

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIRECTOR'S OFFICE

**REPORT ON 2013 NRS 231A NEW MARKETS JOBS ACT
FOR THE LEGISLATIVE COUNSEL BUREAU**
JUNE 22, 2020



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The 2013 Nevada New Market Jobs Act (NMJA) Tax Credit Program

June 22, 2020

Program Overview:

Pursuant to The Nevada New Market Jobs Act (NMJA), NRS 231A, the Department of Business and Industry (Department) continues to monitor and report on the program's progress. The goal of the program is to provide low cost capital to small businesses located in economically distressed communities throughout the state in order to create jobs and stimulate economic growth over a seven-year period (2014 through 2020). The act granted that \$200,000,000 in insurance premium tax credit authority be allocated by the Department to federally certified Community Development Entities (CDEs) to raise capital for investments in such businesses. The Department awarded the allocation to seven CDEs. See Table 1.

The total insurance premium tax credits equal 58% of the \$200,000,000 allocation, which amounts to \$116,000,000 in tax credits that will be taken over five years. Adjusted to State Fiscal Years (SFYs), the credits are to be taken as follows: no tax in 2014, and the first two quarters of 2015; a 12% tax credit can be taken each year in 2015 (last two quarters), 2016, 2017, and 2018 (the first two quarters); and an 11% tax credit can be taken in 2018 (last two quarters), 2019, and 2020 (first two quarters). Per the Nevada Department of Taxation, the credits remaining at the time of the report are \$711,000. Accordingly, the Department anticipates that the credits will be completely utilized by the end of SFY 2020, as projected below, with only slight possible carryforward for reconciliation.

Table 1: Total Nevada New Market Jobs Act Tax Credits to be Deducted from State Revenue by Year

Community Development Entity	Total Nevada NMJA TC Allocation	SFY 2015 Q3 & Q4	SFY 2016	SFY 2017	SFY 2018 Q1 & Q2 11% Q3 & Q4 12%	SFY 2019	SFY 2020 Q1 & Q2	Total NMJA TC Taken Over Program Period
		12%	12%	12%	11% & 12%	11%	11%	58%
Midwest	\$ 32,000,000	\$ 1,920,000	\$ 3,840,000	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Clearinghouse	\$ 8,000,000	\$ 480,000	\$ 960,000	\$ 960,000	\$ 920,000	\$ 880,000	\$ 440,000	\$ 4,640,000
Enhanced	\$ 32,000,000	\$ 1,920,000	\$ 3,840,000	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
KHC	\$ 32,000,000	\$ 1,920,000	\$ 3,840,000	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Stonehenge	\$ 32,000,000	\$ 1,920,000	\$ 3,840,000	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
USBCDE	\$ 32,000,000	\$ 1,920,000	\$ 3,840,000	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Urban	\$ 32,000,000	\$ 1,920,000	\$ 3,840,000	\$ 3,840,000	\$ 3,680,000	\$ 3,520,000	\$ 1,760,000	\$ 18,560,000
Total	\$ 200,000,000	\$ 12,000,000	\$ 24,000,000	\$ 24,000,000	\$ 23,000,000	\$ 22,000,000	\$ 11,000,000	\$ 116,000,000

Six of the chosen CDEs received an allocation of \$32,000,000 and one received \$8,000,000 (Table 1). The allocation and activity of each CDE is described further in the following pages, as well as summarized in the included tables. The CDEs were granted one year – January 1, 2014 through December 31, 2014 - to invest 85% of the funds in Qualified Active Low-Income Community Businesses (QALICBs). One CDE completed its investments in six companies during the required time frame, and two additional QALICBs received funding by the end of 2014. As authorized in statute, the other six CDEs were given a six-month cure period to complete their investments. All six CDEs completed their investments in 14 additional businesses by July 31, 2015, the end of the cure period. Of the 14 QALICBs funded during the cure period, nine received their funding in June and July 2015. The delayed investment of approximately half of the QALICBs combined with delayed opening dates resulted in 2016 being the first year of full investment. As such, economic impact analysis focuses on the five calendar years, 2016 through 2020. Table 2 contains the details, investment date and current status of each business.

Table 2: Nevada NMJA Program Business Details and Status

Business: Qualified Active Low Income Community Business (QALICB)	Industry Description	Location	Date Investment Funded	Date Operations Ceased	Project Status
L.V.Net Invest, LLC	Wired Telecom Carriers	Las Vegas	09/22/14		Operating
Order WithMe NV, Inc.	Business to Business Software	Las Vegas	10/24/14	01/01/17	Business failure
Elevate Digital, Inc.	NA	Las Vegas	10/27/14	06/01/15	Dissolved
Vineburg Machining, Inc.	Precision Machine Shop	Mound House	11/05/14		Operating
Tortillas, Inc.	Food Manufacturing	North Las Vegas	11/17/14		Operating
Erickson Sputtering, LLC	Plastic Film Manufacturing	Las Vegas	11/24/14		Operating
Superior Linen, LLC	Industrial Laundry	North Las Vegas	12/09/14	09/15/17	Bankruptcy, Chapter 7
Access Health Ventures II, LLC	Dental Offices (Mobile Office)	Las Vegas	12/31/14		Operating
NV Donor Network, Inc.	Organ Procurement	Las Vegas	03/05/15		Operating
PLI Las Vegas, LLC	Gift/Key Card Manufacturing	North Las Vegas	04/01/15	06/01/18	Sold, Completed NMJA
Washoe Travel Center	Gas Station and store	Gardnerville	04/16/15		Operating
Shelby American, Inc.	Vehicle Manufacturing	Las Vegas	04/21/15		Operating
Cultiva, LLC	Agricultural Manufacturing	Las Vegas	05/27/15		Operating
JA Nevada, LLC	Aircraft Parts Refurbishing	Reno	06/04/15		Operating
Lake Mead Christian	Private School K-12	Henderson	06/04/15		Operating
Northern NV Hopes	Community Health Center	Reno	06/04/15		Operating
Eclipse Theater LV, LLC	Cinema and Restaurant	Las Vegas	06/23/15		Operating
Fernley Assisted Living, LLC	Senior Assisted Living	Fernley	07/23/15		Operating
Western Group Packaging, LLC	Soft Drink Manufacturing	North Las Vegas	07/24/15		Operating
Water Shark Systems, LLC	Water Treatment; Manufacturing	North Las Vegas	07/27/15		Operating
Rising Star Ranch, LLC	Sports Facilities and Hotel	Mesquite	07/28/15		Operating
NV Nanotech Systems, Inc.	Semiconductor Manufacturing	Sparks	07/29/15		Operating
Worldwide Eq. Sales NV	Truck Sales	Las Vegas	03/30/16	6/31/2017	Closed
International Test Solutions, Inc.	Chemical Wholesaler	Reno	11/30/17		Operating
SpectTIR, LLC	Hyperspectral Imaging /Mapping	Reno	12/22/18		Operating
Power Gen Components	Precision Fastener Manufacturing	Las Vegas	12/28/18		Operating
ILSI-MMD, Inc.	Manuf. Electronic Components	Reno	12/31/18	12/01/19	Sold, Completed NMJA

