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FIRST REPRINT

S.B. 233

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; making an appropriation; 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: (1) 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 each calendar quarter to the county in which the property is
16 rented; and (2) the county treasurer of each county that receives such proceeds to
17 distribute these taxes to taxing districts in the county in amounts based on the
18 distribution of property taxes imposed on the rental of heavy equipment rental
19 property during Fiscal Year 2023-2024.



20 **Sections 2.5-8** of this bill define certain terms relating to the imposition of the
21 tax on the rental of heavy equipment rental property. **Section 9** of this bill requires
22 the Department to administer the provisions of this bill establishing the tax and
23 authorizes the Department to adopt any necessary regulations. **Sections 10 and 11**
24 of this bill establish provisions governing the retention and examination of records
25 relevant to the tax. **Sections 30 and 31** of this bill establish that a person who
26 submits a false or fraudulent return or falsifies entries in books, records or accounts
27 with intent to evade the tax is guilty of a gross misdemeanor, and that a person who
28 violates any other provision governing the tax created by this bill is guilty of a
29 misdemeanor.

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

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

35 **Sections 39.3 and 39.5** of this bill establish, for Fiscal Years 2024-2025 and
36 2025-2026, respectively, a method for: (1) the calculation of the amount of tax that
37 would have been paid if heavy equipment rental property were not exempt from
38 personal property tax pursuant to **section 39**; and (2) the payment of an additional
39 amount of tax by heavy equipment rental companies if the amount of the personal
40 property tax would have been greater than the amount of the tax imposed on the
41 gross receipts from the rental of such property.

42 **Section 39.9** of this bill makes an appropriation to the Department of Taxation
43 for certain costs to carry out the provisions of this act.

44 **Sections 40 and 41** of this bill provide that the tax imposed on the gross
45 receipts from the rental of heavy equipment rental property becomes effective on
46 July 1, 2024, and that the exemption from the personal property tax for heavy
47 equipment rental property does not apply to any taxes due for any period ending on
48 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 1.5 to 34, inclusive, of this act.

4 **Sec. 1.5.** *The Legislature hereby finds and declares that:*

5 *1. Heavy equipment rental property is currently subject to the*
6 *personal property tax based on the location of the heavy*
7 *equipment rental property when personal property taxes are*
8 *assessed.*

9 *2. Exempting heavy equipment rental property from the*
10 *personal property tax and, instead, imposing a tax based on the*
11 *gross receipts from the charges for the rental of the heavy*
12 *equipment rental property paid by the renter both relieves burdens*
13 *on businesses associated with the personal property tax on such*
14 *property and ensures revenue is still available to governmental*
15 *entities that receive the proceeds of personal property tax on heavy*
16 *equipment rental property.*



1 3. *The removal of burdens associated with the personal*
2 *property tax imposed on heavy equipment rental property and*
3 *replacing the personal property tax with the tax imposed by*
4 *sections 1.5 to 34, inclusive, of this act will benefit this State by*
5 *encouraging the expansion of heavy equipment rental businesses*
6 *in this State and, thereby, expanding the availability of such*
7 *equipment for construction projects in this State.*

8 4. *The most administratively feasible and practicable manner*
9 *to determine the businesses exempt from the personal property tax*
10 *on heavy equipment rental property and, instead, required to pay*
11 *the tax imposed by sections 1.5 to 34, inclusive, of this act is to*
12 *categorize these businesses based on the NAICS code of the*
13 *industry in which the business is primarily engaged.*

14 5. *To enable heavy equipment rental companies to expand in*
15 *this State, such companies must be able to rely on the continuation*
16 *of the exemption from personal property taxes on heavy*
17 *equipment rental property and, for that reason, the exemption and*
18 *the tax imposed by sections 1.5 to 34, inclusive, of this act should*
19 *remain effective for 40 years.*

20 **Sec. 2.** *As used in this chapter, unless the context otherwise*
21 *requires, the words and terms defined in sections 2.5 to 8,*
22 *inclusive, of this act have the meanings ascribed to them in those*
23 *sections.*

