

**ADOPTED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R194-05**

Effective February 23, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1-4, NRS 360.090 and 363A.070.

A REGULATION relating to taxes on financial institutions; revising the provisions governing the administration of the excise tax on banks; repealing certain superseded provisions; and providing other matters properly relating thereto.

**Section 1.** NAC 363A.010 is hereby amended to read as follows:

363A.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NAC 363A.020 to ~~[363A.120,]~~ *363A.110*, inclusive, have the meanings ascribed to them in those sections.

**Sec. 2.** NAC 363A.060 is hereby amended to read as follows:

363A.060 “Health care deduction” means the deduction allowed by ~~[subsection 4 of NRS 363A.130.]~~ *section 20 of chapter 9, Statutes of Nevada 2005, 22nd Special Session, at page 132 (NRS 363A.135).*

**Sec. 3.** NAC 363A.360 is hereby amended to read as follows:

363A.360 1. The entire amount of the excise tax imposed by NRS 363A.120 becomes due for all the branch offices in excess of one operated or otherwise maintained by a bank *in any county* in this State on the first day of a calendar quarter, regardless of whether the bank ceases to operate or otherwise maintain any of those branch offices during that calendar quarter.

2. If the operation or other maintenance of a branch office commences after the first day of a calendar quarter, no excise tax is due pursuant to the provisions of NRS 363A.120 for the branch office for that calendar quarter.

3. For the purposes of this section:

(a) The operation or other maintenance of a branch office shall be deemed to commence on the date the branch office first opens for business to the public.

(b) If the first day of a calendar quarter does not occur on a regular banking day for a bank, the bank shall be deemed to operate or otherwise maintain a branch office on that date if the bank:

(1) Held the branch office open for business to the public at any time during the immediately preceding 5 regular banking days for the bank; and

(2) Holds the branch office open for business to the public at any time during the immediately succeeding 5 regular banking days for the bank.

4. As used in this section, the words and terms defined in NRS 363A.120 have the meanings ascribed to them in that section.

**Sec. 4.** NAC 363A.080, 363A.120, 363A.130, 363A.150, 363A.160, 363A.170, 363A.180, 363A.190, 363A.200, 363A.210, 363A.220, 363A.230, 363A.240, 363A.250, 363A.260, 363A.270, 363A.280, 363A.290, 363A.300, 363A.310, 363A.320, 363A.370, 363A.390 and 363A.410 are hereby repealed.

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## TEXT OF REPEALED SECTIONS

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**363A.080 “NAICS” defined. (NRS 360.090, 363A.070)** “NAICS” means the North American Industry Classification System, as adopted by reference in NAC 363A.150.

**363A.120 “SIC” defined. (NRS 360.090, 363A.070)** “SIC” means the Standard Industrial Classification Manual, as adopted by reference in NAC 363A.150.

**363A.130 “Financial institution” interpreted. (NRS 360.090, 363A.050, 363A.070)**

1. For the purposes of NRS 363A.050:

(a) The Commission interprets the term “financial institution” to exclude a federal land credit association, farm credit bank, agricultural credit association or similar institution organized under the provisions of the Farm Credit Act.

(b) A seller of goods or a provider of services who provides or extends credit, or retains a security interest in the goods he sells, only in connection with the financing of the goods he sells or the services he provides shall not be deemed to be a business entity engaged in the business of lending money, providing credit or securitizing receivables.

2. As used in this section, “security interest” has the meaning ascribed to it in NRS 104.1201.

**363A.150 Adoption by reference of Standard Industrial Classification Manual and North American Industry Classification System. (NRS 360.090, 363A.050, 363A.070)**

1. The Standard Industrial Classification Manual, 1987 edition, published by the United States Office of Management and Budget, is hereby adopted by reference. A copy of the manual may be obtained from the Superintendent of Documents, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, for the price of \$40.

2. The North American Industry Classification System, 2002 edition, published by the United States Office of Management and Budget, is hereby adopted by reference. A copy of the manual may be obtained from the Superintendent of Documents, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, for the price of \$33.

