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BILL EXPLANATION

SENATE BILL NO. 293
Senate Committee on Taxation
Hearing Date: March 27, 2003

EXPLANATION – The bill would repeal many of the exemptions and abatements from the property tax, the governmental services tax and the local school support tax and city-county relief tax. The bill would also eliminate the Senior Citizens Property Tax Assistance Program. Because the bill would repeal the exemption to the LSST and CCRT for retail sales or use of fuel, the bill provides for the distribution and use of the proceeds of taxes collected from the sale or use of those products.

Many of the provisions of the bill are technical adjustments based on the repeal of the various exemptions to the property tax, governmental services tax and the local school support tax provisions. The primary impacts are addressed in the attachments to this explanation. The attachments include the current exemptions for each of the three taxes that are addressed in the bill. The exemptions that are repealed in the bill are highlighted and lined out in the attachments and any additional amendments to the exemptions are highlighted. A revenue projection is provided for each of the exemptions for which the Fiscal Analysis Division was able to obtain or develop a projection.

Attachment 1 – Property Tax Exemptions (Revenue Projection -- \$30.4 million)

Attachment 2 – Governmental Services Tax Exemptions (Revenue Projection -- \$680,000)

Attachment 3 – Local School Support Tax Exemptions (Revenue Projection -- \$121 million)

The repeal of NRS 427A.455 to 427A.600, inclusive, would eliminate the Senior Citizens Property Tax Assistance Program. The Governor has recommended General Fund appropriations totaling approximately \$4.2 million in FY 2004 and approximately \$4.6 million in FY 2005 for the program. The elimination of the program would include the elimination of a current full-time position responsible for administering the program. The Governor has also recommended the addition of a half-time position in The Executive Budget.

Property Tax Exemptions and Abatements

(Repealed Exemptions and Abatements Highlighted)

1. **Property of United States** – All lands and other property owned by the United States, not taxable because of the Constitution or laws of the United States. NRS 361.050
2. **Property of State** – All lands and other property owned by the state, except real property acquired by the State of Nevada and assigned to the Division of Wildlife which is or was subject to taxation at the time of acquisition. NRS 361.055
3. **Property of Local Governments** – All lands and other property owned by the Nevada rural housing authority or any county, domestic municipal corporation, irrigation drainage or reclamation district or town in this state, local government entity that receives any portion of the proceeds of the tax except certain community pastures. NRS 361.060 Amended in Section 3
4. **Property of Privately Owned Parks** – ~~The real property and improvements of a privately owned park that, pursuant to an agreement with a local government, are used by the public without charge, excluding areas from which income is derived. NRS 361.0605~~
5. **Property of Privately Owned Airports** – ~~All property and improvements of a privately owned airport that are used by the public without charge, including areas used for taking off, landing and taxiing but excluding areas from which income is derived. NRS 361.061~~
6. **Property of a Trust** – ~~All property, both real and personal, of a trust created for the benefit and furtherance of any public function pursuant to the provisions of law, but moneys in lieu of taxes may be paid to the beneficiary pursuant to any agreement contained in the instrument creating the trust. NRS 361.062 (Revenue Estimate – See Other Total on Page Six)~~
7. **School Property** – ~~All lots, buildings and other school property owned by any legally created school district or charter school within the state and devoted to public school purposes. NRS 361.065~~
8. **Vehicles** – All vehicles, except mobile homes, which constitute “real estate” or “real property.” NRS 361.067
9. **Various Forms of Personal Property** – The following personal property:
 - a. Personal property held for sale by a merchant;
 - b. Personal property held for sale by a manufacturer;
 - c. Raw materials and components held by a manufacturer for manufacture into products, and supplies to be consumed in the process of manufacture;
 - d. Tangible personal property purchased by a business which will be consumed during the operation of the business;
 - e. Livestock;
 - f. Colonies of bees;
 - g. Pipe and other agricultural equipment used to convey water for the irrigation of legal crops;
 - h. All boats;
 - i. Slide-in campers and camper shells;
 - j. Fine art for public display (See NRS 361.186 and 361.187); and
 - k. All personal property that is:
 - i. Owned by a person who is not a resident of this state; and
 - ii. Located in this state solely for the purposes of a display, exhibition, convention, carnival, fair or circus that is transient in nature.

