
ASSEMBLY BILL NO. 2—COMMITTEE OF THE WHOLE

JULY 18, 2003

Referred to Committee of the Whole

SUMMARY—Makes various changes concerning state financial administration. (BDR 32-47)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted-material] is material to be omitted.

AN ACT relating to taxation; providing for the imposition and administration of a franchise tax on financial institutions for the privilege of doing business in this state; increasing the taxes on liquor and cigarettes; increasing the license fees charged for certain gaming establishments and manufacturers of interactive gaming systems; making various changes to the provisions governing the Fund to Stabilize the Operation of the State Government; changing the Disaster Relief Fund into an account in the Fund to Stabilize the Operation of the State Government; making various other changes relating to state financial administration; making technical corrections to certain previously enacted provisions; reducing the amount previously appropriated to the Interim Finance Committee for allocation to the Department of Taxation; repealing an appropriation made to the Fund to Stabilize the Operation of the State Government during a previous session; requiring the identification of state programs for the treatment of alcohol and drug abuse and state funded local programs and the development of a coordination proposal; providing penalties; and providing other matters properly relating thereto.

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



* A B 2 *

1 **Section 1.** Title 32 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 33, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 to 9, inclusive,*
6 *of this act have the meanings ascribed to them in those sections.*

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

8 **Sec. 4.** *“Federal taxable income” means the taxable income*
9 *of a financial institution for a taxable year, as set forth in the*
10 *federal income tax return filed by the financial institution for that*
11 *year with the Internal Revenue Service, and any other taxable*
12 *income of a financial institution for a taxable year under federal*
13 *law, regardless of whether it is actually reported.*

14 **Sec. 5. 1.** *Except as otherwise provided in subsection 2,*
15 *“financial institution” means:*

16 *(a) An institution licensed, registered or otherwise authorized*
17 *to do business in this state pursuant to the provisions of chapter*
18 *604, 645B, 645E or 649 of NRS or title 55 or 56 of NRS, or a*
19 *similar institution chartered or licensed pursuant to federal law*
20 *and doing business in this state;*

21 *(b) Any other person conducting loan or credit card processing*
22 *activities in this state; and*

23 *(c) Any other bank, bank holding company, national bank,*
24 *savings association, federal savings bank, trust company, credit*
25 *union, building and loan association, investment company,*
26 *registered broker or dealer in securities or commodities, finance*
27 *company, dealer in commercial paper or other business entity*
28 *engaged in the business of lending money, providing credit,*
29 *securitizing receivables or fleet leasing, or any related business*
30 *entity, doing business in this state.*

31 **2.** *The term does not include:*

32 *(a) A nonprofit organization that is recognized as exempt from*
33 *taxation pursuant to 26 U.S.C. § 501(c).*

34 *(b) A credit union organized under the provisions of chapter*
35 *678 of NRS or the Federal Credit Union Act.*

36 **Sec. 6.** *“Gross revenue” means the total amount of the*
37 *money and the value of any other consideration received or*
38 *receivable by a financial institution which the financial institution*
39 *is required to report for the purposes of federal income taxation.*

40 **Sec. 7.** *“Nevada taxable income” means the amount of the*
41 *federal taxable income of a financial institution, as adjusted*
42 *pursuant to section 18 of this act.*

43 **Sec. 8.** *“Taxable year” means the taxable year used by the*
44 *financial institution for the purposes of federal income taxation.*



1 **Sec. 9.** *"Taxpayer" means any person liable for a tax*
2 *imposed pursuant to this chapter.*

3 **Sec. 10.** *The Department shall:*

4 1. *Administer and enforce the provisions of this chapter, and*
5 *may adopt such regulations as it deems appropriate for that*
6 *purpose.*

7 2. *Deposit all taxes, interest and penalties it receives pursuant*
8 *to this chapter in the State Treasury for credit to the State General*
9 *Fund.*

10 **Sec. 11.** 1. *Each person responsible for maintaining the*
11 *records of a financial institution shall:*

12 (a) *Keep such records as may be necessary to determine the*
13 *amount of its liability pursuant to the provisions of this chapter;*

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

17 (c) *Make the records available for inspection by the*
18 *Department upon demand at reasonable times during regular*
19 *business hours.*

20 2. *For the purposes of this section, "record" includes any*
21 *federal income tax return filed by a financial institution with the*
22 *Internal Revenue Service.*

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

25 **Sec. 12.** 1. *To verify the accuracy of any return filed or, if*
26 *no return is filed by a financial institution, to determine the*
27 *amount required to be paid, the Department, or any person*
28 *authorized in writing by the Department, may examine the books,*
29 *papers and records of any person or financial institution that may*
30 *be liable for the tax imposed by this chapter.*

31 2. *Any person or financial institution which may be liable for*
32 *the tax imposed by this chapter and which keeps outside of this*
33 *state its books, papers and records relating thereto shall pay to the*
34 *Department an amount equal to the allowance provided for state*
35 *officers and employees generally while traveling outside of the*
36 *State for each day or fraction thereof during which an employee*
37 *of the Department is engaged in examining those documents, plus*
38 *any other actual expenses incurred by the employee while he is*
39 *absent from his regular place of employment to examine those*
40 *documents.*

41 **Sec. 13.** *The Executive Director may request from any other*
42 *governmental agency or officer such information as he deems*
43 *necessary to carry out the provisions of this chapter. If the*
44 *Executive Director obtains any confidential information pursuant*
45 *to such a request, he shall maintain the confidentiality of that*



1 *information in the same manner and to the same extent as*
2 *provided by law for the agency or officer from whom the*
3 *information was obtained.*

4 **Sec. 14.** 1. *Except as otherwise provided in this section and*
5 *NRS 360.250, the records and files of the Department concerning*
6 *the administration of this chapter are confidential and privileged.*
7 *The Department, and any employee engaged in the administration*
8 *of this chapter or charged with the custody of any such records or*
9 *files, shall not disclose any information obtained from the*
10 *Department's records or files or from any examination,*
11 *investigation or hearing authorized by the provisions of this*
12 *chapter. Neither the Department nor any employee of the*
13 *Department may be required to produce any of the records, files*
14 *and information for the inspection of any person or for use in any*
15 *action or proceeding.*

16 2. *The records and files of the Department concerning the*
17 *administration of this chapter are not confidential and privileged*
18 *in the following cases:*

19 (a) *Testimony by a member or employee of the Department*
20 *and production of records, files and information on behalf of the*
21 *Department or a taxpayer in any action or proceeding pursuant to*
22 *the provisions of this chapter if that testimony or the records, files*
23 *or information, or the facts shown thereby, are directly involved in*
24 *the action or proceeding.*

25 (b) *Delivery to a taxpayer or his authorized representative of a*
26 *copy of any return or other document filed by the taxpayer*
27 *pursuant to this chapter.*

28 (c) *Publication of statistics so classified as to prevent the*
29 *identification of a particular financial institution or document.*

30 (d) *Exchanges of information with the Internal Revenue*
31 *Service in accordance with compacts made and provided for in*
32 *such cases.*

33 (e) *Disclosure in confidence to the Governor or his agent in*
34 *the exercise of the Governor's general supervisory powers, or to*
35 *any person authorized to audit the accounts of the Department in*
36 *pursuance of an audit, or to the Attorney General or other legal*
37 *representative of the State in connection with an action or*
38 *proceeding pursuant to this chapter, or to any agency of this or*
39 *any other state charged with the administration or enforcement of*
40 *laws relating to taxation.*

41 (f) *Exchanges of information pursuant to subsection 3.*

42 3. *The Commission may agree with any county fair and*
43 *recreation board or the governing body of any county, city or town*
44 *for the continuing exchange of information concerning taxpayers.*



1 **Sec. 15. 1.** *A franchise tax is hereby imposed upon each*
2 *financial institution for the privilege of engaging in a business in*
3 *this state at the rate of 4 percent of the Nevada taxable income of*
4 *the financial institution each taxable year. The tax for each*
5 *taxable year is due on the last day of that taxable year.*

6 **2.** *Each financial institution engaging in a business in this*
7 *state during a taxable year shall file with the Department a return*
8 *on a form prescribed by the Department, together with the*
9 *remittance of any tax due pursuant to this chapter for that taxable*
10 *year, not later than the date the financial institution is required to*
11 *file its federal income tax return for that taxable year with the*
12 *Internal Revenue Service. The return required by this subsection*
13 *must include:*

14 **(a)** *A statement that the return is made under penalty of*
15 *perjury; and*

16 **(b)** *Such information as is required by the Department.*

17 **Sec. 16. 1.** *In addition to the returns required by section 15*
18 *of this act, a financial institution that is a member of an affiliated*
19 *group and is engaged in a unitary business in this state with one*
20 *or more other members of the affiliated group shall file with the*
21 *Department such reports regarding the unitary business as the*
22 *Department determines is appropriate for the administration and*
23 *enforcement of the provisions of this chapter.*

24 **2.** *The Department may allow two or more financial*
25 *institutions that are members of an affiliated group to file a*
26 *consolidated return for the purposes of this chapter if the financial*
27 *institutions are allowed to file a consolidated return for the*
28 *purposes of federal income taxation.*

29 **3.** *As used in this section:*

30 **(a)** *“Affiliated group” means a group of two or more financial*
31 *institutions, each of which is controlled by a common owner or by*
32 *one or more of the members of the group.*

33 **(b)** *“Controlled by” means the possession, directly or*
34 *indirectly, of the power to direct or cause the direction of the*
35 *management and policies of a financial institution, whether*
36 *through the ownership of voting securities, by contract or*
37 *otherwise.*

38 **(c)** *“Unitary business” means a business characterized by*
39 *unity of ownership, functional integration, centralization of*
40 *management and economy of scale.*

41 **Sec. 17. 1.** *If a financial institution files an amended*
42 *federal income tax return that reflects a change in income*
43 *required to be reported pursuant to this chapter, the financial*
44 *institution shall file an amended return with the Department not*
45 *later than the date it files the amended federal return.*



1 2. If a final determination of federal taxable income is made
2 under federal law and, pursuant to that determination, the federal
3 taxable income of a financial institution is found to differ from
4 that initially reported to the Internal Revenue Service, the
5 financial institution shall, within 30 days after the date of that
6 determination, report the determination to the Department in
7 writing, together with such information as the Department deems
8 appropriate.

9 3. If, based upon an amended return or report filed pursuant
10 to this section, it appears that the tax imposed by this chapter has
11 not been fully assessed, the Department shall assess the deficiency,
12 with interest calculated at the rate and in the manner set forth in
13 NRS 360.417. Any assessment required by this subsection must be
14 made within 1 year after the Department receives the amended
15 return or report.

16 **Sec. 18.** 1. In computing the Nevada taxable income of a
17 financial institution, its federal taxable income must be:

18 (a) Increased by:

19 (1) The amount of any deduction for the tax imposed by
20 section 15 of this act or the equivalent taxing statute of another
21 state;

22 (2) The amount of any net operating loss in the taxable
23 year that is carried back to previous taxable years pursuant to 26
24 U.S.C. § 172;

25 (3) The amount of any deduction claimed for the taxable
26 year pursuant to 26 U.S.C. § 172 which was previously used to
27 offset any increase required by this subsection; and

28 (4) Any interest or dividends on the obligations or securities
29 of any state or political subdivision of a state, other than this state
30 or a political subdivision of this state; and

31 (b) Decreased by:

32 (1) Any income that is exempt from taxation by this state
33 under the Constitution, laws or treaties of the United States or the
34 Nevada Constitution;

35 (2) Any interest income received on obligations of the
36 United States; and

37 (3) The amount of any refund of income tax received from
38 another state which has been included as income in computing
39 federal taxable income.

