

NEVADA TAX COMMISSION MEETING  
MINUTES

June 26, 2023  
9:00 a.m.

Members Present:

Tony Wren, Chairman  
Ann Bersi, Commissioner (virtual)  
Francine Lipman, Commissioner (virtual)  
Jeff Rodefer, Commissioner  
Randy Brown, Commissioner (virtual)  
H. Stan Johnson, Commissioner (virtual)  
Sharon Byram, Commissioner (virtual)  
Craig Witt, Commissioner

- I. Call the meeting to order and establish a quorum.

Chairman Wren called the meeting to order. A quorum was established.

- II. Public Comment

Ronald Voigt, AAA Team Sales Tax, LLC - Chief Deputy Director did a very good job running the workshop on April 21st. Another person I would want to thank is, of course, Tina. My next comment is going to be commenting or kind of answering Commissioner Byram's question from May 1st. The estimated completion date, the waiver of limitation date, in my 18 years of working with the Department, I made sure that they did agree. If they didn't agree, then I'm thinking that the auditor didn't do good planning. I usually set the ECD for three months. Since 2021, I have seen that the auditors have been doing two months. Two months is really pushing it on completing an audit. I do think my next comment would be she had mentioned that she thought, and I agree, that it could be unfair for the Department to have legal counsel while the taxpayer did not during a hearing or even during the petition for redetermination. I think that they need to be on even footing during the process, and I think that's something that the Commission needs to look at. My last question concerning her questions is the Audit Tax Manager and the Management Analyst III had made the comment that they thought that if the taxpayer went straight to hearing, oral hearing with the Administrative Law Judge, that the hearing officer would send it back to the Department to do a petition for redetermination. I might disagree with that because there's not really that much documentation for a compliance audit that can be provided to the hearing officer to give them a good idea if it's worth pursuing on the financial information side. For instance, maybe a copy of the NRS that the Department and taxpayer disagree with, just a copy of it. You could also use a questionnaire provided by the taxpayer to answer questions by the hearing officer. If that happened, an officer then could kick it back if so be it, but I do think that for a compliance audit, not as much documentation is required as for a financial audit. I do want to talk a little bit about the appeal process. I do think that the Department really needs to make clear to the taxpayer that the petition for redetermination cannot determine violations of the Taxpayer Bill of Rights, it cannot rule on the interpretation of tax law and disagreements on the audit approach. Also, I'm pretty sure that during the exit meeting done by the auditor that they never do mention NRS 360.365, which gives the taxpayer a clear route to a meeting with the hearing officer, an oral hearing. I would say that the Department really needs to pay attention to the Nevada Taxpayer Bill of Rights. If an audit was done based on the Nevada Taxpayer Bill of Rights, I think it would help not only the Department but the taxpayer too. Thank you very much.

Jeffrey Church - My name is Jeffery Church, representing myself. I run a website: Reno Tax Revolt.com. I'm here again for public comment not for the sake of public comment. I'm here again to ask that the Department of Taxation respond to my request and take action regarding the Department of Taxation's letter which I'm going to put on the record again and which I will read into the record a portion of that. This letter deals with the Reno BID Business Improvement District a.k.a. the DMO from the Department of Taxation quote, "At a minimum, the Reno BID DMO is subject to the jurisdiction of the Department pursuant to the Local Government Budget and Finance Act pursuant to NRS 354.474, Section 1. For instance, the creation of a special assessment local improvement district pursuant to NRS 271 would appear to trigger budget reporting responsibilities for contracts associated with the expenditures of the special assessment levies pursuant to NRS 354.5965." Why aren't we doing this? Why is nobody responding to me? Just give me a yes or no. Tell me to go get lost, tell me that you're doing it, tell me you're going to do it. And if you're not doing it, why are you not doing it? You have this agency subject to your jurisdiction acting rogue without any supervision. Now I also submitted on the record today a letter to the director essentially reverberating what I'm covering today. I don't get it. I've been here so many times. I've been to CLGF, and you just ignore me. And as was mentioned by the last speaker, the Taxpayer Bill of Rights gives us a right to a response. That's all I'm asking. Tell me to get lost, tell me you're doing it, tell me you're not doing it. Tell me something, please, or tell me how to file a formal complaint, which I've asked. But again, I'll put this on the record. You've got an agency out there subject to your jurisdiction that apparently taxation is ignoring based on your own letter. So I'd really appreciate it if somebody could direct somebody to do something and just tell me that I'm wasting my time or tell me to come back, tell me you're doing something, you know, etcetera. Thank you very much. I appreciate it.