NRS 361.068 – Subsection 1
10. **Personal Property of Minimal Value** – The Nevada tax commission may exempt from taxation that personal property for which the annual taxes would be less than the cost of collecting those taxes. NRS 361.068 – Subsection 2
11. **Household Goods and Furniture** – Household goods and furniture, including clothing, personal effects, gold and silver, jewelry, appliances that are not attached to real property or a mobile or manufactured home, furniture,

recreational equipment, and portable goods and storage sheds and other household equipment, except appliances and furniture owned by a person who engages in the business of renting the appliances or furniture to other persons are not exempt from taxation. NRS 361.069

12. **Drainage Ditches, Canals, and Irrigation Systems** – Drainage ditches and canals, together with the lands which are included in the rights of way of the ditch or canal and each part of a permanently installed irrigation system of pipes or concrete linings of ditches and headgates to increase efficiency and conservation in the use of water, when the water is to be used for irrigation and agricultural purposes on land devoted to agricultural purposes by the owner of the pipes or concrete linings. NRS 361.070
13. **Water Users' Nonprofit Associations and Cooperative Corporations** – All real and personal property of a water users' nonprofit association or of a water users' nonprofit cooperative corporation within the State of Nevada when used for carrying out the legitimate functions of such nonprofit association or of a water users' nonprofit cooperative corporation. NRS 361.073
14. **Unpatented Mines and Mining Claims** – Unpatented mines and mining claims, but not possessory claims to the public lands of the United States or of this state, or improvements thereon, or the proceeds of the mines. NRS 361.075
15. ~~Property Used To Control Pollution~~—Real and personal property used as a facility, device or method for the control of air or water pollution, not including:
 - a. ~~Air conditioners, septic tanks or other facilities for human waste, nor any property installed, constructed or used for the moving of sewage to the collection facilities of a public or quasi public sewage system.~~
 - b. ~~Any facility or device having a value of less than \$1,000 at the time of its construction, installation or first use.~~
 - c. ~~Any facility or device which produces a net profit to the owner or operator thereof from the recovery and sale or use of a tangible product or by-product, nor does it include a facility or device which, when installed and operating, results in a net reduction of operating costs.~~ NRS 361.077 (Revenue Estimate -- \$7 million)
16. ~~Radioactive Fallout Shelters~~—Certain residential property to the extent of \$1,000 assessed valuation it contains a shelter for protection against radioactive fallout. NRS 361.078
17. ~~Systems for Heating, Cooling, or Providing Electricity~~—Unless the building is receiving another abatement or exemption in any given year, any value added by a system in a residential, commercial or industrial building to heat or cool the building or water used in the building, or to provide electricity used in the building, by using:
 - a. ~~Energy from the wind or from solar devices not thermally insulated from the area where the energy is used;~~
 - b. ~~Geothermal resources;~~
 - c. ~~Energy derived from conversion of solid wastes; or~~
 - d. ~~Waterpower.~~NRS 361.079
18. ~~Property of Surviving Spouses and Orphans~~—The property of resident surviving spouses and orphan children, not to exceed the amount of \$1,000 assessed valuation (may only be allowed in one county in this state to the same family and not after remarriage of the surviving spouse). NRS 361.080 (Revenue Estimate -- \$300,000)
19. **Low-income Housing Projects** – That portion of real property and tangible personal property which is used for housing and related facilities for persons with low incomes if the portion of property qualifies as a low-income unit and is part of a qualified low-income housing project that is funded in part by federal money appropriated pursuant to 42 U.S.C. §§ 12701 et seq. for the year in which the exemption applies. NRS 361.082
20. **Property Used for Relief of Orphans or of Sick, Infirm, or Indigent Persons** – The property on which stands a hospital or other charitable asylum for the care or relief of orphan children, or of sick, infirm or indigent persons, owned by a nonprofit corporation, and the buildings, while occupied for those purposes. NRS 361.083
21. ~~Property of Blind Persons~~—The property of all blind residents, not to exceed the amount of \$3,000 of assessed valuation, community property to the extent only of the blind person's interest therein (may only be allowed in one county). NRS 361.085 (Revenue Estimate -- \$50,000)

