MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT

Eighty-third Session
May 13, 2025

The Senate Committee on Revenue and Economic Development was called to order by Chair Dina Neal at 1:03 p.m. on Tuesday, May 13, 2025, in Room 2149 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 5 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, 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 Dina Neal, Chair
Senator Fabian Doñate, Vice Chair
Senator Michelee Cruz-Crawford
Senator Jeff Stone
Senator John C. Steinbeck

GUEST LEGISLATORS PRESENT:

Assemblymember Shea M. Backus, Assembly District No. 37
Assemblymember Venicia Considine, Assembly District No. 18

STAFF MEMBERS PRESENT:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Christian Thauer, Deputy Fiscal Analyst
Bryan Fernley, Committee Counsel
Jan Brase, Committee Secretary

OTHERS PRESENT:

Wiselet Rouzard, Deputy State Director, Americans for Prosperity Nevada
Cyrus Hojjaty
Miles Dickson, CEO & President, Nevada GrantLab
Francisco Morales, Nevada GrantLab
Shellie Hughes, Executive Director, Nevada Department of Taxation
Nick Schneider, Vegas Chamber

Maurice Washington, Americans for Prosperity
Becky Dutro, Nevada Taxpayers Association

CHAIR NEAL:
We will open the meeting with Assembly Bill (A.B.) 457.

ASSEMBLY BILL 457 (1st Reprint): Requires the Joint Interim Standing Committee on Revenue to conduct a study concerning the application of the commerce tax to certain entities. (BDR 32-167)

ASSEMBLYMEMBER VENICIA CONSIDINE (Assembly District No. 18):
I am presenting A.B. 457 which requires a study in the interim on creating a process to treat certain business entities as a single entity for the purposes of the Commerce Tax. Some background information: there was a story in the *Las Vegas Review-Journal* titled "Hedge Fund is the Largest Homeowner in Clark County." The article talks about a homes-to-rent management company that owns at least 3,190 homes in Clark County. The hedge fund has more than $55 billion in assets but refused to confirm the exact number of houses it owns in Clark County. The exact number is difficult to track as it is common practice for real estate investors to purchase properties through limited liability companies (LLC) with varying names. I have seen some rental properties where the name of the business is something like "123 Main Street, LLC," and it is very hard to figure out who actually owns those when each one is a separate business. In fact, the Lied Center for Real Estate estimates that as of 2023, investors owned approximately 15 percent of the county's housing stock and close to 25 percent in the City of North Las Vegas alone.

Institutional investment firms that own thousands of homes are making it difficult for people to obtain homeownership. Lower-income residents are unable to enter into homeownership when corporations, hedge funds and private equities are buying the same homes in bulk and then holding on to them without investing in the community where the houses are. In fact, the subject of the article even says that Pretium Partners, which was the name of the company, targets starter homes and low-income communities where they can easily outbid locals and obtain vast quantities of the Nevada's housing market.

The foreclosure crisis created these businesses, and that is what they are—they are businesses engaged in owning and renting homes for profit. Again, often individual homes are registered as LLCs with each home being a separate

business. An entity may own thousands of rental homes, but because they are separate businesses, they are not aggregated and therefore they do not reach the Commerce Tax threshold. As businesses, they should be paying the Commerce Taxes that other businesses that meet the Commerce Tax requirements are already paying. That is why I sponsored A.B. 457. The goal for the bill is to create a process for a combined taxpayer group for business entities primarily engaged in renting real property. A combined taxpayer group means a group of business entities required to be treated as a single business entity for the purposes of the Commerce Tax. A combined taxpayer group shall register, file returns and pay taxes as a single taxpayer.

In order to get to the point of aggregating the rental properties, we need a process to require registering a controlling interest and changes to a controlling interest in property here in Nevada. Right now, the Secretary of State's Office does not talk to the county assessor's office, and we have no requirement to file transfers of controlling interest documents. So, we do not have a way of knowing how many homes are owned by the same entity. This is the step that we need to work on. Our housing market is in crisis. We either need to raise the wages of working people to allow them to afford to buy a home, build equity and have an investment to help through hard times—or we need to lower housing prices or find a way to close the gap between those two extremes. Combined taxpayer groups who meet the existing requirements to pay the Commerce Tax will be investing in the State and the community and, hopefully, begin to close this gap.

