

ASSEMBLY BILL NO. 243—ASSEMBLYMEN DINI, DE BRAGA, MARVEL,
CARPENTER, NEIGHBORS, GOLDWATER AND HETTRICK

FEBRUARY 26, 2001

Referred to Committee on Taxation

SUMMARY—Proposes to exempt from sales and use tax sale of farm machinery and equipment, and provides such exemption from certain analogous taxes. (BDR 32-866)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: No.

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

AN ACT relating to taxation; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption from the tax for farm machinery and equipment; providing such an exemption from certain analogous taxes; clarifying the provisions governing the administration of the existing exemption from the Sales and Use Tax Act of 1955 and certain analogous taxes for property shipped out of state; 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.** At the general election on November 5, 2002, a proposal
2 must be submitted to the registered voters of this state to amend the Sales
3 and Use Tax Act, which was enacted by the 47th session of the legislature
4 of the State of Nevada and approved by the governor in 1955, and
5 subsequently approved by the people of this state at the general election
6 held on November 6, 1956.
7 **Sec. 2.** At the time and in the manner provided by law, the secretary
8 of state shall transmit the proposed act to the several county clerks, and the
9 county clerks shall cause it to be published and posted as provided by law.
10 **Sec. 3.** The proclamation and notice to the voters given by the county
11 clerks pursuant to law must be in substantially the following form:
12 Notice is hereby given that at the general election on November 5,
13 2002, a question will appear on the ballot for the adoption or rejection
14 by the registered voters of the state of the following proposed act:
15 AN ACT to amend an act entitled “An Act to provide revenue for
16 the State of Nevada; providing for sales and use taxes; providing
17 for the manner of collection; defining certain terms; providing



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penalties for violation, and other matters properly relating thereto." approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA
DO ENACT AS FOLLOWS:

Section 1. The above-entitled act, being chapter 397, Statutes of Nevada 1955, at page 762, is hereby amended by adding thereto a new section to be designated as section 55.5, immediately following section 55, to read as follows:

Sec. 55.5. *1. There are exempted from the taxes imposed by this act the gross receipts from the sale of, and the storage, use or other consumption in a county of, farm machinery and equipment employed for the agricultural use of real property.*

2. As used in this section:

(a) "Agricultural use" has the meaning ascribed to it in NRS 361A.030.

(b) "Farm machinery and equipment" means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment if the purchase price of the part is not less than \$1,000. The term does not include:

(1) A vehicle required to be registered pursuant to the provisions of chapter 482 or 706 of NRS; or

(2) Machinery or equipment only incidentally employed for the agricultural use of real property.

(c) "Farm tractor" means a motor vehicle designed and used primarily for drawing an implement of husbandry.

(d) "Implement of husbandry" means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.

Sec. 2. This act becomes effective on January 1, 2003.

Sec. 4. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to provide an exemption from the taxes imposed by this act on the gross receipts from the sale and the storage, use or other consumption of farm machinery and equipment employed for the agricultural use of real property?

Yes ☐ No ☐

Sec. 5. The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:



(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the taxes imposed by this act the gross receipts from the sale and storage, use or other consumption of farm machinery and equipment employed for the agricultural use of real property. The Legislature has amended the Local School Support Tax Law and the City-County Relief Tax Law to provide the same exemption.

Sec. 6. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 2003. If less than a majority of votes cast on the question is yes, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 7. All general election laws not inconsistent with this act are applicable.

Sec. 8. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from the official returns transmitted to the office of the secretary of state that the proposed amendment was adopted by a majority of those registered voters.

Sec. 9. NRS 372.7263 is hereby amended to read as follows:

372.7263 In administering the provisions of NRS 372.335, the department shall apply the exemption for the sale of tangible personal property delivered by the vendor to a forwarding agent for shipment out of state to include ~~the~~ :

1. *The sale of a vehicle to a nonresident to whom a special movement permit has been issued by the department of motor vehicles and public safety pursuant to subsection 1 of NRS 482.3955 ~~H~~ ; and*

2. *The sale of farm machinery and equipment, as defined in section 10 of this act, to a nonresident who submits proof to the vendor that the farm machinery and equipment will be delivered out of state not later than 15 days after the sale.*

Sec. 10. Chapter 374 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *There are exempted from the taxes imposed by this chapter the gross receipts from the sale of, and the storage, use or other consumption in a county of, farm machinery and equipment employed for the agricultural use of real property.*

2. *As used in this section:*

(a) *"Agricultural use" has the meaning ascribed to it in NRS 361A.030.*

(b) *"Farm machinery and equipment" means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment if the purchase price of the part is not less than \$1,000. The term does not include:*



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(1) A vehicle required to be registered pursuant to the provisions of chapter 482 or 706 of NRS; or

(2) Machinery or equipment only incidentally employed for the agricultural use of real property.