All CDEs met the initial requirements of, and remain in compliance with, NRS 231A as of the date of this report. Table 3 shows the capital raised and invested by each CDE in 27 businesses. All the CDEs combined Nevada NMJA funds with other investment monies, often from multiple sources (for example, federal tax credits, private and/or bank funds). Ten businesses received investments from more than one CDE, which is known as a “multi CDE” investment. Table 3 lists the CDE investments, with the multi CDE investments highlighted in blue.

Since the beginning of the program, four businesses ceased operations in Nevada. One business dissolved its Nevada operations in January 2016. The associated funds were recovered by the respective CDE and invested into an existing business in the program. Another of the original QALICBs filed for bankruptcy and a third ceased operations. Two CDEs follow a reinvestment strategy which led to five additional business investments, one in 2016, one in 2017, and three at the end of 2018. One of these businesses closed 15 months after investment, and one business successfully exited the program. In sum, there are 22 businesses currently operating in the program.

Also shown in Table 3, the Nevada NMJA program resulted in over \$88,000,000 of Federal New Market Tax Credits (NMTC) allocation coming to Nevada through four of the CDEs and an additional third party.

Table 3: Community Development Entity Investments

Community Development Entity	Number	Business (QALICB)	NMJA Allocation Invested (Initial)	% of funds Currently Invested	Additional QEI investment	Total % Over Time	Federal NMTC Stacked Funds
# 1 - Midwest (Advantage)							
Business Closed ¹	1	Elevate Digital, Inc.	\$2,500,000				
	2	Erickson Sputtering, LLC	\$6,200,000				\$6,200,000
Closed	3	Order WithMe NV, Inc.	\$7,500,000				\$7,500,000
Additional Multi-CDE Investment	4	PLI Las Vegas, LLC	\$2,501,000		\$2,000,000		\$2,501,000
New Investment (12/28/18)	5	Power Gen Components	\$3,000,000				
Additional Multi-CDE Investment	6	Shelby American, Inc.	\$807,000				
Bankruptcy (9/2016): Closed	7	Superior Linen, LLC	\$6,750,000				\$6,750,000
	8	Tortillas, Inc.	\$1,500,000		\$180,000		\$180,000
Additional Investment	9	Vineburg Machining, Inc.	\$2,750,000		\$625,000		\$1,585,742
New Investment/ Closed	10	Worldwide Equip. NV	\$300,000				
		CDE Total Investment:	\$33,808,000	92%	\$2,805,000	114%	\$24,716,742
# 2 - Clearinghouse							
	1	Eclipse Theater LV, LLC	\$2,000,000				\$8,300,000
	2	Lake Mead Christian	\$2,000,000				\$10,000,000
	3	Northern NV HOPES	\$2,000,000				\$6,300,000
	4	Washoe Travel Center	\$2,000,000				\$10,000,000
		CDE Total Investment:	\$8,000,000	100%		100%	\$34,600,000
# 3 - Enhanced							
	1	Access Health Ventures II, LLC	\$8,000,000				
	2	Lake Mead Christian	\$8,000,000				
	3	L.V. Net Invest, LLC	\$8,000,000				
	4	Northern NV HOPES	\$8,000,000				\$3,000,000
		CDE Total Investment:	\$32,000,000	100%		100%	\$3,000,000
# 4 - KHC New Markets							
Additional Investment	1	Cultiva, LLC	\$3,950,000		\$1,975,000		
Additional Multi-CDE Investment	2	Erickson Sputtering, LLC	\$2,000,000				
New Investment	4	ILSI-MMD, Inc.	\$1,300,000				
New Investment (11/30/17)	3	International Test Solutions, Inc.	\$1,400,000				
	5	JA Nevada, LLC	\$6,800,000				
Additional Investment	6	NV Nanotech Systems, Inc.	\$2,350,000		\$4,450,000		
	7	PLI Las Vegas, LLC	\$8,000,000				
New Investment (1/1/2019)	8	Power Gen Components	\$4,000,000		\$500,000		
Additional Multi Investment	9	Shelby American, Inc.	\$6,233,333		\$358,000		
New Investment	10	SpecTIR, LLC	\$850,000				
New Investment/ Closed	11	Worldwide Equip. NV	\$700,000				
		CDE Total Investment:	\$37,583,333	100%	\$7,283,000	140%	\$0
# 5 - Stonehenge							
	1	Eclipse Theater LV, LLC	\$8,000,000				\$4,000,000
	2	Northern NV HOPES	\$8,000,000				
	3	Washoe Travel Center	\$8,000,000				
	4	Western Group Packaging, LLC	\$8,000,000				
		CDE Total Investment:	\$32,000,000	100%		100%	\$4,000,000
# 6 - USBCE, LLC							
	1	Fernley Assisted Living, LLC	\$8,000,000				
	2	Rising Star Ranch, LLC	\$8,000,000				
	3	Water Shark Systems, LLC	\$8,000,000				
	4	Western Group Packaging, LLC	\$8,000,000				
		CDE Total Investment:	\$32,000,000	100%		100%	\$0
# 7 - Urban Development Fund							
	1	NV Donor Network, Inc.	\$8,000,000				
	2	Rising Star Ranch, LLC	\$8,000,000				
	3	Water Shark Systems, LLC	\$8,000,000				
	4	Western Group Packaging, LLC	\$8,000,000				
		CDE Total Investment:	\$32,000,000	100%		100%	\$0
Total Number of CDE Investments:		Total All CDE Investment:	\$207,391,333		\$ 10,088,000	109%	\$66,316,742
Additional Federal third party NMTC funds invested in Nevada QALICBs							\$ 7,600,000
Additional Federal NMTC invested in Nevada by Clearinghouse CDE							\$ 14,500,000
Grand Total Federal NMTC allocation invested in Nevada QALICBs							\$ 88,416,742
Note: Investments highlighted in blue represent multi CDE Investments							
¹ Company dissolved Nevada business operations, the CDE recouped the full funds and immediately reinvested in another QALICB							

