

NEVADA TAX COMMISSION MEETING
MINUTES

June 25, 2025

9:00 a.m.

Members Present:

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

- I. Call the meeting to order and establish a quorum.

Chairman Kelesis called the meeting to order and a quorum was established.

- II. Public Comment.

Ron Voigt - There are three topics that I would like talk about. First is Senate Bill 196. I would appreciate if the Department, in maybe the next Nevada Tax Notes, identify the changes to NRS 372, NRS 360B and NAC 372. In particular, I would like to know if NRS 360B.480 has been deleted. I've read the bill and I just want to see if it has. Instead of making a complicated technical bulletin in the tax note, just say has NRS 360B.480 been deleted, and make it a question and say yes. Make it very simple for the public to understand on what change has been made. My second comment is the Nevada Supreme Court has made a decision in Hohl Motor Sports versus Nevada Department of Taxation. Reading it again, I'm not a lawyer. You all are the lawyers, but it seems like that they used justice and fair play in making their decision. I would appreciate and I'm sure the public would too if the Department would use, when they're doing their audits, the Nevada Taxpayer Bill of Rights. It really would make it clearer to the public on what their rights are if it was incorporated into the audit policies and procedures. In particular, the Nevada Taxpayer Bill of Rights, I do think encourages the Department to make their audit report which is the AU 39, clear and concise. In particular, if the taxpayer is not required to register for a sales permit, make it clear that they are not required to register for a sales permit in the recommendations. I think the revenue would really appreciate this because what's happening just from my experience probably is there's a lot of zero returns that are being processed by the new system and by the tax examiners and whoever processed Nevada returns. So auditors, please be clearer and concise on what they're doing wrong and how to correct it and if they're registered for a sales permit that they're not required to, close the door on the audit. It would clarify a lot of problems and everything. I appreciate the time.

Director Hughes administered an oath to all parties testifying.

- III. MEETING MINUTES:

- A. Consideration for Approval of the May 7, 2025 Nevada Tax Commission Meeting Minutes.

Commissioner Sheets made a motion to approve the May 7, 2025, Nevada Tax Commission Meeting Minutes. Commissioner Johnson seconded the motion. All in favor. Motion carried.

IV. CONSENT CALENDAR:

- A. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure:
- 1) Airbus Americas Customer Services Inc
 - 2) Amerex Group LLC
 - 3) Block Imaging Parts & Services LLC
 - 4) Builders Fence Company Inc
 - 5) Communicorp Inc
 - 6) Da Vinci Medical Inc
 - 7) Delphi Display Systems Inc
 - 8) Emilamerica Inc
 - 9) Ericjon World Wide Holding Inc
 - 10) Goldbely Inc
 - 11) Harrods Limited
 - 12) Keolis Transit Service LLC
 - 13) Lifecore Fitness LLC
 - 14) Lift Inc
 - 15) Mystery Ranch LLC
 - 16) Nashville Wraps Sales Corp
 - 17) Pace Research Ltd
 - 18) Seele Inc
 - 19) Studco Building Systems US LLC
 - 20) Vahle Inc
 - 21) Verkada Inc
- B. Waiver of Penalty and/or Interest pursuant to NRS 360.419 that exceeds \$25,000:
- 1) Nucor Buildings Group West LLC
 - 2) Costco Wholesale Corporation
 - 3) DoorDash Inc.
 - 4) Cox Communications Las Vegas Inc.
 - 5) Findlay Automotive of Nevada LLC
 - 6) Gama Aviation Engineering Inc.
 - 7) MDC Restaurants LLC
 - 8) MM Development Company Inc.
 - 9) Saks and Company LLC
- C. Approval of Refund Request in Excess of \$250,000:
- 1) World Wide Technology
 - 2) Sonos, Inc.
 - 3) Silver State Restaurants Inc.
 - 4) Core-Mark International Inc USA
- D. Consideration for the Adoption of the Administrative Law Judge's Proposed Decision concerning an Appeal of the Department's Denial of Exempt Status for Organization created for Religious, Charitable or Educational Purposes pursuant to NRS 372.3261.
- 1) Relevant Radio Inc
 - 2) Aid for Humanity Worldwide
- E. 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) Dupuis, Kathryn and Zackary

