

Ballot Question No. 5

*Senate Bill No. 428 of the 82nd Session
(Chapter 425, Statutes of Nevada 2023)*

Proposing to Exempt Diapers From
Sales and Use Taxes

Senate Bill No. 428—Senators Flores, Neal; Buck, Donate, Dondero Loop, D. Harris, Ohrenschall, Pazina, Scheible and Spearman

Joint Sponsors: Assemblymen D’Silva, Torres, González; Anderson, Brown-May, Dickman, Gurr, C.H. Miller, Orentlicher, Peters, Taylor and Yurek

CHAPTER.....

AN ACT relating to taxes on retail sales; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption from the tax for child and adult diapers; providing for the exemptions from certain analogous taxes if the voters approve this amendment to the Sales and Use Tax Act of 1955; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

The nonadministrative provisions of the Sales and Use Tax Act of 1955 (part of chapter 372 of NRS) were approved by the voters by a referendum and therefore cannot be amended, annulled, repealed, set aside, suspended or in any way made inoperative except by the direct vote of the people. (Nev. Const. Art. 19, § 1)

Sections 2-9 of this bill require the submission of a question to the voters at the 2024 General Election of whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption for diapers. **Section 10** of this bill construes the term “diaper” for the purposes of the exemption to include all types of child and adult diapers. **Sections 11 and 12** of this bill amend the Local School Support Tax Law to provide an identical exemption. This tax exemption becomes effective of January 1, 2025, and expires by limitation on December 31, 2050, only if the voters approve the amendment to the Sales and Use Tax Act of 1955 at the General Election in 2024.

Any amendment to the Local School Support Tax Law, including exemptions, also applies to other sales and use taxes imposed under existing law. (NRS 354.705, 374A.020, 376A.060, 377.040, 377A.030, 377B.110, 543.600 and various special and local acts) Therefore, if the voters approve the exemption of diapers proposed by this bill, from January 1, 2025, through December 31, 2050, diapers will be exempt from all sales and use taxes currently contemplated under existing law.

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

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

Section 1. The Legislature hereby finds that each exemption provided by this act from any excise tax on the sale, storage, use or consumption of tangible personal property sold at retail:

1. Will achieve a bona fide social or economic purpose and that the benefits of the exemption are expected to exceed any adverse



effect of the exemption on the provision of services to the public by the State or a local government that would otherwise receive revenue from the tax from which the exemption would be granted; and

2. Will not impair adversely the ability of the State or a local government to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from the tax from which the exemption would be granted was pledged.

Sec. 2. At the General Election on November 5, 2024, a proposal must be submitted to the registered voters of this State to amend the Sales and Use Tax Act, which was enacted by the 47th Session of the Legislature of the State of Nevada and approved by the Governor in 1955, and subsequently approved by the people of this State at the General Election held on November 6, 1956.

Sec. 3. At the time and in the manner provided by law, the Secretary of State shall transmit the proposed act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.

Sec. 4. The proclamation and notice to the voters given by the county clerks pursuant to law must be in substantially the following form:

Notice is hereby given that at the General Election on November 5, 2024, a question will appear on the ballot for the adoption or rejection by the registered voters of the State of the following proposed act:

AN ACT to amend an Act entitled “An Act to provide revenue for the State of Nevada; providing for sales and use taxes; providing for the manner of collection; defining certain terms; providing penalties for violation, and other matters properly relating thereto.” approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA
DO ENACT AS FOLLOWS:

Section 1. Section 56.1 of the above-entitled Act, being chapter 397, Statutes of Nevada 1955, as added by chapter 306, Statutes of Nevada 1969, at page 532, and amended by chapter 627, Statutes of Nevada 1985, at page 2028, and amended by chapter 404, Statutes of Nevada 1995, at page 1007, and amended by chapter 389, Statutes of Nevada 2017, at page 2540, is hereby amended to read as follows:



Sec. 56.1. 1. There are exempted from the taxes imposed by this act the gross receipts from sales and the storage, use or other consumption of:

(a) Prosthetic devices, orthotic appliances and ambulatory casts for human use, and other supports and casts if prescribed or applied by a licensed provider of health care, within his scope of practice, for human use.

