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State of Nevada
DEPARTMENT OF TAXATION

AB 281

Kenny C. Guinn
Governor

Barbara Smith Campbell
Chair, NV Tax Commission

Charles E. Chinnock
Executive Director

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ASSEMBLY COMMITTEE ON TAXATION *28 pages*
DATE: *05/06/03* ROOM: *4100* EXHIBIT *E*
SUBMITTED BY: *Charles Chinnock*

GROSS RECEIPTS TAX ANALYSIS

Title of the Tax:	Gross Receipts Tax on defined businesses.
Statutory Authority:	New chapter to define gross receipts, deductions, exceptions, manner of implementation and treatment of gross receipts.
Basis of the Tax:	Businesses with annual gross receipts over \$350,000.00 after deductions. Deductions established by statute.
Procedure:	Quarterly filing of gross receipts. \$87,500 deduction. Partial deduction of Business Tax (\$25 per FTE per Qtr).
Rate:	.0025
Distribution:	State General Fund
Exemptions:	Non - Profit; others established by statute.
Yield:	Approximately \$200 million per fiscal year beginning FY 2005-06.
Department Requirements	
Existing Workload	None
Impact - New Workload	Process 140,000 accounts per quarter in the next biennium; hiring and training new staff; resourcing and equipping new staff; training existing staff; and reformatting or implementing business processes and infrastructure. 30,000 monied accounts. Establish filing with Business Tax.
Regulations	New Chapter
Resources - Costs, Equipment, Manpower, Space	Staff - \$ 2,135,000 (4 personnel FY 2004; 63 personnel & 4 additional support FY 2005) Operating/Support Costs - \$ 967,000 One time equipment/computers - \$ 513,000 Total Department Cost - \$ 3,617,000
Lead Time	Implement July 1, 2005. Two years lead time for IT development.
Information Technology	Develop new Unified Tax System. See Department IT Options.
Statute Changes	New Chapter

ADMISSIONS AND AMUSEMENT TAX ANALYSIS

Title of the Tax:	Admissions and Amusement Tax
Statutory Authority:	New Chapter
Basis of the Tax:	Spectator entertainment and other related areas; video rentals.
Procedure:	Transaction tax is added to the retail price of the admission or amusement payment.
Rate:	6.5 percent of admission or retail price.
Distribution:	State General Fund
Exemptions:	Tickets sold by or to non-profit groups as recognized by the Department of Taxation under the authority of NRS 372. Also tickets sold by government agencies. The rental of a facility by a non-profit or educational organization to a for-profit or commercial entity does not exempt the collection of the tax by the for-profit or commercial entity. Others established by statute.
Yield:	\$74/\$76 million in additional revenue per fiscal year.
Department Requirements	
Existing Workload	None.
Impact – New Workload	Approximately 3,200 separate accounts reporting quarterly. This will generate filing, processing, and collecting 12,800 separate tax returns per year.
Regulations	New Chapter.
Resources – Costs, Equipment, Manpower, Space	Staff - \$ 901,000 (11 personnel FY 2004 & 2005) Operating/Support Costs - \$ 158,000 One time equipment/computers - \$ 81,000 Total Department Cost - \$ 1,140,000
Lead Time	One quarter to implement. Report month ending October 31 st .
Information Technology	Program ACES – treat as a monthly tax type. Existing ACES system to be replaced with a Unified Tax System. See Department IT Options.
Statute Changes	New Chapter.

BUSINESS TAX ANALYSIS

Title of the Tax:	Business Tax
Statutory Authority:	NRS 364A
Basis of the Tax:	Increase the tax to \$140 per year. Quarterly employee calculation based upon statutory formula.
Procedure:	Quarterly Filing: tax returns would be updated to show \$35 instead of \$25 per full time employee.
Rate:	\$35 per quarter per employee, full time equivalent. Full time equivalent is 468 hours per quarter.
Distribution:	State General Fund
Exemptions:	Current exempt organizations, calculation of hours for students, credit for on-site child care, proposed businesses under NV Commission on Economic Development and contracts signed prior to 7/1/91.
Yield:	\$80 million at existing \$100 per FTE. Additional \$32 million for FY 2004; \$33.5 million for FY 2005. Expand to all businesses & employees: \$8.4 million for FY 2004; \$8.8 million for FY 2005. Total FY 2004 \$120.4 million; FY 2005 \$125.9 million.
Department Requirements	
Existing Workload	80,000 active business tax accounts; 320,000 quarterly returns.
Impact – New Workload	Add 60,000 new accounts due to sole proprietorships. 60,000 new applications and 240,000 additional quarterly returns per year.
Regulations	NAC 364A.114
Resources – Costs, Equipment, Manpower, Space	Staff - \$ 4,765,000 (56 additional personnel: 42 basic package; 14 support package) Operating/Support Costs - \$ 859,000 One time equipment/computers - \$ 384,000 Total Department Cost - \$ 6,008,000 Business Tax and Business License Fee considered together as one.
Lead Time	Implement July 1, 2003. Retroactive relief for up to four quarters per NRS 364A.190.
Information Technology	Reprogram existing ACES tax system.
Statute/Regulation Changes	NRS 364A.040, NRS 364A.130, NRS 364A.140, NRS 364A.150, NRS 364A.160, NAC 364A.114

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BUSINESS LICENSE FEE ANALYSIS

