

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066
Informational Statement
LCB File No. R041-24

1. A clear and concise explanation of the need for the adopted regulation.

Proposed permanent regulation (R041-24) revises requirements for the maintenance of certain records by a taxpayer that is an escort or escort service.

This Regulation is necessary to provide a clarification to the affected industry regarding the applicability of Live Entertainment Tax to escort services, confirming that the full amount charged for the escort services is subject to the LET, without deductions for service costs, interest, losses, tips, gratuities or other expenses. This clarification will avoid discrepancies in tax filings among different taxpayers and clarify how the services are to be reported.

2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on small businesses and sending notice of workshops and hearings by electronic or regular mail as follows:

| <u>Date of Notice</u> | <u>Workshop/ Hearing</u> | <u>Date of Workshop/Hearing</u> | <u>Number Notified</u> |
|-----------------------|------------------------------|-------------------------------------|----------------------------|
| 6/20/24 | Workshop | 7/9/24 | 202 |
| 7/15/24 | Adoption Hearing | 8/14/24 | 203 |

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library, Legislative Counsel Bureau, and various Department of Taxation locations throughout the State. Comments were also solicited by direct email.

No public responses.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

3. The number of persons (not including Department staff or Commission Members) who:

- (a) Attended each hearing:**
- (b) Testified at each hearing:**
- (c) Submitted written comments:**

Workshop date: July 9, 2024

(a) Number in attendance: 12

(b) Number testifying: 0

(c) Written statements submitted: 0

Adoption Hearing date: August 14, 2024

(a) Number in attendance: 15

(b) Number testifying: 0

(c) Written statements submitted: 0

4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:

Testified at Adoption Hearing:

None

Provided written public comment for Adoption Hearing:

None

5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.

See response to #2 for description of how comments were solicited from affected businesses and an explanation of how interested persons may obtain a copy of the summary.

Summary of public responses: None

Summary of workshop discussion: None

Summary of Public Comment at Adoption Hearing: None

A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The Nevada Tax Commission adopted the regulation without changing any part of the proposed regulation. There was no opposition and the language accomplished the intent of the regulation.

7. The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.

(a) Estimated economic effect on the businesses which they are to regulate.

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse or beneficial economic effects on businesses. The regulation provides clarity regarding applicable taxes to ensure the businesses are properly reporting tax obligations. This is not a new tax, but there may be a short-term increase in the amount of taxes paid that were previously unreported or under-reported. No long-term effects are anticipated.

(b) Estimated economic effect on the public which they are to regulate.

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse economic effects to the public. There may be a slight beneficial impact to the public in terms of increased revenue for proper reporting of these tax obligations. This is a narrow scope and the revenue generation will be minimal, but will provide both a short-term and long-term economic benefit to the public in the form of increased revenue.

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

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The adopted permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

- 10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.**

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

- 11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The adopted permanent regulation does not include new fees or increase an existing fee.