

STATE OF NEVADA  
DEPARTMENT OF TAXATION  
OVERVIEW OF 2007  
LEGISLATIVE SESSION



PREPARED BY THE  
COMPLIANCE DIVISION

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# SUMMARY OF LEGISLATION ENACTED BY THE 2007 SESSION

The 2007 Legislature enacted the following bills into law affecting the Department's administration of NRS Title 32 Revenue and Taxation. For details of the effects a bill may have, refer to the bill itself. The full text of all bills introduced during the 2007 Legislature is available through the Internet at [74<sup>th</sup> Session Bill Information](#) or [23rd Special Session Bill Information](#) or you may click on the link at the beginning of each bill.

## ASSEMBLY BILLS

### AB186      Effective July 1, 2007

**AN ACT relating to state financial administration; revising various provisions governing partial abatements of certain taxes by the Commission on Economic Development; revising various provisions governing the Solar Energy Systems Demonstration Program Act; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law authorizes the Commission on Economic Development to approve partial abatements of certain taxes imposed on new or expanded businesses. (NRS 360.750) *Sections 10.3, 10.7 and 13.5* of this bill require a business that receives such a partial abatement to: (1) allow the Department of Taxation to conduct audits of the business to determine whether it is in compliance with the requirements for the partial abatement; and (2) consent to the disclosure of the audit reports to the Commission on Economic Development and to the public with certain limited exceptions. Under the Solar Energy Systems Demonstration Act, a certain number of schools which install solar energy systems are entitled to participate in the Demonstration Program and receive portfolio energy credits that may be sold to utilities seeking to comply with the portfolio standards. (Chapter 331, Statutes of Nevada 2003, pp. 1868-71) *Section 11* of this bill also increases the number of schools that may participate in the Demonstration Program and increases the kilowatts of capacity for solar energy systems in schools from 570 kilowatts to 2 megawatts for the years 2007, 2008 and 2009.**

Assembly Bill 186 relates to renewable energy. This measure requires that an agreement between a business and the Commission on Economic Development for partial abatement of taxes must include certain provisions. It must provide that the business agrees to be audited to determine whether it is in compliance with the agreement and agrees that the audits will be disclosed to the public, except for any trade secrets or confidential proprietary information as set forth in the bill.

This measure also increases the number of schools that may participate in the Solar Energy Demonstrations Program and increases from 570 kilowatts to 2 megawatts the total additional capacity for solar energy systems in schools that may be approved by the Public Utilities Commission of Nevada (PUCN) for the years 2007, 2008 and 2009. To promote the installation of solar energy systems at as many schools as possible, the PUCN may not approve for use in the Program a solar energy system having a generating capacity of more than 50 kilowatts if the solar energy system is or will be installed at a school on or after July 1, 2007, unless it determines that approval of a solar energy system with a greater generating capacity is more practicable for a particular school.

Effect on Local Government: No

Effect on State: No

Department Action: Promulgate regulations.

## **AB236**

**Effective July 1, 2007**

**AN ACT relating to taxation; allowing the Department of Taxation to refrain from taking any action to collect unpaid sales and use taxes due from a person if the cost of that action would exceed the total amount due; revising the provisions governing the reporting and payment period for those taxes and the maximum amount which may be required as security for the payment of those taxes; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law provides for the imposition and administration of sales and use taxes pursuant to the Sales and Use Tax Act and the Local School Support Tax Law. (Chapters 372 and 374 of NRS) *Section 1* of this bill authorizes the Department of Taxation to refrain from taking any action to collect any unpaid sales or use taxes due from a person if the cost of that action would exceed the total amount due, including any applicable interest and penalties. Existing law provides for the filing of sales and use tax returns on a quarterly basis from taxpayers whose taxable sales do not exceed \$10,000 per month. (NRS 372.380, 374.385) *Sections 2 and 4* of this bill allow such a taxpayer to file those returns on an annual basis if the taxpayer had no taxes due for the previous 3 calendar quarters or if the taxable sales did not exceed \$1,500 for the previous 4 calendar quarters. Existing law prescribes the maximum amount of security for the payment of sales and use taxes which the Department of Taxation may require from taxpayers who file tax returns for quarterly periods or for monthly periods. (NRS 372.510, 374.515) *Sections 3 and 5* of this bill prescribe a proportionate maximum amount of security which may be required from taxpayers who are allowed to file tax returns on an annual basis.**

Assembly Bill 236 provides that the Nevada Department of Taxation is not required to collect any unpaid sales or use taxes from a person if the average cost of collection, as determined by the Nevada Tax Commission, exceeds the amount of taxes and any interest and penalties owed.

The measure provides that certain taxpayers may report and pay their sales and use taxes on an annual basis. If a taxpayer was filing on a quarterly basis but had no tax due in the preceding three quarterly reporting periods, or had taxable sales that did not exceed \$1,500 for the preceding four quarterly reporting periods, the taxpayer may report and pay such taxes on an annual basis unless his taxable sales exceeded \$1,500 for a 12-month reporting period or \$10,000 for a calendar month.

Effect on Local Government: No

Effect on State: No

Department Action: Nevada Tax Commission to decide on minimum amount upon which Department will take action.

### AB383

**Effective October 1, 2007**

**AN ACT relating to immigration; creating new crimes relating to trafficking in persons; providing for punitive damages in a civil action against a person who commits such crimes in certain circumstances; making property of a person who commits such crimes subject to forfeiture; adding the crimes to the list of felonies that may cause a person to be charged as a habitual felon; requiring the Director of the Department of Business and Industry to include on the website of the Department a link to the Social Security Administration for employers to verify employee social security numbers; providing for an administrative fine to be imposed against a person who holds a state business license if the person willfully, flagrantly or otherwise egregiously engages in the unlawful hiring or employment of an unauthorized alien in violation of federal law; providing penalties; and providing other matters properly relating thereto. *Legislative Counsel's Digest: Section 10* of this bill requires the Nevada Tax Commission to hold a hearing concerning any person who holds a state business license who has been found to have engaged in the unlawful hiring or employment of an unauthorized alien in violation of federal law. If the violation is willful, flagrant or otherwise egregious, the Commission is required to impose an administrative fine on the person.**

Assembly Bill 383 prohibits a person from knowingly transporting, procuring transportation for, or assisting in the transportation of another person into Nevada who does not have the legal right to enter or remain in the United States, for financial gain or with the intent to:

- Subject the other person to involuntary servitude;
- Violate a State of federal labor law; or
- Commit any other crime punishable by a year or more in the State prison.

