

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON REVENUE**

**Eighty-First Session  
May 31, 2021**

The Committee on Revenue was called to order by Chair Lesley E. Cohen at 7:28 p.m. on Monday, May 31, 2021, Online and in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/81st2021](http://www.leg.state.nv.us/App/NELIS/REL/81st2021).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Lesley E. Cohen, Chair  
Assemblywoman Natha C. Anderson  
Assemblywoman Shannon Bilbray-Axelrod  
Assemblywoman Venicia Considine  
Assemblyman Gregory T. Hafen II  
Assemblyman C.H. Miller  
Assemblyman P.K. O'Neill  
Assemblyman David Orentlicher

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Teresa Benitez-Thompson, Vice Chair (excused)  
Assemblywoman Heidi Kasama (excused)  
Assemblyman Tom Roberts (excused)  
Assemblyman Steve Yeager (excused)

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Terri McBride, Committee Manager  
Gina Hall, Committee Secretary  
Cheryl Williams, Committee Assistant



**OTHERS PRESENT:**

Melanie Young, Executive Director, Department of Taxation

**Chair Cohen:**

[Roll was taken.] We have a quorum for our hearing on Senate Bill 367 (1st Reprint). I am going to dispense with housekeeping. We will have public comment when we are done with the bill hearing. I will turn the gavel over to Assemblywoman Bilbray-Axelrod.

[Assemblywoman Bilbray-Axelrod assumed the Chair.]

**Acting Chair Bilbray-Axelrod:**

I will open the hearing on S.B. 367 (R1).

**Senate Bill 367 (1st Reprint): Revises provisions governing the excise tax on live entertainment. (BDR 32-571)**

**Assemblywoman Lesley E. Cohen, Assembly District No. 29:**

Senate Bill 367 (1st Reprint) is a bill brought forward as a Senate Committee on Revenue and Economic Development bill by Senator Neal as Chair of the Committee. This bill provides an exemption for live entertainment that is provided by or entirely for the benefit of governmental entities, and establishes a definition for governmental entities.

This bill essentially restores an exemption for governmental entities that was inadvertently removed with the passage of Senate Bill 266 of the 78th Session that made several changes to the live entertainment tax (LET). We have Melanie Young, Director of the Department of Taxation, with us today who will provide testimony on the bill as well as our Fiscal Division staff available to answer questions. We are available for questions.

**Acting Chair Bilbray-Axelrod:**

Director Young, do you have testimony you want to provide before we go directly to questions?

**Melanie Young, Executive Director, Department of Taxation:**

Yes. The current language in *Nevada Revised Statutes* (NRS) Chapter 368A does not provide for the exemption for the governmental entities. In talking with your Legislative Counsel Bureau (LCB) staff, it was discovered that the language prior to 2015 allowed for the exemption but was changed with the 2015 legislation. With the current amendment to S.B. 367 (R1), we believe this will allow the exemption of the governmental entities, or third-party entity operating on behalf of a governmental entity, from the LET. This exemption would be similar to the exemption allowed for nonprofits providing live entertainment events in NRS 368A.200, subsection 4, paragraph (d).

With the exemptions for nonprofits, it is also given that third parties that operate entirely for the benefit of a nonprofit, if the number of tickets is less than 7,500, the Department of Taxation (Department) has defined this to be that it means to operate for the benefit of a nonprofit in our *Nevada Administrative Code* (NAC) 368A.150. If this bill passes, we would adopt similar regulations to define what it means to operate for the benefit of a governmental entity. By allowing this exemption for governmental entities, this would be consistent with deductions allowed through some of our other tax types for governmental entities.

The definition in NAC 368A.150 reads, "if the proceeds of the admission charges to the facility where the live entertainment is provided become the property of the nonprofit organization. The proceeds of the admission charges do not become the property of a person other than a nonprofit organization as long as the person retains not more of the proceeds than is necessary to cover the direct, supportable costs of hosting, promoting or sponsoring the event at which the live entertainment is provided."

In NAC 368A.160, it is also defined. The Department is allowed to require certain documentation to confirm the exemption of a nonprofit organization. The Department would draft similar regulations to this that would provide what it means to be provided by, or entirely for, the benefit of a governmental entity, and what documentation would be required to support that. Keeping the language in the amendment, this will accomplish the goal of allowing that third-party entity that is providing live entertainment for the benefit of a governmental entity.

