

INITIATIVE PETITION

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FEBRUARY 5, 2001

REFERRED TO COMMITTEE ON TAXATION

Summary—Nevada Tax Fairness And Quality School Funding Accountability Act.

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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; declaring the intention of the People of the State of Nevada concerning the funding of public elementary and secondary education in Nevada; imposing a tax on the income of businesses conducted for profit and doing business in Nevada; providing for the administration and collection of the tax and the distribution of the money thereby collected; providing a penalty; making an appropriation; 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.** Title.

2 This measure shall be known and may be cited as the Nevada Tax
3 Fairness and Quality School Funding Accountability Act.

4 **Sec. 2.** Findings and declarations.

5 The People of the State of Nevada find and declare as follows:

6 1. The State of Nevada faces an unprecedented crisis in funding for
7 our public schools. While Nevada's public school system continues to lead
8 the nation in enrollment increases, Nevada's per-pupil expenditures for K-
9 12 public education are ranked 36th in the nation. Nevada's state and local
10 expenditures for education, in relation to personal income, rank 50th in the
11 nation.

12 2. A quality education for our children is critical to the future of
13 Nevada. Our students need the skills and training which will prepare them
14 to face the challenges of their future—whether it be college or entering the
15 work force.

16 3. In order to enhance student learning, public schools need additional
17 funding to:

18 (a) Reduce overcrowded classes;

19 (b) Equip classrooms with the computer equipment and the other
20 technological and scientific tools needed for modern teaching; and



1 (c) Guarantee that students graduate with the skills they need to succeed
2 in college or to secure a job by promoting vocational, technical and
3 computer training.

4 4. In order to provide quality teaching, additional funding is needed to
5 attract, retain and support the very best teachers for our students and give
6 new teachers the training and support they need to be effective in the
7 classroom. The level and structure of compensation and benefits for
8 teachers and other school employees is a matter of local concern that
9 should be decided by each county school district through the process of
10 collective bargaining.

11 5. To meet the challenge facing Nevada public schools, it is critical to
12 increase parental involvement in the public schools so as to promote the
13 value of education and foster good learning skills in children.

14 6. In order to improve student accountability, students must be made
15 aware of what is expected of them as well as the consequences of
16 unacceptable behavior.

17 7. To produce the additional revenues necessary for public school
18 financing, this measure would impose a 4 percent tax on the Nevada
19 taxable income of businesses operating in this state. The tax fairness plan
20 as implemented by this measure will improve Nevada's tax structure by
21 making it more equitable, stable and balanced. To protect small businesses,
22 the tax would be paid only on the Nevada taxable income of a business that
23 exceeded \$50,000.

24 8. Under the measure, money produced by the tax would be earmarked
25 for the support of education and would be accounted for separately to
26 ensure that the money was being used as required. For the same reason,
27 each school district would be required to issue a report every four months,
28 detailing exactly how money received from the tax was spent. Each school
29 district must also hold a public meeting to receive comments from the
30 public as to how the money was spent.

31 9. The measure requires that money from the tax must be spent for
32 programs that enhance student learning, provide quality teaching, promote
33 parental involvement and increase student accountability.

34 **Sec. 3. Purposes and intent.**

35 The People of the State of Nevada declare that their purposes in enacting
36 this measure are:

37 1. To establish a plan to deal with the unprecedented crisis in funding
38 for our public schools;

39 2. To provide a quality education for our children and provide the
40 skills and training that will prepare them to face the challenges of their
41 future;

42 3. To enhance student learning by reducing overcrowded classes,
43 equipping classrooms with the tools needed for modern teaching, and to
44 guarantee that students graduate with the skills they need to succeed;

45 4. To provide quality teaching by retaining and supporting the very
46 best teachers for our students, to give new teachers the training and support
47 they need to be effective in the classroom, and to reaffirm that the level and
48 structure of compensation for teachers and other school employees is a



1 matter of local concern that should be decided by each county school
2 district through collective bargaining;

3 5. To increase parental involvement in the public schools so as to
4 promote the value of education and foster good learning skills in children;

5 6. To increase student accountability by making students aware of
6 what is expected of them as well as the consequences of unacceptable
7 behavior;

8 7. To impose a 4 percent tax on the Nevada taxable income of
9 businesses, but require that businesses only pay the tax on income over
10 \$50,000;

11 8. To establish and implement strict accountability requirements,
12 including the issuance of a quarterly report by each school district detailing
13 how money was spent and requiring each school district to hold a public
14 meeting to receive comments; and

15 9. To require that money from the tax must be spent for programs that
16 enhance student learning, provide quality teaching, promote parental
17 involvement and increase student accountability.

18 **Sec. 4.** Amendment of Nevada Revised Statutes.

19 Title 32 of NRS is hereby amended by adding thereto a new chapter to
20 consist of the provisions set forth as sections 5 to 44, inclusive, of this
21 measure.

22 **Sec. 5.** Definitions.

23 As used in this chapter, unless the context otherwise requires, the words
24 and terms defined in sections 6 to 9, inclusive, of this measure have the
25 meanings ascribed to them in those sections.

26 **Sec. 6.** "Business" defined.

27 1. Except as otherwise provided in this section, "business" includes the
28 following persons, entities and activities, including residents of Nevada
29 and other states, Native Americans and Tribes, and foreign nationals, but
30 only to the extent that such persons or entities or their activities are not
31 exempt from income taxation by this state under the constitution of this
32 state or the Constitution, laws or treaties of the United States:

33 (a) A corporation, limited liability company, partnership, limited
34 liability partnership, business association, trust, estate and any other
35 organization or enterprise that is engaged in an activity for profit; and

36 (b) The activities of a natural person that are deemed to be a business
37 pursuant to section 17 of this measure.

38 2. The term includes an independent contractor.

39 3. The term does not include:

40 (a) A nonprofit organization that qualifies as a tax-exempt organization
41 pursuant to 26 U.S.C. § 501(a); or

42 (b) A governmental entity.

43 **Sec. 7.** "Commission" defined.

44 "Commission" means the Nevada tax commission.

45 **Sec. 8.** "Federal taxable income" defined.

46 Except as otherwise provided in this section, "federal taxable income"
47 means the taxable income of a business for the taxable year, as set forth in
48 the federal income tax return filed by the business for that year with the
49 Internal Revenue Service. In the case of a natural person engaged in an



1 activity that is deemed to be a business pursuant to section 17 of this
2 measure, "federal taxable income" means the taxable income from that
3 activity for the taxable year, as so reported. The term includes any taxable
4 income that is required to be reported as such under the laws of the United
5 States, regardless of whether it is actually reported.

6 **Sec. 9.** "Nevada taxable income" defined.

7 "Nevada taxable income" means that amount of the federal taxable
8 income of a business, as adjusted pursuant to section 27 of this measure
9 and apportionable to this state pursuant to sections 28 and 29 of this
10 measure, that is in excess of \$50,000.

11 **Sec. 10.** Regulations of commission.

12 The commission shall adopt such regulations as it deems necessary to
13 carry out the provisions of this chapter.

14 **Sec. 11.** Examination of records by department.

15 To verify the accuracy of any return filed or, if no return is filed, to
16 determine the amount of tax required to be paid, the department or any
17 person authorized in writing by it may examine the books, papers, records
18 and equipment of any person or business that may be liable for the tax
19 imposed by this chapter.

