

NEVADA TAX COMMISSION MEETING
MINUTES

January 25, 2021
9:00 a.m.

Chairman called the meeting to order at 9:00 a.m.

Members Present:

Jim DeVolld, Chairman
Francine Lipman, Commissioner
Tony Wren, Commissioner
Craig Witt, Commissioner
Randy Brown, Commissioner
Ann Bersi, Commissioner
Sharon Rigby, Commissioner

I. Public Comment.

There was no public comment.

Director Young Administered an oath to meeting participants.

II. Meeting Minutes:

A. Consideration for Approval of the December 7, 2020 Nevada Tax Commission Meeting Minutes.

Commissioner Brown made a motion to approve the minutes of the December 7, 2020 Nevada Tax Commission meeting. Commissioner Wren seconded the motion. Commissioner Bersi abstained from voting. All in favor. Motion carries.

III. CONSENT CALENDAR:

A. Matters of General Concern:

- 1) Bonds Administratively Waived (dates as indicated) (Sales/Use Tax):
 - a) Humana Pharmacy Inc.
 - b) MMVS Investments LLC
 - c) Priya Sukhi Inc.
 - d) Smiling with Hope Pizza LLC

B. Waiver of Penalty and Interest Pursuant to a Request on a Voluntary Disclosure (Sales/Use Tax, Modified Business Tax and/or Commerce Tax):

- 1) Aventri Inc.
- 2) Desert Paradise Resort Owners Association Inc.
- 3) Forecast 3D
- 4) Gymshark Ltd.
- 5) Information Trading Network International Inc.
- 6) KCF Technologies Inc. - Shane Finn was present on behalf of KCF Technologies Inc.
- 7) KJ Motorsports & Outdoor Furnace Supply
- 8) Monterey Energy Inc.
- 9) Northern Arizona Wind & Sun Inc.
- 10) Prevost Car (US) Inc.
- 11) Proozy

- 12) Reading Bakery Systems Inc.
 - 13) Ropak Manufacturing Company Inc.
 - 14) Shred-Tech Corp.
 - 15) The Wheelership LLC
 - 16) Truck Utilities Inc.
 - 17) Yesstyle.com Ltd.
 - 18) Arteza
 - 19) BioLegend Inc.
- C. Waiver of Penalty and/or Interest Pursuant to NRS 360.419 that exceeds \$10,000:
- 1) Vegas Flooring Outlet LLC
 - 2) BMW of North America LLC
 - 3) Tesoro Refining & Marketing Company LLC
 - 4) General Motors LLC
 - 5) Cashman Equipment Company
 - 6) Rio Properties LLC
 - 7) Fiesta Filipina Cuisine III
 - 8) Wenco Partners LLC
 - 9) Drock Gaming LLC
 - 10) Mirage Casino-Hotel LLC
 - 11) Furniture 4 Less
- D. Approval of Refund/Credit Request in Excess of \$250,000:
- 1) Evoqua Water Technologies LLC
- E. Consideration for Approval of the Recommended Settlement Agreements and Stipulations (Sales/Use Tax, Modified Business Tax, Excise Tax and/or Commerce Tax)
- 1) Ray Dummar and Hazel Dummar dba R & H Foods
 - 2) Waterco, LLC dba Serv-All Water Conditioning
 - 3) Erickson International, LLC
- F. Consideration for Approval of Payment Plan Request (Sales/Use Tax, Modified Business Tax and/or Commerce Tax):
- 1) CN Licenseco I Inc. dba Flower One
 - 2) Pro Athletes Management LLC dba Pure Nutrition
 - 3) 4 The Truck Motorsports Inc.
- G. Consideration for the Approval of the Administrative Law Judge's Recommended Decision regarding an Appeal of the Department's Denial of Waiver of Penalty and/or Interest pursuant to NRS 360.419:
- 1) Petals Flowers and Events, Inc.
- H. Department's Recommendation to the Commission for Approval of an Offer-In-Compromise pursuant to NRS 360.263:
- 1) Song and Sang Pae
 - 2) Veronica Perez
 - 3) Arthur Gleizer
 - 4) Veronica Esparza Mercado
 - 5) Fabienne Chalaye

Commissioner Brown pulled Item III. C. 2) BMW of North America LLC for further discussion.

Commissioner Rigby pulled items III. C. 8) Wenco Partners LLC for further discussion; and III. G. 1) Petals Flowers and Events, Inc.

Commissioner Lipman pulled items III. F 1) CN Licenseco I Inc. dba Flower One; and III. H. 5) Fabienne Chalaye for further discussion.