22. **Property for Housing Elderly or Handicapped Persons** – All real property and tangible personal property used exclusively for Federally financed or nonprofit housing and related facilities for elderly or handicapped persons. NRS 361.086
23. **Residential Improvements to Remove Barriers to Persons with Disabilities** – Value added to a residence occupied by a person with a disability for improvements made to an existing building for the purpose of removing barriers to the movement, safety and comfort of a person with a disability. NRS 361.087
24. **Commercial Improvements to Remove Barriers to Persons with Disabilities** – Value added not earlier than July 1, 1990 and not later than April 1, 1995 to real or personal property used in connection with a business, for improvements made to an existing building for the purpose of removing barriers to the movement, safety and comfort of a person with a disability (Expires by limitation June 30, 2003). NRS 361.0875
25. ~~Property of Nathan Adelson Hospice~~ – All real and personal property of the Nathan Adelson Hospice in the State of Nevada as long as it is used for carrying out the legitimate functions of a freestanding facility for hospice care. NRS 361.088 (Revenue Estimate – See Other Total on Page Six)
26. **Veterans' Property** – The value of property, to the extent of \$1,500 in FY 2003, \$1,750 in FY 2004, \$2,000 in FY 2005 and \$2000, plus inflation, thereafter, of certain residents of the State who have served on active duty in the military or who are in actual military service. NRS 361.090 (See also NRS 361.0905)
27. **Property of Veterans With Total Permanent Disabilities** – The value of property, to the extent of \$15,000 in FY 2003, \$17,500 in FY 2004, \$20,000 in FY 2005 and \$20,000, plus inflation, thereafter, of a resident of the State of Nevada who has incurred a total permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse. NRS 361.091
28. **Property of Veterans with Eighty to Ninety-Nine Percent Permanent Disabilities** – The value of property, to the extent of \$11,250 in FY 2003, \$13,250 in FY 2004, \$15,000 in FY 2005 and \$15,000, plus inflation, thereafter, of a resident of the State of Nevada who has incurred a permanent service-connected disability of 80 to 99 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse. NRS 361.091
29. **Property of Veterans with Sixty to Seventy-Nine Percent Permanent Disabilities** – The value of property, to the extent of \$7,500 in FY 2003, \$8,750 in FY 2004, \$10,000 in FY 2005 and \$10,000, plus inflation, thereafter, of a resident of the State of Nevada who has incurred a permanent service-connected disability of 60 to 79 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse. NRS 361.091
30. **Property of Veterans' Organizations** – The value of funds, furniture, paraphernalia and regalia owned and used exclusively by any post of any national organization of ex-servicemen or ex-servicewomen for the legitimate purposes and customary objects of such posts to the extent of \$7,500 in FY 2003, \$8,750 in FY 2004, \$10,000 in FY 2005 and \$10,000, plus inflation thereafter. Real property of any such organization is totally exempt. NRS 361.095
31. ~~Property of Charter Schools~~ – The portion of real and personal property leased or rented to a charter school for the use of the charter school. NRS 361.096
32. ~~Property of Charitable Foundations of UCCSN~~ – All real and personal property owned by a charitable foundation established by the board of regents of the University of Nevada when it is used to carry out the legitimate functions of the foundation. NRS 361.098
33. ~~Property Leased or Rented to UCCSN~~ – All real and personal property which is leased or rented to the University and Community College System of Nevada for total consideration which is less than 10 percent of the fair market rental or lease value of the property. NRS 361.099
34. ~~Property of University Fraternities and Sororities~~ – All real property owned by any fraternity or sorority, or chapter thereof, which is composed of students of the University of Nevada, Reno, or the University of Nevada, Las Vegas, and used as a home for its members. NRS 361.100

