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

## Eighty-Third Session
## April 11, 2025

The Committee on Revenue was called to order by Chair Shea M. Backus at 10:59 a.m. on Friday, April 11, 2025, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 1 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, Las Vegas, 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/83rd2025.

**COMMITTEE MEMBERS PRESENT:**

Assemblymember Shea M. Backus, Chair
Assemblymember Venicia Considine, Vice Chair
Assemblymember Reuben D'Silva
Assemblymember Tanya P. Flanagan
Assemblymember Danielle Gallant
Assemblymember Heather Goulding
Assemblymember Ken Gray
Assemblymember Gregory T. Hafen II
Assemblymember Duy Nguyen
Assemblymember PK O'Neill
Assemblymember Erica P. Roth

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Susanna Powers, Deputy Fiscal Analyst
Kathryn Dodge, Committee Manager
Gina Hall, Committee Secretary
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

None

**Chair Backus:**
[Roll was taken, and Committee rules and protocol were reviewed.] We have all members present today. On today's agenda we have a work session for six assembly bills. We will start with Assembly Bill 276. I will turn it over to Ms. Powers to walk us through the work session document.

**Assembly Bill 276: Revises provisions governing the commerce tax. (BDR 32-192)**

**Susanna Powers, Deputy Fiscal Analyst:**
The work session document [Exhibit C] is available to the public on the Nevada Electronic Legislative Information System. Assembly Bill 276 was sponsored by Assemblymembers O'Neill and Dickman and was heard March 18, 2025, by this Committee. Assembly Bill 276 replaces the fixed $4 million exemption threshold for the commerce tax with an amount annually adjusted by the average 12-month percentage increase in the consumer price index over the previous three calendar years.

A conceptual amendment submitted by Assemblymember O'Neill makes the following changes: 1) In section 4, add language requiring the Department of Taxation to round each annual calculation required pursuant to this section to the nearest $100,000; 2) In section 4, subsection 2, clarify that the initial calculation for fiscal year 2026 be calculated and published on the Department's website within 30 days of the effective date of the bill, but for fiscal year 2027 and all future fiscal years, the calculation should be calculated and published no later than March 1, as required in this subsection; and 3) Add a new section amending *Nevada Revised Statutes* 363C.620, which specifies when interest is allowed or disallowed on overpayments of commerce tax to the Department, to specify that the payment of interest shall not be allowed by the Department on overpayments of the tax caused by the taxpayer using the incorrect exemption threshold on the tax return.

Assembly Bill 276 was denoted as being eligible for exemption by the Fiscal Analysis Division on March 10, 2025.

**Chair Backus:**
Members, do you have any questions? [There were none.] I will entertain a motion to amend and do pass A.B. 276 with the amendment submitted by Assemblymember O'Neill, as outlined in the work session document.

ASSEMBLYMEMBER GRAY MOVED TO AMEND AND DO PASS ASSEMBLY BILL 276.

ASSEMBLYMEMBER O'NEILL SECONDED THE MOTION.

Is there any discussion on the motion?

**Assemblymember Considine:**
Over the interim we discussed how revenue is not keeping up with inflation, and the Commission on School Funding is facing challenges with revenue. With the economic challenges we are facing, the current state of uncertainty in our economy, and the upcoming Economic Forum expectations, I will be voting no on bills abating or negating revenue, which includes this bill.

**Chair Backus:**
Are there any other comments regarding this motion? [There were none.]

> THE MOTION PASSED. (ASSEMBLYMEMBERS CONSIDINE, FLANAGAN, GOULDING, AND ROTH VOTED NO.)

I will assign the floor statement to Assemblymember O'Neill. We will move to the next bill on our work session which is Assembly Bill 453.

