

NEVADA TAX COMMISSION MEETING
MINUTES

May 8, 2024
9:00 a.m.

Members Present:

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

- I. Chairman Kelesis called the meeting to order. A quorum was present.
- II. Public Comment.

Ron Voigt – There is a miscommunication between revenue and audit. I have had two clients that have been contacted by revenue, at the time they are going through the appeal process, saying that they need to be paying their bill when the appeal is going on. Lico is the officer that called. When the Nevada Administrative Code is changed during the appeal process, is a taxpayer notified that the NAC is being changed? For instance, if you use the current version of NAC 372.390, it doesn't cover a period of three years ago because there's been changes. I would recommend when I go in and look at the NAC on the Department's website, when I go into the NAC and click, I don't really see the date that it has been changed because when NAC is changed, it's only going to be changed for the period from the effective date on. That is my understanding. If I'm wrong on that, I would be more than happy for you to correct me. Thank you very much.

Director Hughes administered an oath to all parties testifying.

III. MEETING MINUTES:

- A. Consideration for Approval of the March 6, 2024, Nevada Tax Commission Meeting Minutes.

Commissioner Sheets made a motion to approve the meeting minutes of the March 6, 2024, Nevada Tax Commission meeting. Commissioner Johnson seconded the motion. All in favor. Motion carries.

IV. CONSENT CALENDAR:

- A. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure:
 - 1) Belanger Inc.
 - 2) Bluerock Tools
 - 3) Drill Cool Systems Inc
 - 4) Fabtex Inc.
 - 5) Fitjeans
 - 6) Goyard NM Beverly Hills LLC
 - 7) Goyard SF LLC
 - 8) International Exhibition Services Inc.

- 9) The Kinetic Co Inc.
 - 10) Lattice Semiconductor Corp
 - 11) Lob com Inc.
 - 12) LuckyScent
 - 13) The Mag Shack
 - 14) Mi Industries
 - 15) MSA Systems Inc.
 - 16) Nu-Vu Food Service
 - 17) Reverly Corp
 - 18) Vesica Institute Inc.
 - 19) Warmoth Guitar Products Inc.
- B. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:
- 1) MSG Las Vegas LLC
 - 2) Santa Rosa Taco Shop
 - 3) Streamline LLC
- C. Approval of Refund/Credit Request in Excess of \$250,000:
- 1) Smith's Food & Drug Centers Inc.
 - 2) Fumare Internationale
- D. Consideration for Approval of the Recommended Settlement Agreements and Stipulations
- 1) Blue Cloud Distribution of Nevada Inc.
- E. Consideration for the Adoption of the Administrative Law Judge's Proposed Decision concerning a Request for Waiver of Penalty and/or Interest over \$10,000 pursuant to NRS 360.419:
- 1) M&G Group Enterprises Inc. dba Gaskets-n-more
 - 2) K J Restaurant LLC dba K J Dim Sum & Seafood Chinese Restaurant
- F. Consideration for the Adoption of the Administrative Law Judge's Proposed Decision concerning an Appeal of the Department's Denial of a Request for Waiver of Penalty and/or Interest under \$10,000 pursuant to NRS 360.419:
- 1) Souppy Enterprises Inc. dba Heath's Laff Factory
- G. Consideration for Approval of the Administrative Law Judge's Proposed Decision regarding an Appeal of a Property Tax Abatement pursuant to NRS 361.4734.
- 1) James R. L. and Allison P. Long
- H. Department's Recommendation to the Commission for Approval of an Offer-In-Compromise pursuant to NRS 360.263:
- 1) Ryan S Kay for the debts of Mobile Auto Cares
 - 2) Rawad Bouabdo dba Imperial Rides LLC

Commissioner Byram pulled Items IV. A. 8) International Exhibition Services Inc., IV. A. 18) Vesica Institute Inc., and IV. D. 1) Blue Cloud Distribution of Nevada Inc. for further discussion.

