

NEVADA TAX COMMISSION MEETING
MINUTES

March 5, 2025

9:00 a.m.

Members Present:

Thom Sheets, Chairman pro tempore
Jeff Rodefer, Commissioner
H. Stan Johnson, Commissioner
Sharon Byram, Commissioner (Virtual)
Caryn Adelhoch, Commissioner
Craig Witt, Commissioner

Members Absent:

George Kelesis, Chairman
Ryan Bellows, Commissioner

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

Commissioner Sheets called the meeting to order. A quorum was established.

II. Public Comment.

Fred Cook: Good morning. I want to thank the Commission for this opportunity to speak today. My name is Fred Cook. I'm a retired professor at UNLV. I taught there in research and did evaluations for many years. I live here in Nevada, and I belong to an educational organization of about 150 members consisting of college professors and graduate students from ten western states. My organization holds an annual conference for its members each year. Last year, the meeting was held at Harvey's Lake Tahoe in Nevada. My organization requested a one-time sales tax exemption from the Department of Taxation for about \$1,600 on the hotel bill from Harvey's. Our organization is a 501(c)(3) that has been exempted from paying sales tax in Wyoming, Idaho, Utah, Montana and Colorado. We lost the request for the \$1,600 tax exemption because our organization does not meet the definition of an educational organization as set forth by the Nevada Revised Statutes which is my point. The way the statutes are written does not support or promote education in any useful way, and in fact go against education. They are restrictive and obsolete. We teachers have devoted our lives to a long list of causes: The education of others, especially our children. It is absolutely the best way to spend one's life, and we can find no finer way to make a contribution directly to society. I and my organization wholeheartedly value education and the greatness it brings, and yet I have encountered very limited and outdated statutes here in Nevada. Tomorrow marks 15 months since three educators from UNLV were shot to death while at their school. I knew Jerry Chang, one of the UNLV professors murdered in 2023. I evaluated some of the courses he taught. He was the nicest person you would ever want to meet. Under Nevada Revised Statutes, as I've come to understand them, Dr. Chang would not be considered an educator. In fact, nor would I. Nor would teachers in general, nor would educational organizations that we belong to. A serious omission in the statutes is the fact that teachers in Clark County School District often have to pay for necessary classroom supplies out of their own pockets because Clark County School District simply does not provide enough. These teachers do not receive any sort of sales tax exemption when buying necessary supplies for their students and they should. I'd like to thank the Commission for the opportunity to bring these issues to your attention, and if there are any questions or comments, I am open.

Acting Chair Sheets: Professor Cook, do you understand that as much as I hear what you're saying, we have to abide by what the statutes say? It is a legislative act. There are many statutes that we have that probably could use some fine-tuning or more, but we have to live with what we're given, and I am so sorry for the shortcomings that you perceive in the statute, but I'm not sure what we can do other than potentially have our representatives urge legislators to consider the issue and see whether there's something the legislature would consider doing to kind of address your problem. And I'll ask the Department, Ms. Hughes and her staff to do that, at least to bring the issue up in an appropriate place.

Ron Voigt: Before I get started, I would like to thank Assembly Member Howard Watts. He informed me of a meeting on Monday that was held by the Assembly Committee on Government Affairs. He let me know there is an Assembly Bill 33 which would set up an inspector general office. I think that's a really good idea to look at the agencies. The thing I found interesting when I did attend the meeting on Monday was one of the requirements for the inspector general was to be a certified fraud examiner. I have been one. I'm not any more. I am pretty well retired. The other thing that I've noted is that right now the way that they have the bill set up, the inspector general would report to the State Controller. There were a couple of assembly members that saw a problem with that. I would compare that to the Department of Taxation on where the Administrative Law Judge reports to the Executive Director. Not to say there is a conflict, but the appearance of it. The assembly members, like me in my past experience, they were mentioning if that inspector general could be a separate office, which is what I think. Compared to the Administrative Law Judge, that would be a challenge but many possibilities. I do want to thank the Assemblyman that let me know about that. Executive Hughes, do you really think that taxpayers are being treated with courtesy, fairness, uniformity, consistently and the one I would really stress is commonsense? Do you think that the audit department, when they do their audits, are they really using commonsense? Because folks ask me all the time: Why didn't the Tax Commission or Administrative Law Judge know that that audit is horribly done? I say you know what? To tell you the truth, the Commission and Administrative Law Judge are limited. Now, because I used to deal with federal agencies like the FERC. There's a decision called the Chevron decision. For the lawyers that we have on the Commission, I'll be referring to that decision.

