

SENATE BILL NO. 233—SENATOR CANNIZZARO

MARCH 8, 2023

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions governing taxes imposed on certain heavy equipment. (BDR 32-87)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 taxation; providing for the imposition, administration, collection and enforcement of a tax on the rental of certain heavy equipment; excluding certain heavy equipment from the tax on personal property; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Under existing law, all property of every kind and nature in this State is subject
2 to property taxes unless the property is exempt from such taxation. (NRS 361.045)
3 Section 1 of Article 10 of the Nevada Constitution authorizes the Legislature to
4 exempt any personal property from taxation. **Sections 5, 6 and 39** of this bill
5 exempt from personal property taxes property, machinery and equipment held in
6 the inventory of a business that is primarily engaged in renting or leasing heavy
7 equipment for construction, mining or forestry or in renting consumer, commercial
8 or industrial equipment. Instead, **section 12** of this bill imposes a tax at the rate of 2
9 percent of the gross receipts from the rental of such property, machinery or
10 equipment. **Sections 14-17** of this bill require a heavy equipment rental company to
11 register with the Department of Taxation, collect the tax from a person who rents
12 heavy equipment rental property and remit the tax to the Department on a quarterly
13 basis. **Section 18** of this bill requires the Department, after deducting a certain
14 amount from the proceeds of the tax for the costs of collecting the tax, to distribute
15 the proceeds of the tax twice each fiscal year in amounts based on the distribution
16 of property taxes.

17 **Sections 3-8** of this bill define certain terms relating to the imposition of the tax
18 on the rental of heavy equipment rental property. **Section 9** of this bill requires the
19 Department to administer the provisions of this bill establishing the tax and
20 authorizes the Department to adopt any necessary regulations. **Sections 10 and 11**
21 of this bill establish provisions governing the retention and examination of records
22 relevant to the tax. **Sections 30 and 31** of this bill establish that a person who



23 submits a false or fraudulent return or falsifies entries in books, records or accounts
24 with intent to evade the tax is guilty of a gross misdemeanor, and that a person who
25 violates any other provision governing the tax created by this bill is guilty of a
26 misdemeanor.

27 **Section 13** of this bill exempts from the tax the gross receipts from the rental of
28 heavy equipment rental property to certain governmental entities.

29 **Sections 19-29 and 31-38** of this bill make applicable to the tax created by this
30 bill the same provisions governing overpayments, interest, computation of tax and
31 delinquent payments as other taxes imposed in this State.

32 **Sections 40 and 41** of this bill provide that the tax imposed on the gross
33 receipts from the rental of heavy equipment rental property becomes effective on
34 July 1, 2024, and that the exemption from the personal property tax for heavy
35 equipment rental property does not apply to any taxes due for any period ending on
36 or before June 30, 2024.

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

1 **Section 1.** Title 32 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 34, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 to 8, inclusive,*
6 *of this act have the meanings ascribed to them in those sections.*

7 **Sec. 3.** *“Commission” means the Nevada Tax Commission.*

8 **Sec. 4. 1.** *“Gross receipts” means the total amount of*
9 *consideration, including, without limitation, cash, credit, property*
10 *and services, for which a heavy equipment rental company rents*
11 *heavy equipment rental property, valued in money, whether*
12 *received in money or otherwise, and without any deduction for:*

13 (a) *The cost of the heavy equipment rental property to the*
14 *heavy equipment rental company;*

15 (b) *The cost of materials used, labor or service cost, interest*
16 *paid, losses, the cost of transportation to the heavy equipment*
17 *rental company, taxes imposed on the heavy equipment rental*
18 *company or any other expense of the heavy equipment rental*
19 *company; and*

20 (c) *Any charges by the heavy equipment rental company for*
21 *any services necessary to complete the rental, including, without*
22 *limitation, any delivery charges which are not stated separately*
23 *and any installation charges which are not stated separately.*

24 2. *The term does not include:*

25 (a) *Any fees or charges for the delivery or transportation of*
26 *heavy equipment rental property which are stated separately;*

27 (b) *Any installation or other service charges which are stated*
28 *separately;*



1 (c) Any discounts, including, without limitation, those in the
2 form of cash, term or coupons that are not reimbursed by a third
3 party, which are allowed by the heavy equipment rental company
4 and taken by the renter on a rental;

5 (d) Any interest, financing or carrying charges from credit
6 extended on the rental of heavy equipment rental property, if
7 stated separately;

8 (e) Any taxes legally imposed directly on the renter which are
9 stated separately; and

10 (f) Any other separately stated charges or fees.

11 **Sec. 5.** "Heavy equipment rental company" means a
12 business that is classified under 532412 or 532310 of the 2022
13 North American Industry Classification System, as published by
14 the Bureau of the Census of the United States Department of
15 Commerce, and is primarily engaged in the business of renting
16 heavy equipment rental property to the public from a location in
17 this State.

