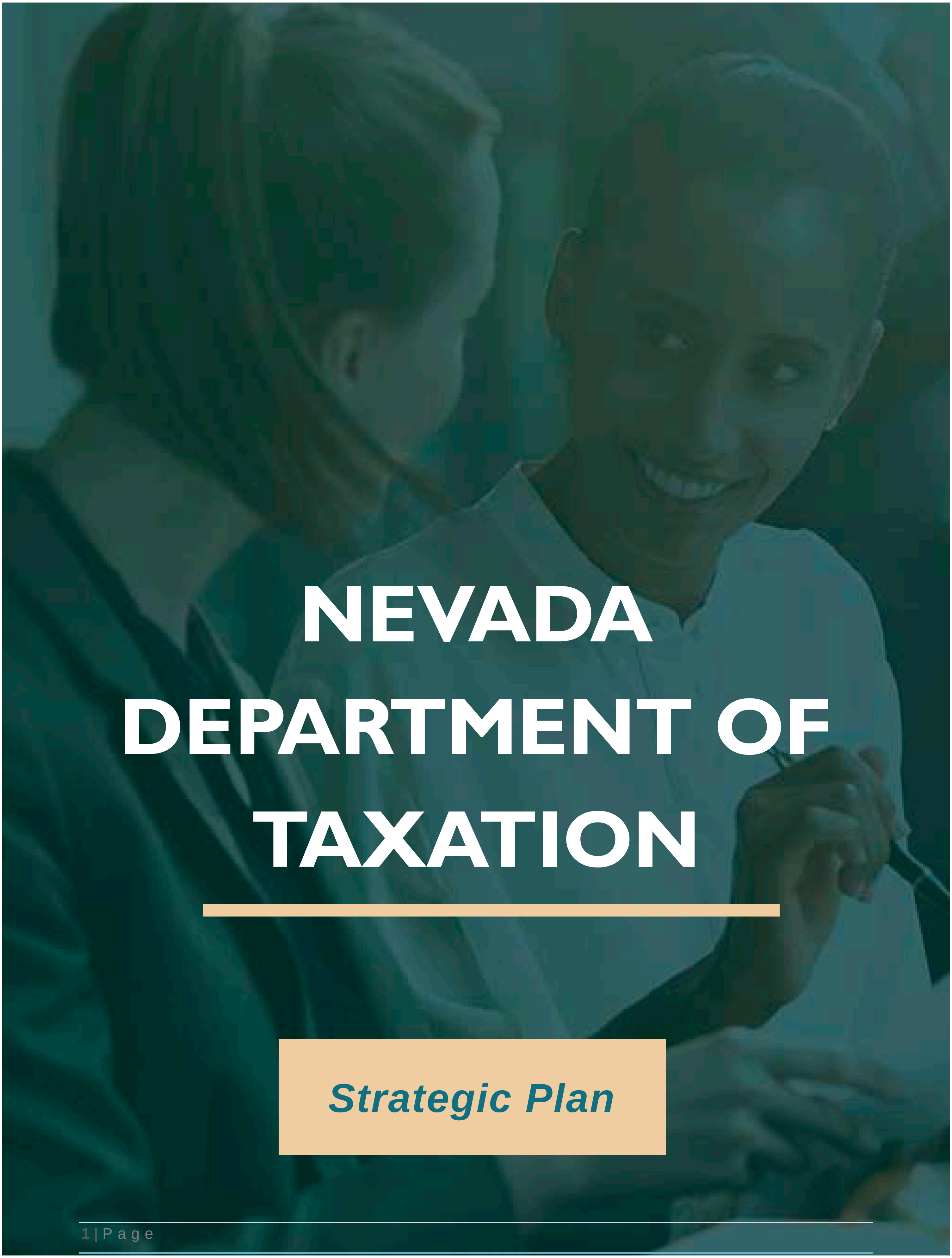


NEVADA DEPARTMENT OF TAXATION

Strategic Plan

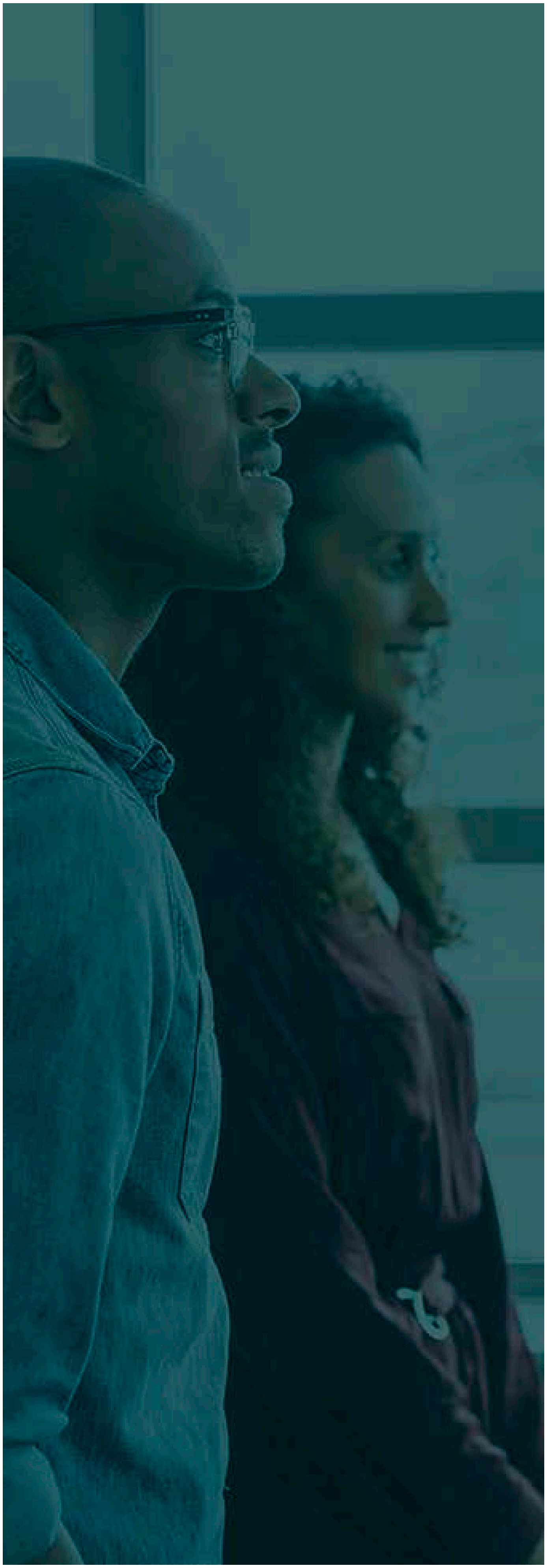


TABLE OF CONTENTS

A. Introduction 3

B. Executive Director Letter.......................... 6

C. Department Achievements and Implementations 7

D. Department Goals..................................... 8

1. Ensure consistent and uniform application of tax statutes while increasing accessibility and visibility for taxpayers on tax laws, policy and procedures... 8

2. Provide and promote effective and efficient taxpayer experiences by opening channels of communication, providing educational resources and developing solutions. 9

3. Support Department executives, state, local and national decision makers by providing timely, relevant, accurate data and analysis. 11

4. Attract, develop and retain an engaged and empowered workforce while reducing employee turnover by 20 percent and increasing employee longevity by 6 months. 12

5. Implement a suite of enterprise team productivity tools to enable a modern digital workplace 14

6. Reduce Information Technology (IT) project backlog by enabling project governance and increase operational efficiency through automation strategy 15

E. Department Statistics 17

A. INTRODUCTION

The Department's mission is to provide fair, efficient and effective administration of tax programs for the State of Nevada in accordance with applicable statutes, regulations and policies. We strive to serve the taxpayers, state and local government entities and recognize Department employees.

Our philosophy is dedicating the highest standards of professionalism and ethical conduct; committed to consistent, impartial and courteous service and treatment of our taxpayers. Our objective is to provide resources, training and support to the men and women of the Department and foster innovation, creativity and effective performance.

Department Goals:

- Ensure consistent and uniform application of tax statutes while increasing accessibility and visibility for taxpayers on tax laws, policy and procedures.
- Provide and promote effective and efficient taxpayer experiences by opening channels of communication, providing educational resources and developing solutions.
- Support Department executives, state, local and national decision makers by providing timely, relevant, accurate data and analysis.
- Attract, develop and retain an engaged and empowered workforce while reducing employee turnover by 20 percent and increasing employee longevity by 6 months.
- Implement a suite of enterprise team productivity tools to enable a modern digital workplace.
- Reduce IT project backlog by enabling project governance and increase operational efficiency through automation strategy.