40 2. After making the calculations required by subsection 1, the
41 resulting amount must be allocated or apportioned to this state in
42 accordance with the regulations adopted pursuant to section 19 of
43 this act to determine the amount of the tax liability of the financial
44 institution. The Nevada taxable income of the financial institution



1 *consists of the amount of the tax liability of the financial*
2 *institution determined pursuant to this subsection.*

3 *3. The Department shall adopt regulations for the*
4 *administration of this section.*

5 **Sec. 19.** *The Department shall adopt regulations providing*
6 *for the allocation or apportionment to this state of the tax liability*
7 *of a financial institution pursuant to this chapter. If the federal*
8 *taxable income of a financial institution is derived from business*
9 *conducted both within and outside this state, whether or not the*
10 *financial institution is physically present in another state or is*
11 *subject to another state's jurisdiction to impose a tax on the*
12 *financial institution, the apportionment factor for determining the*
13 *tax liability of the financial institution derived from business*
14 *conducted by it in this state must consist of a fraction, the*
15 *numerator of which is the gross revenue of the financial*
16 *institution from customers whose address is within this state and*
17 *the denominator of which is the gross revenue of the financial*
18 *institution from its entire operation as a financial institution.*

19 **Sec. 20.** *1. For the purposes of this chapter, the method of*
20 *accounting and the taxable year used by a financial institution*
21 *must be the same as those used by the financial institution for the*
22 *purposes of federal income taxation. If the financial institution*
23 *does not regularly use a single method of accounting, the taxable*
24 *income of the financial institution must be computed under such a*
25 *method as the Department determines will fairly reflect that*
26 *income.*

27 *2. If there is any change in the method of accounting or the*
28 *taxable year used by a financial institution for the purposes of*
29 *federal income taxation, the same change must be implemented*
30 *for the purposes of this chapter.*

31 **Sec. 21.** *Upon written application made before the date on*
32 *which a financial institution is otherwise required to file a return*
33 *and to pay the tax imposed by this chapter, the Department may:*

34 *1. If the financial institution is granted an extension of time*
35 *by the Federal Government for the filing of its federal income tax*
36 *return, extend the time for filing the return required by this*
37 *chapter until not later than the date the financial institution is*
38 *required to file its federal income tax return pursuant to the*
39 *extension of time granted by the Federal Government. The*
40 *Department shall require, as a condition to the granting of any*
41 *extension pursuant to this subsection, the payment of the tax*
42 *estimated to be due pursuant to this chapter.*

43 *2. For good cause, extend by 30 days the time within which*
44 *the financial institution is required to pay the tax. If the tax is paid*
45 *during a period of extension granted pursuant to this subsection,*



1 *no penalty or late charge may be imposed for failure to pay at the*
2 *time required, but the financial institution shall pay interest at the*
3 *rate of 1 percent per month from the date on which the amount*
4 *would have been due without the extension until the date of*
5 *payment, unless otherwise provided in NRS 360.232 or 360.320.*

6 **Sec. 22.** *The remedies of the State provided for in this*
7 *chapter are cumulative, and no action taken by the Department or*
8 *the Attorney General constitutes an election by the State to pursue*
9 *any remedy to the exclusion of any other remedy for which*
10 *provision is made in this chapter.*

11 **Sec. 23.** *If the Department determines that any tax, penalty*
12 *or interest has been paid more than once or has been erroneously*
13 *or illegally collected or computed, the Department shall set forth*
14 *that fact in the records of the Department and shall certify to the*
15 *State Board of Examiners the amount collected in excess of the*
16 *amount legally due and the financial institution or person from*
17 *which it was collected or by whom it was paid. If approved by the*
18 *State Board of Examiners, the excess amount collected or paid*
19 *must be credited on any amounts then due from the person or*
20 *financial institution under this chapter, and the balance refunded*
21 *to the person or financial institution, or its successors,*
22 *administrators or executors.*

23 **Sec. 24.** 1. *Except as otherwise provided in NRS 360.235*
24 *and 360.395:*

25 (a) *No refund may be allowed unless a claim for it is filed with*
26 *the Department within 3 years after the last day of the month*
27 *immediately following the close of the taxable year for which the*
28 *overpayment was made.*

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

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

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

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

41 **Sec. 25.** 1. *Except as otherwise provided in this section and*
42 *NRS 360.320, interest must be paid upon any overpayment of any*
43 *amount of the tax imposed by this chapter at the rate of 0.5*
44 *percent per month, or fraction thereof, from the last day of the*
45 *calendar month immediately following the calendar month in*



1 *which the overpayment was made. No refund or credit may be*
2 *made of any interest imposed upon the person or financial*
3 *institution making the overpayment with respect to the amount*
4 *being refunded or credited.*

5 *2. The interest must be paid:*

6 *(a) In the case of a refund, to the last day of the calendar*
7 *month following the date upon which the person making the*
8 *overpayment, if he has not already filed a claim, is notified by*
9 *the Department that a claim may be filed or the date upon which*
10 *the claim is certified to the State Board of Examiners, whichever is*
11 *earlier.*

12 *(b) In the case of a credit, to the same date as that to which*
13 *interest is computed on the tax or the amount against which the*
14 *credit is applied.*

15 *3. If the Department determines that any overpayment has*
16 *been made intentionally or by reason of carelessness, it shall not*
17 *allow any interest on the overpayment.*

18 **Sec. 26. 1.** *No injunction, writ of mandate or other legal or*
19 *equitable process may issue in any suit, action or proceeding in*
20 *any court against this state or against any officer of the State to*
21 *prevent or enjoin the collection under this chapter of the tax*
22 *imposed by this chapter or any amount of tax, penalty or interest*
23 *required to be collected.*

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

28 **Sec. 27. 1.** *Within 90 days after a final decision upon a*
29 *claim filed pursuant to this chapter is rendered by the*
30 *Commission, the claimant may bring an action against the*
31 *Department on the grounds set forth in the claim in a court of*
32 *competent jurisdiction in Carson City, the county of this state*
33 *where the claimant resides or maintains his principal place of*
34 *business or a county in which any relevant proceedings were*
35 *conducted by the Department for the recovery of the whole or any*
36 *part of the amount with respect to which the claim has been*
37 *disallowed.*

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

41 **Sec. 28. 1.** *If the Department fails to mail notice of action*
42 *on a claim within 6 months after the claim is filed, the claimant*
43 *may consider the claim disallowed and may file an appeal with the*
44 *Commission within 30 days after the last day of the 6-month*
45 *period. If the claimant is aggrieved by the decision of the*



1 *Commission rendered on appeal, the claimant may, within 90 days*
2 *after the decision is rendered, bring an action against the*
3 *Department on the grounds set forth in the claim for the recovery*
4 *of the whole or any part of the amount claimed as an*
5 *overpayment.*

6 *2. If judgment is rendered for the plaintiff, the amount of the*
7 *judgment must first be credited towards any tax due from the*
8 *plaintiff.*

9 *3. The balance of the judgment must be refunded to the*
10 *plaintiff.*

11 **Sec. 29.** *In any judgment, interest must be allowed at the rate*
12 *of 6 percent per annum upon the amount found to have been*
13 *illegally collected from the date of payment of the amount to the*
14 *date of allowance of credit on account of the judgment, or to a*
15 *date preceding the date of the refund warrant by not more than*
16 *30 days. The date must be determined by the Department.*

17 **Sec. 30.** *A judgment may not be rendered in favor of the*
18 *plaintiff in any action brought against the Department to recover*
19 *any amount paid when the action is brought by or in the name of*
20 *an assignee of the financial institution paying the amount or by*
21 *any person other than the person or financial institution which*
22 *paid the amount.*

23 **Sec. 31. 1.** *The Department may recover a refund or any*
24 *part thereof which is erroneously made and any credit or part*
25 *thereof which is erroneously allowed in an action brought in a*
26 *court of competent jurisdiction in Carson City or Clark County in*
27 *the name of the State of Nevada.*

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

31 *3. The Attorney General shall prosecute the action, and the*
32 *provisions of NRS, the Nevada Rules of Civil Procedure and the*
33 *Nevada Rules of Appellate Procedure relating to service of*
34 *summons, pleadings, proofs, trials and appeals are applicable to*
35 *the proceedings.*

36 **Sec. 32. 1.** *If any amount in excess of \$25 has been*
37 *illegally determined, either by the Department or by the person*
38 *filing the return, the Department shall certify this fact to the State*
39 *Board of Examiners, and the latter shall authorize the*
40 *cancellation of the amount upon the records of the Department.*

41 *2. If an amount not exceeding \$25 has been illegally*
42 *determined, either by the Department or by the person or financial*
43 *institution filing the return, the Department, without certifying*
44 *this fact to the State Board of Examiners, shall authorize the*
45 *cancellation of the amount upon the records of the Department.*



1 **Sec. 33. 1. A person shall not:**

2 (a) *Make, cause to be made or permit to be made any false or*
3 *fraudulent return or declaration or false statement in any return*
4 *or declaration with intent to defraud the State or to evade payment*
5 *of the tax or any part of the tax imposed by this chapter.*

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

10 (c) *Keep, cause to be kept or permit to be kept more than one*
11 *set of books, records or accounts with intent to defraud the State*
12 *or to evade the payment of the tax or any part of the tax imposed*
13 *by this chapter.*

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

16 **Sec. 34.** NRS 360.2935 is hereby amended to read as follows:

17 360.2935 Except as otherwise provided in ~~NRS 361.485~~ *this*
18 *title*, a taxpayer is entitled to receive on any overpayment of taxes,
19 after the offset required by NRS 360.320 has been made, a refund
20 together with interest at a rate determined pursuant to NRS 17.130.
21 No interest is allowed on a refund of any penalties or interest paid
22 by a taxpayer.

23 **Sec. 35.** NRS 360.300 is hereby amended to read as follows:

24 360.300 1. If a person fails to file a return or the Department
25 is not satisfied with the return or returns of any tax, contribution or
26 premium or amount of tax, contribution or premium required to be
27 paid to the State by any person, in accordance with the applicable
28 provisions of this chapter, chapter 362, 364A, 369, 370, 372, 372A,
29 374, 377, 377A or 444A of NRS, NRS 482.313, or chapter 585 or
30 680B of NRS , *or sections 2 to 33, inclusive, of this act*, as
31 administered or audited by the Department, it may compute and
32 determine the amount required to be paid upon the basis of:

33 (a) The facts contained in the return;

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

36 (c) Reasonable estimates of the amount.

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

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



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

4 5. When a business is discontinued, a determination may be
5 made at any time thereafter within the time prescribed in NRS
6 360.355 as to liability arising out of that business, irrespective of
7 whether the determination is issued before the due date of the
8 liability.

9 **Sec. 36.** NRS 360.417 is hereby amended to read as follows:

10 360.417 Except as otherwise provided in NRS 360.232 and
11 360.320, and unless a different penalty or rate of interest is
12 specifically provided by statute, any person who fails to pay any tax
13 provided for in chapter 362, 364A, 369, 370, 372, 374, 377, 377A,
14 444A or 585 of NRS, *or sections 2 to 33, inclusive, of this act*, or
15 the fee provided for in NRS 482.313, to the State or a county within
16 the time required, shall pay a penalty of not more than 10 percent
17 of the amount of the tax or fee which is owed, as determined by the
18 Department, in addition to the tax or fee, plus interest at the rate of 1
19 percent per month, or fraction of a month, from the last day of the
20 month following the period for which the amount or any portion of
21 the amount should have been reported until the date of payment.
22 The amount of any penalty imposed must be based on a graduated
23 schedule adopted by the Nevada Tax Commission which takes into
24 consideration the length of time the tax or fee remained unpaid.

25 **Sec. 37.** NRS 360.419 is hereby amended to read as follows:

26 360.419 1. If the Executive Director or a designated hearing
27 officer finds that the failure of a person to make a timely return or
28 payment of a tax imposed pursuant to NRS 361.320 or ~~chapter~~
29 ~~361A, 376A, 377 or 377A of NRS, or by~~ chapter *361A*, 362, 364A,
30 369, 370, 372, 372A, 374, 375A, ~~for~~ 375B, *376A, 377 or 377A* of
31 NRS, *or sections 2 to 33, inclusive, of this act* is the result of
32 circumstances beyond his control and occurred despite the exercise
33 of ordinary care and without intent, the Department may relieve him
34 of all or part of any interest or penalty, or both.



