

SENATE BILL NO. 381—SENATOR JACOBSEN

MARCH 19, 2001

Referred to Committee on Taxation

SUMMARY—Makes various changes to provisions governing tax on products made from tobacco, other than cigarettes. (BDR 32-818)

FISCAL NOTE: Effect on Local Government: No.  
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; revising the definitions of “wholesale dealer” and “wholesale price” for the purpose of imposing the tax on products made from tobacco, other than cigarettes; requiring the payment of the tax after the sale of the products by a wholesale dealer; abolishing the exemption provided for such products that are displayed or exhibited at a trade show, convention or other exhibition by a manufacturer or wholesale dealer who is not licensed in this 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.** NRS 370.440 is hereby amended to read as follows:
- 2 370.440 As used in NRS 370.440 to 370.503, inclusive, unless the
- 3 context otherwise ~~provides:~~ **requires:**
- 4 1. “Retail dealer” means any person who is engaged in selling products
- 5 made from tobacco, other than cigarettes, to customers.
- 6 2. “Sale” means any transfer, exchange, barter, gift, offer for sale, or
- 7 distribution for consideration of products made from tobacco, other than
- 8 cigarettes.
- 9 3. *“Ultimate consumer” means a person who purchases a product*
- 10 *made from tobacco, other than cigarettes, for his household or personal*
- 11 *use and not for resale.*
- 12 4. “Wholesale dealer” means any person who ~~purchases products~~
- 13 ~~made from tobacco, other than cigarettes, directly from the manufacturer or~~
- 14 ~~who purchases those products from any other person who purchases them~~
- 15 ~~from the manufacturer to sell to retail dealers and who serves retail outlets~~
- 16 ~~from an established place of business including, but not limited to, the~~
- 17 ~~maintenance of a warehouse for the storage and distribution of those~~
- 18 ~~products.~~
- 19 ~~—4.:~~



\* S B 3 8 1 R 1 \*

1 (a) Brings or causes to be brought into this state products made from  
2 tobacco, other than cigarettes, purchased from the manufacturer or a  
3 wholesale dealer and who stores, sells or otherwise disposes of those  
4 products within this state;

5 (b) Manufactures or produces products made from tobacco, other  
6 than cigarettes, within this state and who sells or distributes those  
7 products within this state to other wholesale dealers, retail dealers or  
8 ultimate consumers; or

9 (c) Purchases products made from tobacco, other than cigarettes,  
10 solely for the purpose of bona fide resale to retail dealers or to other  
11 persons for the purpose of resale only.

12 5. "Wholesale price" means :

13 (a) Except as otherwise provided in paragraph (b), the established  
14 price for which a manufacturer sells a product made from tobacco, other  
15 than cigarettes, to a wholesale dealer before any discount or other reduction  
16 is made.

17 (b) For a product made from tobacco, other than cigarettes, sold to a  
18 retail dealer or an ultimate consumer by a wholesale dealer described in  
19 paragraph (b) of subsection 3, the established price for which the product  
20 is sold to the retail dealer or ultimate consumer before any discount or  
21 other reduction is made.

22 Sec. 2. NRS 370.450 is hereby amended to read as follows:

23 370.450 1. Except as otherwise provided in subsection 2, there is  
24 hereby imposed upon the purchase or possession of products made from  
25 tobacco, other than cigarettes, by a customer in this state a tax of 30  
26 percent of the wholesale price of those products.

27 2. The provisions of subsection 1 do not apply to those products which  
28 are ~~to~~

29 ~~—(a) Shipped~~ shipped out of the state for sale and use outside the state .

30 ~~to or~~

31 ~~—(b) Displayed or exhibited at a trade show, convention or other~~  
32 ~~exhibition in this state by a manufacturer or wholesale dealer who is not~~  
33 ~~licensed in this state.~~

34 3. This tax must be collected and paid by the wholesale dealer to the  
35 department ~~before~~ , in accordance with the provisions of NRS 370.465,  
36 after the sale or distribution of those products ~~to the customer~~ by the  
37 wholesale dealer. The wholesale dealer is entitled to retain 2 percent of the  
38 taxes collected to cover the costs of collecting and administering the taxes.

39 4. Any wholesale dealer who sells or distributes any of those products  
40 without ~~first~~ paying the tax provided for by this section is guilty of a  
41 misdemeanor.

42 Sec. 3. NRS 370.460 is hereby amended to read as follows:

43 370.460 It is unlawful for any person to sell or offer to sell any  
44 products made from tobacco, other than cigarettes, on which the tax ~~has~~  
45 ~~not been~~ is not paid as provided for in NRS 370.450.

