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ASSEMBLY BILL NO. 514—COMMITTEE ON TAXATION

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Provides for enactment of certain provisions that are necessary to carry out Streamlined Sales and Use Tax Agreement. (BDR 32-1292)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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AN ACT relating to taxation; providing in skeleton form for the enactment of certain provisions that are necessary to carry out the Streamlined Sales and Use Tax Agreement; providing for the electronic registration of sellers; establishing requirements for determining the place of sale; establishing requirements for claiming an exemption from sales and use taxes; providing for the electronic payment of sales and use taxes; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1     **Section 1.** Chapter 360B of NRS is hereby amended by adding
- 2     thereto a new section to read as follows:
- 3     *The Department shall post on a website or other Internet site*
- 4     *that is operated or administered by or on behalf of the*
- 5     *Department:*
- 6     1. *The rates of sales and use taxes for the state and for each*
- 7     *local government that imposes such taxes. The Department shall*
- 8     *identify the state and each local government using the Federal*
- 9     *Information Processing Standards developed by the National*
- 10    *Institute of Standards and Technology.*
- 11    2. *Any change in those rates.*



1       3. *Any amendments to statutory provisions and administrative*  
2 *regulations governing the registration of sellers and the collection*  
3 *of sales and use taxes.*

4       4. *Any change in the boundaries of local governments that*  
5 *impose sales and use taxes.*

6       **Sec. 2.** Chapter 372 of NRS is hereby amended by adding  
7 thereto the provisions set forth as sections 3 to 8, inclusive, of this  
8 act.

9       **Sec. 3.** 1. *The Department shall establish and maintain a*  
10 *central, electronic registration system that allows a seller to*  
11 *register to collect and remit sales and use taxes pursuant to this*  
12 *chapter and to register in other states that are members of the*  
13 *Streamlined Sales and Use Tax Agreement.*

14       2. *A seller who registers pursuant to this section agrees to*  
15 *collect and remit sales and use taxes as required by this chapter.*

16       3. *Registration using this system may not be used as a factor*  
17 *to determine whether a seller has a nexus with this state for the*  
18 *purposes of determining his liability to pay any other tax imposed*  
19 *by the State.*

20       **Sec. 4.** *For the purpose of administering the provisions of*  
21 *this chapter, a retail sale shall be deemed to take place:*

22       1. *At the place of business of the seller, whether in or outside*  
23 *of this state, if the tangible personal property is received by the*  
24 *purchaser at that place of business.*

25       2. *At the location where the purchaser received the tangible*  
26 *property purchased, if the property is not received by the*  
27 *purchaser at a place of business of the seller.*

28       3. *If subsection 1 or 2 does not apply, at the address of the*  
29 *purchaser that is available from the business records of the seller*  
30 *that are maintained in the ordinary course of the seller's business,*  
31 *if the use of this address does not constitute bad faith.*

32       4. *If subsection 1, 2 or 3 does not apply, at the address of the*  
33 *purchaser obtained during the consummation of the sale, if the*  
34 *use of this address does not constitute bad faith.*

35       5. *In all other circumstances, at the address from which the*  
36 *tangible personal property was shipped or, if it was delivered*  
37 *electronically, at the address from which it was first available for*  
38 *transmission.*

39       **Sec. 5.** 1. *Any person who purchases tangible personal*  
40 *property that is subject to the taxes imposed by this chapter and*  
41 *who has knowledge at the time of purchase that the purchased*  
42 *property will be available for use digitally or electronically by a*  
43 *person in another jurisdiction of this state or in another state shall*  
44 *give written notice of that fact to the seller at the time of purchase.*



1       2. Upon receipt of such notice, the seller is relieved of any  
2 liability to collect, pay or remit any taxes imposed by this chapter  
3 from any person other than the purchaser, and the purchaser  
4 thereafter assumes that liability.

