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Director

David Johnson
Deputy Director

Curtis Palmer
Administrator

# STATE OF NEVADA
# GOVERNOR'S FINANCE OFFICE
## Budget Division

209 E. Musser Street, Room 200 / Carson City, NV 89701-4298
Phone: (775) 684-0222 / Fax: (775) 684-0260
http://budget. nv. gov/Meetings

# MEETING MINUTES

**Name of Organization:** Economic Forum: Technical Advisory Committee on Future State Revenues
*Nevada Revised Statutes* (NRS) 353. 229

**Date and Time:** Wednesday, October 30, 2024
2:00 p.m.

**Location:** Legislative Building, Room 2135
401 South Carson Street
Carson City, Nevada 89701

## MEMBERS PRESENT:

David Schmidt, Chief Economist, Department of Employment, Training and Rehabilitation (Chair)
Sarah Coffman, Assembly Fiscal Analyst, Legislative Counsel Bureau
Amy Stephenson, Director, Governor's Finance Office (Vice Chair)
Wayne Thorley, Senate Fiscal Analyst, Legislative Counsel Bureau
Christopher Viton, Vice Chancellor of Budget & Finance and Chief Financial Officer, Nevada System of Higher Education
Christopher Wright, State Demographer,Department of Taxation
Abbe Yacoben, Chief Financial Officer, Washoe County

## STAFF PRESENT:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst, Legislative Counsel Bureau
Susanna Powers, Deputy Fiscal Analyst, Legislative Counsel Bureau
Mauricio Solario, Economist, Governor's Finance Office
Haley Owens, Deputy Fiscal Analyst, Legislative Counsel Bureau

## OTHERS PRESENT:

Mike Lawton, Senior Economic Analyst, Gaming Control Board

## 1. Call to Order/Roll Call.

**David Schmidt:** I'd like to call to order this meeting on October 30, 2024, of the Economic Forum Technical Advisory Committee on future state revenues. Mr. Nakamoto, would 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. Fatone?

**Mr. Viton:** Here.

**Michael Nakamoto:** Mr. Wright.

**Mr. Wright:** Here.

**Michael Nakamoto:** Ms. Yacoben.

**Ms. Yacoben:** Here.

**Michael Nakamoto:** Acting Chair Schmidt.

**David Schmidt:** Present. Thank you very much.

## 2. Public Comment.

Public testimony under this agenda item may be presented in person, by phone or by written comment.

Because of time considerations, each person offering testimony during this period for public comment will be limited to not more than 3 minutes. To call in to provide testimony during this period of public comment in the meeting any time after 1:30 p.m. on Wednesday, October 30, 2024, dial **(888) 475-4499**. When prompted to provide the Meeting ID, please enter **822 2520 6136** and then press #. When prompted for a Participant ID, please press #. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-6990.

A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted electronically before, during, or after the meeting by email to dcastillo@finance.nv.gov. You may also mail written documents to the Governor's Finance Office, Budget Division, 209 East Musser Street, Suite 200, Carson City, Nevada 89701 or fax them to (775) 684-0260.

**David Schmidt:** Moving on to agenda item number two, we have the first opportunity for public comment. Public testimony under this agenda item may be presented in person by phone or by written comment, because of time considerations. Each person offering testimony during this period will be limited to not more than three minutes. Is there anyone wishing to offer public comment here in Carson City? Seeing none, is there anybody online who would like to offer public comment?

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

**David Schmidt:** Thank you very much.

**3. Election of Chair and Vice Chair (For Possible Action).**

**David Schmidt:** Moving on to agenda item three. We have election of chair and vice chair for possible action. Do we have any motions on this agenda item?

**Sarah Coffman:** Mr. Acting Chairman, I would nominate, you, David Schmidt, as the chair. And for the vice chair, I would nominate Amy Stephenson.

**Wayne Thorley:** I second that motion.

**David Schmidt:** We have a motion by Ms. Coffman, a second by Mr. Thorley. All in favor, please say aye.

**Group:** Aye.

**David Schmidt:** Any opposed? Hearing none, the motion passes. Thank you very much.

**4. Approval of the April 21, 2023 Meeting Minutes (For Possible Action).**

**David Schmidt:** Moving on to agenda item number four. We have approval of the April 21, 2023, meeting minutes for possible action. Do we have a motion on this item?

**Wayne Thorley:** Mr. Chair, I move to approve the minutes from the April 21, 2023 meeting.

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

**Amy Stephenson:** I am second. Amy Stephenson.

**David Schmidt:** We have a motion from Mr. Thorley and a second from Ms. Stephenson. Is there any discussion? All in favor, please say aye.

**Group:** Aye.

**David Schmidt:** Any opposed? That motion passes.

**5. Review and Approval of Revenue Forecasts for Selected General Fund Sources, including Taxes, Licenses, Fees, Fines and other Revenue for Presentation to the Economic Forum at the Economic Forum's November 7, 2024, Meeting (For Possible Action).**

**David Schmidt:** Agenda item number five, we have review and approval of revenue forecast for selected General Fund sources. Mr. Nakamoto, I think from here you'll take the reins and guide us through the agenda items.

**Michael Nakamoto:** Yes. Thank you, Mr. Chair. For the record, my name is Michael Nakamoto. I serve as Chief Principal Deputy Fiscal Analyst with the Fiscal Analysis Division of the Legislative Council Bureau. And I apologize for the technical issues that have been going on. But now that we are into the meat of the agenda, before we get started, especially for the member or the members, as well as the people who may be watching this meeting online, there are several documents that I'll be going through today if you are online and watching this meeting. The meeting materials are available on the Governor's Finance Office's website at budget.nv.gov/meetings/budget_division. And there are three tables that we will be going through, and I will go through those now. All of the members do have copies of these at the day or at your seats. The first one is, this one that has a little bit of rainbow on the right-hand side. This is table one, General Fund revenues actuals, and basically what we have in this table is the year-to-date actual collections for the State General Fund for FY22, FY23, and FY24, as well as the year-to-date collections through September 30th. Normally, we like to put this out at the end of every month, but because we are having this meeting two days before the end of the month, the best we can do is the year to date through September. When this body meets again, probably around the third week of November, we will have another table that will give the year-to-date actual collections through October for both FY24 and FY25. So, that is the first table. The second table is marked Table 3. And this is the General Fund revenue forecast for agency, fiscal and budget, agency in this table is the relevant agency that collects or administers this revenue source, be it the Department of Taxation, the Gaming Control Board, the State's office, the State Treasurer, or anybody else who is responsible for collecting or administering revenue for the State General Fund. Fiscal is the Fiscal Analysis division. And then Budget is the Budget Division in the Governor's Finance Office. And these are the forecasts that are for consideration today. The so-called non-major or minor revenue sources for the State General Fund for FY25, the current fiscal year, as well as the two upcoming years of the next biennium, FY26 and FY27. And then finally, there's a third table that is a technical advisory committee, General Fund revenue forecast, November 7, 2024 for FY25, 26 and 27. And this table represents the forecast that we will be presenting to you today as the consensus forecast based on the -- basically what happens is, the agencies as well as the Fiscal Analysis Division and the Budget Office, all prepare their own forecasts. They are submitted to our office and to GFO, and they're put into this table. basically, we look at these and we come up with something that is a reasonable consensus forecast that we can present for each of these revenue sources, this will be the table that I go through.