**Assembly Bill 453: Revises provisions relating to taxation. (BDR 32-895)**

**Susanna Powers, Deputy Fiscal Analyst:**
Assembly Bill 453 was sponsored by Assemblymember Anderson [Exhibit D]. The bill was heard on April 10, 2025, by this Committee. Assembly Bill 453 provides for the imposition of a tax on the retail sale or use of specified digital products, which includes digital audio works, digital audio-visual works, digital books, digital code, and other digital products, at a rate equal to the sales and use tax rate in the county where the specified digital product is purchased or used. The proceeds from the taxes are to be distributed in the same proportion and manner as the sales and use tax.

In addition, the bill lowers the gross revenue threshold at which businesses become subject to the commerce tax from $4 million to $3.5 million and removes the exemption from the tax on live entertainment conducted by certain professional sports events hosted by a Nevada-based team in which that team is a participant.

A conceptual amendment was submitted by Assemblymember Anderson that does the following: 1) Adds Assemblymember Considine and Senator Neal as primary sponsors; 2) Removes the proposed change to the commerce tax exemption threshold in sections 128 through 155; 3) Restores the exemption for Nevada-based professional sports teams in section 156; and 4) Adds a new section that states, if the Economic Forum projects a decrease of more than 7 percent, transferable tax credits shall be reviewed by the Legislature for possible changes to authorization of transferrable tax credits, including any necessary changes of the amount of transferrable tax credits being issued in the biennium.

If funds are used from the Rainy Day Account, any transferable tax credits shall not be used for the next two fiscal years and any transferable tax credits that can be issued shall not be issued for two fiscal years. This requirement would only apply to tax credit programs established on or after the effective date of the bill.

Assembly Bill 453 was denoted as being eligible for exemption by the Fiscal Analysis Division on March 27, 2025.

**Chair Backus:**
Before we make a motion on A.B. 453, I want to make a statement. We heard this bill less than 24 hours ago. I want to let the Committee know we have received permission from Speaker Yeager, who has waived Assembly Standing Rule 57.4, to allow us to work session bills within the 24-hour period. I want to make sure that was clear for today's meeting, for us to meet now instead of waiting until tonight at 6 p.m. to move these bills. With that, do we have any questions regarding the work session document? [There were none.] I will entertain a motion to amend and do pass A.B. 453.

> ASSEMBLYMEMBER FLANAGAN MOVED TO AMEND AND DO PASS ASSEMBLY BILL 453.
>
> ASSEMBLYMEMBER CONSIDINE SECONDED THE MOTION.

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

> THE MOTION PASSED. (ASSEMBLYMEMBERS GALLANT, GRAY, HAFEN, AND O'NEILL VOTED NO.)

I will assign the floor statement to Assemblymember Anderson. We will move to the next bill on our work session which is Assembly Bill 457.

**Assembly Bill 457: Revises provisions governing the commerce tax. (BDR 32-167)**

**Susanna Powers, Deputy Fiscal Analyst:**
Assembly Bill 457 was sponsored by Assemblymember Considine [Exhibit E]. This bill was heard on April 8, 2025, by this Committee.

Assembly Bill 457 requires certain business entities, primarily engaged in renting real property and under common ownership, to be treated as a single combined taxpayer group for commerce tax purposes. The applicability of the commerce tax for a combined taxpayer group, and the amount owed, is determined based on the combined Nevada gross revenue of each business entity treated as a member of the combined taxpayer group.

A conceptual amendment submitted by Assemblymember Considine requests that the Revenue Joint Interim Committee hold meetings on the issues this bill covers and discuss a

formal study in the future to determine the potential revenue of combined taxpayer groups for controlling interest in real property.

Assembly Bill 457 was denoted as being eligible for exemption by the Fiscal Analysis Division on March 27, 2025.

**Chair Backus:**
Does anyone have any questions regarding the work session document on A.B. 457? [There was no one.] With that, I will entertain a motion to amend and do pass A.B. 457 with the amendment requested by Assemblymember Considine as outlined in the work session document.

> ASSEMBLYMEMBER CONSIDINE MOVED TO AMEND AND DO PASS ASSEMBLY BILL 457.
>
> ASSEMBLYMEMBER FLANAGAN SECONDED THE MOTION.

Is there any discussion on the motion?

