

CHAPTER.....

AN ACT relating to taxation; expanding the circumstances under which the Department of Motor Vehicles may order the locking and sealing of a business; prohibiting a retailer or other person from selling or distributing dyed special fuel unless he controls the access to the dyed special fuel; requiring the retailer or other person to approve each purchaser of dyed special fuel; requiring the preservation of certain records; authorizing the Department of Motor Vehicles to take certain disciplinary action; authorizing the Department to adopt regulations that require the electronic filing of certain tax returns; providing penalties; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 360A.030 is hereby amended to read as follows:

360A.030 1. If a person ~~continues~~:

(a) *Continues* to engage in business in this State without a permit or license as required by chapter 365 or 366 of NRS, or after the license or permit has been suspended or revoked ~~§~~;

(b) *Knowingly sells at retail any fuel that is subject to taxation pursuant to chapter 365 or 366 of NRS for which the tax imposed by chapter 365 or 366 of NRS is not remitted; or*

(c) *Sells or otherwise distributes dyed special fuel in violation of section 7 of this act,*

→ the Department may, after providing notice to that person, order any place of business of the person to be locked and sealed. If notice is served by mail, it must be addressed to the person at his address as it appears in the records of the Department.

2. The order to lock and seal a place of business must be delivered to the sheriff of the county in which the business is located. The sheriff shall assist in the enforcement of the order.

Sec. 2. Chapter 365 of NRS is hereby amended by adding thereto a new section to read as follows:

The Department may, by regulation, establish a procedure requiring suppliers to submit tax returns electronically when due pursuant to this chapter.

Sec. 3. Chapter 366 of NRS is hereby amended by adding thereto the provisions set forth as sections 4 to 7, inclusive, of this act.

Sec. 4. *“Dyed special fuel” means special fuel which, in accordance with subsection 1 of NRS 366.203, must be dyed before it is removed for distribution from the rack.*

Sec. 5. *“Retail station” means any fixed facility or location that:*

1. Operates in the retail business of selling or handling fuel; or

2. Dispenses fuel from a stationary pump or metered tank for which the access to the fuel is not controlled.

Sec. 6. *“Retailer” means any person, other than a dealer or supplier, who is engaged in the business of selling or handling any special fuel at a retail station and who delivers or authorizes the delivery of fuel into the fuel supply tank of a motor vehicle that is not owned by that person.*

Sec. 7. *1. A retailer or any other person who sells or distributes dyed special fuel shall not sell or distribute the dyed special fuel unless the retailer or person controls the access to the dyed special fuel.*

2. A retailer or other person may sell or distribute the dyed special fuel only to a purchaser who has been approved to purchase the dyed special fuel from the retailer or other person. To be approved to purchase dyed special fuel from a retailer or other person, a purchaser must provide to the retailer or other person a written statement of acknowledgement and intended use on a form provided by the Department and completed by the purchaser that includes:

(a) The full name and address of the purchaser;

(b) A description of the manner in which the purchaser intends to use the dyed special fuel;

(c) An attestation indicating that the purchaser:

(1) Will only use the dyed special fuel for a purpose that is not taxable pursuant to this chapter; and

(2) Is aware of the penalties set forth NRS 366.735, a copy of which must be included on the statement; and

(d) The signature of the purchaser.

3. A retailer or other person who sells or distributes dyed special fuel shall keep on file a completed statement of acknowledgment and intended use for each person approved to purchase dyed special fuel from the retailer or other person.

4. In addition to any action that may be taken pursuant to chapter 360A of NRS, the Department may impose on a retailer or any other person who violates the provisions of subsection 1 an administrative fine of not more than \$10,000 for each violation.

Sec. 8. NRS 366.020 is hereby amended to read as follows:

366.020 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 366.025 to 366.100,

inclusive, *and sections 4, 5 and 6 of this act* have the meanings ascribed to them in those sections.

Sec. 9. NRS 366.140 is hereby amended to read as follows:

366.140 1. Every special fuel supplier, special fuel dealer, special fuel exporter, special fuel transporter, ~~for~~ special fuel user *and retailer*, and every other person transporting or storing special fuel in this State shall keep such records, receipts, invoices and other pertinent papers with respect thereto as the Department requires.

