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September 16, 2024

RECEIVED

SEP 18 2024

State of Nevada  
Department of Taxation

Ms. Sarah Glazner  
Management Analyst III  
Department of Taxation  
3850 Arrowhead Drive  
Carson City, Nevada 89706

Re: LCB File No. R041-24

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

Cameron B. Newton  
Senior Deputy Legislative Counsel

Jessica F. Dummer  
Senior Principal Deputy Legislative Counsel

AAK/amh  
Enclosure



SECRETARY OF STATE  
FILING DATA

FILED.NV.SOS  
2024 SEP 16 AM8:56

**Form For Filing  
Administrative Regulations**

**Agency:** Department of Taxation

Permanent Regulation  
LCB File No. **R041-24**

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. **R041-24**, to revise requirements for the maintenance of certain records by a taxpayer that is an escort or escort service; and provide other matters properly relating thereto.

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

**Notice date:** July 15, 2024

**Date of Adoption by Agency:** August 14, 2024

**Hearing date:** August 14, 2024



**APPROVED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R041-24**

Filed on September 16, 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 an excise 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.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066**  
**Informational Statement**  
**LCB File No. R041-24**

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

Proposed permanent regulation (R041-24) revises requirements for the maintenance of certain records by a taxpayer that is an escort or escort service.

This Regulation is necessary to provide a clarification to the affected industry 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. 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>
6/20/24	Workshop	7/9/24	202
7/15/24	Adoption Hearing	8/14/24	203

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

No public responses.

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: July 9, 2024

(a) Number in attendance: 12

(b) Number testifying: 0

(c) Written statements submitted: 0

Adoption Hearing date: August 14, 2024

(a) Number in attendance: 15

(b) Number testifying: 0

(c) Written statements submitted: 0

**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:**

None

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

None

**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:** None

**Summary of workshop discussion:** None

**Summary of Public Comment at Adoption Hearing:** None



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. There was no opposition and the language accomplished the intent of the regulation.

**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 regulation provides clarity regarding applicable taxes to ensure the businesses are properly reporting tax obligations. This is not a new tax, but there may be a short-term increase in the amount of taxes paid that were previously unreported or under-reported. No long-term effects are anticipated.

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

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to the public. There may be a slight beneficial impact to the public in terms of increased revenue for proper reporting of these tax obligations. This is a narrow scope and the revenue generation will be minimal, but will provide both a short-term and long-term economic benefit to the public in the form of increased 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.