

TAXTOPICS

A Publication of the Nevada Taxpayers Association serving the citizens of Nevada since 1922 - Electronic Edition

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THE 2005 SESSIONS: THE UPSIDE & THE DOWNSIDE

It was a session that should have been “easy” given the huge surplus and the initial promises of not repeating the acrimonious behavior of the 2003 Sessions. And it actually started out that way. Unfortunately, by the last 10 days of session all pretense of collegiality or an easy session were gone. As one observer said, “It seemed to become the theater of the absurd.” .

NTA president Carole Vilardo said, “Unfortunately it was a session of missed opportunities. Instead of dealing with correcting the taxes of last session based on policy, there was more concern with spending the surplus and what legislator would get credit for what populist idea.” The “upside” and “downside” on the session (listed below) focuses on taxes, spending, and procedure.

The Upside

For the individual property owner, it is the three percent property tax cap.

For most taxpayers, it is the vehicle registration rebate check which will range from a minimum of \$75 to a maximum of \$275. Seniors who do not own a car, but have a State issued ID will receive a \$75 check..

For future high school graduates, it is extending the availability of the millennium scholarship - - - renamed the Guinn (for the Governor) Millennium Scholarship Fund - - - through the partial use (approximately \$7.5 million) of revenue from unclaimed property. Also part of this bill was a cap of 12 credits per semester and increases in the grade point average required to qualify for the scholarship and continue the scholarship.

For risk retention groups it is, a reduction in the insurance premium tax from 3 ½% to 2%.

The Downside

The elimination of the Assembly Committee on Taxation. Instead of tax bills heard and processed by one committee there were five committees. They were the newly formed Growth and Infrastructure committee and the committees of Commerce and Labor, Government Affairs, Transportation, and Ways and Means. This prevented even a modicum of consistency regarding tax policy during discussions on the various tax bills.

❖ On the tax side, it was the failure to:

- ❖ Correct problems created last session by the passage of car rental tax bills which provided for different treatment of the exemptions allowed against the tax and recovery surcharge;
- ❖ Update the senior citizen tax rebate;
- ❖ Eliminate the bank franchise tax;
- ❖ Eliminate or reduce the amount of the Modified Business Tax on Financial Institutions.
- ❖ Create an easily understood, simple to administer property tax relief measure. The capping mechanism in AB 489, which provides property tax relief is convoluted. And because it creates a defacto “split” property tax roll by establishing different property tax caps for different property owners, it is probably ripe for a constitutional challenge.

Continued on page 14

In this issue of TAXTOPICS . . . Legislative Enactments: Part 1 - Taxes

LEGISLATIVE ENACTMENTS: PART I - TAXES

The following bills, AB 489 and SB 509 regarding property tax and AB 554 and SB 3 of the 22nd Special Session constitute the major tax bills we believe are of most interest to our members. The major provisions of these bills are detailed on this page through page 6. Pages 7 through 14 summarize the remaining tax bills which were passed during the 2005 regular and Special sessions.

AB 489 - PROPERTY TAX CAP

Requested by: [Committee on Growth and Infrastructure](#)

Notes: Discussion of how to cap rising property tax bills dominated the first part of the legislative session and resulted in the passage of AB 489. Due to the need to pass any property tax relief legislation by the end of March, there were some issues that still had to be resolved which were subsequently addressed in SB 509.

❖ For all property in a county including centrally assessed property, the cap over the prior year is determined as follows:

Add the greater amount of all property taxes levied in the prior year on the parcel of property; or which would have been levied without any exemptions that might have been applied to the parcel of property; and

1. The percentage of the amount determined which is equal to the lesser of:

The average percentage change in the total assessed valuation of the county over the average of the current year plus the prior 9 years; or 8%; and then take

2. The percentage amount that is equal to the greater of:

The resulting percentage amount calculated in subsection 1 above; or twice the percentage increase of the Consumer Price Index (CPI) for the prior calendar year. (*The CPI calculation for this fiscal year, 2005-2006, is 5.4%.*)

The resulting percentage amount becomes the tax cap for each parcel of property for the current fiscal year.

❖ For the owner who occupies a single family residence, the property tax bill is capped at an increase of 3%. Excluded from the cap is any increase in the assessed valuation of the property from the prior year which is due to any improvement or change in the actual or authorized use of the property. Additionally, the owner of the single family residence who operates a home business out of his residence or has placed the title in a trust for the purpose of estate planning is still entitled to the cap.

A “single family residence” is defined as a parcel or other unit of real property or unit of personal property intended to be occupied by one family with facilities for living, sleeping, cooking and eating. This includes: a mobile or manufactured home whether or not the owner owns the property on which the home is situated; a condominium; a home in a common-interest community; a planned unit development; or a similar property.

