

**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 30, 2023

Agency Submitting: Department of Taxation

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>	<b>Effect on Future Biennia</b>
Personnel (Expense)		\$274,196	\$435,681	\$871,362
Operating Expenses (Expense)		\$7,774	\$7,310	\$14,620
Equipment (Expense)		\$23,040		
Information Services (Expense)		\$35,988	\$14,361	\$28,722
AG Cost Allocation Plan (Expense)		\$25,376	\$12,749	
Total	0	\$366,374	\$470,101	\$914,704

Explanation

(Use Additional Sheets of Attachments, if required)

This bill revises the definition of “vapor products” and revises provisions governing the excise tax on cannabis; imposes a tax on the sale at wholesale of cannabis products by cannabis production facilities; requires the Department of Taxation to adopt certain regulations.

The Department will need additional audit and revenue staff for administration and enforcement. The number of businesses that the Department audits will increase therefore increasing the need to conduct audits. The need to ensure compliance, respond to industry inquiries, and provide Taxpayer assistance, will increase. The Department will be required to revise forms and implement changes into the computer system. Additionally, the Department anticipates an increase in cash counts each month, the requirement to draft regulations, and an increase in appeals.

This request is for one Auditor II in Las Vegas, one Revenue Officer II in Las Vegas, and one Auditor III in Las Vegas, and associated operating costs, beginning in October 2023. It adds one Auditor II in Reno, and associated operating costs, beginning in January 2024. This request includes funding for overtime for IT staff and MSA Programmer expenses to implement changes into the Department's computer system. This request also funds an increase to the Department's Attorney General (AG) Cost Allocation due to an increase in services.

The Department will incur recurring expenses as follows each biennium: Personnel of \$871,362; Operating Expenses of \$14,620; and Information Services of \$28,722 including required EITS Assessment costs (phone, productivity suite, etc). The expenses for Equipment, overtime for IT staff, and the MSA Programmer are one time in nature. Finally, there will be an increased expense for the Attorney General (AG) Cost Allocation Plan in the amount of \$25,376 in FY24 and \$12,749 in FY25. This expense will not recur after FY25.

Name Adriane Roberts-Larson

Title Deputy Executive Director -  
Administrative Services

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

The agency's response appears to be reasonable.

Date Thursday, March 30, 2023

Name Amy Stephenson

Title Director