The Department of Taxation, as an essential Executive Branch Department, is responsible for the administration of 17 different tax types, three fees, two licenses and one civil penalty. The collection and distribution of funding supports the state general fund, the state distributive school account, local governments and the state debt service fund. This is accomplished with 403 employees in five divisions. The Department also serves as staff to five boards and commissions.

Our Executive Team consists of:

Melanie Young, Executive Director

Shellie Hughes, Chief Deputy Executive Director

Terri Upton, Deputy Director for the Compliance Division

Dave Prather, Deputy Director for Administration and Fiscal Services

Kannaiah Vadlakunta, Deputy Director for Information Technology

Jeff Mitchell, Deputy Director for Local Government Services

Our Divisions and Duties

The Compliance Division ensures the timely and accurate payment of Sales/Use Tax, Modified Business Tax, Commerce Tax and various excise taxes through taxpayer assistance and education, collection and audit activities. Compliance employees aid taxpayers registering a business, account maintenance, completing tax returns and answering complex questions about tax law and regulation. Quarterly classes are offered to educate taxpayers on the type of tax their business is subject to, as well as, how to collect, report and pay taxes. If a taxpayer becomes delinquent, compliance employees attempt to collect the tax through telephone calls, citations and field visits and, if necessary, additional enforcement tools may be applied including bank withholds, administrative hearings and property liens. In extreme cases, a business may be locked and sealed from further business activity, or a sales tax permit, or a license may be withheld pending payment of the delinquent tax. Periodically, a taxpayer's financial records are audited to determine if the proper amount of tax was reported and paid. If the audit results in under-reported tax the taxpayer is issued a deficiency determination. Taxpayers are afforded the right to appeal any decision or action taken by the Department, which may require employees to testify in an administrative hearing and appear before the Nevada Tax Commission.

The Local Government Services Division (LGS) is comprised of various distinct and separate sections which provide service and oversight to local government entities throughout the State of Nevada. LGS is responsible for administering and overseeing the valuation, billing and collection of various property tax programs as well as the Net Proceeds of Minerals tax. Employees provide oversight and guidance on the administration of the Real Property Transfer Tax Program. Through our Local Government Finance section, employees render support and oversight to the financial administration of local governments throughout the entire fiscal process. They also provide support to local governments through the oversight, education and support of the Assessors and other local government officials. Local Government Services also provides employees and support for four different governing and oversight boards.

The Administrative and Fiscal Services Division is responsible for providing centralized support for all administrative, financial and fiscal activities in the Department. These sections include budget, tax distributions, project management, statistics, demography, revenue accounting, processing, cancellations, human resources, internal audit, document management, support services and mailroom. More than seven billion dollars in revenue pass through this Division annually.

The Information Technology Division facilitates the collection, auditing and distribution of tax payments including taxpayer account management and service by providing IT Strategy, IT Budget & Analysis, IT Infrastructure & Operations Management, Application Development and Support, Data Management, Information Security Services and IT Helpdesk services. This Division also provides support and maintenance of the Unified Tax System (UTS). UTS is comprised of major integrated applications that include, Tax Administration System (TAS), Online Tax, Streamlined Sales Tax (SST), Revenue Premier (Auditing support), Silverflume Portal Web Services (Business registration, et. al.) and File360 document imaging.

The Information Technology Division is comprised of five organizational groups.

- IT Infrastructure & Operations: provides setup, design, configuration, deployment and maintenance of all server, data storage and networking devices to ensure UTS performance and stability
- Application Development: responsible for the life cycle planning strategy of UTS through the phases of architecture, selection, deployment, change management, operations & production support and product end-of-life. Additionally, the team provides insights to integrate current and emerging technologies, as well as participates in the legislative process when fiscal notes are requested for impact analysis work.
- Database management: ensures the availability, reliability, performance and security of mission-critical taxpayers' structured data. They also assist the application development team with database features and integrity of data and relational design. This team ensures that the data for major applications are safe and recoverable under a variety of risks.
- IT User Support: provides end-user support on TAS, user management and batch/night operations, technical assistance and support related to computer systems and hardware and software support. The team also manages IT procurement to ensure the availability of IT Services. In a changing environment, they learn and adapt as a team for future implementations to provide the necessary technical support.
- IT Security: acts as a principal security advisor to provide insights and guidance to the Department to reduce the impact of cyber threats; maintains and implements an information security program to safeguard the confidentiality, integrity and availability of taxpayers' information. Ensures Taxation employees and contractors follow applicable Federal, State and Department information security policies and procedures and maintains the security awareness program.

