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ASSEMBLY BILL NO. 554—COMMITTEE ON COMMERCE AND LABOR

MARCH 29, 2005

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Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes to provisions governing taxation. (BDR 32-1344)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
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.

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AN ACT relating to taxation; clarifying the definition of “employer” for the purpose of the tax on business; revising the provisions governing the applicability and administration of the tax on live entertainment; clarifying the provisions governing the administration of the use taxes on certain personal property acquired free of charge at public events; expanding the exemptions from the taxes on the transfer of real property; revising the provisions governing the application of sales and use taxes to retail sales of vehicles for which used vehicles are taken in trade; revising the provisions governing the application of sales and use taxes to retail sales of farm machinery and equipment; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to provide an exemption from the tax for sales of vehicles for which used vehicles are taken in trade and for farm machinery and equipment; providing exemptions from certain analogous taxes; 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 363B.030 is hereby amended to read as follows:

363B.030 “Employer” means any employer who is required to pay a contribution pursuant to NRS 612.535 for any calendar quarter, except a financial institution, an Indian tribe, a nonprofit organization, ~~for~~ a political subdivision ~~[-]~~ *or any person who does not supply a product or service, but who only consumes a service.*

For the purposes of this section:

1. “Financial institution” has the meaning ascribed to it in NRS 363A.050.

2. “Indian tribe” includes any entity described in subsection 10 of NRS 612.055.

3. “Nonprofit organization” means a nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c).

4. “Political subdivision” means any entity described in subsection 9 of NRS 612.055.

**Sec. 2.** Chapter 368A of NRS is hereby amended by adding thereto the provisions set forth as sections 3, 4 and 5 of this act.

**Sec. 3.** *“Casual assemblage” includes, without limitation:*

*1. Participants in conventions, business meetings or tournaments governed by chapter 463 of NRS, and their guests; or*

*2. Persons celebrating a friend’s or family member’s wedding, birthday, anniversary, graduation, religious ceremony or similar occasion that is generally recognized as customary for celebration.*

**Sec. 4.** *“Shopping mall” includes any area or premises where multiple vendors assemble for the primary purpose of selling goods or services, regardless of whether consideration is collected for the right or privilege of entering that area or those premises.*

**Sec. 5.** *“Trade show” means an event of limited duration primarily attended by members of a particular trade or industry for the purpose of exhibiting their merchandise or services or discussing matters of interest to members of that trade or industry.*

**Sec. 6.** NRS 368A.010 is hereby amended to read as follows:

368A.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 368A.020 to 368A.110, inclusive, *and sections 3, 4 and 5 of this act* have the meanings ascribed to them in those sections.



1     **Sec. 7.** NRS 368A.020 is hereby amended to read as follows:  
2     368A.020 “Admission charge” means the total amount,  
3     expressed in terms of money, of consideration paid for the right or  
4     privilege to have access to a facility where live entertainment is  
5     provided. *The term includes, without limitation, an entertainment*  
6     *fee, a cover charge, a table reservation fee, or a required minimum*  
7     *purchase of food, refreshments or merchandise.*

8     **Sec. 8.** NRS 368A.060 is hereby amended to read as follows:

9     368A.060 **1.** “Facility” means:

10    ~~[(1)]~~ **(a)** Any area or premises where live entertainment is  
11    provided and for which consideration is collected for the right or  
12    privilege of entering that area or those premises if the live  
13    entertainment is provided at:

14    ~~[(a)]~~ **(1)** An establishment that is not a licensed gaming  
15    establishment; or

16    ~~[(b)]~~ **(2)** A licensed gaming establishment that is licensed for  
17    less than 51 slot machines, less than six games, or any combination  
18    of slot machines and games within those respective limits.

19    ~~[(2)]~~ **(b)** Any area or premises where live entertainment is  
20    provided if the live entertainment is provided at any other licensed  
21    gaming establishment.

22    **2.** “Facility” encompasses, if live entertainment is provided at  
23    a licensed gaming establishment that is licensed for:

24    **(a)** *Less than 51 slot machines, less than 6 games, or any*  
25    *combination of slot machines and games within those respective*  
26    *limits, any area or premises where the live entertainment is*  
27    *provided and for which consideration is collected, from one or*  
28    *more patrons, for the right or privilege of entering that area or*  
29    *those premises, even if additional consideration is collected for the*  
30    *right or privilege of entering a smaller venue within that area or*  
31    *those premises; or*

32    **(b)** *At least 51 slot machines or at least 6 games, any*  
33    *designated area on the premises of the licensed gaming*  
34    *establishment within which the live entertainment is provided.*

35    **Sec. 9.** NRS 368A.090 is hereby amended to read as follows:

36    368A.090 **1.** “Live entertainment” means any activity  
37    provided for pleasure, enjoyment, recreation, relaxation, diversion  
38    or other similar purpose by a person or persons who are physically  
39    present when providing that activity to a patron or group of patrons  
40    who are physically present.

41    **2. The term:**

42    **(a)** *Includes, without limitation, any one or more of the*  
43    *following activities:*

44    **(1)** *Music or vocals provided by one or more professional or*  
45    *amateur musicians or vocalists;*



1       (2) *Dancing performed by one or more professional or*  
2 *amateur dancers or performers;*

3       (3) *Acting or drama provided by one or more professional*  
4 *or amateur actors or players;*

5       (4) *Acrobatics or stunts provided by one or more*  
6 *professional or amateur acrobats, performers or stunt persons;*

7       (5) *Animal stunts or performances induced by one or more*  
8 *animal handlers or trainers, except as otherwise provided in*  
9 *subparagraph (7) of paragraph (b);*

10       (6) *Athletic or sporting contests, events or exhibitions*  
11 *provided by one or more professional or amateur athletes or*  
12 *sportsmen;*