The bill creates the crime of “trafficking in persons,” which is a category B felony. Violators may be charged as habitual felons with their personal property subject to forfeiture.

The measure also addresses the unlawful hiring or employment of unauthorized aliens by those holding Nevada business licenses. It directs the Nevada Tax Commission to hold a hearing to determine whether to take action against a person who unlawfully hires or employs an unauthorized alien. If the Commission determines that the holder of a State business license willfully, flagrantly or egregiously violated the applicable federal law and failed to verify the Social Security number of an employee, the Commission may impose an administrative fine.

Finally, A.B. 383 requires the Director of the Department of Business and Industry to include a link on the Department's website that allows an employer to verify with the Social Security Administration the Social Security number of an employee.

Effect on Local Government: No

Effect on State: Yes

Department Action: Nevada Tax Commission to promulgate regulations to determine the amount of the administrative fine.

### AB433

**Effective July 1, 2007**

**AN ACT relating to meetings of public bodies; providing additional limitations on the authority of public bodies to close meetings; limiting the authority of the Nevada Tax Commission to close certain hearings; providing a penalty; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law requires that meetings of public bodies be open to the public. (Chapter 241 of NRS) Exceptions to the general rule are allowed by specific statute. (NRS 241.020) *Section 1* of this bill provides that if an exception is allowed by specific statute, the meeting may be closed only to the extent specified in the statute and requires that all other portions of the meeting be open and public. *Sections 2 and 3* of this bill limit and clarify a specific exception for the Nevada Tax Commission that allows closed hearings on appeals by taxpayers under certain circumstances. (NRS 360.247, 372.750)**

Assembly Bill 433 requires the Nevada Tax Commission to take such actions it deems necessary to protect the confidentiality of proprietary and confidential information provided by a taxpayer. The measure also clarifies when the Commission may or may not close a hearing concerning a taxpayer's tax liability. If the Commission determines that a hearing must be closed due to the discussion of confidential and proprietary information received by the taxpayer, other portions of the meeting addressing non-confidential matters must remain open. The measure allows the Commission to close a reopened hearing under certain circumstances. The Commission must make any definitive vote on a tax appeal during an opening meeting and shall prepare and make public an abstract explaining its decision in the appeal.

Finally, A.B. 433 clarifies that a meeting of any public body that is closed pursuant to a specific statute may only be closed to the extent specified in law.

Effect on Local Government: No

Effect on State: No

Department Action: Nevada Tax Commission to adopt regulations to establish when a taxpayer may have a closed hearing.

## **AB461**

**Effective October 1, 2007**

**(Sections 3 to 22, inclusive, and 23 of this act are effective: (a) June 18, 2007, for purposes of enacting ordinances and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and (b) October 1, 2007, for all other purposes. Sections 1 and 2 of this act are effective October 1, 2007, and expire by limitation on October 1, 2025. Sections 3 to 22, inclusive, of this act expire by limitation on October 1, 2027.)**

**AN ACT relating to taxation; providing for certain reporting requirements and the review of certain expenditures relating to the Clark County Sales and Use Tax Act of 2005; authorizing the Board of County Commissioners of Nye County to increase the sales and use tax to support public safety services in Nye County; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* The Clark County Sales and Use Tax Act of 2005 authorized the Board of County Commissioners of Clark County to impose up to one-half of 1 percent sales and use tax to employ and equip additional police officers for various police departments in Clark County. *Section 1* of this bill adds a requirement that any governmental entity that authorizes expenditures from the tax revenues for a police department must submit periodic reports to the Legislature concerning the use of that money and authorizes the Legislative Commission to review and investigate those expenditures. *Sections 3-22* of this bill are modeled on the provisions of the Clark County Sales and Use Tax Act of 2005 and authorize the Board of County Commissioners of Nye County to impose an additional sales tax of up to one-half of 1 percent for the purposes of recruiting, employing and equipping additional firefighters, deputy sheriffs and other public safety personnel and constructing, improving and equipping public safety facilities in Nye County. Any proposed change in the use of the proceeds of the tax must be submitted to the voters and be approved by the Legislature. *Section 17.5* of this bill contains requirements identical to those in section 1 of this bill concerning reporting of expenditures of the tax revenues and the review and investigation of those expenditures.**

Assembly Bill 461 relates to the Clark County Sales and Use Tax Act of 2005 and the authority of Nye County to increase sales and use taxes. The Bill requires that any local governmental entity that authorizes expenditures for a police department from tax revenues under the Clark County Sales and Use Tax Act of 2005 must submit quarterly reports and an annual report to the Nevada Legislature.

The measure also creates the Nye County Sales and Use Tax Act of 2007. The bill authorizes the Nye County Commission to enact an ordinance imposing a local sales and use tax for the purpose of: (1) recruiting, employing and equipping additional firefighters, deputy sheriffs and other safety personnel; (2) improving and equipping existing public safety facilities; and (3) constructing and equipping new public safety facilities. The proceeds from the sales and use tax must be allocated for expenditure in the areas of Pahrump, Amargosa Valley, Beatty, Tonopah, Round Mountain, Manhattan, Gabbs and any other city or town created in Nye County after October 1, 2007. The portion of the bill amending the Clark County Sales and Use Tax Act of 2005 expires by limitation on October 2, 2025, and the Nye County Sales and Use Tax Act provisions expire by limitation on October 1, 2027.

Effect on Local Government: May Have Fiscal Impact  
Effect on State: No

Department Action: Revise forms and advise registered taxpayers; notify staff; publish to website and in *Tax Notes*.

