

Nevada Tax Commission Meeting

MEETING MINUTES

SILVER STATE INSURANCE EXCHANGE
2310 S. Carson Street, Ste. 2
Carson City, NV 89701

VIDEO CONFERENCE

SILVER STATE INSURANCE EXCHANGE
150 N. Stephanie, Ste. 100
Henderson, NV 89074

December 7, 2015
9:00 a.m.

Commission Members Present:

Joan Lambert, Chairman
Robert R. Barengo, Commissioner
Ann Bersi, Commissioner
Thom Sheets, Commissioner
George Kelesis, Commissioner (via telephone)
John E. Marvel, Commissioner
Craig Witt, Commissioner
James DeVold, Commissioner

Chairman Lambert called the meeting to order at: 9:04 a.m.

Director Contine administered an oath to all parties testifying at today's meeting.

- 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.

Assemblyman Hansen, District 32, asked the Commission what steps are necessary for a public entity to claim tax exempt status.

Director Contine stated that public entities are exempt and there are no steps to be taken.

- II. Consideration for Approval of the October 5, 2015 Nevada Tax Commission Meeting Minutes (for possible action)

Commissioner Barengo made a motion to approve the October 5, 2015 Nevada Tax Commission Meeting Minutes. Commissioner DeVold seconded the motion. All in favor. Motion carried.

- III. CONSENT CALENDAR¹:

- A. Matters of General Concern:

- 1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):
 - a) Atkins House of Carpet, Inc.
 - b) Peacock Enterprises
 - c) Rampart One LLC
 - d) Throg Dogs Inc.
 - e) Veritasfaythefourteen LLC
 - f) Knox Magnus Limited
 - g) Reno Pizza Inc.
 - h) Leroy's Auto Air Inc.
 - i) Border Grill Las Vegas LLC
 - j) Top Line Enterprises Inc.
 - k) WFTLV02 LLC
 - l) Fronabarger Properties LLC
 - m) United Cleaners Supply LLC
 - n) FBE Holdings Inc.
 - o) Kuron Brothers LLC
 - p) Kevin J. Kuechenmeister
 - q) Pour For You Inc.
 - r) Remarc Manufacturing Inc.
 - s) Umscheid Ent Inc.
 - t) Waraich Inc.
 - u) BMT LLC
 - v) Bob Gail Enterprises Inc.
 - w) Flawless Communications LLC
 - x) Gang Bai
 - y) The One & J LLC
 - z) Project 4 LLC

- B. Consideration for Approval of Payment Plan Request: New Payment Plans (Sales/Use and/or Modified Business Tax):
 - 1) American Metal Fabricators LLC
 - 2) Sakun Thai, Inc.

- C. Consideration for Approval of Payment Plan Request: 12 Month Review (Sales/Use and/or Modified Business Tax):
 - 1) Fantastic Puppies LLC dba Puppy Boutique

- D. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:
 - 1) Costco Wholesale, Inc.
 - 2) Midjit Market, Inc.
 - 3) Southern Comfort LLC
 - 4) PAE Applied Technologies LLC (ITEM REMOVED)
 - 5) Saints Resources, Inc. dba Orchid Stop & Shop and Orchid Stop 2
 - 6) Spring Valley Wind, LLC
 - 7) Grand Sierra Resort
 - 8) Reno Cycles & Gear
 - 9) Smith's Food & Drug Centers Inc.
 - 10) Global Experience Specialists, Inc.
 - 11) Williams Sonoma Stores, Inc.
 - 12) Shadow Mountain Feed

- E. Approval of Refund/Credit Request in Excess of \$250,000:
 - 1) Aviva Life and Annuity Company

- F. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure (Sales/Use Tax):
 - 1) Association of Christian Schools International
 - 2) CarAnything.com, Inc.
 - 3) LTS Managed Technical Services LLC
 - 4) Exelis, Inc.
 - 5) Head USA, Inc.
 - 6) Jack Doheny Companies, Inc.
 - 7) OmniHome Products
 - 8) Buck Knives, Inc.

- G. Approval of Proposed Audit Findings Regarding Substantial Compliance Under Economic Development Program
 - 1) Cristek Interconnects Inc.
 - 2) Schwabe North America

- H. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (sales/use and/or modified business tax)
 - 1) State of Nevada, Department of Taxation v. Fidelity & Deposit Co. of Maryland (First Judicial District Court Case No. 15-OC001711B)

Director Contine stated that Item III. D. 4) PAE Applied Technologies LLC was removed from the Agenda.

Commissioner Witt made a motion to approve the Consent Calendar as a whole, excluding Item III. D. 4) PAE Applied Technologies LLC. Commissioner Barengo seconded the motion. All in favor. Motion carried.

IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

- A. Consideration of Appointment or Re-Appointment to the Appraiser Certification Board
 - 1) Bruce Bartolowits
 - 2) Shannon Silva
 - 3) Jeff Mitchell

Terry Rubald, Deputy Director – LGS reported that Bruce Bartolowits and Shannon Silva have served on the Appraiser Certification Board for many years and are being considered today for re-appointment. Jeff Mitchell, if approved, would be a newly appointed Board Member.

Commissioner Sheets made a motion to approve the re-appointment of Bruce Bartolowits and Shannon Silva, and the new appointment of Jeff Mitchell to the Appraiser Certification Board. Commissioner Bersi seconded the motion. All in favor. Motion carried.