**363A.160 Use of four-digit industry codes in SIC or corresponding provisions of NAICS. (NRS 360.090, 363A.050, 363A.070)** In determining whether a person who is doing business in this State qualifies as a financial institution pursuant to paragraph (b) of subsection 1 of NRS 363A.050, the Department shall use the four-digit industry codes set forth in the SIC, or the corresponding provisions of the NAICS, as described in NAC 363A.180 to 363A.320, inclusive.

**363A.170 Classification of business by Division: Effect; dispute. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, if the Division has appropriately classified a person who is doing business in this State under one or more of the provisions of the SIC or NAICS described in NAC 363A.180 to 363A.320, inclusive, that person shall be deemed to be a financial institution pursuant to paragraph (b) of subsection 1 of NRS 363A.050. A person may dispute such a classification by the Division, solely for the purpose of determining whether the person qualifies as a financial institution pursuant to that paragraph, by

filing a petition with the Department setting forth the reasons why the person believes that he has been misclassified by the Division. The petition must include:

- (a) A description of the business of the person;
- (b) A statement of each ground upon which the person disputes the classification by the Division; and
- (c) Any financial records, documents and other evidence necessary to substantiate the person's claim that he has been misclassified by the Division, including, without limitation, any:
  - (1) Pertinent filings with the Securities and Exchange Commission;
  - (2) Pertinent filings with the Office of the Secretary of State;
  - (3) Pertinent evidence of his classification for the purpose of a local business license; and
  - (4) Other pertinent filings with federal, state or local agencies that classify or characterize the person.

2. Within 6 months after it receives a petition filed pursuant to this section, the Department shall issue a written decision granting or denying the petition. The decision must be served and may be appealed as provided in NRS 360.245.

**363A.180 Security brokers, dealers and flotation companies. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (1) or (2) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6211 (Security Brokers, Dealers, and Flotation Companies), or the corresponding provisions of NAICS Code 52311, 52312, 52391 or 523999.

2. SIC Code 6211:

(a) Refers to establishments primarily engaged in the purchase, sale and brokerage of securities, and those, generally known as investment bankers, primarily engaged in originating, underwriting and distributing issues of securities. Establishments primarily engaged in issuing shares of mutual and money market funds, unit investment trusts and face amount certificates are classified in SIC Industry Group 672 (Investment Offices). Establishments primarily engaged in providing investment advice on a contract or fee basis to establishments which deal in financial contracts are classified in SIC Code 6282 (Investment Advice).

(b) Includes, without limitation:

- (1) Agents for mutual funds.
- (2) Bond dealers and brokers.
- (3) Distributors, security.
- (4) Floor traders, security.
- (5) Investment bankers.
- (6) Investment certificates, sale of.
- (7) Investment firm-general brokerage.
- (8) Mineral leases, dealers in.
- (9) Mineral royalties, dealers in.
- (10) Mortgages, buying and selling (rediscounting).
- (11) Mutual fund agents.
- (12) Mutual funds, selling by independent salesperson.
- (13) Note brokers.
- (14) Oil and gas lease brokers.
- (15) Oil royalties, dealers in.

- (16) Option dealers, stock.
- (17) Sale of partnership shares in real estate syndicates.
- (18) Security brokers.
- (19) Security dealers.
- (20) Security flotation companies.
- (21) Security traders.
- (22) Security underwriters.
- (23) Stock brokers and dealers.
- (24) Tax certificate dealers.

**363A.190   Commodity contracts brokers and dealers. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (3) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6221 (Commodity Contracts Brokers and Dealers), or the corresponding provisions of NAICS Code 52313 or 52314.

2. SIC Code 6221:

(a) Refers to establishments primarily engaged in buying and selling commodity contracts on either a spot or future basis for their own account or for the account of others. These establishments are members, or are associated with members, of recognized commodity exchanges. Establishments primarily engaged in buying and selling commodities are classified in SIC Code 50 or 51 (Wholesale Trade).

(b) Includes, without limitation:

- (1) Commodity brokers (contracts).
- (2) Commodity dealers (contracts).
- (3) Futures brokers, commodity.
- (4) Futures dealers, commodity.
- (5) Traders, commodity contract.