F. Department's Recommendation to the Commission for Approval of a Payment Plan Request:

- 1) Las Vegas Wellness and Compassion Center LLC dba Pegasus Nevada
- 2) Strata Growth LLC dba Strata Growth
- 3) Div Holdings LLC dba Jardin

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

- 1) Tony Hwang for the debts of Creech Café LLC
- 2) Lucian Roman for the debts of Roman Construction Inc.
- 3) Richard Marino for the debts of Open Box Buy Inc.
- 4) Richard Marino for the debts of Big Deer Holding LLC

Chairman Kelesis pulled the following items from the Consent Calendar for further discussion: IV. A. 4) Builders Fence Company Inc., 5) Communicorp Inc., 8) Emilamerica Inc., 16) Nashville Wraps Sales Corp. and 19) Studco Building Systems US LLC.

Commissioner Witt pulled the following items from the Consent Calendar for further discussion: IV. G. 3) Richard Marino for the debts of Open Box Buy Inc. and 4) Richard Marino for the debts of Richard Marino for the debts of Big Deer Holding LLC.

Commissioner Sheets moved to approve the Consent Calendar minus Items IV. A. 4), 5), 8), 16), 19), IV. G. 3) and 4). Commissioner Byram seconded the motion. All in favor. Motion carried.

Items IV. G. 3) Richard Marino for the debts of Open Box Buy Inc. and 4) Richard Marino for the debts of Richard Marino for the debts of Big Deer Holding LLC. Commissioner Witt asked for clarification regarding the payments for these matters and made a motion to deny the offer-in-compromises for Items IV G. 3) and 4). Martin Paine, Tax Program Supervisor II for the Department, stated there is a \$15,000 payment for the matter of Big Deer Holding LLC and a \$3,500 payment for Open Box Buy Inc. The debt on Open Box Buy Inc. is between 13 and 14 years old and has been written off by the Department. The debt for Big Deer Holding LLC is between 9 and 12 years old. Mr. Paine also mentioned the taxpayer is residing in Texas. Commissioner Witt withdrew his motion and made a motion to approve the offer-in-compromises for items IV. G. 3) and 4). Commissioner Byram seconded the motion. All in favor. Motion carried.

Items IV. A. 4) Builders Fence Company Inc., 5) Communicorp Inc., 8) Emilamerica Inc., 16) Nashville Wraps Sales Corp. and 19) Studco Building Systems US LLC. Jason O'Brien, Tax Program Supervisor for the Department was present. Mr. O'Brien stated the penalty listed on the topic pages for these matters is overstated and incorrect. Mr. O'Brien read the correct penalty amounts into the record: Item IV. A. 4) Builders Fence Company Inc., the correct penalty is \$2,722.45; A. 5) Communicorp Inc., the correct penalty is \$1,943.10; A. 8) Emilamerica Inc., the correct penalty is \$3,526.85; A. 16) Nashville Wraps Sales Corp., the correct penalty is \$474.10; and A. 19) Studco Building Systems US LLC, the correct penalty is \$895.72. Commissioner Byram made a motion to approve Items IV A. 4), 5), 8), 16) and 19). Commissioner Witt seconded the motion. All in favor. Motion carried.

V. COMPLIANCE DIVISION:

A. Consideration for Adoption of the Administrative Law Judge's Decision regarding the Department's Recommendation of Denial of Waiver of Penalty and/or Interest pursuant to NRS 360.419:

- 1) HML Electrical Parts LLC

Kirk Kennedy, Esq. was present on behalf of HML Electrical Parts LLC. Lina Sakalauskas, Deputy Attorney General, was present on behalf of the Department. Commissioner Sheets moved to adopt the Administrative Law Judge's Decision regarding the Department's recommendation of denial of waiver of penalty and/or interest pursuant to NRS 360.419. Commissioner Rodefer seconded the motion. Chairman Kelesis votes Nay. Motion carried.