13       (7) *Comedy or magic provided by one or more professional*  
14 *or amateur comedians, magicians, illusionists, entertainers or*  
15 *performers;*

16       (8) *A show or production involving any combination of the*  
17 *activities described in subparagraphs (1) to (7), inclusive; and*

18       (9) *A performance involving one or more of the activities*  
19 *described in this paragraph by a disc jockey who presents recorded*  
20 *music. For the purposes of this subsection, a disc jockey shall not*  
21 *be deemed to have engaged in a performance involving one or*  
22 *more of the activities described in this paragraph if the disc jockey*  
23 *generally limits his interaction with patrons to introducing the*  
24 *recorded music, making announcements of general interest to*  
25 *patrons, and explaining, encouraging or directing participatory*  
26 *activities between patrons.*

27       (b) *Excludes, without limitation, any one or more of the*  
28 *following activities:*

29       (1) *Instrumental or vocal music, which may or may not be*  
30 *supplemented with commentary by the musicians, in a restaurant,*  
31 *lounge or similar area if such music does not routinely rise to the*  
32 *volume that interferes with casual conversation and if such music*  
33 *would not generally cause patrons to watch as well as listen;*

34       (2) *Occasional performances by employees whose primary*  
35 *job function is that of preparing, selling or serving food,*  
36 *refreshments or beverages to patrons, if such performances are*  
37 *not advertised as entertainment to the public;*

38       (3) *Performances by performers of any type if the*  
39 *performance occurs in a licensed gaming establishment other than*  
40 *a licensed gaming establishment that is licensed for less than 51*  
41 *slot machines, less than 6 games, or any combination of slot*  
42 *machines and games within those respective limits, as long as the*  
43 *performers stroll continuously throughout the facility;*

44       (4) *Performances in areas other than in nightclubs,*  
45 *lounges, restaurants or showrooms, if the performances occur in a*



1 *licensed gaming establishment other than a licensed gaming*  
2 *establishment that is licensed for less than 51 slot machines, less*  
3 *than 6 games, or any combination of slot machines and games*  
4 *within those respective limits, which enhance the theme of the*  
5 *establishment or attract patrons to the areas of the performances,*  
6 *as long as any seating provided in the immediate area of the*  
7 *performers is limited to seating at slot machines or gaming tables;*

8 (5) *Television, radio, closed circuit or Internet broadcasts*  
9 *of live entertainment;*

10 (6) *Entertainment provided by a patron or patrons,*  
11 *including, without limitation, singing by patrons or dancing by or*  
12 *between patrons;*

13 (7) *Animal behaviors induced by animal trainers or*  
14 *caretakers primarily for the purpose of education and scientific*  
15 *research; and*

16 (8) *An occasional activity, including, without limitation,*  
17 *dancing, that:*

18 (I) *Does not constitute a performance;*

19 (II) *Is not advertised as entertainment to the public;*

20 (III) *Primarily serves to provide ambience to the facility;*

21 *and*

22 (IV) *Is conducted by an employee whose primary job*  
23 *function is not that of an entertainer.*

24 **Sec. 10.** NRS 368A.200 is hereby amended to read as follows:

25 368A.200 1. Except as otherwise provided in this section,  
26 there is hereby imposed an excise tax on admission to any facility in  
27 this State where live entertainment is provided. If the live  
28 entertainment is provided at a facility with a maximum seating  
29 capacity of:

30 (a) Less than 7,500, the rate of the tax is 10 percent of the  
31 admission charge to the facility plus 10 percent of any amounts paid  
32 for food, refreshments and merchandise purchased at the facility.

33 (b) At least 7,500, the rate of the tax is 5 percent of the  
34 admission charge to the facility.

35 2. Amounts paid for gratuities directly or indirectly remitted to  
36 persons employed at a facility where live entertainment is provided  
37 or for service charges, including those imposed in connection with  
38 the use of credit cards or debit cards, which are collected and  
39 retained by persons other than the taxpayer are not taxable pursuant  
40 to this section.

41 3. A business entity that collects any amount that is taxable  
42 pursuant to subsection 1 is liable for the tax imposed, but is entitled  
43 to collect reimbursement from any person paying that amount.

44 4. Any ticket for live entertainment must state whether the tax  
45 imposed by this section is included in the price of the ticket. If the



1 ticket does not include such a statement, the taxpayer shall pay the  
2 tax based on the face amount of the ticket.

3 5. The tax imposed by subsection 1 does not apply to:

4 (a) Live entertainment that this State is prohibited from taxing  
5 under the Constitution, laws or treaties of the United States or the  
6 Nevada Constitution.

7 (b) Live entertainment that is provided by or entirely for the  
8 benefit of a nonprofit religious, charitable, fraternal or other  
9 organization that qualifies as a tax-exempt organization pursuant to  
10 26 U.S.C. § 501(c) ~~[-]~~ *or a nonprofit corporation organized or*  
11 *existing under the provisions of chapter 82 of NRS.*

12 (c) Any boxing contest or exhibition governed by the provisions  
13 of chapter 467 of NRS.

14 (d) Live entertainment that is not provided at a licensed gaming  
15 establishment if the facility in which the live entertainment is  
16 provided has a maximum seating capacity of less than ~~[300.]~~ 200.

17 (e) Live entertainment that is provided at a licensed gaming  
18 establishment that is licensed for less than 51 slot machines, less  
19 than six games, or any combination of slot machines and games  
20 within those respective limits, if the facility in which the live  
21 entertainment is provided has a maximum seating capacity of less  
22 than ~~[300.]~~ 200.

23 (f) Merchandise sold outside the facility in which the live  
24 entertainment is provided, unless the purchase of the merchandise  
25 entitles the purchaser to admission to the entertainment.

26 (g) Live entertainment that is provided at a trade show.

27 (h) Music performed by musicians who move constantly  
28 through the audience if no other form of live entertainment is  
29 afforded to the patrons.

