

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

**Eighty-Second Session  
May 2, 2023**

The Committee on Revenue was called to order by Chair Shea Backus at 4:12 p.m. on Tuesday, May 2, 2023, 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/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Shea Backus, Chair  
Assemblywoman Venicia Considine, Vice Chair  
Assemblywoman Natha C. Anderson  
Assemblywoman Lesley E. Cohen  
Assemblywoman Danielle Gallant  
Assemblyman Ken Gray  
Assemblyman Gregory T. Hafen II  
Assemblywoman Erica Mosca  
Assemblyman Duy Nguyen  
Assemblyman P.K. O'Neill  
Assemblyman David Orentlicher  
Assemblywoman Shondra Summers-Armstrong

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

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

Minutes ID: 1021



**OTHERS PRESENT:**

Shellie Hughes, Executive Director, Department of Taxation  
Yvonne Nevarez-Goodson, Chief Deputy Executive Director, Department of  
Taxation  
Andrew LePeilbet, Chairman, United Veterans Legislative Council  
George Hritz, Government Affairs Representative, Nevada Taxpayers Association  
Bryan Wachter, Senior Vice President, Retail Association of Nevada

**Chair Backus:**

[Roll was taken and Committee rules and protocol were reviewed.] Today we will hear two bills—Senate Bill 29, which revises provisions related to refunds of overpayment of taxes, and Senate Bill 50 (1st Reprint), which revises provisions governing the sales tax holiday for certain members of the Nevada National Guard and certain relatives of such members. Also, we have to be on the floor tonight at 5 p.m. for a quick presentation by one of our congressional representatives, so if we do not get done, we may have to come back up to finish our bills.

I also want to welcome Brandon Summers to our hearing today. He is one of my colleague's sons. We are happy to have him here in person. It is always nice to have family members join us. With that, I will open the hearing on S.B. 29.

**Senate Bill 29: Revises provisions related to refunds of overpayments of taxes.  
(BDR 32-216)**

**Shellie Hughes, Executive Director, Department of Taxation:**

With me today is Chief Deputy Executive Director Yvonne Nevarez-Goodson and Deputy Executive Director Jennifer Roebuck. We are here to present Senate Bill 29. The Department of Taxation (Department) views S.B. 29 as a housekeeping measure. Currently *Nevada Revised Statutes* (NRS) 360.2935 requires the Department to pay interest to a taxpayer on any refund requested by the taxpayer on an overpayment of taxes.

Certain tax types, such as sales tax and live entertainment tax, are taxes that have been collected by the taxpayer from their customer and then remitted to the Department. To be clear, the taxpayer, for sales tax purposes, is often referred to as the retailer, and the taxpayer for live entertainment tax purposes is often referred to as the owner or operator of the facility where the live entertainment is provided. With these tax types, we often refer to these circumstances as taxes that are collected from the customer and held in trust by the taxpayer. One can say that these types of taxes are pass-through taxes. For example, the sales tax and live entertainment tax are imposed on the taxpayer, but the taxpayer collects the tax from the customer and then remits the tax to the Department. This tax money never belongs to the taxpayer. If a refund is due for the overcollection, provisions in Chapter 372 of NRS and Chapter 368A in the *Nevada Administrative Code* require the taxpayer refund the taxes that were overcollected to its customer prior to the Department issuing a refund to the taxpayer. However, these statutes do not require that the taxpayer refund any interest to its customer.

As a result, if the Department refunds any interest associated with that overcollection to the taxpayer, this results in a windfall to the taxpayer as the payment of overcollected taxes was not made with the taxpayer's funds. In summary, this revision is to prevent the State from improperly paying interest to the incorrect party. That concludes our presentation, and we are available to answer any questions.

**Chair Backus:**

Thank you for your presentation. Committee members, do we have any questions for the Department of Taxation? [There were none.] We will go ahead and take testimony in support of S.B. 29. Is there anyone here in Carson City who would like to testify in support of S.B. 29? [There was no one.] Is there anyone on the phone lines who wishes to give testimony in support of S.B. 29? [There was no one.] We will move to opposition. Is there anyone in Carson City who would like to testify in opposition to S.B. 29? [There was no one.] Is there anyone on the phone lines who wishes to give testimony in opposition to S.B. 29? [There was no one.] We will move to neutral testimony. Is there anyone in Carson City who would like to give testimony neutral on S.B. 29? [There was no one.] Is there anyone on the phone lines who wishes to give testimony neutral on S.B. 29? [There was no one.] Do the presenters wish to give any closing remarks regarding S.B. 29?