18 **Sec. 6.** "Heavy equipment rental property" means property,
19 machinery and equipment held in the inventory of a heavy
20 equipment rental company, or an affiliate of a heavy equipment
21 rental company, for sale or rental in the regular course of
22 business. The term includes, without limitation, property,
23 machinery and equipment that is customarily used or designed for
24 construction and industrial purposes, including, without
25 limitation, earthmoving equipment, cranes, lift equipment,
26 material handling equipment, pumps, generators, compressors,
27 portable power equipment, heating, ventilation and air
28 conditioning equipment, portable offices, containers, tank trailers
29 and self-propelled equipment.

30 **Sec. 7.** "Rent," "rental" or "renting" means entering into an
31 agreement with a heavy equipment rental company for the use of
32 heavy equipment rental property in exchange for consideration for
33 a period:

34 1. Not to exceed 365 days; or

35 2. That is open-ended under the terms of the rental contract
36 with no specified end date.

37 **Sec. 8.** "Renter" means a person who rents heavy equipment
38 rental property from a heavy equipment rental company in this
39 State.

40 **Sec. 9.** The Department shall administer and enforce the
41 provisions of this chapter, and may adopt such regulations as it
42 deems appropriate for those purposes.

43 **Sec. 10.** 1. Each person responsible for maintaining the
44 records of a heavy equipment rental company shall:



1 (a) *Keep such records as may be necessary to determine the*
2 *amount of the liability of the heavy equipment rental company*
3 *pursuant to the provisions of this chapter;*

4 (b) *Preserve those records for 5 years or until any litigation or*
5 *prosecution pursuant to this chapter is finally determined,*
6 *whichever is longer; and*

7 (c) *Make the records available for inspection by the*
8 *Department upon demand at reasonable times during regular*
9 *business hours.*

10 2. *The Department may adopt regulations specifying the types*
11 *of records which must be kept to determine the amount of liability*
12 *of a heavy equipment rental company for the tax imposed by this*
13 *chapter.*

14 3. *Any person who violates the provisions of subsection 1 is*
15 *guilty of a misdemeanor.*

16 **Sec. 11.** 1. *To verify the accuracy of any return filed or, if*
17 *no return is filed by a taxpayer, to determine the amount required*
18 *to be paid, the Department, or any person authorized in writing by*
19 *the Department, may examine the books, papers and records of*
20 *any person who may be liable for the tax imposed by this chapter.*

21 2. *Any person who may be liable for the tax imposed by this*
22 *chapter and who keeps outside of this State any books, papers and*
23 *records relating thereto shall pay to the Department an amount*
24 *equal to the allowance provided for state officers and employees*
25 *generally while traveling outside of this State for each day or*
26 *fraction thereof during which an employee of the Department is*
27 *engaged in examining those documents, plus any other actual*
28 *expenses incurred by the employee while he or she is absent from*
29 *his or her regular place of employment to examine those*
30 *documents.*

31 **Sec. 12.** *An excise tax is hereby imposed upon each heavy*
32 *equipment rental company at the rate of 2 percent of the gross*
33 *receipts of the heavy equipment rental company from the rental of*
34 *heavy equipment rental property to a renter in this State.*

35 **Sec. 13.** *There is exempted from the computation of the*
36 *amount of the tax due pursuant to this chapter the gross receipts*
37 *from the rental of any heavy equipment rental property to:*

38 1. *The United States, its unincorporated agencies and*
39 *instrumentalities;*

40 2. *Any incorporated agency or instrumentality of the United*
41 *States wholly owned by the United States or by a corporation*
42 *wholly owned by the United States;*

43 3. *The State of Nevada, its unincorporated agencies and*
44 *instrumentalities;*



1 4. Any federally recognized Indian tribe or nation or tribe
2 member thereof;

3 5. Any county, city, district or other political subdivision of
4 this State; and

5 6. Any other person or entity that this State is prohibited from
6 taxing under the United States Constitution, laws or treaties of the
7 United States or the Nevada Constitution.

8 **Sec. 14.** The tax imposed by section 12 of this act shall be
9 collected by the heavy equipment rental company from the renter
10 at the time of rental.

11 **Sec. 15.** A heavy equipment rental company shall hold the
12 amount of all taxes collected pursuant to this chapter in a separate
13 account in trust for the State.

14 **Sec. 16.** Each person engaging in or conducting business as
15 a heavy equipment rental company in this State shall register with
16 the Department. Every application for registration must:

17 1. Be made upon a form prescribed by the Department;

18 2. Set forth the name under which the applicant transacts or
19 intends to transact business and the location or locations of the
20 applicant's place or places of business in this State;

21 3. Contain a certification that the applicant transacts or
22 intends to transact business as a heavy equipment rental company;
23 and

24 4. Set forth any other information that the Department may
25 require.

