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Basics of SB 382 Amendments (2003)

Implements a Service Tax with two components, 1) a service tax and 2) a service use tax.

Service Tax

- Provides the service tax to be collected by the service provider on services rendered to customers in Nevada.
- Provides that Nevada customers operating in multiple states may furnish the service provider with an exemption certificate for that portion of the service consumed outside of Nevada.
- Provides an exemption for services purchased for resale.
- Provides for an occasional sales exemption.

Service Use Tax

- Provides that Nevada customers who purchase services consumed in Nevada without paying the service tax to the service provider (e.g., a service provider operating outside of Nevada) are obligated to pay a service use tax to the state imposed at the same rate as the service tax. The service use tax levels the playing field between in-state and out-of-state service providers.

Items applicable to both tax components

- Provides that taxable services shall be exempt from local taxes.
- Provides for additional exempted services.

PROPOSED AMENDMENTS TO S. B. 382

[Proposed by Business Representatives Group]

1. Amend Section 41, Subsection 3 to read as follows:

3. Any service which is a component of new [residential] construction of an improvement to real property.

2. Amend Section 41 by adding a new subsection 2 as follows:

2. There are exempted from the tax imposed by this chapter the gross receipts from the provision of service the amount charged for which is taxed pursuant to the provisions of Title 57 of NRS.

3. Consideration of Additional Exemptions

[See "Non-Taxable Service Categories" Attachment]

**PROPOSED AMENDMENTS TO S. B. 382
(Board of Examiners—Sales Tax Reduction)**

[Proposed by Business Representatives Group]

1. Amend the bill by adding the following sections relating to the implementation of the services tax:

Sec. A. NRS 374.110 is hereby amended to read as follows:

NRS 374.110 For the privilege of selling tangible personal property at retail a tax is hereby imposed upon all retailers at the rate of 2.25 percent , *or any lesser rate determined by the state board of examiners*, of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in a county.

Sec. B. NRS 374.190 is hereby amended to read as follows:

NRS 374.190 1. An excise tax is hereby imposed on the storage, use or other consumption in a county of tangible personal property purchased from any retailer for storage, use or other consumption in the county at the rate of 2.25 percent , *or any lesser rate determined by the state board of examiners*, of the sales price of the property.

2. The tax is imposed on all property which was acquired out of state in a transaction which would have been a taxable sale if it had occurred within this state.

Sec. C. 1. Six months after collection of the tax imposed pursuant to the provisions of sections 1 to 60, inclusive, of this act begins, the state board of examiners shall review the amount collected. If the amount collected is at least \$300,000,000 the board shall determine a new rate of imposition of the taxes collected pursuant to the provisions of chapter 374 of NRS which is 0.25 percent less than the rate otherwise effective, and shall certify its