Commissioner Witt pulled Item III. B. 14) Shred-Tech Corp. for further discussion.

Item III. E. 3) Erickson International, LLC was continued to a future meeting.

Commissioner Brown made a motion to approve the consent calendar minus items III. C. 2) BMW of North America LLC, III. C. 8) Wenco Partners LLC, III. G. 1) Petals Flowers and Events, Inc., III. F. 1) CN Licenseco I Inc. dba Flower One, III. H. 5) Fabienne Chalaye, III. B. 14) Shred-Tech Corp. and III. E. 3) Erickson International, LLC. Commissioner Rigby seconded the motion. All in favor. Motion carries.

Item III. B. 14) Shred-Tech Corp. - Commissioner Witt asked why such a small amount of tax was owed. Melissa Gardner, Audit Manager, was present on behalf of the Department. Ms. Gardner stated that Shred-Tech is primarily a service. Commissioner Witt made a motion to approve Item III.B. 14) Shred-Tech Corp. Commissioner Wren seconded the motion. All in favor. Motion carries.

Item III. C. 2) BMW of North America LLC – Commissioner Brown referred to page 180 of the package. The memorandum says the Department recommends a partial approval for the penalty of \$15,108.67, but on the briefing document, the penalty itself is \$15,108.67. Nadia Vasheko, Tax Manager, was present on behalf of the Department. Ms. Vasheko stated it is a partial waiver because we are not waiving the interest. They asked for waiver of both penalty and interest. Commissioner Brown made a motion to approve Item III. C. 2) BMW of North America LLC. Commissioner Lipman seconded the motion. All in favor. Motion carries.

Items III. C. 8) Wenco Partners LLC – Commissioner Rigby pointed out a possible discrepancy on page 238. The Department's recommendation will result in a refund of \$48,000 and that would be just the penalty. At the top of the document, the penalty is \$55,000. Lizette Arceo, Tax Manager, was present on behalf of the Department. Ms. Arceo stated that some of the payments went toward the interest. They are getting \$48,000 because some payments have to be paid towards the interest and also modified business tax (MBT). There is a balance on the MBT as well. Commissioner Rigby made a motion to approve Item III. C. 8) Wenco Partners LLC. Commissioner Bersi seconded the motion. All in favor. Motion carries.

Item III. F 1) CN Licenseco I Inc. dba Flower One - Commissioner Lipman shared concern with regard to this taxpayer's financial situation and their ability to pay. Director Young stated that the Department is meeting with the Cannabis Compliance Board (CCB) on a regular basis. Lizette Arceo, Tax Manager was present on behalf of the Department. Ms. Arceo stated that she is working closely with the CCB on these matters. The CCB requires a compliance letter from the Department before any renewals are issued. The CCB is also issuing civil penalties on these accounts. The Department filed an entity lien and will file a personal lien as well. Commissioner Lipman made a motion to deny the payment plan and to continue this matter to the next meeting. Commissioner Bersi seconded the motion. All in favor. Motion carries. Pateel Boyajian was present on behalf of the taxpayer and she thanked the Commission.

Item III. G. 1) Petals Flowers and Events, Inc. – Commissioner Rigby made a motion to approve Item III. G. 1) Petals Flowers and Events, Inc. Commissioner Lipman seconded the motion. All in favor. Motion carries.

Item III. H. 5) Fabienne Chalaye - Commissioner Lipman stated that the taxpayer did not seem to have a good understanding of their obligation and they were not subject to a bond. Sometimes a bond puts a taxpayer on notice and helps to open their eyes about self-educating about their tax obligations. Adriane Roberts-Larson, Tax Program Supervisor, was present. Ms. Roberts-Larson stated that this taxpayer is under obligation for past due transportation tax, so a bond would most likely fall under the DMV. Commissioner Lipman thanked Ms. Roberts-Larson and made a motion to approve Item III. H. 5). The motion was seconded by Commissioner Witt. All in favor. Motion carries.

IV. DIVISION OF LOCAL GOVERNMENT SERVICES:

A. Taxpayer's Appeal of the Treasurer's Denial of Waiver of Penalty and Interest per NRS 361.4835 (Elko County):

- 1) Major Drilling America

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Mars Sinang was present on behalf of Major Drilling America. Cheryl Paul, Rand Greenberg and Janet Iribarne from Elko County were present.