Acting Chair Sheets: I was the general counsel of the FREC.

Mr. Voigt: Well, you probably have a better understanding than I do. I am going to paraphrase what it says "the agencies are really the experts". And when it comes before a court, a court has the relief more or less unless the law is totally clear, you pretty well go with the agency. I bring that to the Department of Taxation. There is one thing I do think that the Department of Taxation has in its favor. Well, not in its favor. The Administrative Law Judge and the Tax Commission have in their favor. What you have in your favor is called the Taxpayer Bill of Rights, just using commonsense which is taxable. What is the quote of the Chevron decision, as you probably know, sir, was overruled last year by the Supreme Court. And it's going to be very interesting how that settles down. Getting to my comments, I would like more of an understanding and use by the Department of Taxation on using the taxpayer Bill of Rights. I appreciate the time, sir. Thank you very much.

Acting Chair Sheets: Mr. Voigt, I'm going to speak to you as a commissioner not as the Chairman today. I read the material that's been included in the public record. Frankly, I disagree with you significantly about your criticism of what you characterize as the poor conduct of the audits. I also disagree with you with respect to the notion that somehow the Department is either tacitly or otherwise not taking into account the Taxpayer Bill of Rights when it deals with taxpayers. I've been on this commission for counting this term, 17 years or so now, 16 years. I can remember one instance in the entire time I've been where there's been a claim, a significant substantive claim that there's been a violation of the taxpayer's rights under the Taxpayer Bill of Rights. Frankly, I don't think comments like these that you sent on February 14th are particularly useful. They're not to me. I don't know what

my fellow commissioners say because they are pure opinion and pure subjective criticism without any backup. I don't appreciate it.

Director Hughes administered an oath to all parties testifying.

III. MEETING MINUTES:

A. Consideration for Approval of the December 4, 2024, Nevada Tax Commission Meeting Minutes.

Commissioner Johnson made a motion to approve the Meeting Minutes from the December 4, 2024, Nevada Tax Commission Meeting. Commissioner Witt 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) American Stock Transfer & Trust Company LLC
- 2) Maximum Security Safes
- 3) Missoula Childrens Theatre
- 4) National Fire Protection Association dba NFPA
- 5) Nikon Inc
- 6) Outdoor Creations Inc
- 7) Taradel LLC
- 8) Thermo King de Puerto Rico Inc

B. Approval of Refund Request in Excess of \$250,000:

- 1) American AGCredit FLCA

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

- 1) Brisa Pena for the debts of Lucky Eleven LLC

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) Oikos Development Corporation

E. Departments Recommendation to the Commission for Approval of a Payment Plan Request:

- 1) GreenScape Productions LLC dba Herbal Wellness Center

F. Consideration for Approval of the Recommended Settlement Agreements and Stipulations:

- 1) The Retreat on Charleston Peak (previously owned and operated by Taxpayer Boutique NV LLC)

Commissioner Byram pulled Item IV. B. 1) American AGCredit FLCA for further discussion.

Commissioner Rodefer made a motion to approve the Consent Calendar, minus Item IV. B. 1). Commissioner Witt seconded the motion. All in favor. Motion carried.

Item IV B. 1) American AGCredit FLCA. Commissioner Byram asked why the taxpayer is not receiving credit interest. Roger Hovendick, Audit Supervisor, was present on behalf of the Nevada Department of Taxation. Mr. Hovendick stated there is a typo on the documents and the Department had no intention of giving credit interest on the moneys that we had received. The Department tries to refund everything that they had paid in. Commissioner Byram made a motion to include credit interest as it was a mistake for them to have paid. There was not a second to the motion. The motion died. Commissioner Rodefer made a motion to approve the refund request for American AGCredit FLCA. Commissioner Witt seconded the motion. Commissioner Byram voted Nay. Motion carried.

