

NEVADA TAX COMMISSION MEETING
MINUTES

December 5, 2022
9:00 a.m.

Nevada Department of Taxation
700 E. Warm Springs Rd., Room 150
Las Vegas, Nevada 89119

Nevada Department of Taxation
4600 Kietzke Lane, Suite L235
Reno, NV 89502

I. Public Comment.

George Hritz with the Nevada Taxpayer's Association. Mr. Hritz stated, on October 3rd, he read comments and questions provided by members of the Nevada Taxpayer's Association in the record pertaining to the proposed regulations on that meeting agenda. In November, he attended the Nevada Taxpayer's Association Executive Committee Meeting and proposed a process that would expedite answers from members. Future Nevada Taxpayer's Association inquiries will be submitted in advance to discussing a regulation when comments are received following a regulation workshop. They will be forwarded to the Department of Taxation when received after a workshop. That should alleviate the Tax Commission receiving any regulation inquiries the day of the meeting. The Executive Committee for the Nevada Taxpayer's Association supports this procedure.

II. Meeting Minutes:

A. Consideration for Approval of the October 3, 2022, Nevada Tax Commission Meeting Minutes.

Commissioner Byram made a motion to approve the October 3, 2022, Nevada Tax Commission Meeting Minutes. Commissioner Bersi seconded the motion. All in favor. Motion carries.

III. CONSENT CALENDAR:

A. Matters of General Concern:

- 1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):
 - a) Bendix Enterprises LLC
 - b) Express Hibachi LLC
 - c) I Love Henderson Inc.
 - d) Peacemaker Enterprise LLC
 - e) Rebecca Zajac LLC
 - f) Reno Vulcanizing Works Inc.

B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure:

- 1) Accentfx LLC
- 2) All American Print Supply Co
- 3) Cancer Diagnostics Inc.
- 4) Classic Graphics LLC
- 5) Contour Graphics LLC
- 6) Datamars Inc.
- 7) DRM Toy LLC

- 8) Dukal LLC
 - 9) GFX International LLC
 - 10) Horizon Scientific Inc.
 - 11) IM3 Inc.
 - 12) Mediant Communications Inc.
 - 13) Medicinal Genomics
 - 14) New Directions Aromatics Inc.
 - 15) Northwind Technical Services LLC
 - 16) Smarterhome
 - 17) Transcanada Turbines Inc.
 - 18) Warmies
- C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:
- 1) Providence Dental Dhillon PLLC
 - 2) Securitas Security Services
 - 3) Cannae Holdings LLC
 - 4) The Children's Place Inc.
 - 5) Black Knight Sports and Entertainment LLC
 - 6) Incredible Technologies Inc.
 - 7) Central Telephone Company
 - 8) Creative Interior Solutions LLC
 - 9) Express Fashion Operations LLC
 - 10) Astound Group
- D. Consideration for Approval of the Recommended Settlement Agreements and Stipulations
- 1) AA Auto Care
 - 2) Helios NV, LLC
- E. Department's Recommendation to the Commission for Approval of an Offer-In-Compromise pursuant to NRS 360.263:
- 1) Miguel and Cecilia Valenzuela
 - 2) Landon John Mandt
 - 3) John W. Mortensen
 - 4) Michael Maini and Melissa Marlon-Maini
 - 5) Andre Rochat

Commissioner Brown stated he appreciates the Department's work towards resolving these waiver of penalty and interest matters under \$10,000. It looks like those have been handled fairly expeditiously when that hasn't always been the case. He noted that under the waivers of penalty and interest over \$10,000, some of those cases go back to 2018, so to the extent the Department is able to work on resolving those sooner, it is in the best interest of the Department and the taxpayer.

Commissioner Byram pulled items III. C. 1) Providence Dental Dhillon PLLC, III. C. 7) Central Telephone Company and III. E. 2) Landon John Mandt for further discussion.

Commissioner Brown made a motion to approve the consent calendar, excluding items III. C. 1), III C. 7) and III. E. 2). Commissioner Byram seconded the motion. All in favor. Motion carries.

Item III. C. 7) Central Telephone Company – Commissioner Byram mentioned a possible discrepancy regarding the refund/credit amount stated in the documents. Lizette Arceo, Tax Manager, stated the credit would be \$3,193.50. The total amount due for the modified business tax is in the amount of

\$11,214.76. That has since been reduced to around \$7,000. Commissioner Byram made a motion to approve Item III. C. 7). Commissioner Brown seconded the motion. All in favor. Motion carries.

Item III. C. 1) Providence Dental Dhillon PLLC – Commissioner Byram mentioned a possible discrepancy regarding the refund/credit amount stated in the documents. Lizette Arceo, Tax Manager, stated the taxpayer has already paid \$4,414.34 towards the penalties and interest for Modified Business Tax in which they're requesting the waiver if the waiver is approved in full. Because they have paid that amount, we've reduced the liability for the penalties and interest to zero, it would create that credit of \$4,413.00. Commissioner Byram moved to approve. Commissioner Brown seconded the motion. All in favor. Motion carries.