This provision is based on Article 10, Section 1, subsection 10 of Nevada’s Constitution which provides a “severe economic hardship” abatement for a single family residence occupied by the owner. The Legislative declaration decreed a “hardship” exists if a property tax bill increases more than 3% over the prior year.

❖ The 3% cap also applies to residential rental property, if the rent charged does not exceed the fair market rent as most recently published by the United States Department of Housing and Urban Development. Excluded from the cap is any increase in the assessed valuation of the property from the prior year which is due to any improvement or change in the actual or authorized use of the property. This cap does not apply to hotels, motels or other transient lodging.

This provision is pursuant to Article 10, Section 1, subsection 8 of Nevada’s Constitution which provides for charitable exemptions.

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- ❖ Future ballot questions that ask the voters for approval must indicate on the ballot that the property tax increase requested will be outside of the cap.
- ❖ Taxing entities within a county receive a share of the revenue based on the proportion their rate bears to the combined rate of all property taxes levied in the county for that year.
- ❖ If property is subdivided, but part of the property remains as it was in the prior year, the tax for the “remainder” parcel is calculated as “for all other property” (prior bullet point).

“Remainder parcel of real property” is defined as a “*parcel of real property which remains after the creation of new parcels of real property for development from one or more existing parcels of real property, if the use of that remaining parcel has not changed from the immediately preceding fiscal year.*”

- ❖ If a parcel of property decreases more than 15% on or after July 1, 2003 and then this parcel of property increases by 15% or more after July 1, 2005 from its taxable value for the prior year, the amount of tax which would have been collected without the cap will be levied on the property. One-third of this additional amount will appear on the tax bill in addition to the capped tax amount due for that year and to the amounts due in each of the following two years.

This is known as the “recapture” provision.

- ❖ The Nevada Tax Commission is charged with adopting regulations for each section of the bill as necessary to carry out the provisions of those sections - - - including developing and providing a simple, easily understood form to be used by a business who wants to appeal his value based on the income approach.
- ❖ Requires the Legislative Commission to appoint a Subcommittee to study the taxation of real property in this State. The committee will consist of three members appointed by the Majority Leader of the Senate and three members of the Assembly appointed by the Speaker of the Assembly.

The study areas will include factors that contribute to increased property values and taxes; the manner and extent these factors have caused burdens on the taxpayers; and determining how Nevada laws can be amended to ease burdens in a fair and equitable manner.

- ❖ The Legislative Commission shall submit the Report of the Subcommittee and any recommendations for legislation to the 2007 Session of the Nevada Legislature.

Effective: April 6, 2005

SB 509 - TRAILER BILL TO AB 489

Requested by: [Committee on Taxation](#)

- ❖ Adds provisions to calculate, allocate and distribute the revenue collected in a county to redevelopment districts, for annexation (when one entity annexes the property of another entity within the county or taxing district) and when one taxing district in a county increases their tax rate.
- ❖ Provides for the Committee on Local Government Finance to adopt regulations it determines are necessary to interpret and administer the provisions relating to redevelopment and annexation.
- ❖ Clarifies provisions relating to applying the cap to centrally assessed properties.
- ❖ Requires each County Assessor to provide per parcel assessment information to the Department of Taxation on or before March 5 of each year.
- ❖ Requires the Department of Taxation to provide each local government a projection of the property tax revenue the local government can expect to receive the ensuing fiscal year. The projection must be provided on or before March 25.