- B. Department's Request for Approval of Motion to Dismiss Taxpayer's Appeal and Affirm the Decision of the Administrative Law Judge:
 - 1) Droxie, LLC dba Puffs Smoke Shop

Marcianelle Villanueva-Escolin, Deputy Attorney General, was present on behalf of the Department. A representative for Droxie, LLC dba Puffs Smoke Shop was not present. Commissioner Bellows moved to approve the Motion to Dismiss Taxpayer's Appeal and to affirm the decision of the Administrative Law Judge. Commissioner Witt seconded the motion. All in favor. Motion carried.

VI. ENFORCEMENT OF AGE RESTRICTIONS ON TOBACCO, VAPOR, AND NICOTINE PRODUCTS OR ENFORCEMENT ACTIONS CONCERNING AGE RESTRICTIONS ON TOBACCO, VAPOR, AND NICOTINE PRODUCTS:

- A. Licensee's Appeal of Administrative Law Judge's Decision pursuant to NRS 370.521:
 - 1) Khair Mohammad Pashton Fazal, dba Smoke Shop Express #2

Khair Mohammad Pashton Fazal was present on behalf of Smoke Shop Express #2. Lorin Taylor, Senior Deputy Attorney General, was present on behalf of the Department. Commissioner Sheets made a motion to grant the relief requested by the Licensee in his appeal of the Administrative Law Judge's decision pursuant to NRS 375.521. Commissioner Rodefer seconded the motion. Commissioner Byram abstained. Commissioner Adelhoch – Nay, Commissioner Witt – Nay. Henna Rasul, Senior Deputy Attorney General, was present on behalf of the Commission. Senior Deputy Rasul stated there cannot be a no-vote on the record and suggested the vote be taken again. Commissioner Byram asked for clarification as to what is to be included in the motion. Commissioner Sheets re-stated his motion to include denying the Administrative Law Judge's Decision in all respects. There is to be no punishment, monetary or otherwise, to what was alleged to be a second violation to the Licensee, whether it be related to scanning or to the sale. Commissioner Byram seconded the motion. Commissioner Witt – Nay, Commissioner Bellows – Nay, Commissioner Adelhoch – Nay. Motion carried.

VII. LOCAL GOVERNMENT SERVICES:

- A. Consideration for Approval of Re-Appointment to the Appraiser Certification Board:
 - 1) Sorin Popa

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Department. Mr. Popa was not present due to a scheduling conflict. Mr. Mitchell shared, Mr. Popa has been with the Department for approximately ten years, of which he has sat as supervisor of Centrally Assessed Properties for the last seven. He holds a Doctorate in mechanical engineering and a Master's in finance from the University of Tennessee. He has served on this board for the last six years, and we are seeking reappointment for a term of two more years. Commissioner Byram stated she knows Mr. Popa personally and he is amazing. Commissioner Byram made a motion to approve Sorin Popa to the Appraiser Certification Board. Commissioner Rodefer seconded the motion. All in favor. Motion carried.

B. Certification of Ad Valorem Tax Rates for Fiscal Year 2025-2026 pursuant to NRS 361.4547.

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Department. Mr. Mitchell stated the document packets contain a copy of the proposed property tax rates for the Nevada local governments for Fiscal Year 2025-2026, also known as the Redbook. The proposed tax rates have been reviewed and we can recommend to you that they are within statutory limits. Commissioner Byram moved to approve the Fiscal Year 2025-2026 Redbook for certification of ad valorem tax rates for Fiscal Year 2025-2026 pursuant to NRS 361.4547. Commissioner Witt seconded the motion. All in favor. Motion carried.

