

ASSEMBLY BILL NO. 351—COMMITTEE ON TAXATION

MARCH 1, 1999

Referred to Committee on Taxation

SUMMARY—Revises standards for determining whether organization is created for religious, charitable or educational purposes for determining exemptions from sales and use taxes. (BDR 32-503)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

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

AN ACT relating to taxation; revising the standards for determining whether an organization is created for religious, charitable or educational purposes for the purposes of the exemptions from the sales and use taxes; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 372.3261 is hereby amended to read as follows:
2 372.3261 1. For the purposes of NRS 372.326, an organization is
3 created for religious, charitable or educational purposes if it complies with
4 the provisions of this section.
5 2. An organization is created for religious purposes if:
6 (a) It complies with the requirements set forth in subsection 5; and
7 (b) The sole or primary purpose of the organization is the operation of a
8 church, synagogue or other place of religious worship at which nonprofit
9 religious services and activities are regularly conducted. Such an
10 organization includes, without limitation, an integrated auxiliary or
11 affiliate of the organization, men's, women's or youth groups established
12 by the organization, a school or mission society operated by the
13 organization, an organization of local units of a church and a convention or
14 association of churches.
15 3. An organization is created for charitable purposes if:
16 (a) It complies with the requirements set forth in subsection 5;
17 (b) The sole or primary purpose of the organization is to:

1 (1) Advance a public purpose, donate or render gratuitously or at a
2 reduced rate a substantial portion of its services to the persons who are the
3 subjects of its charitable services, and benefit a substantial and indefinite
4 class of persons who are the legitimate subjects of charity; or

5 (2) Provide services that are otherwise required to be provided by a
6 local government, this state or the Federal Government; and

7 (c) The organization is operating in this state.

8 4. An organization is created for educational purposes if:

9 (a) It complies with the requirements set forth in subsection 5; and

10 (b) The sole or primary purpose of the organization is to:

11 (1) Provide athletic, cultural or social activities for children;

12 (2) *Provide athletic activities for persons who are 50 years of age or*
13 *older;*

14 (3) Provide displays or performances of the visual or performing arts
15 to members of the general public;

16 ~~[(3)]~~ (4) Provide instruction and disseminate information on subjects
17 beneficial to the community; or

18 ~~[(4)]~~ (5) Operate a school, college or university located in this state
19 that conducts regular classes and provides courses of study required for
20 accreditation or licensing by the state board of education or the
21 commission ~~to~~ on postsecondary education, or for membership in the
22 Northwest Association of Schools and Colleges.

23 5. In addition to the requirements set forth in subsection 2, 3 or 4, an
24 organization is created for religious, charitable or educational purposes if:

25 (a) No part of the net earnings of any such organization inures to the
26 benefit of a private shareholder, individual or entity;

27 (b) The business of the organization is not conducted for profit;

28 (c) No substantial part of the business of the organization is devoted to
29 the advocacy of any political principle or the defeat or passage of any state
30 or federal legislation;

31 (d) The organization does not participate or intervene in any political
32 campaign on behalf of or in opposition to any candidate for public office;
33 and

34 (e) Any property sold to the organization for which an exemption is
35 claimed is used by the organization in this state in furtherance of the
36 religious, charitable or educational purposes of the organization.

37 **Sec. 2.** NRS 374.3306 is hereby amended to read as follows:

38 374.3306 1. For the purposes of NRS 374.3305, an organization is
39 created for religious, charitable or educational purposes if it complies with
40 the provisions of this section.

41 2. An organization is created for religious purposes if:

42 (a) It complies with the requirements set forth in subsection 5; and

(b) The sole or primary purpose of the organization is the operation of a church, synagogue or other place of religious worship at which nonprofit religious services and activities are regularly conducted. Such an organization includes, without limitation, an integrated auxiliary or affiliate of the organization, men's, women's or youth groups established by the organization, a school or mission society operated by the organization, an organization of local units of a church and a convention or association of churches.

3. An organization is created for charitable purposes if:

(a) It complies with the requirements set forth in subsection 5;

(b) The sole or primary purpose of the organization is to:

(1) Advance a public purpose, donate or render gratuitously or at a reduced rate a substantial portion of its services to the persons who are the subjects of its charitable services, and benefit a substantial and indefinite class of persons who are the legitimate subjects of charity; or

(2) Provide services that are otherwise required to be provided by a local government, this state or the Federal Government; and

(c) The organization is operating in this state.

4. An organization is created for educational purposes if:

(a) It complies with the requirements set forth in subsection 5; and

(b) The sole or primary purpose of the organization is to:

(1) Provide athletic, cultural or social activities for children;

(2) *Provide athletic activities for persons who are 50 years of age or older;*

(3) Provide displays or performances of the visual or performing arts to members of the general public;

~~(3)~~ (4) Provide instruction and disseminate information on subjects beneficial to the community; or

~~(4)~~ (5) Operate a school, college or university located in this state that conducts regular classes and provides courses of study required for accreditation or licensing by the state board of education or the commission ~~on~~ *on* postsecondary education, or for membership in the Northwest Association of Schools and Colleges.

5. In addition to the requirements set forth in subsection 2, 3 or 4, an organization is created for religious, charitable or educational purposes if:

(a) No part of the net earnings of any such organization inures to the benefit of a private shareholder, individual or entity;

(b) The business of the organization is not conducted for profit;

(c) No substantial part of the business of the organization is devoted to the advocacy of any political principle or the defeat or passage of any state

or federal legislation;

1 (d) The organization does not participate or intervene in any political
2 campaign on behalf of or in opposition to any candidate for public office;
3 and

4 (e) Any property sold to the organization for which an exemption is
5 claimed is used by the organization in this state in furtherance of the
6 religious, charitable or educational purposes of the organization.

7 **Sec. 3.** This act becomes effective on January 1, 2000.

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