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SECTION BY SECTION SUMMARY OF SB 382
(Senator Arnodei and Senator Care Tax Bill)

AMUSEMENT TAX - Effective July 1, 2003 for purpose of developing regulations and January 1, 2004 for imposition of tax.

- Section 3 - 6 Definitions: "Admission charge"; "Commission"; "Entertainment"; "Taxpayer".
- Section 7 Gives authority to the Department of Taxation for the administration of the tax and requires revenue to be credited to the State's general fund.
- Section 8-10 Procedures for record keeping, confidentiality of information and allowed exceptions to confidentiality.
- Section 11 Imposes an excise tax of 3% on the admission charge to any place where entertainment is provided, "on that portion of each individual admission charge that exceeds \$10." Also provides exemptions to tax.
- Section 12 Requires taxes owed to State to be held in trust for State.
- Section 13 Requires tax collected to be remitted monthly.
- Section 14 Provides a collection allowance of 1% if amount is remitted in the first half of the period the taxes are due.
- Section 15 "Good cause" extension of 30 days.
- Section 16 Provides that the remedies of the State are cumulative.
- Section 17-19 Refund procedures when overpayment is made.
- Section 20. Legal conditions to prevent actions to prevent or enjoin collection of tax; and requirement for claim to be filed prior to court filing.
- Sections 21-22 Department and legal procedures (including time frames) for claimant to file actions for recovery.
- Sections 23-24 Conditions for judgements, including interest.
- Section 25 Recovery by Department through legal actions.
- Section 26 Establishes de minimus amount for cancellation of amount illegally determined to have been collected.
- Section 27 Penalty for falsifying records or attempting to evade or defraud State.
- Section 28 Declaration of Legislative intent that the tax must not be raised for a period of at least 10 years after January 1, 2004.

TRANSACTION TAX ON SERVICES - Effective July 1, 2003 for purpose of developing regulations and January 1, 2004 for imposition of tax.

- Section 31-37 Definitions: "Business or profession"; "Commission"; "Exemptions from the taxes imposed by this chapter"; "In this state"; "Provider of Service"; "Service" (also notes that the term "Service" does not include labor for hire or employment for a salary or commission).
- Section 38 Imposes a tax of 3% for providing a service. For personal services there is a \$50 threshold before the 3% is imposed. Personal services are defined as services purchased by an individual for his personal needs and not for business purposes.
- Section 39-40 Requires obtaining a permit from the Department of Taxation and payment of a \$5.00 permit fee. Also sets conditions for revoking a permit and reissuing a permit.
- Section 41 Provides exemptions for: Any service Constitutionally prohibited by Nevada or US law from being taxed; Service provided by one member of a group of affiliated enterprises to another member of the group; a component of residential construction; child care; health care; any utility regulated by NRS 704; any service related to entertainment; advertising; the collection and disposal of garbage.
- Section 42-44 Provides for the remittance of the tax following each reporting period and details reporting procedure.
- Section 45 Provisions for deducting bad debt. Also provides for 10% penalty and graduated rate of interest.
- Section 46 A provider of a service that does not exceed \$10,000 per month in sales files his reports quarterly. The Department may require different reporting times if it determines that the change is necessary to ensure payment of the tax.
- Section 47 Good cause extension of 30 days.
- Section 48-49 Department actions to insure compliance with the provisions of the service tax, including the establishment of a security deposit.
- Section 50-52 Refund procedures if tax has been overpaid.
- Section 53-58 Legal conditions to prevent actions to prevent or enjoin collection of tax; requirement for claim to be filed prior to court filing; provisions for erroneous judgments; and rate of interest.
- Section 59 Establishes \$25 as the deminimus amount for cancellation of amount illegally determined to have been collected.
- Section 60 Gives authority to the Department of Taxation for the administration of the tax and requires revenue to be credited to the State's general fund.
- Section 61 Allows Department to employ those persons necessary to administer this chapter.
- Section 62-64 Provisions for record keeping , audits and confidentiality.
- Section 65-69 Penalty and interest for failure to file reports or remit payments. Also defines legal penalties for these offenses.
- Section 70-71 Provides that remedies of the State are cumulative; and the Department may act for and on behalf of the people of the State.
- Section 72 Declaration of Legislative intent that this tax must not be increased for a period of at least 10 years.
- Section 73-78 Conforming language.