VIII. REGULATIONS:

A. Consideration for Adoption of Permanent Regulation LCB File No. R180-24: A regulation relating to Alcoholic Beverages; establishing requirements for persons who produce alcoholic beverages outside this State and who designate a warehouse, bonded warehouse or logistics company to facilitate the importation of alcoholic beverages into this State; and providing other matters properly related thereto.

Yvonne Nevarez-Goodson, Chief Deputy Executive Director, was present on behalf of the Department. Chief Deputy Nevarez-Goodson reviewed Regulation LCB File No. R180-24 for the Commission. There was no public comment. Commissioner Rodefer mentioned the first sentence/phrase in Subsection 2 seems to be written awkwardly. Commissioner Byram asked if there is a notification process for the State to exercise jurisdiction on these out-of-state entities that can sell into the State. Chief Deputy Nevarez-Goodson responded, any liquor manufacturer that operates outside of the State of Nevada who wishes to sell their product in the State of Nevada, that would grant the State jurisdiction over that entity. The requirements of the Department are that those entities, those out-of-state suppliers, obtain a certificate of compliance and that notification would be on the application for the certificate of compliance for those out-of-state suppliers to operate and bring their product into the State of Nevada through a State importer. I think the requirements that you're seeking would be within our application process for the certificate of compliance. Commissioner Sheets moved to approve LCB File No. R180-24, taking into account the comments made by commissioners. Commissioner Rodefer seconded the motion. All in favor. Motion carried. Chief Deputy Nevarez-Goodson stated if there are changes made, she will provide it as an informational item. If it is a substantive change, as deemed by LCB, we will bring it forward for a subsequent hearing.

IX. INFORMATIONAL ITEMS:

- A. Penalty and Interest Waivers granted by the Department for Sales/Use Tax, Commerce Tax, Modified Business Tax and Excise Tax (dates as indicated).
- B. Bonds Administratively Waived (dates as indicated) (Sales/Use Tax)

X. BRIEFING:

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

Executive Director Shellie Hughes - Mr. Chair. I would like to give a budget and legislative update to the Commission today. As you all know, the legislative session ended at the beginning of this month. We had four of our own bills signed by the Governor. Those bills were the following: Assembly Bill 11. This bill requires the Department to submit a copy of its proposed budget and legislation proposed by the Department to the Commission at a meeting held in January of each odd-numbered year rather than June of each even-numbered year. Assembly Bill 594 authorizes the Department to deliver by electronic means any notice, decision or other written communication that the Department is required