2. The records, receipts, invoices and other pertinent papers ~~[used in the preparation of a report or return required pursuant to this chapter]~~ *described in subsection 1* must be preserved for 4 years after the ~~[report or return is filed with the Department.]~~ *date on which the record, receipt, invoice or other pertinent paper was created or generated.*

3. The records, receipts, invoices and other pertinent papers must be available at all times during business hours to the Department or its authorized agents.

Sec. 10. NRS 366.203 is hereby amended to read as follows:

366.203 1. Special fuel, other than compressed natural gas, liquefied petroleum gas or kerosene, which is exempt from the tax pursuant to subsection 3 or 4 of NRS 366.200 must be dyed before it is removed for distribution from a rack. The dye added to the exempt special fuel must be of the color and concentration required by the regulations adopted by the Secretary of the Treasury pursuant to 26 U.S.C. § 4082.

2. Except as otherwise provided in subsections 3, 4 and 5, a person shall not operate or maintain on any highway in this State a motor vehicle which contains *dyed special fuel* in the fuel tank of that vehicle. ~~[special fuel which has been dyed.]~~ A person who operates or maintains a motor vehicle in violation of this subsection and the registered owner of the motor vehicle are jointly and severally liable for any taxes, penalties and interest payable to the Department.

3. A person who, pursuant to subsection 2, 3 or 4 of NRS 366.200, is exempt from the tax imposed by this chapter may operate or maintain a motor vehicle on a highway in this State which contains *dyed special fuel* in the fuel tank of that vehicle. ~~[special fuel which has been dyed.]~~

4. To the extent permitted by federal law, a person may operate or maintain on a highway in this State any special mobile equipment or farm equipment that contains *dyed special fuel* in the fuel tank of the special mobile equipment or farm equipment. ~~[special fuel which has been dyed.]~~ As used in this subsection:

(a) "Farm equipment" means any self-propelled machinery or motor vehicle that is designed solely for tilling soil or for cultivating, harvesting or transporting crops or other agricultural

products from a field or other area owned or leased by the operator of the farm equipment and in which the crops or agricultural products are grown, to a field, yard, silo, cellar, shed or other facility which is:

(1) Owned or leased by the operator of the farm equipment; and

(2) Used to store or process the crops or agricultural products.

→ The term includes a tractor, baler or swather or any implement used to retrieve hay.

(b) "Highway" does not include a controlled-access highway as defined in NRS 484.041.

5. To the extent authorized by federal law, a person may operate or maintain a motor vehicle on a highway in this State that contains *dyed special fuel* in the fuel tank ~~{special fuel which has been dyed}~~ if the motor vehicle is used only to cross the highway to travel from one parcel of land owned or controlled by the person to another parcel of land owned or controlled by the person.

6. There is a rebuttable presumption that all special fuel which ~~{has not been dyed}~~ *is not dyed special fuel* and which is sold or distributed in this State is for the purpose of propelling a motor vehicle.

Sec. 11. NRS 366.220 is hereby amended to read as follows:

366.220 1. Except as otherwise provided in this chapter, it is unlawful for any:

(a) Special fuel supplier, special fuel dealer or special fuel user to sell or use special fuel within this State unless the special fuel supplier, special fuel dealer or special fuel user is the holder of a special fuel supplier's, special fuel dealer's or special fuel user's license issued to him by the Department.

(b) Person to be a:

(1) Special fuel exporter unless the person is the holder of a special fuel exporter's license issued to him by the Department.

(2) Special fuel transporter unless the person is the holder of a special fuel transporter's license issued to him by the Department.

(c) Retailer or other person to sell or distribute dyed special fuel unless the retailer or person controls the access to the dyed special fuel.

2. The Department may adopt regulations relating to the issuance of any special fuel supplier's, special fuel dealer's, special fuel exporter's, special fuel transporter's or special fuel user's license and the collection of fees therefor.

Sec. 12. NRS 366.360 is hereby amended to read as follows:

366.360 1. The Department shall cancel any license to act as a special fuel supplier, special fuel dealer ~~{or}~~ , *special fuel*

exporter, special fuel transporter or special fuel user immediately upon the surrender thereof by the holder.

2. If a surety has lodged with the Department a written request to be released and discharged of liability, the Department shall immediately notify the special fuel supplier or special fuel dealer who furnished the bond, and unless he files a new bond as required by the Department within 30 days or makes a deposit in lieu thereof as provided in NRS 366.235, the Department may cancel his license.