20 **Sec. 12.** Authority of executive director to request information to
21 carry out provisions of chapter.

22 The executive director may request from any other governmental agency
23 or officer such information, including any information that is otherwise
24 confidential by law, as he deems necessary to carry out the provisions of
25 this chapter. If the executive director obtains confidential information
26 pursuant to this section, he shall maintain the confidentiality of that
27 information in the same manner and to the same extent as provided by law
28 for the agency or officer from whom it is obtained.

29 **Sec. 13.** Confidentiality of records and files of department.

30 1. Except as otherwise provided in NRS 360.250 and this section, the
31 records and files of the department concerning the administration of this
32 chapter are confidential and privileged. The department, and any employee
33 or agent engaged in the administration of this chapter or charged with the
34 custody of any such records or files, shall not disclose any information
35 obtained from them or from any examination, investigation or hearing
36 authorized by the provisions of this chapter. Neither the department nor
37 any employee of the department may be required to produce any of the
38 records, files or information for the inspection of any person or for use in
39 any action or proceeding.

40 2. The records and files of the department concerning the
41 administration of this chapter are not confidential and privileged in the
42 following cases:

43 (a) The testimony by an employee of the department and the production
44 of records, files or information on behalf of the department or a business in
45 any action or proceeding pursuant to the provisions of this chapter if that
46 testimony or the records, files or information, or the facts shown thereby,
47 are directly involved in the action or proceeding.



1 (b) The delivery to a business or its authorized representative of a copy
2 of any return or other document filed by the business pursuant to this
3 chapter.

4 (c) The publication of statistics so classified as to prevent the
5 identification of a particular business or document.

6 (d) The exchange of information with the Internal Revenue Service in
7 accordance with compacts made and provided for in such cases.

8 (e) The disclosure in confidence to any person authorized to audit the
9 accounts of the department in pursuance of an audit, or to the attorney
10 general or other legal representative of the state in connection with an
11 action or proceeding pursuant to this chapter or to any agency of this or any
12 other state charged with the administration or enforcement of laws relating
13 to workers' compensation, unemployment compensation, public assistance,
14 taxation, labor or gaming.

15 **Sec. 14.** Quality schools trust account: Deposits; use of money;
16 limitation on cost of administration.

17 1. There is hereby created the quality schools trust account as a
18 subaccount within the distributive school account in the state general fund.
19 Except as otherwise provided in subsection 4, the department shall deposit
20 all taxes, interest and penalties it receives pursuant to this chapter in the
21 state treasury for credit to the trust account. The taxes, interest and
22 penalties so deposited must be used solely for the support of public
23 elementary and secondary education in this state. The state controller shall
24 keep a separate and distinct account of the money in the trust account.

25 2. All money deposited in the quality schools trust account must be
26 apportioned by the superintendent of public instruction pursuant to the
27 provisions of NRS 387.124. Any money received by a county school
28 district pursuant to this subsection must be used only for the purposes
29 provided in subsection 3.

30 3. All money apportioned by the superintendent of public instruction
31 pursuant to subsection 2 must be deposited by each county school district
32 for credit to the local quality schools trust account in the county school
33 district fund. The money so deposited must be used only to:

- 34 (a) Enhance student learning by:
- 35 (1) Reducing overcrowded classes;
 - 36 (2) Establishing and providing a safe and productive learning
37 environment by removing disruptive students and providing alternatives so
38 that they can become productive learners;
 - 39 (3) Providing improved educational opportunities for students with
40 limited English proficiency and students with special educational needs;
 - 41 (4) Equipping schools and classrooms with the computer equipment,
42 technological and scientific tools, and resources and supplies needed for
43 modern teaching;
 - 44 (5) Promoting and providing vocational, technical and computer
45 training;
 - 46 (6) Promoting and providing school-to-work programs and
47 apprenticeships to link students to community colleges and local
48 businesses to gain first-hand experience for a competitive job market;
 - 49 (7) Providing physical education, arts and music programs; and



- 1 (8) Increasing the number of school nurses, speech pathologists,
2 school counselors and related support professionals.
- 3 (b) Provide quality teaching by:
 - 4 (1) Hiring qualified new teachers to meet the needs of the growing
5 student population;
 - 6 (2) Giving new teachers the training, mentoring and support
7 necessary to be effective in the classroom;
 - 8 (3) Promoting professional development for teachers and educational
9 support personnel;
 - 10 (4) Providing funding for increased salaries, retirement and other
11 monetary benefits for teachers and educational support personnel; and
 - 12 (5) Enhancing compensation by rewarding skills, knowledge and
13 responsibility of teachers and educational support personnel.
- 14 (c) Promote parental involvement by:
 - 15 (1) Establishing parent-teacher partnerships to improve literacy, train
16 parents to encourage reading at home, and provide assistance to parents
17 with limited English skills so that parents may be active partners in their
18 children's education;
 - 19 (2) Providing workshops and other opportunities for parents to learn
20 how to best help their children succeed in school; and
 - 21 (3) Emphasizing partnerships with parents to promote the value of
22 education at home and foster good learning skills in their children.
- 23 (d) Increase student accountability by:
 - 24 (1) Ensuring accurate and comprehensive assessment of student
25 achievement;
 - 26 (2) Enforcing strict disciplinary policies and ensuring that students
27 know the consequences of unacceptable behavior;
 - 28 (3) Providing summer school, intersession and before and after
29 school activities directly relating to improving student academic success;
 - 30 (4) Enforcing discipline at school and on student transportation; and
 - 31 (5) Providing additional instruction and support for students to meet
32 academic standards.
- 33 4. From the taxes, interest and penalties it receives under this chapter,
34 the department may retain such an amount, not to exceed 0.5 percent of the
35 total amount received, as reimbursement for the cost of administering the
36 provisions of this chapter.
- 37 **Sec. 15.** Program of accountability of school districts receiving money
38 from quality schools trust account, public hearings; accountability reports.
- 39 1. During each quarter of each school year, the clerk of the board of
40 trustees of a county school district shall cause to be published an
41 accountability report detailing the amount of money received by the district
42 during the preceding quarter, pursuant to section 14 of this measure. The
43 report must also include a list of expenditures made by the district during
44 the previous quarter school year from the money so received. The
45 accountability report must also include specific information as to how
46 much of the money was expended by each category authorized pursuant to
47 subsection 3 of section 14 of this measure. The accountability report
48 required by this section must be printed in some newspaper published and
49 of general circulation in the county the boundaries of which are



1 conterminous with the boundaries of the school district. The accountability
2 report required by this section must also be made available at every public
3 library located within the district.

4 2. If a school district expends any money from the quality schools trust
5 account in the county school district fund for any purpose other than those
6 authorized by section 14 of this measure, the members of the board of
7 trustees are jointly and severally liable for the amount of the unauthorized
8 expenditure.

9 3. Within 14 days after the accountability report is issued pursuant to
10 subsection 1, the board of trustees of the school district shall hold a public
11 hearing at which citizens may:

12 (a) Offer testimony as to whether money received by the district
13 pursuant to section 14 of this measure was used by the district in a manner
14 most beneficial to students in the district; and

15 (b) Make recommendations as to how the money should be spent in
16 ensuing quarters.

17 The board of trustees shall cause a summary of comments offered at the
18 public hearing by citizens to be included in the next succeeding quarterly
19 report required pursuant to subsection 1.