35 2. A person seeking this relief must file with the Department a
36 statement under oath setting forth the facts upon which he bases his
37 claim.

38 3. The Department shall disclose, upon the request of any
39 person:

- 40 (a) The name of the person to whom relief was granted; and
41 (b) The amount of the relief.

42 4. The Executive Director or a designated hearing officer shall
43 act upon the request of a taxpayer seeking relief pursuant to NRS
44 361.4835 which is deferred by a county treasurer or county assessor.



1 **Sec. 38.** NRS 360.510 is hereby amended to read as follows:
2 360.510 1. If any person is delinquent in the payment of any
3 tax or fee administered by the Department or if a determination has
4 been made against him which remains unpaid, the Department may:
5 (a) Not later than 3 years after the payment became delinquent
6 or the determination became final; or
7 (b) Not later than 6 years after the last recording of an abstract
8 of judgment or of a certificate constituting a lien for tax
9 owed,
10 give a notice of the delinquency and a demand to transmit
11 personally or by registered or certified mail to any person,
12 including, without limitation, any officer or department of this state
13 or any political subdivision or agency of this state, who has in his
14 possession or under his control any credits or other personal
15 property belonging to the delinquent, or owing any debts to the
16 delinquent or person against whom a determination has been made
17 which remains unpaid, or owing any debts to the delinquent or that
18 person. In the case of any state officer, department or agency, the
19 notice must be given to the officer, department or agency before
20 the Department presents the claim of the delinquent taxpayer to the
21 State Controller.
22 2. A state officer, department or agency which receives such a
23 notice may satisfy any debt owed to it by that person before it
24 honors the notice of the Department.
25 3. After receiving the demand to transmit, the person notified
26 by the demand may not transfer or otherwise dispose of the credits,
27 other personal property, or debts in his possession or under his
28 control at the time he received the notice until the Department
29 consents to a transfer or other disposition.
30 4. Every person notified by a demand to transmit shall, within
31 10 days after receipt of the demand to transmit, inform the
32 Department of  and transmit to the Department all such credits,
33 other personal property  or debts in his possession, under his
34 control or owing by him within the time and in the manner
35 requested by the Department. Except as otherwise provided in
36 subsection 5, no further notice is required to be served to that
37 person.
38 5. If the property of the delinquent taxpayer consists of a series
39 of payments owed to him, the person who owes or controls the
40 payments shall transmit the payments to the Department until
41 otherwise notified by the Department. If the debt of the delinquent
42 taxpayer is not paid within 1 year after the Department issued the
43 original demand to transmit, the Department shall issue another
44 demand to transmit to the person responsible for making the
45 payments informing him to continue to transmit payments to the



1 Department or that his duty to transmit the payments to the
2 Department has ceased.

3 6. If the notice of the delinquency seeks to prevent the transfer
4 or other disposition of a deposit in a bank or credit union or other
5 credits or personal property in the possession or under the control of
6 a bank, credit union or other depository institution, the notice must
7 be delivered or mailed to any branch or office of the bank, credit
8 union or other depository institution at which the deposit is carried
9 or at which the credits or personal property is held.

10 7. If any person notified by the notice of the delinquency
11 makes any transfer or other disposition of the property or debts
12 required to be withheld or transmitted, to the extent of the value of
13 the property or the amount of the debts thus transferred or paid, he is
14 liable to the State for any indebtedness due pursuant to this chapter,
15 or chapter 362, 364A, 369, 370, 372, 372A, 374, 377, 377A or 444A
16 of NRS, NRS 482.313, or chapter 585 or 680B of NRS, *or sections*
17 *2 to 33, inclusive, of this act* from the person with respect to whose
18 obligation the notice was given if solely by reason of the transfer or
19 other disposition the State is unable to recover the indebtedness of
20 the person with respect to whose obligation the notice was given.

21 **Sec. 39.** NRS 369.174 is hereby amended to read as follows:

22 369.174 Each month, the State Controller shall transfer to the
23 Tax on Liquor Program Account in the State General Fund, from the
24 tax on liquor containing more than 22 percent of alcohol by volume,
25 the portion of the tax which exceeds ~~[\$1.90]~~ **\$3.45** per wine gallon.

26 **Sec. 40.** NRS 369.330 is hereby amended to read as follows:

27 369.330 Except as otherwise provided in this chapter, an excise
28 tax is hereby levied and must be collected respecting all liquor and
29 upon the privilege of importing, possessing, storing or selling liquor,
30 according to the following rates and classifications:

31 1. On liquor containing more than 22 percent of alcohol by
32 volume, ~~[\$2.05]~~ **\$3.60** per wine gallon or proportionate part thereof.

33 2. On liquor containing more than 14 percent up to and
34 including 22 percent of alcohol by volume, ~~[75-cents]~~ **\$1.30** per
35 wine gallon or proportionate part thereof.

36 3. On liquor containing from one-half of 1 percent up to and
37 including 14 percent of alcohol by volume, ~~[40]~~ **70** cents per wine
38 gallon or proportionate part thereof.

39 4. On all malt beverage liquor brewed or fermented and bottled
40 in or outside this state, ~~[9]~~ **16** cents per gallon.

41 **Sec. 41.** NRS 370.165 is hereby amended to read as follows:

42 370.165 There is hereby levied a tax upon the purchase or
43 possession of cigarettes by a consumer in the State of Nevada at the
44 rate of ~~[17.5]~~ **42.5** mills per cigarette. The tax may be represented
45 and precollected by the affixing of a revenue stamp or other



1 approved evidence of payment to each package, packet or container
2 in which cigarettes are sold. The tax must be precollected by the
3 wholesale or retail dealer, and must be recovered from the consumer
4 by adding the amount of the tax to the selling price. Each person
5 who sells cigarettes at retail shall prominently display on his
6 premises a notice that the tax is included in the selling price and is
7 payable under the provisions of this chapter.

8 **Sec. 42.** NRS 370.260 is hereby amended to read as follows:

9 370.260 1. All taxes and license fees imposed by the
10 provisions of NRS 370.001 to 370.430, inclusive, less any refunds
11 granted as provided by law, must be paid to the Department in the
12 form of remittances payable to the Department.

13 2. The Department shall:

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

20 (b) From the remittances made to it pursuant to subsection 1
21 during the preceding month, less the amount transmitted pursuant to
22 paragraph (a), transmit each month the portion of the tax which is
23 equivalent to ~~12.5~~ 37.5 mills per cigarette to the State Treasurer
24 for deposit to the credit of the Account for the Tax on Cigarettes in
25 the State General Fund.

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

29 (d) Report to the State Controller monthly the amount of
30 collections.

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

36 **Sec. 43.** NRS 370.350 is hereby amended to read as follows:

37 370.350 1. Except as otherwise provided in subsection 3, a
38 tax is hereby levied and imposed upon the use of cigarettes in this
39 state.

40 2. The amount of the use tax is ~~17.5~~ 42.5 mills per cigarette.

41 3. The use tax does not apply where:

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

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



1 **Sec. 44.** Chapter 353 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *“Account” means the Disaster Relief Account created by NRS*
4 *353.2735.*

5 **Sec. 45.** NRS 353.2705 is hereby amended to read as follows:

6 353.2705 As used in NRS 353.2705 to 353.2771, inclusive,
7 *and section 44 of this act*, unless the context otherwise requires, the
8 words and terms defined in NRS 353.271 to 353.2731, inclusive,
9 *and section 44 of this act* have the meanings ascribed to them in
10 those sections.

11 **Sec. 46.** NRS 353.2735 is hereby amended to read as follows:

12 353.2735 1. The Disaster Relief ~~[Fund]~~ *Account* is hereby
13 created as a special ~~[revenue fund]~~ *account in the Fund to*
14 *Stabilize the Operation of the State Government.* The Interim
15 Finance Committee shall administer the ~~[Fund]~~ *Account.*

16 2. The Division may accept grants, gifts or donations for
17 deposit in the ~~[Fund]~~ *Account.* Except as otherwise provided in
18 subsection 3, money received from:

19 (a) A direct legislative appropriation to the ~~[Fund]~~ *Account;*

20 (b) A transfer of ~~[one-half of the interest earned on money]~~ *not*
21 *more than 10 percent of the aggregate balance* in the Fund to
22 Stabilize the Operation of *the* State Government made pursuant to
23 NRS 353.288; and

24 (c) A grant, gift or donation to the ~~[Fund]~~ *Account,*
25 must be deposited in the ~~[Fund]~~ *Account.* Except as otherwise
26 provided in NRS 414.135, the interest and income earned on the
27 money in the ~~[Fund]~~ *Account* must, after deducting any applicable
28 charges, be credited to the ~~[Fund]~~ *Account.*

29 3. If, at the end of each quarter of a fiscal year, the balance in
30 the ~~[Fund]~~ *Account* exceeds 0.75 percent of the total amount of all
31 appropriations from the State General Fund for the operation of all
32 departments, institutions and agencies of State Government and
33 authorized expenditures from the State General Fund for the
34 regulation of gaming for that fiscal year, the State Controller shall
35 not, until the balance in the ~~[Fund]~~ *Account* is 0.75 percent or less
36 of that amount, transfer any ~~[interest earned on]~~ money in the Fund
37 to Stabilize the Operation of *the* State Government from the State
38 General Fund to the ~~[Fund]~~ *Account* pursuant to the provisions of
39 NRS 353.288.

40 4. Money in the ~~[Fund]~~ *Account* may be distributed through
41 grants and loans to state agencies and local governments as provided
42 in NRS 353.2705 to 353.2771, inclusive ~~[]~~, *and section 44 of this*
43 *act.* Except as otherwise provided in NRS 353.276, such grants will
44 be disbursed on the basis of reimbursement of costs authorized
45 pursuant to NRS 353.274 and 353.2745.



1 5. If the Governor declares a disaster, the State Board of
2 Examiners shall estimate:

3 (a) The money in the ~~Fund~~ *Account* that is available for grants
4 and loans for the disaster pursuant to the provisions of NRS
5 353.2705 to 353.2771, inclusive ~~;~~, *and section 44 of this act*; and

6 (b) The anticipated amount of those grants and loans for the
7 disaster.

8 Except as otherwise provided in this subsection, if the anticipated
9 amount determined pursuant to paragraph (b) exceeds the available
10 money in the ~~Fund~~ *Account* for such grants and loans, all grants
11 and loans from the ~~Fund~~ *Account* for the disaster must be reduced
12 in the same proportion that the anticipated amount of the grants and
13 loans exceeds the money in the ~~Fund~~ *Account* that is available for
14 grants and loans for the disaster. If the reduction of a grant or loan
15 from the ~~Fund~~ *Account* would result in a reduction in the amount
16 of money that may be received by a state agency or local
17 government from the Federal Government, the reduction in the grant
18 or loan must not be made.

19 **Sec. 47.** NRS 353.274 is hereby amended to read as follows:

20 353.274 Money in the ~~Fund~~ *Account* may be distributed as a
21 grant to a state agency because of a disaster for the payment of
22 expenses incurred by the state agency for:

23 1. The repair or replacement of public roads, public streets,
24 bridges, water control facilities, public buildings, public utilities,
25 recreational facilities and parks owned by the State and damaged by
26 the disaster;

27 2. Any emergency measures undertaken to save lives, protect
28 public health and safety or protect public property, including,
29 without limitation, an emergency measure undertaken in response to
30 a crisis involving violence on school property, at a school activity or
31 on a school bus, in the jurisdiction in which the disaster occurred;

32 3. The removal of debris from publicly or privately owned land
33 and waterways undertaken because of the disaster; and

34 4. The administration of a disaster assistance program.

