

SENATE BILL NO. 483—COMMITTEE ON REVENUE
AND ECONOMIC DEVELOPMENT

(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION)

MARCH 23, 2015

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions relating to governmental
financial administration. (BDR 32-1182)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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

AN ACT relating to governmental financial administration; revising provisions governing the rate of the payroll tax imposed on certain businesses engaged in mining in this State; revising provisions governing the rate and distribution of the excise tax on cigarettes; extending the prospective expiration of certain requirements regarding the advance payment and computation of the tax on the net proceeds from certain mining operations conducted in this State; removing the prospective expiration of certain requirements regarding the imposition of the local school support tax; temporarily extending the allocation of a portion of the proceeds of the basic governmental services tax to the State General Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law imposes an excise tax on certain financial institutions at a rate of 2
2 percent of the total wages paid by the financial institution each calendar quarter.
3 (NRS 363A.130) **Sections 1 and 2** of this bill require businesses that are subject to
4 the tax on the net proceeds of mining to pay the tax on the wages paid by the
5 business at the same rate as the rate paid by financial institutions under existing
6 law.

7 Existing law imposes an excise tax on certain businesses other than financial
8 institutions at the rate of 1.17 percent of the total wages paid by the business each



9 calendar quarter that exceed \$85,000. (NRS 363B.110) On July 1, 2015, this rate is
10 scheduled to change to 0.63 percent of the total wages paid by the business each
11 calendar quarter. (Chapter 476, Statutes of Nevada 2011, pp. 2891, 2898, as last
12 amended by chapter 518, Statutes of Nevada 2013, p. 3427; chapter 518, Statutes of
13 Nevada 2013, p. 3424) **Sections 10 and 12-14** of this bill remove this scheduled
14 rate change and permanently provide for the imposition of the tax at the rate of 1.17
15 percent of the total wages paid by the business each calendar quarter in excess of
16 \$85,000.

17 Existing law imposes an excise tax on the purchase, possession or use of
18 cigarettes at the rate of 80 cents per pack of cigarettes. (NRS 370.165, 370.350)
19 Under existing law, the Department of Taxation must remit 70 cents of the tax on
20 each pack of cigarettes, less the costs of collecting the tax, to the State Treasurer for
21 deposit in the Account for the Tax on Cigarettes in the State General Fund, and the
22 remaining amount of the tax must be deposited in the Local Government Tax
23 Distribution Account for distribution to local governments. (NRS 370.260)
24 **Sections 3-5** of this bill increase the excise tax on cigarettes to \$1.20 per pack of
25 cigarettes and require the additional amount of tax to be deposited in the Account in
26 the State General Fund. **Section 16** of this bill requires a wholesale dealer who
27 purchases a revenue stamp evidencing payment of the tax before July 1, 2015, but
28 who has not affixed that stamp to a pack of cigarettes before that date to pay the
29 additional tax on the stamp.

30 Existing law requires, until June 30, 2015, the advance payment of the tax on
31 the net proceeds of minerals based upon the estimated net proceeds and royalties of
32 a mining operation for the current calendar year. (Chapter 4, Statutes of Nevada
33 2008, 25th Special Session, p. 14, as last amended by chapter 518, Statutes of Nevada
34 2013, p. 3425) **Section 6** of this bill delays the expiration of this
35 requirement for advance payment until June 30, 2016, and **section 11** of this bill
36 makes conforming changes to related transitory provisions governing the duties of
37 the Department of Taxation in 2017 and the appropriation and apportionment of
38 money to counties and other local governments during that year.

39 Existing law provides that effective January 1, 2016, in computing the net
40 proceeds from certain mining operations conducted in this State, a person may
41 deduct certain amounts expended for health care for employees actually engaged in
42 mining operations in this State. (Chapter 449, Statutes of Nevada 2011, p. 2690, as
43 amended by chapter 518, Statutes of Nevada 2013, p. 3426) **Section 9** of this bill
44 extends to January 1, 2017, the effective date of this deduction. **Section 8** of this
45 bill makes conforming changes to transitory provisions governing the computation
46 of the proceeds from certain mining operations for calendar years 2016 and 2017
47 and all subsequent calendar years.

