




DEPARTMENT OF ADMINISTRATION

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Date: Friday, December 16, 2011

To: Jeff Mohlenkamp, Clerk
Nevada State Board of Examiners

From: Cathy Gregg, Budget Analyst 
Budget and Planning Division

Subject: **BOARD OF EXAMINERS** ACTION ITEM

The following describes an action item submitted for placement on the agenda of the next Board of Examiners meeting. An analysis of the action item and recommendation is also provided. A copy has been submitted for placement on the agenda of the next Interim Finance Committee, if applicable.

DEPARTMENT OF TAXATION

Nature of the Request

REQUEST FOR GENERAL FUND ALLOCATION FROM THE CONTINGENCY FUND

Pursuant to NRS 353.268, the Department requests \$260,164 from the Interim Finance Committee's Contingency Fund to establish and maintain a Tobacco Master Settlement Agreement (MSA) Enforcement Unit in Fiscal Year 2013.

In an effort to settle all pending arbitrations by the Participating Manufacturers of the Tobacco MSA, the state established a roadmap which involves the creation of a new unit to verify, track and reconcile Non-Participating Manufacturers (NPM) data compiled from a variety of sources and conduct a review of all wholesale dealers licensed by the state to verify and reconcile cigarette counts, stamps and sales records with Taxation reports, complete in-depth desk reviews to detect and address systemic reporting problems, and inspect vehicles and invoices to ensure no contraband products are transported in the state. The unit adds three new positions to the Department: one Compliance/Audit Investigator 3, one Tax Examiner 2, and one Information Technology Programmer 3.

The proposal reduces the risk of a reduction in Nevada's share of future tobacco payments or repayments of prior receipts for failure to "diligently enforce" Nevada's Qualifying Statute, NRS 370 and 370A, established pursuant to the Tobacco MSA. Under the current MSA and statutes, NPMs of the Tobacco MSA pay a specified amount per cigarette annually into an escrow account that allows recovery of any judgment or settlement obtained from claims against those manufacturers for costs arising out of smoke-

related illnesses. The agency's proposal will diligently monitor and enforce these requirements through implementation of the aforementioned proposal.

The program is anticipated to be effective March 1, 2012 and funded in FY'12 with salary savings. Since savings in FY'13 are unknown at this time, the agency is requesting a Contingency Fund allocation.

Recommendation

Recommend approval.

REVIEWED: JM
ACTION ITEM: _____



STATE OF NEVADA
DEPARTMENT OF TAXATION

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MEMORANDUM

Date: December 12, 2011
To: Cathy Gregg, Budget Analyst 4, Budget Division, Department of Administration
From: William Chisel, Executive Director *WC*
Subject: Board of Examiners Action Item – Request for Contingency Funds for MSA Enforcement

Pursuant to Nevada Revised Statute 353.268, the Department of Taxation requests approval of the Board of Examiners for an allocation by the Interim Finance Committee from the Contingency Fund, in the amount of \$260,164 in fiscal year 2013, to establish a Tobacco Master Settlement Agreement (MSA) Enforcement Unit in the Compliance Division, effective March 1, 2012 through the biennium. This funding is needed to address state requirements pursuant to Nevada Revised Statutes Chapters 370 and 370A. This proposal reduces the risk of a reduction in Nevada’s share of future tobacco payments and/or repayment of prior payments for failure to “diligently enforce” our Qualifying Statute pursuant to the Master Settlement Agreement. The department can fund the fiscal year 2012 estimated costs of \$97,691 out of vacancy savings in the current year. (See Attachment A, Master Settlement Agreement Costs).

In 1998, the Attorney Generals of 46 states signed the MSA with the four largest tobacco companies (Participating Manufacturers or “PMs”) in the United States to recover costs associated with treating smoking-related illnesses and to impose restrictions on the advertising, promotion and marketing of cigarettes. Under the terms of the MSA, states receive annual payments from PMs based on sales in each state, in return for a release of past, present and certain future state claims against them.

As a result of entering into the MSA, Nevada has received settlement money of approximately \$40 million per year. These funds are distributed based on a formula set by the 1999 Legislature: 50% to the Fund for Healthy Nevada to fund state health service and tobacco use prevention costs; 40% to fund the Millennium Scholarship Program to increase the number of Nevada students who attend and graduate from Nevada institutions of higher education; and 10% to the trust fund for Public Health (allocation was eliminated, effective July 1, 2011, and transferred to increase the Fund for Healthy Nevada allocation to 60%) to promote the general health of Nevada residents. The Fund for Healthy Nevada and the Millennium Scholarship Program provides the State Treasurer with administrative funding of two percent of the monies in the funds. There was no allocation of MSA monies to the Department of Taxation to meet state requirements under the MSA.