Item III. E. 2) Landon John Mandt - Commissioner Byram mentioned a possible discrepancy regarding the taxpayer's offer amount stated in the documents. Lizette Arceo, Tax Manager, stated that is an error on the Department's part. The offer is for the amount of \$8,395.62, which was also the tax balance. Commissioner Byram made a motion to approve Item III. E. 2) with the understanding that the offer is \$8,395.62. Commissioner Bersi seconded the motion. All in favor. Motion carries.

IV. LOCAL GOVERNMENT SERVICES DIVISION:

A. Consideration of the Administrative Law Judge's Recommended Decision regarding an Appeal of a Property Tax Abatement pursuant to NRS 361.4734:

- 1) Carl F. and Rebecca M. Haferd (NTC 22-101)

Carl F. Haferd was present. Lora Zimmer was present on behalf of the Washoe County Assessor's Office. Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Commissioner Byram made a motion to table this matter until the January 23, 2023, Nevada Tax Commission meeting. Commissioner Lipman seconded the motion. All in favor. Motion carries.

B. Taxpayer's Appeal of the Treasurer's Denial of Waiver of Penalty and/or Interest per NRS 361.4835 (Clark County):

- 1) Laura Lake

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Mr. Ken Diaz was present on behalf of the Clark County Treasurer. The Taxpayer was not present. Commissioner Byram made a motion to deny the waiver of penalty and interest in the matter of Laura Lake. Commissioner Bersi seconded the motion. All in favor. Motion carries.

- 2) Jason Cavallaro

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Mr. Ken Diaz was present on behalf of the Clark County Treasurer. The Taxpayer was not present. Commissioner Byram made a motion to deny the waiver of penalty and interest in the matter of Jason Cavallaro. Commissioner Bersi seconded the motion. All in favor. Motion carries.

V. COMPLIANCE DIVISION:

A. Department's Request for Approval of Motion to Dismiss Taxpayer's Appeal and Affirm Decision of the Administrative Law Judge:

- 1) Sabrina Defilippo aka Sabrina Berthelsen, for the debts of Function Juicery

Amber Scott, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. A representative for the Taxpayer was not present. Commissioner Brown made a motion to approve the motion to dismiss the Taxpayer's appeal and to affirm the decision of the Administrative Law Judge. Commissioner Lipman seconded the motion. All in favor. Motion carries.

2) Vincent Bartello, for the debts of Hillsboro Enterprises Inc.

Richard Yien, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Bryan Dixon, Esq. was present on behalf Vincent Bartello. Commissioner Byram moved to approve the motion to dismiss the Taxpayer's appeal and to affirm the decision of the Administrative Law Judge. Commissioner Bersi seconded the motion. All in favor. Motion carries.

B. Consideration for Approval of proposed Findings of Fact and Conclusions of Law, in accordance with the Eighth Judicial District Court's Order for Limited Remand, dated October 17, 2022, pursuant to NAC 360.188:

1) Nevada Health and Bioscience Asset Corporation

Andrea Nichols, Senior Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Bryan Dixon, Esq. was present on behalf of Nevada Health and Bioscience Asset Corporation. Ms. Nichols stated that Mr. Dixon conveyed that he has no objection to the proposed decision. Commissioner Lipman moved to approve the proposed Findings of Fact and Conclusions of Law in accordance with the Eighth Judicial District Court's Order for Limited Remand, dated October 17, 2022. Commissioner Byram seconded the motion. All in favor. Motion carries.

C. Taxpayer's Appeal of Administrative Law Judge's Decision pursuant to NRS 360.245 and NAC 360.175:

1) Marque Motor Coach, Inc.

Natasha Gebrael, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Kimberly Maxson-Rushton, with the law firm of Cooper Levinson, was present on behalf of Marque Motor Coach, Inc. Commissioner Johnson recused himself. Commissioner Brown disclosed that Ms. Maxson-Rushton was a roommate of his wife in college 30 years ago. Ms. Maxson-Rushton stated she does not believe there is a conflict. Chairman Wren agreed. Commissioner Byram made a motion to uphold the Administrative Law Judge's Decision. Commissioner Lipman seconded the motion. Commissioner Johnson abstained. Motion carries.

2) Hohl Motorsports Inc.

Andrea Nichols, Senior Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. John Sande IV, with the law firm of Argentum Law, was present on behalf of Hohl Motorsports Inc. Commissioner Byram moved to uphold the Administrative Law Judge's Decision. Commissioner Lipman seconded the motion. Roll Call: Commissioner Lipman – Aye; Commissioner Bersi – Aye; Commissioner Rodefer – Aye; Commissioner Brown – Nay; Commissioner Johnson – Aye; Commissioner Byram – Aye; Chairman Wren – Aye. Motion carries.

3) Nori Auto Sales LLC

Michael Viets, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. A representative for Nori Auto Sales LLC was not present. Commissioner Brown made a motion to uphold the the Administrative Law Judge's Decision and to deny the appeal. Commissioner Lipman seconded the motion. All in favor. Motion carries.

4) Rebel Kitchen, Inc.