Director Hughes administered an oath to all parties testifying.

III. MEETING MINUTES:

A. Consideration for Approval of the April 21, 2023 Nevada Tax Commission Meeting Minutes.

Commissioner Witt made a motion to approve the April 21, 2023, Nevada Tax Commission meeting minutes. Commissioner Rodefer seconded the motion. All in favor. Motion carries.

B. Consideration for Approval of the May 1, 2023 Nevada Tax Commission Meeting Minutes.

Commissioner Witt made a motion to approve the May 1, 2023, Nevada Tax Commission meeting minutes. Commissioner Rodefer seconded the motion. All in favor. Motion carries.

IV. CONSENT CALENDAR:

A. Matters of General Concern:

1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):

- a) Bill Miller Equipment Sales Inc.
- b) Café Masala LLC
- c) Camstin Concepts LLC
- d) CZYZS Appliance Inc.
- e) Gem State Paper & Supply Co.
- f) GK Nevada LLC
- g) MMJ Leasing Inc.
- h) Shoes for Crews LLC
- i) SHR Foods LLC
- j) Solorio Enterprises LLC
- k) Streamline Auto Body & Paint LLC

- l) Sweetland LLC
- m) Truckee Tahoe Lumber Company
- n) Wireless Communication of Nevada #12 Inc.

B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure:

- 1) American Marriage Ministries
- 2) Artemis Tools LLC
- 3) Club Pilates
- 4) Comprehensive Manufacturing Services LLC
- 5) COOP Technologies Inc.
- 6) Crown Aesthetics
- 7) Gregory Poole Equipment Company
- 8) Ligchine International Corporation
- 9) Merrick Pet Care Inc.
- 10) North America Trailer LLC
- 11) Olaplex Inc.
- 12) Safety Environmental Control of California LLC
- 13) Secretlab US Inc.
- 14) Ten Thousand Inc.
- 15) USA Marketing LLC
- 16) Vivobarefoot Ltd.
- 17) Watson Marlow Inc.
- 18) WING TEL Inc.
- 19) Zound Industries USA Inc.

C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:

- 1) SD&W LLC
- 2) Safway Services LLC
- 3) Outdoorsy Inc.

D. Consideration for Approval of the Recommended Settlement Agreements and Stipulations

- 1) A Track-Out Solution, LLC
- 2) Green Solutions Recycling, LLC

E. Department's Recommendation to the Commission for Approval of an Offer-In-Compromise pursuant to NRS 360.263:

- 1) Joseph L. Marsco
- 2) Martha Garcia
- 3) Bricia and Shawn Absher

Commissioner Byram pulled items IV. C. 3) Outdoorsy Inc. and IV. D. 1) A Track-Out Solution, LLC for further discussion.

Commissioner Witt pulled Item IV. E. 3) Bricia and Shawn Absher for further discussion.

Commissioner Lipman made a motion to approve the consent calendar, excluding items IV. C 3), IV. D. 1) and IV. E. 3). Commissioner Bersi seconded the motion. All in favor. Motion carries.

Item IV. C. 3) Outdoorsy Inc. - Commissioner Byram asked for clarification for the amount of the recommended waiver. Mixaly Arambula, Tax Program Supervisor, stated the Department is recommending full waiver for the periods October 2019 through April 2021, and denial of periods December 2020 through April 2021. Commissioner Byram made a motion to approve Item IV. C. 3). Commissioner Witt seconded the motion. All in favor. Motion carries.

