

NEVADA TAX COMMISSION MEETING
MINUTES

March 7, 2022
9:00 a.m.

Commissioners Present:

James DeVold, Chairman
Ann Bersi, Commissioner
Francine Lipman, Commissioner
Craig Witt, Commissioner
Sharon Byram, Commissioner
Tony Wren, Commissioner
Stanley H. Johnson, Commissioner
Randy Brown, Commissioner

Chairman DeVold called the meeting to order.

I. Public Comment:

There was no public comment.

Director Hughes administered an oath to all parties testifying.

II. Meeting Minutes:

A. Consideration for Approval of the January 24, 2022, Nevada Tax Commission Meeting Minutes.

Commissioner Witt made a correction to the meeting minutes. At the January 24, 2022, Nevada Tax Commission meeting, Commissioner Lipman pulled agenda Item III. E, not Commissioner Witt. Spring Mountain Driving School for discussion. Commissioner Lipman agreed. Commissioner Witt made a motion to approve the minutes of the January 24, 2022, Nevada Tax Commission meeting, including the stated correction. Commissioner Wren seconded the motion. Commissioner Brown abstained from voting. Motion carries.

III. CONSENT CALENDAR:

A. Matters of General Concern:

- 1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):
 - a) Panchos Las Vegas LLC
 - b) JM Stephanie Wigwam LLC
 - c) Rascal LLC

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

- 1) Alldayshirts.com LLC
- 2) Amazing Doctor Ransons Paper Diet & Media Jubilee LLC
- 3) Chelsea Football Club
- 4) CPU Sales and Services LLC
- 5) Fellow Industries Inc.
- 6) Galkos Construction Safe Step Walk-In Tub Inc.
- 7) Grailed Inc.
- 8) Innovative Control Systems Inc.
- 9) Interactive Life Forms LLC

- 10) Mad Engine LLC
- 11) Mogas Industries Inc.
- 12) Neff LLC
- 13) Nomatic Holdings LLC
- 14) RZ Industries LLC
- 15) True Shot LLC
- 16) Two Blind Brothers LLC
- 17) Upright Technologies Ltd.
- 18) Vintage Tub and Bath

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

- 1) Schuff Steel Company
- 2) Smith Power Products Inc.
- 3) Allegiant Institute Inc.
- 4) Asos.com Limited

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

- 1) HJM Oasis LLC dba Oasis Hookah Lounge

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

- 1) Allan Silberstang
- 2) Juan Orozco-Gutierrez

Chairman DeVolld pulled Item III. D. 1) HJM Oasis LLC dba Oasis Hookah Lounge for further discussion.

Commissioner Lipman pulled Item III. E. 1) Allan Silberstang for further discussion.

Commissioner Bersi made a motion to approve the Consent Calendar, excluding items III D. 1) and III. E. 1). Commission Byram seconded the motion. All in favor. Motion carries.

Item III. D. 1) HJM Oasis LLC dba Oasis Hookah Lounge. Natasha Gebrael, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Deputy Gebrael asked that language on Line 13 of Page 3 of the Settlement Agreement, which indicates half of the interest calculated through September 30, 2021, be stricken. Commissioner Lipman confirmed that it should be 75 percent of the tax liability and no penalties/interest. Commissioner Lipman made a motion to approve the Settlement Agreement of HJM Oasis LLC dba Oasis Hookah Lounge including the suggested amendment. Commissioner Bersi seconded the motion. All in favor. Motion carries.

Item III E. 1) Allan Silberstang. Allan Silberstang was present and stated he has been in compliance and doing his best. Lizette Arceo, Tax Manager, was present on behalf of the Nevada Department of Taxation. Commissioner Lipman made a motion to approve the offer-in-compromise of Allan Silberstang. Commissioner Witt seconded the motion. All in favor. Motion carries.

IV. DIVISION LOCAL GOVERNMENT SERVICES:

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

- 1) Lander County

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

Bert Bertolo-Ramos was present on behalf of Lander County. Mr. Bertolo-Ramos stated that when the mines are doing well, the county tends to exceed. If they are not doing well, then it does not.

Commissioner Wren made a motion to grant the waiver for Lander County to remain on guaranteed status. Commissioner Witt seconded the motion. All in favor. Motion carries.