30 (i) Live entertainment that is provided at a licensed gaming  
31 establishment at private meetings or dinners attended by members of  
32 a particular organization or by a casual assemblage if the purpose of  
33 the event is not primarily for entertainment.

34 (j) Live entertainment that is provided in the common area of a  
35 shopping mall, unless the entertainment is provided in a facility  
36 located within the mall.

37 *(k) Live entertainment that is incidental to an amusement ride,*  
38 *a motion simulator or a similar digital, electronic, mechanical or*  
39 *electromechanical attraction. For the purposes of this paragraph,*  
40 *live entertainment shall be deemed to be incidental to an*  
41 *amusement ride, a motion simulator or a similar digital,*  
42 *electronic, mechanical or electromechanical attraction if the live*  
43 *entertainment is:*

44 *(1) Not the predominant element of the attraction; and*



(2) *Not the primary purpose for which the public rides, attends or otherwise participates in the attraction.*

(l) *Live entertainment that is provided to the public in an outdoor area, without any requirements for the payment of an admission charge or the purchase of any food, refreshments or merchandise.*

(m) *An outdoor concert, unless the concert is provided on the premises of a licensed gaming establishment.*

(n) *Beginning July 1, 2007, race events scheduled at a race track in this State as a part of the National Association for Stock Car Auto Racing Nextel Cup Series, or its successor racing series, and all races associated therewith.*

(o) *Live entertainment provided in a restaurant which is incidental to any other activities conducted in the restaurant or which only serves as ambience so long as there is no charge to the patrons for that entertainment.*

6. *The Nevada Gaming Commission may adopt regulations establishing a procedure whereby a taxpayer that is a licensed gaming establishment may request an exemption from the tax pursuant to paragraph (o) of subsection 5. The regulations must require the taxpayer to seek an administrative ruling from the Chairman of the Board, provide a procedure for appealing that ruling to the Nevada Gaming Commission and further describe the forms of incidental or ambient entertainment exempted pursuant to that paragraph.*

7. As used in this section, "maximum seating capacity" means, in the following order of priority:

(a) The maximum occupancy of the facility in which live entertainment is provided, as determined by the State Fire Marshal or the local governmental agency that has the authority to determine the maximum occupancy of the facility;

(b) If such a maximum occupancy has not been determined, the maximum occupancy of the facility designated in any permit required to be obtained in order to provide the live entertainment; or

(c) If such a permit does not designate the maximum occupancy of the facility, the actual seating capacity of the facility in which the live entertainment is provided.

**Sec. 11.** NRS 368A.220 is hereby amended to read as follows:

368A.220 1. Except as otherwise provided in this section:

(a) Each taxpayer who is a licensed gaming establishment shall file with the Board, on or before the 24th day of each month, a report showing the amount of all taxable receipts for the preceding month ~~or~~ *or the month in which the taxable events occurred*. The report must be in a form prescribed by the Board.



(b) All other taxpayers shall file with the Department, on or before the last day of each month, a report showing the amount of all taxable receipts for the preceding month. The report must be in a form prescribed by the Department.

2. The Board or the Department, if it deems it necessary to ensure payment to or facilitate the collection by the State of the tax imposed by NRS 368A.200, may require reports to be filed not later than 10 days after the end of each calendar quarter.

3. Each report required to be filed by this section must be accompanied by the amount of the tax that is due for the period covered by the report.

4. The Board and the Department shall deposit all taxes, interest and penalties it receives pursuant to this chapter in the State Treasury for credit to the State General Fund.

**Sec. 12.** Chapter 372 of NRS is hereby amended by adding thereto a new section to read as follows:

*In its administration of the use tax imposed by NRS 372.185, the Department shall not consider the storage, use or other consumption in this State of tangible personal property which is:*

*1. Worth \$100 or less; and*

*2. Acquired free of charge at a convention, trade show or other public event.*

**Sec. 13.** NRS 372.7263 is hereby amended to read as follows:

372.7263 1. In administering the provisions of NRS 372.335, the Department shall apply the exemption for the sale of tangible personal property delivered by the vendor to a forwarding agent for shipment out of State to include:

(a) The sale of a vehicle to a nonresident to whom a special movement permit has been issued by the Department of Motor Vehicles pursuant to subsection 1 of NRS 482.3955;

(b) The sale of farm machinery and equipment to a nonresident who submits proof to the vendor that the farm machinery and equipment will be delivered out of State not later than 15 days after the sale; and

(c) The sale of a vessel to a nonresident who submits proof to the vendor that the vessel will be delivered out of State not later than 15 days after the sale.

2. As used in this section:

(a) ~~["Agricultural use" has the meaning ascribed to it in NRS 361A.030.~~

~~(b)}~~ "Farm machinery and equipment" means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment. The term does not include:





(1) A vehicle required to be registered pursuant to the provisions of chapter 482 or 706 of NRS; or

(2) Machinery or equipment only incidentally employed for ~~the agricultural use of real property.~~

~~(c) agricultural purposes.~~

(b) "Farm tractor" means a motor vehicle designed and used primarily for drawing an implement of husbandry.

~~(d)~~ (c) "Implement of husbandry" means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.

**Sec. 14.** NRS 372.7263 is hereby amended to read as follows:

372.7263 ~~(1)~~ In administering the provisions of NRS 372.335, the Department shall apply the exemption for the sale of tangible personal property delivered by the vendor to a forwarding agent for shipment out of State to include:

~~(a)~~ 1. The sale of a vehicle to a nonresident to whom a special movement permit has been issued by the Department of Motor Vehicles pursuant to subsection 1 of NRS 482.3955;

~~(b)~~ 2. The sale of farm machinery and equipment, *as defined in section 30 of this act*, to a nonresident who submits proof to the vendor that the farm machinery and equipment will be delivered out of State not later than 15 days after the sale; and

~~(c)~~ 3. The sale of a vessel to a nonresident who submits proof to the vendor that the vessel will be delivered out of State not later than 15 days after the sale.