Commissioner Adelhoch pulled Item IV. B. 1) MSG Las Vegas LLC for further discussion.

Commissioner Byram made a motion to approve the Consent Calendar minus Items IV. A. 8), IV. A. 18), and IV D. 1) and IV B. 1). Commissioner Witt seconded the motion. All in favor. Motion carried.

Item IV. A. 8) International Exhibition Services Inc. – Commissioner Byram mentioned that the taxpayer requested a limited three-year lookback and an abatement of the penalty. The taxpayer did not request a waiver of interest. Amy Ammons, Revenue Officer II, was present on behalf of the Department. Ms. Ammons stated the taxpayer can request a limited lookback, but the Department does not approve it. The Department always does an eight-year lookback if the taxpayer has established nexus. When a taxpayer sends out a blanket request to multiple states, some states do not waive both penalty and interest. Nevada’s standard is to waive both. Commissioner Byram made a motion to approve Item IV. A. 8). Commissioner Bellows seconded the motion. All in favor. Motion carries.

Item IV. A. 18) Vesica Institute Inc. – Commissioner Byram stated the taxpayer mentioned in the documents they did not realize the storage of inventory in Nevada created a sales tax collection requirement. She shared concern that storage in Nevada does not create this requirement. Amy Ammons, Revenue Officer II, was present on behalf of the Department. Commissioner Byram asked if the requirements have been discussed with the taxpayer. Ms. Ammons confirmed. Commissioner Byram made a motion to approve Item IV. A. 18). Commissioner Witt seconded the motion. All in favor. Motion carries.

Item IV. B. 1) MSG Las Vegas LLC – Commissioner Adelhoch recused herself from this matter and stated she has a potential conflict with MSG Las Vegas, LLC. Commissioner Sheets made a motion to approve Item IV. B. 1). Commissioner Byram seconded the motion. Commissioner Adelhoch abstained. All in favor. Motion carries.

Item IV. D. 1) Blue Cloud Distribution of Nevada Inc. – Commissioner Byram asked if the taxpayer was notified of this hearing. Mary Huck, Deputy Attorney General, was present. Ryan Sacks, Counsel for Blue Cloud Distribution of Nevada Inc., was present. Commissioner Byram made a motion to approve Item IV. D. 1). Commissioner Rodefer seconded the motion. All in favor. Motion carries.

A five minute break was taken.

V. COMPLIANCE DIVISION:

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

- 1) Avraham and Rachel Levi for the debts of Blackout Inc.

No action was taken on the matter of Avraham and Rachel Levi for the debts of Blackout Inc.

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

- 1) Mauli Ola Industries LLC dba Lili’s

Dalia Andrade, Tax Program Supervisor III, and Jason O’Brien, Tax Program Supervisor II, were present on behalf of the Department. A representative for Maulia Ola Industries LLC dba Lili’s was not present. Commissioner Byram mentioned that this taxpayer was possibly affected by the Maui fires and it may have impacted the payment stream. Ms. Andrade stated the Department has tried to bring the taxpayer back into compliance. Commissioner Byram made a motion to deny the payment

plan request for Maui Ola Industries LLC dba Lili's. Commissioner Sheets seconded the motion. All in favor. Motion carried.

A five minute break was taken.

VI REGULATIONS:

- A. Consideration for Adoption of Permanent Regulation LCB File No. R098-22:
- 1) A regulation relating to taxation; revising provisions relating to a petition to revise the estimates of the population of a county, incorporated city or unincorporated town prepared by the Department of Taxation; repealing certain provisions relating to the use of population counts set forth in a decennial or special census conducted by the Bureau of the Census of the United States Department of Commerce; and providing other matters properly relating thereto.

Yvonne Nevarez-Goodson presented LCB File No. R098-22 to the Commission. There was no public comment. Commissioner Sheets made a motion to adopt Permanent Regulation LCB File No. R098-22. Commissioner Rodefer seconded the motion. All in favor. Motion carried.

