

SENATE BILL NO. 461—COMMITTEE ON HUMAN
RESOURCES AND FACILITIES

(ON BEHALF OF THE TASK FORCE FOR THE FUND FOR
A HEALTHY NEVADA (A.B. 474, NRS 439.625))

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Increases tax on cigarettes and revises manner in
which revenue from tax is allocated. (BDR 32-259)

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

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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 taxation; increasing the tax on cigarettes;
revising the manner in which the proceeds of the tax are
allocated; establishing a program to provide scholarships
to certain students who are enrolled in a program of the
University and Community College System of Nevada to
become health care professionals and providing funding
for that program from revenue from that tax; 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 370.165 is hereby amended to read as follows:
2 370.165 There is hereby levied a tax upon the purchase or
3 possession of cigarettes by a consumer in the State of Nevada at the
4 rate of ~~{7.5}~~ **50** mills per cigarette. The tax may be represented and
5 precollected by the affixing of a revenue stamp or other approved
6 evidence of payment to each package, packet or container in which
7 cigarettes are sold. The tax must be precollected by the wholesale or
8 retail dealer, and must be recovered from the consumer by adding
9 the amount of the tax to the selling price. Each person who sells
10 cigarettes at retail shall prominently display on his premises a notice



1 that the tax is included in the selling price and is payable under the
2 provisions of this chapter.

3 **Sec. 2.** NRS 370.260 is hereby amended to read as follows:

4 370.260 1. All taxes and license fees imposed by the
5 provisions of NRS 370.001 to 370.430, inclusive, less any refunds
6 granted as provided by law, must be paid to the Department in the
7 form of remittances payable to the Department.

8 2. The Department shall:

9 (a) As compensation to the State for the costs of collecting the
10 taxes and license fees, transmit each month the sum the Legislature
11 specifies from the remittances made to it pursuant to subsection 1
12 during the preceding month to the State Treasurer for deposit to the
13 credit of the Department. The deposited money must be expended
14 by the Department in accordance with its work program.

15 (b) From the remittances made to it pursuant to subsection 1
16 during the preceding month, less the amount transmitted pursuant to
17 paragraph (a), transmit each month the portion of the tax which is
18 ~~equivalent to 12.5~~;

19 (1) *Equivalent to 25.5* mills per cigarette to the State
20 Treasurer for deposit to the credit of the Account for the Tax on
21 Cigarettes in the State General Fund.

22 (2) *Equivalent to 6.5 mills per cigarette to the State*
23 *Treasurer for deposit to the credit of the Fund for a Healthy*
24 *Nevada created pursuant to NRS 439.620.*

25 (3) *Equivalent to 6.5 mills per cigarette to the State*
26 *Treasurer for deposit to the credit of the Fund to Provide*
27 *Scholarships to Students Enrolled in Programs to become Health*
28 *Care Professionals created pursuant to section 6 of this act.*

29 (c) Transmit the balance of the payments each month to the
30 State Treasurer for deposit in the Local Government Tax
31 Distribution Account created by NRS 360.660.

32 (d) Report to the State Controller monthly the amount of
33 collections.

34 3. The money deposited pursuant to paragraph (c) of
35 subsection 2 in the Local Government Tax Distribution Account is
36 hereby appropriated to Carson City and to each of the counties in
37 proportion to their respective populations and must be credited to
38 the respective accounts of Carson City and each county.

39 **Sec. 3.** NRS 370.350 is hereby amended to read as follows:

40 370.350 1. Except as otherwise provided in subsection 3, a
41 tax is hereby levied and imposed upon the use of cigarettes in this
42 state.

43 2. The amount of the use tax is ~~17.5~~ 50 mills per cigarette.

44 3. The use tax does not apply where:



1 (a) Nevada cigarette revenue stamps have been affixed to
2 cigarette packages as required by law.

3 (b) Tax exemption is provided for in this chapter.

4 **Sec. 4.** Chapter 396 of NRS is hereby amended by adding
5 thereto the provisions set forth as sections 5 to 8, inclusive, of this
6 act.