48 Existing law requires, until June 30, 2015, an increase in the rate of the Local
49 School Support Tax of 0.35 percent. (Chapter 395, Statutes of Nevada 2009, pp.
50 2191-93, as last amended by chapter 518, Statutes of Nevada 2013, p. 3426)
51 **Section 7** of this bill removes the expiration date of this rate thereby requiring the
52 payment of this rate indefinitely.

53 The State of Nevada imposes a governmental services tax for the privilege of
54 operating any vehicle upon the public highways of this State. (NRS 371.030) The
55 annual amount of the basic governmental services tax is 4 cents on each \$1 of
56 valuation of the vehicle, as determined by the Department of Motor Vehicles. (NRS
57 371.040) Existing law sets forth depreciation schedules for determining the amount
58 of the basic governmental services tax due each year for used vehicles and
59 establishes a minimum tax. (NRS 371.060) In 2009, the amount of the basic
60 governmental services tax due annually was increased for used vehicles by
61 reducing the amount of depreciation allowed and increasing the minimum tax. The
62 revenue from these increases in the basic governmental services tax were allocated
63 to the State General Fund until June 30, 2015, and then were required to be



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64 deposited in the State Highway Fund thereafter. (Chapter 395, Statutes of Nevada
65 2009, p. 2188, as last amended by chapter 518, Statutes of Nevada 2013, p. 3426)
66 **Section 7** of this bill extends for an additional 2 years the period during which the
67 increases in the basic governmental services tax are allocated to the State General
68 Fund. Therefore, those increases will be deposited in the State Highway Fund
69 commencing on July 1, 2017.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 363A.030 is hereby amended to read as
2 follows:

3 363A.030 ~~“Employer”~~

4 *1. Except as otherwise provided in this section, “employer”*
5 means any ~~financial~~ :

6 *(a) Financial* institution who is required to pay a contribution
7 pursuant to NRS 612.535 for any calendar quarter with respect to
8 any business activity of the financial institution. ~~except~~

9 *(b) Person who is subject to the tax on the net proceeds of*
10 *minerals imposed pursuant to the provisions of NRS 362.100 to*
11 *362.240, inclusive, whether or not the person is required to pay*
12 *that tax in a particular calendar year, and who is required to pay a*
13 *contribution pursuant to NRS 612.535 for any calendar quarter*
14 *with respect to any business activity of the person.*

15 *2. The term does not include* an Indian tribe, a nonprofit
16 organization or a political subdivision.

17 *3. For the purposes of this section:*

18 ~~1-1~~ *(a) “Indian tribe”* includes any entity described in
19 subsection 10 of NRS 612.055.

20 ~~1-2~~ *(b) “Nonprofit organization”* means a nonprofit religious,
21 charitable, fraternal or other organization that qualifies as a tax-
22 exempt organization pursuant to 26 U.S.C. § 501(c).

23 ~~1-3~~ *(c) “Political subdivision”* means any entity described in
24 subsection 9 of NRS 612.055.

25 **Sec. 2.** NRS 363B.030 is hereby amended to read as follows:

26 363B.030 ~~“Employer”~~

27 *1. Except as otherwise provided in this section, “employer”*
28 means any employer who is required to pay a contribution pursuant
29 to NRS 612.535 for any calendar quarter with respect to any
30 business activity of the employer. ~~except a~~

31 *2. The term does not include:*

32 *(a) A* financial institution ~~and~~ ;

33 *(b) Any person who is subject to the tax on the net proceeds of*
34 *minerals imposed pursuant to the provisions of NRS 362.100 to*
35 *362.240, inclusive, whether or not the person is required to pay*



1 *that tax in a particular calendar year, and who is required to pay a*
2 *contribution pursuant to NRS 612.535 for any calendar quarter*
3 *with respect to any business activity of the person;*

4 (c) *An Indian tribe ~~f, a~~;*

5 (d) *A nonprofit organization ~~f, a~~;*

6 (e) *A political subdivision; or ~~any~~*

7 (f) *Any person who does not supply a product or service, but*
8 *who only consumes a service.*

9 3. For the purposes of this section:

10 ~~1-1~~ (a) "Financial institution" has the meaning ascribed to it in
11 NRS 363A.050.

