

SENATE BILL NO. 5—COMMITTEE OF THE WHOLE

JUNE 25, 2003

Referred to Committee of the Whole

SUMMARY—Makes various changes related to state financial administration. (BDR 32-8)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation included in Executive Budget.

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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 state financial administration; making appropriations for the support of the class-size reduction program; requiring the Department of Education to prescribe a minimum amount of money that each school district must expend each year for textbooks, instructional supplies and instructional hardware; requiring that a certain amount of money must be withheld from the basic support allocation to a school district if the school district does not expend the required amount; revising provisions governing the purchase of retirement credit for certain teachers; requiring the boards of trustees of school districts to purchase retirement credit for certain school psychologists under certain circumstances; apportioning the State Distributive School Account in the State General Fund for the 2003-2005 biennium; authorizing certain expenditures; providing for a final adjustment following the close of a fiscal year; making various other changes concerning the administration of money for public schools; making appropriations; making various changes to Senate Bill No. 6 of this session before that bill becomes effective to revise the provisions of that bill regarding various new, replaced and increased taxes and the administration of taxes and state finances; and providing other matters properly relating thereto.



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

1 **Section 1.** Chapter 387 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 1. *On or before July 1 of each year, the Department, in*
4 *consultation with the Budget Division of the Department of*
5 *Administration and the Fiscal Analysis Division of the Legislative*
6 *Counsel Bureau, shall develop or revise, as applicable, a formula*
7 *for determining the minimum amount of money that each school*
8 *district is required to expend each fiscal year for textbooks,*
9 *instructional supplies and instructional hardware. The formula*
10 *must be used only to develop expenditure requirements and must*
11 *not be used to alter the distribution of money for basic support to*
12 *school districts.*

13 2. *Upon approval of the formula pursuant to subsection 1, the*
14 *Department shall provide written notice to each school district*
15 *within the first 30 days of each fiscal year that sets forth the*
16 *required minimum combined amount of money that the school*
17 *district must expend for textbooks, instructional supplies and*
18 *instructional hardware for that fiscal year.*

19 3. *On or before January 1 of each year, the Department shall*
20 *determine whether each school district has expended, during the*
21 *immediately preceding fiscal year, the required minimum amount*
22 *of money set forth in the notice provided pursuant to subsection 2.*
23 *In making this determination, the Department shall use the report*
24 *submitted by the school district pursuant to NRS 387.303.*

25 4. *Except as otherwise provided in subsection 5, if the*
26 *Department determines that a school district has not expended the*
27 *required minimum amount of money set forth in the notice*
28 *provided pursuant to subsection 2, a reduction must be made from*
29 *the basic support allocation otherwise payable to that school*
30 *district in an amount that is equal to the difference between the*
31 *actual combined expenditure for textbooks, instructional supplies*
32 *and instructional hardware and the minimum required combined*
33 *expenditure set forth in the notice provided pursuant to subsection*
34 *2. A reduction in the amount of the basic support allocation*
35 *pursuant to this subsection:*

36 (a) *Does not reduce the amount that the school district is*
37 *required to expend on textbooks, instructional supplies and*
38 *instructional hardware in the current fiscal year; and*

39 (b) *Must not exceed the amount of basic support that was*
40 *provided to the school district for the fiscal year in which the*
41 *minimum expenditure amount was not satisfied.*



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1 **5. If the actual enrollment of pupils in a school district is less**
2 **than the enrollment included in the projections used in the school**
3 **district's biennial budget submitted pursuant to NRS 387.303, the**
4 **required expenditure for textbooks, instructional supplies and**
5 **instructional hardware pursuant to this section must be reduced**
6 **proportionately.**

7 **Sec. 2.** NRS 387.205 is hereby amended to read as follows:

8 387.205 1. Subject to the limitations set forth in NRS
9 387.207 ~~[]~~ **and section 1 of this act**, money on deposit in the county
10 school district fund or in a separate account, if the board of trustees
11 of a school district has elected to establish such an account pursuant
12 to the provisions of NRS 354.603, must be used for:

13 (a) Maintenance and operation of the public schools controlled
14 by the county school district.

15 (b) Payment of premiums for Nevada industrial insurance.

16 (c) Rent of schoolhouses.

17 (d) Construction, furnishing or rental of teacherages, when
18 approved by the Superintendent of Public Instruction.

19 (e) Transportation of pupils, including the purchase of new
20 buses.

21 (f) Programs of nutrition, if such expenditures do not curtail the
22 established school program or make it necessary to shorten the
23 school term, and each pupil furnished lunch whose parent or
24 guardian is financially able so to do pays at least the actual cost of
25 the lunch.

26 (g) Membership fees, dues and contributions to an
27 interscholastic activities association.

28 (h) Repayment of a loan made from the State Permanent School
29 Fund pursuant to NRS 387.526.

30 2. Subject to the limitations set forth in NRS 387.207 ~~[]~~ **and**
31 **section 1 of this act**, money on deposit in the county school district
32 fund, or in a separate account, if the board of trustees of a school
33 district has elected to establish such an account pursuant to the
34 provisions of NRS 354.603, when available, may be used for:

35 (a) Purchase of sites for school facilities.

36 (b) Purchase of buildings for school use.

37 (c) Repair and construction of buildings for school use.

38 **Sec. 3.** NRS 387.207 is hereby amended to read as follows:

39 387.207 1. Except as otherwise provided in this section, in
40 each school year a school district shall spend for ~~[textbooks,]~~ library
41 books and ~~[supplies and materials relating to instruction, including,~~
42 ~~without limitation,]~~ software for computers ~~[]~~ an amount of money,
43 expressed as an amount per pupil, that is at least equal to the
44 average of the total amount of money that was expended per year by



1 the school district for those items in the immediately preceding 3
2 years.

3 2. Except as otherwise provided in this section, in each school
4 year a school district shall spend for the purchase of equipment
5 relating to instruction, including, without limitation, equipment for
6 telecommunications and for the purchase of equipment relating to
7 the transportation of pupils, an amount of money, expressed as an
8 amount per pupil, that is at least equal to the average of the total
9 amount of money that was expended per year by the school district
10 for those items in the immediately preceding 3 years.

11 3. Except as otherwise provided in this section, in each school
12 year a school district shall spend for the maintenance and repair of
13 equipment, vehicles, and buildings and facilities an amount of
14 money, expressed as an amount per pupil, that is at least equal to the
15 average of the total amount of money that was expended per year by
16 the school district for those items in the immediately preceding 3
17 years, excluding any amount of money derived from the proceeds of
18 bonds.

19 4. A school district may satisfy the expenditures required by
20 subsections 1, 2 and 3 if the school district spends an aggregate
21 amount of money for all the items identified in those subsections
22 that is at least equal to the average of the total amount of money
23 expended by the school district per year for all those items in the
24 immediately preceding 3 years.

25 5. A school district is not required to satisfy the expenditures
26 required by this section for a school year in which:

27 (a) The total number of pupils who are enrolled in public
28 schools within the school district has declined from the immediately
29 preceding school year; or

30 (b) The total revenue available in the general fund of the school
31 district has declined from the immediately preceding school year.

32 **Sec. 4.** NRS 391.165 is hereby amended to read as follows:

33 391.165 1. Except as otherwise provided in subsection 3 ~~for~~
34 ~~this section~~ and except as otherwise required as a result of NRS
35 286.537, the board of trustees of a school district shall pay the cost
36 for a licensed teacher to purchase one-fifth of a year of service
37 pursuant to subsection 2 of NRS 286.300 if:

38 (a) The teacher is a member of the Public Employees'
39 Retirement System and has at least 5 years of service;

40 (b) The teacher has been employed as a licensed teacher in this
41 state for at least 5 consecutive school years, regardless of whether
42 the employment was with one or more school districts in this state;

43 (c) Each evaluation of the teacher conducted pursuant to NRS
44 391.3125 is at least satisfactory for the years of employment
45 required by paragraph (b); and



1 (d) In addition to the years of employment required by
2 paragraph (b), the teacher has been employed as a licensed teacher
3 for ~~[1 school year]~~ *2 school years* at a school within the school
4 district which, ~~[for that school year, carries]~~ *during his employment*
5 *at the school:*

6 (1) *Carried* the designation of demonstrating need for
7 improvement ~~[pursuant to NRS 385.367.]~~; *or*

8 (2) *At least 65 percent of the pupils who are enrolled in the*
9 *school are children who are at risk.*

10 *The provisions of this paragraph do not require consecutive years*
11 *of employment or employment at the same school within the*
12 *school district.*

13 2. Except as otherwise provided in subsection 3, the board of
14 trustees of a school district shall pay the cost for a licensed teacher
15 to purchase one-fifth of a year of service for each year that a teacher
16 ~~[is employed as a teacher at a school within the school district that is~~
17 ~~described in paragraph (d)]~~ *satisfies the requirements* of
18 subsection 1.

19 3. In no event may the years of service purchased by a licensed
20 teacher as a result of subsection 2 of NRS 286.300 exceed 5 years.

21 4. The board of trustees of a school district shall not:

22 (a) Assign or reassign a licensed teacher to circumvent the
23 requirements of this section.

24 (b) Include ~~[]~~ as part of a teacher's salary ~~[]~~ the costs of paying
25 the teacher to purchase service pursuant to this section.

26 5. As used in this section ~~[, "service"]~~:

27 (a) *A child is "at risk" if he is eligible for free or reduced-price*
28 *lunches pursuant to 42 U.S.C. §§ 1751 et. seq.*

29 (b) *"Service"* has the meaning ascribed to it in NRS 286.078.

30 **Sec. 5.** NRS 391.165 is hereby amended to read as follows:

31 391.165 1. Except as otherwise provided in subsection 3 of
32 this section and except as otherwise required as a result of NRS
33 286.537, the board of trustees of a school district shall pay the cost
34 for a licensed teacher *or licensed school psychologist* to purchase
35 one-fifth of a year of service pursuant to subsection 2 of NRS
36 286.300 if:

37 (a) The teacher *or school psychologist* is a member of the Public
38 Employees' Retirement System and has at least 5 years of service;

39 (b) The teacher *or school psychologist* has been employed as a
40 licensed teacher *or licensed school psychologist* in this state for at
41 least 5 consecutive school years, regardless of whether the
42 employment was with one or more school districts in this state;

43 (c) Each evaluation of the teacher *or school psychologist*
44 conducted pursuant to NRS 391.3125 is at least satisfactory for the
45 years of employment required by paragraph (b); and



1 (d) In addition to the years of employment required by
2 paragraph (b) ~~[-, the]~~ :

3 (1) *The* teacher has been employed as a licensed teacher for
4 2 school years at a school within the school district which, during
5 his employment at the school:

6 ~~[(1)]~~ (I) Carried the designation of demonstrating need for
7 improvement; or

8 ~~[(2)]~~ (II) At least 65 percent of the pupils who are enrolled
9 in the school are children who are at risk ~~[-]~~ ;

10 (2) *The teacher holds an endorsement in the field of*
11 *mathematics, science, special education or English as a second*
12 *language and has been employed for at least 1 school year to teach*
13 *in the subject area for which he holds an endorsement; or*

14 (3) *The school psychologist has been employed as a*
15 *licensed school psychologist for at least 1 school year.*

16 The provisions of this paragraph do not require consecutive years of
17 employment or employment at the same school within the school
18 district.

19 2. Except as otherwise provided in subsection 3, the board of
20 trustees of a school district shall pay the cost for a licensed teacher
21 *or school psychologist* to purchase one-fifth of a year of service for
22 each year that a teacher *or school psychologist* satisfies the
23 requirements of subsection 1. *If, in 1 school year, a teacher*
24 *satisfies the criteria set forth in both subparagraphs (1) and (2) of*
25 *paragraph (d) of subsection 1, the school district in which the*
26 *teacher is employed is not required to pay for more than one-fifth*
27 *of a year of service pursuant to subsection 2 of NRS 286.300 for*
28 *that school year.*

29 3. In no event may the years of service purchased by a licensed
30 teacher *or school psychologist* as a result of subsection 2 of NRS
31 286.300 exceed 5 years.

32 4. The board of trustees of a school district shall not:

33 (a) Assign or reassign a licensed teacher *or school psychologist*
34 to circumvent the requirements of this section.

35 (b) Include ~~[-]~~ as part of a teacher's *or school psychologist's*
36 salary ~~[-]~~ the costs of paying the teacher *or school psychologist* to
37 purchase service pursuant to this section.

38 5. As used in this section:

39 (a) A child is "at risk" if he is eligible for free or reduced-price
40 lunches pursuant to 42 U.S.C. §§ 1751 et. seq.

41 (b) "Service has the meaning ascribed to it in NRS 286.078.



1 **Sec. 6.** Section 4 of Senate Bill No. 6 of the 20th Special
2 Session of the Nevada Legislature is hereby amended to read as
3 follows:

4 Sec. 4. *“Employer” means any employer who is*
5 *required to pay a contribution pursuant to NRS 612.535 for*
6 *any calendar quarter, except an Indian tribe, nonprofit*
7 *organization or political subdivision. For the purposes of*
8 *this section:*

9 1. *“Indian tribe” includes any entity described in*
10 *subsection 10 of NRS 612.055.*

11 2. *“Nonprofit organization” means a nonprofit*
12 *religious, charitable, fraternal or other organization that*
13 *qualifies as a tax-exempt organization pursuant to 26*
14 *U.S.C. § 501(c).*

15 3. *“Political subdivision” means any entity described in*
16 *subsection 9 of NRS 612.055.*

17 **Sec. 7.** Section 11 of Senate Bill No. 6 of the 20th Special
18 Session of the Nevada Legislature is hereby amended to read as
19 follows:

20 Sec. 11. 1. *There is hereby imposed an excise tax on*
21 *each employer at the rate of 0.85 percent of the wages, as*
22 *defined in NRS 612.190, paid by the employer during a*
23 *calendar quarter with respect to employment.*

24 2. *The tax imposed by this section must not be*
25 *deducted, in whole or in part, from any wages of persons in*
26 *the employment of the employer.*

27 3. *Each employer shall, on or before the last day of the*
28 *month immediately following each calendar quarter for*
29 *which the employer is required to pay a contribution*
30 *pursuant to NRS 612.535:*

31 (a) *File with the Department:*

32 (1) *A return on a form prescribed by the Department;*
33 *and*

34 (2) *A copy of any report required by the Employment*
35 *Security Division of the Department of Employment,*
36 *Training and Rehabilitation for determining the amount of*
37 *the contribution required pursuant to NRS 612.535 for any*
38 *wages paid by the employer during that calendar quarter;*
39 *and*

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

42 4. *Except as otherwise provided in subsection 5, an*
43 *employer may deduct from the total amount of wages*
44 *reported and upon which the excise tax is imposed pursuant*
45 *this section any amount authorized pursuant to this section*



1 *that is paid by the employer for health insurance or a health*
2 *benefit plan for its employees in the calendar quarter for*
3 *which the tax is paid. The amounts for which the deduction*
4 *is allowed include:*

5 *(a) For an employer providing a program of self-*
6 *insurance for its employees, all amounts paid during the*
7 *calendar quarter for claims, direct administrative services*
8 *costs, including such services provided by the employer, and*
9 *any premiums paid for individual or aggregate stop-loss*
10 *insurance coverage. An employer is not authorized to*
11 *deduct the costs of a program of self-insurance unless the*
12 *program is a qualified employee welfare benefit plan*
13 *pursuant to the Employee Retirement Income Security Act*
14 *of 1974, 29 U.S.C. §§ 1001 et seq.*

15 *(b) The premiums for a policy of health insurance or*
16 *reinsurance for a health benefit plan for its employees.*

17 *(c) Any amounts paid by an employer to a Taft-Hartley*
18 *trust formed pursuant to 29 U.S.C. § 186(c)(5) for*
19 *participation in an employee welfare benefit plan.*

20 *(d) Such other similar payments for health care or*
21 *insurance for health care for employees as are authorized*
22 *by the Department.*

23 *5. An employer may not deduct from the wages upon*
24 *which the excise tax is imposed pursuant this section:*

25 *(a) Amounts paid for health care or premiums paid for*
26 *insurance for an industrial injury or occupational disease*
27 *for which coverage is required pursuant to chapters 616A to*
28 *616D, inclusive, or 617 of NRS; or*

29 *(b) Any payments made by employees for health care or*
30 *health insurance or amounts deducted from the wages of*
31 *employees for such care or insurance.*

32 *6. An employer claiming the deduction allowed*
33 *pursuant to subsection 4 shall submit with the return filed*
34 *pursuant to subsection 3 proof of the amount paid in the*
35 *calendar quarter that qualifies for the deduction. If the*
36 *amount of the deduction exceeds the amount of reported*
37 *wages, the excess amount may be carried forward to the*
38 *following calendar quarter until the deduction is exhausted.*

39 *7. As used in this section, "employee welfare benefit*
40 *plan" has the meaning ascribed to it in 29 U.S.C. § 1002.*

