
SENATE BILL NO. 404—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE LEGISLATIVE COMMITTEE TO STUDY
COMPETITION BETWEEN LOCAL GOVERNMENTS
AND PRIVATE ENTERPRISE)

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Proposes imposition of sales tax on sales of items purchased by state and local governments for resale to public. (BDR 32-410)

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; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to impose the tax on sales of items purchased by this state and local governments for resale to the public; contingently imposing analogous taxes on such sales; 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.** At the general election on November 2, 2004, a
2 proposal must be submitted to the registered voters of this state to
3 amend the Sales and Use Tax Act, which was enacted by the 47th
4 Session of the Legislature of the State of Nevada and approved by
5 the Governor in 1955, and subsequently approved by the people of
6 this state at the general election held on November 6, 1956.
7 **Sec. 2.** At the time and in the manner provided by law, the
8 Secretary of State shall transmit the proposed act to the several
9 county clerks, and the county clerks shall cause it to be published
10 and posted as provided by law.



1 **Sec. 3.** The proclamation and notice to the voters given by the
2 county clerks pursuant to law must be in substantially the following
3 form:

4 Notice is hereby given that at the general election on
5 November 2, 2004, a question will appear on the ballot for
6 the adoption or rejection by the registered voters of the state
7 of the following proposed act:

8 AN ACT to amend an act entitled "An Act to provide
9 revenue for the State of Nevada; providing for sales
10 and use taxes; providing for the manner of collection;
11 defining certain terms; providing penalties for
12 violation, and other matters properly relating thereto."
13 approved March 29, 1955, as amended.

14
15 THE PEOPLE OF THE STATE OF NEVADA
16 DO ENACT AS FOLLOWS:

17
18 Section 1. Section 3 of the above-entitled act, being
19 chapter 397, Statutes of Nevada 1955, at page 763, is hereby
20 amended to read as follows:

21 Sec. 3. *1.* "Person" includes any ~~[individual,]~~
22 *natural person*, firm, copartnership, joint venture,
23 association, social club, fraternal organization,
24 corporation, estate, trust, business trust, receiver, trustee,
25 syndicate, cooperative, assignee, or any other group or
26 combination acting as a unit. ~~[but shall]~~

27 *2. The term includes the State of Nevada, its*
28 *unincorporated agencies and instrumentalities, and any*
29 *county, city, district or other political subdivision of this*
30 *state for the sole purpose of imposing and administering*
31 *the tax upon the gross receipts from the sale of tangible*
32 *personal property purchased by such a governmental*
33 *entity for resale to the public.*

34 *3. The term does* not include the United States . ~~[~~
35 ~~this state or any agency thereof, or any city, county,~~
36 ~~district or other political subdivision of this state.]~~

37 Sec. 2. Section 50 of the above entitled act, being
38 chapter 397, Statutes of Nevada 1955, at page 771, as
39 amended by chapter 459, Statutes of Nevada 1995, at page
40 1435, is hereby amended to read as follows:

41 Sec. 50. *1.* There are exempted from the
42 computation of the amount of the sales tax the gross
43 receipts from the sale of any tangible personal property to:

44 ~~[+]~~ *(a)* The United States ~~[+]~~ *or* its unincorporated
45 agencies and instrumentalities.



1 ~~2.]~~ (b) Any incorporated agency or instrumentality of
2 the United States wholly owned by the United States or by
3 a corporation wholly owned by the United States.

4 ~~3.]~~ (c) The State of Nevada ~~4.]~~ or its unincorporated
5 agencies and instrumentalities.

6 ~~4.]~~ (d) Any county, city, district or other political
7 subdivision of this state.

8 2. *Except as otherwise provided in subsection 3,*
9 *there are exempted from the computation of the amount*
10 *of the sales tax the gross receipts from the sale of any*
11 *tangible personal property by:*

12 (a) *The State of Nevada or its unincorporated*
13 *agencies and instrumentalities.*

14 (b) *Any county, city, district or other political*
15 *subdivision of this state.*

16 3. *The provisions of subsection 2 do not apply to the*
17 *sale of items of tangible personal property which are*
18 *purchased by the governmental entity for resale to the*
19 *public.*

20 Sec. 3. This act becomes effective on January 1, 2005.

21 **Sec. 4.** The ballot page assemblies and the paper ballots to be
22 used in voting on the question must present the question in
23 substantially the following form:

24 Shall the Sales and Use Tax Act of 1955 be amended to
25 impose the sales and use tax upon items purchased by this
26 state or by a local government or local governmental agency
27 for resale to the public by the governmental entity?
28 Yes No

29 **Sec. 5.** The explanation of the question which must appear on
30 each paper ballot and sample ballot and in every publication and
31 posting of notice of the question must be in substantially the
32 following form:

33
34 (Explanation of Question)

35 The proposed amendment to the Sales and Use Tax Act of
36 1955 would impose the tax upon the gross receipts from the
37 sale of tangible personal property purchased by the state or a
38 local government or local governmental agency for resale to
39 the public. If this proposal is adopted, the Legislature has
40 provided that the Local School Support Tax Law and certain
41 analogous taxes on retail sales will be amended to impose
42 those taxes upon such sales.

43 **Sec. 6.** If a majority of the votes cast on the question is yes,
44 the amendment to the Sales and Use Tax Act of 1955 becomes
45 effective on January 1, 2005. If less than a majority of votes cast on



1 the question is yes, the question fails and the amendment to the
2 Sales and Use Tax Act of 1955 does not become effective.

