

NEVADA TAX COMMISSION MEETING

MEETING MINUTES

Nevada Legislative Building
401 S. Carson Street, Room 2135
Carson City, Nevada

Video Conference

Legislative Counsel Bureau
Grant Sawyer State Office Building
555 E. Washington Ave., Room 4401
Las Vegas, Nevada

May 16, 2016
9:00 a.m.

Commission Members Present:

Joan Lambert, Chairman
Ann Bersi, Commissioner
Francine Lipman, Commissioner
Thom Sheets, Commissioner
John E. Marvel, Commissioner
Craig Witt, Commissioner
James DeVold, Commissioner
George Kelesis, Commissioner

Chairman Lambert called the meeting to order at: 9:02 a.m.

Chairman Lambert introduced and welcomed Commissioner Lipman to the Nevada Tax Commission.

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

I. Public Comment.

There was no public comment.

II. Consideration for Approval of the April 11, 2016 Nevada Tax Commission Meeting Minutes.

Commissioner DeVold made a motion to approve the April 11, 2016 Nevada Tax Commission Minutes. Commissioner Bersi seconded the motion. All in favor. Motion carries.

III. CONSENT CALENDAR:

A. Matters of General Concern:

- 1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):
 - a) Aah Manufacturing
 - b) Jody Rael Photography LLC
 - c) Rebel Automotive LLC
 - d) Charming Charlie Inc.
 - e) Hodayun M Tamim

- f) RMCF-Laughlin LLC
- g) Retail Is Us LLC
- h) Midtown Eats
- i) Taqueria Los 3 Toritos II Inc.
- j) Craftsman Homes Inc.
- k) Solid Silver Services LLC
- l) Tha Joint Sushi
- m) Diana I Lange
- n) Las Vegas Tactical LLC
- o) Bloom LLC
- p) My Favorite Design Inc.
- q) Hayley B LLC
- r) Campo Foods

- B. Standard Direct Sales Organization Agreements (date as indicated):
 - 1) Jusuru International Inc.
 - 2) Steeped Tea Inc.
- C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:
 - 1) Helm and Associates
 - 2) 7-Eleven Inc.
 - 3) Hosts Destination Services, LLC
- D. Approval of Refund/Credit Request in Excess of \$250,000:
 - 1) Mansfield Oil Company of Gainesville, Inc.
 - 2) eBay, Inc.
 - 3) Genworth Life Insurance Company
- E. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure (Sales/Use Tax):
 - 1) Team Simpson Partners, Inc.
 - 2) Triad Transportation Technologies
 - 3) Ethostream, LLC
- F. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (civil penalties)
 - 1) Las Vegas Wholesale LLC
- G. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (sales/use and/or modified business tax)
 - 1) HM Carpet Nevada Inc.
 - 2) MJ Christensen
- H. Approval of Proposed Audit Findings Regarding Substantial Compliance Under Economic Development Program:
 - 1) VEKA West, Inc.
- I. Consideration for Approval of Memorandum of Understanding with Storey County for examination of tax records concerning Storey County.

Commissioner Sheets requested to pull Item I - Consideration for Approval of Memorandum of Understanding with Storey County for examination of tax records concerning Storey County from the Consent Calendar.

Commissioner Kelesis made a motion to approve the Consent Calendar, excluding Item I. Commissioner Sheets seconded the motion. All in favor. Motion carries.

Director Contine reviewed Item I. - Consideration for Approval of Memorandum of Understanding with Storey County for examination of tax records concerning Storey County for the Commission.

Andrea Nichols, Senior Deputy Attorney General, was present on behalf of the Department of Taxation.

Commissioner Sheets asked if this is something normally done with counties, and is this a perpetual agreement or is there an end date.

Andrea Nichols explained that this Agreement will expire in two (2) years.

Commissioner DeVold asked what the county is looking for.

Andrea Nichols explained that part of Storey County shares a ZIP Code with Washoe County and there is concern that some revenue that should be directed to Storey County is being directed to Washoe County.

Commissioner Sheets made a motion to approve Item I. - Memorandum of Understanding with Storey County for examination of tax records concerning Storey County. Commissioner Kelesis seconded the motion. All in favor. Motion carries.

IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

Locally Assessed Properties Section:

- A. Consideration for Approval and Adoption of the 2016 – 2017 Ratio Study (Pursuant to NRS 361.333).

Terry Rubald, Deputy Director, was present on behalf of the Department of Taxation. Ms. Rubald reviewed the 2016 – 2017 Ratio Study for the Commission.

Douglas Sonnemann, Douglas County Assessor, was present on behalf of Douglas County. Mr. Sonnemann appreciates the assessment of the Department.

Sheree Stringer, Nye County Assessor, was present on behalf of Nye County. Ms. Stringer stated Nye County is in full compliance and plans to go forward.

Jeff Johnson, Humboldt County Assessor, was present on behalf of Humboldt County. Mr. Johnson appreciates the Department's help on this.

Michael Clark, Washoe County Assessor, was present on behalf of Washoe County. Mr. Clark stated that Washoe County complies and concurs with the findings of the state.

Commissioner Marvel made a motion to approve the adoption of the 2016 – 2017 Ratio Study. Commissioner Witt seconded the motion. All in favor. Motion carries.