B. EXECUTIVE DIRECTOR LETTER

To our valued partners,

This strategic plan will guide the Department into the next biennium and provide for a sense of direction in carrying out the Department's Mission, Vision and Goals. In the past two years the Department has faced many tribulations with Battle Born pride and conviction. It has been an honor to serve as the leader for such an astounding group of employees who have a can and will-do attitude. We are fortunate to have hard working employees who are committed to the success of the Department. Additionally, our dedicated team at the Department of Taxation is devoted to serving you, our customers.

In our strategic plan, you will see numerous projects we are involved in and you can read about our many accomplishments, as well as our upcoming biennium strategic goals. Our strategic goals have been identified through employee outreach, leadership discussions and executive team communications. The executive team conducted strategic planning sessions, SWOT analysis and focused on being SMART about our goals on how we achieve our mission.

Kind Regards,

Melanie Young

Melanie Young

Executive Director

C. DEPARTMENT ACHIEVEMENTS AND IMPLEMENTATIONS

- Successful transition of the Marijuana Enforcement Division to the Cannabis Compliance Board
- Implemented Assembly Bill (AB) 445 (2019) Marketplace Facilitators
- Implemented Senate Bill (SB) 263 (2019) wholesale tax on vapor products
- Development and implementation of the ability to accept credit cards in the online portal
- Enhancement to online tax for tobacco and other tobacco product tax returns
- Development of a Tax Amnesty Program
- The Department is in the process of developing and implementing taxpayer classes in Spanish.

D. DEPARTMENT GOALS

1. ENSURE CONSISTENT AND UNIFORM APPLICATION OF TAX STATUTES WHILE INCREASING ACCESSIBILITY AND VISIBILITY FOR TAXPAYERS ON TAX LAWS, POLICY AND PROCEDURES

The Department's first objective is to increase educational resources and training to taxpayers on new or revised tax statutes and updated policies and procedures. This objective also includes increasing educational training to employees on current tax law and policy and procedures, so that taxes and fees are assessed and collected in a consistent and uniform manner. Our goal is to have better informed taxpayers with knowledge of their responsibilities under Nevada tax law. By expanding taxpayer knowledge in combination with providing taxpayers with the right tools to gain that knowledge will result in increased taxpayer compliance.

Action steps:

- The Department will create TOP (Taxation Onboarding Program) that increases education, information, communication and well-rounded employees.
- The Department is in the process of developing and implementing taxpayer classes in Spanish.
- The Department will modernize and update Taxation's online presence with a new and improved website that is more user friendly and contains necessary information for taxpayers to make informed decisions. The types of information to be provided include the following:
    - Online tax guides will be organized by tax type.
    - Online workshops and tutorials, in English and Spanish
    - Spanish translation documents
    - Nevada Tax Commission decisions

Measurements:
The Department will measure taxpayers' understanding of new statutes and regulations by evaluating audit determinations and determining if there are an unusually high number of determinations due to a specific tax type or provision of law.

- The Department will also measure whether taxpayers have an understanding of new statutes and regulations by determining whether there are an unusually high number of calls due to a specific tax type or provision of law by analyzing the number of inquiries that come into the call center.
- The Department will measure the number of taxpayers that are utilizing the website by analyzing the number of visits to the website.
- The Department will determine whether they have successfully provided useful information by sending out customer satisfaction surveys that request suggestions on how the Department can improve the taxpayer experience.
- The Department will determine if the training programs are informative by sending out surveys to taxpayers and employees after training.

Benefits:

- Increasing necessary training programs would result in educated taxpayers and employees.
- Having knowledgeable and informed taxpayers would result in increased compliance.
- Making information more accessible would result in more efficient processes. A taxpayer can obtain information and training directly from a user friendly website which allows employees to focus on other priority issues.