(b) Appliances and supplies relating to an ostomy.

(c) Products for hemodialysis.

(d) Medicines:

(1) Prescribed for the treatment of a human being by a person authorized to prescribe medicines, and dispensed on a prescription filled by a registered pharmacist in accordance with law;

(2) Furnished by a licensed physician, dentist or podiatric physician to his own patient for the treatment of the patient;

(3) Furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, dentist or podiatric physician; or

(4) Sold to a licensed physician, dentist, podiatric physician or hospital for the treatment of a human being.

(e) Feminine hygiene products.

(f) Diapers.

2. As used in this section:

(a) "Medicine" means any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease or affliction of the human body and which is commonly recognized as a substance or preparation intended for such use. The term includes splints, bandages, pads, compresses and dressings.

(b) "Medicine" does not include:

(1) Any auditory, ophthalmic or ocular device or appliance.

(2) Articles which are in the nature of instruments, crutches, canes, devices or other mechanical, electronic, optical or physical equipment.

(3) Any alcoholic beverage, except where the alcohol merely provides a solution in the ordinary preparation of a medicine.



(4) Braces or supports, other than those prescribed or applied by a licensed provider of health care, within his scope of practice, for human use.

3. Insulin furnished by a registered pharmacist to a person for treatment of diabetes as directed by a physician shall be deemed to be dispensed on a prescription within the meaning of this section.

Sec. 2. This act becomes effective on January 1, 2025, and expires by limitation on December 31, 2050.

Sec. 5. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to provide an exemption from the taxes imposed by this Act on the gross receipts from the sale and the storage, use or other consumption of diapers?

Yes No

Sec. 6. The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the taxes imposed by this Act the gross receipts from the sale and storage, use or other consumption of diapers.

If this proposal is adopted, the Legislature has provided that the Local School Support Tax Law and certain analogous taxes on retail sales will be amended to provide the same exemptions.

Sec. 7. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 2025, and expires by limitation on December 31, 2050. If less than a majority of votes cast on the question is yes, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 8. All general election laws not inconsistent with this act are applicable.

Sec. 9. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election



is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from the official returns transmitted to the Office of the Secretary of State whether the proposed amendment was adopted by a majority of those registered voters.

Sec. 10. Chapter 372 of NRS is hereby amended by adding thereto a new section to read as follows:

In administering the provisions of section 56.1 of chapter 397, Statutes of Nevada 1955, which is included in NRS as NRS 372.283, the Department shall construe the term "diaper" to mean any type of diaper intended for use by a child or an adult, including, without limitation, a disposable diaper.

Sec. 11. Chapter 374 of NRS is hereby amended by adding thereto a new section to read as follows:

In administering the provisions of NRS 374.287, the Department shall construe the term "diaper" to mean any type of diaper intended for use by a child or an adult, including, without limitation, a disposable diaper.

Sec. 12. NRS 374.287 is hereby amended to read as follows:

374.287 1. There are exempted from the taxes imposed by this chapter the gross receipts from sales and the storage, use or other consumption of:

(a) Prosthetic devices, orthotic appliances and ambulatory casts for human use, and other supports and casts if prescribed or applied by a licensed provider of health care, within his or her scope of practice, for human use.

(b) Appliances and supplies relating to an ostomy.

(c) Products for hemodialysis.

(d) Medicines:

(1) Prescribed for the treatment of a human being by a person authorized to prescribe medicines, and dispensed on a prescription filled by a registered pharmacist in accordance with law;

(2) Furnished by a licensed physician, dentist or podiatric physician to his or her own patient for the treatment of the patient;

(3) Furnished by a hospital for treatment of any person pursuant to the order of a licensed physician, dentist or podiatric physician; or

(4) Sold to a licensed physician, dentist, podiatric physician or hospital for the treatment of a human being.