**Shellie Hughes:**

I just want to say thank you for hearing this bill today.

**Chair Backus:**

I will close the hearing on S.B. 29 and open the hearing on Senate Bill 50 (1st Reprint).

**Senate Bill 50 (1st Reprint): Revises provisions governing the sales tax holiday for certain members of the Nevada National Guard and certain relatives of such members. (BDR 32-253)**

**Shellie Hughes, Executive Director, Department of Taxation:**

Again, with me today is Chief Deputy Executive Director Yvonne Nevarez-Goodson and Deputy Executive Director Jennifer Roebuck. I will be providing the background and purpose of why Senate Bill 50 (1st Reprint) is necessary, and Chief Deputy Executive Director Nevarez-Goodson will walk you through the provisions of the bill.

Nevada is a member of the Streamlined Sales and Use Tax (SST) Governing Board and has been a member since April 1, 2008. The governing board is made up of representatives from each of the member states. Currently there are 22 full-member states and 1 associate-member state. States must comply with the requirements contained in the Streamlined Sales and Use Tax Agreement (SSUTA) to be a member state.

The SSUTA applies to the state and local sales and use taxes collected by retailers, and Chapter 360B of *Nevada Revised Statutes* (NRS) contains provisions for implementation of the SSUTA in Nevada. The purpose of SSUTA is to simplify and modernize the administration of sales and use tax laws of the member states in order to facilitate multistate

tax administration and reduce the burden of compliance. If a member state is found to be out of compliance with any provision in the SSUTA, the member state can be sanctioned and even risk not maintaining the status as a member state.

Last session, Senate Bill 440 of the 81st Session was signed by the Governor and was codified as NRS 372.7281 and NRS 372.7282. The law created a sales tax holiday and provided an exemption from Nevada sales tax on sales of tangible personal property to certain Nevada National Guard members and their qualifying dependents living at the same physical address in Nevada. The period of the tax exemption is on the day Nevada Day is observed, and the Saturday and Sunday immediately following. Members of the Nevada National Guard are required to apply for a letter of exemption from the Department 30 days before the date on which Nevada Day is observed. If eligible, the Department will issue a letter of exemption. The law requires that when the Nevada National Guard member or qualified dependent makes a retail purchase during the sales tax holiday, that the letter of exemption is provided to the seller. The seller is then authorized to sell to the member or qualified dependent without imposing sales tax on that sale. The seller is required to retain a copy of the letter of exemption for audit purposes. The sales tax holiday provisions contained in NRS 372.7281 and NRS 372.7282 expire on June 30, 2031. After S.B. 440 of the 81st Session became effective and the law was in place, it was determined that the bill violated SSUTA, specifically Section 322. This section provides four requirements that must be met if a member state allows for temporary exemption periods, commonly referred to as a sales tax holiday.

Senate Bill 440 of the 81st Session did not meet two of those requirements. To implement a sales tax holiday, Nevada could not apply an entity-based exemption to items and could not require the seller to obtain a letter of exemption from a purchaser for items to be exempted during the sales tax holiday. Senate Bill 440 of the 81st Session did both. The sales tax holiday applied only to qualified members of the Nevada National Guard, and it required that the Nevada National Guard member provide a letter of exemption to the seller when they purchased items to be exempted during the sales tax holiday. Nevada was sanctioned for our violation of the SSUTA, and we are not able to use our voting rights on the Streamlined Sales and Use Tax Governing Board until we come back into compliance.

Senate Bill 50 (1st Reprint) is a result of discussions with members of the Governing Board in an attempt to bring us back into compliance with the SSUTA. Senate Bill 50 (1st Reprint) takes a different approach to the sales tax holiday. Instead of exempting purchases by qualified Nevada National Guard members during the sales tax holiday period, the seller would collect the tax on the purchase. The Nevada National Guard member would then remit any receipts from this period, along with a copy of the letter of exemption, to the Department within 30 days of purchase. After confirming that the sales tax was paid, the Department would refund the sales tax on any qualifying purchases made during the sales tax holiday to the Nevada National Guard member. Not only does S.B. 50 (R1) carry over

the same intent as S.B. 440 of the 81st Session, which is to allow a period of time for Nevada National Guard members to purchase tangible personal property exempt from sales tax, it also brings us into compliance with SSUTA. I will now turn it over to Chief Deputy Executive Director Nevarez-Goodson to walk through the sections of S.B. 50 (R1).