Nevada passed legislation in 1999, 2005 and 2011 related to the Master Settlement Agreement. Legislation requires NPMs to pay a specified amount (currently, approximately 2 cents) per cigarette into an escrow account annually, with the State of Nevada named as beneficiary. Escrow funds are to be used to recover any judgment or settlement obtained from claims against NPMs for costs arising out of smoke-related illnesses.

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Subject: Request for Contingency Funds to Meet State Requirements Under Tobacco MSA

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Each state is required to "diligently enforce" their Model Escrow Statutes/Qualifying Statute under the terms of the MSA. The PMs are claiming that the States have failed to do so. To that end, Nevada is currently engaged in a nationwide tobacco arbitration. The Office of the Attorney General is currently representing the State of Nevada in the 2003 NPM Adjustment arbitration, which is the nationwide arbitration involving 46 states and 6 territories against the nation's largest tobacco manufacturers. Once this arbitration concludes, each subsequent arbitration will follow. Again, with each subsequent arbitration, Nevada is risking up to the entirety of its MSA payment, which is more than \$40 million dollars per year or over \$300 million, which is a third of a billion dollars for years 2003 through 2011.

After the 2011 Legislative Session ended, an offer was made by the PMs to settle all pending arbitrations. This gave the State a roadmap of what needed to be done going forward if the states were all able to agree to the settlement terms. Based on this, the department, in consultation with the Office of the Attorney General, developed a plan going forward. Current efforts include:

- The **Attorney General's** office receives funds from the annual MSA payments to assist in enforcement of Nevada's Qualifying Statute.
- The **Department of Taxation** is **not** funded through the MSA. However, the Department is funded for two investigator positions, whose responsibilities include regulation of liquor and tax industries. Primarily they:
 - Enforce the three tier system with respect to the sale and shipment of alcohol;
 - Issue fines to retailers pursuant to Alcohol Awareness Program; and
 - Investigate and look for contraband tobacco products and liquor.

The department proposes the establishment of a Tobacco Master Settlement Agreement (MSA) Enforcement Unit in the Compliance Division, effective March 1, 2012. The MSA Unit, comprised of a Compliance/Audit Investigator 3 and a Tax Examiner 2, as well as an Information Technology Professional 3, are necessary to further diligently enforce our Qualifying Statute. The MSA Enforcement Unit would verify, track and reconcile NPM data compiled from mandatory reports from NPMs, department cigarette stamp logs, Prevent All Cigarette Trafficking (PACT) reports from manufacturers/wholesalers to ensure NPMs are placing appropriate amounts in escrow each year. The Unit would conduct reconciliations of all wholesale dealers licensed by the State of Nevada to verify and reconcile cigarette counts, stamps, and sales records with Taxation reports. The Unit would conduct in-depth desk reviews of all information submitted by an NPM or information related to an NPM to detect and address any systematic problems in reporting. The Unit would inspect NPM shipping vehicles and request copies of invoices to ensure transported product is not contraband.

The department will fund FY 2012 costs of \$97,691 out of additional vacancy savings in Category 01 that are expected due to unanticipated delays in recruiting and hiring nine new positions. These vacancy savings are in addition to the required vacancy savings of \$774,651 (see Attachment B, Budget Account 2361, Department of Taxation Projected Costs for FY 2012). Contingency Funds for the following are requested for FY 2013 costs only:

One (1) IT Programmer 3, grade/step 37-5, and associated costs to develop and maintain database:

- FY 2012: \$33,827
- FY 2013: \$ 85,928

IT consulting costs to implement the initial scanning option beyond the basic scanning and storage:

- FY 2013: \$30,000

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One (1) Compliance/Audit Investigator 3, grade/step 35-5, and associated costs to conduct on-site audits of NPM wholesale dealers and oversee NPM sales statistics and reporting:

- FY 2012: \$32,493
- FY 2013: \$75,110

One (1) Tax Examiner 2, grade 30, and associated costs to maintain NPM sales statistics and generate reports:

- FY 2012: \$23,058
- FY 2013: \$53,910

Travel and Training Costs:

- FY 2012: \$8,313
- FY 2013: \$15,216

Totals Costs:

- FY 2012: \$97,691
- FY 2013: \$260,164
- Biennium: \$357,855

Attachment

cc: Michon Martin, Senior Deputy Attorney General
Alex Haartz, Program Analyst, Legislative Counsel Bureau, Fiscal Analysis Division
Christopher Nielsen, Deputy Director
Brody Leiser, Deputy Director
Ray Lummus, Tax Manager

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Budget Period: 2011-2013 BIENNIUM (FY12-13)
 Budget Account: 2361 DEPARTMENT OF TAXATION
 Master Settlement Agreement Costs
 Date: 12/1/11 7:57 PM

Catg	GL	Description	FY 2012	FY 2013	Schedule
00	2501	APPROPRIATION CONTROL	97,691	260,164	- None -
01	5100	SALARIES	46,900	140,162	
01	5200	WORKERS COMPENSATION	1,280	3,344	
01	5300	RETIREMENT	10,084	30,134	
01	5400	PERSONNEL ASSESSMENT	366	1,093	
01	5500	GROUP INSURANCE	8,169	24,510	
01	5700	PAYROLL ASSESSMENT	98	294	
01	5750	RETIRED EMPLOYEES GROUP INSUR	1,206	3,602	
01	5800	UNEMPLOYMENT COMPENSATION	118	349	
01	5840	MEDICARE	680	2,033	
		Subtotal - Category 01	68,901	205,521	
04	705A	NON B&G - PROP. & CONT. INSURAN	3	10	BUILDING RENT NON-BUILDINGS AND GROUNDS
04	7110	NON-STATE OWNED OFFICE RENT	2,398	7,467	BUILDING RENT NON-BUILDINGS AND GROUNDS
04	7255	B & G LEASE ASSESSMENT	16	49	BUILDING RENT NON-BUILDINGS AND GROUNDS
04	7290	PHONE, FAX, COMMUNICATION LINE	240	720	- None -
04	7291	CELL PHONE/PAGER CHARGES	160	480	- None -
04	7292	DOIT VOICE MAIL	49	146	DOIT
04	7295	DOIT STATE PHONE LINE	134	402	DOIT
04	7460	EQUIPMENT PURCHASES < \$1,000	1,860	0	EQUIPMENT
04	7533	DOIT EMAIL SERVICE	43	129	DOIT
		Subtotal - Category 04	4,903	9,403	
05	8241	NEW FURNISHINGS <\$5,000 - A	9,659	0	EQUIPMENT
11	6100	PER DIEM OUT-OF-STATE	0	4,955	
11	6110	MP DAILY RENTAL OUT-OF-STATE	0	150	
11	6115	NON-MP VEHICLE RENTAL O/S	0	1,180	
11	6140	PERSONAL VEHICLE OUT-OF-STATE	0	793	
11	6150	COMM AIR TRANS OUT-OF-STATE	0	2,994	
11	6200	PER DIEM IN-STATE	1,660	3,321	
11	6210	MP DAILY RENTAL IN-STATE	275	550	
11	6240	PERSONAL VEHICLE IN-STATE	207	413	
11	6250	COMM AIR TRANS IN-STATE	430	860	
		Subtotal - Category 11	2,572	15,216	
26	7060	CONTACT SERVICES	0	30,000	IT CONSULTING/SCANNING SERVICES
26	7771	COMPUTER SOFTWARE <\$5,000 - A	1,569	24	EQUIPMENT
26	8371	COMPUTER HARDWARE <\$5,000 - A	4,346	0	EQUIPMENT
		Subtotal - Category 26	5,915	30,024	
30	6100	PER DIEM OUT-OF-STATE	3,138	0	
	6115	NON-MP VEHICLE RENTAL O/S	426	0	
	6140	PERSONAL VEHICLE OUT-OF-STATE	413	0	
	6150	COMM AIR TRANS OUT-OF-STATE	1,764	0	
		Subtotal - Category 30	5,741	0	
		Total Tobacco MSA Costs	97,691	260,164	

Costs are for 1.0 FTE Compliance Audit/Investigator 3 (step 5), 1.0 FTE Tax Examiner 2, and 1.0 FTE IT Professional 3 (step 5), effective March 1, 2012. FY 2012 training costs are for visits by two staff to Phoenix, Arizona and an east coast state with MSA enforcement programs that have been successfully implemented. Travel costs are for 12 one-week visits in-state and out-of-state to non-tribal wholesale wholesalers are excluded until legislation can be passed by the 2013 Legislature to allow the audits.