Program Economic Impact

The model used to calculate economic and state revenue impact for the Nevada NMJA program is the Regional Project Assessment System (RPAS) developed by Applied Economics for the Nevada Governor's Office of Economic Development (GOED). RPAS has been used by GOED to estimate economic impact for businesses seeking tax abatement incentives. The underlying methodology, based on the Impact Analysis for Planning (IMPLAN) input-output matrices, is the nationally accepted model for economic impact analysis.¹ Inputs such as industry classification, county, and jobs created are examples of the data used to calculate outputs based on industry-specific multipliers to estimate direct, indirect, and induced economic results.

In evaluating the economic impact of the Nevada NMJA, many factors may be considered: taxes generated as revenue to the state to replenish those taken as credits; jobs saved, created, and induced by the activity of the businesses; and the resulting gross economic product created, to name several. Given the program's slow start, the fact that 2016 was the first operating year for most of the businesses, and the fact that the tax credits can be taken through the first two quarters of 2020, the time frame used for impact evaluation is 2016 through 2020. The resulting five-year impact analysis reveals that the NMJA program as a whole is creating, and is predicted to create, a significant positive economic and social impact for the state and its communities.

One of the primary purposes of the NMJA is to create jobs, or more specifically, full time equivalent (FTE) jobs in economically distressed communities, particularly for minority populations. As can be seen in Table 4, to date the businesses in the program have created 1,079 new direct jobs, resulting in a total employment by the QALICBs of 1,717 individuals (of which 47% are minority status).

The QALICBs forecast that 158 jobs will be added before the end of the program. While pay for these individuals varies drastically - with hourly wages ranging from \$10.42 per hour for low skilled industrial jobs to over \$56 per hour for high-tech research and development jobs - the average hourly pay for each additional FTE job over the program as a whole is \$22.83 per hour.

One business in the program closed pre-NMJA funding, resulting in the loss of over 240 jobs. Because of Nevada NMJA funding, a new company came in and immediately reopened that plant resulting in the employees being rehired. Therefore, for the purpose of the economic impact analysis, the 240 jobs are viewed as newly created jobs to correctly capture the impact of the NMJA funding saving these jobs, as shown in Tables 4 and 5. Similarly, another business was being wooed to move out of state by its supplier. Due to the NMJA investment, the business stayed in Nevada, resulting in 74 jobs remaining in the state.

¹ RESI of Towson University, June 15th, 2006

Table 4: Full Time Equivalent (FTE) Jobs by Business

Business: Qualified Active Low Income Community Business (QALICB)	Total Current	Total Minority	% Minority	Created To Date	Created Minority	Projected Created 2020	Average Hourly Pay/Employee
Access Health Ventures II, LLC	84	49	58%	29	17	3	\$23.92
Cultiva, LLC	4	3	86%	4	3	5	\$52.67
Eclipse Theater LV, LLC	43	33	77%	43	33	3	\$20.00
Erickson Sputtering, LLC	5	0	0%	5	0	0	\$26.50
Fernley Assisted Living, LLC	36	8	22%	11	2	0	\$12.87
ILSI-MMD, Inc.	13	6	46%	0	0	2	\$40.86
International Test Solutions	43	5	12%	6	1	4	\$24.58
JA Nevada, LLC	40	6	15%	9	1	6	\$40.63
L.V.Net Invest, LLC	69	21	30%	43	13	6	\$17.67
Lake Mead Christian	187	52	28%	92	26	1	\$14.04
NV Donor Network, Inc.	151	73	48%	124	60	22	\$35.00
NV Nanotech Systems, Inc.	23	1	4%	9	0	29	\$56.23
Northern NV Hopes	174	76	44%	124	54	0	\$31.63
Order WithMe NV, Inc.	0	0		0	0	0	
PLI Las Vegas, LLC	241	154	64%	241	154	0	\$18.81
Power Gen Components	160	81	51%	29	15	20	\$25.00
Rising Star Ranch, LLC	46	34	74%	46	34	4	\$10.42
Shelby American, Inc.	82	34	42%	82	34	2	\$24.02
SpecTir, LLC	9	0	0%	0	0	2	\$46.70
Superior Linen, LLC	0	0		0	0	0	
Tortillas, Inc.	124	124	100%	36	36	11	\$12.50
Vineburg Machining, Inc.	36	9	25%	0	0	1	\$23.50
Washoe Travel Center	20	10	48%	20	10	1	\$12.19
Water Shark Systems, LLC	14	4	29%	14	4	1	\$36.50
Western Group Packaging, LLC	115	20	17%	114	20	35	\$16.62
Worldwide Equipment of NV	0	0		0	0	0	
Total	1,717	803	47%	1,079	517	158	\$ 22.83