V. COMPLIANCE DIVISION:

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

1) James Michael Kelley

Lizette Arceo, Revenue Officer III, presented for the Department of Taxation.

James Michael Kelley, Taxpayer, was present.

Commissioner Bersi made a motion to approve the Offer-In-Compromise of James Michael Kelley. Commissioner Sheets seconded the motion. All in favor. Motion carried.

2) Carlos Camacho

Lizette Arceo, Revenue Officer III, presented for the Department of Taxation.

Carlos Camacho, Taxpayer, was present.

Commissioner Sheets made a motion to approve the Offer-In-Compromise of Carlos Camacho. Commissioner Bersi seconded the motion. All in favor. Motion carried.

B. Appeal of Administrative Law Judge Decision pursuant to NRS 360.297:

- 1) Diedre L. Bonner for the debts of Justiz Kosher Edibles
dba Red Brick Pizza

Alycia Hansen, Deputy Attorney General, presented for the Department of Taxation. Deputy Attorney General Hansen stated the Taxpayer was noticed for today's meeting.

The Taxpayer was not present.

Commissioner Sheets made a motion to deny the Taxpayer's Appeal and to ratify the Administrative Law Judge Decision. Commissioner Kelesis seconded the motion. All in favor. Motion carried.

- C. Pursuant to NRS 360.265, consideration for approval of the removal of the names of certain debtors, including the amount of tax, penalty and interest, from the records of the Department for debts exceeding 5 years due and collection being impossible or impracticable.

Kathleen Williams, Tax Program Supervisor II, presented for the Department of Taxation.

Commissioner Barengo asked to pull JP Morgan and Private Wealth Management Group LLC from the list of debtors.

Commissioner Barengo made a motion to approve the removal of debtors, with the exception of JP Morgan and Private Wealth Management Group LLC. Commissioner DeVold seconded the motion. All in favor. Motion carried.

VI. COMPLIANCE DIVISION:

A. Informational Items:

- 1) Penalty and Interest Waivers granted by the Department for Sales/Use Tax, Modified Business Tax and Excise Tax (dates as indicated).

- 2) Approval and Denial Status Report Log for Organizations Created for Religious, Charitable or Educational Purposes (dates as indicated) (Sales/Use Tax Exemption).

There were no questions from the Commission on the Informational Items.

VII. EXECUTIVE DIVISION:

A. Administrative Law Judge:

- 1) Consideration and possible action to re-open and re-post the Administrative Law Judge position to include a state-wide search for candidates, and approving the possible job location to be in southern Nevada.

Commissioner Sheets reported for the Administrative Law Judge Subcommittee. Commissioner Sheets stated that the Subcommittee has held two meetings. The Subcommittee has discussed and approved the idea to re-open the Administrative Law Judge job posting to include both Northern Nevada and Southern Nevada. The Subcommittee would like to bring the idea of re-posting the position statewide to the Commission for review and possible approval.

Commissioner Barengo made a motion to approve the re-posting of the Administrative Law Judge position statewide. Commissioner Witt seconded the motion. All in favor. Motion carried.

VIII. BRIEFING:

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

Director Contine state the Commerce Tax (SB483) will be discussed at today's Regulation Workshop at 10:30 a.m. The Department of Taxation's Commerce Tax Team has provided trainings on the Commerce Tax. Commerce Tax trainings will also be offered in Northern Nevada soon. The Passenger Transportation Tax and Live Entertainment Tax are both being reviewed by LCB at this time.

Commissioner Sheets stated that he attended a Commerce Tax Training, and stated it was very good. Commissioner Sheets commended Nadia Vasheko, Tax Manager, Daniel Chappell, Management Analyst III, and Mark Easley, Management Analyst III.

Chairman Lambert also commended the Commerce Tax team.

IX. Next Meeting Date.

This item was not discussed.

- X. 10:30 a.m. – Workshop to solicit comments from interested persons on the following general topics: Regulations necessary to implement the Commerce Tax enacted as part of Senate Bill 483 (2015) which provides for the imposition, administration and payment of a commerce tax on the Nevada gross revenue of certain business entities engaged in business in this state and other matters related thereto.

The Workshop was called to order at 10:35 a.m.

Director Contine asked for public comment.

There was no public comment.

Written and verbal comments were submitted to the Department of Taxation from interested parties.

Public comment was taken.

The Workshop was closed.

XI. Discussion regarding Commerce Tax Return and Instructions.

Commissioner Sheets shared concerns that all businesses, including those that do not come close to making \$4 million dollars, will need to file a return for the Commerce Tax. Commissioner Sheets suggested revising the form.

Commissioner DeVold agreed with Commissioner Sheets and suggested there must be a simpler way to do this.

Jeff Breeden agreed with Commissioner Sheets and Commissioner DeVold. Mr. Breeden asked if there has been a process developed for getting Nevada Tax Identification Numbers.

Sumiko Maser, Chief Deputy Executive Director, stated the Department will receive data, including the Tax Identification Numbers, from the Nevada Secretary of State's office.

Paulina Oliver, Deputy Executive Director – Compliance, stated that a shorter version of the return has been discussed for taxpayers that do not meet \$4 million.

Carole Vilardo, Nevada Taxpayers Association, commented on the Draft Tax Return Instructions and asked that we include a section for determining a taxpayer's situs.

XII. **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.

There was no public comment.

XIII. Items for Future Agendas.

No future agenda items were discussed.

XIV. Adjourn.

The meeting adjourned at 1:15 p.m.