Title of the Tax:	Business License Fee: Yearly Fee of \$25.
Statutory Authority:	NRS 364A.020, NRS 364A.120, NRS 364A.130
Basis of the Tax:	Annual renewal of Business License Fees for all businesses including sole proprietors with no employees and all LLC, LLP & other partnerships. Consider businesses under Title 7.
Procedure:	Yearly renewal on anniversary month.
Rate:	\$25 per business, per year for two years.
Distribution:	State General Fund
Exemptions:	Same as Business Tax
Yield:	\$3.5 million FY 2004; \$3.6 million FY 2005; not including use tax passive revenue generator.
Department Requirements	
Existing Workload	Currently a one time fee. Over 80,000 active business accounts.
Impact – New Workload	An additional 60,000 accounts would be registering sole proprietors with no employees and not currently registered. The Department would be receiving and processing an additional 140,000 annual returns with a decision to send out a yearly renewal return separate from the quarterly returns.
Regulations	NAC 364A.050, NAC 364A.104.
Resources – Costs, Equipment, Manpower, Space	Staff - \$ 4,765,000 (56 additional personnel: 42 basic package; 14 support package) Operating/Support Costs - \$ 859,000 One time equipment/computers - \$ 384,000 Total Department Cost - \$ 6,008,000 Business Tax and Business License Fee considered together as one.
Lead Time	Implement July 1, 2003.
Information Technology	Reprogram ACES. Existing ACES system to be replaced with a Unified Tax System. See Department IT Options.
Statute/Regulation Changes	NRS 364A.130, NAC 364A.050, NAC 364A.104

INTOXICATING LIQUOR TAX ANALYSIS

Title of the Tax:	Intoxicating Liquor Excise Tax																				
Statutory Authority:	NRS 369																				
Basis of the Tax:	Tax on importing, storing, possessing or selling liquor in Nevada.																				
Procedure:	The tax is paid by a Nevada licensed importer or manufacturer upon the importation, possession, or sale of liquor in Nevada. The tax is due on the 20 th day of the following month after the liquor was shipped to a person in this state. If the importer pays the tax on or before the 15 th day of the month a 3% discount is given per NAC 269.014.																				
Rate:	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Type of alcohol beverage:</th> <th style="text-align: left;">Current rates are:</th> <th style="text-align: left;">Proposed increase (89%):</th> <th style="text-align: left;">Difference</th> </tr> </thead> <tbody> <tr> <td>Malt beverage,</td> <td>\$.09 per gal.</td> <td>\$.17 per gal.</td> <td>\$.08</td> </tr> <tr> <td>Up to 14% alcohol,</td> <td>\$.40 per gal.</td> <td>\$.76 per gal.</td> <td>\$.36</td> </tr> <tr> <td>14% to 22%,</td> <td>\$.75 per gal.</td> <td>\$1.42 per gal.</td> <td>\$.67</td> </tr> <tr> <td>More than 22%,</td> <td>\$2.05 per gal.</td> <td>\$3.87 per gal.</td> <td>\$1.82</td> </tr> </tbody> </table>	Type of alcohol beverage:	Current rates are:	Proposed increase (89%):	Difference	Malt beverage,	\$.09 per gal.	\$.17 per gal.	\$.08	Up to 14% alcohol,	\$.40 per gal.	\$.76 per gal.	\$.36	14% to 22%,	\$.75 per gal.	\$1.42 per gal.	\$.67	More than 22%,	\$2.05 per gal.	\$3.87 per gal.	\$1.82
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14% to 22%,	\$.75 per gal.	\$1.42 per gal.	\$.67																		
More than 22%,	\$2.05 per gal.	\$3.87 per gal.	\$1.82																		
Distribution:	<p>Consolidated Tax Distribution: \$.50 per gallon of liquor over 22% alcohol by volume.</p> <p>Alcohol & Drug Abuse Account: the amount of tax exceeding \$1.90 per gallon on liquor over 22% alcohol by volume. The current amount is \$.15 cents per gallon.</p> <p>All remaining revenues to State General Fund.</p> <p>Increased revenues from increased tax rate to State General Fund.</p>																				
Exemptions:	<p>Common carriers while engaged in interstate commerce.</p> <p>Army, Navy and Air Force exchanges; officer's, non-commissioned officer's and enlisted men's clubs or messes.</p> <p>Permissible persons: ministers, doctors, apothecary, pharmaceuticals, schools, universities, hospitals, clinics or industrial concerns where liquor is used for sacramental or industrial purposes and not for beverage purposes.</p>																				
Yield:	\$17/\$18 million in additional revenue for FY 2004/2005.																				
Department Requirements																					
Existing Workload	Collect and deposit revenue generated. Verify importer and supplier reports each month through desk audits and track direct shipments of alcohol from the supplier to consumer. Prepare monthly statistical reports. Insure compliance of liquor tax statutes through field visits and audits. 66 existing wholesale accounts.																				
Impact – New Workload	Notification to wholesalers and retailers regarding the increase in tax rate.																				
Regulations	No new regulations needed for implementation.																				
Resources – Costs, Equipment, Manpower, Space	Mailing costs to notify and send new returns to all importers, wholesalers and suppliers for tax rate changes. Change monthly reporting forms to reflect new tax rate. Two additional revenue officers and one tax examiner shared with all excise tax area to insure enforcement and oversee investigations. See cigarette tax analysis.																				

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Manpower, Space	and oversee investigations. See cigarette tax analysis. Staff - \$ 284,000 Operating/Support Costs - \$ 43,000 One time equipment/computers - \$ 23,000 Total Department Cost - \$ 351,000 Cigarette Tax and Liquor Tax considered together as one.								
Lead Time	July 1, 2003.								
Information Technology	An Access database is maintained for returns of importers and wholesalers. The database needs to be updated to reflect new rates								
Statute Changes	<p>NRS 369.174 will need to be changed if the increased rate for alcohol over 22% is to be distributed to the General Fund, otherwise it will be distributed to the Alcohol & Drug Abuse Account. Currently all monies received from the over 22% category are distributed as follows:</p> <table data-bbox="340 675 1384 826"> <tr> <td></td> <td style="text-align: right;">Will change to:</td> </tr> <tr> <td>\$1.40 per gal General Fund</td> <td style="text-align: right;">\$3.22 per gal</td> </tr> <tr> <td>\$.50 per gal Consolidated Tax Distribution</td> <td style="text-align: right;">\$.50 per gal</td> </tr> <tr> <td>\$.15 per gal to Alcohol and Drug Abuse Fund</td> <td style="text-align: right;">\$.15 per gal</td> </tr> </table> <p>NRS 369.330 will need to be updated to reflect the new rate.</p>		Will change to:	\$1.40 per gal General Fund	\$3.22 per gal	\$.50 per gal Consolidated Tax Distribution	\$.50 per gal	\$.15 per gal to Alcohol and Drug Abuse Fund	\$.15 per gal
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\$1.40 per gal General Fund	\$3.22 per gal								
\$.50 per gal Consolidated Tax Distribution	\$.50 per gal								
\$.15 per gal to Alcohol and Drug Abuse Fund	\$.15 per gal								