3. If a special fuel supplier or special fuel dealer becomes delinquent in the payment of excise taxes as prescribed by this chapter to the extent that his liability exceeds the total amount of bond furnished by him, the Department may cancel his license immediately.

Sec. 13. NRS 366.383 is hereby amended to read as follows:

366.383 **1.** Each special fuel supplier shall, not later than the last day of each month:

~~[(1)]~~ **(a)** Submit to the Department a tax return which sets forth:

~~[(a)]~~ **(1)** The number of gallons of special fuel he received during the previous month;

~~[(b)]~~ **(2)** The number of gallons of special fuel he sold, distributed or used in this State during the previous month; and

~~[(c)]~~ **(3)** The number of gallons of special fuel he sold, distributed or used in this State in which dye was added during the previous month.

~~[(2)]~~ **(b)** Pay to the Department the tax imposed pursuant to NRS 366.190 on all special fuel sold, distributed or used during the previous month for which dye was not added in the manner prescribed in this chapter.

2. *The Department may, by regulation, establish a procedure requiring special fuel suppliers to submit tax returns required by this section electronically.*

Sec. 14. NRS 366.735 is hereby amended to read as follows:

366.735 **1.** The Department may ~~impose an administrative fine of the greater of \$1,000 or \$10 per gallon of special fuel based on the maximum storage capacity of the storage tank that contains the special fuel if a person:~~

~~—[(1)] take disciplinary action in accordance with subsection 2 against any person who:~~

(a) Sells or stores any *dyed* special fuel ~~[(that has been dyed)]~~ for a use which the person selling or storing such fuel knows, or has reason to know, is a taxable use of the fuel;

~~[(2)]~~ **(b)** Willfully alters or attempts to alter the strength of composition of any dye in any special fuel intended to be used for a taxable purpose; or

~~[(3)]~~ **(c)** Uses *dyed* special fuel ~~[(that has been dyed)]~~ for a taxable purpose.

2. For any violation described in subsection 1, the Department may:

(a) If the violation is a first offense, impose an administrative fine of not more than \$2,500 and suspend any license issued to that person pursuant to this chapter for not more than 30 days;

(b) If the violation is a second offense within a period of 4 years, impose an administrative fine of not more than \$5,000 and suspend any license issued to that person pursuant to this chapter for not more than 60 days; and

(c) If the violation is a third or subsequent offense within a period of 4 years, impose an administrative fine of not more than \$10,000 and revoke any license issued to that person pursuant to this chapter.

Sec. 15. NRS 366.740 is hereby amended to read as follows:

366.740 1. Except as otherwise provided in NRS 366.735 ~~and~~ *and section 7 of this act*, the Department may impose an administrative fine, not to exceed \$2,500, for a violation of any provision of this chapter, or any regulation or order adopted or issued pursuant thereto.

2. The Department shall afford to any person fined pursuant to this section, ~~and~~ NRS 366.735 *or section 7 of this act* an opportunity for a hearing pursuant to the provisions of NRS 233B.121.

3. All administrative fines collected by the Department pursuant to subsection 1, ~~and~~ NRS 366.735 *or section 7 of this act* must be deposited with the State Treasurer to the credit of the State Highway Fund.

4. In addition to any other remedy provided by this chapter, the Department may compel compliance with any provision of this chapter and any regulation or order adopted or issued pursuant thereto by injunction or other appropriate remedy. The Department may institute and maintain in the name of the State of Nevada any such enforcement proceedings.

Sec. 16. NRS 373.080 is hereby amended to read as follows:

373.080 All motor vehicle fuel taxes collected during any month by the Department pursuant to *a* contract with ~~any county shall~~ *a county must* be transmitted each month by the Department to ~~such~~ *the* county and the Department shall, *in accordance with the terms of the contract*, charge the county for the Department's services specified in this section and in NRS 373.070. ~~such amount as will reimburse the Department for the cost to it of rendering the services.~~

Sec. 17. Notwithstanding any amendatory provisions of sections 2 and 13 of this act to the contrary, the Department of Motor Vehicles shall not require a supplier or special fuel supplier to submit a tax return electronically before July 1, 2006.

Sec. 18. This act becomes effective:

1. Upon passage and approval for the purpose of adopting regulations and taking such other actions as are required to carry out the provisions of this act; and
2. On July 1, 2005, for all other purposes.