#### [AB487](#)

**Effective June 25, 2007**

**AN ACT relating to taxation; exempting certain professional minor league baseball events from the state tax on live entertainment; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law provides for the imposition of a state excise tax on admission to facilities where live entertainment is provided. (NRS 368A.200) *Section 1* of this bill provides an exemption from that tax for professional minor league baseball events conducted at a stadium.**

Assembly Bill 487 exempts professional minor league baseball events conducted at a stadium from the excise tax charged for admission to a facility where live entertainment is provided.

Effect on Local Government: No  
Effect on State: Yes

Department Action: Notify baseball stadiums; advise staff; publish to website and in *Tax Notes*; update Audit Manual.

#### [AB534](#)

**Effective May 14, 2007**

**AN ACT relating to statutes; ratifying the correction of certain clerical errors and the resolution of certain statutory conflicts in legislative enactments from previous sessions; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* *Section 3* of this bill corrects an error in section 12 of chapter 421, Statutes of Nevada 2005 (S.B. 515), at page 1769, the source of NRS 360B.450. Section 12 of S.B. 515, which was intended to duplicate a definition required to carry out the Streamlined Sales and Use Tax Agreement, inadvertently indicated that the defined term did not include**

**a clause which the Streamlined Sales and Use Tax Agreement included in the defined term. Section 12 of S.B. 515 has therefore been revised to indicate that the defined term includes that clause, which is set forth in paragraph (c) of subsection 1 of that section.**

Assembly Bill 534 makes technical corrections to certain legislative measures from the 73<sup>rd</sup> Regular Session and the 22<sup>nd</sup> Special Session of the Nevada Legislative.

Effect on Local Government: No

Effect on State: No

Department Action: Update leasing regulations contained in NAC 372; advise registered taxpayers; notify and train staff; publish in *Tax Notes*.

## **AB586**

**Effective October 1, 2007**

**AN ACT relating to tobacco; revising certain provisions for the enforcement of taxes and restrictions on the sale and use of cigarettes to provide for the enforcement of taxes and requiring tobacco retailers to display certain notices concerning the sale of tobacco to minors; prohibiting the retail sale of cigarettes through the use of certain self-service displays; providing penalties; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law provides for the imposition, administration and enforcement of taxes on cigarettes. (NRS 370.001-370.430) Existing law provides separately for the imposition and administration of a tax on products made from tobacco, other than cigarettes. (NRS 370.440-370.503) *Section 3* of this bill provides a common definition for such "other tobacco product." *Sections 2, 4, 9 and 25-28* of this bill assist in the enforcement of the tax on any "other tobacco product" by providing for the treatment of and imposition of criminal penalties regarding contraband "other tobacco products" in the same manner as contraband cigarettes. *Section 41* of this bill requires a tobacco retailer to post a notice that the sale of tobacco to minors is prohibited by law and that the retailer may ask for proof of age to comply with this prohibition and provides for the imposition of a fine for noncompliance with this requirement. *Section 41* also prohibits the retail sale of cigarettes through the use of certain self-service displays and provides for the imposition of a fine for noncompliance with this prohibition.**

Assembly Bill 586 adds a definition of "other tobacco products" that are taxed and treated differently than cigarettes. The bill also provides that counterfeit tobacco products shall be treated the same as contraband cigarettes for purposes of imposing criminal penalties. The varying levels of criminal penalties are revised based on dollar amounts rather than the number of cigarettes. The bill further provides for disposition by the Department of Taxation of "other tobacco products" upon seizure of such items.

Assembly Bill 586 requires an owner of a retail establishment to post a notice advising that the sale of cigarettes and other tobacco products to minors is prohibited by law and that the retailer may ask for proof of age. Failure to post such a sign is punishable by a

fine of not more than \$100. The measure also makes the sale of cigarettes through a display that does not require the assistance of the retailer unlawful and punishable by a fine of not more than \$500. This prohibition does not include sales using a lawful vending machine. Money collected from such penalties shall be deposited in a separate account in the State General Fund and used for enforcement of such laws.

Effect on Local Government: May Have Fiscal Impact

Effect on State: Yes

Department Action: Advise registered taxpayers; notify and train staff; publish in *Tax Notes*; conduct special mailings; update Audit Manual.

### AB595

Effective October 1, 2007

**AN ACT relating to vehicles; making various changes regarding the administration and enforcement of certain taxes on fuels; providing for the issuance of bonds by the county fair and recreation board in certain counties to assist in the funding of highway projects in the county; allocating a portion of the proceeds of certain taxes and fees to the construction and maintenance of public highways; requiring analyses of the costs and benefits of proposals for certain highway projects; requiring annual performance measurements of and various periodic reports by the Department of Transportation; revising the provisions governing the fees charged by a short-term lessor of a passenger car; providing penalties; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law authorizes a short-term lessor of a passenger car to impose a recovery surcharge of 4 percent of the total amount for which the car is leased. (NRS 482.313) *Section 49* of this bill mandates the imposition of that fee and requires the deposit of one-quarter of the proceeds thereof into the State Highway Fund for use in the construction and maintenance of the public highways. Existing law prescribes a maximum amount of \$15 per day that a short-term lessor of vehicles may charge for a waiver of damages. (NRS 482.31565) *Section 49.5* of this bill increases that amount to \$22 and provides for subsequent annual increases in that amount based upon increases in the Consumer Price Index. Existing law prescribes a maximum amount of \$5 per day that a short-term lessor of vehicles may charge for more than one additional driver. (NRS 482.3158) *Section 49.7* of this bill increases that amount to \$10, provides for subsequent annual increases in that amount based upon increases in the Consumer Price Index and authorizes the imposition of the charge for any additional drivers.**

Assembly Bill 595 concerns taxes on fuels and funding for highway projects. The bill provides that no interest will be paid to a taxpayer on an overpayment for taxes on fuels if the overpayment is made intentionally or carelessly. The measure also provides that if the Department of Motor Vehicles (DMV) issues a deficiency determination against a taxpayer for underpayment of taxes on fuels, the petitioner may file a petition for an administrative hearing not more than 30 days after notice of the redetermination was made by the DMV. The bill limits the validity of a license issued to a dealer, supplier,

transporter or exporter to one year and requires the DMV to adopt regulations providing for the renewal of such a license.