Assembly Bill 457 right now is a study on the feasibility of treating certain business entities as a single entity for the purposes of the Commerce Tax. Again, this is so that we can begin to piece together the landscape of ownership for rental properties. That's the whole bill. There is an amendment (Exhibit C) bringing in a part of another bill that did not make it past the Assembly. That bill was A.B. 362.

ASSEMBLY BILL 362 (1st Reprint): Provides for taxes on the sale or transfer of a controlling interest in an entity which possesses an interest in real property. (BDR 32-687)

The bill was an attempt to close the real property transfer tax loophole. But in order to do that, we need to create a process to register controlling interest in properties. This is done in other states through their departments of taxation.

We talked to the Department of Taxation, to the recorder's office and the Secretary of State. But this process needs more time to research how it is done in other states and what is the best way to do this process in Nevada. That is the purpose of the amendment. Because the amendment does interact with the processes needed in A.B. 457 on controlling interest, it is attached to this bill. The study also requests a determination of the potential revenue for the combined taxpayer groups and closing the real property transfer tax. It is kind of a lot for just a study, but I am happy to answer any questions.

CHAIR NEAL:
I want to talk about the amendment. What is the process for filing for controlling interest? Can you kind of break that down a little bit?

ASSEMBLYMEMBER CONSIDINE:
My belief and understanding right now from limited conversations that I have had is that there is no requirement for any controlling interest transfers that are filed with the Secretary of State to be reported to the assessor's office. Also, controlling interests in properties filed with the Secretary of State are only done on an annual basis and not when there are transfers of that controlling interest.

CHAIR NEAL:
What do you seek to gain from studying this process?

ASSEMBLYMEMBER CONSIDINE:
My idea is to understand how the process could work in Nevada. Because the timeline for this session was much too short, I have spoken with some tax folks in Washington, D.C., and with the tax department in Vermont which has a process and documents to already do that, but they do it differently. The majority of states and entities I spoke to have that all done through their departments of taxation. There are specific forms that people fill out online, they file it with the department of taxation, and then the department of taxation files that information. The next step it is getting that information to the assessor's office and to the secretary of state.

Working with the Department of Taxation in the interim will allow us to have those conversations and work it all out with all of the parties at the table. Trying to do it in a session such as this immediately puts a fiscal note on a bill, which just stops the bill anyway. Having a longer period of time to flesh all of

this out and determine what is best for Nevada, I believe, is the best way to do this.

CHAIR NEAL:
You mentioned, basically, the corporate interests and how they control the properties. How is this bill going to help open up the door for homeownership even if we study it in the interim? What are you expecting would be some of the outcomes or findings that we are going to come up with that would end up in a revenue bill?

ASSEMBLYMEMBER CONSIDINE:
The idea originally was to get a true idea of what entities own the largest amount of properties in the State; then we could determine if they are taxable under the Commerce Tax. I think flowing from that we will be able to articulate entities that own 4,500 or 30,000 units of houses in Clark County or in the State. Having a discussion and increasing the ability to properly tax the entities might also lead to some entities selling some of those houses, putting more houses on the market. Once they do that, it may lower the cost of housing and open the door to more people to buy houses. Also, I think once we have an idea of how many homes are run by hedge funds or private equity firms or corporations gives us more information that we can use to plan for what we need for the future.

CHAIR NEAL:
When we passed the Commerce Tax in 2015, did we exempt hedge funds?

ASSEMBLYMEMBER CONSIDINE:
There is a loophole in the Commerce Tax for real estate investment trusts. I brought a bill recently to close that loophole.

CHAIR NEAL:
I thought hedge funds were included, too. I remember conversations and I thought there was an umbrella that prevented some subsidiaries from being touched.

I am only asking this because I am thinking if we study this in the interim, you are going to have to bring more than one change if hedge funds were excluded because you'll have to open the door to bring them in if they happen to fit in. Let us say they are real estate investment trusts, but they happen to be a

hedge fund. Ultimately, you are going to have to open the door on the Commerce Tax for some of the exemptions we created.

ASSEMBLYMEMBER CONSIDINE:
That would be one of the things we would learn by doing this study. If that bill that I brought two years ago to close that loophole is another step that we need to make, then that is something that we could discuss as a legislature.

SENATOR STEINBECK:
Thank you for bringing this bill and for trying to address this problem. I have been receiving letters from small investors who have four or five properties registered as LLCs. Would the intent still be to catch them in this as well, or is it just the larger investment groups?