20 **Sec. 16.** Unlawful acts; penalty.

21 1. A person shall not:

22 (a) Fail or refuse to file a return required by this chapter, with intent to
23 defraud the state or to evade payment of the tax or any part of the tax
24 imposed by this chapter.

25 (b) Make, cause to be made or permit to be made any false or fraudulent
26 return or declaration or false statement in any return or declaration, with
27 intent to defraud the state or to evade payment of the tax or any part of the
28 tax imposed by this chapter.

29 (c) Make, cause to be made or permit to be made any false entry in
30 books, records or accounts with intent to defraud the state or to evade the
31 payment of the tax or any part of the tax imposed by this chapter.

32 (d) Keep, cause to be kept or permit to be kept more than one set of
33 books, records or accounts with intent to defraud the state or to evade the
34 payment of the tax or any part of the tax imposed by this chapter.

35 2. Any person who violates the provisions of subsection 1 is guilty of a
36 gross misdemeanor.

37 **Sec. 17.** Activities of natural person constituting business.

38 Any activity conducted for profit by a natural person shall be deemed to
39 be a business that is subject to the provisions of this chapter if, with respect
40 to the activity, the person files with the Internal Revenue Service a:

- 41 1. Schedule C (Form 1040), Profit or Loss From Business Form;
 - 42 2. Schedule C-EZ (Form 1040), Net Profit From Business Form;
 - 43 3. Schedule E (Form 1040), Supplemental Income and Loss Form; or
 - 44 4. Schedule F (Form 1040), Profit and Loss From Farming Form,
- 45 or the equivalent or successor form of any of these.

46 **Sec. 18.** Imposition and payment of tax.

47 1. A tax is hereby imposed upon the privilege of doing business in this
48 state. The tax for each taxable year:

49 (a) Is due on the first day of the succeeding taxable year;



1 (b) Must be paid on the basis of the Nevada taxable income of the
2 business; and

3 (c) Except as otherwise provided in section 32 of this measure, must be
4 paid on or before the date fixed by this chapter for the filing of a return by
5 the business.

6 2. The amount of tax due per taxable year for a business is 4 percent of
7 its Nevada taxable income for that year.

8 3. Except as otherwise provided in sections 22 and 24 of this measure,
9 a person who receives Nevada taxable income as a shareholder in an S
10 corporation, as owner of a sole proprietorship, as beneficiary of a trust or
11 as a member of a partnership or limited-liability company is liable for and
12 shall pay the tax due on the income. In the case of a C corporation or other
13 entity subject to tax, the tax is the obligation of and must be paid by the
14 entity.

15 4. If the tax due is greater than \$5,000, payment must be made by
16 direct deposit at a bank in which the state has an account, unless the
17 department waives this requirement pursuant to regulations adopted by the
18 commission.

19 **Sec. 19.** Return of income generally.

20 1. Every business subject to taxation under this chapter shall file a
21 return with the department, with each remittance of the tax, in such form as
22 the commission prescribes.

23 2. Except as otherwise provided in section 25 of this measure, the
24 return must:

- 25 (a) Include a statement that it is made under penalty of perjury;
26 (b) Include such information as is required by the commission; and
27 (c) Be filed on or before the date the federal income tax return of the
28 business is due to be filed.

29 **Sec. 20.** Return of income for natural person.

30 1. Whenever a natural person subject to taxation as a business under
31 this chapter is required to file a federal income tax return under the
32 provisions of the Internal Revenue Code, he shall also make a return to the
33 department. A return must be filed with the department regardless of
34 whether the Nevada taxable income of the business for the taxable year
35 exceeds \$50,000.

36 2. The return must set forth, in such form and manner as the
37 commission prescribes, the federal taxable income of the business, the
38 deductions, modifications, exemptions, adjustments, apportionments and
39 credits required or allowed by this chapter, and any other information the
40 commission deems necessary to carry out the purposes of this chapter.

41 3. If a person is unable to make and execute his own return, the return
42 must be made by a duly authorized agent, guardian, executor, administrator
43 or other person charged with the care of the person or his property.

44 **Sec. 21.** Return of income for C corporation.

45 1. A return filed by a C corporation pursuant to this chapter must set
46 forth, in such form and manner as the commission prescribes, the federal
47 taxable income of the business, the deductions, modifications, exemptions,
48 adjustments, apportionments and credits required or allowed by this
49 chapter, and any other information the commission deems necessary to



1 carry out the purposes of this chapter. The return must be signed by the
2 president, vice-president, treasurer, assistant treasurer, chief accounting
3 officer or other officer duly authorized to act for the corporation. If a
4 receiver, trustee in bankruptcy or assignee is operating the business of the
5 corporation, he shall when necessary make the return for the corporation.

6 2. A corporation that is a member of an affiliated group and is engaged
7 in a unitary business with one or more other members of the affiliated
8 group shall also file a combined report meeting the requirements of this
9 subsection. Except as otherwise provided in this subsection, the report must
10 set forth, in the aggregate and by member, the federal taxable income, the
11 adjustments required by section 27 of this measure, the property, payroll
12 and sales in this state and elsewhere as apportioned pursuant to sections 28
13 and 29 of this measure, and the Nevada taxable income of the unitary
14 business. If any member of the affiliated group is not required to file a
15 federal income tax return for the taxable year, the income, property, payroll
16 and sales of that member must not be included in the report.

17 3. The department may allow two or more corporations that are
18 members of an affiliated group to file a consolidated return.

19 4. As used in this section:

20 (a) "Affiliated group" means a group of two or more corporations in
21 which more than 50 percent of the voting stock of each member
22 corporation is directly or indirectly owned by a common owner, either
23 corporate or noncorporate, or by one or more of the member corporations.

24 (b) "Unitary business" means a business activity characterized by unity
25 of ownership, functional integration, centralization of management and
26 economies of scale.

27 **Sec. 22.** Return of income for S corporation.

28 1. A return filed by an S corporation pursuant to this chapter must set
29 forth, in such form and manner as the commission prescribes:

30 (a) The federal taxable income of the business, the deductions,
31 modifications, exemptions, adjustments, apportionments and credits
32 required or allowed by this chapter, and any other information the
33 commission deems necessary.

34 (b) For each shareholder of the corporation, his name, address and
35 social security number or federal taxpayer identification number.

36 (c) For each such shareholder, the income attributable to this state and
37 the income not attributable to this state.

38 2. The return must be signed by an officer of the corporation duly
39 authorized to act for the corporation. If a receiver, trustee in bankruptcy or
40 assignee is operating the business of the corporation, he shall when
41 necessary make the return for the corporation.

42 3. On or before the date on which the return is filed, the corporation
43 shall furnish to each person who has been a shareholder of the corporation
44 during the taxable year, an abstract of such information from the return as
45 the commission prescribes.

46 4. An S corporation may file a composite return and make composite
47 payments of the tax on behalf of some or all of its nonresident
48 shareholders. If authorized to do so by the department, a corporation may



1 also file a composite return and make composite payments of the tax on
2 behalf of its resident shareholders.

3 5. With respect to each nonresident shareholder of the corporation, an
4 S corporation shall:

5 (a) Remit with its return the tax due under this chapter for each such
6 shareholder; or

7 (b) File with the department a written agreement, in such form as the
8 commission prescribes, by which each shareholder agrees:

9 (1) To file a return and make timely payment of any tax owed under
10 this chapter; and

11 (2) To be subject to the personal jurisdiction of this state for
12 collection of the tax imposed by this chapter, together with any related
13 penalties and interest, with respect to the income of the S corporation. Any
14 such agreement is ineffective unless it is filed on or before the date
15 prescribed by this section for the filing of a return.