3 **Sec. 7.** All general election laws not inconsistent with this act
4 are applicable.

5 **Sec. 8.** Any informalities, omissions or defects in the content
6 or making of the publications, proclamations or notices provided for
7 in this act and by the general election laws under which this election
8 is held must be so construed as not to invalidate the adoption of the
9 act by a majority of the registered voters voting on the question if it
10 can be ascertained with reasonable certainty from the official returns
11 transmitted to the Office of the Secretary of State whether the
12 proposed amendment was adopted by a majority of those registered
13 voters.

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

15 372.125 1. Every person desiring to engage in or conduct
16 business as a seller within this state must file with the Department
17 an application for a permit for each place of business.

18 2. Every application for a permit must:

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

20 (b) Set forth the name under which the applicant transacts or
21 intends to transact business and the location of his place or places of
22 business.

23 (c) Set forth other information which the Department may
24 require.

25 3. The application must be signed by the *following persons:*

26 (a) *By the* owner if he is a natural person. ~~{; in}~~

27 (b) *In* the case of an association or partnership, by a member or
28 partner. ~~{; in}~~

29 (c) *In* the case of a corporation, by an executive officer or some
30 person specifically authorized by the corporation to sign the
31 application, to which must be attached the written evidence of his
32 authority.

33 (d) *In the case of the State of Nevada, its unincorporated*
34 *agencies and instrumentalities, or any county, city, district or*
35 *other political subdivision, by some person specifically authorized*
36 *by the governmental entity to sign the application, to which must*
37 *be attached the written evidence of his authority.*

38 **Sec. 10.** Chapter 374 of NRS is hereby amended by adding
39 thereto a new section to read as follows:

40 *“Person” includes the State of Nevada, its unincorporated*
41 *agencies and instrumentalities, and any county, city, district or*
42 *other political subdivision of this state for the sole purpose of*
43 *imposing and administering the tax upon the gross receipts from*
44 *the sale of tangible personal property purchased by such a*
45 *governmental entity for resale to the public.*



1 **Sec. 11.** NRS 374.020 is hereby amended to read as follows:
 2 374.020 ~~[Except where]~~ *As used in this chapter, unless* the
 3 context otherwise requires, the ~~[definitions given]~~ *words and terms*
 4 *defined* in NRS 374.025 to 374.107, inclusive, ~~[govern the~~
 5 ~~construction of this chapter.]~~ *and section 10 of this act, have the*
 6 *meanings ascribed to them in those sections.*

7 **Sec. 12.** NRS 374.130 is hereby amended to read as follows:
 8 374.130 1. Every person desiring to engage in or conduct
 9 business as a seller within a county shall file with the Department an
 10 application for a permit for each place of business, unless he intends
 11 to sell vehicles and will make fewer than three retail sales of
 12 vehicles during any 12-month period.

13 2. Every application for a permit must:
 14 (a) Be made upon a form prescribed by the Department.
 15 (b) Set forth the name under which the applicant transacts or
 16 intends to transact business and the location of his place or places of
 17 business.

18 (c) Set forth such other information as the Department may
 19 require.

20 3. The application must be signed by the *following persons:*
 21 (a) *By the* owner if he is a natural person. ~~[; in]~~
 22 (b) *In* the case of an association or partnership, by a member or
 23 partner. ~~[; in]~~
 24 (c) *In* the case of a corporation, by an executive officer or some
 25 person specifically authorized by the corporation to sign the
 26 application, to which must be attached the written evidence of his
 27 authority.

28 (d) *In the case of the State of Nevada, its unincorporated*
 29 *agencies and instrumentalities, or any county, city, district or*
 30 *other political subdivision, by some person specifically authorized*
 31 *by the governmental entity to sign the application, to which must*
 32 *be attached the written evidence of his authority.*

33 **Sec. 13.** NRS 374.330 is hereby amended to read as follows:
 34 374.330 1. There are exempted from the computation of the
 35 amount of the sales tax the gross receipts from the sale of any
 36 tangible personal property to:

37 ~~[1-]~~ (a) The United States ~~[;]~~ *or* its unincorporated agencies and
 38 instrumentalities.

39 ~~[2-]~~ (b) Any incorporated agency or instrumentality of the
 40 United States wholly owned by the United States or by a corporation
 41 wholly owned by the United States.

42 ~~[3-]~~ (c) The State of Nevada ~~[;]~~ *or* its unincorporated agencies
 43 and instrumentalities.

44 ~~[4-]~~ (d) Any county, city, district or other political subdivision
 45 of this state.



1 2. *Except as otherwise provided in subsection 3, there are*
2 *exempted from the computation of the amount of the sales tax the*
3 *gross receipts from the sale of any tangible personal property by:*

4 (a) *The State of Nevada or its unincorporated agencies and*
5 *instrumentalities.*

6 (b) *Any county, city, district or other political subdivision of*
7 *this state.*

8 3. *The provisions of subsection 2 do not apply to the sale of*
9 *items of tangible personal property which are purchased by the*
10 *governmental entity for resale to the public.*

11 **Sec. 14.** Sections 9 to 13, inclusive, of this act become
12 effective on January 1, 2005, only if the proposal submitted
13 pursuant to sections 1 to 5, inclusive, of this act is approved by the
14 voters at the general election on November 2, 2004.

