

QUESTION NO. ____

Amendment to the Sales and Use Tax Act of 1955
Assembly Bill No. 514 of the 72nd Session

CONDENSATION (ballot question)

Shall the Sales and Use Tax Act of 1955 be amended to revise the exemption from the tax for the sale or use of used vehicles; to provide exemptions from the tax for the sale or use of prescription ophthalmic and ocular devices and appliances, farm machinery and other agricultural equipment, works of fine art for public display, and professional racing vehicles and parts; and to revise the exemption from the tax on the sale or use of aircraft and parts of aircraft used by commercial air carriers?

Yes ☐ No ☐

EXPLANATION

The proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the tax: (1) the value of any used vehicle taken in trade on the purchase of another vehicle and remove the exemption from the tax for occasional sales of vehicles except where such sales are between certain family members; (2) the sale or use of ophthalmic or ocular devices or appliances prescribed by a physician or optometrist; (3) the sale or use of farm machinery and equipment employed for the agricultural use of real property; (4) the sale or use of works of fine art for public display; and (5) the sale or use of engines and chassis, including replacement parts and components for the engines and chassis, of professional racing vehicles that are owned, leased or operated by professional racing teams.

The proposed amendment would also revise and clarify the criteria used to determine which aircraft and parts of aircraft are exempt from the tax, including removing the requirement that an air carrier must be based in Nevada to be eligible for the exemption, and providing an exemption for certain machinery and equipment used on eligible aircraft and parts of aircraft.

The proposals set forth in the question may not be voted upon individually. The exemptions and other provisions listed in the above explanation apply to the portion of the Sales and Use Tax that is distributed at the local level (currently between 4.5 percent and 5.5 percent), but do not apply to the portion that is distributed at the State level (2 percent). (See **NOTE TO VOTERS** on page ____ regarding the Streamlined Sales Tax Project and Nevada's sales tax.)

A "Yes" vote approves all of the proposals set forth in the question. The exemptions and other provisions will apply to both the local portion and the State portion of the Sales and Use Tax.

A “No” vote disapproves all of the proposals set forth in the question. The exemptions and other provisions will not apply to the local portion of the Sales and Use Tax and will be deleted from the State portion of the Sales and Use Tax.

ARGUMENTS FOR PASSAGE

If this proposal is approved, all of the exemptions and other provisions listed above will be added to the State portion of the Sales and Use Tax Act provisions. The Legislature has previously enacted laws to include the exemptions and other provisions listed above in the portion of the Sales and Use Tax that is distributed at the local level. In providing these exemptions and other provisions at the local level, the Legislature determined that those exemptions and provisions served an important social and economic purpose. Therefore, these provisions should be extended to apply to the portion of the Sales and Use Tax that is distributed at the State level.

In addition, only through the passage of this proposal will those who are currently receiving the exemptions from the local portion of the Sales and Use Tax continue to receive them.

ARGUMENTS AGAINST PASSAGE

If this proposal is not approved, the exemptions and other provisions will be deleted from the portion of the Sales and Use Tax that is distributed at the local level. The revenue available for distribution at the local level, including revenue distributed for the support of local schools, may be increased.

Although the Legislature has already granted these exemptions from the portion of the Sales and Use Tax that is distributed at the local level, legislation that enacted those provisions either did not require the submission of a question to the voters regarding including the identical provision in the state portion of the Sales and Use Tax, or the legislation required the submission of a question to the voters and the question was not approved.

In addition, passage of this proposal will reduce sales and tax revenues available to State government. Although State law already contains several exemptions from the Sales and Use Tax, if the reduction in revenues from exemptions becomes significant, the need to collect those revenues from other sources may result in an increased tax burden for those who are not eligible for an exemption.