5       **Sec. 6. 1.** A person who purchases tangible personal  
6 property by direct mail shall provide to the seller at the time he  
7 submits his purchase order a statement of the jurisdictions in this  
8 state or in another state to which the purchased property will be  
9 delivered for use.

10       2. Upon receipt of such notice, the seller shall collect the  
11 taxes imposed by this chapter in accordance with the information  
12 provided pursuant to subsection 1 and is relieved of any liability to  
13 collect, pay or remit any taxes imposed by this chapter other than  
14 in accordance with that information received.

15       3. As used in this section, "direct mail" means printed  
16 material delivered or distributed by the United States Postal  
17 Service or another delivery service to a mass audience or to  
18 addresses contained on a mailing list provided by a purchaser or  
19 at the direction of a purchaser when the cost of the items  
20 purchased are not billed directly or indirectly to the recipients.

21       **Sec. 7.** In administering the provisions of this chapter, the  
22 Department shall calculate the amount of tax imposed to the third  
23 decimal place and round the tax due to a whole cent using a  
24 method that rounds up to the next cent if the numeral in the third  
25 decimal place is greater than 4.

26       **Sec. 8. 1.** If a purchaser wishes to claim an exemption from  
27 the taxes imposed by this chapter, the seller shall obtain such  
28 identifying information from the purchaser as is required by the  
29 Department.

30       2. The Department shall, to the extent feasible, establish an  
31 electronic system for submitting a request for an exemption. A  
32 purchaser is not required to provide a signature to claim an  
33 exemption if the request is submitted electronically.

34       3. The Department may establish a system whereby a  
35 purchaser who is exempt from the payment of the taxes imposed  
36 by this chapter is issued an identification number that can be  
37 presented to the seller at the time of sale.

38       4. A seller shall maintain such records of exempt transactions  
39 as are required by the Department.

40       **Sec. 9.** NRS 372.125 is hereby amended to read as follows:

41       372.125 1. Every person desiring to engage in or conduct  
42 business as a seller within this state must *register with the*  
43 *Department pursuant to section 3 of this act or* file with the  
44 Department an application for a permit for each place of business.

45       2. Every application for a permit must:



1 (a) Be made upon a form prescribed by the Department.  
2 (b) Set forth the name under which the applicant transacts or  
3 intends to transact business and the location of his place or places of  
4 business.

5 (c) Set forth other information which the Department may  
6 require.

7 3. The application must be signed by ~~the~~ :

8 (a) *The* owner if he is a natural person; ~~in the case of an~~  
9 ~~association or partnership, by a~~

10 (b) *A* member or partner ~~in the case of a corporation, by an~~ *if*  
11 *the seller is an association or partnership; or*

12 (c) *An* executive officer or some person specifically authorized  
13 ~~by the corporation~~ to sign the application ~~to which must be~~  
14 ~~attached the written evidence of his authority.~~ *if the seller is a*  
15 *corporation. Written evidence of the signer's authority must be*  
16 *attached to the application.*

17 **Sec. 10.** NRS 372.360 is hereby amended to read as follows:

18 372.360 1. On or before the last day of the month following  
19 each reporting period, a return for the preceding period must be filed  
20 with the Department in such form as the Department may prescribe.  
21 *Any return required to be filed by this section must be combined*  
22 *with any return required to be filed pursuant to the provisions of*  
23 *chapter 374 of NRS.*

24 2. For purposes of the sales tax a return must be filed by each  
25 seller. For purposes of the use tax a return must be filed by  
26 each retailer maintaining a place of business in the state and by each  
27 person purchasing tangible personal property, the storage, use or  
28 other consumption of which is subject to the use tax, who has not  
29 paid the use tax due to a retailer required to collect the tax.

30 3. Returns must be signed by the person required to file the  
31 return or by his authorized agent but need not be verified by oath.

32 **Sec. 11.** NRS 372.375 is hereby amended to read as follows:

33 372.375 1. The person required to file the return shall deliver  
34 the return together with a remittance of the amount of the tax due to  
35 the Department.

