

**MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-ninth Session
February 28, 2017**

The Senate Committee on Revenue and Economic Development was called to order by Chair Julia Ratti at 3:47 p.m. on Tuesday, February 28, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Julia Ratti, Chair
Senator Aaron D. Ford, Vice Chair
Senator David R. Parks
Senator Ben Kieckhefer
Senator Michael Roberson
Senator Heidi S. Gansert
Senator Patricia Farley

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Tina Nguyen, Committee Manager
Lex Thompson, Committee Secretary
Colleen Lennox, Committee Secretary

OTHERS PRESENT:

Patrick Cates, Director, Department of Administration
Deonne Contine, Executive Director, Department of Taxation
Kara Jenkins, Administrator, Nevada Equal Rights Commission, Department of
Employment, Training and Rehabilitation
Claudia Andersen, CEO, Parasol Tahoe Community Foundation
Cheryl Blomstrom, Interim President, Nevada Taxpayers Association
Tray Abney, The Chamber
Bryan Wachter, Retail Association of Northern Nevada

CHAIR RATTI:

We begin the hearing today with Senate Bill (S.B.) 12.

SENATE BILL 12: Repeals certain provisions relating to governmental administrative tasks. (BDR 22-241)

PATRICK CATES (Director, Department of Administration):

We are here today to present to you S.B. 12. The Department of Administration is sponsoring this omnibus bill on behalf of the following agencies: Department of Taxation; State Department of Agriculture; Department of Employment Training and Rehabilitation's Nevada Equal Rights Commission and Employment Security Division. I am joined today by representatives of those agencies to answer any questions you may have.

Senate Bill 12 seeks to make various changes to governmental administration to enhance efficiency of operations by eliminating duplicative or obsolete reporting requirements as follows: Department of Taxation semi-annual report to the Legislature regarding Sales Tax Anticipated Revenue (STAR) bond districts due to the lack of available data with which to create an accurate report; Nevada Equal Rights Commission's Biennial Report to the Legislature regarding its activities due to redundancy with other reports made as part of the Commission's routine business; State Board of Agriculture's biennial report to the Governor regarding its activities due to redundancy of information submitted as part of the biennial budget process; Employment Security Division's biennial report to the Governor regarding unemployment compensation due to redundancy with the biennial budget and legislative process; and Employment Security Division's requirement to print and distribute law, regulations and reports as an antiquated requirement in an era of electronic records. These provisions are listed in my testimony ([Exhibit C](#)).

CHAIR RATTI:

I asked the Department to do a summary ([Exhibit D](#)) of each of those reports. We also asked you to forward the reports to the Committee. We received three of the five reports ([Exhibit E](#)), ([Exhibit F](#)) and ([Exhibit G](#)). Are the other two unavailable?

MR. CATES:

I can follow up with staff and make sure you get whatever is missing.

CHAIR RATTI:

As a Sparks City Council member who oversaw a Sales Tax Anticipated Revenue (STAR) bonds district, I occupy the seat held by my predecessor, the late Senator Debbie Smith, who was interested in these issues. Ms. Contine, will you explain the Department's efforts to comply with the intent of Senator Smith's creation and the status today?

DEONNE CONTINE (Executive Director, Department of Taxation):

The STAR bonds report requires taxpayers within a STAR bond district to provide certain information to the Department of Taxation, which includes taxable sales, percentage of sales from nonresidents compared to residents, wages and number of employees. We gather this information from the reports submitted by the taxpayers. The Department receives many taxpayer report forms, and often, there is missing information or we receive conflicting data, such as the taxable sales and use tax report that differs from the taxpayer report form. Verification and management of taxpayers with incomplete or incorrect information is difficult. This is especially true with respect to the in-State versus the out-of-State requirement. The statute says these forms are to be filled out to the extent the pertinent information is available. Many times taxpayers state that information is not available.

My staff's biggest concern is the data received is not good. This results in an unreliable report produced from this data. To the extent that report is relied upon to make decisions, which I do not think is happening, there would be problems. We work with taxpayers. We contact them to ensure they provide the information, but the Department has no recourse considering the language and origination of the process.