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ATTACHMENT B

State of Nevada, Department of Taxation
 Budget Account 2361, Department of Taxation Projected Costs
 FY 2012, YTD, Actual through 12/11/11

Cal	GL	Description	Leg Appr/WP Budget	YTD Actual	Oct-11 Projected	Nov-11 Projected	Dec-11 Projected	Jan-12 Projected	Feb-12 Projected	Mar-12 Projected	Apr-12 Projected	May-12 Projected	Jun-12 Projected	Total Projected Bal of Yr	Total Projected Revenues Expenditures	Difference Under (Over) Budget
00	2501	Appropriation Control	\$25,699,860	\$25,699,860										\$0	\$25,699,860	\$0
00	2511	Balance Forward	\$0	\$0										\$0	\$0	\$0
00	3729	Audit Fees	\$41,347	\$8,968										\$14,000	\$22,968	\$18,379
00	3750	Admin Fee Cigarette Tax	\$467,923	\$116,982										\$350,941	\$467,923	\$0
00	3751	Admin Fee S-T Auto Lease	\$2,715	\$3,111										\$7,100	\$10,211	(\$7,496)
00	3755	Admin Fee Bad Check Chgs	\$40,083	\$9,414										\$27,300	\$36,714	\$3,369
00	3765	Justice Court Fees	\$123,720	\$29,798										\$84,000	\$113,798	\$9,922
00	4254	Miscellaneous Fees	\$29,206	\$1,974										\$22,700	\$24,674	\$4,532
00	4355	Reimbursement of Expenses	\$7,436	\$200										\$0	\$200	\$7,236
00	4459	Close Petty Cash	\$0	\$0										\$0	\$0	\$0
00	4601	GF Salary Adjustment	\$0	\$0										\$0	\$0	\$0
00	4654	IFC Contingency Allocation	\$0	\$0										\$0	\$0	\$0
00	4673	Trf Fr Environmental Protectn	\$8,281	\$1,385										\$3,900	\$5,285	\$2,996
00	4733	Trf Fr SOS	\$0	\$0										\$0	\$0	\$0
			\$25,420,571	\$25,871,692	\$41,294	\$41,294	\$76,994	\$43,394	\$43,394	\$76,594	\$65,394	\$43,394	\$78,189	\$509,941	\$26,361,633	\$38,938
01		Personnel Services	\$20,117,323	\$8,149,204			\$1,509,042	\$2,256,202	\$1,560,668	\$1,555,942	\$1,586,092	\$1,569,390	\$1,668,208	\$11,735,544	\$19,884,748	\$232,575
02		Out-of-State Travel	\$2,421	\$1,454						\$1,906				\$1,906	\$3,360	(\$939)
6100		Per Diem Out-of-State	\$0	\$0										\$0	\$0	\$0
6120		Auto - Misc Out-of-State	\$8,943	\$4,751		\$1,018	\$2,914	\$1,009	\$2,420	\$3,000	\$3,000	\$3,000	\$3,000	\$19,361	\$44,959	(\$4,123)
6130		Public Transp Out-of-State	\$577	\$85			\$500	\$500	\$500	\$700	\$1,000	\$1,000	\$1,000	\$5,200	\$9,951	(\$1,009)
6140		Personal Ven Out-of-State	\$512	\$33		\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$10,400	\$15,243	(\$5,549)
6150		Com Air Transp Out-of-State	\$1,066	\$1,108					\$250	\$250	\$250	\$250	\$250	\$1,250	\$1,908	(\$260)
		Subtotal - Out-of-State	\$4,566	\$2,680	\$0	\$0	\$0	\$0	\$0	\$1,906	\$0	\$0	\$0	\$1,906	\$4,586	\$0
