

SENATE BILL NO. 353—SENATOR RAWSON

MARCH 17, 2003

Referred to Committee on Taxation

SUMMARY—Clarifies requirements for determining whether charitable organization qualifies for exemption from taxes on retail sales. (BDR 32-593)

FISCAL NOTE: Effect on Local Government: Yes.
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.

AN ACT relating to taxes on retail sales; clarifying the requirements for determining whether a charitable organization qualifies for an exemption from such 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.** NRS 372.3261 is hereby amended to read as
2 follows:
3 372.3261 1. For the purposes of NRS 372.326, an
4 organization is created for religious, charitable or educational
5 purposes if it complies with the provisions of this section.
6 2. An organization is created for religious purposes if:
7 (a) It complies with the requirements set forth in subsection 5;
8 and
9 (b) The sole or primary purpose of the organization is the
10 operation of a church, synagogue or other place of religious worship
11 at which nonprofit religious services and activities are regularly
12 conducted. Such an organization includes, without limitation, an
13 integrated auxiliary or affiliate of the organization, men’s, women’s
14 or youth groups established by the organization, a school or mission
15 society operated by the organization, an organization of local units
16 of a church and a convention or association of churches.
17 3. An organization is created for charitable purposes if:



- 1 (a) It complies with the requirements set forth in subsection 5;
- 2 (b) The sole or primary purpose of the organization is to:
 - 3 (1) Advance a public purpose, donate or render gratuitously
 - 4 or at a reduced rate a substantial portion of its services to the
 - 5 persons who are the subjects of its charitable services, and benefit a
 - 6 substantial and indefinite class of persons who are the legitimate
 - 7 subjects of charity; ~~or~~
 - 8 (2) Provide services that are otherwise required to be
 - 9 provided by a local government, this state or the Federal
 - 10 Government; ~~and~~ *or*
 - 11 (3) *Operate a hospital or medical facility licensed pursuant*
 - 12 *to chapter 449 or 450 of NRS; and*
 - 13 (c) The organization is operating in this state.
- 14 4. An organization is created for educational purposes if:
 - 15 (a) It complies with the requirements set forth in subsection 5;
 - 16 and
 - 17 (b) The sole or primary purpose of the organization is to:
 - 18 (1) Provide athletic, cultural or social activities for children;
 - 19 (2) Provide displays or performances of the visual or
 - 20 performing arts to members of the general public;
 - 21 (3) Provide instruction and disseminate information on
 - 22 subjects beneficial to the community;
 - 23 (4) Operate a school, college or university located in this
 - 24 state that conducts regular classes and provides courses of study
 - 25 required for accreditation or licensing by the State Board of
 - 26 Education or the Commission on Postsecondary Education, or for
 - 27 membership in the Northwest Association of Schools and Colleges;
 - 28 (5) Serve as a local or state apprenticeship committee to
 - 29 advance programs of apprenticeship in this state; or
 - 30 (6) Sponsor programs of apprenticeship in this state through
 - 31 a trust created pursuant to 29 U.S.C. § 186.
 - 32 5. In addition to the requirements set forth in subsection 2, 3 or
 - 33 4, an organization is created for religious, charitable or educational
 - 34 purposes if:
 - 35 (a) No part of the net earnings of any such organization inures to
 - 36 the benefit of a private shareholder, individual or entity;
 - 37 (b) The business of the organization is not conducted for profit;
 - 38 (c) No substantial part of the business of the organization is
 - 39 devoted to the advocacy of any political principle or the defeat or
 - 40 passage of any state or federal legislation;
 - 41 (d) The organization does not participate or intervene in any
 - 42 political campaign on behalf of or in opposition to any candidate for
 - 43 public office; and
 - 44 (e) Any property sold to the organization for which an
 - 45 exemption is claimed is used by the organization in this state in



1 furtherance of the religious, charitable or educational purposes of
2 the organization.

3 **Sec. 2.** NRS 374.3306 is hereby amended to read as follows:

4 374.3306 1. For the purposes of NRS 374.3305, an
5 organization is created for religious, charitable or educational
6 purposes if it complies with the provisions of this section.

7 2. An organization is created for religious purposes if:

8 (a) It complies with the requirements set forth in subsection 5;
9 and

10 (b) The sole or primary purpose of the organization is the
11 operation of a church, synagogue or other place of religious worship
12 at which nonprofit religious services and activities are regularly
13 conducted. Such an organization includes, without limitation, an
14 integrated auxiliary or affiliate of the organization, men's, women's
15 or youth groups established by the organization, a school or mission
16 society operated by the organization, an organization of local units
17 of a church and a convention or association of churches.

18 3. An organization is created for charitable purposes if:

19 (a) It complies with the requirements set forth in subsection 5;

20 (b) The sole or primary purpose of the organization is to:

21 (1) Advance a public purpose, donate or render gratuitously
22 or at a reduced rate a substantial portion of its services to the
23 persons who are the subjects of its charitable services, and benefit a
24 substantial and indefinite class of persons who are the legitimate
25 subjects of charity; ~~or~~

26 (2) Provide services that are otherwise required to be
27 provided by a local government, this state or the Federal
28 Government; ~~and~~ or

29 *(3) Deliver health care through a hospital or medical
30 facility licensed pursuant to chapter 449 or 450 of NRS; and*

31 (c) The organization is operating in this state.

32 4. An organization is created for educational purposes if:

33 (a) It complies with the requirements set forth in subsection 5;
34 and

35 (b) The sole or primary purpose of the organization is to:

36 (1) Provide athletic, cultural or social activities for children;

37 (2) Provide displays or performances of the visual or
38 performing arts to members of the general public;

39 (3) Provide instruction and disseminate information on
40 subjects beneficial to the community;

41 (4) Operate a school, college or university located in this
42 state that conducts regular classes and provides courses of study
43 required for accreditation or licensing by the State Board of
44 Education or the Commission on Postsecondary Education, or for
45 membership in the Northwest Association of Schools and Colleges;



1 (5) Serve as a local or state apprenticeship committee to
2 advance programs of apprenticeship in this state; or

3 (6) Sponsor programs of apprenticeship in this state through
4 a trust created pursuant to 29 U.S.C. § 186.

5 5. In addition to the requirements set forth in subsection 2, 3 or
6 4, an organization is created for religious, charitable or educational
7 purposes if:

8 (a) No part of the net earnings of any such organization inures to
9 the benefit of a private shareholder, individual or entity;

10 (b) The business of the organization is not conducted for profit;

11 (c) No substantial part of the business of the organization is
12 devoted to the advocacy of any political principle or the defeat or
13 passage of any state or federal legislation;

14 (d) The organization does not participate or intervene in any
15 political campaign on behalf of or in opposition to any candidate for
16 public office; and

17 (e) Any property sold to the organization for which an
18 exemption is claimed is used by the organization in this state in
19 furtherance of the religious, charitable or educational purposes of
20 the organization.

21 **Sec. 3.** This act becomes effective on July 1, 2003.