V. COMPLIANCE DIVISION:

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

- 1) Jay Megha and Purvi Megha for the debts of Megha Group, LLC

Robert Werbicky, Esq., was present on behalf of Jay and Purvi Megha for the debts of Megha Group, LLC. Marcianelle Villanueva, Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Commissioner Byram made a motion to uphold the Administrative Law Judge's Decision. Commissioner Rodefer 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. Consideration of Good Cause for New Evidence submitted by GRBS, LLC dba Viva Vegas Smoke Zone LV pursuant to NAC 360.175; and Licensee's Appeal of Administrative Law Judge's Decision pursuant to NRS 370.521:

- 1) GRBS, LLC dba Viva Vegas Smoke Zone LV)

Ben Hovav, Owner of GRBS, LLC dba Viva Las Vegas Smoke Zone LV was present. Lorin Taylor, Senior Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Commissioner Byram made a motion to allow new evidence and to uphold the Administrative Law Judge's Decision. Commissioner Johnson and Commissioner Witt seconded the motion. All in favor. Motion carried.

B. Licensee's Appeal of Administrative Law Judge's Decision pursuant to NRS 370.521:

- 1) SB3, LLC dba 7-Eleven #29979B

Francis Higgins Owner of SB3, LLC dba 7-Eleven #29979B was present. Lorin Taylor, Senior Deputy Attorney General, was present on behalf of the Nevada Department of Taxation. Commissioner Byram made a motion to uphold the Decision of the Administrative Law Judge. Commissioner Rodefer seconded the motion. All in favor. Motion carried.

VII. LOCAL GOVERNMENT SERVICES:

A. Discussion and Consideration for Granting a Waiver to Remain on Guaranteed Status for Supplemental City-County Relief Tax pursuant to NRS 377.057(2):

- 1) Lander County

Michael Hoffer, Management Analyst II, and Kelly Langley, Budget Analyst III, were present on behalf of the Nevada Department of Taxation. Laken Sullivan was present on the telephone on behalf

of Lander County. Ms. Sullivan confirmed that Lander County would like to be removed from guaranteed status. Commissioner Byram made a motion to deny granting a waiver for Lander County to remain on guaranteed status for supplemental city-county relief tax, pursuant to NRS 377.057(2). Commissioner Rodefer seconded the motion. All in favor. Motion carried.

2) Pershing County

Michael Hoffer, Management Analyst II, and Kelly Langley, Budget Analyst III, were present on behalf of the Nevada Department of Taxation. A representative for Pershing County was not present. Commissioner Byram made a motion to grant Pershing County a waiver to remain on guaranteed status for supplemental city-county relief tax, pursuant to NRS 377.057(2). Commissioner Witt seconded the motion. All in favor. Motion carried.

B. Consideration for Approval of an Appointment to the Appraiser Certification Board:

1) Catherine Starks

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Catherine Starks was present. Commissioner Rodefer made a motion to approve the appointment of Catherine Starks to the Appraiser Certification Board. Commissioner Witt seconded the motion. All in favor. Motion carried.

2) Lorna Quisenberry

Jeffrey Mitchell, Deputy Executive Director, was present on behalf of the Nevada Department of Taxation. Lorna Quisenberry was present. Commissioner Witt made a motion to approve the appointment of Lorna Quisenberry to the Appraiser Certification Board. Commissioner Byram seconded the motion. All in favor. Motion carried.

C. Review and Consideration for Approval of Exemption(s) as authorized under NRS 361.068(2) where Administrative Costs Exceed Revenue from Tax on Personal Property

Lorna Quisenberry, Supervisor Locally Assessed Properties, was present on behalf of the Nevada Department of Taxation. Commissioner Witt made a motion to approve the exemption(s) as authorized under NRS 361.068(2) where administrative costs exceed revenue from tax on personal property. Commissioner Byram seconded the motion. All in favor. Motion carried.

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

1) Andreea Mardale

Lorna Quisenberry, Supervisor Locally Assessed Properties, was present on behalf of the Nevada Department of Taxation. Andreea Mardale was not present. Commissioner Johnson made a motion to deny the Taxpayer's appeal of the Treasurer's denial of waiver of penalty and/or interest per NRS 361.4835. Commissioner Byram seconded the motion. All in favor. Motion carried.

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

1) Haomin Wu

Lorna Quisenberry, Supervisor Locally Assessed Properties, was present on behalf of the Nevada Department of Taxation. Haomin Wu was not present. Commissioner Rodefer made a motion to

deny the Taxpayer's appeal of the Treasurer's denial of waiver of penalty and/or interest per NRS 361.4835. Commissioner Witt seconded the motion. All in favor. Motion carried.