The measure also provides that in Clark County, the county fair and recreation board shall, at the request of Nevada's Department of Transportation (NDOT), issue bonds to provide funding to the Department to assist in paying the cost of highway projects in that county. The aggregate principal amount of the bonds issued will not exceed the lesser of \$300 million or the amount the board determines can be repaid over a period of not more than 30 years with a payment of not more than \$20 million per year.

The measure requires a board of county commissioners in Clark and Washoe Counties to allocate the ad valorem tax for capital projects in an incrementally increasing portion, not to exceed 60 percent of the proceeds of the tax. The proceeds will be deposited in the State Highway Fund for use in the construction and maintenance of the public highways in that county.

The bill further requires that a short-term lessor of a passenger car impose a recovery surcharge of 4 percent of the total amount for which the car is leased, and one-quarter of the proceeds must be deposited into the State Highway Fund. The money must be used for the construction, reconstruction, improvement and maintenance of public highways and may not be used for the costs of administration or to purchase equipment. Assembly Bill 595 also increases to \$22 the maximum amount that a short-term lessor of a passenger car may charge for a waiver of damage and provides for subsequent increases in that amount based upon increases in the Consumer Price Index (CPI). Additionally, the bill increases to \$10 per day the maximum amount that a short-term lessor of a passenger car may charge for more than one additional driver and provides for subsequent annual increases in that amount based upon increases in the CPI.

In addition, the measure requires the Board of Transportation to adopt a plan for measuring the performance of NDOT, which must include separate sets of performance measurements for each division of the Department and for the Department as a whole. The Director of NDOT must submit such a performance measure report annually to the Board of Transportation and the Interim Finance Committee. Nevada's Department of Transportation must also prepare a written analysis of the costs and benefits of any highway project over \$25 million before it submits the project to the Board of Transportation for approval. Nevada's Department of Transportation must report annually the projects undertaken with that funding. Finally, NDOT must provide a quarterly report to the Board of Transportation and the Interim Finance Committee on the status of all of the "super and mega" projects, as identified by the Blue Ribbon Task Force.

Sections of the bill relating to taxes on fuels and the waiver of damages and additional amount that may be charged for an additional driver of a rental car are effective June 6, 2007. Sections of the bill relating to the county fair and recreation board in Clark County are effective on July 1, 2007. Sections of the bill relating to the ad valorem tax on capital projects are effective on July 1, 2008. All other sections of the bill are effective on October 1, 2007.

NOTE: After the passage of A.B. 595, the Legislature passed [Senate Bill 577](#) which, among other things, amended provisions in A.B. 595 concerning the allocation of property taxes. See [S.B. 577](#) for additional information.

Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility

Effect on State: Yes

Department Action: Submit change request and design documents for computer program changes; revise forms and advise registered taxpayers; notify staff; update STL Audit Manual; publish to website and in *Tax Notes*.

## [AB621](#)

**July 1, 2007**

**(Sections 1, 4 to 8, inclusive, and 10 to 16, inclusive, and 17 of this act are effective June 15, 2007. Sections 2 and 3 of this act are effective: (a) June 15, 2007, for the purpose of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and (b) July 1, 2007, for all other purposes. Sections 5, 7, 8 and 11 of this act expire by limitation June 30, 2009. Section 9 of this act is effective July 1, 2009.)**

**AN ACT relating to energy; making various changes relating to the application procedures for and the provision of tax abatements and exemptions based upon the use of energy; repealing certain prospective energy requirements for public buildings; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law authorizes the Commission on Economic Development to approve, under certain conditions, a partial abatement of certain taxes for a person who intends to locate or expand a business in this State. (NRS 360.750) Existing law prescribes the terms of such a partial abatement of certain sales and use taxes, if approved by the Commission on Economic Development, for certain facilities that generate electricity from renewable energy or produce certain devices for the storage of electrical energy. (NRS 374.357) *Sections 7 and 11 of this bill repeal those terms and prescribe substantially identical terms.***

Assembly Bill 621 requires the Director of the State Office of Energy to adopt a Green Building Rating System for the purposes of determining eligibility for tax abatements under this bill. The system must:

- Be based on the Leadership in Energy and Environmental Design (LEED) system;
- Include LEED standards that have been in place for at least two years;
- Not include LEED standards for homes; and
- Require a building or other structure to obtain a certain amount of energy conservation points at the LEED silver, gold and platinum levels.

The Director must grant a partial abatement of real property taxes, other than taxes imposed for public education, which is defined as kindergarten through twelfth grade, for

a building that meets the LEED silver, gold or platinum standards or the equivalent. A project is not eligible for the abatement if it receives money from the State or a local government for acquisition, design or construction of the building or for acquisition of the land. The partial abatement must be for ten years and terminates if the structure ceases to meet the LEED silver standards or their equivalent.

Assembly Bill 621 also consolidates various existing statutes granting tax abatements and exemptions related to energy conservation in a new chapter of the *Nevada Revised Statutes* (NRS) and addresses the applicability of those existing statutes to projects already underway.

For purposes of legislative intent, the following should be noted:

- Assembly Bill 621 does not exclude condominium hotels. Under the LEED definitions, they are considered commercial units, not residential; and
- Sections 6 and 16 do not change the existing law on tax abatements for renewable energy projects. The existing statutes are merely being placed in a new chapter where they will be centralized and more easily seen as a part of a unified public policy initiative. Specifically, it should be noted that Sections 6 and 16 in no way impact existing projects such as the PowerLight solar PV project at the Nellis Air Force Base or the proposed similar project at Fallon Naval Air Station.

This measure is effective on June 15, 2007, for most purposes. The provisions calling for adoption of a Green Building Rating System and grants of partial abatement of real property taxes are effective on June 15, 2007, for the purpose of adopting regulations, and on July 1, 2007, for all other purposes. Certain existing statutes granting tax abatements and exemptions, which the bill transfers to a new chapter of the NRS, expire by limitation on June 30, 2009.