41 **Sec. 8.** Section 24.18 of Senate Bill No. 6 of the 20th Special
42 Session of the Nevada Legislature is hereby amended to read as
43 follows:

44 *Sec. 24.18. 1. Except as otherwise provided in*
45 *subsection 2, "financial institution" means:*



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

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

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

2. The term does not include:

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

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

Sec. 9. Section 24.20 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 24.20. *“Gross revenue” means the total amount of the money and the value of any other consideration received or receivable by a financial institution which the financial institution is required to report for the purposes of federal income taxation.*

Sec. 10. Section 24.46 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 24.46. *The Department shall adopt regulations providing for the allocation or apportionment to this state of the tax liability of a financial institution pursuant to this chapter. If the federal taxable income of a financial institution is derived from business conducted both within and outside this state, whether or not the financial institution is physically present in another state or is subject to another state’s jurisdiction to impose a tax on the financial institution, the apportionment factor for determining the tax liability of the financial institution derived from business conducted by it in this state must consist of a fraction, the numerator of which is the gross*



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1 *revenue of the financial institution from customers whose*
2 *address is within this state, and the denominator of which is*
3 *the gross revenue of the financial institution from its entire*
4 *operation as a financial institution.*

5 **Sec. 11.** Section 27 of Senate Bill No. 6 of the 20th Special
6 Session of the Nevada Legislature is hereby amended to read as
7 follows:

8 Sec. 27. *“Amount paid for live entertainment” means:*

9 *1. If the live entertainment is provided at a facility with*
10 *a maximum seating capacity of less than 7,500, the total*
11 *amount, expressed in terms of money, of consideration paid*
12 *for admission into the facility and for food, refreshments*
13 *and merchandise purchased at the facility.*

14 *2. If the live entertainment is provided at a facility with*
15 *a maximum seating capacity of at least 7,500, the total*
16 *amount, expressed in terms of money, of consideration paid*
17 *for admission into the facility.*

18 **Sec. 12.** Section 30 of Senate Bill No. 6 of the 20th Special
19 Session of the Nevada Legislature is hereby amended to read as
20 follows:

21 Sec. 30. *1. “Business entity” includes:*

22 *(a) A corporation, partnership, proprietorship, business*
23 *association and any other person engaging in business.*

24 *(b) A natural person engaging in a business if he is*
25 *deemed to be a business entity pursuant to section 34 of this*
26 *act.*

27 *2. The term does not include a governmental entity.*

28 **Sec. 13.** Senate Bill No. 6 of the 20th Special Session of the
29 Nevada Legislature is hereby amended by adding thereto new
30 sections designated sections 30.3 and 30.7, following sec. 30, to
31 read as follows:

32 Sec. 30.3. *“Facility” means:*

33 *1. Any area or premises where live entertainment is*
34 *provided and for which consideration is collected for*
35 *admission into that area or those premises if the live*
36 *entertainment is provided at:*

37 *(a) An establishment that is not a licensed gaming*
38 *establishment; or*

39 *(b) A licensed gaming establishment that is licensed for*
40 *less than 51 slot machines, less than six games, or any*
41 *combination of slot machines and games within those*
42 *respective limits.*

43 *2. Any area or premises where live entertainment is*
44 *provided if the live entertainment is provided at any other*
45 *licensed gaming establishment.*



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1 Sec. 30.7. *“Game” has the meaning ascribed to it in*
2 *NRS 463.0152.*

3 **Sec. 14.** Senate Bill No. 6 of the 20th Special Session of the
4 Nevada Legislature is hereby amended by adding thereto new
5 sections designated sec. 32.3 and 32.7, following section 32, to read
6 as follows:

7 Sec. 32.3. *“Maximum seating capacity” means, in the*
8 *following order of priority:*

9 1. *The maximum occupancy of the facility in which*
10 *live entertainment is provided, as determined by the State*
11 *Fire Marshal or the local governmental agency that has the*
12 *authority to determine the maximum occupancy of the*
13 *facility;*

14 2. *If such a maximum occupancy has not been*
15 *determined, the maximum occupancy of the facility*
16 *designated in any permit required to be obtained in order to*
17 *provide the live entertainment; or*

18 3. *If such a permit does not designate the maximum*
19 *occupancy of the facility, the actual seating capacity of the*
20 *facility in which the live entertainment is provided.*

21 Sec. 32.7. *“Slot machine” has the meaning ascribed to*
22 *it in NRS 463.0191.*

23 **Sec. 15.** Section 33 of Senate Bill No. 6 of the 20th Special
24 Session of the Nevada Legislature is hereby amended to read as
25 follows:

26 Sec. 33. *“Taxpayer” means:*

27 1. *If live entertainment that is taxable under this*
28 *chapter is provided at a licensed gaming establishment, the*
29 *person licensed to conduct gaming at that establishment.*

30 2. *Except as otherwise provided in subsection 3, if live*
31 *entertainment that is taxable under this chapter is not*
32 *provided at a licensed gaming establishment, the owner or*
33 *operator of the facility where the live entertainment is*
34 *provided.*

35 3. *If live entertainment that is taxable under this*
36 *chapter is provided at a publicly owned facility or on public*
37 *land, the person who collects the taxable receipts.*

38 **Sec. 16.** Section 34 of Senate Bill No. 6 of the 20th Special
39 Session of the Nevada Legislature is hereby amended to read as
40 follows:

41 Sec. 34. *A natural person engaging in a business shall*
42 *be deemed to be a business entity that is subject to the*
43 *provisions of this chapter if the person is required to file*
44 *with the Internal Revenue Service a Schedule C (Form*
45 *1040), Profit or Loss From Business Form, or its equivalent*



1 *or successor form, or a Schedule E (Form 1040),*
2 *Supplemental Income and Loss Form, or its equivalent or*
3 *successor form, for the business.*

4 **Sec. 17.** Section 36 of Senate Bill No. 6 of the 20th Special
5 Session of the Nevada Legislature is hereby amended to read as
6 follows:

7 Sec. 36. 1. *Except as otherwise provided in this*
8 *section, there is hereby imposed an excise tax on all*
9 *amounts paid for live entertainment at the follow rates:*

10 (a) *If the live entertainment is provided at a facility with*
11 *a maximum seating capacity of less than 7,500, 10 percent*
12 *of the amount paid for live entertainment.*

13 (b) *If the live entertainment is provided at a facility with*
14 *a maximum seating capacity of at least 7,500, 5 percent of*
15 *the amount paid for live entertainment.*

16 2. *Amounts paid for gratuities directly or indirectly*
17 *remitted to persons employed at a facility where live*
18 *entertainment is provided or for service charges, including*
19 *those imposed in connection with the use of credit cards or*
20 *debit cards, which are collected and retained by persons*
21 *other than the taxpayer are not taxable pursuant to this*
22 *section.*

23 3. *A business entity that collects any amount that is*
24 *taxable pursuant to subsection 1 is liable for the tax*
25 *imposed, but is entitled to collect reimbursement from any*
26 *person paying that amount.*

27 4. *Any ticket for live entertainment must state whether*
28 *the tax imposed by this section is included in the price of*
29 *the ticket. If the ticket does not include such a statement, the*
30 *taxpayer shall pay the tax based on the face amount of the*
31 *ticket.*

32 5. *The tax imposed by subsection 1 does not apply to:*

33 (a) *Live entertainment that this state is prohibited from*
34 *taxing under the Constitution, laws or treaties of the United*
35 *States or the Nevada Constitution.*

36 (b) *Live entertainment that is provided by or entirely for*
37 *the benefit of a nonprofit religious, charitable, fraternal or*
38 *other organization that qualifies as a tax-exempt*
39 *organization pursuant to 26 U.S.C. § 501(c).*

40 (c) *Any boxing contest or exhibition governed by the*
41 *provisions of chapter 467 of NRS.*

42 (d) *Live entertainment that is not provided at a licensed*
43 *gaming establishment if the facility in which the live*
44 *entertainment is provided has a maximum seating capacity*
45 *of less than 300.*



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1 (e) *Live entertainment that is provided at a licensed*
2 *gaming establishment that is licensed for less than 51 slot*
3 *machines, less than six games, or any combination of slot*
4 *machines and games within those respective limits, if the*
5 *facility in which the live entertainment is provided has a*
6 *maximum seating capacity of less than 300.*

7 (f) *Merchandise sold outside the facility in which*
8 *the live entertainment is provided, unless the purchase of*
9 *the merchandise entitles the purchaser to admission to the*
10 *entertainment.*

11 (g) *Live entertainment that is provided at a trade show.*

12 (h) *Music performed by musicians who move constantly*
13 *through the audience if no other form of live entertainment*
14 *is afforded to the patrons.*

15 (i) *Live entertainment that is provided at a licensed*
16 *gaming establishment at private meetings or dinners*
17 *attended by members of a particular organization or by a*
18 *casual assemblage if the purpose of the event is not*
19 *primarily for entertainment.*

20 (j) *Live entertainment that is provided in the common*
21 *area of a shopping mall, unless the entertainment is*
22 *provided in a facility located within the mall.*

23 **Sec. 18.** Section 38 of Senate Bill No. 6 of the 20th Special
24 Session of the Nevada Legislature is hereby amended to read as
25 follows:

26 Sec. 38. 1. *The Board shall:*

27 (a) *Collect the tax imposed by this chapter from*
28 *taxpayers who are licensed gaming establishments; and*

29 (b) *Adopt such regulations as are necessary to carry out*
30 *the provisions of paragraph (a). The regulations must be*
31 *adopted in accordance with the provisions of chapter 233B*
32 *of NRS and must be codified in the Nevada Administrative*
33 *Code.*

34 2. *The Department shall:*

35 (a) *Collect the tax imposed by this chapter from all other*
36 *taxpayers; and*

37 (b) *Adopt such regulations as are necessary to carry out*
38 *the provisions of paragraph (a).*

39 3. *For the purposes of:*

40 (a) *Subsection 1, the provisions of chapter 463 of NRS*
41 *relating to the payment, collection, administration and*
42 *enforcement of gaming license fees and taxes, including,*
43 *without limitation, any provisions relating to the imposition*
44 *of penalties and interest, shall be deemed to apply to the*
45 *payment, collection, administration and enforcement of the*



1 *taxes imposed by this chapter to the extent that those*
2 *provisions do not conflict with the provisions of this chapter.*

3 *(b) Subsection 2, the provisions of chapter 360 of NRS*
4 *relating to the payment, collection, administration and*
5 *enforcement of taxes, including, without limitation, any*
6 *provisions relating to the imposition of penalties and*
7 *interest, shall be deemed to apply to the payment, collection,*
8 *administration and enforcement of the taxes imposed by this*
9 *chapter to the extent that those provisions do not conflict*
10 *with the provisions of this chapter.*

11 *4. To ensure that the tax imposed by section 36 of this*
12 *act is collected fairly and equitably, the Board and the*
13 *Department shall:*

14 *(a) Jointly, coordinate the administration and collection*
15 *of that tax and the regulation of taxpayers who are liable*
16 *for the payment of the tax.*

17 *(b) Upon request, assist the other agency in the*
18 *collection of that tax.*

19 **Sec. 19.** Section 39 of Senate Bill No. 6 of the 20th Special
20 Session of the Nevada Legislature is hereby amended to read as
21 follows:

22 *Sec. 39. 1. Except as otherwise provided in this*
23 *section:*

24 *(a) Each taxpayer who is a licensed gaming*
25 *establishment shall file with the Board, on or before the*
26 *24th day of each month, a report showing the amount of all*
27 *taxable receipts for the preceding month. The report must*
28 *be in a form prescribed by the Board.*

29 *(b) All other taxpayers shall file with the Department, on*
30 *or before the last day of each month, a report showing the*
31 *amount of all taxable receipts for the preceding month. The*
32 *report must be in a form prescribed by the Department.*

33 *2. The Board or the Department, if it deems it*
34 *necessary to ensure payment to or facilitate the collection by*
35 *the State of the tax imposed by section 36 of this act, may*
36 *require reports to be filed not later than 10 days after the*
37 *end of each calendar quarter.*

38 *3. Each report required to be filed by this section must*
39 *be accompanied by the amount of the tax that is due for the*
40 *period covered by the report.*

41 *4. The Board and the Department shall deposit all*
42 *taxes, interest and penalties it receives pursuant to this*
43 *chapter in the State Treasury for credit to the State General*
44 *Fund.*



1 **Sec. 20.** Section 41 of Senate Bill No. 6 of the 20th Special
2 Session of the Nevada Legislature is hereby amended to read as
3 follows:

4 Sec. 41. 1. *Each person responsible for maintaining*
5 *the records of a taxpayer shall:*

6 (a) *Keep such records as may be necessary to determine*
7 *the amount of the liability of the taxpayer pursuant to the*
8 *provisions of this chapter;*

9 (b) *Preserve those records for:*

10 (1) *At least 5 years if the taxpayer is a licensed*
11 *gaming establishment or until any litigation or prosecution*
12 *pursuant to this chapter is finally determined, whichever is*
13 *longer; or*

14 (2) *At least 4 years if the taxpayer is not a licensed*
15 *gaming establishment or until any litigation or prosecution*
16 *pursuant to this chapter is finally determined, whichever is*
17 *longer; and*

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

21 2. *The Board and the Department may by regulation*
22 *specify the types of records which must be kept to determine*
23 *the amount of the liability of a taxpayer from whom they are*
24 *required to collect the tax imposed by this chapter.*

25 3. *Any agreement that is entered into, modified or*
26 *extended after January 1, 2004, for the lease, assignment or*
27 *transfer of any premises upon which any activity subject to*
28 *the tax imposed by this chapter is, or thereafter may be,*
29 *conducted shall be deemed to include a provision that the*
30 *taxpayer required to pay the tax must be allowed access to,*
31 *upon demand, all books, records and financial papers held*
32 *by the lessee, assignee or transferee which must be kept*
33 *pursuant to this section. Any person conducting activities*
34 *subject to the tax imposed by section 36 of this act who fails*
35 *to maintain or disclose his records pursuant to this*
36 *subsection is liable to the taxpayer for any penalty paid by*
37 *the taxpayer for the late payment or nonpayment of the tax*
38 *caused by the failure to maintain or disclose records.*

39 4. *A person who violates any provision of this section is*
40 *guilty of a misdemeanor.*

41 **Sec. 21.** Section 44 of Senate Bill No. 6 of the 20th Special
42 Session of the Nevada Legislature is hereby amended to read as
43 follows:

44 Sec. 44. 1. *If:*



1 (a) *The Board determines that a taxpayer who is a*
2 *licensed gaming establishment is taking any action with*
3 *intent to defraud the State or to evade the payment of the tax*
4 *or any part of the tax imposed by this chapter, the Board*
5 *shall establish an amount paid for live entertainment upon*
6 *which the tax imposed by this chapter must be based.*

7 (b) *The Department determines that a taxpayer who is*
8 *not a licensed gaming establishment is taking any action*
9 *with intent to defraud the State or to evade the payment of*
10 *the tax or any part of the tax imposed by this chapter, the*
11 *Department shall establish an amount paid for live*
12 *entertainment upon which the tax imposed by this chapter*
13 *must be based.*

14 2. *The amount established by the Board or the*
15 *Department pursuant to subsection 1 must be based upon*
16 *the tax liability of business entities that are deemed*
17 *comparable by the Board or the Department to that of the*
18 *taxpayer.*

19 **Sec. 22.** Section 48 of Senate Bill No. 6 of the 20th Special
20 Session of the Nevada Legislature is hereby amended to read as
21 follows:

22 Sec. 48. 1. *Except as otherwise provided in NRS*
23 *360.235 and 360.395:*

24 (a) *No refund may be allowed unless a claim for it is*
25 *filed with:*

26 (1) *The Board, if the taxpayer is a licensed gaming*
27 *establishment; or*

28 (2) *The Department, if the taxpayer is not a licensed*
29 *gaming establishment.*

30 *A claim must be filed within 3 years after the last day of the*
31 *month following the reporting period for which the*
32 *overpayment was made.*

33 (b) *No credit may be allowed after the expiration of the*
34 *period specified for filing claims for refund unless a claim*
35 *for credit is filed with the Board or the Department within*
36 *that period.*

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

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

42 4. *Within 30 days after rejecting any claim in whole or*
43 *in part, the Board or the Department shall serve notice of its*
44 *action on the claimant in the manner prescribed for service*
45 *of notice of a deficiency determination.*



1 **Sec. 23.** Section 49 of Senate Bill No. 6 of the 20th Special
2 Session of the Nevada Legislature is hereby amended to read as
3 follows:

4 Sec. 49. *1. Except as otherwise provided in this*
5 *section and NRS 360.320, interest must be paid upon any*
6 *overpayment of any amount of the tax imposed by this*
7 *chapter in accordance with the provisions of section 38 of*
8 *this act.*

9 *2. If the overpayment is paid to the Department, the*
10 *interest must be paid:*

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

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

20 *3. If the Board or the Department determines that any*
21 *overpayment has been made intentionally or by reason of*
22 *carelessness, the Board or the Department shall not allow*
23 *any interest on the overpayment.*

24 **Sec. 24.** Section 60 of Senate Bill No. 6 of the 20th Special
25 Session of the Nevada Legislature is hereby amended to read as
26 follows:

27 Sec. 60. (Deleted by amendment.)

28 **Sec. 25.** Section 62 of Senate Bill No. 6 of the 20th Special
29 Session of the Nevada Legislature is hereby amended to read as
30 follows:

31 Sec. 62. *1. "Business" includes:*

32 *(a) A corporation, partnership, proprietorship, limited-*
33 *liability company, business association, joint venture,*
34 *limited-liability partnership, business trust and their*
35 *equivalents organized under the laws of this state or another*
36 *jurisdiction and any other person that conducts an activity*
37 *for profit; and*

38 *(b) The activities of a natural person which are deemed*
39 *to be a business pursuant to section 65 of this act.*

40 *2. The term does not include:*

41 *(a) A governmental entity.*

42 *(b) A nonprofit religious, charitable, fraternal or other*
43 *organization that qualifies as a tax-exempt organization*
44 *pursuant to 26 U.S.C. § 501(c).*



1 (c) A person who operates a business from his home and
2 earns from that business not more than 66 2/3 percent of
3 the average annual wage, as computed for the preceding
4 calendar year pursuant to chapter 612 of NRS and rounded
5 to the nearest hundred dollars.