Continued on Page 4

- ❖ Provides that a taxpayer who believes the wrong cap has been applied may apply to the County Tax Receiver (Treasurer) to correct the determination. The taxpayer must receive a response within 30 days. If the taxpayer still disagrees with the decision, they may appeal within 30 days to the Tax Commission. Judicial review is authorized if the taxpayer is still dissatisfied with the decision.
- ❖ Provides that if a person falsely claims they are entitled to the 3% cap with the intent to avoid the required payment of the tax, the person shall pay a penalty of three times the amount of the tax deficiency, in addition to the amount of tax due and any other penalties.
- ❖ Requires the Nevada Tax Commission to adopt a regulation to provide a methodology to apply the abatement to a parcel of real property of which only a portion of the single-family residence which is the primary residence of the owner and for which the remainder of the residence is used in another manner.
- ❖ Adds to the definitions of AB 489. Establishes a definition of “primary residence of the owner” which
 - “(1) Is designated by the owner as a primary residence of the owner in this State, exclusive of any other residence of the owner in this state; and*
 - (2) Is not rented, leased or otherwise made available for exclusive occupancy by any person other than the owner of the residence and member of the family of the owner of the residence.”*
- ❖ Clarifies the Consumer Price Index measure to be used is “for all Urban Consumers, U.S. City Average.”
- ❖ Amends the “recapture” provision in AB 489 to add that any property which decreases by 15% or more from its taxable value on:
 - (1) July 1, 2003 (the following language is added.) ;*or*
 - “(2) July 1 of the second year immediately preceding the lien date for the current year, whichever is later.”*
- ❖ Amends AB 489 to include that any property tax rate imposed by the Legislature is outside the property tax cap.
- ❖ Clarifies the following provisions contained within AB 489:
 - ❖ If an additional tax rate is necessary to satisfy general obligation bonds, the tax rate required is outside the property tax cap.
 - ❖ For the purposes of establishing a tax rate for bonds, a “taxing entity” does not include the State.
 - ❖ It is the voters residing within the boundaries of a taxing entity that vote on a question not the voters of a county that must approve a ballot question that increases property tax.
 - ❖ If a ballot question for a property tax does not require an increased levy, the ballot question may so indicate.
 - ❖ A ballot question may combine a property tax question which includes an increase outside the cap and a portion of the question that does not require an increase.
 - ❖ The provision which provides a simplified form to be used to allow the owner of business property to use the income approach to appeal their property value.
- ❖ Provides that if the voters have approved a property tax levy for general obligation bonds before April 6, 2005 and the levy has not been imposed, the levy is outside the property tax cap.

Effective: Most Sections, June 14, 2005

SB 3 OF THE 22ND SPECIAL SESSION
CHANGES TO THE STATE BUSINESS LICENSE, MODIFIED BUSINESS TAX & LIVE ENTERTAINMENT TAX
 Requested by: Ways and Means Committee

Note: The majority of the provisions contained within this bill are from SB 392 of the 2005 Regular Session which was not processed before adjournment. Those changes were recommendations requested by the Legislative Committee on Tax, Public Revenue and Tax Policy, otherwise referred to as the SB 8 (of the 20th Special Session in 2003) Oversight Committee.

State Business License

- ❖ Provides that a natural person:
 - ❖ Does not have to obtain more than one business license.
 - ❖ Who rents four or fewer dwelling units to others is exempt from obtaining a state business license.
- ❖ Defines “federal tax year”.
- ❖ Allows a person to designate a date other than “anniversary date” for the renewal of the license as agreed to with the Department of Taxation and allows the fee to be pro-rated
- ❖ Clarifies that the wage provision for a sole proprietor is based on “net earnings” of 66 2/3%.
- ❖ Defines “business” as “Any person, except a natural person, that performs a service or engages in a trade for profit.” A natural person who performs as a business is defined by the IRS tax reporting forms that are filed.
- ❖ Defines “Exhibition” as a “trade show or convention, craft show, sporting event or any other similar event involving the exhibition of property, products, goods, services or athletic or physical skill.”
- ❖ Provides that:
 - ❖ A person or governmental entity that operates a facility where exhibitions are held is responsible for paying the license for persons who exhibit but do not have a State Business License.
 - ❖ Allows the operator of the facility to pay an annual license fee of \$5,000 for all events held at the facility for that fiscal year, or to remit on a quarterly basis for each event held at a facility, \$1.25 per day for each business taking part in an exhibition.
 - ❖ A person who takes part in an exhibition and is not otherwise required to have a State Business License does not have to obtain a license if the operator of the facility pays the fee on the part of the participants.

Modified Business Tax - Financial Institutions

- ❖ Adds to statute the regulations adopted by the Tax Commission for the calculation of the deduction of health care.
- ❖ Provides an exemption from the branch tax of \$7,000 per year for the first branch of a bank in each county.
- ❖ Defines “business” as “Any person, except a natural person, that performs a service or engages in a trade for profit.”

Modified Business Tax - All other Businesses

- ❖ Adds to statute the regulations adopted by the Tax Commission for the calculation of the deduction of health care.
- ❖ Defines “business” as “Any person, except a natural person, that performs a service or engages in a trade for profit.”

Live Entertainment Tax

- ❖ Clarifies:
 - ❖ The authority to adopt regulations for the LET, administered by the Gaming Control Board, is vested with the Gaming Commission.
 - ❖ “Occupancy” not “seating capacity” determines the rate of tax imposed.
 - ❖ Provisions relating to the exemption from the tax by nonprofits.
- ❖ Specifically exempts food and product demonstrations provided at a shopping mall, craft show or retail establishment.

