

# State of Nevada DEPARTMENT OF TAXATION

New Legislator Orientation and Training: 2014-2015 Presentation

December 10, 2014

***Brian Sandoval, Governor***



**State of Nevada  
Department of Taxation  
Overview of Agency**

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**Mission**

Provide fair, efficient, and effective administration of tax programs for the State of Nevada in accordance with applicable statutes, regulations, and policies. Serve the taxpayers, state and local government entities; and enable and recognize department employees.

**Philosophy**

Dedicated to the highest standards of professionalism and ethical conduct; committed to consistent, impartial, and courteous service and treatment. Providing resources, training, and support to the men and women of the department, and fostering initiative, creativity, and effective performance.

**Goals**

1. Ensure the stable administration of tax statutes.
2. Improve compliance through education, information, and enforcement.
3. Cooperate with other agencies and entities to better serve taxpayers.
4. Provide improved and more efficient service.
5. Promote the fair and equitable treatment of taxpayers.
6. Enhance workforce proficiency through training and communication.
7. Improve tax administration through new technology.

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Please visit our Web Site at <http://www.tax.nv.gov> or one of our offices at the following locations

**Main Office:**

1550 College Parkway, Suite 100  
Carson City NV 89706

**Mailing:**

1550 College Parkway, Suite 115  
Carson City NV 89706

Phone: (775) 684-2000

Fax: (775) 684-2020

Taxpayer Call Center: (866) 962-3707

**Henderson District Office**

2550 Paseo Verde Pkwy, Suite 180  
Henderson, Nevada 89074  
Phone: (702) 486-2300  
Fax: (702) 486-3377

**Las Vegas District Office**

Grant Sawyer Office Building  
555 E. Washington Ave, Suite 1300  
Las Vegas, Nevada 89101  
Phone: (702) 486-2300  
Fax: (702) 486-2372