35. ~~Property of Nonprofit Private Schools~~—Nonprofit private schools, with lots appurtenant thereto and furniture and equipment. NRS 361.105
36. ~~Property of Certain Apprenticeship Programs~~—The real and personal property of an apprenticeship program if the property is:
- ~~Held in a trust created pursuant to 29 U.S.C. § 186; or~~
 - ~~Owned by a local or state apprenticeship committee and the apprenticeship program is:~~
 - ~~Operated by an organization which is qualified pursuant to 26 U.S.C. § 501(e)(3) or (5); and~~
 - ~~Registered and approved by the state apprenticeship council pursuant to Chapter 610 of NRS.~~
- NRS 361.106 (Expires June 30, 2007) (Revenue Estimate – See Other Total on Page Six)
37. ~~Property of Pershing County Kids, Horses, Rodeo, Inc.~~—All real and personal property of Pershing County Kids, Horses, Rodeo Inc. in the State of Nevada that is used for the purpose of carrying out the legitimate functions of that organization. NRS 361.107 (Revenue Estimate – See Other Total on Page Six)
38. ~~Property of Various Nonprofit Organizations~~—The buildings, with their furniture and equipment, and the lots of ground on which they stand, used therewith and necessary thereto, of:
- ~~The Nevada Museum of Art, Inc.;~~
 - ~~The Young Men's Christian Association;~~
 - ~~The Young Women's Christian Association;~~
 - ~~The American National Red Cross or any of its chapters in the State of Nevada;~~
 - ~~The Salvation Army Corps;~~
 - ~~The Girl Scouts of America;~~
 - ~~The Camp Fire Girls, Inc.;~~
 - ~~The Boy Scouts of America; and~~
 - ~~The Sierra Arts Foundation.~~
- ~~If a rent or other valuable consideration is received for the use of the property of one of the organizations listed above, it must be taxed, unless the rent or other valuable consideration is paid or given by an organization that qualifies as a tax exempt organization pursuant to 26 U.S.C. § 501(e)(3). NRS 361.110 (Revenue Estimate – See Other Total on Page Six)~~
39. ~~Property of Nature Conservancy, American Land Conservancy, and Nevada Land Conservancy~~—All real property and improvements thereon acquired by the Nature Conservancy, American Land Conservancy or Nevada Land Conservancy and held for ultimate acquisition by the state or a local governmental unit if:
- ~~The state or a local governmental unit has agreed, in writing, that acquisition of the property will be given serious consideration; and~~
 - ~~For property for which the state has agreed to give serious consideration to buying, the governing body of the county in which the property is located has approved the potential acquisition of the property by the state.~~
- NRS 361.111 (Revenue Estimate – See Other Total on Page Six)
40. ~~Property of Nevada Children's Foundation, Inc.~~—All real and personal property of the Nevada Children's Foundation, Inc., in the State of Nevada, if it is used to carry out the legitimate functions of that organization. NRS 361.115 (Revenue Estimate – See Other Total on Page Six)
41. ~~Property of Nevada Heritage Association, Inc.~~—All real and personal property of the Nevada Heritage Association, Inc., within the State of Nevada if it is used to carry out the legitimate functions of that organization. NRS 361.123 (Revenue Estimate – See Other Total on Page Six)
42. ~~Property of Churches and Chapels~~—Churches, chapels, other than marriage chapels, and other buildings used for religious worship, with their furniture and equipment, and the lots of ground on which they stand, used therewith and necessary thereto, owned by some recognized religious society or corporation, and parsonages so owned. NRS 361.125 (Revenue Estimate – See Other Total on Page Six)
43. ~~Public Cemeteries and Graveyards~~—All cemeteries and graveyards set apart and used for and open to the public for the burial of the dead, when no charge is made for burial therein. NRS 361.130 (Revenue Estimate – See Other Total on Page Six)

44. ~~Nonprofit Private Cemeteries and Places of Burial~~ — The cemetery lands and property of any nonprofit corporation governed by the provisions of chapter 82 of NRS formed for the purposes of procuring and holding lands to be used exclusively for a cemetery or place of burial of the dead. The proprietors of lots or plats in such cemeteries, their heirs or devisees, may hold the lots or plats exempt in the same way so long as the lots or plats remain dedicated to the purpose of a cemetery.
NRS 361.132 (Revenue Estimate – See Other Total on Page Six)
45. ~~Property of Lodges and Other Charitable Organizations~~ — The value of funds, furniture, paraphernalia and regalia owned by any lodge of the Benevolent Protective Order of Elks, Fraternal Order of Eagles, Free and Accepted Masons, Independent Order of Odd Fellows, Knights of Pythias or Knights of Columbus, or by any similar charitable organization, or by the Lahontan Audubon Society, the National Audubon Society, Inc., of New York, the Defenders of Wildlife of the District of Columbia or any similar benevolent or charitable society, so long as the same shall be used for the legitimate purposes of such lodge or society or for such charitable or benevolent purposes to the extent of \$5,000. NRS 361.135 (Revenue Estimate – See Other Total on Page Six)
46. ~~Property of Certain Charitable Corporations~~ — All buildings belonging to a charitable corporation, together with the land actually occupied by the corporation for the purposes described and the personal property actually used in connection therewith, to the extent they are used solely for the purpose of the charitable corporation.
NRS 361.140 (Revenue Estimate – See Other Total on Page Six)
47. ~~Property of Noncommercial Theaters~~ — The buildings, furniture and equipment of noncommercial theaters owned and operated by nonprofit educational corporations organized for the exclusive purpose of conducting classes in theater practice and the production of plays on a nonprofessional basis if the articles of incorporation state that the property for which the tax exemption is requested shall revert to the county in which it is located upon the cessation of the activities of the noncommercial theater.
NRS 361.145 (Revenue Estimate – See Other Total on Page Six)
48. ~~Property of Volunteer Fire Departments~~ — The real and personal property of organized and incorporated volunteer fire departments unless it is used for any purpose other than carrying out the legitimate functions of such volunteer fire department. NRS 361.150 (Revenue Estimate – See Other Total on Page Six)
49. ~~Exempt Real Estate Leased or Loaned to a For-Profit Business~~ — The exemption still applies even if leased or loaned to a for-profit business unless the property is:
- a. ~~Located upon a public airport, park, market or fairground, or any property owned by a public airport unless the property owned by the public airport is leased or loaned for a purpose other than use as public airport;~~
 - b. Federal property for which payments are made in lieu of taxes;
 - c. ~~Property of any state supported educational institution;~~
 - d. Property leased and used pursuant to the Taylor Grazing Act by the U.S. Forest Service or the Bureau of Reclamation;
 - e. Property of any Indian or Indian tribe;
 - f. ~~Vending stand locations operated by blind persons under the auspices of the department of Employment, Training and Rehabilitation;~~
 - g. ~~Leases held for development of geothermal resources but only for resources which have not been put into commercial production;~~
 - h. ~~The use of exempt property leased or loaned to a public officer or employee incident to the course of public employment;~~
 - i. ~~A parsonage used exclusively as a parsonage;~~
 - j. ~~Property owned by a charitable or religious organization that is used at least partially as a residence for a person carrying out the activities of the organization;~~
 - k. Property owned by a governmental entity and used to provide shelter at a reduced rate to the elderly and person of low incomes;
 - l. ~~The occasional rental of meeting rooms for periods of less than 30 consecutive days; or~~
 - m. ~~The use of exempt property to provide daycare for children if the day care is provided by a nonprofit organization.~~ NRS 361.157 (Revenue Estimate – See Other Total on Page Six)

