

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Eighty-first Session
April 21, 2021**

The Senate Committee on Finance was called to order by Chair Chris Brooks at 6:04 p.m. on Wednesday, April 21, 2021, in Room 1214 of the Legislative Building, Carson City, Nevada, and Online. [Exhibit A](#) is the Agenda. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Chris Brooks, Chair
Senator Moises Denis, Vice Chair
Senator Julia Ratti
Senator Nicole J. Cannizzaro
Senator Marilyn Dondero Loop
Senator Ben Kieckhefer
Senator Pete Goicoechea
Senator Scott Hammond
Senator Heidi Seevers Gansert

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Barbara Williams, Committee Secretary

OTHERS PRESENT:

Tiffany Greenameyer, Deputy Chief, Budget Division, Office of Finance, Office of the Governor
Kannaiah Vadlakunta, Deputy Director, Information Technology, Department of Taxation
Terri Upton, Deputy Director, Compliance, Department of Taxation
Melanie Young, Executive Director, Department of Taxation

CHAIR BROOKS:

I will open the hearing on Senate Bill (S.B.) 418.

SENATE BILL 418: Makes an appropriation to the Budget Division of the Office of Finance in the Office of the Governor for the continuation of the Nevada Executive Budget System upgrade project. (BDR S-1059)

TIFFANY GREENAMEYER (Deputy Chief, Budget Division, Office of Finance, Office of the Governor):

Section 1 of S.B. 418 provides a onetime appropriation of \$422,000 for the continuation of the Nevada Executive Budget System upgrade project. This project was originally approved in the Eightieth Session. Due to budget reductions mandated in the Thirty-first Special Session, we deferred a portion of the project. This funding will allow for the continuation of the modernization interface and system architecture upgrades.

SENATOR KIECKHEFER:

What is the phasing of the project, and how far along has it come?

MS. GREENAMEYER:

We are in phase 3 of the project. The remaining pieces are the smaller parts that could be deferred.

SENATOR DENIS:

Is this the final amount for the project, or will there be more phases after phase 3?

MS. GREENAMEYER:

This is the final phase. The original approved amount was \$1,438,500.

SENATOR DENIS:

Do you anticipate additional costs?

MS. GREENAMEYER:

No, we do not.

CHAIR BROOKS:

I will close the hearing on S.B. 418 and open the hearing on S.B. 414.

SENATE BILL 414: Makes an appropriation to the Department of Taxation for the continuing costs of the modernization of the Unified Tax System as part of Project MYNT. (BDR S-1119)

KANNAIAH VADLAKUNTA (Deputy Director, Information Technology, Department of Taxation):

Senate Bill 414 provides a one-shot appropriation from the General Fund in the amount of \$2,943,463 for continuing the modernization for the Unified Tax System called Modernize Your Nevada Tax (Project MYNT).

FY 2021 One-Shot: This request continues funding for the modernization of the Unified Tax System as part of Project MYNT. (BUDGET OVERVIEW-22)

The goal of Project MYNT is to modernize the legacy Unified Tax System to support a customer-focused, efficient and secure tax process. The Department currently leverages a complex set of IT systems to manage the tax process. These systems are difficult to maintain and do not provide adequate support to taxpayers, Department employees and local governments. Aging technologies, unsupported platforms, shortage of skills, inefficiencies, costly implementation of legislation and risk to maintain status quo are some of the major drivers for Project MYNT.

The Department of Taxation began Project MYNT in fiscal year (FY) 2019-2020, using a vendor, Gartner, to study the current state of the Department processes and technology and create a modernization roadmap. The vendor completed a current State assessment, a future State business and technical analysis, and a readiness assessment. We are in the final stages of completing the solution strategy and business case for modernization. We assessed and evaluated architectural alternatives against established criteria and chose commercial off the shelf (COTS) as our solution strategy. In the business case, Gartner identified Project MYNT as a multiyear project with an estimated cost of \$68 million for the COTS solution. As part of the readiness assessment, Gartner identified some gaps and created a roadmap of initiatives to improve the chances of successful project implementation.

As part of FY 2019-2020 budget reductions, over \$940,000 was reverted to the General Fund as the modernization project was placed on hold at the request for proposal (RFP) development phase. We were grateful for the pause button while we implemented some organizational structure, data and project management governance, culture and change management focus, and data quality and accessibility. It is important to address the culture and change management that are critical to the success of large, complex projects.