24 **Sec. 2.5.** 1. *“Affiliate” means a person who, directly or*
25 *indirectly, through one or more persons or intermediaries,*
26 *controls, is controlled by or is under common control with a*
27 *specified person.*

28 2. *As used in this section, “control” means:*

29 (a) *Direct or indirect ownership, control or possession of 50*
30 *percent or more of the equity ownership of a person; or*

31 (b) *Possession, direct or indirect, of the power to direct or*
32 *cause the direction of the management and policies of a person,*
33 *whether through the ownership of voting securities, by contract or*
34 *through other means.*

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

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

41 (a) *The cost of the heavy equipment rental property to the*
42 *heavy equipment rental company;*

43 (b) *The cost of materials used, labor or service cost, interest*
44 *paid, losses, the cost of transportation to the heavy equipment*
45 *rental company, taxes imposed on the heavy equipment rental*



1 *company or any other expense of the heavy equipment rental*
2 *company; and*

3 (c) *Any charges by the heavy equipment rental company for*
4 *any services necessary to complete the rental, including, without*
5 *limitation, any delivery charges which are not stated separately*
6 *and any installation charges which are not stated separately.*

7 2. *The term does not include:*

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

10 (b) *Any installation or other service charges which are stated*
11 *separately;*

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

16 (d) *Any interest, financing or carrying charges from credit*
17 *extended on the rental of heavy equipment rental property, if*
18 *stated separately;*

19 (e) *Any taxes legally imposed directly on the renter which are*
20 *stated separately; and*

21 (f) *Any other separately stated charges or fees.*

22 **Sec. 5. 1.** *“Heavy equipment rental company” means a*
23 *person who is classified under 532412 or 532310 of the 2022*
24 *North American Industry Classification System, as published by*
25 *the Bureau of the Census of the United States Department of*
26 *Commerce, and is primarily engaged in the business of renting*
27 *heavy equipment rental property, without an operator, to the*
28 *public from a location in this State.*

29 2. *The term does not include a person who is:*

30 (a) *Engaged in the business of renting heavy equipment rental*
31 *property primarily to related persons or affiliates who operate or*
32 *drive, or both operate and drive, such equipment regardless of the*
33 *NAICS code that applies to the business; or*

34 (b) *Primarily engaged in the business of renting heavy*
35 *equipment rental property with an operator.*

36 **Sec. 6.** *“Heavy equipment rental property” means property,*
37 *machinery and equipment held in the inventory of a heavy*
38 *equipment rental company for sale or rental in the regular course*
39 *of business. The term includes, without limitation, property,*
40 *machinery and equipment that is customarily used or designed for*
41 *construction and industrial purposes, including, without*
42 *limitation, earthmoving equipment, lift equipment, material*
43 *handling equipment, pumps, generators, compressors, portable*
44 *power equipment, heating, ventilation and air conditioning*



1 *equipment, portable offices, containers, tank trailers and self-*
2 *propelled equipment.*

3 **Sec. 6.5.** *“North American Industry Classification System”*
4 *or “NAICS” means the most recently published version of the*
5 *North American Industry Classification System published by the*
6 *Bureau of the Census of the United States Department of*
7 *Commerce.*

8 **Sec. 7.** *“Rent,” “rental” or “renting” means entering into an*
9 *agreement with a heavy equipment rental company for the use of*
10 *heavy equipment rental property in exchange for consideration for*
11 *a period:*

12 1. *Not to exceed 365 days; or*

13 2. *That is open-ended under the terms of the rental contract*
14 *with no specified end date.*

15 **Sec. 8.** *“Renter” means a person who rents heavy equipment*
16 *rental property from a heavy equipment rental company in this*
17 *State.*

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

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

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

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

29 (c) *Make the records available for inspection by the*
30 *Department upon demand at reasonable times during regular*
31 *business hours.*

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

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

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

43 2. *Any person who may be liable for the tax imposed by this*
44 *chapter and who keeps outside of this State any books, papers and*
45 *records relating thereto shall pay to the Department an amount*



1 equal to the allowance provided for state officers and employees
2 generally while traveling outside of this State for each day or
3 fraction thereof during which an employee of the Department is
4 engaged in examining those documents, plus any other actual
5 expenses incurred by the employee while he or she is absent from
6 his or her regular place of employment to examine those
7 documents.