to provide to a person under existing law unless the person has opted out of receiving such notices, decisions or written communications by electronic means or another provision of law specifies the means by which the Department is required to send such a notice, decision or written communication. This bill also repeals the provisions of existing law that provides for the purpose of determining the Commerce Tax rate of a business entity. The industry in which the business entity is engaged is determined based on the 2012 addition of the North America Industry Classification System or NAICS Code published by the Bureau of Census of the United States Department of Commerce. The Department of Commerce provides that the industry in which business entity is engaged is determined based on the most recent edition of the NAICS Code. This bill also updates the NAICS Codes in the publishing software and data processing business categories to reflect a 2022 version of the NAICS Code, and it also updates to the most recent version published by the Bureau of the Census effective July 1, 2025. And the last thing this bill does is it revises the due date for remitting such taxes by requiring Sales or Use Tax to be remitted to the Department on or before the 20th day of the month after the tax was imposed. This changes the current law. The current law is the taxes for the previous month are due on the the last day of the end of the month following the month the tax is due. This will start January 1, 2026. Another bill that was signed by the Governor is Senate Bill 41. This bill requires every person who desires to engage in the sale of cannabis or cannabis products to obtain a cannabis tax permit from the Department, and this requirement takes place January 1, 2027. The last Department bill was Senate Bill 477, and that was for an appropriation for our Project MYNT. We had several bills that were signed that also impact the Department that were not Department bills. Assembly Bill 197 prevents the Department from releasing any confidential information on non-profit organizations. Assembly Bill 277 requires the Department of Taxation to disclose certain confidential information relating to the taxation of the net proceeds of metal extracted in the State. Assembly Bill 375 authorizes the Board of County Commissioners of a county and a governing board of an incorporated city to enact an ordinance authorizing certain establishments to sell or deliver alcoholic beverages for the consumption off the premises of the establishment. This bill requires the Department to adopt regulations imposing a surcharge on these sales, and it also designates Picon Punch as the official state drink of the State of Nevada. Assembly Bill 377 requires the Nevada Tax Commission to include a section in the Declaration of Value Form in which a property owner is authorized to claim a partial abatement of property taxes for a single family residence. Assembly Bill 404 authorizes a person who operates a brew pub to sell at not more than two retail locations. This bill also gives authority to the Department to suspend or revoke an alcohol license. Assembly Bill 457 requires the Joint Interim Standing Committee on Revenue to conduct a study during the 2025-26 interim on the advisability and feasibility of treating certain business entities as a single entity for the purposes of Commerce Tax. Assembly Bill 462 authorizes the creation of a tax increment area and issuance of bonds and other securities for certain projects with an inland port or industrial park. Assembly Bill 471 revises provisions involving remote sales of cigars and pipe tobacco. This bill will now have the Department overseeing the licensing of remote retail sales of cigars and pipe tobacco and also gives us the ability to provide civil penalties for those that are not properly following the law. Assembly Bill 535 establishes criteria for the Department of Taxation and the Nevada Tax Commission to determine whether an organization satisfies the requirements to be exempt from Sales and Use Tax as a charitable organization. Senate Bill 28 establishes requirements for tax increment areas for certain projects relating to transportation or affordable housing. Senate Bill 196 provides for the imposition, administration and collection and enforcement of a recovery fee to offset property taxes levied on certain heavy equipment. Senate Bill 418 changes the procedure by which PERS is required to collect delinquent contributions from local entities. Senate Bill 439 authorizes a State distillery to receive neutral or distilled spirits in bulk from a supplier that is not an affiliate of a State distillery for the purposes of storage and bottling. And SB 460 requires a scholarship organization registered with the Department to notify the Department of Taxation in writing no more than ten days after receiving a donation from a taxpayer, pursuant to NRS 363A.139 or 363B.119, of the amount of the donation. That's it for all of the bills that are impacting our Department or the Tax Commission. We also received most of our budget requests. We received funding for increased travel so our audit section will be conducting more rural trips. Our

revenue will be traveling for more in-state collections, and we did receive additional funding for our boards and commissions expenses which include travel. The Department also received funding for training, including funding to attend the Federation of Tax Administrator conferences, Streamlined Sales and Use Tax meetings, security and information technology training and Local Government Service trainings. The Department received funding for additional vehicles for our revenue officers and investigators, and the Department received funding for hardware, software and various equipment. As I mentioned in my discussion of legislation, I discussed that SB 477 was signed by the Governor, which is also funding for our MYNT Project. And lastly, the Department received funding for various positions including two training officer positions. We did receive two dedicated in-house Senior Attorney General positions. We received a Tax Manager position for Revenue, and then we had a reclassification of an Administrative Aide to a Tax Program Supervisor II. With the legislative session now being over, we've had many other exciting things happening here at the Department. We are currently 165 days away from our rollout of two of our modernization projects, and I also would like to announce that Guy Childers, our Deputy Director of Compliance, will be retiring effective July 4th. Guy has over 21 years of State service, and we are going to miss him. This is his last Commission meeting. And then I also want to introduce our new Deputy Director, Edna Bonilla. Many of you will recognize her as our former Tax Manager over Revenue. Edna has been with the State over 20 years, and we are excited to have her as our new Deputy Director. Please join me on welcoming Edna into her new position.

XI. Next Meeting Date: August 20, 2025

XII. Public Comment.

There was no public comment.

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

No items for future agendas were discussed.

XIV. Adjourned at 10:38 a.m.