16 6. For the purposes of this chapter, any amount paid by the corporation
17 to this state pursuant to subsection 4 or 5 shall be deemed to be a payment
18 by the shareholder on account of the tax imposed on him for the taxable
19 year.

20 7. The return of an S corporation must be filed on or before the
21 fifteenth day of the third month following the close of the taxable year.

22 8. The department may waive the requirements of this section for any
23 taxable year and, in lieu thereof, require the S corporation to file with the
24 department a copy of its federal S corporation return.

25 **Sec. 23.** Return of income for fiduciary.

26 A fiduciary shall make the return required by this chapter for each
27 natural person, estate or trust for whom he acts. The return must set forth,
28 in such form and manner as the commission prescribes, the federal taxable
29 income of the business, the deductions, modifications, exemptions,
30 adjustments, apportionments and credits required or allowed by this
31 chapter, and any other information the commission deems necessary.

32 **Sec. 24.** Return of income for partnership or limited-liability
33 company.

34 1. A return filed by a partnership or a limited-liability company
35 pursuant to this chapter must set forth, in such form and manner as the
36 commission prescribes:

37 (a) The federal taxable income of the business, the deductions,
38 modifications, exemptions, adjustments, apportionments and credits
39 required or allowed by this chapter, and any other information the
40 commission deems necessary.

41 (b) For each member of the partnership or company, his name, address
42 and social security number or federal taxpayer identification number.

43 (c) For each such partner or member, the income attributable to this
44 state and the income not attributable to this state.

45 2. Except as otherwise provided in this subsection, any member of the
46 partnership or limited-liability company may sign the return. If a receiver,
47 trustee in bankruptcy or assignee is operating the business of the
48 partnership or company, he shall when necessary make the return.



1 3. On or before the date on which its return is filed, the partnership or
2 limited-liability company shall furnish to each person who has been a
3 member of the partnership or company during the taxable year, an abstract
4 of such information from the return as the commission prescribes by
5 regulation.

6 4. A partnership or limited-liability company may file a composite
7 return and make composite payments of the tax on behalf of some or all of
8 its nonresident members. If authorized to do so by the department, a
9 partnership or company may also file a composite return and make
10 composite payments of the tax on behalf of its resident members.

11 5. With respect to each nonresident member, a partnership or limited-
12 liability company shall:

13 (a) Remit with its return the tax due under this chapter for each such
14 member; or

15 (b) File with the department a written agreement, in such form as the
16 commission prescribes, by which each member agrees:

17 (1) To file a return and make timely payment of any tax owed under
18 this chapter; and

19 (2) To be subject to the personal jurisdiction of this state for
20 collection of the tax imposed by this chapter, together with any related
21 penalties and interest, with respect to the income of the partnership or
22 company. Any such agreement is ineffective unless it is filed on or before
23 the date prescribed by this section for the filing of a return.

24 6. For the purposes of this chapter, any amount paid by the partnership
25 or limited-liability company to this state pursuant to subsection 4 or 5 shall
26 be deemed to be a payment by the member on account of the tax imposed
27 on him for the taxable year.

28 7. The return of a partnership or limited-liability company must be
29 filed on or before the fifteenth day of the fourth month following the close
30 of the taxable year.

31 8. The department may waive the requirements of this section for any
32 taxable year and, in lieu thereof, require the partnership or company to file
33 with the department a copy of its federal income tax return.

34 **Sec. 25.** Extension of time for filing return.

35 The department may grant an extension of time for filing any return.
36 Any such extension may be conditioned upon payment of the tax estimated
37 to be due. If a business is granted an extension of time within which to file
38 its federal income tax return, the time for filing the return required by this
39 chapter is extended for a like period, plus 30 days.

40 **Sec. 26.** Amended return; report of final determination of federal
41 taxable income; assessment of deficiency.

42 1. If a business files an amended federal income tax return that reflects
43 a change in income required to be reported pursuant to this chapter, the
44 business shall file an amended return with the department within 30 days
45 after the filing of the federal return.

46 2. If a final determination of federal taxable income is made pursuant
47 to the laws of the United States, under which the federal taxable income of
48 a business is found to differ from that initially reported to the Internal
49 Revenue Service, the business shall report the determination to the



1 department in writing, with such information as the department determines
2 is necessary. The report must be made within 30 days after the date of the
3 determination.

4 3. If, from an amended return or report filed pursuant to this section or
5 from an investigation by the department, it appears that the tax imposed by
6 this chapter has not been fully assessed, the department shall assess the
7 deficiency, with interest calculated at the rate and in the manner set forth in
8 NRS 360.417.

9 4. Except as otherwise provided in this subsection and subsection 5,
10 any assessment pursuant to subsection 3 must be made:

11 (a) Within 1 year after the receipt by the department of the amended
12 return or report; or

13 (b) If an amended return or report has not been filed, within 1 year after
14 the department discovers the final determination or change in income.

15 If an amended return or report is not filed with the department within the
16 time provided by subsection 1 or 2, the period prescribed by this subsection
17 for the making of an assessment is tolled until the date the return or report
18 is actually filed, or until the department discovers the final determination or
19 change in income, whichever occurs earlier.

20 5. If a business agrees with the Internal Revenue Service for an
21 extension of the period for assessing a deficiency, paying a refund of
22 federal income tax, or for changing the reported federal taxable income of
23 the business for any taxable year, or if the business files a claim for a
24 refund of federal income tax or initiates any administrative or judicial
25 proceeding that has the effect of extending such a period for any taxable
26 year, an assessment pursuant to subsection 3 must be made.

27 (a) Within 1 year after the expiration of the extended period; or

28 (b) Within 4 years after the applicable return is filed with the
29 department, whichever occurs later.

30 **Sec. 27.** Adjustments to compute Nevada taxable income.

31 1. In computing the Nevada taxable income of a business, its federal
32 taxable income must be increased by:

33 (a) The amount of any deduction for the tax imposed by section 18 of
34 this measure or the equivalent taxing statute of another state.

35 (b) The amount of any net operating loss in the taxable year that has
36 been carried back to previous taxable years pursuant to Section 172 of the
37 Internal Revenue Code.

38 (c) The amount of any deduction, claimed for the taxable year pursuant
39 to Section 172 of the Internal Revenue Code, that has previously been used
40 to offset the modification provided by this subsection.

41 (d) Interest or dividends on the obligations or securities of any state or
42 political subdivision of a state.

43 2. In computing the Nevada taxable income of a business, its federal
44 taxable income must be reduced by:

45 (a) Any income that is exempt from taxation by this state under the
46 Constitution, laws or treaties of the United States, or under the constitution
47 of this state, except that the amount of any reduction made pursuant to this
48 paragraph must be decreased by any expense incurred in the production of



1 the income to the extent that the expense is deductible in determining
2 federal taxable income.

3 (b) Interest income received on obligations of the United States.

4 (c) Any income derived by the business from the net proceeds of
5 minerals, on which tax is paid pursuant to chapter 362 of NRS.

6 (d) The amount of any income tax refund received from another state
7 that has been included as income in computing federal taxable income.