CHAIR RATTI:

The intent of this report was to enable us to look back, after the creation of a STAR bonds district, and verify the promises made to generate tourism activity supporting the assumption those tourists would be from out of State. Did we follow through on those promises? Do you see a way we could collect that information without building a new department to achieve this?

MS. CONTINE:

I have thought about it and have had discussions with my staff. The most onerous part is the in-State versus out-of-State tourism. I do not see how the taxpayer can comply with this requirement unless the State required the

taxpayer to provide customer origination information and mandate some type of data collection system for this information. The Department has no teeth to collect the information and has to rely upon taxpayer reporting. Typically, we do not audit for this because the Department is not collecting any revenue. The only idea that comes to mind for this purpose is if the taxpayer were mandated to have a zip code collection system which could make this information readily available to the Department of Taxation.

CHAIR RATTI:

I have a question on the second report. I passed around a list of these reports we are considering and asked my colleagues: do any of you read these reports? One of my colleagues had a question on the Equal Rights Commission report. Could you explain why you recommend elimination of that report?

KARA JENKINS (Administrator, Nevada Equal Rights Commission, Department of Employment, Training and Rehabilitation):

We support this because it does not impede reporting to the Governor, the public or to any entity. The report is duplicative, and repealing this would save work time. The Biennial Report, by law, is given to the Governor's Office before January 15 of each biennium. This report details our accomplishments, challenges, project status and performance indicators. The same information is reported on a quarterly basis. The Biennial Report is a compilation of those quarterly reports.

CHAIR RATTI:

Where would a Legislator go to find this information on a regular basis?

MS. JENKINS:

Legislators can request a report from the agency directly and one would be provided them.

SENATOR FORD

I want to be clear on this. You are saying that this is duplicative, but you send it to the Governor, right?

MS. JENKINS:

Yes.

SENATOR FORD:

Why could not you send a copy to the Legislative Counsel Bureau (LCB) at the time you send that copy to the Governor? Are there different reporting time requirements?

MS. JENKINS:

No. There are no other reporting requirements. We could do that.

SENATOR FORD:

It says here you have to submit the report of the Commission to the Governor and the Director of the LCB. Is there a reason why you would not be able to continue doing that if you currently do them simultaneously?

MS. JENKINS:

There is no reason why we could not continue doing it.

SENATOR FORD:

Okay.

CHAIR RATTI:

Are you also suggesting that you would stop sending the report to the Governor?

MS. JENKINS:

We currently send quarterly reports to him. Repealing this would only eliminate the need to provide the compilation Biennial Report.

CHAIR RATTI:

I am going to repeat this back to make sure we understand. Right now you do quarterly reports to the Governor's Office and every biennium you collect that information into a biennial report and send that to the Governor and the LCB? Are you suggesting we eliminate the report of collected information over the two years that goes to both the Governor and the LCB?

MS. JENKINS:

Yes. The reasoning for this is we could provide this information at any time. It does not need a mandate in law to report biennially information already provided on a quarterly basis. The Commission is an appointed group that meets quarterly or at least twice per year. All meetings are public, and this report is

provided for each meeting and includes the same reports provided to the Governor. In two other instances, we are reporting the same information required under statute, therefore making repeal nondetrimental to information access from the Equal Rights Commission.

CHAIR RATTI:

I close the hearing on S.B. 12, and open the hearing on S.B. 85.

SENATE BILL 85: Exempts certain property from taxation. (BDR 32-272)

SENATOR BEN KIECKHEFER (Senatorial District No. 16):