- B. Consideration for Adoption of Permanent Regulation LCB File No. R150-22:
- 1) A regulation relating to taxation; revising provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and providing other matters properly relating thereto.

Yvonne Nevarez-Goodson presented LCB File No. R150-22 to the Commission.

Public Comment: Yolanda King, representing the Nevada Taxpayers Association - I did submit, during the workshop, public comment and also submitted a letter with regard to what the proposed changes that the Nevada Taxpayers Association is recommending, and it is simply to have the approval of the exemption upon application submittal rather than upon approval from the Department. I have heard the concerns with regard to allocation of the tax dollars to local governments and the problems that that may pose. Maybe as a proposal for the Department in terms of submitting taxes to local governments and having to go through the process of retrieving those back should a refund be needed, maybe what we can do is perhaps place a time frame on when these exemption applications are reviewed. Typically in my experience, the consolidated tax or the sales tax that is distributed to the government entities usually lags two to three months, and perhaps the review of an exemption application can be within the two to three months which would mean that the review would occur before the submittal to the local government with regard to sales tax. If there is some sort of time frame that is placed around the review of these exemption applications, that would hopefully suffice the concern of the Nevada's Taxpayers Association as well as the Department with regard to having to go through administrative processes to either recover or recoup taxes that have already been distributed to the jurisdictions. The attempt was simply to align application approval with what the IRS does. The IRS does approve upon their application submittal, and I was simply requesting that the Department approve these exemptions upon application submittal from the taxpayer. Again, if there are concerns with regard to the submittal of taxes to the local governments, then perhaps we should place a time frame around when these exemptions should be reviewed and approved to alleviate the Department's concerns. Thank you.

Chairman Kelesis asked if the letter that Ms. King is referencing is it part of our record. Ms. Padovano stated public comments from the workshops were not received and are not part of the record.

Yolanda King - A letter was sent to Sarah Glazner, and an email was also sent right after the workshop to Ms. Glazner. I indicated to Sarah that I wanted to submit the comments that I noted at the workshop, so I did that via email and then later followed up and submitted the letter to Sarah in hopes of it getting on the public record. So I may not have done that in a timely fashion. That was just done last week. And as reading through your regulations, I should have done that probably two weeks prior to this date. The comment that I made about the 60-to-90 day time frame for review of application, that is not noted in the letter. I just noted those comments based on the concerns that I just heard from the Department with regard to making upon applications of approval, so the 60-to-90-day approval is stated today as opposed to in the letter.

Commissioner Rodefer asked what is a typical amount of time between the filing of an application for an exemption letter and that letter being either granted or denied? Charlene Bernardo, Tax Program Supervisor II, answered it is normally between 60 and 90 days before they receive a response, unless we request additional information from the taxpayer, then it could take a little longer depending on when we receive that back. Yvonne Nevarez-Goodson shared the Department has implemented a new process whereby when there are denials, we refer them directly to the ALJ to get a resolution much quicker.

Commissioner Byram stated there should be some sort of limitation so that their approval or denial isn't unduly delayed because we do depend on the taxpayer also and their time schedule. Commissioner Witt mentioned this whole issue sums up there is a need for an exact date.

Commissioner Witt made a motion to adopt Permanent Regulation LCB File No. R150-22. Commissioner Rodefer seconded the motion. Commissioner Byram voted no and explained that she would like a line added into the language that a decision by the Department will not be unduly delayed. Motion carried.

- C. Consideration for Adoption of Permanent Regulation LCB File No. R156-22:
- 1) A regulation relating to taxation; revising provisions governing the taxation of tangible personal property purchased for resale and given away with complimentary food, meals or beverages; and providing other matters properly relating thereto.

Yvonne Nevarez-Goodson presented LCB File No. R156-22 to the Commission.