8 (e) The amount of foreign dividend gross-up added to income pursuant
9 to Section 78 of the Internal Revenue Code.

10 (f) An amount equal to the new jobs credit of the business as
11 determined under the laws of the United States.

12 **Sec. 28.** Apportionment of income required.

13 1. A business having federal taxable income from activity that is
14 taxable both within and outside this state shall apportion its income or loss
15 as provided in this section and section 29 of this measure. A business
16 having income solely from activity that is taxable within this state shall
17 apportion its entire income or loss to this state.

18 2. For the purposes of this section, a business is taxable in another
19 state if:

20 (a) In that state the business is subject to an income tax, a franchise tax
21 measured by net income, a franchise tax for the privilege of doing business
22 or a corporate stock tax; or

23 (b) The state has jurisdiction to subject the business to an income tax
24 regardless of whether, in fact, the state exercises that power.

25 **Sec. 29.** Formula for apportionment.

26 1. The federal taxable income of a business must be apportioned to this
27 state by multiplying the amount of that income by a fraction, the numerator
28 of which is the sum of the property factor plus the payroll factor plus the
29 sales factor, and the denominator of which is three.

30 2. The property factor is a fraction, the numerator of which is the
31 average value of the real and tangible personal property owned or rented by
32 the business and used in this state during the taxable year, and the
33 denominator of which is the average value of all the real and tangible
34 personal property owned or rented and used by the business during that
35 year.

36 3. The payroll factor is a fraction, the numerator of which is the total
37 amount paid in this state during the taxable year by the business as
38 compensation, and the denominator of which is the total compensation paid
39 everywhere by the business during that year.

40 4. The sales factor is a fraction, the numerator of which is the total
41 sales of the business occurring in this state during the taxable year, and the
42 denominator of which is the total sales of the business everywhere during
43 that year.

44 **Sec. 30.** Variations.

45 If application of the provisions of sections 28 and 29 of this measure
46 does not fairly represent the extent of the activity of the business in this
47 state, the business may petition the department for, or the department may
48 require, in respect to all or any part of the activity of the business:

49 1. Separate accounting;



1 2. The exclusion of one or more of the factors enumerated in sections
2 28 and 29 of this measure;

3 3. The inclusion of one or more additional factors that will fairly
4 represent the activity of the business in this state; or

5 4. The use of any other reasonable method to effect an equitable
6 apportionment of income.

7 **Sec. 31.** Accounting periods and methods.

8 1. For the purposes of this chapter, the method of accounting and the
9 taxable year used by a business must be the same as those used by the
10 business for the purposes of federal income taxation. If no method of
11 accounting has been regularly used by the business, taxable income must
12 be computed under whatever method that fairly reflects income, as
13 determined by the department.

14 2. If the method of accounting or the taxable year used by a business
15 for the purposes of federal income taxation is changed, it must similarly be
16 changed for the purposes of this chapter.

17 **Sec. 32.** Extension of time for payment of tax; payment of interest
18 during period of extension.

19 Upon written application made before the date on which payment must
20 be made, for good cause shown, the department may extend by 30 days the
21 time within which a business is required to pay the tax imposed by this
22 chapter. If the tax is paid during the period of the extension, no penalty or
23 late charge may be imposed for failure to pay at the time required, but the
24 business shall pay interest calculated at the rate and in the manner set forth
25 in NRS 360.417 for each month, or fraction of a month, from the date on
26 which the amount would have been due without the extension until the date
27 of payment.

28 **Sec. 33.** Remedies of state are cumulative.

29 The remedies of the state provided for in this chapter are cumulative,
30 and no action taken by the department or the attorney general constitutes an
31 election by the state to pursue any remedy to the exclusion of any other
32 remedy for which provision is made in this chapter.

33 **Sec. 34.** Certification of excess amount collected; credit and refund.

34 If the department determines that any tax, penalty or interest has been
35 paid more than once or has been erroneously or illegally collected or
36 computed, the department shall set forth that fact in the records of the
37 department and certify to the state board of examiners the amount collected
38 in excess of the amount legally due and the name of the business or person
39 from whom it was collected or by whom it was paid. If approval is given
40 by the state board of examiners, the excess amount collected or paid must
41 be credited on any amounts then due from the person or business under this
42 chapter, and the balance refunded to the person or business, or its
43 successors, administrators or executors.

44 **Sec. 35.** Interest on overpayment; disallowance of interest.

45 1. Except as otherwise provided in subsection 3, interest must be paid
46 upon any overpayment of the tax imposed by this chapter at a rate
47 determined in accordance with NRS 17.130.

48 2. Interest must be paid:



1 (a) In the case of a refund, for the period from the last day of the
2 calendar month in which the overpayment was made until the last day of
3 the month in which the claim is certified to the state board of examiners.

4 (b) In the case of a credit, for the period from the last day of the
5 calendar month in which the overpayment was made until the credit is
6 applied.

7 3. If the department determines that any overpayment has been made
8 intentionally or by reason of negligence on the part of the business
9 involved, the department may refuse to pay interest on it. In such a case,
10 the department shall serve notice of its determination upon the claimant in
11 the manner prescribed by NRS 360.350 for service of a notice of
12 deficiency determination.

13 **Sec. 36.** Claim for refund or credit.

14 1. Except as otherwise provided in NRS 360.235 and 360.395, no
15 refund or credit attributable to an overpayment of tax may be allowed
16 unless a claim for it is filed with the department within 3 years after the last
17 day of the calendar month in which the overpayment was made.

18 2. Each claim must be in writing and must set forth the specific
19 grounds on which it is based.

20 3. Failure to file a claim within the time prescribed in this section shall
21 be deemed a waiver of any demand against the state on account of the
22 overpayment.

23 **Sec. 37.** Acceptance or rejection of claim; notice of determination.

24 The department shall accept or reject a claim filed pursuant to section 36
25 of this measure within 180 days after it is filed. The department shall serve
26 notice of its determination upon the claimant in the manner prescribed by
27 NRS 360.350 for service of a notice of deficiency determination.

28 **Sec. 38.** Petition for redetermination.

29 Within 45 days after service of a notice pursuant to section 35 or 37 of
30 this measure, a claimant may petition the department for a redetermination.
31 The provisions of NRS 360.360 to 360.390, inclusive, apply to the petition
32 and any subsequent appeal to the commission. A claimant's failure to file a
33 timely petition shall be deemed a waiver of his right to contest the action of
34 the department.

35 **Sec. 39.** Injunction or other process to prevent collection of tax
36 prohibited; conditions precedent to action for recovery of overpayment or
37 interest.

38 1. No injunction, writ of mandate or other legal or equitable process
39 may issue in any suit, action or proceeding in any court against this state or
40 against any officer of the state to prevent or enjoin the collection of the tax
41 imposed by this chapter or any amount of the tax, penalty or interest
42 required to be collected.

43 2. Except as otherwise provided in section 40 of this measure, no suit
44 or proceeding may be maintained in any court for the recovery of any
45 amount alleged to have been erroneously or illegally determined or
46 collected pursuant to this chapter, or interest on any such amount, unless
47 the claimant has first complied with the requirements of sections 36 and 38
48 of this measure.



1 **Sec. 40.** Action for recovery of overpayment or interest: Time to sue;
2 venue; waiver.

