



C I T Y O F
RENO
Memorandum

DATE: May 5, 2025


TO: Mayor and City Council

THROUGH: Jackie Bryant, City Manager

FROM: Vicki Van Buren, Director of Finance

DEPT: Finance

SUBJECT: Summary of Nevada Department of Taxation Consolidated Tax (CTAX) Distribution Updates



This memo summarizes key points from the Nevada Department of Taxation's communications issued on March 25 and April 18, 2025, regarding recent changes and updates to Consolidated Tax (CTAX) distributions affecting local governments.

1. System Modernization and Distribution Schedule Changes

The Department implemented a new integrated tax system, known as the MYNT system (Modernize Your Nevada Tax), beginning with Phase 1 on December 9, 2024. This modernization has led to changes in the timing and accounting methods for tax revenue distributions.

- The January 2025 distribution (reflecting November 2024 activity) was made 15 days earlier than usual, resulting in temporarily reduced revenues.
- The Department has reinstated the prior distribution schedule, with distributions now occurring at the end of each month. This is expected to "catch up" the previously missing 15 days and normalize revenue timing going forward.
- Future distributions will be available at the end of the month (e.g., April 30 distribution available on May 6) for the remainder of the fiscal year. This is expected to correct the short payment from November.
- Distributions received through the end of the fiscal year will not reconcile to the period in which an entity has made payment (e.g., when a distribution is received at the end of April, it could include returns that were due in March and late filings and payments for prior periods, including November.)

2. Accounting Method Shift

- The Department is transitioning from a modified accrual method to a cash-based accounting method for revenue reporting. This means monthly revenues will no longer align strictly with specific business activity periods.
- A new method of reporting taxable sales—based on taxpayer filings—will be released soon to reflect actual economic activity more accurately.

3. Outstanding Revenue and Compliance Issues

Several issues impacting collections and distributions were identified and are being addressed:

Issue	Status as of March 25	Update as of April 18
~4,600 non-filing taxpayers	Identified	~1,700 filings/payments recovered
\$118.5M in unclassified payments	Identified	Still under review; final comparison available at month-end
\$35.6M in filing error overpayments	Identified	Reduced to \$27M
\$4.5M tied to suspended returns	Identified	Resolution pending taxpayer corrections
\$200M in unpaid filed returns	Identified	Reduced to \$22.7M

Additional revenue related to these issues will be included in future distributions as processed but will not be itemized by specific period or issue.

4. Impact on Budget Planning

Local governments are advised to refer to the Local Government Finance section's projections, which account for full fiscal year trends, as revenue anomalies (particularly for November 2024) may impact tentative budget submissions due April 15, 2025. **Sales tax revenue for January 2025 appears flat year-over-year.**

5. Future Acceleration Opportunities

A benefit of the new MYNT system is its ability to distribute deposited funds more quickly. The Department plans to work with local governments post-fiscal year to explore permanently accelerated distribution schedules without disrupting revenue flows.



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DEPARTMENT OF TAXATION

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MEMORANDUM

DATE: March 25, 2025
TO: Local Governments
FROM: Local Government Services - Department of Taxation
SUBJECT: Consolidated Tax Distributions (CTAX)

Thank you for being patient while the Department of Taxation continues to compile information out of the new system. The Department has received calls related to the CTAX revenue distribution for the November period (which was distributed in January). This distribution was reduced, in part, due to the State's modernization efforts. Specifically, the January distribution for the November period occurred 15 days prior to the end of the month which is earlier than historical distributions.

The Department has worked with its vendor for the new tax system to change/reinstate the prior distribution schedule to recover the revenue lost due to the shortened closing period. The Department will make its next distribution on March 31, 2025, which will result in funding made available to the counties on April 4, 2025. Moving this next distribution to the end of the month will effectuate a catch-up of the 15 days lost in November due to that early distribution. Hereafter, the Department will return to distributing funds at the end of each month through the end of the fiscal year. Please note that the counties will not receive a distribution identifying any amount specifically attributable to November revenue. For example, when we make a distribution at the end of March, it could include returns that were due in February and late filings and payments for prior periods, including November.

With this reinstatement of the prior distribution schedule, the next distribution will occur on April 30, with funding available to the counties on May 6. And so forth through the end of the fiscal year.

Additionally, the Department has identified the following issues which may have impacted distributions for the November, December and January periods.

- The Department discovered roughly 4,600 taxpayers that have historically filed revenue returns but have not filed and paid since the Department's new system went live in December 2024.
 - The Department is reaching out to these taxpayers to obtain the delinquent filings and payments

- The Department has identified \$118.5M in payments made to the Department without identifying or attributing the payment to the associated tax type or filing period.
 - Staff are currently working through these tasks to distribute this revenue as quickly as possible
- The Department has identified \$35.6M in payments which are incorrectly reflecting in the system as “overpayments” as a result of taxpayer filing errors.
 - Staff are working through these tasks to distribute this revenue as quickly as possible
- The Department has identified \$4.5M in payments made to the Department which are tied to a return that has “suspended” due to a taxpayer error on the return.
 - Staff are reaching out to the taxpayer to get the return corrected. Once the return is corrected, the transaction will be processed, and the revenue will be distributed.
- The Department has identified accounts that have filed returns over the last three tax periods but did not remit payment with those returns. The Accounts Receivable amount that reflects these non-remittance returns is approximately \$200M.
 - Staff are reaching out to the taxpayers to collect on these accounts which is in addition to the Department’s accounts receivable amounts prior to November 2024.