26 **Sec. 17.** 1. Each heavy equipment rental company shall, on
27 or before the last day of the month immediately following the end
28 of each calendar quarter:

29 (a) File with the Department a return on a form prescribed by
30 the Department which includes such information as the
31 Department may require; and

32 (b) Remit to the Department any tax due pursuant to this
33 chapter for that calendar quarter.

34 2. Each return required to be filed by this section must state
35 separately the gross receipts from the rental of heavy equipment
36 rental property from each business location in this State during
37 the period covered by the return.

38 **Sec. 18.** 1. All fees, taxes, interest and penalties imposed
39 and all amounts of tax required to be paid under this chapter must
40 be paid to the Department in the form of remittances payable to
41 the Department.

42 2. The Department shall deposit the payments in the State
43 Treasury to the credit of the Heavy Equipment Rental Tax
44 Account, which is hereby created in the State General Fund.



1 3. *The State Controller, acting upon the collection data*
2 *furnished by the Department, shall, from the Heavy Equipment*
3 *Rental Tax Account:*

4 (a) *Transfer 0.75 percent of all fees, taxes, interest and*
5 *penalties collected in each county during the preceding quarter to*
6 *the appropriate account in the State General Fund as*
7 *compensation to the State for the costs of collecting the tax.*

8 (b) *Determine for each taxing district in a county the amount*
9 *of money equal to the fees, taxes, interest and penalties*
10 *attributable to the taxing district pursuant to this chapter during*
11 *the preceding quarter, less the amount transferred pursuant to*
12 *paragraph (a).*

13 (c) *On or before October 30 of each fiscal year, after*
14 *subtracting the amount transferred pursuant to paragraph (a):*

15 (1) *Transfer to the Consolidated Bond Interest and*
16 *Redemption Fund created by NRS 349.090 an amount equal to the*
17 *fees, taxes, interest and penalties attributable to each taxing*
18 *district for the period beginning on July 1 of the immediately*
19 *preceding fiscal year and ending on December 31 of the*
20 *immediately preceding fiscal year, multiplied by the percentage of*
21 *the fees, taxes, interest and penalties attributable to a taxing*
22 *district that would have been distributed to the Consolidated Bond*
23 *Interest and Redemption Fund if the fees, taxes, interest and*
24 *penalties were taxes imposed pursuant to chapter 361 of NRS.*

25 (2) *Transfer to the Intergovernmental Fund created by*
26 *NRS 353.254 and remit to each county an amount equal to the*
27 *fees, taxes, interest and penalties attributable to each taxing*
28 *district in the county pursuant to this chapter during the period*
29 *beginning on July 1 of the immediately preceding fiscal year and*
30 *ending on December 31 of the immediately preceding fiscal year,*
31 *less the amounts transferred pursuant to subparagraph (1) of this*
32 *paragraph.*

33 (d) *On or before April 30 of each fiscal year, after subtracting*
34 *the amount transferred pursuant to paragraph (a):*

35 (1) *Transfer to the Consolidated Bond Interest and*
36 *Redemption Fund created by NRS 349.090 an amount equal to the*
37 *fees, taxes, interest and penalties attributable to each taxing*
38 *district for the period beginning on January 1 of the immediately*
39 *preceding fiscal year and ending on June 30 of the immediately*
40 *preceding fiscal year, multiplied by the percentage of the fees,*
41 *taxes, interest and penalties attributable to a taxing district that*
42 *would have been distributed to the Consolidated Bond Interest and*
43 *Redemption Fund if the fees, taxes, interest and penalties were*
44 *taxes imposed pursuant to chapter 361 of NRS.*



1 (2) *Transfer to the Intergovernmental Fund created by*
2 *NRS 353.254 and remit to each county an amount equal to the*
3 *fees, taxes, interest and penalties attributable to each taxing*
4 *district in the county pursuant to this chapter during the period*
5 *beginning on January 1 of the immediately preceding fiscal year*
6 *and ending on June 30 of the immediately preceding fiscal year,*
7 *less the amounts transferred pursuant to subparagraph (1) of this*
8 *paragraph.*

9 4. *At the time of transferring money to the Intergovernmental*
10 *Fund pursuant to subsection 3, the Department shall:*

11 (a) *Inform each county auditor of the amount remitted to the*
12 *county.*

13 (b) *Certify to the county auditor the taxing districts within the*
14 *county to which the tax imposed by section 12 of this act was*
15 *attributable during the relevant portion of the fiscal year and the*
16 *amount of the tax collected with respect to each taxing district.*

