

NEVADA TAX COMMISSION MEETING
MINUTES

December 4, 2023
9:00 a.m.

Members Present:

George Kelesis, Chairman
Caryn Adelhoch, Commissioner
Thomas Sheets, Commissioner
Jeff Rodefer, Commissioner
H. Stan Johnson, Commissioner
Sharon Byram, Commissioner
Craig Witt, Commissioner
Ryan Bellows, Commissioner

- I. Call the meeting to order and establish a quorum.

Chairman Kelesis called the meeting to order at 9:00 a.m. A quorum was established.

- II. Public Comment.

George Hritz, with the Nevada Taxpayer's Association, congratulated and welcomed all new members of the Commission.

Ron Voigt thanked Tina Padovano and Executive Director Hughes. He also thanked Patricia Olmstead for sending him the Ask the Advisor presentation prior to the meeting. He thanked those that put on the Ask the Advisor class, Joanna Carrillo and Jason O'Brien. Mr. Voigt stated the Ask the Advisor class is getting better. It still needs improvement, but it's getting better. Mr. Voigt asked that the commissioners look at NAC 372.938; and stated the focus most people are making on that in NAC is really on if a taxpayer needs to collect tax off the rental stream or pay Use Tax on the rental equipment when they purchase it. Mr. Voigt stated the focus really needs to be on the definition of what a retail sale is because that's the backbone of that NAC. Mr. Voigt stated he thinks that it has kind of misled the public to a certain degree. And again, look at the definition of what a retail sale is. The definition can only be changed by a vote before the people not the Legislature or even the Commission respectfully. Mr. Voigt also suggested looking at the technical bulletins that are on the Department's website dealing with the federally mandated background check. See how that is written. Mr. Voigt believes that there are some errors in the technical bulletins, not just from the financial accounting standards board view, but also from a common business sense. It is written in a way that needs to be improved. Thank you.

Director Hughes administered an oath to all parties testifying.

- III. MEETING MINUTES:

- A. Consideration for Approval of the October 2, 2023, Nevada Tax Commission Meeting Minutes.

Commissioner Witt made a motion to approve the October 2, 2024, Nevada Tax Commission meeting minutes. Commissioner Byram seconded the motion. All in favor. Motion carries.

IV. CONSENT CALENDAR:

A. Matters of General Concern:

- 1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):
 - a) Aladdins LLC
 - b) Bidi Quality Inc.
 - c) Bowls N Go LLC
 - d) Integrity NV Funeral Service Inc
 - e) J&E Juls LLC
 - f) Mechanical Keyboards LLC
 - g) Prince Chopra
 - h) SOCAL Ramen LLC dba Jinya Ramen Bar
 - i) Strategic Spaces LLC
 - j) The Urban Deli

B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure:

- 1) Acuity Optical Laboratories LLC
- 2) All Access Equipment Inc
- 3) Asus Computer International
- 4) Constellation Brands Inc
- 5) Evo America LLC
- 6) Exploration Instruments LLC
- 7) Express Water
- 8) Glorius LLC
- 9) Golf Car Express
- 10) Harman Professional Inc
- 11) Hodgdon Powder Company
- 12) Kovarus Inc
- 13) Primal Harvest LLC

C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:

- 1) RC Willey Home Furnishings
- 2) Johnson Control Inc.
- 3) Czarnowski Display Services Inc.
- 4) Team Ford LLC
- 5) Core-Mark International Inc.

D. Consideration for Approval of the Recommended Settlement Agreements and Stipulations

- 1) Sletten Construction of NV, Inc.
- 2) NNV Operations I, Inc.

E. Departments Recommendation to the Commission for Approval of a Payment Plan Request:

- 1) Urban Necessities LLC

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

- 1) Edmond J. George
- 2) Thomas E. Rogner
- 3) Thomas J. Devore

Commissioner Byram pulled Item IV. B. 6) Exploration Instruments LLC and Item IV. B. 12) Kovarus Inc. for further discussion.

Commissioner Sheets moved to approve the consent calendar excluding items IV. B. 6) and IV. B. 12). Commissioner Witt seconded the motion. All in favor. Motion carries.

Item IV. B. 6) Exploration Instruments LLC: Commissioner Byram stated that this matter is before the Commission due to renting equipment into the State of Nevada from a location outside the State, but not collecting Sales Tax. Karyn Ebright, Revenue Officer, stated that this matter would need to be reviewed to see if Use Tax was paid on the equipment that was brought into the State. Commissioner Byram asked if matters similar to this could be checked. Ms. Ebright stated they could. Commissioner Byram made a motion to approve Item IV. B. 6). Commissioner Sheets seconded the motion. All in favor. Motion carried.

Item IV. B. 12) Kovarus Inc.: Commissioner Byram asked what the correct penalty is for this matter and stated there is a discrepancy on the documents provided to the Commission. Karyn Ebright, Revenue Officer, stated the correct penalty is \$6,051.00, and the interest is correct in the documents. The amount that the taxpayer should have paid was \$65,121.52. Commissioner Byram moved to approve Item VI. B. 12). Commissioner Sheets seconded the motion. All in favor. Motion carried.