**Yvonne Nevarez-Goodson, Chief Deputy Executive Director, Department of Taxation:**

We thought something that might be helpful for the Committee was to understand that S.B. 50 (R1) is really only addressing one of five separate exemptions that apply to the Nevada National Guard for sales tax. Under existing law, the statute provides for five different exemptions [page 2, [Exhibit C](#)]:

- The first one is for active-duty members who are serving outside of the United States;
- The second exemption is for certain relatives of those members;
- The third exemption is for the relatives of deceased members of the Nevada National Guard who were killed in the line of duty while in active service;
- The fourth exemption is for what we are talking about here today—the sales tax holiday—which is for active members; and
- The fifth is for relatives of those active members.

For the first exemption we thought it was prudent to identify that the statutory requirements for this exemption apply to those Nevada National Guard members and certain relatives who are engaged in full-time active duty outside of the United States for more than 30 days [page 3]. Active duty is defined as the full-time duty in active military service, which includes full-time training duty, annual training duty, and attendance while in the active military service at a service school. These do not include full-time Nevada National Guard members.

It is NRS, not federal law, that further limits this exemption to those who are serving outside of the United States. This particular exemption also applies to family members who reside in the same residence in the state of Nevada, and who are related to that service member within the first degree of consanguinity or affinity [page 4]. The process for this particular exemption is that the individual Guard member or the family member would provide the letter to the retailer, the retailer would retain the letter and present it to the Department for a refund, and the Department would issue that refund to the retailer.

The third exemption applies to the family members of an active-duty member who is deceased in the line of duty [page 5]. This again applies to the family members of an active-duty member who was deceased in the line of duty. This particular process, and this again is a separate exemption for those who are exempt under S.B. 50 (R1), is for family members. They would file their application with the Department of Taxation for a letter of

exemption. That exemption would expire three years after the date of the death of the member. They would provide that exemption letter to the retailer. The retailer would retain that letter and present it to the Department for a refund, and the Department would issue that refund.

What we are referring to today for purposes of our sales tax holiday bill under S.B. 50 (R1), this particular statutory exemption applies to Nevada National Guard members and relatives who are on active status [page 6, [Exhibit C](#)]. This is distinct from those active members who are on active duty. That is a distinction delineated in the current law, referred to the federal provisions you will see in the statute. A member on active status is defined by federal law to be a member who is in a reserve component and is not in an inactive Army or Air National Guard status, or a retired reserve status. The sales tax holiday applies only to those members in active service. Again, it also applies to the family members who reside in the same residence as the active Nevada National Guard member, and those related within the first degree of consanguinity or affinity to that member.

Under existing law, as Executive Director Hughes mentioned, the active-duty member would apply through their commanding officer to obtain a letter of exemption from the Department of Taxation. That exemption letter would last for those three days during the Nevada Day observed holiday, and the current provisions that violate SSUTA currently are that the Guard member would provide the letter to the retailer, the retailer would retain that letter and present it to the Department, and the Department would issue the refund to the retailer.

Senate Bill 50 (1st Reprint) is primarily focused on those last three provisions, which change the process in which the active member or family member would now actually pay the applicable sales tax to the retailer [page 7]. The retailer would collect that sales tax, and then the active member or family member could then present the receipt from the retailer, along with the letter of exemption that the Department has issued within 30 days of purchase, and the Department would then issue that refund directly to the member or family member. With that, we would be happy to take any questions.

**Assemblywoman Mosca:**

Do we know how many people have used this since S.B. 440 of the 81st Session?

**Shellie Hughes:**

Currently, we have no way to track that information, so we have no idea how many retailers or individuals are claiming this exemption. However, with S.B. 50 (R1), the Nevada National Guard member or their family member has to come and request the refund, so we will have that ability. Going forward, if this bill passes, we will be able to have that information for you.