I present S.B. 85. You have received some written remarks from me ([Exhibit H](#)). Claudia Andersen, CEO of Parasol Tahoe Community Foundation, will provide some additional remarks. This bill seeks to codify the existing exemption for the Parasol Tahoe Community Foundation from real and personal property taxes for the next 20 years under the authority granted to the Legislature in Article 10 of the Nevada Constitution. The provisions of the bill are simple. It adds the Parasol Foundation to the existing list of nonprofit organizations that are in statute. We did a similar process for the Thunderbird Lodge Preservation Society in 2013. We need to amend the statute to make a tax-exempt organization be clarified as tax-exempt. Why does this need to happen? There can be times when tax-exempt status is subject to interpretation. That happened with the Parasol Tahoe Community Foundation in 2010. The Washoe County Assessor levied a tax bill of \$60,000 on the Foundation which then had to proceed through the process of appeal which tied up the funds used for charitable purposes that year. This undermined the charity's ability to meet its mission. Out of an abundance of caution, Parasol board members would like to be added to the list to use as defense against such decisions in the future. It will help them to strategically provide services to nonprofit and charitable organizations in their service territory. The CEO of Parasol will describe what they do and why it is important.

CLAUDIA ANDERSEN (CEO, Parasol Tahoe Community Foundation):

I have been with the Parasol Foundation for over 11 years. As noted in my letter ([Exhibit I](#)), Parasol is a nonprofit public charity. We operate in Incline Village and around Lake Tahoe on the Nevada side. We have provided over \$57 million in charitable gifts to support charitable causes, education causes, to over 760 organizations in our 20-year history. We have supported a wide variety of programs in the area of education, arts and culture, the environment and social

services. These awards have been varied. They are monetary as well as operational overhead, which is what we are talking about at the Donald W. Reynolds Community Non Profit Center. We also ran an AmeriCorps program for 15 years. In August 2002, we opened the doors to a 32,000-square-foot center in Incline Village. We have operated that as a nonprofit center. The center provides furnished office space, secured storage space, meeting room access and event space for nonprofit organizations. Over the past 14 years, groups in that building have granted over \$10 million to local charities. Imagine if you had someone paying your mortgage and utility bills and your information technology connections were provided free with furnished office space. The nonprofits are able to fundraise and all the money goes to people in their programs. It is an innovative model.

We have provided support to 26 nonprofit organizations, and another 75 organizations use the building but do not have office space there. In an average year, the meeting room spaces have 8,000 hours of use by 21,000 people. The types of programs run in the building include adult education, individual and family counseling, youth programming, environmental agency convening, cultural event and ticket sales, volunteer services and training, community stakeholder meetings, board meetings, committee meetings, social service program access, and much more.

The land that our building sits on is owned by Incline Village General Improvement District (IVGID). The District donates the space to us for \$1 a year. We have a land lease with them for 99 years. This is only one example of how we use different kinds of property innovatively. Since we are a community foundation, you can donate land, a house or other real estate to us. Our policy is to sell immediately, but there might be a time when we have to hold the property due to market conditions. This situation would keep that property under our ownership for longer than expected. All the money we raise goes to support our community and charitable efforts.

SENATOR PARKS:

I am looking on page 2 of the bill, section 1, subsection 1, paragraph (c), and the proposed language shows a date of June 30, 2037. That is a 20-year term. I notice the Thunderbird Lodge has a date of 2033, but the organizations under paragraph (a) do not seem to have expiration dates. Is there significance to that? How did that come about? What is the reason for the 20-year time?

SENATOR KIECKHEFER:

The Nevada Constitution was amended in 2008 to provide for this legislative method of tax exemption. That amendment required the Legislature to put a date certain no longer than 20 years to make a property tax exemption decision. This exemption will run 20 years following the end of the current fiscal year. The Thunderbird Lodge exemption was for 20 years following the end of the fiscal year in which the Legislature enacted that bill in 2013. The others came in before 2008.

CHAIR RATTI:

For the record, are you currently not paying property taxes?

MS. ANDERSEN:

No. We are not.

CHAIR RATTI:

Is this bill to make sure that status remains intact?

MS. ANDERSON:

Yes.

CHAIR RATTI:

I will close the hearing on S.B. 85, and open the hearing on Senate Bill (S.B.) 99.