**363A.200 Security and commodity exchanges. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (4) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6231 (Security and Commodity Exchanges), or the corresponding provisions of NAICS Code 52321.

2. SIC Code 6231:

(a) Refers to establishments primarily engaged in furnishing space and other facilities to members for the purpose of buying, selling or otherwise trading in stocks, stock options, bonds or commodity contracts.

(b) Includes, without limitation:

- (1) Commodity contract exchanges.
- (2) Futures exchanges, contract.
- (3) Option exchanges, stock.
- (4) Security exchanges.
- (5) Stock exchanges.

**363A.210 Investment advice. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (5) of paragraph



(b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6282 (Investment Advice), or the corresponding provisions of NAICS Code 52392 or 52393.

2. SIC Code 6282:

(a) Refers to establishments primarily engaged in furnishing investment information and advice to companies and individuals concerning securities and commodities on a contract or fee basis. Establishments that provide advice and also act as brokers or dealers are classified in SIC Code 6211 (Security Brokers, Dealers, and Flotation Companies).

(b) Includes, without limitation:

- (1) Futures advisory service.
- (2) Investment advisory service.
- (3) Investment counselors.
- (4) Investment research.
- (5) Manager of mutual funds, contract or fee basis.

**363A.220 Services allied with exchange of securities or commodities which are not elsewhere classified. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (6) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6289 (Services Allied With the Exchange of Securities or Commodities, Not Elsewhere Classified), or the corresponding provisions of NAICS Code 523991.

2. SIC Code 6289:

(a) Refers to establishments primarily engaged in furnishing services to security or commodity holders, brokers or dealers, not elsewhere classified.

(b) Includes, without limitation:

- (1) Bondholders protective committees.
- (2) Custodians of securities.
- (3) Exchange clearinghouses, commodity.
- (4) Exchange clearinghouses, security.
- (5) Financial reporting.
- (6) Quotation service, stock.
- (7) Royalty owners protective associations.
- (8) Security custodians.
- (9) Security holders protective committees.
- (10) Stock transfer agents.
- (11) Transfer agents, securities.

**363A.230 Offices of bank holding companies. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (7) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6712 (Offices of Bank Holding Companies), or the corresponding provisions of NAICS Code 551111.

2. SIC Code 6712:

(a) Refers to establishments primarily engaged in holding or owning the securities of banks for the sole purpose of exercising some degree of control over the activities of bank companies whose securities they hold. Companies holding securities of banks, but which are predominantly operating the banks, are classified according to the kind of bank operated.

(b) Includes, without limitation, bank holding companies.

**363A.240 Offices of holding companies which are not elsewhere classified. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (8) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6719 (Offices of Holding Companies, Not Elsewhere Classified), or the corresponding provisions of NAICS Code 551112.

2. SIC Code 6719:

(a) Refers to establishments primarily engaged in holding or owning securities of companies other than banks, for the sole purpose of exercising some degree of control over the activities of the companies whose securities they hold. Companies holding securities, but which are predominantly operating companies, are classified according to the kind of business operated.

(b) Includes, without limitation:

- (1) Holding companies, except bank.
- (2) Investment holding companies, except bank.
- (3) Personal holding companies, except bank.
- (4) Public utility holding companies.

**363A.250 Open-end management investment offices. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (9) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6722

(Management Investment Offices, Open-End), or the corresponding provisions of NAICS Code 52591.

2. SIC Code 6722:

(a) Refers to establishments primarily engaged in issuing shares, other than unit investment trusts and face-amount certificate companies, whose shares contain a provision requiring redemption by the company upon request of the security holder.

(b) Includes, without limitation:

(1) Management investment funds, open-end.

(2) Money market mutual funds.

(3) Mutual fund sales on own account.

**363A.260 Unit investment trusts, face-amount certificate offices and closed-end management investment offices. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (10) or (11) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6726 (Unit Investment Trusts, Face-Amount Certificate Offices, and Closed-End Management Investment Offices), or the corresponding provisions of NAICS Code 52599.