Table 5: Projected Impact by Jobs, Supported Households, and Population by 2020

Business: Qualified Active Low Income Community Business (QALICB)	Direct Jobs	Indirect Jobs (Supplier)	Induced Jobs (Consumer)	New Jobs Supported	Supported Households by 2020	Supported Population by 2020
Access Health Ventures II, LLC	32	7	11	50	39	110
Cultiva, LLC	8	3	6	17	12	35
Eclipse Theater LV, LLC	44	22	21	87	64	181
Erickson Sputtering, LLC	5	3	2	10	7	21
Fernley Assisted Living, LLC	11	1	2	14	8	20
ILSI-MMD, Inc.	2	1	1	4	2	6
International Test Solutions, Inc.	14	9	8	31	20	53
JA Nevada, LLC	15	11	9	35	23	60
L.V.Net Invest, LLC	49	46	22	117	87	245
Lake Mead Christian	92	9	17	118	88	274
NV Donor Network, Inc.	148	46	73	267	198	555
NV Nanotech Systems, Inc.	38	15	29	82	54	141
Northern NV Hopes	122	36	54	212	140	365
Order WithMe NV, Inc.	0	0	0	0	0	0
PLI Las Vegas, LLC	241	27	60	328	244	684
Power Gen Components	49	32	21	102	76	212
Rising Star Ranch, LLC	50	7	8	65	48	134
Shelby American, Inc.	84	46	37	167	124	346
SpecTir, LLC	2	2	1	5	3	8
Superior Linen, LLC	0	0	0	0	0	0
Tortillas, Inc.	47	15	12	74	55	154
Vineburg Machining, Inc.	2	0	0	2	2	4
Washoe Travel Center	21	3	5	29	13	31
Water Shark Systems, LLC	15	3	7	25	19	53
Western Group Packaging, LLC	149	64	50	263	196	548
Worldwide Equipment of NV	0	0	0	0	0	0
Total	1,240	408	456	2,104	1,522	4,240
Notes: Based on RPAS Economic Modeling by Applied Economics; Rounding error due to RPAS Model Calculations						

Based on current job creation and predicted new jobs during the impact evaluation period (2016 - 2020), the RPAS model can be used to forecast the creation of additional estimated indirect jobs (business-to-business or supplier jobs) and induced jobs (consumer jobs). The resulting analysis, shown in Table 5, estimates that 408 indirect jobs and 456 induced jobs will be created due to the activity generated by the NMJA program. In total, an estimated 2,104 jobs will be created, and 1,522 households and 4,240 Nevadans will be supported by the operations of the NMJA businesses.

Table 6: Projected Economic and Tax Revenue Impact NMJA 2016-2020 (Total 5 Year Impact)

Business: Qualified Active Low Income Community Business (QALICB)	Total Construction Impact	Total Output (Gross Local Product)	Local Tax Revenues	State Tax Revenues	Total Tax Revenues	Total Cost of Tax Credits ²	Net Total Economic Impact	Impact Per Tax Dollar ²
Access Health Ventures II, LLC	\$ -	\$ 17,516,919	\$ 541,313	\$ 178,638	\$ 719,951	\$ 4,640,000	\$ 13,596,870	\$ 3.78
Cultiva, LLC	-	9,543,372	286,180	83,648	369,828	3,436,500	6,476,700	2.78
Eclipse Theater LV, LLC	24,873,764	38,573,828	2,241,614	465,339	2,706,953	5,800,000	60,354,545	10.94
Erickson Sputtering, LLC	-	10,900,460	783,976	172,514	956,490	4,756,000	7,100,950	2.29
Fernley Assisted Living, LLC	-	3,765,233	87,824	26,679	114,503	4,640,000	(760,264)	-0.81
ILSI-MMD, Inc.	-	734,082	15,258	3,003	18,261	-	752,343	NA
International Test Solutions, Inc.	-	9,090,204	263,084	80,953	344,037	-	9,434,241	NA
JA Nevada, LLC	-	22,287,154	267,711	108,592	376,303	3,944,000	18,719,457	5.65
L.V.Net Invest, LLC	3,164,518	102,334,804	1,961,598	618,636	2,580,234	4,640,000	103,439,556	22.74
Lake Mead Christian (NP) ¹	15,501,706	33,516,621	-	-	-	5,800,000	43,218,327	8.45
NV Donor Network, Inc. (NP) ¹	10,766,239	149,728,668	-	-	-	4,640,000	155,854,907	34.59
NV Nanotech Systems, Inc.	-	43,303,840	594,986	315,887	910,873	3,828,000	40,386,713	11.31
Northern NV Hopes (NP) ¹	22,151,003	100,062,392	-	-	-	10,440,000	111,773,395	11.71
Order WithMe NV, Inc.	-	3,244,721	60,406	25,027	85,433	4,350,000	(1,019,846)	-0.75
PLI Las Vegas, LLC	-	226,643,628	4,639,837	1,800,984	6,440,821	6,090,580	226,993,869	37.21
Power Gen Components	-	44,876,643	405,636	183,907	589,543	-	45,466,186	NA
Rising Star Ranch, LLC	13,620,486	29,067,289	4,305,968	755,581	5,061,549	9,280,000	38,469,324	4.60
Shelby American, Inc.	-	214,056,569	241,775	905,973	1,147,748	4,291,033	210,913,284	49.88
SpecTir, LLC	-	752,771	10,656	3,606	14,262	-	767,033	NA
Superior Linen, LLC	-	10,924,655	198,851	61,739	260,590	3,915,000	7,270,245	2.79
Tortillas, Inc.	-	54,555,995	747,296	237,952	985,248	974,400	54,566,843	55.99
Vineburg Machining, Inc.	-	419,779	195,615	39,402	235,017	1,595,000	(940,204)	-0.26
Washoe Travel Center	9,805,431	13,197,402	-	-	-	5,800,000	17,202,833	3.97
Water Shark Systems, LLC	-	22,351,877	516,908	158,704	675,612	9,280,000	13,747,489	2.41
Western Group Packaging, LLC	10,157,370	159,270,064	4,692,882	1,228,736	5,921,618	13,920,000	161,429,052	12.17
Worldwide Equipment Sales	-	4,396,712	42,069	12,371	54,440	-	4,451,152	NA
Total	\$110,040,517	\$1,325,115,682	\$23,101,443	\$ 7,467,871	\$ 30,569,314	\$ 116,000,000	\$1,349,665,000	\$ 12.37

Notes: Based on RPAS Economic Modeling by Applied Economics

(NP)¹ Represents nonprofit organization which pays limited or no direct taxes

² Total cost of tax credit and impact per tax dollar for reinvestments not calculated due to no additional tax cost for investments over 100%

