.5% \$29,028,000 -5.1% \$36,713,000 26.5% | | | | | 2.2.0 | | | | 70 | | 70 | | |
| TRANSPORTATION CONNECTION EXCISE TAX Transportation Connection Excise Tax [7-16] \$11,898,532 \$23,101,058 94.2% \$21,773,229 -5.7% \$30,600,000 40.5% \$29,028,000 -5.1% \$36,713,000 26.5% | | \$142 E07 E02 | | ¢407 007 000 | 27.00/ | \$201 026 E12 | 2 40/ | ¢210.160.000 | 4 10/ | \$219.0E4.000 | 2 00/ | \$226 990 000 | 4 00/ |
| Transportation Connection Excise Tax [7-16] \$11,898,532 \$23,101,058 94.2% \$21,773,229 -5.7% \$30,600,000 40.5% \$29,028,000 -5.1% \$36,713,000 26.5% | | φ 143,507,593 | | φισι,ο∠ι,∠υδ | 31.9% | φ201,920,313 | ∠.170 | φ2 10, 100,000 | 4.1% | φ2 10,054,000 | 3.0% | φ220,000,000 | 4.070 |
| | | | | | | | | | | | | | |
| ````````````````````````````````````` | Transportation Connection Excise Tax [7-16] | \$11,898,532 | | \$23,101,058 | 94.2% | \$21,773,229 | -5.7% | \$30,600,000 | 40.5% | \$29,028,000 | -5.1% | \$36,713,000 | 26.5% |
| , CIGARETTE TAX | CIGARETTE TAX | | | | | | | | | | | | |
| 3052 Cigarette Tax [8-16] \$153,033,176 65.0% \$180,677,113 18.1% \$160,664,759 -11.1% \$160,622,000 0.0% \$154,337,000 -3.9% \$149,155,000 -3.4% | 3052 Cigarette Tax [8-16] | \$153,033,176 | 65.0% | \$180,677,113 | 18.1% | \$160,664,759 | -11.1% | \$160,622,000 | 0.0% | \$154,337,000 | -3.9% | \$149,155,000 | -3.4% |

| | | | | | | | ECC | ONOMIC F | ORUM DECEME | BER 3, 201 | 8, FORECAST | |
|---|--|----------------|---|---------------|---|--------------|---|--------------|---|--------------|---|-------------|
| DESCRIPTION | FY 2016 ACTUAL | % Change | FY 2017 ACTUAL | % Change | FY 2018 ACTUAL | % Change | FY 2019 FORECAST | % Change | FY 2020 FORECAST | % Change | FY 2021 FORECAST | % Change |
| TAXES - CONTINUED MODIFIED BUSINESS TAX (MBT) MBT - NONFINANCIAL BUSINESSES (MBT-NFI) [9-16][10-16] [11-16][12-16] | | | | | | | | | | | | |
| 3069 MBT - Nonfinancial: <u>Before Tax Credits</u> Commerce Tax Credits [13-16] | \$517,135,234 <u>\$0</u> | 33.4% | \$573,574,680 -\$43,216,582 | 10.9% | \$604,038,466 -\$57,111,521 | 5.3% | \$636,968,000 | 5.5% | \$626,877,000 | -1.6% | \$635,008,000 | 1.3% |
| MBT - Nonfinancial: After Commerce Tax Credits Tax Credit Programs: | \$517,135,234 | 33.4% | \$530,358,099 | 2.6% | \$546,926,945 | 3.1% | \$636,968,000 | 16.5% | \$626,877,000 | -1.6% | \$635,008,000 | 1.3% |
| Film Transferrable Tax Credits [TC-1] Economic Development Transferrable Tax Credits [TC-2] Catalyst Account Transferrable Tax Credits [TC-4] Education Choice Scholarship Tax Credits [TC-5] College Savings Plan Tax Credits [TC-6] Total - Tax Credit Programs | -\$82,621 \$0 \$0 -\$4,401,540 \$ <u>0</u> -\$4,484,161 | | \$0 \$0 \$0 -\$4,646,956 <u>\$0</u> -\$4,646,956 | | \$0 \$0 \$0 \$15,925,154 \$0 -\$15,925,154 | | \$0 \$0 \$0 \$0 <u>\$0</u> \$0 | | \$0 \$0 \$0 \$0 \$0 \$0 | | \$0 \$0 \$0 \$0 \$0 \$0 | |
| MBT - Nonfinancial: After Tax Credit Programs | \$512,651,073 | 32.2% | \$525,711,142 | 2.5% | \$531,001,790 | <u>1.0%</u> | \$636,968,000 | 20.0% | \$626,877,000 | <u>-1.6%</u> | \$635,008,000 | 1.3% |
| MBT - FINANCIAL BUSINESSES (MBT-FI) [12-16] 3069 MBT - Financial: <u>Before Tax Credits</u> Commerce Tax Credits [13-16] | \$27,188,910 \$0 | | \$27,921,155 -\$453,095 | 2.7% | \$29,088,764 -\$633,954 | 4.2% | \$30,049,000 | | \$29,439,000 | | \$30,508,000 | |
| MBT - Financial: After Commerce Tax Credits Tax Credit Programs: | \$27,188,910 | 12.6% | \$27,468,060 | 1.0% | \$28,454,810 | 3.6% | \$30,049,000 | 5.6% | \$29,439,000 | -2.0% | \$30,508,000 | 3.6% |
| Film Transferrable Tax Credits [TC-1] Economic Development Transferrable Tax Credits [TC-2] Catalyst Account Transferrable Tax Credits [TC-4] Education Choice Scholarship Tax Credits [TC-5] College Savings Plan Tax Credits [TC-6] Total - Tax Credit Programs | \$0 \$0 \$0 \$0 <u>\$0</u> \$0 | | \$0 \$0 \$0 -\$50,000 <u>\$0</u> -\$50,000 | | \$0 \$0 \$0 -\$50,000 <u>\$0</u> -\$50,000 | | \$0 \$0 \$0 \$0 \$0 | | \$0 \$0 \$0 \$0 \$0 \$0 | | \$0 \$0 \$0 \$0 \$0 \$0 | |
| MBT - Financial: <u>After Tax Credit Programs</u> | <u>\$27,188,910</u> | <u>12.6%</u> | <u>\$27,418,060</u> | <u>0.8%</u> | \$28,404,810 | <u>3.6%</u> | <u>\$30,049,000</u> | <u>5.8%</u> | \$29,439,000 | <u>-2.0%</u> | <u>\$30,508,000</u> | <u>3.6%</u> |
| MBT - MINING BUSINESSES (MBT-MINING) [11-16] 3069 MBT - Mining: Before Tax Credits Commerce Tax Credits [13-16] MBT - Mining: After Commerce Tax Credits Tax Credit Programs: | \$21,938,368 \$0 \$21,938,368 | | \$22,149,695 -\$45,977 \$22,103,717 | 1.0% 0.8% | \$22,508,221 -\$71,092 \$22,437,129 | 1.6% 1.5% | \$22,907,000 \$0 \$22,907,000 | | \$21,813,000 \$0 \$21,813,000 |) | \$22,067,000 \$0 \$22,067,000 | · |
| Film Transferrable Tax Credits [TC-1] Economic Development Transferrable Tax Credits [TC-2] Catalyst Account Transferrable Tax Credits [TC-4] Education Choice Scholarship Tax Credits [TC-5] College Savings Plan Tax Credits [TC-6] Total - Tax Credit Programs | \$0 \$0 \$0 \$0 \$0 \$0 | | \$0 \$0 \$0 \$0 <u>\$0</u> | | \$0 \$0 \$0 \$0 \$0 <u>\$0</u> | | \$0 \$0 \$0 \$0 \$0 \$0 | | \$0 \$0 \$0 \$0 \$0 \$0 | | \$0 \$0 \$0 \$0 \$0 \$0 | |
| MBT - Mining - After Tax Credit Programs | \$21,938,368 | | \$22,103,717 | 0.8% | \$22,437,129 | <u>1.5%</u> | \$22,907,000 | 2.1% | \$21,813,000 | <u>-4.8%</u> | \$22,067,000 | 1.2% |
| TOTAL MBT - NFI, FI, & MINING TOTAL MBT: BEFORE TAX CREDITS TOTAL COMMERCE TAX CREDITS [13-16] TOTAL MBT: AFTER COMMERCE TAX CREDITS Tax Credit Programs: | \$566,262,513 \$0 \$566,262,513 | 37.5% 37.5% | \$623,645,530 -\$43,715,654 \$579,929,875 | 10.1% 2.4% | \$655,635,451 -\$57,816,568 \$597,818,883 | 5.1% 3.1% | \$689,924,000 -\$59,213,000 \$630,711,000 | 5.2% 5.5% | \$678,129,000 -\$61,861,000 \$616,268,000 | | \$687,583,000 -\$65,052,000 \$622,531,000 | |
| Film Transferrable Tax Credits [TC-1] Economic Development Transferrable Tax Credits [TC-2] Catalyst Account Transferrable Tax Credits [TC-4] Education Choice Scholarship Tax Credits [TC-5] College Savings Plan Tax Credits [TC-6] Total - Tax Credit Programs | -\$82,621 \$0 \$0 -\$4,401,540 \$0 -\$4,484,161 | | \$0 \$0 \$0 -\$4,696,956 <u>\$0</u> -\$4,696,956 | | \$0 \$0 \$0 -\$15,975,154 <u>\$0</u> -\$15,975,154 | | \$0 \$0 \$0 -\$18,131,350 <u>-\$75,000</u> -\$18,206,350 | | \$0 \$0 \$0 -\$7,320,500 <u>-\$75,000</u> -\$7,395,500 | | \$0 \$0 \$0 -\$8,052,550 <u>-\$75,000</u> -\$8,127,550 | |
| TOTAL MBT: AFTER TAX CREDIT PROGRAMS | <u>\$561,778,352</u> | <u>36.4%</u> | <u>\$575,232,919</u> | <u>2.4%</u> | <u>\$581,843,729</u> | <u>1.1%</u> | <u>\$612,504,650</u> | <u>5.3%</u> | <u>\$608,872,500</u> | <u>-0.6%</u> | <u>\$614,403,450</u> | <u>0.9%</u> |