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CIGARETTE TAX ANALYSIS

Title of the Tax:	Cigarette Excise Tax
Statutory Authority:	NRS 370
Basis of the Tax:	Tax on the sale of cigarettes in Nevada.
Procedure:	A revenue tax stamp placed on the package or container of cigarettes is evidence tax has been paid. A Nevada licensed wholesaler purchases stamps from the Department of Taxation and affixes the stamps to the package of cigarettes. Tax is precollected by the wholesaler and must be recovered from the consumer by adding the amount of the tax to the selling price. Nevada Licensed wholesalers are allowed to defer their payment of stamps until the 25 th day of the following month of purchase. For example, if a wholesaler has been granted the authority to defer payment of stamps, and the order is placed in the month of October, the excise tax less collection allowance (3%) is due on November 25 th .
Rate:	The current rate is 17.5 mills per cigarette, which equates to \$.35 per pack of 20 cigarettes. The proposed increase is 17.5 mills per cigarette or \$.35 per pack of 20 cigarettes, which totals 35 mills per cigarette or \$.70 per pack of 20 cigarettes.
Distribution:	Currently the State General Fund (12.5 mills per cigarette) and consolidated tax distribution to local governments (5 mills per cigarette). Additional tax (17.5 mills per cigarette) to State General Fund.
Exemptions:	Cigarettes sold on an Indian reservation or colony in which the tribal government has enacted an excise tax equal to or greater than the State of Nevada's rate.
Yield:	\$61/\$62 million in additional revenue for FY 2004/2005.
Department Requirements	
Existing Workload	Collect and deposit revenue generated. Fill cigarette stamp orders and verify wholesaler's inventory of stamps each month. Monitor Department's inventory of stamps in district offices and order stamps from the manufacturer. Prepare monthly statistical reports and a yearly report of cigarettes sold by non-participating manufacturers for the Attorney Generals office. Insure compliance of cigarette tax statutes through field visits and audits.
Impact - New Workload	Notification to wholesalers and retailers regarding the increase in tax rate. Additional workload for compliance and enforcement.
Regulations	No new regulations needed for implementation.
Resources - Costs, Equipment, Manpower, Space	Mailing costs to notify wholesalers and retailers of tax rate changes and purchase limits. Cost to print new purchase orders with the new tax rate. Cost for new tax stamps. Additional staffing includes two revenue officers and one tax examiner to insure compliance and oversee investigations. Staff - \$ 284,000 Operating/Support Costs - \$ 43,000 One time equipment/computers - \$23,000 Total Department Cost - \$ 350,000 Cigarette Tax and Liquor Tax considered together as one.

Lead Time	July 1, 2003.
Information Technology	An Access database is maintained for returns of wholesalers. The database needs to be updated to reflect new rates.
Statute Changes	NRS 370.165, NRS 370.260 and NRS 370.350 will need to be updated to reflect the new rate. Levy tax through transition of stamps.

PROPERTY TAX ANALYSIS

Title of the Tax:	Property Tax
Statutory Authority:	NRS 361.453 Limitation on total ad valorem tax levy.
Basis of the Tax:	Currently, the total ad valorem tax levy must not exceed \$3.64 per hundred of assessed value. Local and State rates fall "under" \$3.64 cap.
Procedure:	Establish an additional \$.13 state rate for FY 2004 and \$.05 for FY 2005; change \$3.64 cap to \$3.14 and leave local rate under new cap.
Rate:	\$.13/\$.05 additional per \$100 of assessed valuation of all property.
Distribution:	State General Fund
Exemptions:	No change to exemptions currently in existence.
Yield:	\$81/\$33 million in additional revenue FY 2004/2005.
Department Requirements	
Existing Workload	Does not affect the existing workload of the Department or at the county level as it is a rate change only.
Impact – New Workload	Minimal impact. Billing programs at the Department and county levels would have to be updated to reflect the new rate.
Regulations	No new regulations are needed for implementation.
Resources – Costs, Equipment, Manpower, Space	No new resources needed.
Lead Time	July 1, 2003; step down July 1, 2004.
Information Technology	No new resources needed.
Statute Changes	NRS 361.453, NRS 361.4545 and NRS. 354.705, ad valorem limit, changed to permit additional rate.