Item IV. D. 1) A Track-Out Solution, LLC – Commissioner Byram asked why there was a significant drop from the original assessment of over a million dollars to \$162,000. Andrea Nichols, Senior Deputy Attorney General, stated that this matter started with a deficiency notice in August of 2019, and the Department wanted to avoid further time and expense on litigation. Commissioner Byram made a motion to approve Item IV. D. 1). Commissioner Witt seconded the motion. All in favor. Motion carries.

Item IV. E. 3) Bricia and Shawn Absher – Commissioner Witt mentioned the offer is to pay \$5,000 on a tax liability of \$68,748. Commissioner Witt noted a 2018 Lincoln and a 2021 Tesla of significant cost, and also mentioned that the Taxpayer is still in the wedding business. Mixaly Arambula, Tax Program Supervisor, stated that Mr. Absher’s income is from disability and he also helps with the business. Ms. Arambula also stated that a large majority of the liens were not renewed. Commissioner Witt made a motion to deny the offer-in-compromise of Bricia and Shawn Absher. Motion died due to lack of a second. Commissioner Rodefer made a motion to approve Item IV. E. 3). Commissioner Byram seconded the motion. Commissioner Witt voted No. Motion carried.

V. COMPLIANCE DIVISION:

A. Approval of Refund/Credit Request in Excess of \$250,000:

1) Apple Inc.

Jairam Singh, Audit Manager, was present on behalf of the Department. Commissioner Witt made a motion to approve the refund/credit for Apple Inc. Commissioner Lipman seconded the motion. All in favor. Motion carries.

2) Cashman Equipment Company

Chris Carrello, Audit Manager, was present on behalf of the Department. Commissioner Byram made a motion to approve the refund/credit for Cashman Equipment Company. Commissioner Bersi seconded the motion. All in favor. Motion carries.

3) American Family Life Assurance Co of Columbus

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Byram made a motion to approve the refund/credit for American Family Life Assurance Co. of Columbus. Commissioner Witt seconded the motion. All in favor. Motion carries.

4) American Zurich Insurance Company

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Witt made a motion to approve the refund/credit for American Zurich Insurance Company. Commissioner Lipman seconded the motion. All in favor. Motion carries.

5) C M Life Insurance Company

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Lipman made a motion to approve the refund/credit for C M Life Insurance Company. Commissioner Bersi seconded the motion. All in favor. Motion carries.

6) Cigna Health and Life Insurance Company

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Witt made a motion to approve the refund/credit for Cigna Health and Life Insurance Company. Commissioner Lipman seconded the motion. All in favor. Motion carries.

7) CSAA General Insurance Company

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Lipman made a motion to approve the refund/credit for CSAA General Insurance Company. Commissioner Bersi seconded the motion. All in favor. Motion carries.

8) US Specialty Insurance Company

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Witt made a motion to approve the refund/credit for US Specialty Insurance Company. Commissioner Rodefer seconded the motion. All in favor. Motion carries.

- B. Taxpayer's Appeal of the Department's Decision Denying Taxpayer's Late Filed Petition for Redetermination. Please Note: The purpose of this meeting is limited solely to the Commission's review and consideration regarding the untimely filing of your petition for redetermination. This meeting is not noticed to address the underlying merits of the deficiency determinations.

1) Diamond Events and Productions, LLC

Ronald Voigt, AAA Team Sales Tax LLC, was present on behalf of Diamond Events and Productions, LLC. Sarah Glazner, Management Analyst, was present on behalf of the Department. Commissioner Lipman made a motion to uphold the Department's decision. Commissioner Rodefer seconded the motion. All in favor. Motion carries.

