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**STATE OF NEVADA  
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**Name of Organization:** Economic Forum: Technical Advisory Committee on Future State Revenues  
*Nevada Revised Statutes (NRS) 353.229*

**Date and Time:** Thursday, November 21, 2024  
2:00 p.m.

**Location:** Legislative Building, Room 2134  
401 South Carson Street  
Carson City, Nevada 89701

**MEMBERS PRESENT:**

Amy Stephenson, Director, Governor's Finance Office  
Sarah Coffman, Assembly Fiscal Analyst, Legislative Counsel Bureau  
Wayne Thorley, Senate Fiscal Analyst, Legislative Counsel Bureau  
David Schmidt, Chief Economist, Department of Employment, Training and Rehabilitation  
Abby Yacoben, Chief Financial Officer, Washoe County

**STAFF PRESENT:**

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Legislative Counsel Bureau

**OTHERS PRESENT:**

Mike Lawton, Senior Economic Analyst, Gaming Control Board

## TRANSCRIPT

**David Schmidt:** Good afternoon. I'd like to call to order this meeting, November 21st of the Technical Advisory Committee on Future State Revenues. Mr. Nakamoto, can you please call the roll?

**Michael Nakamoto:** Ms. Coffman?

**Sarah Coffman:** Here.

**Michael Nakamoto:** Ms. Stephenson?

**Amy Stephenson:** Here.

**Michael Nakamoto:** Mr. Thorley?

**Wayne Thorley:** Here.

**Michael Nakamoto:** Mr. Vitton (ph)?

**Mr. Vitton:** Here.

**Michael Nakamoto:** Mr. Wright?

**Mr. Wright:** Here.

**Michael Nakamoto:** Ms. Yacoben?

**Ms. Yacoban:** Here.

**Michael Nakamoto:** Chair Schmidt?

**David Schmidt:** Present. Thank you very much. Moving to agenda item 2, we have our first opportunity for public comment. Is there anyone here in Carson City that would like to offer public comment? Broadcast, is there anybody online that would like to offer public comment?

**Broadcast Service:** If you would like to provide public comment, please press star 9 now to join the queue. Chair, there are zero callers to provide public comment at this time.

**David Schmidt:** Thank you very much. We'll move then to agenda item 3, which is a review and approval of revenue forecasts for selected general fund sources. Mr. Nakamoto, can you please walk us through this agenda item?

**Michael Nakamoto:** Thank you, Mr. Chair. For the record, I am Michael Nakamoto. I serve as Chief Principal Deputy Fiscal Analyst with the Fiscal Analysis Division of the Legislative Council Bureau. And, for today's agenda, just as a matter of housekeeping for anybody who is watching online, the meeting materials that all the members do have here in person are

available on the Budget Division's website at [www.budget.nv.gov/meetings/budget\\_division](http://www.budget.nv.gov/meetings/budget_division). That is where the agenda and the five tables that I will be referencing here very shortly are located for people who are online, who happen to be watching this meeting. As I noted, Mr. Chair, there are five tables that have been made available to you. I'm not going to go through all five. I'm just going to go kind of through a high-level overview of basically what the changes are to the forecast since the last time that this body met on October 30th.

The first table that you have is table 1, and this is the one that has green and orange on the right-hand side. This is the year-to-date collections table that we last time had through the end of September for both FY24 and FY25. It is now available through the end of October for FY24 and FY25, so that is available for your reference. Next is table 3, titled "General Fund Revenue Forecasts, Agency Fiscal Budget." Like last time, these are the forecasts for each revenue source by fiscal year, by forecast, whether it's the agency forecast, the Fiscal Analysis Division forecast, or the Budget Division forecast, and these are the forecasts that are part of the information set that was used to develop the consensus forecast. So, they have been updated from the last time. That has been said because they have been updated from the last time, the third table, that I will reference titled table 3, Difference, and this is basically the difference between this forecast in table 3 from the forecast that was presented to you for each of these revenues on October 30th. Finally, the last two tables are the Technical Advisory Committee General Fund Revenue Forecast, November 21, 2024, which is the proposed consensus forecast that is being presented today, that I will go through, and then the last one is "Difference Technical Advisory Committee November 21, 2024, versus October 30, 2024," which is fairly self-explanatory. It is the difference in this consensus forecast from the last one. So, with that, Mr. Chair and members of the committee, my intention today was really to do a high-level overview of really what the changes are. So, that kind of you know, where we are at now versus where we were at before, and really what the changes are. So, I am really going to be referring to the Technical Advisory Difference Table, but again if there are any questions or if there are refreshers that are needed on any of the revenues, I am available to answer those questions.

