

NEVADA TAX COMMISSION MEETING  
MINUTES

March 8, 2021

9:00 a.m.

Chairman DeVolld called the Meeting to order at 9:00 a.m.

Members Present:

Jim DeVolld, Chairman  
Craig Witt, Commissioner  
Tony Wren, Commissioner  
Sharon Rigby, Commissioner  
Randy Brown, Commissioner  
Ann Bersi, Commissioner  
Francine Lipman, Commissioner

I. Public Comment.

There was no public comment.

Director Young administered an oath to all meeting participants.

II. Meeting Minutes:

A. Consideration for Approval of the January 25, 2021 Nevada Tax Commission Meeting Minutes.

Commissioner Rigby stated there is a correction on page 5 in the paragraph that starts with "Cigarette Tax Collection." In two places the word "allegation" appears, it should read "allocation". Commissioner Brown made a motion to approve the minutes including the proposed changes. Commissioner Rigby 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) Affordable Auto Group LLC
- b) DPS Elite Realty LLC
- c) Say When Inc.
- d) Starr Gaming LLC
- e) Star & Son LLC

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

- 1) CPAP.COM
- 2) CTD INC
- 3) Infrared Cameras Inc
- 4) Design Eyewear Group Inc
- 5) Kathrein USA Inc
- 6) Maintenance Connection LLC
- 7) Matterport Inc
- 8) Netafim Irrigation Inc & Subsidiary
- 9) Remedy BPCI Partners LLC

- 10) Revolution Beauty Inc
- 11) Smoky Mountain Guns and Ammo LLC
- 12) Smoky Mountain Knife Works
- 13) Ten Pubco Inc
- 14) Thing 5 LLC
- 15) Yale Cordage Inc

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

- 1) LivFree Wellness LLC
- 2) Lemon Aide LLC
- 3) Kynd Strainz LLC
- 4) Tahoe-Reno Botanicals LLC
- 5) Bobs Performance Center
- 6) Rocky Mountain Apparel Co LLC
- 7) S Fer International Inc.
- 8) General Atomics
- 9) CMC Steel Fabricators Inc.
- 10) Amazon.com LLC
- 11) Fielden Hanson Isaacs Miyada Robinson Yeh Ltd.
- 12) Guitar Center Stores Inc.

D. Consideration for Approval of Payment Plan Request (Sales/Use Tax, Modified Business Tax and/or Commerce Tax):

- 1) CN Licenseco I Inc. dba Flower One

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

- 1) Living Ecology, Inc.
- 2) One Stop 4 Flooring

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

- 1) Robin Rood
- 2) Nameer Kalandos
- 3) Jose Martinez-Hernandez

Commissioner Rigby pulled Item III. B. 1) CPAP.com for further discussion.

Commissioner Brown mentioned the page numbering on the Living Ecology, Inc. Settlement Agreement is incorrect.

Commissioner Lipman pulled Item III. D. 1) CN Licenseco I Inc. dba Flower One; and Item III. F. 3) Jose Martinez-Hernandez for further discussion.

Commissioner Witt made a motion to approve the consent calendar, minus Items III. B. 1), III. D.1) and III. F. 3). Commissioner Wren seconded the motion. All in favor. Motion carries.

ITEM III. B. 1) CPAP.com: Commissioner Rigby asked if this is for medical equipment that is specifically exempt for sales tax. Melissa Gardner, Audit Manager for the Nevada Department of Taxation, stated that a large amount of CPAP.COM's total sales are reported as exempt. The taxpayer does sell other items that are not durable medical equipment. Commissioner Rigby made a

motion to approve Item III. B. 1). Commissioner Bersi seconded the motion. All in favor. Motion carries.

ITEM III. D. 1) CN Licenseco I Inc.: Commissioner Lipman shared concern regarding the state of Nevada being properly secured. She stated this is an almost \$5M deficiency that a marijuana company is asking the state to finance without interest for four years. Lizette Arceo, Tax Manager, stated the state is properly secured as far as the entity lien and has not agreed to reduce penalties or interest. Commissioner Lipman made a motion to approve Item D. 1). Commissioner Bersi seconded the motion and asked if a waiver of limitations was signed. Ms. Arceo stated she believes it was signed but will double-check to be sure. All in favor. Motion carries. Commissioner Wren shared concern regarding the sale of the property and the debt being transferred to the buyer. The taxpayer stated they do not plan to sell.

ITEM III. F. 3) Jose Martinez-Hernandez: Commissioner Lipman stated that this is an example of successor liability. This is a case where the taxpayer owned a restaurant, sold it, and owed \$40,000.00. Adriane Roberts-Larson, Tax Program Supervisor II for the Department, agreed with Commissioner Lipman and stated it was a handshake deal. They did not go through escrow and follow those channels. The only recourse for the Department is to go after Mr. Martinez-Hernandez and pursue him for collections. Commissioner Lipman made a motion to approve Item III. F. 3). Commissioner Bersi seconded the motion. All in favor. Motion carries.

#### IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

##### A. Discussion and Consideration for Granting the Waiver to remain on Guaranteed Status for Supplemental City-County Relief Tax pursuant to NRS 377.057(2):

Kevin Williams, Management Analyst III, was present on behalf of the Nevada Department of Taxation.

Commissioner Rigby asked each county how they see their revenue stream to be volatile and what are they doing to diversify their economy.

##### 1) Lander County

Bert Ramos was present on behalf of Lander County. Mr. Ramos shared that Lander County is trying to get a rail system and some other things to generate more economy for the community and county. It has been a difficult and a slow process.