2) White Pine County

Kevin Williams, Management Analyst III, was present on behalf of the Nevada Department of Taxation. Elizabeth Frances was present on behalf of White Pine County. Ms. Frances stated that excess is coming due to a couple of factors. White Pine County is a mining county and the mines are currently going strong. Should they close down, there would be a substantial downfall not only in net proceeds of minerals, but all related taxes, including sales tax and property tax. If this were to happen, there would be a deficit in the county's general fund. There are also multiple construction projects wrapping up, which have generated taxes to the county government. When the construction projects are done, the related taxes will also go away.

Commissioner Byram thanked White Pine County and made a motion to grant the waiver for White Pine County to remain on guaranteed status. Commissioner Witt seconded the motion. All in favor. Motion carries.

3) Pershing County

Kevin Williams, Management Analyst III, was present on behalf of the Nevada Department of Taxation. A representative from Pershing County was not present. Commissioner Byram asked Mr. Williams to explain an enormous boost in taxes on Page 27 of the documents. Mr. Williams stated it was due to a single taxpayer with an irregular, yet correct, filing. It was taken in account but recognized as anomalous reporting that has not since been repeated in the data set.

Commissioner Byram made a motion to grant the waiver for Pershing County to remain on guaranteed status. Commission Wren seconded the motion. All in favor. Motion carries.

4) Douglas County

Kevin Williams, Management Analyst III, was present on behalf of the Nevada Department of Taxation. Terri Willoughby, Chief Financial Officer, was present on behalf of Douglas County. Mr. Willoughby stated the County foresees continued growth in both population and the sale of the SCCRT. A waiver was not requested. No action was taken.

5) Lyon County

Kevin Williams, Management Analyst III, was present on behalf of the Nevada Department of Taxation. A representative from Lyon County was not present. No action was taken.

B. Review and Consideration for Approval of the Assessor's Handbook of Rural Building Costs for 2023-2024, as authorized under NAC 361.128(a).

Cheryl Erskine, Coordinator - Assessment Standards, was present on behalf of the Nevada Department of Taxation. Ms. Erskine asked the Commission for the approval of the 2023-2024 manual of rural building costs, which is updated and presented by the Department on an annual basis. County assessors are required to use standards adopted by the Tax Commission when valuing property in the State of Nevada. As part of those standards, NAC 361.128 specifically provides for a

manual of rural building costs used for the valuation of agricultural-type buildings and improvements like barns, equipment sheds, bunk houses, corrals, etc.

Commissioner Brown mentioned that communication equipment is mentioned on pages 90–93 of the manual. Commissioner Brown is employed with AT&T. Commissioner Brown stated it does not affect AT&T any differently than any other telecommunications company.

Commissioner Witt made a motion to approve the Assessor’s Handbook of Rural Building Costs for 2023-2024. Commissioner Johnson 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 2022 - 2023

Shannon Silva, Supervisor - Locally Assessed Properties, was present on behalf of the Nevada Department of Taxation. Ms. Silva stated, NRS 361.068 allows the Nevada Tax Commission to exempt from taxation personal property which the annual taxes would be less than the cost to collect those taxes. The division of the Local Government Services conducts a survey of county assessors and treasurers annually to determine the cost to collect. This year's individual county per tax bill cost resulted in a range of \$1.70 to \$17.32, averaging \$8.32 up from last year's average of \$7.87. The statewide mean of \$6.55 is up from last year's cost of \$6.22. And the median of \$6.92 is up from last year's \$6.68. Based on the Department's analysis of the survey results, we recommend that the personal property bills of ten dollars or less be exempt from taxation for the 22-23 fiscal year.

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 2022 – 2023. Commissioner Byram seconded the motion. All in favor. Motion carries.

V. COMPLIANCE DIVISION:

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

- 1) Hilton Resorts Corporation

Nadia Vasheko, Tax Manager, was present on behalf of the Nevada Department of Taxation.

Commissioner Lipman made a motion to approve the refund/credit request for Hilton Resorts Corporation. Commissioner Witt seconded the motion. All in favor. Motion carries.

B. Taxpayer’s Objection to 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) Abeinsa Abener Teyma General Partnership

Nadia Vasheko, Tax Manager, was present on behalf of the Nevada Department of Taxation.