This will ultimately be what you consider today, and you can approve it as is, or you can suggest changes to it and there will be the ability to ask questions about it, any of these revenue sources as we go along. So on this table for the consensus forecast, what I will

note, is that the directions that were given to this body from the Economic Forum at the last meeting on October 16th, were to keep the non-major revenues or the revenues that are under consideration by this body, the same as in the last cycle, with the exception of treasurer's interest income, which is now considered a major revenue source, and will be considered by the economic form at its meeting next Thursday on November 7. So, most of what you see here is the same for those of you who have been on this body before as they were in the last cycle. But for the several of you who are new to this, these are again what we consider the non-major or minor revenue sources. These, in total, make up just over 10% of the State General Fund. The remaining 90% of the General Fund is under consideration by the Economic Forum, and they will approve forecasts for those on or before December 3 that the governor will use or must use for building the executive budget for the upcoming budget. So, I'll start going through these and, and again, we'll stop at various points, at your direction, Mr. Chair, for any questions that may arise.
The first block that's worth noting is the mining tax. And you can see that there is nothing there other than a line of zeros. And this is as a result of several legislative changes to the mining taxes beginning in the 2021 session. And the end result of those is that there is no money from mining taxes. Now going to the State General Fund, all of this money goes to the state education fund and is used for K-2 education. The forecasts for the state education fund are not in the purview of the Economic Forum. So, we don't have to worry about those today. Similarly, the sales and use tax, as I mentioned, is a major revenue source that is under the purview of the Economic Forum. Those forecasts will be presented by the Department of Taxation, the Fiscal Analysis division, the Budget Office, and Moody's Analytics as an outside forecaster at the meeting next Thursday. Next under State gaming, there are forecasts for every item there except for GL 3041, which is the percentage fees on gross gaming revenue. That is a major revenue source. The others are considered non-major revenue sources. And so the numbers that you see here are after consideration and discussions with Mr. Lawton at the Gaming Control Board. The consensus is that we went with the Gaming Control Boards forecast. Mr. Lawton is very good at what he does, he talks to the properties, he gets good information, and we had a few questions for him. These are all his forecasts, and there are a couple that I will point out just for the edification of this committee, where there's fairly significant differences to what we saw in the past. You'll notice, before you get to the FY25 for forecast, you see the FY2024 actuals. , the first one that I'll point out is the comparison for that is GL 3042, the Gaming Penalties. You can see that the FY 2024 actual was $10.9 million. And then we get to FY25 and it's only $850,000. There was a significant fine that was levied on an individual and FY24. And unless that, individual decides that he wants to get fined, again, we're not anticipating that to happen in FY25. There are some fines that will of course happen, and other penalties that will be levied by the Gaming Commission, but not to the level that there was an FY24. So that reduces the forecast considerably. And then going down to GL 3046, the advanced license fees, in FY24, that was approximately $9.6 million. And in FY25, and for that matter in FY26 and 27, they're down to $550,000. The advanced license fee is a prepayment to prime the gaming percentage fee. Basically, they have to pay a license fee equal to three months of their estimated gaming or gross gaming revenue percentage fee tax in advance. And this happens when it's a new property or a change in ownership or anything of that nature. Anything that triggers a brand-new license. And I'm hoping I explain that well enough. Basically, there were some properties, opening in FY24. And there's nothing that is on the board's horizon, or for that matter, our horizon during the upcoming biennium that would

trigger a significant amount of this fee. So, this is kind of the normal activity for transfers of licenses. It's smaller properties and smaller amounts of this fee being paid. So that's really for the gaming, taxes and fees. That's really what I wanted to go through on this, Mr. Chair. Is this a good time to stop or should I just keep going?

**David Schmidt:** I think we can stop and see, does anyone have a question? No? I did have a couple of small questions on the penalties. I noticed that the pre-FY22, 23 level of penalties was about 300,000. The forecast is up to about 700,000. I was wondering if there was a change there or just for that extra $400,000 or so in the forecast outside of the one large item you mentioned.

**Michael Nakamoto: This** is a point where I think I'll have Mr. Lawton answer the question because I'm sure he has some information on this.

**Mike Lawton: Good** afternoon, Mr. Schmidt. Thank you. For the record, Mike Lawton, senior Economic Analyst for the Nevada Gaming Control Board. Obviously, fines and penalty interest is a difficult thing to forecast. What we do historically, we take an average of previous years, not including years that had a large anomaly with a seven figure fine. And that's where we come up with the $700,000 figure. FY25 you'll notice is a little higher. We do have a known disciplinary action that should have been settled last week, but there was an issue with the agenda being posted, and that should be settled next week. We don't anticipate not being settled for the $250,000. So, with that being said, that came in a little higher because it's a known, and then the rest is just an average for the next two fiscal years.

**David Schmidt:** Thank you. And then my other question was the advanced license fees, and I think Mr. Nakamoto answered my question, but I'll ask it just in case. For fiscal year 27, that's when the former Mirage, soon to be Hard Rock, is expected to open up because that's not a new license. Is there any consideration about whether that would hit at the end of this forecast?

**Mike Lawton: I'm** almost a hundred percent sure it's not being considered a new version number. Additionally, if it is, I think the timing of that opening, it's too maybe far out or risky to include that in our current model for advanced license fees. I can get back to you to make sure that it's not considered a new license. I don't believe it is, but I can email you separately and let you know. But model, I think it's a timing more than anything, so.

**David Schmidt:** Thank you very much.

**Mike Lawton: By** 28, that's going to come into play, hopefully. In a lot of different collection pieces.

**David Schmidt:** Seeing no other questions, Mr. Nakamoto, please continue.

**Michael Nakamoto:** Thank you, Mr. Chair. Again, for the record, Michael Nakamoto with the Fiscal Analysis Division. On the bottom of page one, you can see GL 3072, the commerce tax, which is administered by the Department of Taxation. This is one of the major revenue sources, and so it is not under consideration, and you do not have a forecast listed on this sheet for that. Below that is GL 3073, the Transportation Connection, excise tax. This is a tax that is levied on taxi cabs, transportation network companies, I think Uber and Lyft, as well as other common carriers at a rate of 3% of the fare that is charged. You can see that the revenues are significantly higher in FY25 than they were in FY24, but then you see that they go down in FY26. And this is a part of the distribution of the tax. The first $5 million for each biennium for this tax is deposited in the State Highway Fund with the balance after that $5 million distribution being distributed to the State General Fund. What ends up happening as a result of that is in the even numbered year, you see the collection numbers go down a little bit, and then they come back up in the odd number year, and then they go down again in the next even numbered year. So, if you think about it and add $5 million, at least mentally, there is some growth to the tax. But once you take out that $5 million, it gets this weird pattern where it looks like it gets really productive, and then it's less productive, and then it's suddenly more productive. But that's the reason why this pattern exists. The forecast that you see here for each fiscal year is an average of the agency forecast, in this case of the Department of Taxation and the Fiscal Analysis Division. Under GL 3052, the cigarette tax, this is one of the larger, and it may actually be the largest of the non-major revenues at this point. But it is a tax that is in decline as the smoking of cigarettes has fallen out of favor. So, you can see that there's a steady decline, which is actually something that has been experienced, probably since the tax was last increased back in the 2015 session. The forecast that you see here are the average of the agency, the Fiscal Analysis Division in the Budget Office. So, turning to page two, there is actually nothing to present to you here. This is all for the modified business tax, including tax credits associated with the MBT. We go through tax credits in a separate agenda item. So, I won't discuss those here other than to mention that this information is not under the purview of this committee. Similarly, with about the top half of page three, that's the totals for the modified business tax as well as the insurance premium tax, which are, again, both major revenues that will be discussed at next week's Economic Forum meeting.

