

Policy Brief

New Legislator Orientation and Training: 2016–2017



Major General Fund Revenues

December 5, 2016

State Agency Overview and Mission

The Department of Taxation administers the collection of nearly 5 billion dollars annually in State and local government revenue from 20 different taxes. The revenue collected by the Department funds all levels of government in Nevada, including school districts, cities, counties, and the State.

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The Department's mission is to provide fair, efficient, and effective administration of tax programs for the State of Nevada in accordance with applicable statutes, regulations, and policies; serve the taxpayers and State and local government entities; and enable and recognize Department employees.

Summary of Major Revenue Sources

Gaming Percentage Fee Tax—Administered by the Nevada Gaming Control Board (GCB) Nevada Revised Statutes (NRS) Chapter 463 ("Licensing and Control of Gaming")

A tax imposed upon gross revenue from cash received as winnings, payments for credit extended by a licensee, and compensation received for conducting any game in which the licensee is not party to a wager.

Live Entertainment Tax—Administered by GCB and Department of Taxation NRS Chapter 368A ("Tax On Live Entertainment")

A tax imposed on any facility with 200 or more seats where live entertainment is provided and admission is charged. The Department of Taxation is responsible for collecting this tax from nongaming facilities (GCB at gaming facilities).

State 2 Percent Sales Tax—Administered by Department of Taxation NRS Chapter 372 ("Sales and Use Taxes")

A tax on retailers for privilege of selling tangible personal property.

Insurance Premium Tax—Administered by the Department of Taxation and Department of Business and Industry

NRS Chapter 680B ("Fees and Taxes")

A tax imposed for the privilege of transacting business in this State. Each insurer must pay a tax upon his or her net direct premiums and net direct considerations written, at the rate of 3.5 percent.

Modified Business Tax—Administered by the Department of Taxation NRS Chapter 363B ("Business Tax")

A tax imposed on businesses and financial institutions based on gross wages. Tax rates vary between general business (1.475 percent) and financial institutions and mining (2 percent).

Real Property Transfer Tax—Administered by the Department of Taxation NRS Chapter 375 ("Taxes on Transfers of Real Property")

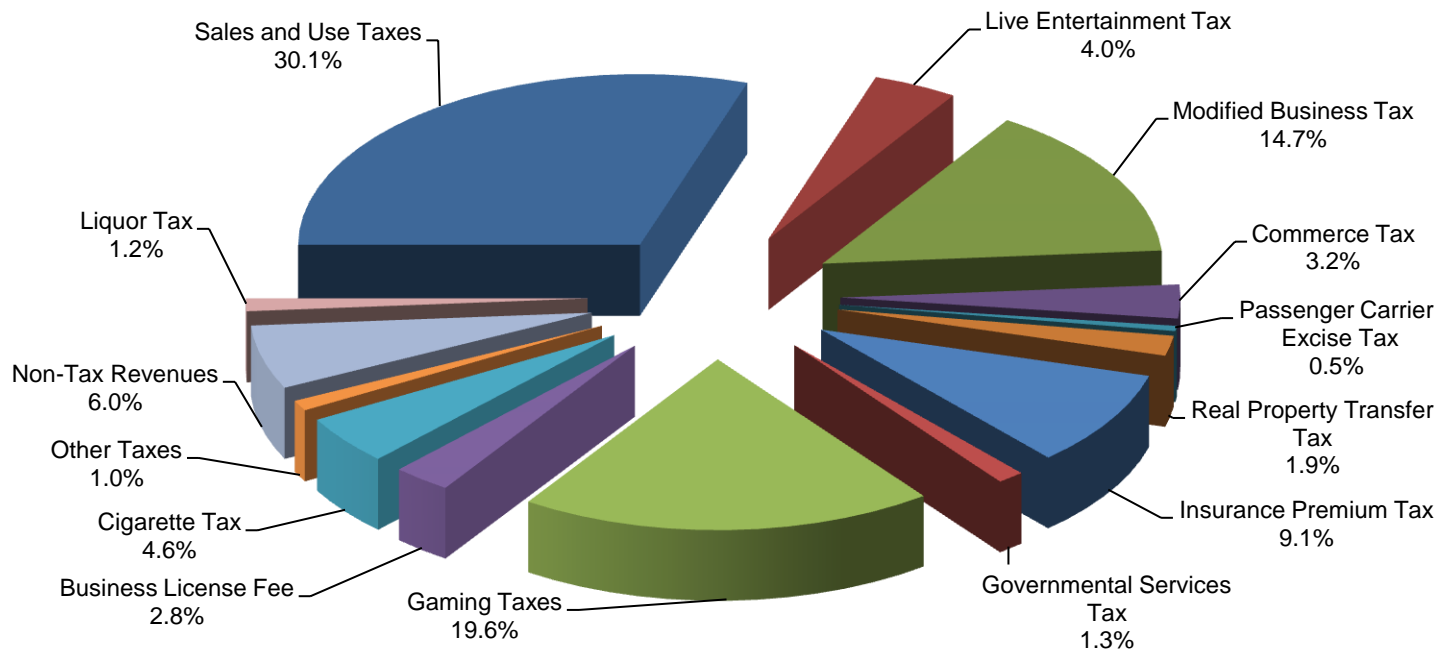
A tax collected when an interest in real property is transferred. Rates vary by county.

