



STATE OF NEVADA
DEPARTMENT OF TAXATION

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Posted 3/12/24

NOTICE OF WORKSHOP
Proposed Permanent Regulation
LCB File R150-22

Date and Time of Meeting:

March 27, 2024

9:00 a.m.

Place of Meeting:

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

This meeting will also be available by zoom. Please use the link below to join the webinar:
<https://us02web.zoom.us/j/81123018579>

Or One tap mobile:

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US or + 1 253 215 8782 or + 1 346 248 7799 US (Houston) or +1 309 205 3325 US or +1 312
626 6799 US (Chicago) or +1 360 209 5623 US or +1 386 347 5053 US or +1 507 473 4847 US
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278 1000 US or +1 301 715 8592 US (Washington DC) or +1 305 224 1968 US

Webinar ID: **811 2301 8579**

International numbers available: <https://us02web.zoom.us/j/81123018579>

The Department of Taxation will hold a workshop to solicit comments from interested parties on the following proposed permanent regulation:

LCB File No. R-150-22 revises provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and provides other matters properly relating thereto.

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326) An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

A copy of the regulation referenced above can be found on the Department's website at https://tax.nv.gov/Boards/Public_Meetings/ and at the Nevada Legislature's website at <https://www.leg.state.nv.us/App/Notice/A/>.

All interested parties will have the opportunity to present their ideas. Please submit all suggestions in writing at least one week prior to the Workshop so the suggestions can be disseminated at the meeting. Written comments may be accepted at any time. Please email any comments to Sarah Glazner at sglazner@tax.state.nv.us so they may be posted to the Departments website. All public input will be considered in preparing a proposed regulation to be presented to the Nevada Tax Commission for adoption.

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations to participate in this workshop should notify Tina Padovano at 775-684-2096 or tpadovano@tax.state.nv.us at least 3 days before the workshop. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the meeting room.

If you need an accommodation in order to communicate during the workshop, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Tina Padovano at 775-684-2096 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request to tpadovano@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Tina Padovano al 775-684-2096 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de tpadovano@tax.state.nv.us.

Notice has been posted at the following location: The Department of Taxation – 3850 Arrowhead Drive, Carson City.

Notice has been EMAILED/MAILED for posting at the following locations: Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno; Department of Taxation - 700 E. Warm

Springs Rd, Ste 200, Las Vegas; The Legislative Building - Capitol Complex, Carson City; The Nevada State Library -100 Stewart Street, Carson City; The County Public Library's, Interested Parties Group, and the Mailing List maintained by the Department. Notice of this meeting was posted on the Department of Taxation website at <https://tax.nv.gov/>, on the Legislative website at <https://www.leg.state.nv.us/>, and the Nevada Public Notice Website at <https://notice.nv.gov/>.

If you have any questions, please feel free to call Sarah Glazner at 775-684-2059.

Nevada Tax Commission
Proposed Regulation R150-22
Regulatory Workshop

Agenda

Conducted by:

NEVADA DEPARTMENT OF TAXATION

Date and Time of Meeting: ***March 27, 2024*** ***9:00 a.m.***

Place of Meeting:

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

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- I. ****Public Comment** – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes. Please email any comments to Tina Padovano at tpadovano@tax.state.nv.us so they may be posted to the Departments website.

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Enter Meeting ID: **811 2301 8579**

- II. The Department will hold a workshop to solicit comments from interested parties on the regarding the proposed permanent regulation of the Nevada Tax Commission, LCB File No. R-150-22, which revises provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and provides other matters properly relating thereto.

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- III. ****Public Comment** – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

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Enter Meeting ID: **811 2301 8579**

- IV. Adjourn

Note: Items on this agenda may be taken in a different order than listed.
Items may be combined for consideration by the Department of Taxation.
Items may be pulled or removed from the agenda at any time.

****This item is to receive public comment on any issue and any discussion of those issues, provided that comment will be limited to areas relevant to and within the authority of the Nevada Department of Taxation. No action will be taken on any items raised in the public comment period. Public Comment may not be limited based on viewpoint.**

Please contact Sarah Glazner at 775-684-2059 or sglazner@tax.state.nv.us for any support materials. The support materials will be available at <https://tax.nv.gov/> and made available during the meeting located at the Nevada Department of Taxation, 4600 Kietzke Lane, Ste L235, Reno.