Underneath the insurance premium tax, you've got a couple of smaller insurance taxes, the insurance retaliatory tax, and the captive insurer premium tax, which are administered by the Department of Taxation and then the insurance division at the department of Business and Industry, respectively. You see there are an average of the Agency Fiscal and Budget. You'll see the real property transfer tax, which is one of the other major General Fund revenues. So there are no numbers there for that reason. Underneath GL 3051, the governmental services tax, there has been since the 2009 session or so, an increment of the governmental services tax that was peeled off from and had a different distribution. Originally it went to the State General Fund with the intention of having it distributed to the State Highway Fund. Then the legislature throughout the coming out of the Great Recession and changed the distribution, then decided to send a part of it to the State Highway Fund and keep some of the State General Fund. And the percentages kept going back and forth. During the 2023 session, however, the legislature passed a bill to move 100% of this revenue to the State Highway Fund, beginning in FY 2024. As a result, you could see the FY 24 collections were zero, and the forecasts are also zero. So, this is one that will be coming off these sheets eventually, and it's one that we do not have to worry about at least until the legislature decides to start distributing some of it back to the State General Fund. So, under other taxes, I'm not going to go through all of these, and kind of like high level overview, most of these are an average of the Agency Fiscal and Budget. The business license fee is administered, may primarily by the secretary of State's office. There's a small portion that's deposited for trade shows and conventions by the department of Taxation. But that is very slowly growing at this point.

The liquor tax is also an average of the Agency Fiscal and Budget. The reason why you have the decrease from FY24 to FY25 based on information that we received from the Department of Taxation, was that there was actually some revenue that was deposited in FY24 that actually belonged to FY23. It was a taxpayer who had their June 2023 return. So, the last month of FY23 ended up not getting deposited into the General Fund until the first month of FY24 until July. And so that is kind of what accounts for it. So, there's actually a little bit more money in FY 24 than there should be, and a little bit less money in FY23 than there should have been. The FY25 forecast decreases just kind of offset for that. And then we have a steady growing from that point under other tobacco tax, GL 3053, this is the only one of what's in this block that is not the average of agency fiscal, and budget is an average of the Fiscal Analysis Division in the Budget Office, there are a couple of things that we're looking at with respect to the decreases in this revenue source. The first is, legislation that was passed in the 2023 session. Assembly Bill 232 changed the taxation of what are defined as premium cigars. So it's a cigar, but there's a more definition to it to establish it as a so-called premium cigar. But they are still taxed at 30% of the wholesale price, like anything else in this category. There is actually a floor on the minimum tax on the premium cigar is 30 cents, and the maximum tax on it is 50 cents. So, if it were a cigar that had a previous wholesale price of $10, the tax would've been $3 and now decreases to 50 cents. So, this is something that we're looking at as part of the reason why the revenues are decreasing. And then the other thing, just as more of an observation, or at least something that we're noticing is that e-cigarettes and vape products are also part of this tax, and they have been since, I believe, the 2021 session. Oh no, it's 2019, I believe. But it's one of those things where it kind of picked up because vaping was seen as an alternative to smoking. But I think as time progresses, people are even starting to move away from vaping a little bit because of uncertainties regarding health issues. They might be substituting into other products such as cannabis, we're not quite sure. But I think that may explain part of the decline in this because even absent the change in the premium cigars, there has been a decline in this revenue source, I believe, since FY23. So those are a couple of the things we're thinking of that may explain that, but we also have a decreasing over the forecast horizon. And then lastly, under the branch bank excise tax, this is an average of the Agency Fiscal and Budget. This tax is levied at a rate of $1,750 per calendar quarter for each branch that a bank has in the state with an exemption for the first branch in each county. And especially during the pandemic, but perhaps even before the pandemic. I think a lot of people, myself, and maybe a lot of you included, have realized that you don't actually need to go into a bank to do your banking. And I think the banks are realizing that as well. And we've actually watched as many of the major banks and even some smaller banks have closed their branches, moved a lot of their services to their phone apps or online or so, their website, and so on. So this is just continuing a pattern for this tax. So, again, Mr. Chair, we're going to go through the tax credit separately in a different agenda item, but I think this might be a good point to stop, and see if there are any questions.

**David Schmidt:** Agreed. Any questions from gaming to the present? It's a fairly quiet group. The one question I had was about the business license fee. The dollar amounts continue to increase. The pace is going down. I was just curious, is that levied as a flat fee? Just trying to think of how growing employment and inflation would affect that since it's a fairly large number, we're expecting to continue to see an increase in volume, and that's what drives the dollar value up.

**Michael Nakamoto:** Thank you, Mr. Chair. Again, for the record, Michael Nakamoto with the Fiscal Analysis division. The Secretary of State's office is behind me, and I'm sure they will step in if I say something that is incorrect. But the state business license is levied at a rate of $500 for a corporation, but it is $200 if you are not a corporation. So, one of the things that we have to look at when we're forecasting this is how many business licenses are being issued to corporations, and how many of them are being issued to non-corporations. And so part of the thing that goes on is, with respect to this particular fee, is that it's not only businesses who are actually physically in the state doing business. If a business goes to the secretaries of state's office, and especially like an out-of-state corporation, and they want to establish their corporation or their LLC or whatever, business entity they choose, they can do that here and be protected under Nevada's laws, but they still have to get a state business license as part of that. , one of the things that we have noticed in recent years is that mix of the entities who are forming here changes. And it may have something to do with that $500 fee for a corporation versus a $200 fee for a non-corporation that we have to pay attention not only to how many entities are filing, but what type. So, we could have business growth, but it could be a lot of non-corporations who are getting a business license, and we could actually have corporations who are paying the $500 no longer choosing to move their filings to Wyoming or Delaware or another state that has favorable corporate laws, but it's not charging $500 for an annual business license. , this is kind of the thing that we have to look at. It's not necessarily an indicator of businesses, but it's trying to figure out what the mix of the types of entities who may be getting a license is.