03		In-State Travel	\$0	\$0										\$0	\$0	\$0
6005		Travel Advance Cleaning	\$0	\$0										\$0	\$0	\$0
6200		Per Diem	\$40,836	\$25,598										\$0	\$0	\$0
6210		Motor, Pool, Daily Rental	\$8,943	\$4,751										\$0	\$0	\$0
6211		MP Monthly Vehicle Rental	\$9,594	\$4,843		\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$10,400	\$15,243	(\$5,549)
6215		Non MP Vehicle Rental	\$1,628	\$658										\$250	\$250	\$0
6220		Auto - Miscellaneous	\$211	\$35										\$0	\$0	\$0
6230		Public Transportation	\$590	\$17										\$0	\$35	\$176
6240		Personal Vehicle	\$69,592	\$17,565		\$600	\$2,750	\$3,600	\$4,000	\$4,000	\$5,000	\$5,000	\$5,500	\$30,450	\$48,015	\$21,577
6250		Commercial Air Transp	\$18,737	\$13,268		\$5,400	\$750	\$750	\$750	\$1,500	\$2,500	\$2,500	\$2,500	\$16,650	\$29,918	(\$11,181)
6270		US Bank Card ATM	\$3	\$8		\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$80	\$88	(\$88)
		Subtotal - In-State	\$150,134	\$66,743	\$0	\$8,328	\$8,224	\$7,169	\$9,230	\$10,760	\$13,060	\$13,060	\$13,560	\$63,391	\$150,134	\$0
04		Operating Expense	\$39,377	\$12,192										\$27,000	\$39,192	\$185
7020's		Operating Supplies	\$6,822	\$1,106										\$2,800	\$3,906	\$2,916
7030		Freight Charges	\$0	\$0										\$0	\$0	\$0
7042		Microfilm - SI Micrographics	\$3,554	\$808										\$2,700	\$3,508	\$46
7043		Printing - Xerox Per Copy	\$78,990	\$18,497										\$41,000	\$59,497	\$19,493
7044		Printing - Copier Paper	\$74,511	\$22,192										\$78,500	\$100,692	(\$26,181)
7045		State Printing	\$0	\$0										\$700	\$700	\$0
7046		Quick Print	\$909	\$909										\$909	\$1,818	(\$909)
7049		Agency Publications	\$0	\$0										\$0	\$0	\$0
7050		Insurance - Emp Bond	\$41,727	\$41,728										\$0	\$41,728	(\$1)
7051		Ins - Ag Owned Prop & Cont	\$300	\$0										\$300	\$300	\$0
7054		Insurance - AG Tort Asmt	\$396	\$0										\$396	\$396	\$0
7056		Insurance Deductibles	\$1,132	\$0										\$1,132	\$1,132	\$0
705A		Ins - Non B&G Prop & Cont	\$34,498	\$22,605		\$600	\$4,600	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$22,800	\$45,405	(\$10,907)
705B		Ins - B&G Prop & Cont	\$18,120	\$7,687										\$7,800	\$15,487	\$2,633
7060		Contracts-Shred, CRT Rptr	\$4,916	\$2,694		\$600	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$2,318	\$5,012	(\$96)
7061		Contracts-Telax	\$17,294	\$3,433		\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$4,400	\$7,833	\$9,461
7074		Hardware Lic/Maint/Agmt	\$604	\$250										\$0	\$250	\$354
7080		Legal and Court														
7090		Equipment Repair														