35 **Sec. 48.** NRS 353.2745 is hereby amended to read as follows:

36 353.2745 Money in the ~~Fund~~ *Account* may be distributed as
37 a grant to a local government because of a disaster for:

38 1. The payment of not more than 50 percent of the expenses
39 incurred by the local government for:

40 (a) The repair or replacement of public roads, public streets,
41 bridges, water control facilities, public buildings, public utilities,
42 recreational facilities and parks owned by the local government and
43 damaged by the disaster; and

44 (b) Any emergency measures undertaken to save lives, protect
45 public health and safety or protect public property, including,



1 without limitation, an emergency measure undertaken in response to
2 a crisis involving violence on school property, at a school activity or
3 on a school bus, in the jurisdiction in which the disaster occurred;
4 and

5 2. The payment of not more than 50 percent of any grant match
6 the local government must provide to obtain a grant from a federal
7 disaster assistance agency for an eligible project to repair damage
8 caused by the disaster within the jurisdiction of the local
9 government.

10 **Sec. 49.** NRS 353.2751 is hereby amended to read as follows:

11 353.2751 Money in the ~~Fund~~ **Account** may be distributed as
12 a loan to a local government because of a disaster for:

13 1. The payment of expenses incurred by the local government
14 for:

15 (a) The repair or replacement of public roads, public streets,
16 bridges, water control facilities, public buildings, public utilities,
17 recreational facilities and parks owned by the local government and
18 damaged by the disaster;

19 (b) Any overtime worked by an employee of the local
20 government because of the disaster or any other extraordinary
21 expenses incurred by the local government because of the disaster;
22 and

23 (c) Any projects to reduce or prevent the possibility of damage
24 to persons or property from similar disasters in the future; and

25 2. The payment of not more than 50 percent of any grant match
26 the local government must provide to obtain a grant from a federal
27 disaster assistance agency for an eligible project to repair damage
28 caused by the disaster within the jurisdiction of the local
29 government. Before a loan may be distributed to a local government
30 pursuant to this subsection:

31 (a) The Interim Finance Committee must make a determination
32 that the local government is currently unable to meet its financial
33 obligations; and

34 (b) The local government must execute a loan agreement in
35 which the local government agrees to:

36 (1) Use the money only for the purpose of paying the grant
37 match; and

38 (2) Repay the entire amount of the loan, without any interest
39 or other charges, to the ~~Disaster Relief Fund~~ **Account** not later
40 than 10 years after the date on which the agreement is executed.

41 **Sec. 50.** NRS 353.2753 is hereby amended to read as follows:

42 353.2753 1. A state agency or local government may request
43 the Division to conduct a preliminary assessment of the damages
44 related to an event for which the state agency or local government
45 seeks a grant or loan from the ~~Fund~~ **Account**.



1 2. Upon receipt of such a request, the Division shall investigate
2 the event or cause the event to be investigated to make a preliminary
3 assessment of the damages related to the event and shall make or
4 cause to be made a written report of the damages related to the
5 event.

6 3. As soon as practicable after completion of the investigation
7 and preparation of the report of damages, the Division shall:

8 (a) Determine whether the event constitutes a disaster for which
9 the state agency or local government may seek a grant or loan from
10 the ~~Fund~~ *Account*; and

11 (b) Submit the report prepared pursuant to this section and its
12 written determination regarding whether the event constitutes a
13 disaster to the state agency or local government.

14 4. The Division shall prescribe by regulation the information
15 that must be included in a report of damages, including, without
16 limitation, a description of the damage caused by the event, an
17 estimate of the costs to repair such damage and a specification of
18 whether the purpose of the project is for repair or replacement,
19 emergency response or mitigation.

20 **Sec. 51.** NRS 353.2754 is hereby amended to read as follows:

21 353.2754 A local government may request a grant or loan from
22 the ~~Fund~~ *Account* if:

23 1. Pursuant to NRS 414.090, the governing body of the local
24 government determines that an event which has occurred constitutes
25 a disaster; and

26 2. After the Division conducts a preliminary assessment of the
27 damages pursuant to NRS 353.2753, the Division determines that an
28 event has occurred that constitutes a disaster.

29 **Sec. 52.** NRS 353.2755 is hereby amended to read as follows:

30 353.2755 1. A state agency or local government may submit
31 a request to the State Board of Examiners for a grant or loan from
32 the ~~Fund~~ *Account* as provided in NRS 353.2705 to 353.2771,
33 inclusive, *and section 44 of this act* if:

34 (a) The agency or local government finds that, because of a
35 disaster, it is unable to pay for an expense or grant match specified
36 in NRS 353.274, 353.2745 or 353.2751 from money appropriated or
37 otherwise available to the agency or local government;

38 (b) The request has been approved by the chief administrative
39 officer of the state agency or the governing body of the local
40 government; and

41 (c) If the requester is an incorporated city, the city has requested
42 financial assistance from the county and was denied all or a portion
43 of the requested assistance.



1 2. A request for a grant or loan submitted pursuant to
2 subsection 1 must be made within 60 days after the disaster and
3 must include:

4 (a) A statement setting forth the amount of money requested by
5 the state agency or local government;

6 (b) An assessment of the need of the state agency or local
7 government for the money requested;

8 (c) If the request is submitted by a local government that has
9 established a fund pursuant to NRS 354.6115 to mitigate the effects
10 of a natural disaster, a statement of the amount of money that is
11 available in that fund, if any, for the payment of expenses incurred
12 by the local government as a result of a disaster;

13 (d) A determination of the type, value and amount of resources
14 the state agency or local government may be required to provide as
15 a condition for the receipt of a grant or loan from the ~~{Fund;}~~
16 *Account*;

17 (e) A written report of damages prepared by the Division and the
18 written determination made by the Division that the event
19 constitutes a disaster pursuant to NRS 353.2753; and

20 (f) If the requester is an incorporated city, all documents which
21 relate to a request for assistance submitted to the board of county
22 commissioners of the county in which the city is located.

23 Any additional documentation relating to the request that is
24 requested by the State Board of Examiners must be submitted within
25 6 months after the disaster unless the State Board of Examiners and
26 the Interim Finance Committee ~~{grants}~~ *grant* an extension.

27 3. Upon the receipt of a complete request for a grant or loan
28 submitted pursuant to subsection 1, the State Board of Examiners:

29 (a) Shall consider the request; and

30 (b) May require any additional information that it determines is
31 necessary to make a recommendation.

32 4. If the State Board of Examiners finds that a grant or loan is
33 appropriate, it shall include in its recommendation to the Interim
34 Finance Committee the proposed amount of the grant or loan. If the
35 State Board of Examiners recommends a grant, it shall include a
36 recommendation regarding whether or not the state agency or local
37 government requires an advance to avoid severe financial hardship.
38 If the State Board of Examiners recommends a loan for a local
39 government, it shall include the information required pursuant to
40 subsection 1 of NRS 353.2765. If the State Board of Examiners
41 finds that a grant or loan is not appropriate, it shall include in its
42 recommendation the reason for its determination.

43 5. The provisions of this section do not prohibit a state agency
44 or local government from submitting more than one request for a
45 grant or loan from the ~~{Fund;}~~ *Account*.



1 6. As used in this section, the term “natural disaster” has the
2 meaning ascribed to it in NRS 354.6115.

3 **Sec. 53.** NRS 353.276 is hereby amended to read as follows:

4 353.276 1. The State Board of Examiners shall submit a
5 recommendation for each request for a grant or loan made pursuant
6 to NRS 353.2755 to the Director of the Legislative Counsel Bureau.
7 Upon receipt of the recommendation, the Director shall notify the
8 Chairman of the Interim Finance Committee of that
9 recommendation. The Chairman shall call a meeting of the
10 Committee to consider the recommendation.

11 2. The Interim Finance Committee may reject any
12 recommendation of the State Board of Examiners and independently
13 evaluate and act upon any request submitted pursuant to
14 NRS 353.2755.

15 3. If the Interim Finance Committee finds that a grant or loan
16 from the ~~Fund~~ *Account* is appropriate and may be made in
17 accordance with the provisions of NRS 353.2705 to 353.2771,
18 inclusive, *and section 44 of this act*, it shall, by resolution:

19 (a) Establish the amount and purpose of the grant or loan.

20 (b) Except as otherwise provided in this paragraph, provide for
21 the transfer of that amount from the ~~Fund~~ *Account* to the
22 appropriate state agency or local government. If the request is for a
23 grant, the Interim Finance Committee shall authorize disbursement
24 of the grant from the ~~Fund~~ *Account* on the basis of reimbursement
25 for costs unless it determines that disbursement in that manner
26 would cause severe financial hardship to the state agency or local
27 government. If the Interim Finance Committee determines that
28 disbursement on the basis of reimbursement of costs would cause
29 severe financial hardship, the Interim Finance Committee may
30 authorize an advance of money to the state agency or local
31 government in an amount not to exceed 25 percent of the total
32 estimated cost of the projects for which the grant is requested.

33 4. No grant or loan from the ~~Fund~~ *Account* may be made by
34 the Interim Finance Committee to increase the salaries of any
35 officers or employees of the State or a local government.

36 **Sec. 54.** NRS 353.2765 is hereby amended to read as follows:

37 353.2765 1. In addition to any applicable requirements set
38 forth in NRS 353.2751, if the Interim Finance Committee approves
39 a loan to a local government pursuant to the provisions of NRS
40 353.2705 to 353.2771, inclusive, *and section 44 of this act*, the
41 approval must include a schedule for the repayment of the loan. The
42 schedule must specify:

43 (a) A period of not more than 10 years for the repayment of the
44 loan; and

45 (b) The rate of interest, if any, for the loan.



1 2. Except as otherwise provided in subsection 3, if a local
2 government receives a loan from the ~~Fund~~ *Account* and, before the
3 loan is repaid, the local government receives money from the
4 Federal Government for a grant match or any of the expenses set
5 forth in subsection 1 of NRS 353.2751 for which the local
6 government received the loan, the local government shall deposit
7 with the State Treasurer for credit to the ~~Fund~~ *Account* an amount
8 of money equal to the money it received from the Federal
9 Government for the grant match or the expenses.

10 3. Any money deposited with the State Treasurer for credit to
11 the ~~Fund~~ *Account* pursuant to subsection 2 must be used to pay the
12 unpaid balance of the loan specified in subsection 2. If any money
13 remains after that payment is made, the remaining money must be
14 paid to the local government to whom the loan was made.

15 **Sec. 55.** NRS 353.2771 is hereby amended to read as follows:

16 353.2771 1. Except as otherwise provided in this section, no
17 grant or loan may be made from the ~~Fund~~ *Account* to a state
18 agency or local government unless, as a condition of making the
19 grant or loan, the state agency or local government agrees to provide
20 an amount of its resources equal to at least 25 percent of the grant or
21 loan. The State Board of Examiners shall determine the type, value
22 and amount of the resources, including money, labor, materials,
23 supplies and equipment, that is required to be provided by the state
24 agency or local government.

25 2. If a state agency or local government submits a request for a
26 grant or loan pursuant to NRS 353.2755 and:

27 (a) It maintains a policy of insurance providing coverage for
28 damages, injuries or other losses incurred because of a disaster; or

29 (b) If the request is submitted by a local government, it has
30 established a district for the control of floods pursuant to NRS
31 543.170 to 543.830, inclusive,

32 the State Board of Examiners may recommend that the state agency
33 or local government provide a portion of its resources in an amount
34 that is less than the amount required pursuant to subsection 1.

35 3. The State Board of Examiners may, if it determines that the
36 state agency or local government is unable to provide any portion of
37 its resources as its contribution for the receipt of a grant or loan,
38 recommend that the state agency or local government not be
39 required to provide any portion of its resources as a condition for the
40 receipt of the grant or loan.

41 **Sec. 56.** NRS 353.288 is hereby amended to read as follows:

42 353.288 1. The Fund to Stabilize the Operation of the State
43 Government is hereby created as a special revenue fund. Except as
44 otherwise provided in subsections 2 and 3, each year after the close
45 of the fiscal year and before the issuance of the *State* Controller's



1 annual report , the State Controller shall deposit to the credit of the
2 Fund 40 percent of the unrestricted balance of the State General
3 Fund, as of the close of the fiscal year, which remains after
4 subtracting an amount equal to ~~10~~ 5 percent of all appropriations
5 made from the State General Fund during that year for the operation
6 of all departments, institutions and agencies of State Government
7 and for the funding of schools.