(e) Feminine hygiene products.

(f) *Diapers.*

2. As used in this section:



(a) "Medicine" means any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease or affliction of the human body and which is commonly recognized as a substance or preparation intended for such use. The term includes splints, bandages, pads, compresses and dressings.

(b) "Medicine" does not include:

(1) Any auditory, ophthalmic or ocular device or appliance.

(2) Articles which are in the nature of instruments, crutches, canes, devices or other mechanical, electronic, optical or physical equipment.

(3) Any alcoholic beverage, except where the alcohol merely provides a solution in the ordinary preparation of a medicine.

(4) Braces or supports, other than those prescribed or applied by a licensed provider of health care, within his or her scope of practice, for human use.

3. Insulin furnished by a registered pharmacist to a person for treatment of diabetes as directed by a physician shall be deemed to be dispensed on a prescription within the meaning of this section.

Sec. 13. 1. This section and sections 1 to 9, inclusive, of this act become effective on October 1, 2023.

2. Sections 10, 11 and 12 of this act become effective on January 1, 2025, and expire by limitation on December 31, 2050, only if the proposal submitted pursuant to sections 2 to 9, inclusive, of this act is approved by the voters at the General Election on November 5, 2024.



Ballot Question No. 5

Legislative Counsel Bureau's **Initial Draft** of Ballot Materials
for *Senate Bill No. 428 of the 82nd Session*
Submitted to the Public for Comment
During the Period of May 21 to June 4, 2024

Ballot Question 5
Initial Draft

QUESTION NO. 5

Amendment to the Sales and Use Tax Act of 1955

Senate Bill 428 of the 82nd Session

CONDENSATION (Ballot Question)

Shall the Sales and Use Tax Act of 1955 be amended to provide an exemption from the taxes imposed by this Act on the gross receipts from the sale and the storage, use or other consumption of diapers?

Yes No

EXPLANATION & DIGEST

EXPLANATION—This proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the taxes imposed by this Act the gross receipts from the sale and storage, use or other consumption of diapers.

If this proposal is adopted, the Legislature has provided that the Local School Support Tax Law and certain analogous taxes on retail sales will be amended to provide the same exemptions.

Additionally, the Legislature has provided that in administering these sales and use tax exemptions for diapers, the term “diaper” will mean any type of child or adult diaper.

Finally, the Legislature has provided that these sales and use tax exemptions for child and adult diapers will become effective on January 1, 2025, and expire by limitation on December 31, 2050.

A “Yes” vote would exempt child and adult diapers from the Sales and Use Tax Act of 1955, the Local School Support Tax Law and certain analogous sales and use taxes.

A “No” vote would keep the current provisions of the Sales and Use Tax Act of 1955, the Local School Support Tax Law and certain analogous sales and use taxes.

DIGEST—The Sales and Use Tax Act of 1955 imposes taxes on the gross receipts from the sale and storage, use or other consumption of all tangible personal property in this State unless the property is exempt from such taxation. Because the Sales and Use Tax Act of 1955 was approved by the voters at a referendum election as prescribed by the *Nevada Constitution*, the Act cannot be amended, annulled, repealed, set aside, suspended or in any way made inoperative unless such action is also approved by the voters at an election. This ballot measure would amend the Sales and Use Tax Act of 1955 by creating an exemption from sales and use taxes for diapers. This ballot measure would decrease public revenue because diapers would no longer be subject to sales and use taxes.

Under existing laws, additional sales and use taxes are imposed by: (1) the Local School Support Tax Law which provides revenue for the support of local schools; and (2) other tax laws which provide revenue for the support of counties, cities, towns, special and local districts, regional agencies and authorities, other political subdivisions and specific projects and purposes. This ballot measure would change those existing laws by creating exemptions from sales and use taxes for diapers.

This ballot measure defines the term “diaper” for purposes of these exemptions to mean any type of diaper intended for use by a child or an adult, including, without limitation, a disposable diaper.