ATTACHMENT B

State of Nevada, Department of Taxation
 Budget Account 2361, Department of Taxation Projected Costs
 FY 2012, YTD Actual through 12/31/11

Cat	GL Description	Leg Appr/WP Budget	YTD Actual	Oct-11 Projected	Nov-11 Projected	Dec-11 Projected	Jan-12 Projected	Feb-12 Projected	Mar-12 Projected	Apr-12 Projected	May-12 Projected	Jun-12 Projected	Total Projected Bal of Yr	Total Projected Revenues	Total Projected Expenditures	Difference Under (Over) Budget
7100	State Owned Bldg Rent	\$130,787	\$32,697										\$98,090	\$130,787	\$130,787	\$0
7110	Non-St Owned Bldg Rent	\$917,584	\$432,079										\$462,987	\$985,076	\$985,076	\$22,508
7120	Advertising and Public Rel	\$796	\$1,871										\$0	\$1,871	\$1,871	(\$1,075)
7140	Utilities	\$503	\$140										\$0	\$140	\$140	\$363
7174	Uniform (Inv Badge Holder)	\$198	\$0										\$0	\$0	\$0	\$198
7255	B&G Svcs/Lease Assmt	\$6,844	\$0										\$6,844	\$6,844	\$6,844	\$0
7270	Penalties/Fees	\$0	\$0										\$0	\$0	\$0	\$0
7280	Postage	\$1,341	\$614										\$0	\$0	\$0	\$0
7285	State Mailroom	\$776,919	\$264,993										\$1,300	\$1,914	\$1,914	(\$573)
7290	Phone, Fax, Communication	\$30,365	\$7,316										\$523,000	\$787,993	\$787,993	(\$1,074)
7291	Cell Phone/Page	\$3,107	\$1,059										\$12,150	\$19,466	\$19,466	\$10,899
7292	DoIT Voice Mail	\$10,740	\$3,643										\$2,300	\$3,359	\$3,359	(\$252)
7294	Conference Call Charge	\$1,794	\$510										\$6,000	\$11,643	\$11,643	(\$403)
7295	DoIT State Phone Line	\$38,594	\$12,610										\$960	\$1,470	\$1,470	\$324
7296	DoIT Long Distance	\$12,540	\$3,552										\$25,600	\$38,210	\$38,210	\$384
7298	DoIT Phone Card Charges	\$488	\$229										\$8,000	\$11,552	\$11,552	\$988
7299	Telephone and Data Wiring	\$2,036	\$2,192										\$400	\$629	\$629	(\$141)
7301	Membership Fees	\$40,032	\$39,136										\$804	\$2,996	\$2,996	(\$450)
7302	Registration Fees	\$100	\$660										\$200	\$39,336	\$39,336	\$696
7330	Special Reports (TransLU/Pacer)	\$3,905	\$1,325										\$0	\$660	\$660	(\$560)
7370	Publications and Periodicals	\$46,001	\$6,114										\$3,200	\$4,525	\$4,525	(\$620)
7430	Professional Svcs - Video Conf	\$1,938	\$2,748										\$36,319	\$42,433	\$42,433	\$3,568
7431	Professional Svcs - Armored Ct	\$18,393	\$5,236										\$950	\$3,698	\$3,698	(\$1,760)
7480a	Equipment Purchases < \$1,000	\$26,974	\$2,631										\$11,200	\$16,436	\$16,436	\$1,957
7461	Equipment Purchases (Ergo)	\$762	\$1,849										\$0	\$1,849	\$1,849	(\$1,087)
7533	DoIT E-Mail Service	\$13,278	\$3,860										\$8,000	\$11,860	\$11,860	\$1,418
7557	NAS Card Reader	\$302	\$0										\$0	\$0	\$0	\$302
7630S	Misc Services	\$152	\$0										\$0	\$0	\$0	\$152
7637	Notary Fee Apply/Renew	\$35	\$394										\$0	\$394	\$394	(\$359)
7150	Non-St Emp Travel/HS	\$570	\$0										\$0	\$0	\$0	\$570
7960	Rentals for Land/Equip	\$474	\$0										\$0	\$0	\$0	\$474
7980	Operating Lease Payr	\$44,821	\$18,285										\$28,100	\$46,385	\$46,385	\$474
	Subtotal - Category 04 (1)	\$2,456,224	\$981,372	\$0	\$56,105	\$173,592	\$125,700	\$83,355	\$187,878	\$293,286	\$115,288	\$409,465	\$1,444,669	\$2,426,041	\$2,426,041	\$30,183
05	Equipment	\$26,717	\$18,342										\$8,375	\$26,717	\$26,717	\$0
09	Compliance Audit Investigation															
	6100's Out-of-State Travel	\$191	\$0										\$0	\$0	\$0	\$191
	6200's In-State Travel	\$5,922	\$1,866										\$3,375	\$5,241	\$5,241	\$681
7202	Registration Fees	\$0	\$0										\$0	\$0	\$0	\$0
7306	Dues and Reg - Emp Reimb	\$0	\$0										\$0	\$0	\$0	\$0
	Subtotal - Category 09	\$6,113	\$1,866	\$0	\$225	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$3,375	\$5,241	\$5,241	\$872
10	Out-of-State Audit	\$50,121	\$17,137										\$31,800	\$48,937	\$48,937	\$1,184
12	E-Payment Fees	\$12,976	\$5,347										\$11,300	\$16,647	\$16,647	(\$3,671)
15	Lockbox Program															
	7030 Freight	\$7,983	\$2,725										\$5,600	\$8,325	\$8,325	(\$642)
	7065 Contract	\$1,433,956	\$415,024										\$960,000	\$1,375,024	\$1,375,024	\$58,932
	Subtotal - Category 15 (2)	\$1,441,639	\$417,749	\$0	\$150,700	\$70,700	\$145,700	\$175,700	\$80,700	\$130,700	\$140,700	\$70,700	\$965,600	\$1,383,349	\$1,383,349	\$58,290
17	Mining Oversight	\$17,050	\$0										\$0	\$0	\$0	\$17,050
21	Demographic Surveys	\$186,186	\$38,756										\$147,430	\$186,186	\$186,186	\$0
25	Cigarette Stamps	\$201,596	\$948										\$200,648	\$201,596	\$201,596	\$0
26	Information Services	\$20,757	\$12,170										\$15,000	\$27,170	\$27,170	(\$6,413)
	7030 Freight	\$0	\$0										\$0	\$0	\$0	\$0