VIII. 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. Approval and Denial Status Report Log for Organizations Created for Religious, Charitable or Educational Purposes (dates as indicated) (Sales/Use Tax Exemption).
- C. Bonds Administratively Waived (dates as indicated) (Sales/Use Tax)

IX. BRIEFING:

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

Shellie Hughes, Executive Director: On December 9th, we had our first rollout in our new tax system, which is MYNT. Tax types included in the rollout were sales and use, liquor, tobacco, live entertainment and real property transfer tax. We also implemented liquor and tobacco licenses. The rollout occurred on time and overall was a success. We have encountered some minor challenges, but with any large-scale modernization initiative, this is expected. Notwithstanding, the project rollout was successful and the system delivered its requirements under contract. We continue to work on process improvements and are resolving these issues as they come. Simultaneously, we are working on rollout two which will include commerce, modified business, gold and silver, short-term lessor fee, peer-to-peer car sharing fee, insurance premium, net proceeds of minerals and property tax on interstate and intercounty centrally assessed. This rollout is scheduled to occur in December of this year. Department staff have done several demonstrations of the new system to various state agency representatives and staff also provided a demonstration for the Governor. If any of the commissioners did not get an opportunity to see the demonstration and would like to see it, please let me know. We can get something scheduled for you or in the alternative, we could always have a demonstration at our next scheduled Tax Commission meeting. I wanted to also let you know the Department recently had a few retirements of individuals that had many years of devoted service to the Department. Jennifer Robuck, Deputy Director for compliance, retired on January 4th. Guy Childers, who served as the Department's Audit Tax Manager, was promoted as the new Deputy Director of compliance. Jay Singh was promoted to Guy's former position, Audit Tax Manager. Another retirement that occurred at the end of last year was Joe Lynn Smith. She served as the Department's Excise Tax Manager. Jennifer Lewis was promoted as the Department's new Excise Tax Manager. The 83rd Session of the Nevada Legislature began on February 3rd, 2025. The Department has already presented before several committees the session which included our budget presentation, a taxation overview and a cannabis tax overview. We've been actively monitoring bills that have an impact on the Department and revenue to the State in general and appear at the bill hearings to answer questions. You should all have a copy of the Department's budget and bills for this session. I will quickly summarize the Department's budget requests. We are requesting funding for travel for staff as well as board and commission members, training, various equipment and software, additional vehicles, additional positions and also funding for MYNT. You can review the copy of our budget for more detail on our requests. The Department is also presenting three policy bills this year. I have provided you with a copy of those bills. As a quick overview, Assembly Bill 11 changes the timing of when the Department presents our budget and bill draft requests or BDR's to the Commission. Currently, statute requires the Department to present our budget and BDR's in June of an even-numbered year when our budget and BDR's haven't even been developed or approved by the Governor's office. Additionally, there are certain statutory requirements that keep the budget confidential until January, and BDR's are confidential until they are pre-filed which occurs approximately in November of an even-numbered year. AB 11 would change the date the Department provides the Commission with this information to January of an odd-numbered year right before the

legislative session begins. Senate Bill 41 will allow the Department to issue a cannabis tax permit to all licensed cannabis taxpayers so the Department has the ability to stop a business from operating when they fail to pay their taxes. This permit will operate similar to the sales tax permit. However, the Department will not be charging a fee for the cannabis tax permit. We are currently working with industry on amendments to this bill and believe we have a consensus on the bill with the new amendments. Assembly Bill 78 will help clarify liquor licensing requirements for both local governments and the Department so that the liquor license applicants clearly understand the process and what is required to operate. AB 78 also gives the Department the ability to suspend or revoke a State liquor license which the Department does not currently have the ability to do. We are currently working with various stakeholders on amendments to the licensing section of this bill and hope to reach a consensus on this new language soon. A first house passage for these bills is April 22nd. If they move to the second house, the bills will also need to pass out of the second house by May 23rd. The session ends on June 2nd. And then the last big item that is happening at the Department is our Reno office move. The new location will be on Double R which has a large meeting room with a separate entrance to hold our Tax Commission meetings. We hope to have everything ready at the new location to hold our May 7th meeting in the new location. So that concludes my briefing.

X. Next Meeting Date: May 7, 2025.

XI. Public Comment.

There was no public comment.

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

No items were discussed.

XIII. Meeting adjourned at 11:26 a.m.