SENATE BILL 99: Revises provisions relating to taxation. (BDR 32-640)

SENATOR BEN KIECKHEFER (Senatorial District 16):

I present S.B. 99 with my testimony ([Exhibit J](#)), which is a protaxpayer bill that provides ability to taxpayers to seek judicial relief of contested tax matters without substantial obstacles in front of them to do so. Senate Bill 99 applies to both the Nevada Tax Commission (NTC) and decisions of the Department of Motor Vehicles (DMV) relating to the taxes under their oversight. It allows taxpayers to file judicial appeals of ultimate determinations of tax liability by the NTC or the DMV with payment of a 25 percent deposit of the amount they would owe if they are ultimately held liable for that tax responsibility.

The way this works under statute is, if taxpayers go through the entire dispute process and have adverse decisions at the NTC, they are required to either

deposit 100 percent of their tax liability before they can seek judicial relief and access the courts or enter into payment arrangements with the Department of Taxation. My understanding is that those payment arrangements with the Department of Taxation require that they not seek judicial relief. The two methods available to taxpayers under a contested tax matter are incredibly burdensome. Few people have appealed tax decisions because of this high burden. It is reasonable to allow taxpayers to seek access to judicial relief if they feel wronged through an interpretation of the NTC. The requirement to pay 100 percent, rather than 25 percent, could put some taxpayers out of business.

Taxpayers who owe a substantive amount may not have the cash on hand necessary to make that determination and at that point, they have no choice. I would like to point you to two items in support of S.B. 99. One is from the Nevada Taxpayers Association. Interim President, Cheryl Blomstrom who will testify next and explain her testimony. I have a letter from the Council on State Taxation (COST) ([Exhibit K](#)) which is a national organization of large Fortune 500 businesses that operate across the Country in multiple jurisdictions. The Council evaluates the tax policies of state governments. This organization is taken seriously by the Tax Council for those businesses. Passing this legislation will help Nevada gain COST's consideration as a taxpayer-friendly state concerning the appeals process.

SENATOR FARLEY:

I know the answer to this, but I want to get it on the record. By the time a case goes to court, the amount contested is not \$250 or \$500 or \$1,000. The dollar amount is significant, and there is also a significant difference of opinion on interpretation of law. I am curious: What is the normal dollar range that is contested in court?

CHAIR RATTI:

I invite Ms. Contine to educate the Committee and the public on this process. Will you describe the process for a taxpayer who has a dispute with the Department of Taxation? When we have an idea of the process, then we can ask specific questions about judicial review.

MS. CONTINE:

Do you want me to start with an overview of the process?

CHAIR RATTI:

Yes, walk us through from the very beginning. If a taxpayer has a dispute, and does not feel the tax is appropriate, what is the process?

MS. CONTINE:

A tax liability is initially discovered through an audit which would trigger an assessment. By statute, the taxpayer has 45 days to petition that assessment. It is called a Petition for Redetermination. Next, there are a few more levels of review within the agency up to a supervising auditor and a manager. If they issue a redetermination or notice that there is no redetermination, then the liability stands as it is on the audit document. If taxpayers want to appeal those decisions, they can request hearings. If taxpayers disagree with the Department, their cases are heard by an administrative law judge. The Department works with two administrative law judges, both of whom are experts in State and local taxation. It is an evidentiary process with witnesses, sworn testimony, review of the audit, review of documents submitted by the taxpayer and legal arguments on both sides. If taxpayers disagree with the decision of the administrative law judge, they have the right to appeal to the Nevada Tax Commission, which is an eight-member body of various individuals who have expertise in different areas of taxation. The entire administrative process, from the audit until they get through the NTC, takes one to two years.

CHAIR RATTI:

During that process, is interest accruing? What is happening to their tax bill?

MS. CONTINE:

Yes. Interest is accruing if taxpayers have not paid the liability. In some cases, a taxpayer may decide to pay the liability. Payment stops accrual of interest.

If taxpayers want to seek judicial review, they must pay the tax liability or enter into payment plans. Initiation of a payment plan does not cut off the taxpayer's right to file for judicial review. In many cases, we discuss the liability, timing of payments, ability to pay and review documentation to facilitate a payment plan. There are not a large number of audit deficiencies that seek judicial review. Because the administrative process is comprehensive, the Department does not spend much time in litigation with taxpayers disputing liability. Most of our litigation comes from refund requests made by taxpayers after they have paid their liability. This is when they file amended returns for refunds and the Department does not comply with those requests. That is a different process.

