



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <https://tax.nv.gov>

Call Center: (866) 962-3707

LAS VEGAS OFFICE
700 E. Warm Springs Rd, Suite 200
Las Vegas, Nevada 89119
Phone (702) 486-2300
Fax (702) 486-2373

STEVE SISOLAK
Governor
TONY WREN
Chair, Nevada Tax Commission
SHELLIE HUGHES
Executive Director

CARSON CITY OFFICE
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000
Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane, Suite L235
Reno, NV 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

Posted 6/2/22

NOTICE OF WORKSHOP

To: To All Interested Parties
From: Shellie Hughes, Executive Director, Department of Taxation
Date: June 2, 2022
Re: Workshop on LCB Draft of Proposed Permanent Regulation R106-20

The Department of Taxation will hold a workshop to solicit comments from interested parties on the following proposed permanent regulation:

LCB File No. R106-20 is revising provisions governing the imposition and collection of sales and use tax for repair work performed pursuant to a contract with the State or a political subdivision; and providing other matters properly relating thereto.

Existing regulations provide that, for the purpose of the imposition and collection of the sales and use tax, a repairer is a retailer of parts and materials furnished in connection with repair work if the value of the parts and materials is substantial in relation to the total charge or if a separate price is stated for the parts and materials. (NAC 372.390) This regulation provides that, if a repairer enters into a contract with the State or a political subdivision of the State to perform repair or maintenance work, the repairer and any subcontractor of the repairer is the consumer of the parts and materials furnished in connection with such work unless the repairer or subcontractor has a permit, is registered to collect sales and use tax or is required to have such a permit or register pursuant to the contract with the State or political subdivision. As the consumer of such parts or materials, the repairer or subcontractor of the repairer would be required to either pay sales tax at the time the repairer or subcontractor purchases the parts or materials or pay the use tax at the time the parts or materials are used by the repairer or subcontractor in this State. (NRS 372.105, 372.110, 372.185, 372.190, 374.110, 374.111, 374.115, 374.190, 374.191, 374.195)

Date and Time of Meeting: June 29, 2022 11:00 a.m.

The workshop will be held at the following location:

Place of Meeting:

**Nevada Department of Taxation
1550 College Parkway STE 115
Large Conference Room
Carson City, Nevada 89706**

This meeting will also be available by zoom. Please use the link below to join the webinar:
<https://us02web.zoom.us/j/83742239213>

Or One tap mobile:

+13462487799, 83742239213# US (Houston)

+16699009128, 83742239213# US (San Jose)

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 669 900 9128 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558 8656 or
+1 301 715 8592

Webinar ID: **837 4223 9213**

International numbers available: <https://us02web.zoom.us/j/kbhbTuM9wb>

A copy of the regulation referenced above can be found on the Department's website at https://tax.nv.gov/Boards/Public_Meetings/ and at the Nevada Legislature's website at <https://www.leg.state.nv.us/App/Notice/A/>.

All interested parties will have the opportunity to present their ideas. Please submit all suggestions in writing at least one week prior to the Workshop so the suggestions can be disseminated at the meeting. Written comments may be accepted at any time. Please email any comments to Sarah Glazner at sglazner@tax.state.nv.us so they may be posted to the Departments website. All public input will be considered in preparing a proposed regulation to be presented to the Nevada Tax Commission for adoption.

Members of the public who are disabled and require accommodations or assistance at the Workshop are requested to notify the Department of Taxation in writing or by calling 775-684-2096 no later than five working days prior to the Workshop.

Notice has been posted at the following location: The Department of Taxation - 1550 College Parkway, STE 115, Carson City.

Notice has been EMAILED/MAILED for posting at the following locations: Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas; The Legislative Building - Capitol Complex, Carson City; The Nevada State Library -100 Stewart Street, Carson City; The County Public Library's, Interested Parties Group, and the Mailing List maintained by the Department. Notice of this meeting was posted on the Department of Taxation website at <https://tax.nv.gov/>, on the Legislative website at <https://www.leg.state.nv.us/>, and the Nevada Public Notice Website at <https://notice.nv.gov/>.

If you have any questions, please feel free to call Sarah Glazner at 775-684-2059.

Nevada Department of Taxation Regulatory Workshop **Draft of Proposed Regulation R106-20**

NEVADA DEPARTMENT OF
TAXATION
1550 College Pkwy STE 115
Large Conference Room
Carson City, Nevada 89706

June 29, 2022
11:00 a.m.

Note: Items on this agenda may be taken in a different order than listed.
Items may be combined for consideration by the Department of Taxation.
Items may be pulled or removed from the agenda at any time.

Date and Time of Meeting: June 29, 2022 11:00 a.m.