ATTACHMENT B

State of Nevada, Department of Taxation
 Budget Account: 2361, Department of Taxation: Projected Costs
 FY 2012 YTD: Actual through 12/11/11

Cat	GL	Description	Leg Appr/WP Budget	YTD Actual	Oct-11 Projected	Nov-11 Projected	Dec-11 Projected	Jan-12 Projected	Feb-12 Projected	Mar-12 Projected	Apr-12 Projected	May-12 Projected	Jun-12 Projected	Total Projected Revenues	Total Projected Expenditures	Total Projected Bal of Yr	Difference Under (Over) Budget
	7060	Contract Services	\$30,000	\$1,938		\$3,125	\$12,500	\$12,500	\$1,875				\$20,034	\$31,938	\$30,000	\$0	\$0
	7062	Contract Services	\$0	\$0			\$9,068	\$9,068	\$46,904			\$70,140	\$11,648	\$0	\$630,890	\$146,496	(\$67,562)
	7073	Software Maintenance Agmt	\$543,308	\$484,394		\$431			\$595			\$234	\$11,648	\$0	\$20,196	\$19,522	\$703
	7074	Hardware Maintenance Agmt	\$20,899	\$674								\$234		\$0	\$409	\$0	\$1,420
	7090	Equipment Repair	\$1,829	\$175								\$750		\$0	\$0	\$5,250	\$0
	7270	Late Fees and Penalty	\$0	\$0										\$0	\$9,575	\$0	(\$2,822)
	7290's	Phone Fax, Communication	\$6,743	\$4,325										\$0	\$6,900	\$0	(\$6,900)
	7300	Registration Fees	\$0	\$6,900										\$0	\$0	\$0	\$0
	7370	Publications and Periodicals	\$0	\$0										\$0	\$0	\$0	\$0
	7460's	Equipment Purchases	\$264	\$30										\$0	\$30	\$0	\$234
	7511	DoIT Database Administrator	\$39,534	\$54,197		\$13,224	\$13,920	\$13,920	\$13,920	\$15,312	\$14,616	\$15,136	\$14,448	\$169,389	\$169,389	\$115,192	(\$29,955)
	7520	DoIT Comp Svcs - Batch	263	\$194		\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$0	\$674	\$480	(\$411)
	7521	DoIT Comp Svcs - TSO	6	\$0		\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$0	\$0	\$2,160	\$642
	7522	DoIT Comp Svcs - DB2	77	\$0										\$0	\$0	\$0	\$77
	7525	DoIT Comp Svcs - Tape I/O	36	\$34		\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$80	\$114	\$80	(\$78)
	7526	DoIT Comp Svcs - Tape Strg	157	\$112		\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$200	\$276	\$200	\$105
	7527	DoIT Comp Svcs - Disk I/O	4423	\$76		\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$400	\$52	\$400	\$147
	7528	DoIT Comp Svcs - Disk	38,303	\$12,907		\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$3,300	\$26,400	\$39,307	\$26,400	(\$1,004)
	7535	DoIT Non-Server Hosting	2,611	\$1,108		\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$280	\$2,240	\$3,348	\$2,240	(\$537)
	7536	EITS Server Hosting-Basic	0	\$284		\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$640	\$924	\$640	(\$924)
	7538	DoIT Server Hosting - Full	32,369	\$8,520		\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$17,600	\$26,120	\$17,600	\$6,249
	7541	DoIT Dial Up Access	221	\$48		\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$120	\$168	\$120	\$53
	7542	DoIT Shvernet Access	127,572	\$42,523		\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$88,000	\$130,523	\$88,000	(\$2,951)
	7545	DoIT VPN Secure Link	1,922	\$624		\$170	\$170	\$170	\$170	\$170	\$170	\$170	\$170	\$1,360	\$1,984	\$1,360	(\$592)