6 (d) A business whose primary purpose is to create or
7 produce motion pictures. As used in this paragraph,
8 "motion pictures" has the meaning ascribed to it in
9 NRS 231.020.

10 **Sec. 26.** Section 63 of Senate Bill No. 6 of the 20th Special
11 Session of the Nevada Legislature is hereby amended to read as
12 follows:

13 Sec. 63. 1. "Employee" includes:

14 (a) A natural person who receives wages or other
15 remuneration from a business for personal services,
16 including commissions and bonuses and remuneration
17 payable in a medium other than cash; and

18 (b) A natural person engaged in the operation of a
19 business.

20 2. The term includes:

21 (a) A partner or other co-owner of a business; and

22 (b) Except as otherwise provided in subsection 3, a
23 natural person reported as an employee to the:

24 (1) Employment Security Division of the Department
25 of Employment, Training and Rehabilitation;

26 (2) Administrator of the Division of Industrial
27 Relations of the Department of Business and Industry; or

28 (3) Internal Revenue Service on an Employer's
29 Quarterly Federal Tax Return (Form 941), Employer's
30 Monthly Federal Tax Return (Form 941-M),
31 Employer's Annual Tax Return for Agricultural Employees
32 (Form 943) or any equivalent or successor form.

33 3. The term does not include:

34 (a) A business or an independent contractor that
35 performs services on behalf of another business.

36 (b) A natural person who is retired or otherwise
37 receiving remuneration solely because of past service to the
38 business.

39 (c) A newspaper carrier or the immediate supervisor of a
40 newspaper carrier who is an independent contractor of the
41 newspaper.

42 (d) A natural person who performs all of his duties for
43 the business outside of this state.

44 4. An independent contractor is not an employee of a
45 business with which he contracts.



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1 **Sec. 27.** Senate Bill No. 6 of the 20th Special Session of the
2 Nevada Legislature is hereby amended by adding thereto a new
3 section designated sec. 64.5, following sec. 64, to read as follows:

4 Sec. 64.5. *The Department shall deposit all money it*
5 *receives pursuant to sections 61 to 66, inclusive, of this act*
6 *in the State Treasury for credit to the State General Fund.*

7 **Sec. 28.** Section 65 of Senate Bill No. 6 of the 20th Special
8 Session of the Nevada Legislature is hereby amended to read as
9 follows:

10 Sec. 65. *The activity or activities conducted by a*
11 *natural person shall be deemed to be a business that is*
12 *subject to the provisions of sections 61 to 66, inclusive, of*
13 *this act if the person is required to file with the Internal*
14 *Revenue Service a Schedule C (Form 1040), Profit or Loss*
15 *From Business Form, or its equivalent or successor form, a*
16 *Schedule E (Form 1040), Supplemental Income and Loss*
17 *Form, or its equivalent or successor form, or a Schedule F*
18 *(Form 1040), Profit or Loss From Farming Form, or its*
19 *equivalent or successor form, for the business.*

20 **Sec. 28.5.** Section 66 of Senate Bill No. 6 of the 20th Special
21 Session of the Nevada Legislature is hereby amended to read as
22 follows:

23 Sec. 66. *1. Except as otherwise provided in*
24 *subsection 8, a person shall not conduct a business in this*
25 *state unless he has a business license issued by the*
26 *Department.*

27 *2. An application for a business license must:*

28 *(a) Be made upon a form prescribed by the Department;*

29 *(b) Set forth the name under which the applicant*
30 *transacts or intends to transact business and the location of*
31 *his place or places of business;*

32 *(c) Declare the estimated number of employees for the*
33 *previous calendar quarter;*

34 *(d) Be accompanied by a fee of \$125; and*

35 *(e) Include any other information that the Department*
36 *deems necessary.*

37 *3. The application must be signed by:*

38 *(a) The owner, if the business is owned by a natural*
39 *person;*

40 *(b) A member or partner, if the business is owned by an*
41 *association or partnership; or*

42 *(c) An officer or some other person specifically*
43 *authorized to sign the application, if the business is owned*
44 *by a corporation.*



1 4. *If the application is signed pursuant to paragraph*
2 *(c) of subsection 3, written evidence of the signer's authority*
3 *must be attached to the application.*

4 5. *A person who has been issued a business license by*
5 *the Department shall submit a fee of \$125 to the*
6 *Department on or before the last day of the month in which*
7 *the anniversary date of issuance of the business license*
8 *occurs in each year, unless the person submits a written*
9 *statement to the Department, at least 10 days before the*
10 *anniversary date, indicating that the person will not be*
11 *conducting business in this state after the anniversary date.*

12 6. *The business license required to be obtained*
13 *pursuant to this section is in addition to any license to*
14 *conduct business that must be obtained from the local*
15 *jurisdiction in which the business is being conducted.*

16 7. *For the purposes of sections 61 to 66, inclusive, of*
17 *this act, a person shall be deemed to conduct a business in*
18 *this state if a business for which the person is responsible:*

19 (a) *Is organized pursuant to title 7 of NRS, other than a*
20 *business organized pursuant to chapter 82 or 84 of NRS;*

21 (b) *Has an office or other base of operations in this*
22 *state; or*

23 (c) *Pays wages or other remuneration to a natural*
24 *person who performs in this state any of the duties for*
25 *which he is paid.*

26 8. *A person who takes part in a trade show or*
27 *convention held in this state for a purpose related to the*
28 *conduct of a business is not required to obtain a business*
29 *license specifically for that event.*

30 **Sec. 29.** Section 67 of Senate Bill No. 6 of the 20th Special
31 Session of the Nevada Legislature is hereby amended to read as
32 follows:

33 Sec. 67. (Deleted by amendment.)

34 **Sec. 30.** Section 70 of Senate Bill No. 6 of the 20th Special
35 Session of the Nevada Legislature is hereby amended to read as
36 follows:

37 Sec. 70. NRS 360.300 is hereby amended to read as
38 follows:

39 360.300 1. If a person fails to file a return or the
40 Department is not satisfied with the return or returns of any
41 tax, contribution or premium or amount of tax, contribution
42 or premium required to be paid to the State by any person, in
43 accordance with the applicable provisions of this chapter,
44 chapter 362, 364A, 369, 370, 372, 372A, 374, 377, 377A or
45 444A of NRS, NRS 482.313, or chapter 585 or 680B of NRS



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1 , or sections 24.12 to 24.74, inclusive, of this act, as
2 administered or audited by the Department, it may compute
3 and determine the amount required to be paid upon the basis
4 of:

- 5 (a) The facts contained in the return;
6 (b) Any information within its possession or that may
7 come into its possession; or
8 (c) Reasonable estimates of the amount.

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

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

17 4. The Department shall impose a penalty of 10 percent
18 in addition to the amount of a determination that is made in
19 the case of the failure of a person to file a return with the
20 Department.

21 5. When a business is discontinued, a determination may
22 be made at any time thereafter within the time prescribed in
23 NRS 360.355 as to liability arising out of that business,
24 irrespective of whether the determination is issued before the
25 due date of the liability.

26 **Sec. 31.** Senate Bill No. 6 of the 20th Special Session of the
27 Nevada Legislature is hereby amended by adding thereto a new
28 section to be designated as section 70.5, following section 70, to
29 read as follows:

30 Sec. 70.5. NRS 360.300 is hereby amended to read as
31 follows:

32 360.300 1. If a person fails to file a return or the
33 Department is not satisfied with the return or returns of any
34 tax, contribution or premium or amount of tax, contribution
35 or premium required to be paid to the State by any person, in
36 accordance with the applicable provisions of this chapter,
37 chapter 362, ~~364A,~~ 369, 370, 372, 372A, 374, 377, 377A or
38 444A of NRS, NRS 482.313, or chapter 585 or 680B of NRS,
39 or sections 2 to 24, inclusive, or 24.12 to 24.74, inclusive, of
40 this act, as administered or audited by the Department, it may
41 compute and determine the amount required to be paid upon
42 the basis of:

- 43 (a) The facts contained in the return;



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

(c) Reasonable estimates of the amount.

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

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

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

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

Sec. 32. Section 71 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 71. NRS 360.417 is hereby amended to read as follows:

360.417 Except as otherwise provided in NRS 360.232 and 360.320, and unless a different penalty or rate of interest is specifically provided by statute, any person who fails to pay any tax provided for in chapter 362, 364A, 369, 370, 372, 374, 377, 377A, 444A or 585 of NRS, *or sections 24.12 to 24.74, inclusive, of this act*, or the fee provided for in NRS 482.313, to the State or a county within the time required, shall pay a penalty of not more than 10 percent of the amount of the tax or fee which is owed, as determined by the Department, in addition to the tax or fee, plus interest at the rate of 1 percent per month, or fraction of a month, from the last day of the month following the period for which the amount or any portion of the amount should have been reported until the date of payment. The amount of any penalty imposed must be based on a graduated schedule adopted by the Nevada Tax Commission which takes into consideration the length of time the tax or fee remained unpaid.



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1 **Sec. 33.** Senate Bill No. 6 of the 20th Special Session of the
2 Nevada Legislature is hereby amended by adding thereto a new
3 section to be designated as section 71.5, following section 71, to
4 read as follows:

5 Sec. 71.5. NRS 360.417 is hereby amended to read as
6 follows:

7 360.417 Except as otherwise provided in NRS 360.232
8 and 360.320, and unless a different penalty or rate of interest
9 is specifically provided by statute, any person who fails to
10 pay any tax provided for in chapter 362, ~~[364A,]~~ 369, 370,
11 372, 374, 377, 377A, 444A or 585 of NRS, or sections **2 to**
12 **24, inclusive, or** 24.12 to 24.74, inclusive, of this act, or the
13 fee provided for in NRS 482.313, to the State or a county
14 within the time required, shall pay a penalty of not more than
15 10 percent of the amount of the tax or fee which is owed, as
16 determined by the Department, in addition to the tax or fee,
17 plus interest at the rate of 1 percent per month, or fraction of a
18 month, from the last day of the month following the period
19 for which the amount or any portion of the amount should
20 have been reported until the date of payment. The amount of
21 any penalty imposed must be based on a graduated schedule
22 adopted by the Nevada Tax Commission which takes into
23 consideration the length of time the tax or fee remained
24 unpaid.

25 **Sec. 34.** Section 72 of Senate Bill No. 6 of the 20th Special
26 Session of the Nevada Legislature is hereby amended to read as
27 follows:

28 Sec. 72. NRS 360.419 is hereby amended to read as
29 follows:

30 360.419 1. If the Executive Director or a designated
31 hearing officer finds that the failure of a person to make a
32 timely return or payment of a tax imposed pursuant to NRS
33 361.320 or ~~[chapter 361A, 376A, 377 or 377A of NRS, or by]~~
34 chapter **361A**, 362, 364A, 369, 370, 372, 372A, 374, 375A ,
35 ~~[or]~~ 375B , **376A, 377 or 377A** of NRS, **or sections 24.12 to**
36 **24.74, inclusive, of this act**, is the result of circumstances
37 beyond his control and occurred despite the exercise of
38 ordinary care and without intent, the Department may relieve
39 him of all or part of any interest or penalty , or both.

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

43 3. The Department shall disclose, upon the request of
44 any person:



- 1 (a) The name of the person to whom relief was granted;
2 and
3 (b) The amount of the relief.

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

8 **Sec. 35.** Senate Bill No. 6 of the 20th Special Session of the
9 Nevada Legislature is hereby amended by adding thereto a new
10 section to be designated as section 72.5, following section 72, to
11 read as follows:

12 Sec. 72.5. NRS 360.419 is hereby amended to read as
13 follows:

14 360.419 1. If the Executive Director or a designated
15 hearing officer finds that the failure of a person to make a
16 timely return or payment of a tax imposed pursuant to NRS
17 361.320 or chapter 361A, 362, ~~364A,~~ 369, 370, 372, 372A,
18 374, 375A, 375B, 376A, 377 or 377A of NRS, or sections 2
19 to 24, inclusive, or 24.12 to 24.74, inclusive, of this act, is the
20 result of circumstances beyond his control and occurred
21 despite the exercise of ordinary care and without intent, the
22 Department may relieve him of all or part of any interest or
23 penalty, or both.

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

27 3. The Department shall disclose, upon the request of
28 any person:

- 29 (a) The name of the person to whom relief was granted;
30 and
31 (b) The amount of the relief.

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

36 **Sec. 36.** Section 73 of Senate Bill No. 6 of the 20th Special
37 Session of the Nevada Legislature is hereby amended to read as
38 follows:

39 Sec. 73. NRS 360.510 is hereby amended to read as
40 follows:

41 360.510 1. If any person is delinquent in the payment
42 of any tax or fee administered by the Department or if a
43 determination has been made against him which remains
44 unpaid, the Department may:



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

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

6 give a notice of the delinquency and a demand to transmit
7 personally or by registered or certified mail to any person,
8 including, without limitation, any officer or department of
9 this state or any political subdivision or agency of this state,
10 who has in his possession or under his control any credits or
11 other personal property belonging to the delinquent, or owing
12 any debts to the delinquent or person against whom a
13 determination has been made which remains unpaid, or owing
14 any debts to the delinquent or that person. In the case of any
15 state officer, department or agency, the notice must be given
16 to the officer, department or agency before the Department
17 presents the claim of the delinquent taxpayer to the State
18 Controller.

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

22 3. After receiving the demand to transmit, the person
23 notified by the demand may not transfer or otherwise dispose
24 of the credits, other personal property, or debts in his
25 possession or under his control at the time he received the
26 notice until the Department consents to a transfer or other
27 disposition.

28 4. Every person notified by a demand to transmit shall,
29 within 10 days after receipt of the demand to transmit, inform
30 the Department of ~~it~~ and transmit to the Department all such
31 credits, other personal property ~~it~~ or debts in his possession,
32 under his control or owing by him within the time and in the
33 manner requested by the Department. Except as otherwise
34 provided in subsection 5, no further notice is required to be
35 served to that person.

36 5. If the property of the delinquent taxpayer consists of a
37 series of payments owed to him, the person who owes or
38 controls the payments shall transmit the payments to the
39 Department until otherwise notified by the Department. If the
40 debt of the delinquent taxpayer is not paid within 1 year after
41 the Department issued the original demand to transmit, the
42 Department shall issue another demand to transmit to the
43 person responsible for making the payments informing him to
44 continue to transmit payments to the Department or that his
45 duty to transmit the payments to the Department has ceased.



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

7. If any person notified by the notice of the delinquency makes any transfer or other disposition of the property or debts required to be withheld or transmitted, to the extent of the value of the property or the amount of the debts thus transferred or paid, he is liable to the State for any indebtedness due pursuant to this chapter, or chapter 362, 364A, 369, 370, 372, 372A, 374, 377, 377A or 444A of NRS, NRS 482.313, or chapter 585 or 680B of NRS, *or sections 24.12 to 24.74, inclusive, of this act* from the person with respect to whose obligation the notice was given if solely by reason of the transfer or other disposition the State is unable to recover the indebtedness of the person with respect to whose obligation the notice was given.

Sec. 37. Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended by adding thereto a new section to be designated as section 73.5, following section 73, to read as follows:

Sec. 73.5. NRS 360.510 is hereby amended to read as follows:

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

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

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

give a notice of the delinquency and a demand to transmit personally or by registered or certified mail to any person, including, without limitation, any officer or department of this state or any political subdivision or agency of this state, who has in his possession or under his control any credits or other personal property belonging to the delinquent, or owing any debts to the delinquent or person against whom a determination has been made which remains unpaid, or owing any debts to the delinquent or that person. In the case of any



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1 state officer, department or agency, the notice must be given
2 to the officer, department or agency before the Department
3 presents the claim of the delinquent taxpayer to the State
4 Controller.