**RECAP – TAX PROPOSAL IMPLEMENTATION NEEDS
FY 04-05 BIENNIUM**

	<u>FY 04</u>	<u>FY 05</u>	<u>Total</u>	<u># of Positions</u>
<u>Business Tax</u>				
Personnel	\$ 1,500,477	\$ 1,500,477	\$ 3,000,954	36/FY04
Operating/Support Costs	261,870	261,870	523,740	
Training	3,600	3,600	7,200	
One Time Equipment/Computers	254,231		254,231	
	<u>\$ 2,020,178</u>	<u>\$ 1,765,947</u>	<u>\$ 3,786,125</u>	
<u>Annual Business License Fee</u>				
Personnel	\$ 139,970	\$ 139,970	\$ 279,940	6/FY04
Operating/Support Costs	40,176	40,176	80,352	
Training	600	600	1,200	
One Time Equipment/Computers	40,504		40,504	
	<u>\$ 221,250</u>	<u>\$ 180,746</u>	<u>\$ 401,996</u>	
<u>Admissions & Amusement</u>				
Personnel	\$ 450,526	\$ 450,526	\$ 901,052	11/FY04
Operating/Support Costs	77,696	77,696	155,392	
Training	1,100	1,100	2,200	
One Time Equipment/Computers	81,195		81,195	
	<u>\$ 610,517</u>	<u>\$ 529,322</u>	<u>\$ 1,139,839</u>	
<u>Cigarette/Liquor Tax</u>				
Personnel	\$ 142,126	\$ 142,126	\$ 284,252	3/FY04
Operating/Support Costs	21,276	21,276	42,552	
Training	300	300	600	
One Time Equipment/Computers	23,454		23,454	
	<u>\$ 187,156</u>	<u>\$ 163,702</u>	<u>\$ 350,858</u>	
<u>Gross Receipts Tax</u>				
Personnel	\$ 135,954	\$ 1,697,225	\$ 1,833,179	4/FY04
Operating/Support Costs	451,580	454,670	906,250	63/FY05
Training	400	6,700	7,100	
One Time Equipment/Computers	28,070	452,509	480,579	
	<u>\$ 616,004</u>	<u>\$ 2,611,104</u>	<u>\$ 3,227,108</u>	
<u>Support Package</u>				
Basic				
Personnel	\$ 414,822	\$ 414,822	\$ 829,644	9/FY04
Operating/Support Costs	63,212	63,212	126,424	
Training	900	900	1,800	
One Time Equipment/Computers	70,407		70,407	
	<u>\$ 549,341</u>	<u>\$ 478,934</u>	<u>\$ 1,028,275</u>	
Gross Receipts - Add'l				
Personnel	\$ 82,329	\$ 82,329	\$ 164,658	3/Add'l
Operating/Support Costs	20,088	20,088	40,176	
Training	300	300	600	
One Time Equipment/Computers	13,261		13,261	
	<u>\$ 115,978</u>	<u>\$ 102,717</u>	<u>\$ 218,695</u>	
<u>Information Technology</u>				
Personnel	\$ 395,843	\$ 395,843	\$ 791,686	6/FY04
Operating/Support Costs	43,124	43,124	86,248	
Training	26,000	26,000	52,000	
One Time Equipment/Computers	33,208		33,208	
	<u>\$ 498,175</u>	<u>\$ 464,967</u>	<u>\$ 963,142</u>	
GRAND TOTAL - FY 04 - FY 05 BIENNIUM	<u>\$ 4,818,599</u>	<u>\$ 6,297,439</u>	<u>\$ 11,116,038</u>	* 141

* Note: Does not include full implementation that would occur in FY06-07; incremental merit salary increases; or inflationary operating increases

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**GOVERNOR'S TASK FORCE PROPOSALS
IMPLEMENTATION NEEDS/ONGOING COSTS**

Position Title	Grade/ Step	Gross Receipts Tax		Business Tax		Admissions & Amusement		Cigarette/Liquor		TOTAL
		# Needed	Cost	# Needed	Cost	# Needed	Cost	# Needed	Cost	
Tax Administrator II	AD 37-1	2	\$ 111,465	0	\$ -	-	\$ -	-	\$ -	-
Supervising Auditor II	CP 38-1	1	57,908	1	57,908	-	-	-	-	-
Auditor III	CP 36-1	2	107,161	1	53,581	-	-	-	-	-
Auditor II	CP 34-1	17	843,876	6	297,839	2	99,280	-	-	-
Revenue Officer III	CP 34-1	1	49,640	1	49,640	-	-	2	99,280	-
Revenue Officer II	CP 32-1	9	414,554	6	276,369	4	184,246	-	-	-
Tax Examiners	CP 30-1	7	299,922	6	257,076	2	85,692	1	42,846	-
Accounting Assistant IV	AD 29-1	2	82,743	1	41,371	-	-	-	-	-
Accounting Assistant II	AD 25-1	16	576,837	5	180,262	1	36,052	-	-	-
Administrative Assistant I	AD 23-1	7	236,289	10	337,555	1	33,756	-	-	-
Accountant Technician III	AD 34-1	1	49,640	0	-	-	-	-	-	-
Accountant Technician I	AD 30-1	2	85,692	1	42,846	-	-	-	-	-
Intermittents	AD 11,500			4	46,000	1	11,500	-	-	-
Personnel Costs		67	\$ 2,915,727	42	\$ 1,640,447	11	\$ 450,526	3	\$ 142,126	\$ 5,148,825
Category 03 Instate Travel			25,528		10,814		4,040		1,188	
Category 04 Operating		67	448,632	42	281,232	11	73,656	3	20,088	
Category 10 o/s Audit Travel			10,000		10,000					
Support Costs			\$ 484,160		\$ 302,046		\$ 77,696		\$ 21,276	\$ 885,178
One Time Equipment										
New Employee Pkg - Exe		40	107,520	21	56,448	8	21,504	3	8,064	
New Employee Pkg - Sec		27	29,349	21	22,827	3	3,261	0	-	
Calculators		67	8,710	42	5,460	11	1,430	3	390	
Computers/Laptops		67	335,000	42	210,000	11	55,000	3	15,000	
Onetime Costs			\$ 480,579		\$ 294,735		\$ 81,195		\$ 23,454	\$ 879,963
TOTAL			\$ 3,880,466		\$ 2,237,228		\$ 609,417		\$ 186,856	\$ 6,913,966
# of New Accounts			140,000		60,000		3,200		0	

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**GOVERNOR'S TASK FORCE PROPOSALS
FY04-05 IMPLEMENTATION NEEDS - GROSS RECEIPTS/PHASED IN**

