



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <https://tax.nv.gov>

Call Center: (866) 962-3707

LAS VEGAS OFFICE
700 E. Warm Springs Rd, Suite 200
Las Vegas, Nevada 89119
Phone (702) 486-2300
Fax (702) 486-2373

JOE LOMBARDO
Governor
GEORGE KELESIS
Chair, Nevada Tax Commission
SHELLIE HUGHES
Executive Director

CARSON CITY OFFICE
3850 Arrowhead Dr., 2nd Floor
Carson City, Nevada 89706
Phone: (775) 684-2000
Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane, Suite L235
Reno, NV 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

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NOTICE OF INTENT TO ACT UPON A REGULATION

Notice of Hearing for the Adoption of

LCB File No. R150-22

Nevada Tax Commission

The Nevada Tax Commission will hold a Public Hearing at **9:00 a.m.** on **Wednesday, May 8, 2024**. The purpose of the hearing is to receive comments from all interested parties regarding the adoption of the regulation that pertains to LCB File No. R150-22.

You may attend this meeting at either of the following physical locations:

Nevada Department of Taxation
700 E. Warm Springs Road, 1st Floor
Las Vegas, Nevada 89119

Nevada Department of Taxation
4600 Kietzke Lane, Suite L235
Reno, Nevada 89502

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. Need and purpose of the proposed regulations or amendments

The need and purpose of the proposed permanent regulation (R150-22) revises provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and provides other matters properly relating thereto.

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326)

An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

2. How to obtain the approved or revised text of regulations prepared by LCB

You may obtain a copy of the proposed permanent regulation by writing to the Nevada Department of Taxation, 3850 Arrowhead Drive, 2nd Floor, Carson City, Nevada 89706; or by calling the office at (775) 684-2059. The proposed permanent regulation is also available for review and download on the Department of Taxation website at <https://tax.nv.gov/> or on the Nevada Legislature website at <https://www.leg.state.nv.us/>.

3. Methods used in determining the impact on a small business

The agency used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulation changes, which includes its own analysis by considering the nature of the regulatory changes, which confirms that the issuance of an exemption from sales and use tax is not retroactive. The Department prepared a small business impact questionnaire that was forwarded to the Interested Parties List which is maintained by the Department.

The Department will continue to accept input on the impact of the proposed permanent regulation on small businesses through the regulatory process. No respondents indicated that this regulation would have a direct and significant economic burden upon a small business.

The Department held a workshop for concerned members of the public to state their concerns and submit correspondence regarding the regulation.

4. Estimated economic effect of regulation on businesses and the public

a. Adverse and beneficial effects

The proposed permanent regulation does not present any reasonable, foreseeable or anticipated adverse economic effects on small businesses or the public.

b. Immediate and long-term effects

The proposed permanent regulation does not present any reasonable, foreseeable or anticipated immediate or long-term economic effects on small businesses or the public.

5. Cost for enforcement of the regulations

The proposed permanent regulation does not present any significant, foreseeable or anticipated cost or decrease in costs for enforcement.

6. Overlap or duplication of other state or local governmental agencies

The proposed permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

7. Regulation required by federal law

Not Applicable

8. More stringent than federal regulations

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

9. New or increases in existing fees

The proposed permanent regulation does not include new fees or increase an existing fee.

Persons wishing to comment on the proposed action of the Nevada Tax Commission may appear at the above scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Nevada Tax Commission, 3850 Arrowhead Drive, 2nd Floor, Carson City, Nevada 89706. Written submissions must be received at least two weeks prior to the above scheduled public hearing.

Under NRS 233B.064(2), when adopting any regulation, the Agency, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporation, and its reason for overruling the consideration urged against its adoption.

A copy of the Notice and the proposed permanent regulation to be adopted and/or amended is on file and has been posted at the following location: The Department of Taxation - 3850 Arrowhead Drive, 2nd Floor, Carson City, Nevada 89706.

Members of the public may inspect these documents during regular business hours at the above location. Additional copies of the notice and proposed permanent regulation to be adopted and/or amended are available at the below locations.

The text of the proposed permanent regulation will include the entire text of any section of the Nevada Administrative Code, which is proposed for amendment or repeal. Copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if deemed necessary.

Notice has been EMAILED/MAILED for posting at the following locations: Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno, Nevada; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas, Nevada; The Legislative Building - Capitol Complex, Carson City, Nevada; The Nevada State Library -100 Stewart Street, Carson City, Nevada; Interested Parties Group; and the Mailing List maintained by the Department. Notice of this meeting was posted on the Department of Taxation website at <https://tax.nv.gov/>, on the Legislative website at <https://www.leg.state.nv.us/>, and the Nevada Public Notice Website at <https://notice.nv.gov/>.

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations to participate in this hearing should notify Tina Padovano at 775-684-2096 or tpadovano@tax.state.nv.us at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the meeting room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Tina Padovano at 775-684-2096 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request to tpadovano@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Tina Padovano al 775-684-2096 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de tpadovano@tax.state.nv.us.

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R150-22

July 14, 2022

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: § 1, NRS 360.090, 372.348 and 372.725.

A REGULATION relating to taxation; revising provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326) An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

Section 1. NAC 372.700 is hereby amended to read as follows:

372.700 1. An organization requesting exempt status must submit to the Department an application on a form prescribed by the Department and copies of:

- (a) Its bylaws;
- (b) Its articles of incorporation;
- (c) Financial information which provides verifiable sources of income and expenditures, which may include, without limitation, financial statements and independent audit reports;
- (d) Letters of exemption issued to it by any governmental agency;

(e) If the application is for a charitable organization, an outline of its charitable activities, fund raisers and goals, and a copy of its business or strategic plan must be attached; and

(f) Any other information which the Department deems relevant.

2. Upon approval of an application, the Department will issue a letter of exemption. The letter *of exemption is effective on the date of issuance and* is not transferable. *The letter of exemption:*

(a) Is effective only with respect to any liability for sales tax or use tax that would otherwise accrue on or after the date of issuance of the letter.

(b) Does not affect any liability for sales tax or use tax accruing before the date of issuance of the letter, and any sales tax or use tax paid in connection with such a liability is not refundable.

3. The organization must notify the Department of changes to the name, address, telephone number or responsible person of the organization. Each organization must apply for the renewal of its letter of exemption every 5 years. The Department will mail a renewal application to the last known address of the organization at least 90 days before the expiration of the letter of exemption. Failure to receive a renewal application does not extend the validity of the exemption beyond the 5 years.

~~[3.]~~ 4. The Department may deny an application for exemption if it finds that:

(a) The organization has failed to submit sufficient information on which to grant an exemption; or

(b) The organization does not meet the standards for exemption.

~~[4.]~~ 5. The Department may withdraw the letter of exemption issued to any organization if the Department finds that:

- (a) The organization is no longer engaged in charitable, religious or educational pursuits;
- (b) The organization has ceased to comply with the standards for exemption; or
- (c) The application contained false or misleading information.

~~15.1~~ **6.** A charitable, religious or educational organization may petition the Commission for reconsideration of any action by the Department denying or withdrawing a letter of exemption. Upon reconsideration, the Commission may grant or reissue the letter of exemption if the organization has presented satisfactory evidence that it complies with the standards for exemption.

~~16.1~~ **7.** As used in this section, “standards for exemption” means the criteria set out in this section and NRS 372.326 and 372.3261.