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

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

15 1. The United States, its unincorporated agencies and
16 instrumentalities;

17 2. Any incorporated agency or instrumentality of the United
18 States wholly owned by the United States or by a corporation
19 wholly owned by the United States;

20 3. The State of Nevada, its unincorporated agencies and
21 instrumentalities;

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

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

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

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

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

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

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

40 3. Contain a certification that the applicant transacts or
41 intends to transact business as a heavy equipment rental company;
42 and

43 4. Set forth any other information that the Department may
44 require.



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

4 *(a) File with the Department a return on a form prescribed by*
5 *the Department which includes such information as the*
6 *Department may require; and*

7 *(b) Remit to the Department any tax due pursuant to this*
8 *chapter for that calendar quarter.*

9 **2.** *Each return required to be filed by this section must state*
10 *separately the gross receipts from the rental of heavy equipment*
11 *rental property for each county to which the gross receipts are*
12 *attributable pursuant to subsection 5 of section 18 of this act*
13 *rented during the period covered by the return.*

14 **Sec. 18. 1.** *All fees, taxes, interest and penalties imposed*
15 *and all amounts of tax required to be paid under this chapter must*
16 *be paid to the Department in the form of remittances payable to*
17 *the Department.*

18 **2.** *The Department shall deposit the payments in the State*
19 *Treasury to the credit of the Heavy Equipment Rental Tax*
20 *Account, which is hereby created in the State General Fund.*

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

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

28 *(b) Determine for each county the amount of money equal to*
29 *the fees, taxes, interest and penalties attributable to the county*
30 *pursuant to this chapter during the preceding quarter, less the*
31 *amount transferred pursuant to paragraph (a).*

32 *(c) On or before the last day of the first month of each*
33 *calendar quarter, after subtracting the amount transferred*
34 *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 immediately preceding calendar quarter by the*
39 *percentage of the fees, taxes, interest and penalties imposed*
40 *pursuant to chapter 361 of NRS on heavy equipment rental*
41 *property attributable to a taxing district that are distributed to the*
42 *Consolidated Bond Interest and Redemption Fund for Fiscal Year*
43 *2023-2024.*

44 **(2)** *Transfer to the Intergovernmental Fund created by*
45 *NRS 353.254 and remit to each county an amount equal to the*



1 fees, taxes, interest and penalties attributable to the county
2 pursuant to this chapter during the immediately preceding
3 calendar quarter.

4 4. The county treasurer shall deposit the money received by
5 the county pursuant to this chapter in a separate account for
6 apportionment at the same time that money is apportioned
7 pursuant to NRS 361.755. Money received by the county pursuant
8 to this chapter must be apportioned and distributed among the
9 taxing units of the county in the same proportion that property
10 taxes on heavy equipment rental property were apportioned and
11 distributed for Fiscal Year 2023-2024 with respect to property
12 located in the taxing district to which the tax imposed by section
13 12 is attributable.

14 5. For the purposes of this section, the tax imposed by section
15 12 of this act is attributable to the county to which the rental of
16 heavy equipment rental property is sourced. The Commission may
17 adopt regulations establishing rules for the sourcing of the rental
18 of heavy equipment rental property. Until the Commission adopts
19 regulations to the contrary, the rental of heavy equipment rental
20 property is sourced to:

21 (a) Except as otherwise provided in paragraph (b), the county
22 of the business location of the heavy equipment rental company
23 from which the heavy equipment rental property is rented; or

24 (b) If the heavy equipment rental company is rented in a
25 county in which the heavy equipment rental company does not
26 maintain a business location from which heavy equipment rental
27 property is rented, the county in which the heavy equipment rental
28 property is rented, based on location information provided by the
29 renter.