2. SIC Code 6726:

(a) Refers to establishments primarily engaged in issuing unit investment trusts or face-amount certificates, and establishments primarily engaged in issuing shares, other than unit investment trusts and face-amount certificate companies, whose shares contain no provision requiring redemption by the company upon request of the security holder. Unit investment trust companies are organized under a trust indenture, contract of custodianship or agency, or similar

instrument, do not have a board of directors, and issue only securities redeemable at the request of the security holder, each of which represents an undivided interest in a unit of specified securities, but does not include voting trusts. Face-amount certificates, sometimes referred to as guaranteed face-amount certificates, are essentially obligations of the issuing company to pay a fixed sum at a specified maturity date and usually require periodic payments by the purchaser.

(b) Includes, without limitation:

- (1) Face-amount certificate issuing.
- (2) Government National Mortgage Association (GNMA) pools.
- (3) Investment funds, closed-end: management of.
- (4) Investors' syndicates.
- (5) Issuing of face-amount installment certificates.
- (6) Management investment funds, closed-end.
- (7) Unit investment trusts.

**363A.270 Educational, religious and charitable trusts. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (12) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6732 (Educational, Religious, and Charitable Trusts), or the corresponding provisions of NAICS Code 813211.

2. SIC Code 6732:

(a) Refers to establishments primarily engaged in the management of the funds of trusts and foundations organized for religious, educational, charitable or nonprofit research purposes.

(b) Includes, without limitation:

- (1) Charitable trusts, management of.
- (2) Educational trusts, management of.
- (3) Religious trusts, management of.

**363A.280 Trusts other than educational, religious and charitable trusts. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (13) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6733 (Trusts, Except Educational, Religious, and Charitable), or the corresponding provisions of NAICS Code 52392, 523991 or 525.

2. SIC Code 6733:

(a) Refers to establishments primarily engaged in the management of the funds of trusts and foundations organized for purposes other than religious, educational, charitable or nonprofit research.

(b) Includes, without limitation:

- (1) Administrators of private estates (nonoperating).
- (2) Personal investment trusts, management of.
- (3) Trustees: except for educational, religious, or charitable trusts.
- (4) Trusts except educational, religious, and charitable: management of.
- (5) Vacation funds for employees.

**363A.290 Oil royalty traders. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (14) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6792 (Oil Royalty Traders), or the corresponding provisions of NAICS Code 52391 or 53311.

2. SIC Code 6792:

(a) Refers to establishments primarily engaged in investing in oil and gas royalties or leases, or fractional interests therein.

(b) Includes, without limitation:

(1) Oil leases, buying and selling on own account.

(2) Oil royalty companies.

**363A.300 Patent owners and lessors. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (15) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6794 (Patent Owners and Lessors), or the corresponding provisions of NAICS Code 53311.

2. SIC Code 6794:

(a) Refers to establishments primarily engaged in owning or leasing franchises, patents and copyrights which they in turn license others to use.

(b) Includes, without limitation:

(1) Copyright buying and licensing.

(2) Franchises, selling or licensing.

- (3) Music licensing to radio stations.
- (4) Music royalties, sheet and record.
- (5) Patent buying and licensing.
- (6) Patent leasing.
- (7) Performance rights, publishing and licensing of.

**363A.310 Real estate investment trusts. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (16) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6798 (Real Estate Investment Trusts), or the corresponding provisions of NAICS Code 52593.

2. SIC Code 6798:

(a) Refers to establishments primarily engaged in closed-end investments in real estate or related mortgage assets operating so that they could meet the requirements of the Real Estate Investment Trust Act of 1960, as amended. The Real Estate Investment Trust Act of 1960 exempts trusts from corporate income and capital gains taxation, provided they invest primarily in specified assets, pay out most of their income to shareholders, and meet certain requirements regarding the dispersion of trust ownership.

(b) Includes, without limitation:

- (1) Mortgage investment trusts.
- (2) Mortgage trusts.
- (3) Real estate investment trusts (REITs).
- (4) Realty investment trusts.



- (5) Realty trusts.