**David Schmidt:** Thank you very much. Anyone else? I think we can continue.

**Michael Nakamoto:** Thank you again, Mr. Chair. Michael Nakamoto with the Fiscal Analysis Division for the record. So on page four, you can see there are two major blocks, the licenses and then fees and fines. And I'm not going to go through all of them. I'll just kind of hit the highlights of some of the bigger ones here. And the first is insurance licenses which are issued by the Insurance Division at the Department of Business and Industry. The forecast here is an average for the Fiscal Analysis Division and the Budget Division with steady growth in this, and for whatever reason, with the exception of a few years in most of the time that I've been in the Fiscal Analysis division, which is now coming up in 19 years, this revenue source has steadily increased. And the way that I have looked at it is that the need for insurance and the demand for insurance doesn't necessarily go away. People still have to insure houses, cars, automobile, or other auto vehicles. They insure themselves as life insurance or health insurance or whatever insurance products that they have to purchase. And as long as people are going to be needing to buy insurance, there's always going to be someone there to sell it to them. , it's my understanding that even like the online or the people that, if you call up like the 800 number for GEICO, and you talk to an agent, they have to route you to somebody who is licensed to sell insurance in the state of Nevada. They may not actually live in Nevada. Their call center may be in Ohio or somewhere else in the state, but they have to get you to somebody who has a license in Nevada. As the population grows, as the demand for, or the need for insurance at least maintains, if not increases, there will always be people who are needed to sell it to you. Historically with the exception of two or three fiscal years since even through the Great Recession, this has steadily increased and is now going to cross over $30 million per year. And that's the way that we're seeing is, there's nothing that indicates that that is necessarily going to change. Under Secretary of State, the couple that I'll point out are commercial recordings. And I think my comments with that kind of go hand in hand with the comments on the, the state business license fee that there's just a steady growth of businesses who are choosing to come to Nevada and form their entity or who are actually doing business and need to form an LLC or a corporation or what have you, as well as renew. This is one that does follow the business cycle a little bit, but I think the growth that we have here, which is the average of the Agency Fiscal and Budget, is kind of representative of what, of the growth that we see during a normal period the one to 1.5% range. And then, the last under Secretary of State GL 3050 or 3152 is securities. And this is if you are a securities dealer or a stockbroker or that kind of entity, you'll have to get a license. And that's one, again, that kind of just steadily increases. And we maintain that through the cycle. This is also the average of the Agency Fiscal and Budget. Real estate licenses, GL 3161. Anybody who's a real estate agent or runs a real estate office needs to get a license from the real estate division at the Department of Business and Industry. This one you can see probably just a little bit or not very much growth in FY 2025. And this is one that, the way that we've looked at this is, it kind of follows the housing market. And in the periods where the housing market slows a little bit, you get people who may choose to not renew their license or fewer people come in and get a new license. And I think this is a period that we've kind of seen in the last couple of years at least in Nevada, that there are people purchasing houses, but there really hasn't been a lot of inventory. So, it may be a little slower than usual, but we also see that picking up, especially as interest rates come down. So, the forecast that you see here is for the agency, the fiscal and budget, the average of those three where we're still a little bit slower, more than in FY25 than we are in 2026 and 2027, because I think we see the real estate market picking up a little bit more in the next biennium. And then lastly, athletic commission fees, GL 3102, this is a tax, there's a tax of 8% upon the admission price for unarmed combat. So, boxing, mixed martial arts such as UFC and so on. This is administered by the athletic commission over at the governor's office. And of that 8% fee, they are able to keep a quarter of that. So 2% stays in their budget for administrative purposes. The other 6% comes to the State General Fund. And so this is that 6% portion. FY 2024 based on the information we got from the athletic commission was higher because of some special one-time events, UFC events that happened in Las Vegas that they're not anticipating repeating in FY25. So, it comes down a little bit. And then, there's a little bit of growth in 26 and 27, presumably just as ticket prices increase. But again, this is one that's subject to the mix of events that comes to Las Vegas or anywhere else in the state that may have mixed martial arts or any sort of unarmed combat. And then this forecast is the average of the Agency Fiscal and Budget. So, if this is a good point to stop, Mr. Chair, or I can go through fees and fines.

**David Schmidt:** Any questions? Please go on.

**Michael Nakamoto:** Thank you, Mr. Chair. Again, for the record, Michael Nakamoto with the Fiscal Analysis Division. Under fees and fines, I don't know if there are a lot that are worth mentioning. There are a couple that I can point out here. Most of these are the average of the Agency Fiscal and Budget anyway, with the exception of divorce fees which is the Fiscal Analysis division's forecast where we figure that people are not going to be getting divorced any less or more than they have been in recent years. But I will point out, GL 3066, the short-term car lease, this is a 10% tax that is paid by anybody who rents a car in the state of Nevada. The proceeds go to the State General Fund, this is the average of the Agency Fiscal and Budget. One of the things that I will note on this one, there are actually a couple things that I'll note. The first one is this actually also is two taxes kind of combined into one. There is a tax on so-called peer-to-peer car lending companies. Touro is the best example that I can think of. And Touro, basically it's like Airbnb, but it's your car instead of your house or a room in your house where basically you rent your own personal car to somebody as if you are a rental car company. And so they have a tax that is identical to this one, but because there are so few taxpayers in this category for disclosure purposes, we have to combine them together. So what you see here is the aggregate of those two taxes, and I can't even tell you what the breakout is, again, because of this disclosure issues. However, one of the things that we really have observed with this tax is, especially when you go back and compare it with the growth of the transportation network, connection tax is one of the things we've noticed in the last few years is this is primarily a tourist tax in the same way that the TNC tax, is primarily a tourist tax. So people come to Reno or Vegas and they're going to rent a car or they're going to use Uber, Lyft, or a taxi cab. But what we're noticing is that the TNC tax is growing far faster. And I think it seems like there's a shift in consumer demand. So, people are still renting a car, and prices are going up, but maybe people are not renting as many cars as they used to be or they're more apt to be using Uber or Lyft or a taxicab than they were, rather than worrying about driving and parking and all of those things. Because I know I don't like driving on the strip on the best of days. And I'm sure that there are a few tourists who might agree with me on that. So that's kind of where we're at on this. This is the average of the Agency Fiscal and Budget. And its growth that kind of follows, I think the general trends of where we think some of the tourist-based taxes are going, but maybe not so much when you compare it to the TNC tax, for example. And then lastly, miscellaneous fines and forfeitures. GL 3271, this is the Fiscal Analysis division's forecast. And GL 3271, the miscellaneous fines and forfeitures, there's seven or eight agencies, if not more, that basically are posting miscellaneous revenue to the State General Fund. And we just put it all here. And so this is one where it's really difficult to figure it out because it could be, it's just money that comes in whenever it comes in. And the -- just over $3 million in FY24 was a little higher than it often is, usually. It's in this usually two and a half million to $3 million range. So we just have it at two and a half million dollars. This is one that we will obviously keep evaluating. And I don't know, maybe in a few weeks we might have better information, but more likely when this body meets again in mid to late April in advance of the May 1st meeting, you may see numbers that are different, higher or lower than this. So, with that Mr. Chair, this might also be a good time to stop and ask some questions. If there are any questions.