| DESCRIPTION ACTUAL Change ACTUAL Change ACTUAL Change FORECASI Change Chang | | | | | | | | ECC | ONOMIC F | ORUM DECEMB | ER 3, 201 | 8, FORECAST | |
|--|--|--------------------------------|--------------|---|--------------|------------------------|--------------|--|---------------|-----------------|--------------|--|-------------|
| NSURANCE TAXES Sale | DESCRIPTION | | | | | | | II | , , | 11 | | FORECAST | % Change |
| 3061 Insurance Permium Tax Before Tax Credits [TC-1] \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$ | | | | | | | | | | | | | |
| Tax Credit Programs: Film Transferrable Tax Credits [TC-1] | | ****************************** | 0.00/ | ********* | 4.4.50/ | 6447407000 | 0.00/ | | 5 7 0/ | | 5 00/ | | |
| Film Transferrable Tax Credits [TC-1] | | \$335,118,754 | 9.8% | \$383,635,486 | 14.5% | \$417,497,362 | 8.8% | \$441,481,000 | 5.7% | \$463,592,000 | 5.0% | \$487,126,000 | 5.1% |
| Economic Development Transferable Tax Credits [TC-2] | | 40 | | 0.0 | | 6 0 | | ¢0 | | Φ0 | | 6 0 | |
| Catalyst Account Transferrable Tax Credits [TC-4] Newada New Markets Job Act Tax Credits [TC-3] Total - Tax Credit Programs Insurance Premium Tax: After Tax Credit Programs \$309,113,304 | | | | | | | | * * | | | | | |
| Nevada New Markets Job Act Tax Credits [TC-3] \$28.005.450 \$-\$25.153.081 \$-\$22.234.613 \$-\$22.000.000 \$-\$7.195.974 \$0 \$0 \$0.000 \$-\$7.195.974 \$0 \$0 \$0.000 \$0. | | | | | | · · | | * * | | | | | |
| Total - Tax Credit Programs | , | | | *** | | • • | | | | | | | |
| 3062 Insurance Retaliatory Tax 3062 Insurance Retaliatory Tax 3062 Insurance Retaliatory Tax 3067 Captive Insurer Premium Tax 3062 Sassage 28.59 Sassage 28.50 Sassage 28. | | | | | | | | | | | | | |
| 3062 Insurance Retaliatory Tax 3062 Insurance Retaliatory Tax 3062 Insurance Retaliatory Tax 3067 Captive Insurer Premium Tax 3062 Sassage 28.59 Sassage 28.50 Sassage 28. | Insurance Premium Tax: After Tax Credit Programs | \$309.113.304 | 5.6% | \$358.482.405 | 16.0% | \$394.262.749 | 10.0% | \$419.481.000 | 6.4% | \$456.396.026 | 8.8% | \$487.126.000 | 6.7% |
| TOTAL INSURANCE TAXES: BEFORE TAX CREDITS TAX CREDIT PROGRAMS TAX CREDITS TAX CREDIT PROGRAMS TAX CREDIT P | | | | | | . , , | | | | 11 ' ' ' | | 11 ' ' ' | |
| TAX CREDIT PROGRAMS TOTAL INSURANCE TAXES: AFTER TAX CREDITS \$310.223.028 5.5% \$\$\scrt{ | 3067 Captive Insurer Premium Tax | \$923,869 | 2.5% | \$1,077,605 | 16.6% | \$1,267,234 | 17.6% | \$1,305,000 | 3.0% | \$1,338,000 | 2.5% | \$1,371,000 | 2.5% |
| TOTAL INSURANCE TAXES: <u>AFTER TAX CREDITS</u> REAL PROPERTY TRANSFER TAX (RPTT) 3055 Real Property Transfer Tax GOVERMENTAL SERVICES TAX (GST) 3051 Governmental Services Tax [14-16][2-18] OTHER TAXES: <u>AFTER TAX CREDITS</u> 3113 Business License Fee [15-16] 3053 Other Tobacco Tax 412, 413, 131, 1919 14.6% 422, 433, 145, 145, 145, 145, 145, 145, 145, 145 | TOTAL INSURANCE TAXES: BEFORE TAX CREDITS | \$336,228,478 | 9.8% | \$384,893,922 | <u>14.5%</u> | \$418,935,102 | 8.8% | \$442,959,200 | 5.7% | \$465,103,200 | 5.0% | \$488,670,200 | 5.1% |
| REAL PROPERTY TRANSFER TAX (RPTT) 3055 Real Property Transfer Tax \$75,794,844 18.0% \$83,957,113 10.8% \$103,390,400 23.1% \$106,932,000 3.4% \$112,279,000 5.0% \$115,086,000 GOVERMENTAL SERVICES TAX (GST) 3051 Governmental Services Tax [14-16][2-18] \$66,731,895 6.2% \$38,567,416 -42.2% \$20,252,358 -47.5% \$20,925,000 3.3% \$0 \$0 OTHER TAXES 3113 Business License Fee [15-16] \$103,045,619 36.7% \$43,944,413 2.9% \$43,868,496 -0.2% \$44,194,634 0.7% \$44,252,000 0.1% \$44,761,000 1.2% \$45,115,000 3050 Liquor Tax \$13,131,919 14.6% \$14,693,540 11.9% \$16,496,006 12.3% \$17,473,000 5.9% \$18,555,000 6.2% \$19,659,000 4862 HECC Transfer \$5,000,000 0.0% \$5,000,0 | TAX CREDIT PROGRAMS | <u>-\$26,005,450</u> | | <u>-\$25,153,081</u> | | <u>-\$23,234,613</u> | | -\$22,000,000 | | -\$7,195,974 | | \$0 |) |
| 3055 Real Property Transfer Tax GOVERMENTAL SERVICES TAX (GST) 3051 Governmental Services Tax [14-16][2-18] OTHER TAXES 3113 Business License Fee [15-16] 3133 Business License Fee [15-16] 3050 Liquor Tax 3051 Other Tobacco Tax 43,944,413 2.9% 433,868,496 -0.2% 431,419,6334 3053 Other Tobacco Tax 482 HECC Transfer 3065 Business License Tax 3066 Business License Tax 3068 Branch Bank Excise Tax TOTAL TAXES: BEFORE TAX CREDITS TOTAL TAXES: BEFORE TAX CREDITS TOTAL TAXES: 4FTER COMMERCE TAX CREDITS TAX Credit Programs: \$75,794,844 18.0% \$83,957,113 10.8% \$103,390,400 23.1% \$106,932,000 3.4% \$106,932,000 3.4% \$112,279,000 5.0% \$1115,086,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 | TOTAL INSURANCE TAXES: <u>AFTER TAX CREDITS</u> | \$310,223,028 | <u>5.5%</u> | <u>\$359,740,841</u> | <u>16.0%</u> | \$395,700,489 | <u>10.0%</u> | \$420,959,200 | 6.4% | \$457,907,226 | 8.8% | <u>\$488,670,200</u> | 6.7% |
| GOVERMENTAL SERVICES TAX (GST) 3051 Governmental Services Tax [14-16][2-18] \$66,731,895 6.2% \$38,567,416 -42.2% \$20,252,358 -47.5% \$20,925,000 3.3% \$0 \$0 OTHER TAXES 3113 Business License Fee [15-16] \$103,045,619 36.7% \$104,858,331 1.8% \$109,297,773 4.2% \$111,693,000 2.2% \$112,273,000 0.5% \$112,401,000 3050 Liquor Tax \$43,944,413 2.9% \$43,868,496 -0.2% \$44,194,634 0.7% \$44,252,000 0.1% \$44,761,000 1.2% \$45,115,000 3053 Other Tobacco Tax \$131,1919 14.6% \$14,693,540 11.9% \$16,496,006 12.3% \$17,473,000 5.9% \$18,555,000 6.2% \$19,659,000 4862 HECC Transfer \$5,000,000 0.0% | REAL PROPERTY TRANSFER TAX (RPTT) | | | | | | | | | | | | |
| \$66,731,895 6.2% \$38,567,416 -42.2% \$20,252,358 -47.5% \$20,925,000 3.3% \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 | 3055 Real Property Transfer Tax | \$75,794,844 | 18.0% | \$83,957,113 | 10.8% | \$103,390,400 | 23.1% | \$106,932,000 | 3.4% | \$112,279,000 | 5.0% | \$115,086,000 | 2.5% |