2. PROVIDE AND PROMOTE EFFECTIVE AND EFFICIENT TAXPAYER EXPERIENCES BY OPENING CHANNELS OF COMMUNICATION, PROVIDING EDUCATIONAL RESOURCES AND DEVELOPING SOLUTIONS.

The Department continually seeks ways to increase taxpayer voluntary compliance. Often, language or cultural barriers exist that prevent taxpayers from obtaining the proper information or arriving at a resolution to a matter. Although the Department provides fair and consistent treatment to all taxpayers, it is important that taxpayers feel that they are being treated in a fair and consistent manner and are not being discriminated against or treated unfairly. The creation of a Taxpayers' Rights Advocate Office will reassure taxpayers that their concerns are promptly and fairly addressed.

Action Steps:

- The Department has submitted a Bill Draft Request (BDR) in the 81st Session to create an Office of the Taxpayer Rights Advocate as an independent position that would report to the Executive Director.
- The Taxpayer Rights Advocate (TRA) will be empowered to do the following:
  - Facilitate resolution of taxpayer complaints or problems.
  - Recommend and develop taxpayer educational material and how to best provide that information to taxpayers.
  - Analyze Department programs, policies and procedures to determine if they are being fairly and consistently applied to all taxpayers.
  - Recommend policy or procedural changes, suggestions for training materials and proposals for legislative change.
  - Conduct annual Taxpayers' Bill of Rights Meetings and provide a Taxpayers' Rights Advocate Annual Report on issues the office has addressed.

Measurements:

- The TRA office will provide an annual report and publicize the number of cases that the TRA addressed that year, the tax type that was the subject of those cases, the number of telephone calls the TRA received and the outcome of the cases that contacted the TRA. The Department will utilize the report to measure the impact of the TRA's interaction with taxpayers by the number of successful resolved cases.
- The Department will measure the effectiveness of the TRA's relationship and communication with taxpayers by analyzing the annual report from year to year to determine if numbers decreased from the previous year.

Benefits:

- The Department will increase the resolution of cases by establishing a TRA Office that will facilitate better communication with the taxpayer and help eliminate misunderstandings between the Department and the taxpayer.
- Taxpayers will feel more confident and trusting of the resulting decisions with the help of an unbiased third party.
- The Department will see greater taxpayer compliance due to the assistance of the TRA.

3. SUPPORT DEPARTMENT EXECUTIVES, STATE, LOCAL AND NATIONAL DECISION MAKERS BY PROVIDING TIMELY, RELEVANT, ACCURATE DATA AND ANALYSIS

Beyond serving taxpayers and employees, part of the Department's mission is to serve state and local government entities. By providing timely, relevant, accurate data and analysis the Department supports state and local decision-makers with valuable information in guiding revenue discussions. By harnessing data, the Department optimizes its own decision-making to better meet the needs of the State, local governments and taxpayers which rely on the revenues collected by the Department.

Action Steps

- The Department has submitted a Bill Draft Request (BDR 270 of the 81st Session) to the Legislature to formalize a data sharing agreement with the Governor's Finance Office, which will facilitate cooperation among agencies in our mutual goal of serving the State of Nevada.
- The Department is creating an internal Data Governance Team to oversee how the Department manages data and the reports published by the Department.
    - Major reports include a comprehensive Annual Report, a biennial Tax Expenditure Report, the Local Government Services "Red Book" and annual population estimates and projections.
    - In addition, the Department publishes a wide variety of statistical reports and tables on a monthly, quarterly and annual basis.
    - The primary goals of the Data Governance Team include ensuring the accuracy and consistency of the data and analysis produced by the Department, while maintaining taxpayer confidentiality.
    - This Team will also define and standardize important metrics used by the Department, including performance, population and workload measures as well as economic measures of tax collection activity over time.
- The Department is also developing a data dashboard for internal use, with the purpose of centralizing and streamlining the most crucial data sets needed by leadership.
- The Department seeks to hire a statistician to monitor the systems for data quality, generate reports and efforts of the Data Governance Team.

Measurements

- The Department will track data requests received and completed by the Department and categorize requests from media, other state agencies, local governments, academic institutions, national organizations, the private sector, etc.
- The Department will track the time it takes the Department to respond to data requests and determine if we are responding timely or meeting assigned deadlines.
- The Department will track the number of website hits or downloads of the Department's major reports and monthly statistical files. This will aid the Department in understanding which data products produce the most value for our stakeholders.