7 **Sec. 5.** *As used in sections 5 to 8, inclusive, of this act, unless*
8 *the context otherwise requires, "health care professional" means:*

9 1. *A dentist.*

10 2. *A licensed practical nurse as defined in NRS 632.016.*

11 3. *A nursing assistant as defined in NRS 632.0166.*

12 4. *A practitioner of respiratory care as defined in*
13 *NRS 630.023.*

14 5. *A registered nurse as defined in NRS 632.019.*

15 **Sec. 6.** 1. *The Fund to Provide Scholarships to Students*
16 *Enrolled in Programs to become Health Care Professionals is*
17 *hereby created in the State Treasury. The State Treasurer:*

18 (a) *Shall deposit in the Fund all money transmitted to him*
19 *pursuant to subparagraph (3) of paragraph (b) of subsection 2 of*
20 *NRS 370.260.*

21 (b) *May accept gifts, grants, bequests and donations for*
22 *deposit in the Fund.*

23 2. *The State Treasurer shall administer the Fund. As*
24 *administrator of the Fund, the State Treasurer:*

25 (a) *Shall maintain the financial records of the Fund;*

26 (b) *Shall invest the money in the Fund as the money in other*
27 *state funds is invested;*

28 (c) *Shall manage any account associated with the Fund;*

29 (d) *Shall maintain any instruments that evidence investments*
30 *made with the money in the Fund;*

31 (e) *May contract with vendors for any good or service that is*
32 *necessary to carry out the provisions of this section; and*

33 (f) *May perform any other duties necessary to administer the*
34 *Fund.*

35 3. *The interest and income earned on the money in the Fund*
36 *must, after deducting any applicable charges, be credited to the*
37 *Fund. All claims against the Fund must be paid as other claims*
38 *against the State are paid.*

39 4. *Not more than 2 percent of the amount of money in the*
40 *Fund may be used to pay the costs of administering the Fund.*

41 5. *The money in the Fund remains in the Fund and does not*
42 *revert to the State General Fund at the end of any fiscal year.*

43 6. *Money in the Fund may be used only to provide*
44 *scholarships to students who are enrolled in a program of the*



1 *System to become a health care professional in accordance with*
2 *the provisions of section 7 of this act.*

3 **Sec. 7. 1. The Board of Regents shall:**

4 (a) *Administer, directly or through a designated officer or*
5 *employee of the System, a program to provide scholarships to*
6 *students who are enrolled in a program of the System to become*
7 *health care professionals; and*

8 (b) *Establish a policy for the administration of such*
9 *scholarships. The policy must include, without limitation:*

10 (1) *The criteria for eligibility for receipt of a scholarship*
11 *pursuant to this section; and*

12 (2) *The manner by which eligible students may apply for a*
13 *scholarship.*

14 2. *Each student to whom a scholarship is provided pursuant*
15 *to this section must:*

16 (a) *Be enrolled in a program of the System to become a health*
17 *care professional;*

18 (b) *Fulfill all requirements for classification as a full-time*
19 *student showing progress towards completion of the program; and*

20 (c) *Comply with the eligibility requirements established by the*
21 *Board of Regents pursuant to subsection 1.*

22 3. *Scholarships provided pursuant to this section must be*
23 *used only:*

24 (a) *For the payment of registration fees, laboratory fees and*
25 *laboratory expenses;*

26 (b) *To purchase required textbooks and course materials;*

27 (c) *To pay the living expenses incurred by an eligible student*
28 *while he attends a university, state college or community college*
29 *within the System; and*

30 (d) *For other costs related to the attendance of an eligible*
31 *student at a university, state college or community college within*
32 *the System.*

33 4. *The Board of Regents shall certify to the State Treasurer:*

34 (a) *A list of students who are eligible to receive scholarships*
35 *pursuant to this section; and*

36 (b) *The amount of money each such student is entitled to*
37 *receive.*

38 *The State Treasurer shall disburse a scholarship for each semester*
39 *on behalf of an eligible student so certified directly to the*
40 *institution in which the student is enrolled, upon certification from*
41 *the institution of the number of credits for which the student is*
42 *enrolled, which must meet or exceed the minimum number of*
43 *credits required for eligibility and certification that the student is*
44 *in good standing and making satisfactory progress toward a*
45 *recognized degree or certificate, as determined by the Board of*