| \$66,731,895 6.2% \$38,567,416 -42.2% \$20,252,358 -47.5% \$20,925,000 3.3% \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 | GOVERMENTAL SERVICES TAX (GST) | | | | | | | | | | | | |
| 3113 Business License Fee [15-16] 3050 Liquor Tax 3050 Other Tobacco Tax 4862 HECC Transfer 3068 Branch Bank Excise Tax TOTAL TAXES: BFFORE TAX CREDITS TOTAL COMMERCE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS Tax Credit Programs: \$103,045,619 36.7% \$43,944,413 2.9% \$43,848,496 -0.2% \$44,858,331 1.8% \$109,297,773 4.2% \$44,194,634 0.7% \$444,761,000 1.2% \$44,761,000 1.2% \$44,761,000 1.2% \$44,761,000 1.2% \$44,761,000 1.2% \$45,115,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$2,785,199 0.0% \$2,785,199 0.0% \$3,752,253,314 7.4% \$3,923,984,113 4.6% \$4,968,831,00 4.4% \$4,777,000 1.2% \$44,761,000 0.5% \$44,761,000 0.0% \$44,761,000 0 | , , | \$66,731,895 | 6.2% | \$38,567,416 | -42.2% | \$20,252,358 | -47.5% | \$20,925,000 | 3.3% | \$0 | | \$0 |) |
| 3113 Business License Fee [15-16] 3050 Liquor Tax 3050 Other Tobacco Tax 4862 HECC Transfer 3068 Branch Bank Excise Tax TOTAL TAXES: BFFORE TAX CREDITS TOTAL COMMERCE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS Tax Credit Programs: \$103,045,619 36.7% \$43,944,413 2.9% \$43,848,496 -0.2% \$44,858,331 1.8% \$109,297,773 4.2% \$44,194,634 0.7% \$444,761,000 1.2% \$44,761,000 1.2% \$44,761,000 1.2% \$44,761,000 1.2% \$44,761,000 1.2% \$45,115,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$2,785,199 0.0% \$2,785,199 0.0% \$3,752,253,314 7.4% \$3,923,984,113 4.6% \$4,968,831,00 4.4% \$4,777,000 1.2% \$44,761,000 0.5% \$44,761,000 0.0% \$44,761,000 0 | OTHER TAXES | | | | | | | | | | | | |
| 3053 Other Tobacco Tax 4862 HECC Transfer 3065 Business License Tax 3068 Branch Bank Excise Tax 507AL TAXES: BEFORE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS TAX Credit Programs: \$13,131,919 | | \$103,045,619 | 36.7% | \$104,858,331 | 1.8% | \$109,297,773 | 4.2% | \$111,693,000 | 2.2% | \$112,273,000 | 0.5% | \$112,401,000 | 0.1% |
| 4862 HECC Transfer 3065 Business License Tax 3068 Branch Bank Excise Tax 3068 Branch Bank Excise Tax 3069 TOTAL TAXES: BEFORE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS TOTAL TAXES: AFTER COMMERCE TAX CREDITS Tax Credit Programs: \$5,000,000 0.0% \$5,00,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$5,000,000 0.0% \$0 | | \$43,944,413 | 2.9% | \$43,868,496 | -0.2% | \$44,194,634 | | \$44,252,000 | | 11 ' ' ' | | \$45,115,000 | |
| 3065 Business License Tax \$\ \text{\$243} & -86.9\ \\ \text{\$3068} \text{ Branch Bank Excise Tax} \\ \text{\$2777,000} & 1.2\ \\ \t | 3053 Other Tobacco Tax | \$13,131,919 | 14.6% | \$14,693,540 | 11.9% | \$16,496,006 | 12.3% | \$17,473,000 | 5.9% | \$18,555,000 | 6.2% | \$19,659,000 | 5.9% |
| \$2,786,429 -11.0% \$2,785,199 0.0% \$2,745,343 -1.4% \$2,777,000 1.2% \$2,740,000 -1.3% \$2,725,000 - TOTAL TAXES: BEFORE TAX CREDITS [13-16] \$0 \$0 \$2,785,199 0.0% \$2,745,343 -1.4% \$2,777,000 1.2% \$2,740,000 -1.3% \$2,725,000 - \$3,495,063,854 15.4% \$3,708,537,660 6.1% \$3,866,167,545 4.3% \$4,096,831,400 4.4% \$4,170,982,500 1.8% \$4,292,182,900 - \$4,037,618,400 4.4% \$4,109,121,500 1.8% \$4,227,130,900 \$4,227,130,90 | 4862 HECC Transfer | \$5,000,000 | 0.0% | \$5,000,000 | 0.0% | \$5,000,000 | 0.0% | \$5,000,000 | 0.0% | \$5,000,000 | 0.0% | \$5,000,000 | 0.0% |
| TOTAL TAXES: <u>BEFORE TAX CREDITS</u> TOTAL COMMERCE TAX CREDITS [13-16] **TOTAL COMMERCE TAX CREDITS [13-16] **TOTAL TAXES: <u>AFTER COMMERCE TAX CREDITS</u> Tax Credit Programs: **S4.95.063.854 15.4% \$3.752.253,314 7.4% \$3.923.984.113 4.6% \$4.096,831.400 4.4% \$4.170.982,500 1.8% \$4.292,182.900 -\$65,052,000 \$6.000 | 3065 Business License Tax | | -86.9% | \$281 | 15.5% | \$0 | | \$0 | | \$0 | | \$0 |) |
| TOTAL COMMERCE TAX CREDITS [13-16] \$0 | 3068 Branch Bank Excise Tax | | -11.0% | \$2,785,199 | 0.0% | \$2,745,343 | -1.4% | \$2,777,000 | | . , ., | | 11 , , , , , , , , , , , , , , , , , , | |
| TOTAL TAXES: <u>AFTER COMMERCE TAX CREDITS</u> Tax Credit Programs: \$3,495,063,854 | | | <u>15.4%</u> | , | <u>7.4%</u> | -, -, - | 4.6% | | | | <u>1.8%</u> | . , . , . , | |
| Tax Credit Programs: | • • | | | , ., | | , , | | II , , , , , , , , , , , , , , , , , , | | | | | |
| | | <u>\$3,495,063,854</u> | <u>15.4%</u> | \$3,708,537,660 | <u>6.1%</u> | <u>\$3,866,167,545</u> | <u>4.3%</u> | <u>\$4,037,618,400</u> | 4.4% | \$4,109,121,500 | <u>1.8%</u> | \$4,227,130,900 | 2.9% |
| Film Transferrable Tay Credits (TC-1) -\$4 370 815 -\$5 222 720 -\$0 000 000 -\$5 000 000 -\$6 000 000 | - | | | | | | | | | | | | |
| | Film Transferrable Tax Credits [TC-1] | -\$4,370,815 | | -\$5,222,720 | | \$0 | | -\$3,770,609 | | -\$5,000,000 | | -\$6,000,000 | |
| Economic Development Transferrable Tax Credits [TC-2] -\$20,461,554 -\$36,850,519 -\$73,831,822 -\$41,943,604 -\$21,912,500 \$0 | | | | | | . , , | | | | . , , , | | 11 | |
| Catalyst Account Transferrable Tax Credits [TC-4] \$0 \$0 -\$355,000 -\$2,475,000 -\$3,000,000 -\$5,000,000 Nevada New Markets Job Act Tax Credits [TC-3] -\$26,005,450 -\$25,153,081 -\$23,234,613 -\$22,000,000 -\$7,195,974 \$0 | | | | | | , | | . , ., | | , -, , | | , , | |
| | • • | | | | | , . , | | | | | | | |
| Education Choice Scholarship Tax Credits [TC-5] | | | | | | | | | | | | | |
| Total - Tax Credit Programs -\$55,239,359 -\$71,923,277 -\$113,396,589 -\$88,395,563 -\$44,503,974 -\$19,127,550 | | | | _ | | - | | | | | | | |
| | • | | 1/ 00/ | . , , | 5 70/ | | 3 20/ | | | | 2 0% | | |