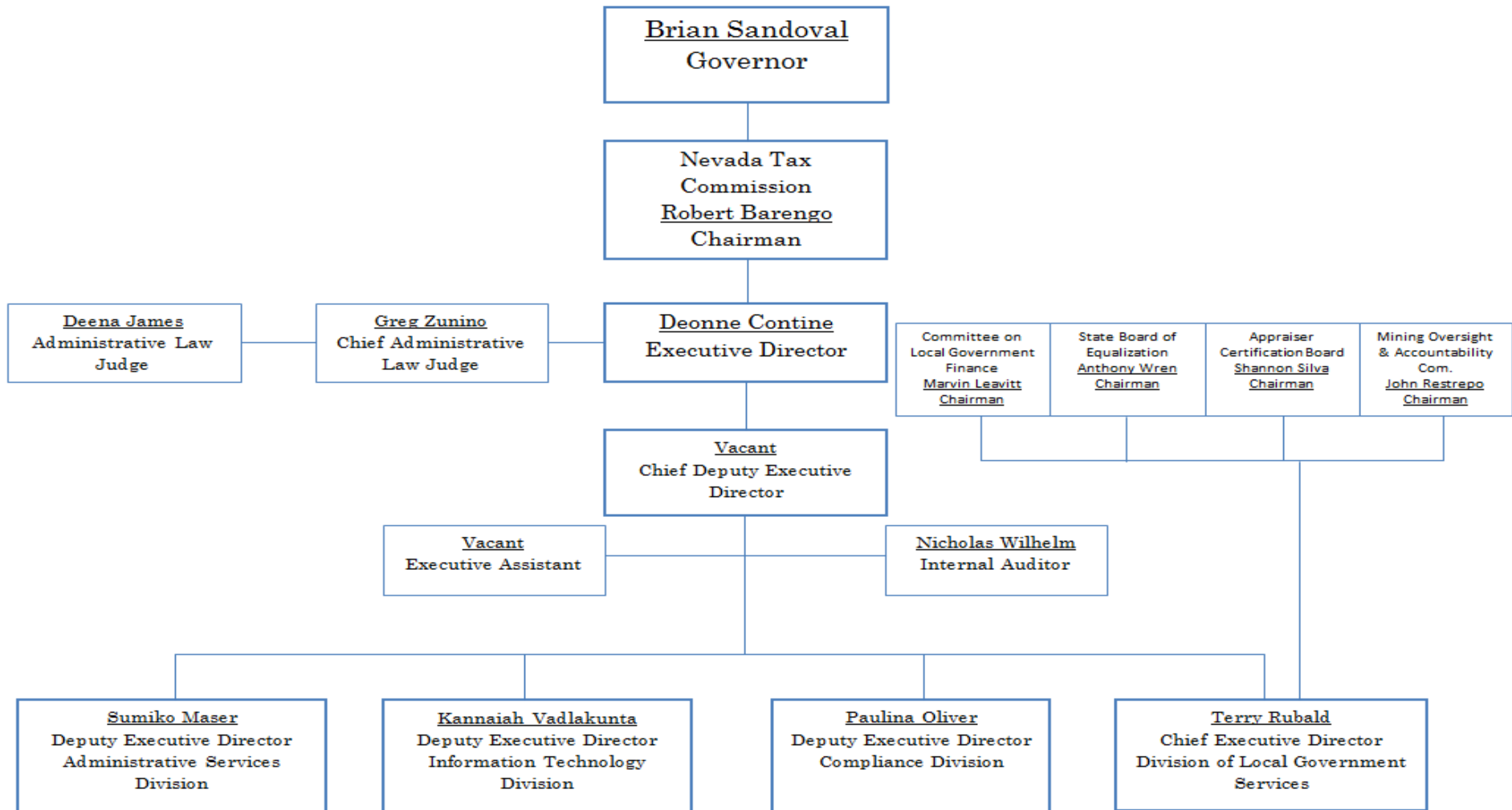
**Reno District Office**

Kietzke Plaza  
4600 Kietzke Lane  
Bldg L, Suite 235  
Reno, NV 89502  
Phone: (775) 687-9999  
Fax: (775) 688-1303

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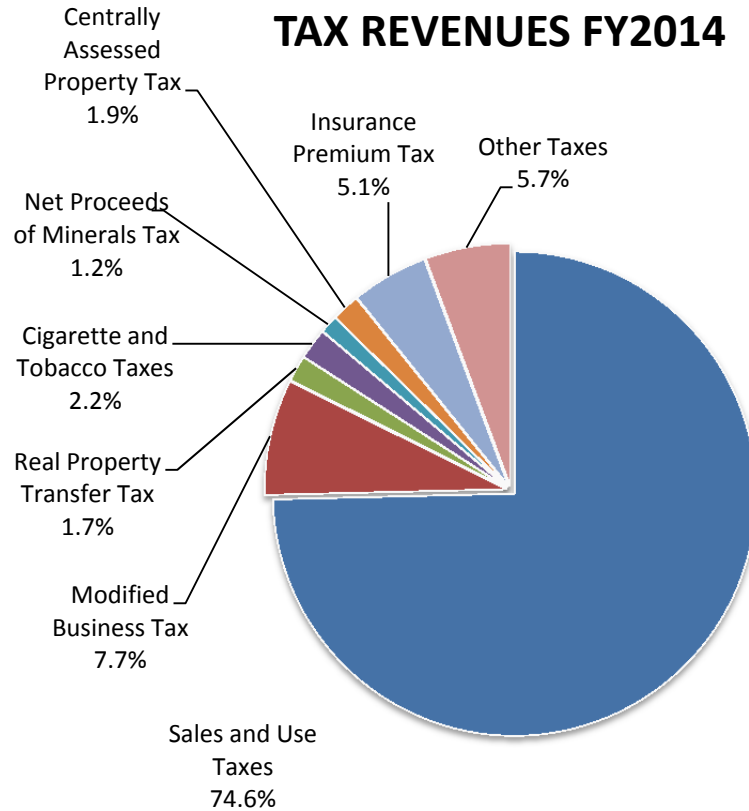
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## Department of Taxation Executive Organizational Chart (336 Full-time employees)