~~[2. —As used in this section:~~

~~(a) "Farm machinery and equipment" means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment. The term does not include:~~

~~—(1) A vehicle required to be registered pursuant to the provisions of chapter 482 or 706 of NRS; or~~

~~—(2) Machinery or equipment only incidentally employed for agricultural purposes.~~

~~(b) "Farm tractor" means a motor vehicle designed and used primarily for drawing an implement of husbandry.~~

~~(c) "Implement of husbandry" means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural~~



~~commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.]~~

**Sec. 15.** Chapter 374 of NRS is hereby amended by adding thereto the provisions set forth as sections 16 and 17 of this act.

**Sec. 16.** *In its administration of the use tax imposed by NRS 374.190, the Department shall not consider the storage, use or other consumption in a county of tangible personal property which is:*

*1. Worth \$100 or less; and*

*2. Acquired free of charge at a convention, trade show or other public event.*

**Sec. 17.** *1. There are exempted from the taxes imposed by this chapter the gross receipts from the sale, storage, use or other consumption in a county of farm machinery and equipment.*

*2. As used in this section:*

*(a) "Farm machinery and equipment" means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment. The term does not include:*

*(1) A vehicle required to be registered pursuant to the provisions of chapter 482 or 706 of NRS; or*

*(2) Machinery or equipment only incidentally employed for agricultural purposes.*

*(b) "Farm tractor" means a motor vehicle designed and used primarily for drawing an implement of husbandry.*

*(c) "Implement of husbandry" means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.*

**Sec. 18.** NRS 374.030 is hereby amended to read as follows:

374.030 1. "Gross receipts" means the total amount of the sale or lease or rental price, as the case may be, of the retail sales of retailers, valued in money, whether received in money or otherwise, without any deduction on account of any of the following:

(a) The cost of the property sold. However, in accordance with such rules and regulations as the Department may prescribe, a deduction may be taken if the retailer has purchased property for some other purpose than resale, has reimbursed his vendor for tax which the vendor is required to pay to the county or has paid the use tax with respect to the property, and has resold the property before making any use of the property other than retention, demonstration or display while holding it for sale in the regular course of business.



1 If such a deduction is taken by the retailer, no refund or credit will  
2 be allowed to his vendor with respect to the sale of the property.

3 (b) The cost of the materials used, labor or service cost, interest  
4 paid, losses or any other expense.

5 (c) The cost of transportation of the property before its sale to  
6 the purchaser.

7 2. The total amount of the sale or lease or rental price includes  
8 all of the following:

9 (a) Any services that are a part of the sale.

10 (b) All receipts, cash, credits and property of any kind.

11 (c) Any amount for which credit is allowed by the seller to the  
12 purchaser.

13 3. "Gross receipts" does not include any of the following:

14 (a) Cash discounts allowed and taken on sales.

15 (b) The sale price of property returned by customers when the  
16 full sale price is refunded either in cash or credit, but this exclusion  
17 does not apply in any instance when the customer, in order to obtain  
18 the refund, is required to purchase other property at a price greater  
19 than the amount charged for the property that is returned.

20 (c) The price received for labor or services used in installing or  
21 applying the property sold.

22 (d) The amount of any tax, not including any manufacturers' or  
23 importers' excise tax, imposed by the United States upon or with  
24 respect to retail sales, whether imposed upon the retailer or the  
25 consumer.

26 ~~[(e) The amount of any allowance against the selling price given~~  
27 ~~by a retailer for the value of a used vehicle which is taken in trade~~  
28 ~~on the purchase of another vehicle.]~~

29 4. For purposes of the sales tax, if the retailers establish to the  
30 satisfaction of the Department that the sales tax has been added to  
31 the total amount of the sale price and has not been absorbed by  
32 them, the total amount of the sale price shall be deemed to be the  
33 amount received exclusive of the tax imposed.

34 **Sec. 19.** NRS 374.070 is hereby amended to read as follows:

35 374.070 1. "Sales price" means the total amount for which  
36 tangible property is sold, valued in money, whether paid in money  
37 or otherwise, without any deduction on account of any of the  
38 following:

39 (a) The cost of the property sold.

40 (b) The cost of the materials used, labor or service cost, interest  
41 charged, losses, or any other expenses.

42 (c) The cost of transportation of the property before its purchase.

43 2. The total amount for which property is sold includes all of  
44 the following:

45 (a) Any services that are a part of the sale.



(b) Any amount for which credit is given to the purchaser by the seller.

3. "Sales price" does not include any of the following:

(a) Cash discounts allowed and taken on sales.

(b) The amount charged for property returned by customers when the entire amount charged therefor is refunded in cash or credit, except that this exclusion does not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.

(c) The amount charged for labor or services rendered in installing or applying the property sold.

(d) The amount of any tax, not including any manufacturers' or importers' excise tax, imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

(e) The amount of any tax imposed by the State of Nevada upon or with respect to the storage, use or other consumption of tangible personal property purchased from any retailer.

(f) The amount of any allowance against the selling price given by a retailer for the value of a used ~~vehicle or~~ vessel which is taken in trade on the purchase of another ~~vehicle or~~ vessel.

**Sec. 20.** NRS 375.090 is hereby amended to read as follows:

375.090 The taxes imposed by NRS 375.020, 375.023 and 375.026 do not apply to:

1. A mere change in identity, form or place of organization, such as a transfer between a corporation and its parent corporation, a subsidiary or an affiliated corporation if the affiliated corporation has identical common ownership.

2. A transfer of title to the United States, any territory or state or any agency, department, instrumentality or political subdivision thereof.

