

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 8, 2023

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Personnel (Expense)		\$1,011,873	\$1,482,962	\$2,965,924
Operating Expense (Expense)		\$36,785	\$39,015	\$78,030
Equipment (Expense)		\$78,336		
Lockbox Program (Expense)		\$18,000		
Information Services (Expense)		\$859,410	\$117,002	\$74,004
AG Cost Allocation Plan (Expense)				\$38,125
Total	0	\$2,004,404	\$1,638,979	\$3,156,083

Explanation

(Use Additional Sheets of Attachments, if required)

This bill adds a new chapter to Title 32 of NRS to provide for the imposition, administration, collection and enforcement of an excise tax on certain digital products that are electronically transferred to a purchaser. The bill also provides for penalties. Sections 1-22, 25-32, 34-99 and 101-117 of this bill provide for the administration, collection and enforcement of the tax in the same manner as the sales and use tax. Sections 24 and 33 provide that the rate of the new tax shall be the same as the sales and use tax rate imposed in the county determined pursuant to Section 24. Section 27 includes an application fee of \$5. An increase in revenue is anticipated however cannot be determined as this is a new tax. This bill would require a new section within the Department to administer this new tax, which would be similar to the existing Department infrastructure/sections for other tax types administered by the Department, including personnel, auditing, investigations, and collections. The Department will be required to draft regulations, and additional appeals and administrative hearings are anticipated, which will require representation by the Attorney General's Office. This request is for 12 new positions commencing in October 2023 and 5 new positions commencing in January 2024 in Carson City, with associated operating costs. This request also includes funding for: 1) overtime for IT staff, MSA Programmer expenses, and Program Manager contract services to implement changes to the Department's computer system; 2) a Statistical Sampling Software purchase and ongoing maintenance contract for use by the audit staff; 3) Equipment costs of \$78,336 in FY24; 4) an increase to the Lockbox Costs of \$18,000 in FY24; and 5) an increase to the Department's Attorney General (AG) Cost Allocation of \$38,125 for future biennia. Recurring expenses for each biennium are: Personnel of \$2,965,924; Operating of \$78,030; and Information Services of \$74,004 including EITS costs.

Name Yvonne Nevarez-Goodson

Title Chief Deputy Executive Director

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Friday, April 07, 2023

Name Amy Stephenson

Title Director