Impact Per Tax Dollar Calculation: Construction impact plus total output divided by total cost of tax credits

Further model results indicate that the NMJA program is estimated to create over \$1,325,115,682 in total gross economic output for the state, which is equated conceptually to gross national product, Table 6. In addition, construction activity from the program is estimated to result in over \$110,000,000 in positive economic impact. The 26 businesses and estimated 2,104 new jobs are projected to generate \$30,569,314 in estimated tax revenues throughout Nevada with over \$23,000,000 being generated through local tax revenues and over \$7,000,000 through state tax revenues. In sum, over the five years of the evaluation period, modeling estimates a little over a quarter (26%) of the tax revenue deducted from the state general fund for the NMJA tax credits will be recouped, not directly to the general fund but to both local and state taxes. On average over the five-year analysis period the NMJA will generate an estimated \$12.37 in total economic impact for each tax dollar invested.

Additional Impact

There are certain aspects of the program's impact that the underlying model cannot characterize. The model cannot assess the social impact for the communities served by the QALICBs. For example, Northern Nevada HOPES is a Federally Qualified Community Health Center in downtown Reno. This program provides comprehensive health services to over 10,000 patients, many of whom would otherwise not receive quality preventative health care or complete services. Studies show that the cost of not providing care for underserved populations results in significantly higher costs of long-term treatment of chronic illness, longer hospital stays, increased emergency room visits, and increased arrests.^{2,3}

Another example of un-monetized social impact potential not covered in the output of the model includes the significant improvements in the community surrounding the Eclipse Theater in downtown Las Vegas. Due to the theater's location, the adjacent streets are receiving approximately \$5,000,000 in revitalization funds. Similarly, the model does not capture the benefits of Nevada Donor Network providing lifesaving organs around the world and educating the international medical community on how to achieve higher organ recovery rates.

One business in the program tracks the number of employees it hires who were receiving welfare and medical benefits from the state. Over the past four years this company has hired 17 people off of this type of funding and provided permanent jobs with medical benefits and promotion opportunities. Although there is not a monetary value placed on these results, it can be surmised that these jobs not only save the state funds but also systemically helps move these individuals and their families out of poverty.

Finally, as shown in Table 3, the Nevada NMJA program had a direct increase in the dollar amount of federal NMTC that were invested into the state at no cost to Nevada. In years preceding the Nevada program, less than \$26,000,000 of federal NMTC had been invested in the state. During the two initial funding years of the Nevada program, over \$88,000,000 of additional federal tax credit investment flowed into Nevada businesses. The new activity generated is projected to increase future federal NMTC invested in Nevada due to the relationships developed between the CDEs and business development professionals in the state.

In sum, the Nevada NMJA program is generating significant economic impact in the state in the form of community revitalization, jobs created, families supported and over a billion dollars in economic output. However, the cost of funding this program is the reduction in the state general fund by an estimated \$85,000,000 over a five-year period (\$116,000,000 tax credit less estimated \$30,569,314 state and local taxes generated).

2 National Association of Community Health Centers, NACH.org

3 Nocon, et. al., American Journal of Public Health, November 2016

Review of the Community Development Entities

- **Advantage Capital (Advantage), Managing Midwest Community Development Fund, LLC**, was allocated \$32,000,000 in Nevada NMJA authority and invested the required 85% (\$27,200,000) in QALICBs in 7 businesses by the initial period ending December 31, 2014. As the CDE receives loan payments they reinvest funds into new businesses as well as adding funds to their original QALICBs. Although one of their first investments, Elevate Digital, dissolved its Nevada entity, Advantage recovered the \$2,500,000 in funds and invested in another QALICB already in the program. Advantage also invested in two new QALICBs. This combined with additional Multi-CDE investments with KHC brings Advantage's total investment over time to 114% of the original allocation. Furthermore, Advantage Capital stacked six of their investments with federal NMTC, bringing their total federal allocation invested in Nevada to over \$24 million. Unfortunately, 4 of the businesses in Advantage's original portfolio have ceased operations; one dissolved as mentioned above, one declared bankruptcy, and two have closed their Nevada locations. The CDE retrieved all the funds from two of these investments and reinvested within the required timeframe. One of the CDE's original investments has been truly successful and expanding rapidly, namely Tortillas, Inc. with a projected net economic impact of over \$54,500,000. Advantage also had a follow-on investment in PLI, one the most successful businesses in the NMJA program. At the end of 2018 advantage added Power Gen Components to their portfolio, a manufacturer expected to achieve significant growth over the next two years of the program.
- **Clearinghouse CDFI** was allotted \$8,000,000 for investment through the NMJA program. They invested 100% of the allocation, \$2,000,000 each in four QALICBs, all of which were funded between April and July of 2015 and were multi CDE investments. All four of the businesses included significant new construction directly impacting the distressed neighborhoods in which they reside, and all four businesses are reported to be operating successfully. Clearinghouse also contributed \$34,600,000 of federal NMTC allocation as stacked funding, more than tripling their Nevada NMJA allocation and funds invested in Nevada.
- **Enhanced Community Development, LLC (Enhanced)** invested the full \$32,000,000 of NMJA funds evenly in four different QALICBs: two individual investments and two multi CDE investments. All four businesses are operating while expanding and all QALICBs report being on track for meeting projections of increased revenue and employment. Enhanced also stacked \$3,000,000 of federal tax credits in one of the businesses in their Nevada portfolio.
- **KHC New Markets Fund (KHC)** currently has approximately 100% of their NMJA funding of \$32,000,000, actively invested in 9 qualified businesses. One investment with Advantage closed, and another investment added to their portfolio funded at the end of 2017. In addition, three new investments were completed at the end of 2018 and are adding significant economic impact. KHC made four additional investments into QALICBs already in the program. The total cumulative investment for KHC is 140% of their allocation. As the CDE uses the loan repayment and reinvestment model, they will reinvest the repayments up to 50% of their total allocation. Five of KHC's investments are successful and bringing significant impact to the Nevada economy, another may be on the

cusps of expansion as an emerging technology, and their other investments continue operations. KHC did not bring additional federal NMTC funding to the state.