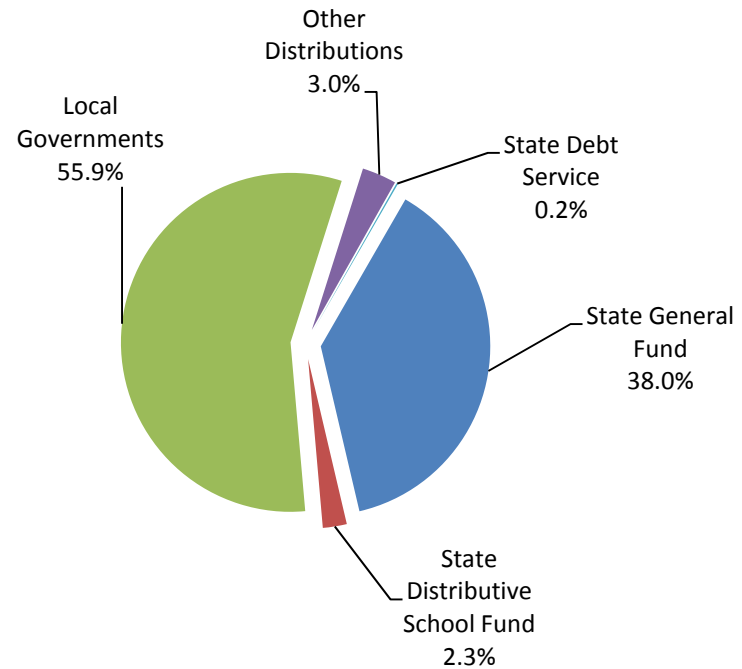


# State of Nevada Department of Taxation Overview of Agency

## TAX REVENUES FY2014



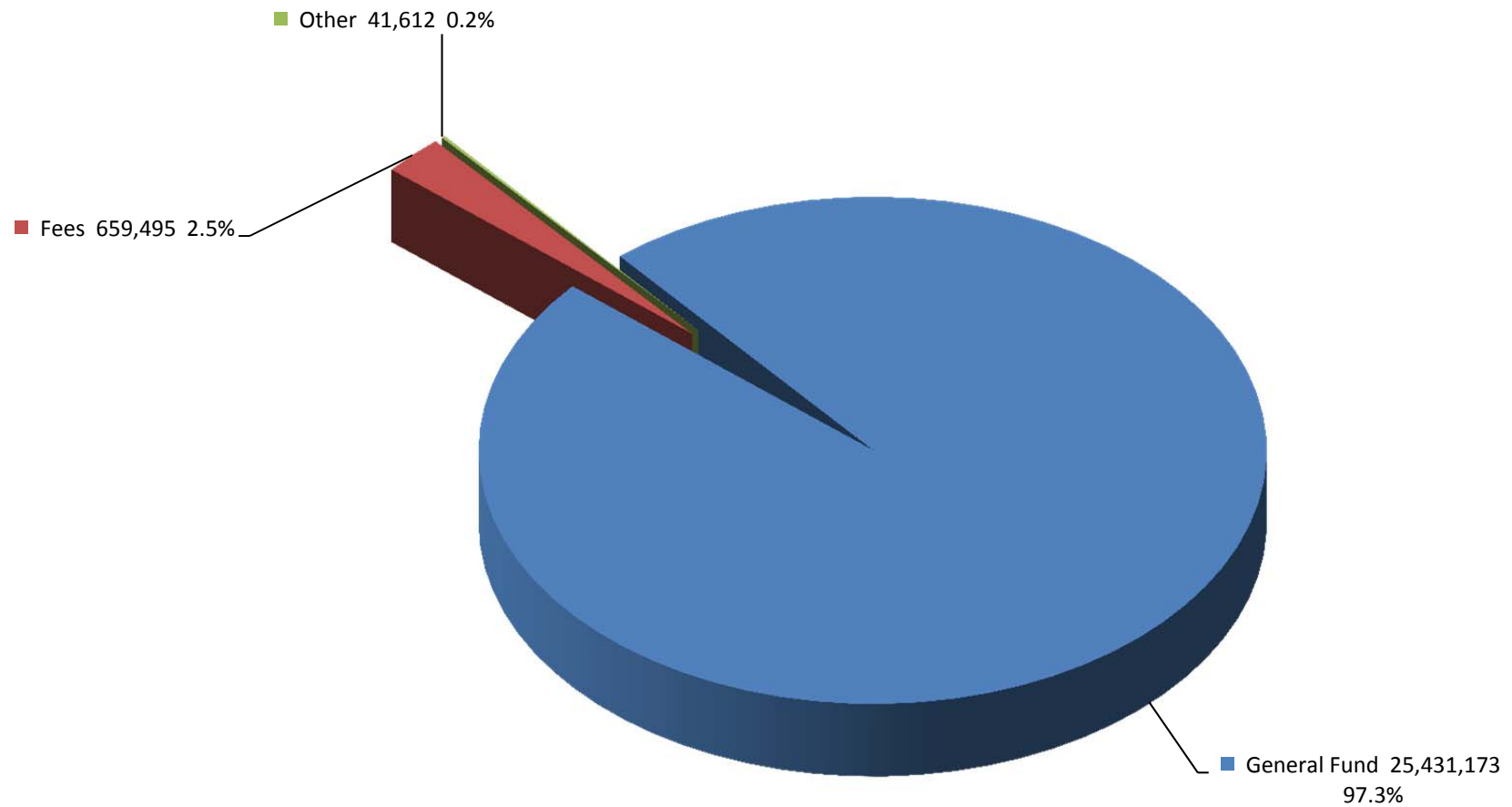
