

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON REVENUE**

**Eighty-First Session  
February 11, 2021**

The Committee on Revenue was called to order by Chair Lesley E. Cohen at 4:08 p.m. on Thursday, February 11, 2021, Online. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/81st2021](http://www.leg.state.nv.us/App/NELIS/REL/81st2021).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Lesley E. Cohen, Chair  
Assemblywoman Teresa Benitez-Thompson, Vice Chair  
Assemblywoman Natha C. Anderson  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblywoman Venicia Considine  
Assemblyman Gregory T. Hafen II  
Assemblyman C.H. Miller  
Assemblyman P.K. O'Neill  
Assemblyman David Orentlicher  
Assemblyman Tom Roberts  
Assemblyman Steve Yeager

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Heidi Kasama (excused)

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Terri McBride, Committee Manager  
Gina Hall, Committee Secretary  
Cheryl Williams, Committee Assistant



**OTHERS PRESENT:**

Melanie Young, Executive Director, Department of Taxation  
Shellie Hughes, Chief Deputy Director, Department of Taxation  
Tiffany Greenameyer, Deputy Chief, Budget Division, Office of Finance, Office of the Governor

**Chair Cohen:**

[Roll was taken and Committee rules and protocol were reviewed.] Before I open the bill hearing, I want to acknowledge that today the Nevada Black Legislative Caucus (NBLC) celebrated Black History Month with a virtual Black History Luncheon. That included Black History in the Nevada Legislature. If you are interested in watching that presentation, you can find it on social media. You can also find it on the NBLC YouTube channel. The NBLC is a caucus full of history makers and firsts, including our first Black Speaker of the Nevada Assembly. In addition, tomorrow is Chinese New Year. As 2021 is the year of the Ox, the greeting often used is wishing you a lucky Ox year. Happy Chinese New Year to anyone celebrating.

I will now open the hearing on Assembly Bill 9. This measure revises provisions governing the disclosure of certain confidential information by the Department of Taxation. Presenting today is Executive Director Melanie Young from the Department of Taxation and Tiffany Greenameyer from the Governor's Office of Finance.

**Assembly Bill 9: Revises provisions governing the disclosure of certain confidential information by the Department of Taxation. (BDR 32-270)**

**Melanie Young, Executive Director, Department of Taxation:**

With me here today I have my Chief Deputy Director, Shellie Hughes; Hayley Owens, Economist with the Department of Taxation (Department); and Tiffany Greenameyer from the Governor's Office of Finance (GFO). As stated, Assembly Bill 9 revises the provisions governing the disclosure of certain confidential information held by the Department to the GFO for the purpose of revenue projections. I would like to turn the time over to Shellie Hughes, who will walk you through the provisions of the bill.

**Shellie Hughes, Chief Deputy Director, Department of Taxation:**

I am here today to introduce A.B. 9. As Director Young stated, A.B. 9 authorizes disclosure in confidence of the records and files of the Department to the Budget Division of the GFO for use in the projection of revenue [page 1, Exhibit C]. *Nevada Revised Statutes* (NRS) 360.255 is the Department's confidentiality statute and it provides that the Department cannot disclose the records and files of a taxpayer relating to the administration and collection of taxes, fees, and assessments. However, this statute also provides exceptions when the Department can disclose records and files.

We would like to add disclosure of records and files to the Budget Division of the GFO for use in the projection of revenue to the exceptions in NRS 360.255, subsection 2 [page 2]. We are bringing this bill forth today because we have encountered a problem with not being able to disclose data to staff in the Budget Division at the GFO [page 3]. *Nevada Revised Statutes* (NRS) 223.400 creates the Office of Finance in the Office of the Governor and includes the Budget Division. Chapter 353 of NRS provides the various powers and duties of the Budget Division, which include preparing the budget and forecasting numbers for the Economic Forum. Staff in the Budget Division at the GFO requires data from the Department when making its revenue projections for the Economic Forum.

Pursuant to NRS 353.228, the Economic Forum is responsible for forecasting future State General Fund revenues for seven of the state's major revenue sources [page 4]. For each of these revenue sources, separate forecasts are prepared by the Legislative Counsel Bureau's (LCB) Fiscal Analysis Division staff, the GFO Budget Division staff, and staff from the specific agencies responsible for collecting each of these revenues, such as the Department of Taxation and the Nevada Gaming Control Board.

To prepare these forecasts, the LCB's Fiscal Analysis Division and the GFO Budget Division need data regarding past and current revenues of the state that are in the Department's possession [page 5]. Currently, we are able to release this data to the LCB's Fiscal Division pursuant to NRS 218F.620. However, no such statute exists for us to release this information to the GFO Budget Division. Not having access to this information provides a disadvantage to the GFO Budget Division when forecasting the numbers.

The Economic Forum relies on these forecasts when determining the official forecasts of future State General Fund revenues and how much revenue will be available for the biennial budget cycle. Furthermore, all agencies of the state, including the Governor and Nevada Legislature, are required to use the Forum's forecast, which is provided shortly before the beginning of a new legislative session. As a result, it would be prudent for the Economic Forum to have the most accurate forecasts to make the official forecast determination.