- C. Department's Request for Approval of Motion to Dismiss Taxpayer's Appeal and Affirm Decision of the Administrative Law Judge:

1) NADIC Network North American Dental Implants & Cosmetics

David Pope, Chief Deputy Attorney General, was present on behalf of the Department. A representative for the Taxpayer was not present at the meeting. Commissioner Lipman moved to approve the Department's request to dismiss the Taxpayer's appeal and to affirm the Administrative Law Judge's Decision. Commissioner Byram seconded the motion. All in favor. Motion carries.

VI. LOCAL GOVERNMENT FINANCE

- 1) Certification of Ad Valorem Tax Rates for Fiscal Year 2023-2024 pursuant to NRS 361.4547.

Kelly Langley, Budget Analyst, was present on behalf of the Department. Ms. Langley stated the proposed taxes have been reviewed and the Department is recommending that they are all within statutory limitations. The Department is requesting that the Commission certify the combined tax rates as submitted. Commissioner Witt made a motion to approve the certification of Ad Valorem Tax Rates for FY 23/24. Commissioner Byram seconded the motion. All in favor. Motion carries.

- 2) Review and Consideration for Approval of the Renewal of the Residential Construction Tax:
  - 1) Lincoln County School District
  - 2) Douglas County School District
  - 3) Storey County School District

Kelly Langley, Budget Analyst, was present on behalf of the Department. Ms. Langley stated that all three of the counties meet the requirement of having a population under 55,000. Ginger Shumway was present on behalf of Lincoln County School District. Sue Estes was present on behalf of Douglas County School District. Todd Hess was present on behalf of Storey County School District. Commissioner Byram made a motion to approve the renewal of the Residential Construction Tax for Lincoln County School District, Douglas County School District and Storey County School District. Commissioner Brown seconded the motion. All in favor. Motion carries.

VII. LOCAL GOVERNMENT SERVICES DIVISION:

- 1) Taxpayer's Appeal of the Treasurer's Denial of Waiver of Penalty and/or Interest per NRS 361.4835 (Clark County):
  - 1) Sofidel America Corporation

Timothy Ziegler and Jeff Talton were present on behalf of Sofidel America Corporation. Sharon Henry was present on behalf of the Clark County Assessor. Commissioner Byram made a motion to uphold the Treasurer's denial. Commissioner Lipman seconded the motion. All in favor. Motion carries.

- 2) 2800 Fremont LLC

Taylor Verhaalen was present on behalf of 2800 Fremont LLC. Donna Merrill was present on behalf of the Clark County Treasurer. Commissioner Lipman asked the Taxpayer's representative to testify that the funds were available in the bank account. Mr. Verhaalen stated, yes. Commissioner Lipman asked the representative if a letter was received. Mr. Verhaalen stated a letter was not received and he was not aware of a letter. Commissioner Lipman made a motion to approve the Taxpayer's appeal for the waiver of penalty and interest, and asked that going forward these are taxed and paid timely. Commissioner Byram seconded the motion and mentioned at the last meeting, regarding this exact issue, the penalty was split to recognize that it wasn't any fault of either party. All in favor. Motion carries.

- 3) Barkbox Inc.

Sharon Henry was present on behalf of the Clark County Assessor. Commissioner Byram moved to deny the Taxpayer's appeal. Commissioner Brown seconded the motion. All in favor. Motion carries.

- 4) Hanson-Polvi Family Trust

Donna Merrill was present on behalf of the Clark County Treasurer. Ms. Merrill stated that after further review, the Treasurer's office is recommending a waiver. Commissioner Witt moved to approve the Taxpayer's appeal. Commissioner Lipman seconded the motion. All in favor. Motion carries.

- 2) Taxpayer's Appeal of the Treasurer's Denial of Waiver of Penalty and/or Interest per NRS 361.4835 (Lyon County):
  - 1) Ramoncito and Paulette Castillo
  - 2) Matheus Family Trust
  - 3) Doug and Sandy Thorngren

No action was taken on Item VII. 2).

VIII. INFORMATIONAL ITEMS:

- A. Penalty and Interest Waivers granted by the Department for Sales/Use Tax, Modified Business Tax and Excise Tax (dates as indicated).
- B. Approval and Denial Status Report Log for Organizations Created for Religious, Charitable or Educational Purposes (dates as indicated) (Sales/Use Tax Exemption).