8 2. The balance in the Fund must not exceed ~~10~~ 15 percent of
9 the total of all appropriations from the State General Fund for the
10 operation of all departments, institutions and agencies of the State
11 Government and for the funding of schools and authorized
12 expenditures from the State General Fund for the regulation of
13 gaming for the fiscal year in which that revenue will be deposited in
14 the Fund.

15 3. Except as otherwise provided in this subsection and NRS
16 353.2735, beginning with the fiscal year that begins on July 1,
17 ~~1999~~ 2003, the State Controller shall, at the end of each quarter of
18 a fiscal year, transfer from the State General Fund to the Disaster
19 Relief ~~Fund~~ Account created pursuant to NRS 353.2735 an
20 amount equal to ~~one-half of the interest earned on money~~ not more
21 than 10 percent of the aggregate balance in the Fund to Stabilize
22 the Operation of the State Government during the previous quarter.
23 The State Controller shall not transfer more than \$500,000 for any
24 quarter pursuant to this subsection.

25 4. Money from the Fund to Stabilize the Operation of the State
26 Government may be appropriated only:

27 (a) If the total actual revenue of the State falls short by 5 percent
28 or more of the total anticipated revenue for the biennium in which
29 the appropriation is made; or

30 (b) If the Legislature and the Governor declare that a fiscal
31 emergency exists.

32 **Sec. 57.** NRS 414.135 is hereby amended to read as follows:

33 414.135 1. There is hereby created the Emergency Assistance
34 ~~Account~~ Subaccount within the Disaster Relief ~~Fund~~ Account
35 created pursuant to NRS 353.2735. Beginning with the fiscal year
36 that begins on July 1, 1999, the State Controller shall, at the end of
37 each fiscal year, transfer the interest earned during the previous
38 fiscal year on the money in the Disaster Relief ~~Fund~~ Account to
39 the ~~Account~~ Subaccount in an amount not to exceed \$500,000.

40 2. The Division of Emergency Management of the Department
41 of Public Safety shall administer the ~~Account~~ Subaccount. The
42 Division may adopt regulations authorized by this section before, on
43 or after July 1, 1999.

44 3. All expenditures from the ~~Account~~ Subaccount must be
45 approved in advance by the Division. Except as otherwise provided



1 in subsection 4, all money in the ~~{Account}~~ *Subaccount* must be
2 expended solely to:

3 (a) Provide supplemental emergency assistance to this state or to
4 local governments in this state that are severely and adversely
5 affected by a natural, technological or man-made emergency or
6 disaster for which available resources of this state or the local
7 government are inadequate to provide a satisfactory remedy; and

8 (b) Pay any actual expenses incurred by the Division for
9 administration during a natural, technological or man-made
10 emergency or disaster.

11 4. Beginning with the fiscal year that begins on July 1, 1999, if
12 any balance remains in the ~~{Account}~~ *Subaccount* at the end of a
13 fiscal year and the balance has not otherwise been committed for
14 expenditure, the Division may, with the approval of the Interim
15 Finance Committee, allocate all or any portion of the remaining
16 balance, not to exceed \$250,000, to this state or to a local
17 government to:

18 (a) Purchase equipment or supplies required for emergency
19 management;

20 (b) Provide training to personnel related to emergency
21 management; and

22 (c) Carry out the provisions of NRS 392.600 to 392.656,
23 inclusive.

24 5. Beginning with the fiscal year that begins on July 1, 1999,
25 the Division shall, at the end of each quarter of a fiscal year, submit
26 to the Interim Finance Committee a report of the expenditures made
27 from the ~~{Account}~~ *Subaccount* for the previous quarter.

28 6. The Division shall adopt such regulations as are necessary to
29 administer the ~~{Account}~~ *Subaccount*.

30 7. The Division may adopt regulations to provide for
31 reimbursement of expenditures made from the ~~{Account}~~
32 *Subaccount*. If the Division requires such reimbursement, the
33 Attorney General shall take such action as is necessary to recover
34 the amount of any unpaid reimbursement plus interest at a rate
35 determined pursuant to NRS 17.130, computed from the date on
36 which the money was removed from the ~~{Fund}~~ *Account*, upon
37 request by the Division.

38 **Sec. 58.** NRS 463.370 is hereby amended to read as follows:

39 463.370 1. Except as otherwise provided in NRS 463.373,
40 the Commission shall charge and collect from each licensee a
41 license fee based upon all the gross revenue of the licensee as
42 follows:

43 (a) Three *and one-half* percent of all the gross revenue of the
44 licensee which does not exceed \$50,000 per calendar month;



1 (b) Four *and one-half* percent of all the gross revenue of the
2 licensee which exceeds \$50,000 per calendar month and does not
3 exceed \$134,000 per calendar month; and

4 (c) Six and ~~one-quarter~~ *three-quarters* percent of all the gross
5 revenue of the licensee which exceeds \$134,000 per calendar month.

6 2. Unless the licensee has been operating for less than a full
7 calendar month, the Commission shall charge and collect the fee
8 prescribed in subsection 1, based upon the gross revenue for the
9 preceding calendar month, on or before the 24th day of the
10 following month. Except for the fee based on the first full month of
11 operation, the fee is an estimated payment of the license fee for the
12 third month following the month whose gross revenue is used as its
13 basis.

14 3. When a licensee has been operating for less than a full
15 calendar month, the Commission shall charge and collect the fee
16 prescribed in subsection 1, based on the gross revenue received
17 during that month, on or before the 24th day of the following
18 calendar month of operation. After the first full calendar month of
19 operation, the Commission shall charge and collect the fee based on
20 the gross revenue received during that month, on or before the 24th
21 day of the following calendar month. The payment of the fee due for
22 the first full calendar month of operation must be accompanied by
23 the payment of a fee equal to three times the fee for the first full
24 calendar month. This additional amount is an estimated payment of
25 the license fees for the next 3 calendar months. Thereafter, each
26 license fee must be paid in the manner described in subsection 2.
27 Any deposit held by the Commission on July 1, 1969, must be
28 treated as an advance estimated payment.

29 4. All revenue received from any game or gaming device
30 which is operated on the premises of a licensee, regardless of
31 whether any portion of the revenue is shared with any other person,
32 must be attributed to the licensee for the purposes of this section and
33 counted as part of the gross revenue of the licensee. Any other
34 person, including, without limitation, an operator of an inter-casino
35 linked system, who is authorized to receive a share of the revenue
36 from any game, gaming device or inter-casino linked system that is
37 operated on the premises of a licensee is liable to the licensee for
38 that person's proportionate share of the license fees paid by the
39 licensee pursuant to this section and shall remit or credit the full
40 proportionate share to the licensee on or before the 24th day of each
41 calendar month. The proportionate share of an operator of an inter-
42 casino linked system must be based on all compensation and other
43 consideration received by the operator of the inter-casino linked
44 system, including, without limitation, amounts that accrue to the
45 meter of the primary progressive jackpot of the inter-casino linked



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1 system and amounts that fund the reserves of such a jackpot, subject
2 to all appropriate adjustments for deductions, credits, offsets and
3 exclusions that the licensee is entitled to take or receive pursuant to
4 the provisions of this chapter. A licensee is not liable to any other
5 person authorized to receive a share of the licensee's revenue from
6 any game, gaming device or inter-casino linked system that is
7 operated on the premises of the licensee for that person's
8 proportionate share of the license fees to be remitted or credited to
9 the licensee by that person pursuant to this section.

10 5. An operator of an inter-casino linked system shall not enter
11 into any agreement or arrangement with a licensee that provides for
12 the operator of the inter-casino linked system to be liable to the
13 licensee for less than its full proportionate share of the license fees
14 paid by the licensee pursuant to this section, whether accomplished
15 through a rebate, refund, charge-back or otherwise.

16 6. Any person required to pay a fee pursuant to this section
17 shall file with the Commission, on or before the 24th day of each
18 calendar month, a report showing the amount of all gross revenue
19 received during the preceding calendar month. Each report must be
20 accompanied by:

21 (a) The fee due based on the revenue of the month covered by
22 the report; and

23 (b) An adjustment for the difference between the estimated fee
24 previously paid for the month covered by the report, if any, and
25 the fee due for the actual gross revenue earned in that month. If the
26 adjustment is less than zero, a credit must be applied to the
27 estimated fee due with that report.

28 7. If the amount of license fees required to be reported and paid
29 pursuant to this section is later determined to be greater or less than
30 the amount actually reported and paid, the Commission shall:

31 (a) Charge and collect the additional license fees determined to
32 be due, with interest thereon until paid; or

33 (b) Refund any overpayment to the person entitled thereto
34 pursuant to this chapter, with interest thereon.

35 Interest pursuant to paragraph (a) must be computed at the rate
36 prescribed in NRS 17.130 from the first day of the first month
37 following the due date of the additional license fees until paid.
38 Interest pursuant to paragraph (b) must be computed at one-half the
39 rate prescribed in NRS 17.130 from the first day of the first month
40 following the date of overpayment until paid.

41 8. Failure to pay the fees provided for in this section shall be
42 deemed a surrender of the license at the expiration of the period for
43 which the estimated payment of fees has been made, as established
44 in subsection 2.



1 9. Except as otherwise provided in NRS 463.386, the amount
2 of the fee prescribed in subsection 1 must not be prorated.

3 10. Except as otherwise provided in NRS 463.386, if a licensee
4 ceases operation, the Commission shall:

5 (a) Charge and collect the additional license fees determined to
6 be due with interest computed pursuant to paragraph (a) of
7 subsection 7; or

8 (b) Refund any overpayment to the licensee with interest
9 computed pursuant to paragraph (b) of subsection 7,
10 based upon the gross revenue of the licensee during the last 3
11 months immediately preceding the cessation of operation, or
12 portions of those last 3 months.

13 11. If in any month ~~the~~ the amount of gross revenue is less than
14 zero, the licensee may offset the loss against gross revenue in
15 succeeding months until the loss has been fully offset.

16 12. If in any month ~~the~~ the amount of the license fee due is less
17 than zero, the licensee is entitled to receive a credit against any
18 license fees due in succeeding months until the credit has been fully
19 offset.

20 **Sec. 59.** NRS 463.770 is hereby amended to read as follows:

21 463.770 1. All gross revenue from operating interactive
22 gaming received by an establishment licensed to operate interactive
23 gaming, regardless of whether any portion of the revenue is shared
24 with another person, must be attributed to the licensee and counted
25 as part of the gross revenue of the licensee for the purpose of
26 computing the license fee required by NRS 463.370.

27 2. A manufacturer of interactive gaming systems who is
28 authorized by an agreement to receive a share of the revenue from
29 an interactive gaming system from an establishment licensed to
30 operate interactive gaming is liable to the establishment for a
31 portion of the license fee paid pursuant to subsection 1. The portion
32 for which the manufacturer of interactive gaming systems is liable is
33 ~~{6.25}~~ 6.75 percent of the amount of revenue to which the
34 manufacturer of interactive gaming systems is entitled pursuant to
35 the agreement.

36 3. For the purposes of subsection 2, the amount of revenue to
37 which the manufacturer of interactive gaming systems is entitled
38 pursuant to an agreement to share the revenue from an interactive
39 gaming system:

40 (a) Includes all revenue of the manufacturer of interactive
41 gaming systems that is his share of the revenue from the interactive
42 gaming system pursuant to the agreement; and

43 (b) Does not include revenue that is the fixed purchase price for
44 the sale of a component of the interactive gaming system.



1 **Sec. 60.** NRS 645B.060 is hereby amended to read as follows:
2 645B.060 1. Subject to the administrative control of the
3 Director of the Department of Business and Industry, the
4 Commissioner shall exercise general supervision and control over
5 mortgage brokers doing business in this state.