| | | | | | | | ECC | NOMIC F | ORUM DECEMB | ER 3, 201 | B, FORECAST | |
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| | | | | | | | FY 2019 | | FY 2020 | | FY 2021 | |
| | FY 2016 | % | FY 2017 | % | FY 2018 | % | FORECAST | % | FORECAST | % | FORECAST | % |
| DESCRIPTION | ACTUAL | Change | ACTUAL | Change | ACTUAL | Change | | Change | | Change | | Change |
| LICENSES | | | | | | | | | | | | |
| 3101 Insurance Licenses | \$19,913,616 | 8.5% | \$19,533,765 | -1.9% | \$21,002,623 | 7.5% | \$21,854,000 | 4.1% | \$22,509,000 | 3.0% | \$23,148,000 | |
| 3120 Marriage License SECRETARY OF STATE | \$367,116 | -1.1% | \$364,681 | -0.7% | \$342,192 | -6.2% | \$345,800 | 1.1% | \$338,500 | -2.1% | \$331,500 | -2.1% |
| 3105 UCC | \$1,915,810 | 10.0% | \$1,838,672 | -4.0% | \$1,942,182 | 5.6% | \$2,028,000 | 4.4% | \$2,062,000 | 1.7% | \$2,083,000 | 1.0% |
| 3129 Notary Fees | \$514,489 | -0.5% | \$548,574 | 6.6% | \$556,389 | 1.4% | \$562,600 | 1.1% | \$568,900 | 1.1% | \$575,100 | 1.1% |
| 3130 Commercial Recordings [16-16] | \$73,701,665 | 7.1% | \$74,606,592 | 1.2% | \$77,057,113 | 3.3% | \$77,942,000 | 1.1% | \$78,901,000 | 1.2% | \$79,466,000 | 0.7% |
| 3131 Video Service Franchise | \$525 | -66.1% | \$3,400 | 547.6% | \$5,050 | 48.5% | \$30,000 | 494.1% | \$2,800 | -90.7% | \$2,800 | 0.0% |
| 3121 Domestic Partnership Registry Fee | \$28,790 | -21.0% | \$25,927 | -9.9% | \$0 | | \$21,800 | | \$21,800 | 0.0% | \$21,800 | 0.0% |
| 3152 Securities | \$27,978,707 | 3.5% | \$28,304,481 | 1.2% | \$29,322,672 | 3.6% | \$29,860,000 | <u>1.8%</u> | \$30,355,000 | 1.7% | \$30,758,000 | |
| TOTAL SECRETARY OF STATE | \$104,139,985 | <u>6.1%</u> | <u>\$105,327,646</u> | <u>1.1%</u> | \$108,883,40 <u>5</u> | 3.4% | <u>\$110,444,400</u> | <u>1.4%</u> | <u>\$111,911,500</u> | <u>1.3%</u> | <u>\$112,906,700</u> | 0.9% |
| 3172 Private School Licenses | \$236,690 | -7.4% | \$212,848 | -10.1% | \$214,155 | 0.6% | \$215,000 | 0.4% | \$215,000 | 0.0% | \$215,000 | 0.0% |
| 3173 Private Employment Agency | \$14,800 | 34.5% | \$13,600 | -8.1% | \$15,500 | 14.0% | \$14,800 | -4.5% | \$15,100 | 2.0% | \$15,300 | 1.3% |
| REAL ESTATE | | | | | | | | | | | | |
| 3161 Real Estate License [17-16] | \$2,137,010 | 54.4% | \$2,345,884 | 9.8% | \$2,469,797 | 5.3% | \$2,563,000 | 3.8% | \$2,424,000 | -5.4% | \$2,453,000 | 1.2% |
| 3162 Real Estate Fees | <u>\$4,710</u> | 29.3% | <u>\$3,450</u> | -26.8% | <u>\$1,670</u> | -51.6% | <u>\$2,200</u> | 31.7% | \$2,300 | 4.5% | \$2,200 | -4.3% |
| TOTAL REAL ESTATE | <u>\$2,141,720</u> | <u>54.4%</u> | <u>\$2,349,334</u> | 9.7% | <u>\$2,471,467</u> | 5.2% | <u>\$2,565,200</u> | <u>3.8%</u> | \$2,426,300 | <u>-5.4%</u> | \$2,455,200 | |
| 3102 Athletic Commission Fees [18-16] | \$5,041,720 | -43.5% | \$3,217,083 | -36.2% | \$6,016,432 | 87.0% | \$4,500,000 | -25.2% | \$4,492,000 | -0.2% | \$4,492,000 | 0.0% |
| TOTAL LICENSES | \$131,855,647 | 3.5% | \$131,018,957 | -0.6% | \$138,945,774 | 6.1% | \$139,939,200 | 0.7% | \$141,907,400 | <u>1.4%</u> | \$143,563,700 | 1.2% |
| FEES AND FINES | | | | | | | | | | | | |
| 3203 Divorce Fees | \$170,348 | -2.8% | \$172,297 | 1.1% | \$164,198 | -4.7% | \$161,300 | -1.8% | \$160,800 | -0.3% | \$160,400 | -0.2% |
| 3204 Civil Action Fees | \$1,316,607 | 2.0% | \$1,287,358 | -2.2% | \$1,249,463 | -2.9% | \$1,254,000 | 0.4% | \$1,249,000 | -0.4% | \$1,241,000 | -0.6% |
| 3242 Insurance Fines | \$349,206 | -30.9% | \$1,139,995 | 226.5% | \$676,092 | -40.7% | \$758,700 | 12.2% | \$758,700 | 0.0% | \$758,700 | 0.0% |
| 3103MD Medical Plan Discount Reg. Fees | \$1,500 | | \$0 | | \$0 | | \$500 | | \$500 | | \$500 | |
| REAL ESTATE FEES | | | | | | | | | | | | |
| 3107IOS IOS Application Fees | \$5,700 | -5.5% | \$6,740 | 18.2% | \$7,780 | 15.4% | \$7,300 | -6.2% | \$7,400 | 1.4% | \$7,400 | 0.0% |
| 3165 Land Co Filing Fees [19-16] | \$28,530 | -81.9% | \$24,692 | -13.5% | \$24,575 | -0.5% | \$25,600 | 4.2% | \$25,000 | -2.3% | \$25,100 | 0.4% |
| 3167 Real Estate Adver Fees | \$2,010 | 857.1% | \$6,712 | 233.9% | \$0 | -100.0% | \$0 | | \$0 | | \$0 | |
| 3169 Real Estate Reg Fees | \$8,550 | -45.5% | \$7,150 | -16.4% | \$12,275 | 71.7% | \$10,900 | -11.2% | \$10,000 | -8.3% | \$10,300 | |
| 4741 Real Estate Exam Fees | \$387,294 | 122.4% | \$472,141 | 21.9% | \$601,757 | 27.5% | \$616,300 | 2.4% | , , | -7.9% | \$534,500 | |
| 3178 Real Estate Accred Fees | \$93,450 | -2.3% | \$102,900 | 10.1% | \$109,295 | 6.2% | \$102,000 | -6.7% | | -1.6% | \$98,500 | |
| 3254 Real Estate Penalties | \$65,595 | 157.7% | \$95,337 | 45.3% | \$102,131 | 7.1% | \$106,900 | 4.7% | \$104,300 | -2.4% | \$105,100 | 0.8% |
| 3190 A.B. 165, Real Estate Inspectors | <u>\$53,860</u> | <u>14.7%</u> | <u>\$57,490</u> | 6.7% | <u>\$60,150</u> | 4.6% | <u>\$59,800</u> | <u>-0.6%</u> | <u>\$60,300</u> | 0.8% | <u>\$60,700</u> | |
| TOTAL REAL ESTATE FEES | <u>\$644,989</u> | 23.6% | <u>\$773,162</u> | <u>19.9%</u> | <u>\$917,963</u> | <u>18.7%</u> | <u>\$928,800</u> | <u>1.2%</u> | <u>\$875,300</u> | <u>-5.8%</u> | <u>\$841,600</u> | |
| 3066 Short Term Car Lease | \$51,914,285 | 6.5% | \$52,467,963 | 1.1% | \$55,601,611 | 6.0% | \$56,149,000 | 1.0% | \$57,505,000 | 2.4% | \$58,662,000 | |
| 3103AC Athletic Commission Licenses/Fines | \$468,376 | 119.7% | \$116,600 | -75.1% | \$117,035 | 0.4% | \$132,300 | 13.0% | \$134,000 | 1.3% | \$134,000 | |
| 3150 Navigable Water Permit Fees [3-18] | | | | | \$61,185 | | \$58,700 | -4.1% | \$65,000 | 10.7% | \$65,000 | |
| 3205 State Engineer Sales [4-18] | | | | | \$3,860,659 | | \$3,687,000 | -4.5% | \$3,631,000 | -1.5% | \$3,631,000 | |
| 3206 Supreme Court Fees | \$201,305 | 7.9% | \$202,410 | 0.5% | \$229,445 | 13.4% | \$236,100 | 2.9% | \$254,900 | 8.0% | \$273,400 | |
| 3115 Notice of Default Fee | \$1,400,099 | -20.2% | \$910,604 | -35.0% | \$806,743 | -11.4% | , | -12.3% | | -11.8% | \$540,600 | |
| 3271 Misc Fines/Forfeitures [5-18] | <u>\$2,735,813</u> | <u>-71.4%</u> | <u>\$2,414,739</u> | <u>-11.7%</u> | <u>\$2,764,378</u> | <u>14.5%</u> | <u>\$2,250,000</u> | <u>-18.6%</u> | \$2,250,000 | 0.0% | <u>\$2,250,000</u> | |
| TOTAL FEES AND FINES | \$59,202,527 | <u>-6.0%</u> | \$59,485,127 | 0.5% | \$66,448,771 | <u>11.7%</u> | \$66,324,200 | <u>-0.2%</u> | \$67,508,500 | <u>1.8%</u> | \$68,558,200 | 1.6% |