Maurice Mancuso was present on behalf of Abeinsa Abener Teyma General Partnership.

Commissioner Witt made a motion to approve the Administrative Law Judge’s Decision. Commissioner Lipman seconded the motion. Roll Call: Commissioner Wren – Nay; Commissioner Bersi – Nay; Commissioner Witt – Aye; Commissioner Johnson – Nay; Commissioner Byram – Nay; Chairman Brown – Nay; Commissioner Lipman – Aye; Chairman DeVold – Nay. Motion failed.

Commissioner Wren moved to approve the Taxpayer's objection to the Administrative Law Judge's Decision. Commissioner Bersi seconded the motion. Commissioner Witt and Commissioner Lipman vote - No. Motion carries.

2) Discount Rental Car LLC

Lizette Arceo, Tax Manager, was present on behalf of the Nevada Department of Taxation. Daria Lagovska was present on behalf of Discount Rental Car LLC.

Commissioner Wren made a motion to approve the taxpayer's objection to the Administrative Law Judge's Decision. Commissioner Byram seconded the motion. Roll Call: Commissioner Wren – Aye; Commissioner Bersi – Aye; Commissioner Witt – Aye; Commissioner Johnson – Aye; Commissioner Byram – Aye; Commissioner Brown – Aye; Commissioner Lipman – Nay. Motion carries.

C. 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) Penta Cares Foundation

Andrea Nichols, Senior Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Cary Domina was present on behalf of Penta Cares Foundation.

No Action was taken.

2) The Amateur Athletic Union of the United States, Inc.

Andrea Nichols, Senior Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Angela Guardia was present on behalf of The Amateur Athletic Union of the United States, Inc.

No action was taken.

3) Southern Nevada Sports Hall of Fame Foundation

Richard Yien, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Kathryn Jacobs was present on behalf of Southern Nevada Sports Hall of Fame Foundation.

Commissioner Byram made a motion to uphold the Department's denial. Commissioner Bersi seconded the motion. All in favor. Motion carries.

4) Smoking Shields of Nevada, Inc.

Richard Yien, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Guillermo Larregui was present on behalf of Smoking Shields of Nevada, Inc.

Commissioner Witt made a motion to uphold the Department's denial. Commissioner Lipman seconded the motion. All in favor. Motion carries.

VI. REGULATION(S):

- A. Consideration for the Adoption of Permanent Regulation LCB File No. R108-20. A Regulation relating to taxation; setting forth the method of calculating the fair market value at wholesale of cannabis; imposing certain requirements on certain cannabis establishments relating to the payment of excise taxes on cannabis; repealing certain superseded provisions; and providing other matters properly relating thereto.

Melissa Flatley, Chief Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Chief Flatley reviewed LCB File No. R108-20.

There was no public comment.

Commissioner Lipman made a motion to approve Permanent Regulation LCB File No. R108-20. Commissioner Wren seconded the motion. All in favor. Motion carries.

- B. Consideration for the Adoption of Permanent Regulation LCB File No. R074-20. A Regulation relating to taxation; establishing requirements for the administration of transferrable tax credits issued to sponsors of certain low-income projects; and providing other matters properly relating thereto.

Melissa Flatley, Chief Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Chief Flatley reviewed LCB File No. R074-20.

There was no public comment.

Commissioner Lipman made a motion to approve Permanent Regulation LCB File No. R074-20. Commission Byram seconded the motion. All in favor. Motion carries.

VII. 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).

VIII. BRIEFING:

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

Chairman DeVold announced that he has delivered his formal resignation to the Governor. This will be his last Tax Commission meeting as the Chairman and as a member of the Commission. His resignation is effective as of March 31, 2022. Chairman DeVold stated that he has been on the Commission for ten (10) years. He is honored to have served with each of the commissioners and it has been an honor to serve them. He thanked the administrative law judges, the deputy attorney generals, and gave a special shout out to the staff. Chairman DeVold asked how we are able to collect some of the most professional, knowledgeable and skillful employees in the State of Nevada, they are hundred percent class and it has been a pleasure.

- IX. Next Meeting Date: May 2, 2022, at 9:00 a.m.

X. Public Comment:

There was no public comment.

XI. Items for Future Agendas.

No items for future agendas were discussed.

XII. Meeting adjourned at 11:36 a.m.