Miscellaneous Provisions

- ❖ Expands the Taxpayers Bill of Rights (NRS 360.291) to include taxes and any regulations adopted by the Department of Taxation for taxes collected by the Department as well as those administered by the Department. Those taxes added and which will now be covered by the Taxpayers’ Bill of Rights include the State and local portions of the car rental tax and the insurance premium tax.
- ❖ Creates a Taxpayers Bill of Rights for Taxes on Fuels which parallels the provisions of NRS 360.291 (the Taxpayers’ Bill of Rights for chapters administered by the Department of Taxation).
- ❖ Provides an appropriation to the Department of Taxation and the Department of Motor Vehicles for printing the Taxpayer Bill of Rights pamphlets and requires the information to be posted on each department’s website.
- ❖ Increases the salary of members of the Tax Commission and provides an appropriation for the increase in salaries.

Effective: July 1, 2005

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| <p>AB 554 - CHANGES TO THE MODIFIED BUSINESS TAX - LIVE ENTERTAINMENT TAX SALES & USE TAX AND REAL PROPERTY TRANSFER TAX</p> |
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Sponsored by: Committee on Commerce and Labor

Modified Business Tax

- ❖ Clarifies that an employer does not include “a person who does not supply a product or service, but only consumes a service.” *(Note: This provision clarifies who is subject to paying the MBT. For instance a person who hires domestic help such as a care giver is not subject to the MBT because they are simply consumers of a service.)*

Live Entertainment Tax

- ❖ Defines “casual assemblage” to include, without limitation participants at: conventions, meetings, tournaments, etc.; persons celebrating various occasions; shopping mall; and trade show.
- ❖ Expands without limitation, the term “admission charge” to include without limitation an entertainment fee, cover charge, table reservation fee or minimum purchase of food, beverage or merchandise.
- ❖ Clarifies the term “live entertainment” by amending regulations adopted by the Tax Commission and Gaming Commission into statute.

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Live Entertainment Tax continued

❖ Exempts

- Entertainment that is incidental to amusement rides, motion simulator or similar digital, electronic mechanical or electromechanical attractions.
- An outdoor concert that is not provided in a gaming establishment.
- The NASCAR Nextel Cup Series, effective July 1, 2007.

❖ Allows the Nevada Gaming Commission to adopt regulations providing an exemption for ambient entertainment provided in a restaurant if there is no charge to patrons.

❖ Reduces the seating capacity from 300 to 200 for purposes of imposing the tax.

(Note: Because SB 3 of the Special Session changes “seating capacity” to “occupancy” in the sections of this bill dealing with the LET, the reduction to 200 will be based on occupancy.)

Sales & Use Tax

❖ Exempts from the Use Tax \$100 or less worth of tangible personal property which is acquired free of charge at a convention, trade show or other public event.

❖ Redefines Farm Machinery and equipment and exempts it from the local portions of the sales and use tax.

❖ Continues the allowance given by a retailer against the selling price for the value of a used vehicle taken in trade on the purchase of another vehicle from the local portions of the sales and use tax.

❖ Provides for a ballot question at the November 2006 general election to ask the voters: (1) if they approve exempting from the state and local portions of the Sales and Use Tax farm machinery and equipment; and (2) allow a deduction for sales tax paid on a used vehicle taken in trade for another vehicle. If approved by the voters, this provision will be effective on January 1, 2007.

Real Property Transfer Tax

❖ Clarifies that the exemption for the transfer, etc. of property conveyed within the first degree of consanguinity or affinity is “lineal.”

Effective: Dates vary

“QUOTE - UNQUOTE”

Once you get into tax legislation there is always the majority for reform but very seldom a majority - - - after the special interests have done their work - - - for any particular reform.