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

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

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

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

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

40 7. If any person notified by the notice of the delinquency
41 makes any transfer or other disposition of the property or
42 debts required to be withheld or transmitted, to the extent of
43 the value of the property or the amount of the debts thus
44 transferred or paid, he is liable to the State for any
45 indebtedness due pursuant to this chapter, or chapter 362,



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~~[364A.]~~ 369, 370, 372, 372A, 374, 377, 377A or 444A of NRS, NRS 482.313, or chapter 585 or 680B of NRS, or sections *2 to 24, inclusive, or* 24.12 to 24.74, inclusive, of this act from the person with respect to whose obligation the notice was given if solely by reason of the transfer or other disposition the State is unable to recover the indebtedness of the person with respect to whose obligation the notice was given.

Sec. 38. Section 75 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 75. (Deleted by amendment.)

Sec. 39. Section 75.3 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 75.3. NRS 364A.020 is hereby amended to read as follows:

364A.020 1. "Business" includes:

(a) A corporation, partnership, proprietorship, *limited-liability company, business association, joint venture, limited-liability partnership, business trust and their equivalents organized under the laws of this state or another jurisdiction* and any other ~~[similar]~~ organization that conducts an activity for profit;

(b) The activities of a natural person which are deemed to be a business pursuant to NRS 364A.120; and

(c) A trade show or convention held in this state in which a business described in paragraph (a) or (b) takes part, or which a person who conducts such a business attends, for a purpose related to the conduct of the business.

2. ~~[The term includes an independent contractor.~~

~~—3.—~~ The term does not include:

(a) A nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c);

(b) A governmental entity; ~~[or]~~

(c) *A person who operates a business from his home and earns from that business not more than 66 2/3 percent of the average annual wage, as computed for the preceding calendar year pursuant to chapter 612 of NRS and rounded to the nearest hundred dollars; or*

(d) A business that creates or produces motion pictures. As used in this paragraph, "motion pictures" has the meaning ascribed to it in NRS 231.020.



1 **Sec. 40.** Section 75.7 of Senate Bill No. 6 of the 20th Special
2 Session of the Nevada Legislature is hereby amended to read as
3 follows:

4 Sec. 75.7. NRS 364A.120 is hereby amended to read as
5 follows:

6 364A.120 The activity or activities conducted by a
7 natural person shall be deemed to be a business that is subject
8 to the provisions of this chapter if the person files with the
9 Internal Revenue Service a Schedule C (Form 1040), Profit or
10 Loss from Business Form, or its equivalent or successor form,
11 *a Schedule E (Form 1040), Supplemental Income and Loss*
12 *Form, or its equivalent or successor form*, or a Schedule F
13 (Form 1040), Farm Income and Expenses Form, or its
14 equivalent or successor form, for the activity or activities.

15 **Sec. 40.5.** Section 76 of Senate Bill No. 6 of the 20th Special
16 Session of the Nevada Legislature is hereby amended to read as
17 follows:

18 Sec. 76. NRS 364A.130 is hereby amended to read as
19 follows:

20 364A.130 1. Except as otherwise provided in
21 subsection ~~6.1~~ 8, a person shall not conduct a business in this
22 state unless he has a business license issued by the
23 Department.

24 2. ~~The~~ An application for a business license must:

25 (a) Be made upon a form prescribed by the Department;

26 (b) Set forth the name under which the applicant transacts
27 or intends to transact business and the location of his place or
28 places of business;

29 (c) Declare the estimated number of employees for the
30 previous calendar quarter;

31 (d) Be accompanied by a fee of ~~[\$25:]~~ \$125; and

32 (e) Include any other information that the Department
33 deems necessary.

34 3. The application must be signed by:

35 (a) The owner, if the business is owned by a natural
36 person;

37 (b) A member or partner, if the business is owned by an
38 association or partnership; or

39 (c) An officer or some other person specifically
40 authorized to sign the application, if the business is owned by
41 a corporation.

42 4. If the application is signed pursuant to paragraph (c)
43 of subsection 3, written evidence of the signer's authority
44 must be attached to the application.



1 5. *A person who has been issued a business license by*
2 *the Department shall submit a fee of \$125 to the*
3 *Department on or before the last day of the month in which*
4 *the anniversary date of issuance of the business license*
5 *occurs in each year, unless the person submits a written*
6 *statement to the Department, at least 10 days before the*
7 *anniversary date, indicating that the person will not be*
8 *conducting business in this state after the anniversary date.*

9 6. *The business license required to be obtained*
10 *pursuant to this section is in addition to any license to*
11 *conduct business that must be obtained from the local*
12 *jurisdiction in which the business is being conducted.*

13 7. For the purposes of this chapter, a person shall be
14 deemed to conduct a business in this state if a business for
15 which the person is responsible:

16 (a) Is ~~incorporated~~ *organized* pursuant to ~~chapter 78 or~~
17 ~~78A~~ *title 7* of NRS ~~6~~, *other than a business organized*
18 *pursuant to chapter 82 or 84 of NRS;*

19 (b) Has an office or other base of operations in this state;
20 or

21 (c) Pays wages or other remuneration to a natural person
22 who performs in this state any of the duties for which he is
23 paid.

24 ~~6~~ 8. A person who takes part in a trade show or
25 convention held in this state for a purpose related to the
26 conduct of a business is not required to obtain a business
27 license specifically for that event.

28 **Sec. 41.** Section 77 of Senate Bill No. 6 of the 20th Special
29 Session of the Nevada Legislature is hereby amended to read as
30 follows:

31 Sec. 77. NRS 369.174 is hereby amended to read as
32 follows:

33 369.174 Each month, the State Controller shall transfer
34 to the Tax on Liquor Program Account in the State General
35 Fund, from the tax on liquor containing more than 22 percent
36 of alcohol by volume, the portion of the tax which exceeds
37 ~~\$1.90~~ *\$2.93* per wine gallon.

38 **Sec. 42.** Section 78 of Senate Bill No. 6 of the 20th Special
39 Session is hereby amended to read as follows:

40 Sec. 78. NRS 369.330 is hereby amended to read as
41 follows:

42 369.330 Except as otherwise provided in this chapter, an
43 excise tax is hereby levied and must be collected respecting
44 all liquor and upon the privilege of importing, possessing,



storing or selling liquor, according to the following rates and classifications:

1. On liquor containing more than 22 percent of alcohol by volume, ~~[\$2.05]~~ \$3.08 per wine gallon or proportionate part thereof.

2. On liquor containing more than 14 percent up to and including 22 percent of alcohol by volume, ~~[75-cents]~~ \$1.13 per wine gallon or proportionate part thereof.

3. On liquor containing from one-half of 1 percent up to and including 14 percent of alcohol by volume, ~~[40]~~ 60 cents per wine gallon or proportionate part thereof.

4. On all malt beverage liquor brewed or fermented and bottled in or outside this state, ~~[9]~~ 14 cents per gallon.

Sec. 43. Section 79 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 79. (Deleted by amendment.)

Sec. 43.5. Section 80 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 80. NRS 370.165 is hereby amended to read as follows:

370.165 There is hereby levied a tax upon the purchase or possession of cigarettes by a consumer in the State of Nevada at the rate of ~~[17.5]~~ 42.5 mills per cigarette. The tax may be represented and precollected by the affixing of a revenue stamp or other approved evidence of payment to each package, packet or container in which cigarettes are sold. The tax must be precollected by the wholesale or retail dealer, and must be recovered from the consumer by adding the amount of the tax to the selling price. Each person who sells cigarettes at retail shall prominently display on his premises a notice that the tax is included in the selling price and is payable under the provisions of this chapter.

Sec. 44. Section 81 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 81. (Deleted by amendment.)

Sec. 44.3. Section 82 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 82. NRS 370.260 is hereby amended to read as follows:

370.260 1. All taxes and license fees imposed by the provisions of NRS 370.001 to 370.430, inclusive, less any



1 refunds granted as provided by law, must be paid to the
2 Department in the form of remittances payable to the
3 Department.

4 2. The Department shall:

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

12 (b) From the remittances made to it pursuant to
13 subsection 1 during the preceding month, less the amount
14 transmitted pursuant to paragraph (a), transmit each month
15 the portion of the tax which is equivalent to ~~12.5~~ 37.5 mills
16 per cigarette to the State Treasurer for deposit to the credit of
17 the Account for the Tax on Cigarettes in the State General
18 Fund.

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

22 (d) Report to the State Controller monthly the amount of
23 collections.

24 3. The money deposited pursuant to paragraph (c) of
25 subsection 2 in the Local Government Tax Distribution
26 Account is hereby appropriated to Carson City and to each of
27 the counties in proportion to their respective populations and
28 must be credited to the respective accounts of Carson City
29 and each county.

30 **Sec. 44.7.** Section 83 of Senate Bill No. 6 of the 20th Special
31 Session of the Nevada Legislature is hereby amended to read as
32 follows:

33 Sec. 83. NRS 370.350 is hereby amended to read as
34 follows:

35 370.350 1. Except as otherwise provided in subsection
36 3, a tax is hereby levied and imposed upon the use of
37 cigarettes in this state.

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

40 3. The use tax does not apply where:

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

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



1 **Sec. 45.** Sections 84 to 89, inclusive, of Senate Bill No. 6 of
2 the 20th Special Session of the Nevada Legislature are hereby
3 amended to read as follows:

4 Secs. 84-89. (Deleted by amendment.)

5 **Sec. 46.** Sections 90 to 93, inclusive, of Senate Bill No. 6 of
6 the 20th Special Session of the Nevada Legislature are hereby
7 amended to read as follows:

8 Secs. 90-93. (Deleted by amendment.)

9 **Sec. 47.** Section 102 of Senate Bill No. 6 of the 20th Special
10 Session is hereby amended to read as follows:

11 Sec. 102. NRS 375.090 is hereby amended to read as
12 follows:

13 375.090 The ~~{tax}~~ *taxes* imposed by NRS 375.020
14 ~~{does}~~ *and section 95 of this act do* not apply to:

15 1. A mere change in ~~{identity, form or place of~~
16 ~~organization, such as a transfer between a corporation and its~~
17 ~~parent corporation, a subsidiary or an affiliated corporation if~~
18 ~~the affiliated corporation has identical common ownership.}~~
19 *the name of the owner of the property without a change in*
20 *the ownership interest of the property.*

21 2. A transfer of title to the United States, any territory or
22 state or any agency, department, instrumentality or political
23 subdivision thereof.

24 3. A transfer of title recognizing the true status of
25 ownership of the real property.

26 4. A transfer of title without consideration from one joint
27 tenant or tenant in common to one or more remaining joint
28 tenants or tenants in common.

29 5. ~~{A transfer of title to community property without~~
30 ~~consideration when held in the name of one spouse to both~~
31 ~~spouses as joint tenants or tenants in common, or as~~
32 ~~community property.}~~

33 ~~—6.}~~ A transfer of title between spouses, including gifts ~~{~~
34 ~~—7. A transfer of title between spouses}~~ , *or* to effect a
35 property settlement agreement or between former spouses in
36 compliance with a decree of divorce.

37 ~~{8.}~~ *6.* A transfer of title to or from a trust ~~{if the~~
38 ~~transfer is made}~~ without consideration ~~{and is made to or~~
39 ~~from:~~

40 ~~—(a) The trustor of the trust;~~

41 ~~—(b) The trustor's legal representative; or~~

42 ~~—(c) A person related to the trustor in the first degree of~~
43 ~~consanguinity.~~

44 ~~As used in this subsection, "legal representative" has the~~
45 ~~meaning ascribed to it in NRS 167.020.~~



~~—9.] if a certificate of trust is presented at the time of transfer.~~

7. Transfers, assignments or conveyances of unpatented mines or mining claims.

~~[10.—A transfer, assignment or other conveyance of real property to a corporation or other business organization if the person conveying the property owns 100 percent of the corporation or organization to which the conveyance is made.~~

~~—11.]~~ 8. A transfer, assignment or other conveyance of real property if the owner of the property is related to the person to whom it is conveyed within the first degree of consanguinity.

~~[12.]~~ 9. The making, delivery or filing of conveyances of real property to make effective any plan of reorganization or adjustment:

(a) Confirmed under the Bankruptcy Act, as amended, 11 U.S.C. §§ 101 et seq.;

(b) Approved in an equity receivership proceeding involving a railroad, as defined in the Bankruptcy Act; or

(c) Approved in an equity receivership proceeding involving a corporation, as defined in the Bankruptcy Act,

if the making, delivery or filing of instruments of transfer or conveyance occurs within 5 years after the date of the confirmation, approval or change.

~~[13.]~~ 10. The making or delivery of conveyances of real property to make effective any order of the Securities and Exchange Commission if:

(a) The order of the Securities and Exchange Commission in obedience to which the transfer or conveyance is made recites that the transfer or conveyance is necessary or appropriate to effectuate the provisions of section 11 of the Public Utility Holding Company Act of 1935, 15 U.S.C. § 79k;

(b) The order specifies and itemizes the property which is ordered to be transferred or conveyed; and

(c) The transfer or conveyance is made in obedience to the order.

~~[14.]~~ 11. A transfer to an educational foundation. As used in this subsection, “educational foundation” has the meaning ascribed to it in subsection 3 of NRS 388.750.

~~[15.]~~ 12. A transfer to a university foundation. As used in this subsection, “university foundation” has the meaning ascribed to it in subsection 3 of NRS 396.405.



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~~[16.— A transfer, assignment or other conveyance of real property to a corporation sole from another corporation sole. As used in this subsection, “corporation sole” means a corporation which is organized pursuant to the provisions of chapter 84 of NRS.]~~

Sec. 48. Section 126 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 126. *The Nevada Legislature hereby finds and declares that:*

1. The 20th Special Session of the Nevada Legislature has responded to concerns for the provision of additional state revenue by enacting several measures that affect the burden on taxpayers in this state.

2. The Nevada Legislature must continue to be responsive to the requirements of a growing school population and the needs of the people of this state, and in order to accomplish these goals must provide itself with timely and accurate information regarding the effects of the measures it has enacted.

3. It is the intent of the Nevada Legislature to create a legislative committee to study the effects of the measures it has enacted with regard to both the resulting revenue and the resulting expenses, and to report the information it obtains for use at the next regular session of the Nevada Legislature.

Sec. 49. Section 134 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 134. (Deleted by amendment.)

Sec. 50. Sections 136 to 140, inclusive, of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature are hereby amended to read as follows:

Secs. 136-140. (Deleted by amendment.)

Sec. 51. Sections 142, 143 and 144 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature are hereby amended to read as follows:

Secs. 142-144. (Deleted by amendment.)

Sec. 52. Sections 146, 147 and 148 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature are hereby amended to read as follows:

Secs. 146-148. (Deleted by amendment.)

Sec. 53. (Deleted.)



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1 **Sec. 54.** Sections 161 to 165, inclusive, of Senate Bill No. 6 of
2 the 20th Special Session of the Nevada Legislature are hereby
3 amended to read as follows:

4 Secs. 161-165. (Deleted by amendment.)

5 **Sec. 55.** Section 166 of Senate Bill No. 6 of the 20th Special
6 Session of the Nevada Legislature is hereby amended to read as
7 follows:

8 Sec. 166. NRS 388.750 is hereby amended to read as
9 follows:

10 388.750 1. An educational foundation:

11 (a) Shall comply with the provisions of chapter 241 of
12 NRS;

13 (b) Except as otherwise provided in subsection 2, shall
14 make its records public and open to inspection pursuant to
15 NRS 239.010; and

16 (c) Is exempt from the tax on transfer of real property
17 pursuant to subsection ~~H44~~ **II** of NRS 375.090.

18 2. An educational foundation is not required to disclose
19 the names of the contributors to the foundation or the amount
20 of their contributions. The educational foundation shall, upon
21 request, allow a contributor to examine, during regular
22 business hours, any record, document or other information of
23 the foundation relating to that contributor.

24 3. As used in this section, "educational foundation"
25 means a nonprofit corporation, association or institution or a
26 charitable organization that is:

27 (a) Organized and operated exclusively for the purpose of
28 supporting one or more kindergartens, elementary schools,
29 junior high or middle schools or high schools, or any
30 combination thereof;

31 (b) Formed pursuant to the laws of this state; and

32 (c) Exempt from taxation pursuant to 26 U.S.C. §
33 501(c)(3).