Effect on Local Government: May Have Fiscal Impact

Effect on State: Yes

Department Action: Promulgate regulations; notify and train staff.

## **AB628**

**Effective June 13, 2007**

**AN ACT relating to state financial administration; making appropriations from the State General Fund and the State Highway Fund for the support of the civil government of the State of Nevada for the fiscal years beginning July 1, 2007, and ending June 30, 2008, and beginning July 1, 2008, and ending June 30, 2009; providing for the use of the money so appropriated; making various other changes related to the financial administration of the State; and providing other matters properly relating thereto.**

Section 72 of this bill revises Section 3 of chapter 451, Statutes of Nevada 2005, at page 2082, to read as follows: Sec. 3. This act becomes effective on July 1, 2005.

This section of A.B. 628 permanently sets the State business tax at .63 percent.

Effect on Local Government: No

Effect on State: Contains Appropriations included in Executive Budget.

Department Action: Advise registered taxpayers; notify staff; publish to website and in *Tax Notes*; update MBT Audit Manual.

## **AJR16**

**On 2008 Ballot (Introduced in 73<sup>rd</sup> Session)**

### **ASSEMBLY JOINT RESOLUTION – Proposing to amend the Nevada Constitution to provide requirements for the enactment of property and sales tax exemptions.**

Assembly Joint Resolution No. 16 proposes to amend the *Constitution of the State of Nevada* to provide requirements for the enactment of property and sales tax exemptions. The Legislature shall not enact an exemption from any ad valorem tax on property or excise tax on the sale, storage, use or consumption of tangible personal property sold at retail unless the exemption:

- Will achieve a bona fide social or economic purpose and the benefits are expected to exceed any adverse effects on services to the public; and
- Will not impair the ability of the State or a local government to pay all interest and principal on any outstanding bonds or any other obligations when due.

If the Legislature enacts an exemption, the Legislature shall:

- Ensure that the requirements for claiming the exemption are similar for similar classes of taxpayers; and
- Provide a specific date on which the exemption will cease to be effective.

This measure was approved in identical form during the 2005 and 2007 Sessions of the Legislature. The proposal will be submitted to the voters for final approval or disapproval at the 2008 General Election.

Effect on Local Government: No

Effect on State: No

Department Action: Monitor.

## SENATE BILLS

### SB74

Effective July 1, 2007

**AN ACT relating to infrastructure funds; specifying additional purposes for which money in the infrastructure fund of certain counties may be expended; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law authorizes counties to enact an ordinance imposing a tax for infrastructure. (NRS 377B.100) In a county whose population is less than 100,000 (currently Carson City, Elko, Douglas, Nye, Lyon, Churchill, Humboldt, White Pine, Pershing, Lander, Mineral, Lincoln, Storey, Eureka and Esmeralda Counties), the tax may be imposed on retailers at a rate of not more than one-quarter of 1 percent of gross receipts. (NRS 377B.110) The tax imposed by such counties is required to be paid to the Department of Taxation and, after an amount is deducted as compensation to the State for collecting the tax, the remainder is transferred to the county treasurer of the county from which it was collected. (NRS 377B.130) The money is then deposited in the county treasury for credit to the infrastructure fund. (NRS 377B.150) The permissible expenditures from the infrastructure fund are set forth in NRS 377B.160. *Section 1* of this bill provides that money in the infrastructure fund of such counties may also be expended for certain projects relating to streets and highways that are described in subsection 2 of NRS 373.028, and for the acquisition, establishment, construction, expansion, improvement or equipping of facilities relating to public safety or to cultural and recreational or judicial functions. Existing law also authorizes the board of county commissioners in such counties to issue bonds and other securities to obtain money to pay the cost of authorized projects. (NRS 377B.190) *Section 1* of this bill provides that money in the infrastructure fund of such counties may also be expended for the payment of principal and interest on such bonds and other securities.**

Senate Bill 74 allows all counties except Clark and Washoe Counties to expend monies from their infrastructure fund for the acquisition, construction or equipping of facilities related to public safety or to cultural and recreational or judicial functions. The bill also allows such a county to use its infrastructure funds for street and highway construction, maintenance and repair.

Effect on Local Government: No

Effect on State: No

Department Action: Monitor.

### SB210

Effective July 1, 2007

**AN ACT relating to financial administration; revising the provisions relating to the rate at which state officers and employees are to be reimbursed for their subsistence and travel expenses; and providing other matters properly**

relating thereto. *Legislative Counsel's Digest:* Under existing law, an officer or employee of this State is entitled to be reimbursed for his expenses in conducting public business at the rate of \$84 for each 24-hour period during which he is away from the office but within the State, and at the rate of \$26 plus reasonable room costs for each 24-hour period during which he is outside of the State. (NRS 281.160) This bill eliminates these rates of reimbursement that are specified in statute and instead requires the State Board of Examiners to establish the rate of reimbursement at the rate established for federal employees by the United States General Services Administration. This bill also eliminates the requirement that the State Board of Examiners annually establish the permissible travel allowance for officers and employees of this State who travel by private conveyance in conducting public business, thus allowing the State Board of Examiners to adjust the allowance whenever it deems necessary. (NRS 281.160)

Senate Bill 210 requires the State Board of Examiners to establish the rate of reimbursement for officers or employees of the State who transact public business outside of the area where the person's office is located. The rate must be comparable to the rate established for federal employees by the United States General Services Administration; but, the rate is not subject to any federal requirements, restrictions or other conditions that are applicable to the federal rate.

Effect on Local Government: No

Effect on State: No

Department Action: Notify and train staff.

## [SB242](#)

**Effective July 1, 2007**

(Sections 40.2, 40.4, 40.6, 43.5, 49.5, 171.2, 171.4, 171.6, 171.8, 184.5, 184.7, 184.9, 190.5, 190.7, 190.9, 194 and 195 effective July 1, 2007. Sections 1 to 40, inclusive, 41, 42, 43, 44 to 49, inclusive, 50 to 171, inclusive, 172 to 184, inclusive 185 to 190, inclusive, 191, 192 and 193 effective July 1, 2007 for the purpose of adopting regulations and on July 1, 2008, for all other purposes.)