Russell Long

| PROPERTY TAX | |
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| <p>AB 128</p> <p>Sponsors: Assembly Members Weber, Mabey, McCleary et al (12)</p> | <p>Property Tax - Information to Taxpayers</p> <p>This bill expands the information available to taxpayers about their tax bills. It requires the Department of Taxation and County Assessors to provide information on the Internet including a description of the assessment process, an explanation of the manner in which property taxes are calculated, the rates of taxes imposed by various tax entities and the revenues generated by those taxes. The annual notice published by the County Treasurers will now include an explanation of each component of the property tax including the statutory authority for each tax. For each component of the property tax approved by the voters the information will show the year the tax was first collected and the year the tax will no longer be collected if it is not permanent. The individual tax bill sent to taxpayers will explain how to obtain the information set forth in the newspaper notice.</p> <p><u>Effective:</u> October 1, 2005</p> |
| <p>AB 392</p> <p>Requested by: Assemblyman Hettrick</p> | <p>Property Tax Regulations</p> <p>Requires the Nevada Tax Commission to adopt general and uniform regulations governing the assessment of property by the County Assessors, County Boards of Equalization, the State Board of Equalization and the Department of Taxation. The regulations must include, without limitation, standards for the appraisal and reappraisal of land to determine its taxable value.</p> <p><u>Effective:</u> October 1, 2005</p> |
| <p>AB 393</p> <p>Requested by: Assemblyman Hettrick</p> | <p>Sale of Property Liens</p> <p><i>Note: This legislation is permissive and requires a County Commission to adopt a resolution to establish the procedure of sale of tax liens by the County Treasurer.</i></p> <p>Authorizes a county to sell tax liens against secured parcels of real property located within the county on the first Monday in June if the taxes on the parcel are delinquent. The Tax Receiver must give notice of the lien. Other provisions include the sale price and interest that can be charged.</p> <p><u>Effective:</u> July 1, 2005</p> |
| <p>AB 570</p> <p>Requested by: Committee on Ways and Means</p> | <p>Elimination of Allodial Titles</p> <p><i>Note: Only one allodial title has been issued since the law was adopted in 1997.</i></p> <p>As of the effective date, allodial titles will no longer be issued and the authority for transfers, changes of titleholders or any other change to an existing allodial title is voided.</p> <p><u>Effective:</u> June 13, 2005</p> |
| <p>SB 45</p> <p>Sponsor: Committee on Taxation</p> <p>Requested by: The State Controller</p> | <p>Filing of Property Tax Protest - Administration</p> <p>Eliminates the requirement that the tax receiver (county treasurer) has to file a copy of a written protest filed by a property owner concerning property taxes to the Attorney General and State Controller.</p> <p><u>Effective:</u> July 1, 2005</p> |

| PROPERTY TAX CONTINUED | |
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| <p>SB 358</p> <p>Requested by: Senators Beers and Nolan</p> | <p>Common-Interest Communities - Procedure</p> <p>Provides that any property taxes or special assessments assessed upon any real property within a common-interest community must be assessed upon the community units and not upon the common-interest community as a whole and must not be assessed upon any common elements of the common-interest community.</p> <p><u>Effective:</u> October 1, 2005</p> |
| <p>SB 390</p> <p>Requested by: Committee on Taxation</p> | <p>Real Property Transfer Tax - Administration</p> <p>Provides that if a District Attorney is advised by the County Recorder that there is a conflict between the opinion of two or more district attorneys in the State on a question of interpretation of the RPTT, or the District Attorney cannot render an opinion in a timely manner, the District Attorney shall request an opinion from the Attorney General. Eliminates the collection fee for the recordation of deeds of trust and transfers of property effective January 1, 2006.</p> <p><u>Effective:</u> Dates vary</p> |
| <p>SB 394</p> <p>Sponsor: Committee on Taxation</p> <p>Requested by: Nevada Assessors Association</p> | <p>Assessors' Omnibus Bill</p> <p><i>Note: A great deal of controversy surrounded this bill when the golf course amendment was attached. Only the major provisions of this bill are listed.</i></p> <p>Provides that any person who receives an exemption and who files a false proof or affidavit to the County Assessor or a Notary Public which results in an property tax exemption is guilty of a misdemeanor. Requires the Department of Taxation to provide the adjusted amount of Consumer Price Index (CPI) to the County Assessor and changes the period for calculating CPI to the fiscal year. Establishes water rights as tangible property and requires them to be considered in valuing real property if appropriate. Provides for the acceptance of electronic signatures for the filing of certain documents. Adds corrections of assessments for factual errors to reasons the roll may be reopened. Increases the standard to a "preponderance of evidence." to be used by a County Board of Equalization before granting relief.</p> <p>Creates a land value for golf courses that cannot exceed \$2,860 of taxable value (\$1,000 of assessed value per each \$100 dollars) adjusted annually for inflation and requires the Tax Commission to establish the factors for valuing the improvements of golf courses. Also designates and classifies golf courses as "open-space" real property.</p> <p>Increases the assessed value of a home eligible for the Senior Rebate program to \$200,000 assessed value (\$571,429 taxable value). Increases the collection allowance provided to Assessors for the collection of net proceeds and personal property for a period of two years and requires the money to be used to improve technology in the Assessor's office.</p> <p>This bill also adds extensive amendments to AB 312 of this session regarding the sale of real property owned by a government entity.</p> <p><u>Effective:</u> Dates vary. Change for valuing golf courses is effective July 1, 2006.</p> |

If you would like to discuss any bill reported in this issue of TAXTOPICS call the NTA office nearest you. Contact information is located at the bottom of page 15.