36 2. *The Department shall provide for the acceptance of credit*  
37 *cards, debit cards or electronic transfers of money for the payment*  
38 *of the tax due in the manner prescribed in NRS 353.1465.*

39 **Sec. 12.** Chapter 374 of NRS is hereby amended by adding  
40 thereto the provisions set forth as sections 13 to 18, inclusive, of this  
41 act.

42 **Sec. 13. 1.** *The Department shall establish and maintain a*  
43 *central, electronic registration system that allows a seller to*  
44 *register to collect and remit sales and use taxes pursuant to this*



1 *chapter and to register in other states that are members of the*  
2 *Streamlined Sales and Use Tax Agreement.*

3 *2. A seller who registers pursuant to this section agrees to*  
4 *collect and remit sales and use taxes as required by this chapter.*

5 *3. Registration using this system may not be used as a factor*  
6 *to determine whether a seller has a nexus with this state for the*  
7 *purposes of determining his liability to pay any other tax imposed*  
8 *by the State.*

9 **Sec. 14.** *For the purpose of administering the provisions of*  
10 *this chapter, a retail sale shall be deemed to take place:*

11 *1. At the place of business of the seller, whether in or outside*  
12 *of this state, if the tangible personal property is received by the*  
13 *purchaser at that place of business.*

14 *2. At the location where the purchaser received the tangible*  
15 *property purchased, if the property is not received by the*  
16 *purchaser at a place of business of the seller.*

17 *3. If subsection 1 or 2 does not apply, at the address of the*  
18 *purchaser that is available from the business records of the seller*  
19 *that are maintained in the ordinary course of the seller's business,*  
20 *if the use of this address does not constitute bad faith.*

21 *4. If subsection 1, 2 or 3 does not apply, at the address of the*  
22 *purchaser obtained during the consummation of the sale, if the*  
23 *use of this address does not constitute bad faith.*

24 *5. In all other circumstances, at the address from which the*  
25 *tangible personal property was shipped or, if it was delivered*  
26 *electronically, at the address from which it was first available for*  
27 *transmission.*

28 **Sec. 15.** *1. Any person who purchases tangible personal*  
29 *property that is subject to the taxes imposed by this chapter and*  
30 *who has knowledge at the time of purchase that the purchased*  
31 *property will be available for use digitally or electronically by a*  
32 *person in another jurisdiction of this state or in another state shall*  
33 *give written notice of that fact to the seller at the time of purchase.*

34 *2. Upon receipt of such notice, the seller is relieved of any*  
35 *liability to collect, pay or remit any taxes imposed by this chapter*  
36 *from any person other than the purchaser, and the purchaser*  
37 *thereafter assumes that liability.*

38 **Sec. 16.** *1. A person who purchases tangible personal*  
39 *property by direct mail shall provide to the seller at the time he*  
40 *submits his purchase order a statement of the jurisdictions in this*  
41 *state or in another state to which the purchased property will be*  
42 *delivered for use.*

43 *2. Upon receipt of such notice, the seller shall collect the*  
44 *taxes imposed by this chapter in accordance with the information*  
45 *provided pursuant to subsection 1 and is relieved of any liability to*



1 *collect, pay or remit any taxes imposed by this chapter other than*  
2 *in accordance with that information received.*

3 3. *As used in this section, "direct mail" means printed*  
4 *material delivered or distributed by the United States Postal*  
5 *Service or another delivery service to a mass audience or to*  
6 *addresses contained on a mailing list provided by a purchaser or*  
7 *at the direction of a purchaser when the cost of the items*  
8 *purchased are not billed directly or indirectly to the recipients.*

9 **Sec. 17.** *In administering the provisions of this chapter, the*  
10 *Department shall calculate the amount of tax imposed to the third*  
11 *decimal place and round the tax due to a whole cent using a*  
12 *method that rounds up to the next cent if the numeral in the third*  
13 *decimal place is greater than 4.*