Under existing provisions of the *Nevada Constitution*, when any measure enacts exemptions from sales and use taxes, the measure must provide a specific date on which the exemptions will cease to be effective. Because this ballot measure would enact exemptions from sales and use taxes for diapers, this ballot measure provides that the exemptions will cease to be effective on December 31, 2050.

ARGUMENTS FOR PASSAGE

All diapers should be exempt from Nevada’s sales and use taxes to increase their affordability and access. These products are considered basic healthcare necessities for families with young children and for adults experiencing incontinence. Without a sufficient supply of clean diapers, babies are at risk for a host of illnesses, including skin infections, rashes, urinary tract infections and viral meningitis. Adults with conditions that require the use of an adult diaper face similar health risks without access to diapers, and additionally face risks of social isolation—which is linked to poorer health outcomes—from avoiding activities with family or friends.

The sales and use taxes on diapers place a financial burden on low-income families and other individuals who pay a larger percentage of their income each month on these essential goods. Child and adult diapers need to be more accessible, and eliminating these taxes will make them more affordable. Each year, Nevada families spend, on average, \$1,000 on diapers per child and pay up to \$84 in sales tax on those diapers. With the yearly tax savings from the passage of this ballot measure, Nevada families will be able to afford roughly one additional month supply of diapers or put that money toward other necessities. Adults with conditions requiring the use of diapers will receive similar tax relief.

Diapers are already exempt from sales and use taxes in 20 other states and an additional 5 that do not have sales and use taxes. In some states, such as Texas and Virginia, diapers are exempt specifically because they are considered necessities.

Ensure that Nevadans of all ages who rely on diapers have more affordable access to this basic healthcare necessity. Vote “Yes” on Question 5.

ARGUMENTS AGAINST PASSAGE

Exempting diapers from Nevada’s sales and use taxes will result in less revenue for the State and local governments and reduce funding for public schools. Passage of Question 5 is anticipated to reduce sales tax revenues by at least \$400 million between January 1, 2025, through the sunset date of December 31, 2050, which will adversely affect the provision of State and local governmental services, including K-12 education. Additionally, State and local government funding, including funding for public schools, will no longer benefit from additional sales tax revenue generated from diapers purchased in Nevada by tourists and other nonresidents.

This ballot measure will narrow the tax base by reducing the types of goods that can be taxed, creating the potential for more volatility in sales and use tax revenue and complicating the administration of these taxes. A broader tax base generally leads to lower tax rates overall and is better suited to accommodate upturns and downturns in the economy, which is the opposite of what this ballot measure achieves. Question 5 is not consistent with sound tax policy.

Products sold in Nevada are generally subject to sales and use taxes regardless of who buys or uses them. For example, other products that are considered necessities, such as soap, toothbrushes and toilet paper, are not exempt from Nevada sales and use taxes. Chipping away at tax revenues to benefit specific groups of people will limit the services the State and local governments can provide to all Nevadans.

Do not approve yet another tax exemption that violates sound tax policy and decreases revenue for public services. Vote “No” on Question 5.

FISCAL NOTE

Financial Impact—Yes

Under current law, diapers, defined as any type of child or adult diaper, are considered tangible personal property subject to state and local sales and use taxes in the State of Nevada. If Question 5 is approved by the voters, an exemption from state and local sales and use taxes for diapers purchased in the State of Nevada would be provided, which would reduce the revenue received by the State and local governments, including funding for public schools, during the last six months of Fiscal Year 2025 (January 1, 2025, through June 30, 2025), all of Fiscal Years 2026 through 2050 (July 1, 2026, through June 30, 2050), and the first six months of Fiscal Year 2051 (July 1, 2050, through December 31, 2050).

According to the data company Statista, the consumption of child and adult diapers in the United States is estimated at approximately \$12.3 billion in 2024. The population of Nevada, according to the United States Bureau of the Census, currently makes up approximately 0.95 percent of the national population; thus, assuming that consumption of diapers in Nevada is consistent with total national expenditures, approximately \$117.3 million in diapers will be purchased in Nevada during 2024.