~~50. Exempt Personal Property Leased or Loaned to a For-Profit Business~~—The exemption still applies even if the property is leased or loaned to a for-profit business unless the property is:

- ~~a. Used in vending stand locations operated by blind persons under the auspices of the department of Employment, Training and Rehabilitation; or~~
- ~~b. Owned by a public airport and used for the purposes of the public airport.~~

~~NRS 361.159 (Revenue Estimate – See Other Total on Page Six)~~

51. **Personal Property in Transit** – Personal property which is moving in interstate commerce through or over the territory of the State of Nevada or was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward.

(Such property is not deprived of exemption because while in the warehouse the property is assembled, bound, joined, manufactured, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged, or because the property is being held for resale to customers outside the State of Nevada.) NRS 361.160

NOTE: The personal property tax exemption to which a surviving spouse, orphan child, blind person, veteran or surviving spouse of a disabled veteran is entitled pursuant to NRS 361.080, 361.085, 361.090 or 361.091 is reduced to the extent that he is allowed an exemption from the governmental services tax pursuant to chapter 371 of NRS. (Section 6 – NRS 361.1565)

Partial Abatements Authorized by Commission on Economic Development

~~**Businesses that Conserve Energy or Reduce Reliance on Fossil Fuels**~~—Certain businesses that engage in the processing of raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on site and certain businesses that include a facility for the generation of electricity from recycled material are authorized to apply to the Commission on Economic Development for a partial abatement of property taxes. The taxpayer is required to demonstrate that a primary purpose of the business is the conservation of energy or the substitution of other sources of energy for fossil sources of energy. The taxpayer is eligible for the partial abatement for not more than ten years. The partial abatement cannot exceed 50 percent of the taxes on personal property payable by the business each year. NRS 361.0685 (Revenue -- See New or Expanded Businesses)

~~**New or Expanded Businesses**~~—Certain new or expanded businesses are authorized to apply to the Commission on Economic Development for a partial abatement of property taxes. The taxpayer is required to make certain capital investments in the county in which it will locate or expand and is required to pay certain hourly wages to its employees to qualify for the exemption. The taxpayer is eligible for the partial abatement for not more than ten years. The partial abatement cannot exceed 50 percent of the taxes on personal property payable by the business each year if the business is not a facility for the generation of electricity from renewable energy or 50 percent of the taxes on real and personal property payable by the business each year if the business is a facility for the generation of electricity from renewable energy. NRS 361.0687 (Revenue Estimate -- \$2.5 to \$3.5 million)

Revenue Estimate for all other exemptions - \$20 million.