As the issues identified herein are resolved, the Department expects to distribute additional outstanding revenue payments during the next few revenue periods. These payments will be included with the revenue distributed in the period that they are received and processed and will not be separately identified in your revenue distributions each month.

The Department understands that local government tentative budgets are due on April 15 and the reduction in revenue for the month of November plays a role in building your budget. Based on preliminary accounting for the filing period of January 2025, the revenue for Sales Tax looks to be flat in comparison to January 2024 and for questions regarding your specific jurisdiction please look to the revenue projections provided by the Local Government Finance section as numbers were looked at for the entire fiscal year when making projections and comparisons.

One of the benefits of the Department’s new system is that funds which are deposited may be distributed much sooner than our prior system. With this capability, the Department expects to work with local governments to determine a transition after this fiscal year to accelerate distributions to the local governments without disrupting revenue streams.



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MEMORANDUM

DATE: April 18, 2025
TO: Local Governments
FROM: Local Government Services - Department of Taxation
SUBJECT: Consolidated Tax Distributions (CTAX) - Update

As a continuation of prior CTAX Revenue Distribution communications, the Department would like to issue the following updated information to its prior memorandum dated March 25, 2025.

By way of reminder, the Department's distribution schedule has changed as a result of the first implementation of its new integrated tax system through Project MYNT ("Modernize Your Nevada Tax"). The term "MYNT" or "MYNT System" is used to describe the new tax system generally, with its e-services portal otherwise known as MyNT ("My Nevada Tax"). The MYNT System will be implemented in 3 phases in December of each year, with the first phase having been implemented on December 9, 2024.

The following tax types were included in the first implementation:

- Sales & Use Tax
- Consumer Use Tax
- Cigarette Tax
- Live Entertainment Tax
- Liquor Tax
- Liquor License Renewal
- Other Tobacco License Fees
- Other Tobacco Products License Fees

The above taxes/fees include all of the CTAX distributed taxes as well as some other common taxes/fees.

The Department would like to provide additional context to the changes in revenue reporting going forward in the new MYNT System. The Department has historically reported revenue and tied that revenue directly to the business activity period (or filing period) when taxpayers fulfilled their obligations. For example, the Department reported monies received in March 2025 as February 2025 revenue to tie the payments to the business activity. This method could be viewed as a partial accrual accounting method of reporting. To most completely classify monies received to that filing period, the Department focused on reconciling

business activity for that time during each fiscal period close. Since the Department is transitioning toward a cash accounting, the revenue reporting in a certain month is no longer representing a singular business activity filing period.

In conjunction with this shift, the Department with its vendor is in development of the reporting of taxable sales, which will be an additional change. From the old system, the Unified Tax System, the Department reported taxable sales based on when taxpayers made a payment (full or partial) and not necessarily when the business activity occurred. With a high collection rate and compliance, the filing period and revenue period aligned closely. When the collection rate or compliance falls, this method presents a discrepancy between business activity and actual tax revenues. The soon-to-be-published taxable sales statistics reports will be available to include November 2024 to February 2025 and will represent the taxpayer's reported filings, which can be referred to for economic activity.

Additionally, the Department's modernization efforts have created a brief disruption of compliance activities, which has decreased the rate of collections at the same time as this accounting realignment. These factors have resulted in underperformance of actuals versus projections and variations in reporting. As activities have resumed, the rate of collections is returning to normal, and the Department is focusing efforts on recovering accounts receivable regardless of filing period, including under-collected periods at the end of calendar year 2024.

While the Department is continuing to work through the identified issues highlighted in the prior memo, below are updates to those issues:

- The Department discovered roughly 4,600 taxpayers that have historically filed revenue returns but have not filed and paid since the Department's new system went live in December 2024.
 - **Update:** The Department is continuing to work through the list of taxpayers and has been successful obtaining roughly 1,700 of those delinquent filings and payments so far.
- The Department has identified \$118.5M in payments made to the Department without identifying or attributing the payment to the associated tax type or filing period.
 - **Update:** Staff are currently working through these tasks to distribute this revenue as quickly as possible. With the monthly cyclical workflow in the agency, this comparison will not be available until end of month.
- The Department has identified \$35.6M in payments which are incorrectly reflecting in the system as "overpayments" as a result of taxpayer filing errors.
 - **Update:** Staff are still working through these tasks to distribute this revenue as quickly as possible, but currently this amount is down to \$27M.
- The Department has identified \$4.5M in payments made to the Department which are tied to a return that has "suspended" due to a taxpayer error on the return.
 - **Update:** Staff are reaching out to the taxpayer to get the return corrected. Once the return is corrected, the transaction will be processed, and the revenue will be distributed. This comparison will also not be available until the end of the month due to the monthly cyclical workflow.

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- The Department has identified accounts that have filed returns over the last three tax periods but did not remit payment with those returns. The Sales and Use Tax Accounts Receivable amount that reflects these non-remittance returns is approximately \$200M.
 - **Update:** Staff have worked diligently through this category and this Sales and Use Tax Accounts Receivable is now down to \$22.7M.

As the issues identified herein are resolved, the Department expects to distribute additional outstanding revenue payments during the next few revenue periods. These payments will be included with the revenue distributed in the period that they are received and processed and will not be separately identified in your revenue distributions each month.

One of the benefits of the Department's new system is that funds which are deposited may be distributed much sooner than our prior system. With this capability, the Department expects to work with local governments to determine a transition after this fiscal year to accelerate distributions to the local governments without disrupting revenue streams. As indicated in the prior memo, the Department's next distribution will occur on April 30, with funding available to the counties on May 6. And so forth through the end of the fiscal year.