46 Sec. 4. NRS 370.465 is hereby amended to read as follows:

47 370.465 1. A wholesale dealer ~~for retail dealer~~ shall, not later than  
48 20 days after the end of each month, submit to the department ~~to~~



1 ~~—(a) A list~~ *a report on a form prescribed by the department* setting forth  
2 each ~~purchase~~ *sale* of products made from tobacco, other than cigarettes,  
3 that ~~the~~ *the wholesale dealer* made during the previous month. ~~†; and~~  
4 ~~—(b) A copy of the invoice for each such purchase that is required to be~~  
5 ~~provided to him pursuant to NRS 370.470.~~  
6 ~~—2. The department shall maintain a record of the invoices for not less~~  
7 ~~than 3 years after the receipt of those invoices.†~~  
8 *2. Each report submitted pursuant to this section on or after August*  
9 *20, 2001, must be accompanied by the tax owed pursuant to NRS 370.450*  
10 *for products made from tobacco, other than cigarettes, that were sold by*  
11 *the wholesale dealer during the previous month.*  
12 3. The department may impose a penalty on a wholesale dealer ~~for retail~~  
13 ~~dealer~~ who violates any of the provisions of ~~subsection 1~~ *this section* as  
14 follows:  
15 (a) For the first violation within 7 years, a fine of \$1,000.  
16 (b) For a second violation within 7 years, a fine of \$5,000.  
17 (c) For a third or subsequent violation within 7 years, revocation of the  
18 license of the wholesale dealer. ~~for retail dealer.†~~  
19 **Sec. 5.** NRS 370.470 is hereby amended to read as follows:  
20 370.470 ~~††~~ A wholesale dealer must obtain from each manufacturer  
21 or wholesale dealer who is not licensed in this state itemized invoices of all  
22 products made from tobacco, other than cigarettes, purchased from and  
23 delivered by the manufacturer or wholesale dealer who is not licensed in  
24 this state. The wholesale dealer must obtain from the manufacturer or  
25 wholesale dealer who is not licensed in this state separate invoices for each  
26 purchase made. The invoice must include:  
27 ~~†(a)†~~ 1. The name and address of the manufacturer or wholesale dealer  
28 who is not licensed in this state;  
29 ~~†(b)†~~ 2. The name and address of the wholesale dealer;  
30 ~~†(c)†~~ 3. The date of the purchase; and  
31 ~~†(d)†~~ 4. The quantity and wholesale price of those products.  
32 ~~†2. A retail dealer must obtain from each manufacturer or wholesale~~  
33 ~~dealer who is not licensed in this state itemized invoices of all products~~  
34 ~~made from tobacco, other than cigarettes, purchased from and delivered by~~  
35 ~~that manufacturer or wholesale dealer. The retail dealer must obtain from~~  
36 ~~the manufacturer or wholesale dealer who is not licensed in this state~~  
37 ~~separate invoices for each purchase made. The invoice must include:~~  
38 ~~—(a) The name and address of the manufacturer or wholesale dealer who~~  
39 ~~is not licensed in this state;~~  
40 ~~—(b) The name and address of the retail dealer;~~  
41 ~~—(c) The date of the purchase; and~~  
42 ~~—(d) The quantity and wholesale price of those products.†~~  
43 **Sec. 6.** NRS 370.480 is hereby amended to read as follows:  
44 370.480 1. Every wholesale dealer must keep at his place of business  
45 complete and accurate records for that place of business, including copies  
46 of all invoices of products made from tobacco, other than cigarettes, which  
47 he holds, purchases and delivers, *distributes* or sells in this state. All  
48 records must be preserved for at least 3 years after the date of purchase or  
49 after the date of the last entry made on the record.



\* S B 3 8 1 R 1 \*

1 2. Every retail dealer shall keep at his place of business complete and  
2 accurate records for that place of business, including copies of all itemized  
3 invoices or purchases of such products purchased and delivered from  
4 wholesale dealers. The invoices must show the name and address of the  
5 wholesale dealer and the date of the purchase. All records must be  
6 preserved for *at least* 3 years after the date of the purchase.

7 **Sec. 7.** NRS 370.490 is hereby amended to read as follows:

8 370.490 1. The department shall allow a credit of 30 percent of the  
9 wholesale price, less a discount of 2 percent for the services rendered in  
10 collecting the tax, for products made from tobacco, other than cigarettes,  
11 *upon which the tax has been paid pursuant to NRS 370.450 and* that may  
12 no longer be sold. If the products have been purchased and delivered, a  
13 credit memo of the manufacturer is required for proof of returned  
14 merchandise.

15 2. A credit must also be granted for any products made from tobacco,  
16 other than cigarettes, shipped from this state and destined for retail sale and  
17 consumption outside the state on which the tax has previously been paid. A  
18 duplicate or copy of the invoice is required for proof of the sale outside the  
19 state.

20 3. A wholesale dealer may claim a credit by filing with the department  
21 the proof required by this section. The claim must be made on a form  
22 prescribed by the department.

23 **Sec. 8.** The amendatory provisions of this act do not apply to offenses  
24 that were committed before July 1, 2001.

25 **Sec. 9.** 1. Notwithstanding the provisions of NRS 370.450, as  
26 amended by section 2 of this act, and NRS 370.465, as amended by section  
27 4 of this act, a wholesale dealer is not required to pay any tax or report any  
28 sales or purchases with respect to products made from tobacco, other than  
29 cigarettes, if the purchase of such products was reported to the department  
30 of taxation pursuant to NRS 370.465 as a purchase made before July 1,  
31 2001, and the appropriate tax was remitted to the department with respect  
32 to that purchase as required by NRS 370.450.

33 2. As used in this section, "wholesale dealer" has the meaning ascribed  
34 to it in NRS 370.440, as amended by section 1 of this act.

35 **Sec. 10.** This act becomes effective on July 1, 2001.