- **Stonehenge Community Development, LLC** invested 100% of the \$32,000,000 allotted equally at \$8,000,000 in four multi CDE investments. All four QALICBs included significant construction impact and are operating with increasing degrees of success. One had delays in production equipment installation and is still expanding operations and two of their investments are non-profits. Stonehenge also stacked \$4,000,000 of federal credits in one business investment.
- **U.S. Bank Community Development Entity, LLC (USBCDE), investments managed by Twain Financial**, invested 100% of their allotted \$32,000,000 evenly in four QALICBs at \$8,000,000 each. Three of the four investments were in combination with Urban CDE, while one was a sole investment. Two of USB's investments are on track for projected significant economic impact; another is experiencing moderate success and the last is struggling. The latter business provides essential senior care to a rural area.
- **Urban Development Fund, LLC (Urban), investments managed by Twain**, invested their full allocation equally in four QALICBs at \$8,000,000 each. No federal tax credit funds were brought into the state through Urban. Three of the businesses include multi CDE investments with USBCDE and are operating. The additional individual investment by Urban was into a very successful non-profit which is one of the most productive in the program in terms of social and economic impact.

Review of Qualified Business Investments:

Access Health Ventures II, LLC operates traditional dental offices and a unique mobile dental office in economically distressed neighborhoods in Las Vegas. NMJA allocation of \$8,000,000 combined with \$2,500,000 in equity capital resulted in debt elimination, the purchase of equipment, acquisition of new practices, and creation of 29 new jobs for a total of 84 FTE employees to date. Access projects creating 3 additional FTE positions and forecasts predict \$13,600,000 in net economic impact through 2020. The company provides extensive training for employees, promotional opportunities, and employees participate in community support programs. Access estimates that 70% of their services are performed in low-income communities for large employers on the strip, at the Clark County School District, and the local police department. They provide services often not available to low-income individuals such as orthodontia, cancer screenings, periodontal and oral sleep therapy.

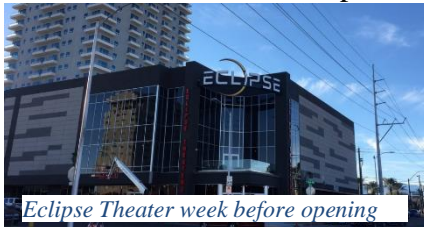


Cultiva, LLC creates, patents, and produces an elastic biofilm which increases yield and shelf life for fruit crops. Setbacks in installation of their mixing and manufacturing equipment caused Cultiva significant delays resulting in current employment of only four FTE people in their Nevada office. They completed installation of all equipment and began production in fall of 2018. Cultiva expects to add 5 additional employees over the next year. Cultiva received \$3,950,000 in NMJA funding during the first round of investment and an additional \$1,975,000. The net five-year economic benefit is projected to be \$6,500,000.

Eclipse Theater LV, LLC, held the Grand Opening of its luxury movie theater, restaurant, and event space totaling 72,000 sq. ft. on November 8, 2016. Eclipse leveraged \$10,000,000 in NMJA



Eclipse Theater during construction



Eclipse Theater week before opening

funds, stacked with \$8,300,000 of federal NMTC to generate \$21,120,000 in total investment capital. The Eclipse project located in

Downtown Las Vegas also attracted over \$5,000,000 in street improvements to help revitalize this location. Spending over \$18,000,000 on construction and land, and hiring 43 employees in the



Employees working at restaurant and bar in theater lounge



theater and restaurant, results in estimated net economic output of \$60,400,000 by 2020. The theater is minority owned and over 75% of the employees are minority. The addition of event space on the top floor opened at the end of 2018 and is projected to increase employment and attract more customers to the upscale location. Although there have been reports of financial difficulties due to the high cost of construction debt, the theater has been operating at a profit before interest and taxes.

Elevate Digital, Inc., which received \$2,500,000 in NMJA funds, dissolved the Nevada entity in January 2016. These funds were recovered in full by the CDE and reinvested within 6 months. There was no job impact to the state as the business never fully began operations.

Erickson Sputtering International of North Las Vegas received \$6,200,000 to purchase and bring to Nevada one of the few industrial sputtering machines in the world. Sputtering is a process of manufacture metal oxide coated window film. The machine results in vertical integration with a business that produces industrial window film, American Standard Window Film, an adjacent manufacturing company. An additional \$2,000,000 NMJA investment was made in December 2016 for working capital to meet a new manufacturing contract. Contract delays with a global company have resulted in employment remaining at 5 FTE.

Fernley Assisted Living received \$8,000,000 to fund its operational senior housing community of 50 assisted living and 16 memory care units. With the investment, the business completed the buildout and is currently at 80% occupancy, Fernley retained 25 FTE jobs and reported adding eleven additional FTE jobs to date. Significant growth in the area over the next five years may lead to stronger economic outcomes than currently projected from historic data. The community provides affordable senior housing to this rural low-income area with special services for patients with Alzheimer's, dementia, and other memory impairments.

ILSI-MMD, Inc., a manufacturer of specialized electronic components located in Reno received \$1,300,000 to refinance debt related to acquisitions at the end of 2018. They sold the company and paid off all the NMJA loan in full a year later.

International Test Solutions, Inc. located in Reno, received NMJA funding in November 2017 as part of the CDEs reinvestment structure. The company provides specialized cleaning materials in the semiconductor industry. The \$1,400,000 in funds contributed the completion of a buildout of a clean room and increased manufacturing space. ITS created 6 FTE jobs in 2019 and expects to add 4 more in 2020. Although only in the program for 3 years the projected net economic impact is over \$9,000,000.

JA Nevada received \$6,800,000 NMJA funds in June 2015 and acquired a Reno company that performs maintenance, repair, and overhaul (MRO) of airplane parts. JA moved its inventory of parts commercially valued at \$12,000,000 to Nevada. With an 8,000 sq. ft. building and 40 employees, JA's MRO business has significantly increased year-over-year and is projected to continue due to a new Department of Defense contract. JA expects to add 6 new employees by the end of 2020, many of these highly skilled employees hold multiple certifications enabling them to be an MRO industry leader.