ASSEMBLYMEMBER CONSIDINE:
You must have $4 million in gross receipts to be eligible to pay the Commerce Tax. The bill is not designed for smaller investors. This is for hundreds and thousands of homes that are owned by a corporation, a hedge fund or a large entity like that.

SENATOR CRUZ-CRAWFORD:
I realize the study has not been done yet, so you might not have this answer, but are there any rough estimates on how much revenue may be collected?

ASSEMBLYMEMBER CONSIDINE:
I do not know. It is an issue that I have tried to figure out, but my understanding is folks can't tell me what a number is when they have not even looked at it. So part of this is determining what those numbers are. I know, for example, there's one entity that has over 30,000 houses in our State. My guess is that one's going to hit the Commerce Tax threshold, but I do not know what that revenue would be because it has not been collected before. Hopefully, when we get a handle on the number of houses, we could potentially determine what that revenue would be, and that is part of what the study is asking for.

SENATOR STEINBECK:
One of the other concerns that have been brought up is that the costs of taxes will be transferred down to the renters who can least afford an increase, whether in a residential or commercial property.

ASSEMBLYMEMBER CONSIDINE:
We won't know what that would be until we have completed the study regarding who owns the properties and how many they own. If just that knowledge itself changes the landscape in any way for the sale of some of those houses, I think there's always a possibility that anytime we do anything with the Legislature, any law that we do, will pass costs on. But a free market with fair competition has to be incorporated in that as well. So, entities that are not paying taxes that should be paying taxes are getting an edge on those entities that are doing what they are supposed to do, paying those taxes and incorporating that amount into their rents. I do not have a clear answer to that, but my hope is that the market and competition will sort that out if it comes to that.

CHAIR NEAL:
Because you are trying to bring them under the commerce clause, are you expecting that—some of these companies could have intermittent revenue, so how do we place them under the Commerce Tax if it is not going to be consistent revenue where we can annually expect reoccurring revenue because it may not reoccur? It may be a one-time purchase or maybe it could be two years. But I think there's a subtext. I guess the entities that when we are talking about your amendment and the reprint of the bill—what do we do when there's this intermittent revenue? We actually gave some exemptions when there was intermittent revenue within the Commerce Tax. That's what I remember. But that is what I was thinking about. Can you discuss that just a little bit?

ASSEMBLYMEMBER CONSIDINE:
I think that would be something that as we get into the study we would determine and figure out. I am sure that some rental houses may have intermittent revenue, but those that do may or may not hit the Commerce Tax [threshold] and would be like any business that fluctuates year to year. But that is something that I think that would need to be discussed.

CHAIR NEAL:
Yes, and also whether or not we are going to actually include rents in our Commerce Tax conversation about whether there was something that we excluded on purpose because of the scope and who was being brought in. So ultimately, once you open up the exemptions within the Commerce Tax, I think there are going to be a lot of people who are going to say, "Yeah, but I was

included or excluded." Now you are opening the gate. It is going to be your world in regard to that legislation that you are going to carry, but [in the past] when we moved that legislation, it was a very careful negotiation of who was exempted out.

ASSEMBLYMEMBER CONSIDINE:
One of the things I tried to determine last session on the bill that I brought was now that the Commerce Tax is ten years old, I tried to go back and find out what the conversation was about the loophole for the real estate investment trust that was provided in the Commerce Tax. I found no information, no recorded history and no conversations about it at all. So if we are to have conversations about that, it would be nice to understand where it originated.

CHAIR NEAL:
I was in the hearing; I think it was six or seven hours long. It was a very voluminous bill. There were a lot of questions.

WISELET ROUZARD (Deputy State Director, Americans for Prosperity Nevada):
We're currently neutral given the fact that this bill proposes a study. We are big on transparency and making sure that elected officials and constituents have all the information necessary before making a decision. In terms of the approach and what is being studied regarding the tax, we do have concerns around any group being considered a combined taxpayer group, especially in this case, going after properties that are individually marked as LLCs. We do oppose a one glove fits all approach when it comes to some of these tax proposals. We do believe that it would be regressive, but overall, we are neutral because we do think that a study and information for you all to make the best decision is crucial in addressing this big concern that the bill sponsor had brought.

Last session we did support Assemblymember Considine's bill because we believe when it comes to taxes, all taxes should be paid equally across the board. We should also consider lowering those tax rates to ensure those who are in compliance are able to contribute effectively to the economy and the government's revenue. So, currently we are neutral on A.B. 457.