Commissioner Bersi made a motion to waive the penalty. Commissioner Wren seconded the motion. Roll Call: Commissioner Brown – No; Commissioner Bersi – Yes; Commissioner Witt – Yes; Commissioner Rigby – Yes; Commissioner Lipman – Yes; Commissioner Wren – Yes. Motion passed.

V. COMPLIANCE DIVISION:

A. Petition for Reconsideration of Department's Denial of Exemption Status for Organization Created for Religious, Charitable or Educational Purposes pursuant to NRS 372.3261 (Sales/Use Tax):

- 1) Veterans in Politics Foundation

Brandee Mooneyhan, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Steve Sanson and Ron Quilang, CPA, were present on behalf of the Veterans in Politics Foundation.

Commissioner Witt made a motion to uphold the Department's denial of exemption status. Commissioner Lipman seconded the motion. All in favor. Motion carries.

VI. 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).

There were no questions from the Commission.

VII. BRIEFING:

A. Briefing to/from the Commission and the Executive Director

Director Young reported:

The Department has completed the implementation of payments by credit card. This is only available on the online portal at this time. There is a flat 2.2 percent convenience fee associated with the payments.

The Department receives the full tax payment and the State collects the fee. The fee is not passed through the Department, nor does the Department know the exact amount paid by the taxpayer.

The tax amnesty program is starting on February 1st and will end on May 1st, 2021. The program benefits the State in the form of an infusion of revenue as well as benefiting the taxpayer by reducing their tax debt. This was approved in SB3 at the special legislative session. The Department has expanded its operations to be able to handle this electronically, although taxpayers can also apply manually through the Department.

On January 27th, the executive team will be presenting the Governor's recommended budget to the legislative budget subcommittee. We did not receive all of the Department's budget requests, however, we feel we are very fortunate. To summarize our budget request, we received funding to consolidate our office locations in the Las Vegas area. This is an efficiency measure that we will be able to recognize ongoing savings by the elimination of duplicative vendor services, as well as provide a continuity within the office. We also received funding to continue our Department's modernization project, Project MYNT, and additional funding to continue our operations at the current capacity. Details on the product proposals for the fee increases, adjustments and cost allocations:

Justice Court fee: There is a \$1 Justice Court fee that the Department receives. It was implemented in 1991, and it has not changed in over 30 years. The purpose of the fees that cover the costs associated with the State Demographer in determining the annual population of towns, townships, cities and counties as well as the annual report on projected populations. We are proposing an increase of a fee of \$1 to \$2 that would bring in an additional \$82,000 each year. This would just cover the cost of the State Demographer's salary and operating expenditures.

Cigarette Tax Collection: This proposal is a cost allocation that is currently authorized in NRS 370.260 which is a compensation to the State for the cost of collecting the cigarette taxes. The Department realized it had not reviewed its cost allocation in over five years, and this decision unit represents the difference in the cost allocation after the Department reviewed the resources that are utilized. This change will bring in an additional revenue of \$116,000 in Fiscal Year '22 and \$141,000 in Fiscal Year 23.

Seller's Permits: If approved by the Legislature, this would implement a \$15 annual fee for a seller's permit. A sales and use tax permit is required for every business or person engaged or conducting business in Nevada as a seller. Currently, the fee is a one-time fee of \$15. This fee has not changed in over 17 years when the fee was increased back in the 2003 legislative session. In researching this proposal, the Department surveyed other states. Ten states charge a seller's permit fee that range anywhere from \$20 to \$100. Five states charge a renewal fee on seller's permits. The proposal would bring in an additional \$476,000 a year for the General Fund and a similar amount to local governments and schools.

The Department faces the elimination of seven vacant positions that were authorized from the 2019 legislative session. You may recall that the Department was very fortunate in the 2019 legislative session, receiving 25 new positions. Many of these positions have been held vacant to meet the budgetary savings and the Department has not been able to fill these positions and nor have we recognized the benefits of having these positions. The number of positions we feel that this could be greater if the Department had not looked at the potential revenue sources to offset the budgetary reductions.

The legislative session is starting in just a few short days. We have received fiscal notes already on bills, and we feel that this legislative session will be a busy one for the Department.

COVID update: The Department is still closed to the public, and only allowing for certain appointments that cannot be handled via mail or online. We have received 150 laptops that were funded through CARES funding, and our IT staff are working very hard to get those deployed to staff.

VIII. Next Meeting Date: March 8, 2021 at 9:00 a.m.

IX. Public Comment.

Written public comment by Mr. Voigt is attached hereto.

X. Items for Future Agendas.

No items were discussed.

XI. Meeting adjourned at 10:23 a.m.