**363A.320 Investors which are not elsewhere classified. (NRS 360.090, 363A.050, 363A.070)**

1. Except as otherwise provided in subsection 2 of NRS 363A.050, a person who is doing business in this State qualifies as a financial institution pursuant to subparagraph (17) of paragraph (b) of subsection 1 of that section if the person is appropriately classified under SIC Code 6799 (Investors, Not Elsewhere Classified), or the corresponding provisions of NAICS Code 52391, 52392 or 52313.

2. SIC Code 6799:

(a) Refers to establishments primarily engaged in investing, not elsewhere classified.

(b) Includes, without limitation:

- (1) Commodity contract pool operators.
- (2) Commodity contract trading companies.
- (3) Investment clubs.
- (4) Security speculators for own account.
- (5) Tax liens: holding, buying, and selling.
- (6) Venture capital companies.

**363A.370 Interpretation of certain statutory terms. (NRS 360.090, 363A.070, 363A.130)** For the purposes of NRS 363A.130, the Commission interprets the term:

1. “Claims” to mean claims for those categories of health care expenses that are generally deductible by employees on their individual federal income tax returns pursuant to the provisions of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.

2. “Direct administrative services costs” to mean, if borne directly by a self-insured employer and reasonably allocated to the direct administration of claims:

(a) Payments for medical or office supplies that will be consumed in the course of the provision of medical care or the direct administration of claims;

(b) Payments to third-party administrators or independent contractors for the provision of medical care or the direct administration of claims;

(c) Rent and utility payments for the maintenance of medical or office space used for the provision of medical care or the direct administration of claims;

(d) Payments for the maintenance, repair and upkeep of medical or office space used for the provision of medical care or the direct administration of claims;

(e) Salaries and wages paid to medical, clerical and administrative staff and other personnel employed to provide medical care or directly to administer claims; and

(f) The depreciation of property other than medical or office supplies, as computed pursuant to NAC 363A.420, used for the provision of medical care or the direct administration of claims.

3. “Employees” to mean employees whose wages are included within the measure of the excise tax imposed upon an employer by NRS 363A.130 and their spouses, children and other dependents who qualify for coverage under the terms of the health insurance or health benefit plan provided by that employer.

4. “Health benefit plan” to mean a health benefit plan that covers only those categories of health care expenses that are generally deductible by employees on their individual federal income tax returns pursuant to the provisions of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.

5. “Any amounts paid by an employer to a Taft-Hartley trust formed pursuant to 29 U.S.C. § 186(c)(5) for participation in an employee welfare benefit plan” to mean any amounts which are:

(a) Paid by an employer to a Taft-Hartley trust which:

(1) Is formed pursuant to 29 U.S.C. § 186(c)(5); and

(2) Qualifies as an employee welfare benefit plan, as that term is defined in 29 U.S.C. § 1002; and

(b) Considered by the Internal Revenue Service to be fully tax deductible pursuant to the provisions of the Internal Revenue Code.

**363A.390 Exemptions from certain requirements for submission of information. (NRS 360.090, 363A.070, 363A.130)**

1. An employer is not required to file a copy of a report with the Department in the manner provided in subparagraph (2) of paragraph (a) of subsection 3 of NRS 363A.130 if the Department is able to obtain the information contained in the report pursuant to an agreement with the Division. The Department shall notify an employer if the Department is unable to obtain that information pursuant to such an agreement.

2. An employer who is in compliance with NAC 363A.330 shall be deemed to have submitted any proof required by subsection 6 of NRS 363A.130.

3. The provisions of this section do not affect any other provision of law requiring an employer to retain or provide any records requested by the Department.

**363A.410 Health care deduction: Limitations. (NRS 360.090, 363A.070, 363A.130)**

The health care deduction does not:

1. Except as otherwise provided in subsection 6 of NRS 363A.130, allow an employer to deduct any sum for any calendar quarter other than the calendar quarter in which the employer paid that sum.
2. Allow an employer to deduct any sum paid by the employer before October 1, 2003.

**NOTICE OF ADOPTION OF PROPOSED REGULATION**  
**LCB File No. R194-05**

The Nevada Tax Commission adopted regulations assigned LCB File No. R194-05 which pertain to chapter 363A of the Nevada Administrative Code on January 9, 2006.