Benefits

- Increased decision-making abilities for Taxation leadership regarding taxpayers, revenue sources and trends will help guide the Department's priorities in staffing, budgeting and policymaking.
- Improving the availability and reliability of our data will help the Department fulfill its mission of serving state and local government entities.
- State and local governments that rely on data will benefit from increased access to and reliability of the information the Department produces. In turn, the people of Nevada will benefit from better-informed leaders and budget-builders.
- Increased data availability and reliability will improve the public perception of the Department by increasing transparency and understanding of our tax systems.

4. ATTRACT, DEVELOP AND RETAIN AN ENGAGED AND EMPOWERED WORKFORCE WHILE REDUCING EMPLOYEE TURNOVER BY 20 PERCENT AND INCREASING EMPLOYEE LONGEVITY BY 6 MONTHS.

Attracting, selecting and retaining the most qualified workforce and providing timely training and tools necessary to administer tax programs in a fair and efficient manner is an important objective for the Department. A workforce that has longevity and institutional knowledge will better serve the Department, taxpayers and the community.

Action Steps

- The Department will develop dynamic job announcements designed to attract quality, multi-generational candidates.

- The Department will identify, develop and employ creative recruitment tools and post job announcements to a broader range of job sites.
- The Department will create TOP (Taxation Onboarding Program) that increases education, information, communication and well-rounded employees.
- The Department will implement a pilot project by recruiting employees who want to make a difference and enhance the Department's workforce by leading a dynamic and energetic training unit.
- The Department will develop programs and processes designed to raise the Department to a Gold Standard level that engages and empowers employees to promote longevity.

Measurements

- Evaluate the number of job applications and the quality of candidates. Obtain feedback to discover why the candidate applied for the position and where they first learned of the recruitment. Responses will determine the effectiveness of the job notification and which job sites are most productive.
- Track the percentage of employee turnover each year and compare the percentage in the previous year. This strategic goal will be measured by a decrease of 20 percent in the employee turnover rate.
- Compute the service time an employee has worked for the Department. The number will be compared to the previous year to discover if an increase in employee longevity has been achieved.
- Employees who have completed the onboard training program will be evaluated for knowledge and overall satisfaction with the program. The outcome measurements will evaluate the benefits of the onboard training program and employee training.
- Survey employees to determine job satisfaction, discover areas where improvement is necessary and the need for additional programs.

Benefits

- Due to their experience, skill and qualifications, quality candidates are highly sought after and can choose their career path. These people tend to be more invested in their career, the Department and are naturally more engaged in improving business processes and problem solving.
- A well-planned onboard training program that encompasses all areas of the Department will assist employees in becoming more knowledgeable with business processes. Knowledgeable employees feel more engaged and empowered which increases job satisfaction and longevity.

- Long-term employees have institutional knowledge which is invaluable when providing consistent and accurate assistance to Nevada taxpayers, assisting leadership in making important decisions and creating unity within the Department.

5. IMPLEMENT A SUITE OF ENTERPRISE TEAM PRODUCTIVITY TOOLS TO ENABLE A MODERN DIGITAL WORKPLACE

Technology is constantly changing - impacting how we create, share and access information. Digital workplace is about enhancing employees' ability to do their job by collaborating, communicating and connecting with others. The goal is to enable the workforce to adapt to existing and emerging technologies for better business outcomes. A digital workplace will provide the tools for a multi-generational workforce to provide better customer service to taxpayers and other stakeholders.

Action Steps

- Establish and execute a digital workplace plan for implementing a suite of business collaboration tools.
- Ensure end user hardware and IT Infrastructure is ready to adapt to new technologies and tools.
- Identify major use cases and map to business collaboration tools.
- Deploy tools individually to control and adapt emerging technologies.
- Identify and dedicate resources to oversee, execute and govern the digital workplace.
- Execute change management by developing and implementing a training and communication plan.
- Develop a governance model that supports communication and collaboration while mitigating risks and enabling compliance.

Measurements

- Develop and track metrics that are aligned with employee satisfaction surveys.
- Track the progress of deployment tools by measuring the number of users utilizing each tool.
- Track the performance of training.
- Track the IT support service level agreements related to new tools and techniques.