V. COMPLIANCE DIVISION:

A. Departments Recommendation to the Commission for Denial of a Payment Plan Request:

- 1) Pop's Tire Shop LLC

Kathy Fey, Tax Program Supervisor, was present on behalf of the Department. Commissioner Byram made a motion to deny the payment plan for Pop's Tire shop LLC. Commissioner Witt seconded the motion. All in favor. Motion carries.

B. Approval of Refund/Credit Request in Excess of \$250,000:

- 1) Niagara Bottling LLC

Chris Carrello, Audit Supervisor, was present on behalf of the Department. Commissioner Rodefer moved to approve the refund/credit of Niagara Bottling LLC. Commissioner Bellows seconded the motion. All in favor. Motion carried.

- 2) Compaq Financial Services

Guy Childers, Audit Tax Manager, was present on behalf of the Department. Lisa Phillips was present on the telephone on behalf of the Taxpayer. Commissioner Sheets made a motion to approve the refund/credit of Compaq Financial Services. Commissioner Byram seconded the motion. All in favor. Motion carried.

- 3) Groupware Technology Inc.

Guy Childers, Audit Tax Manager, was present on behalf of the Department. Commissioner Witt made a motion to approve the refund/credit for Groupware Technology Inc. Commissioner Johnson seconded the motion. All in favor. Motion carried.

4) Berkshire Hathaway Homestate Insurance Company

Rachel Peterson, Tax Program Supervisor, was present on behalf of the Department. Commissioner Bellows disclosed that his employer, NVEnergy, is a subsidiary of Berkshire Hathaway. Commissioner Bellows abstained from voting on this matter. Commissioner Johnson made a motion to approve the refund/credit of Berkshire Hathaway Homestate Insurance Company. Commissioner Rodefer seconded the motion. Commissioner Bellows abstained. 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.

Charlene Bernardo, Tax Program Supervisor, was present on behalf of the Department. Commissioner Sheets made a motion to approve. Commissioner Byram seconded the motion. Commissioner Byram thanked Ms. Bernardo for the organization and sorting of the materials. All in favor. Motion carried.

VI. LOCAL GOVERNMENT SERVICES

- A. Taxpayer's Appeal of the Treasurer's Denial of Waiver of Penalty and/or Interest per NRS 361.4835 (Clark County):
 - 1) CCSN SRO Inc.

Victoria Salas, Property Appraiser II, was present on behalf of the Department. Scott MacTaggart, Esq. and John Bragonje, Esq. were present from Lewis & Roca on behalf of CCSN SRO Inc. Deacon Tom Roberts, CEO for CCSN SRO Inc., was present on behalf of Catholic Charities. Donna Merrell, Assistant Treasurer from Clark County, was present on the telephone. Commissioner Byram moved to waive the Penalty and Interest on the late payment of tax. Commissioner Witt seconded the motion. Commissioner Sheets voted No. Motion carried.

VII. INFORMATIONAL ITEMS:

- A. Approval and Denial Status Report Log for Organizations Created for Religious, Charitable or Educational Purposes (dates as indicated) (Sales/Use Tax Exemption).
- B. Assignment of Department of Taxation's Regulations to Commissioners.

VIII. BRIEFING:

- A. Briefing to/from the Commission and the Executive Director. (for discussion only)

Shellie Hughes, Executive Director for the Nevada Department of Taxation, welcomed the new commissioners and the Chair. We are very happy to have you on the Commission and look forward to working with you. Our Carson City office location has moved out of our College Parkway office and we are now on Arrowhead Drive which is about five miles away from our last building. We moved on November 20th. Director Hughes thanked the Department's IT Division, Joe Bernardy, Deputy Executive Director, Adriane Roberts-Larson, Deputy Executive Director, Joy Grimmer, ASO, among other staff that all came together to help make the move smooth. We do still have some little hiccups that are going on, but we will work those out. Construction is starting this month. We are putting in a new counter on the first floor for our taxpayers. Also, for our new commissioners, the Department of Taxation is going through a modernization project. It's called Project MYNT (Modernize Your Nevada Tax). Currently, we have an outdated tax system that we are working on. It's over 14 - 20

years old. We went through the RFP process and we did select a vendor called Fast, and Fast technically starts today, so they are beginning the process. They are working with our Project MYNT team and our staff. We anticipate our first release, which will be release one, will go live December of 2024, and within that release, we have the following tax types: Sales Tax, Consumer Use Tax, Liquor, Cigarette, Other Tobacco Products, Real Property Transfer Tax and the Government Service Fee. We will then have two additional releases after that that will follow each additional year. So hopefully in the year 2026, we will have a fully implemented system.

IX. Next Meeting Date: January 17, 2024.

X. Public Comment.

There was no public comment.

XI. Items for Future Agendas. (for discussion only)

No items were discussed.

XII. Meeting adjourned at 10:06 a.m.