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Section 1. Chapter 371 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A vehicle registered by any actual bona fide resident of the State of Nevada who is on active duty in the Armed Forces of the United States is exempt from governmental and supplemental services tax.

2. Before allowing any exemption pursuant to the provisions of this section, the Department shall require such proof of the status of the applicant as may be necessary to determine his qualifications for the exemption. After the department determines that the person is entitled to the exemption, the department shall annually grant the exemption for vehicles registered by that person until the department determines that the person is no longer entitled to the exemption.

3. If any person files a false affidavit or produces false proof to the Department, and as a result of the false affidavit or false proof a tax exemption is allowed to a person not entitled to the exemption, he is guilty of a misdemeanor.

4. If a vehicle ceases to be exempt from taxation after the beginning of a registration year, the amount of the tax otherwise due will be reduced by 1/12 for each month that has elapsed since the beginning of the year.

Sec. 2. NRS 371.1035 is hereby amended to read as follows: Exemption of a vehicle registered to veteran. Vehicles to the extent of \$2000 determined valuation, registered by any actual bona fide resident of the State of Nevada who:

- (a) has served a minimum of 90 continuous days active duty, none of which was for training purposes, *OR*
- (b) Has served on active duty in connection with carrying out the authority granted to the President of the United States

ADD "OR"
PER MMS
DE BEAGA
*

in Public Law 102-1 and who received, upon severance from service, an honorable discharge or certificate of satisfactory services from the Armed Forces of the United States, is exempt from taxation.

2-38 (a) Pay to the Department all or any portion of the amount by
2-39 which the tax would be reduced if he claimed his exemption;
and

2-40 (b) Direct the Department to deposit that amount for credit to
2-41 the Veterans' Gift Account established pursuant to NRS
417.145.

2-42 2. Any person who wishes to waive his exemption pursuant
to

2-43 this section shall designate the amount to be credited to the
Account

2-44 on a form provided by the Department.

3-1 3. The Department shall deposit any money received pursuant
3-2 to this section with the State Treasurer for credit to the Veterans'
3-3 Home Account established pursuant to NRS 417.145. The State
3-4 Treasurer shall not accept:
3-5 (a) For Fiscal Year 2001-2002, more than a total of \$1,250,000;
3-6 (b) For Fiscal Year 2002-2003, more than a total of \$1,500,000;
3-7 and
3-8 (c) For Fiscal Year 2003-2004, more than a total of
3-9 \$1,750,000,
3-10 for credit to the Account pursuant to this section and NRS
3-11 361.0905
3-12 during any fiscal year.

3-12 **Sec. 3.** NRS 371.1035 is hereby amended to read as follows:

3-13 371.1035 1. Any person who qualifies for an exemption
3-14 pursuant to NRS 371.103 *or section 1 of this act* may, in lieu of
3-15 claiming his exemption:

3-16 (a) Pay to the Department all or any portion of the amount by
3-17 which the tax would be reduced if he claimed his exemption;
and

3-18 (b) Direct the Department to deposit that amount for credit to
3-19 the Veterans' Home Account established pursuant to NRS
417.145.

3-20 2. Any person who wishes to waive his exemption pursuant
to

3-21 this section shall designate the amount to be credited to the
Account

3-22 on a form provided by the Department.

3-23 3. The Department shall deposit any money received
pursuant

3-24 to this section with the State Treasurer for credit to the Veterans'
3-25 Home Account established pursuant to NRS 417.145. The State
3-26 Treasurer shall not accept more than a total of \$2,000,000 for
credit

3-27 to the Account pursuant to this section and NRS 361.0905
during

K-3 or 5

3-28 any fiscal year.

3-29 **Sec. 4.** NRS 371.105 is hereby amended to read as follows:

3-30 371.105 ~~{Claims}~~ ***Except as otherwise provided in NRS***
3-31 ***371.103 and section 1 of this act, claims*** pursuant to NRS
371.101,

3-32 371.102, 371.103 or 371.104 ***or section 1 of this act*** for tax
3-33 exemption on the governmental services tax and designations of
any

3-34 amount to be credited to the Veterans' Home Account pursuant
to

3-35 NRS 371.1035 must be filed annually at any time on or before
the

3-36 date when payment of the tax is due. All exemptions provided
for in

3-37 this section must not be in an amount which gives the taxpayer a
3-38 total exemption greater than that to which he is entitled during
any

3-39 fiscal year.

3-40 **Sec. 5.** NRS 371.106 is hereby amended to read as follows:

3-41 371.106 1. Whenever any vehicle ceases to be exempt from
3-42 taxation under NRS 371.101, 371.102, 371.103 or 371.104 ***or***
3-43 ***section 1 of this act*** because the owner no longer meets the
3-44 requirements for the exemption provided in those sections, its
owner

3-45 shall immediately notify the Department of the fact.

4-1 2. If a person fails to notify the Department as required by
4-2 subsection 1 and as a result of such failure is allowed a tax
4-3 exemption to which he is not entitled, there ~~{shall}~~ **must** be added
to
4-4 and collected with the tax otherwise due a penalty equal to
double
4-5 the amount of the tax. If the person's failure is fraudulent and
results
4-6 in his receiving a tax exemption to which he is not entitled, the
4-7 person is also guilty of a gross misdemeanor.
4-8 **Sec. 6.** 1. This section and sections 1, 2, 4 and 5 of this act
4-9 become effective on July 1, 2003.
4-10 2. Section 3 of this act becomes effective on July 1, 2004.
4-11 3. Section 2 of this act expires by limitation on June 30,
2004.