3. A transfer of title recognizing the true status of ownership of the real property.

4. A transfer of title without consideration from one joint tenant or tenant in common to one or more remaining joint tenants or tenants in common.

5. A transfer of title between spouses, including gifts, or to effect a property settlement agreement or between former spouses in compliance with a decree of divorce.

6. A transfer of title to or from a trust without consideration if a certificate of trust is presented at the time of transfer.

7. Transfers, assignments or conveyances of unpatented mines or mining claims.



1       8. A transfer, assignment or other conveyance of real property  
2 to a corporation or other business organization if the person  
3 conveying the property owns 100 percent of the corporation or  
4 organization to which the conveyance is made.

5       9. A transfer, assignment or other conveyance of real property  
6 if the owner of the property is related to the person to whom it is  
7 conveyed within the first degree of *lineal* consanguinity or affinity.

8       10. A conveyance of real property by deed which becomes  
9 effective upon the death of the grantor pursuant to NRS 111.109.

10      11. The making, delivery or filing of conveyances of real  
11 property to make effective any plan of reorganization or adjustment:

12      (a) Confirmed under the Bankruptcy Act, as amended, 11 U.S.C.  
13 §§ 101 et seq.;

14      (b) Approved in an equity receivership proceeding involving a  
15 railroad, as defined in the Bankruptcy Act; or

16      (c) Approved in an equity receivership proceeding involving a  
17 corporation, as defined in the Bankruptcy Act,

18      ➤ if the making, delivery or filing of instruments of transfer or  
19 conveyance occurs within 5 years after the date of the confirmation,  
20 approval or change.

21      12. The making or delivery of conveyances of real property to  
22 make effective any order of the Securities and Exchange  
23 Commission if:

24      (a) The order of the Securities and Exchange Commission in  
25 obedience to which the transfer or conveyance is made recites that  
26 the transfer or conveyance is necessary or appropriate to effectuate  
27 the provisions of section 11 of the Public Utility Holding Company  
28 Act of 1935, 15 U.S.C. § 79k;

29      (b) The order specifies and itemizes the property which is  
30 ordered to be transferred or conveyed; and

31      (c) The transfer or conveyance is made in obedience to the  
32 order.

33      13. A transfer to an educational foundation. As used in this  
34 subsection, "educational foundation" has the meaning ascribed to it  
35 in subsection 3 of NRS 388.750.

36      14. A transfer to a university foundation. As used in this  
37 subsection, "university foundation" has the meaning ascribed to it in  
38 subsection 3 of NRS 396.405.

39      **Sec. 21.** NRS 374.265 is hereby amended to read as follows:

40      374.265 "Exempted from the taxes imposed by this chapter,"  
41 as used in NRS 374.265 to 374.355, inclusive, *and section 17 of*  
42 *this act* means exempted from the computation of the amount of  
43 taxes imposed.



**Sec. 22.** NRS 374.286 is hereby amended to read as follows:

374.286 1. There are exempted from the taxes imposed by this chapter the gross receipts from the sale, ~~{of, and the}~~ storage, use or other consumption in a county of ~~{-}~~ farm machinery and equipment. ~~{employed for the agricultural use of real property.}~~

2. As used in this section:

(a) ~~{“Agricultural use” has the meaning ascribed to it in NRS 361A.030.}~~

~~{(b)}~~ “Farm machinery and equipment” means a farm tractor, implement of husbandry, piece of equipment used for irrigation, or a part used in the repair or maintenance of farm machinery and equipment. The term does not include:

(1) A vehicle required to be registered pursuant to the provisions of chapter 482 or 706 of NRS; or

(2) Machinery or equipment only incidentally employed for ~~{the agricultural use of real property.}~~

~~{(e)}~~ *agricultural purposes.*

(b) “Farm tractor” means a motor vehicle designed and used primarily for drawing an implement of husbandry.

~~{(d)}~~ (c) “Implement of husbandry” means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.

**Sec. 23.** NRS 374.7273 is hereby amended to read as follows:

374.7273 1. In administering the provisions of NRS 374.340, the Department shall apply the exemption for the sale of tangible personal property delivered by the vendor to a forwarding agent for shipment out of State to include:

(a) The sale of a vehicle to a nonresident to whom a special movement permit has been issued by the Department of Motor Vehicles pursuant to subsection 1 of NRS 482.3955;

(b) The sale of farm machinery and equipment to a nonresident who submits proof to the vendor that the farm machinery and equipment will be delivered out of State not later than 15 days after the sale; and

(c) The sale of a vessel to a nonresident who submits proof to the vendor that the vessel will be delivered out of State not later than 15 days after the sale.

2. As used in this section:

(a) ~~{“Agricultural use” has the meaning ascribed to it in NRS 361A.030.}~~



1 ~~—(b)~~ “Farm machinery and equipment” means a farm tractor,  
2 implement of husbandry, piece of equipment used for irrigation, or a  
3 part used in the repair or maintenance of farm machinery and  
4 equipment. The term does not include:

5 (1) A vehicle required to be registered pursuant to the  
6 provisions of chapter 482 or 706 of NRS; or

7 (2) Machinery or equipment only incidentally employed for  
8 ~~[the agricultural use of real property.~~

9 ~~—(c)~~ *agricultural purposes.*

10 (b) “Farm tractor” means a motor vehicle designed and used  
11 primarily for drawing an implement of husbandry.

12 ~~[(d)]~~ (c) “Implement of husbandry” means a vehicle that is  
13 designed, adapted or used for agricultural purposes, including,  
14 without limitation, a plow, machine for mowing, hay baler,  
15 combine, piece of equipment used to stack hay, till, harvest, handle  
16 agricultural commodities or apply fertilizers, or other heavy,  
17 movable equipment designed, adapted or used for agricultural  
18 purposes.