The funding request will be used in FY 2021-2022 to add four full-time equivalent positions to work on the Gartner-recommended readiness roadmap initiatives. These would include an IT manager II as the project manager, an IT professional IV as technical lead, a tax manager as the functional lead and subject matter expert, and an organizational change manager as the change management and training lead. Two temporary contractors will be used for establishing project governance and data management strategy.

This funding will also be used to hire seven temporary contracted positions as needed while current staff would be used as subject matter experts on the project as recommended by Gartner in the solution strategy. The funding would also allow the Department to implement a document management solution that includes software, hardware and training. The Department currently manages its documentation at the end of the process. With the funding, we would implement a solution that manages documents at the beginning of the process, thus increasing the efficiency of our document workflow.

In summary, this funding would allow the Department to prepare for the system modernization and release of the RFP for the COTS solution at the beginning of the 2021-2023 biennium.

CHAIR BROOKS:

I will close the hearing on S.B. 414 and open the hearing on S.B. 415.

SENATE BILL 415: Makes an appropriation to the Department of Taxation for the relocation and consolidation of the two offices in the Las Vegas Valley into one office in southern Nevada. (BDR S-1118)

TERRI UPTON (Deputy Director, Compliance, Department of Taxation):

Senate Bill 415 is a one-shot appropriation of the General Fund for office relocation and consolidation as an efficiency measure to reduce ongoing costs and address areas of concern for the Department. The bill was drafted in the amount of \$622,364. After updating a vendor quote and working with Legislative Counsel Bureau Fiscal staff to correct an error in calculation, this amount needs to be amended to \$632,854, an increase of \$10,490.

FY 2021 One-Shot: This request funds the relocation and consolidation of the two Las Vegas Valley Offices into one office in southern Nevada. (BUDGET OVERVIEW-22)

The Department is on a month-to-month lease in the Henderson office in which the landlord could give a 30-day notice to vacate. The office is ideally situated in a central location with easy access; however, we are at space capacity and the office no longer meets our needs. Neither the conference room nor administrative hearings room has a public entrance, requiring taxpayers to be escorted through the interior office and supervised by staff at all times. This raises concerns regarding the Department's security, staff safety and safeguarding confidential records.

The Department's Las Vegas office, in the Grant Sawyer State Office Building, is also at capacity. Due to limited seating and counter space in the small lobby, taxpayers are faced with a lack of privacy when discussing confidential matters. The only conference room is insufficient for staff meetings and must also serve as the cannabis cash count room and an administrative hearings room.

Finally, the Department managers and supervisors must travel between the two offices to provide a supervisory presence or to attend meetings and staff trainings. This is disruptive to both supervisors and staff.

To alleviate these concerns, the Department seeks to consolidate into one office in the Las Vegas Valley. Efficiencies will be found by eliminating the duplicative costs for security guards, camera coverage and armored car deposit pickup. Additional expense will be saved by eliminating the costs to maintain supervisory coverage between the two offices.

The Department hopes to find a location that can be colocated with the Cannabis Compliance Board (CCB), creating additional efficiencies. The CCB has one board and one advisory commission and the Department of Taxation is staff to five boards and commissions. Both agencies have a need for an administrative hearings room and public meeting space. It is our combined goal to find a space that will allow a shared reception and public meeting space, creating efficiencies for both agencies.

CHAIR BROOKS:

Will you submit an amendment to support the new amount the Department is requesting?

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MELANIE YOUNG (Executive Director, Department of Taxation):

We are working with Fiscal staff on an amendment and expect it to be available soon.

SENATOR DENIS:

Who is the typical customer the Department sees in person?

Ms. UPTON:

Most customers are taxpayers coming in to file their returns. Some come in because of compliance issues and are seeking a payment plan.

SENATOR DENIS:

You mentioned the Henderson office was centrally located. For many taxpayers in northern Las Vegas, Henderson would be quite a distance. I hope you are looking for a more central location in the Valley. This would also likely benefit the employees.

CHAIR BROOKS:

I will close the hearing on S.B. 415 and open the hearing on S.B. 416.

SENATE BILL 416: Makes appropriations to the Department of Taxation for the replacement of computer hardware and software and printers.
(BDR S-1117)

Ms. YOUNG:

Section 1 of S.B. 416 appropriates \$146,822 for the replacement of computer hardware and software over the 2021-2023 biennium. Section 2 appropriates \$68,912 for the replacement of printers that will be past their useful life in the upcoming biennium.