34 **Sec. 56.** Section 167 of Senate Bill No. 6 of the 20th Special
35 Session of the Nevada Legislature is hereby amended to read as
36 follows:

37 Sec. 167. NRS 396.405 is hereby amended to read as
38 follows:

39 396.405 1. A university foundation:

40 (a) Shall comply with the provisions of chapter 241 of
41 NRS;

42 (b) Except as otherwise provided in subsection 2, shall
43 make its records public and open to inspection pursuant to
44 NRS 239.010;



(c) Is exempt from the tax on transfers of real property pursuant to subsection ~~144~~ **11** of NRS 375.090; and

(d) May allow a president or an administrator of the university or community college which it supports to serve as a member of its governing body.

2. A university foundation is not required to disclose the name of any contributor or potential contributor to the university foundation, the amount of his contribution or any information which may reveal or lead to the discovery of his identity. The university foundation shall, upon request, allow a contributor to examine, during regular business hours, any record, document or other information of the foundation relating to that contributor.

3. As used in this section, "university foundation" means a nonprofit corporation, association or institution or a charitable organization that is:

(a) Organized and operated exclusively for the purpose of supporting a university or a community college;

(b) Formed pursuant to the laws of this state; and

(c) Exempt from taxation pursuant to 26 U.S.C. § 501(c)(3).

Sec. 57. Section 174 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 174. NRS 463.401 is hereby amended to read as follows:

463.401 1. In addition to any other license fees and taxes imposed by this chapter, a casino entertainment tax equivalent to 10 percent of all amounts paid for admission, food, refreshments and merchandise is hereby levied, except as *otherwise* provided in subsection 2, upon each licensed gaming establishment in this state where ~~music and dancing privileges or any other~~ *live* entertainment is provided to the patrons ~~in a cabaret, nightclub, cocktail lounge or casino showroom in connection with the serving or selling of food or refreshments or the selling of any merchandise.~~ *of the licensed gaming establishment.* Amounts paid for gratuities directly or indirectly remitted to employees of the licensee or for service charges, including those imposed in connection with use of credit cards or debit cards, that are collected and retained by persons other than the licensee are not taxable pursuant to this section.

2. A licensed gaming establishment is not subject to tax pursuant to this section if:



(a) The establishment is licensed for less than 51 slot machines, less than six games, or any combination of slot machines and games within those respective limits ~~;~~

~~—(b) The entertainment is presented in a facility that would not have been subject to taxation pursuant to 26 U.S.C. § 4231(6) as that provision existed in 1965;~~

~~—(c) The entertainment is presented in a facility that would have been subject to taxation pursuant to 26 U.S.C. § 4231(1), (2), (3), (4) or (5) as those provisions existed in 1965; or~~

~~—(d) In other cases, if:~~

~~—(1) No distilled spirits, wine or beer is served or permitted to be consumed;~~

~~—(2) Only light refreshments are served;~~

~~—(3) Where space is provided for dancing, no charge is made for dancing; and~~

~~—(4) Where music is provided or permitted, the music is provided without any charge to the owner, lessee or operator of the establishment or to any concessionaire.]; or~~

(b) The facility in which the live entertainment is provided has a maximum seating capacity that is at least 7,500.

3. The tax imposed by this section does not apply to ~~[merchandise]~~ :

(a) Live entertainment that this state is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.

(b) Merchandise sold outside the facility in which the *live* entertainment is presented, unless the purchase of the merchandise entitles the purchaser to admission to the entertainment.

(c) Any live entertainment that is provided by or entirely for the benefit of a nonprofit organization that is recognized as exempt from taxation pursuant to 26 U.S.C. § 501(c).

(d) Live entertainment that is provided at a trade show.

(e) Music performed by musicians who move constantly through the audience if no other form of live entertainment is afforded to the patrons.

(f) Any boxing contest or exhibition governed by the provisions of chapter 467 of NRS.

(g) Live entertainment that is provided or occurs at private meetings or dinners attended by members of a particular organization or by a casual assemblage and the purpose of the event is not primarily for entertainment.



1 (h) *Live entertainment presented in a common area of a*
2 *shopping mall, unless the entertainment is provided in a*
3 *facility located within the mall.*

4 4. The tax imposed by this section must be paid by the
5 licensee of the establishment.

6 5. *As used in this section, "live entertainment" means*
7 *any activity provided for pleasure, enjoyment, recreation,*
8 *relaxation, diversion or other similar purpose by a person or*
9 *persons who are physically present when providing that*
10 *activity to a patron or group of patrons who are physically*
11 *present.*

12 **Sec. 58.** Section 178 of Senate Bill No. 6 of the 20th Special
13 Session of the Nevada Legislature is hereby amended to read as
14 follows:

15 Sec. 178. (Deleted by amendment.)

16 **Sec. 59.** Section 180 of Senate Bill No. 6 of the 20th Special
17 Session of the Nevada Legislature is hereby amended to read as
18 follows:

19 Sec. 180. (Deleted by amendment.)

20 **Sec. 60.** Sections 184 and 185 of Senate Bill No. 6 of the 20th
21 Special Session of the Nevada Legislature are hereby amended to
22 read as follows:

23 Secs. 184 and 185. (Deleted by amendment.)

24 **Sec. 61.** Section 186 of Senate Bill No. 6 of the 20th Special
25 Session of the Nevada Legislature is hereby amended to read as
26 follows:

27 Sec. 186. (Deleted by amendment.)

28 **Sec. 62.** Senate Bill No. 6 of the 20th Special Session of the
29 Nevada Legislature is hereby amended by adding thereto a new
30 section to be designated as section 186.9, following section 186.7, to
31 read as follows:

32 Sec. 186.9. Section 11 of this act is hereby amended to
33 read as follows:

34 Sec. 11. 1. There is hereby imposed an excise tax
35 on each employer at the rate of ~~10.85~~ *0.65* percent of the
36 wages, as defined in NRS 612.190, paid by the employer
37 during a calendar quarter with respect to employment.

38 2. The tax imposed by this section must not be
39 deducted, in whole or in part, from any wages of persons
40 in the employment of the employer.

41 3. Each employer shall, on or before the last day of
42 the month immediately following each calendar quarter
43 for which the employer is required to pay a contribution
44 pursuant to NRS 612.535:

45 (a) File with the Department:



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1 (1) A return on a form prescribed by the
2 Department; and

3 (2) A copy of any report required by the
4 Employment Security Division of the Department of
5 Employment, Training and Rehabilitation for determining
6 the amount of the contribution required pursuant to NRS
7 612.535 for any wages paid by the employer during that
8 calendar quarter; and

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

11 4. Except as otherwise provided in subsection 5, an
12 employer may deduct from the total amount of wages
13 reported and upon which the excise tax is imposed
14 pursuant this section any amount authorized pursuant to
15 this section that is paid by the employer for health
16 insurance or a health benefit plan for its employees in the
17 calendar quarter for which the tax is paid. The amounts for
18 which the deduction is allowed include:

19 (a) For an employer providing a program of self-
20 insurance for its employees, all amounts paid during the
21 calendar quarter for claims, direct administrative services
22 costs, including such services provided by the employer,
23 and any premiums paid for individual or aggregate stop-
24 loss insurance coverage. An employer is not authorized to
25 deduct the costs of a program of self-insurance unless the
26 program is a qualified employee welfare benefit plan
27 pursuant to the Employee Retirement Income Security Act
28 of 1974, 29 U.S.C. §§ 1001 et seq.

29 (b) The premiums for a policy of health insurance or
30 reinsurance for a health benefit plan for its employees.

31 (c) Any amounts paid by an employer to a Taft-
32 Hartley trust formed pursuant to 29 U.S.C. § 186(c)(5) for
33 participation in an employee welfare benefit plan.

34 (d) Such other similar payments for health care or
35 insurance for health care for employees as are authorized
36 by the Department.

37 5. An employer may not deduct from the wages upon
38 which the excise tax is imposed pursuant this section:

39 (a) Amounts paid for health care or premiums paid for
40 insurance for an industrial injury or occupational disease
41 for which coverage is required pursuant to chapters 616A
42 to 616D, inclusive, or 617 of NRS; or

43 (b) Any payments made by employees for health care
44 or health insurance or amounts deducted from the wages
45 of employees for such care or insurance.



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6. An employer claiming the deduction allowed pursuant to subsection 4 shall submit with the return filed pursuant to subsection 3 proof of the amount paid in the calendar quarter that qualifies for the deduction. If the amount of the deduction exceeds the amount of reported wages, the excess amount may be carried forward to the following calendar quarter until the deduction is exhausted.

7. As used in this section, "employee welfare benefit plan" has the meaning ascribed to it in 29 U.S.C. § 1002.

Sec. 62.5. Section 187 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 187. Section 66 of this act is hereby amended to read as follows:

Sec. 66. 1. Except as otherwise provided in subsection 8, a person shall not conduct a business in this state unless he has a business license issued by the Department.

2. An application for a business license must:

(a) Be made upon a form prescribed by the Department;

(b) Set forth the name under which the applicant transacts or intends to transact business and the location of his place or places of business;

(c) Declare the estimated number of employees for the previous calendar quarter;

(d) Be accompanied by a fee of \$125; and

(e) Include any other information that the Department deems necessary.

3. The application must be signed by:

(a) The owner, if the business is owned by a natural person;

(b) A member or partner, if the business is owned by an association or partnership; or

(c) An officer or some other person specifically authorized to sign the application, if the business is owned by a corporation.

4. If the application is signed pursuant to paragraph (c) of subsection 3, written evidence of the signer's authority must be attached to the application.

5. A person who has been issued a business license by the Department shall submit a fee of \$125 to the Department on or before the last day of the month in which the anniversary date of issuance of the business



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1 license occurs in each year, unless the person submits a
2 written statement to the Department, at least 10 days
3 before the anniversary date, indicating that the person will
4 not be conducting business in this state after the
5 anniversary date. *A person who fails to submit the annual
6 fee required pursuant to this subsection in a timely
7 manner shall pay a penalty in the amount of \$125 in
8 addition to the annual fee.*

9 6. The business license required to be obtained
10 pursuant to this section is in addition to any license to
11 conduct business that must be obtained from the local
12 jurisdiction in which the business is being conducted.

13 7. For the purposes of sections 61 to 66, inclusive, of
14 this act, a person shall be deemed to conduct a business in
15 this state if a business for which the person is responsible:

16 (a) Is organized pursuant to title 7 of NRS, other than
17 a business organized pursuant to chapter 82 or 84 of NRS:

18 (b) Has an office or other base of operations in this
19 state; or

20 (c) Pays wages or other remuneration to a natural
21 person who performs in this state any of the duties for
22 which he is paid.

23 8. A person who takes part in a trade show or
24 convention held in this state for a purpose related to the
25 conduct of a business is not required to obtain a business
26 license specifically for that event.

27 **Sec. 63.** Senate Bill No. 6 of the 20th Special Session of the
28 Nevada Legislature is hereby amended by adding thereto a new
29 sections to be designated as sections 188.3, 188.5 and 188.7,
30 following section 188, to read as follows:

31 Sec. 188.3. Section 58 of Assembly Bill No. 553 of the
32 72nd Session of the Nevada Legislature is hereby amended to
33 read as follows:

34 Sec. 58. 1. If projections of the ending balance of
35 the State General Fund fall below the amount estimated by
36 the ~~2003~~ Nevada Legislature for Fiscal Year 2003-2004
37 or 2004-2005, the Director of the Department of
38 Administration shall report this information to the State
39 Board of Examiners.

40 2. If the State Board of Examiners determines that
41 the ending balance of the State General Fund is projected
42 to be less than \$60,000,000 for Fiscal Year 2003-2004 or
43 2004-2005, the Governor, pursuant to NRS 353.225, may
44 direct the Director of the Department of Administration to
45 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. 188.5. 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 the State General Fund as soon as all payments of money committed have been made.



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1 Sec. 188.7. Section 1 of Senate Bill No. 243 of the 72nd
2 Session of the Nevada Legislature is hereby amended to read
3 as follows:

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

8 ~~2.~~ Notwithstanding the provisions of NRS 353.235:

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

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

25 ~~—(c)}~~ Nevada Legislature.

26 3. The amount of any appropriation pursuant to
27 ~~{paragraph (b)}~~ subsection 2 must not exceed
28 ~~[\$20,000,000.] \$50,000,000.~~

29 **Sec. 64.** Section 189 of Senate Bill No. 6 of the 20th Special
30 Session of the Nevada Legislature is hereby amended to read as
31 follows:

32 Sec. 189. 1. NRS 353.272, 364.160, 375.025 and
33 375.075 are hereby repealed.

34 2. NRS 463.4001, 463.4002, 463.4004, 463.4006,
35 463.4008, 463.4009 and 463.4015 are hereby repealed.

36 3. NRS 364A.010, 364A.020, 364A.030, 364A.040,
37 364A.050, 364A.060, 364A.070, 364A.080, 364A.090,
38 364A.100, 364A.110, 364A.120, 364A.130, 364A.135,
39 364A.140, 364A.150, 364A.151, 364A.152, 364A.1525,
40 364A.170, 364A.175, 364A.180, 364A.190, 364A.230,
41 364A.240, 364A.250, 364A.260, 364A.270, 364A.280,
42 364A.290, 364A.300, 364A.310, 364A.320, 364A.330,
43 364A.340, 364A.350, 463.401, 463.402, 463.403, 463.404,
44 463.4045, 463.405, 463.4055 and 463.406 are hereby
45 repealed.



1 **Sec. 65.** Section 190 of Senate Bill No. 6 of the 20th Special
2 Session of the Nevada Legislature is hereby amended to read as
3 follows:

4 Sec. 190. Notwithstanding the provisions of NRS
5 353.288:

6 1. After the close of the 2003-2004 Fiscal Year and after
7 the close of the 2004-2005 Fiscal Year, the Interim Finance
8 Committee shall determine the amount, if any, by which the
9 total revenue from all sources to the State General Fund,
10 excluding reversions to the State General Fund, exceeds:

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

14 (b) The total amount of all applicable contingent
15 appropriations enacted for the 2003-2004 Fiscal Year and the
16 2004-2005 Fiscal Year by the Nevada Legislature for which
17 the conditions for the contingent appropriations were
18 satisfied.

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

21 (a) An amount estimated by the Interim Finance
22 Committee to pay for expenditures that will occur in the next
23 biennium for which the corresponding expenditures in the
24 current biennium were paid or are to be paid from a source
25 other than the State General Fund, but for which the
26 alternative source of revenue likely will not be available or
27 will not be received during the biennium, must be used to
28 replace previously used nonrecurring revenue. This amount
29 must be accounted for separately in the State General Fund.

30 (b) The remaining excess amount of revenue must be
31 transferred to the Fund to Stabilize the Operation of the State
32 Government created by NRS 353.288, in such an amount that
33 does not cause the balance in the Fund to exceed the
34 limitation on that balance set forth in NRS 353.288.

35 (c) Any remaining excess amount of revenue must be
36 transferred to the Fund for Tax Accountability created
37 pursuant to section 191 of this act.

38 **Sec. 66.** Senate Bill No. 6 of the 20th Special Session of the
39 Nevada Legislature is hereby amended by adding thereto a new
40 section designated sec. 191.3, following sec. 191, to read as follows:

41 Sec. 191.3. 1. The Legislative Auditor shall conduct a
42 performance audit of the Clark County School District. The
43 performance audit must include issues identified in the
44 Preliminary Performance Audit Survey conducted pursuant to



1 section 46 of chapter 570, Statutes of Nevada 2001, at page
2 2867. These issues include, but are not limited to:

- 3 (a) Financial management;
- 4 (b) Facilities management;
- 5 (c) Personnel management;
- 6 (d) District organization; and
- 7 (e) Employee health plans.

8 2. The Legislative Auditor shall conduct a performance
9 audit of the Washoe County School District. The performance
10 audit must include issues identified in the Preliminary
11 Performance Audit Survey conducted pursuant to section 46
12 of chapter 570, Statutes of Nevada 2001, at page 2867. These
13 issues include, but are not limited to:

- 14 (a) Financial management;
- 15 (b) Facilities management;
- 16 (c) Personnel management; and
- 17 (d) Transportation.

18 3. The Legislative Auditor shall prepare a final written
19 report for each of the audits conducted pursuant to
20 subsections 1 and 2 and present the reports to the Audit
21 Subcommittee of the Legislative Commission not later than
22 February 7, 2005.

23 4. To the extent that the provisions of NRS 218.737 to
24 218.890, inclusive, are consistent with the requirements of
25 this section, those provisions apply to the audits conducted
26 pursuant to this section. For the purposes of this subsection,
27 the Clark County School District and the Washoe County
28 School District shall be deemed to be agencies of the State.

29 5. Upon the request of the Legislative Auditor or his
30 authorized representative, the officers and employees of the
31 Clark County School District and the Washoe County School
32 District shall make available to the Legislative Auditor any of
33 their books, accounts, claims, reports, vouchers or other
34 records of information, confidential or otherwise and
35 irrespective of their form or location, which the Legislative
36 Auditor deems necessary to conduct the audits required by
37 this section.