## TAX DISTRIBUTIONS FY2014



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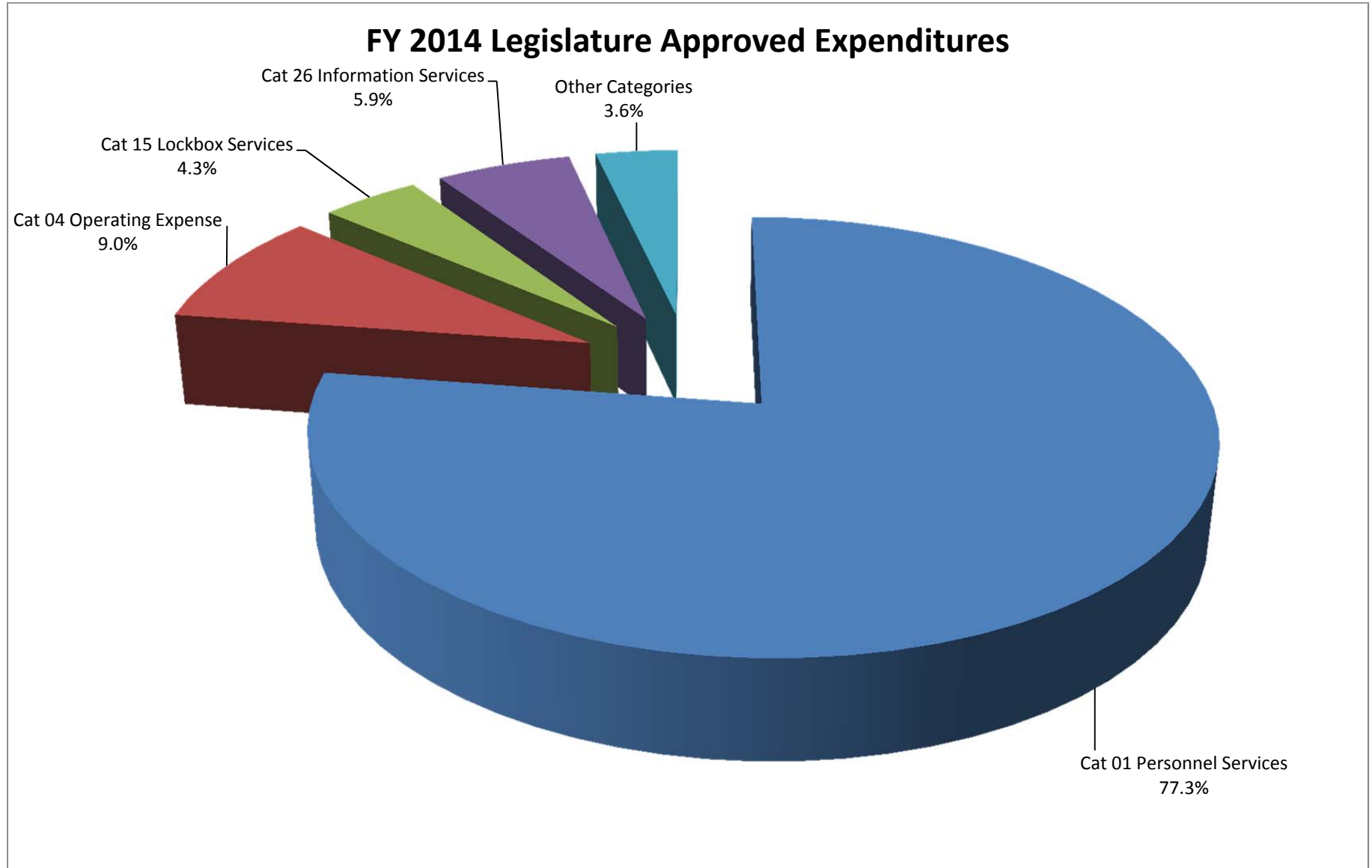
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**FY 2014 Legislature Approved Funding**



