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Webinar ID: **822 8220 6076**

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A copy of the regulation referenced above can be found on the Department's website at https://tax.nv.gov/Boards/Public_Meetings/ and at the Nevada Legislature's website at <https://www.leg.state.nv.us/App/Notice/A/>.

All interested parties will have the opportunity to present their ideas or. Please submit all suggestions in writing at least one week prior to the Workshop so the suggestions can be disseminated at the meeting. Written comments may be accepted at any time. Please email any comments to Sarah Glazner at sglazner@tax.state.nv.us so they may be posted to the Departments website. All public input will be considered in preparing a proposed regulation to be presented to the Nevada Tax Commission for adoption.

Members of the public who are disabled and require accommodations or assistance at the Workshop are requested to notify the Department of Taxation in writing or by calling 775-684-2096 no later than five working days prior to the Workshop.

Notice has been posted at the following location: The Department of Taxation - 1550 College Parkway, STE 115, Carson City.

Notice has been EMAILED/MAILED for posting at the following locations: Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas; The Legislative Building - Capitol Complex, Carson City; The Nevada State Library -100 Stewart Street, Carson City; The County Public Library's, 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/>.

If you have any questions, please feel free to call Sarah Glazner at 775-684-2059.

Nevada Department of Taxation Regulatory Workshop **Draft of Proposed Regulation R068-21**

NEVADA DEPARTMENT OF
TAXATION
1550 College Pkwy STE 115
Large Conference Room
Carson City, Nevada 89706

March 22, 2022
11:00 a.m.

Note: Items on this agenda may be taken in a different order than listed.
Items may be combined for consideration by the Department of Taxation.
Items may be pulled or removed from the agenda at any time.

Date and Time of Meeting: March 22, 2022 11:00 a.m.

The workshop will be held at the following location:

Place of Meeting:

Nevada Department of Taxation
1550 College Parkway STE 115
Large Conference Room
Carson City, Nevada 89706

This meeting will also be available by zoom. Please use the link below to join the webinar:
<https://us02web.zoom.us/j/82282206076>

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- I. Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes. Please email any comments to Sarah Glazner at sglazner@tax.state.nv.us so they may be posted to the Department's website.
- II. The Department will hold a workshop to solicit comments from interested parties on the following topic:

This proposed regulation (LCB File No. R068-21) establishes provisions governing the delivery of alcohol sold by retail liquor stores to consumers; requires brew pubs to maintain certain records; and provides other matters properly relating thereto.

Existing law authorizes a retail liquor store, or a delivery support service acting on behalf of a retail liquor store, to deliver liquor in its original package to a consumer in connection with a retail sale of such liquor if: (1) the liquor was purchased by the retail liquor store from a licensed wholesaler; and (2) the delivery takes place in a jurisdiction where the retail liquor store is licensed to sell liquor at retail. (Section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021). This regulation provides the requirements for such deliveries.

Existing law authorizes a person who operates one or more brew pubs to manufacture 40,000 barrels per year, plus an additional 20,000 barrels which may be manufactured and sold only to a wholesale dealer located outside of this state, subject to such auditing as established by the Department of Taxation. (NRS 597.230, as amended by section 4 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021). This regulation establishes those auditing requirements.

- III. **Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.
- IV. Adjourn

**This item is to receive public comment on any issue and any discussion of those issues, provided that comment will be limited to areas relevant to and within the authority of the Nevada Department of Taxation. No action will be taken on any items raised in the public comment period. Public Comment may not be limited based on viewpoint.

Please contact Sarah Glazner at 775-684-2059 or sglazner@tax.state.nv.us for any support materials. The support materials will be available at <https://tax.nv.gov/> and made available during the meeting located at the Nevada Department of Taxation, 1550 College Pkwy. Ste 115, Carson City.

Members of the public who are disabled and require accommodations or assistance at this workshop are requested to notify the Department of Taxation in writing or call 775-684-2096 no later than five working days prior to the workshop.

Notice of this workshop has been posted at the following location: The Department of Taxation - 1550

College Pkwy. Ste 115, Carson City.

Notice has been EMAILED/MAILED for posting at the following locations: Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas; The Legislative Building - Capitol Complex, Carson City; The Nevada State Library -100 Stewart Street, Carson City; The County Public Library's, 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/>.

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608 and NRS 233B.0609**

LCB File No. R068-21

1. Background

This proposed regulation (LCB File No. R068-21) establishes provisions governing the delivery of alcohol sold by retail liquor stores to consumers; requires brew pubs to maintain certain records; and provides other matters properly relating thereto.

Existing law authorizes a retail liquor store, or a delivery support service acting on behalf of a retail liquor store, to deliver liquor in its original package to a consumer in connection with a retail sale of such liquor if: (1) the liquor was purchased by the retail liquor store from a licensed wholesaler; and (2) the delivery takes place in a jurisdiction where the retail liquor store is licensed to sell liquor at retail. (Section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021). This regulation provides the requirements for such deliveries.