	7554	DoIT Infrastructure Assmt	37,188	\$18,188		\$9,297	\$9,297	\$9,297	\$9,297	\$9,297	\$9,297	\$9,297	\$9,297	\$18,594	\$37,188	\$18,594	\$0
	7556	DoIT Security Assmt	17,056	\$8,528		\$4,264	\$4,264	\$4,264	\$4,264	\$4,264	\$4,264	\$4,264	\$4,264	\$8,528	\$17,056	\$8,528	\$0
	7567	EITS NCAS Reader	0	\$100										\$0	\$100	\$0	(\$100)
	7770	Computer Software > \$5000	0	\$0										\$0	\$0	\$0	\$0
	7771	Computer Software < \$5000	132,970	\$0		\$117,480	\$2,260	\$2,260						\$119,740	\$119,740	\$119,740	\$13,230
	8271	Special Equipment	4,200	\$0										\$0	\$0	\$0	\$4,200
	8290	Telephone System Eq >\$5000	\$0	\$0										\$0	\$0	\$0	\$0
	8331	Office and Other Equipment	\$15,480	\$0		\$12,582	\$58,000	\$58,000	\$58,000					\$12,582	\$12,582	\$12,582	\$2,898
	8370	Computer Hardware >\$5000	168,498	\$30,270			\$110,000	\$110,000	\$110,000					\$116,000	\$146,270	\$116,000	\$22,228
	8371	Computer Hardware <\$5000	330,538	\$20,693		\$225,913	\$83,459	\$83,459	\$83,459	\$49,038	\$34,781	\$273,675	\$80,856	\$220,000	\$240,693	\$99,845	\$89,845
			\$1,676,903	\$710,295	\$6,848	\$46,346	\$165,542	\$225,913	\$83,459	\$49,038	\$34,781	\$273,675	\$80,856	\$966,458	\$1,676,753	\$966,458	\$150
30		Training															
	6200	In-State Travel	\$761	\$0										\$0	\$0	\$0	\$761
	7060	Contract	\$0	\$0										\$0	\$0	\$0	\$0
	7300's	Registration Fees	\$682	\$0		\$350	\$350	\$350	\$350					\$1,513	\$1,513	\$1,513	(\$831)
	7320	Instructional Supply	\$0	\$0										\$0	\$0	\$0	\$0
			\$1,513	\$0	\$0	\$350	\$350	\$350	\$350	\$350	\$0	\$350	\$463	\$1,513	\$1,513	\$0	\$70
31		Co Assess/Appraiser Trng															
			\$7,436	\$0										\$0	\$0	\$0	\$7,436
82		Personnel Serv Cost Alloc															
			\$60,815	\$0										\$60,815	\$60,815	\$60,815	\$0
87		Purchasing Assessment															
			\$3,239	\$3,239										\$0	\$3,239	\$0	\$0
93		Reserve for Reversion															
			\$0	\$0										\$0	\$0	\$0	\$0
		Total Expenditures	\$26,420,571	\$10,413,678	\$73,848	\$263,804	\$1,991,275	\$2,834,534	\$1,948,512	\$1,942,174	\$2,131,417	\$2,118,613	\$2,358,647	\$15,662,824	\$26,076,502	\$15,662,824	\$344,069
		Projected Cash Over (Short)	\$0	\$15,458,014	(\$32,824)	(\$23,810)	(\$1,914,281)	(\$2,791,140)	(\$1,903,118)	(\$1,865,530)	(\$2,066,013)	(\$2,076,219)	(\$2,280,498)	(\$15,458,014)	\$305,131	(\$15,458,014)	\$305,131
		Cumulative Cash Balance			\$15,425,460	\$15,202,950	\$13,288,669	\$10,497,529	\$8,592,411	\$6,726,831	\$4,660,808	\$2,585,589	\$305,131				

Note (1) Category 04 Operating Expense projected surplus authority is being held in anticipation of pending contract negotiations resulting from the recent request for proposal for lockbox services.
 (2) Category 15 Lockbox Program projected surplus authority is being held in anticipation of pending contract negotiations resulting from the recent request for proposal for lockbox services.

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