Audit liability that is appealed to district court has not happened much in my tenure. The Department has an interest in resolving issues with taxpayers. We work to resolve these issues unless it involves a significant issue of law. When taxpayers go to judicial review, they have the right to go to district court. Previously, the process involved the Nevada Supreme Court; however, now the process is more lengthy. I have been involved in litigation as a deputy attorney general for the Department and have two to three years of experience in that process, which takes approximately five years.

SENATOR FARLEY:

By the time a case gets to the judicial level, there is a significant amount of money at stake. The thing that bothers me about this is as a taxpayer, I have certified public accountants (CPA) and lawyers who have a strategy. I am paying them for that. I think I am in compliance with the law. Ultimately, the decision is based upon whether the Department's interpretation of the law matches that of my team of advisors.

We then go through the process to evaluate if my advisors' interpretation is better than the Department's interpretation. The Department may win or not. But by then I have spent a large amount of money to validate if your interpretation was incorrect or if there was missing information on either side. The requirement to pay their tax liability at the beginning of the process is onerous for taxpayers to be heard and receive justice, especially when they may prevail in the end. Why not let the process go through before the Department collects payment for the liability?

MS. CONTINE:

The process is going forward. There are multiple levels of review. The case has been presented to an administrative law judge, who has expertise, and the case has been presented to the Nevada Tax Commission. Only at that point, after the taxpayer has been through multiple levels of review, is the taxpayer required to either pay in full or initiate a payment plan with the Department. Following this, the taxpayer can go to district court. The Department is responsible for timely and efficient collection of revenue for the State. We are tasked with determination of revenue liability and are responsible for collection. The one- to two-year process is that process. At some point, the taxpayer has to pay because there has been a determination, on multiple levels, of liability due to the State. This is in line with the Department's responsibility to collect the State's revenue in a timely manner.

SENATOR FARLEY:

I am going to speak for the other side again, as if I were a business owner. Not only do I have to pay a penalty, but I also have to pay lawyers and wait two years to attempt to regain my money if I happen to be correct or the people that are advising me, as a business owner, are correct in their interpretation. Most business owners do not have large amounts of cash on hand. You are out all of this money, pay for lawyers and wait two years. I think business owners are punished before they have been convicted.

MS. CONTINE:

We have a discussion with the taxpayer; we already have a process in place; we review payment plans often. The Department has an interest in businesses staying in business, continuing to operate and paying tax liability. We are not looking to put businesses out of business if they do not have the money laying around. We work with the taxpayer. The taxpayer would be required to pay something in good faith to get to the next level of a few more years in the process.

CHAIR RATTI:

Senator Farley made an interesting point. I am interested in your view and in what the law says. We may need to ask our counsel. Senator Farley described it as your process. Is the judicial review the independent process at the end? I am curious if you consider the administrative law judge and the Nevada Tax Commission part of the Department of Taxation, or do you consider them an independent third-party body whose job it is to weigh both sides?

MS. CONTINE:

The Nevada Tax Commission hires the administrative law judges. They are part of our budget and are wrapped into what we do, but they are separate from us. The Tax Commission is a part-time body that meets every six weeks and hears administrative matters and taxpayer disputes. The Commission hires the administrative law judges.

CHAIR RATTI:

Who appoints the Tax Commission?

MS. CONTINE:

The Governor.

SENATOR FARLEY:

My comments are not to suggest that your team does not try to reach out and work with taxpayers. There has to be something more convincing than to pay the liability up front and you can see a judge if it works.

SENATOR GANSERT:

If you have a large gaming property and there is a dispute, it could be millions of dollars versus the dollars involved with a small employer. For a small employer waiting one to two years, and perhaps up to five years, is a long process. Is the process the same no matter the size of the business? Has the Department ever considered an expedited process for small business versus large business?

