

**MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Eighty-first Session
March 18, 2021**

The Senate Committee on Revenue and Economic Development was called to order by Chair Dina Neal at 1:04 p.m. on Thursday, March 18, 2021, 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 Dina Neal, Chair
Senator Julia Ratti, Vice Chair
Senator Moises Denis
Senator Ben Kieckhefer
Senator Heidi Seevers Gansert

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Alex Polley, Committee Secretary

OTHERS PRESENT:

Melanie Young, Executive Director, Department of Taxation
Shellie Hughes, Chief Deputy Director, Department of Taxation
Susanna Powers, Economist, Budget Division, Office of Finance, Office of the Governor

CHAIR NEAL:

We will begin with a work session for Senate Bill (S.B.) 117.

SENATE BILL 117: Revises provisions relating to economic development.
(BDR 18-600)

JOE REEL (Deputy Fiscal Analyst):

Senate Bill 117 was heard by the Committee on March 2 and is summarized on the work session document ([Exhibit B](#)).

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 117.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR NEAL:

I will open the hearing on Assembly Bill (A.B.) 9.

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):

Assembly Bill 9 allows the Department of Taxation to share information with the Governor's Finance Office (GFO) strictly for revenue projections.

SHELLIE HUGHES (Chief Deputy, Department of Taxation):

Nevada Revised Statutes (NRS) 360.255 is a confidentiality statute, which disallows the Department of Taxation from disclosing taxpayer records and files relating to the administration and collection of taxes, fees and assessments. However, this statute provides exceptions for when the Department can disclose records and files. We want to add the GFO Budget Division to the exceptions in section 1, subsection 2 of NRS 360.255 for the disclosure of records and files for revenue projections. We have been unable to disclose data to GFO Budget Division staff.

Nevada Revised Statutes 223.400 created the Office of Finance within the Office of the Governor, which include the Budget Division. Chapter 353 of NRS provides the Budget Division's powers and duties, which include preparing the budget for the Executive Branch and forecasts for the State of Nevada Economic Forum. Staff in the Budget Division require data from the Department when making 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 major revenue sources. Separate forecasts are prepared for each revenue source by the Legislative Counsel Bureau (LCB) Fiscal Analysis Division, the GFO Budget Division and the specific

agencies responsible for collecting each revenue—such as the Department of Taxation and Nevada Gaming Control Board.

To prepare forecasts, the LCB Fiscal Analysis Division and the GFO Budget Division need data regarding past and current State revenues possessed by the Department. We are able to release this data to the LCB Fiscal Analysis Division pursuant to NRS 218F.620. However, no statute exists allowing us to release the same information to the GFO Budget Division. The GFO Budget Division is disadvantaged when developing forecasts due to an inability to access this data. The Economic Forum relies on forecasts when determining the official forecast of future State General Fund revenues and how much revenue will be available for the biennial budget cycle. All State agencies are required to use the Economic Forum's *Forecast of Future State Revenues* report, which is provided prior to the beginning of a new legislative session.

It would be prudent for the Economic Forum to have the best forecasts to make the official *Forecast of Future State Revenues* report. The GFO Budget Division relies on historical tax revenue data as a basis for future projections. Hayley Owens, who works for the Department, says, "Often, there are anomalies in the data that could lead to inaccurate projections if not explained and accounted for." When there is a sudden revenue decline in a specific industry, geographic area or tax type, it could be due to a change in the underlying economy, a large taxpayer that became noncompliant or a taxpayer that could have been recoded into a different industry. Being able to clearly distinguish whether changes in data are due to economic or noneconomic changes in taxpayer activity can greatly improve estimates by allowing forecasters to account for these changes in their models.

The Department is unable to discuss these issues with the GFO Budget Division because it may allow for a taxpayer's identity to be deduced. The GFO Budget Division is at a disadvantage, and its forecasting process could suffer. It is crucial that forecasters look at this data to distinguish trends from anomalies and produce better forecasts.