12 ~~2-1~~ (b) "Indian tribe" includes any entity described in
13 subsection 10 of NRS 612.055.

14 ~~3-1~~ (c) "Nonprofit organization" means a nonprofit religious,
15 charitable, fraternal or other organization that qualifies as a tax-
16 exempt organization pursuant to 26 U.S.C. § 501(c).

17 ~~4-1~~ (d) "Political subdivision" means any entity described in
18 subsection 9 of NRS 612.055.

19 **Sec. 3.** NRS 370.165 is hereby amended to read as follows:

20 370.165 There is hereby levied a tax upon the purchase or
21 possession of cigarettes by a consumer in the State of Nevada at the
22 rate of ~~40~~ 60 mills per cigarette. The tax may be represented and
23 precollected by the affixing of a revenue stamp or other approved
24 evidence of payment to each package, packet or container in which
25 cigarettes are sold. The tax must be precollected by the wholesale or
26 retail dealer, and must be recovered from the consumer by adding
27 the amount of the tax to the selling price. Each person who sells
28 cigarettes at retail shall prominently display on the premises a notice
29 that the tax is included in the selling price and is payable under the
30 provisions of this chapter.

31 **Sec. 4.** NRS 370.260 is hereby amended to read as follows:

32 370.260 1. All taxes and license fees imposed by the
33 provisions of NRS 370.001 to 370.430, inclusive, less any refunds
34 granted as provided by law, must be paid to the Department in the
35 form of remittances payable to the Department.

36 2. The Department shall:

37 (a) As compensation to the State for the costs of collecting the
38 taxes and license fees, transmit each month the sum the Legislature
39 specifies from the remittances made to it pursuant to subsection 1
40 during the preceding month to the State Treasurer for deposit to the
41 credit of the Department. The deposited money must be expended
42 by the Department in accordance with its work program.

43 (b) From the remittances made to it pursuant to subsection 1
44 during the preceding month, less the amount transmitted pursuant to
45 paragraph (a), transmit each month the portion of the tax which is



1 equivalent to ~~35~~ 55 mills per cigarette to the State Treasurer for
2 deposit to the credit of the Account for the Tax on Cigarettes in the
3 State General Fund.

4 (c) Transmit the balance of the payments each month to the
5 State Treasurer for deposit in the Local Government Tax
6 Distribution Account created by NRS 360.660.

7 (d) Report to the State Controller monthly the amount of
8 collections.

9 3. The money deposited pursuant to paragraph (c) of
10 subsection 2 in the Local Government Tax Distribution Account is
11 hereby appropriated to Carson City and to each of the counties in
12 proportion to their respective populations and must be credited to
13 the respective accounts of Carson City and each county.

14 **Sec. 5.** NRS 370.350 is hereby amended to read as follows:

15 370.350 1. Except as otherwise provided in subsection 3, a
16 tax is hereby levied and imposed upon the use of cigarettes in this
17 state.

18 2. The amount of the use tax is ~~40~~ 60 mills per cigarette.

19 3. The use tax does not apply where:

20 (a) Nevada cigarette revenue stamps have been affixed to
21 cigarette packages as required by law.

22 (b) Tax exemption is provided for in this chapter.

23 **Sec. 6.** Section 16 of chapter 4, Statutes of Nevada 2008, 25th
24 Special Session, as last amended by chapter 518, Statutes of Nevada
25 2013, at page 3425, is hereby amended to read as follows:

26 Sec. 16. 1. This section and sections 2, 4, 14 and 15 of
27 this act become effective upon passage and approval.

28 2. Sections 6 to 12, inclusive, of this act become
29 effective on January 1, 2009.

30 3. Sections 4 and 6 to 12, inclusive, of this act expire by
31 limitation on June 30, 2009.

