

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

EXPLANATION OF PROPOSED AMENDMENT TO ASSEMBLY BILL NO. 514

(Prepared by the Legal Division)

OVERVIEW: The purpose of this amendment is to set forth the provisions necessary to carry out the Streamlined Sales and Use Tax Agreement (the "Agreement").

Section 1 provides for the addition of the provisions of sections 2 to 17, inclusive, of this amendment to chapter 360B of NRS ("Sales and Use Tax Administration").

Sections 2, 3 and 4 define certain terms used in sections 5 to 17, inclusive, of this amendment.

Section 5 provides for the establishment of a uniform electronic registration system for sellers and sets forth certain rights and duties of a seller who registers with that system regarding the collection and remission of sales and use taxes, the method of remittance, the submission of returns and liability for the taxes imposed by this state.

Section 6 requires the Department of Taxation to post on its Internet website certain information regarding the sales and use taxes imposed in this state, and relieves sellers who are registered pursuant to section 5 of this amendment and rely on the information posted pursuant to this section from liability for any failure to collect and remit taxes as a result of that reliance.

Section 7 requires the Department of Taxation to maintain a list that sets forth the tax rates applicable to the zip codes in this state, and sets forth certain provisions regarding the use of the list. (Note that this list will be included in the information posted pursuant to section 6 of this amendment).

Sections 8 to 13, inclusive, set forth uniform rules for the "sourcing" of various sales transactions for the purpose of determining the jurisdictions to which a seller is liable for taxes on retail sales.

Section 14 establishes procedures for the allocation of liability, as between a purchaser and seller, to any applicable taxing jurisdictions for sales and use taxes imposed upon the purchase of "direct mail" (as defined in subsection 4 of that section).

Section 15 provides for the delayed payment of a sales or use tax which is due on a weekend or legal holiday.

Section 16 provides for the issuance and use of a permit that authorizes a person to purchase products without paying any sales or use tax to the seller. The holder of such a permit is required to determine the applicable taxes and pay the appropriate taxing jurisdictions directly.

Section 17 establishes a procedure for a purchaser who knows that certain purchased property will be used in other jurisdictions to assume liability, and relieve the

seller from liability, for the apportionment and payment to the appropriate jurisdictions of any taxes due.

Section 18 amends NRS 360B.030 to provide for the inclusion of the provisions of sections 2 to 17, inclusive, of this amendment in NRS 360B.010 to 360B.170, (relating to the Streamlined Sales and Use Tax Agreement).

Section 19 amends NRS 360B.110 to provide the Nevada Tax Commission with the regulatory authority to carry out the Agreement and the statutory provisions relating to the Agreement.

Section 20 provides for the addition of the provisions of sections 21, 22 and 23 of this amendment to chapter 372 of NRS ("Sales and Use Taxes").

Section 21 establishes a uniform rounding rule for the calculation of tax liability under chapter 372 of NRS.

Section 22 sets forth requirements for the administration of exemptions from the taxes imposed pursuant to chapter 372 of NRS.

Section 23 sets forth uniform rules for the deduction of bad debts from the amount of taxable sales for which a seller is liable pursuant to chapter 372 of NRS, and provides for the allocation of bad debts among states that are members of the Agreement. (Note that subsections 10 and 11 are similar to provisions contained in NRS 372.365, which formerly provided for the treatment of bad debts under chapter 372 of NRS).

Section 24 amends NRS 372.125 to allow the registration of a seller pursuant to section 5 of this amendment in lieu of obtaining a seller's permit from the Department of Taxation.

Section 25 amends NRS 372.125 to assist in establishing the uniform state and local tax base required by the Agreement by adding a provision relating to the taxation of vehicles. Pursuant to section 87 of this amendment, this addition will become effective only if the voters approve, in accordance with sections 77 to 81, inclusive, of this amendment, the addition of certain related provisions to chapter 372 of NRS.