19 **Sec. 24.** NRS 374.7273 is hereby amended to read as follows:

20 374.7273 ~~[(1)]~~ In administering the provisions of NRS  
21 374.340, the Department shall apply the exemption for the sale of  
22 tangible personal property delivered by the vendor to a forwarding  
23 agent for shipment out of State to include:

24 ~~[(a)]~~ 1. The sale of a vehicle to a nonresident to whom a special  
25 movement permit has been issued by the Department of Motor  
26 Vehicles pursuant to subsection 1 of NRS 482.3955;

27 ~~[(b)]~~ 2. The sale of farm machinery and equipment , *as defined*  
28 *in section 30 of this act*, to a nonresident who submits proof to the  
29 vendor that the farm machinery and equipment will be delivered out  
30 of State not later than 15 days after the sale; and

31 ~~[(c)]~~ 3. The sale of a vessel to a nonresident who submits proof  
32 to the vendor that the vessel will be delivered out of State not later  
33 than 15 days after the sale.

34 ~~[(2).—As used in this section:~~

35 ~~—(a) “Farm machinery and equipment” means a farm tractor,~~  
36 ~~implement of husbandry, piece of equipment used for irrigation, or a~~  
37 ~~part used in the repair or maintenance of farm machinery and~~  
38 ~~equipment. The term does not include:~~

39 ~~—(1) A vehicle required to be registered pursuant to the~~  
40 ~~provisions of chapter 482 or 706 of NRS; or~~

41 ~~—(2) Machinery or equipment only incidentally employed for~~  
42 ~~agricultural purposes.~~

43 ~~—(b) “Farm tractor” means a motor vehicle designed and used~~  
44 ~~primarily for drawing an implement of husbandry.~~



~~—(c) “Implement of husbandry” means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.]~~

**Sec. 25.** Section 64 of Chapter 400, Statutes of Nevada 2003, at page 2374, is hereby amended to read as follows:

Sec. 64. NRS 374.070 is hereby amended to read as follows:

374.070 1. “Sales price” means the total amount for which tangible property is sold, valued in money, whether paid in money or otherwise, without any deduction on account of any of the following:

- (a) The cost of the property sold.
- (b) The cost of the materials used, labor or service cost, interest charged, losses, or any other expenses.
- (c) The cost of transportation of the property before its purchase.

2. The total amount for which property is sold includes all of the following:

- (a) Any services that are a part of the sale.
- (b) Any amount for which credit is given to the purchaser by the seller.

3. “Sales price” does not include any of the following:

- (a) Cash discounts allowed and taken on sales.
- (b) The amount charged for property returned by customers when the entire amount charged therefor is refunded either in cash or credit; but this exclusion does not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.

(c) The amount charged for labor or services rendered in installing or applying the property sold.

(d) The amount of any tax, ~~[(a)]~~ not including ~~[(, however,)]~~ any manufacturers’ or importers’ excise tax, ~~[(b)]~~ imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

(e) The amount of any tax imposed by the State of Nevada upon or with respect to the storage, use or other consumption of tangible personal property purchased from any retailer.





(f) The amount of any allowance against the selling price given by a retailer for the value of a used vehicle which is taken in trade on the purchase of another vehicle.

~~[4. For the purpose of a sale of a vehicle by a seller who is not required to be registered with the Department of Taxation, the sales price is the value established in the manner set forth in NRS 374.112.]~~

**Sec. 26.** Section 138 of Chapter 400, Statutes of Nevada 2003, at page 2409, is hereby amended to read as follows:

Sec. 138. NRS ~~[374.107,]~~ 374.112, 374.113, 374.286, 374.291, 374.2911, 374.322 and 374.323 are hereby repealed.

**Sec. 27.** Section 139 of Chapter 400, Statutes of Nevada 2003, at page 2409, is hereby amended to read as follows:

Sec. 139. 1. This section and section 102 of this act become effective upon passage and approval.

2. Sections 103 to 135, inclusive, of this act become effective on July 1, 2003.

3. Sections 1 to 29, inclusive, 32 to 38, inclusive, 40 to 50, inclusive, 52 to 57, inclusive, 66, 67, 69 to 72, inclusive, 74 to 80, inclusive, 83, 84, 85, 87 to 92, inclusive, 94 to 101, inclusive, 136 and 137 of this act become effective:

(a) Upon passage and approval for the purposes of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On January 1, 2006, for all other purposes.

4. Sections 30 and 39 of this act become effective on January 1, 2006, only if the proposal submitted pursuant to sections 103 to 107, inclusive, of this act is approved by the voters at the General Election on November 2, 2004.

5. Sections 31, 51, ~~[58]~~ 60 to 65, inclusive, 68, 73, 81, 82, 86, 93 and 138 of this act become effective on January 1, 2006, only if the proposal submitted pursuant to sections 103 to 107, inclusive, of this act is not approved by the voters at the General Election on November 2, 2004.

**Sec. 28.** At the General Election on November 7, 2006, a proposal must be submitted to the registered voters of this State to amend the Sales and Use Tax Act, which was enacted by the 47th session of the Legislature of the State of Nevada and approved by the Governor in 1955, and subsequently approved by the people of this State at the General Election held on November 6, 1956.

**Sec. 29.** At the time and in the manner provided by law, the Secretary of State shall transmit the proposed Act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.