Governmental Services Tax Exemptions

(Repealed Exemptions Highlighted)

Governmental Vehicles, Emergency Vehicles, Vehicles Operated for Elderly or Handicapped Persons –
The following vehicles are exempt from the governmental services tax:

1. Vehicles owned by the United States;
2. Vehicles owned by the State of Nevada;
3. ~~Vehicles owned by any political subdivision of the State of Nevada;~~
4. ~~Vehicles owned by any county, municipal corporation, city, unincorporated town or school district in Nevada;~~
5. ~~Vehicles for whose operation money is provided by the State or Federal government and which are used solely to transport or furnish services to elderly or handicapped persons; and~~
6. Vehicles used by a private person and are dedicated to exclusive use as part of a system which operates vehicles for public transportation in an urban area using public money to operate the system or acquire new equipment. Vehicles owned by any local government entity that receives a portion of the proceeds of the tax. **(Added in section 12 of the bill.) NRS 371.100**

~~**Vehicles Registered by a Surviving Spouse or Orphan –** Vehicles registered by a bona fide resident of Nevada who is a surviving spouse or an orphan child not to exceed the amount of \$1,000 determined valuation are exempt from the governmental services tax. A surviving spouse is not entitled to exemption after remarriage. NRS 371.101 (Revenue Estimate -- \$500,000 to \$700,000)~~

~~**Vehicles Registered by Blind Persons –** Vehicles registered by bona fide residents of this state who are blind not to exceed \$3,000 determined valuation are exempt from the governmental services tax. NRS 371.102 (Revenue Estimate -- \$80,000)~~

Vehicles Registered by Veterans – Vehicles, to the extent of determined valuation totaling \$1,500 in FY 2003, \$1,750 in FY 2004, \$2,000 in FY 2005 and \$2,000, plus inflation, thereafter, registered by certain residents of the State of Nevada who have served on active duty in the military during certain periods are exempt from the governmental services tax. **NRS 371.103**

Vehicles Registered by a Veteran with Total Permanent Disabilities or the Surviving Spouse of Such a Veteran – Vehicles, to the extent of determined valuation not to exceed \$15,000 in FY 2003, \$17,500 in FY 2004, \$20,000 in FY 2005 and \$20,000, plus inflation, in FY 2006 and thereafter, registered by a resident of the State of Nevada who has incurred a permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States or by the surviving spouse of such a veteran are exempt from the governmental services tax. **NRS 371.104**

Vehicles Registered by a Veteran with Eighty to Ninety-Nine Percent Permanent Disabilities or the Surviving Spouse of Such a Veteran – Vehicles, to the extent of determined valuation not to exceed \$11,250 in FY 2003, \$13,125 in FY 2004, \$15,000 in FY 2005 and \$15,000, plus inflation, in FY 2006 and thereafter, registered by a resident of the State of Nevada who has incurred a permanent service-connected disability of 80 to 99 percent and has been honorably discharged from the Armed Forces of the United States or by the surviving spouse of such a veteran are exempt from the governmental services tax. **NRS 371.104**

Vehicles Registered by a Veteran with Sixty to Seventy-Nine Percent Permanent Disabilities or the Surviving Spouse of Such a Veteran – Vehicles, to the extent of determined valuation not to exceed \$7,500 in FY 2003, \$8,750 in FY 2004, \$10,000 in FY 2005 and \$10,000, plus inflation, in FY 2006 and thereafter, registered by a resident of the State of Nevada who has incurred a permanent service-connected disability of 60

to 79 percent and has been honorably discharged from the Armed Forces of the United States or by the surviving spouse of such a veteran are exempt from the governmental services tax. **NRS 371.104**

~~**Fire Trucks Not Used for General Transportation**—Fees required for registration are limited to \$15 for the first issuance of a license plate and \$5 for a renewal sticker. **NRS 482.3795 (Section 52)**~~

~~**Antique Trucks or Truck Tractors Not Used for General Transportation**—Fees required for registration are limited to \$15 for the first issuance of a license plate and \$5 for a renewal sticker. **NRS 482.3811 (Section 53)**~~

Local School Support Tax and City-County Relief Tax Exemptions and Abatements

(Repealed or Adjusted Exemptions Highlighted)