Centrally Assessed Properties Section:

- A. Consideration for Approval of Form 1238CA, Real and Personal Property Statement, and Instructions as authorized under NRS 362.100, NRS 361.260, and NRS 361.265.

Jeff Mitchell, Centrally Assessed Properties Supervisor, was present on behalf of the Department of Taxation. Mr. Mitchell highlighted the changes on Form 1238CA Real and Personal Property Statement and Instructions for the Commission.

Commissioner Marvel made a motion to approve Form 1238CA Real and Personal Property Statement, and Instructions. Commissioner DeVold seconded the motion. All in favor. Motion carries.

V. COMPLIANCE DIVISION:

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

Lizette Arceo, Tax Program Supervisor II, was present on behalf of the Department of Taxation.

Donald Nicolay, Taxpayer, was present.

Commissioner DeVold asked if the applicant is attempting to find work.

Mr. Nicolay explained his past situation to the Commission.

Commissioner Kelesis made a motion to approve the Offer in Compromise of Donald Nicolay. Commissioner Sheets seconded the motion. Commissioner DeVold voted nay. The motion carries with a no vote from Commissioner DeVold.

- 2) Pu Nam Dixon

Lizette Arceo, Tax Program Supervisor II, was present on behalf of the Department of Taxation.

Pu Nam Dixon, Taxpayer, was present.

Commissioner Sheets made a motion to approve the Offer and Compromise of Pu Nam Dixon. Commissioner Kelesis seconded the vote. All in favor. Motion carries.

- 3) Scott and Robyn Rosen (for possible action) Lizette

Lizette Arceo, Tax Program Supervisor II, was present on behalf of the Department of Taxation.

Brett Campbell, CPA, was present on behalf of the Taxpayer.

Commissioner Bersi made a motion to approve the Offer in Compromise of Scott and Robyn Rosen. Commissioner Kelesis seconded the motion. All in favor. Motion carries.

- 4) Wanda May

Lizette Arceo, Tax Program Supervisor II, was present on behalf of the Department of Taxation.

Commissioner DeVold made a motion to approve the Offer in Compromise of Wanda May. Commissioner Witt seconded the motion. All in favor. Motion carries.

5) Horacio Springhart and Silvana Kruse

Lizette Arceo, Tax Program Supervisor II, was present on behalf of the Department of Taxation

Horacio Springhart and Silvana Kruse, Taxpayers, were present.

Commissioner Kelesis made a motion to approve the Offer in Compromise of Horacio Springhart and Silvana Kruse. Commissioner Sheets seconded the motion. All in favor. Motion carried.

C. Petition for Reconsideration of Department's Denial of Exemption Status for Organization Created for Religious, Charitable or Educational Purposes pursuant to NRS 372.3261 (Sales/Use Tax):

- 1) Orthopaedic Summit, Inc. ("OSET")

Andrea Nichols, Senior Deputy Attorney General, was present on behalf of the Department of Taxation.

Leif Reid of Lewis and Roca was present on behalf of the Taxpayer.

Commissioner Kelesis made a motion to deny the Petition. Commissioner Witt seconded the motion. All in favor. Motion carries.

D. Discussion and possible action regarding Technical Bulletin 16-0001 Reporting Requirements for Cigarette Wholesalers/Retailers.

Shellie Hughes, Chief Deputy Director of the Department of Taxation, and Elizabeth Hickman, Deputy Attorney General, were present on behalf of the Department of Taxation.

Commissioner Sheets moved to approve Technical Bulletin 16-0001. Commissioner Kelesis seconded the motion. All in favor. Motion carries.

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).

VII. BRIEFING:

- A. Briefing to/from the Commission and the Executive Director including an update on Commerce Tax forms workshop.

Director Contine announced that there will be a meeting on May 19, 2016 regarding the review of the Commerce Tax forms.

Director Contine made a comment with regard to Employee Appreciation Week. Director Contine appreciates all of the work of the deputies and staff at the Department of Taxation.

B. Online Tax (OLT) Presentation by Kannaiah Vadlakunta, Deputy Director – IT.

Kannaiah Vadlakunta, Deputy Director of IT, and Lisa Clayton, Business Process Analyst II, of the Department of Taxation presented the new Online Tax (OLT).

Commissioner DeVold called the site super mobile friendly and commended the work of the Department's IT team.

VIII. Consideration for Approval of Adoption of Permanent Regulations:

- A. Adoption of the proposed regulation to implement the provisions enacted as part of SB 376, AB 175 and AB 176 (2015) which provides for the imposition, administration and collection of an excise tax on the connection of a passenger and certain transportation companies; and other matters related thereto. LCB File No. R068-15. (for possible action)

Shellie Hughes, Chief Deputy Director, was present on behalf of the Department of Taxation.

Public Comment on Item VIII:

Barbara Smith Campbell of The Ferraro Group thanked the Department for their work on the Regulation and stated her support of the Regulation.

Commissioner Kelesis made a motion to approve to adopt LCB File No. R068-15. Commissioner Sheets seconded the motion. All in favor. Motion carries.

IX. Next Meeting Date(s). June 27, 2016 and August 15, 2016.

X. Public Comment.

There was no public comment.

XI. Items for Future Agendas.

No items for future agendas were discussed.

XII. Meeting adjourned at 10:50 a.m.