

NEVADA TAX COMMISSION MEETING
MINUTES

Nevada Department of Transportation Headquarters
1263 S. Stewart St., Rooms 301 & 302
Carson City, NV 89712

Video Conference

Nevada Department of Transportation
District I HQ
123 E. Washington Ave., Building B, Training Room
Las Vegas, NV 89101

June 25, 2019
9:00 a.m.

I. Public Comment.

Jeffrey Church, owner of Five Properties in Reno, Nevada, and runs renotaxrevolt.com. Mr. Church stated tax assessments conducted in the geographic area known as the Reno Business Improvement District, which is Nevada's first VID, is run by a downtown management organization and was a result of a yes only ballot. The majority of the people voted no. This was formed under NRS 271 as an assessment. The questions for the Commission are: Has Reno exceeded their authority in creating a tax? Is the bid tax assessment a tax? May the Treasurer seize and sell property for non-payment of an assessment portion of the tax bill? Do the restraints in the Nevada Constitution Article 10 apply to the assessment? Did Reno follow the proper procedures in applying the assessment without a hearing? Is it proper for city wide taxpayers to plant and supplement the bid on ad valorem taxes? Do any of these issues fall under the Nevada Tax Commission? How can you tax a church? This was on the tax bill of the International Community Church of Christ (Gross Tax \$312; Net Tax \$312). The City claims that this is not a tax and they never held hearings, as required. The funds are retained by the City of Reno and do not go to the 501c6 organization known as The Downtown Reno Partnership. This non-profit has been permanently revoked by the Nevada Secretary of State. Is this a tax? Do the ad valorem rates apply? If this is not a tax, how can the Treasurer seize property? Mr. Church quoted the Treasurer "a delinquency would eventually lead to the sale of the property". There are two other issues regarding the City of Reno and taxation. Police and Fire money goes to the general fund. There are less fire fighters today than the day this passed (226 compared to 218).

Shellie Hughes, Chief Deputy Executive Director, administered an oath to all parties testifying.

II. Meeting Minutes:

- A. Consideration for Approval of the May 6, 2019 Nevada Tax Commission Meeting Minutes.

Commissioner Brown made a motion to approve the meeting minutes of the May 6, 2019 Nevada Tax Commission. Commissioner Witt seconds 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) 3 Amigos LLV LLC
 - b) 7 Elements Nevada Inc.
 - c) CN Kashat Inc.
 - d) Doni L. Matthews

- e) Fine Silver Store LLC
- f) Gam.Star LLC
- g) Hiroyama LLC
- h) Hobeyes Inc.
- i) Hodges Enterprises of Las Vegas #2 LLC
- j) Hodges Enterprises of Las Vegas 4 LLC
- k) Hodges Enterprises of Las Vegas 6 LLC
- l) JC Group International Inc.
- m) Mammoth Subs Inc.
- n) Pathfinders USA Inc.
- o) Quick Stop Market LLC
- p) Rockhouse Too LLC

B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure (Sales/Use Tax):

- 1) Goldenwear
- 2) Credit Union National Association Inc.
- 3) Crowdstrike Inc.
- 4) DealerDirect LLC dba FordDirect
- 5) Extreme Reach Inc.
- 6) Automated Systems Amercia Inc.
- 7) Great Bay Home Fashions LLC
- 8) H.S. Art Services
- 9) Harpster of Philipsburg Inc.
- 10) Inline Filling Systems LLC
- 11) Midea America Corp.
- 12) Neograft Solutions Corp.
- 13) Neograft Solutions Inc.
- 14) OONI Inc.
- 15) Solle Naturals LLC
- 16) Vitrolife Inc.

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

- 1) Sake Rok, LLC
- 2) Incredible Technologies Inc.

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

- 1) AXA Equitable Life Insurance Company
- 2) Medical Protective Company
- 3) Prudential Insurance Company of America

E. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (Sales/Use Tax, Modified Business Tax and/or Commerce Tax)

- 1) Boardroom Aviation
- 2) The Olive & Products
- 3) Scott K. Canepa, a Professional Corporation
- 4) Neo Nevada Inc. dba DF Wireless
- 5) David's Foodservice LLC dba Carlitos Burritos
- 6) El Immanuel Management, LLC dba Yummy Grill and Sushi

- F. Consideration for the Approval of the Administrative Law Judge’s Recommended Decision regarding an Appeal of the Department’s Denial of Waiver of Penalty and/or Interest pursuant to NRS 360.419:
- 1) Nitro Finishes dba Final Finish Auto Body

Commissioner Wren made a motion to approve the consent calendar. Commissioner Rigby seconds the motion. All in favor. Motion carries.

