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BACKGROUND ON CURRENT TAX RATES IN STATUTE FOR TAXES PROPOSED TO BE CHANGED AND SUMMARY INFORMATION FOR PROPOSED NEW TAXES

1. **CIGARETTE STAMP FEE ALLOWANCE:** Current statute provides a 3 percent collection allowance (discount) to cigarette dealers.
2. **OTHER TOBACCO COLLECTION ALLOWANCE:** Current statute provides a 2 percent collection allowance (discount) to tobacco dealers.
3. **LIQUOR TAX COLLECTION ALLOWANCE:** Current statute provides a 3 percent collection allowance, if paid on or before the 15th of each month.
4. **STATE/LSST SALES TAX COLLECTION ALLOWANCE:** Current statute provides a 1.25 percent collection allowance to retailer.
5. **BUSINESS LICENSE FEE:** Current statute provides for a one-time \$25 state business license filing fee.
6. **LIVE ENTERTAINMENT TAX (LET) [NEW TAX]:** Under current statute, the Casino Entertainment Tax (CET) imposes a 10% tax on the admissions and food and beverage sales when a nonrestricted gaming location provides live entertainment. The current statute for the CET allows for several exemptions that will be eliminated under the LET and the LET will also apply to live entertainment provided in non-gaming establishments.
7. **CIGARETTE TAX:** Current statute imposes a tax of 35-cents per pack of 20 cigarettes of which 25 cents per pack goes to state general fund. *All of the 65-cent increase would go to the state general fund, increasing the state rate to 85-cents per pack of 20.*
8. **LIQUOR TAX:** Current statute imposes a tax of 9 cents per gallon on beer; 40 cents per gallon on liquor up to 14% alcohol by volume (wine); 75 cent per gallon on liquor over 14% up to 22% alcohol by volume (cordials); and \$2.05 per gallon on alcohol over 22% by volume (hard liquor). *Of the \$2.05 per gallon on alcohol over 22%, \$1.40 per gallon goes to state general fund. The 50 percent tax increase changes the tax on beer to 14 cents per gallon; tax on wine to 60 cents per gallon; tax on cordials to \$1.12 per gallon; and tax on hard liquor to \$3.08 per gallon (state portion increases from \$1.40 to \$2.43 per gallon).*
9. **GAMING TAX:** Current statute impose a tax on monthly gross gaming revenue of 3% up to \$50,000; 4% over \$50,000, up to \$134,000; and 6.25% over \$134,000. *Tax rates increase to 3.25%; 4.25% and 6.50% for FY 2004 and then increase to 3.5%; 4.50%; and 6.75% for FY 2005.*
10. **RESTRICTED SLOT TAX:** Current statute imposes a quarterly tax on restricted slot machines of \$61 per machine for machines 1 through 5 and \$106 per machine per quarter for machines 6 through 15. *\$33 percent increase in FY 2004, tax rate per machine will increase to \$81 per machine for machines 1 through 5 and \$141 for each machine 6 through 15. 50 percent increase in FY 2005, tax rate per machine will increase to \$92 per machine for machines 1 through 5 and \$159 for each machine 6 through 15.*
11. **SECRETARY OF STATE FEES:** The are numerous filing fees charged by the Secretary of State's office to corporations, LLC, LP, and LLP business structures for filing in the State of Nevada and other services provided the Secretary's office to these business entities. The major changes in AB 536 are changes to the initial and annual filing fees paid by business entities when filing with the Secretary of State's office.
12. **BUSINESS LICENSE TAX:** Current statute imposes an annual tax of \$100 (\$25 per quarter) per full-time equivalent (FTE) employee. *Tax increases in FY 2004 to \$115 per FTE per year (\$28.75 per quarter); decrease to \$70 per FTE per year in FY 2005, and decrease to \$50 per FTE per year in FY 2006.*
13. **BANK FRANCHISE TAX [NEW TAX]:** A tax of 5 percent will be imposed on the net income of the financial institutions derived from business conducted by the institution within this state for the preceding calendar quarter. The definition of financial institutions does not include nonprofit organizations recognized as exempt from taxation pursuant to 26 U.S.C., Sec 501 or credit unions organized under chapter 678 of NRS or the Federal Credit Union Act. *Although the tax is effective January 1, 2004, financial institutions will be required to pay a full years worth of tax in FY 2004.*
14. **REAL ESTATE TRANSFER TAX (RETT) [NEW TAX]:** A tax of \$1.88 per \$500 (0.376%) on the transfer of real property exceeding \$100,000 in value.
15. **UNIFIED BUSINESS TAX (UBT) [NEW TAX]:** FY 2004 - Unified Business Tax (UBT) becomes effective on January 1, 2004. From January 1, 2004 through June 30, 2004, the tax is imposed on businesses with gross revenue in excess of \$3,000,000. The UBT is imposed at a rate of 0.25 percent on gross revenue in excess of \$450,000, not to exceed 1 percent of gross profit. Gross profit is defined as gross revenue less cost of goods sold. This figure includes a number of deductions, including, without limitation, a deduction for subcontractor costs incurred by a master developer. Taxes upon gross gaming revenue and financial institutions are not included in this figure; but rather, are reported on other lines of this summary (e.g., gaming tax increase and banking franchise tax).
FY 2005 - From July 1, 2004 through December 31, 2004, the tax is imposed on businesses with gross revenue in excess of \$3,000,000. The UBT is imposed at a rate of 0.25 percent on gross revenue in excess of \$450,000, not to exceed 1 percent of gross profit. Definitions, exclusions, deductions, and other provisions are unchanged from FY 2004. From January 1, 2005 through June 30, 2005, the UBT is imposed at a rate of 0.25 percent on gross revenue in excess of \$450,000, not to exceed 1 percent of gross profit. Again, definitions, exclusions, deductions, and other provisions remain unchanged.