6 2. In addition to the other duties imposed upon him by law, the
7 Commissioner shall:

8 (a) Adopt any regulations that are necessary to carry out the
9 provisions of this chapter, except as to loan brokerage fees.

10 (b) Conduct such investigations as may be necessary to
11 determine whether any person has violated any provision of this
12 chapter, a regulation adopted pursuant to this chapter or an order of
13 the Commissioner.

14 (c) Conduct an annual examination of each mortgage broker
15 doing business in this state. The annual examination must include,
16 without limitation, a formal exit review with the mortgage broker.
17 The Commissioner shall adopt regulations prescribing:

18 (1) Standards for determining the rating of each mortgage
19 broker based upon the results of the annual examination; and

20 (2) Procedures for resolving any objections made by the
21 mortgage broker to the results of the annual examination. The
22 results of the annual examination may not be opened to public
23 inspection pursuant to NRS 645B.090 until any objections made by
24 the mortgage broker have been decided by the Commissioner.

25 (d) Conduct such other examinations, periodic or special audits,
26 investigations and hearings as may be necessary and proper for the
27 efficient administration of the laws of this state regarding mortgage
28 brokers and mortgage agents. The Commissioner shall adopt
29 regulations specifying the general guidelines that will be followed
30 when a periodic or special audit of a mortgage broker is conducted
31 pursuant to this chapter.

32 (e) Classify as confidential certain records and information
33 obtained by the Division when those matters are obtained from a
34 governmental agency upon the express condition that they remain
35 confidential. This paragraph does not limit examination by ~~the~~ :

36 (1) *The Legislative Auditor* ~~the~~; or

37 (2) *The Department of Taxation if necessary to carry out*
38 *the provisions of sections 2 to 33, inclusive, of this act.*

39 (f) Conduct such examinations and investigations as are
40 necessary to ensure that mortgage brokers meet the requirements of
41 this chapter for obtaining a license, both at the time of the
42 application for a license and thereafter on a continuing basis.

43 3. For each special audit, investigation or examination, a
44 mortgage broker shall pay a fee based on the rate established
45 pursuant to NRS 658.101.



1 **Sec. 61.** NRS 645B.670 is hereby amended to read as follows:
2 645B.670 Except as otherwise provided in NRS 645B.690:

3 1. For each violation committed by an applicant, whether or
4 not he is issued a license, the Commissioner may impose upon the
5 applicant an administrative fine of not more than \$10,000, if the
6 applicant:

7 (a) Has knowingly made or caused to be made to the
8 Commissioner any false representation of material fact;

9 (b) Has suppressed or withheld from the Commissioner any
10 information which the applicant possesses and which, if submitted
11 by him, would have rendered the applicant ineligible to be licensed
12 pursuant to the provisions of this chapter; or

13 (c) Has violated any provision of this chapter, a regulation
14 adopted pursuant to this chapter or an order of the Commissioner in
15 completing and filing his application for a license or during the
16 course of the investigation of his application for a license.

17 2. For each violation committed by a licensee, the
18 Commissioner may impose upon the licensee an administrative fine
19 of not more than \$10,000, may suspend, revoke or place conditions
20 upon his license, or may do both, if the licensee, whether or not
21 acting as such:

22 (a) Is insolvent;

23 (b) Is grossly negligent or incompetent in performing any act for
24 which he is required to be licensed pursuant to the provisions of this
25 chapter;

26 (c) Does not conduct his business in accordance with law or has
27 violated any provision of this chapter, a regulation adopted pursuant
28 to this chapter or an order of the Commissioner;

29 (d) Is in such financial condition that he cannot continue in
30 business with safety to his customers;

31 (e) Has made a material misrepresentation in connection with
32 any transaction governed by this chapter;

33 (f) Has suppressed or withheld from a client any material facts,
34 data or other information relating to any transaction governed by the
35 provisions of this chapter which the licensee knew or, by the
36 exercise of reasonable diligence, should have known;

37 (g) Has knowingly made or caused to be made to the
38 Commissioner any false representation of material fact or has
39 suppressed or withheld from the Commissioner any information
40 which the licensee possesses and which, if submitted by him, would
41 have rendered the licensee ineligible to be licensed pursuant to the
42 provisions of this chapter;

43 (h) Has failed to account to persons interested for all money
44 received for a trust account;



- 1 (i) Has refused to permit an examination by the Commissioner
2 of his books and affairs or has refused or failed, within a reasonable
3 time, to furnish any information or make any report that may be
4 required by the Commissioner pursuant to the provisions of this
5 chapter or a regulation adopted pursuant to this chapter;
- 6 (j) Has been convicted of, or entered a plea of nolo contendere
7 to, a felony or any crime involving fraud, misrepresentation or
8 moral turpitude;
- 9 (k) Has refused or failed to pay, within a reasonable time, any
10 fees, assessments, costs or expenses that the licensee is required to
11 pay pursuant to this chapter or a regulation adopted pursuant to this
12 chapter;
- 13 (l) Has failed to satisfy a claim made by a client which has been
14 reduced to judgment;
- 15 (m) Has failed to account for or to remit any money of a client
16 within a reasonable time after a request for an accounting or
17 remittal;
- 18 (n) Has commingled the money or other property of a client
19 with his own or has converted the money or property of others to his
20 own use;
- 21 (o) Has engaged in any other conduct constituting a deceitful,
22 fraudulent or dishonest business practice;
- 23 (p) Has repeatedly violated the policies and procedures of the
24 mortgage broker;
- 25 (q) Has failed to exercise reasonable supervision over the
26 activities of a mortgage agent as required by NRS 645B.460;
- 27 (r) Has instructed a mortgage agent to commit an act that would
28 be cause for the revocation of the license of the mortgage broker,
29 whether or not the mortgage agent commits the act;
- 30 (s) Has employed a person as a mortgage agent or authorized a
31 person to be associated with the licensee as a mortgage agent at a
32 time when the licensee knew or, in light of all the surrounding facts
33 and circumstances, reasonably should have known that the person:
- 34 (1) Had been convicted of, or entered a plea of nolo
35 contendere to, a felony or any crime involving fraud,
36 misrepresentation or moral turpitude; or
- 37 (2) Had a financial services license or registration suspended
38 or revoked within the immediately preceding 10 years; ~~for~~
- 39 (t) *Has failed to pay the franchise tax imposed pursuant to the*
40 *provisions of sections 2 to 33, inclusive, of this act; or*
- 41 (u) Has not conducted verifiable business as a mortgage broker
42 for 12 consecutive months, except in the case of a new applicant.
43 The Commissioner shall determine whether a mortgage broker is
44 conducting business by examining the monthly reports of activity



1 submitted by the licensee or by conducting an examination of the
2 licensee.

3 **Sec. 62.** NRS 645E.300 is hereby amended to read as follows:

4 645E.300 1. Subject to the administrative control of the
5 Director of the Department of Business and Industry, the
6 Commissioner shall exercise general supervision and control over
7 mortgage companies doing business in this state.

8 2. In addition to the other duties imposed upon him by law, the
9 Commissioner shall:

10 (a) Adopt any regulations that are necessary to carry out the
11 provisions of this chapter, except as to loan fees.

12 (b) Conduct such investigations as may be necessary to
13 determine whether any person has violated any provision of this
14 chapter, a regulation adopted pursuant to this chapter or an order of
15 the Commissioner.

16 (c) Conduct an annual examination of each mortgage company
17 doing business in this state.

18 (d) Conduct such other examinations, periodic or special audits,
19 investigations and hearings as may be necessary and proper for the
20 efficient administration of the laws of this state regarding mortgage
21 companies.

22 (e) Classify as confidential certain records and information
23 obtained by the Division when those matters are obtained from a
24 governmental agency upon the express condition that they remain
25 confidential. This paragraph does not limit examination by ~~the~~ :

26 (1) *The Legislative Auditor* ~~§~~; or

27 (2) *The Department of Taxation if necessary to carry out*
28 *the provisions of sections 2 to 33, inclusive, of this act.*

29 (f) Conduct such examinations and investigations as are
30 necessary to ensure that mortgage companies meet the requirements
31 of this chapter for obtaining a license, both at the time of the
32 application for a license and thereafter on a continuing basis.

33 3. For each special audit, investigation or examination, a
34 mortgage company shall pay a fee based on the rate established
35 pursuant to NRS 658.101.

36 **Sec. 63.** NRS 645E.670 is hereby amended to read as follows:

37 645E.670 1. For each violation committed by an applicant,
38 whether or not he is issued a license, the Commissioner may impose
39 upon the applicant an administrative fine of not more than \$10,000,
40 if the applicant:

41 (a) Has knowingly made or caused to be made to the
42 Commissioner any false representation of material fact;

43 (b) Has suppressed or withheld from the Commissioner any
44 information which the applicant possesses and which, if submitted



1 by him, would have rendered the applicant ineligible to be licensed
2 pursuant to the provisions of this chapter; or

3 (c) Has violated any provision of this chapter, a regulation
4 adopted pursuant to this chapter or an order of the Commissioner in
5 completing and filing his application for a license or during the
6 course of the investigation of his application for a license.

7 2. For each violation committed by a licensee, the
8 Commissioner may impose upon the licensee an administrative fine
9 of not more than \$10,000, may suspend, revoke or place conditions
10 upon his license, or may do both, if the licensee, whether or not
11 acting as such:

12 (a) Is insolvent;

13 (b) Is grossly negligent or incompetent in performing any act for
14 which he is required to be licensed pursuant to the provisions of this
15 chapter;

16 (c) Does not conduct his business in accordance with law or has
17 violated any provision of this chapter, a regulation adopted pursuant
18 to this chapter or an order of the Commissioner;

19 (d) Is in such financial condition that he cannot continue in
20 business with safety to his customers;

21 (e) Has made a material misrepresentation in connection with
22 any transaction governed by this chapter;

23 (f) Has suppressed or withheld from a client any material facts,
24 data or other information relating to any transaction governed by the
25 provisions of this chapter which the licensee knew or, by the
26 exercise of reasonable diligence, should have known;

27 (g) Has knowingly made or caused to be made to the
28 Commissioner any false representation of material fact or has
29 suppressed or withheld from the Commissioner any information
30 which the licensee possesses and which, if submitted by him, would
31 have rendered the licensee ineligible to be licensed pursuant to the
32 provisions of this chapter;

33 (h) Has failed to account to persons interested for all money
34 received for a trust account;

35 (i) Has refused to permit an examination by the Commissioner
36 of his books and affairs or has refused or failed, within a reasonable
37 time, to furnish any information or make any report that may be
38 required by the Commissioner pursuant to the provisions of this
39 chapter or a regulation adopted pursuant to this chapter;

40 (j) Has been convicted of, or entered a plea of nolo contendere
41 to, a felony or any crime involving fraud, misrepresentation or
42 moral turpitude;

43 (k) Has refused or failed to pay, within a reasonable time, any
44 fees, assessments, costs or expenses that the licensee is required to



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1 pay pursuant to this chapter or a regulation adopted pursuant to this
2 chapter;

3 (l) *Has failed to pay the franchise tax imposed pursuant to the*
4 *provisions of sections 2 to 33, inclusive, of this act;*

5 (m) Has failed to satisfy a claim made by a client which has
6 been reduced to judgment;

7 ~~[(m)]~~ (n) Has failed to account for or to remit any money of a
8 client within a reasonable time after a request for an accounting or
9 remittal;

10 ~~[(n)]~~ (o) Has commingled the money or other property of a
11 client with his own or has converted the money or property of others
12 to his own use; or

13 ~~[(o)]~~ (p) Has engaged in any other conduct constituting a
14 deceitful, fraudulent or dishonest business practice.