Commissioner Wren amended the motion to exclude items III. E. 1 and III E. 1. Commissioner Rigby seconds. All in favor. Motion carries.

IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

A. LOCAL GOVERNMENT SERVICES:

- 1) Certification of Ad Valorem Tax Rates for Fiscal Year 2019-2020 pursuant to NRS 361.4547

Kelly Langley, Budget Analyst III, and Jeffrey Mitchell, Deputy Director, were present on behalf of the Department of Taxation.

Commissioner Wren asked what research has been done with regard to the tax cap.

Jeffrey Mitchell stated this is a legislative matter. The tax cap is set by NRS 361.4722 through 361.4724. There are currently no studies that Mr. Mitchell is aware of on the tax cap.

Commissioner Rigby made a motion to approve the Certification of Ad Valorem Tax Rates for Fiscal Year 2019 – 2020. Commissioner Brown seconded the motion. All in favor. Motion carries.

- 2) Review and Consideration of Approval of the Renewal of the Residential Construction Tax.
 - a. Douglas County School District

Kelly Langley, Budget Analyst III, was present on behalf of the Department of Taxation.

Sue Estes, CFO for Douglas County, was present.

Chairman DeVolld asked what the population is in Douglas County.

Sue Estes stated there has been a 4.4% growth rate and the population is 49,070 in Douglas County.

Commissioner Wren made a motion to approve the renewal of the Residential Construction Tax for Douglas County School District. Commissioner Witt seconded the motion. All in favor. Motion carries.

- b. Storey County School District

Kelly Langley, Budget Analyst III, was present on behalf of the Department of Taxation.

Todd Hess, Storey County School District Superintendent, and Kristen Chandler were present on behalf of Storey County School District.

Commissioner Rigby made a motion to approve the renewal of the Residential Construction Tax for Storey County School District. Commissioner Brown seconded the motion. All in favor. Motion carries.

V. COMPLIANCE DIVISION:

A. Taxpayer's Appeal of Administrative Law Judge's Decision pursuant to NRS 360.245 and NAC 360.175:

- 1) Brothers Union, Inc. dba Family Mart 2

Elizabeth Hickman, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation.

Abul Quamrul Alam was present on behalf of the Taxpayer.

Panna Mutsuddi – Bengali interpreter was on the telephone.

Commissioner Rigby moved to uphold the Administrative Law Judge's decision and asked that a payment plan be considered. Commissioner Brown seconded the motion. All in favor.

- 2) Luna Stores, Inc. dba Moana Mart and Oddie Discounts Center

Elizabeth Hickman, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation.

The Taxpayer was not present.

Commissioner Lipman moved to approve the Administrative Law Judge's decision. Commissioner Rigby seconded the motion. All in favor. Motion carries.

- 3) Jacqueline A. Flores for the Sales Tax debt of Best Buy Mattress NV01 LLC, dba Sweet Dreams Mattress Gallery

Vivienne Rakowsky, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation.

Jacqueline Flores, Taxpayer, and Dean Kajioka, Taxpayer Representative, were present.

Commissioner Bersi moved to deny the Taxpayer's appeal of the Administrative Law Judge's decision. Commissioner Brown seconded the motion. All in favor. Motion carries.

- 4) LV Park and Sell

Item V. 4) LV Park and Sell was continued.

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

- 1) Francisco Torres

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

The Taxpayer was not present.

Commissioner Rigby moved to approve the Offer-In-Compromise of Francisco Torres. Commissioner Brown seconded the motion. All in favor. Motion carries.

2) Djamel Kalafate

Adriane Roberts-Larson, Tax Program Supervisor, was present on behalf of the Nevada Department of Taxation.

The Taxpayer was not present.

Commissioner Brown moved to approve the Offer-In-Compromise of Djamel Kalafate. Commissioner Witt seconded the motion. All in favor. Motion carries.

3) Vazgen Der Galustian

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

Hritsine “May” Mantecon, daughter of Mr. Galustian, was on the telephone on her father’s behalf.

Ms. Mantecon stated that her father understands the terms of the agreement.

Commissioner Lipman moved to approve the Offer in Compromise of Vazgen Der Galustian. Commissioner Wren seconded the motion. All in favor. Motion carries.

4) Alem A. Yaghi

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

Alem Yaghi, Taxpayer, was present.

Commissioner Rigby moved to approve the Offer-In-Compromise of Alem A. Yaghi. Commissioner Brown seconded the motion. All in favor. Motion carries.

5) Helene M. Arnaud

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

Helene Arnaud, Taxpayer, was present.

Commissioner Bersi moved to approve the Offer-In-Compromise of Helene M. Arnaud. Commissioner Lipman seconded the motion. All in favor. Motion carries.