Commerce Tax—Administered by the Department of Taxation NRS 363C ("Commerce Tax")

An annual tax imposed on businesses with gross revenues exceeding \$4,000,000 in the taxable year. Tax rates vary by industry.

NEVADA GENERAL FUND REVENUE

ADJUSTED ECONOMIC FORUM FORECAST, 2015-17 BIENNIUM



ESTIMATED GENERAL FUND REVENUE: 2015-17 BIENNIUM ADJUSTED ECONOMIC FORUM MAY 1, 2015, FORECAST*

| | Millions \$'s | % of Total | | Millions \$'s | % of Total |
|--|------------------|---------------|--|------------------|---------------|
| Taxes: | | | Other Taxes: | | |
| State Gaming Taxes (2.) | \$1,471.4 | 19.6% | Mining Tax (1.) | \$39.0 | 0.5% |
| Sales and Use Taxes (1.) | \$2,256.4 | 30.1% | Annual Slot Tax Transfer | \$10.0 | 0.1% |
| Insurance Premium Taxes (2.) | \$681.2 | 9.1% | Other Tobacco Tax | \$25.4 | 0.3% |
| Cigarette Tax (1.) | \$348.0 | 4.6% | Branch Bank Excise Tax | \$6.0 | 0.1% |
| Live Entertainment Tax: | | | Subtotal Other Taxes | \$80.4 | 1.0% |
| Gaming Establishments (1.) | \$221.3 | 3.0% | | | |
| Non-Gaming Establishments (1.) | \$73.1 | 1.0% | Subtotal Taxes | \$7,047.8 | 94.0% |
| Modified Business Tax (MBT) (1.)(2.)(3.) | \$1,099.9 | 14.7% | | | |
| Commerce Tax (1.) | \$239.7 | 3.2% | Non-Tax Revenues | | |
| Passenger Carrier Excise Tax (1.) | \$36.6 | 0.5% | Licenses (1.) | \$256.6 | 3.4% |
| Real Property Transfer Tax | \$146.5 | 1.9% | Fees and Fines | \$113.2 | 1.5% |
| Business License Fee (1.) | \$208.0 | 2.8% | Use of Money and Property | \$7.1 | 0.1% |
| Liquor Tax | \$89.8 | 1.2% | Miscellaneous Revenues (1.) | \$76.1 | 1.0% |
| Governmental Services Tax (GST) (1.) | \$95.5 | 1.3% | Subtotal Non-Tax Revenues | \$453.0 | 6.0% |
| | | | | | |
| | | | Total General Fund - Before Tax Credit Programs | \$7,500.8 | 100.0% |
| | | | Tax Credit Programs | -\$156.0 | |
| | | | Total General Fund - After Tax Credit Programs | \$7,344.8 | |

* Adjusted for legislative actions approved by the 2015 Legislature (78th Session).

(1.) Denotes a revenue source affected by legislative actions approved by the 2015 Legislature.

(2.) The Gaming Percentage Fee Tax, the Modified Business Tax, and the Insurance Premium Tax may be impacted by one or more tax credit programs approved by the Legislature during the 2013 and 2015 Regular Sessions and the 2014 Special Session.

(3.) The amount shown for the Modified Business Tax (MBT) represents the estimates for the nonfinancial, financial, and mining portions of the MBT based on the legislative actions approved by the 2015 Legislature, including the credit of up to 50% of the Commerce Tax against the MBT.