The workshop will be held at the following location:

Place of Meeting:

Nevada Department of Taxation
1550 College Parkway STE 115
Large Conference Room
Carson City, Nevada 89706

This meeting will also be available by zoom. Please use the link below to join the webinar:
<https://us02web.zoom.us/j/83742239213>

Or One tap mobile:

+13462487799, 83742239213# US (Houston)
+16699009128, 83742239213# US (San Jose)

Or join by phone:

Dial (for higher quality, dial a number based on your current location):
US: +1 346 248 7799 or +1 669 900 9128 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558
8656 or +1 301 715 8592

Webinar ID: **837 4223 9213**

International numbers available: <https://us02web.zoom.us/j/83742239213>

A copy of the regulation referenced above can be found on the Department's website at https://tax.nv.gov/Boards/Public_Meetings/ and at the Nevada Legislature's website at <https://www.leg.state.nv.us/App/Notice/A/>.

- I. Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes. Please email any comments to Sarah Glazner at sglazner@tax.state.nv.us so they may be posted to the Department's website.
- II. The Department will hold a workshop to solicit comments from interested parties on the following topic:

LCB File No. R106-20 is revising provisions governing the imposition and collection of sales and use tax for repair work performed pursuant to a contract with the State or a political subdivision; and providing other matters properly relating thereto.

Existing regulations provide that, for the purpose of the imposition and collection of the sales and use tax, a repairer is a retailer of parts and materials furnished in connection with repair work if the value of the parts and materials is substantial in relation to the total charge or if a separate price is stated for the parts and materials. (NAC 372.390) This regulation provides that, if a repairer enters into a contract with the State or a political subdivision of the State to perform repair or maintenance work, the repairer and any subcontractor of the repairer is the consumer of the parts and materials furnished in connection with such work unless the repairer or subcontractor has a permit, is registered to collect sales and use tax or is required to have such a permit or register pursuant to the contract with the State or political subdivision. As the consumer of such parts or materials, the repairer or subcontractor of the repairer would be required to either pay sales tax at the time the repairer or subcontractor purchases the parts or materials or pay the use tax at the time the parts or materials are used by the repairer or subcontractor in this State. (NRS 372.105, 372.110, 372.185, 372.190, 374.110, 374.111, 374.115, 374.190, 374.191, 374.195)

- III. **Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.
- IV. Adjourn

**This item is to receive public comment on any issue and any discussion of those issues, provided that comment will be limited to areas relevant to and within the authority of the Nevada Department of Taxation. No action will be taken on any items raised in the public comment period. Public Comment may not be limited based on viewpoint.

Please contact Sarah Glazner at 775-684-2059 or sglazner@tax.state.nv.us for any support materials. The support materials will be available at <https://tax.nv.gov/> and made available during the meeting located at the Nevada Department of Taxation, 1550 College Pkwy. Ste 115, Carson City.

Members of the public who are disabled and require accommodations or assistance at this workshop are requested to notify the Department of Taxation in writing or call 775-684-2096 no later than five working days prior to the workshop.

Notice of this workshop has been posted at the following location: The Department of Taxation - 1550 College Pkwy. Ste 115, Carson City.

Notice has been EMAILED/MAILED for posting at the following locations: Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas; The Legislative Building - Capitol Complex, Carson City; The Nevada State Library -100 Stewart Street, Carson City; The County Public Library's, Interested Parties Group, and the Mailing List maintained by the Department. Notice of this meeting was posted on the Department of Taxation website at <https://tax.nv.gov/>, on the Legislative website at <https://www.leg.state.nv.us/>, and the Nevada Public Notice Website at <https://notice.nv.gov/>.

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608 and NRS 233B.0609**

LCB File No. R106-20

1. Background

LCB File No. R106-20 is revising provisions governing the imposition and collection of sales and use tax for repair work performed pursuant to a contract with the State or a political subdivision; and providing other matters properly relating thereto.

Existing regulations provide that, for the purpose of the imposition and collection of the sales and use tax, a repairer is a retailer of parts and materials furnished in connection with repair work if the value of the parts and materials is substantial in relation to the total charge or if a separate price is stated for the parts and materials. (NAC 372.390) This regulation provides that, if a repairer enters into a contract with the State or a political subdivision of the State to perform repair or maintenance work, the repairer and any subcontractor of the repairer is the consumer of the parts and materials furnished in connection with such work unless the repairer or subcontractor has a permit, is registered to collect sales and use tax or is required to have such a permit or register pursuant to the contract with the State or political subdivision. As the consumer of such parts or materials, the repairer or subcontractor of the repairer would be required to either pay sales tax at the time the repairer or subcontractor purchases the parts or materials or pay the use tax at the time the parts or materials are used by the repairer or subcontractor in this State. (NRS 372.105, 372.110, 372.185, 372.190, 374.110, 374.111, 374.115, 374.190, 374.191, 374.195)

2. A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Taxation prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R106-20. The proposed language and questionnaire were dispersed to the following:

- Emailed by the Department to 212 members of its interested parties list.
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content of the response is summarized below:

- No response was received for LCB Draft of Proposed Regulation - File No. R106-20.

Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

Sarah Glazner
Nevada Department of Taxation
1550 College Parkway Ste 115
Carson City, NV 89706
Phone: (775) 684-2059
Fax: (775) 684-2020
sglazner@tax.state.nv.us

3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.

No response was received for LCB Draft of Proposed Regulation R106-20. Since no response was received, the Department analyzed the proposed language and used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory changes.

4. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate:

Direct and indirect adverse effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect adverse economic effect on small businesses.

Direct and indirect beneficial effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect beneficial economic effect on small businesses.

5. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The proposed regulation presents no reasonable, foreseeable or anticipated adverse impact to small businesses; therefore, no efforts were required to reduce the impact on small businesses.

6. The estimated cost to the agency for enforcement of the proposed regulation.

The proposed regulation presents no significant foreseeable or anticipated cost or decrease in costs for enforcement.

- 7. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The proposed permanent regulation does not include new fees or increase an existing fee.

- 8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

- 9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.**

The Department has determined that there will be no adverse impacts to small businesses based on its analysis of the proposed regulation and lack of public comment.

I hereby certify, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was properly prepared and the information contained herein is accurate.



Melissa Flatley, Chief Deputy Executive Director
June 2, 2022

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R106-20

March 25, 2022

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: § 1, NRS 360.090, 372.725 and 374.725.

A REGULATION relating to taxation; revising provisions governing the imposition and collection of sales and use tax for repair work performed pursuant to a contract with the State or a political subdivision; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing regulations provide that, for the purpose of the imposition and collection of the sales and use tax, a repairer is a retailer of parts and materials furnished in connection with repair work if the value of the parts and materials is substantial in relation to the total charge or if a separate price is stated for the parts and materials. (NAC 372.390) This regulation provides that, if a repairer enters into a contract with the State or a political subdivision of the State to perform repair or maintenance work, the repairer and any subcontractor of the repairer is the consumer of the parts and materials furnished in connection with such work unless the repairer or subcontractor has a permit, is registered to collect sales and use tax or is required to have such a permit or register pursuant to the contract with the State or political subdivision. As the consumer of such parts or materials, the repairer or subcontractor of the repairer would be required to either pay sales tax at the time the repairer or subcontractor purchases the parts or materials or pay the use tax at the time the parts or materials are used by the repairer or subcontractor in this State. (NRS 372.105, 372.110, 372.185, 372.190, 374.110, 374.111, 374.115, 374.190, 374.191, 374.195)

Section 1. NAC 372.390 is hereby amended to read as follows:

372.390 1. Except as *otherwise* provided in *subsection 4 and* NAC 372.420 and 372.450, repairers are retailers of parts and materials furnished in connection with repair work in which the value of the parts and materials is substantial in relation to the total charge. Those repairers who segregate on invoices and in their records the fair retail-selling price of the parts and

materials from the charges for labor, installation and other service charges must collect the tax on the retail selling price of the parts and materials. If the labor and other service charges are not separately stated, the tax applies to the entire charge made to the customer.

2. The repairers are consumers of parts and materials furnished in connection with repair work in which the value of the parts and materials is insubstantial in relation to the total charge if no separate charge is made for the parts and materials. To be considered a consumer of the parts and materials used in connection with the repair services rendered, the repairer must pay the tax on the purchase and must not give a resale certificate to his or her suppliers. Even though the value of the parts and materials is insubstantial in relation to the total charge, repairers will be considered retailers, and not consumers, if a separate price is stated for the parts and materials.

3. If the method of repairing or reconditioning certain tangible personal property involves commingling property delivered to a repairer or reconditioner with similar property so that the customer received repaired or reconditioned property which may not be the identical property delivered to the repairer or reconditioner but which is exactly the same kind of property or derived from exactly the same kind of property as that so delivered, the tax applies to the amount charged by the repairer or reconditioner for the repaired or reconditioned property.

4. Except as otherwise provided in this subsection, a repairer who enters into a contract with the State or a political subdivision of the State to perform repair work on, or to maintain, property belonging to the State or political subdivision, and any subcontractor of the repairer, is the consumer of any parts and materials furnished in connection with such repair work. If such a repairer or subcontractor has obtained a permit pursuant to section 6 of Senate Bill No. 441, chapter 342, Statutes of Nevada 2021, at page 2008, or registered pursuant to NRS 360B.200, or is required to obtain a permit pursuant to section 6 of Senate Bill No. 441,

chapter 342, Statutes of Nevada 2021, at page 2008, or register pursuant to NRS 360B.200 pursuant to the contract with the State or political subdivision, the provisions of subsections 1, 2 and 3, as applicable, apply to the repair work performed pursuant to the contract.