**Notice date:** 12/7/2005  
**Hearing date:** 1/9/2006

**Date of adoption by agency:** 1/9/2006  
**Filing date:** 2/23/2006

**INFORMATIONAL STATEMENT**

**1. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.**

Notices of hearing for the adoption and amendment of the proposed regulation were posted at the following locations: Department of Taxation, 1550 East College Parkway, Carson City, Nevada; Nevada State Library, 100 Stewart Street, Carson City, Nevada; The Legislative Building, Capitol Complex, Carson City, Nevada; each County Main Public Library; Department of Taxation, 4600 Kietzke Lane, Building O, Suite 263, Reno, Nevada; Department of Taxation, 555 East Washington Avenue, Las Vegas, Nevada; Department of Taxation, 2550 Paseo Verde Parkway, Suite 180, Henderson, Nevada.

A copy of the notice of hearing and the proposed regulation were placed on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulation were also made available and placed on file at the Department of Taxation, 1550 East College Parkway, Carson City, Nevada; Department of Taxation, 4600 Kietzke Lane, Building O, Suite 263, Reno, Nevada; Department of Taxation, 555 East Washington Avenue, Suite 1300, Las Vegas, Nevada; Department of Taxation, 2550 Paseo Verde Parkway, Suite 180, Henderson, Nevada; Department of Taxation, 850 Elm Street, No. 2, Elko, Nevada; and in all counties in which an office of the Department of Taxation is not maintained, at the main public library, for inspection and copying by members of the public during business hours.

The hearing was held on January 9, 2006 video conferenced between the Nevada Legislative Building, 401 S. Carson Street, Room 3138, Carson City, Nevada and the Grant Sawyer State Office Building, 555 E. Washington Avenue, Room 4401, Las Vegas, Nevada. It appears that due to the primarily procedural nature of the proposed regulation, only affected or interested persons and businesses as set forth in #3 below responded to the proposed regulation and testified at the hearing. A copy of the transcript of the hearing, for which a reasonable fee may be charged, may be obtained by calling the Nevada Department of Taxation at (775) 684-2096 or by writing to the Nevada Department of Taxation at 1550 East College Parkway, Suite 115, Carson City, Nevada, 89706.

The proposed regulation was submitted to the Legislative Counsel Bureau, which completed its review and minor revisions on January 5, 2006. Thus, the proposed regulation, for practical

purposes, was discussed at one workshop and has been heard and considered at one public hearing of the Nevada Tax Commission.

**2. The number of persons who:**

**(a) Attended the hearing:** 41

**(b) Testified at the hearing:** 1

**(c) Submitted to the Tax Commission written comments:** No written comments were submitted to, or received by, the Department of Taxation or the Nevada Tax Commission.

**3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected and interested businesses and persons by the notices set forth in #1 above, by direct mail to all county assessors, and by direct mail to the approximately 240 interested businesses and persons on the Department of Taxation's mailing list.

**4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The proposed regulation was not changed since no concerns were raised by the public, affected or interested businesses or persons, the Department of Taxation or Tax Commission members, and the Tax Commission believed no changes were necessary.

**5. The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include: (a) Both adverse and beneficial effects; and (b) Both immediate and long-term effects.**

**(a) Adverse and beneficial effects.**

The proposed regulation presents no foreseeable or anticipated adverse economic effects to businesses or the public. There may be some beneficial economic effects to certain taxpayers which are the subject of the adopted regulation. Those anticipated benefits are not quantifiable at this time.

**(b) Immediate and long-term effects.**

Same as #5(a) above.

**6. The estimated cost to the agency for enforcement of the adopted regulation.**

The proposed regulation presents no significant foreseeable or anticipated cost for enforcement. There may be some minor administrative costs for the Department, which are not quantifiable at this time.

**7. A description of any regulations of other state or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is**

**necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

The proposed regulation is particular to the Department of Taxation practices and procedures and does not appear to overlap or duplicate regulations of other state or local governmental agencies.

**8. If the regulation includes provisions which are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.**

There are no known federal regulations pertaining to Nevada's modified business tax on financial institutions, which is the subject of the proposed regulation.

**9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The proposed regulation does not provide a new fee or increase an existing fee.