



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

JOE LOMBARDO
Governor
GEORGE KELESIS
Chair, Nevada Tax Commission
SHELLIE HUGHES
Executive Director

CARSON CITY OFFICE
3850 Arrowhead Dr., 2nd Floor
Carson City, Nevada 89706
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 7/15/24

NOTICE OF INTENT TO ACT UPON A REGULATION

Notice of Hearing for the Adoption of

LCB File No. R041-24

Nevada Tax Commission

The Nevada Tax Commission will hold a Public Hearing at **9:00 a.m.** on **Wednesday, August 14, 2024**. The purpose of the hearing is to receive comments from all interested parties regarding the adoption of the regulation that pertains to LCB File No. R041-24.

You may attend this meeting at either of the following physical locations:

Nevada Department of Taxation
700 E. Warm Springs Road, 1st Floor
Las Vegas, Nevada 89119

Legislative Counsel Bureau
401 South Carson Street, Room 2135
Carson City, NV 89701

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. Need and purpose of the proposed regulations or amendments

Proposed permanent regulation R041-24, revises requirements for the maintenance of certain records by a taxpayer that is an escort or escort service; and provides other matters properly relating thereto.

This Regulation provides a clarification regarding the applicability of Live Entertainment Tax to escort services, confirming that the full amount charged for the escort services is subject to the LET, without deductions for service costs, interest, losses, tips, gratuities or other expenses. This

clarification will avoid discrepancies in tax filings among different taxpayers and clarify how the services are to be reported.

2. How to obtain the approved or revised text of regulations prepared by LCB

You may obtain a copy of the proposed permanent regulation by writing to the Nevada Department of Taxation, 3850 Arrowhead Drive, 2nd Floor, Carson City, Nevada 89706; or by calling the office at (775) 684-2059. The proposed permanent regulation is also available for review and download on the Department of Taxation website at <https://tax.nv.gov/> or on the Nevada Legislature website at <https://www.leg.state.nv.us/>.

3. Methods used in determining the impact on a small business

The agency used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulation changes. The Department prepared a small business impact questionnaire that was forwarded to the Interested Parties List which is maintained by the Department. No comment was returned by members of the public.

The Department will continue to accept input on the impact of the proposed permanent regulation on small businesses through the regulatory process. No respondents indicated that this regulation would have a direct and significant economic burden upon a small business.

The Department held a workshop for concerned members of the public to state their concerns and submit correspondence regarding the regulation. No members of the public expressed concern about impacts to small businesses.

4. Estimated economic effect of regulation on businesses and the public

a. Adverse and beneficial effects

The proposed permanent regulation does not present any reasonable, foreseeable or anticipated adverse economic effects on small businesses or the public.

b. Immediate and long-term effects

The proposed permanent regulation does not present any reasonable, foreseeable or anticipated immediate or long-term economic effects on small businesses or the public.

5. Cost for enforcement of the regulations

The proposed permanent regulation does not present any significant, foreseeable or anticipated cost or decrease in costs for enforcement.

6. Overlap or duplication of other state or local governmental agencies

The proposed permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

7. Regulation required by federal law

Not Applicable

8. More stringent than federal regulations

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

9. New or increases in existing fees

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

Persons wishing to comment on the proposed action of the Nevada Tax Commission may appear at the above scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Nevada Tax Commission, 3850 Arrowhead Drive, 2nd Floor, Carson City, Nevada 89706. Written submissions must be received at least two weeks prior to the above scheduled public hearing.

Under NRS 233B.064(2), when adopting any regulation, the Agency, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporation, and its reason for overruling the consideration urged against its adoption.

A copy of the Notice and the proposed permanent regulation to be adopted and/or amended is on file and has been posted at the following location: The Department of Taxation - 3850 Arrowhead Drive, 2nd Floor, Carson City, Nevada 89706.

Members of the public may inspect these documents during regular business hours at the above location. Additional copies of the notice and proposed permanent regulation to be adopted and/or amended are available at the below locations.

The text of the proposed permanent regulation will include the entire text of any section of the Nevada Administrative Code, which is proposed for amendment or repeal. Copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if deemed necessary.

Notice has been EMAILED/MAILED for posting at the following locations:

Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno, Nevada; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas, Nevada; The Legislative Building – 401 S. Carson St., Carson City, Nevada and 555 E. Washington Ave. # 4400, Las Vegas, Nevada; The Nevada State Library -100 Stewart Street, Carson City, Nevada; 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/>. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations to participate in this hearing should notify Tina Padovano at 775-684-2096 or tpadovano@tax.state.nv.us at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the meeting room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later

than 14 days before the scheduled meeting. Please contact Tina Padovano at 775-684-2096 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request to tpadovano@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Tina Padovano al 775-684-2096 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de tpadovano@tax.state.nv.us.

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R041-24

May 1, 2024

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

AUTHORITY: § 1, NRS 360.090 and 368A.140.

A REGULATION relating to taxation; revising requirements for the maintenance of certain records by a taxpayer that is an escort or escort service; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law imposes a tax on admission to a facility where live entertainment is provided and on the charge for live entertainment provided by an escort. (NRS 368A.200) Under existing regulations, if a taxpayer is an escort or an escort service, the taxpayer is required to: (1) register with the Department of Taxation to collect the tax on live entertainment and remit that tax to the Department; (2) maintain certain records for at least 4 years after creation of the record, including the date on which an escort service was provided and the full amount charged for the service; and (3) make such records available to the Department for inspection under certain conditions. (NAC 368A.110) This regulation requires that the full amount charged for the escort service, as recorded by the taxpayer, must not include any deductions for any service cost, interest, losses, tips or gratuities or any other expense.

Section 1. NAC 368A.110 is hereby amended to read as follows:

368A.110 1. Except as otherwise provided in subsection 3, if a taxpayer intends to provide live entertainment at a facility that is not a licensed gaming establishment, the taxpayer shall register with the Department to collect the tax. The taxpayer shall thereafter collect and remit the tax to the Department in accordance with the provisions of chapter 368A of NRS and NAC 368A.010 to 368A.170, inclusive, and sections 2 and 3 of LCB File No. R056-21.

2. Except as otherwise provided in subsection 3, if a taxpayer intends to provide live entertainment at a facility that is a licensed gaming establishment, the taxpayer shall act in accordance with NAC 368A.300 to 368A.540, inclusive.

3. If a taxpayer is an escort or escort service, the taxpayer must:

(a) Register with the Department to collect the tax on live entertainment. The taxpayer shall thereafter collect and remit the tax to the Department in accordance with the provisions of chapter 368A of NRS and NAC 368A.010 to 368A.170, inclusive, and sections 2 and 3 of LCB File No. R056-21.

(b) Maintain the following records for a period of at least 4 years after the date on which the record is created:

(1) The date on which the service of escorting a person or persons at one or more locations in this State is provided; and

(2) The full amount charged for that service ~~[-]~~, *without deduction for any service cost, interest, losses, tips or gratuities or any other expense.*

(c) Make the records available for inspection by the Department upon demand at reasonable times during regular business hours.