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

40 **Sec. 20.** If the Department determines that any tax, penalty
41 or interest has been paid more than once or has been erroneously
42 or illegally collected or computed, the Department shall set forth
43 that fact in the records of the Department and certify to the State
44 Board of Examiners the amount collected in excess of the amount
45 legally due and the person from whom it was collected or by whom



1 *it was paid. If approved by the State Board of Examiners, the*
2 *excess amount collected or paid must, after being credited against*
3 *any amount then due from the person in accordance with NRS*
4 *360.236, be refunded to the person or his or her successors in*
5 *interest.*

6 **Sec. 21.** 1. *Except as otherwise provided in NRS 360.235*
7 *and 360.395:*

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

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

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

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

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

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

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

32 **Sec. 23.** 1. *No injunction, writ of mandate or other legal or*
33 *equitable process may issue in any suit, action or proceeding in*
34 *any court against this State or against any officer of the State to*
35 *prevent or enjoin the collection under this chapter of the tax*
36 *imposed by this chapter or any amount of tax, penalty or interest*
37 *required to be collected.*

38 2. *No suit or proceeding may be maintained in any court for*
39 *the recovery of any amount alleged to have been erroneously or*
40 *illegally determined or collected unless a claim for refund or credit*
41 *has been filed.*

42 **Sec. 24.** 1. *Within 90 days after a final decision upon a*
43 *claim filed pursuant to this chapter is rendered by the*
44 *Commission, the claimant may bring an action against the*
45 *Department on the grounds set forth in the claim in a court of*



1 *competent jurisdiction in Carson City, the county of this State*
2 *where the claimant resides or maintains his or her principal place*
3 *of business or a county in which any relevant proceedings were*
4 *conducted by the Department, for the recovery of the whole or any*
5 *part of the amount with respect to which the claim has been*
6 *disallowed.*

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

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

20 *2. If judgment is rendered for the plaintiff, the amount of the*
21 *judgment must first be credited towards any tax due from the*
22 *plaintiff.*

23 *3. The balance of the judgment must be refunded to the*
24 *plaintiff.*

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

31 **Sec. 27.** *A judgment may not be rendered in favor of the*
32 *plaintiff in any action brought against the Department to recover*
33 *any amount paid when the action is brought by or in the name of*
34 *an assignee of the person paying the amount or by any person*
35 *other than the person who paid the amount.*

36 **Sec. 28.** *1. The Department may recover a refund or any*
37 *part thereof which is erroneously made and any credit or part*
38 *thereof which is erroneously allowed in an action brought in a*
39 *court of competent jurisdiction in Carson City or Clark County in*
40 *the name of the State of Nevada.*

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

44 *3. The Attorney General shall prosecute the action, and the*
45 *provisions of the Nevada Revised Statutes, the Nevada Rules of*



1 *Civil Procedure and the Nevada Rules of Appellate Procedure*
2 *relating to service of summons, pleadings, proofs, trials and*
3 *appeals are applicable to the proceedings.*

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

9 2. *If an amount not exceeding \$25 has been illegally*
10 *determined, either by the Department or by the person filing the*
11 *return, the Department, without certifying this fact to the State*
12 *Board of Examiners, shall authorize the cancellation of the*
13 *amount upon the records of the Department.*

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

15 (a) *Make, cause to be made or permit to be made any false or*
16 *fraudulent return or declaration or false statement in any report*
17 *or declaration, with intent to defraud the State or to evade*
18 *payment of the tax or any part of the tax imposed by this chapter;*
19 *or*

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

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

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

29 **Sec. 32.** *Any prosecution for violation of any provision of*
30 *this chapter must be instituted within 3 years after the commission*
31 *of the offense.*

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

36 **Sec. 34.** *The remedies of the State provided for in this*
37 *chapter are cumulative, and no action taken by the Department or*
38 *the Attorney General constitutes an election by the State to pursue*
39 *any remedy to the exclusion of any other remedy for which*
40 *provision is made in this chapter.*