1. **Trade-in of Used Vehicles** – The trade-in value of used vehicles when applied to the purchase price of another vehicle. NRS 374.030
2. **Items Upon which Tax Is Prohibited by State or Federal Constitution or by Federal Statute** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property the gross receipts from the sale of which, or the storage, use or other consumption of which, this state is prohibited from taxing under the Constitution or laws of the United States or under the constitution of this state. NRS 374.270
3. **Proceeds of Mines** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, the proceeds of mines that are subject to taxes levied pursuant to chapter 362 of NRS. NRS 374.275
4. ~~**Fuel Used To Propel Motor Vehicles** – Gross receipts from the sale and distribution of, and the storage, use or other consumption in this state of, any combustible gas, liquid or material of a kind used in an internal or combustion or diesel engine for the generation of power to propel a motor vehicle on the highways. NRS 374.280 (Estimated Revenue -- \$80 million)~~
5. ~~**Animals and Plants Intended for Human Consumption and Feed and Fertilizer** – Gross receipts from sales of, and the storage, use and other consumption of:
 - a. Any form of animal life of a kind the products of which ordinarily constitute food for human consumption;
 - b. Feed for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business;
 - c. Seeds and annual plants the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business; or
 - d. Fertilizer to be applied to land the products of which are to be used as food for human consumption or sold in the regular course of business. NRS 374.285 (Estimated Revenue -- \$12 million)~~
6. ~~**Farm Machinery and Equipment** – Gross receipts from the sale of, and the storage, use or other consumption of farm machinery and equipment employed for the agricultural use of real property. NRS 374.286 (Estimated Revenue -- \$1 million)~~
7. **Certain Medical Supplies and Medicines** – The gross receipts from the sales and the storage, use or other consumption of:
 - a. Prosthetic devices, orthotic appliances, and ambulatory casts for human use;
 - b. Appliances and supplies relating to an ostomy;
 - c. Products for hemodialysis;
 - d. Any ophthalmic or ocular device or appliance prescribed by a physician or optometrist; or
 - e. Medicines:
 - i. 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;
 - ii. Furnished by a licensed physician, dentist or podiatrist to his own patient for the treatment of the patient;
 - iii. Furnished by a hospital for treatment of any pursuant to the order of a licensed physician, dentist, podiatrist; or
 - iv. Sold to a licensed physician, dentist, podiatrist or hospital for the treatment of a human being. NRS 374.287

6. **Food for Human Consumption** – Gross receipts from sales and the storage, use or other consumption of food for human consumption, not including alcoholic beverages, pet foods, tonics and vitamins, or prepared food intended for immediate consumption. **NRS 374.289 (See also NRS 374.2891)**
7. **Food Sold to Students or Teachers by Schools or Organizations of Students, Parents, or Teachers** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, meals and food products for human consumption served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school. **NRS 374.290**
8. ~~Works of Fine Art for Public Display~~ – Gross receipts from the sales of, and the storage, use or other consumption of works of fine art for public display.
NRS 374.291 (See also NRS 374.2911) (Estimated Revenue – Up to \$7.1 million)
9. ~~Textbooks Sold within UCCSN~~ – Gross receipts from the sale of textbooks sold within the University and Community College System of Nevada. **NRS 374.292 (Estimated Revenue -- \$55,000)**
10. ~~Containers~~ – Gross receipts from the sales of, and the storage, use or other consumption in this state of:
 - a. ~~Nonreturnable containers when sold without the contents to persons who place the contents in the container and sell the contents together with the container;~~
 - b. ~~Containers when sold with the contents if the sales price of the contents is not required to be included in the measure of the taxes imposed by this chapter; or~~
 - c. ~~Returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling.~~**NRS 374.295 (Estimated Revenue – Unknown)**
10. **Gas, Electricity, and Water** – Gross receipts from the sales, furnishing or service of, and the storage, use or other consumption in this state of gas, electricity and water when delivered to consumers through mains, lines or pipes.
NRS 374.300
11. **Domestic Fuels** – Gross receipts from the sale, furnishing or service of, and the storage, use or other consumption in this state of any matter used to produce domestic heat by burning, including, without limitation, wood, coal, petroleum and gas. **NRS 374.305**
12. ~~Public Works Contracts~~ – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property used for the performance of a contract on public works executed prior to July 1, 1955.
NRS 374.310 (Estimated Revenue -- \$0)
13. ~~Non Public Works Contracts~~ – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property used for the performance of a written contract entered into prior to March 29, 1955.
NRS 374.315 (Estimated Revenue -- \$0)
14. ~~Newspapers~~ – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property that becomes an ingredient or component part of any newspaper regularly issued at average intervals not exceeding 1 week and any such newspaper. **NRS 374.320 (Estimated Revenue -- \$5.4 million)**