| | | | | | | | ECO | NOMIC F | ORUM DECEMBE | R 3, 201 | 8, FORECAST | |
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| | 5), 00,10 | 21 | F)40047 | 24 | 51,0040 | 0/ | FY 2019 | ٥, | FY 2020 | ٥, | FY 2021 | . |
| DESCRIPTION | FY 2016 ACTUAL | % Change | FY 2017 ACTUAL | % Change | FY 2018 ACTUAL | % Change | FORECAST | % Change | FORECAST | % Change | FORECAST | % Change |
| USE OF MONEY AND PROP | | <u> </u> | | <u> </u> | | <u> </u> | | - 5 | | - 5 | | <u> </u> |
| OTHER REPAYMENTS | | | | | | | | | | | | |
| 4403 Forestry Nurseries Fund Repayment (05-M27) | \$20.670 | | \$20.670 | | \$20.670 | | \$20.670 | | \$20.670 | | \$20.670 | |
| 4408 Comp/Fac Repayment | \$23,744 | | \$23,744 | | \$23,744 | | \$13,032 | | \$13,032 | | \$13,032 | |
| 4408 CIP 95-M1, Security Alarm | \$2,998 | | \$2,998 | | \$0 | | \$0 | | \$0 | | \$0 | |
| 4408 CIP 95-M5, Facility Generator | \$6,874 | | \$6,874 | | \$0 | | \$0 | | \$0 | | \$0 | |
| 4408 CIP 95-S4F, Advance Planning | \$1,000 | | \$1,000 | | \$0 | | \$0 | | \$0 | | \$0 | |
| 4408 CIP 97-C26, Capitol Complex Conduit System, Phase I | \$62,542 | | \$62,542 | | \$62,542 | | \$62,542 | | \$0 | | \$0 | |
| 4408 CIP 97-S4H, Advance Planning Addition to Computer Facility | \$9,107 | | \$9,107 | | \$9,107 | | \$9,107 | | \$0 | | \$0 | |
| 4408 EITS Repayment - State Microwave Communications System [1-18] | | | | | \$57,900 | | \$57,900 | | \$57,900 | | \$57,900 | |
| 4408 EITS Repayment - Wide-Area Network Upgrade [6-18] | | | | | | | \$499,724 | | \$499,724 | | \$499,724 | |
| 4409 Motor Pool Repay - LV | \$125,000 | | \$125,000 | | \$125,000 | | \$125,000 | | \$125,000 | | \$125,000 | - 11 |
| TOTAL OTHER REPAYMENTS | <u>\$251,935</u> | <u>-44.6%</u> | <u>\$251,935</u> | 0.0% | <u>\$298,963</u> | <u>18.7%</u> | <u>\$787,975</u> | <u>163.6%</u> | <u>\$716,326</u> | <u>-9.1%</u> | <u>\$716,326</u> | 0.0% |
| INTEREST INCOME | | | | | | | | | | | | |
| 3290 Treasurer | \$1,247,554 | 36.1% | \$3,578,939 | 186.9% | \$9,146,057 | 155.6% | \$14,073,000 | 53.9% | \$18,699,000 | 32.9% | \$19,142,000 | 2.4% |
| 3291 Other | \$18,411 | 243.3% | \$43,740 | 137.6% | <u>\$115,117</u> | 163.2% | <u>\$135,500</u> | 17.7% | <u>\$146,400</u> | 8.0% | \$157,700 | 7.7% |
| TOTAL INTEREST INCOME | <u>\$1,265,964</u> | <u>37.3%</u> | <u>\$3,622,679</u> | <u>186.2%</u> | <u>\$9,261,175</u> | <u>155.6%</u> | <u>\$14,208,500</u> | <u>53.4%</u> | <u>\$18,845,400</u> | <u>32.6%</u> | <u>\$19,299,700</u> | <u>2.4%</u> |
| TOTAL USE OF MONEY & PROP | \$1,517,900 | 10.2% | \$3,874,614 | <u>155.3%</u> | \$9,560,138 | <u>146.7%</u> | \$14,996,475 | <u>56.9%</u> | \$19,561,726 | <u>30.4%</u> | \$20,016,026 | <u>2.3%</u> |
| OTHER REVENUE | | | | | | | | | | | | |
| 3059 Hoover Dam Revenue | \$300,000 | 0.0% | \$300,000 | 0.0% | \$300,000 | 0.0% | \$300,000 | 0.0% | \$300,000 | 0.0% | \$300,000 | 0.0% |
| MISC SALES AND REFUNDS | | | | | | | | | | | | |
| 4794 GST Commissions and Penalties / DMV [20-16] | | | | | | | \$0 | | \$0 | | \$0 | |
| 3047 Expired Slot Machine Wagering Vouchers | \$8,778,021 | 4.7% | \$8,745,436 | -0.4% | \$9,482,546 | 8.4% | \$10,163,000 | 7.2% | \$10,417,000 | 2.5% | . , , , | - 11 |
| 3107 Misc Fees [3-18] | \$347,803 | 9.1% | \$377,829 | 8.6% | \$497,111 | 31.6% | \$450,000 | -9.5% | \$450,000 | 0.0% | \$450,000 | - 11 |
| 3109 Court Admin Assessments [21-16][7-18] | \$0 | | \$0 | | \$1,551,956 | | \$1,080,780 | | \$0 | | \$0 | - 11 |
| 3114 Court Administrative Assessment Fee | \$2,012,172 | -5.8% | \$2,066,687 | 2.7% | \$2,095,971 | 1.4% | \$2,142,000 | 2.2% | \$2,166,000 | 1.1% | . , ., | - 11 |
| 3168 Declare of Candidacy Filing Fee | \$35,975 | 190.5% | \$19,304 | -46.3% | \$35,075 | 81.7% | \$20,000 | -43.0% | \$40,000 | 100.0% | \$20,000 | - 11 |
| 3202 Fees & Writs of Garnishments | \$2,190 | 2.3% | \$1,765 | -19.4% | \$1,740 | -1.4% | \$1,600 | -8.0% | \$1,600 | 0.0% | \$1,600 | - 11 |
| 3220 Nevada Report Sales | \$11,495 | 87.8% | \$4,210 | -63.4% | \$4,895 | 16.3% | \$18,300 | 273.9% | \$13,300 | -27.3% | . , | 6.8% |
| 3222 Excess Property Sales | \$17,668 | -81.9% | \$3,685 | -79.1% | \$3,400 | -7.7% | \$3,500 | 2.9% | \$3,500 | 0.0% | \$3,500 | - 11 |
| 3240 Sale of Trust Property | \$850 | -78.7% | \$9,836 | 4 00/ | \$864 | -91.2% | \$900 | 4.2% | \$900 | 0.0% | \$900 | - 11 |
| 3243 Insurance - Misc 3274 Misc Refunds | \$371,455 \$31,709 | -12.4% -72.0% | \$366,872 \$1,524,081 | -1.2% | \$397,998 | 8.5% -96.6% | \$402,000 | 1.0% -36.0% | \$404,700 | 0.7% 2.8% | \$407,300 | 0.6% -0.3% |
| 3274 Wisc Returns 3276 Cost Recovery Plan [8-18] | \$10,572,088 | -72.0% 24.6% | \$1,524,061 | -3.3% | \$51,085 \$9,839,249 | -90.6% -3.7% | \$32,700 \$10,457,000 | -36.0% 6.3% | \$33,600 \$10,481,000 | 2.6% 0.2% | \$33,500 \$10,875,000 | -0.5% 3.8% |
| TOTAL MISC SALES & REF | \$22,181,427 | -56.7% | \$10,222,000 | -3.3% <u>5.2%</u> | \$23,961,888 | -3.7 % 2.7% | \$24,817,880 | 3.6% | \$24,076,600 | <u>0.2%</u> -3.0% | \$24,726,000 | 3.6% 2.7% |
| 3255 Unclaimed Property | \$38.960.791 | 60.3% | \$25,871,335 | -33.6% | \$26,723,929 | 3.3% | \$29,898,000 | 3.0 % 11.9% | \$25,927,000 | -13.3% | \$25.849.000 | <u>2.7 %</u> -0.3% |
| TOTAL OTHER REVENUE | \$61,442,218 | -18.9% | \$49,513,127 | -33.0 % -19.4% | \$50,985,818 | 3.0% | \$55,015,880 | 7.9% | \$50,303,600 | -8.6% | \$50,875,000 | 1.1% |
| TOTAL GENERAL FUND REVENUE: BEFORE TAX CREDITS | \$3,749,082,146 | 13.7% | \$3,996,145,139 | 6.6% | \$4,189,924,613 | 4.8% | \$4,373,107,155 | 4.4% | | | \$4,575,195,826 | 2.8% |
| TOTAL COMMERCE TAX CREDITS [13-16] | \$0 | 10.7 70 | -\$43,715,654 | 0.070 | -\$57,816,568 | 1.070 | -\$59,213,000 | 11.170 | -\$61,861,000 | 1.070 | -\$65,052,000 | 2.070 |
| TOTAL GENERAL FUND REVENUE: AFTER COMMERCE TAX CREDITS | \$3,749,082,146 | 13.7% | \$3,952,429,484 | 5.4% | \$4,132,108,045 | 4.5% | \$4,313,894,155 | 4.4% | | 1.7% | | 2.8% |
| TAX CREDIT PROGRAMS: | | | | | | | | | | | | |
| FILM TRANSFERRABLE TAX CREDITS [TC-1] | <u>-\$4,370,815</u> | | -\$5,222,720 | | <u>\$0</u> | | -\$3.770.609 | | -\$5.000.000 | | -\$6,000,000 | |
| ECONOMIC DEVELOPMENT TRANSFERRABLE TAX CREDITS [TC-2] | -\$20,461,554 | | -\$36,850,519 | | -\$73,831,822 | | -\$41,943,604 | | -\$3,000,000 | | \$0,000,000 | |
| CATALYST ACCOUNT TRANSFERRABLE TAX CREDITS [TC-4] | \$0 | | \$0 | | -\$355.000 | | -\$2,475,000 | | -\$3.000.000 | | -\$5.000.000 | |
| NEVADA NEW MARKET JOBS ACT TAX CREDITS [TC-3] | -\$26,005,450 | | -\$25,153,081 | | -\$23,234,613 | | -\$22,000,000 | | -\$7,195,974 | | \$0 | |
| EDUCATION CHOICE SCHOLARSHIP TAX CREDITS [TC-5] | -\$4,401,540 | | -\$4,696,956 | | -\$15,975,154 | | -\$18,131,350 | | -\$7,320,500 | | -\$8,052,550 | |
| COLLEGE SAVINGS PLAN TAX CREDITS [TC-6] | \$0 | | \$0 | | \$0 | | <u>-\$75,000</u> | | <u>-\$75,000</u> | | <u>-\$75,000</u> | |
| TOTAL- TAX CREDIT PROGRAMS | -\$55.239.359 | | -\$71.923.277 | | <u>-\$113,396,589</u> | | -\$88,395,563 | | -\$44,503,974 | | -\$19,127,550 | |
| TOTAL GENERAL FUND REVENUE: AFTER TAX CREDITS | \$3.693.842.787 | 12.5% | | 5.1% | \$4.018.711.456 | 3.6% | \$4.225,498,592 | 5 1% | \$4.343.898.752 | 2.8% | \$4,491,016,276 | 3.4% |
| IOTAL GENERAL I GND REVENUE. AL TER TAX GREDITO | \$5,035,042,101 | 12.0/0 | ψυ,υυυ,υυυ,∠υο | J. 1 /0 | <u> </u> | J.U /0 | ¥4,220,430,032 | <u> </u> | y-1,040,080,732 | 2.070 | <u> </u> | J.770 |