Had this exemption been effective during this calendar year, the exemption of approximately \$117.3 million in diapers from the combined statewide sales and use tax rate of 6.85 percent would have resulted in the following estimated revenue reductions for each component of the combined rate:

Combined Statewide Sales & Use Tax Rate Component	Tax Rate	Recipient of Revenue	Estimated Revenue Loss per Fiscal Year
State Sales Tax	2.00%	State General Fund	\$2.3 million
Local School Support Tax (LSST)	2.60%	State Education Fund	\$3.0 million
Basic City-County Relief Tax (BCCRT)	0.50%	Counties, cities, towns, and other local government entities	\$0.6 million
Supplemental City-County Relief Tax (SCCRT)	1.75%	Counties, cities, towns, and other local government entities	\$2.0 million
TOTAL	6.85%		\$7.9 million

The estimated revenue loss for each component of the combined statewide sales and use tax rate represents approximately 0.13 percent of the estimated revenue collected for each of these components, based on the Economic Forum’s forecast for the 2 percent state sales and use tax in Fiscal Year 2024.

In addition to the statewide taxes described above, 13 of Nevada’s 17 counties (Carson City, Churchill, Clark, Douglas, Elko, Lander, Lincoln, Lyon, Nye, Pershing, Storey, Washoe and White Pine) impose one or more optional local sales tax rates for authorized uses. Based on the assumptions above and an average statewide sales and use tax rate of 8.234 percent, it is estimated that the exemption would additionally reduce total revenue generated for the counties imposing optional local sales tax rates by approximately \$1.6 million.

Additionally, under current law, Nevada’s Department of Taxation retains commissions, which are deposited in the State General Fund, for the cost of collecting sales and use taxes for local governments and school districts. The commissions are collected at a rate of 0.75 percent for the LSST and a rate of 1.75 percent for the BCCRT, SCCRT and the optional local sales taxes. It is estimated that the exemption of approximately \$117.3 million in taxable sales would reduce the commissions generated for the State General Fund by approximately \$97,000.

Finally, the State and local governments, including public schools, may lose additional sales tax revenue from this exemption for diapers purchased in Nevada by tourists and other nonresidents. However, the amount of these products that may be purchased by such nonresidents, and the resulting loss in revenue to these governmental entities, cannot be determined with any reasonable degree of certainty.

Note that the revenue loss to the State and local governments, including public schools, illustrated in the table and narrative above are estimates based on estimated sales of diapers and the State’s population in 2024. The actual revenue loss to the State and local governmental entities during the

26 years when this exemption would be effective (January 1, 2025, through December 31, 2050) may be higher or lower in any given fiscal year, depending on the number of exempt products that are actually purchased and the price of those products. Additionally, changes in the statewide population and the number of nonresidents purchasing these products may affect the actual reduction in sales and use tax revenue.

Nevada's Department of Taxation has indicated that no additional funding would be required to implement and administer this exemption for diapers from the state and local sales and use taxes.

DRAFT

Ballot Question No. 5

Public Comments Received by the LCB
During the Period of May 21 to June 4, 2024,
Regarding the LCB's **Initial Draft** of Ballot Materials for
Senate Bill No. 428 of the 82nd Session

From: Kelly Maxwell <[REDACTED]>
Sent: Tuesday, June 4, 2024 10:56 AM
To: Proehl, Haley <[REDACTED]>
Cc: [REDACTED]
Subject: Re: Draft Statewide Ballot Questions - Request for Review and Comment

Hi Haley,

Thank you for the opportunity to provide input on the language. I have some concern about the language in opposition to Ballot measure #5.