Another question I thought I should address here is, under our taxpayers, are there currently any local governments paying? The answer is yes. We do know of one specifically, and there could be others depending on if they are reporting and remitting under that third-party provider. However, the amount that is being remitted to the Department is de minimis. That concludes my presentation and I am available for questions.

**Assemblywoman Cohen:**

I want everyone to know we are working off the first reprint. There is no current amendment.

**Acting Chair Bilbray-Axelrod:**

Director Young, could you repeat those NAC codes one more time?

**Melanie Young:**

It is NAC 368A.150 and NAC 368A.160.

**Assemblyman Orentlicher:**

I am curious. As you indicated, Director Young, we used to have an exemption until 2015 that inadvertently disappeared. Did people not realize they were supposed to be paying it? Did they forget? Why has it been six years and nobody is paying it? Why did it come up now? It just seems a little odd.

**Melanie Young:**

The Department did put out information in regard to the change back in 2015, and currently it is difficult to know if a taxpayer is remitting on behalf of a local government. It could be that a business is reporting it because they are the third-party provider. We know of one specifically that is remitting under this tax type. Another option is they might not be selling more than 7,500 tickets to the event.

**Assemblyman Hafen:**

If I am reading this bill correctly, we are actually cutting taxes. I think I am in love right now. We literally are having an amendment to reduce the tax burden, not only on other government entities, but nonprofits. Am I correct? Are we expanding the nonprofits' tax exemption and removing the taxes on the government entities?

**Melanie Young:**

This would not be an expansion of the not-for-profits but is adding the governmental entities to be exempted from the LET.

**Assemblyman Hafen:**

I apologize. I was working off the amendment, so I thank you for the clarification. I had confusion with the amendment with the change in the number of seats. I am no longer fully in love with this bill.

**Assemblyman O'Neill:**

Do I understand that we have government businesses not paying their taxes, but they will go after a private enterprise and fine them for not paying their taxes? Did I understand that correctly, Director Young, that there are governments not paying the tax?

**Melanie Young:**

I would not necessarily say that. Currently in our records, we have only identified one taxpayer who is remitting under this, but again, there could be others, and that was based solely on redefining the taxpayer names.

**Assemblyman O'Neill:**

I appreciate that. Somehow this does not seem right. Of course, it does not seem right that the government is paying a tax to the government with probably taxpayers' money. It is very confusing to me.

**Assemblywoman Considine:**

I have a question on section 1, subsection 4. It says that this would affect any county, city, district, or other political subdivision. I do not know what "other political subdivision" includes. I looked it up in NRS and could not find a list. Thinking off the top of my head, are the Las Vegas Convention and Visitors Authority (LVCVA) and the Las Vegas Global Economic Alliance (LVGEA) considered government entities, such that if they had an event that had over 7,500 tickets, they would not have to charge taxes or pay taxes on that because of the situation and the way this is written?

**Russell Guindon, Principal Deputy Fiscal Analyst:**

I can attempt to answer that question. It is my understanding that the LVGEA is a nonprofit but is not a governmental entity, where the LVCVA is. Again, this would be related to live entertainment. I do not know how much the LVCVA is involved in providing live entertainment, but if they were having a live entertainment event provided entirely for the benefit of them, this would potentially be applicable to them under the political subdivision. As Director Young went through, I think this is something the Department in administering, is providing by or entirely for the benefit and in administering and in developing regulations to administer the provisions.

**Assemblywoman Considine:**

Are there any other things that would be considered political subdivisions along these lines? Is there a list anywhere or are those just the big two?

**Russell Guindon:**

There are potentially others, such as the Reno-Sparks Convention and Visitors Authority. As Director Young may have alluded to, you have some of your rural counties that have fair boards that would be under this, that could be putting on a live entertainment event. Those would potentially be some of the other ones that come to mind that could fall under a political subdivision. They could also be directly under the county or city as the fair board that is under that entity putting on the event.