Public Comment: Jennifer Letten, Dispenser License Number 547 - I am speaking on behalf of myself and not on behalf of the Board of Dispensing Opticians. Chapter 372 sales and use tax application of LCB File R156-22. NAC 372-320 Section 2 added language whether the dispensing optician is licensed or not. The added language should be removed because there are no unlicensed opticians in the State of Nevada. In the State of Nevada, non-licensed opticians do not exist and it's unlawful to purport to be an optician unless they are licensed to do so. Further, I would like to notify the Tax Commission that the majority of states do not charge sales tax on eye glasses or contact lenses. I would appreciate it if the Nevada Department of Taxation consider reducing or eliminating eyeglasses and contact lens sales tax as spectacles are a Class 1 medical device, and contact lenses are a Class 2 medical device. Thank you for your consideration.

Yvonne Nevarez-Goodson – With regard to the public comment that was just received, the Commission may wish to note that there will be a series of regulations coming before the Commission at each of its next meetings to adopt all of the regulations coming out of the Executive Order 2023-003. The public comment that was just presented will come back forward to the Commission when we hear that particular regulation.

Commissioner Rodefer made a motion to adopt Permanent Regulation LCB File No. R156-22. Commissioners Byram and Witt seconded the motion. All in favor. Motion carried.

VII. LOCAL GOVERNMENT SERVICES

- A. Taxpayer's Request for Reconsideration of the Nevada Tax Commission's Decision on March 6, 2024, to Uphold the County Treasurer's Denial of Waiver of Penalty and/or Interest per NRS 361.4835 (Clark County):
1) OLG Irrevocable Trust

William Adams was present on behalf of OLG Irrevocable Trust. Victoria Salas, Property Appraiser II, was present on behalf of the Department. Commissioner Byram made a motion to deny the Taxpayer's request for reconsideration. Commissioner Rodefer seconded the motion. All in favor. Motion carried.

- B. Consideration for Approval and Adoption of the 2024 - 2025 Ratio Study, pursuant to NRS 361.333.

Victoria Salas, Property Appraiser II, was present on behalf of the Department. Commissioner Sheets made a motion to adopt the 2024-2025 Ratio Study. Commissioner Bellows seconded the motion. All in favor. Motion carried.

- C. Discussion and Consideration for Approval for the 2025-2026 Personal Property Manual as authorized under NRS 361.227 and NAC 361.1365.

Jeffrey Mitchell, Deputy Executive Director, was present for the Department. Commissioner Sheets made a motion to approve the 2025-2026 Personal Property Manual. Commissioner Witt seconded the motion. All in favor. Motion carried.

A five minute break was taken.

Chairman Kelesis stepped out of the meeting.

- D. Discussion and Consideration for Approval of the 2025-2026 Improvement Factor Study, pursuant to NRS 361.261(2).

Cheryl Erskine, Coordinator Assessment Standards, was present on behalf of the Department. Commissioner Bellows made a motion to approve the 2025-2026 Improvement Factor Study. Commissioner Witt seconded the motion. Chairman Kelesis was not present for the vote. The motion carried with a vote of seven to zero.

- E. Review and Consideration for Adoption of Bulletin 214, 2025-2026 Agricultural Land Values and Open Space Property Procedures as authorized under NRS 361A.140 and NRS 361.325(1)(b).

Cheryl Erskine, Coordinator Assessment Standards, was present on behalf of the Department. Commissioner Witt made a motion to adopt Bulletin 214, 2025-2026 Agricultural Land Values and Open Space Property Procedures. Commissioner Byram seconded the motion. Chairman Kelesis was not present for the vote. The motion carried with a vote of seven to zero.

Chairman Kelesis returned to the meeting.

VIII. Consideration for approval of the Nevada Tax Commission to Delegate Authority as stated in NAC 372.825 to the Nevada Department of Taxation to Waive Security Bonds upon satisfaction of the criteria set forth in NAC 372.825(10).