On the first page, you can see, under the gaming taxes, there were very few changes, there were minor changes to the annual games fees forecasts that were submitted to us by Mr. Lawton from the Gaming Control Board, that we thought were reasonable to incorporate. So, the net change was \$500 in FY25 and \$200, and those both being negative in FY26. So, on more important or larger changes, the transportation connection excise tax GL 3073, you can see has negative downward revisions of just under \$600,000 in FY25, \$920,000 in FY26, and just over \$1.1 million in FY27, and basically if you were to go to look at the forecast, the Agency Fiscal Budget, you would find that the Fiscal Division reduced their forecast for this. We had another month of collections on this, and it was weaker than we thought, and so looking at that and kind of revaluating this tax going forward, we incorporated those revisions in, and so the end result was this downward revision of the tax by this amount. Next was the cigarette tax GL 3052, which also had downward revisions in the neighborhood of about \$500,000 fiscal year, and this is the same story. We got another month of collections from the Department of Taxation, and when we incorporated those fiscal reduced its forecast, and then when it went through the average rules, the average of agency fiscal and budget, it reduced the forecast by those amounts. So then on page three, there are really no substantial changes worth noting other than the business license fee, which had upward revisions in the neighborhood of \$320,000 per fiscal year, and again, this is the same story here based on the most recent month of collections we had from the Secretary

of State's office, and that was through September. We basically looked at it and thought that it was appropriate to increase our forecasts which then got averaged through and shows or reflects the increase that you see here. But the end result, you can see just for the total taxes was a net downward revision of \$879,500 in FY25, just over \$1.2 million in FY26 and just short of \$1.4 million in FY27. I'm just going to go ahead and move on because there may or may not be questions, and we can perhaps save them until the end.

On page 4 under licenses the most significant change there was to the Secretary of State Commercial Recordings, GL 3130. And, this was yet another instance where the fiscal analysis division saw the actual collections were stronger than we had anticipated. So, we revised our forecast upward and then when it was averaged with the Secretary of State's office and with the budget division who did not revise their forecasts, this was the end result of that increase for each of those fiscal years. Then in GL 3161, Real Estate Licenses, you can see that there were revisions and upward revision FY25 of about \$59,000, and then downward revisions in FY26 and FY27. This was as a result of adjustments to the forecast made by the budget division, and then when you went and averaged them in, this was the end result of the consensus forecast. So, the net increase to total licenses was \$551,300 in FY25, \$587,200 in FY26, and \$209,100 in FY27. Moving down to fees and fines, the big change there was to the short-term car lease, GL 3066, which you can see had fairly significant debt, well, significant in dollar amount, in percentage terms, maybe not so much, but the downward revisions in that GL had to do with looking at the first quarter collections for both this portion as well as the peer-to-peer which both came in shorter than what our expectation was at fiscal. So, we revised our forecast downward and as a result it pulled that average down on that forecast by those amounts. So, for total fees and fines, the net decrease was \$822,500 FY25, \$871,300 in FY26 and FY27 was \$893,700.

Turning to the next page, Money and Property, you can see a bunch of zeros. There were not any changes to the repayments or to other interests, so there are no changes to those forecasts, and then in, for other revenue there are two that are worth highlighting. The first is expired slot machine wagering vouchers, GL 3047, which you can see has upward revisions in all three fiscal years. This is based on information and the forecasts that were provided by Mr. Lawton at the Gaming Control Board, who has seen stronger activity for this revenue source year-to-date, and thought it was prudent to increase the forecast as we are, we had accepted the agency forecast for the previous meeting. We thought it was reasonable to accept the forecast here as well.

Then the last one that is worth discussing is GL 3255 Unclaimed Property, and you can see that this is by far the largest adjustments in dollar terms for the forecast today. So, basically, the revisions to the forecast came from both the forecast from the State Treasurer's Office as well as the Fiscal Analysis Division. I'm not going to speak for the Treasurer's Office, but for the Fiscal Analysis Division, basically the way that the unclaimed property works is banks, financial institutions, anybody who's holding money for somebody after a certain period of time, it's considered abandoned and has to be turned over to the treasurer's office. So, when we were at this point, and doing the forecast back in October, the deadline for what are called holder reports, and that's money coming mostly from banks had not passed yet. That comes on October 31<sup>st</sup>, and so there was a fairly reasonable amount of revenue that we were looking in for that, and then when I went to reopen the spreadsheets and look at all of this right around Veterans Day, so after that date, all of a sudden there was between \$80 and \$90 million dollars more revenue that had popped in here to the point where the total revenue coming in to the abandoned property account is higher now in FY25 than it was for