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

42 360.2937 1. Except as otherwise provided in this section,
43 NRS 360.320 or any other specific statute, and notwithstanding the
44 provisions of NRS 360.2935, interest must be paid upon an
45 overpayment of any tax provided for in chapter 362, 363A, 363B,



1 363C, 363D, 369, 370, 372, 372B, 374, 377, 377A, 377C or 377D
2 of NRS, *or sections 1.5 to 34, inclusive, of this act*, any of the taxes
3 provided for in NRS 372A.290, any fee provided for in NRS
4 444A.090, 482.313, 482C.230 or 482C.240, or any assessment
5 provided for in NRS 585.497, at the rate of 0.25 percent per month
6 from the last day of the calendar month following the period for
7 which the overpayment was made.

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

11 3. The interest must be paid:

12 (a) In the case of a refund, to the last day of the calendar month
13 following the date upon which the person making the overpayment,
14 if the person has not already filed a claim, is notified by the
15 Department that a claim may be filed or the date upon which the
16 claim is certified to the State Board of Examiners, whichever is
17 earlier.

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

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

22 360.300 1. If a person fails to file a return or the Department
23 is not satisfied with the return or returns of any tax, contribution or
24 premium or amount of tax, contribution or premium required to be
25 paid to the State by any person, in accordance with the applicable
26 provisions of this chapter, chapter 360B, 362, 363A, 363B, 363C,
27 363D, 369, 370, 372, 372A, 372B, 374, 377, 377A, 377C, 377D or
28 444A of NRS, NRS 482.313, 482C.230 or 482C.240, or chapter 585
29 or 680B of NRS, *or sections 1.5 to 34, inclusive, of this act*, as
30 administered or audited by the Department, it may compute and
31 determine the amount required to be paid upon the basis of:

32 (a) The facts contained in the return;

33 (b) Any information within its possession or that may come into
34 its possession; or

35 (c) Reasonable estimates of the amount.

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

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

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



1 5. When a business is discontinued, a determination may be
2 made at any time thereafter within the time prescribed in NRS
3 360.355 as to liability arising out of that business, irrespective of
4 whether the determination is issued before the due date of the
5 liability.

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

7 360.417 Except as otherwise provided in NRS 360.232 and
8 360.320, and unless a different penalty or rate of interest is
9 specifically provided by statute, any person who fails to pay any tax
10 provided for in chapter 362, 363A, 363B, 363C, 363D, 369, 370,
11 372, 372B, 374, 377, 377A, 377C, 377D, 444A or 585 of NRS, *or*
12 *sections 1.5 to 34, inclusive, of this act*, any of the taxes provided
13 for in NRS 372A.290, or any fee provided for in NRS 482.313,
14 482C.230 or 482C.240, and any person or governmental entity that
15 fails to pay any fee provided for in NRS 360.787, to the State or a
16 county within the time required, shall pay a penalty of not more than
17 10 percent of the amount of the tax or fee which is owed, as
18 determined by the Department, in addition to the tax or fee, plus
19 interest at the rate of 0.75 percent per month, or fraction of a month,
20 from the last day of the month following the period for which the
21 amount or any portion of the amount should have been reported
22 until the date of payment. The amount of any penalty imposed must
23 be based on a graduated schedule adopted by the Nevada Tax
24 Commission which takes into consideration the length of time the
25 tax or fee remained unpaid.

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

27 360.510 1. If any person is delinquent in the payment of any
28 tax or fee administered by the Department or if a determination has
29 been made against the person which remains unpaid, the
30 Department may:

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

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

35 ↪ give a notice of the delinquency and a demand to transmit
36 personally or by registered or certified mail to any person,
37 including, without limitation, any officer or department of this State
38 or any political subdivision or agency of this State, who has in his or
39 her possession or under his or her control any credits or other
40 personal property belonging to the delinquent, or owing any debts to
41 the delinquent or person against whom a determination has been
42 made which remains unpaid, or owing any debts to the delinquent or
43 that person. In the case of any state officer, department or agency,
44 the notice must be given to the officer, department or agency before



1 the Department presents the claim of the delinquent taxpayer to the
2 State Controller.

