

## CERTAIN SPLIT RATE EXEMPTIONS EXPIRE 12/31/05

At the November 2004 General Election, Ballot Question #8 was defeated. This repealed NRS 374.107, 374.112, 374.113, 374.286, 374.291, 374.307, 374.2911, 374.322, 374.323 and redefined NRS 374.040 & 374.070.

**Effective January 1, 2006, the following exemptions from local sales and use taxes have been rescinded:**

1. Exemption on the sale of, and the storage, use or other consumption in a county of, **farm machinery and equipment** employed for the agricultural use of real property. Expires 12/31/05. Fully taxable on 1/1/06.

Note: The 2005 Legislature allowed it to go back to a vote of the people in November 2006 for a requested full exemption (2% + Local Rate). If the ballot measure is approved they will become fully exempt effective January 1, 2007. If the ballot measure fails they stay fully taxable.

2. Exemption on the sale of any **ophthalmic or ocular** device or appliance prescribed by a physician or optometrist. Expires 12/31/05. Fully taxable on 1/1/06.

3. Exemption for the sale of **aircraft, aircraft engines and component parts** of aircraft which are for use by a commercial air carrier. Expires 12/31/05. Fully taxable on 1/1/06.

4. Exemption on the sale of engines, chassis, parts and components of **professional racing** vehicles; certain vehicles used by professional racing team or sanctioning body. Expires 12/31/05. Fully taxable on 1/1/06.

5. Exemption from the sales of, and the storage, use or other consumption in a county of, works of **fine art** for public display. Expires 12/31/05. Fully taxable 1/1/06.

6. Exemption from the sales of, and the storage, use or other consumption in this state of, a **product or system designed or adapted to use renewable energy to generate electricity** and all of its integral components (i.e., solar, biomass, fuel cells, geothermal, waterpower, wind, etc.). Expires 12/31/05 based on the extension that the 2005 Legislature allowed. Fully taxable 1/1/06.

7. The amount of any **trade in allowance** against the selling price given by a retailer for the value of a **used vehicle** which is taken in trade on the purchase of another vehicle.

Note: The 2005 Legislature extended the trade in allowance and it will remain in effect until January 1, 2007; and will go back to the vote of the people in November 2006 for a requested full exemption (2% + Local Rate). If the ballot measure fails the trade in allowance goes away effective January 1, 2007. If the ballot measure is approved the trade in allowance becomes fully exempt January 1, 2007.

**Special Note:** Private party sales of vehicles will become fully exempt from all sales and use taxes effective January 1, 2006.