1. A 400 million dollar negative fiscal impact presumes that the savings experienced by Nevadan's purchasing diapers will not be spent on other taxable goods. There is not a mention of that. Sales tax is not a zero sum game.
2. The direct mention, three times, of a reduction in K-12 funding as a result of this tax abatement in the feels inflammatory.
3. This sentence "For example, other products that are considered necessities, such as soap, toothbrushes and toilet paper..." Fails to acknowledge that diapers are preventative healthcare supplies whereas soap and toilet paper are toiletry items.

All the best,


CEO AND EXECUTIVE DIRECTOR



Ballot Question No. 5

After Consideration of Public Comment,
LCB's **Revised Draft** of Ballot Materials for
Senate Bill No. 428 of the 82nd Session
for Consideration by the Legislative Commission
Pursuant to NRS 218D.810

EXPLANATION OF FORMATTING IN REVISED DRAFT

1. Matter in ***bolded italics*** is language to be added to ballot materials;
and
2. Matter between brackets ~~strike-through~~ is language to be
removed from ballot materials.

1 **QUESTION NO. 5**

2
3 Amendment to the Sales and Use Tax Act of 1955

4
5 Senate Bill 428 of the 82nd Session

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7
8 **CONDENSATION (Ballot Question)**

9
10 Shall the Sales and Use Tax Act of 1955 be amended to provide an exemption from the taxes
11 imposed by this Act on the gross receipts from the sale and the storage, use or other consumption
12 of diapers?

13
14 Yes No

15
16
17 **EXPLANATION & DIGEST**

18
19 **EXPLANATION**—This proposed amendment to the Sales and Use Tax Act of 1955 would
20 exempt from the taxes imposed by this Act the gross receipts from the sale and storage, use or
21 other consumption of diapers.

22
23 If this proposal is adopted, the Legislature has provided that the Local School Support Tax Law
24 and certain analogous taxes on retail sales will be amended to provide the same exemptions.

25
26 Additionally, the Legislature has provided that in administering these sales and use tax exemptions
27 for diapers, the term “diaper” will mean any type of child or adult diaper.

28
29 Finally, the Legislature has provided that these sales and use tax exemptions for child and adult
30 diapers will become effective on January 1, 2025, and expire by limitation on December 31, 2050.

31
32 **A “Yes” vote would exempt child and adult diapers from the Sales and Use Tax Act**
33 **of 1955, the Local School Support Tax Law and certain analogous sales and use taxes.**

34
35 **A “No” vote would keep the current provisions of the Sales and Use Tax Act of 1955, the**
36 **Local School Support Tax Law and certain analogous sales and use taxes.**

37
38
39 **DIGEST**—The Sales and Use Tax Act of 1955 imposes taxes on the gross receipts from the sale
40 and storage, use or other consumption of all tangible personal property in this State unless the
41 property is exempt from such taxation. Because the Sales and Use Tax Act of 1955 was approved
42 by the voters at a referendum election as prescribed by the *Nevada Constitution*, the Act cannot be
43 amended, annulled, repealed, set aside, suspended or in any way made inoperative unless such
44 action is also approved by the voters at an election. This ballot measure would amend the Sales
45 and Use Tax Act of 1955 by creating an exemption from sales and use taxes for diapers. This ballot
46 measure would decrease public revenue because diapers would no longer be subject to sales and
47 use taxes.

1 Under existing laws, additional sales and use taxes are imposed by: (1) the Local School Support
2 Tax Law which provides revenue for the support of local schools; and (2) other tax laws which
3 provide revenue for the support of counties, cities, towns, special and local districts, regional
4 agencies and authorities, other political subdivisions and specific projects and purposes. This ballot
5 measure would change those existing laws by creating exemptions from sales and use taxes for
6 diapers.

7
8 This ballot measure defines the term “diaper” for purposes of these exemptions to mean any type
9 of diaper intended for use by a child or an adult, including, without limitation, a disposable diaper.

10
11 Under existing provisions of the *Nevada Constitution*, when any measure enacts exemptions from
12 sales and use taxes, the measure must provide a specific date on which the exemptions will cease
13 to be effective. Because this ballot measure would enact exemptions from sales and use taxes for
14 diapers, this ballot measure provides that the exemptions will cease to be effective on
15 December 31, 2050.