6) Ruben Tagle and Gloria Tagle

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

The taxpayer was not present.

Commissioner Wren moved to approve the Offer-In-Compromise of Ruben and Gloria Tagle. Commissioner Rigby seconded the motion. All in favor. Motion carries.

7) Harold F. Moore

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

The Taxpayer was not present.

Commissioner Lipman moved to approve the Offer-In-Compromise of Harold F. Moore. Commissioner Bersi seconded the motion. All in favor. Motion carries.

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

1) David W. Dami and Monna R. Dami

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

David and Monna Dami, Taxpayers, were present.

The following proposed Offer-In-Compromise was discussed: \$18,000 at \$100 per month. If either one of the Taxpayers die, the remaining surviving spouse could approach the Department for a renegotiated offer. The Taxpayers and the Department agreed to these terms.

Commissioner Rigby made a motion deny the Department's recommendation and to approve the Offer-In-Compromise to pay \$18,000 at \$100 per month and if either one of the Taxpayers die, the remaining surviving spouse could approach the Department for a renegotiated offer. The motion was seconded by Commissioner Wren. All in favor. Motion carries.

2) Edward Kantor Jr.

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

Edward Kantor Jr., Taxpayer, was present.

Commissioner Lipman moved to approve the denial of the Offer-In-Compromise of Edward Kantor Jr. Commissioner Bersi seconded the motion. All in favor. Motion carries.

3) Song W. Pae and Sang O. Pae

Adriane Roberts-Larson, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation.

Samuel Lee was present on behalf of his aunt and uncle, Song and Sang Pae.

Commissioner Rigby moved to uphold the Department's recommended denial of the Offer-In-Compromise of Song and Sang Pae. Commissioner Lipman seconded the motion. All in favor. Motion carries.

D. Consideration for Approval of Payment Plan Request (Sales/Use and/or Modified Business Tax); and consideration for the Approval of Release of Liens:

- 1) Airport Van Rental, Inc. dba Yazdan Irani

Kathy Fey, Revenue Officer III, was present on behalf of the Department.

Mr. Irani was present on behalf of the Taxpayer.

The Taxpayer agreed to a payment plan of 90 months of \$40,000 per month.

Commissioner Lipman asked if there were to be a default on a payment, can the lien be put back on the property. Kathy Fey, answered - yes.

Commissioner Rigby moved to approve the payment plan as stated and the removal of liens conditional on compliance of the payment plan. Commissioner Wren seconded the motion. All in favor. Motion carries.

E. 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) Tiny Paws Pug Rescue

Melissa Flatley, Deputy Attorney General, was present on behalf of the Department.

The Taxpayer was not present.

Commissioner Witt made a motion to approve the Department's denial of exemption status for Tiny Paws Pug Rescue. Commissioner Rigby seconded the motion. All in favor. Motion carries.

F. Request for Closed Hearing pursuant to NRS 360.247 (2-4); and Department of Taxation's Appeal of Administrative Law Judge's Decision pursuant to NRS 360.245 and NAC 360.175:

- 1) Nevada Restaurant Services Inc.

Peter Keegan, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation.

Steven Hollingworth was present on behalf of the Taxpayer.

Commissioner Rigby made a motion to deny the request for a closed hearing. If conversations relating to exhibits L, M, N, O, P, or Q should come up, the Commission can then go into a closed session. Commissioner Witt seconded the motion. All in favor. Motion carries.

Commissioner Rigby made a motion to deny the Department's appeal and to uphold the Administrative Law Judge's decision. Commissioner Bersi seconded the motion. Roll Call Vote: Commissioner Bersi – Aye, Commissioner Brown – Aye, Commissioner Witt – No, Commissioner Wren – Aye, Commissioner Rigby – Aye, Commissioner Lipman – No, Chairman DeVold – Aye. Motion carries by majority.

VI. INFORMATIONAL ITEMS:

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

VII. BRIEFING:

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

Shellie Hughes, Chief Deputy Executive Director, stated Director Young is attending the Federation of Tax Administrators' Conference in Indianapolis. Recent legislation will be discussed at the next meeting.

- VIII. Next Meeting Date: August 12, 2019

- IX. Public Comment.

Melissa Flatley, as a Deputy Attorney General and a private citizen, stated this will be her last Tax Commission hearing representing the Department of Taxation. Ms. Flatley stated it has been her privilege to represent the Department, they do great work. Ms. Flatley hopes that she has done an honorable job representing them before the Commission for the last five plus years.

Chairman DeVold thanked Ms. Flatley and stated she has always been wonderful and well prepared.

- X. Items for Future Agendas.

Commissioner Rigby asked that the Department present the Net proceeds Tax Bulletin on a future agenda.

- XI. Meeting adjourned.