We request to include the disclosure of our data to the GFO Budget Division for revenue projections as an exception to the confidentiality requirement in NRS 360.255.

SUSANNA POWERS (Economist, Budget Division, Office of Finance, Office of the Governor):

It is important to note that the disclosure of certain confidential information to the GFO Budget Division will only be utilized for revenue projections. *Nevada Revised Statutes* 353.227, section 2, paragraph (b) requires the Director of the LCB and the Chief of the GFO Budget Division to jointly provide staff to the Economic Forum. *Nevada Revised Statutes* only allow the LCB Fiscal Division to acquire confidential information from the Department of Taxation related to revenue projections and does not allow LCB staff to discuss these matters with the staff in the Budget Division. Although there is joint work required for the Economic Forum, current NRS does not permit 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 NRS, the GFO Budget Division will continue to be hindered in properly discharging its duties.

Assembly Bill 9 allows GFO Budget Division staff to fully execute the duty as described in section 2, paragraph (b) of NRS 353.227 and work jointly with staff at the LCB Fiscal Division on revenue projections.

SENATOR KIECKHEFER:

The GFO Budget Division should not be disadvantaged when projecting revenue. How is the GFO not an agent of the Governor? Is revenue projection not a part of the Governor's general supervisory duties? Are you not covered under current NRS?

MS. YOUNG:

We have developed a temporary work-around to provide data to the GFO Budget Division. We want to ensure we are in compliance, and this bill will get us there.

CHAIR NEAL:

Why has the GFO Budget Division been unable to access this information?

MS. YOUNG:

The Economist position at the GFO Budget Division has been a recent addition. The Economist position at the Department was added in the past five years. We

want to make sure we can share information with the collaboration that has occurred between the positions.

Ms. HUGHES:

Disclosure to LCB Fiscal Analysis Division is not included in NRS 360.255. The Fiscal Analysis Division is able to receive information from NRS 218F.620. Section 2, paragraph (e) of NRS 360.255 authorizes disclosure to the Governor and his or her agents in the exercise of general supervisory powers. This statute is open to interpretation, and A.B. 9 will make explicit that information can be disclosed to the GFO Budget Division for revenue projections.

RUSSELL GUINDON (Principal Deputy Fiscal Analyst):

As nonpartisan LCB staff, I neither support nor oppose proposed legislation.

I was the first Economist for the GFO Budget Division in 1994, and we did not have access to confidential taxpayer information. *Nevada Revised Statutes* 218F.620 was put in place in 1995. The GFO Budget Division Economist engages with information similarly to LCB Fiscal Analysis Division staff. Accessing taxpayer data helps identify what is going on during recessions and pandemics and allows forecasters to make assumptions about how tax recoveries may look. There has been more collaboration between the Fiscal Analysis Division, Budget Division and Department of Taxation to ensure we have the same data; it is prudent that forecasts are based on the same information set. However, we do not collaborate on the forecasts presented to the Technical Advisory Committee on Future State Revenues at the Economic Forum.

We were able to interact with the Department but not the GFO Budget Division. The GFO received the information from the Governor with the work-around described earlier. This bill will make it clear the GFO Budget Division does not have to go through the Governor for this information and can request it in the same way that LCB Fiscal Analysis Division does.

SENATOR KIECKHEFER:

Does this bill provide clarity as to if the Department can disclose this information to the GFO Budget Division?

Ms. YOUNG:

Yes. We want to ensure we are legally providing this information to the GFO.

Senate Committee on Revenue and Economic Development
March 18, 2021
Page 6

CHAIR NEAL:

We will close the hearing on A.B. 9. Seeing no public comment, I will adjourn the meeting at 1:31 p.m.

RESPECTFULLY SUBMITTED:

Alex Polley,
Committee Secretary

APPROVED BY:

Senator Dina Neal, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Begins on Page	Witness / Entity	Description
	A	1		Agenda
S.B. 117	B	1	Joe Reel	Work Session Document