

SENATE BILL NO. 356—SENATORS TOWNSEND, CARLTON, HARDY,  
AMODEI, NOLAN, RHOADS, TIFFANY AND WIENER

MARCH 25, 2005

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Referred to Committee on Taxation

SUMMARY—Revises provisions governing amount of sales and use taxes due on certain retail sales. (BDR 32-1106)

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; prescribing a sales tax holiday from certain sales and use taxes for certain sales of computer equipment, clothing and school supplies; revising the provisions governing the application of sales and use taxes to retail sales of vehicles for which used vehicles are taken in trade; and providing other matters properly relating thereto.

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

1     **Section 1.** Chapter 374 of NRS is hereby amended by adding  
2     thereto a new section to read as follows:

3     *There are exempted from the taxes imposed by this chapter the*  
4     *gross receipts from the sale of, and the storage, use or other*  
5     *consumption in a county of, any:*

6     1. *Computer equipment;*  
7     2. *Article of clothing, the sales price of which does not exceed*  
8     *\$1,000; and*

9     3. *School supply,*  
10    *↪ sold from August 26, 2005, to August 28, 2005, inclusive.*

11    **Sec. 2.** NRS 374.030 is hereby amended to read as follows:

12    374.030 1. “Gross receipts” means the total amount of the  
13    sale or lease or rental price, as the case may be, of the retail sales of  
14    retailers, valued in money, whether received in money or otherwise,  
15    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.

**Sec. 3.** 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



1 or otherwise, without any deduction on account of any of the  
2 following:

3 (a) The cost of the property sold.

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

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

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

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

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

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

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

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

20 (c) The amount charged for labor or services rendered in  
21 installing or 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 tax imposed by the State of Nevada upon  
27 or with respect to the storage, use or other consumption of tangible  
28 personal property purchased from any retailer.

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

32 **Sec. 4.** NRS 374.120 is hereby amended to read as follows:

33 374.120 1. It is unlawful for any retailer to advertise or hold  
34 out or state to the public or to any customer, directly or indirectly,  
35 that the tax or any part thereof will be assumed or absorbed by the  
36 retailer , ~~or~~ that *if applicable* it will not be added to the selling  
37 price of the property sold , or that if added it or any part thereof will  
38 be refunded.

39 2. Any person violating any provision of this section is guilty  
40 of a misdemeanor.

41 **Sec. 5.** NRS 374.210 is hereby amended to read as follows:

42 374.210 It is unlawful for any retailer to advertise or hold out  
43 or state to the public or to any customer, directly or indirectly, that  
44 the tax or any part thereof will be assumed or absorbed by the  
45 retailer , ~~or~~ that *if applicable* it will not be added to the selling



1 price of the property sold , or that if added it or any part thereof will  
2 be refunded.

3 **Sec. 6.** NRS 374.265 is hereby amended to read as follows:

4 374.265 "Exempted from the taxes imposed by this chapter,"  
5 as used in NRS 374.265 to 374.355, inclusive, *and section 1 of this*  
6 *act* means exempted from the computation of the amount of taxes  
7 imposed.

8 **Sec. 7.** Section 64 of chapter 400, Statutes of Nevada 2003, at  
9 page 2374, is hereby amended to read as follows:

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

12 374.070 1. "Sales price" means the total amount for  
13 which tangible property is sold, valued in money, whether  
14 paid in money or otherwise, without any deduction on  
15 account of any of the following:

16 (a) The cost of the property sold.

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

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

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

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

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

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

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

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

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

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

41 (e) The amount of any tax imposed by the State of  
42 Nevada upon or with respect to the storage, use or other  
43 consumption of tangible personal property purchased from  
44 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. 8.** 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. 9.** 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. 10.** 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. 11.** 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. 12.** 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. Section 11 of the above-entitled Act, being  
25 chapter 397, Statutes of Nevada 1955, at page 764, is hereby  
26 amended to read as follows:

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

31             (a) The cost of the property sold.

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

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

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

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

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

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

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

44             (b) The amount charged for property returned by  
45 customers when the entire amount charged therefor is



1 refunded either in cash or credit ~~[-but]~~ , *except that*  
2 this exclusion ~~[shall]~~ *does* not apply in any instance  
3 when the customer, in order to obtain the refund, is  
4 required to purchase other property at a price greater  
5 than the amount charged for the property that is  
6 returned.

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

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

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

18 Sec. 3. Section 12 of the above-entitled Act, being  
19 chapter 397, Statutes of Nevada 1955, at page 764, is hereby  
20 amended to read as follows:

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

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

39 (b) The cost of the materials used, labor or service  
40 cost, interest paid, losses ~~[-]~~ or any other expense.

41 (c) The cost of transportation of the property ~~[prior~~  
42 ~~to]~~ *before* its sale to the purchaser.

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

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



(b) All receipts, cash, credits ~~to~~ 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) ~~The sale~~ *The sale* price of property returned by customers when the full sale price is refunded either in cash or credit , ~~to~~ 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. 4. This Act becomes effective on January 1, 2007.

**Sec. 13.** 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?

Yes ☐ No ☐

**Sec. 14.** The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and





1 posting of notice of the question must be in substantially the  
2 following form:

3  
4 (Explanation of Question)

5 The proposed amendment to the Sales and Use Tax Act of  
6 1955 would exempt from the taxes imposed by this Act on  
7 the gross receipts from the sale and the storage, use or other  
8 consumption of tangible personal property, the value of any  
9 used vehicle taken in trade on the purchase of another  
10 vehicle.

11 **Sec. 15.** If a majority of the votes cast on the question is yes,  
12 the amendment to the Sales and Use Tax Act of 1955 becomes  
13 effective on January 1, 2007. If less than a majority of votes cast on  
14 the question is yes, the question fails and the amendment to the  
15 Sales and Use Tax Act of 1955 does not become effective.

16 **Sec. 16.** All general election laws not inconsistent with this act  
17 are applicable.

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

27 **Sec. 18.** 1. NRS 374.107 is hereby repealed.

28 2. Sections 58 and 59 of chapter 400, Statutes of Nevada 2003,  
29 at page 2371, are hereby repealed.

30 **Sec. 19.** 1. This section and sections 1, 4, 5 and 6 of this act  
31 become effective upon passage and approval.

32 2. Sections 7 to 17, inclusive, and subsection 2 of section 18 of  
33 this act become effective on October 1, 2005.

34 3. Sections 2 and 3 and subsection 1 of section 18 of this act  
35 become effective on January 1, 2007, only if the proposal submitted  
36 pursuant to sections 10 to 14, inclusive, of this act is not approved  
37 by the voters at the General Election on November 7, 2006.

38 4. Sections 1, 4, 5 and 6 of this act expire by limitation on  
39 August 31, 2005.



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## TEXT OF REPEALED SECTIONS

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**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.