15 **Sec. 64.** NRS 649.395 is hereby amended to read as follows:

16 649.395 1. The Commissioner may impose an administrative
17 fine, not to exceed \$500 for each violation, or suspend or revoke the
18 license of a collection agency, or both impose a fine and suspend or
19 revoke the license, by an order made in writing and filed in his
20 office and served on the licensee by registered or certified mail at
21 the address shown in the records of the Commissioner, if:

22 (a) The licensee is adjudged liable in any court of law for breach
23 of any bond given under the provisions of this chapter; ~~[(a)]~~

24 (b) After notice and hearing, the licensee is found guilty of:

25 (1) Fraud or misrepresentation;

26 (2) An act or omission inconsistent with the faithful
27 discharge of his duties and obligations; or

28 (3) A violation of any provision of this chapter ~~[(3)]~~; or

29 (c) *The Commissioner determines that the licensee has failed*
30 *to pay the franchise tax imposed pursuant to the provisions of*
31 *sections 2 to 33, inclusive, of this act.*

32 2. The Commissioner may suspend or revoke the license of a
33 collection agency without notice and hearing if:

34 (a) The suspension or revocation is necessary for the immediate
35 protection of the public; and

36 (b) The licensee is afforded a hearing to contest the suspension
37 or revocation within 20 days after the written order of suspension or
38 revocation is served upon the licensee.

39 3. Upon revocation of his license, all rights of the licensee
40 under this chapter terminate, and no application may be received
41 from any person whose license has once been revoked.

42 **Sec. 65.** NRS 658.151 is hereby amended to read as follows:

43 658.151 1. The Commissioner may forthwith take possession
44 of the business and property of any depository institution to which



1 this title or title 56 of NRS applies when it appears that the
2 depository institution:

3 (a) Has violated its charter or any laws applicable thereto.
4 (b) Is conducting its business in an unauthorized or unsafe
5 manner.

6 (c) Is in an unsafe or unsound condition to transact its business.

7 (d) Has an impairment of its stockholders' or members' equity.

8 (e) Has refused to pay its depositors in accordance with the
9 terms on which such deposits were received, or has refused to pay
10 its holders of certificates of indebtedness or investment in
11 accordance with the terms upon which those certificates of
12 indebtedness or investment were sold.

13 (f) Has become otherwise insolvent.

14 (g) Has neglected or refused to comply with the terms of a
15 lawful order of the Commissioner.

16 (h) Has refused, upon proper demand, to submit its records,
17 affairs and concerns for inspection and examination of an appointed
18 or authorized examiner of the Commissioner.

19 (i) Has made a voluntary assignment of its assets to trustees.

20 *(j) Has failed to pay the franchise tax imposed pursuant to the*
21 *provisions of sections 2 to 33, inclusive, of this act.*

22 2. The Commissioner also may forthwith take possession of the
23 business and property of any depository institution to which this title
24 or title 56 of NRS applies when it appears that the officers of the
25 depository institution have refused to be examined upon oath
26 regarding its affairs.

27 **Sec. 66.** NRS 665.133 is hereby amended to read as follows:

28 665.133 1. The records and information described in NRS
29 665.130 may be disclosed to:

30 (a) An agency of the Federal Government or of another state
31 which regulates the financial institution which is the subject of the
32 records or information;

33 (b) The Director of the Department of Business and Industry for
34 his confidential use;

35 (c) The State Board of Finance for its confidential use, if the
36 report or other information is necessary for the State Board of
37 Finance to perform its duties under this title;

38 (d) *The Department of Taxation for its use in carrying out the*
39 *provisions of sections 2 to 33, inclusive, of this act;*

40 (e) An entity which insures or guarantees deposits;

41 ~~[(e)]~~ (f) A public officer authorized to investigate criminal
42 charges in connection with the affairs of the depository institution;

43 ~~[(f)]~~ (g) A person preparing a proposal for merging with or
44 acquiring an institution or holding company, but only after notice of
45 the disclosure has been given to the institution or holding company;



1 ~~[(e)]~~ (h) Any person to whom the subject of the report has
2 authorized the disclosure;

3 ~~[(h)]~~ (i) Any other person if the Commissioner determines, after
4 notice and opportunity for hearing, that disclosure is in the public
5 interest and outweighs any potential harm to the depository
6 institution and its stockholders, members, depositors and creditors;
7 and

8 ~~[(i)]~~ (j) Any court in a proceeding initiated by the
9 Commissioner concerning the financial institution.

10 2. All the reports made available pursuant to this section
11 remain the property of the Division of Financial Institutions, and no
12 person, agency or authority to whom the reports are made available,
13 or any officer, director or employee thereof, may disclose any of the
14 reports or any information contained therein, except in published
15 statistical material that does not disclose the affairs of any natural
16 person or corporation.

17 **Sec. 67.** NRS 673.484 is hereby amended to read as follows:

18 673.484 The Commissioner may after notice and hearing
19 suspend or revoke the charter of any association for ~~repeated~~ :

20 1. *Repeated* failure to abide by the provisions of this chapter or
21 the regulations adopted thereunder.

22 2. *Failure to pay the franchise tax imposed pursuant to the*
23 *provisions of sections 2 to 33, inclusive, of this act.*

24 **Sec. 68.** NRS 675.440 is hereby amended to read as follows:

25 675.440 1. If the Commissioner has reason to believe that
26 grounds for revocation or suspension of a license exist, he shall give
27 20 days' written notice to the licensee stating the contemplated
28 action and, in general, the grounds therefor and set a date for a
29 hearing.

30 2. At the conclusion of a hearing, the Commissioner shall:

31 (a) Enter a written order either dismissing the charges, revoking
32 the license, or suspending the license for a period of not more than
33 60 days, which period must include any prior temporary suspension.
34 A copy of the order must be sent by registered or certified mail to
35 the licensee.

36 (b) Impose upon the licensee a fine of \$500 for each violation by
37 the licensee of any provision of this chapter or any lawful regulation
38 adopted under it.

39 (c) If a fine is imposed pursuant to this section, enter such order
40 as is necessary to recover the costs of the proceeding, including his
41 investigative costs and attorney's fees.

42 3. The grounds for revocation or suspension of a license are
43 that:

44 (a) The licensee has failed to pay the annual license fee;



1 (b) The licensee, either knowingly or without any exercise of
2 due care to prevent it, has violated any provision of this chapter or
3 any lawful regulation adopted under it;

4 (c) *The licensee has failed to pay the franchise tax imposed*
5 *pursuant to the provisions of sections 2 to 33, inclusive, of this act;*

6 (d) Any fact or condition exists which would have justified the
7 Commissioner in denying the licensee's original application for a
8 license hereunder; or

9 ~~((d))~~ (e) The applicant failed to open an office for the conduct
10 of the business authorized under this chapter within 120 days from
11 the date the license was issued, or has failed to remain open for the
12 conduct of the business for a period of 120 days without good cause
13 therefor.

14 4. Any revocation or suspension applies only to the license
15 granted to a person for the particular office for which grounds for
16 revocation or suspension exist.

17 5. An order suspending or revoking a license becomes effective
18 5 days after being entered unless the order specifies otherwise or a
19 stay is granted.

20 **Sec. 69.** NRS 676.290 is hereby amended to read as follows:

21 676.290 1. The Commissioner may, pursuant to the
22 procedure provided in this chapter, deny, suspend or revoke any
23 license for which application has been made or which has been
24 issued under the provisions of this chapter if he finds, as to the
25 licensee, its associates, directors or officers, grounds for action.

26 2. Any one of the following grounds may provide the requisite
27 grounds for denial, suspension or revocation:

28 (a) Conviction of a felony or of a misdemeanor involving moral
29 turpitude.

30 (b) Violation of any of the provisions of this chapter or
31 regulations of the Commissioner.

32 (c) Fraud or deceit in procuring the issuance of the license.

33 (d) Continuous course of unfair conduct.

34 (e) Insolvency, filing in bankruptcy, receivership or assigning
35 for the benefit of creditors by any licensee or applicant for a license
36 under this chapter.

37 (f) *Failure to pay the franchise tax imposed pursuant to the*
38 *provisions of sections 2 to 33, inclusive, of this act.*

39 (g) Failure to pay the fee for renewal or reinstatement of a
40 license.

41 3. The Commissioner shall, after notice and hearing, impose
42 upon the licensee a fine of \$500 for each violation by the licensee of
43 any of the provisions of this chapter or regulations of the
44 Commissioner. If a fine is imposed pursuant to this section, the



1 costs of the proceeding, including investigative costs and attorney's
2 fees, may be recovered by the Commissioner.

3 **Sec. 70.** NRS 677.510 is hereby amended to read as follows:

4 677.510 1. If the Commissioner has reason to believe that
5 grounds for revocation or suspension of a license exist, he shall give
6 20 days' written notice to the licensee stating the contemplated
7 action and, in general, the grounds therefor and set a date for a
8 hearing.

9 2. At the conclusion of a hearing, the Commissioner shall:

10 (a) Enter a written order either dismissing the charges, or
11 revoking the license, or suspending the license for a period of not
12 more than 60 days, which period must include any prior temporary
13 suspension. A copy of the order must be sent by registered or
14 certified mail to the licensee.

15 (b) Impose upon the licensee a fine of \$500 for each violation by
16 the licensee of any provision of this chapter or any lawful regulation
17 adopted pursuant thereto.

18 (c) If a fine is imposed pursuant to this section, enter such order
19 as is necessary to recover the costs of the proceeding, including his
20 investigative costs and attorney's fees.

21 3. The grounds for revocation or suspension of a license are
22 that:

23 (a) The licensee has failed to pay the annual license fee;

24 (b) The licensee, either knowingly or without any exercise of
25 due care to prevent it, has violated any provision of this chapter, or
26 any lawful regulation adopted pursuant thereto;

27 (c) *The licensee has failed to pay the franchise tax imposed*
28 *pursuant to the provisions of sections 2 to 33, inclusive, of this act;*

29 (d) Any fact or condition exists which would have justified the
30 Commissioner in denying the licensee's original application for a
31 license hereunder; or

32 ~~[(d)]~~ (e) The applicant failed to open an office for the conduct
33 of the business authorized under this chapter within 120 days from
34 the date the license was issued, or has failed to remain open for the
35 conduct of the business for a period of 120 days without good cause
36 therefor.

37 4. Any revocation or suspension applies only to the license
38 granted to a person for the particular office for which grounds for
39 revocation or suspension exist.

40 5. An order suspending or revoking a license becomes effective
41 5 days after being entered unless the order specifies otherwise or a
42 stay is granted.

43 **Sec. 71.** NRS 680B.037 is hereby amended to read as follows:

44 680B.037 ~~[(Payment)]~~



1 **1. Except as otherwise provided in subsection 2, payment** by
2 an insurer of the tax imposed by NRS 680B.027 is in lieu of all
3 taxes imposed by the State or any city, town or county upon
4 premiums or upon income of insurers and of franchise, privilege or
5 other taxes measured by income of the insurer.

6 **2. The provisions of subsection 1 do not apply to the**
7 **franchise tax imposed pursuant to the provisions of sections 2 to**
8 **33, inclusive, of this act.**

9 **Sec. 72.** NRS 687A.130 is hereby amended to read as follows:
10 687A.130 The Association is exempt from payment of all fees
11 and all taxes levied by this state or any of its subdivisions, except
12 ~~{taxes}~~ :

13 **1. Taxes** levied on real or personal property.

14 **2. The franchise tax imposed pursuant to the provisions of**
15 **sections 2 to 33, inclusive, of this act.**

16 **Sec. 73.** NRS 694C.450 is hereby amended to read as follows:

17 694C.450 1. Except as otherwise provided in this section, a
18 captive insurer shall pay to the Division, not later than March 1 of
19 each year, a tax at the rate of:

20 (a) Two-fifths of 1 percent on the first \$20,000,000 of its net
21 direct premiums;

22 (b) One-fifth of 1 percent on the next \$20,000,000 of its net
23 direct premiums; and

24 (c) Seventy-five thousandths of 1 percent on each additional
25 dollar of its net direct premiums.

