

SENATE BILL NO. 127—SENATORS TITUS AND HARDY

FEBRUARY 24, 2005

Referred to Committee on Taxation

SUMMARY—Revises provisions governing applicability of requirements for state business license. (BDR 32-679)

FISCAL NOTE: Effect on Local Government: No.
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.

AN ACT relating to the licensing of businesses; revising the provisions governing the applicability of 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 that exemption to include all businesses that earn not more
8 than 66 2/3 percent of the previous year's average annual wage. This bill also
9 provides an exemption for certain nonprofit associations composed of the owners of
10 units in common-interest communities.
11 To clarify the applicability of these exemptions, this bill repeals NRS 360.785
12 which addresses the activities that constitute a business and incorporates the
13 provision into the amendment of NRS 360.765.
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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:



(a) A corporation, partnership, proprietorship, limited-liability company, business association, joint venture, limited-liability partnership, business trust and their equivalents organized under the laws of this State or another jurisdiction and any other person that conducts an activity for profit; and

(b) ~~[The]~~ *Any activity or* activities of a natural person ~~[which are deemed to be a business pursuant to NRS 360.785.]~~ *for which 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.*

2. The term does not include:

(a) A governmental entity.

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

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

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

(e) A unit-owners' association organized pursuant to NRS 116.3101 as a nonprofit corporation, trust or partnership.

Sec. 2. NRS 360.785 is hereby repealed.

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.

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