38 **Sec. 67.** Section 193 of Senate Bill No. 6 of the 20th Special
39 Session of the Nevada Legislature is hereby amended to read as
40 follows:

41 Sec. 193. (Deleted by amendment.)



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1 **Sec. 68.** Section 194 of Senate Bill No. 6 of the 20th Special
2 Session of the Nevada Legislature is hereby amended to read as
3 follows:

4 Sec. 194. 1. There is hereby appropriated from the
5 State General Fund to the Interim Finance Committee for
6 allocation to the Legislative Committee on Taxation, Public
7 Revenue and Tax Policy to exercise its powers pursuant to
8 section 130 of this act, including, without limitation, to hire a
9 consultant:

10 For the Fiscal Year 2003-2004 \$125,000

11 For the Fiscal Year 2004-2005 \$125,000

12 2. The Interim Finance Committee may allocate to the
13 Legislative Committee on Taxation, Public Revenue and Tax
14 Policy all or any portion of the money appropriated by
15 subsection 1.

16 3. The sums appropriated by subsection 1 are available
17 for either fiscal year. Any balance of those sums must not be
18 committed for expenditure after June 30, 2005, and reverts to
19 the State General Fund as soon as all payments of money
20 committed have been made.

21 **Sec. 69.** Senate Bill No. 6 is hereby amended by adding
22 thereto new sections designated sections 194.10 through 194.22,
23 following sec. 194, to read as follows:

24 Sec. 194.10. 1. There is hereby appropriated from the
25 State General Fund to the State Distributive School Account
26 the sum of \$108,937,389 for distribution by the
27 Superintendent of Public Instruction to the county school
28 districts for Fiscal Year 2003-2004 which must, except as
29 otherwise provided in sections 194.14 and 194.18 of this act,
30 be used to employ teachers to comply with the required ratio
31 of pupils to teachers, as set forth in NRS 388.700, in grades 1
32 and 2 and in selected kindergartens with pupils who are
33 considered at risk of failure by the Superintendent of Public
34 Instruction and to maintain the current ratio of pupils per
35 teacher in grade 3. Expenditures for the class-size reduction
36 program must be accounted for in a separate category of
37 expenditure in the State Distributive School Account.

38 2. Except as otherwise provided in sections 194.14 and
39 194.18 of this act, the money appropriated by subsection 1
40 must be used to pay the salaries and benefits of not less than
41 1,887 teachers employed by school districts to meet the
42 required pupil-teacher ratios in the 2003-2004 school year.

43 3. Any remaining balance of the sum appropriated by
44 subsection 1 must not be committed for expenditure after
45 June 30, 2004, and must be transferred and added to the



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1 money appropriated to the State Distributive School Account
2 pursuant to section 194.12 of this act for the 2004-2005 Fiscal
3 Year, and may be expended as that money is expended.

4 Sec. 194.12. 1. There is hereby appropriated from the
5 State General Fund to the State Distributive School Account
6 the sum of \$117,142,553 for distribution by the
7 Superintendent of Public Instruction to the county school
8 districts for Fiscal Year 2004-2005 which must, except as
9 otherwise provided in sections 194.14 and 194.18 of this act,
10 be used to employ teachers to comply with the required ratio
11 of pupils to teachers, as set forth in NRS 388.700, in grades 1
12 and 2 and in selected kindergartens with pupils who are
13 considered at risk of failure by the Superintendent of Public
14 Instruction and to maintain the current ratio of pupils per
15 teacher in grade 3. Expenditures for the class-size reduction
16 program must be accounted for in a separate category of
17 expenditure in the State Distributive School Account.

18 2. Except as otherwise provided in sections 194.14 and
19 194.18 of this act, the money appropriated by subsection 1
20 must be used to pay the salaries and benefits of not less than
21 1,953 teachers employed by school districts to meet the
22 required pupil-teacher ratios in the 2004-2005 school year.

23 3. Any remaining balance of the sum appropriated by
24 subsection 1, including any money added thereto pursuant to
25 section 194.10 of this act, must not be committed for
26 expenditure after June 30, 2005, and reverts to the State
27 General Fund as soon as all payments of money committed
28 have been made.

29 Sec. 194.14. 1. Except as otherwise provided in
30 subsection 2, the board of trustees of each county school
31 district:

32 (a) Shall file a plan with the Superintendent of Public
33 Instruction describing how the money appropriated by
34 sections 194.10 and 194.12 of this act will be used to comply
35 with the required ratio of pupils to teachers in kindergarten
36 and grades 1, 2 and 3; or

37 (b) May, after receiving approval of the plan from the
38 Superintendent of Public Instruction, use the money
39 appropriated by sections 194.10 and 194.12 of this act to
40 carry out an alternative program for reducing the ratio of
41 pupils per teacher or to carry out programs of remedial
42 education that have been found to be effective in improving
43 pupil achievement in grades 1, 2 and 3, so long as the
44 combined ratio of pupils per teacher in the aggregate of
45 kindergarten and grades 1, 2 and 3 of the school district does



1 not exceed the combined ratio of pupils per teacher in the
2 aggregate of kindergarten and grades 1, 2 and 3 of the school
3 district in the 2000-2001 school year. The plan approved by
4 the Superintendent of Public Instruction must describe the
5 method to be used by the school district to evaluate the
6 effectiveness of the alternative program or remedial programs
7 in improving pupil achievement.

8 2. In lieu of complying with subsection 1, the board of
9 trustees of a school district that is located in a county whose
10 population is less than 100,000 may, after receiving approval
11 of the plan from the Superintendent of Public Instruction, use
12 the money appropriated by sections 194.10 and 194.12 of this
13 act to carry out a program in which alternative pupil-teacher
14 ratios are carried out in grades 1 through 5 or grades 1
15 through 6, as applicable. Alternative ratios for grade 6 may
16 only be approved for those school districts that include grade
17 6 in elementary school. The alternative pupil-teacher ratios
18 shall not:

19 (a) Exceed 22 to 1 in grades 1, 2 and 3; and

20 (b) Exceed 25 to 1 in grades 4 and 5 or grades 4, 5 and 6,
21 as applicable.

22 3. If a school district receives approval to carry out
23 programs of remedial education pursuant to paragraph (b) of
24 subsection 1 or to carry out alternative pupil-teacher ratios
25 pursuant to subsection 2, the school district shall evaluate the
26 effectiveness of the alternative program. The evaluation must
27 include, without limitation, the effect of the alternative
28 program on:

29 (a) Team teaching;

30 (b) Pupil discipline; and

31 (c) The academic achievement of pupils.

32 4. A school district shall submit a written report of the
33 results of the evaluation to the Superintendent of Public
34 Instruction on or before December 1 of each year for the
35 immediately preceding school year. The Superintendent of
36 Public Instruction shall summarize the results of the
37 evaluations and report the findings in an interim report
38 to the Legislative Committee on Education on or before
39 February 16, 2004.

40 5. On or before February 1, 2005, the Superintendent of
41 Public Instruction shall submit a final written report of the
42 results of the evaluations of alternative class-size reduction
43 programs to the Legislative Bureau of Educational
44 Accountability and Program Evaluation. On or before
45 February 15, 2005, the Legislative Bureau of Educational



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1 Accountability and Program Evaluation shall submit a copy
2 of the written report to the Director of the Legislative Counsel
3 Bureau for transmission to the 73rd Session of the Nevada
4 Legislature.

5 6. The interim report required pursuant to subsection 4
6 and the final written report required pursuant to subsection 5
7 must include, without limitation:

8 (a) The number of school districts for which an
9 alternative class-size reduction program was approved;

10 (b) A description of the approved alternative class-size
11 reduction programs; and

12 (c) The effect of the alternative class-size reduction
13 programs on:

14 (1) Team teaching;

15 (2) Pupil discipline; and

16 (3) The academic achievement of pupils.

17 Sec. 194.16. 1. During the 2003-2005 biennium, a
18 school district that is located in a county whose population is
19 100,000 or more shall study the current class-sizes in the
20 school district for grades 1 to 5, inclusive, to determine
21 whether alternative pupil-teacher ratios may:

22 (a) Improve the academic achievement of pupils;

23 (b) Decrease pupil discipline; or

24 (c) Decrease or eliminate team-teaching in grades 1 and 2.

25 2. In conducting the study, the school district shall
26 consider the costs that would be associated with carrying out
27 the alternative pupil-teacher ratios, including, without
28 limitation, the:

29 (a) Number of additional classrooms needed; and

30 (b) Number of additional teachers needed.

31 3. On or before February 15, 2005, each school district
32 that conducts a study of alternative pupil-teacher ratios
33 pursuant to this section shall submit a written report of its
34 findings concerning alternative pupil-teacher ratios to the:

35 (a) Director of the Legislative Counsel Bureau for
36 transmission to the 73rd Session of the Nevada Legislature;

37 (b) Legislative Bureau of Educational Accountability and
38 Program Evaluation; and

39 (c) State Board of Education.

40 Sec. 194.18. 1. The money appropriated for class-size
41 reduction pursuant to sections 194.10 and 194.12 of this act:

42 (a) May be applied first to pupils considered most at risk
43 of failure.

44 (b) Must not be used to settle or arbitrate disputes
45 between a recognized organization representing employees of



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1 a school district and the school district, or to settle any
2 negotiations.

3 (c) Must not be used to adjust the district-wide schedules
4 of salaries and benefits of the employees of a school district.

5 2. The money appropriated for class-size reduction
6 pursuant to sections 194.10 and 194.12 of this act must not be
7 distributed to a school district unless that school district has:

8 (a) Filed with the Department of Education a plan for
9 achieving the required ratio set forth in NRS 388.700; and

10 (b) Demonstrated that, from resources of the school
11 district other than allocations received from the State
12 Distributive School Account for class-size reduction, a
13 sufficient number of classroom teachers have been employed
14 to maintain the average pupil-teacher ratio that existed for
15 each grade for grades 1, 2 and 3, in that school district for the
16 3 school years immediately preceding the start of the class-
17 size reduction program in the 1990-1991 school year. In
18 addition, if a school district uses the allocations received from
19 the State Distributive School Account for class-size reduction
20 to carry out an alternative class-size reduction program as set
21 forth in subsection 2 of section 194.14 of this act, a sufficient
22 number of teachers have been employed to maintain the
23 average pupil-teacher ratio that existed in each grade so
24 reduced, in that school district for the 3 years immediately
25 preceding the implementation of the alternative program.

26 Sec. 194.20. In no event may the alternative pupil-
27 teacher ratios authorized pursuant to subsection 2 of section
28 194.14 of this act be carried out beyond the 2003-2005
29 biennium unless the 73rd Session of the Nevada Legislature
30 determines that the alternative pupil-teacher ratios may be
31 carried out after June 30, 2005.

32 Sec. 194.22. Notwithstanding the provisions of section
33 1 of this act, the Department of Education, the Budget
34 Division of the Department of Administration and the Fiscal
35 Analysis Division of the Legislative Counsel Bureau shall
36 carry out the provisions of subsections 1 and 2 of that section
37 for Fiscal Year 2003-2004 as soon as practicable after the
38 effective date of that section.

39 **Sec. 70.** Section 195 of Senate Bill No. 6 of the 20th Special
40 Session of the Nevada Legislature is hereby amended to read as
41 follows:

42 Sec. 195. The provisions of:

43 1. Section 173 of this act does not apply to any taxes
44 precollected pursuant to chapter 463 of NRS on or before the
45 effective date of that section.



2. Sections 80, 82 and 83 of this act do not apply to any taxes precollected pursuant to chapter 370 of NRS on or before the effective dates of those sections.

3. Sections 77, 78 and 172 of this act do not affect the amount of any license fees or taxes due for any period ending on or before July 31, 2003.

4. For a licensed gaming establishment that is exempt from the payment of the casino entertainment tax imposed by NRS 463.401 before September 1, 2003, but is required to pay that tax on and after that date, sections 174 and 175 of this act apply to any taxable receipts that are collected pursuant to those sections on and after September 1, 2003, and before January 1, 2004.

5. Sections 26 to 58, inclusive, of this act apply to any taxable receipts that are collected pursuant to the provisions of those sections on or after January 1, 2004.

6. Section 144 of this act do not apply to any contracts made before the effective date of that section.

Sec. 71. Section 196 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 196. The provisions of subsection 3 of section 189 of this act do not:

1. Affect any rights, duties or liability of any person relating to any taxes imposed pursuant to:

(a) Chapter 364A of NRS for any period ending before January 1, 2004.

(b) NRS 463.401 before January 1, 2004.

2. Apply to the administration, collection and enforcement of any taxes imposed pursuant to:

(a) Chapter 364A of NRS for any period ending before January 1, 2004.

(b) NRS 463.401 before January 1, 2004.

Sec. 72. Section 196.3 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 196.3. The Legislative Committee on Taxation, Public Revenue and Tax Policy established by the provisions of section 128 of this act shall:

1. Review and study:

(a) The impact, if any, that the imposition of the tax on live entertainment imposed pursuant to section 36 of this act has had on revenue received by the state and local governments from special events conducted in this state.



(b) Whether promoters of special events are contracting with entities in other states to hold the special events in those other states as a result of the imposition of the tax.

(c) The loss of revenue, if any, from special events resulting from the imposition of the tax.

(d) The feasibility and need for exempting such special events from the tax.

(e) Standards and procedures that may be adopted for determining whether special events should be exempt from the tax and the qualifications for such an exemption.

2. Submit a report of the results of its review and any recommendations for legislation to the 73rd Session of the Nevada Legislature.

Sec. 73. Section 196.5 of Senate Bill No. 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 196.5. 1. The franchise tax imposed by section 24.38 of this act applies to any Nevada taxable income earned by a financial institution on or after November 1, 2003.

2. Notwithstanding the provisions of section 24.38 of this act, the tax return and remittance of the tax required pursuant to section 24.38 of this act for any taxable year ending before November 1, 2004, is due on January 15, 2005.

3. As used in this section:

(a) "Financial institution" has the meaning ascribed to it in section 24.18 of this act.

(b) "Nevada taxable income" has the meaning ascribed to it in section 24.22 of this act.

(c) "Taxable year" has the meaning ascribed to it in section 24.24 of this act.

Sec. 74. Section 198 of Senate Bill No 6 of the 20th Special Session of the Nevada Legislature is hereby amended to read as follows:

Sec. 198. 1. This section and sections 60, 67, 69, 75, 75.3, 75.7, 76, 79 to 88, inclusive, 90 to 93, inclusive, 98, 101, 112, 114, 116, 125 to 132, inclusive, 134, 136 to 140, inclusive, 142 to 165, inclusive, 168, 173, 178, 180, 184, 185, 186, 188 to 188.7, inclusive, 190 to 193, inclusive, 195, 196, 196.3 and 197 of this act and subsection 1 of section 189 of this act become effective upon passage and approval.

2. Sections 194, 194.10 and 194.14 to 194.22, inclusive, of this act become effective upon passage and approval and apply retroactively to July 1, 2003.

3. Sections 77, 78, 172 and 177 of this act become effective:



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

5 (b) On August 1, 2003, for all other purposes.

6 4. Sections 174 and 175 of this act and subsection 2 of
7 section 189 of this act become effective:

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

12 (b) On September 1, 2003, for all other purposes.

13 5. Sections 94 to 97, inclusive, 99, 100, 102 to 111,
14 inclusive, 166 and 167 of this act become effective:

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

19 (b) On October 1, 2003, for all other purposes.

20 6. Sections 24.10 to 24.74, inclusive, 70, 71, 72, 73,
21 185.30 to 185.50, inclusive, 186.3, 186.5, 186.7 and 196.5 of
22 this act become effective:

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

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

28 7. Sections 1 to 24, inclusive, 25 to 58, inclusive, 59, 61
29 to 66, inclusive, 68, 70.5, 71.5, 72.5, 73.5, 74, 89, 118 to 124,
30 inclusive, 133, 135, 141, 169, 170, 171, 176, 179, 181, 182
31 and 183 of this act and subsection 3 of section 189 of this act
32 become effective:

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

37 (b) On January 1, 2004, for all other purposes.

38 8. Sections 186.9, 187 and 194.12 of this act become
39 effective on July 1, 2004.

40 9. Sections 113, 115 and 117 of this act become
41 effective at 12:01 a.m. on October 1, 2029.

42 10. Sections 126 to 131, inclusive, of this act expire by
43 limitation on June 30, 2005.



1 11. Sections 112, 114 and 116 of this act expire by
2 limitation on September 30, 2029.

3 **Sec. 75.** The basic support guarantee for school districts for
4 operating purposes for the 2003-2004 Fiscal Year is an estimated
5 weighted average of \$4,295 per pupil. For each respective school
6 district, the basic support guarantee per pupil for the 2003-2004
7 Fiscal Year is:

8

9	Carson City.....	\$4,923
10	Churchill County.....	\$5,418
11	Clark County	\$4,127
12	Douglas County.....	\$4,541
13	Elko County	\$5,307
14	Esmeralda County	\$9,169
15	Eureka County.....	\$3,495
16	Humboldt County.....	\$5,362
17	Lander County.....	\$4,836
18	Lincoln County.....	\$7,943
19	Lyon County.....	\$5,553
20	Mineral County	\$6,012
21	Nye County	\$5,561
22	Pershing County	\$6,385
23	Storey County.....	\$7,082
24	Washoe County	\$4,161
25	White Pine County	\$6,164

26 **Sec. 76.** 1. The basic support guarantee for school districts
27 for operating purposes for the 2004-2005 Fiscal Year is an estimated
28 weighted average of \$4,424 per pupil.