**David Schmidt:** Any questions? Please continue.

**Michael Nakamoto:** Thank you, Mr. Chair. For the record, again, Michael Nakamoto with the Fiscal Analysis Division. Under other repayments, these are all agency forecasts and, and basically for some context, the legislature on an occasional basis, and it seems more regular than occasional as of late, will provide General Fund appropriations to agencies. Basically, it serves as a loan. The terms of the appropriation basically say that the agency is required to pay back that appropriation or what they actually spend from that appropriation over a period of time. And it could be a fixed repayment, or there's something in statute that has maybe a graduated repayment over time. So, basically what you see under other repayments, these are all General Fund appropriations that have been made. And this is the repayment that is required under statute. The most notable one that you'll see there is a GL 4102, the City of North Las Vegas, repayment for the Windsor Park relocation. During the last legislative session, SB 450 appropriated $12 million from the State General Fund to the Housing Division at B and I. And then along with other sources, including some federal ARPA money, it is designed to relocate the residents of the Windsor Park neighborhood in North Las Vegas, whose homes have been sinking as a result of groundwater being pumped out of the ground for several decades. The houses are in bad shape and all kinds of things are happening. So, the legislature decided to put some money together to relocate these residents to a different area in the city of North Las Vegas. But the terms of this repayment or this $12 million appropriation say that it's the city of North Las Vegas who is responsible for repaying the $12 million out of their consolidated tax or C tax distributions at a rate of $250,000 per month for a span of four years. So that works out to $3 million per fiscal year that started in FY 2024, and we'll go through the end of FY 2027, and that's the $12 million right there. So that's a brand new one, and it's the largest of the repayments on here. Lastly, under interest income, GL 3290 is treasurer's interest income. You can see the actuals in FY 2024 of $224. 9 million, which may explain why the Economic Forum decided to make that a major revenue source this time. So there are no forecast here. And then under GL 3291, other interest income, this is interest income that's received from counties based on money that's held for us. And we went with the fiscal forecast on this just following, it was fairly high in FY 2024. It's higher than it has been, kind of like the treasure's interest income. But with the anticipation that the Fed is going to keep dropping interest rates, which I believe is our assumption as economists on our end, we see that that number is going to steadily decrease. Not that the revenue that generates that interest is necessarily going to decrease, but just the rate that attaches to it would decrease. But under the use of money and property section, it's between four and a half and $5 million per year. It's not a significant portion of the State General Fund. So, I can stop there or we can move on to the end.

**David Schmidt:** I don't see any burning questions. Please keep going.

**Michael Nakamoto:** Thank you, Mr. Chair. Michael Nakamoto for the record. Under GL 3059, Hoover Dam revenue, that is $300,000 a year of payments that the Federal Government makes to the state and has been making to the state since the mid to late thirties for the privilege of having what was Boulder Dam and now is Hoover Dam located along the Colorado River. I believe that's a perpetual payment. So, unless the Federal Government can somehow be convinced to increase that somehow, that one, we normally don't miss the forecast. Under GL 3047 expired slot machine wagering vouchers, this is the agency forecast. This is a gaming control board revenue, and it is a significant amount of money. And so what this represents is anybody who goes into an unrestricted gaming location, and puts money into a slot machine or a video poker machine or whatever, and then hits cash out and gets one of those tickets, most people actually will go to the machine and get their money out. But a significant number of people do not. Those tickets actually under state law expire after 180 days. And once they've expired, 25% of the proceeds from those expired tickets are retained or are retained by that operator. The other 75% comes to the State General Fund. So, the 18. 4 million almost in FY24 represents 75% of those vouchers that were never cashed in and expired. Based on the information that Mr. Lawton gave to us, the numbers were fairly high as gaming win and gaming activity got higher. But I believe he foresees that coming down just as we kind of settle into a more normal pattern with relation to gaming, we were comfortable with that as well as the GFO, that made it into the consensus. Under GL 3114, the court administrative assessment fee. This is historically a fee that was in the neighborhood of between one and one and a half million dollars per fiscal year. And this basically represents any time that somebody was found guilty of a misdemeanor or certain other infractions in a court in this state. They had an assessment that they had to pay. And of that assessment, $5 went to the State General Fund. There was another portion of this assessment that went to fund various state programs such as the criminal history repository, the Supreme Court, and various other functions. And it was through a statutory formula for dividing that. But during the 2023 session, the legislature chose instead of using this fee to fund those programs, they decided to just give appropriations to those agencies for those programs, and then instead retain the entirety of that fee into the State General Fund. So, the 15.5 million is kind of now where it lands with respect to all of that remainder of the, the court administrative assessment that comes to the state. One of the things that you'll notice is if you look at table three, the agency fiscal budget, there is actually not an agency forecast. And this was an error on staff's part. We ended up sending it to the wrong agency, the forecast request. This was previously one that was kind of handled by the, the office of the court administrator at, at the Supreme Court. But basically, now that they are not involved in this anymore, it kind of bypasses them because they're not receiving the money anymore. It's sent from the counties directly to the state. So we will be looking for a new agency to forecast, is probably the state controller going forward. But the forecast that you see there is actually the Fiscal Analysis division’s forecast. This is one where we could have averaged fiscal and budget and been kind of in the same ballpark, but we were satisfied with using the fiscal forecast. And then in GL 3274, miscellaneous refunds. And if you go look at table one, you might see like FY22 and FY23 at about $30,000. If even that, FY24 was $2.9 million, we were incredibly puzzled to be looking at the controller system at the end of FY24 and finding all of a sudden, this revenue that was at $30,000 suddenly showed up in nearly 3 million. And basically, what has happened or what was happening is there were a significant number of unclaimed deposits that were being held by the State Treasurer's office that had not been processed for a number of years, and they processed a bunch of them in FY24. And so that explains why the revenue is going up, basically, the information that we were given from the Treasurer's office is that they still had a bunch of these unclaimed deposits that they needed to process, but that number was going to diminish as we got through time. So, you can see in FY25, the number goes down to just over 2 million. And then about, just over 1 million, about 1.1 million in FY26, and then only about just over 500,000 in FY 27. And that's just as the Treasurer's office processes more of these unclaimed deposits, and gets their backlog caught up, they'll be doing this kind of more frequently than they had been because it had been several years of these unclaimed deposits that had not been processed to my understanding that this number will decrease. But the $2.9 million is one-time revenue to the extent that there's not an anticipation that the revenue coming into this will be that high in any fiscal year going forward. And then lastly, Mr. Chair and members of the committee under GL 3255 unclaimed property. These are unclaimed proceeds from bank accounts, safe deposit boxes, investment accounts, anywhere else, even gift certificates and things like that, that have to be turned over to the state after a certain period, if nobody comes and claims it. And it gets deposited into the State General Fund, it's a perpetual liability upon the state. But anybody can go to the State Treasurer's website and look up their name and see if they have anything that the state is holding for them, make an application, and they will receive a check back from the state. The treasurer's out every once in a while, promoting his website and encouraging people to look for any revenue that they have. And I do the same thing. I go looking every so often myself, just for me. But basically, the forecast that you have in front of you is an average of the Agency Fiscal and Budget, and you can see that FY25 is considerably lower than it was in FY24. And so what we're able to do, and I'm not going to speak on behalf of Mr. Solorio at GFO or for the Treasurer's Office, but specific to Fiscal's Forecast are able to go into the controller system, and we can look at not only the inflow of revenues that's turned over to the state, but we can look at the outflows as well. , as payments are going out, as the treasurer's office is cutting checks to people who are claiming their revenue, and we can see that, and we can see where the balances are on the inflows versus the outflows at any given point. And the year to date, and this is through the end of last week, right before the holiday. Our inflows and outflows, that mix was a little lower than it has been, and it's mostly the inflows I think were lower than they had been at this time last year. Therefore, it's less revenue that's being turned over. And then there are other things that still have to happen that we will eventually account for, and they're accounted for in the forecast, such as, there are several required transfers from the unclaimed property account. For example, $7.6 million in each fiscal year goes to the Millennium Scholarship to help fund that. And then there are a couple of other transfers that have to happen for various programs. But once those are made, basically I think year to date, where I am at and maybe in the minds of the other forecasters, is that just that mix of the, once the money comes in and goes back out, it's going to be a little less robust than it was in FY24 when we were over 70 and close to $71 million. But the forecast, again, that you have here is the Agency Fiscal and Budget forecast. So, with that, Mr. Chair, I can see if there are any other questions, and then I can kind of give a wrap up on the totals, what this means before the effective tax credits.