BUSINESS TAX - EFFECTIVE JULY 1, 2003

- Section 80 Establishes a business license annual renewal fee and reinstatement fee of \$50.
- Section 81 Declaration of Legislative intent that this renewal fee must not be increased for a period of at least 10 years.
- Section 82 Expands the definition of "natural person" to include a sole proprietor or any partner of a business; and adds to the exemptions from payment of the tax, a natural person who cares for children in one household at a time.
- Section 83 Increases the initial business license application fee from \$25 to \$50.
- Section 84 Increases the business tax from \$25 per FTE, per quarter to \$50 per FTE, per quarter.
- Section 85 Conforming language.
- Section 177 Provides that a business license expires the last day of the month of the anniversary date of issuance, unless it is renewed on or before the date of expiration.

ALCOHOLIC BEVERAGE TAX

- Section 86 Declaration of Legislative intent that this tax must not be increased for a period of at least 10 years.
- Section 87-88 Doubles all alcoholic beverage taxes (hard liquor, cordials, wine and beer) effective July 1, 2003.

CIGARETTE TAX

- Section 89 Declaration of Legislative intent that these taxes must not be increased for a period of at least 10 years.
- Section 90-95 Increases the tax rate 25 cents effective July 1, 2003 and an additional 15 cents effective July 1, 2004 for a total increase when fully implemented of 40 cents.

SALES AND USE TAX

- Section 96 Mandates the registration of a business for the sales and use tax at the time the business files for the business license tax effective July 1, 2003.
- Section 97 Conforming language for fine arts exemption. Effective July 1, 2003 for purpose of developing regulations and January 1, 2004 for implementation.

SECRETARY OF STATE FEES - Effective July 1, 2003

- Section 98-128, 130-136 and 166-167 and 169-171 Increases various Secretary of State fees.
- Section 129 Declaration of Legislative intent that fees collected by the Secretary of State will not be increased for a period of at least 10 years.

TRANSIENT LODGING TAX (ROOM TAX)

- Section 137-144 Increases the room tax 2% effective July 1, 2003 and provides conforming language.
- Section 172-173 Increases the room tax an additional 1% (total 3%) effective July 1, 2005

REVENUE REFORM

- Section 145 Changes the Disaster Relief Fund to the Disaster Relief Account.
- Section 146 Requires a state agency that receives more than \$1 million in revenue annually to establish a program that provides for the payment of money by credit or debit cards, or electronic funds transfers. Also requires electronic or telephonic reporting associated with the payment of funds.

REVENUE REFORM CONTD.

- Section 147 Requires that each agency identify the reason that any position has remained vacant for a period of 12 months.
- Section 148 Revises the State's expenditure cap by changing the base year to the immediately preceding biennium, and requiring the deduction of any expenditure transferred from the general fund to another fund.
- Section 149 Conforming language.
- Section 150 Provides the Disaster Relief Account is a Special Account in the Rainy Day Fund (the fund to stabilize the operation of State government).
- Section 151-159 Conforming language.
- Section 160 Increases the amount that may be accumulated in the Rainy Day Fund to 15% (from 10%), and changes the amount available for the Disaster Relief Account.
- Section 161 Gives authority to the State Controller to coordinate all debt collection efforts.
- Section 162 Creates the Emergency Assistance Account as a sub-account within the Disaster Relief Account.

GAMING TAXES - Effective July 1, 2003

- Section 163 Declaration of Legislative intent that the gross gaming tax and restricted slot fees not be increased for a period of ten years.
- Section 164 Creates a forth tier to the gross gaming tax schedule of "... gross revenue of the licensee which exceeds \$250,000 per calendar month." and establishes a tax rate of 6 and 3/4% on revenue over \$250,000.
- Section 165 Increases the restricted slot tax fee from \$61 for each slot machine to \$80, and for each machine in excess of five (but not more than 15) from \$305 plus \$106 for each machine over 5 to \$412 plus \$143 for each machine over 5.

BUSINESS SURCHARGE

- Section 168 Imposes a surcharge on each employer based on required contributions to the Unemployment Insurance Fund as follows: (1) If the employer employs not more than 300 full-time employees a surcharge of 35%; (2) If the employer employs more than 300 full-time employees a surcharge of 50%. Also contains a declaration of Legislative intent that the surcharge must not be increased for a period of at least 10 years. The revenue is to be deposited to the State's general fund.

PROPERTY TAX

- Section 175 Imposes a property tax of 5 cents on each \$100 of assessed valuation effective July 1, 2004 and 10 cents on each \$100 of assessed valuation effective July 1, 2005
- Section 176 Requires the Governor to revise the Executive Budget by reducing expenditures \$25 million in the first year of the biennium and an additional \$25 million in the second year of the biennium. Requires the revised budget to be delivered to the Senate Finance and Assembly Ways and Means Committees on April 1, 2003.