29 2. On or before April 1, 2004, the Department of Taxation shall
30 provide a certified estimate of the assessed valuation for each school
31 district for the 2004-2005 Fiscal Year. The assessed valuation for
32 each school district must be that which is taxable for purposes of
33 providing revenue to school districts, including any assessed
34 valuation attributable to the net proceeds of minerals derived from
35 within the boundaries of the district.

36 3. Pursuant to NRS 362.115, on or before April 25 of each
37 year, the Department of Taxation shall provide an estimate of the
38 net proceeds of minerals based upon statements required of mine
39 operators.

40 4. For purposes of establishing the basic support guarantee, the
41 estimated basic support guarantees for each school district for the
42 2004-2005 Fiscal Year for operating purposes are:



	Basic Support Guarantee Before Adjustment	Estimated Ad Valorem Adjustment	Estimated Basic Support Guarantee as Adjusted
5 <u>School District</u>			
6 Carson City	\$4,462	\$643	\$5,105
7 Churchill County	\$5,094	\$514	\$5,608
8 Clark County	\$3,328	\$921	\$4,249
9 Douglas County	\$3,196	\$1,451	\$4,647
10 Elko County	\$5,004	\$508	\$5,512
11 Esmeralda County	\$6,596	\$2,987	\$9,583
12 Eureka County	\$(5,236)	\$9,304	\$4,068
13 Humboldt County	\$5,006	\$642	\$5,648
14 Lander County	\$3,741	\$1,328	\$5,069
15 Lincoln County	\$7,519	\$664	\$8,183
16 Lyon County	\$5,149	\$593	\$5,742
17 Mineral County	\$5,792	\$473	\$6,265
18 Nye County	\$4,888	\$877	\$5,765
19 Pershing County	\$5,714	\$949	\$6,663
20 Storey County	\$5,559	\$1,848	\$7,407
21 Washoe County	\$3,393	\$908	\$4,301
22 White Pine County	\$5,915	\$482	\$6,397

23
24 5. The ad valorem adjustment may be made only to take into
25 account the difference in the assessed valuation and the estimated
26 enrollment of the school district between the amount estimated as of
27 April 1, 2003, and the amount estimated as of April 1, 2004, for the
28 2004-2005 Fiscal Year. Estimates of net proceeds of minerals
29 received from the Department of Taxation on or before April 25
30 pursuant to subsection 3 must be taken into consideration in
31 determining the adjustment.

32 6. Upon receipt of the certified estimates of assessed valuations
33 as of April 1, 2004, from the Department of Taxation, the
34 Department of Education shall recalculate the amount of ad valorem
35 adjustment and the tentative basic support guarantee for operating
36 purposes for the 2004-2005 Fiscal Year by April 15, 2004. The final
37 basic support guarantee for each school district for the 2004-2005
38 Fiscal Year is the amount, which is recalculated for the 2004-2005
39 Fiscal Year pursuant to this section, taking into consideration
40 estimates of net proceeds of minerals received from the Department
41 of Taxation on or before April 25, 2004. The basic support
42 guarantee recalculated pursuant to this section must be calculated
43 before May 31, 2004.

44 **Sec. 77.** 1. The basic support guarantee for each special
45 education program unit that is maintained and operated for at least 9



1 months of a school year is \$31,811 in the 2003-2004 Fiscal Year
2 and \$32,447 in the 2004-2005 Fiscal Year, except as limited by
3 subsection 2.

4 2. The maximum number of units and amount of basic support
5 for special education program units within each of the school
6 districts, before any reallocation pursuant to NRS 387.1221, for the
7 Fiscal Years 2003-2004 and 2004-2005 are:

<u>Allocation of Special Education Units</u>					
		<u>2003-2004</u>		<u>2004-2005</u>	
<u>DISTRICT</u>	<u>Units</u>	<u>Amount</u>	<u>Units</u>	<u>Amount</u>	
Carson City	82	\$2,608,502	84	\$2,725,548	
Churchill County	45	\$1,431,495	46	\$1,492,562	
Clark County	1,594	\$50,706,734	1,661	\$53,894,467	
Douglas County	64	\$2,035,904	65	\$2,109,055	
Elko County	80	\$2,544,880	80	\$2,595,760	
Esmeralda County	2	\$63,622	2	\$64,894	
Eureka County	4	\$127,244	4	\$129,788	
Humboldt County	30	\$954,330	30	\$973,410	
Lander County	12	\$381,732	12	\$389,364	
Lincoln County	17	\$540,787	17	\$551,599	
Lyon County	56	\$1,781,416	57	\$1,849,479	
Mineral County	12	\$381,732	12	\$389,364	
Nye County	47	\$1,495,117	50	\$1,622,350	
Pershing County	14	\$445,354	14	\$454,258	
Storey County	8	\$254,488	8	\$259,576	
Washoe County	491	\$15,619,201	510	\$16,547,970	
White Pine County	17	\$540,787	16	\$519,152	
Subtotal	<u>2,575</u>	<u>\$81,913,325</u>	<u>2,668</u>	<u>\$86,568,596</u>	
Reserved by State					
Board of Education	<u>40</u>	<u>\$1,272,440</u>	<u>40</u>	<u>\$1,297,880</u>	
TOTAL	<u>2,615</u>	<u>\$83,185,765</u>	<u>2,708</u>	<u>\$87,866,476</u>	

33
34 3. The State Board of Education shall reserve 40 special
35 education program units in each fiscal year of the 2003-2005
36 biennium, to be allocated to school districts by the State Board of
37 Education to meet additional needs that cannot be met by the
38 allocations provided in subsection 2 to school districts for that fiscal
39 year. In addition, charter schools in this state are authorized to apply
40 directly to the Department of Education for the reserved special
41 education program units, which may be allocated upon approval of
42 the State Board of Education.

43 4. Notwithstanding the provisions of subsections 2 and 3, the
44 State Board of Education is authorized to spend from the State
45 Distributive School Account up to \$181,067 in the Fiscal Year



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1 2003-2004 for 5.69 special education program units and \$190,877 in
2 the Fiscal Year 2004-2005 for 5.88 special education program units
3 for instructional programs incorporating educational technology for
4 gifted and talented pupils. Any school district may submit a written
5 application to the Department of Education requesting one or more
6 of the units for gifted and talented pupils. For each fiscal year of the
7 2003-2005 biennium, the Department will award the units for gifted
8 and talented pupils based on a review of applications received from
9 school districts.

10 **Sec. 78.** 1. There is hereby appropriated from the State
11 General Fund to the State Distributive School Account in the State
12 General Fund created pursuant to NRS 387.030:

13 For the 2003-2004 Fiscal Year..... \$637,789,627
14 For the 2004-2005 Fiscal Year..... \$767,086,697

15 2. The money appropriated by subsection 1 must be:

16 (a) Expended in accordance with NRS 353.150 to 353.245,
17 inclusive, concerning the allotment, transfer, work program and
18 budget; and

19 (b) Work-programmed for the 2 separate Fiscal Years 2003-
20 2004 and 2004-2005, as required by NRS 353.215. Work programs
21 may be revised with the approval of the Governor upon the
22 recommendation of the Chief of the Budget Division of the
23 Department of Administration.

24 3. Transfers to and from allotments must be allowed and made
25 in accordance with NRS 353.215 to 353.225, inclusive, after
26 separate considerations of the merits of each request.

27 4. The sums appropriated by subsection 1 are available for
28 either fiscal year or may be transferred to Fiscal Year 2002-2003.
29 Money may be transferred from one fiscal year to another with the
30 approval of the Governor upon the recommendation of the Chief of
31 the Budget Division of the Department of Administration. If funds
32 appropriated by subsection 1 are transferred to Fiscal Year 2002-
33 2003, any remaining funds in the State Distributive School Account
34 after all obligations have been met that are not subject to reversion
35 to the State General Fund must be transferred back to Fiscal Year
36 2003-2004. Any amount transferred back to Fiscal Year 2003-2004
37 must not exceed the amount originally transferred to Fiscal Year
38 2002-2003.

39 5. Any remaining balance of the appropriation made by
40 subsection 1 for the 2003-2004 Fiscal Year must be transferred and
41 added to the money appropriated for the 2004-2005 Fiscal Year and
42 may be expended as that money is expended.

43 6. Any remaining balance of the appropriation made by
44 subsection 1 for the 2004-2005 Fiscal Year, including any money
45 added thereto pursuant to the provisions of subsections 3 and 5,



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1 must not be committed for expenditure after June 30, 2005, and
2 reverts to the State General Fund as soon as all payments of money
3 committed have been made.

4 **Sec. 79.** 1. Expenditure of \$203,448,548 by the Department
5 of Education from money in the State Distributive School Account
6 that was not appropriated from the State General Fund is hereby
7 authorized during the fiscal year beginning July 1, 2003.

8 2. Expenditure of \$142,024,404 by the Department of
9 Education from money in the State Distributive School Account that
10 was not appropriated from the State General Fund is hereby
11 authorized during the fiscal year beginning July 1, 2004.

12 3. For purposes of accounting and reporting, the sums
13 authorized for expenditure by subsections 1 and 2 are considered to
14 be expended before any appropriation is made to the State
15 Distributive School Account from the State General Fund.

16 4. The money authorized to be expended by subsections 1 and
17 2 must be expended in accordance with NRS 353.150 to 353.245,
18 inclusive, concerning the allotment, transfer, work program and
19 budget. Transfers to and from allotments must be allowed and made
20 in accordance with NRS 353.215 to 353.225, inclusive, after
21 separate consideration of the merits of each request.

22 5. The Chief of the Budget Division of the Department of
23 Administration may, with the approval of the Governor, authorize
24 the augmentation of the amounts authorized for expenditure by the
25 Department of Education, in subsections 1 and 2, for the purpose of
26 meeting obligations of the State incurred under chapter 387 of NRS
27 with amounts from any other state agency, from any agency of local
28 government, from any agency of the Federal Government or from
29 any other source that he determines is in excess of the amount taken
30 into consideration by this act. The Chief of the Budget Division of
31 the Department of Administration shall reduce any authorization
32 whenever he determines that money to be received will be less than
33 the amount authorized in subsections 1 and 2.

34 **Sec. 80.** During each of the Fiscal Years 2003-2004 and 2004-
35 2005, whenever the State Controller finds that current claims against
36 the State Distributive School Account in the State General Fund
37 exceed the amount available in the Account to pay those claims, he
38 may advance temporarily from the State General Fund to the State
39 Distributive School Account the amount required to pay the claims,
40 but not more than the amount expected to be received in the current
41 fiscal year from any source authorized for the State Distributive
42 School Account. No amount may be transferred unless requested by
43 the Chief of the Budget Division of the Department of
44 Administration.



1 **Sec. 81.** The Department of Education is hereby authorized to
2 spend from the State Distributive School Account the sums of
3 \$16,926,569 for the 2003-2004 Fiscal Year and \$17,843,596 for the
4 2004-2005 Fiscal Year for the support of courses which are
5 approved by the Department of Education as meeting the course of
6 study for an adult standard high school diploma as approved by the
7 State Board of Education. In each fiscal year of the 2003-2005
8 biennium, the sum authorized must be allocated among the various
9 school districts in accordance with a plan or formula developed by
10 the Department of Education to ensure the money is distributed
11 equitably and in a manner that permits accounting for the
12 expenditures of school districts.

13 **Sec. 82.** The Department of Education is hereby authorized to
14 provide from the State Distributive School Account the sum of
15 \$50,000 to each of the 17 school districts in each fiscal year of the
16 2003-2005 biennium to support special counseling services for
17 elementary school pupils at risk of failure.

18 **Sec. 83.** The amounts of the guarantees set forth in sections 75
19 and 76 of this act may be reduced to effectuate a reserve required
20 pursuant to NRS 353.225.

21 **Sec. 84.** 1. The Department of Education shall transfer from
22 the State Distributive School Account to the school districts
23 specified in this section the following sums for Fiscal Years 2003-
24 2004 and 2004-2005:

25			
26	<u>School District</u>	<u>2003-2004</u>	<u>2004-2005</u>
27	Clark County School District	\$4,532,532	\$4,552,361
28	Douglas County School District	\$1,146,374	\$1,175,848
29	Elko County School District	\$1,291,907	\$1,295,158
30	Washoe County School District	<u>\$1,847,128</u>	<u>\$1,913,468</u>
31		\$8,817,941	\$8,936,835
32			

33 2. A school district that receives an allocation pursuant to
34 subsection 1 shall:

35 (a) Use the money to maintain and continue the operation of a
36 regional training program for the professional development of
37 teachers and administrators established by the school district
38 pursuant to NRS 391.512; and

39 (b) Use the money to maintain and continue the operation of the
40 Nevada Early Literacy Intervention Program through the regional
41 training program established pursuant to paragraph (a).

42 3. Any remaining balance of the transfers made by subsection
43 1 for the 2003-2004 Fiscal Year must be added to the money
44 received by the school districts for the 2004-2005 Fiscal Year and
45 may be expended as that money is expended. Any remaining



1 balance of the transfers made by subsection 1 for the 2004-2005
2 Fiscal Year, including any money added from the transfer for the
3 previous fiscal year, must not be committed for expenditure after
4 June 30, 2005, and reverts to the State Distributive School Account
5 as soon as all payments of money committed have been made.

6 **Sec. 85.** 1. The Legislative Bureau of Educational
7 Accountability and Program Evaluation is hereby authorized to
8 receive from the State Distributive School Account to spend for an
9 evaluation of the regional training programs for the professional
10 development of teachers and administrators established pursuant to
11 NRS 391.512:

12 For the Fiscal Year 2003-2004 \$100,000
13 For the Fiscal Year 2004-2005 \$100,000

14 2. Any remaining balance of the sums authorized for
15 expenditure by subsection 1 for the 2003-2004 Fiscal Year must be
16 added to the money authorized for expenditure for the 2004-2005
17 Fiscal Year and may be expended as that money is expended. Any
18 remaining balance of the sums authorized for expenditure pursuant
19 to subsection 1 for the 2004-2005 Fiscal Year, including any money
20 added from the authorization for the previous fiscal year, must not
21 be committed for expenditure after June 30, 2005, and reverts to the
22 State Distributive School Account as soon as all payments of money
23 committed have been made.

24 **Sec. 86.** 1. The Department of Education shall transfer from
25 the State Distributive School Account to the Statewide Council for
26 the Coordination of the Regional Training Programs created by NRS
27 391.516 the sum of \$80,000 in each Fiscal Year 2003-2004 and
28 2004-2005 for additional training opportunities for educational
29 administrators in Nevada.

30 2. The Statewide Council shall use the money:

31 (a) To support the goals of Nevada Project LEAD (Leadership
32 in Educational Administration Development), as established through
33 the Department of Educational Leadership in the College of
34 Education, located at the University of Nevada, Reno. In supporting
35 the goals of Nevada Project LEAD, the Statewide Council shall:

36 (1) Disseminate research-based knowledge related to
37 effective educational leadership behaviors and skills; and

38 (2) Develop, support and maintain on-going activities,
39 programs, training and networking opportunities.

40 (b) For purposes of providing additional training for educational
41 administrators, including, without limitation, paying:

42 (1) Travel expenses of administrators who attend the training
43 program;

44 (2) Travel and per-diem expenses for any consultants
45 contracted to provide additional training; and



1 (3) Any charges to obtain a conference room for the
2 provision of the additional training.

3 (c) To supplement and not replace the money that the school
4 district, Nevada Project LEAD or the regional training program
5 would otherwise expend for training for administrators as described
6 in this section.

7 3. Any remaining balance of the transfers made by subsection
8 1 for the 2003-2004 Fiscal Year must be added to the money
9 received by the Statewide Council for the 2004-2005 Fiscal Year
10 and may be expended as that money is expended. Any remaining
11 balance of the transfers made by subsection 1 for the 2004-2005
12 Fiscal Year, including any money added from the transfer for the
13 previous fiscal year, must not be committed for expenditure after
14 June 30, 2005, and reverts to the State Distributive School Account
15 as soon as all payments of money committed have been made.

16 **Sec. 87.** 1. The Department of Education shall transfer from
17 the State Distributive School Account the following sums for
18 remedial education programs for certain schools:

19 For the Fiscal Year 2003-2004..... \$5,179,109
20 For the Fiscal Year 2004-2005 \$5,013,874

21 The money allocated must be used to provide remedial education
22 programs that have been approved by the Department as being
23 effective in improving pupil achievement.

