

SENATE BILL NO. 127—SENATORS TITUS AND HARDY

FEBRUARY 24, 2005

Referred to Committee on Taxation

SUMMARY—Expands exemption for certain small businesses from requirements for state business license. (BDR 32-679)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the licensing of businesses; expanding the exemption for certain small businesses from the requirements for a state business license; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law requires a business to obtain a state business license and pay a
2 license fee of \$100 annually unless the business is exempt by law. (NRS 360.760-
3 360.795) Among the businesses exempt from the license requirement is a business
4 operated by a person from his home that earns not more than 66 2/3 percent of the
5 previous year's average annual wage pursuant to Chapter 612 of NRS.
6 (NRS 360.765)
7 This bill expands the exemption to include all businesses that earn not more
8 than 66 2/3 percent of the previous year's average annual wage. To clarify
9 the applicability of the exemption, this bill repeals NRS 360.785 which addresses
10 the activities that constitute a business and incorporates the provision into the
11 amendment of NRS 360.765.

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

1 **Section 1.** NRS 360.765 is hereby amended to read as follows:
2 360.765 1. ~~["Business"]~~ *Except as otherwise provided in*
3 *subsection 2, "business"* includes:
4 (a) A corporation, partnership, proprietorship, limited-liability
5 company, business association, joint venture, limited-liability



1 partnership, business trust and their equivalents organized under the
2 laws of this State or another jurisdiction and any other person that
3 conducts an activity for profit; and

4 (b) ~~{The}~~ **Any activity or** activities of a natural person ~~{which are~~
5 ~~deemed to be a business pursuant to NRS 360.785.}~~ **for which the**
6 **person is required to file with the Internal Revenue Service a**
7 **Schedule C (Form 1040), Profit or Loss From Business Form, or**
8 **its equivalent or successor form, a Schedule E (Form 1040),**
9 **Supplemental Income and Loss Form, or its equivalent or**
10 **successor form, or a Schedule F (Form 1040), Profit or Loss**
11 **From Farming Form, or its equivalent or successor form.**

12 2. The term does not include:

13 (a) A governmental entity.

14 (b) A nonprofit religious, charitable, fraternal or other
15 organization that qualifies as a tax-exempt organization pursuant to
16 26 U.S.C. § 501(c).

17 (c) A person who operates a business ~~{from his home}~~ and earns
18 from that business not more than 66 2/3 percent of the average
19 annual wage, as computed for the preceding calendar year pursuant
20 to chapter 612 of NRS and rounded to the nearest hundred dollars.

21 (d) A business whose primary purpose is to create or produce
22 motion pictures. As used in this paragraph, "motion pictures" has
23 the meaning ascribed to it in NRS 231.020.

24 **Sec. 2.** NRS 360.785 is hereby repealed.

25 **Sec. 3.** This act becomes effective on July 1, 2005.

TEXT OF REPEALED SECTION

360.785 Activities of natural person constituting business.

The activity or activities conducted by a natural person shall be deemed to be a business that is subject to the provisions of NRS 360.760 to 360.795, inclusive, if the person is required to file with the Internal Revenue Service a Schedule C (Form 1040), Profit or Loss From Business Form, or its equivalent or successor form, a Schedule E (Form 1040), Supplemental Income and Loss Form, or its equivalent or successor form, or a Schedule F (Form 1040), Profit or Loss From Farming Form, or its equivalent or successor form, for the business.