Position Title	Grade/Step	FY 04		FY 05		Effective FY06 Per Year Continued Cost of Full Implementation		
		# Needed	10/1/2003 Cost	# Needed	7/1/2004 Cost		1/1/2005 Cost	TOTAL # Needed
Tax Administrator II	AD 37-1	2	\$ 83,599				2	\$ 111,465
Supervising Auditor II	CP 38-1			1	\$ 57,908		1	\$ 57,908
Auditor III	CP 36-1			2	107,161		2	107,161
Auditor II	CP 34-1					421,938	17	843,876
Revenue Officer III	CP 34-1			1	49,640		1	49,640
Revenue Officer II	CP 32-1					207,277	9	414,554
Tax Examiners	CP 30-1					149,961	7	299,922
Accounting Assistant IV	AD 29-1			2	82,743		2	82,743
Accounting Assistant II	AD 25-1	1	27,039			270,392	16	576,837
Administrative Assistant I	AD 23-1	1	25,317			101,267	7	236,289
Accountant Technician III	AD 34-1					24,820	1	49,640
Accountant Technician I	AD 30-1					42,846	2	85,692
Intermittents	AD 11,500							
Personnel Costs		4	\$135,954	6	\$ 478,724		57	\$ 1,218,501
		FY 04	\$135,954				FY 05	\$ 1,697,225
Category 03 Instate Travel			2,948		6,038			25,528
Category 04 Operating			448,632		448,632			448,632
Category 10 O/S Audit Travel			-		-			10,000
Support Costs			\$451,580		\$ 454,670			\$ 484,160
One Time Equipment								
New Employee Pkg - Exe		2	5,376	4	10,752	91,392	34	91,392
New Employee Pkg - Sec		2	2,174	2	2,174	25,001	23	25,001
Calculators		4	520	6	780	7,410	57	7,410
Computers/Laptops		4	20,000	6	30,000	285,000	57	285,000
Onetime Costs			\$ 28,070		\$ 43,706			\$ 408,803
TOTAL		FY 04	\$ 615,604				FY 05	\$ 2,604,404
# of New Accounts - 140,000								\$ 3,399,887

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IMPLEMENTATION NEEDS - ADDED SUPPORT STRUCTURE

Position Title	Grade/Step	Business Tax w/o State Activity Tax		Business Tax with State Activity Tax	
		# Needed	Cost	# Needed	Cost
Personnel Tech II	AD 27-1	1	\$ 38,543	1	\$ 38,543
Accounting Assistant III	AD 27-1	1	38,543	1	38,543
Mail Services Clerks	AD 23-1	1	33,756	2	67,511
Administrative Law Judge	EX 40-1	1	62,744	1	62,744
Administrative Assistant II	IS 23-1	2	67,511	4	135,022
Tax Administrator III	AD 38-1	1	57,908	1	57,908
Reclass ISMI to ISMII	IS 43-7	N/A	7,471	N/A	7,471
Inform System Specialist IV	IS 41-1	2	130,661	2	130,661
5% Diff Deputy Salaries to ISMIV	EX UC	N/A	18,938	N/A	18,938
Inform System Specialist III	IS 39-1	2	120,555	2	120,555
Agency/Program Inform Specialist I	IS 34-1	1	49,640	2	99,280
Supervising Auditor II	EX 38-1	2	115,817	2	115,817
Personnel Costs		14	\$ 742,085	18	\$ 892,992
Category 03 Instate Travel		3	4,422	4	5,896
Category 04 Operating Support Costs		14	93,744	18	120,528
			\$ 98,166		\$ 126,424
One Time Equipment		9	24,192	10	26,880
New Employee Pkg - Exe		5	5,435	8	8,696
New Employee Pkg - Sec		10	1,300	10	1,300
Calculators		13	65,000	16	80,000
Computers/Laptops			\$ 95,927		\$ 116,876
Onetime Costs			\$ 936,178		\$ 1,136,292
GRAND TOTAL IMPLEMENTATION			\$ 3,969,679		\$ 8,050,258
Beginning with biennium FY06-07 ongoing cost should be			\$ 6,948,735		\$ 14,106,837

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note: this amount does not include merit salary increases; or inflationary operating increases

NEW IT DEVELOPMENT

The 2001 Legislature appropriated \$1.3 million to develop functional requirements for replacement of ACES. Following September 11th the appropriation was reverted. DoIT in concert with the Department is working to produce a plan for establishing and verifying the best manner and method for new IT development. The plan will include a time period after appropriation of IT money and before any expenditure, for a full functional requirements review and definition. The plan will be completed in May.

SB 382 IT CONSIDERATIONS

Business Tax- Can implement, just a rate change within ACES. Can add sole proprietorships.

Annual Business License- Can implement annual fee and can include expiration and renewal. No requirement for a reinstatement fee.

Admissions and Amusement Tax- Can implement effective January 1, 2004. We believe we can implement through ACES. Have a backup plan to develop separate application for 3,000 to 5,000 accounts. Will program for monthly filing.

