

2009 LEGISLATIVE TAX CHANGES

Collection Allowance - The State of Nevada had previously enacted temporary legislation intended to address budget issues. One of the measures had included a reduction in the Collection Allowance authorized for taxpayers who collect and remit certain taxes in a timely manner. That measure was set to expire on June 30, 2009; however, passage of AB 552 in the 2009 Legislative Session has repealed the expiration date. Therefore, the Collection Allowance will remain at .25% after **June 30, 2009**. Taxes affected include Sales Tax; Liquor Excise Tax; Other Tobacco Products Tax; and Cigarette Tax.

Sales Tax Rate Increase – AB 552 increases the Local School Support Tax from 2.25% to 2.60%. **Effective July 1, 2009** the new Sales and Use Tax rates for the counties will be:

Churchill	7.600%	Lyon	7.100%
Clark	8.100%	Mineral	6.850%
Douglas	7.100%	Nye	7.100%
Elko	6.850%	Carson City	7.475%
Esmeralda	6.850%	Pershing	7.100%
Eureka	6.850%	Storey	7.600%
Humboldt	6.850%	Washoe	7.725%
Lander	7.100%	White Pine	7.475%
Lincoln	7.100%		

State Business License Fee – Pursuant to SB 429, the State Business License Fee and renewal will increase from \$100.00 to \$200.00 per business **effective July 1, 2009**, and revert back to \$100 effective July 1, 2011. AB146 makes changes to the administration of the State Business License. **Effective October 1, 2009**, administration of the State Business License will transfer over to the Secretary of State's Office. Additionally, the definition of "Business" has language that includes any entity organized pursuant to Title 7 whether or not the entity performs a service or engages in a business for profit. Additional information regarding this change will be sent to taxpayers before October 1st.

AB 37 allows for the waiver of the \$100 late payment penalty on Businesses License fees if the late payment is the result of circumstances beyond the taxpayer's control and occurred despite the exercise of ordinary care and without intent. This bill became **effective May 6, 2009**

Modified Business Tax – SB429 changes the tax rate for MBT as well as creating a tiered system. If the sum of all taxable wages, after health care deductions, paid by the employer does not exceed \$62,500 for the calendar quarter, the amount of tax is 0.5% of the sum of those wages (0.005). If the sum of all the wages paid by the employer exceeds \$62,500 for the calendar quarter, the tax is \$312.50 plus 1.17% of the amount the wage exceeds \$62,500. For example: if the sum of all wages for the 12/09 quarter is \$101,000. The tax is \$312.50 plus \$450.45 (0.0117 x \$38,500 which is the amount

exceeding \$62,500) = total tax due of \$762.95. These changes are **effective July 1, 2009** and expire June 30, 2011. No changes were made to the definition of Financial Institutions or the tax rate for Financial Institutions which remains at 2%.

Lodging Tax – Initiative Petition (IP) 1 amends NRS 244 and imposes an additional tax at the rate of 3% of the gross receipts from the rental of transient lodging in Clark and Washoe Counties. **Effective July 1, 2009** the tax is imposed throughout the county, including its incorporated cities, upon all persons in the business of providing lodging. In addition AB 552 changes when lodging tax is due to the Department of Taxation. The local governments must pay the tax to the Department on or before the last day of the month immediately following the month in which the tax is collected, therefore, the lodging tax payments for the May 2009 period will be due to the Department of Taxation on or before June 30, 2009.

Short Term Leasing – SB 234 increases the governmental services fee from 6% to 10% of the amount a passenger car is leased and eliminates the 4% Collection Allowance to the lessor. Instead, it allows the lessor to charge “a fee” to recover the full amount of its vehicle licensing costs and “a fee” to cover other costs, such as Airport Franchise Fee. In addition, a short term lessor must annually report to the Department of Taxation the amount of the vehicle licensing costs for the preceding year and the amount collected to recover the costs. **Effective October 1, 2009.**

Tax Overpayments – Pursuant to AB 23 any overpayments of tax must be applied to any other liability of the taxpayer before any refund can be issued. This applies to Sales and Use Tax, Modified Business Tax, Short Term Leasing Governmental Services Tax, Live Entertainment Tax, Liquor Tax, Other Tobacco Products Tax, Cigarette Tax, Tire Tax, and Business License Fees. **Effective July 1, 2009**

Delivery Charges – Pursuant to AB 403, any transportation, shipping or postage charges for the delivery of tangible personal property to a location designated by the purchaser are no longer subject to Sales or Use Tax if they are separately stated on any invoice, billing, or other document given to a purchaser that indicates the sales price for which the property is sold. **Effective May 22, 2009.**

Digital Products – AB 403 further clarifies that any products that are transferred electronically to a purchaser and not through tangible storage media are not included in the definition of tangible personal property on which sales tax is imposed. **Effective May 22, 2009.**

Partial Abatements for certain facilities for the generation of heat and electricity from renewable energy – AB 522 **effective July 1, 2009** authorizes the Nevada Energy Commissioner to grant partial abatements of property taxes and local sales and use taxes to certain facilities for the generation of process heat from solar renewable energy, wholesale facilities for the generation of electricity from renewable energy, facilities for the generation of electricity from geothermal resources and facilities for the

transmission of electricity produced from renewable energy. These abatements will cease to be effective in 40 years.