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

6 3. After receiving the demand to transmit, the person notified
7 by the demand may not transfer or otherwise dispose of the credits,
8 other personal property, or debts in his or her possession or under
9 his or her control at the time the person received the notice until the
10 Department consents to a transfer or other disposition.

11 4. Every person notified by a demand to transmit shall, within
12 10 days after receipt of the demand to transmit, inform the
13 Department of and transmit to the Department all such credits, other
14 personal property or debts in his or her possession, under his or her
15 control or owing by that person within the time and in the manner
16 requested by the Department. Except as otherwise provided in
17 subsection 5, no further notice is required to be served to that
18 person.

19 5. If the property of the delinquent taxpayer consists of a series
20 of payments owed to him or her, the person who owes or controls
21 the payments shall transmit the payments to the Department until
22 otherwise notified by the Department. If the debt of the delinquent
23 taxpayer is not paid within 1 year after the Department issued the
24 original demand to transmit, the Department shall issue another
25 demand to transmit to the person responsible for making the
26 payments informing him or her to continue to transmit payments to
27 the Department or that his or her duty to transmit the payments to
28 the Department has ceased.

29 6. If the notice of the delinquency seeks to prevent the transfer
30 or other disposition of a deposit in a bank or credit union or other
31 credits or personal property in the possession or under the control of
32 a bank, credit union or other depository institution, the notice must
33 be delivered or mailed to any branch or office of the bank, credit
34 union or other depository institution at which the deposit is carried
35 or at which the credits or personal property is held.

36 7. If any person notified by the notice of the delinquency
37 makes any transfer or other disposition of the property or debts
38 required to be withheld or transmitted, to the extent of the value of
39 the property or the amount of the debts thus transferred or paid, that
40 person is liable to the State for any indebtedness due pursuant to this
41 chapter, chapter 360B, 362, 363A, 363B, 363C, 363D, 369, 370,
42 372, 372A, 372B, 374, 377, 377A, 377C, 377D or 444A of NRS,
43 NRS 482.313, 482C.230 or 482C.240, or chapter 585 or 680B of
44 NRS *or sections 1.5 to 34, inclusive, of this act* from the person
45 with respect to whose obligation the notice was given if solely by



1 reason of the transfer or other disposition the State is unable to
2 recover the indebtedness of the person with respect to whose
3 obligation the notice was given.

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

5 361.068 1. The following personal property is exempt from
6 taxation:

7 (a) Personal property held for sale by a merchant;

8 (b) Personal property held for sale by a manufacturer;

9 (c) Raw materials and components held by a manufacturer for
10 manufacture into products, and supplies to be consumed in the
11 process of manufacture;

12 (d) Tangible personal property purchased by a business which
13 will be consumed during the operation of the business;

14 (e) Livestock;

15 (f) Colonies of bees;

16 (g) Pipe and other agricultural equipment used to convey water
17 for the irrigation of legal crops;

18 (h) All boats;

19 (i) Slide-in campers and camper shells;

20 (j) Except as otherwise provided in NRS 361.186, fine art for
21 public display; ~~and~~

22 (k) All personal property that is:

23 (1) Owned by a person who is not a resident of this state; and

24 (2) Located in this state solely for the purposes of:

25 (I) An exhibit that is used in a convention or tradeshow
26 that is located in this State; or

27 (II) A display, exhibition, carnival, fair or circus that is
28 transient in nature and is located in this State for not more than 30
29 days ~~and~~; *and*

30 *(l) Heavy equipment rental property.*

31 2. The Nevada Tax Commission may exempt from taxation
32 that personal property for which the annual taxes would be less than
33 the cost of collecting those taxes. If such an exemption is provided,
34 the Nevada Tax Commission shall annually determine the average
35 cost of collecting property taxes in this state which must be used in
36 determining the applicability of the exemption.