15. ~~Manufactured Homes and Mobile Homes~~—Forty percent of the gross receipts from the sales and storage, use or other consumption of new manufactured homes and new mobile homes and all of the gross receipts from the sales and storage, use or other consumption of used manufactured homes and used mobile homes for which sales and use taxes have been paid as a result of a previous sales, storage, use or consumption. NRS 374.321 (Estimated Revenue -- \$3 to \$3.5 million)
16. ~~Aircraft and Major Components of Aircraft~~—Gross receipts from the sale, and the storage, use or other consumption in this state of:
- ~~Aircraft, aircraft engines and component parts of aircraft engines which are manufactured exclusively for use in aircraft, sold or purchased for lease to a commercial air carrier for use in transportation of persons or property in intrastate, interstate or foreign commerce pursuant to a certificate or license to the air carrier authorizing such transportation; and~~
 - ~~Machinery, tools and other equipment and parts that are used exclusively in the repair, remodeling or maintenance of aircraft, aircraft engines or component parts of aircraft or aircraft engines. NRS 374.322 (Estimated Revenue - Unknown)~~
17. ~~Engines, Chassis, Parts, and Components of Professional Racing Vehicles and Certain Vehicles Used by Racing Teams and Sanctioning Bodies~~—Gross receipts from the sale, furnishing or service of, and the storage, use or other consumption of:
- ~~Engines and chassis of a professional racing vehicle;~~
 - ~~Parts and components that are used to replace or rebuild existing parts or components of any engine or chassis of a professional racing vehicle;~~
 - ~~Motor vehicles used by professional racing teams to transport professional racing vehicles or the parts or components of such vehicles; or~~
 - ~~Motor vehicles used by a professional racing team or sanctioning body to transport the business office of the team or body or to transport a hospitality services facility. NRS 374.323 (Estimated Revenue -- \$0)~~
18. ~~Occasional Sales~~—Gross receipts from occasional sales of tangible personal property and the storage, use or other consumption in this state of tangible personal property, the transfer of which to the purchaser is an occasional sale.
NRS 374.325 (Estimated Revenue – Possibly \$3 or \$4 million)
19. ~~Sales to U.S., State, or Political Subdivision~~ – Gross receipts from the sale of any tangible personal property to:
- The United States, its unincorporated agencies and instrumentalities;
 - Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;
 - ~~The State of Nevada, its unincorporated agencies and instrumentalities~~ Section 19 of the bill adds: or any agency, bureau, board, commission, department, division or other unit of government of this state that is required to submit information to the Chief of the Budget Division pursuant to subsection 1 or 6 of NRS 353.210.
 - Any county, city, district or other political subdivision of this state.
NRS 374.330
20. ~~Nonprofit Organization Created for Religious, Charitable, or Educational Purposes~~—Gross receipts from the sale of, and the storage, use or other consumption in this state of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes.
NRS 374.3305 (Estimated Revenue – Several million \$)

20. **Loans or Donations to U.S., State, or Political Subdivisions or Religious or Eleemosynary Organizations** – Gross receipts from the storage, use or other consumption of tangible personal property any such property loaned or donated to:
- The United States, its unincorporated agencies and instrumentalities;
 - Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;
 - The State of Nevada, ~~its unincorporated agencies and instrumentalities~~ Section 20 of the bill adds: or any agency, bureau, board, commission, department, division or other unit of government of this state that is required to submit information to the Chief of the Budget Division pursuant to subsection 1 or 6 of NRS 353.210.
 - Any county, city, district or other political subdivision of this state; or
 - ~~Any organization created for religious, charitable or eleemosynary purposes, provided that no part of the net earnings of any such organization inures to the benefit of any private shareholder or individual.~~
NRS 374.331
21. **Common Carriers** – The gross receipts from sales of tangible personal property to a common carrier, shipped by the seller via the purchasing carrier under a bill of lading whether the freight is paid in advance or the shipment is made freight charges collect, to a point outside this state and the property is actually transported to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier. NRS 374.335
22. **Property Shipped Outside State** – The gross receipts for any sale of tangible personal property which is shipped to a point outside this state pursuant to the contract of sale by delivery by the vendor to such point by means of:
- Facilities operated by the vendor;
 - Delivery by the vendor to a carrier for shipment to a consignee at such point; or
 - Delivery by the vendor to a customs broker or forwarding agent for shipment outside this state.
- NRS 374.340
23. **Personal Property Sold to Contractor who Is Constituent Part of Governmental, Religious, or Charitable Entity** – Gross receipts from the sale of tangible personal property to and the storage, use or other consumption in this state of, tangible personal property for a governmental, ~~religious or charitable~~ entity by a contractor who is a constituent part of a governmental, religious or charitable entity. NRS 374.345
24. **Property on Which Sales Tax Paid Exempt from Use Tax** – The storage, use or other consumption in this state of property, the gross receipts from the sale of which are required to be included in the measure of the sales tax. NRS 374.350

Local School Support Tax and City-County Relief Tax Abatements

~~The provisions of NRS 374.357 authorize certain new or expanded businesses to apply to the Commission on Economic Development for an abatement of taxes imposed on the gross receipt from sale, and the storage, use or other consumption of, eligible machinery or equipment for use by that business. The taxpayer is eligible for the abatement for not more than two years. (Estimated Revenue -- \$5 to \$6 million)~~