32 4. Sections 1, 3, 5 and 13 of this act become effective on
33 July 1, 2009.

34 5. Sections 1, 2, 3 and 5 of this act expire by limitation
35 on June 30, ~~2015~~ 2016.

36 **Sec. 7.** Section 20 of chapter 395, Statutes of Nevada 2009, as
37 last amended by chapter 518, Statutes of Nevada 2013, at p. 3426, is
38 hereby amended to read as follows:

39 Sec. 20. 1. This section and section 19 of this act
40 become effective upon passage and approval.

41 2. Sections 1 and 2 of this act become effective on
42 July 1, 2009.

43 3. Section 3 of this act becomes effective on July 1,
44 2009, and expires by limitation on June 30, 2011.



1 4. Sections 6 to 12, inclusive, of this act become
2 effective on July 1, 2009 . ~~f; and expire by limitation on~~
3 ~~June 30, 2015.~~

4 5. Sections 4, 5, 13, 14, 15, 16, 17 and 18 of this act
5 become effective:

6 (a) Upon passage and approval for the purpose of
7 performing any preparatory administrative tasks that are
8 necessary to carry out the provisions of this act; and

9 (b) On September 1, 2009, for all other purposes.

10 6. Sections 15.5 and 18.5 of this act become effective on
11 July 1, ~~f2015.~~ 2017.

12 7. Section 18 of this act expires by limitation on June 30,
13 ~~f2015.~~ 2017.

14 **Sec. 8.** Section 17.5 of chapter 449, Statutes of Nevada 2011,
15 as amended by chapter 518, Statutes of Nevada 2013, at page 3426,
16 is hereby amended to read as follows:

17 Sec. 17.5. The amendatory provisions of section 12.7 of
18 this act:

19 1. Do not apply to or affect any determination of gross
20 yield or net proceeds required pursuant to NRS 362.100 to
21 362.240, inclusive, for the calendar year ~~f2015.~~ 2016.

22 2. Apply for the purposes of estimating and determining
23 gross yield and net proceeds pursuant to NRS 362.100 to
24 362.240, inclusive, for the calendar year ~~f2016.~~ 2017 and
25 each calendar year thereafter.

26 **Sec. 9.** Section 19 of chapter 449, Statutes of Nevada 2011, as
27 amended by chapter 518, Statutes of Nevada 2013, at p. 3426, is
28 hereby amended to read as follows:

29 Sec. 19. 1. This section and sections 1 to 12,
30 inclusive, and 13 to 18, inclusive, of this act become effective
31 upon passage and approval.

32 2. Section 12.5 of this act becomes effective on
33 January 1, 2012.

34 3. Section 12.7 of this act becomes effective on
35 January 1, ~~f2016.~~ 2017.

36 **Sec. 10.** Section 13 of chapter 476, Statutes of Nevada 2011,
37 as amended by chapter 518, Statutes of Nevada 2013, at page 3427,
38 is hereby amended to read as follows:

39 Sec. 13. The amendatory provisions of section 4 of this
40 act ~~f;~~

41 ~~1. Do~~ **do** not apply to any taxes due for any period
42 ending on or before June 30, 2011 . ~~f; and~~

43 ~~2. Except as otherwise provided in subsection 1 and~~
44 ~~notwithstanding the expiration of that section by limitation~~
45 ~~pursuant to section 17 of this act, apply to taxes due pursuant~~



1 ~~to NRS 363B.110 for each calendar quarter ending on or~~
2 ~~before June 30, 2015.~~

3 **Sec. 11.** Section 15 of chapter 476, Statutes of Nevada 2011,
4 as amended by chapter 518, Statutes of Nevada 2013, at page 3427,
5 is hereby amended to read as follows:

6 Sec. 15. 1. When preparing its certificate of the tax
7 due from a taxpayer pursuant to NRS 362.130 during the
8 calendar year ~~2016,~~ 2017, the Department of Taxation shall
9 reduce the amount of the tax due from the taxpayer by the
10 amount of:

11 (a) Any estimated payments of the tax made by or on
12 behalf of the taxpayer during the calendar year ~~2015,~~ 2016
13 pursuant to NRS 362.115, as that section read on January 1,
14 ~~2015;~~ 2016; and

15 (b) Any unused credit to which the taxpayer may be
16 entitled as a result of any previous overpayment of the tax.