| | | | | | | | EC | ECONOMIC FORUM DECEMBER 3, 2018, FORECAST FY 2019 FY 2020 FY 2021 | | | | | |
|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|---------------------|---|---------------------|-------------|----------|-------------|--|
| DESCRIPTION | FY 2016 ACTUAL | % Change | FY 2017 ACTUAL | % Change | FY 2018 ACTUAL | % Change | FY 2019 FORECAST | % Change | FY 2020 FORECAST | % Change | FORECAST | % Change | |

NOTES:

FY 2016: Note 1 represents legislative actions approved during the 28th Special Session in September 2014.

[1-16] Assembly Bill 3 (28th S.S.) limits the amount of the home office credit that may be taken against the Insurance Premium Tax to an annual limit of \$5 million, effective January 1, 2016. The home office credit is eliminated pursuant to this bill, effective January 1, 2021.

FY 2016: Notes 2 through 21 represent legislative actions approved during the 2015 Legislative Session.

- 2-16] S.B. 483 extends the June 30, 2015, sunset (approved in S.B. 475 (2013)) by one year to June 30, 2016, on the Net Proceeds of Minerals (NPM) tax, which continues the payment of taxes in the current fiscal year based on the estimated net proceeds for the current calendar year with a true-up against actual net proceeds for the calendar year in the next fiscal year. The one-year extension of the sunset is estimated to yield \$34,642,000 in FY 2016. There is no estimated tax payment in FY 2017 with the one-year extension of the prepayment of NPM taxes.
- [3-16] S.B. 483 extends the June 30, 2015, sunset (approved in S.B. 475 (2013)) by one-year to June 30, 2016, that eliminates health and industrial insurance deductions allowed against gross proceeds to determine net proceeds for the purpose of calculating the Net Proceeds of Minerals (NPM) tax liability. These deduction changes are effective for the NPM tax payments due in FY 2016. The health and industrial insurance deduction changes are estimated to generate \$4,221,000 in additional revenue in FY 2016.
- [4-16] S.B. 483 makes the 0.35% increase in the Local School Support Tax (LSST) permanent. The 0.35% increase generates additional revenue from the 0.75% General Fund Commission assessed against LSST proceeds before distribution to school districts in each county, which is estimated to generate \$1,387,300 in FY 2016 and \$1,463,400 in FY 2017.
- S.B. 266 makes changes to the structure of the tax base and tax rate for the Live Entertainment Tax (LET) in NRS Chapter 368A that is administered by the Gaming Control Board for live entertainment at licensed gaming establishments and the Department of Taxation for live entertainment provided at non-gaming establishments. Under existing law, the tax rate is 10% of the admission charge and amounts paid for food, refreshments, and merchandise, if the live entertainment is provided at a facility with a maximum occupancy of less than 7,500 persons, and 5% of the admission charge only, if the live entertainment is provided at a facility with a maximum occupancy equal to or greater than 7,500 persons. S.B. 266 removes the occupancy threshold and establishes a single 9% tax rate on the admission charge to the facility only. The tax rate does not apply to amounts paid for food, refreshments, and merchandise unless that is the consideration required to enter the facility for the live entertainment. S.B. 266 adds the total amount of consideration paid for escorts and escort services to the LET tax base and makes these activities subject to the 9% tax rate. The bill provides that the exemption from the LET for certain nonprofit organizations applies depending on the number of tickets sold and the type of live entertainment being provided. S.B. 266 establishes an exemption for the following: 1.) the value of certain admissions provided on a complimentary basis; 2.) a charge for access to a table, seat, or lounge or for food, beverages, and merchandise that are in addition to the admission charge to the facility; and 3.) certain license and rental fees of luxury suites, boxes, or similar products at a facility with a maximum occupancy of more than 7,500 persons. The provisions of S.B. 266 also make other changes to the types of activities that are included or excluded from the tax base as live entertainment events subject to the 9% tax rate. The provisions of S.B. 266 are effective October 1, 2015. The amounts shown reflec
- [6-16] S.B. 483 establishes the Commerce Tax as an annual tax on each business entity engaged in business in the state whose Nevada gross revenue in a fiscal year exceeds \$4,000,000 at a tax rate based on the industry in which the business is primarily engaged. The Commerce Tax is due on or before the 45th day immediately following the fiscal year taxable period (June 30th). Although the Commerce Tax collections are received after the June 30th end of the fiscal year tax period, the proceeds from the Commerce Tax will be accrued back and accounted for in that fiscal year, since that fiscal year is not officially closed until the third Friday in September. The Commerce Tax provisions are effective July 1, 2015, for the purpose of taxing the Nevada gross revenue of a business, but the first tax payment will not be made until August 14, 2016, for the FY 2016 annual taxable business activity period.
- [7-16] A.B. 175 requires the collection of an excise tax by the Nevada Transportation Authority or the Taxicab Authority, as applicable, on the connection of a passenger to a driver affiliated with a transportation network company, a common motor carrier of passengers, or a taxicab equal to 3% of the fare charged to the passenger. The excise tax becomes effective on passage and approval (May 29, 2015) for transportation network companies and August 28, 2015, for common motor carrier and taxicab companies. The first \$5,000,000 in tax proceeds from each biennium are required to be deposited in the State Highway Fund and the estimate for FY 2016 reflects this requirement.
- [8-16] S.B. 483 increases the cigarette tax per pack of 20 by \$1.00 from 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to State General Fund) to \$1.80 per pack (10 cents to Local Government Distribution Fund, \$1.70 to State General Fund), effective July 1, 2015. The \$1.00 per pack increase is estimated to generate \$96,872,000 in FY 2016 and \$95,391,000 in FY 2017.
- [9-16] S.B. 483 permanently changes the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) by exempting quarterly taxable wages (gross wages less allowable health care expenses) paid by an employer to employees up to and including \$50,000 per quarter and taxable wages exceeding \$50,000 per quarter are taxed at 1.475%. The taxable wages exemption threshold was \$85,000 per quarter for FY 2014 and FY 2015 with a 1.17% tax rate on quarterly taxable wages exceeding \$85,000, based on S.B. 475 (2013). These provisions in S.B. 475 were scheduled to sunset effective June 30, 2015, at which time the tax rate would have been 0.63% on all taxable wages per quarter. The provisions in S.B. 483 are effective July 1, 2015. The estimated net increase in MBT-NFI is a collections from the 1.475% tax rate on quarterly taxable wages before accounting for the estimated impact of any other legislatively approved changes to the MBT-NFI is \$268,041,000 for FY 2016 and \$281,443,000 for FY 2017.
- [10-16] A.B. 389 deems the client company of an employee leasing company to be the employer of the employees it leases for the purposes of NRS Chapter 612 (unemployment compensation). Under these provisions, the wages of employees leased from employee leasing companies by client companies will no longer be reported on an aggregated basis under the employee leasing company. The wages of the employees will now be reported on a disaggregated basis under each client company. Instead of the \$50,000 quarterly exemption applying to the employee leasing company, it will now apply to each client company. These provisions are effective October 1, 2015. The wages paid to employees being reported on a disaggregated basis for each client company versus an aggregated basis for the employee leasing company is estimated to reduce MBT-NFI collections by \$2,758,000 in FY 2016 and \$3,861,000 in FY 2017.
- [11-16] S.B. 483 requires businesses subject to the Net Proceeds of Minerals (NPM) tax in NRS Chapter 362 to pay a 2.0% tax on all quarterly taxable wages paid by the employer to the employees, which is identical to the Modified Business Tax (MBT) paid by financial institutions under NRS Chapter 363A. These provisions are effective July 1, 2015. This change is estimated to reduce MBT-NFI tax collections by \$10,884,000 in both FY 2016 and FY 2017. The mining companies paying the 2% tax rate on all taxable wages are estimated to generate \$17,353,000 in both FY 2016 and FY 2017 for the MBT-Mining. This change is estimated to yield a net increase in General Fund revenue of \$6,469,000 in both FY 2016 and FY 2017.
- [12-16] S.B. 103 exempts from the definition of "financial institution" in NRS Chapter 363A any person who is primarily engaged in the sale, solicitation, or negotiation of insurance, which makes such a person subject to the Modified Business Tax on General Business (nonfinancial institutions) in NRS Chapter 363B at 1.475% on quarterly taxable wages exceeding \$50,000 and not the 2.0% tax on all quarterly taxable wages. These provisions are effective July 1, 2015. MBT-FI is estimated to be reduced by \$891,000 in FY 2016 and \$936,000 and the MBT-NFI is estimated to be increased by \$278,000 in FY 2016 and \$291,000 in FY 2017. The net decrease in General Fund revenue is estimated to be \$613,000 in FY 2016 and \$645,000 in FY 2017.
- [13-16] S.B. 483 provides for a credit against a business's Modified Business Tax (MBT) due during the current fiscal year not to exceed 50% of the Commerce Tax paid by the business for the preceding fiscal year. The credit can be taken against any or all of the four quarterly MBT payments for the current fiscal year, but any amount of credit not used cannot be carried forward and used in succeeding fiscal years. The total estimated Commerce Tax credits against the MBT are estimated to be \$59,913,000 in FY 2017, but this estimated credit amount was not allocated separately to the MBT-NFI, MBT-FI, and MBT-Mining.