IX. BRIEFING:

- A. Briefing to/from the Commission and the Executive Director.

Shellie Hughes, Executive Director, Nevada Department of Taxation - The 82nd Session of the Nevada Legislature ended on June 5, 2023. But we also had a 34th and 35th Special Session this year. The 34th Special Session ended on June 6, 2023, and the 35th Special Session ended on June 14, 2023. Several bills were signed by the Governor that affect the Department. I will briefly summarize a few of those bills. Assembly Bill 53 increases the penalty for an employee or agent of a licensee who sells, distributes or offers to sell cigarettes or other tobacco products to any person under the age of 21 years old for violations which occur within a 24-month period. At the same premises, a licensee is liable for a civil penalty of \$2,500 for the first violation, \$5,000 for the second violation, \$7,500 for a third violation, and \$10,000 for a fourth and any other subsequent violation. The effective date of this bill is January 1st, 2024. Assembly Bill 232 reduces the tax that is imposed on the receipt, purchase and sale of premium cigars to not more than 50 cents or less than 30 cents for each premium cigar. The bill defines premium cigar as a cigar that is rolled by hand, has a wrapper made of whole tobacco leaves and does not have a filter or mouthpiece. The effective date of this bill is July 1, 2023, and it expires by limitation on June 30th, 2027. Assembly Bill 430 revises the excise tax on the wholesale sale of cannabis to apply the tax only to the first wholesale sale and to provide that the tax is at the rate of 15 percent of one: The fair market value at wholesale for sales made to an affiliate of the medical cannabis cultivation facility or an adult-use cannabis use facility or two: The sales price if the sale is made to a cannabis establishment that is not an affiliate of the medical cannabis cultivation facility or adult-use cannabis cultivation facility. The effective date of this bill is January 1, 2024. Assembly Bill 448 relates to the imposition of taxes on transfers of real property or the real property transfer tax which is abbreviated as RPTT. Existing law provides that certain transfers are exempt from the RPTT if the transfer is between certain affiliated business entities. This bill provides that an exemption does not apply if a transfer of real property is made to a business entity formed for the purpose of evading the RPTT. The bill became effective upon passage and approval. Assembly Bill 455 allows the Department to impose a civil penalty up to the amount of actual costs for the seizure, storage, transportation and destruction of contraband tobacco products. The bill becomes effective on July 1, 2023. Senate Bill 29 prohibited interest on a refund of any tax which was overcollected by a taxpayer and which the taxpayer is required to refund the person for whom the tax was collected. The bill becomes effective on July 1, 2023. Senate Bill 50 revises the manner in which a member of the Nevada National Guard or a relative of a member claims an exemption during the sales tax holiday that occurs over Nevada Day and immediately following 2 weekend. To stay in compliance with Streamlined Sales and Use Tax Agreement, the bill removes the requirement that to claim the exemption, the person must provide a copy of the letter of the exemption to the retailer. Instead this bill requires that the retailer collect the tax on the purchase of the tangible personal property that qualifies for the