17 2. Notwithstanding any provision of NRS 362.170 to the
18 contrary:

19 (a) The amount appropriated to each county pursuant to
20 that section for distribution to the county during the calendar
21 year ~~2016,~~ 2017 must be reduced by the amount
22 appropriated to the county pursuant to that section for
23 distribution to the county during the calendar year ~~2015,~~
24 2016, excluding any portion of the amount appropriated to the
25 county pursuant to that section for distribution to the county
26 during the calendar year ~~2015,~~ 2016 which is attributable to
27 a pro rata share of any penalties and interest collected by the
28 Department of Taxation for the late payment of taxes
29 distributed to the county.

30 (b) In calculating the amount required to be apportioned
31 to each local government or other local entity pursuant to
32 subsection 2 of that section for the calendar year ~~2016,~~
33 2017, the county treasurer shall reduce the amount required to
34 be determined pursuant to paragraph (a) of that subsection for
35 that calendar year by the amount determined pursuant to that
36 paragraph for the calendar year ~~2015,~~ 2016.

37 **Sec. 12.** Section 17 of chapter 476, Statutes of Nevada 2011,
38 as amended by chapter 518, Statutes of Nevada 2013, at page 3427,
39 is hereby amended to read as follows:

40 Sec. 17. 1. This section and sections 1 and 7 to 16,
41 inclusive, of this act become effective upon passage and
42 approval.

43 2. Sections 4.5 and 6 of this act become effective on
44 July 1, 2011.



1 3. Sections 4 and 6.5 of this act become effective on
2 July 1, 2011 . ~~f, and expire by limitation on June 30, 2015.~~

3 4. Section 5 of this act becomes effective on the date that
4 the balance of the separate account required by subsection 8
5 of NRS 408.235 is reduced to zero.

6 **Sec. 13.** Section 11 of chapter 518, Statutes of Nevada 2013,
7 at page 3427, is hereby amended to read as follows:

8 Sec. 11. The amendatory provisions of section 1 of this
9 act ~~f~~

10 ~~1. Do~~ **do** not apply to any taxes due for any period
11 ending on or before June 30, 2013 . ~~f, and~~

12 ~~2. Except as otherwise provided in subsection 1 and~~
13 ~~notwithstanding the expiration of that section by limitation~~
14 ~~pursuant to section 12 of this act, apply to taxes due pursuant~~
15 ~~to NRS 363B.110 for each calendar quarter ending on or~~
16 ~~before June 30, 2015.~~

17 **Sec. 14.** Section 12 of chapter 518, Statutes of Nevada 2013,
18 at page 3428, is hereby amended to read as follows:

19 Sec. 12. ~~f.~~ This act becomes effective upon passage
20 and approval.

21 ~~2. Section 1 of this act expires by limitation on June 30,~~
22 ~~2015.~~

23 **Sec. 15.** The amendatory provisions of sections 1 and 2 of this
24 act do not apply to taxes due for any period ending on or before
25 June 30, 2015.

26 **Sec. 16.** 1. The amendatory provisions of sections 3 and 5 of
27 this act apply to cigarettes to which a stamp is affixed on or after
28 July 1, 2015, regardless of the date on which a wholesale dealer
29 purchased the stamp from the Department of Taxation.

30 2. As used in this section:

31 (a) "Stamp" has the meaning ascribed to it in NRS 370.048.

32 (b) "Wholesale dealer" has the meaning ascribed to it in
33 NRS 370.055.

34 **Sec. 17.** 1. This section and sections 6 to 14, inclusive, of
35 this act become effective upon passage and approval.

36 2. Sections 1 to 5, inclusive, 15 and 16 of this act become
37 effective on July 1, 2015.