Section 26 amends NRS 372.360 to allow the Department of Taxation to prescribe any reporting periods for tax returns required by the Agreement, and to limit the number of tax returns that must be filed with the State for any reporting period.

Section 27 amends NRS 372.365 in conformity with the provisions of section 23 of this amendment.

Section 28 amends NRS 372.370 to authorize the Department of Taxation to provide certain monetary allowances required by the Agreement for the collection of sales and use taxes from sellers who register pursuant to section 5 of this amendment and

make one of the elections set forth in paragraphs (a), (b) and (c) of subsection 3 of that section.

Section 29 amends NRS 372.375 to provide for the payment of taxes by credit card, debit card or electronic transfer of money.

Section 30 amends NRS 372.635 in conformity with the provisions of section 23 of this amendment.

Section 31 provides for the addition of the provisions of sections 32 and 33 of this amendment to chapter 374 of NRS ("Local School Support Tax").

Section 32 sets forth uniform rules for the deduction of bad debts from the amount of taxable sales for which a seller is liable pursuant to chapter 374 of NRS, and provides for the allocation of bad debts among states that are members of the Agreement. (Note that subsections 10 and 11 are similar to provisions contained in NRS 374.370, which formerly provided for the treatment of bad debts under chapter 374 of NRS).

Section 33 establishes a uniform rounding rule for the calculation of tax liability under chapter 374 of NRS.

Sections 34 and 35 respectively amend NRS 374.030 and 374.040 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS certain provisions relating to the taxation of vehicles. Pursuant to section 87 of this amendment, these deletions will occur only if the voters do not, in accordance with sections 77 to 81, inclusive, of this amendment, approve the addition of similar provisions to chapter 372 of NRS.

Section 36 amends NRS 374.055 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS certain provisions relating to the taxation of certain works of fine art for public display. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 72 to 76, inclusive, of this amendment, approve the addition of similar provisions to chapter 372 of NRS.

Section 37 amends NRS 374.060 to assist in establishing the uniform state and local tax base required by the Agreement by adding to chapter 374 of NRS a provision relating to the taxation of certain ophthalmic or ocular devices or appliances. Pursuant to section 87 of this amendment, this addition will occur only if the voters do not, in accordance with sections 57 to 61, inclusive, of this amendment, approve the deletion of a similar provision from chapter 372 of NRS.

Sections 38 and 39 respectively amend NRS 374.060 and 374.070 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS certain provisions relating to the taxation of vehicles. Pursuant to section 87 of this amendment, these deletions will occur only if the voters do not, in

accordance with sections 77 to 81, inclusive, of this amendment, approve the addition of similar provisions to chapter 372 of NRS.

Section 40 amends NRS 374.085 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS a provision relating to the taxation of certain works of fine art for public display. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 72 to 76, inclusive, of this amendment, approve the addition of a similar provision to chapter 372 of NRS.

Section 41 amends NRS 374.130 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS a provision relating to the taxation of vehicles. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 77 to 81, inclusive, of this amendment, approve the addition of certain related provisions to chapter 372 of NRS. (Compare to section 25 of this amendment).

Section 42 amends NRS 374.130 to allow the registration of a seller pursuant to section 5 of this amendment in lieu of obtaining a seller's permit from the Department of Taxation.

Section 43 amends NRS 374.287 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS a provision relating to the taxation of certain ophthalmic or ocular devices or appliances. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 57 to 61, inclusive, of this amendment, approve the addition of a similar provision to chapter 372 of NRS.

Section 44 amends NRS 374.365 to allow the Department of Taxation to prescribe any reporting periods for tax returns required by the Agreement, and to limit the number of tax returns that must be filed with the State for any reporting period.

Section 45 amends NRS 374.370 in conformity with section 32 of this amendment.

Section 46 amends NRS 374.375 to authorize the Department of Taxation to provide certain monetary allowances required by the Agreement for the collection of sales and use taxes from sellers who register pursuant to section 5 of this amendment and make one of the elections set forth in paragraphs (a), (b) and (c) of subsection 3 of that section.