CYRUS HOJJATY:
I will echo his [Mr. Rouzard's] statements. I will have to respectfully disagree. I do want low taxes, but I do believe in a more progressive system. I am glad the sponsor brought up hedge funds. It is a very serious issue. I am hoping that it

will have an effect and put more homes into the market. I think you did have a similar bill about hedge funds and big companies buying things up. I am very happy about that. There are many different elements concerning this topic including federal lands. I am hoping A.B. 457 targets the large guys and not the mom and pops because the large guys are rigging, manipulating the market. It is just absolutely critical. I do like a lot of the bills that the sponsor has brought like the prescription drug bill.

CHAIR NEAL:
We will close the hearing on A.B. 457 and open the hearing on A.B. 535.

ASSEMBLY BILL 535 (1st Reprint): Revises provisions relating to the sales tax exemption for organizations created for religious, charitable or educational purposes. (BDR 32-812)

ASSEMBLYMEMBER SHEA M. BACKUS (Assembly District No. 37):
Assembly Bill 535 is a commonsense measure to support our nonprofit organizations currently facing severe funding cuts. I want to be clear that this bill clarifies but does not expand the requirement for a nonprofit organization to obtain their Sales and Use Tax exemption, which already exists in law. Assembly Bill 535 aligns the state Sales and Use Tax exemption criteria with widely utilized and accepted federal standards. Specifically, it allows organizations that operate exclusively for exempt purposes under section 501(c)(3) of the Internal Revenue Code and are recognized as exempt by the Internal Revenue Service to more efficiently satisfy the requirements to obtain our state Sales and Use Tax exemption.

Currently, nonprofits must navigate complex state specific requirements in addition to federal regulations. This bill streamlines the process by reducing administrative burdens and freeing up valuable resources that can be better spent on serving the community. While this exemption exists, the application process for nonprofits is cumbersome and creates administrative and financial burdens. This is particularly true for smaller organizations with limited resources. As a result, many Nevada nonprofits find that being recognized by NRS and to properly be incorporated by the Secretary of State is a struggle. It is difficult to access the tax exemption that voters intended to provide and that exist in the Nevada Constitution. I also want to thank the Department of Taxation for working with us on an amendment. They worked during the interim to get to where we are now with A.B. 535.

MILES DICKSON (CEO & President, Nevada GrantLab):
Nevada GrantLab is a Las Vegas-based 501(c)(3) organization that supports fellow nonprofits, public agencies, and local and state governments in applying for and administering federal grants that benefit Nevadans. As part of our work, we see firsthand the challenges and opportunities that Nevada nonprofits encounter as they serve our neighbors, communities and economy. One of those challenges is being denied a religious, charitable or educational Sales and Use Tax exemption despite being designated as a nonprofit by the IRS. As Assemblymember Backus stated, existing law allows for nonprofit organizations established for religious, charitable or educational purposes to seek the Sales and Use Tax exemption. However, the existing definitions and requirements can be vague and leave room for broad subjectivity.

As amended, A.B. 535 will do two things. First, it will enumerate a list of factors that the Department of Taxation shall consider in its determination of whether an organization is charitable, and it will add explanation of reporting requirements to promote understanding and transparency relative to the Sales and Use Tax application and denial process. Specifically, sections 1 and 2 add a list of factors that the Department shall consider in its evaluation of determination of an organization's charitable purpose. These factors align to those found in 501(c)(3).

The list of factors here is not intended to be exhaustive nor is it intended to require that even one or more of them must be satisfied. It is simply an attempt to add language that helps taxpayers, nonprofits or organizations, et cetera, understand what "charitable" means for the purpose of Sales and Use Tax exemption, particularly by aligning it to federal code, which is the basis for the way many of our organizations operate in seeking revenue whether for public or private sources. Again, it is not intended to require that all these factors be addressed. We believe these factors should be construed as evidence of a charitable purpose. This is intended to simplify, streamline and clarify what constitutes "charitable."

I also want to note our goal is to apply these factors to charitable, not necessarily religious or educational, organizations but through the other two organization types referenced in this statute. Sections 1.5 and 2.3 require the Department to provide a detailed explanation to an organization that has applied for and been denied an exemption. Finally, it requires the Department to submit a report every other year that details the number of applications

received, the number of applications approved and denied, and the processes or techniques used in making those determinations.