**David Schmidt:** Any questions? I think we can take the wrap up.

**Michael Nakamoto:** Thank you, Mr. Chair. Again, for the record, Michael Nakamoto with the Fiscal Analysis division. So, with respect to all of the non-major revenues, and this is before the effect of tax credits because, we talk about tax credits in a separate agenda item. The actual collections for FY 2024 for all of the revenues that you are considering today as non-major revenues was $806,932,817. And so in the line immediately underneath total other revenue, on this last page, on page five, you can see total General Fund revenue before tax credits. And so you can see that FY 2025 is at $774,754,978 which represents about a $32.2 million decrease in actual revenues compared to FY 24 or about 4% of a decrease. And basically, as we looked at it, approximately half of that comes from the gaming taxes and fees. So specifically the gaming penalties and the advanced license fee make up for fairly close to half of that. Then there's about another eight and a half million dollars of a decrease from the cigarette tax, from FY 24 to FY 25. And then unclaimed property decreases by approximately $13.7 million. There are some increases, for example, the transportation, the TNC tax goes up by approximately 8. 4 million, or yes, $8. 4 million, of which $5 million of that is the fact that the money that went to the State Highway Fund and FY 24 is now going to the State Highway Fund and FY25. But then when you put all of the pieces together, it works out to, again, approximately $32.2 million of lower in FY25 than in FY24. So, for FY26, you can see that the total is $773,643,684, which is a 0.1% decrease. And the main contributor to that decreasing is, again, the $5 million that did go, or is supposed to go to the State General Fund in FY24 that now goes to the State Highway Fund or in FY25 that now goes to the State Highway Fund and FY26. And then in FY27, the total is $783,868,484, or a 1.3% increase, approximately $10.2 million, again, of which $5 million is the TNC tax portion that alternates between the State General Fund and the State Highway Fund, with that, Mr. Chair concludes my remarks on this agenda item. And I'm available for any questions.

**David Schmidt:** Any questions. And if we don't have any questions, then I think we're ready for a motion to approve the -- Mr. Thorley.

**Wayne Thorley:** Thank you, Mr. Chair. Mr. Nakamoto, I'd like to thank you and your team and the GFO and their team for working together and bringing forward this consensus forecast for our review and consideration today. And I appreciate the kind of big picture overview that you just gave. And this is maybe more of a comment than a question, but just wanted to make sure that, so my understanding is correct. So, the consensus forecast being presented today for FY25 is approximately $32 million or 4% lower than FY24 actual, and that's largely a result of reductions in a couple of the gaming taxes or fees and the unclaimed property. Is that correct?

**Michael Nakamoto:** Thank you, Mr. Thorley. Michael Nakamoto for the record. Yes, that is correct.

**Wayne Thorley:** And so then moving on to FY26, the forecast is essentially flat from FY 25, and then moving on to FY27, a little growth, but still even ending, FY27 forecast is below the FY24 actual, so I wanted to make more of a statement about the revenue environment that was being projected for not only the current fiscal year, but for the upcoming biennium. And just wanted to confirm my understanding of that. So thank you,

**Michael Nakamoto:** Michael Nakamoto for the record. Mr. Thorley is correct.

**David Schmidt:** Thank you. Other comments or questions? Then I think we're ready for a motion on this agenda item.

**Amy Stephenson:** I would like to move to approve the Technical Advisory Committee, General Fund Revenue Forecast, for presentation to the Economic Forum at the Economic Forum's November 7, 2024, meeting.

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

**Sarah Coffman:** I'll go ahead and second that.

**David Schmidt:** Thank you. Any discussion? All in favor, please say aye.

**Group:** Aye.

**David Schmidt:** Any opposed? The motion passes.

**6. Review and Approval of Forecasts for Various Tax Credit Programs that May be Taken Against Certain General Fund Sources for Presentation to the Economic Forum at the November 7, 2024, Meeting (For Possible Action).**

- Film Transferrable Tax Credits
- Economic Development Transferrable Tax Credits
- Catalyst Account Transferrable Tax Credits
- Nevada New Market Jobs Act Tax Credits
- Education Choice Scholarship Tax Credits
- College Savings Plan Tax Credits
- Affordable Housing Transferrable Tax Credits
- Baseball Stadium Project Transferrable Tax Credits

**David Schmidt: Moving** to agenda item six, we have a review and approval of forecast for various tax credit programs that may be taken against certain General Fund revenue sources for presentation to the Economic Forum of the November 7, 2024, meeting.