Section 47 amends NRS 374.380 to provide for the payment of taxes by credit card, debit card or electronic transfer of money.

Section 48 amends NRS 374.640 in conformity with section 32 of this amendment.

Section 49 amends NRS 374.785 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 374 of NRS a provision relating to the taxation of vehicles. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 77 to 81, inclusive, of this amendment, approve the addition of certain related provisions to chapter 372 of NRS.

Section 50 amends NRS 377.055 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from chapter 377 of NRS a provision relating to the taxation of vehicles. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 77 to 81, inclusive, of this amendment, approve the addition of certain related provisions to chapter 372 of NRS.

Section 51 amends NRS 482.225 to assist in establishing the uniform state and local tax base required by the Agreement by deleting from that section a provision relating to the taxation of vehicles. Pursuant to section 87 of this amendment, this deletion will occur only if the voters do not, in accordance with sections 77 to 81, inclusive, of this amendment, approve the addition of certain related provisions to chapter 372 of NRS.

Sections 52 to 56, inclusive, assist in establishing the uniform state and local tax base required by the Agreement by submitting to the voters the question of whether to add to chapter 372 of NRS a tax exemption for certain farm machinery and equipment which is currently provided in chapter 374 of NRS.

Sections 57 to 61, inclusive, assist in establishing the uniform state and local tax base required by the Agreement by submitting to the voters the question of whether to add to chapter 372 of NRS a tax exemption for certain ophthalmic or ocular devices or appliances which is currently provided in chapter 374 of NRS.

Sections 62 to 66, inclusive, assist in establishing the uniform state and local tax base required by the Agreement by submitting to the voters the question of whether to add to chapter 372 of NRS the criteria used to determine a tax exemption for aircraft and parts of aircraft, and an additional tax exemption for certain machinery and equipment used on aircraft, which are currently provided in chapter 374 of NRS.

Sections 67 to 71, inclusive, assist in establishing the uniform state and local tax base required by the Agreement by submitting to the voters the question of whether to add to chapter 372 of NRS a tax exemption for certain engines and chassis of professional racing vehicles which is currently provided in chapter 374 of NRS.

Sections 72 to 76, inclusive, assist in establishing the uniform state and local tax base required by the Agreement by submitting to the voters the question of whether to

add to chapter 372 of NRS a tax exemption for certain works of fine art for public display which is currently provided in chapter 374 of NRS.

Sections 77 to 81, inclusive, assist in establishing the uniform state and local tax base required by the Agreement by submitting to the voters the question of whether to add to chapter 372 of NRS a tax exemption for a used vehicle taken in trade on the purchase of another vehicle and to remove from chapter 372 an exemption for certain occasional sales of vehicles, such as are currently provided in chapter 374 of NRS.

Section 82 provides that any of the amendments to chapter 372 of NRS which are approved by the voters pursuant to sections 52 to 81, inclusive, of this amendment become effective on January 1, 2006.

Section 83 provides for the applicability of the general election laws of this state.

Section 84 provides that certain informalities, omissions and defects in required publications, proclamations and notices will not invalidate the adoption by the voters of any of the amendments to chapter 372 of NRS approved pursuant to sections 52 to 81, inclusive, of this amendment if that approval is reasonably certain.

Section 85 provides amnesty from certain sales and use taxes for a seller who registers pursuant to section 5 of this amendment and meets certain conditions.

Section 86 assists in establishing the uniform state and local tax base required by the Agreement by repealing from chapter 374 of NRS certain provisions regarding exemptions from taxation if the voters do not authorize the addition of certain related provisions to chapter 372 of NRS.

Section 87 provides that:

1. The provisions of this amendment:
 - (a) Which provide for the submission of questions to the voters become effective on July 1, 2003; and
 - (b) Which are dependent on the questions submitted to the voters may become effective on January 1, 2006, depending upon voter approval; and
2. The remaining provisions of this amendment become effective on January 1, 2006.

The title of A.B. 514 is amended to incorporate the changes included in this amendment.