17 5. *The county treasurer shall deposit the money received by*
18 *the county pursuant to this chapter in a separate account for*
19 *apportionment at the same time that money is apportioned*
20 *pursuant to NRS 361.755. Money received by the county pursuant*
21 *to this chapter must be apportioned and distributed among the*
22 *taxing units of the county in the same manner that property taxes*
23 *are apportioned and distributed with respect to property located in*
24 *the taxing district to which the tax imposed by section 12 is*
25 *attributable.*

26 6. *For the purposes of this section, the tax imposed by section*
27 *12 of this act is attributable to the taxing district to which the*
28 *rental of heavy equipment rental property is sourced. The*
29 *Commission may adopt regulations establishing rules for the*
30 *sourcing of the rental of heavy equipment rental property. Until*
31 *the Commission adopts regulations to the contrary, the rental of*
32 *heavy equipment rental property is sourced to the business*
33 *location of the heavy equipment rental company from which the*
34 *heavy equipment rental property is rented.*

35 **Sec. 19.** *Upon written application made before the date on*
36 *which payment must be made, the Department may for good cause*
37 *extend by 30 days the time within which a taxpayer is required to*
38 *pay the tax imposed by this chapter. If the tax is paid during the*
39 *period of extension, no penalty or late charge may be imposed for*
40 *failure to pay at the time required, but the taxpayer shall pay*
41 *interest at the rate of 1 percent per month from the date on which*
42 *the amount would have been due without the extension until the*
43 *date of payment, unless otherwise provided in NRS 360.232 or*
44 *360.320.*



1 **Sec. 20.** *If the Department determines that any tax, penalty*
2 *or interest has been paid more than once or has been erroneously*
3 *or illegally collected or computed, the Department shall set forth*
4 *that fact in the records of the Department and certify to the State*
5 *Board of Examiners the amount collected in excess of the amount*
6 *legally due and the person from whom it was collected or by whom*
7 *it was paid. If approved by the State Board of Examiners, the*
8 *excess amount collected or paid must, after being credited against*
9 *any amount then due from the person in accordance with NRS*
10 *360.236, be refunded to the person or his or her successors in*
11 *interest.*

12 **Sec. 21.** 1. *Except as otherwise provided in NRS 360.235*
13 *and 360.395:*

14 (a) *No refund may be allowed unless a claim for it is filed with*
15 *the Department within 3 years after the last day of the month*
16 *following the calendar quarter for which the overpayment was*
17 *made.*

18 (b) *No credit may be allowed after the expiration of the period*
19 *specified for filing claims for refund unless a claim for credit is*
20 *filed with the Department within that period.*

21 2. *Each claim must be in writing and must state the specific*
22 *grounds upon which the claim is founded.*

23 3. *Failure to file a claim within the time prescribed in this*
24 *chapter constitutes a waiver of any demand against the State on*
25 *account of overpayment.*

26 4. *Within 30 days after rejecting any claim in whole or in*
27 *part, the Department shall serve notice of its action on the*
28 *claimant in the manner prescribed for service of notice of a*
29 *deficiency determination.*

30 **Sec. 22.** 1. *Except as otherwise provided in this section,*
31 *NRS 360.320 or any other specific statute, interest must be paid*
32 *upon any overpayment of any amount of the taxes imposed by this*
33 *chapter at the rate set forth in, and in accordance with the*
34 *provisions of, NRS 360.2937.*

35 2. *If the Department determines that any overpayment has*
36 *been made intentionally or by reason of carelessness, the*
37 *Department shall not allow any interest on the overpayment.*

38 **Sec. 23.** 1. *No injunction, writ of mandate or other legal or*
39 *equitable process may issue in any suit, action or proceeding in*
40 *any court against this State or against any officer of the State to*
41 *prevent or enjoin the collection under this chapter of the tax*
42 *imposed by this chapter or any amount of tax, penalty or interest*
43 *required to be collected.*

44 2. *No suit or proceeding may be maintained in any court for*
45 *the recovery of any amount alleged to have been erroneously or*



1 *illegally determined or collected unless a claim for refund or credit*
2 *has been filed.*

3 **Sec. 24.** 1. *Within 90 days after a final decision upon a*
4 *claim filed pursuant to this chapter is rendered by the*
5 *Commission, the claimant may bring an action against the*
6 *Department on the grounds set forth in the claim in a court of*
7 *competent jurisdiction in Carson City, the county of this State*
8 *where the claimant resides or maintains his or her principal place*
9 *of business or a county in which any relevant proceedings were*
10 *conducted by the Department, for the recovery of the whole or any*
11 *part of the amount with respect to which the claim has been*
12 *disallowed.*