| SALES & USE TAX | |
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| <p>AB 418</p> <p>Sponsor: Growth & Infrastructure Committee</p> <p>Requested by: Clark County</p> | <p>Sales Tax Increase to Equip and Employ New Police Officers - Clark County</p> <p><i>Note: This increase was approved by the voters of Clark County at the November 2004 general election (Advisory Ballot Question 9).</i></p> <p>Provides that the Clark County Commission may increase the sales tax 1/4 of 1% to equip and hire additional police officers. The tax may be imposed commencing October 1, 2005. Up to an additional 1/4 of 1% may be imposed if approved by the Legislature on or after October 1, 2009. The total rate may not exceed 1/2 of 1%. The tax revenue is shared by all police departments in Clark County, with distribution based on population.</p> <p><u>Effective:</u> July 1, 2005. <u>Sunsets:</u> October 1, 2025</p> |
| <p>SB 170</p> <p>Requested by: Senator McGinness</p> | <p>Sales Tax Increase - Voter Approval Required</p> <p><i>Note: This is an expansion of provisions allowed pursuant to NRS 374.020 and NRS 374.030.</i></p> <p>Allows counties whose population is less than 100,000 (excludes Clark and Washoe counties) to impose a tax of 1/4 of 1 % to acquire, develop, construct, equip, operate, maintain, improve and manage libraries, parks, recreational programs and facilities, and facilities and services for senior citizens, and to preserve and protect agriculture, or for any combination of those purposes, if voter approval is received. The term “parks” or “recreational programs and facilities” does not include a golf course, driving range or any similar facility related to the sport of golf. The duration of the levy may not exceed 30 years.</p> <p><u>Effective:</u> Dates Vary</p> |
| <p>SB 321</p> <p>Requested by: Senator Raggio</p> | <p>Administration of Sales Tax for Sales to Nonprofits</p> <p>Requires the Department of Taxation to include an exemption from sales tax for motor vehicles transferred to nonprofit organizations formed for religious, charitable or educational purposes.</p> <p><u>Effective:</u> July 1, 2005</p> |
| <p>SB 515</p> <p>Sponsor: Committee on Taxation</p> <p>Requested by: Dept. of Taxation</p> | <p>Streamlined Sales Tax</p> <p>Clarifies various provisions of the Streamlined Sales Tax. Includes definitions for: alcoholic beverages, computer, computer software, delivered electronically, delivery charges, dietary supplement, drug, electronic, food and food ingredients, medicine, prepared food, prescription, prewritten computer software, prosthetic device, sales price, tangible personal property, tobacco, tonics and vitamins.</p> <p>Other clarifications include provisions for filing tax returns and alternate registration. Revises the amnesty provisions for registration of a seller. Changes the effective date for implementation of the Streamlined Sales Tax provisions from January 1, 2006 to June 15, 2005.</p> <p><u>Effective:</u> Dates vary</p> |

Anonymous Aphorisms....

They used to say that the only thing government didn't tax was taxes. Then they invented the surtax.

| MODIFIED BUSINESS TAX | |
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| <p>AB 67</p> <p>Sponsor: Committee on Commerce & Labor</p> <p>Requested By: Dept. of Taxation</p> | <p>Suspension of Business License Tax</p> <p>Authorizes the Department of Taxation to suspend or revoke the business license of a person who does not comply with the laws and regulations relating to that business license.</p> <p><u>Effective:</u> July 1, 2005</p> |
| <p>SB 391</p> <p>Requested by: Taxation Committee</p> | <p>Modified Business Tax - Financial Institutions</p> <p><i>Note: These changes were recommendations requested by the Legislative Committee on Tax, Public Revenue and Tax Policy, otherwise referred to as the SB 8 Oversight Committee (of the 20th Special Session - 2003).</i></p> <p>Revises the definition of financial institution by listing various federal and statutory cites. Excludes credit reporting companies, collection agencies and pawnbrokers from being classified as financial institutions. Clarifies which companies that issue credit are subject to the tax and clarifies companies that extend credit for their own goods and services are not considered credit card companies.</p> <p><u>Effective:</u> July 1, 2005</p> |
| <p>SB 523</p> <p>Requested by: Committee on Finance</p> | <p>Modified Business Tax - Temporary Reduction</p> <p>Provides a temporary reduction in the MBT rate from 0.65% to 0.63% for all businesses except financial Institutions.</p> <p><u>Effective:</u> July 1, 2005. <u>Sunsets:</u> June 30, 2007.</p> |
| NET PROCEEDS OF MINERALS | |
| <p>AB 163</p> <p>Sponsor: Committee on Commerce & Labor</p> <p>Requested by: Dept. of Taxation</p> | <p>Administrative Change - Reporting Dates</p> <p>Allows companies to file an amended statement of gross yield and claimed net proceeds within 30 days of filing the original statement without submitting a written application for amendment to the Department of Taxation. Allows the Department of Taxation an extra 10 days to issue the certificate of amount of tax due if an amended statement is filed.</p> <p><u>Effective:</u> October 1, 2005</p> |
| <p>AB 292</p> <p>Requested by: Assemblymen Goicoechea, Marvel and Carpenter</p> | <p>Administrative Change - Reporting Dates</p> <p>Changes the filing of statements of estimated gross yield and estimated net proceeds from April 1 of each year to March 1 of each year.</p> <p><u>Effective:</u> October 1, 2005</p> |

