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May 19, 2016

VIA FACSIMILE: 775-684-2020

Deonne E. Contine
Executive Director
State of Nevada
Department of Taxation
1515 College Parkway, Suite 115
Carson City, NV 89706

Re: Discussion of Commerce Tax Registration Chart, Nexus Questionnaire, Additional Information Form, and Exempt Status Entity Form

Dear Director Contine,

With respect to the items listed in the agenda for the meeting to be held today, I offer the following comments, observations, and suggestions with respect to the current drafts of the following:

- a. Commerce Tax Registration Chart (Revised May 19, 2016)
- b. Nexus Questionnaire (Revised May 19, 2016)
- c. Additional Information Form
- d. Exempt Status Entity Form (Revised May 19, 2016)

Commerce Tax Registration Chart

Not all business entities that are organized under Nevada law are registered with the Nevada Secretary of State. Among these are general partnerships, sole proprietorships, decedents' estates, and all trusts except business trusts. This assumes such entities are not otherwise required to obtain a Nevada Business License. One of the earlier versions of this form included the phrase "Exempt entities not registered with the Nevada Secretary of State are not required to register for the Commerce Tax." The latest revision now includes an additional provision that "Exempt entities registered with the

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Nevada Secretary of State can submit an Exempt Status Entity form to be removed from the Commerce Tax related mailings." Despite this recent addition, it is still unclear as to whether business entities such as trusts or decedents' estates that are not required to have a Nevada Business License will still be required to file the Exempt Status Entity form. This is even with the latest change to the Exempt Status Entity form discussed below. While I assume that is why the Exempt Status Entity form now contains the phrase "for Exempt Entities registered with the NV Secretary of State," I encourage the Department to also include in the last tier of boxes on the Commerce Tax Registration Chart the statement that if you are an exempt entity not registered with the Nevada Secretary of State, you need not submit an Exempt Status Entity form. That would certainly clear up any confusion.

Nexus Questionnaire

In Part 2, Business Entity Information there is a request to include a social security number. As you are aware, the Internal Revenue Service was recently hacked a second time by cyber thieves who were able to access 464,000 unique social security numbers with 101,000 of those social security numbers used to successfully access e-File PINs. (See Fortune Magazine 2/10/16). Many national banks and retail stores have likewise been the victim of such attacks. What assurances do individuals doing business in Nevada have that the Department of Taxation's computers and file servers are more secure?

Identity theft today is a serious problem. Requiring disclosure of full social security numbers creates a risk that someone's identity could be stolen. For this reason, NRS 239B.030 requires that a declaration be made as to any recorded or public document that it does not contain the social security number or personal information of any person. Additionally, the Second Judicial District Court for the State of Nevada in Washoe County redacts social security numbers of deceased individuals from death certificates and mandates that full account numbers of bank accounts and investment accounts no longer be listed in any inventories or other papers filed with the court that might be accessed from the internet or the hard copy on file with the Washoe County Clerk.

I would encourage the Department to reconsider its position of requiring full social security numbers on any document filed with the Department. There is a risk that a citizen's identity could be stolen. Additionally, the mere disclosure of such personal information will have a chilling effect on those thinking of relocating businesses to Nevada.

Commerce Tax Additional Information Form

This form also mandates full social security numbers, dates of birth for the "owners, partners, corporate officers, managers, members, and authorized agents" of the business

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entity. Again, I question the Department's need for the full social security numbers of all of these individuals affiliated with the particular business entity. Does the Department really need this information on owners and managers to administer this tax? Also, is it really necessary to require the inclusion of residence addresses for these same individuals? I would strongly encourage the Department to rethink or reconsider the content of this form. At a minimum this will have a chilling effect on businesses seeking to incorporate under Nevada law.

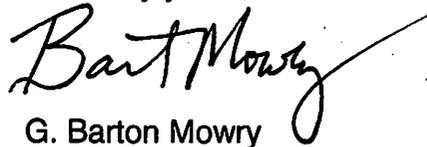
Exempt Status Entity Form

If the Department makes clear that all exempt entities not otherwise registered with the Nevada Secretary of State are automatically not required to file this Exempt Status Entity form, then the comments which follow become moot. However, as indicated on page 1 of my letter, it is not entirely clear even with the latest changes made to include in the title of the form ". . . for Exempt Entities registered with NV Secretary of State." If on the other hand it is intended that this form be filed for any person engaged in a business activity in Nevada (which would include a trust under the definition of "person" in NRS 0.039) then I would object to all such entities being required to file the Exempt Status Entity form.

Again, there is a request that a person's full social security number be listed.

Kindly clarify what exempt entities are required to file anything with respect to this tax. Please also delete the background information and social security numbers of persons connected with any of these business entities as it is not needed to administer this tax and is an unwarranted intrusion into the privacy of those same individuals. I appreciate your consideration of the comments and suggestions above. Please do not hesitate to contact me if I can be of any further assistance to the Department. Thank you for your continued cooperation and assistance.

Sincerely yours,


G. Barton Mowry

GBM/km
Enclosure