the entirety of FY24. So, I had conversations with the Treasurer's Office about this, about what was going on, and they had indicated it's just, that's the deadline, but a lot of activity came in and part of it was some law changes that changed the timing by which some of this was transferred over, but then all of a sudden, here we are sitting with this huge amount of money that has now popped in and trying to determine, okay, are people going to be claiming it, or is it just going to sit there? So, as I worked through and looked all at all of this, we are kind of looking at the percentage of people who in FY24 or in previous fiscal years, the amount of revenue that comes in versus the amount of obligations that get paid back out. So people go to the unclaimed property website, put in their name, they find that they're owed money. They make an application, and they eventually will receive a check from the state, and that number is usually around 50% or so, but in FY24, it fell down to just under 39%, and so thinking about all of this, and thinking that all of this money was coming in, that 39% seemed a little historically low. So, trying to bring that up a little bit and thinking, okay, people are going to go after this money a little more than they might usually. It ended up with the upward revisions. For us, it was over \$10 million, but when you, and with the treasurer's office having slightly lower increases in theirs, but the net result of when you averaged the forecast between the treasurer's office and the fiscal analysis division, the net was an increase of just under \$5.7 million in FY25, approximately \$4.4 million in FY26, and just under \$4.6 million in FY27. And, so the end result for this is the total amounts before tax credits for FY25 of just under \$779.3 million, so it's \$779,263,278 is approximately \$4.5 million above the consensus forecast from October 30th. FY26, the total of \$776.7 million, it's \$776,695,384 is approximately \$3.1 million above forecast or the previous forecast. And, then the FY27, total of \$786,708,884 is approximately \$2.8 million above the previous consensus forecast, and this is again, before tax credits since we deal with the tax credit separately. So, with that, Mr. Chair and members of the committee, I know that was brief, but if it was too brief, I am glad to answer any questions. Thank you.

**David Schmidt:** Any questions? I had just a couple of questions. Maybe just clarify, making sure that I'm thinking about this correctly. So for the transportation connection and the short-term car lease sources, it's not a change in necessary expectations about like, you know, x happened in the economy, and so we think there will be less rentals. It really is just looking at the data coming in. And, the original projections were for growth of, I think in the first fiscal year, about \$7 million currently speaking, so it's a reduction in the pace of growth. And, so I just wanted to square that because I looked at the slide, the numbers went up, the revision is down, and it's because we weren't seeing the growth necessarily that we would have expected to see in that month, is that a fair summary?

**Michael Nakamoto:** Thank you, Mr. Chair. For the record, Michael Nakamoto with the Fiscal Analysis Division. I think the easiest and perhaps most non-technical way that I can put it, although it may still be, is this was an intercept adjustment and not a slope adjustment. So, we didn't really change the outlook, but we're just more or less adjusting to the actual collections.

**David Schmidt:** That works for me. Thank you. Alright with that, I think we could take a motion to approve the revised forecast.

**Amy Stephenson:** I move to approve the revised forecast.

**David Schmidt:** Do we have a second?

**Sarah Coffman:** I second that.

**David Schmidt:** Alright. We have a motion and a second. Any discussion? All in favor, please say aye.

**Commission:** Aye.

**David Schmidt:** Any opposed? Alright. The motion passes. Moving on to agenda item number 4, Review and Approval of Forecasts for Various Tax Credit Programs. Mr. Nakamoto?

**Michae Nakamoto:** Thank you, Mr. Chair. Again for the record, Michael Nakamoto with the Fiscal Analysis Division. I'm gonna make this one even briefer. At the bottom of page 5, you can see the tax credit programs on the difference table. You see a bunch of zeros. And basically, at this point in the year, given kind of the way that the Economic Forum meeting is falling and the timing by which we would receive additional information from the relevant agencies, we have no real additional information in terms of how the credits are being used. So at this point, we feel comfortable in leaving the forecasts as they are, or as they were presented and approved at the October 30th meeting with the caveat of course that when this body meets again before the May 1 economic forum meeting, so that'll happen sometime mid to about the third week of April, we will have better information and possibly revised forecasts for you then. But for this point, Mr. Chair, there are no revisions to those forecasts. So, the end result is the total tax credits are \$50,996,100 in FY25, \$72,310,650 in FY26, \$83,155,700 in FY27, and these are negative numbers. These are numbers that are subtracted from the gross revenue to get to a net number that is available to be spent as part of the budget. So, I can answer any questions at this point. Thank you.

**David Schmidt:** Any questions? No questions. Do we have a motion to approve the unchanged forecast?

**Wayne Thorley:** Thank You, Mr. Chair. I move to approve the unchanged revised tax credit forecast.

**David Schmidt:** Second?

**Sarah Coffman:** Second.

**David Schmidt:** Okay. Got a motion and a second. All in favor please say aye.

**Commission:** Aye.

**David Schmidt:** Any opposed? Alright. Motion passes. With that we can move on to agenda item 5, second opportunity for public comment. Anyone here in Carson City that

wants to offer public comment? Broadcast, do we have anybody on the line that would like to offer public comment?

**Broadcast Service:** Chair, the public line is open and working, but there are no callers to provide comment at this time.

**David Schmidt:** Thank you very much. We'll close that public comment and go ahead and adjourn the meeting. Thank you very much, everyone.