24 2. A school may submit an application to the Department of
25 Education on or before November 1 of each fiscal year for
26 transmission to the State Board of Examiners for an allocation from
27 the amount authorized by subsection 1 if the school:

28 (a) Receives a designation as demonstrating need for
29 improvement.

30 (b) Did not receive a designation as demonstrating need for
31 improvement, but the school failed to meet adequate yearly
32 progress; or

33 (c) Did not receive a designation as demonstrating need for
34 improvement, but more than 40 percent of the pupils enrolled in the
35 school received an average score below the 26th percentile on all
36 four subjects tested pursuant to NRS 389.015.

37 3. The Department of Education shall, in consultation with the
38 Budget Division of the Department of Administration and the
39 Legislative Bureau of Educational Accountability and Program
40 Evaluation, develop a form for such applications. The form must
41 include, without limitation, a notice that money received by a school
42 to implement or continue remedial education programs that have
43 been approved by the Department as being effective in improving
44 pupil achievement will be used to implement or continue the



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1 programs in a manner that has been approved by the vendor of the
2 remedial program.

3 4. Upon receipt of an application submitted pursuant to
4 subsection 2, the Department of Education shall review the
5 application jointly with the Budget Division of the Department of
6 Administration and the Legislative Bureau of Educational
7 Accountability and Program Evaluation. The Department
8 of Education shall transmit the application to the State Board of
9 Examiners with the recommendation of the Department of
10 Education concerning the allocation of money based upon each
11 application so received. The State Board of Examiners, or the Clerk
12 of the Board if authorized by the Board to act on its behalf, shall
13 consider each such application and, if it finds that an allocation
14 should be made, recommend the amount of the allocation to the
15 Interim Finance Committee. The Interim Finance Committee shall
16 consider each such recommendation, but is not bound to follow the
17 recommendation of the State Board of Examiners when determining
18 the allocation to be received by a school. In determining the amount
19 of the allocation, the State Board of Examiners and the Interim
20 Finance Committee shall consider:

21 (a) The total number of pupils enrolled in the school who failed
22 to meet adequate yearly progress;

23 (b) The percentage of pupils enrolled in the school who failed to
24 meet adequate yearly progress;

25 (c) The total number of subgroups of pupils, as prescribed by the
26 No Child Left Behind Act of 2001, 20 U.S.C. §§ 6301 et seq.,
27 enrolled in the school who failed to meet adequate yearly progress;
28 and

29 (d) The financial need of the particular school.

30 5. In addition to the considerations set forth in subsection 4, in
31 determining whether to approve an application for a school that has
32 received an allocation in the immediately preceding year and in
33 determining the amount of the allocation for such a school, the State
34 Board of Examiners and the Interim Finance Committee shall
35 consider whether the school has carried out the program of remedial
36 study for which it received an allocation in a manner that has been
37 approved by the vendor of the remedial program and whether the
38 program has been successful, as measured by the academic
39 achievement of the pupils enrolled in the school on the examinations
40 administered pursuant to NRS 389.015 or 389.550 and any
41 assessments related to the program of remedial study.

42 6. A school that receives an allocation of money pursuant to
43 this section shall use the money to:

44 (a) Pay the costs incurred by the school in providing the
45 program of remedial study required by NRS 385.389. The money



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1 must first be applied to those pupils who failed to meet adequate
2 yearly progress.

3 (b) Pay for the salaries, training or other compensation of
4 teachers and other educational personnel to provide the program
5 of remedial study, instructional materials required for the program
6 of remedial study, equipment necessary to offer the program of
7 remedial study and all other additional operating costs attributable to
8 the program of remedial study, to the extent that the training,
9 materials and equipment are those that are approved by the vendor
10 of the remedial program.

11 (c) Supplement and not replace the money the school would
12 otherwise expend for programs of remedial study.

13 7. Before a school amends a plan for expenditure of an
14 allocation of money received pursuant to this section, the school
15 district in which the school is located must submit the proposed
16 amendment to the Department of Education to receive approval
17 from the Department of Education, the Budget Division of the
18 Department of Administration and the Legislative Bureau of
19 Educational Accountability and Program Evaluation, or the Interim
20 Finance Committee.

21 8. The sums authorized for expenditure in subsection 1 are
22 available for either fiscal year. Any remaining balance of those sums
23 must not be committed for expenditure after June 30, 2005, and
24 reverts to the State Distributive School Account as soon as all
25 payments of money committed have been made.

26 **Sec. 88.** 1. The Department of Education shall transfer from
27 the State Distributive School Account the following sums for
28 supplemental services or tutoring for pupils in non-Title I schools
29 that failed to meet adequate yearly progress on the examinations
30 administered pursuant to NRS 389.550:

31 For the Fiscal Year 2003-2004..... \$1,000,000

32 For the Fiscal Year 2004-2005 \$1,500,000

33 2. The supplemental services or tutoring for which money is
34 provided pursuant to this section must:

35 (a) Be conducted before or after school, on weekends, during the
36 summer or between sessions in schools with year-round school
37 calendars; and

38 (b) Be selected by the Department as an approved provider in
39 accordance with the No Child Left Behind Act of 2001, 20 U.S.C.
40 §§ 6301 et seq.

41 3. A school may submit an application to the Department of
42 Education on or before November 1 of each fiscal year for
43 transmission to the State Board of Examiners for an allocation from
44 the amount authorized by subsection 1 if the school:



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1 (a) Receives a designation as demonstrating need for
2 improvement; and

3 (b) Is not receiving money from Title I, 20 U.S.C. §§ 6301 et
4 seq.

5 4. The Department of Education shall, in consultation with the
6 Budget Division of the Department of Administration and the
7 Legislative Bureau of Educational Accountability and Program
8 Evaluation, develop a form for such applications.

9 5. Upon receipt of an application submitted pursuant to
10 subsection 3, the Department of Education shall review the
11 application jointly with the Budget Division of the Department of
12 Administration and the Legislative Bureau of Educational
13 Accountability and Program Evaluation. The Department of
14 Education shall transmit the application to the State Board
15 of Examiners with the recommendation of the Department of
16 Education concerning the allocation of money based upon each
17 application so received. The State Board of Examiners, or the Clerk
18 of the Board if authorized by the Board to act on its behalf, shall
19 consider each such application and, if it finds that an allocation
20 should be made, recommend the amount of the allocation to the
21 Interim Finance Committee. The Interim Finance Committee shall
22 consider each such recommendation, but is not bound to follow the
23 recommendation of the State Board of Examiners when determining
24 the allocation to be received by a school district.

25 6. A school that receives an allocation of money pursuant to
26 this section shall use the money to:

27 (a) Provide supplemental services or tutoring that has been
28 selected and approved by the Department of Education.

29 (b) Pay the costs incurred by the school in providing the
30 supplemental services or tutoring. The money must be applied to
31 those pupils who failed to meet adequate yearly progress.

32 (c) Pay for the salaries, training or other compensation of
33 teachers and other educational personnel to provide the
34 supplemental services or tutoring, instructional materials required
35 for the program, equipment necessary to offer the program and all
36 other additional operating costs attributable to the program.

37 (d) Supplement and not replace the money the school district
38 would otherwise expend for supplemental services or tutoring.

39 7. Before a school amends a plan for expenditure of an
40 allocation of money received pursuant to this section, the school
41 district in which the school is located must submit the proposed
42 amendment to the Department of Education to receive approval
43 from the Department of Education, the Budget Division of the
44 Department of Administration and the Legislative Bureau of



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1 Educational Accountability and Program Evaluation, or the Interim
2 Finance Committee.

3 8. The sums transferred pursuant to subsection 1 are available
4 for either fiscal year. Any remaining balance of those sums must not
5 be committed for expenditure after June 30, 2005, and reverts to the
6 State Distributive School Account as soon as all payments of money
7 committed have been made.

8 **Sec. 89.** 1. The Department of Education shall transfer from
9 the State Distributive School Account the following sums for early
10 childhood education:

11 For the Fiscal Year 2003-2004..... \$2,896,583
12 For the Fiscal Year 2004-2005..... \$2,896,583

13 2. Of the sums transferred pursuant to subsection 1, \$301,000
14 in each fiscal year of the 2003-2005 biennium must be used for the
15 Classroom on Wheels Program.

16 3. The remaining money transferred by subsection 1 must be
17 used by the Department of Education for competitive state grants to
18 school districts and community-based organizations for early
19 childhood education programs.

20 4. To receive a grant of money pursuant to subsections 2 and 3,
21 school districts, community-based organizations and the Classroom
22 on Wheels Program must submit a comprehensive plan to the
23 Department of Education that includes, without limitation:

24 (a) A detailed description of the proposed early childhood
25 education program;

26 (b) A description of the manner in which the money will be
27 used, which must supplement and not replace the money that would
28 otherwise be expended for early childhood education programs; and

29 (c) A plan for the longitudinal evaluation of the program to
30 determine the effectiveness of the program on the academic
31 achievement of children who participate in the program.

32 5. A school district, community-based organization or
33 Classroom on Wheels Program that receives a grant of money shall:

34 (a) Use the money to initiate or expand prekindergarten
35 education programs that meet the criteria set forth in the publication
36 of the Department of Education, entitled "August 2000 Public
37 Support for Prekindergarten Education For School Readiness in
38 Nevada."

39 (b) Use the money to supplement and not replace the money that
40 the school district, community-based organization or Classroom on
41 Wheels Program would otherwise expend for early childhood
42 education programs, as described in this section.

43 (c) Use the money to pay for the salaries and other items directly
44 related to the instruction of pupils in the classroom.



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1 (d) Submit a longitudinal evaluation of the program in
2 accordance with the plan submitted pursuant to paragraph (c) of
3 subsection 4.

4 The money must not be used to remodel classrooms or facilities or
5 for playground equipment.

6 6. The Department of Education shall develop statewide
7 performance and outcome indicators to measure the effectiveness of
8 the early childhood education programs for which grants of money
9 were awarded pursuant to this section. The indicators must include,
10 without limitation:

11 (a) Longitudinal measures of the developmental progress of
12 children before and after their completion of the program;

13 (b) Longitudinal measures of parental involvement in the
14 program before and after completion of the program; and

15 (c) The percentage of participants who drop out of the program
16 before completion.

17 7. The Department of Education shall review the evaluations of
18 the early childhood education programs submitted by each school
19 district, community-based organization and the Classroom on
20 Wheels Program pursuant to paragraph (d) of subsection 5 and
21 prepare a compilation of the evaluations for inclusion in the report
22 submitted pursuant to subsection 8.

23 8. The Department of Education shall, on an annual basis,
24 provide a written report to the Governor, Legislative Committee on
25 Education and the Legislative Bureau of Educational Accountability
26 and Program Evaluation regarding the effectiveness of the early
27 childhood programs for which grants of money were received. The
28 report must include, without limitation:

29 (a) The number of grants awarded;

30 (b) An identification of each school district, community-based
31 organization and the Classroom on Wheels Program that received a
32 grant of money and the amount of each grant awarded;

33 (c) For each school district, community based-organization and
34 the Classroom on Wheels Program that received a grant of money:

35 (1) The number of children who received services through a
36 program funded by the grant for each year that the program received
37 funding from the State for early childhood programs; and

38 (2) The average per child expenditure for the program for
39 each year the program received funding from the State for early
40 childhood programs;

41 (d) A compilation of the evaluations reviewed pursuant to
42 subsection 7 that includes, without limitation:

43 (1) A longitudinal comparison of the data showing the
44 effectiveness of the different programs; and



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1 (2) A description of the programs in this state that are the
2 most effective; and

3 (e) Any recommendations for legislation.

4 9. Any balance of the sums transferred pursuant to subsection 1
5 remaining at the end of the respective fiscal years must not be
6 committed for expenditure after June 30 of the respective fiscal
7 years and reverts to the State Distributive School Account as soon as
8 all payments of money committed have been made.

9 **Sec. 90.** 1. The Department of Education shall transfer from
10 the State Distributive School Account the following sums to
11 purchase one-fifth of a year of service for certain teachers in
12 accordance with NRS 391.165:

13 For the Fiscal Year 2003-2004..... \$2,689,206
14 For the Fiscal Year 2004-2005..... \$7,045,056

15 2. The Department of Education shall distribute the money
16 appropriated by subsection 1 to the school districts to assist the
17 school districts with paying for the retirement credit for certain
18 teachers in accordance with NRS 391.165. The amount of money
19 distributed to each school district must be proportionate to the total
20 costs of paying for the retirement credit pursuant to NRS 391.165
21 for each fiscal year. If insufficient money is available from the
22 appropriation to pay the total costs necessary to pay the retirement
23 credit for each fiscal year, the school district shall pay the difference
24 to comply with NRS 391.165.

25 3. Any balance of the sums appropriated by subsection 1
26 remaining at the end of the respective fiscal years must not be
27 committed for expenditure after June 30 of the respective fiscal
28 years and reverts to the State General Fund as soon as all payments
29 of money committed have been made.

30 **Sec. 91.** 1. The Department of Education shall transfer from
31 the State Distributive School Account the following sum to
32 purchase one-fifth of a year of service for certain licensed
33 educational personnel in accordance with NRS 391.165:

34 For the Fiscal Year 2004-2005..... \$5,732,643

35 2. The Department of Education shall distribute the money
36 appropriated by subsection 1 to the school districts to assist the
37 school districts with paying for the retirement credit for certain
38 licensed educational personnel in accordance with NRS 391.165.
39 The amount of money distributed to each school district must be
40 proportionate to the total costs of paying for the retirement credit
41 pursuant to NRS 391.165 for each fiscal year. If insufficient money
42 is available to pay the total costs necessary to pay the retirement
43 credit for each fiscal year, the school district shall pay the difference
44 to comply with NRS 391.165.



1 3. Any remaining balance of the appropriation made by
2 subsection 1 must not be committed for expenditure after June 30,
3 2005, and reverts to the State General Fund as soon as all payments
4 of money committed have been made.

5 **Sec. 92.** Of the amounts included in the basic support
6 guarantee amounts enumerated in sections 75 and 76 of this act,
7 \$64,425,447 for Fiscal Year 2003-2004 and \$66,721,434 for Fiscal
8 Year 2004-2005 must be expended for the purchase of textbooks,
9 instructional supplies and instructional hardware as prescribed in
10 section 1 of this act.

11 **Sec. 93.** All funding remaining in the Fund for School
12 Improvement at the close of Fiscal Year 2002-2003 shall be
13 transferred to the budget for the State Distributive School Account
14 and shall be authorized for expenditure in that account.

15 **Sec. 94.** The sums appropriated or authorized in sections 84 to
16 91, inclusive, of this act:

17 1. Must be accounted for separately from any other money
18 received by the school districts of this state and used only for the
19 purposes specified in the applicable section of this act.

20 2. May not be used to settle or arbitrate disputes between a
21 recognized organization representing employees of a school district
22 and the school district, or to settle any negotiations.

23 3. May not be used to adjust the district-wide schedules of
24 salaries and benefits of the employees of a school district.

25 **Sec. 95.** 1. The Department of Education shall transfer from
26 the State Distributive School Account the following sums for
27 special transportation costs to school districts:

28 For the 2003-2004 school year..... \$47,715

29 For the 2004-2005 school year..... \$47,715

30 2. Pursuant to NRS 392.015, the Department of Education shall
31 use the money transferred in subsection 1 to reimburse school
32 districts for the additional costs of transportation for any pupil to a
33 school outside the school district in which his residence is located.

34 **Sec. 96.** There is hereby appropriated from the State General
35 Fund to the State Distributive School Account created by NRS
36 387.030 in the State General Fund the sum of \$3,152,559 for an
37 unanticipated shortfall in money in Fiscal Year 2002-2003. This
38 appropriation is supplemental to that made by section 4 of chapter
39 565, Statutes of Nevada 2001, at page 2832 and to that made
40 pursuant to Assembly Bill 253 of the 72nd Legislative Session.

41 **Sec. 97.** Each school district shall expend the revenue made
42 available through this act, as well as other revenue from state, local
43 and federal sources, in a manner that is consistent with NRS
44 288.150 and that is designed to attain the goals of the Legislature
45 regarding educational reform in this state, especially with regard to



1 assisting pupils in need of remediation and pupils who are not
2 proficient in the English language. Materials and supplies for
3 classrooms are subject to negotiation by employers with recognized
4 employee organizations.

5 **Sec. 98.** 1. This section and sections 93, 96 and 97 of this act
6 become effective upon passage and approval and apply retroactively
7 to June 30, 2003.

8 2. Sections 1 to 4, inclusive, 75 to 92, inclusive, and 94 and 95
9 of this act become effective on July 1, 2003.

10 3. Sections 6 to 74, inclusive, become effective on July 17,
11 2003, only if Senate Bill No. 6 of this session is signed by the
12 Governor and becomes effective after that date.

13 4. Section 5 of this act becomes effective on July 1, 2004.