| | | | | | | | EC | ECONOMIC FORUM DECEMBER 3, 2018, FOR FY 2019 FY 2020 FY | | | | |
|-------------|---------|--------|---------|--------|---------|--------|----------|--|----------|--------|----------|--------|
| DESCRIPTION | FY 2016 | % | FY 2017 | % | FY 2018 | % | FY 2019 | % | FY 2020 | % | FY 2021 | % |
| | ACTUAL | Change | ACTUAL | Change | ACTUAL | Change | FORECAST | Change | FORECAST | Change | FORECAST | Change |

- [14-16] S.B. 483 requires 100% of the proceeds from the portion of the Governmental Services Tax (GST) generated from the 10% depreciation schedule change, approved in S.B. 429 (2009), to be allocated to the State General Fund in FY 2016. In FY 2017, 50% of the proceeds will be allocated to the State General Fund and 50% to the State Highway Fund. Under S.B. 483, 100% of the additional revenue generated from the GST 10% depreciation schedule change is required to be deposited in the State Highway Fund beginning in FY 2018 and going forward permanently.
- [15-16] S.B. 483 makes the \$100 increase in the Business License Fee (BLF) from \$100 to \$200 permanent for the initial and annual renewal, that was scheduled to sunset on June 30, 2015, (as approved in A.B. 475 (2013)) for all types of businesses, except for corporations. The initial and annual renewal fee for corporations, as specified in S.B. 483, is increased from \$200 to \$500 permanently. These provisions are effective July 1, 2015. The changes to the BLF are estimated to generate additional General Fund revenue of \$63,093,000 in FY 2016 and \$64,338,000 in FY 2017 in relation of the Economic Forum May 1, 2015, forecast with all business types paying a \$100 annual fee.
- [16-16] S.B. 483 permanently increases the fee for filling the initial and annual list of directors and officers by \$25 that is required to be paid by each business entity organizing under the various chapters in Title 7 of the NRS, effective July 1, 2015. The \$25 increase in the initial and annual list filling fee is estimated to increase Commercial Recordings Fee revenue by \$2,751,000 in FY 2016 and \$2,807,000 in FY 2017.
- [17-16] A.B. 475 changes the initial period from 24 to 12 months and the renewal period from 48 to 24 months for a license as a real estate broker, broker-salesperson, or salesperson and also changes the period for other licenses from 48 to 24 months, effective July 1, 2015. Existing licenses issued before July 1, 2015, do not need to be renewed until the expiration date required under statute prior to July 1, 2015. This change in the licensing period is estimated to reduce Real Estate License Fee revenue by \$1.693,400 in FY 2016 and \$1,404,200 in FY 2017.
- [18-16] A.B. 476 increases the current 6% license fee on the gross receipts from admission charges to unarmed combat events, that is dedicated to the State General Fund, by 2% to 8% with 75% of the proceeds from the 8% fee deposited in the State General Fund and 25% retained by the Athletic Commission to fund the agency's operations. A.B. 476 repeals the two-tiered fee based on the revenues from the sale or lease of broadcast, television and motion picture rights that is dedicated to the State General Fund. A.B. 476 allows the promoter of an unarmed combat event a credit against the 8% license fee equal to the amount paid to the Athletic Commission or organization sanctioned by the Commission to administer a drug testing program for unarmed combatants. These provisions are effective June 9, 2015, based on the passage and approval effective date provisions of A.B. 476. These changes are estimated to reduce Athletic Commission Fee revenue by \$600,000 in both FY 2016 and FY 2017.
- [19-16] A.B. 478 increases certain fees relating to application or renewals paid by developers for exemptions to any provisions administered by the Real Estate Division of the Department of Business and Industry, and requires that all fees collected for this purpose be kept by the Division, effective July 1, 2015. This requirement for the Division to keep these fees is estimated to reduce Real Estate Land Company filling fees by approximately \$152,600 in FY 2016 and \$153,300 in FY 2017.
- [20-16] A.B. 491 (2013) required the proceeds from the commission retained by the Department of Motor Vehicles from the amount of Governmental Services Tax (GST) collected and any penalties for delinquent payment of the GST to be transferred to the State General Fund in FY 2015 only. A.B. 491 specified that the amount transferred shall not exceed \$20,813,716 from commissions and \$4,097,964 from penalties in FY 2015. A.B. 490 amended the commissions amount to \$23,724,000 and the penalties amount to \$5.037,000. This results in an estimated net increase in General Fund revenue of \$3.849.320 in FY 2015 from GST Commissions and Penalties.
- [21-16] Estimated portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund (pursuant to subsection 9 of NRS 176.059), based on the legislatively approved projections and the authorized allocation for the Court Administrative Assessment Fee revenues (pursuant to subsection 8 of NRS 176.059) for FY 2016 and FY 2017.

FY 2018: Note 1 represents legislative actions approved during the 2015 Legislative Session.

[1-18] Section 51 of S.B. 514 allows the Division of Enterprise Information Technology Services of the Department of Administration to use revenues from intergovernmental transfers to the State General Fund for the repayment of special appropriations that were made to the Division for the replacement of the state's microwave communications system. The legislatively approved repayment from the Division to the State General Fund is \$57,900 per year between FY 2018 and FY 2021, with increased repayments between FY 2022 and FY 2028.

FY 2018: Notes 2 through 8 represent legislative actions approved during the 2017 Legislative Session.