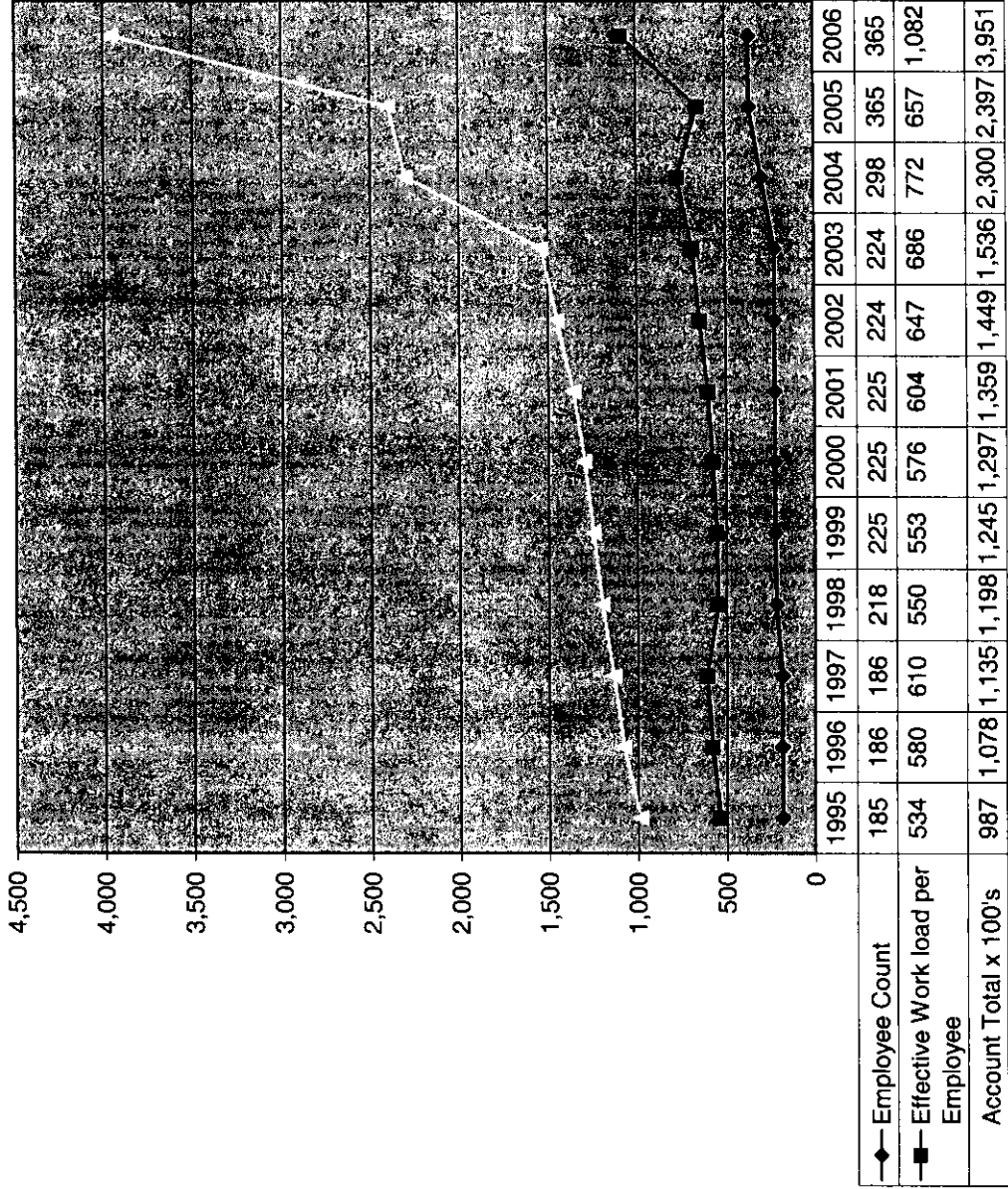
Cigarette and Liquor Taxes- change to desktop applications

Gross Receipts Tax – need new IT to implement. Two year lead time or July 1, 2005 implementation. Various IT options currently being considered.

IT Manpower Support Package- needed for any omnibus tax package in order to address a multitude of programs and issues.

Need to consider program for IT upgrade, enhancement and automation for the Department.

Work Load History and Future Projection



◆ Employee Count
 ■ Effective Work load per Employee
 ▲ Account Total x 100's

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KENNY C. GUINN
Governor

BARBARA SMITH CAMPBELL
Chair, Nevada Tax Commission

CHARLES E. CHINNOCK
Executive Director

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MEMORANDUM

Date: May 5, 2003

To: Chuck Chinnock

From: Terri Anderson

CC: Linda Fleischmann

Subject: County Business License

I surveyed four surrounding counties and the City of Yerington. Below are the results. The only county currently requiring the direct marketers to register is Storey. Douglas County does not require businesses to have a license. All other counties require annual licensing for any person operating/selling/servicing in the county. The fees vary for each county and have a number of determining factors. Carson City fees are from \$26.10 to \$3,000.00. Please see attached fee schedules received from Carson and Storey for additional information.

Carson City Business License office said they would not require registration of representatives for "wholesale distributors". Although Mary Kay is not a "wholesale distributor" they still "don't go after them." Carson City said the determining factor is who pays the federal taxes. They seemed to be unaware direct sellers are receiving 1099's.

Lyon County Business License Office said "they don't know why they don't require direct sellers to register other than that's the way it's always been done."

The City of Yerington has never required director seller's to register and believe the decision was made due the temporary nature of the businesses. Door to door solicitors are required to obtain a solicitors license.

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County	Business License Required?	Wholesale Distributors-Director Sellers Registered?	Fees For Director Sellers
Douglas	No	No	0
Carson	Yes	No	0
Storey	Yes	Yes	\$100. home based business in county \$75. out of county
Lyon	Yes	No	0

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BUSINESS LICENSE FEE WORKSHEET

Business Name: _____
 Account Number _____ License Dates _____ to _____

Annual License Type: _____	Fee \$ _____
Annual License Type: _____	Fee \$ _____
Square Footage: _____	Fee \$ _____
Number of Employees: _____	Fee \$ _____
Number of Comm. Units: _____	Fee \$ _____
Quarterly License Type: _____	Fee \$ _____
ANNUAL TOTAL:	
Quarters to Pay _____	Fee \$ _____
PRO-RATED TOTAL APPLICATION FEE	
	Fee \$ <u>25.00</u>
GRAND TOTAL DUE	
	Fee \$ _____

To Calculate a License:
 Determine the Category/(Multiple Categories May Apply)
 Calculate the Area and Employees if the Category is NOT Exempt
 Application Fee \$25.00

