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June 20, 2024

Ms. Sarah Glazner  
Management Analyst III  
Department of Taxation  
1550 East College Parkway  
Carson City, Nevada 89706

Re: LCB File No. R150-22

Dear Ms. Glazner,

A regulation adopted by the Nevada Tax Commission has been filed today with the Secretary of State pursuant to NRS 233B.067 or 233B.0675 as appropriate. As provided in NRS 233B.070, this regulation becomes effective upon filing, unless otherwise indicated.

Enclosed are two copies of the regulation bearing the stamp of the Secretary of State which indicates that it has been filed. One copy is for your records and the other is for delivery to the State Library and Archives Administrator pursuant to subsection 6 of NRS 233B.070.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Killian".

Asher A. Killian  
Legislative Counsel

Jessica F. Dummer  
Senior Principal Deputy Legislative Counsel

AAK/amh  
Enclosure



SECRETARY OF STATE  
FILING DATA

FILED.NV.SOS  
2024 JUN 20 AM8:44

**Form For Filing  
Administrative Regulations**

**Agency:** Department of Taxation

Permanent Regulation  
LCB File No. **R150-22**

FOR EMERGENCY  
REGULATIONS ONLY

**Effective date** \_\_\_\_\_

**Expiration date** \_\_\_\_\_

\_\_\_\_\_  
**Governor's signature**

**Classification:** **ADOPTED BY AGENCY**

**Brief description of action:** The Nevada Tax Commission adopted LCB File No. **R150-22** to revise provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and provide other matters properly relating thereto.

**Authority citation other than 233B:** NRS 360.090 and NRS 360.245

**Notice date:** April 5, 2024

**Date of Adoption by Agency:** May 8, 2024

**Hearing date:** May 8, 2024



**APPROVED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R150-22**

Filed June 20, 2024

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

AUTHORITY: § 1, NRS 360.090, 372.348 and 372.725.

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.

**Legislative Counsel’s Digest:**

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326) An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

**Section 1.** NAC 372.700 is hereby amended to read as follows:

372.700 1. An organization requesting exempt status must submit to the Department an application on a form prescribed by the Department and copies of:

- (a) Its bylaws;
- (b) Its articles of incorporation;

- (c) Financial information which provides verifiable sources of income and expenditures, which may include, without limitation, financial statements and independent audit reports;
- (d) Letters of exemption issued to it by any governmental agency;
- (e) If the application is for a charitable organization, an outline of its charitable activities, fund raisers and goals, and a copy of its business or strategic plan must be attached; and
- (f) Any other information which the Department deems relevant.

2. Upon approval of an application, the Department will issue a letter of exemption. The letter *of exemption is effective on the date of issuance and* is not transferable. *The letter of exemption:*

*(a) Is effective only with respect to any liability for sales tax or use tax that would otherwise accrue on or after the date of issuance of the letter.*

*(b) Does not affect any liability for sales tax or use tax accruing before the date of issuance of the letter, and any sales tax or use tax paid in connection with such a liability is not refundable.*

3. The organization must notify the Department of changes to the name, address, telephone number or responsible person of the organization. Each organization must apply for the renewal of its letter of exemption every 5 years. The Department will mail a renewal application to the last known address of the organization at least 90 days before the expiration of the letter of exemption. Failure to receive a renewal application does not extend the validity of the exemption beyond the 5 years.

~~3.~~ 4. The Department may deny an application for exemption if it finds that:

(a) The organization has failed to submit sufficient information on which to grant an exemption; or

(b) The organization does not meet the standards for exemption.

~~4.~~ **5.** The Department may withdraw the letter of exemption issued to any organization if the Department finds that:

(a) The organization is no longer engaged in charitable, religious or educational pursuits;

(b) The organization has ceased to comply with the standards for exemption; or

(c) The application contained false or misleading information.

~~5.~~ **6.** A charitable, religious or educational organization may petition the Commission for reconsideration of any action by the Department denying or withdrawing a letter of exemption.

Upon reconsideration, the Commission may grant or reissue the letter of exemption if the organization has presented satisfactory evidence that it complies with the standards for exemption.

~~6.~~ **7.** As used in this section, “standards for exemption” means the criteria set out in this section and NRS 372.326 and 372.3261.





**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS--NRS 233B.066**  
**Informational Statement**  
**LCB File No. R150-22**

**1. A clear and concise explanation of the need for the adopted regulation.**

Proposed permanent regulation (R150-22) revises 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.