**AN ACT relating to business entities; enacting the Model Registered Agents Act; revising the provisions relating to the maintenance of a corporation's records at its registered office; establishing provisions relating to the judgment and execution of a stockholder's stock; requiring registered agents to verify certain information concerning the entities represented in certain circumstances; prohibiting registered agents from performing financial transactions in certain circumstances; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law requires certain entities to appoint and maintain a resident agent who is located in this State and upon whom all legal process and any notice may be served. (NRS 14.020) This bill changes the term resident agent to registered agent and establishes two types of registered agent, which are called commercial registered agents and noncommercial registered agents. (Et seq.)**

Senate Bill 242 enacts the Model Registered Agents Act and sets forth various procedures and requirements for commercial registered agents as they relate to filing, resignation, name or address changes and court actions. The measure changes the term “resident agent” to “registered agent” and differentiates between commercial and noncommercial registered agents. Before a person accepts an appointment as a registered agent, he must verify whether the business provides financial or lending transactions and, if so, that the business is authorized to conduct such business in this State. Further, the bill prohibits a registered agent from performing any financial transactions on behalf of the represented entity.

The measure authorizes the Commissioner of the Division of Financial Institutions to issue an order to a registered agent to cease and refrain from providing certain services if the represented entity does not have the required license and to assess an administrative fine up to \$1,000 for failure to comply with such order. The Secretary of State may adopt regulations to govern the conduct of registered agents.

Senate Bill 242 provides that upon application by a judgment creditor of a stockholder, a court may charge a stockholder’s stock with payment of an unsatisfied judgment under certain circumstances. The stock of certain corporations may be exempt from execution of a writ under certain circumstances.

The bill requires every registered agent to maintain a physical address and further requires that the address for an agent of multiple business entities must be in a location zoned for such use. Finally, it requires a new registered agent who replaces a previous agent to maintain records for a period of three years.

Effect on Local Government: No  
Effect on State: Yes

Department Action: Notify staff.

### [SB367](#)

**Effective July 1, 2007**

**AN ACT relating to administrative regulations; requiring the Legislative Commission and the subcommittee to review regulations to provide certain notice before holding meetings to review regulations; requiring the notice of intent to act upon a permanent regulation to include a statement explaining how to obtain the approved or revised text of the regulation that is prepared by the Legislative Counsel; prohibiting an agency from holding a public hearing on a proposed regulation on the same day that the agency holds the workshop; revising the procedure for the review of temporary regulations; making various additional changes relating to administrative regulations; and providing other matters properly relating thereto.**

Senate Bill 367 requires the Legislative Commission or the subcommittee to review regulations to give written notice at least three days before holding a meeting to review regulations. The notice must include a list of the regulations that will be reviewed, which must be posted on the Legislative Counsel Bureau’s website, and an explanation of how a

person may obtain a copy of the regulation. The measure requires an agency's notice of intent to include a statement explaining how to obtain the text of the permanent regulation as prepared by the Legislative Counsel.

Senate Bill 367 revises the deadline by which an agency must deliver a copy of the proposed regulation or amendment to the Legislative Counsel from the same time it gives notice of intent to adopt, amend or appeal the regulation to at least 30 days before the agency gives notice. Finally, S.B. 367 prohibits an agency from holding a public hearing on a proposed regulation on the same day that it holds the workshop for the regulation.

Effect on Local Government: No

Effect on State: No

Department Action: Department will comply with new provisions.

## **SB452**

**Effective July 1, 2007**

**AN ACT relating to motor vehicles; requiring inspections for certain vehicles to ensure their roadworthiness; amending criteria which may be used to deny, revoke or refuse to renew a license; amending provisions relating to surety bonds provided by brokers, manufacturers, distributors, rebuilders and dealers; requiring a driving school to inspect its vehicles annually; increasing penalties for a violation of rules and regulations regarding driving schools; increasing the penalties for selling a vehicle with an altered odometer; amending provisions relating to the wrecking and salvaging of vehicles; amending the procedures for a transfer of ownership in a vehicle by a junk certificate; repealing a provision relating to special license plates issued to a dealer; providing penalties; and providing other matters properly relating thereto. *Legislative Counsel's Digest: (Only those sections of interest to the Department of Taxation for potential sales/use tax consequences are listed) Section 22.5 of this bill allows dealers to use not more than six license plates issued to them by the Department for personal use by them or by a member of their immediate family. (NRS 482.330) Section 70 of this bill repeals the authority of dealers to register certain vehicles without paying the government services taxes on those vehicles. (NRS 482.321)***

Senate Bill 452 makes many changes in the statutes relating to motor vehicle manufacturers, dealers, distributors, brokers, rebuilders and lessors, including the following:

- Excludes the sale of vehicles personally owned by a broker from those services of a broker;
- Allows vehicle dealers to use no more than six of their dealer special license plates for personal use by them or their immediate family;
- Repeals the authority of dealers to register certain vehicles without paying the government services taxes;
- Restricts the use of dealer special plates by licensees who have no established place of business in Nevada; adds salesmen who act as managers to those

who may use a dealer special plate; and prohibits the use of these plates on vehicles purchased by a dealer for personal use and which he is not licensed to sell;

- Enables a used vehicle dealer to:
  1. Sell at wholesale a new vehicle taken in trade or acquired as a result of a sales contract to a new vehicle dealer who is licensed and authorized to sell that make of vehicle;
  2. Sell at wholesale a new vehicle through a wholesale vehicle auction provided that the wholesale vehicle auctioneer does not take an ownership interest in the vehicle and auctions the vehicle to a vehicle dealer who is licensed and authorized to sell that make of vehicle or to an automobile wrecker who is licensed in this State or any other state; or
  3. Sell a new vehicle on consignment from a person not licensed as a vehicle dealer, rebuilder or long-term or short-term lessor; and
- Requires a holder of an interest in a long-term leased vehicle to comply with the notification provisions for a redemption or resale in the same manner as is required for purchased vehicles.

Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility

Effect on State: Yes

Department Action: Notify staff.

## **SB502**

**Effective October 1, 2007 and January 1, 2009 if Ballot Questions Pass**

**AN ACT relating to taxes on retail sales; revising various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement; providing for the direct payment by certain purchasers of any sales and use taxes due to an Indian reservation or Indian colony in this State; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to repeal a tax exemption for the sale of aircraft and major components of aircraft to an airline based in Nevada and to authorize the Legislature to amend or repeal a provision of that Act without additional voter approval when necessary to carry out a federal law or interstate agreement for the administration of sales and use taxes; repealing certain obsolete provisions for the administration of sales and use taxes; and providing other matters properly relating thereto. *Legislative Counsel's Digest*; Existing law provides for the administration of sales and use taxes in this State pursuant to the Simplified Sales and Use Tax Administration Act, the Sales and Use Tax Act and the Local School Support Tax Law. (Chapters 360B, 372 and 374 of NRS) Under existing law, the Legislature has found and declared that this State should enter into an interstate agreement to simplify and modernize sales and use tax administration to reduce the burden of tax compliance for all sellers and types of commerce. (NRS 360B.020) Existing law requires the Nevada Tax Commission to enter into the Streamlined Sales and Use Tax Agreement and take all other actions reasonably required to implement the provisions of the**

Agreement. (NRS 360B.110) *Sections 2, 5-7 and 15-17* of this bill set forth and clarify various administrative definitions required pursuant to the Agreement, as amended. *Section 3* of this bill contains the requirements of a recent amendment to the Agreement regarding the certification by the State of the software of certain computer programs that calculate the taxes due on a sale and the provision of a limited waiver of liability for the persons who rely on that certification. *Section 9* of this bill carries out a recent amendment to the Agreement regarding the conditions under which multiple remittances of taxes may be required for a single tax return from a seller who registers under the Agreement. *Section 10* of this bill clarifies the duties of the Department of Taxation to post on its website certain tax information required by the Agreement. *Section 11* of this bill clarifies the statutory provisions governing the contents and use of a list required by the Agreement for determining the combined rate of taxes imposed in each zip code. *Section 12* of this bill carries out and clarifies the requirements of the Agreement, as amended, to waive the liability of sellers and purchasers who rely on the tax information posted on the Department's website in accordance with the Agreement. Existing law authorizes a person who obtains a direct pay permit to pay any applicable sales and use taxes due on certain purchases directly to this State and its local governments instead of to the seller. (NRS 360B.260) *Section 13* of this bill additionally provides for the direct payment of any applicable sales and use taxes due on such a purchase to an Indian reservation or Indian colony in this State. Under existing law, persons who desire to conduct business as sellers in this State must register pursuant to the Streamlined Sales and Use Tax Agreement or obtain permits from the Department of Taxation. (NRS 372.125 and 374.130) *Sections 18-20 and 28-30* of this bill clarify that the statutory provisions applicable to an application for such a permit do not apply to the registration of a seller pursuant to the Agreement. Existing law creates a presumption that a sale is subject to sales and use taxes unless the seller obtains a certificate from the purchaser indicating that the property is purchased for resale. (NRS 372.155, 372.225, 374.140, 374.230) *Sections 21-25 and 31-35* of this bill revise the statutory provisions governing resale certificates to combine some of the existing provisions for clarity and to carry out the requirements of the Streamlined Sales and Use Tax Agreement regarding the acceptance of resale certificates from certain third-party vendors, the contents of resale certificates and the liability of a seller for the improper use of a resale certificate by a purchaser. Existing law prohibits the Department of Taxation, in administering use taxes, from considering the taxability of certain property acquired free of charge at a convention, trade show or other public event. (NRS 372.7275, 374.726) *Sections 27 and 37* of this bill ensure that existing law does not appear to create a threshold for the application of a sales or use tax, as prohibited by the Streamlined Sales and Use Tax Agreement. Existing law authorizes the adoption of an ordinance for the imposition of a sale and use tax in Clark County to employ and equip additional police officers. (Clark County Sales and Use Tax Act of 2005) *Section 38* of this bill revises the requirements for such an ordinance in accordance with the provisions of the Streamlined Sales and Use Tax Agreement requiring a common state and

**local tax base and imposing restrictions on the date of implementation of changes in tax rates. Existing law includes various provisions of the Sales and Use Tax Act of 1955. (NRS 372.010-372.115, 372.185-372.205, 372.260-372.284, 372.285-372.325, 372.327-372.345, 372.350) Under existing law, the provisions of that Act, which was submitted to and approved by the voters at the 1956 General Election, cannot be amended or repealed without additional voter approval. (Nev. Const. Art. 19, § 1) Sections 39-47 of this bill provide for the submission to the voters of an amendment to that Act to authorize the Legislature to amend that Act without any additional voter approval as necessary to carry out any federal law or interstate agreement for the administration of sales and use taxes, unless the amendment would increase the rate of a tax imposed pursuant to that Act, and to repeal a section of that Act that was declared unconstitutional by the Nevada Supreme Court in *Worldcorp v. State, Department of Taxation*, 113 Nev. 1032 (1997). Section 49 of this bill repeals NRS 360B.270 in accordance with a recent amendment to the Streamlined Sales and Use Tax Agreement, NRS 372.160, 372.230, 374.165 and 374.235, the provisions of which have been incorporated into other statutes by sections 21, 24, 31 and 34 of this bill, NRS 372.728 and 374.728, which are obsolete, and, if the proposed amendment to the Sales and Use Tax Act of 1955 is approved by the voters, NRS 372.726, which provides for the administration of the section that was declared unconstitutional.**

Senate Bill 502 makes various technical changes to provisions governing sales and use taxes, including repealing certain statutes, to ensure compliance with the Streamlined Sales and Use Tax Agreement.