1     **Sec. 30.** The proclamation and notice to the voters given by  
2 the county clerks pursuant to law must be in substantially the  
3 following form:

4         Notice is hereby given that at the General Election on  
5 November 7, 2006, a question will appear on the ballot for the  
6 adoption or rejection by the registered voters of the State of the  
7 following proposed Act:

8         AN ACT to amend an Act entitled "An Act to provide  
9 revenue for the State of Nevada; providing for sales  
10 and use taxes; providing for the manner of collection;  
11 defining certain terms; providing penalties for  
12 violation, and other matters properly relating thereto."  
13 approved March 29, 1955, as amended.  
14

15                     THE PEOPLE OF THE STATE OF NEVADA  
16                     DO ENACT AS FOLLOWS:  
17

18         Section 1. The above-entitled Act, being Chapter 397,  
19 Statutes of Nevada 1955, at page 762, is hereby amended by  
20 adding thereto a new section to be designated as section 18.2,  
21 immediately following section 18.1, to read as follows:

22             Sec. 18.2. *"Vehicle" has the meaning ascribed*  
23 *to it in NRS 482.135.*

24         Sec. 2. The above-entitled Act, being Chapter 397,  
25 Statutes of Nevada 1955, at page 762, is hereby amended by  
26 adding thereto a new section to be designated section 55.5,  
27 immediately following section 55 to read as follows:

28             Sec. 55.5. *1. There are exempted from the*  
29 *taxes imposed by this Act the gross receipts from the*  
30 *sale, storage, use or other consumption in a county of*  
31 *farm machinery and equipment.*

32             *2. As used in this section:*

33             *(a) "Farm machinery and equipment" means a*  
34 *farm tractor, implement of husbandry, piece of*  
35 *equipment used for irrigation, or a part used in the*  
36 *repair or maintenance of farm machinery and*  
37 *equipment. The term does not include:*

38             *(1) A vehicle required to be registered*  
39 *pursuant to the provisions of chapter 482 or 706 of*  
40 *NRS; or*

41             *(2) Machinery or equipment only incidentally*  
42 *employed for agricultural purposes.*

43             *(b) "Farm tractor" means a motor vehicle*  
44 *designed and used primarily for drawing an*  
45 *implement of husbandry.*



(c) *“Implement of husbandry” means a vehicle that is designed, adapted or used for agricultural purposes, including, without limitation, a plow, machine for mowing, hay baler, combine, piece of equipment used to stack hay, till, harvest, handle agricultural commodities or apply fertilizers, or other heavy, movable equipment designed, adapted or used for agricultural purposes.*

Sec. 3. Section 11 of the above-entitled Act, being Chapter 397, Statutes of Nevada 1955, at page 764, is hereby amended to read as follows:

Sec. 11. **1.** “Sales price” means the total amount for which tangible property is sold, valued in money, whether paid in money or otherwise, without any deduction on account of any of the following:

(a) The cost of the property sold.

(b) The cost of materials used, labor or service cost, interest charged, losses, or any other expenses.

(c) The cost of transportation of the property ~~prior to~~ *before* its purchase.

**2.** The total amount for which property is sold includes all of the following:

(a) Any services that are a part of the sale.

(b) Any amount for which credit is given to the purchaser by the seller.

**3.** “Sales price” does not include any of the following:

(a) Cash discounts allowed and taken on sales.

(b) The amount charged for property returned by customers when the entire amount charged therefor is refunded either in cash or credit ~~[-but]~~ *, except that this exclusion [shall] does* not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.

(c) The amount charged for labor or services rendered in installing or applying the property sold.

(d) The amount of any tax, ~~[-]~~ not including ~~[-however,]~~ any manufacturers’ or importers’ excise tax, ~~[-]~~ imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

*(e) The amount of any allowance against the selling price given by a retailer for the value of a used*



*vehicle which is taken in trade on the purchase of another vehicle.*

Sec. 4. Section 12 of the above-entitled Act, being Chapter 397, Statutes of Nevada 1955, at page 764, is hereby amended to read as follows:

Sec. 12. **1.** "Gross receipts" means the total amount of the sale or lease or rental price, as the case may be, of the retail sales of retailers, valued in money, whether received in money or otherwise, without any deduction on account of any of the following:

(a) The cost of the property sold. However, in accordance with such rules and regulations as the Tax Commission may prescribe, a deduction may be taken if the retailer has purchased property for some other purpose than resale, has reimbursed his vendor for tax which the vendor is required to pay to the State or has paid the use tax with respect to the property, and has resold the property ~~{prior to}~~ *before* making any use of the property other than retention, demonstration or display while holding it for sale in the regular course of business. If such a deduction is taken by the retailer, no refund or credit will be allowed to his vendor with respect to the sale of the property.

(b) The cost of the materials used, labor or service cost, interest paid, losses ~~{}~~ or any other expense.

(c) The cost of transportation of the property ~~{prior to}~~ *before* its sale to the purchaser.

**2.** The total amount of the sale or lease or rental price includes all of the following:

(a) Any services that are a part of the sale.

(b) All receipts, cash, credits ~~{}~~ and property of any kind.

(c) Any amount for which credit is allowed by the seller to the purchaser.

**3.** "Gross receipts" ~~{do}~~ *does* not include any of the following:

(a) Cash discounts allowed and taken on sales.

(b) ~~{Sale}~~ *The sale* price of property returned by customers when the full sale price is refunded either in cash or credit, ~~{}~~ but this exclusion ~~{shall}~~ *does* not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.



(c) The price received for labor or services used in installing or applying the property sold.

(d) The amount of any tax, ~~to~~ not including ~~to~~ ~~however,~~ any manufacturers' or importers' excise tax, ~~to~~ imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

*(e) The amount of any allowance against the selling price given by a retailer for the value of a used vehicle which is taken in trade on the purchase of another vehicle.*

4. For purposes of the sales tax, if the retailers establish to the satisfaction of the Tax Commission that the sales tax has been added to the total amount of the sale price and has not been absorbed by them, the total amount of the sale price shall be deemed to be the amount received exclusive of the tax imposed.

Sec. 5. This Act becomes effective on January 1, 2007.

**Sec. 31.** The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to exempt from the taxes imposed by this Act on the gross receipts from the sale and the storage, use or other consumption of tangible personal property, the value of any used vehicle taken in trade on the purchase of another vehicle and to exempt from the taxes imposed by this Act on the gross receipts from the sale and the storage, use or other consumption of tangible personal property, the value of farm machinery and equipment?