**Assemblymember Hafen:**
I want to thank the bill sponsor for the amendment. I do want to see the amendment. I am going to be a no out of Committee right now, but I do want to review the amendment, so I want to reserve my rights on this one.

**Assemblymember Gallant:**
I am going to be a yes, with reservations. I like the concept and the idea of where it is going, but I just need to dig into it a little bit more and make sure it does exactly what I think it does.

**Chair Backus:**
Are there any other comments regarding this motion? [There were none.]

> THE MOTION PASSED. (ASSEMBLYMEMBERS GRAY, HAFEN, AND O'NEILL VOTED NO.)

I will assign the floor statement to Assemblymember Considine. We will move to the next bill on our work session which is Assembly Bill 535.

**Assembly Bill 535: Revises provisions relating to the sales tax exemption for organizations created for religious, charitable or educational purposes. (BDR 32-812)**

**Susanna Powers, Deputy Fiscal Analyst:**
Assembly Bill 535 was sponsored by the Assembly Committee on Revenue [Exhibit F]. This bill was heard on April 3, 2025, by this Committee.

Assembly Bill 535 amends the provisions governing the sales and use tax exemption for religious, charitable, or educational organizations to specify that organizations may satisfy the requirement to claim the exemption by establishing that they operate exclusively for a purpose exempt under section 501(c)(3) of the Internal Revenue Code and are recognized as exempt by the Internal Revenue Service under the provision of that section.
An amendment submitted by Assemblymember Backus would add the following provisions to Chapters 372 and 374 of the *Nevada Revised Statutes*: 1) Specify how the Department of Taxation determines whether the organization satisfies the requirements for charitable purposes; 2) Specify what the Department of Taxation is required to do when it determines the organization is not created for religious, charitable, or educational purposes, or otherwise does not meet the requirements to receive the exemption; and 3) Require the Department of Taxation to submit certain reports to the Joint Interim Standing Committee on Revenue.

Assembly Bill 535 was denoted as being eligible for exemption by the Fiscal Analysis Division on April 7, 2025.

**Chair Backus:**
Members, do you have any questions? [There were none.] I do have a comment from Mr. Nakamoto.

**Michael Nakamoto, Chief Principal Deputy Fiscal Analyst:**
One of the things that you may have noted when Ms. Powers read the work session document is the references to both Chapter 372 and 374 of the *Nevada Revised Statutes* (NRS). The amendment that was submitted for this bill only made references to Chapter 372, but as a technical note the amendments to Chapter 372 would also need to be made to Chapter 374, which governs the local school support tax. I believe the motion that would be made would include the amendments to both sections, not just Chapter 372.

**Chair Backus:**
Members, do you have any questions for Mr. Nakamoto? [There were none.] I will entertain a motion to amend and do pass A.B. 535 with the amendment submitted by myself, along with the technical clarification noted in the work session document.

> ASSEMBLYMEMBER GRAY MOVED TO AMEND AND DO PASS ASSEMBLY BILL 535.
>
> ASSEMBLYMEMBER CONSIDINE SECONDED THE MOTION.

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

> THE MOTION PASSED UNANIMOUSLY.

I will do the floor statement. The next bill on our work session is Assembly Bill 539.

**Assembly Bill 539: Requires the Governor's Office of Workforce Innovation to establish a career coaching program for certain pupils in certain circumstances. (BDR 18-418)**

**Susanna Powers, Deputy Fiscal Analyst:**
Assembly Bill 539 was sponsored by the Assembly Committee on Revenue on behalf of the Joint Interim Standing Committee on Revenue [Exhibit G]. This bill was heard on April 8, 2025, by this Committee.

Assembly Bill 539 requires the Governor's Office of Workforce Innovation to establish a career coaching program in middle and junior high schools, depending on available funding. The program guides students in exploring careers and building readiness skills. The Office must collaborate with agencies, school districts, and industry partners, and may seek external funding and contract experts to support the program.

A conceptual amendment submitted by Assemblymember Nguyen adds financial literacy to the career coaching program in middle and junior high schools and adds nonprofits to the list of appropriate persons or entities with whom the Office shall collaborate as part of the program.