Existing law authorizes a person who operates one or more brew pubs to manufacture 40,000 barrels per year, plus an additional 20,000 barrels which may be manufactured and sold only to a wholesale dealer located outside of this state, subject to such auditing as established by the Department of Taxation. (NRS 597.230, as amended by section 4 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021). This regulation establishes those auditing requirements.

2. A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Taxation prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R068-21. The proposed language and questionnaire were dispersed to the following:

- Emailed by the Department to 210 members of its interested parties list.
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content of the response is summarized below:

- No response was received for LCB Draft of Proposed Regulation - File No. R068-21.

Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

Sarah Glazner
Nevada Department of Taxation
1550 College Parkway Ste 115
Carson City, NV 89706
Phone: (775) 684-2059
Fax: (775) 684-2020
sglazner@tax.state.nv.us

3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.

No response was received for LCB Draft of Proposed Regulation R068-21. Since no response was received, the Department analyzed the proposed language and used informed, reasonable judgment in determining that there will not be an impact on small businesses.

4. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate:

Adverse and Beneficial effects

The Department finds that there is no adverse or beneficial economic effect on small businesses.

Direct and indirect effects

The Department finds that there is no direct or indirect economic effect on small businesses.

5. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The proposed regulation presents no reasonable, foreseeable or anticipated adverse impact to small businesses; therefore, no efforts were required to reduce the impact on small businesses.

6. The estimated cost to the agency for enforcement of the proposed regulation.

The proposed regulation presents no significant foreseeable or anticipated costs for enforcement.

7. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

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

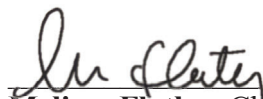
8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.

The Department has determined that there will be no adverse impacts to small businesses, and received no comment.

I hereby certify, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was properly prepared, and the information contained herein is accurate.



Melissa Flatley, Chief Deputy Executive Director

March 4, 2022

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R068-21

January 25, 2022

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

AUTHORITY: §§ 1-8, NRS 360.090 and 369.150 and section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489); § 9, NRS 360.090, 369.150 and 597.230, as amended by section 4 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1688.

A REGULATION relating to taxation; establishing provisions governing the delivery of alcohol sold by retail liquor stores to consumers; requiring brew pubs to maintain certain records; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes a retail liquor store, or a delivery support service acting on behalf of a retail liquor store, to deliver liquor in its original package to a consumer in connection with the retail sale of such liquor if the delivery occurs in a jurisdiction in this State in which the retail liquor store is licensed to sell liquor at retail. (Section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489)) **Section 2** of this regulation establishes requirements for such deliveries of liquor and the means through which a retail liquor store or its agent is authorized to accept an order for the sale and delivery of liquor. **Section 3** of this regulation establishes requirements for a person who makes such deliveries on behalf of a retail liquor store, or a delivery support service acting on behalf of a retail liquor store. **Section 3** also requires any delivery of liquor to be made to a person who is 21 years of age or older at the address on the order and prohibits the delivery of liquor to a person who shows signs of intoxication.

Existing law defines a “sale” for the purposes of the provisions of law governing sales of intoxicating liquor. (NRS 369.100) **Section 4** of this regulation provides that the delivery of liquor by a delivery support service is not a sale by the delivery support service.

Section 5 of this regulation requires a person who makes deliveries on behalf of a retail liquor store, or delivery support service, to maintain a delivery log which contains certain information for each delivery of liquor made. **Section 5** also prohibits the release of a delivery by a person who makes deliveries on behalf of a retail liquor store, or delivery support service, until the person is shown an acceptable form of identification showing that the person accepting the delivery is 21 years of age or older.

Section 6 of this regulation requires a retail liquor store to maintain certain delivery records for at least 4 years and to make such records available for inspection by the Department of Taxation upon demand.

Section 7 of this regulation authorizes the Department to impose certain penalties on a retail liquor store that violates the provisions of this regulation relating to liquor deliveries. **Section 7** authorizes a county or city to implement the same penalties by ordinance.

Section 8 of this regulation requires each county and city in this State to adopt ordinances governing liquor delivery which are consistent with existing law and this regulation.

Existing law regulates the operation of brew pubs in this State, including limiting the amount of malt beverage which a person who operates one or more brew pubs is authorized to manufacture per year to 40,000 barrels, plus an additional 20,000 barrels which may be manufactured and sold only to a wholesaler located outside of this State. (NRS 597.230, as amended by section 4 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1688) **Section 9** of this regulation requires a brew pub to maintain certain records necessary to determine the amount of malt beverage manufactured for sale to a wholesaler located outside of this State and to make those records available for inspection by the Department.

Section 1. Chapter 369 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 9, inclusive, of this regulation.