**Assemblywoman Anderson:**

I am not sure if this is something that can really be answered. Based upon the discussions from the last few weeks and even since February, it again goes back to the political subdivisions and trying to see if that is defined or if there is even a possibility of the innovation zones, or other sorts of items that are under political subdivisions, but they are not. I understand, however, if that is a what-if question and cannot be answered at this time. I just thought I would bring that into the room as well.

**Assemblywoman Cohen:**

In what is probably his last Assembly Committee on Revenue hearing of a regular session, would you like to take a shot at that, Mr. Guindon?

**Russell Guindon:**

I do not have a list of political subdivisions. I think county, city, and district probably captures a lot of the entities we have out there. Just like you see in section 1, subsection 3, it is "any unincorporated agencies or instrumentalities," so this is language the Legal Division of LCB will put in.

If we are too restrictive, then you are locked out versus these others allowed, if there are those types of entities. It would be these people having to put on live entertainment. It is not identical but is very similar to the statutory structure we use for dividing governmental

entities—to get to the point made by Assemblyman O'Neill—that we use in the sales tax, we use in the commerce tax, and we use in the short-term car rental tax that come to mind. So we are not requiring taxes to be paid by governmental entities with possible taxpayer dollars involved in there.

When your Fiscal staff was looking into an issue and working with the Department, we realized there was no definition for governmental entity in Chapter 368A of NRS when the prior exemption was in place. In attempting to restore the exemption that existed pre-2015, in inadvertently removing the reference to a term that provided the exemption pre-2015, we thought it was best to pick up and place an actual definition for governmental entity in Chapter 368A of NRS, to give the Department that definitional term to administer the exemption, and we felt comfortable using the same statutory language we use for a governmental entity where we are providing the exemption for other taxes.

**Assemblywoman Anderson:**

Thank you for that very thorough explanation, and thank you for that clarification.

**Acting Chair Bilbray-Axelrod:**

Are there any other questions from the members of the Committee before we move on to testimony? [There were none.] We will move on to testimony in support of S.B. 367 (R1). Is there anyone in the room in support? [There was no one.] Is there anyone on the Zoom call in support? [There was no one.] Is there anyone on the phone lines in support? [There was no one.] We will move to testimony in opposition. Is there anyone in the room in opposition? [There was no one.] Is there anyone on the Zoom call in opposition? [There was no one.] Is there anyone on the phone lines in opposition? [There was no one.] We will move on to testimony in neutral. Is there anyone in the room in neutral? [There was no one.] Is there anyone on the Zoom call in neutral? [There was no one.] Is there anyone on the phone lines in neutral? [There was no one.]

Would you like to make any closing remarks, Assemblywoman Cohen?

**Assemblywoman Cohen:**

Thank you for hearing the bill and being engaged four hours out from sine die. I really appreciate it and believe Senator Neal will appreciate it when she sees the hearing.

**Acting Chair Bilbray-Axelrod:**

I will close the hearing on S.B. 367 (R1).

[Assemblywoman Cohen reassumed the Chair.]

**Chair Cohen:**

We will now go into a work session on Senate Bill 367 (1st Reprint). I will entertain a motion to do pass.

ASSEMBLYWOMAN BILBRAY-AXELROD MOVED TO DO PASS  
SENTATE BILL 367 (1ST REPRINT).

ASSEMBLYMAN HAFEN SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYMEN BENITEZ-THOMPSON,  
KASAMA, ROBERTS, AND YEAGER WERE ABSENT FOR THE VOTE.)

If there is a floor statement, I will assign it to Assemblyman O'Neill. I will close the work session on S.B. 367 (R1) and open the hearing for public comment. Is there anyone in the room for public comment? [There was no one.] Is there anyone on the Zoom call for public comment? [There was no one.] Is there anyone on the phone lines for public comment? [There was no one.] Before we adjourn I want to thank the Committee. I know revenue is a difficult subject and we are all learning as we go. Luckily we have an extremely qualified and helpful revenue team in Mr. Guindon, Mr. Nakamoto, and Mr. Reel. Our committee manager, Terri McBride, has been phenomenal to work with this session, as have Cheryl Williams and Gina Hall, and Broadcast and Production Services are the heroes we did not know we needed in the Legislature but have been there for us since the interim when we first had to go virtual.

We are adjourned [at 7:52 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Lesley E. Cohen, Chair

DATE: \_\_\_\_\_

## **EXHIBITS**

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.