I want to note that an amendment (Exhibit D) has been submitted to address some of the feedback we received. Specifically, the proposed amendment will remove "helps lessen neighborhood tensions" as one of the enumerated factors in the consideration set, and it clarifies that the factors should be considered only for corporations seeking an exemption under the charitable provision, not those seeking exemptions for religious or educational purposes.

CHAIR NEAL:
Have you guys had a chance to read the Nevada Taxpayers Association's opposition letter (Exhibit E)?

FRANCISCO MORALES (Nevada GrantLab):
Yes, we read the letter. Our response to the letter is that we are clarifying that these factors apply only for determining "charitable." Part of what happened is that the first reprint stated that that these factors apply when determining whether an organization is charitable, educational or religious. These factors, as you know, from the IRS are only applicable to charitable. With the amendment, we want to make sure that it is clear that these factors are only for charitable. Part of the concern in the letter is the question of what would happen with the educational part of NRS. We are not touching that, so this should address that concern.

CHAIR NEAL:
In terms of scope, how many nonprofits will now be included under this subset?

MR. DICKSON:
I think that really is a question for the Department of Taxation. That is at the heart of why we are looking for increased reporting around number of applications, approvals and denials. We are trying to understand the number of nonprofit organizations that qualify as a 501(c)(3) that are currently being denied.

SHELLIE HUGHES (Executive Director, Nevada Department of Taxation):
I do not have the specific number of charitable organizations registered as a 501(c)(3). I do have that currently 7,693 organizations are registered in Nevada as a 501(c)(3) organization. Currently, of those, 2,711 have RCE

[religious/charitable/educational organizations] exemptions in Nevada. Based on the IRS definition of charitable, we do consider those when we approve applications for RCE exemptions. If this bill is just clarifying what those factors are, I do not see that it will expand the base of applicants by a significant amount.

NICK SCHNEIDER (Vegas Chamber):
We support A.B. 535. We do appreciate the clarifying language and specific factors within that process which should help streamline our State's charitable nonprofits in going through that process more cleanly.

MAURICE WASHINGTON (Americans for Prosperity):
In addition to my position with Americans for Prosperity, I am also a pastor of a nonprofit, noncharitable organization that has applied for a tax-exempt letter. We are testifying in neutral. We understand that the streamlining process should be less cumbersome. We've gone through this issue with our church several times to try to make sure that we comply with the current state statutes. Our concern and the reason we are staying neutral is that we do not want the 501(c)(3) to be the only criteria by which a nonprofit or church could receive a tax-exempt letter. We are reviewing the language to make sure that this exclusion is not the sole determiner of not receiving a tax-exempt letter.

MS. HUGHES:
We are neutral on A.B. 535.

BECKY DUTRO (Nevada Taxpayers Association):
Nevada Taxpayers Association testified on this bill as introduced and supported the changes proposed to include those organizations recognized by the IRS as a 501(c)(3) as part of the sales tax exemption as it is aligned with good tax policy of clarity, transparency, simplicity, equitability and ease of administration. With the addition of Amendment No. 472, the Association is in support of the added reporting requirements in section 1.5 and 2.3. However, there was some concern that the criteria added and in addition to classification of 501(c)(3) to sections 1 and 2, subsection 5 further complicates the understanding of applicability. The association did submit a more detailed letter in regard to some of these concerns including how the department will consider the added factor. After speaking with GrantLab and the bill sponsor and [having] a discussion of the proposed amendment, we are in neutral as we understand that the intent

was to be used to assist in classifying charitable organizations and not religious or educational organizations.

We have spoken with the bill sponsors and proponents and will continue discussions for additional clarification language if it is needed after today's clarification to relieve the questions and concerns. We would like to see this bill be considered for approval as we do understand the underlying aspects of the bill and support those changes.

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CHAIR NEAL:
We are adjourned at 1:44 p.m.

RESPECTFULLY SUBMITTED:

_____
Jan Brase,
Committee Secretary

APPROVED BY:

_____
Senator Dina Neal, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	**Exhibit Letter**	**Introduced on Minute Report Page No.**	**Witness / Entity**	**Description**
	A	1		Agenda
	B	1		Attendance Roster
A.B. 457	C	3	Assemblymember Venicia Considine	Proposed Amendment
A.B. 535	D	11	Miles Dickson / Nevada GrantLab	Proposed Amendment
A.B. 535	E	11	Senator Dina Neal	Becky Dutro / Nevada Taxpayers Association / Letter in Opposition