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

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

43 (b) During any fiscal year in which the person claims the
44 exemption, make available for educational purposes and not for
45 resale, upon written request and without charge to any public school



1 as defined in NRS 385.007, private school as defined in NRS
2 394.103 and parent of a child who receives instruction in a home
3 pursuant to NRS 392.070, one copy of a poster depicting the fine art
4 that the facility has on public display if such a poster is available for
5 purchase by the public at the time of the request.

6 4. As used in this section:

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

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

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

13 (I) Is an original painting in oil, mineral, water colors,
14 vitreous enamel, pastel or other medium, an original mosaic,
15 drawing or sketch, an original sculpture of clay, textiles, fiber,
16 wood, metal, plastic, glass or a similar material, an original work of
17 mixed media or a lithograph;

18 (II) Was purchased in an arm's length transaction for
19 \$25,000 or more, or has an appraised value of \$25,000 or more;

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

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

37 (2) Does not include:

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

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

43 (III) Products of filmmaking or photography, including,
44 without limitation, motion pictures;

45 (IV) Literary works;



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

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

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

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

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

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

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

20 ~~(d)~~ (e) “Public display” means the display of a work of fine art
21 where members of the public have access to the work of fine art for
22 viewing during publicly advertised hours. The term does not include
23 the display of a work of fine art in an area where the public does not
24 generally have access, including, without limitation, a private office,
25 hallway or meeting room of a business, a room of a business used
26 for private lodging and a private residence.

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

28 (1) Is enrolled for the current academic year in a public
29 school as defined in NRS 385.007 or a private school as defined in
30 NRS 394.103; or

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

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

35 (1) A community college or university; or

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

38 **Sec. 39.3.** 1. On or before July 31, 2024, each heavy
39 equipment rental company registered with the Department of
40 Taxation on June 30, 2024, shall provide, in such form as the
41 Department may require, a listing of all heavy equipment rental
42 property owned by the heavy equipment rental company and located
43 in a county in this State on July 1, 2024.

44 2. The Department shall, on or before August 31, 2025:



1 (a) Calculate the total amount of property tax on heavy
2 equipment rental property that would have been owed to each
3 county for Fiscal Year 2024-2025 if such property was not
4 exempted from that tax pursuant to NRS 361.068, as amended by
5 section 39 of this act.

6 (b) Compare the amount determined pursuant to paragraph (a) to
7 the total amount of the tax imposed pursuant to section 12 of this act
8 on all taxpayers for Fiscal Year 2024-2025.

9 (c) Notwithstanding the provisions of NRS 360.255, publish on
10 the Internet website of the Department notice to the public regarding
11 whether the total amount of the tax imposed pursuant to section 12
12 of this act on all taxpayers for Fiscal Year 2024-2025 is greater than
13 or less than the total amount of property tax on heavy equipment
14 rental property that would have been owed to the counties in this
15 State for Fiscal Year 2024-2025 if such property was not exempted
16 from that tax pursuant to NRS 361.068, as amended by section 39 of
17 this act.

18 3. If the total amount of the tax imposed pursuant to section 12
19 of this act on all taxpayers for Fiscal Year 2024-2025 is less than the
20 property tax on heavy equipment rental property that would have
21 been owed to the counties in this State for Fiscal Year 2024-2025 if
22 such property was not exempted from that tax pursuant to NRS
23 361.068, as amended by section 39 of this act, there is hereby
24 imposed upon each heavy equipment rental company a tax in an
25 amount which is equal to the difference between the amount of the
26 property tax that the taxpayer would have paid on heavy equipment
27 rental property for Fiscal Year 2024-2025 if such property was not
28 exempted from that tax pursuant to NRS 361.068, as amended by
29 section 39 of this act, and the amount of the tax owed by the
30 taxpayer pursuant to section 12 of this act for Fiscal Year 2024-
31 2025. The proceeds of the tax imposed pursuant to this subsection
32 shall be deposited in the State Treasury to the credit of the Heavy
33 Equipment Rental Tax Account created by section 18 of this act and
34 distributed in the same manner as other money deposited in that
35 Account.