13 2. *Failure to bring an action within the time specified*
14 *constitutes a waiver of any demand against the State on account of*
15 *alleged overpayments.*

16 **Sec. 25.** 1. *If the Department fails to mail notice of action*
17 *on a claim within 6 months after the claim is filed, the claimant*
18 *may consider the claim disallowed and file an appeal with the*
19 *Commission within 30 days after the last day of the 6-month*
20 *period. If the claimant is aggrieved by the decision of the*
21 *Commission rendered on appeal, the claimant may, within 90 days*
22 *after the decision is rendered, bring an action against the*
23 *Department on the grounds set forth in the claim for the recovery*
24 *of the whole or any part of the amount claimed as an*
25 *overpayment.*

26 2. *If judgment is rendered for the plaintiff, the amount of the*
27 *judgment must first be credited towards any tax due from the*
28 *plaintiff.*

29 3. *The balance of the judgment must be refunded to the*
30 *plaintiff.*

31 **Sec. 26.** *In any judgment, interest must be allowed at the rate*
32 *of 3 percent per annum upon the amount found to have been*
33 *illegally collected from the date of payment of the amount to the*
34 *date of allowance of credit on account of the judgment, or to a*
35 *date preceding the date of the refund warrant by not more than 30*
36 *days. The date must be determined by the Department.*

37 **Sec. 27.** *A judgment may not be rendered in favor of the*
38 *plaintiff in any action brought against the Department to recover*
39 *any amount paid when the action is brought by or in the name of*
40 *an assignee of the person paying the amount or by any person*
41 *other than the person who paid the amount.*

42 **Sec. 28.** 1. *The Department may recover a refund or any*
43 *part thereof which is erroneously made and any credit or part*
44 *thereof which is erroneously allowed in an action brought in a*



1 *court of competent jurisdiction in Carson City or Clark County in*
2 *the name of the State of Nevada.*

3 2. *The action must be tried in Carson City or Clark County*
4 *unless the court, with the consent of the Attorney General, orders*
5 *a change of place of trial.*

6 3. *The Attorney General shall prosecute the action, and the*
7 *provisions of the Nevada Revised Statutes, the Nevada Rules of*
8 *Civil Procedure and the Nevada Rules of Appellate Procedure*
9 *relating to service of summons, pleadings, proofs, trials and*
10 *appeals are applicable to the proceedings.*

11 **Sec. 29.** 1. *If any amount in excess of \$25 has been*
12 *illegally determined, either by the Department or by the person*
13 *filing the return, the Department shall certify this fact to the State*
14 *Board of Examiners, and the latter shall authorize the*
15 *cancellation of the amount upon the records of the Department.*

16 2. *If an amount not exceeding \$25 has been illegally*
17 *determined, either by the Department or by the person filing the*
18 *return, the Department, without certifying this fact to the State*
19 *Board of Examiners, shall authorize the cancellation of the*
20 *amount upon the records of the Department.*

21 **Sec. 30.** 1. *A person shall not:*

22 (a) *Make, cause to be made or permit to be made any false or*
23 *fraudulent return or declaration or false statement in any report*
24 *or declaration, with intent to defraud the State or to evade*
25 *payment of the tax or any part of the tax imposed by this chapter;*
26 *or*

27 (b) *Make, cause to be made or permit to be made any false*
28 *entry in books, records or accounts with intent to defraud the State*
29 *or to evade the payment of the tax or any part of the tax imposed*
30 *by this chapter.*

31 2. *Any person who violates the provisions of subsection 1 is*
32 *guilty of a gross misdemeanor.*

33 **Sec. 31.** *Except as otherwise provided in sections 10 and 30*
34 *of this act, a person who violates any provision of this chapter is*
35 *guilty of a misdemeanor.*

36 **Sec. 32.** *Any prosecution for violation of any provision of*
37 *this chapter must be instituted within 3 years after the commission*
38 *of the offense.*

39 **Sec. 33.** *In the determination of any case arising under this*
40 *chapter, the rule of res judicata is applicable only if the liability*
41 *involved is for the same period as was involved in another case*
42 *previously determined.*

43 **Sec. 34.** *The remedies of the State provided for in this*
44 *chapter are cumulative, and no action taken by the Department or*
45 *the Attorney General constitutes an election by the State to pursue*



1 *any remedy to the exclusion of any other remedy for which*
2 *provision is made in this chapter.*

3 **Sec. 35.** NRS 360.2937 is hereby amended to read as follows:

4 360.2937 1. Except as otherwise provided in this section,
5 NRS 360.320 or any other specific statute, and notwithstanding the
6 provisions of NRS 360.2935, interest must be paid upon an
7 overpayment of any tax provided for in chapter 362, 363A, 363B,
8 363C, 363D, 369, 370, 372, 372B, 374, 377, 377A, 377C or 377D
9 of NRS, *or sections 2 to 34, inclusive, of this act*, any of the taxes
10 provided for in NRS 372A.290, any fee provided for in NRS
11 444A.090, 482.313, 482C.230 or 482C.240, or any assessment
12 provided for in NRS 585.497, at the rate of 0.25 percent per month
13 from the last day of the calendar month following the period for
14 which the overpayment was made.