14 **Sec. 18.** 1. *If a purchaser wishes to claim an exemption*  
15 *from the taxes imposed by this chapter, the seller shall obtain such*  
16 *identifying information from the purchaser as is required by the*  
17 *Department.*

18 2. *The Department shall, to the extent feasible, establish an*  
19 *electronic system for submitting a request for an exemption. A*  
20 *purchaser is not required to provide a signature to claim an*  
21 *exemption if the request is submitted electronically.*

22 3. *The Department may establish a system whereby a*  
23 *purchaser who is exempt from the payment of the taxes imposed*  
24 *by this chapter is issued an identification number that can be*  
25 *presented to the seller at the time of sale.*

26 4. *A seller shall maintain such records of exempt transactions*  
27 *as are required by the Department.*

28 **Sec. 19.** NRS 374.130 is hereby amended to read as follows:

29 374.130 1. Every person desiring to engage in or conduct  
30 business as a seller within a county shall *register with the*  
31 *Department pursuant to section 13 of this act or* file with the  
32 Department an application for a permit for each place of business,  
33 unless he intends to sell vehicles and will make fewer than three  
34 retail sales of vehicles during any 12-month period.

35 2. Every application for a permit must:

36 (a) Be made upon a form prescribed by the Department.

37 (b) Set forth the name under which the applicant transacts or  
38 intends to transact business and the location of his place or places of  
39 business.

40 (c) Set forth such other information as the Department may  
41 require.

42 3. The application must be signed by ~~the~~ :

43 (a) *The* owner if he is a natural person; ~~in the case of an~~  
44 ~~association or partnership, by a~~



1 (b) A member or partner ~~[; in the case of a corporation, by an]~~ *if*  
2 *the seller is an association or partnership; or*

3 (c) An executive officer or some person specifically authorized  
4 ~~[by the corporation]~~ to sign the application ~~[- to which must be~~  
5 ~~attached the written evidence of his authority.]~~ *if the seller is a*  
6 *corporation. Written evidence of the signer's authority must be*  
7 *attached to the application.*

8 **Sec. 20.** NRS 374.365 is hereby amended to read as follows:

9 374.365 1. On or before the last day of the month following  
10 each reporting period, a return for the preceding period must be filed  
11 with the Department in such form as the Department may prescribe.  
12 *Any return required to be filed by this section must be combined*  
13 *with any return required to be filed pursuant to the provisions of*  
14 *chapter 372 of NRS.*

15 2. For purposes of the sales tax a return must be filed by every  
16 seller. For purposes of the use tax a return must be filed by  
17 every retailer maintaining a place of business in the county and by  
18 every person purchasing tangible personal property, the storage, use  
19 or other consumption of which is subject to the use tax, who has not  
20 paid the use tax due to a retailer required to collect the tax.

21 3. Returns must be signed by the person required to file the  
22 return or by his authorized agent but need not be verified by oath.

23 **Sec. 21.** NRS 374.380 is hereby amended to read as follows:

24 374.380 1. The person required to file the return shall deliver  
25 the return together with a remittance of the amount of the tax due to  
26 the Department.

27 2. *The Department shall provide for the acceptance of credit*  
28 *cards, debit cards or electronic transfers of money for the payment*  
29 *of the tax due in the manner prescribed in NRS 353.1465.*

30 **Sec. 22.** 1. This section and sections 1 to 5, inclusive, 7 to  
31 15, inclusive, and 17 to 21, inclusive of this act become effective on  
32 January 1, 2006, only if this state has become a member of the  
33 Streamlined Sales and Use Tax Agreement on or before that date.

34 2. Sections 6 and 16 of this act become effective on the  
35 effective date of the First Act of Congress that allows a state to  
36 impose and collect sales and use taxes on sales transacted through  
37 the Internet or other similar electronic technology.