36 **Sec. 39.5.** 1. On or before July 31, 2025, each heavy
37 equipment rental company registered with the Department of
38 Taxation on June 30, 2025, shall provide, in such form as the
39 Department may require, a listing of all heavy equipment rental
40 property owned by the heavy equipment rental company and located
41 in a county in this State on July 1, 2025.

42 2. The Department shall, on or before August 31, 2026:

43 (a) Calculate the total amount of property tax on heavy
44 equipment rental property that would have been owed to each
45 county for Fiscal Year 2025-2026 if such property was not



1 exempted from that tax pursuant to NRS 361.068, as amended by
2 section 39 of this act.

3 (b) Compare the amount determined pursuant to paragraph (a) to
4 the total amount of the tax imposed pursuant to section 12 of this act
5 on all taxpayers for Fiscal Year 2025-2026.

6 (c) Notwithstanding the provisions of NRS 360.255, publish on
7 the Internet website of the Department notice to the public regarding
8 whether the total amount of the tax imposed pursuant to section 12
9 of this act on all taxpayers for Fiscal Year 2025-2026 is greater than
10 or less than the total amount of property tax on heavy equipment
11 rental property that would have been owed to the counties in this
12 State for Fiscal Year 2025-2026 if such property was not exempted
13 from that tax pursuant to NRS 361.068, as amended by section 39 of
14 this act

15 3. If the total amount of the tax imposed pursuant to section 12
16 of this act on all taxpayers for Fiscal Year 2025-2026 is less than the
17 property tax on heavy equipment rental property that would have
18 been owed to the counties in this State for Fiscal Year 2025-2026 if
19 such property was not exempted from that tax pursuant to NRS
20 361.068, as amended by section 39 of this act, there is hereby
21 imposed upon each heavy equipment rental company a tax in an
22 amount which is equal to the difference between the amount of the
23 property tax that the taxpayer would have paid on heavy equipment
24 rental property for Fiscal Year 2025-2026 if such property was not
25 exempted from that tax pursuant to NRS 361.068, as amended by
26 section 39 of this act, and the amount of the tax owed by the
27 taxpayer pursuant to section 12 of this act for Fiscal Year 2025-
28 2026. The proceeds of the tax imposed pursuant to this subsection
29 shall be deposited in the State Treasury to the credit of the Heavy
30 Equipment Rental Tax Account created by section 18 of this act and
31 distributed in the same manner as other money deposited in that
32 Account.

33 **Sec. 39.7.** Notwithstanding the provisions of NRS 360.255,
34 the Department of Taxation shall, on or before October 1, 2026,
35 prepare and submit to the Director of the Legislative Counsel
36 Bureau for transmittal to the 84th Session of the Legislature a
37 written report that:

38 1. Compares the total amount of property tax on heavy
39 equipment rental property that would have been owed to each
40 county for Fiscal Years 2024-2025 and 2025-2026 if such property
41 was not exempted from that tax pursuant to NRS 361.068, as
42 amended by section 39 of this act, and the total amount of the tax
43 imposed pursuant to section 12 of this act on all taxpayers for Fiscal
44 Years 2024-2025 and 2025-2026.



2. Provides recommendations regarding whether the rate of the tax imposed pursuant to section 12 of this act is reasonable or should be increased or decreased to produce revenue which is closer to the amount of revenue that would be generated if heavy equipment rental property was not exempted from the property tax pursuant to NRS 361.068, as amended by section 39 of this act.

Sec. 39.9. 1. There is hereby appropriated from the State General Fund to the Department of Taxation for personnel, operating, equipment and information services to carry out the provisions of this act the following sums:

For the Fiscal Year 2023-2024..... \$383,790

For the Fiscal Year 2024-2025..... \$350,023

2. Any balance of the sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 20, 2024, and September 19, 2025, respectively, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 20, 2024, and September 19, 2025, respectively.

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

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

2. Section 39.9 of this act becomes effective July 1, 2023.

3. Sections 1 to 39.7, inclusive, and 40 of this act become effective:

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

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

4. This act expires by limitation on June 30, 2064.