**Assemblyman Gray:**

There is a lot of legalese here, and a lot of references to *United States Code*, Title 10. Could this not be made a whole lot simpler by just saying "applied to any member of the Nevada National Guard in good standing"? You have FTNGDOS [full-time National Guard duty for

operational support], ADOS [active duty for operational support], you have *United States Code* (U.S.C.), Title 32 folks. Just looking at this, there are so many different ones that are not captured in the legalese. Really, you are only looking at "active duty" under 10 U.S.C. Everything is referencing 10 U.S.C., when your traditional M-Day [mobilization day] National Guard soldiers or airmen are under 32 U.S.C. status, so it would also leave out your 32 U.S.C. active-duty guys—your AGR [Active Guard Reserve] guys.

I am just wondering if the legalese could be made a little bit clearer so people know they are eligible. Even being called to active duty for annual training, it is just kind of funny. If you are a member of the Nevada National Guard, you are a member of the Nevada National Guard. There are no ifs, ands, or buts about it. If you are a gray area retiree, you are no longer a member. If you have been separated, you are no longer a member. If you are an age 60 or beyond retiree, depending on when you became eligible for your retirement, you are not a member of the Nevada National Guard anymore.

The way I look at it is the same way you would be eligible for the Nevada National Guard license plates. You are either in the Guard or you are not in the Guard. Also looking at this, even when I was full-time, because I was an active-duty guy, I would not have been eligible under this. I was just wondering if there is a better way to clean it up and make it much more succinct, yet applicable to all Guard members.

**Shellie Hughes:**

Originally this exemption existed in statute. This may be something for your Legislative Counsel Bureau (LCB) Legal Division to answer. Originally it was designated in that way by 10 U.S.C., then when S.B. 440 of the 81st Session came out, the intent was to provide this exemption for those in the reserve component. Moving forward, we were just trying to clean up that bill so we can come into compliance with SSUTA. I am not opposed to changing the language. I think that would have to be something we run by LCB Legal. The intent for this particular provision originally was for Reserve Guard members.

**Assemblyman Gray:**

You are going exactly where I was thinking. As I said, you are either a member in good standing of the Guard or you are not. It is really simple. You do not have to worry about legal statuses at that point, whether it is 10 U.S.C. service, 32 U.S.C. service, 32 U.S.C. ADOS—there are so many nuances. Get away from the nuances. You are either in the Guard or you are not. A caveat there, you are a member in good standing, like you have to be to get the Guard plates. That would set the wheels in motion. With the Guard, people rotate between statuses. You will see guys out there in uniform, five days per week, 40-plus hours per week, and Guard weekends, and they are not active duty in any way, shape, or form. They are federal technicians, yet they are still a Nevada National Guard member, a Reserve, or part-time—two days per month. I think just changing it to a member in good standing of the Nevada National Guard would clear up so much of this and keep the legal guys at bay. More importantly, it would also let the Nevada National Guard members know you are a member in good standing, like with the college tuition waiver. If you are a member in good standing of the Guard, you are eligible for it.

**Chair Backus:**

It looks like the prior process is kind of still the beginning of this, with the added change to the way the tax is refunded to the purchaser. On the letters of exemption, do you by chance know how many letters of exemption have been issued since the law passed?

**Shellie Hughes:**

Yes, we do have that information. Maybe not since the law has passed, but in 2021 we issued 801 letters for the Air National Guard and 3,184 for the Army National Guard, for a total of 3,985. In 2022 the Department issued 1,003 letters for the Air National Guard and 1,327 for the Army National Guard, for a total of 2,330.

**Chair Backus:**

It is not obvious by the bill, but when someone does get the letter, they can duplicate that letter and give it to multiple retailers. They are not just limited to one letter, one purchase.

**Shellie Hughes:**

Yes, that is correct. They are entitled to the exemption for as many purchases as they make for that entire weekend.

**Assemblyman Gray:**

How many were there in the most recent year?

**Shellie Hughes:**

The total was 2,330.

**Assemblyman Gray:**

And the year prior to that was?

**Shellie Hughes:**

3,985.

**Assemblyman Gray:**

That is pretty good usage. If I remember right, the Army Guard has like 3,000 folks last time I checked, and the Air Guard has 1,300 or 1,400, so that is pretty good. Do you have to generate a separate letter for the family members, or does the member get the letter and then provide their family with a copy of the letter?

**Shellie Hughes:**

I will have to get back to you on that. I think there are separate letters issued, but I am not positive.

**Chair Backus:**

We will now open the hearing to testimony in support. Is there anyone in Carson City wishing to give testimony in support of S.B. 50 (R1)?