MS. CONTINE:

We make an effort to move the process along as quickly as possible. When I came to the agency, one of my personal goals for the Compliance Division was that cases do not sit on the desk of an auditor, supervisor or the deputy attorney general for too long. There is someone constantly talking about moving the cases along in the process. I always have an interest in that. My philosophy is that everything has to be done right now. Other people, such as taxpayers and lawyers, are involved. This is the nature of the process. If it is a simple process, like for a small business that does not have attorneys and wants only a hearing officer to review what we have done, that is very quick. That does not take two years. The bigger cases would take a longer period of time because there are lawyers involved, and the cases contain factual issues or legal disputes. Those require the facts to be established and the law to be argued and clarified. The smaller cases are completed faster. The Department does not see a lot of litigation on audit disputes. If we have made an audit decision and it has gone through our process, taxpayers rely on our process and they do not go to court.

SENATOR GANSERT:

Relative to large businesses, is the interest accruing if it takes five years to settle a dispute? I remember, in the past, the State had a large number of liabilities for companies that were in dispute and that number was growing exponentially. There was a time when the interest rate was adjusted, as far as what the State would owe, if the judgment was found for the company's side versus the State's side. Does the interest accrue and what is the current rate? Does the interest work both ways? For instance, does the State owe interest if it does not win?

Ms. CONTINE:

Yes, if the taxpayer has an audit deficiency liability and does not pay, interest accrues from the time the liability is billed. The flip side of that is if the taxpayer has a refund request that has been denied by the Department, then the State is responsible to pay interest if it is determined the taxpayer is entitled to a refund.

SENATOR GANSERT:

What are the rates for both directions?

Ms. CONTINE:

They are both set by statute; for refunds, they are directed by Title 17. There is a statute where the rates change.

SENATOR GANSERT:

I remember the two rates are different. It seems like on the State side, the rate was double what the taxpayer is paid for interest.

Ms. CONTINE:

Yes. It can be higher on refund requests depending on how the rates go in the statute. I do not remember the rates, but they are in statute.

CHAIR RATTI:

Could you get that to us?

Ms. CONTINE:

Yes.

SENATOR FORD:

Senator Kieckhefer, I have read the letter from the Council of State Taxation. Could you tell us where Nevada's system stands, relative to other states, in requiring the 100 percent payment and then where Nevada would stand if we went to 25 percent payment?

SENATOR KIECKHEFER:

I do not know. I will reference their report and get back to you.

SENATOR FORD:

Miss Contine, do other states charge 100 percent? I am familiar with paying bonds before you can appeal from a district court to a court of appeals, potentially, but this is different. What do other states do in this area?

MS. CONTINE:

I do not know, but I can look into it as well. I would like to clarify one thing. The taxpayer does have the flexibility to enter into a payment plan. When the Department allows a taxpayer to enter into a payment plan, it supports interest in the liability due to the State to come in a timely fashion versus the interest in the taxpayer in appealing the decision.

CHAIR RATTI:

That is the part I wanted to get on the record because Senator Kieckhefer said that entrance into a payment plan precluded judicial review, but the testimony now says that is not the case. If a taxpayer enters into a payment plan, a taxpayer can still do judicial review. Is that correct, Ms. Contine?

MS. CONTINE:

Yes.

CHAIR RATTI:

Can you explain a typical payment plan? Would 25 percent down represent a typical acceptable payment plan?

MS. CONTINE:

Payment plans are reviewed based on information submitted by the taxpayer. The Department goes through an assessment process to evaluate the expenses, liabilities and assets to determine the taxpayer's ability to pay. The taxpayer should still be able to operate during this process and has the right to challenge the assessment. This process is for many businesses, not only those that have petitioned for judicial review.

SENATOR FARLEY:

As an example, I am a business going through this process. I have paid CPAs and am now in the audit process. We still disagree, and I owe a large sum of money. I can either pay the sum before I can go to judicial review or enter into a payment plan. You said many of these cases are resolved in the payment stage. I wonder how many businesses give up out of frustration or lack of cash flow?

