



January 18, 2016

Deonne E. Contine
Executive Director
Nevada Department of Taxation
1550 College Parkway, Suite 115
Carson City, NV 89706-7937

RE: PROPOSED REGULATION R123-15 AND SB 483
Testimony for Workshop to be held on January 29, 2016.

Dear Ms. Contine,

We are Certified Public Accountants in Elko and Ely, Nevada and have been for over 30 years, our firm represents over 1,000 Nevada taxpayers, of which a vast majority of them will be affected by the Commerce Tax and the Nevada Department of Taxation regulations, however we anticipate that only a handful of our clients will be subject to the actual tax. It is our testimony outlined below which we hope will be read into the minutes of the Workshop to be held on January 29, 2016 as it is very impractical for us to travel over 300 miles to attend the workshop.

1. As far as we are aware, neither our company nor any of our clients have informed us that they received a questionnaire about the impact on their businesses as outlined in your "Statement Regarding Small Business Impact Determination LCB File No. R123-15, and we hereby formally request that you please provide us with a copy of that questionnaire.
2. Most businesses are totally unaware of the onerous filing requirements and specialized accounting that is required to comply with this regulation.
3. It is our opinion that the information from the majority of the taxpayers in Nevada is unnecessary and will create an undue burden and significant reporting costs for all business taxpayers that are not even subject to the tax due to the \$4,000,000 threshold. The department is affecting every business in the state of Nevada when in reality only a small percentage of Nevada business will actually be subject to the tax. This will cause a huge cost on the government of Nevada to administer the filing of these returns, when in fact most of the reports are useless and will have no taxes due.
4. We recommend that those taxpayers who are below the threshold not be required to file a report at all. This will eliminate extensive costs and manpower by the department to collect and monitor these filings. At a very minimum the form should have a simple box that can be checked stating that the taxpayer has less than \$4,000,000 of gross receipts and is not subject to the tax. This would relieve a lot of the time and expense required by the taxpayer to comply with the onerous regulations to properly report the income in the format requested by the department of taxation.
5. We are further concerned that the collection of this taxpayer revenue data, will be used to implement reductions in the threshold to increase taxes on Nevada businesses. There will also be significant costs to the government and ultimately the taxpayer to collect, monitor and evaluate this data.

6. It is also our opinion that there will be a huge backlash from the business community once the smaller taxpayers become aware of the actual filing requirements of this law. Many of them are of the opinion that the law will not affect them as they are below the tax threshold, but they are not yet aware that they must still compute, calculate, allocate and account for revenues on a fiscal period that differs from their current federal income tax requirements and in a different format or classification from that of which they are currently required to track revenues.
7. It is also our opinion that this tax is unconstitutional as it is an income tax on the personal income of those individual taxpayers filing Schedule C, E and F. Many small and elderly taxpayers who have small royalty payments reported on Schedule E, Part 1 will be subject to this reporting, when in reality that is simply investment income.
8. We also strongly believe that a workshop should be held in Elko and other Northeastern Nevada communities at least via Video Conference in order to allow rural Nevada to have a voice. Many of the rural communities have video conferencing capabilities including Elko, Eureka, Ely and Winnemucca that I know for sure have this capability.

Very truly yours,

**MCMULLEN MCPHEE & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS**



**Mark Paris, CPA, CGMA
Managing Member**

**Cc: Governor Brian Sandoval
Assemblyman John Ellison
Senator Pete Goicoechea
Elko Chamber of Commerce**