**Andrew LePeilbet, Chairman, United Veterans Legislative Council:**

We represent the 279,000 veterans in the state, our Guard, and active military. We are in support of S.B. 50 (R1). We understand why it came about, with our partnership with the other states; however, we support Assemblyman Gray's comments as well. It would be a simplification and far easier to manage for the Department of Taxation if that could take place.

**Chair Backus:**

Thank you for your service.

**George Hritz, Government Affairs Representative, Nevada Taxpayers Association:**

We support this as well. As you heard, Nevada is one of 23 states identified as a member of SSUTA. I do believe Nevada is one of the original founding members. The bill is good policy because it brings Nevada back into substantial compliance with SSUTA. Fiscally, it will answer some of the questions that were asked, and it will track the number of members who have utilized the sales and use tax holiday and the amount refunded. I would like to thank Executive Director Hughes, her staff with the Department of Taxation, Fred Nicely and Patrick Reynolds with SSUTA for their hard work on this bill. I would also like to mention Assemblyman Gray's comments. That would definitely make this bill so much clearer and easier to apply to the Nevada National Guard members.

**Chair Backus:**

Next, we will go to the phone lines. Is there anyone on the phone lines wishing to give testimony in support of S.B. 50 (R1)?

**Bryan Wachter, Senior Vice President, Retail Association of Nevada:**

We are in strong support of S.B. 50 (R1). I also want to thank Executive Director Hughes and her staff for the work that has gone into this bill, to be able to bring us back into compliance with SSUTA. Compliance is very important. We do want to thank the hard work of Senator Neal, who is Nevada's representative on the SST Governing Board, and make sure her full voting powers are returned. It is important for Nevada to be able to have a say in how those common laws and definitions are written amongst those 21 states. It is important because for our small businesses that do not have compliance departments and huge legal departments, it allows them to be able to source their products and operate in the 21 states in the most cost-effective way possible, thereby growing their businesses and increasing the number of Nevadans they hire to be able to do so. We also believe S.B. 50 (R1) is more efficient for our Guard members, whom we appreciate very much. You have had a lot of discussion about, and the Chair had a question about, how many letters and whether they are duplicated. The way the current law is written is every point-of-sale interaction that a Guard member or their family member would have over that weekend would need its own letter. If mom and dad went through the line, used the letter, made a purchase, then Suzy found something else she wanted to buy, you would need an additional letter for that. It also does not recognize how retail has started to operate with delivery and online purchases, which makes it difficult to be able to present the letter at the time of

purchase. By allowing the Guard members to make as many purchases as they want over that weekend and then apply for a refund from the Department of Taxation, we think it will streamline their process as well. For all those reasons, we strongly urge your support of S.B. 50 (R1).

**Chair Backus:**

Next, we will go to testimony in opposition to S.B. 50 (R1). Is there anyone in Carson City who wishes to give testimony in opposition to S.B. 50 (R1)? [There was no one.] Is there anyone on the phone lines who wishes to give testimony in opposition to S.B. 50 (R1)? [There was no one.] We will now go to neutral testimony. There is no one in Carson City to give neutral testimony. Is there anyone on the phone lines wishing to give testimony neutral on S.B. 50 (R1)? [There was no one.] Do the presenters want to come up and give some closing remarks?

**Shellie Hughes:**

I wanted to get back to Assemblyman Gray's question, whether additional letters are given to the qualifying members. Only one exemption letter is issued to the Guard member, and the qualifying members of the family are listed in that letter.

To conclude, I want to emphasize how important this bill is to bring Nevada back into compliance with SSUTA. Thank you for letting us present this bill to you today.

**Chair Backus:**

I will close the hearing on S.B. 50 (R1). That brings us to the end of our agenda. I will open the hearing for public comment. Is there anyone here in Carson City wishing to give public comment this evening? [There was no one.] Is there anyone on the phone lines wishing to give public comment? [There was no one.] Do we have any comments from our members this evening? [There were none.] Our next hearing is on Thursday, May 4, 2023, at 4 p.m. We are adjourned [at 4:44 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Shea Backus, Chair

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

## **EXHIBITS**

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Nevada Department of Taxation, Senate Bill 50, Sales Tax Holiday, Nevada National Guard," dated May 2, 2023, submitted by Shellie Hughes, Executive Director, Department of Taxation, and presented by Yvonne Nevarez-Goodson, Chief Deputy Executive Director, Department of Taxation.