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**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608 and NRS 233B.0609**

LCB File No. R150-22

1. Background

LCB File No. R150-22, revises provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and providing other matters properly relating thereto.

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326) An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

2. A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Taxation prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R150-22. The proposed language and questionnaire were dispersed to the following:

- Emailed by the Department to 188 members of its interested parties list.
- Mailed to 10 Rural Businesses
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content of the response is summarized below:

- No response was received for LCB Draft of Proposed Regulation - File No. R150-22.

Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

Sarah Glazner
Nevada Department of Taxation
3850 Arrowhead Drive, 2nd Floor
Carson City, NV 89706
sglazner@tax.state.nv.us
Phone: (775) 684-2059
Fax: (775) 684-2020

3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.

No response was received for LCB Draft of Proposed Regulation R150-22. No response was received for the questionnaire regarding the impact of the regulation on small businesses. Accordingly, the Department analyzed the proposed language and used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory changes, which confirms that the issuance of an exemption from sales and use tax is not retroactive.

4. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate:

Direct and indirect adverse effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect adverse economic effect on small businesses.

Direct and indirect beneficial effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect beneficial economic effect on small businesses.

5. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The proposed regulation presents no reasonable, foreseeable or anticipated adverse impact to small businesses; therefore, no efforts were required to reduce the impact on small businesses.

6. The estimated cost to the agency for enforcement of the proposed regulation.

The proposed regulation presents no significant foreseeable or anticipated cost or decrease in costs for enforcement.

- 7. If the proposed 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 proposed permanent regulation does not include new fees or increase an existing fee.

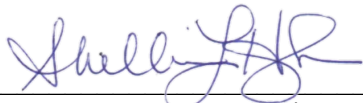
- 8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

- 9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.**

The Department has determined that there will be no adverse impacts to small businesses based on its analysis of the proposed regulation and lack of public comment.

I hereby certify, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was properly prepared, and the information contained herein is accurate.



Shellie Hughes, Executive Director

March 11, 2024

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R150-22

July 14, 2022

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: § 1, NRS 360.090, 372.348 and 372.725.

A REGULATION relating to taxation; revising provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326) An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

Section 1. NAC 372.700 is hereby amended to read as follows:

372.700 1. An organization requesting exempt status must submit to the Department an application on a form prescribed by the Department and copies of:

- (a) Its bylaws;
- (b) Its articles of incorporation;
- (c) Financial information which provides verifiable sources of income and expenditures, which may include, without limitation, financial statements and independent audit reports;
- (d) Letters of exemption issued to it by any governmental agency;

(e) If the application is for a charitable organization, an outline of its charitable activities, fund raisers and goals, and a copy of its business or strategic plan must be attached; and

(f) Any other information which the Department deems relevant.

2. Upon approval of an application, the Department will issue a letter of exemption. The letter *of exemption is effective on the date of issuance and* is not transferable. *The letter of exemption:*

(a) Is effective only with respect to any liability for sales tax or use tax that would otherwise accrue on or after the date of issuance of the letter.

(b) Does not affect any liability for sales tax or use tax accruing before the date of issuance of the letter, and any sales tax or use tax paid in connection with such a liability is not refundable.

3. The organization must notify the Department of changes to the name, address, telephone number or responsible person of the organization. Each organization must apply for the renewal of its letter of exemption every 5 years. The Department will mail a renewal application to the last known address of the organization at least 90 days before the expiration of the letter of exemption. Failure to receive a renewal application does not extend the validity of the exemption beyond the 5 years.

~~[3.]~~ 4. The Department may deny an application for exemption if it finds that:

(a) The organization has failed to submit sufficient information on which to grant an exemption; or

(b) The organization does not meet the standards for exemption.

~~[4.]~~ 5. The Department may withdraw the letter of exemption issued to any organization if the Department finds that:

- (a) The organization is no longer engaged in charitable, religious or educational pursuits;
- (b) The organization has ceased to comply with the standards for exemption; or
- (c) The application contained false or misleading information.

~~15.1~~ **6.** A charitable, religious or educational organization may petition the Commission for reconsideration of any action by the Department denying or withdrawing a letter of exemption. Upon reconsideration, the Commission may grant or reissue the letter of exemption if the organization has presented satisfactory evidence that it complies with the standards for exemption.

~~16.1~~ **7.** As used in this section, “standards for exemption” means the criteria set out in this section and NRS 372.326 and 372.3261.