Sec. 2. 1. *A retail liquor store, or a delivery support service acting on behalf of a retail liquor store, may accept orders for and deliver liquor in its original package to a consumer pursuant to section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489), only if:*

- (a) The liquor is not for resale;*
- (b) The delivery originates from the premises of the retail liquor store and the liquor is transported directly from the premises of the retail liquor store to the consumer;*
- (c) The liquor is sold by the retail liquor store;*
- (d) The retail liquor store has met all local licensing requirements to engage in business as a retailer of liquor in the jurisdiction where the retail liquor store is located and where the delivery occurs;*

(e) The liquor was purchased by the retail liquor store from a wholesaler in compliance with the marketing area of the wholesaler;

(f) The delivery originates during the posted business hours of the retail liquor store; and

(g) In the case of a delivery support service acting on behalf of a retail liquor store, the delivery support service has entered into a written agreement with the retail liquor store to deliver liquor to consumers on behalf of the retail liquor store.

2. A retail liquor store or its agent may accept an order for the sale and delivery of liquor pursuant to this section and section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489), that is made in person, is submitted in writing, or is made by telephone or through the Internet.

3. As used in this section, “marketing area” has the meaning ascribed to it in NRS 597.136.

Sec. 3. *1. A retail liquor store, or a delivery support service acting on behalf of a retail liquor store, shall ensure that any person making a delivery on behalf of the retail liquor store or delivery support service pursuant to section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489):*

(a) Is not less than 21 years of age;

(b) If the retail liquor store is an establishment as defined in NRS 369.620, has successfully completed a certified alcohol beverage awareness program and holds a valid alcohol education card; and

(c) Maintains the delivery log required by section 5 of this regulation.

2. A retail liquor store, or a delivery support service acting on behalf of a retail liquor store, shall make a delivery of liquor pursuant to section 4.7 of Senate Bill No. 307, chapter

294, Statutes of Nevada 2021, at page 1692 (NRS 369.489), only to a person at the address specified in the order who is 21 years of age or older. If no person 21 years of age or older is present at the address to accept the order, the retail liquor store, or delivery support service acting on behalf of the retail liquor store, shall retain possession of the liquor and return it to the retail liquor store.

3. A retail liquor store, or a delivery support service acting on behalf of a retail liquor store, shall not make a delivery of liquor to a person who appears to show signs of intoxication.

4. As used in this section, “valid alcohol education card” has the meaning ascribed to it in NRS 369.630.

Sec. 4. The delivery of liquor by a delivery support service acting on behalf of a retail liquor store shall not be deemed a sale, as defined in NRS 369.100, by the delivery support service.

Sec. 5. 1. Each person who makes a delivery pursuant to section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489), on behalf of a retail liquor store, or delivery support service acting on behalf of a retail liquor store, shall maintain a delivery log which includes the following for each delivery of liquor made:

- (a) The name of the purchaser;*
- (b) The name and date of birth of the person who accepts delivery as shown on his or her form of identification shown pursuant to subsection 2;*
- (c) The street address of the purchaser and the delivery location, if different;*
- (d) The time and date of the purchase and delivery; and*
- (e) The signature of the person who accepts the delivery.*

2. A person who makes a delivery pursuant to section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489), on behalf of a retail liquor store, or a delivery support service acting on behalf of a retail liquor store, shall not release the delivery until he or she has been shown an acceptable form of identification by the person who accepts delivery at the address listed on the order. Acceptable forms of identification are a valid driver's license, permanent resident card, tribal identification card or any other written or documentary evidence issued by a governmental entity indicating that the person is 21 years of age or older.

Sec. 6. A retail liquor store shall maintain the delivery orders, delivery logs, receipts and journals relevant to each delivery made by the retail liquor store, or delivery support service acting on behalf of the retail liquor store, and preserve those records for at least 4 years. All such delivery orders, delivery logs, receipts and journals shall be exhibited at any time during business hours, on demand, to the Department or any of its agents. Pursuant to NRS 369.550, any person preventing or interfering with such inspection shall be guilty of a misdemeanor.

Sec. 7. 1. The Department may impose the following penalties on a retail liquor store that violates any of the provisions of sections 2 to 6, inclusive, of this regulation within any 24-month period:

(a) For the first violation, a penalty of not more than \$500.

(b) For the second violation, a penalty of not more than \$1,000.

(c) For the third and any subsequent violation, a penalty of not more than \$5,000 or a license suspension, or both such penalty and suspension.

2. A county or city may adopt by ordinance the penalties set forth in this section.

Sec. 8. *Each county and city in this State shall adopt ordinances regulating liquor delivery which are consistent with the provisions of section 4.7 of Senate Bill No. 307, chapter 294, Statutes of Nevada 2021, at page 1692 (NRS 369.489), and sections 2 to 7, inclusive, of this regulation.*

Sec. 9. *1. A brew pub which manufactures and sells malt beverages to a wholesaler located outside of this State shall maintain such records as are necessary to determine the amount of malt beverage manufactured by the brew pub for sale to a wholesaler located outside of this State, including, without limitation, records documenting:*

(a) The kind and quantity of malt beverages shipped in each order;

(b) The name of the wholesaler located outside of this State to whom each order of malt beverages was shipped; and

(c) The physical location to which each order was shipped and the date of shipping.

2. The records maintained pursuant to this section must be preserved for not less than 4 years.

3. A brew pub shall make the records maintained pursuant to this section available for inspection and auditing by the Department or any of its agents, on demand, at reasonable times during regular business hours.