**Chair Backus:**
Members, do you have any questions? [There were none.] I will entertain a motion to amend and do pass A.B. 539 with amendments submitted by Assemblymember Nguyen as outlined in the work session document.

> ASSEMBLYMEMBER GRAY MOVED TO AMEND AND DO PASS ASSEMBLY BILL 539.
>
> ASSEMBLYMEMBER NGUYEN SECONDED THE MOTION.

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

> THE MOTION PASSED UNANIMOUSLY.

I will assign the floor statement to Assemblymember Flanagan.

The next bill on our work session is Assembly Bill 307, but I would like to make a statement and then turn the hearing over to Assemblymember Considine. I would like to advise the Committee that as an attorney, one of my clients is directly impacted by this bill. Since the independence of my judgment of a reasonable person in my position with respect to this bill could be materially affected by legal employment, I am making the disclosure pursuant to Assembly Standing Rule 23. With that, I will turn it over to Assemblymember Considine.

[Assemblymember Considine assumed the Chair.]

**Assembly Bill 307: Revises provisions governing the taxation of sales of cannabis and cannabis products. (BDR 32-149)**

**Susanna Powers, Deputy Fiscal Analyst:**
This work session document is posted in Nevada Electronic Legislative Information System [Exhibit H]. Assembly Bill 307 was sponsored by Assemblymembers Gallant, Cole, and González. This bill was heard on March 27, 2025, by this Committee.

Assembly Bill 307 makes various changes relating to the taxation of cannabis, including eliminating the 15 percent wholesale tax and increasing the excise tax on retail sales from 10 percent to 14.25 percent. The bill additionally removes the $5 million annual reimbursement to local governments for certain costs.

A proposed amendment to A.B. 307, submitted by Assemblymember Gallant, adds the $5 million reimbursement to local governments for certain costs.

Assembly Bill 307 was denoted as being eligible for exemption by the Fiscal Analysis Division on March 6, 2025.

**Vice Chair Considine:**
Before we move to questions, we are taking a short recess.

[The Committee recessed at 11:19 a.m. and reconvened at 11:20 a.m.]

Members, are there any questions?

**Assemblymember Gray:**
I did not hear what you said about the reimbursement to local government.

**Susanna Powers:**
There was an amendment proposed by Assemblymember Gallant and the amendment adds the $5 million reimbursement to local governments for certain costs.

**Assemblymember Gray:**
So that will be added to the bill then, the reimbursement?

**Susanna Powers:**
Correct.

**Vice Chair Considine:**
Seeing no other questions, we are asking for a motion to move A.B. 307 without recommendation.

ASSEMBLYMEMBER GALLANT MADE A MOTION TO MOVE ASSEMBLY BILL 307 WITHOUT RECOMMENDATION.

ASSEMBLYMEMBER GRAY SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYMEMBER NGUYEN VOTED NO.)

[Assemblymember Backus reassumed the Chair.]

**Chair Backus:**
With that, we have now concluded our work session for this morning. I will go ahead and open it up to public comment. Is there anyone in Carson City, Las Vegas, or on the phone line wishing to give public comment? [There was no one.] That concludes our hearing this morning. We are adjourned [at 11:22 a.m.].

RESPECTFULLY SUBMITTED:

_____
Gina Hall
Committee Secretary

APPROVED BY:

_____
Assemblymember Shea M. Backus, Chair

DATE: _____

## EXHIBITS

| Bill | Exhibit | Witness / Agency | Description |
|---|---|---|---|
| | A | | Agenda |
| | B | | Attendance Roster |
| A.B. 276 | C | Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau | Work Session Document |
| A.B. 453 | D | Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau | Work Session Document |
| A.B. 457 | E | Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau | Work Session Document |
| A.B. 535 | F | Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau | Work Session Document |
| A.B. 539 | G | Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau | Work Session Document |
| A.B. 307 | H | Susanna Powers, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau | Work Session Document |