FY 2021 One-Shot: This request funds the replacement of computer hardware and software equipment. (BUDGET OVERVIEW-21)

FY 2021 One-Shot: This request funds replacement printers. (BUDGET OVERVIEW-21)

While working with Fiscal staff, it was discovered two additional funding requests that should have been included in this bill were omitted. Proposed Amendment 3304 ([Exhibit B](#)) is before you. Section 3 appropriates \$259,743

from the General Fund for the replacement of Microsoft SQL servers, Microsoft Windows servers, projectors and storage capacity. Section 4 appropriates \$40,032 for replacement printers well past their useful life which should have been replaced in previous biennia.

FY 2021 One-Shot: This request funds replacement of essential information technology hardware. (BUDGET OVERVIEW-22)

FY 2021 One-Shot: This request funds replacement printers. (BUDGET OVERVIEW-22)

In total, the amended General Fund one-shot request is \$515,509.

SENATOR KIECKHEFER:

Are the amended appropriations originally proposed in the Executive Budget and were simply missed as part of the drafting process, or are these additional one-shots?

MS. YOUNG:

These requests were originally submitted through the budget process, but I am not sure how they were omitted from the bill.

The Department did reduce two of these amounts after working with Fiscal staff. The printer request was originally approximately \$50,000 and we were able to reduce it approximately \$10,000 by using network printers and copiers instead of purchasing new printers. There was another downward adjustment due to a vendor quote.

SENATOR KIECKHEFER:

Was this request included in the Governor's recommended budget, but somehow did not make it into the bill?

MS. YOUNG:

That is correct.

SENATOR KIECKHEFER:

It would be helpful to get an updated General Fund balance that we have to work with. I know the Governor had included several one-shots, which is common for technology improvements. At some point, it might be useful to

understand where we are in terms of our projected ending fund balance for the year as compared to what is being requested in one-shot appropriations.

SENATOR SEEVERS GANSERT:

What distinguishes the printers mentioned in section 2 from those referred to in section 4 of the bill?

Ms. YOUNG:

The printers in section 2 are printers that will reach the end of their useful life during the 2021-2023 biennium. Section 4 replaces printers that exceeded their useful life in prior biennia. The Department should have requested to replace those in previous biennia, but failed to do so.

SENATOR SEEVERS GANSERT:

Why is it a bill instead of a budget amendment?

Ms. YOUNG:

It was always intended to fund these requests with one-shot General Fund appropriations.

SENATOR SEEVERS GANSERT:

Senate Bill 414 appropriates almost \$3 million for modernization. Is the Department working on systems to transition to paperless transactions and recordkeeping? This last year has shown us how much we can do electronically. Printers, ink and paper are expensive.

Ms. YOUNG:

Our goal is to allow for more electronic submission of tax returns. We have an online tax portal, but not all of our tax returns can be submitted through the portal. Our goal, through this process, is to use a COTS solution to expand our online presence.

SENATOR SEEVERS GANSERT:

Have you set goals or a timeline for reducing the need for printing?

Ms. YOUNG:

We are working toward the modernization goal through our business plan with Gartner.

SENATOR DENIS:

Are the funds requested in section 3 of S.B. 416 for regular replacement of system servers? Will that equipment be available and used by the modernization project as you move into it?

MR. VADLAKUNTA:

Section 3 funds the replacement of existing hardware due for replacement. The use of this equipment for Project MYNT has not been contemplated. Project MYNT will use a different Windows Server Datacenter license. The Department has grown so much over the past few years that our licensing model and the Microsoft licensing model are getting changed. We are using the Windows Server Datacenter license to accommodate our existing capacity and anticipated needs of Project MYNT. The rest of the request is due to the normal hardware replacement schedule.

SENATOR DENIS:

It sounds like you are replacing existing hardware and software to maintain business flow. After the modernization, you may have additional hardware needs.

MR. VADLAKUNTA:

That is correct. As we use the COTS solution to further our modernization, we will be assessing our hardware needs and software licensing needs. We are doing our best to optimize our costs with an eye on the modernization.

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CHAIR BROOKS:

I will close the hearing on S.B. 416. Seeing no public comment, this meeting is adjourned at 6:38 p.m.

RESPECTFULLY SUBMITTED:

Barbara Williams,
Committee Secretary

APPROVED BY:

Senator Chris Brooks, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda
S.B. 416	B	1	Melanie Young / Department of Taxation	Proposed Amendment 3304