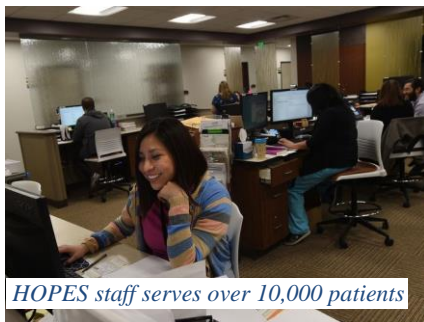
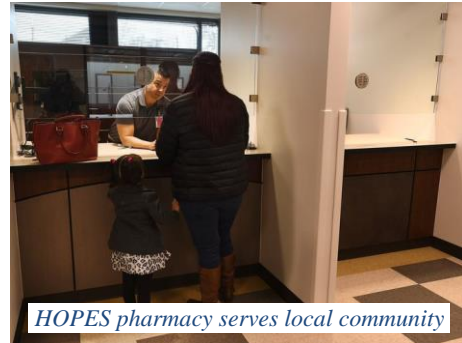
LV.Net Investments, a locally owned Las Vegas high speed internet provider, has serviced low income communities statewide since 1987. The \$8,000,000 in NMJA funds enabled LV.Net to purchase equipment, install fiber optic cable, and purchase and renovate their headquarters building. They tripled the size of their workforce by adding 43 (13 minority) jobs to date. Their total activity is estimated to generate a five-year net economic impact of over \$103,000,000 and over \$22 per investment dollar. In cooperation with the City of Las Vegas the company provides free Wi Fi to downtown Las Vegas. LV.Net and is currently



expanding downtown fiber installations to increase connectivity to the low-income area. In addition, the business is continuing to expand beyond original expectations by investing an additional \$3,000,000 to double the size of their current facility to 7,000 square feet. This expansion provides additional upgrades to their data center and add an onsite training facility for employees.

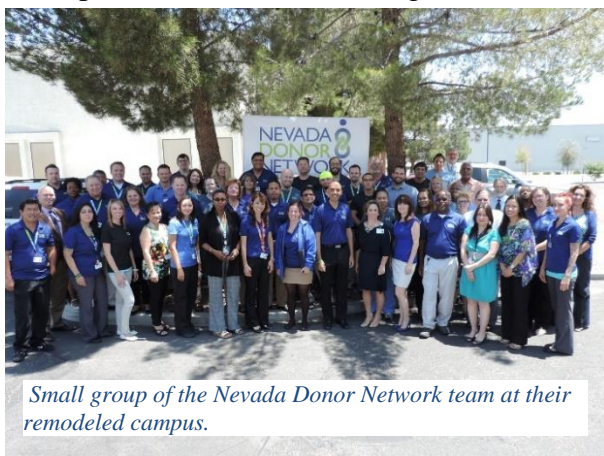
Lake Mead Christian Academy, a non-profit, located in Henderson, raised over \$1,500,000 in member sponsorship and additional donations, and \$10,000,000 in NMJA funds, plus \$10,000,000 in stacked federal NMTC funds to expand their school. This generated an estimated \$15,500,000 in construction impact and a projected \$43,000,000 of net economic impact over the next five years. The expansion of their non-denominational K-12 private school has created 92 FTE jobs since opening in August 2016. Providing much needed support for the local community, the school is required by the CDE to hire a percentage of their employees from the direct neighborhood and grants over \$108,000 in financial aid to low-income families that qualify.

Northern Nevada Hopes (HOPES) opened their new Reno nonprofit medical facility in February 2016. This \$18,000,000 multi CDE investment enabled HOPES to bring needed medical care to people without insurance in an underserved community. The NMJA funds were stacked with \$16,900,000 in Federal Tax Credit Allocation and additional donations. HOPES has achieved their goal to double their patients and serve over 10,000 disenfranchised. By increasing employment beyond expectation to 174 FTE (44% of whom are of minority status) and paying a high average wage of \$31.63 per hour, HOPES has met the projections set for their five-year plan. They continue to expand their facility building an additional floor of clinical rooms



which will enable the clinic to serve an additional 2,000 clients per year. Although a nonprofit, HOPES generated an estimated \$22,000,000 in construction impact and a projected \$100,000,000 in economic impact. In addition, as a Federally Qualified Health Center, there are significant community impacts and health benefits that have not been quantified in the economic model used for this report. Such benefits include reduction of medical expenses due to chronic illness treatment and a reduction in hospital stays as reported by the National Association of Community Health Center.

Nevada Donor Network, Inc., (NDN) in Las Vegas, a NMJA funded non-profit, is the federally designated organ procurement for many Nevada's counties, and NDN entered into a new exclusive agreement to add Washoe County and Carson City. With NMJA allocation funding of \$8,000,000, NDN purchased several buildings and invested over \$6,700,000 in construction to refurbish them



into the Nevada Donor Network medical campus, completed in June 2016. This enabled NDN to move their call center into the state, build ocular and organ labs, and grow from 58 to 151 FTE employees with high pay of approximately \$35.00 per hour. NDN projects continued growth of an additional 22 employees by 2020. The non-profit contributes one of the highest net economic impact results in the NMJA program (over \$111,000,000). As a global leader in the field, NDN has one of the highest organ recovery rates in the world, the highest in the United States, and they bring in medical staff from around the

world to train at their facility, including Mexico, Australia, and Spain. The company continues to expand with additional medical partnerships and a new business development in a different low-income tract in southern Nevada.

Nevada Nanotech Systems, Inc., founded in Sparks in 2004, received an initial investment of \$2,350,000 in NMJA funds for further development of microchip sensors for monitoring airborne chemicals. Nano received additional follow-on investment totaling \$4,450,000 of NMJA funds. As they continue to develop their technology to go to commercial markets, the company has expanded by 9 FTE employees, paying a high average wage of \$56.23 per hour for their high-tech industry. They are currently building out their manufacturing facility and project continued growth. Five-year net economic impact of over \$40,000,000 is projected.