Benefits

- Provide the ability to access information from anywhere and anytime without increasing the operational risk.

- Enhance employee engagement with modern communication and collaboration tools.
- Provide faster ways to communicate with instant messaging and integration of other tools.
- Provide unified employee experience in deploying similar related tools to enhance the productivity and reduce training.
- Leverage existing toolset and optimize cost savings on productivity and collaboration tools.

6. REDUCE IT PROJECT BACKLOG BY ENABLING PROJECT GOVERNANCE AND INCREASE OPERATIONAL EFFICIENCY THROUGH AUTOMATION STRATEGY

There is a necessity to execute and prioritize projects more efficiently and effectively. The goal is to develop project governance and implement strategy for adopting automation solutions. Developing project governance and enforce provisions for making strategic decisions and project execution and alignment of priorities. The IT operational efficiency can be increased by automating certain repetitive IT tasks to gain cost efficiency, quality, speed and security improvements.

Action Steps

- Develop overall project governance framework by identifying key processes and assign roles and responsibilities.
- Develop and track metrics for each project to define success factors.
- Define and apply project prioritization and evaluation criteria for the project portfolio.
- Identify, evaluate and implement a plan to shift to an automation strategy for repetitive maintenance tasks.
- Enhance the information security program to add controls and governance related to automation.

Measurements

- Track and measure the progress of the governance by using status reports.
- Track and report on the completion of defined project backlog for 2022 and 2023.
- Track and measure the stakeholders’ satisfaction using a post project completion survey.

- The automation successes will be measured by gathering before and after metrics – such as resources and completion time.

Benefits

- Project governance improves:
  - The likelihood of delivering projects on time, within budget and scope.
  - Assists in aligning stakeholders' expectations in standardizing the roles and responsibilities.
  - Ensures timely decisions by providing the right information to the right person.

- Automation improves:
  - The quality, stability availability and security of IT systems maintenance and migration tasks.
  - Reduces errors for IT systems maintenance and migration tasks.
  - Decreases the time and effort required to onboard employees.
  - Standardizing and scheduling IT system maintenance and migrations tasks allows for scarce resources to focus other tasks.
  - Increase resource bandwidth for other projects.
  - Increase information security posture and compliance.

E. DEPARTMENT STATISTICS

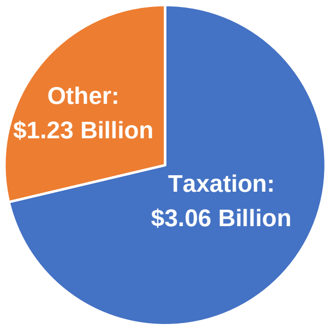
Tax Collections and Distributions (Fiscal Year 2019)

Distributions to the State (in millions):

Sales and Use Tax	$	1,465.5
Business and Commerce Tax	$	867.3
Other Taxes	$	1,232.4

Distributions to Local Governments:

Sales and Use Tax	$	3,518.0
Other Taxes	$	249.1
Total Distributed	**$**	**7,332.3**



The Department of Taxation collects over 70% of total Unrestricted General Fund revenue.

Department Budget (Fiscal Year 2019)

Budget Account 2361 (Tax Administration)

General Fund (actual – year end rev)	$	31,866,471
Other Revenues	$	896,005
Expenditures	$	32,762,476

It costs the General Fund 4/10th of one penny for the Department to collect one dollar.

Collection & Compliance Activity (Fiscal Year 2020)

Taxpayer Accounts with Filing Obligations	524,892
Collections per Revenue Officer	$1,654,795
Audits	1,866
% Audits for Active Accounts	0 .75%

Call Center (Fiscal Year 2020)

Number of calls received	87,249
Percent Answered	95.2%
Average Wait Time	1 min 54 sec

Tax Return Processing (Fiscal Year 2020)

Number of tax returns processed	1,076,278

Processed Returns by Method

Online Tax Returns (OLT)	576,194
Lockbox Returns	367,622
In-House Returns	132,462

Licensing Activity (August 2020)

Active Licenses by Type

Tobacco	
Tobacco Retailer	3,102
Other Tobacco Product Wholesaler	194
Cigarette Wholesaler	50
Cigarette Manufacturer	26
Liquor	
Supplier	3,328
Manufacturer	96
Wholesaler	76