Yes ☐ No ☐

**Sec. 32.** The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would exempt from the taxes imposed by this Act on the gross receipts from the sale and the storage, use or other consumption of tangible personal property, the value of any used vehicle taken in trade on the purchase of another vehicle and the value of farm machinery and equipment. The Legislature has amended the Local School Support Tax Law and the City-County Relief Tax Law to provide the same



1 exemption for farm machinery and equipment if this proposal  
2 is adopted.

3 **Sec. 33.** If a majority of the votes cast on the question  
4 submitted to the voters is yes, the amendment to the Sales and Use  
5 Tax Act of 1955 becomes effective on January 1, 2007. If less than a  
6 majority of votes cast on the question submitted to the voters is yes,  
7 the question fails and the amendment to the Sales and Use Tax Act  
8 of 1955 does not become effective.

9 **Sec. 34.** All general election laws not inconsistent with this act  
10 are applicable.

11 **Sec. 35.** Any informalities, omissions or defects in the content  
12 or making of the publications, proclamations or notices provided for  
13 in this act and by the general election laws under which this election  
14 is held must be so construed as not to invalidate the adoption of the  
15 act by a majority of the registered voters voting on the question if it  
16 can be ascertained with reasonable certainty from the official returns  
17 transmitted to the Office of the Secretary of State whether the  
18 proposed amendment was adopted by a majority of those registered  
19 voters.

20 **Sec. 36.** 1. NRS 368A.130 and 368A.210 are hereby  
21 repealed.

22 2. NRS 374.107 is hereby repealed.

23 3. Sections 58 and 59 of Chapter 400, Statutes of Nevada 2003,  
24 at page 2371, are hereby repealed.

25 **Sec. 37.** 1. This section becomes effective upon passage and  
26 approval.

27 2. Section 22 of this act:

28 (a) Becomes effective upon passage and approval for the  
29 purpose of adopting regulations and on July 1, 2005, for all other  
30 purposes; and

31 (b) Expires by limitation on December 21, 2005.

32 3. Sections 1 to 12, inclusive, 15, 16, 20 and subsection 1 of  
33 section 36 of this act become effective on July 1, 2005.

34 4. Sections 25 to 35, inclusive, and subsection 3 of section 36  
35 of this act become effective on October 1, 2005.

36 5. Sections 13 and 23 of this act become effective on  
37 January 1, 2006.

38 6. Sections 14, 17, 21 and 24 of this act become effective on  
39 January 1, 2007, only if the proposal submitted pursuant to sections  
40 28 to 35, inclusive, of this act is approved by the voters at the  
41 General Election on November 7, 2006.

42 7. Sections 18, 19 and subsection 2 of section 36 of this act  
43 become effective on January 1, 2007, only if the proposal submitted  
44 pursuant to sections 28 to 35, inclusive, of this act is not approved  
45 by the voters at the General Election on November 7, 2006.



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## TEXT OF REPEALED SECTIONS

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**368A.130 Adoption by Department of regulations for determining whether activity is taxable.** The Department shall provide by regulation for a more detailed definition of “live entertainment” consistent with the general definition set forth in NRS 368A.090 for use by the Board and the Department in determining whether an activity is a taxable activity under the provisions of this chapter.

**368A.210 Taxpayer to hold taxes in separate account.** A taxpayer shall hold the amount of all taxes for which he is liable pursuant to this chapter in a separate account in trust for the State.

**374.107 “Vehicle” defined.** “Vehicle” has the meaning ascribed to it in NRS 482.135.

### **Section 58 of chapter 400, Statutes of Nevada 2003:**

Sec. 58. NRS 374.020 is hereby amended to read as follows:

374.020 Except where the context otherwise requires, the definitions given in NRS 374.025 to ~~374.107,~~ **374.100**, inclusive, govern the construction of this chapter.

### **Section 59 of chapter 400, Statutes of Nevada 2003:**

Sec. 59. NRS 374.030 is hereby amended to read as follows:

374.030 1. “Gross receipts” means the total amount of the sale or lease or rental price, as the case may be, of the retail sales of retailers, valued in money, whether received in money or otherwise, without any deduction on account of any of the following:

(a) The cost of the property sold. However, in accordance with such rules and regulations as the Department may prescribe, a deduction may be taken if the retailer has purchased property for some other purpose than resale, has reimbursed his vendor for tax which the vendor is required to pay to the county or has paid the use tax with respect to the property, and has resold the property before making any use of the property other than retention, demonstration or display while holding it for sale in the regular course of business. If such a deduction is taken by the retailer, no refund or credit will be allowed to his vendor with respect to the sale of the property.



(b) The cost of the materials used, labor or service cost, interest paid, losses or any other expense.

(c) The cost of transportation of the property before its sale to the purchaser.

2. The total amount of the sale or lease or rental price includes all of the following:

(a) Any services that are a part of the sale.

(b) All receipts, cash, credits and property of any kind.

(c) Any amount for which credit is allowed by the seller to the purchaser.

3. "Gross receipts" does not include any of the following:

(a) Cash discounts allowed and taken on sales.

(b) The sale price of property returned by customers when the full sale price is refunded either in cash or credit, but this exclusion does not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.

(c) The price received for labor or services used in installing or applying the property sold.

(d) The amount of any tax, not including any manufacturers' or importers' excise tax, imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

~~[(e) The amount of any allowance against the selling price given by a retailer for the value of a used vehicle which is taken in trade on the purchase of another vehicle.]~~

4. For purposes of the sales tax, if the retailers establish to the satisfaction of the Department that the sales tax has been added to the total amount of the sale price and has not been absorbed by them, the total amount of the sale price shall be deemed to be the amount received exclusive of the tax imposed.

