

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT S.B. 527

SENATE BILL No. 527—COMMITTEE ON TAXATION

MARCH 26, 2001

Referred to Committee on Taxation

SUMMARY—Revises provisions governing contraband cigarettes, licensing and taxation of cigarette dealers and enforcement of statutes regarding cigarettes. (BDR 32-1326)

FISCAL NOTE: Effect on Local Government: No.
 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 cigarettes; exempting duty-free sales enterprises and persons importing cigarettes for personal use from provisions governing the licensing of cigarette dealers and the taxation of cigarettes; providing that cigarette revenue stamps must identify the dealer who affixed the stamps; requiring certain dealers to file certificates regarding cigarettes imported into the United States; expanding the definition of contraband cigarettes; expanding the scope of prohibited activities with regard to contraband cigarettes; requiring certain contraband cigarettes to be confiscated and destroyed; providing for a private right of action for injunctive relief regarding a violation of chapter 370A of NRS; providing a penalty; 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 370.025 is hereby amended to read as follows:
2 370.025 “Contraband cigarettes” means any cigarettes :
3 1. ***Acquired, sold, held, owned, possessed, constructively possessed,***
4 ***transported,*** exported from or imported into this state by any person in
5 violation of ~~any of the provisions of this chapter or which~~ ***a state or***
6 ***federal law; or***
7 2. ***Which*** are, in any way, held in the possession or constructive
8 possession of any person not authorized under this chapter to possess or
9 constructively possess these cigarettes.
10 **Sec. 2.** NRS 370.070 is hereby amended to read as follows:
11 370.070 The provisions of NRS 370.001 to 370.430, inclusive, do not
12 apply to ~~common~~ :
13 1. ***Common*** carriers while engaged in interstate commerce which sell
14 or furnish cigarettes on their trains, buses or airplanes ~~++~~;



1 2. *A person entering this state with a quantity of cigarettes for*
2 *household or personal use which is exempt from federal import duty; and*
3 3. *A duty-free sales enterprise as defined in 19 U.S.C. §*
4 *1555(b)(8)(D) that:*

5 (a) *Operates pursuant to the provisions of 19 U.S.C. § 1555(b); and*
6 (b) *To the extent it sells cigarettes, only sells cigarettes that are duty-*
7 *free merchandise as defined in 19 U.S.C. § 1555(b)(8)(E).*

8 **Sec. 3.** NRS 370.180 is hereby amended to read as follows:

9 370.180 1. The department shall:

10 (a) Design ~~1a suitable stamp or~~ *suitable* stamps for the purpose of this
11 chapter ~~1a~~ *which meet the requirements of this section; and*

12 (b) From time to time, have as many revenue stamps printed as may be
13 required.

14 2. *Each stamp must be designed to permit the identification of the*
15 *dealer who affixed the stamp to a package or other container of*
16 *cigarettes. The dealer must be identified by a number or other mark on*
17 *the stamp. The department shall maintain, for not less than 3 years after*
18 *the date the stamp is provided to the dealer, a record of the information*
19 *necessary to identify the dealer by examining the stamp. Upon request,*
20 *the department shall provide to any person the information maintained*
21 *pursuant to this subsection.*

22 3. The use of a metered stamping machine approved by and registered
23 with the department shall be subject to such regulations as prescribed by
24 the department.

25 **Sec. 4.** NRS 370.240 is hereby amended to read as follows:

26 370.240 1. Each dealer authorized to purchase or affix cigarette
27 revenue stamps shall report to the department:

28 (a) The inventory of all cigarettes in his possession or control at the
29 close of business on the last day of each month.

30 (b) The total value of all cigarette revenue stamps affixed by him upon
31 cigarette packages sold in or shipped into the state by him during the
32 preceding month.

33 2. The report must be made by the 25th day of the month following
34 shipments upon forms to be provided by the department.

35 3. The dealer may be allowed 5 additional days to file his report, if he
36 makes prior written application to the department and the department finds
37 good cause for extension.

38 4. *If, during the preceding month, the dealer affixed cigarette*
39 *revenue stamps upon cigarette packages imported into the United States,*
40 *he shall file with the report a copy of each certificate submitted pursuant*
41 *to 19 U.S.C. § 1681a(c) with regard to the cigarette packages.*

42 **Sec. 5.** NRS 370.410 is hereby amended to read as follows:

43 370.410 Any person *acquiring, selling, holding, owning,*
44 *transporting,* exporting, importing, possessing or constructively possessing
45 contraband cigarettes is guilty of a gross misdemeanor.

46 **Sec. 6.** NRS 370.415 is hereby amended to read as follows:

47 370.415 ~~1a~~ *Except as otherwise provided in subsection 4 of NRS*
48 *370.270, the* department, its agents, sheriffs within their respective
49 counties and all other peace officers of the State of Nevada shall seize ,



* S B 5 2 7 R 1 *

1 *confiscate and destroy* any contraband cigarettes found or located in the
2 State of Nevada.

3 **Sec. 7.** Chapter 370A of NRS is hereby amended by adding thereto a
4 new section to read as follows:

5 *1. Except as otherwise provided in subsection 2, a person may*
6 *institute a civil action in a court of competent jurisdiction for appropriate*
7 *injunctive relief if the person:*

8 *(a) Sells, distributes or manufactures cigarettes; and*

9 *(b) Sustains direct economic or commercial injury as a result of a*
10 *violation of the provisions of this chapter.*

11 *2. Nothing in this section authorizes an action against this state, a*
12 *political subdivision of this state, or an officer, employee or agency*
13 *thereof.*

14 **Sec. 8.** The amendatory provisions of this act do not apply to offenses
15 committed before July 1, 2001.

16 **Sec. 9.** This act becomes effective on July 1, 2001.