26 2. Except as otherwise provided in this section, a captive
27 insurer shall pay to the Division, not later than March 1 of each
28 year, a tax at a rate of:

29 (a) Two hundred twenty-five thousandths of 1 percent on the
30 first \$20,000,000 of revenue from assumed reinsurance premiums;

31 (b) One hundred fifty thousandths of 1 percent on the next
32 \$20,000,000 of revenue from assumed reinsurance premiums; and

33 (c) Twenty-five thousandths of 1 percent on each additional
34 dollar of revenue from assumed reinsurance premiums.

35 The tax on reinsurance premiums pursuant to this subsection must
36 not be levied on premiums for risks or portions of risks which are
37 subject to taxation on a direct basis pursuant to subsection 1. A
38 captive insurer is not required to pay any reinsurance premium tax
39 pursuant to this subsection on revenue related to the receipt of assets
40 by the captive insurer in exchange for the assumption of loss
41 reserves and other liabilities of another insurer that is under
42 common ownership and control with the captive insurer, if the
43 transaction is part of a plan to discontinue the operation of the other
44 insurer and the intent of the parties to the transaction is to renew or
45 maintain such business with the captive insurer.



1 3. If the sum of the taxes to be paid by a captive insurer
2 calculated pursuant to subsections 1 and 2 is less than \$5,000 in any
3 given year, the captive insurer shall pay a tax of \$5,000 for that
4 year.

5 4. Two or more captive insurers under common ownership and
6 control must be taxed as if they were a single captive insurer.

7 5. Notwithstanding any specific statute to the contrary, ~~and~~
8 except as otherwise provided in this subsection, the tax provided for
9 by this section constitutes all the taxes collectible pursuant to the
10 laws of this state from a captive insurer, and no occupation tax or
11 other taxes may be levied or collected from a captive insurer by this
12 state or by any county, city or municipality within this state, except
13 for *the franchise tax imposed pursuant to the provisions of*
14 *sections 2 to 33, inclusive, of this act and* ad valorem taxes on real
15 or personal property located in this state used in the production of
16 income by the captive insurer.

17 6. Ten percent of the revenues collected from the tax imposed
18 pursuant to this section must be deposited with the State Treasurer
19 for credit to the Account for the Regulation and Supervision of
20 Captive Insurers created pursuant to NRS 694C.460. The remaining
21 90 percent of the revenues collected must be deposited with the
22 State Treasurer for credit to the State General Fund.

23 7. As used in this section, unless the context otherwise
24 requires:

25 (a) "Common ownership and control" means:

26 (1) In the case of a stock insurer, the direct or indirect
27 ownership of 80 percent or more of the outstanding voting stock of
28 two or more corporations by the same member or members.

29 (2) In the case of a mutual insurer, the direct or indirect
30 ownership of 80 percent or more of the surplus and the voting power
31 of two or more corporations by the same member or members.

32 (b) "Net direct premiums" means the direct premiums collected
33 or contracted for on policies or contracts of insurance written by a
34 captive insurer during the preceding calendar year, less the amounts
35 paid to policyholders as return premiums, including dividends on
36 unabsorbed premiums or premium deposits returned or credited to
37 policyholders.

38 **Sec. 74.** Section 58 of Assembly Bill No. 553 of the 72nd
39 Session of the Nevada Legislature is hereby amended to read as
40 follows:

41 Sec. 58. 1. If projections of the ending balance of the
42 State General Fund fall below the amount estimated by the
43 ~~[2003]~~ *Nevada* Legislature for Fiscal Year 2003-2004 or
44 2004-2005, the Director of the Department of Administration
45 shall report this information to the State Board of Examiners.



2. If the State Board of Examiners determines that the ending balance of the State General Fund is projected to be less than \$60,000,000 for Fiscal Year 2003-2004 or 2004-2005, the Governor, pursuant to NRS 353.225, may direct the Director of the Department of Administration to require the State Controller or the head of each department, institution or agency to set aside a reserve of not more than 15 percent of the total amount of operating expenses or other appropriations and money otherwise available to the department, institution or agency.

3. A reserve must not be set aside pursuant to this section unless:

(a) The Governor, on behalf of the State Board of Examiners, submits a report to the Legislature, or, if the Legislature is not in session, to the Interim Finance Committee, stating the reasons why a reserve is needed and indicating each department, institution or agency that will be required to set aside a reserve; and

(b) The Legislature or Interim Finance Committee approves the setting aside of the reserve.

Sec. 75. Section 61 of Assembly Bill No. 553 of the 72nd Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 61. 1. There is hereby appropriated from the State General Fund to the Interim Finance Committee the sum of \$12,500,000 in Fiscal Year 2003-2004 and ~~[\$20,000,000]~~ \$15,000,000 in Fiscal Year 2004-2005 for information technology and additional operational costs that may be required by the Department of Taxation or other state agency to implement or modify the collections of State General Fund revenues . ~~[approved by the 72nd Session of the Nevada Legislature.]~~

2. If the Department of Taxation or other state agency determines that additional resources are necessary for information technology or additional operational costs related to subsection 1 the State Board of Examiners shall consider the request and recommend the amount of the allocation, if any, to the Interim Finance Committee.

3. The Interim Finance Committee is not required to approve the entire amount of an allocation recommended pursuant to subsection 2 or to allocate the entire amount appropriated in subsection 1.

4. The sums appropriated by subsection 1 are available for either fiscal year. Any balance of those sums must not be committed for expenditure after June 30, 2005, and reverts to



1 the State General Fund as soon as all payments of money
2 committed have been made.

3 **Sec. 76.** Section 1 of Senate Bill No. 243 of the 72nd Session
4 of the Nevada Legislature is hereby amended to read as follows:

5 Section 1. ~~{1. There is hereby appropriated from the~~
6 ~~State General Fund to the Fund to Stabilize the Operation of~~
7 ~~State Government created by NRS 353.288 the sum of~~
8 ~~\$30,000,000.~~

9 ~~—2.}~~ Notwithstanding the provisions of NRS 353.235:

10 ~~{(a)}~~ 1. Upon receipt of the projections and estimates of
11 the Economic Forum required by paragraph (d) of subsection
12 1 of NRS 353.228 to be reported on or before December 1,
13 2004, the Interim Finance Committee shall project the ending
14 balance of the State General Fund for Fiscal Year 2004-2005,
15 using all relevant information known to it.

16 ~~{(b)}~~ 2. Except as otherwise provided in ~~{paragraph (e),}~~
17 *subsection 3*, there is hereby contingently appropriated from
18 the State General Fund to the Fund to Stabilize the Operation
19 of *the* State Government created by NRS 353.288 the
20 amount, if any, by which the projection required by
21 ~~{paragraph (a)}~~ *subsection 1* exceeds the amount of the
22 ending balance of the State General Fund for Fiscal Year
23 2004-2005 as estimated by the ~~{2003 Legislature.~~

24 ~~—(e)}~~ *Nevada Legislature.*

25 3. The amount of any appropriation pursuant to
26 ~~{paragraph (b)}~~ *subsection 2* must not exceed ~~{\$20,000,000.}~~
27 *\$50,000,000.*

28 **Sec. 77.** NRS 353.272 is hereby repealed.

29 **Sec. 78.** Notwithstanding the provisions of NRS 353.288:

30 1. After the close of the 2003-2004 Fiscal Year and after the
31 close of the 2004-2005 Fiscal Year, the Interim Finance Committee
32 shall determine the amount, if any, by which the total revenue from
33 all sources to the State General Fund, excluding reversions to the
34 State General Fund, exceeds:

35 (a) One hundred seven percent of the total revenue from all
36 sources to the State General Fund as projected by the Nevada
37 Legislature for the applicable fiscal year; and

38 (b) The total amount of all applicable contingent appropriations
39 enacted for the 2003-2004 Fiscal Year and the 2004-2005 Fiscal
40 Year by the Nevada Legislature for which the conditions for the
41 contingent appropriations were satisfied.

42 2. Any excess amount of revenue determined pursuant to
43 subsection 1 must be used as follows:



1 (a) An amount estimated by the Interim Finance Committee to
2 pay for expenditures that will occur in the next biennium for which
3 the corresponding expenditures in the current biennium were paid or
4 are to be paid from a source other than the State General Fund, but
5 for which the alternative source of revenue likely will not be
6 available or will not be received during the biennium, must be used
7 to replace previously used nonrecurring revenue. This amount must
8 be accounted for separately in the State General Fund.

9 (b) The remaining excess amount of revenue must be transferred
10 to the Fund to Stabilize the Operation of the State Government
11 created by NRS 353.288, in such an amount that does not cause the
12 balance in the Fund to exceed the limitation on that balance set forth
13 in NRS 353.288.

14 (c) Any remaining excess amount of revenue must be transferred
15 to the Fund for Tax Accountability created pursuant to section 79 of
16 this act.

17 **Sec. 79.** 1. The Fund for Tax Accountability is hereby
18 created as a special revenue fund.

19 2. Money from the Fund may be appropriated only for the
20 purpose of supplementing future revenue of this state to allow the
21 reduction of the rate or amount of a tax or fee.

22 3. This section does not authorize a refund or other return of
23 any tax or fee paid to this state pursuant to any statute or regulation
24 in effect at the time the tax or fee was paid.

25 **Sec. 80.** The Budget Division of the Department of
26 Administration and the Fiscal Analysis Division of the Legislative
27 Counsel Bureau shall jointly:

28 1. Identify all departments, institutions and agencies of the
29 Executive Department of the State Government that administer
30 programs for the treatment of alcohol and drug abuse or provide
31 funding to local governments for such programs;

32 2. Develop a proposal for coordinating such programs,
33 reducing the administrative costs associated with such programs and
34 maximizing the use of state revenue being expended for such
35 programs; and

36 3. Report their recommendations to Governor and to the
37 Director of the Legislative Counsel Bureau not later than
38 December 1, 2004.

39 **Sec. 81.** 1. Notwithstanding the provisions of this act and
40 any other provision of law to the contrary, a public utility or local
41 government franchisee may increase its previously approved rates
42 by an amount which is reasonably estimated to produce an amount
43 of revenue equal to the amount of any tax liability incurred by the
44 public utility or local government franchisee before January 1, 2005,
45 as a result of the provisions of this act.



1 2. For the purposes of this section:

2 (a) “Local government franchisee” means a person to whom a
3 local government has granted a franchise for the provision of
4 services who is required to obtain the approval of a governmental
5 entity to increase any of the rates it charges for those services.

6 (b) “Public utility” means a public utility that is required to
7 obtain the approval of a governmental entity to increase any of the
8 rates it charges for a utility service.

9 **Sec. 82.** 1. The franchise tax imposed by section 15 of this
10 act applies to any Nevada taxable income earned by a financial
11 institution on or after November 1, 2003.

12 2. Notwithstanding the provisions of section 15 of this act, the
13 tax return and remittance of the tax required pursuant to section 15
14 of this act for any taxable year ending before November 1, 2004, is
15 due on January 15, 2005.

16 3. Sections 41, 42 and 43 of this act do not apply to any taxes
17 precollected pursuant to chapter 370 of NRS on or before the
18 effective date of those sections.

19 4. Sections 39, 40 and 58 of this act do not affect the amount of
20 any license fees or taxes due for any period ending on or before
21 July 31, 2003.

22 5. As used in this section:

23 (a) “Financial institution” has the meaning ascribed to it in
24 section 5 of this act.

25 (b) “Nevada taxable income” has the meaning ascribed to it in
26 section 7 of this act.

27 (c) “Taxable year” has the meaning ascribed to it in section 8 of
28 this act.

29 **Sec. 83.** 1. This section and sections 34, 41 to 57, inclusive,
30 and 74 to 82, inclusive, of this act become effective upon passage
31 and approval.

32 2. Sections 1 to 33, inclusive, 35 to 38, inclusive, and 60 to 73,
33 inclusive, of this act become effective:

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

37 (b) On November 1, 2003, for all other purposes.

38 3. Sections 39, 40, 58 and 59 become effective on August 1,
39 2003.



TEXT OF REPEALED SECTION

353.272 “Fund” defined. “Fund” means the Disaster Relief Fund created pursuant to NRS 353.2735.

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