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## Bill Explanation

### ASSEMBLY BILL 514 Assembly Committee on Taxation Hearing: April 1, 2003

**Summary:** Provides for enactment of certain provisions that are necessary to carry out **Streamlined Sales and Use Tax Agreement**. Pursuant to **section 22**, if the act is approved, **all sections, except sections 6 and 16**, are effective on January 1, 2006, only if the state becomes a member of the Streamlined Sales and Use Tax Agreement on or before that date. **Sections 6 and 16** are effective on the effective date of the first act of Congress that allows a state to impose and collect sales taxes on transactions through the Internet or similar technology.

**Section 1:** Amends the Simplified Sales and Use Tax Administration Act to require the Department of Taxation to post the following on its Internet site:

- The rates of sales and use taxes imposed by the state and each local government;
- Any change in those rates;
- Any amendments to statutory and regulatory provisions governing the registration of sellers and the collection of sales taxes; and
- Any changes in the boundaries of local government that impose sales taxes.

#### The following sections enact parallel provisions for state and local sales and use taxes:

**Sections 2 and 12:** Add sections 3 to 8 and 13 to 18, respectively, to chapters 372 and 374 of the NRS.

**Sections 3 and 13:** Require the department to establish an electronic system that allows a seller to register to collect and remit sales taxes in this state and other states that are members of the Streamlined Sales and Use Tax Agreement; provide that a seller who registers agrees to collect sales taxes; and provide that registration is not a factor for the determination of a seller's nexus for purposes of any other state tax.

**Sections 4 and 14:** Establish the location of a retail sale as:

- The place of business of the seller if the purchaser receives the property at that location;
- The location where the purchaser receives the property if it is not received at the seller's business;
- The address of the purchaser on the seller's record if the two locations above do not apply;
- The address of the purchaser obtained at the consummation of the sales if the three locations above do not apply; or
- The address from which the property was shipped or, if delivered electronically, from the location it was first available for transmission if no other location above applies.

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SUBMITTED BY: TED ZUEND

- Sections 5 to 15:** Require a purchaser of property that will be available for use electronically in another jurisdiction in or outside the state to notify the seller of that fact at the time of purchase. Provide that upon receipt of such notice, the seller is relieved of the responsibility to collect taxes on the purchase, and the purchaser assumes that liability.
- Sections 6 and 16:** Require a purchaser who makes a purchase by direct mail to provide the seller a statement of the jurisdictions in or outside the state to which the property will be delivered for use. Require a seller, upon receipt of such notice, to collect sales in accordance with that information and relieve the seller of any further liability related to those taxes.
- Define "direct mail" as printed material delivered by the Postal Service or another mail service to a mass audience or to addresses provided by or at the direction of the purchaser when the cost of the items purchased is not billed to the recipients.
- Sections 7 and 17:** Provide that the department shall calculate the sales tax to the nearest cent.
- Sections 8 and 18:** As required by the department, provide that a seller is to obtain information from a purchaser who claims an exemption and maintain a record of the exempt transactions. Require the department, where feasible, to establish an electronic system to request an exemption and provide that the department may issue an identification number to an exempt purchaser that can be presented to a seller.
- Sections 9 and 19:** Make technical adjustments to NRS 372.125 and 374.130, respectively, to include the registration provisions for a seller's permit in sections 3 and 13, respectively, to the existing provisions relating to an application for a seller's permit. Require written evidence of a signer's authority if the application for a seller's permit is from a corporation.
- Sections 10 and 20:** Require that state and local sales tax returns must be combined.
- Sections 11 and 21:** Require the department to provide for the acceptance of credit or debit cards or electronic money transfers for the remittance of sales and use taxes in the manner described in NRS 353.1465.