The Budget Division of the GFO, like the LCB's Fiscal Division and the Department, relies on historical tax revenue data as a basis for its future projections. The Department's economist, Hayley Owens, who is present here today, states that often there are anomalies in the data that could lead to inaccurate projections if not explained and accounted for. For example, if there is a sudden decline in revenue in a specific industry, geographic area, or tax type, is this due to a change in the underlying economy? Perhaps a large taxpayer became noncompliant or perhaps a taxpayer was re-coded into a different industry. Being able to clearly discuss whether the changes in the data were due to actual changes in economic activity or to noneconomic changes in taxpayer activity, can greatly improve forecasts by allowing the forecaster to account for these changes in their models. If the Department was able to discuss these issues with the LCB's Fiscal Division, but not with the Budget Division of the GFO because it may allow for the identity of a taxpayer to be deduced, then the Budget Division would be at a disadvantage relative to the LCB's Fiscal Division and the Department, and the entire forecasting process could suffer. It is extremely crucial for

forecasters to look at the data at this granular level in order to separate the trend from the anomalies, and in order to better understand the data so that it can be modeled appropriately for forecasting.

In summary, we are asking to include the disclosure of our data to the Budget Division of the GFO for use in revenue projections as an exception to the confidentiality requirement in NRS 360.255 [page 6, [Exhibit C](#)]. Thank you, and we are happy to answer any questions you may have.

**Assemblyman Yeager:**

Is there a reason why the GFO was not originally included? It sure seems to make sense in the way we budget and the way the Economic Forum works.

**Shellie Hughes:**

I do not know that answer. I am not sure if Ms. Young may know the background of that. I can tell you our confidentiality statute has changed a little bit as the years have passed. As of last year, we added three exceptions to NRS 360.255 because of some cannabis situations. I am not sure if it was something considered at the time the statute was put in place.

**Chair Cohen:**

I have a question from Assemblywoman Considine. As she is having issues with her audio, I will ask the question for her. She is asking if you can go through the process of what you have to do now.

**Melanie Young:**

Currently we have done a temporary work-around where we have been able to disclose some of the information to the GFO, but that is only a temporary solution. We are looking to add this to the provisions in NRS 360.255 so we can have a permanent solution. I believe Tiffany Greenameyer from the GFO has a statement she would like to share in regard to this bill.

**Tiffany Greenameyer, Deputy Chief, Budget Division, Office of Finance, Office of the Governor:**

I am here with the Department to present A.B. 9, which revises provisions governing the disclosure of certain information by the Department to the GFO Budget Division under certain circumstances. It is important to note that the disclosure of certain confidential information to the Budget Division will only be utilized for the projections of revenues.

*Nevada Revised Statutes* (NRS) 353.227, subsection 2, paragraph (b) requires the Director of the LCB and the Chief of the Budget Division of the GFO to jointly provide staff to the Economic Forum. The current law only allows the Fiscal Division of the LCB to acquire confidential information from the Department related to matters of revenue projections, but does not allow them to discuss these matters with the staff in the Budget Division. Given the joint nature of the work required for the Economic Forum, the current law does not allow

both parties to work under the same information set. The two offices also prepare consensus revenue projections for various non-General Fund revenue sources, such as those dedicated to support K-12 education. Without this revision to statute, the Budget Division will continue to be hindered in properly discharging its duties.

The latter is just one example of a situation in which the two offices work together on revenue projections needed by both the Executive and Legislative Branches of government in budget development and the approval process, but the current law does not allow the two offices to discuss matters that may be confidential in nature. Assembly Bill 9 allows the staff at the Budget Division of GFO to fully execute the duties as described in NRS 353.227, subsection 2, paragraph (b), and work jointly with staff at the Fiscal Division of LCB on revenue projections.

**Chair Cohen:**

We will now go back to questions.

**Assemblyman Roberts:**

I understand the information is not going to be used for anything other than revenue projections. Could you give me an example of the type of data that goes down to the individual taxpayer, that is really used in the projections, and how you would use it?

**Melanie Young:**

I will piggyback a little on Assemblywoman Considine's question. The Department provides monthly statistics on a regular basis to the LCB and the GFO. What has come about here is during the pandemic, the Department was issuing letters for certain taxpayers to have an extension on paying their taxes. It was really important to get down to a more granular level, such as which taxpayers had asked for an extension, to know whether this was an ongoing issue with that taxpayer, or was this just an agreement between the Department and that taxpayer for that extension. That is just one example of something that came about during this situation we are all in that was helpful to be able to share that information.

**Assemblyman Roberts:**

The GFO is already involved in the Economic Forum and projections, and you are just having to sidestep some of these confidentiality issues during those conversations. This would just free you up?

**Melanie Young:**

We used a provision that allowed the Governor's Office to delegate some information to where we could share this information with the GFO on a temporary basis.