A payment plan costs money, hiring a lawyer costs money, to keep my CPAs it costs money, now I am still faced with a potential loss because my CPAs and attorney's interpretation might not be correct. My guess is that a lot of these cases do resolve in the Department's side of the process because the potential loss is so great that I might as well take the better of the deal and pay up.

I think we need to see it from the other side. It is onerous to place that burden on a business so the State can collect its money even though it might be wrong. The business owner might not have done something incorrect. In other venues, a business can use a bond, which is 25 percent of the amount owed, if the business continues to pursue its legal rights. That seems fair and I do not know how the State's process, as it is today, is fair.

CHAIR RATTI:

We have to balance the plight of the taxpayer with the plight of the governments that rely on that revenue stream. We need to support our Department of Taxation that brings in the revenue necessary to operate the government. Somewhere in that balance is the proposed solution from Senator Kieckhefer.

SENATOR KIECKHEFER:

I respectfully disagree with Ms. Contine. The Tax Commission is closer to the Department than it may seem. The Commission has authority over regulations, and can approve tax regulations drafted by the Department. Our Department of Taxation serves as staff to the Tax Commission. The idea that the Tax Commission and the administrative law judges it hires are third-party, nonbiased arbiters does not seem right.

CHERYL BLOMSTROM (Interim President, Nevada Taxpayers Association):

I have submitted written testimony ([Exhibit L](#)) but Senator Farley made the points that I would make. When you talk about a business making monetary decisions versus legal decisions, "sometimes money gets in the way of being correct." When you confer with your CPA and lawyer, you might still have to pay 100 percent. If you pay them and the tax liability, your business is potentially at risk at the end of the process. Sometimes businesses will choose to cut their losses, pay their bills and go home. It does make a difference.

The notion that you cannot have a third-party, independent review without paying 100 percent is not a good idea. I think the other point made is that the

law is complex and nuanced and the final decision culminates with a question of interpretation. It is important to, at the district court level and perhaps higher than that, examine how the audit was done, how the tax was collected and how the taxpayer was treated. All of these things factor into a district court decision. We support Senator Kieckhefer's bill.

TRAY ABNEY (The Chamber):

We support this bill. It makes sense. We want to make sure the doors of the courthouse are open to all taxpayers if they feel they disagree. I support the Chair's comment about making sure we have stable revenue sources for our government. If, in one of these cases, the government is right, then it will get the disputed revenue plus interest. Let us allow folks to make a decision to follow through on their grievances on a basis of principle rather than money.

BRYAN WACHTER (Retail Association of Nevada):

In the interest of time, I will say that I agree with both of the folks who testified before me. I would be happy to work further with the sponsor of the bill or perhaps the Department of Taxation or with this Committee to come up with a bill that could be stronger.

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CHAIR RATTI:

I close the hearing on S.B. 99 and the meeting is adjourned at 4:52 p.m.

RESPECTFULLY SUBMITTED:

Colleen Lennox,
Committee Secretary

APPROVED BY:

Senator Julia Ratti, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	3		Attendance Roster
S.B. 12	C	1	Patrick Cates / Department of Administration	Written Testimony
S.B. 12	D	2	Department of Administration	Reports Proposed for Elimination
S.B. 12	E	2	Senator Julia Ratti	Department of Agriculture Sheep Report
S.B. 12	F	2	Senator Julia Ratti	Department of Taxation, Tourism Improvement District / Semi Annual Report for January 2016 through June 2016
S.B. 12	G	9	Senator Julia Ratti	Department of Employment Training and Rehabilitation, Nevada Equal Rights Commission FFY 2017 Biennial Report
S.B. 85	H	3	Senator Ben Kieckhefer	Written Testimony
S.B. 85	I	7	Claudia Andersen	Written Testimony and Letters of Support from Amy Berry, Bob Taylor, Seth Erlich and Ginny Lewis
S.B. 99	J	2	Senator Ben Kieckhefer	Written Testimony
S.B. 99	K	2	Senator Ben Kieckhefer	Council on State Taxation Letter
S.B. 99	L	1	Cheryl Blomstrom	Written Testimony