To obtain copies of the bills reported in this issue of TAXTOPICS

Log onto: www.leg.state.nv.us

Click onto: "Session Information", "2005", "Bill Information"

Scroll Down: to "History of Specific Legislation"

Enter the bill number you are interested in.

| VEHICLE TAXES (Government Services Tax - Fuel Tax) | |
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| AB 61 Requested by: Committee on Transportation | Governmental Services Tax - Exemption Exempts all noncommercial vehicles owned by the governing body of an Indian Reservation or Indian colony in Nevada if they are recognized by federal law and the governing body is located on the reservation or colony. <u>Effective:</u> July 1, 2005 |
| AB 547 Requested by: Committee on Transportation | Gas Tax - Change of Distribution Provides that if a county has one or more incorporated cities, the local portion of the State Fuel Tax will be directly distributed to the incorporated cities. Changes the allocation criteria. <u>Effective:</u> July 1, 2005 |
| AB 572 Requested by: Committee on Ways and Means | Motor Vehicle Owner Rebate Provides a one-time rebate ranging from \$75 to \$275 to the registered owner of a motor vehicle and a rebate of \$75 to a person over 65 years of age who does not drive, but has a Department of Motor Vehicles identification card. The refund does not apply to a utility trailer, a motor vehicle with a weight in excess of 26,000 pounds, or a rental vehicle. <u>Effective:</u> June 15, 2005. <u>Sunsets:</u> February 28, 2006 |
| SB 181 Sponsor: Committee on Taxation Requested by: Nevada Association of Counties | Gas Tax - Increase <i>Note: Washoe County voters approved increasing the gas tax by the CPI at the 2002 election.</i> Allows all counties except Clark County to increase the gas tax by the Consumer Price Index (CPI) if approved by the voters. A county may not increase the local portion of the gas tax rate by the CPI unless it has first imposed the full 9 cent portion of the County RTC motor vehicle fuel tax. The county may impose the RTC tax by ordinance or asking for voter approval. <u>Effective:</u> July 1, 2005 |
| MISCELLANEOUS TAXES | |
| AB 338 Sponsor: Committee on Commerce & Labor Requested by: Division of Insurance | Insurance Premium Tax - Expansion <i>Note: This is the omnibus bill of the Division of Insurance. It is an extensive bill that deals with insurers and all manners of insurance.</i> Reduces from 3% to 2% the tax rate imposed on each risk retention group which is registered in this state but chartered in another state. <u>Effective:</u> June 17, 2005 for the imposition of the rate. |
| SB 30 Requested by: Senator McGinness | Telephone Surcharge for Enhanced 911 Service Provides that a class 2 (population less than 50,000 to 5,000) or class 3 (population less than 5,000) city in a county with a population less than 400,000 may impose a surcharge for each access line to a telephone company of not more than 25 cents each month, or for each trunk line 10 times the amount of the access line surcharge. The charge is to be collected by the phone company providing service. The company is entitled to retain an amount that is equal to the cost of collecting the surcharge. The surcharge can be collected only after a 5-year master plan to provide enhanced service is adopted by the local government. The funds collected are to be used for any costs associated with establishing the enhanced 911 service, including but not limited to the purchase of software, training personnel and maintaining the service. <u>Effective:</u> May 24, 2005 |