**Michael Nakamoto:** Thank you, Mr. Chair. Again, for the record, Michael Nakamoto with the Fiscal Analysis Division for the record. And I will keep you on page five of the technical advisory committee table. And at the bottom, you can see all of the tax credit programs listed that are under consideration for this agenda item, just as a general reminder, the legislature over the last decade or a little bit more has passed a number of programs that issue tax credits that can be used against one or more tax sources. And I'll give a kind of a high-level overview of each of them as we go through. But basically, the way that these have historically been handled by the Technical Advisory committee and the Economic Forum is that this body is responsible for providing forecasts of each of these tax credits for each fiscal year as an aggregate. So some of these tax credits may be able to be used against multiple tax sources, but rather than trying to get cute and figuring out how much is going to be used against each one, we do a forecast of how much of the tax credit is going to be used against the State General Fund, and then serves as a reduction to the available amount of revenue for the governor and the legislature to use in building or approving a budget. , again, I'll go into a little bit of discussion or just kind of a high-level overview of each of them starting with the film tax or film transferable tax credits. And this program allows film and television and other productions to come to the state, make their production, and earn a credit equal to up to 15% of their qualified spend. The tax credit is transferable as noted. The company earns the credit can transfer it or sell it to somebody else who then can use that, or they can actually use it themselves as well against the gaming percentage fee, the modified business tax or the insurance premium tax. The forecasts that you see here are based in part on the realization or the statutory maximum of $10 million per fiscal year in tax credits that can be issued, as well as kind of what the actual activity is surrounding this. This forecast was actually submitted by the Nevada Film Office over the Office of Economic Development who administers the tax credit program. Kim Spurgeon and her staff over there are really good to work with. They provide us all kinds of information about things that are going on, things that are happening, things that have happened, things they think are going to happen with respect to productions that are occurring, either if they're one time or ongoing productions, anywhere in the state, whether it's in Las Vegas or in Northern Nevada, or in the rural areas. , the forecasts that you see here are from the film office based on the activity they know that they have, whether they've received applications, and or approved preliminary issuance of credits. And then the productions are out there filming or doing whatever that they need to do, or credits that they have issued, and are in the process of being spent or may have already been spent this year. So, that we're around the $7. 3 million in FY25 and then dropping down to about 3. 1 million in FY26, and about $6 million in FY27. So it's below that maximum amount of $10 million. But this is basically the information that we've been given by the film office. So, the next one is the economic development transferable tax credits, which colloquially in the past have been referred to as the Tesla and Faraday Film Tax credits, or not film tax, but the Tesla and Faraday Tax Credits. The Tesla tax credits were issued back in a special session in 2014. They started going out the door, and those are spent, that is long gone. However, as most of you will remember back in 2016, the legislature came in and created a special or a second economic development incentive package for businesses with a minimum capital investment requirement of $1 billion. And it was designed to bring the car manufacturer Faraday Future down to Apex in North Las Vegas. And that project fell through, but the law remains. It's a general law, and it's available for anybody to come in and apply for incentives including tax credits under that. At least in the tax credits are available to be issued until the end of FY25. And so before the 2023 session, Redwood Materials, a battery recycling firm made an investment for a brand new battery recycling facility out in Storey County. And they applied for and received approval through the interim Finance committee of $2,137,500 in transferable tax credits. When we got the information originally from the Office of Economic Development, they had it spread out over three fiscal years, FY 24, 25, and 26, which is how they were originally presented back to this body back in April of 2023. The updated information from GOED that we received at the beginning of this month said, well, we didn't issue any in 24, but we're going to issue them all in 25. And so that's why this full amount the credits that were approved now appears in FY 25. Underneath that is, what is, again, informal term for the Catalyst account transferable tax credits, or that's the term we use. And basically, the Office of Economic Development has a pot of tax credits that they can issue. Again, like all of these transferable tax credits against the MBT, the insurance premium tax or the modified business tax that's -- and basically, they can use them as kind of incentives for smaller businesses to come do business in the state. It is a program that is not currently active. The Office of Economic Development has indicated that they have not been using it in several fiscal years, and that they do not anticipate using this biennium. So the forecasts are zero. Next is the Nevada New Markets Job Act tax credits. There’s a little bit of a longer history on this one. This is a program that started back in, I believe the 2011 session. And basically what this allows and with administration by the Department of Business and industry who receives money from insurance companies for what are called qualified equity investments. , when the program was originally put into place is, the insurance companies were encouraged or allowed to give $200 million to the Department of Business and Industry or to qualified investment companies, who then made, in essence, investments or loans to small businesses in low-income areas, distressed census tracks, and so on. And that money gets invested and then returned and so on. And it kind of flows through with the idea of encouraging businesses or business in these areas. And in exchange for this investment, the insurance companies get a 58% tax credit, against the money that they are giving for these investments. So the $200 million investment turned into $116 million in tax credits that began in FY of 2015. And the 58% of tax credits can't all be taken at the same time. It's taken over a five-year period. And the math of the 58%, it's 12% in the first year, 12% in the second year, 12% in the third year, and then 11% per year in the last two years to get to the 58%, because of that, the average amount of credits that gets taken is anywhere in the 22 to $24 million per fiscal year range because that's how the distribution works out. In some years, it's higher, and some years it's lower. But the original credits all ended in FY 2019. But then, the legislature subsequently reauthorized the program with another $200 million in investments and another $116 million in tax credits, which began in FY 2022, I believe. And that's where we're in right now. The FY 2025 is the last year where there's an allocation the last year of the 11%, you would think then that we'd be tapering it down and this would eventually go away, except during the last legislative session, a third round of investments with a bit different nuance to it, there's a different percentage for a portion of it. But the gist of it is that there are more tax credits against the insurance premium tax that will be available beginning in FY 2027. So, what you see in FY 25 and 26 is basically the last credits of the second round being used, and then it goes back up in FY 2027 because you have the next round being used. And the reason why it's actually a little bit higher than the 20, the calculated amount for each credit period is around $24. 9 million under the third round of the program. But we have it slightly higher in FY 2027 because the first allocation of credits is made available to businesses at the beginning of FY 27. So, July 1, 2026. The second allocation is made available at the beginning of calendar year 2027. So, six months after. So, there's actually two allocations in the first fiscal year. So, in FY 2027. And just based on how these get used, we don't think that we're going to be hit with the entire amount on both. They do get spread out, but we do believe that FY27 is going to be a little bit higher than the normal allocation of about the $25 million mark. And then in two years, we're thinking maybe even FY 28 might be a little bit higher than that as just credits, these credits get used. Next is the Education Choice Scholarship tax Credits. And this is a program by which businesses can make donations to organizations that give scholarships for private schools. And in exchange for that donation, they can apply for and receive a credit against the modified business tax equal to that donation. There is a statutory limit of $6,655,000 in credits that can be issued every year. And for most of the years that this program has been in place, the entire amount of that credit has been issued by the Department of Taxation. There is, however, a four-year period for the credits to be used. And after that four-year period, the credits expire and can no longer be used. One of the things that we have noticed is not all the credits get used in a fiscal year, so there is some carryover. In fact, right now there's approximately about $2.9 million of credits that were issued in previous fiscal years. So, anything, FY 2024 and before that have not been used. And the other issue going on is, there are a surprising number of credits that never get used that do expire. So one of the things that based on information and work with the Department of Taxation, who we appreciate their help with this is there is a not insignificant amount of credits that were issued in FY 2019 and FY 2020, about half a million dollars of credits that were issued in those fiscal years that expire at the end of calendar year 2024. So in about two months from now. So basically, we asked for additional information from the Department of Taxation, and based on kind of an assumption of how many of those $500,000 in credits we think are going to use in either the first or second, second quarter of FY 2025 because those are the only credit quarters where they can be used, trying to then parse out how much of that $2.9 million is going to be used, how much is going to expire, and then of the credits that are being used when they're going to be used. , we have most of them actually being used in this fiscal year, and then some of them carrying over to the next fiscal year, FY 26. So you can see it is actually a little bit higher than the $6,655,000 statutory maximum, but then we go back down to that statutory maximum in FY 27 for these credits. So, that's kind of where we are at on that one. The next one is the College Savings Plan tax credits. This is a program that's administered by the State Treasurer's office. And basically, what this allows is any employer who makes a matching contribution to a college savings plan, a 529 plan that's administered by the Treasurer's Office is eligible for credit against their modified business tax equal to 50% of the contribution. The forecast for this are fairly low. There is not a lot of participation in this program, and there really never has been. But these are the numbers that were given to us by the Treasurer's Office. Next, under the Affordable Housing Transferable tax credits, this was a program that was put in place in the 2019 session and is administered by the Housing Division at the Department of Business and Industry. And basically, what this entails is that there are a total of $40 million in transferable tax credits again, usable against the modified business tax, the gaming percentage fee, or the insurance premium tax that the Housing Division can use as a part of the financing for affordable housing programs. And they always like to refer to it as a lasagna that they have private and public and other sources for this. And this has been kind of the last piece of the puzzle in terms of financing for these affordable housing projects, right now, of the 40 million, $6 million has been used, of which 3 million was an FY 23 and 3 million was an FY 24. And so part of this, why it hasn't really taken off was in part the pandemic. I think it slowed down a lot of these projects, but then there was a significant amount of ARPA money to the tune of $500 million that was set aside for affordable housing. But as that money is being spent and needs to be spent by the end of calendar year 2026, the Housing Division who provided us this forecast or these forecasts basically has said, you know, as the ARPA money goes or is spent down and eventually goes away, there is going to be an increasing reliance on these credits for the financing, getting back to the $10 million range in FY 2026, which is actually the statutory maximum for the amount of credits that can be spent in a fiscal year. So, the $27 million over the span of this three years or three year comes close but does not quite exhaust the entire amount of the credits that are available here. But again, for the three fiscal years that we're looking at here, these are the forecasts that we're presenting based on the information provided to us by the Housing Division. And then finally under the baseball stadium transferable tax credits, in Senate bill one of the 35th special session, at the very tail end of last spring, the legislature, approved $180 million in transferable tax credits to be provided to the developer of a major league baseball stadium on the former site of the Tropicana Hotel down on the Las Vegas Strip. There are certain thresholds, and milestones that they have to meet with respect to the construction of that project. And no more than $36 million of those credits can be issued in any fiscal year. And again, it's over a period of five fiscal years. , based on conversations that we had with Steve Hill, who's the chair of the Las Vegas Stadium Authority, basically, this was the assumption that were given during that special session about when the timing of the credits would be that they would first be in FY 2026. , I reached out to Mr. Hill and said, you know, has that really changed? And right now, that has not changed. So, the anticipation is again that the construction is going to begin, and the credits will start being awarded and issued in FY 2026. And so you can see that $36 million per fiscal year for FY 26 and 27 based on those assumptions from the special session and then the current assumptions regarding that project. So, Mr. Chair, if there are any more specific or any further questions that I can answer on the tax credits, I'd be glad to do so at this time. Thank you.