This regulation is necessary to clarify to business entities which apply for the tax exemption that it is only applicable to sales and use tax that would accrue on or after the date of issuance of a letter of exemption. The Department has seen attempts and/or requests by business entities to apply the exemption retroactively. Retroactive application a tax exemption has multiple impacts/burdens to the Department, including, without limitation, issuing refunds, tracking data and renewals back to applications dates, requiring businesses to submit receipts verifying the purchases that were made and requiring verification that vendors remitted the tax.

**2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.**

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on small businesses and sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop/Hearing</u>	<u>Number Notified</u>
3/12/24	Workshop	3/27/24	198
4/05/24	Adoption Hearing	5/08/24	199

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library; Legislative Counsel Bureau; various Department of Taxation locations throughout the State; Comments were also solicited by direct email.

See response to #5 for a summary of the public responses to the Regulation.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2<sup>nd</sup> Floor, Carson City, Nevada 89706, or by e-mailing the Department at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us).

**3. The number of persons (not including Department staff or Commission Members) who:**

- (a) Attended each hearing:**
- (b) Testified at each hearing:**
- (c) Submitted written comments:**

Workshop date: March 27, 2024

- (a) Number in attendance: 10
- (b) Number testifying: 0
- (c) Written statements submitted: 0

Adoption Hearing date: May 8, 2024

- (a) Number in attendance: 16
- (b) Number testifying: 1
- (c) Written statements submitted: 1

**4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:**

**Testified at Adoption Hearing:**

Name: **Yolanda King**

Telephone number: **702-457-8442**

Business address: **2303 East Sahara Avenue, Suite 102, Las Vegas, NV 89104-4138**

Electronic mail address: [yolanda@nevadataxpayers.org](mailto:yolanda@nevadataxpayers.org)

Name of entity or organization represented: **Nevada Taxpayers Association**

**Provided written public comment for Adoption Hearing:**

Name: **Yolanda King**

Telephone number: **702-457-8442**

Business address: **2303 East Sahara Avenue, Suite 102, Las Vegas, NV 89104-4138**

Electronic mail address: [yolanda@nevadataxpayers.org](mailto:yolanda@nevadataxpayers.org)

Name of entity or organization represented: **Nevada Taxpayers Association**

**5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.**

See response to #2 for description of how comments were solicited from affected businesses and an explanation of how interested persons may obtain a copy of the summary.

**Summary of public responses:**

1. Yolanda King, Nevada Taxpayers Association:

The Nevada Taxpayers Association, on behalf of Nevada businesses, requested an amendment to make the issuance of any exemption retroactive to the date of application versus the date of issuance.

**Summary of workshop discussion:** Same comment provided at workshop as provided at public hearing.

**Summary of Public Comment at Adoption Hearing:** Please see above.

A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2<sup>nd</sup> Floor, Carson City, Nevada 89706, or by e-mailing the Department at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us).

**6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The Nevada Tax Commission adopted the regulation without changing any part of the proposed regulation. Despite the request of the public to change the regulation, the Commission declined to adopt that requested changes from the public based upon the Department of Taxation's explanation that the rules for exemption are distinct in Nevada from federal law requirements for sales and use tax exemptions for religious, charitable and educational organizations. and making such exemptions retroactive to the date of application versus the date of issuance would impose an undue burden on the Department, including, without limitation that it would result in issuing refunds, tracking data and renewals back to applications dates, requiring businesses to submit receipts verifying the purchases that were made and requiring verification that vendors remitted the tax. Separately, the Department has recently implemented internal procedures to ensure that applications for these exemptions are reviewed within 30-60 days.

**7. The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.**

**(a) Estimated economic effect on the businesses which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse or beneficial economic effects on businesses. The Department has always interpreted tax exemption letters as applicable after date of issuance. This regulation provides clarity to the business population.

**(b) Estimated economic effect on the public which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse or beneficial economic effects to the public. The Department has always interpreted tax exemption letters as applicable after date of issuance. This regulation provides clarity to the business population and therefore it is not anticipated to increase or decrease tax revenue.

**8. The estimated cost to the agency for enforcement of the proposed regulation:**

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

**9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

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

**10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.**

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

**11. If the 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 adopted permanent regulation does not include new fees or increase an existing fee.