- [2-18] A.B. 486 requires 25% of the proceeds from the portion of the Governmental Services Tax (GST) generated from the 10% depreciation schedule change, approved in S.B. 429 (2009), to be allocated to the State General Fund in FY 2018 and FY 2019, with the remaining 75% deposited in the State Highway Fund. Under A.B. 486, 100% of the additional revenue generated from the GST 10% depreciation schedule change is required to be deposited in the State Highway Fund beginning in FY 2020 and going forward permanently. Estimated to generate \$19,367,000 in FY 2018 and \$19,573,500 in FY 2019.
- [3-18] S.B. 512 removes fees for the issuance of certain permits relating to the usage of piers, docks, buoys, or other facilities on navigable bodies of water in this state from NRS 322.120, and instead requires that the State Land Registrar of the Division of State Lands of the Department of Conservation and Natural Resources establish these fees by regulation, effective July 1, 2017. The bill requires that the first \$65,000 of the proceeds from these permit fees be deposited in the State General Fund in each fiscal year, with any proceeds in excess of \$65,000 to be used by the State Land Registrar to carry out programs to preserve, protect, restore, and enhance the natural environment of the Lake Tahoe Basin.
- [4-18] S.B. 514 requires that certain fees collected by the State Engineer of the Division of Water Resources of the Department of Conservation and Natural Resources relating to services for the adjudication and appropriation of water be deposited in the State General Fund. Estimated to generate \$3,467,000 per year in FY 2018 and FY 2019.
- [5-18] S.B. 515 requires that certain penalties received by the Securities Division of the Secretary of State's Office be deposited in the State General Fund, instead of the Secretary of State's Office's operating budget, effective July 1, 2017. Estimated to generate \$117,256 per fiscal year in FY 2018 and FY 2019.
- [6-18] Section 40 of A.B. 518 provides a General Fund loan of \$1,998,895 in FY 2018 to the Division of Enterprise Information Technology Services of the Department of Administration to increase the bandwidth and connectivity of the State's wide area network. The legislatively approved repayment of this loan is 25 percent of the amount appropriated per year, beginning in FY 2019.
- [7-18] Estimated portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund (pursuant to subsection 9 of NRS 176.059), based on the legislatively approved projections and the authorized allocation for the Court Administrative Assessment Fee revenues (pursuant to subsection 8 of NRS 176.059) for FY 2018 and FY 2019. Estimated to generate \$1,328,228 in FY 2018 and \$1,080,780 in FY 2019.
- [8-18] Adjustment to the Statewide Cost Allocation amount included in the Legislature Approves budget after the May 1, 2017, approval of the General Fund revenue forecast by the Economic Forum.

FY 2019: Note 1 represents legislative actions approved during the 2017 Legislative Session.

- [1-19] Senate Bill 415 (2017) required the submission of a question on the November 2018 General Election ballot seeking approval to amend the Sales and Use Tax Act of 1955 to provide an exemption from the State 2% sales and use tax for certain feminine hygeine products. This ballot question was approved by the voters and, therefore, the sales tax exemption for these products will be effective January 1, 2019, until December 31, 2028.
 - S.B. 415 also provides that if the ballot question is approved by the voters, identical exemptions for these products from the Local School Support Tax and other state and local taxes would become effective January 1, 2019, and would also expire on December 31, 2028. These exemptions will reduce the amount of the commission that is kept by the Department of Taxation and deposited in the State General Fund for collection of these taxes.

| | | | | | | | EC | ONOMIC F | ORUM DECEME | BER 3, 2018 | B, FORECAST | |
|-------------|---------|--------|---------|--------|---------|--------|----------|----------|-------------|-------------|-------------|--------|
| DESCRIPTION | FY 2016 | % | FY 2017 | % | FY 2018 | % | FY 2019 | % | FY 2020 | % | FY 2021 | % |
| | ACTUAL | Change | ACTUAL | Change | ACTUAL | Change | FORECAST | Change | FORECAST | Change | FORECAST | Change |

TAX CREDIT PROGRAMS APPROVED BY THE LEGISLATURE

- TC-1] Pursuant to S.B. 165 (2013), the Governor's Office of Economic Development (GOED) could issue up to \$20 million per fiscal year for a total of \$80 million for the four-year pilot program in transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax. The provisions of the film tax credit program were amended in S.B. 1 (28th Special Session (2014)) to reduce the total amount of the tax credits that may be approved by GOED to a total of \$10 million.
 - Pursuant to A.B. 492 (2017), a total of \$10 million per year in film tax credits may be awarded by GOED beginning in FY 2018, in addition to any remaining amounts from S.B. 1 of the 28th Special Session (2014). Any portion of the \$10 million per fiscal year that is not approved by GOED may be carried forward and made available during the next or any future fiscal year. The amounts shown for FY 2019, FY 2020, and FY 2021 are based on information provided by GOED.
- Pursuant to S.B. 1 (28th Special Session (2014)), for certain qualifying projects, the Governor's Office of Economic Development (GOED) is required to issue transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and the Gaming Percentage Fee Tax. The amount of transferrable tax credits are equal to \$12,500 for each qualified employee employed by the participants in the project, to a maximum of 6,000 employees, plus 5 percent of the first \$1 billion of new capital investment in the State made collectively by the participants in the understand the project. The amount of credits approved by GOED may not exceed \$45 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and GOED may not issue total credits in excess of \$195 million. The amounts shown for FY 2019 and FY 2020 are based on information provided by GOED.
 - Pursuant to S.B. 1 (29th Special Session (2015)), for certain qualifying projects, the Governor's Office of Economic Development (GOED) is required to issue transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and the Gaming Percentage Fee Tax. The amount of transferrable tax credits are equal to \$9,500 for each qualified employee employed by the participants in the project, to a maximum of 4,000 employees. The amount of credits approved by GOED may not exceed \$7.6 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and GOED may not issue total credits in excess of \$38 million. The forecasts for FY 2019, FY 2020, and FY 2021 do not include any credits issued under these provisions, as there are currently no qualifying projects receiving these credits.
- Pursuant to S.B. 357 (2013), the Nevada New Markets Jobs Act allows insurance companies to receive a credit against the tax imposed on insurance premiums in exchange for making qualified equity investments in community development entities, particularly those that are local and minority-owned. A total of \$200 million in qualified equity investments may be certified by the Department of Business and Industry. In exchange for making the qualified equity investment, insurance companies are entitled to receive a credit against the Insurance Premium Tax in an amount equal to 58 percent of the total qualified equity investment that is certified by the Department. The credits may be taken in increments beginning on the second anniversary date of the original investment, as follows:
 - 2 years after the investment is made: 12 percent of the qualified investment
 - 3 years after the investment is made: 12 percent of the qualified investment
 - 4 years after the investment is made: 12 percent of the qualified investment
 - 5 years after the investment is made: 11 percent of the qualified investment
 - 6 years after the investment is made: 11 percent of the qualified investment
 - Under the provisions of S.B. 357, the insurance companies were allowed to begin taking tax credits in the third quarter of FY 2015. The amounts shown for FY 2019 and FY 2020 reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Business and Industry and the Department of Taxation.
- [TC-4] S.B. 507 (2015) authorizes the Governor's Office of Economic Development (GOED) to approve transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax to new or expanding businesses to promote the economic development of Nevada. As approved in S.B. 507, the total amount of transferrable tax credits that may be issued is \$500,000 in FY 2016, \$2,000,000 in FY 2017, and \$5,000,000 for FY 2018 and each fiscal year thereafter.
 - A.B. 1 of the 29th Special Session (2015) reduced the total amount of transferrable tax credits that may be issued by GOED to zero in FY 2016, \$1 million in FY 2017, \$2 million per year in FY 2018 and FY 2019, and \$3 million in FY 2020. For FY 2021 and future fiscal years, the amount of credits that may be issued by GOED remains at \$5 million per year. The amount shown for FY 2019 reflects estimates of actual and forecast credits that have been issued or will be issued in that fiscal year, based on information provided by GOED. The amounts shown for FY 2020 and FY 2021 are based on the maximum amount that can be issued in each fiscal year.
- [TC-5] A.B. 165 (2015) allows taxpayers who make donations of money to certain scholarship organizations to receive a dollar-for-dollar credit against the taxpayer's liability for the Modified Business Tax (MBT). The total amount of credits that may be approved by the Department of Taxation (Department) is \$5 million in FY 2016, \$5.5 million in FY 2017, and 110 percent of the total amount of credits authorized in the previous year, for all subsequent fiscal years. The amounts shown reflect the estimate based on the assumption that the total amount authorized for each fiscal year will be donated to a qualified scholarship organization and taken as credits against the MBT.
 - S.B. 555 (2017) authorized an additional \$20 million in credits against the MBT under this program in Fiscal Year 2018 beyond those that were authorized in FY 2018 based on the provisions of A.B. 165 (2015). Any amount of the \$20 million in credits that is not approved by the Department may be issued in future fiscal years. The forecast for FY 2019 is based on the amount of this \$20 million that was awarded in FY 2018, but not used against the MBT in that fiscal year, plus the maximum amount of annual credits allowed based on the statutory formula adopted in A.B. 165 (2015). The forecasts for FY 2020 and FY 2021 are based on the maximum amount of annual credits allowed based on the statutory formula in A.B. 165 only.
- [TC-6] S.B. 412 (2015) provides a tax credit against the Modified Business Tax (MBT) to certain employers who match the contribution of an employee to one of the college savings plans offered through the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program authorized under existing law. The amount of the tax credit is equal to 25 percent of the matching contribution, not to exceed \$500 per contributing employee per year, and any unused credits may be carried forward for 5 years. The provisions relating to the Nevada College Savings Program are effective January 1, 2016, and the Higher Education Prepaid Tuition Program are effective July 1, 2016. The amounts shown are estimates based on information provided by the Treasurer's Office on enrollment and contributions for the college savings plans.