15 2. No refund or credit may be made of any interest imposed on
16 the person making the overpayment with respect to the amount
17 being refunded or credited.

18 3. The interest must be paid:

19 (a) In the case of a refund, to the last day of the calendar month
20 following the date upon which the person making the overpayment,
21 if the person has not already filed a claim, is notified by the
22 Department that a claim may be filed or the date upon which the
23 claim is certified to the State Board of Examiners, whichever is
24 earlier.

25 (b) In the case of a credit, to the same date as that to which
26 interest is computed on the tax or the amount against which the
27 credit is applied.

28 **Sec. 36.** NRS 360.300 is hereby amended to read as follows:

29 360.300 1. If a person fails to file a return or the Department
30 is not satisfied with the return or returns of any tax, contribution or
31 premium or amount of tax, contribution or premium required to be
32 paid to the State by any person, in accordance with the applicable
33 provisions of this chapter, chapter 360B, 362, 363A, 363B, 363C,
34 363D, 369, 370, 372, 372A, 372B, 374, 377, 377A, 377C, 377D or
35 444A of NRS, NRS 482.313, 482C.230 or 482C.240, or chapter 585
36 or 680B of NRS, *or sections 2 to 34, inclusive, of this act*, as
37 administered or audited by the Department, it may compute and
38 determine the amount required to be paid upon the basis of:

39 (a) The facts contained in the return;

40 (b) Any information within its possession or that may come into
41 its possession; or

42 (c) Reasonable estimates of the amount.

43 2. One or more deficiency determinations may be made with
44 respect to the amount due for one or for more than one period.



1 3. In making its determination of the amount required to be
2 paid, the Department shall impose interest on the amount of tax
3 determined to be due, calculated at the rate and in the manner set
4 forth in NRS 360.417, unless a different rate of interest is
5 specifically provided by statute.

6 4. The Department shall impose a penalty of 10 percent in
7 addition to the amount of a determination that is made in the case of
8 the failure of a person to file a return with the Department.

9 5. When a business is discontinued, a determination may be
10 made at any time thereafter within the time prescribed in NRS
11 360.355 as to liability arising out of that business, irrespective of
12 whether the determination is issued before the due date of the
13 liability.

14 **Sec. 37.** NRS 360.417 is hereby amended to read as follows:

15 360.417 Except as otherwise provided in NRS 360.232 and
16 360.320, and unless a different penalty or rate of interest is
17 specifically provided by statute, any person who fails to pay any tax
18 provided for in chapter 362, 363A, 363B, 363C, 363D, 369, 370,
19 372, 372B, 374, 377, 377A, 377C, 377D, 444A or 585 of NRS, *or*
20 *sections 2 to 34, inclusive, of this act*, any of the taxes provided for
21 in NRS 372A.290, or any fee provided for in NRS 482.313,
22 482C.230 or 482C.240, and any person or governmental entity that
23 fails to pay any fee provided for in NRS 360.787, to the State or a
24 county within the time required, shall pay a penalty of not more than
25 10 percent of the amount of the tax or fee which is owed, as
26 determined by the Department, in addition to the tax or fee, plus
27 interest at the rate of 0.75 percent per month, or fraction of a month,
28 from the last day of the month following the period for which the
29 amount or any portion of the amount should have been reported
30 until the date of payment. The amount of any penalty imposed must
31 be based on a graduated schedule adopted by the Nevada Tax
32 Commission which takes into consideration the length of time the
33 tax or fee remained unpaid.

34 **Sec. 38.** NRS 360.510 is hereby amended to read as follows:

35 360.510 1. If any person is delinquent in the payment of any
36 tax or fee administered by the Department or if a determination has
37 been made against the person which remains unpaid, the
38 Department may:

39 (a) Not later than 3 years after the payment became delinquent
40 or the determination became final; or

41 (b) Not later than 6 years after the last recording of an abstract
42 of judgment or of a certificate constituting a lien for tax owed,

43 ↪ give a notice of the delinquency and a demand to transmit
44 personally or by registered or certified mail to any person,
45 including, without limitation, any officer or department of this State



1 or any political subdivision or agency of this State, who has in his or
2 her possession or under his or her control any credits or other
3 personal property belonging to the delinquent, or owing any debts to
4 the delinquent or person against whom a determination has been
5 made which remains unpaid, or owing any debts to the delinquent or
6 that person. In the case of any state officer, department or agency,
7 the notice must be given to the officer, department or agency before
8 the Department presents the claim of the delinquent taxpayer to the
9 State Controller.