3 1. Within 90 days after the commission serves its decision on a
4 petition for redetermination, the claimant may bring an action against the
5 department on the grounds set forth in the petition for the recovery of the
6 whole or any part of the amount with respect to which the petition has been
7 denied. Any such action must be filed in a court of competent jurisdiction
8 in Carson City or Clark County.

9 2. If the department fails to accept or reject a claim filed pursuant to
10 section 36 of this measure within 180 days after it is filed, the claimant
11 may consider the claim to have been rejected and may immediately bring
12 an action under this section for the recovery of the whole or any part of the
13 disputed amount. Any such action must be brought within 90 days after the
14 expiration of the 180-day period.

15 3. Failure to bring an action within the time provided by this section
16 shall be deemed a waiver of any demand against the state on account of the
17 alleged overpayment or disallowance of interest.

18 **Sec. 41.** Standing to recover overpayment or interest.

19 A judgment may not be rendered in favor of the claimant in any action
20 brought against the department to recover any amount paid if the action is
21 brought by or in the name of an assignee of the person or business paying
22 the amount or by anyone other than the person or business that paid the
23 amount.

24 **Sec. 42.** Credit and refund if judgment for claimant; interest on
25 judgment.

26 1. In any action brought pursuant to section 40 of this measure, if
27 judgment is rendered by the court for the claimant, the amount of the
28 judgment must first be credited against any tax, penalty or interest due
29 from the claimant. The balance of the judgment must be refunded to the
30 claimant.

31 2. In any judgment for the claimant, interest must be allowed on the
32 amount awarded at a rate determined in accordance with NRS 17.130 from
33 the date of the overpayment to the date of the allowance of a credit on
34 account of the judgment, or to a date preceding the date of the refund
35 warrant by not more than 30 days. The date must be determined by the
36 department.

37 **Sec. 43.** Action by department for recovery of erroneous refund:
38 Venue; prosecution by attorney general.

39 1. The department may recover a refund or any part thereof that is
40 erroneously made and any credit or part thereof that is erroneously allowed
41 in an action brought in a court of competent jurisdiction in Carson City or
42 Clark County in the name of the State of Nevada.

43 2. The action must be tried in Carson City or Clark County unless the
44 court with the consent of the attorney general orders a change of the place
45 of trial.

46 3. The attorney general shall prosecute the action, and the provisions
47 of NRS, the Nevada Rules of Civil Procedure and the Nevada Rules of
48 Appellate Procedure relating to the service of summons, pleadings, proofs,
49 trials and appeals are applicable to the proceedings.



1 **Sec. 44.** Cancellation of illegal determination: Procedure; limitation.

2 1. If any amount in excess of \$25 has been illegally determined, either
3 by the person or business filing the return or by the department, the
4 department shall certify this fact to the state board of examiners, and the
5 latter shall authorize the cancellation of the amount upon the records of the
6 department.

7 2. If any amount not exceeding \$25 has been illegally determined,
8 either by the person or business filing a return or by the department, the
9 department shall, without certifying this fact to the state board of
10 examiners, authorize the cancellation of the amount upon the records of the
11 department.

12 **Sec. 45.** NRS 360.300 is hereby amended to read as follows:

13 360.300 1. If a person fails to file a return or the department is not
14 satisfied with the return or returns of any tax, contribution or premium or
15 amount of tax, contribution or premium required to be paid to the state by
16 any person, in accordance with the applicable provisions of this chapter,
17 chapter 362, 364A, 369, 370, 372, 372A, 374, 377, 377A or 444A of NRS,
18 *sections 5 to 44, inclusive, of this measure*, NRS 482.313, or chapter 585
19 or 680B of NRS as administered or audited by the department, it may
20 compute and determine the amount required to be paid upon the basis of:

21 (a) The facts contained in the return;

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

24 (c) Reasonable estimates of the amount.

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

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

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

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

38 **Sec. 46.** NRS 360.417 is hereby amended to read as follows:

39 360.417 Except as otherwise provided in NRS 360.232 and 360.320,
40 and unless a different penalty or rate of interest is specifically provided by
41 statute, any person who fails to pay any tax provided for in chapter 362,
42 364A, 369, 370, 372, 374, 377, 377A, 444A or 585 of NRS, *or in sections*
43 *5 to 44, inclusive, of this measure*, or the fee provided for in NRS 482.313,
44 to the state or a county within the time required, shall pay a penalty of not
45 more than 10 percent of the amount of the tax or fee which is owed, as
46 determined by the department, in addition to the tax or fee, plus interest at
47 the rate of 1 percent per month, or fraction of a month, from the last day of
48 the month following the period for which the amount or any portion of the
49 amount should have been reported until the date of payment. The amount



1 of any penalty imposed must be based on a graduated schedule adopted by
2 the Nevada tax commission which takes into consideration the length of
3 time the tax or fee remained unpaid.

4 **Sec. 47.** NRS 360.419 is hereby amended to read as follows:

5 360.419 1. If the executive director or a designated hearing officer
6 finds that the failure of a person to make a timely return or payment of a
7 tax imposed pursuant to NRS 361.320 or chapter 361A, 376A, 377 or
8 377A of NRS, *or sections 5 to 44, inclusive, of this measure*, or by chapter
9 362, 364A, 369, 370, 372, 372A, 374, 375A or 375B of NRS, is the result
10 of circumstances beyond his control and occurred despite the exercise of
11 ordinary care and without intent, the department may relieve him of all or
12 part of any interest or penalty or both.

13 2. A person seeking this relief must file with the department a
14 statement under oath setting forth the facts upon which he bases his claim.

15 3. The department shall disclose, upon the request of any person:

16 (a) The name of the person to whom relief was granted; and

17 (b) The amount of the relief.

18 4. The executive director or a designated hearing officer shall act upon
19 the request of a taxpayer seeking relief pursuant to NRS 361.4835 which is
20 deferred by a county treasurer or county assessor.

21 **Sec. 48.** NRS 360.510 is hereby amended to read as follows:

22 360.510 1. If any person is delinquent in the payment of any tax or
23 fee administered by the department or if a determination has been made
24 against him which remains unpaid, the department may:

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

27 (b) Not later than 5 years after the last recording of an abstract of
28 judgment or of a certificate constituting a lien for tax owed,
29 give a notice of the delinquency and a demand to transmit personally or by
30 registered or certified mail to any person, including, without limitation, any
31 officer or department of this state or any political subdivision or agency of
32 this state, who has in his possession or under his control any credits or
33 other personal property belonging to the delinquent, or owing any debts to
34 the delinquent or person against whom a determination has been made
35 which remains unpaid, or owing any debts to the delinquent or that person.
36 In the case of any state officer, department or agency, the notice must be
37 given to the officer, department or agency before the department presents
38 the claim of the delinquent taxpayer to the state controller.

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

42 3. After receiving the demand to transmit, the person notified by the
43 demand may not transfer or otherwise dispose of the credits, other personal
44 property, or debts in his possession or under his control at the time he
45 received the notice until the department consents to a transfer or other
46 disposition.

47 4. Every person notified by a demand to transmit shall, within 10 days
48 after receipt of the demand to transmit, inform the department of, and
49 transmit to the department all such credits, other personal property, or



1 debts in his possession, under his control or owing by him within the time
2 and in the manner requested by the department. Except as otherwise
3 provided in subsection 5, no further notice is required to be served to that
4 person.