| MISCELLANEOUS TAXES CONTINUED | |
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| <p>SB 35</p> <p>Requested by: Committee on Natural Resources</p> | <p>Ground Water Tax</p> <p><i>Note: This is not a fee. It is a TAX. The revenue collected is deposited to a trust fund to be used for the purposes of economic development, health care and education.</i></p> <p>Changes the designation of the groundwater tax to a groundwater fee. Increases the ground water tax to \$10 per acre foot per year on the transfer.</p> <p><u>Effective:</u> July 1, 2005. The fee increase is effective January 1, 2007</p> |
| TAX ADMINISTRATION | |
| <p>AB 68</p> <p>Sponsor: Committee on Commerce & Labor</p> <p>Requested By: Dept. of Taxation</p> | <p>Denial of Licenses or Permits</p> <p>Authorizes the Department of Taxation to refuse to issue or renew any license or permit if the applicant is delinquent in paying taxes, fees, penalties or other obligations administered by or owed to the department.</p> <p><u>Effective:</u> July 1, 2005</p> |
| <p>AB 503</p> <p>Sponsor: Committee on Commerce & Labor</p> <p>Requested By Dept. of Taxation</p> | <p>Administration: Deficiency Determinations</p> <p>Provides that if a taxpayer files a claim for a refund of any overpayment of any tax, the time period for the Department to issue a deficiency notice for other taxes owed is tolled until the Department makes the determination whether or not the taxpayer owes any other taxes.</p> <p><u>Effective:</u> July 1, 2005</p> |
| <p>SB 15</p> <p>Sponsor: Committee on Commerce & Labor</p> <p>Requested By Dept. of Taxation</p> | <p>Offer of Compromise of Taxes Owed</p> <p>Authorizes the Nevada Tax Commission to accept an amount less than the full amount owed under certain circumstances.</p> <p><u>Effective:</u> May 31, 2005</p> |
| <p>SB 38</p> <p>Requested by: Senator Rhodes</p> | <p>Changes Distribution of the Consolidated Tax (CTAX) Revenue to Certain Governments</p> <p><i>Note: The county that will currently benefit from this change is Elko.</i></p> <p>Applies to local governments to which the assessed value attributable to the net proceeds of minerals tax is equal to at least \$50 million and the average percentage change in population of the county over the prior 5 fiscal years is a negative figure. If the aforementioned conditions apply, the county is entitled to a share of any excess revenue distributed from the CTAX in the county. The allocation formula is specified in the bill.</p> <p><u>Effective:</u> March 22, 2005. Applies retroactively to January 1, 2005.</p> |
| <p>SB 138</p> <p>Sponsor: Committee on Taxation</p> <p>Requested By: Dept. of Taxation</p> | <p>Administration: Over/Under Payment of Taxes</p> <p>Establishes the circumstances in which overpayments of taxes may not be applied to underpayment in another reporting period to reduce penalties. Circumstances include: failure to file a report, failure to file a report in a timely manner, and filing a report that erroneously shows no tax due.</p> <p><u>Effective:</u> July 1, 2005</p> |

| TAX ADMINISTRATION CONTINUED | |
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| <p>SB 339</p> <p>Requested by: Senator Amodei</p> | <p>Tax Abatements for Economic Development</p> <p>For a county whose population is less than 100,000 (excludes Clark and Washoe counties) or a city whose population is less than 60,000 (excludes: Henderson, Las Vegas; North Las Vegas and Reno) provides that a business applying for an economic development tax abatement will pay its employees at least 100 percent of the average statewide hourly wage (existing provision) “or the average countywide hourly wage, whichever is less.” (New provision.)</p> <p><u>Effective:</u> Dates vary</p> |
| <p>SB 483</p> <p>Sponsor: Committee on Taxation</p> <p>Requested By: Dept. of Taxation</p> | <p>Administration: Payment of Taxes</p> <p>Establishes joint and severable liability for the payment of taxes collected by the Department of Taxation. Clarifies that the “responsible person” includes: an officer or employee of a corporation and a member or employee of a partnership or limited-liability company whose responsibility is to collect, account for or pay any tax or fee collected by the Department of Taxation.</p> <p><u>Effective:</u> October 1, 2005</p> |

The Downside continued from page 1

- ❖ On the spending side, it was the failure to:
 - ❖ Prioritize the use of the surplus (infrastructure funding, technology purchases and training; tax reductions);
 - ❖ Address the unfunded liability issue resulting from medical costs by eliminating for future hires the retirees health insurance subsidy;
 - ❖ Pass a bill which would have required constitutional questions proposing an expenditure to identify a revenue source to cover the proposed expenditure;
 - ❖ Have meaningful committee discussion on the bills introduced for a “Taxpayers Bill of Rights” or “Taxpayer Protection Act” that could be presented to the voters for their consideration. While not popular with most legislators, a Constitutional amendment that was created to fit Nevada should have been surely more preferable than one crafted based on another state and circulated as a petition. A petition which will probably qualify.
- ❖ And last but not least, it was:
 - ❖ Failure to adhere to the June 1 deadline date for budget passage.
 - ❖ The number of bills put “on the desk” during the last days of session, many for the purpose of being held hostage.
 - ❖ The inordinate number of conference committees the last days of the regular session and using some of those conference committees to try and resurrect bills that had been killed.
 - ❖ The need for a Special Session (see preceding three reasons.)

TAXTOPICS

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Nevada Taxpayers Association

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|---------------------------------|--|-------------------------------|
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| | Medium Business Sales between \$500 Thousand and \$5 Million | \$ 600 |
| | Large Business Sales over \$5 Million | \$1,000 |
| SUSTAINING | Policy Advisory Committee (PAC) Membership | \$1,500 Minimum and Up |

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