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**WHAT WE DO**

**Serve as Staff to various Boards and Commissions**

- **The Nevada Tax Commission** is a body of eight (8) members appointed by the Governor. The Commission is the head of the Department and exercises general supervision and control over its activities. The Chief Administrative Officer of the Department is the Executive Director, who is appointed by the governor. Actions by the Department may be appealed to the Commission as provided by law. The Commission may review all decisions of the Department and may reverse, affirm or modify them. The current Chairman is Robert Barengo.
- **The State Board of Equalization** is body of five (5) members appointed by the Governor. The Board hears and acts on appeals from the actions of the various county boards of equalization or from valuations set by the Nevada Tax Commission. The current chairman is Anthony Wren.
- **The Committee on Local Government Finance** is composed of eleven (11) members from various counties. The purpose of the committee is to advise the Department regarding regulations, procedures and forms for compliance with NRS 354.570 through 354.626 (Local Government Budget Act). The current chairman is Marvin Leavitt.
- **The Property Appraiser Certification Board** is composed of six (6) members. The Board advises the Department on matters pertaining to certification and continuing education of appraisers.



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- **The Mining Oversight and Accountability Commission** was created by Senate Bill 493 of the 2011 Session of the Nevada Legislature. The Commission is comprised of seven (7) members and has oversight of compliance with Nevada law relating to the activities of each state agency, board, bureau, commission, department or division with respect to the taxation, operation, safety and environmental regulation of mines and mining in Nevada.

### **Collect and Distribute Taxes**

- Taxes are distributed to the State General Fund but also to the school districts and to other local governments.
- Tax types include
  - Sales and use taxes (NRS Chapter 372, 374 and 377)
  - Modified business tax (payroll tax): General Business (NRS Chapter 363B) Financial Institutions (NRS Chapter 363A)
  - Estate tax (NRS Chapter 375A)
  - Net proceeds of minerals tax (NRS Chapter 362)
  - Real and personal property tax on interstate and inter-county companies (NRS Chapter 361)
  - Liquor tax (NRS Chapter 369)
  - Cigarettes and other tobacco products (NRS Chapter 370)
  - Tire tax (NRS Chapter 444A)
  - Short-term lessor fee (NRS Chapter 482)
  - Live entertainment tax (NRS Chapter 368A)
  - Bank excise tax (NRS Chapter 363A)
  - Lodging tax (NRS Chapter 244)

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- Insurance premium tax (NRS Chapter 680B)
- Real property transfer tax (collected by county and distributed by the Department).
- Sales Tax is largest tax type, bringing in over \$931 million in fiscal year 2013/14 for the State General Fund and over \$2 billion for local governments.
- The modified business tax or payroll tax generates over \$384 million for State General Fund.
- Total for FY 13/14 is \$4.978 billion.

### **Audit**

- 61 auditors, including 8 located outside of Nevada.
- Fiscal Year 2014 billings totaled \$34.7 million.
- Conducted approximately 2200 audits in Fiscal Year 2014.

### **Collection of Past Due Tax Debts**

- 57 revenue officers statewide.
- In fiscal year 2014, collected over \$50.5 million in past due taxes.
- Revenue officers work with taxpayers on payment plans, offers in compromise, etc. to ensure that all taxes legally due to the state are paid.

### **Regulation of Liquor and Tobacco Industries**

- Enforce three tier system for distribution of alcohol; license importers and wholesalers.
- In conjunction with Attorney General's Office, ensure compliance with the Master Settlement Agreement.
- License wholesale cigarette dealers along with other tobacco products.

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## **Local Government Services**

- Responsible for appraising property of an interstate or inter-county nature, as well as mining property.
- Establish guidelines for the county assessors, recorders and treasurers; monitors appraisal and assessment performance through ratio study, and performance appraisals of county officials.
- Review local government budgets and audits, prepares the ad valorem tax rates for certification, and advises local governments on budget act compliance and financial management matters.
- The State Demographer provides annual population estimates for the state, its counties and incorporated cities.