10 2. A state officer, department or agency which receives such a
11 notice may satisfy any debt owed to it by that person before it
12 honors the notice of the Department.

13 3. After receiving the demand to transmit, the person notified
14 by the demand may not transfer or otherwise dispose of the credits,
15 other personal property, or debts in his or her possession or under
16 his or her control at the time the person received the notice until the
17 Department consents to a transfer or other disposition.

18 4. Every person notified by a demand to transmit shall, within
19 10 days after receipt of the demand to transmit, inform the
20 Department of and transmit to the Department all such credits, other
21 personal property or debts in his or her possession, under his or her
22 control or owing by that person within the time and in the manner
23 requested by the Department. Except as otherwise provided in
24 subsection 5, no further notice is required to be served to that
25 person.

26 5. If the property of the delinquent taxpayer consists of a series
27 of payments owed to him or her, the person who owes or controls
28 the payments shall transmit the payments to the Department until
29 otherwise notified by the Department. If the debt of the delinquent
30 taxpayer is not paid within 1 year after the Department issued the
31 original demand to transmit, the Department shall issue another
32 demand to transmit to the person responsible for making the
33 payments informing him or her to continue to transmit payments to
34 the Department or that his or her duty to transmit the payments to
35 the Department has ceased.

36 6. If the notice of the delinquency seeks to prevent the transfer
37 or other disposition of a deposit in a bank or credit union or other
38 credits or personal property in the possession or under the control of
39 a bank, credit union or other depository institution, the notice must
40 be delivered or mailed to any branch or office of the bank, credit
41 union or other depository institution at which the deposit is carried
42 or at which the credits or personal property is held.

43 7. If any person notified by the notice of the delinquency
44 makes any transfer or other disposition of the property or debts
45 required to be withheld or transmitted, to the extent of the value of



1 the property or the amount of the debts thus transferred or paid, that
2 person is liable to the State for any indebtedness due pursuant to this
3 chapter, chapter 360B, 362, 363A, 363B, 363C, 363D, 369, 370,
4 372, 372A, 372B, 374, 377, 377A, 377C, 377D or 444A of NRS,
5 NRS 482.313, 482C.230 or 482C.240, or chapter 585 or 680B of
6 NRS *or sections 2 to 34, inclusive, of this act* from the person with
7 respect to whose obligation the notice was given if solely by reason
8 of the transfer or other disposition the State is unable to recover the
9 indebtedness of the person with respect to whose obligation the
10 notice was given.

11 **Sec. 39.** NRS 361.068 is hereby amended to read as follows:

12 361.068 1. The following personal property is exempt from
13 taxation:

- 14 (a) Personal property held for sale by a merchant;
- 15 (b) Personal property held for sale by a manufacturer;
- 16 (c) Raw materials and components held by a manufacturer for
17 manufacture into products, and supplies to be consumed in the
18 process of manufacture;
- 19 (d) Tangible personal property purchased by a business which
20 will be consumed during the operation of the business;
- 21 (e) Livestock;
- 22 (f) Colonies of bees;
- 23 (g) Pipe and other agricultural equipment used to convey water
24 for the irrigation of legal crops;
- 25 (h) All boats;
- 26 (i) Slide-in campers and camper shells;
- 27 (j) Except as otherwise provided in NRS 361.186, fine art for
28 public display; ~~and~~
- 29 (k) All personal property that is:
 - 30 (1) Owned by a person who is not a resident of this state; and
 - 31 (2) Located in this state solely for the purposes of:
 - 32 (I) An exhibit that is used in a convention or tradeshow
33 that is located in this State; or
 - 34 (II) A display, exhibition, carnival, fair or circus that is
35 transient in nature and is located in this State for not more than 30
36 days ~~;~~; *and*

37 *(l) Heavy equipment rental property.*

38 2. The Nevada Tax Commission may exempt from taxation
39 that personal property for which the annual taxes would be less than
40 the cost of collecting those taxes. If such an exemption is provided,
41 the Nevada Tax Commission shall annually determine the average
42 cost of collecting property taxes in this state which must be used in
43 determining the applicability of the exemption.

44 3. A person claiming the exemption provided for in paragraph
45 (j) of subsection 1 shall:



1 (a) On or before June 15 for the next ensuing fiscal year, file
2 with the county assessor an affidavit declaring that the fine art will,
3 during that ensuing fiscal year, meet all the criteria set forth in
4 paragraph (b) of subsection 4; and

5 (b) During any fiscal year in which the person claims the
6 exemption, make available for educational purposes and not for
7 resale, upon written request and without charge to any public school
8 as defined in NRS 385.007, private school as defined in NRS
9 394.103 and parent of a child who receives instruction in a home
10 pursuant to NRS 392.070, one copy of a poster depicting the fine art
11 that the facility has on public display if such a poster is available for
12 purchase by the public at the time of the request.

