

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT A.B. 657

ASSEMBLY BILL NO. 657—COMMITTEE ON TAXATION

MARCH 26, 2001

Referred to Committee on Taxation

SUMMARY—Proposes to exempt from sales and use taxes certain items used by professional racing teams or sanctioning bodies and provides exemption from certain other taxes for such items. (BDR 32-1454)

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

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

AN ACT relating to taxes on retail sales; 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 engines, chassis and certain parts and components of professional racing vehicles and for motor vehicles used by professional racing teams or sanctioning bodies to transport certain items; providing the same exemption from the Local School Support Tax Law and certain analogous 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.** 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
16 for the State of Nevada; providing for sales and use taxes;
17 providing for the manner of collection; defining certain terms;



providing 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 61.6, immediately following section 61.5, to read as follows:

Sec. 61.6. 1. There are exempted from the taxes imposed by this act the gross receipts from the sale, furnishing or service of, and the storage, use or other consumption in this state of:

(a) All engines and chassis of a professional racing vehicle;

(b) All parts and components that are used to replace or rebuild existing parts or components of any engine or chassis of a professional racing vehicle;

(c) All motor vehicles used by professional racing teams to transport professional racing vehicles or to transport parts or components of professional racing vehicles, including, without limitation, an engine and chassis of a professional racing vehicle; and

(d) All motor vehicles used by a professional racing team or sanctioning body to transport the business office of the professional racing team or sanctioning body or to transport a facility from which hospitality services are provided.

2. As used in this section:

(a) "Professional racing team" means a racing operation that qualifies for the taxable year as an activity engaged in for profit pursuant to the Internal Revenue Code, Title 26 of the United States Code.

(b) "Professional racing vehicle" means any motor vehicle which is used in a professional racing competition and which is owned, leased or operated by a professional racing team.

(c) "Sanctioning body" means an organization that establishes an annual schedule of professional racing events in which professional racing teams participate, grants rights to conduct such events and establishes and administers rules and regulations governing the persons who conduct or participate in such events.

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 engines and chassis, including replacement parts and components for the engines and chassis, of professional racing vehicles that are owned, leased or operated by professional racing teams?

Yes ☐ No ☐



* A B 6 5 7 R 1 *

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 sale of, and the storage, use or other consumption in this state of, engines and chassis, including replacement parts and components for the engines and chassis, of professional racing vehicles that are owned, leased or operated by professional racing teams. The legislature has amended the Local School Support Tax Law and certain analogous taxes on retail sales 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 whether the proposed amendment was adopted by a majority of those registered voters.

Sec. 9. 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 act the gross receipts from the sale, furnishing or service of, and the storage, use or other consumption in this state of:

(a) *All engines and chassis of a professional racing vehicle;*

(b) All parts and components that are used to replace or rebuild existing parts or components of any engine or chassis of a professional racing vehicle;

(c) All motor vehicles used by professional racing teams to transport professional racing vehicles or to transport parts or components of professional racing vehicles, including, without limitation, an engine and chassis of a professional racing vehicle; and

(d) All motor vehicles used by a professional racing team or sanctioning body to transport the business office of the professional racing team or sanctioning body or to transport a facility from which hospitality services are provided.

2. *As used in this section:*

(a) "Professional racing team" means a racing operation that qualifies for the taxable year as an activity engaged in for profit pursuant to the Internal Revenue Code, Title 26 of the United States Code.



1 ***(b) “Professional racing motor vehicle” means any motor vehicle***
2 ***which is used in a professional racing competition and which is owned,***
3 ***leased or operated by a professional racing team.***

4 ***(c) “Sanctioning body” means an organization that establishes an***
5 ***annual schedule of professional racing events in which professional***
6 ***racing teams participate, grants rights to conduct such events and***
7 ***establishes and administers rules and regulations governing the persons***
8 ***who conduct or participate in such events.***

9 **Sec. 10.** 1. This section and sections 1 to 8, inclusive, of this act,
10 become effective upon passage and approval.

11 2. Section 9 of this act becomes effective upon passage and approval
12 for the purpose of adopting any regulations necessary to carry out the
13 provisions of section 9 of this act and on October 1, 2001, for all other
14 purposes.