1 *Regents pursuant to subsection 5. The scholarship must be*
2 *administered by the institution as other similar scholarships are*
3 *administered and may be used only for the expenditures*
4 *authorized pursuant to subsection 3.*

5 *5. The Board of Regents shall establish criteria for*
6 *determining whether a student is making satisfactory academic*
7 *progress toward a recognized degree or certificate for the purposes*
8 *of subsection 4.*

9 **Sec. 8.** *The Board of Regents may adopt such regulations as*
10 *are necessary to carry out the provisions of sections 5, 6 and 7 of*
11 *this act.*

12 **Sec. 9.** NRS 439.620 is hereby amended to read as follows:
13 439.620 1. The Fund for a Healthy Nevada is hereby created
14 in the State Treasury. The State Treasurer shall deposit in the Fund:

15 (a) Fifty percent of all money received by this state pursuant to
16 any settlement entered into by the State of Nevada and a
17 manufacturer of tobacco products; ~~and~~

18 (b) Fifty percent of all money recovered by this state from a
19 judgment in a civil action against a manufacturer of tobacco
20 products ~~;~~; *and*

21 *(c) All money transmitted to him pursuant to subparagraph (2)*
22 *of paragraph (b) of subsection 2 of NRS 370.260.*

23 2. The State Treasurer shall administer the Fund. As
24 administrator of the Fund, the State Treasurer:

25 (a) Shall maintain the financial records of the Fund;

26 (b) Shall invest the money in the Fund as the money in other
27 state funds is invested;

28 (c) Shall manage any account associated with the Fund;

29 (d) Shall maintain any instruments that evidence investments
30 made with the money in the Fund;

31 (e) May contract with vendors for any good or service that is
32 necessary to carry out the provisions of this section; and

33 (f) May perform any other duties necessary to administer the
34 Fund.

35 3. The interest and income earned on the money in the Fund
36 must, after deducting any applicable charges, be credited to the
37 Fund. All claims against the Fund must be paid as other claims
38 against the State are paid.

39 4. Upon receiving a request from the State Treasurer or the
40 Department for an allocation for administrative expenses from the
41 Fund pursuant to this section, the Task Force for the Fund for a
42 Healthy Nevada shall consider the request within 45 days after
43 receipt of the request. If the Task Force approves the amount
44 requested for allocation, the Task Force shall notify the State
45 Treasurer of the allocation. If the Task Force does not approve the



1 requested allocation within 45 days after receipt of the request, the
2 State Treasurer or the Department, as applicable, may submit its
3 request for allocation to the Interim Finance Committee. Except as
4 otherwise limited by this subsection, the Interim Finance Committee
5 may allocate all or part of the money so requested. The annual
6 allocation for administrative expenses from the Fund, whether
7 allocated by the Task Force or the Interim Finance Committee ,
8 must not exceed:

9 (a) More than 2 percent of the money in the Fund, as calculated
10 pursuant to this subsection, each year to pay the costs incurred by
11 the State Treasurer to administer the Fund; and

12 (b) More than 3 percent of the money in the Fund, as calculated
13 pursuant to this subsection, each year to pay the costs incurred by
14 the Department, including, without limitation, the Aging Services
15 Division of the Department, to carry out its duties set forth in NRS
16 439.625 to 439.690, inclusive.

17 For the purposes of this subsection, the amount of money available
18 for allocation to pay for the administrative costs must be calculated
19 at the beginning of each fiscal year based on the total amount of
20 money anticipated by the State Treasurer to be deposited in the Fund
21 during that fiscal year.

22 5. The money in the Fund remains in the Fund and does not
23 revert to the State General Fund at the end of any fiscal year.

24 6. All money that is deposited or paid into the Fund is hereby
25 appropriated to the Department and, except as otherwise provided in
26 paragraphs (c) and (d) of subsection 1 of NRS 439.630, may only be
27 expended pursuant to an allocation made by the Task Force for the
28 Fund for a Healthy Nevada. Money expended from the Fund for a
29 Healthy Nevada must not be used to supplant existing methods of
30 funding that are available to public agencies.

31 **Sec. 10.** This act becomes effective on July 1, 2003.