Yvonne Nevarez-Goodson was present on behalf of the Department. Commissioner Sheets made a motion to approve the Nevada Tax Commission to delegate authority, as stated in NAC 372.825, to the Nevada Department of Taxation to waive security bonds upon satisfaction of the criteria set forth in NAC 372.825(10). Commissioner Byram seconded the motion. Commissioner Byram requested a memorandum memorializing this authorization and future authorizations. All in favor. Motion carried.

IX. 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).

X. BRIEFING:

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

Executive Director Hughes - This week is employee appreciation week, and all three of our offices are celebrating with themed dress-up days, fun activities and food. One of our staff members, Sarah Glazner, had been selected by the Governor to receive an award during this week. It's the Governor's Employee Recognition Award. There was a ceremony held this morning for that recognition. Over the span of her career, Sarah has served the Department as an administrative aid, tax examiner, supervisor for the new call center and then a Management Analyst III leading the Department's executive review section. Sarah has made it her mission to be the subject matter expert in many areas of the Department, defending the Department and the Nevada taxpayers. One of her most recent projects included the Executive Order 2023-003 working tirelessly with our Chief Deputy to coordinate the efforts of the Department staff to insure the Department successfully and timely complied with the order. It is evident that what motivates Sarah is protecting the State's interests by insuring the Department is on track with its mission. Sarah is a rising leader, and we anticipate nothing short of extraordinary impact from her efforts. We congratulate Sarah, and we thank her for representing the Department in such an honorable way, and we also want to say thank you to all of our staff for their work and contributions to the Department and the State of Nevada. We also have another employee that I wanted to recognize. Brent Whipple is retiring on Friday after 30 years with the State. He currently serves as an IT Professional III and has held various roles with the Department since March of 2002. We appreciate all the work that Brent has done for the Department and we congratulate him on his retirement. Our modernization project is still in full force and is on schedule. Project MYNT is in the critical conversion phase. Conversion requires expertise and input from almost every area of taxation to insure TAZ legacy data is accurately restructured and displayed in MYNT. The demands on staff have increased, and we have 30 plus vendor staff on site working through the project. Lastly, the executive team has been working on our strategic plan for 2024 through 2029. We should be releasing that over the next few weeks, so be on the lookout for that.

Chairman Kelesis - For the Commission, congratulations to employees and thank you very much for your hard work.

XI. Next Meeting Date: June 25, 2024.

XII. Public Comment

Yolanda King, representing the Nevada Taxpayers Association - I initially wanted to just comment with regard to the regulations and the processes associated with the regulations. My initial comment was going to ask that there be some sort of process to communicate to those who have submitted public comment in writing to communicate to those individuals what the concerns or issues may be from the Department. I first heard of the concerns and issues related to the letter that I issued. My first hearing of that was this morning as part of the public hearing. And so obviously, I had to quickly pivot to try to understand how to come up with a compromise with regard to making amendments or, you know, to the actual proposal. However, as I was sitting through break, I decided to check my emails and I realized that there was communication that was presented to me, but it was at 11:00 o'clock last night in terms of what the concerns were from the Department. And so it appears there is communication, but maybe there should be timely communication, and then that way I and whomever are submitting comments can better address and provide additional amendments to any of your proposals that you have. So the gist of it is that if there can be some sort of communication so that we who are submitting comments can better understand what the concerns are of the Department and perhaps during that time before public hearing, we can probably meet and try to come up with some sort of compromise in terms of how those regulations look. Thank you.

Chairman Kelesis - I'm sure Director Hughes will take that into consideration.

Yolanda King - I also wanted to note if those communications are provided to you as commissioners, the public doesn't have access to that, so I don't know if you had access to know what the concerns were of the Department, but in looking in from the public, I don't have access to what you have access to, so if it was there, I wasn't aware of it at that time either.

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

No items were discussed.

XIV. Meeting adjourned at 11:17 a.m.