WithMe Nevada, Inc. (WM), was originally infused with \$7,500,000 of NMJA funds in October 2014 and an additional \$2,500,000 in Silicon Valley investment. It was reported by the investing CDE that WM has ceased operations in Nevada. Some assets are owned by the CDE but at this time the business remains defunct and no further progress has been reported.

PlasticCard-Locktech International (PLI) added \$5,900,000 in equity to the \$8,000,000 NMJA



PLI employees produce the majority of Starbucks gift cards in the world

funding. Purchasing a competitor's closed plant in January 2015, PLI, a plastic key/gift card manufacturer, reopened the North Las Vegas plant rehiring 240 FTE employees as owners through an Employee Stock Ownership Plan. PLI increased employee pay, purchased a new press, and improved efficiency resulting in the creation of over 65 FTE jobs, for a peak total of 308 (50% minority). With an additional NMJA investment in May 2016 of \$2,500,000, PLI continued growth, and was the preferred provider for Starbucks gift cards and a top supplier for Disney. PLI paid off its NMJA debt in 2018 and sold to new ownership.

Although still operating in the same the company is no longer required to report employment status to the program. Still, a conservative model analysis boasts significant net economic impact of over \$225,000,000.

Power Gen Components, one of the latest additions to the Nevada program received \$7,000,000 in NMJA in December of 2018. Due to significant growth and need for cashflow to keep up with an increase in orders, an additional \$2,500,000 was invested in 2019. Increased employment of 29 FTE (51% minority), and projected increase in 2020 of 20 FTE results Power Gen's net economic impact of over \$45,000,000 in just two years. Contracts with military submarine suppliers suggest this growth will continue.

Rising Star Ranch, with NMJA investments of \$16,000,000, the owners of this Mesquite hotel/sports complex are creating destination for sports tournaments, camps, and events for the region. After extensive renovations of the old motel, resulting in an estimated \$13,600,000



RSR Sports Facilities and Field House



RSR Refurbished Hotel in Mesquite

in construction impact, Rising Star opened in November 2016. The company has 46 FTE employees (745% minority) and projects continued growth as they bring new sporting events to the area. Rising Star has completed the field house ahead of schedule to support their events, tournaments, and camps with multiple courts or fields.

Shelby America, Inc. in Las Vegas designs and manufactures high performance vehicles under the Shelby Cobra Brand. The company was being wooed by their associated auto manufacturer to move out of state, but the \$6,230,000 of NMJA investment allowed Shelby to stay in Las Vegas, increase production, and offer competitive hourly wages to its retained 82 employees. With a follow-on investment of \$1,165,000 the business projects increases in production over the next several years due to the launch of new models and international sales growth. As the NMJA investment helped keep the manufacturer in Nevada, Shelby is projected to achieve a net economic impact of \$210,000,000.

SpecTir, LLC, a Reno based company specializes in geospatial information systems and proprietary soft wear that allow the company to capture and process data that maps energy wavelengths. This technology is used in the detection of minerals, oil, and environmental contamination. Receiving \$850,000 as reinvested NMJA funds, the company has 9 full time employees who receive high wages and a full suite of benefits.

Superior Linen, was a North Las Vegas commercial laundry that received \$6,750,000 of NMJA investment which enabled the struggling company to stay in business and continue employment for an additional year. As of September 2016 the company filed Chapter 11 bankruptcy and closed operations. Although operations were less than a year, the investment resulted in a positive net economic impact due to employment during that time. The CDE did not recoup any of its investment in this company as all funds went to the senior lender.

Tortillas, Inc., in North Las Vegas since 1984, received \$1,500,000 to purchase new kitchen and packaging machinery, and delivery trucks for their tortilla chip and food production. Tortillas provides food products primarily in southern Nevada. They currently have 124 minority FTE employees, 36 of whom occupy newly created jobs. The local manufacturer projects continued growth and has plans to expand their plant. Net economic impact is



Local tortilla manufacture supports 124 minority jobs

estimated to be over \$56.00 per dollar of investment, the highest in the program. The social impact Tortillas has on its employees, community and the state can be found in its programs that help individual move from state services to long term employment offering advancement and other supports to help these individuals move out of poverty.

Vineburg Machining, Inc., in Mound House, received a total \$2,750,000 infusion from both the Nevada NMJA credits stacked with \$1,585,000 in federal credits to purchase precision tooling equipment and to refinance debt. Although the company purchased additional equipment and has provided skills training, growth was relatively slow. In 2018 a new contract with Tesla has increased employment by 4 to 36 FTE and improved projections.

Washoe Travel Plaza of Gardnerville opened a gas station and convenience store on February 17, 2016. The project received \$2,000,000 from one CDE and \$8,000,000 from another for a total of \$10,000,000 in state NMJA allocation. In addition, Washoe received \$10,000,000 in federal NMTC allocation for a total raise of \$20,000,000. So far, the center has created 20 FTE jobs, 50% held by tribal members, and will provide an estimated \$1,000,000 per year of benefits directly to the Washoe Tribe.



Wa She Shu Travel Plaza employs 20 locals

Water Shark Systems, LLC, a North Las Vegas company specializing in portable water treatment equipment, received \$16,000,000 from two CDEs and \$11,250,000 in owner's equity to fund a merger and relocation of two business lines from Florida and California to Nevada. Based on their extensive collaboration with Nevada resources, they expect to grow both their national and export business. .

Western Group Packaging (WGP) of North Las Vegas was funded in July 2015 by three CDEs for a total of \$24,000,000 in NMJA funds. WGP leases a 153,000 sq. ft. facility where they have imported and installed state-of-the-art beverage bottling equipment. The equipment buildout was delayed due to a new contract negotiation with a large customer, which resulted in retooling of part of their equipment. WGP began scaling production in the second quarter of 2017, creating 115 FTE jobs by the end of 2019. An addition 35 jobs are projected by mid-2020, many of which are sourced from the local community. The projected economic impact is one of the highest in the program at \$161,400,000.

Worldwide Equipment Sales of Nevada received \$1,000,000 NMJA funds on March 30, 2016. Due to the relocation of a major supplier in the area they closed their Nevada business a year after investment. The CDE recouped all funds and reinvested in additional businesses.