13 4. As used in this section:

14 (a) "Boat" includes any vessel or other watercraft, other than a
15 seaplane, used or capable of being used as a means of transportation
16 on the water.

17 (b) "Fine art for public display":

18 (1) Except as otherwise provided in subparagraph (2), means
19 a work of art which:

20 (I) Is an original painting in oil, mineral, water colors,
21 vitreous enamel, pastel or other medium, an original mosaic,
22 drawing or sketch, an original sculpture of clay, textiles, fiber,
23 wood, metal, plastic, glass or a similar material, an original work of
24 mixed media or a lithograph;

25 (II) Was purchased in an arm's length transaction for
26 \$25,000 or more, or has an appraised value of \$25,000 or more;

27 (III) Is on public display in a public or private art gallery,
28 museum or other building or area in this state for at least 20 hours
29 per week during at least 35 weeks of each year for which the
30 exemption is claimed or, if the facility displaying the fine art
31 disposes of it before the end of that year, during at least two-thirds
32 of the full weeks during which the facility had possession of it, or if
33 the gallery, museum or other building or area in which the fine art
34 will be displayed will not be opened until after the beginning of the
35 fiscal year for which the exemption is claimed, these display
36 requirements must be met for the first full fiscal year after the date
37 of opening, and the date of opening must not be later than 2 years
38 after the purchase of the fine art being displayed; and

39 (IV) Is on display in a facility that is available for group
40 tours by pupils or students for at least 5 hours on at least 60 days of
41 each full year for which the exemption is claimed, during which the
42 facility in which it is displayed is open, by prior appointment and at
43 reasonable times, without charge; and

44 (2) Does not include:



1 (I) A work of fine art that is a fixture or an improvement
2 to real property;

3 (II) A work of fine art that constitutes a copy of an
4 original work of fine art, unless the work is a lithograph that is a
5 limited edition and that is signed and numbered by the artist;

6 (III) Products of filmmaking or photography, including,
7 without limitation, motion pictures;

8 (IV) Literary works;

9 (V) Property used in the performing arts, including,
10 without limitation, scenery or props for a stage; or

11 (VI) Property that was created for a functional use other
12 than, or in addition to, its aesthetic qualities, including, without
13 limitation, a classic or custom-built automobile or boat, a sign that
14 advertises a business, and custom or antique furniture, lamps,
15 chandeliers, jewelry, mirrors, doors or windows.

16 (c) *“Heavy equipment rental property” has the meaning*
17 *ascribed to it in section 6 of this act.*

18 (d) “Personal property held for sale by a merchant” includes
19 property that:

20 (1) Meets the requirements of sub-subparagraphs (I) and (II)
21 of subparagraph (1) of paragraph (b);

22 (2) Is made available for sale within 2 years after it is
23 acquired; and

24 (3) Is made available for viewing by the public or
25 prospective purchasers, or both, within 2 years after it is acquired,
26 whether or not a fee is charged for viewing it and whether or not it is
27 also used for purposes other than viewing.

28 ~~(d)~~ (e) “Public display” means the display of a work of fine art
29 where members of the public have access to the work of fine art for
30 viewing during publicly advertised hours. The term does not include
31 the display of a work of fine art in an area where the public does not
32 generally have access, including, without limitation, a private office,
33 hallway or meeting room of a business, a room of a business used
34 for private lodging and a private residence.

35 ~~(e)~~ (f) “Pupil” means a person who:

36 (1) Is enrolled for the current academic year in a public
37 school as defined in NRS 385.007 or a private school as defined in
38 NRS 394.103; or

39 (2) Receives instruction in a home and is excused from
40 compulsory attendance pursuant to NRS 392.070.

41 ~~(f)~~ (g) “Student” means a person who is enrolled for the
42 current academic year in:

43 (1) A community college or university; or

44 (2) A licensed postsecondary educational institution as
45 defined in NRS 394.099 and a course concerning fine art.



1 **Sec. 40.** The amendatory provisions of section 39 of this act
2 do not apply to any taxes due for any period ending on or before
3 June 30, 2024.

4 **Sec. 41.** 1. This section becomes effective upon passage and
5 approval.

6 2. Sections 1 to 40, inclusive, of this act become effective:

7 (a) Upon passage and approval for the purposes of adopting
8 regulations and performing any other preparatory administrative
9 tasks that are necessary to carry out the provisions of this act; and

10 (b) On July 1, 2024, for all other purposes.