(c) "Farm tractor" means a motor vehicle designed and used primarily for drawing an implement of husbandry.

(d) "Implement of husbandry" means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.

Sec. 11. NRS 374.030 is hereby amended to read as follows:

374.030 1. "Gross receipts" means the total amount of the sale or lease or rental price, as the case may be, of the retail sales of retailers, valued in money, whether received in money or otherwise, without any deduction on account of any of the following:

(a) The cost of the property sold. However, in accordance with such rules and regulations as the department may prescribe, a deduction may be taken if the retailer has purchased property for some other purpose than resale, has reimbursed his vendor for tax which the vendor is required to pay to the county or has paid the use tax with respect to the property, and has resold the property ~~prior to~~ before making any use of the property other than retention, demonstration or display while holding it for sale in the regular course of business. If such a deduction is taken by the retailer, no refund or credit will be allowed to his vendor with respect to the sale of the property.

(b) The cost of the materials used, labor or service cost, interest paid, losses or any other expense.

(c) The cost of transportation of the property ~~prior to~~ before its sale to the purchaser.

2. The total amount of the sale or lease or rental price includes all of the following:

(a) Any services that are a part of the sale.

(b) All receipts, cash, credits and property of any kind.

(c) Any amount for which credit is allowed by the seller to the purchaser.

3. "Gross receipts" does not include any of the following:

(a) Cash discounts allowed and taken on sales.

(b) ~~Sale~~ The sale price of property returned by customers when the full sale price is refunded either in cash or credit, ~~it~~ but this exclusion ~~shall~~ does not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.

(c) The price received for labor or services used in installing or applying the property sold.

(d) The amount of any tax, ~~it~~ not including ~~it, however,~~ any manufacturers' or importers' excise tax, ~~it~~ imposed by the United States



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1 upon or with respect to retail sales, whether imposed upon the retailer or
2 the consumer.

3 (e) The amount of any allowance against the selling price given by a
4 retailer for the value of ~~†~~;

5 ~~—(1) A† a~~ used vehicle which is taken in trade on the purchase of
6 another vehicle. ~~†; or~~

7 ~~—(2) A used piece of farm machinery or equipment which is taken in~~
8 ~~trade on the purchase of another piece of farm machinery or equipment.]~~

9 4. For purposes of the sales tax, if the retailers establish to the
10 satisfaction of the department that the sales tax has been added to the total
11 amount of the sale price and has not been absorbed by them, the total
12 amount of the sale price shall be deemed to be the amount received
13 exclusive of the tax imposed.

14 **Sec. 12.** NRS 374.265 is hereby amended to read as follows:
15 374.265 “Exempted from the taxes imposed by this chapter,” as used
16 in NRS 374.265 to 374.355, inclusive, *and section 10 of this act* means
17 exempted from the computation of the amount of taxes imposed.

18 **Sec. 13.** NRS 374.7273 is hereby amended to read as follows:
19 374.7273 In administering the provisions of NRS 374.340, the
20 department shall apply the exemption for the sale of tangible personal
21 property delivered by the vendor to a forwarding agent for shipment out of
22 state to include ~~†the†~~ :

23 1. *The* sale of a vehicle to a nonresident to whom a special movement
24 permit has been issued by the department of motor vehicles and public
25 safety pursuant to subsection 1 of NRS 482.3955 ~~††~~ ; and

26 2. *The sale of farm machinery and equipment, as defined in section*
27 *10 of this act, to a nonresident who submits proof to the vendor that the*
28 *farm machinery and equipment will be delivered out of state not later*
29 *than 15 days after the sale.*

30 **Sec. 14.** This act becomes effective upon passage and approval for the
31 purpose of adopting any regulations necessary to carry out the provisions
32 of this act and on July 1, 2002, for all other purposes.