ANNUAL FEE

- \$ 75.00 General License-For all other types not listed below
- \$ 150.00 Cabaret & live Entertainment
- \$ 250.00 Escort (Must have Brothel License)
- \$ 700.00 Fortunetelling, Palmistry (1-per 5000 population)
- * \$ 100.00 Home Business(Exempt from Calculations)
- \$ 100.00 Independent Contractors, Professional
(Need copy of State Contractor License)
- \$1000.00 Liquor Investigation Fee + 500.00 each additional person
- \$ 100.00 Liquor, Off Sale (For Stores)
- \$ 500.00 Liquor, On Sale(Valid also for Off-Sale-Bar's)
- \$ 50.00 Liquor-Service Bar-Each
- \$ 135.00 Massage/Therapeutic Services (Need proof-schooling)
- \$ 475.00 Mining, Excavation, Earth-Moving/Processing
- \$ 0 Non-Profit-proof of 501.c(x) Status (hand type license)
- * \$ 75.00 Out of County
- \$ 250.00 Pawn (+100.00 if accept Motor Vehicle)
- \$ 475.00 Subdivision Sales(Commercial)
- \$ 100.00 Transportation Companies

SQUARE FOOTAGE OF BUILDING OR SITE

\$ 15.00	1 to 1,999
\$ 31.00	2,000 to 2,999
\$ 63.00	3,000 to 4,999
\$ 94.00	5,000 to 7,499
\$ 125.00	7,500 to 9,999
\$ 188.00	10,000 to 24,999
\$ 250.00	25,000 to 99,999
\$ 500.00	100,000 to 499,999
\$ 1,000.00	500,000 +

EXEMPT-Brothels, Cabaret, Fortunetelling, Special Events,
 Independent Contractors, Home Occupation, Out-of County.

QUARTERLY FEES

- \$ 10.00 Alarms-per each alarm
- \$ 30.00 Gaming-per machine(Need State Gaming License)
- \$ 150.00 Gaming Table- per table(Need State Gaming License)
- \$ 18,750.00 Prostitution
- \$ % Gross Utilities Companies

EMPLOYEES-(includes person engaged in the business Partners or Co-Owners, ETC)

\$ 25.00	1 to 5
\$ 40.00	5 to 10
\$ 75.00	11 to 25
\$ 125.00	26 to 50
\$ 125.00 + \$ 2.00 for each additional employee over 50	

EXEMPT-Brothels, Cabaret, Fortunetelling, Special Events,
 Independent Contractors, Home Occupation, Out-of County.

OTHER LICENSES & FEES

- \$ 25.00 Special Events -5 day permit (Excluding -liquor)
- \$ 0 False Alarms Service Charge 1 to 4
- \$ 25.00 each False Alarm Service Charge 5 to 8
- \$ 50.00 each False Alarm Service Charge 9 or more.

COMMERCIAL UNITS

\$ 2.00 Per unit fee for apartments, storage units
 RV & MH spaces, pay-parking lot spaces
 Must have General License -also
 EXEMPT-the rental of three (3) or less Residential Units

Hand out Flyers on Street-Must go to Commissioners - against Ordinance.

Handyman License: Must charge hourly rate, Can Not Bid Jobs with out a Contractor License or Charge for Materials, No Structural Framing, No Electrical, No Plumbing, No Mechanical and NO Commercial Construction. (No work can be done that is a violation of NRS Chapter 624).

Lyon County

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CALCULATION OF BUSINESS LICENSE FEES 2001

CLASS A-D \$62.60 **CONTRACTOR** \$58.45

COMMERCIAL LOCATIONS and ALL CONTRACTORS will be charged additional fees for:

<u>SQUARE FOOTAGE</u>		<u>EMPLOYEES</u>
0	- 1,999 = \$ 12.75	1 - 100 = \$6.05 each
2,000	- 2,999 = \$ 31.60	101 + = \$2.80 each
3,000	- 4,999 = \$ 63.45	
5,000	- 7,499 = \$ 95.05	OTHER
7,500	- 9,999 = \$126.90	\$2.10/unit (apartments, storage units, RV & MH spaces)
10,000	- 24,999 = \$190.85	\$.52/1,000 square fee of commercial rental Space
25,000	- Up = \$254.10	

FLAT FEES

CLASS E	VENDORS	E1 = Amusement & Video Games	\$12.85/device
		E2 = Vending Machines (food, candy)	\$ 6.10/machine
		E3 = Snack Trays	\$ 2.80/tray
		E4 = Other devices (photocopiers, etc)	\$ 6.05/machine
CLASS F	OUT OF TOWN		\$ 78.30
CLASS G	INDEPENDENTS (0=Cosmetologist 1= Realtor, 2= groomer)		\$ 41.75
CLASS H	NO BL Required—only Health fees.		\$ -0-
CLASS I	BILLBOARD		\$418.20
CLASS J	FARMERS MARKET		\$313.15
CLASS N	NON-PROFIT (503-C from IRS)		\$ -0-
CLASS P	AUTO PAWN (in addition to business license)		\$100.00
CLASS X	HOBBY (Supplemental income, Home Based under \$3,500/yr)		\$ 26.10
CLASS Z	CONTRACT OFFICE (with resident agent in Carson City)		\$ 94.00

OOT Contr.
77.25

TEMPORARY PERMITS

SHORT-TERM BUSINESS & CONTRACTOR (CLTB) PERMIT	\$ 22.25/day or \$111.25 for mo.
SPECIAL SHORT-TERM BUSINESS PERMIT	\$ 52.20/day + 2.10/booth/day
SPECIAL SHORT-TERM BUSINESS PERMIT (NON-PROFIT)	\$ 20.90/day + 2.10/booth/day
LIQUOR LICENSE (5 day max)	\$ 20.00/day
HEALTH PERMIT (\$10 late fee)	\$25.00(1st day) \$ 50 (day 2-7) \$75(day 8-14)