**David Schmidt:** Any questions. I think we can wrap it up if there's any other summary you want to make.

**Michael Nakamoto:** Thank you, Mr. Chair. Michael Nakamoto for the record. And yes, I do have a summary similar to the information that was provided for the non-major revenue sources. So, with respect to the tax credits, the actual tax credits for FY 2024 were approximately $38.3 million. And this is, again, a reduction of available revenue to the state, it is negative revenue as I like to refer to it. And then, in FY 2025, the number of credits forecast increases to just under $51 million. It's $50, 996,100, and that's a reduction of 12,705,042 of total revenue available to the state. It's actually an increase of 12,705,042 in tax credits. And that's the change from FY24 to 25. And so then the change from FY25 to 26 is $21,314,550. And that is more of more credits in FY25 than there were in FY24. So, the total of $72,310,650 is approximately $21.3 million higher. And then in FY26 or into FY25, and then in FY27, the total amount of credits forecast is $83,155,700, which is approximately $10.8 million higher in credits than there was in FY 2026. So then when you put the pieces together and look at these in net terms, after tax credits, the total amount of revenue realized by the state from all the sources that you're considering today was $768,641,759. The net total at the bottom of page five of $723,758,878 for FY25 is $44,882,881 lower or approximately 5. 8% lower in FY25 and FY24. And this is accounting for both the changes in the revenue and the increase in the tax credits. In FY 26, the actual amount listed of $701,333,034 is approximately 22.4 million or 3.1% lower in FY26 than compared to FY25. And then the FY27 total of $700,712,784 is approximately $620,000 lower, or approximately a 10th of a percent lower. So there's not a lot of change there, but it's the increase in revenue in FY27 is more or less offsetting the increase in the tax credits, which then would reduce the revenue. So, that is the summary that I have, and if there are any further questions or clarifications that I need to make regarding that, I can do so at this time. Thank you.

**David Schmidt:** Mr. Thorley?

**Wayne Thorley:** Thank you, Mr. Chair. Thank you, Mr. Nakamoto. And again, I appreciate the kind of big picture, look at this and just doing some quick math. So, the forecast for FY27, so year two of the upcoming biennium with the tax credits included is approximately $68 million less than FY24 actuals.

**Michael Nakamoto:** Mr. Thorley -- Michael Nakamoto for the record -- that is correct. It's slightly below 68 million. It's about $67.9 million if I'm doing the rough math in my head. But you're correct. That is the range in terms of the reduction in the forecast of this revenue inclusive of tax credits between FY24 and FY27.

**Wayne Thorley:** Thank you, Mr. Nakamoto. I appreciate it. And again, I don't have an issue with the consensus forecast or for the revenue sources or the tax credit programs, but I just wanted to put on the record again that the forecast does project a significant decrease for the upcoming biennium compared to FY24 actuals.

**David Schmidt:** Thank you. Any other questions? Other comments? I think the one thing I would add to what Mr. Thorley is highlighting is that we are here talking about a portion of the revenue, but all of the tax credits too. And so there are other revenue sources that are under consideration by the Economic Forum itself. So this is just the piece of the puzzle that we're looking at. But it is a little bit more slanted to the tax credit side because it is everything there, but only the minor revenues that we're considering here today, just in case that wasn't clear to anybody.

**Michael Nakamoto:** Thank you, Mr. Chair. Michael Nakamoto, for the record. That is correct. This is a piece of the puzzle. And again, as I noted at the beginning, this is a fraction, this is just over 10% of the Total State General Fund that we're looking at even after-tax credits. The Economic Forum, its November 7 and December 2 meeting will be looking at the pieces of the General Fund that make up the other portion, the close to 90%. And that will give the full picture of where the General Fund stands for the upcoming biennium compared to this one. But at the same time, it is correct. This is a piece of it, and it does factor into the entire picture.

**David Schmidt:** Anyone else? Alright, then I think we're ready for a motion on the review and approval of the forecast for the tax credit programs.

**Amy Stephenson:** Thank you, Chair. For the record, Amy Stephenson. I would like to make a motion to approve the Technical Advisory Committee General Fund forecast for various tax credit programs for presentation to the Economic Forum at the November 7, 2024, meeting.

**David Schmidt:** Thank you. Do we have a second?

**Sarah Coffman:** I'll go ahead and second that.

**David Schmidt:** Thank you. We have a motion by Ms. Stephenson, a second by Ms. Coffman. Any discussion? All in favor, please say aye.

**Group:** Aye.

**David Schmidt:** Any opposed? Motion passes.

## 7. Public Comment.

Public testimony under this agenda item may be presented in person, by phone or by written comment.

Because of time considerations, each person offering testimony during this period for public comment will be limited to not more than 3 minutes. To call in to provide testimony during this period of public comment in the meeting any time after 1:30 p.m. on Wednesday, October 30, 2024, dial **(888) 475-4499**. When prompted to provide the Meeting ID, please enter **822 2520 6136** and then press #. When prompted for a Participant ID, please press #. To resolve any issues related to dialing in to provide public comment for this meeting, please call (775) 684-6990.

A person may also have comments added to the minutes of the meeting by submitting them in writing either in addition to testifying or in lieu of testifying. Written comments may be submitted electronically before, during, or after the meeting by email to dcastillo@finance.nv.gov. You may also mail written documents to the Governor's Finance Office, Budget Division, 209 East Musser Street, Suite 200, Carson City, Nevada 89701 or fax them to (775) 684-0260.

**David Schmidt:** With that, we'll move on to agenda item seven. This is the last opportunity for public comment. Does anyone in Carson City like to make comment? Seeing none, broadcast, do we have anyone on the line that'd like to make public comment?

**Broadcast Service:** The public line is open and working, but there are still no callers at this time.

**David Schmidt:** Thank you very much. We'll close the public comment.

**8. Adjournment (For Possible Action).**

**David Schmidt:** And go ahead and adjourn the meeting. Thank you very much everyone for your time.