**Chair Cohen:**

Mr. Guindon, as our staff, could you give us more context and follow-up on that answer?

**Russell Guindon, Principal Deputy Fiscal Analyst:**

I will also provide additional information for Assemblyman Yeager's question about how [unintelligible] came to be. As was referenced, there is the provision in NRS 218F.620 that allows your Fiscal Analysis Division staff to make requests. I will focus on the Executive Branch agencies, but the scope of authority is much broader than that. That law was put in place in 1977. In 1995 the Legislature expanded the authority to allow your staff to request information that may be confidential in nature, and we keep it confidential. With regard to the revenue forecasting, everything you have heard in the testimony is sort of ditto with regard to your Fiscal Analysis Division staff.

To Assemblyman Roberts' questions, yes. The Department puts out a lot of aggregate-level data, but sometimes you need to see the detail lying behind that at the taxpayer level to have a better understanding of what is going on. There is nothing like a pandemic to make you realize you sometimes need to look into the detail of the data to try to understand what is going on. We as your fiscal staff can make that request from the Department. We can interact with Hayley Owens, the Department's economist, but when we want to have a conversation with Susanna Powers, the GFO's economist, we hit that wall and cannot interact. We are not interacting to collude on our forecasting. We are interacting to try to have a common understanding of what is going on in the economy. You are trying to gain an understanding, or an information set, you can then use to forecast. As Shellie Hughes stated, referring to what their economist said, when two-thirds of the three-party group are able to have an information set that one-third of them cannot, then in a sense that person, as a forecaster, is placed at a disadvantage with regard to trying to have the same information set to prepare forecasts.

I know the term "more accurate forecast" is getting used here, but as a person who has been forecasting for 30-plus years, as forecasters we are trying to get the best information set we can and hope our forecasts are the most accurate. In my 30-plus years of forecasting, the real-world economy does not want to comply with my forecasts very often, and you do not know accuracy until after the fact. I do not want people to realize that because the GFO has this information and your fiscal staff has it, our forecasts are by default going to be more accurate. We have a much better information set and, statistically speaking, a better chance of preparing more reasonable forecasts than statistically should be on average more accurate.

**Chair Cohen:**

Thank you for that explanation for the Committee.

**Assemblywoman Benitez-Thompson:**

So we have the legislative record really clear, when the existing statute says the Governor or his agents, we would assume that means this specific budget department would be an agent, but that does not turn out to be true. When we say the budget office, we mean specifically of the GFO, that was reorganized as the GFO office in 2015—it is just that budget office, and then all those people within that budget office. You have different people working on different budgets there. Is it the whole office and not just the economist?

**Melanie Young:**

Our intentions would be that the information be shared with the economist and not necessarily every budget analyst in the GFO because they are the ones who are responsible for preparing the Economic Forum's forecast for revenue projections.

**Assemblywoman Benitez-Thompson:**

We are talking specifically about that one position, whoever holds the title of economist in the budget office.

**Tiffany Greenameyer:**

I can confirm that.

**Chair Cohen:**

Mr. Guindon, do you have anything to add?

**Russell Guindon:**

As your Fiscal Analysis Division staff, we believe the statutory provision is an important tool you have given us in NRS 218F.620, to allow us to do our job for our revenue projections. We can then also use it to do our legislative duties for the members of the Legislature. When we are making requests to Ms. Young as Director of the Department, we put it in the email that we are explicitly making the request for the confidential information pursuant to NRS 218F.620. The Department has that email document that we are making the request under that statutory provision, and they are providing that because we are asking for it. They are not just giving it to us willy-nilly. We are executing that statutory authority. The GFO could then use that same statutory reference when they are making the request from the Department, so all the parties involved in making the request know it is being made under a statutory authority, to allow the request to be made and information to be provided.

**Chair Cohen:**

Are there any other questions from the members of the Committee? [There were none.]. Do the presenters have a closing statement?

**Melanie Young:**

I appreciate your time in hearing A.B. 9. I feel this would be a benefit for the Governor's Office of Finance, being able to complete their revenue projections with more detailed information. We are here for any questions.

**Chair Cohen:**

We will now hear from those in support of A.B. 9. [There were no callers.] We will now hear from those in opposition to A.B. 9. [There were no callers.] We will now hear from those who are neutral on A.B. 9. [There were no callers.] I was under the impression we had a couple of callers signed in as neutral on the bill. I will give them a minute, as I believe there were a couple signed in to testify as neutral on the bill. I do not want to miss them.

[There were no callers.] I will close the hearing on A.B. 9. I will open the hearing for public comment. Is there anyone on the line for public comment? [There was no one.] Are there any comments from the members of the Committee? [There were none.]. Our next Assembly Committee on Revenue meeting will be Tuesday, February 16, 2021, at 4 p.m. We are adjourned [at 4:38 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Lesley E. Cohen, Chair

DATE: \_\_\_\_\_



## **EXHIBITS**

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Assembly Bill (AB) 9," presented by Shellie Hughes, Chief Deputy Director, Department of Taxation.