16 17 18 **ARGUMENTS FOR PASSAGE**

19
20 All diapers should be exempt from Nevada’s sales and use taxes to increase their affordability and
21 access. These products are considered basic healthcare necessities for families with young children
22 and for adults experiencing incontinence. Without a sufficient supply of clean diapers, babies are
23 at risk for a host of illnesses, including skin infections, rashes, urinary tract infections and viral
24 meningitis. Adults with conditions that require the use of an adult diaper face similar health risks
25 without access to diapers, and additionally face risks of social isolation—which is linked to poorer
26 health outcomes—from avoiding activities with family or friends.

27
28 The sales and use taxes on diapers place a financial burden on low-income families and other
29 individuals who pay a larger percentage of their income each month on these essential goods. Child
30 and adult diapers need to be more accessible, and eliminating these taxes will make them more
31 affordable. Each year, Nevada families spend, on average, \$1,000 on diapers per child and pay up
32 to \$84 in sales tax on those diapers. With the yearly tax savings from the passage of this ballot
33 measure, Nevada families will be able to afford roughly one additional month supply of diapers or
34 put that money toward other necessities. Adults with conditions requiring the use of diapers will
35 receive similar tax relief.

36
37 Diapers are already exempt from sales and use taxes in 20 other states and an additional 5 that do
38 not have sales and use taxes. In some states, such as Texas and Virginia, diapers are exempt
39 specifically because they are considered necessities.

40
41 Ensure that Nevadans of all ages who rely on diapers have more affordable access to this basic
42 healthcare necessity. Vote “Yes” on Question 5.

1 **ARGUMENTS AGAINST PASSAGE**

2
3 Exempting diapers from Nevada’s sales and use taxes will result in less revenue for the State and
4 local governments and reduce funding for public schools. Passage of Question 5 is anticipated to
5 reduce sales tax revenues by at least \$400 million between January 1, 2025, through the sunset
6 date of December 31, 2050, which will adversely affect the provision of State and local
7 governmental services, including K-12 education. Additionally, State and local government
8 funding, including funding for public schools, will no longer benefit from additional sales tax
9 revenue generated from diapers purchased in Nevada by tourists and other nonresidents.

10
11 This ballot measure will narrow the tax base by reducing the types of goods that can be taxed,
12 creating the potential for more volatility in sales and use tax revenue and complicating the
13 administration of these taxes. A broader tax base generally leads to lower tax rates overall and is
14 better suited to accommodate upturns and downturns in the economy, which is the opposite of
15 what this ballot measure achieves. Question 5 is not consistent with sound tax policy.

16
17 Products sold in Nevada are generally subject to sales and use taxes regardless of who buys or uses
18 them. For example, other products that are considered necessities, such as soap ~~[, toothbrushes]~~
19 and ~~[toilet paper,]~~ *toothpaste*, are not exempt from Nevada sales and use taxes. Chipping away at
20 tax revenues to benefit specific groups of people will limit the services the State and local
21 governments can provide to all Nevadans.

22
23 Do not approve yet another tax exemption that violates sound tax policy and decreases revenue for
24 public services. Vote “No” on Question 5.

25
26
27 **FISCAL NOTE**

28
29 **Financial Impact—Yes**

30
31 Under current law, diapers, defined as any type of child or adult diaper, are considered tangible
32 personal property subject to state and local sales and use taxes in the State of Nevada. If Question 5
33 is approved by the voters, an exemption from state and local sales and use taxes for diapers
34 purchased in the State of Nevada would be provided, which would reduce the revenue received by
35 the State and local governments, including funding for public schools, during the last six months
36 of Fiscal Year 2025 (January 1, 2025, through June 30, 2025), all of Fiscal Years 2026 through
37 2050 (July 1, 2026, through June 30, 2050), and the first six months of Fiscal Year 2051
38 (July 1, 2050, through December 31, 2050).