5 5. If the property of the delinquent taxpayer consists of a series of
6 payments owed to him, the person who owes or controls the payments shall
7 transmit the payments to the department until otherwise notified by the
8 department. If the debt of the delinquent taxpayer is not paid within 1 year
9 after the department issued the original demand to transmit, the department
10 shall issue another demand to transmit to the person responsible for making
11 the payments informing him to continue to transmit payments to the
12 department or that his duty to transmit the payments to the department has
13 ceased.

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

20 7. If any person notified by the notice of the delinquency makes any
21 transfer or other disposition of the property or debts required to be withheld
22 or transmitted, to the extent of the value of the property or the amount of
23 the debts thus transferred or paid, he is liable to the state for any
24 indebtedness due pursuant to this chapter, or chapter 362, 364A, 369, 370,
25 372, 372A, 374, 377, 377A or 444A of NRS, *or sections 5 to 44, inclusive,*
26 *of this measure*, NRS 482.313, or chapter 585 or 680B of NRS from the
27 person with respect to whose obligation the notice was given if solely by
28 reason of the transfer or other disposition the state is unable to recover the
29 indebtedness of the person with respect to whose obligation the notice was
30 given.

31 **Sec. 49.** NRS 364A.130 is hereby amended to read as follows:

32 364A.130 1. Except as otherwise provided in subsection 6, a person
33 shall not conduct a business in this state unless he has a business license
34 issued by the department.

35 2. The application for a business license must:

- 36 (a) Be made upon a form prescribed by the department;
37 (b) Set forth the name under which the applicant transacts or intends to
38 transact business and the location of his place or places of business;
39 (c) Declare the estimated number of employees for the previous
40 calendar quarter;
41 (d) Be accompanied by a fee of ~~1\$25;~~ **\$30;** and
42 (e) Include any other information that the department deems necessary.

43 3. The application must be signed by:

- 44 (a) The owner, if the business is owned by a natural person;
45 (b) A member or partner, if the business is owned by an association or
46 partnership; or
47 (c) An officer or some other person specifically authorized to sign the
48 application, if the business is owned by a corporation.



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

4 5. For the purposes of this chapter, a person shall be deemed to
5 conduct a business in this state if a business for which the person is
6 responsible:

- 7 (a) Is incorporated pursuant to chapter 78 or 78A of NRS;
8 (b) Has an office or other base of operations in this state; or
9 (c) Pays wages or other remuneration to a natural person who performs
10 in this state any of the duties for which he is paid.

11 6. A person who takes part in a trade show or convention held in this
12 state for a purpose related to the conduct of a business is not required to
13 obtain a business license specifically for that event.

14 **Sec. 50.** NRS 364A.140 is hereby amended to read as follows:

15 364A.140 1. A tax is hereby imposed upon the privilege of
16 conducting business in this state. The tax for each calendar quarter is due
17 on the last day of the quarter and must be paid on or before the last day of
18 the month immediately following the quarter on the basis of the total
19 number of equivalent full-time employees employed by the business in the
20 quarter.

21 2. The total number of equivalent full-time employees employed by
22 the business in the quarter must be calculated pursuant to NRS 364A.150.

23 3. Except as otherwise provided in NRS 364A.152 and 364A.170, the
24 amount of tax due per quarter for a business is ~~\$25~~ **\$25.50** for each
25 equivalent full-time employee employed by the business in the quarter.

26 4. Each business shall file a return on a form prescribed by the
27 department with each remittance of the tax. If the payment due is greater
28 than \$1,000, the payment must be made by direct deposit at a bank or
29 credit union in which the state has an account, unless the department
30 waives this requirement pursuant to regulations adopted by the
31 commission. The return must include a statement of the number of
32 equivalent full-time employees employed by the business in the preceding
33 quarter and any other information the department determines is necessary.

34 5. The commission shall adopt regulations concerning the payment of
35 the tax imposed pursuant to this section by direct deposit.

36 **Sec. 51.** NRS 364A.152 is hereby amended to read as follows:

37 364A.152 1. Except as otherwise provided in subsection 2, a person
38 or governmental entity that operates a facility at which one or more trade
39 shows or conventions, or both, are held, is responsible for the payment of
40 the taxes imposed by this chapter on behalf of the persons who do not have
41 a business license issued pursuant to this chapter but who take part in the
42 trade show or convention for a purpose related to the conduct of a business.

43 2. An organization that is created for religious, charitable or
44 educational purposes is not responsible for the payment of taxes on behalf
45 of other persons pursuant to subsection 1 if:

46 (a) It holds a current certificate of organization or is currently qualified
47 by the secretary of state to do business in this state;

48 (b) The trade show or convention is the first or second such event held
49 at a facility operated by the organization during the calendar year;



1 (c) No more than two trade shows, conventions, or both, during that
2 year will be held at a facility operated by the organization; and

3 (d) The organization notifies the department in writing, not less than 30
4 days before the date the trade show or convention begins, that it is not
5 responsible for the payment of the taxes.

6 3. The taxes due pursuant to subsection 1 must be calculated, reported
7 and paid separately from any taxes otherwise due from the operator of the
8 facility pursuant to this chapter.

9 4. The operator of the facility shall pay:

10 (a) An amount equal to the product of the total number of businesses
11 taking part in the trade show or the convention multiplied by the number of
12 days on which the trade show or convention is held, multiplied in turn by
13 ~~1.25~~ **1.28** for each trade show or convention that is held in the facility;
14 or

15 (b) An annual fee of ~~5,000~~ **5,100** to the department on or before
16 July 1 for the fiscal year beginning on that day.

17 5. If the operator of a facility at which a trade show or convention is
18 held has not paid the fee provided in paragraph (b) of subsection 4, he shall
19 file a return on a form prescribed by the department and remit the tax
20 pursuant to paragraph (a) of subsection 4 for each quarter in which a trade
21 show or convention is held.

22 6. The commission shall adopt such regulations as it deems necessary
23 to carry out the provisions of this section.

24 **Sec. 52.** NRS 353.228 is hereby amended to read as follows:

25 353.228 1. The economic forum impeaneled pursuant to NRS 353.226
26 shall:

27 (a) Make such projections for economic indicators as it deems necessary
28 to ensure that an accurate estimate is produced pursuant to paragraph (b);

29 (b) Provide an accurate estimate of the revenue that will be collected by
30 the state ~~for~~ :

31 *(1) Pursuant to sections 5 to 44, inclusive, of this measure; and*

32 *(2) For* general, unrestricted uses, and not for special purposes,
33 during the biennium that begins on the second July 1 following the date on
34 which the economic forum was ~~impeaneled~~ **impaneled**;

35 (c) Request such technical assistance as the economic forum deems
36 necessary from the technical advisory committee created by NRS 353.229;

37 (d) On or before December 1 of the year in which the economic forum
38 was ~~impeaneled~~ **impaneled**, prepare a written report of its projections of
39 economic indicators and estimate of future state revenue required by
40 paragraphs (a) and (b) and present the report to the governor and the
41 legislature; and

42 (e) On or before May 1 of the year following the year in which the
43 economic forum was ~~impeaneled~~ **impaneled**, prepare a written report
44 confirming or revising the projections of economic indicators and estimate
45 of future state revenue contained in the report prepared pursuant to
46 paragraph (d) and present the report to the governor and the legislature.

47 2. The economic forum may make preliminary projections of
48 economic indicators and estimates of future state revenue at any time. Any



1 such projections and estimates must be made available to the various
2 agencies of the state through the chief.