## **Regulations/Technical Bulletins and Advisory Opinions**

- In addition to the laws passed by the legislature, the Department – through the Tax Commission, the State Board of Equalization, the Committee on Local Government Finance and the Mining Oversight and Accountability Commission – promulgates administrative regulations pursuant to Chapter 233B of the Nevada Revised Statutes. These regulations serve to interpret existing laws. Currently, the Department through the various boards and commissions administers over 1,000 regulations.
- Technical Bulletins – the Department drafts and researches technical bulletins on issues relevant to taxpayers. The bulletins are presented for approval to the Nevada Tax Commission.
- Advisory Opinions – the Department responds to written requests from taxpayers regarding various issues.

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**Tax Expenditure Report**

- Tax Expenditure Defined: In short, a tax expenditure is created when a tax is imposed but some group, business or individual is relieved from paying the tax or a portion of the tax.
- Expenditure Amount: the revenue impact of a tax expenditure is intended to measure indirect "spending" through the tax system with respect to that one provision, or alternatively the amount of relief or subsidy being provided through that provision.
- The dollar impact is NOT the amount of revenue that could be gained by repealing the tax expenditure.
  - Many tax expenditures are taken over a period of years and can also be carried forward if there is insufficient tax liability to offset. In these cases, even if the tax expenditure were eliminated, there would remain some unused multi-year and carried forward tax expenditures that could be claimed over time.
  - The estimates do not incorporate behavioral changes that may occur if a tax expenditure were eliminated.
  - Each provision is estimated independently. A tax expenditure beneficiary may qualify for a tax reduction under more than one law.
  - Government may not be able to collect the full liability for some tax expenditures for administrative reasons.
- Where does data come from?
  - Aggregate returns
  - Estimates and/or economic analysis
  - Nowhere

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## Nevada Tax Expenditure by Category

Fiscal year 2013		
Expenditure Category	Number in Category Who Benefit from Expenditure	Expenditure Amount for 2013
Abatement	985,189	\$154,733,123.96
Subtraction	71,579	\$17,900,761.78
Credit	421	\$37,624,792.61
Deduction	120,467	\$431,530,170.69
Exclusion	31	\$307,107.95
Exemption	3,149,567	\$1,614,682,953.64
Preferential Tax Rate	59	\$5,764,552.28
Total Expenditure amount for 2013		\$2,262,543,462.91

Fiscal year 2014		
Expenditure Category	Number in Category Who Benefit from Expenditure	Expenditure Amount
Abatement	951,693	\$197,661,644.87
Subtraction	71,681	\$18,383,243.20
Credit	237	\$36,522,038.33
Deduction	120,296	\$466,545,009.24
Exclusion	30	\$469,626.95
Exemption	384,815	\$783,942,357.71
Preferential Tax Rate	67	\$6,165,676.41
Total Expenditure amount for 2014		\$1,509,689,596.71

Total for 2013 - 2014	<b>\$3,772,233,059.62</b>
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## Nevada Tax Expenditure by Tax Type 2013

Expenditure Tax Type	Expenditure Amount for 2013
Sales and Use Tax	\$895,294,748
Property Tax	\$654,565,726
Net Proceeds Minerals	\$268,335,139
Real Property Transfer Tax	\$126,563,201
Modified Business Tax	\$114,441,463
Fuel Tax	\$72,144,921
Gaming Tax	\$49,227,331
Insurance Premium Tax	\$35,452,481
Other	\$46,518,453
Total Expenditure amount for 2013	\$2,262,543,463

## Nevada Tax Expenditure by Tax Type 2014

Expenditure Tax Type	Expenditure Amount for 2014
Sales and Use Tax	\$53,583,562
Property Tax	\$719,088,866
Net Proceeds Minerals	\$280,925,566
Real Property Transfer Tax	\$112,141,934
Modified Business Tax	\$125,448,433
Fuel Tax	\$71,798,899
Gaming Tax	\$60,721,235
Insurance Premium Tax	\$34,117,877
Other	\$51,863,223
Total Expenditure amount for 2014.	\$1,509,689,597
Total for 2013 - 2014	<b>\$3,772,233,060</b>

# Questions?