39
40 According to the data company Statista, the consumption of child and adult diapers in the
41 United States is estimated at approximately \$12.3 billion in 2024. The population of Nevada,
42 according to the United States Bureau of the Census, currently makes up approximately
43 0.95 percent of the national population; thus, assuming that consumption of diapers in Nevada is
44 consistent with total national expenditures, approximately \$117.3 million in diapers will be
45 purchased in Nevada during 2024.

Had this exemption been effective during this calendar year, the exemption of approximately \$117.3 million in diapers from the combined statewide sales and use tax rate of 6.85 percent would have resulted in the following estimated revenue reductions for each component of the combined rate:

Combined Statewide Sales & Use Tax Rate Component	Tax Rate	Recipient of Revenue	Estimated Revenue Loss per Fiscal Year
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Basic City-County Relief Tax (BCCRT)	0.50%	Counties, cities, towns, and other local government entities	\$0.6 million
Supplemental City-County Relief Tax (SCCRT)	1.75%	Counties, cities, towns, and other local government entities	\$2.0 million
TOTAL	6.85%		\$7.9 million

The estimated revenue loss for each component of the combined statewide sales and use tax rate represents approximately 0.13 percent of the estimated revenue collected for each of these components, based on the Economic Forum’s forecast for the 2 percent state sales and use tax in Fiscal Year 2024.

In addition to the statewide taxes described above, 13 of Nevada’s 17 counties (Carson City, Churchill, Clark, Douglas, Elko, Lander, Lincoln, Lyon, Nye, Pershing, Storey, Washoe and White Pine) impose one or more optional local sales tax rates for authorized uses. Based on the assumptions above and an average statewide sales and use tax rate of 8.234 percent, it is estimated that the exemption would additionally reduce total revenue generated for the counties imposing optional local sales tax rates by approximately \$1.6 million.

Additionally, under current law, Nevada’s Department of Taxation retains commissions, which are deposited in the State General Fund, for the cost of collecting sales and use taxes for local governments and school districts. The commissions are collected at a rate of 0.75 percent for the LSST and a rate of 1.75 percent for the BCCRT, SCCRT and the optional local sales taxes. It is estimated that the exemption of approximately \$117.3 million in taxable sales would reduce the commissions generated for the State General Fund by approximately \$97,000.

Finally, the State and local governments, including public schools, may lose additional sales tax revenue from this exemption for diapers purchased in Nevada by tourists and other nonresidents. However, the amount of these products that may be purchased by such nonresidents, and the resulting loss in revenue to these governmental entities, cannot be determined with any reasonable degree of certainty.

Note that the revenue loss to the State and local governments, including public schools, illustrated in the table and narrative above are estimates based on estimated sales of diapers and the State’s population in 2024. The actual revenue loss to the State and local governmental entities during the

1 26 years when this exemption would be effective (January 1, 2025, through December 31, 2050)
2 may be higher or lower in any given fiscal year, depending on the number of exempt products that
3 are actually purchased and the price of those products. Additionally, changes in the statewide
4 population and the number of nonresidents purchasing these products may affect the actual
5 reduction in sales and use tax revenue.

6
7 *Additionally, the estimated revenue loss described in this fiscal note does not make any*
8 *assumptions regarding whether consumers who are not paying sales and use tax on the*
9 *purchase of diapers will use that savings to purchase other tangible personal property subject*
10 *to the sales and use tax or will engage in other activities that are subject to a state or local tax*
11 *in Nevada. Although it is possible that taxpayers will use these savings towards other activities*
12 *that may generate additional revenue for the State or a local government, the types of taxable*
13 *activities, the amount of revenue that may be generated, and the recipients of this revenue*
14 *cannot be determined with any reasonable degree of certainty.*

15
16 Nevada’s Department of Taxation has indicated that no additional funding would be required to
17 implement and administer this exemption for diapers from the state and local sales and use taxes.