Michael Viets, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Mr. Allen, CFO, was present on behalf of Rebel Kitchen, Inc. Commissioner Byram made a motion to overturn the Administrative Law Judge's Decision and to uphold the appeal of Rebel Kitchen, Inc. Commissioner Bersi seconded the motion. Commissioner Lipman voted – Nay. Motion carries.

- D. Pursuant to NRS 360.265, consideration for approval of the removal of the names of certain debtors, including the amount of tax, penalty and interest, from the records of the Department for debts exceeding 5 years due and collection being impossible or impracticable

Charlene Bernardo, Tax Program Supervisor II, was present on behalf of the Nevada Department of Taxation. Commissioner Byram moved to approve the removal of the names of certain debtors, including the amount of tax, penalty and interest, from the records of the Department for debts exceeding five years due. Commissioner Rodefer seconded the motion. All in favor. Motion carries.

VI. REGULATION(S):

- A. Consideration for the Adoption of Temporary Regulation LCB File No. T004-22: Regulation relating to taxation; concerning cannabis excise tax; and providing other matters properly related thereto.

Yvonne Nevarez-Goodson, Chief Deputy Executive Director, was present on behalf of the Department. Chief Nevarez-Goodson presented Temporary Regulation LCB File No. T004-22 to the Commission.

Public Comment – Will Adler, representing the Sierra Cannabis Coalition, stated: Sierra would like to first thank the Department of Taxation for holding the workshops on November 17th and the followup subsequent meetings we had, as it was a very short timeline to try and get these changes done. Upon the changes produced by the Department, Sierra Cannabis Coalition is in full support of these regulations and the intent that they will have for lounges and other tax implications. Thank you very much.

Commissioner Byram made a motion to approve Temporary Regulation LCB File No. T004-22. Commissioner Bersi seconded the motion. All in favor. Motion carries.

- B. Consideration for the Adoption of Permanent Regulation LCB File No. R068-21: Regulation relating to taxation; establishing provisions governing the delivery of alcohol sold by retail liquor stores to consumers; requiring brew pubs to maintain certain records related to the manufacture of malt beverages for sale to a wholesaler located outside of this State; and providing other matters properly relating thereto.

Yvonne Nevarez-Goodson, Chief Deputy Executive Director, was present on behalf of the Department. Chief Nevarez-Goodson presented Permanent Regulation LCB File No. R068-21 to the Commission.

Public Comment – There was no public comment.

Commissioner Byram shared concern regarding Section 3, Paragraph 3 regarding delivery support service acting on behalf of a retail liquor store shall not make a delivery of liquor to a person who appears to show signs of intoxication.

Commissioner Byram made a motion to approve Permanent Regulation LCB File No. R068-21. Chairman Wren stated there was a motion and a second. Commissioner Rodefer votes – Nay. Motion carries.

VII. 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).

VIII. BRIEFING:

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

Yvonne Nevarez-Goodson - Please accept the apologies of Director Hughes, who is unwell today. She is participating online, but she asked me to go ahead and provide her briefing to the Commission. First, she wanted to let the Commission know that we are losing a valuable staff member. Lizette Arceo's last day with the Department will be December 9th. We are certainly going to miss her. We wish her well and best of luck in her new journey. Second, we are working on developing an RFP for the Mynt Project. Our team has been attending demos, and we have also been meeting with other states to find out about their experiences with their various modernization projects. Next, under NRS 360.137 Subsection 2, the Department is required to submit the biennial expenditure report to the Governor and the Director of the Legislative Counsel Bureau, which was done in November. The next report won't be due until November 2024. The Department is also currently working on its annual report which will be submitted to the Governor on January 15th for Fiscal Year '22. Our Economist, Erica Scott, has participated in the Technical Advisory Commission and Economic Forum where she is providing forecasts for the major tax types which are the LET, Sales Tax, IPT, MBT, Real Property Transfer Tax and the Commerce Tax as well as the minor tax types: The Liquor, Cigarette, Other Tobacco Products, Net Proceeds of Minerals, Short-Term Lessor, TCC, Branch Bank Excise Tax, and the Gold-and-Silver Excise Tax. The forecasts are used by the Governor in preparing the budget recommendations that are presented to the Legislature. Next, pursuant to NAC 360.390, on December 1st, our Demographer, Matt Lawton, disseminated the 2022 draft population estimates to local government representatives of Nevada's 17 counties, incorporated cities and unincorporated towns where possible. These local governments have until December 15th to appeal those estimates. And finally, the 82nd 2023 Legislative Session will begin on February 6th, 2023.

Commissioner Lipman thanked Ms. Lizette Arceo and stated she has been a phenomenal part of the Department of Taxation. Ms. Arceo has been tireless and unrelenting and answered all of the Commission's questions professionally and purposefully, and I hope she has decided to go to law school because you're a phenomenal Nevadan, and I hope you're staying in Nevada.

Ms. Arceo thanked Commissioner Lipman and stated it is very bittersweet, but she took a position with the County Recorder's Office. It's time and it's going to be a big change. Thank you, everyone.

Chairman Wren thanked Ms. Arceo.

IX. Next Meeting Date: January 23, 2023

X. Public Comment

There was no public comment.

XI. Items for Future Agendas: No items were discussed.

XII. Meeting Adjourned at 12:57 p.m.