3 3. The economic forum may request information directly from any
4 state agency. A state agency that receives a reasonable request for
5 information from the economic forum shall comply with the request as
6 soon as is reasonably practicable after receiving the request.

7 4. To carry out its duties pursuant to this section, the economic forum
8 may consider any information received from the technical advisory
9 committee and any other information received from independent sources.

10 5. Copies of the projections and estimates made pursuant to this
11 section must be made available to the public by the director of the
12 legislative counsel bureau for the cost of reproducing the material.

13 **Sec. 53.** NRS 387.122 is hereby amended to read as follows:

14 387.122 **1.** For making the apportionments of the state distributive
15 school account in the state general fund required by the provisions of this
16 Title, the basic support guarantee per pupil for each school district and the
17 basic support guarantee for each special education program unit maintained
18 and operated during at least 9 months of a school year ~~fare~~ **must be**
19 **established by law for each school year. For each year of the biennium,**
20 **the basic support guarantees must be established in such amounts so that**
21 **collectively, after deducting local money available for public schools,**
22 **they represent not less than 50 percent of the projected revenue of the**
23 **state for that year.**

24 **2. As used in this section:**

25 **(a) "Local money available for public schools" means the sum of the**
26 **amounts referred to in paragraphs (a) and (b) of subsection 1 of NRS**
27 **387.1235.**

28 **(b) "Projected revenue of the state" means the amount of revenue to**
29 **be collected by the state during each year of the biennium, as estimated**
30 **by the economic forum pursuant to NRS 353.228.**

31 **3. All money received pursuant to sections 5 to 44, inclusive, of this**
32 **measure must be appropriated and expended only for the purposes**
33 **provided for in section 14 of this measure, and must be used only to**
34 **supplement sources of funding for education existing on the effective**
35 **date of this measure and not as a substitute for existing funding for**
36 **education. No money in the quality schools trust account in the state**
37 **distributive school account may be used to supplant any state or local**
38 **general fund monny any purpose.**

39 **Sec. 54.** Conflict with any measure imposing additional state license
40 fee on gaming licensee.

41 This measure is inconsistent with and is intended as an alternative to any
42 other measure imposing an additional state license fee on gaming licensees
43 which may appear on the same ballot. If this measure and any other
44 measure imposing an additional state license fee on gaming licenses are
45 adopted at the same election, a conflict shall be deemed to exist between
46 the measures and the measure which receives the greatest number of votes
47 shall prevail in its entirety and the other measure shall be void in its
48 entirety.

49 **Sec. 55.** Severability.



1 If any provision of this measure or its application to any person or
2 circumstance is held invalid, that invalidity shall not affect any other
3 provision or application of this measure that can be given effect without the
4 invalid provision or application. As used in this section, "provision"
5 includes any section, subsection, paragraph, subparagraph, sentence, phrase
6 or word of this measure.

7 **Sec. 56.** Appropriation for initial costs of administration. [Effective on
8 July 1, 2001, if this measure is enacted by the legislature and approved by
9 the governor pursuant to article 19, section 2, of the constitution.]

10 1. There is hereby appropriated from the state general fund to the
11 department of taxation for the initial costs of additional computer
12 programming, employees, travel expenses and operating costs necessary to
13 carry out the provisions of sections 5 to 44, inclusive, of this measure:

14 For fiscal year 2001-2002..... \$1,100,000
15 For fiscal year 2002-2003..... \$1,100,000

16 2. The sums appropriated by subsection 1 are available for either fiscal
17 year. Any remaining balance of the appropriation made by subsection 1
18 must not be committed for expenditure after June 30, 2003, and reverts to
19 the state general fund as soon as all payments of money committed have
20 been made.

21 **Sec. 57.** Appropriation for initial costs of administration. [Effective on
22 January 1, 2003, if this measure is submitted to and approved by the voters
23 pursuant to article 19, section 2, of the constitution.]

24 1. There is hereby appropriated from the state general fund to the
25 department of taxation for the initial costs of additional computer
26 programming, employees, travel expenses and operating costs necessary to
27 carry out the provisions of sections 5 to 44, inclusive, of this measure:

28 For fiscal year 2002-2003..... \$800,000
29 For fiscal year 2003-2004..... \$1,400,000

30 2. The sums appropriated by subsection 1 are available fore either
31 fiscal year. Any remaining balance of the appropriation made by
32 subsection 1 must not be committed for expenditure after June 30, 2004,
33 and reverts to the state general fund as soon as all payments of money
34 committed have been made.

35 **Sec. 58.** Transitory provision.

36 1. The tax imposed by section 18 of this measure is applicable to
37 Nevada taxable income earned on or after:

38 (a) January 1, 2002, if this measure is enacted by the legislature and
39 approved by the governor pursuant to article 19, section 2, of the
40 constitution.

41 (b) January 1, 2003, if this measure is submitted to and approved by the
42 voters as provided in article 19, section 2, of the constitution.

43 2. For the purposes of paragraph (a) of subsection 1 of section 18 of
44 this measure, and subject to the limitations of subsection 1 of this section,
45 the tax imposed by section 18 of this measure is first due on:

46 (a) January 1, 2003, for any taxable year ending before that date, if this
47 measure is enacted by the legislature and approved by the governor
48 pursuant to article 19, section 2, of the constitution.



1 (b) January 1, 2004, for any taxable year ending before that date, if this
2 measure is submitted to and approved by the voters as provided in article
3 19, section 2, of the constitution.

4 3. The amendatory provisions of section 53 of this measure apply to
5 the establishment of basic support guarantees for the fiscal year beginning
6 on:

7 (a) July 1, 2003, if this measure is enacted by the legislature and
8 approved by the governor pursuant to article 19, section 2, of the
9 constitution.

10 (b) July 1, 2004, if this measure is submitted to and approved by the
11 voters as provided in article 19, section 2, of the constitution.

12 4. As used in this section, “Nevada taxable income” has the meaning
13 ascribed to it in section 9 of this measure.

14 **Sec. 59.** Effective dates; expiration of certain provisions.

15 1. If this measure is enacted by the legislature and approved by the
16 governor pursuant to article 19, section 2, of the constitution:

17 (a) This section and sections 49, 50, 51, 54, 55 and 56 of this measure
18 become effective on July 1, 2001.

19 (b) Sections 1 to 44, inclusive, and sections 52, 53 and 58 of this
20 measure become effective:

21 (1) On July 1, 2001, for the purposes of the adoption of regulations
22 by the Nevada tax commission; and

23 (2) On January 1, 2002, for all other purposes.

24 (c) Sections 45 to 48, inclusive, of this measure become effective at
25 12:01 a.m. on January 1, 2002.

26 (d) Section 57 of this measure shall not become effective.

27 (e) Sections 49, 50 and 51 of this measure expire by limitation on
28 June 30, 2003.

29 2. If this measure is submitted to and approved by the voters as
30 provided in article 19, section 2, of the constitution:

31 (a) This section, sections 52 to 55, inclusive, and section 58 of this
32 measure become effective upon the completion of the canvass of votes by
33 the supreme court.

34 (b) Sections 1 to 51, inclusive, and section 57 of this measure become
35 effective on January 1, 2003.

36 (c) Section 56 of this measure shall not become effective.

37 (d) Sections 49, 50 and 51 of this measure expire by limitation on
38 June 30, 2004.