HEALTH FEES

Health1	MH or RV space @ park *see Health 5*	\$.50/each
Health2	Public Accommodation units *see Health 5* (NO APTS)	\$ 1.00/over 10 units
Health3	Child care facilities	\$ 2.00/child
Health4	Retail Grocery, Food Market *see Health 8*	\$ 10.00/checkout over 3
Health5	Public Accom, MH & RV Park, Massage Establishment (NO APTS)	\$ 35.00
Health6	Produce Market, Food Warehouse	\$ 50.00
Health7	Food Catering Trucks & Industrial catering	\$ 50.00/truck
Health8	Grocery, Meat Market, Bakery, Restaurant/Bar w/1-50 seats	\$ 75.00
Health9	Swimming Pool/Spa (open 6 mo's or less/year)	\$100.00
Health10	Restaurant/Bar w/51-100 seats	\$125.00
Health11	Restaurant/Bar w/101-200 seats	\$175.00
Health12	Swimming Pool/Spa (open year round)	\$200.00
Health13	Restaurant/Bar w/200 + seats	\$300.00

APPLICATION FEE \$25.00 FFN . . . \$ 15.00 MESSAGE INVESTIGATION . . . \$100.00

2001 fees.wpd

P.1/2 Carson City/County
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MAY 05 03 08:20AM CC ASSISTANT TRESURER



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KENNY C. GUINN
 Governor

CHARLES E. CHINNOCK
 Executive Director

MEMORANDUM

Date: 05/06/03
 To: Chuck Chinnock
 From: Mary Rusterholz and Kimberly Whitfield
 CC: Pat Wildmon and Paulina Oliver
 Subject: Local Licensing Requirements of Multilevel Marketers or Direct Sellers

NORTH LAS VEGAS No licensing required by distributor or company.
 BOULDER CITY No licensing required by distributor or company.
 CLARK COUNTY No licensing required by distributor or company.
 (Deciding factor is if there is a location/kiosk..)

CITY OF LAS VEGAS Distributors are required to have a license, however, it is not possible to determine how many direct sellers hold a license as they are coded based on merchandise sold, rather than how it is marketed. Jim Rickett in the home-based business section said that licensing vendors of this kind is not a top priority. If someone comes in to inquire on a license, they would license them, but they wouldn't search them out if they didn't.

There is a \$25 one-time home occupation permit fee and a \$30 application fee. License fees for this type of business are assessed based on gross sales. The initial license fee is the minimum required, which is \$25. When the license is renewed semi-annually, they assess license fees of approximately .56% of the gross sales. If the actual license fee exceeds the initial \$25 license fee, the business is billed for the difference. The law governing this is Title 6 of the City Ordinances under General Business License.

MESQUITE No licensing required by distributor or company.

CITY OF HENDERSON (Margaret in Business Licensing, 565-2045)

All individual distributors are considered independent contractors. Henderson does not engage in multilevel direct marketer agreements, they only recognize individuals. Avon sales reps and the like are considered as having home based sales and are charged a one-time home business application fee of \$15.00. A one time account application fee of \$25.00 is also charged to new applicants. The license is then \$25 every 6 months (so a new applicant would pay \$65 total). Henderson has over 100 license classifications—this one falls in the \$0-12,000 gross revenue group which requires a minimum \$25 license charge. Impossible to give stats on active accounts for this group since the classification is a catch all for many other kinds of businesses because of the minimal revenue range. The law governing this is Title 4 Henderson Municipal Code Business Regulations & Licenses. Exemptions include: employees, community theatres, non-profits.

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**CITY/COUNTY BUSINESS LICENSE FEES FOR MULTI-LEVEL
MARKETERS AND INDIVIDUAL SELLERS**

CITY OF SPARKS

Require that distributors making wholesale sales to individual sales people be registered. No way to control individual sales people. Initial license fee of \$105 then \$80 base fee with \$1 per \$1000 in gross receipts being added after \$10,000.

CITY OF RENO

All home base businesses where no sales of the merchandise take place at the property are required to hold a city business license. The base fee is \$60. for the first \$20,000 in gross receipts, \$70. on 20,001 to \$100,000 in gross receipts, \$.85 per each additional \$1,000 or fraction thereof from \$100,001 to \$5,000,000; \$.65 each additional \$1,000 or fraction thereof for above \$5,000,000.

CITY OF FALLON

If you are doing door to door sales you need both solicitor and business licenses. If you are doing in home parties you do not. Base fee is \$50. for projected sales of to \$24,999 then increases based on gross receipts, \$100. for sales of \$24,001 to \$99,999, \$150. for sales of \$100,000 to 249,999, \$200. for sales of \$250,000 to \$499,999, \$250. for sales of \$500,000 to \$749,000, \$300. for sales of \$750,000 to \$999,999, for each additional \$500,000 the fee shall be increased by \$125.00.

CITY OF WINNEMUCCA

Do not register home party people, no way to track. Based on voluntary registration, \$75. and up depending on gross receipts. \$75. base fee cover gross receipts up to \$60,000 per year. Door to door peddlers need a special license \$100 base fee and \$10 per day they are operating.

CHURCHILL COUNTY

Requires business license for parent companies requiring that the have NV resale permit and Federal ID#. Also will register individuals who come in to register. \$75. base fee with \$25. annual fee thereafter.

HUMBOLDT COUNTY

Will license individual sellers, base fee is \$25. with gross receipts up to \$2,500, \$50 with gross receipts up to \$50,000, \$150 with gross receipts up to \$250,000 graduating up to \$250 annual fee if gross receipts exceed \$500,000.

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WASHOE COUNTY

Requires business license for vendors of multi-distributor products. A new business license is \$75 for the first year. Renewal fees are based on gross receipts. The fees are \$60 for gross receipts of \$50,000 and under, \$100 for gross receipts from \$50,000 to \$100,000, \$200 for gross receipts from \$200,001 to \$500,000, \$300 for gross receipts from \$500,001 to \$1,000,000, and \$500 for gross receipts over \$1,000,001.

CITY OF ELKO

The city of Elko has business license requirements, however sales representatives of multi-level marketers are not required to get a business license. A new business license is \$28.75. Renewals are based upon gross receipts.

ELKO COUNTY

They have no business licensing at all.