##### 2) White Pine County

Elizabeth Frances was present on behalf of White Pine County. Ms. Frances stated White Pine County did get a hemp farm recently. One concern is that they are requesting some incentive through the Governor's Office of Economic Development which will reduce sales tax. The county is also working on a stored energy project and is looking at other ways to increase tourist income by developing trail systems, improving parks and other developments that will bring tourist dollars into the county. Ms. Frances stated they were happy to hear that they are considering repairing the dam at Cave Lake State Park because it is a big tourist draw for the county.

##### 3) Pershing County

Rene Childs was present on behalf of Pershing County. Ms. Childs stated Pershing County does have a lot of mining and net proceeds, but the county also has a couple of other perspective projects coming in to help with revenue stream. One project is a proposed salmon farm and another is a possible data center.

Commissioner Wren made a motion to approve Lander County, White Pine County and Pershing County to remain on guaranteed status for supplemental city-county relief tax pursuant to NRS 377.057(2). Commissioner Rigby seconded the motion. All in favor. Motion carries.

B. Review and Consideration for Approval of the Assessor's Handbook of Rural Building Costs for 2022-2023, as authorized under NAC 361.128(a)

Cheryl Erskine, Coordinator of Assessment Standards, was present on behalf of the Department.

Commissioner Witt made a motion to approve the Assessor's Handbook of Rural Building Costs for 2022-2023, as authorized under NAC 361.128(a). Commissioner Rigby seconded the motion. All in favor. Motion carries.

C. Review and Consideration for Approval of Exemption(s) as authorized under NRS 361.068(2) where Administrative Costs Exceed Revenue from Tax on Personal Property for application in FY 2021 - 2022

Kelson Powell, Property Appraiser II, was present on behalf of the Nevada Department of Taxation.

Commissioner Witt made a motion to approve the exemption(s) as authorized under NRS 361.068(2) where Administrative Costs Exceed Revenue from Tax on Personal Property for application in FY 2021–2022. Commissioner Lipman seconded the motion. All in favor. Motion carries.

V. COMPLIANCE DIVISION:

A. Taxpayer's Appeal of the Department's Decision to deny the Taxpayer's Request for a Late Filed Petition for Hearing:  
1) Performance Coating Paint & Body

George Hritz, Management Analyst III, was present on behalf of the Nevada Department of Taxation. Michael Schula was present on behalf of the taxpayer.

Commissioner Rigby suggested the taxpayer pursue an offer-in-compromise with the Department and made a motion to deny the taxpayer's appeal. Commissioner Lipman seconded the motion. All in favor. Motion carries.

B. 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) Educators of America, Inc.

The appeal of Educators of America, Inc. was withdrawn.

C. Taxpayer's Appeal of Administrative Law Judge's Decision pursuant to NRS 360.245 and NAC 360.175:  
1) Seboca, LLC dba Café Berlin

Richard Vallari, CPA, was present on behalf of the taxpayer. Louis Csoka, Deputy Attorney General, was present on behalf of the Department. Guy Childers was present on behalf of the Department.

Commissioner Lipman made a motion to deny the taxpayer's appeal. Commissioner Witt seconded the motion. All in favor. Motion carries.

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

- 1) Golden Gate Petroleum of Nevada, LLC dba Linger Smoke Shop

Randy Shores was present on behalf of the taxpayer. Hillary Bunker, Deputy Attorney General, was present on behalf of the Department.

Chairman DeVold abstained from voting and asked that Commissioner Bersi substitute as the Chair for this matter. Commissioner Wren made a motion to deny the Department's appeal. Commissioner Witt seconded the motion. Commissioner Lipman opposed the motion. Motion carries.

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. (for discussion only)

Director Young shared the following Department updates with the Commission:

The Department has been very busy this legislative session. On January 27th, we presented the Department's budget overview to the Legislative Budget Subcommittee. On February 4th, we presented all tax types to the Joint Committee on Assembly Revenue and Senate Revenue and Economic Development. On February 9th, we introduced AB 89, which allows the Department to disclose certain confidential information to the Governor's Finance Office for revenue projection purposes. On February 25th, we introduced SB 25, which repeals language relating to the determination of whether food for human consumption is subject to Sales and Use Tax. By repealing language that is no longer relevant since the Department joined Streamline Sales Tax. This will allow the Department to clarify information on this matter to taxpayers. On February 26<sup>th</sup>, we presented our budget to Assembly Ways and Means and Senate Finance. On March 2nd, we introduced SB 74 which revises the provision where population is used for certain distribution purposes. This bill was a housekeeping bill that cleans up language that aligns with how the Department is processing those tax distributions. Over the past three years, the executive team has been working to review internal processes and this review was large in part so that we could become more efficient and modernize the Department. We asked our internal auditor to audit some of our processes and found that the Department had never used the census populations required for the distribution since the enactment of that language in 1999. This bill removes the language for utilizing census bureau populations, as the Department has not used those numbers in the distribution process. The Department has always used the state demographer's certified population numbers. Currently, the Department is tracking 155 BDR's and bills that could potentially have an impact to the Department. As a COVID update, we have reopened to the public, but by appointment only.

VIII. Next Meeting Date: May 3, 2021

IX. Public Comment.

Michael Schula stated he was unclear as to where his matter is now. Chairman DeVolld asked that Director Young assign someone to contact Mr. Schula.

Cori, with Say When, Inc., asked if this matter was addressed today. Chairman DeVolld stated this matter was part of the consent calendar.

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

No items were discussed.

XI. Meeting adjourned at 11:13 a.m.