The bill also provides for the submission of a ballot question at the General Election in November 2008 asking voters to authorize the Legislature, without an additional direct vote of the people, to enact legislation deemed necessary to carry out federal law or interstate agreements for the administration of sales and use taxes. The ballot question includes a provision noting that the proposed amendment would not authorize any legislation that increases the rate of any tax imposed pursuant to the Sales and Use Tax Act of 1955, and that any increase must still be approved by a vote of the people. Finally, the ballot question also includes a request for the repeal of a sales tax exemption for aircraft and aircraft components that was declared unconstitutional by Nevada's Supreme Court. If approved, the amendments to the Sales and Use Tax Act would be effective on January 1, 2009.

Effect on Local Government: No

Effect on State: Yes

Department Action: Monitor; update and promulgate regulations; notify staff; publish to website and in *Tax Notes*.

**SB503**

Effective July 1, 2007

**AN ACT relating to state revenue; requiring the payment of a penalty and interest for failure to pay to the Department of Taxation required licensing fees for exhibitions in a timely manner; providing an exemption from taxation for products made from tobacco, other than cigarettes, under certain circumstances; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Existing law requires a person who conducts a business in this State to have a state business license, but provides an exception for a person who takes part in an exhibition, such as a trade show, craft show or convention, at a facility for purposes related to a business if the person or governmental entity that operates the facility pays to the Department of Taxation a licensing fee on behalf of the person. (NRS 360.767, 360.780, 3609.787) *Section 1* of this bill imposes a penalty of not more than 10 percent of the amount due, plus interest at the rate of 1 percent per month, on persons or governmental entities that fail to pay such required licensing fees to the Department in a timely manner. Existing law imposes on the purchase or possession in this State of products made from tobacco, other than cigarettes, a tax of 30 percent of the wholesale price of those products. The wholesale dealer is responsible for collecting and paying the tax. (NRS 370.450) *Section 2* of this bill provides an exemption from the tax for such products which are acquired free of charge at a trade show, convention or other exhibition or public event in this State, and which do not have significant value as determined by the Department by regulation.**

Senate Bill 503 imposes a penalty of not more than 10 percent of the amount due, plus interest at the rate of one percent per month, on persons or governmental entities that fail to pay licensing fees required in lieu of a State business license, for persons participating in trade or craft shows or conventions. The bill also provides an exemption from the wholesale tobacco tax for such products that are acquired free of charge at a trade show, convention or other exhibition or public event in this State, and which do not have significant value as determined by the Department of Taxation.

Effect on Local Government: No

Effect on State: No

Department Action: Promulgate regulations; notify staff; publish to website and in *Tax Notes*; update Audit Manual.

**SB504**

Effective July 1, 2007

**AN ACT relating to state revenue; revising provisions governing the rate of interest paid on overpayments of certain taxes, fees and assessments; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* Under existing law, the Department of Taxation is required to pay different rates of interest on refunds or credits of overpayments of taxes collected by the Department. Pursuant to the provisions governing taxes on financial institutions (chapter 363A of NRS), business taxes (chapter 363B of**

NRS), sales and use taxes (chapter 372 of NRS) and local school support taxes (chapter 374 of NRS), the Department is required to pay interest at the rate of 0.5 percent per month. With regard to certain other taxes collected by the Department for which no specific interest rate is provided, the Department is required by NRS 360.2935 to pay interest at a rate determined pursuant to NRS 17.130, which requires a rate equal to the prime rate plus 2 percent. *Sections 1-6* of this bill standardize the rate of interest that the Department must pay on refunds or credits of overpayments of certain taxes, fees and assessments collected by the Department and sets that rate at 0.5 per month. Taxes collected by the Department that are subject to the standardized rate include taxes on mines and minerals (chapter 362 of NRS), taxes on financial institutions (chapter 363A of NRS), business taxes (chapter 363B of NRS), taxes on live entertainment (chapter 368A of NRS), taxes on intoxicating liquor (chapter 369 of NRS), taxes on tobacco (chapter 370 of NRS), sales and use taxes (chapter 372 of NRS), local school support taxes (chapter 374 of NRS), city-county relief taxes (chapter 377 of NRS) and miscellaneous special taxes (chapter 377A of NRS). Fees and assessments collected by the Department that are subject to the standardized rate include fees on purchases of new tires (NRS 444A.090), fees on leases of passenger cars from short-term lessors (NRS 482.313) and assessments on sales of certain drugs. (NRS 585.497)

Senate Bill 504 sets a standard rate of 0.5 percent per month for interest owed by the Department of Taxation on refunds or credits of overpayments of certain taxes, fees and assessments. The taxes subject to the standard interest rate include the taxes on: mines and minerals; financial institutions; businesses; tobacco; live entertainment; and intoxicating liquors. In addition, the standard interest rate applies to sales and use taxes, local school support taxes, city-county relief taxes and various special taxes. Affected fees and assessments include those on new tire purchases, short-term car leases and certain drug sales.

Effect on Local Government: No

Effect on State: No

Department Action: Notify staff.

## **SB517**

**Effective July 1, 2008**

**AN ACT relating to state financial administration; requiring that certain payments made to agencies of this State be made electronically; and providing other matters properly relating thereto. *Legislative Counsel's Digest:* This bill requires all payments of money owed to a state agency for taxes, interest, penalties or any other obligations that, in the aggregate, amount to \$10,000 or more be made by electronic transfer. This requirement does not apply to such payments by governmental entities or to payments to the Secretary of State unless the Secretary of State so requires.**

Senate Bill 517 requires the electronic transfer of all payments of money owed to a State agency for taxes, interest, penalties or other obligations that, in the aggregate, amount to \$10,000 or more. The measure provides that any such electronic payments must be credited to the State on or before the payment due date. This requirement for electronic transfer does not apply to such payments made by governmental entities or to payments to the Secretary of State unless he so requires.

Effect on Local Government: No

Effect on State: Yes

Department Action: Advise registered taxpayers; notify staff; conduct special mailings; publish to website and in *Tax Notes*.