exemption, and that person who claims the exemption submit to the Department a request for refund of the tax, a copy of the letter of the exemption issued to the person and the receipt issued to the person by the retailer. Under this bill, the Department is required to issue a refund of the tax to the person who submits the required information. The bill is effective July 1, 2023. Senate Bill 124 provides for the early expiration regarding the imposition and advanced payment of a portion of the net proceeds of mineral tax and royalties. The bill became effective upon passage and approval. Senate Bill 259 authorizes a winery that has been issued a winemaker's license on or after October 1, 2015 to also sell at retail or serve by the glass at one other location in addition to its premises or where wine is produced, blended or aged by the winery. The bill also increases the limit that wineries authorized to sell at retail or served by the glass from one thousand cases to two thousand cases and additionally authorizes such a winery to sell at retail or served by the glass not more than 150 barrels of cider produced by the winery per calendar year. This bill becomes effective on October 1, 2023. Senate Bill 277 deems each adult-use cannabis establishment to be a dual licensee to authorize the establishment to engage in activities relating to the medical use of cannabis to the same extent as if the adult-use cannabis establishment held a medical cannabis establishment license of the same type. The bill also exempts from the excise tax imposed on the retail sales of cannabis products by an adult-use cannabis retail store, any sale of cannabis for the medical use of cannabis or a medical cannabis product to the holder of a registry identification card or letter of approval by an adult-use cannabis retail store deemed to be a dual licensee. The effective date of this bill is January 1, 2024. Senate Bill 428 provides for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption from sales and use tax child and adult diapers. This tax exemption would become effective on January 1, 2025 and expire by limitation on December 31, 2050 only if the voters approve the amendment to the Sales and Use Tax Act of 1955 at the general election in 2024. Senate Bill 466 makes an appropriation to the Department for the costs of the contractor with an information technology consultant to perform a backlog of updates to the unified tax system. Senate Bill 467 makes an appropriation to the Department for the relocation of its Carson City office. Senate Bill 489 makes appropriations to the Department for information technology projects and equipment, employee training and a money counter machine. And lastly, Senate Bill one from the 35th Special Session is known as the Southern Nevada Tourism Innovation Act. The Clark County Board of Commissioners shall create a sports and entertainment improvement district and shall pledge the proceeds of the following taxes, fees or charges imposed by the State: The sales and use tax imposed in NRS 372 with regard to tangible personal property sold at retail or stored use or otherwise consumed in the sports entertainment improvement district, the sales and use tax or the local support -- sorry -- the local school support tax in NRS 374 with regard to tangible personal property sold at retail or store used or otherwise consumed in the sports and entertainment improvement district, the modified business tax imposed in NRS 363A and 363B with regards to wages earned by employees located within the sports entertainment improvement district, the insurance premium tax imposed in NRS 680B with regard to insurance premiums earned from policies on businesses or assets within the sports entertainment improvement district, the commerce tax imposed in NRS 363C with regard to gross revenues generated within the sports and entertainment improvement district, the live entertainment tax imposed in NRS 368A with regard to admission to any facility where live entertainment is provided within the sports and entertainment improvement district, the liquor tax imposed in NRS 396 with regard to any liquor purchased or otherwise consumed within the sports and entertainment improvement district, transportation connection tax imposed in NRS 372B on transportation network companies with regards to fares charged for transportation services for which the point of origin or the destination is in the sports and entertainment improvement district and the exhibition fee imposed in NRS 360 with regard to the licensee fee for operating the facility at which exhibitions are held within the sports and entertainment improvement district. The distribution of taxes to the sports and entertainment district will be very similar to the distributions of taxes to the tourism improvement districts that currently exist. Regulations will need to be adopted by the Department regarding procedures for the identification and segmentation of the taxes, fees and charges that occur within the sports and entertainment improvement district. The bill requires the Department to provide commercially reasonable procedures by which such taxes, fees and charges paid by any business or person operating in the sports entertainment improvement district are to be identified and segmented such that they can be directed to the baseball stadium tax account. This bill



also requires the Department to monitor transferable tax credits that can be applied to the EMBT or the insurance premium tax. The sections of the bill that pertain to the Department become effective upon passage and approval. That completes my review of the bills that were passed this session that affect the Department. And before I conclude my briefing, I wanted to say thank you to Jason O'Brien, Veronica Fleischer, T.J. Touchan and Joe Bernardy for installing the new video camera in the board room and getting everything ready for today's meeting.

X. Next Meeting Date: August 14, 2023

XI. Public Comment.

David Pope, Chief Deputy Attorney General, introduced Kayla Dorame, Deputy Attorney General. Kayla will be representing the Department of Taxation and the Department of Insurance.

XII. Items for Future Agendas.

No items were discussed.

XIII. Meeting adjourned at 11:01 a.m.