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SENATE BILL NO. 502—COMMITTEE ON TAXATION  
(ON BEHALF OF THE DEPARTMENT OF TAXATION)

MARCH 26, 2007

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Referred to Committee on Taxation

**SUMMARY**—Revises various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement and repeals certain obsolete provisions for the administration of those taxes. (BDR 32-556)

**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.

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**AN ACT** relating to taxes on retail sales; revising various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to repeal a tax exemption for the sale of aircraft and major components of aircraft to an airline based in Nevada and to authorize the Legislature to amend or repeal a provision of that Act without additional voter approval when necessary to carry out a federal law or interstate agreement for the administration of sales and use taxes; repealing certain obsolete provisions for the administration of sales and use taxes; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law provides for the administration of sales and use taxes in this State  
2 pursuant to the Simplified Sales and Use Tax Administration Act, the Sales and  
3 Use Tax Act and the Local School Support Tax Law. (Chapters 360B, 372 and 374  
4 of NRS) Under existing law, the Legislature has found and declared that this State  
5 should enter into an interstate agreement to simplify and modernize sales and use  
6 tax administration to reduce the burden of tax compliance for all sellers and types  
7 of commerce. (NRS 360B.020) Existing law requires the Nevada Tax Commission



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8 to enter into the Streamlined Sales and Use Tax Agreement and take all other  
9 actions reasonably required to implement the provisions of the Agreement. (NRS  
10 360B.110) **Sections 2, 5-7 and 15-17** of this bill set forth and clarify various  
11 administrative definitions required pursuant to the Agreement, as amended. **Section**  
12 **3** of this bill contains the requirements of a recent amendment to the Agreement  
13 regarding the certification by the State of the software of certain computer  
14 programs that calculate the taxes due on a sale and the provision of a limited waiver  
15 of liability for the persons who rely on that certification. **Section 9** of this bill  
16 carries out a recent amendment to the Agreement regarding the conditions under  
17 which multiple remittances of taxes may be required for a single tax return from a  
18 seller who registers under the Agreement. **Section 10** of this bill clarifies the duties  
19 of the Department of Taxation to post on its website certain tax information  
20 required by the Agreement. **Section 11** of this bill clarifies the statutory provisions  
21 governing the contents and use of a list required by the Agreement for determining  
22 the combined rate of taxes imposed in each zip code. **Section 12** of this bill carries  
23 out and clarifies the requirements of the Agreement, as amended, to waive the  
24 liability of sellers and purchasers who rely on the tax information posted on the  
25 Department's website in accordance with the Agreement.

26 Under existing law, persons who desire to conduct business as sellers in this  
27 State must register pursuant to the Streamlined Sales and Use Tax Agreement or  
28 obtain permits from the Department of Taxation. (NRS 372.125 and 374.130)  
29 **Sections 18-20 and 28-30** of this bill clarify that the statutory provisions applicable  
30 to an application for such a permit do not apply to the registration of a seller  
31 pursuant to the Agreement.

32 Existing law creates a presumption that a sale is subject to sales and use taxes  
33 unless the seller obtains a certificate from the purchaser indicating that the property  
34 is purchased for resale. (NRS 372.155, 372.225, 374.160, 374.230) **Sections 21-25**  
35 **and 31-35** of this bill revise the statutory provisions governing resale certificates to  
36 combine some of the existing provisions for clarity and to carry out the  
37 requirements of the Streamlined Sales and Use Tax Agreement regarding the  
38 acceptance of resale certificates from certain third-party vendors, the contents of  
39 resale certificates and the liability of a seller for the improper use of a resale  
40 certificate by a purchaser.

41 Existing law prohibits the Department of Taxation, in administering use taxes,  
42 from considering the taxability of certain property acquired free of charge at a  
43 convention, trade show or other public event. (NRS 372.7275, 374.726) **Sections**  
44 **27 and 37** of this bill ensure that existing law does not appear to create a threshold  
45 for the application of a sales or use tax, as prohibited by the Streamlined Sales and  
46 Use Tax Agreement.

47 Existing law authorizes the adoption of an ordinance for the imposition of a  
48 sales and use tax in Clark County to employ and equip additional police officers.  
49 (Clark County Sales and Use Tax Act of 2005) **Section 38** of this bill revises the  
50 requirements for such an ordinance in accordance with the provisions of the  
51 Streamlined Sales and Use Tax Agreement requiring a common state and local tax  
52 base and imposing restrictions on the date of implementation of changes in tax  
53 rates.

54 Existing law includes various provisions of the Sales and Use Tax Act of 1955.  
55 (NRS 372.010-372.115, 372.185-372.205, 372.260-372.284, 372.285-372.325,  
56 372.327-372.345, 372.350) Under existing law, the provisions of that Act, which  
57 was submitted to and approved by the voters at the 1956 General Election, cannot  
58 be amended or repealed without additional voter approval. (Nev. Const. Art. 19, §  
59 1) **Sections 39-47** of this bill provide for the submission to the voters of an  
60 amendment to that Act to authorize the Legislature to amend that Act without any  
61 additional voter approval as necessary to carry out any federal law or interstate  
62 agreement for the administration of sales and use taxes, and to repeal a section of



63 that Act that was declared unconstitutional by the Nevada Supreme Court in  
64 *Worldcorp v. State, Department of Taxation*, 113 Nev. 1032 (1997).

65 **Section 49** of this bill repeals NRS 360B.270 in accordance with a recent  
66 amendment to the Streamlined Sales and Use Tax Agreement, NRS 372.160,  
67 372.230, 374.165 and 374.235, the provisions of which have been incorporated into  
68 other statutes by **sections 21, 24, 31 and 34** of this bill, NRS 372.728 and 374.728,  
69 which are obsolete, and, if the proposed amendment to the Sales and Use Tax Act  
70 of 1955 is approved by the voters, NRS 372.726, which provides for the  
71 administration of the section that was declared unconstitutional.

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

1 **Section 1.** Chapter 360B of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2.** *“Person” includes a government, governmental*  
4 *agency or political subdivision of a government.*

5 **Sec. 3.** *The Department shall:*

6 *1. Review the software submitted for the certification of a*  
7 *certified automated system pursuant to the Agreement and, if the*  
8 *Department determines that the software adequately classifies*  
9 *each exemption from the sales and use taxes imposed in this State*  
10 *which is based upon the description of a product, certify its*  
11 *acceptance of the classifications made by the system.*

12 *2. Except as otherwise provided in subsection 3:*

13 *(a) If a certified service provider acting on behalf of a*  
14 *registered seller fails to collect the correct amount of any sales or*  
15 *use tax imposed in this State as a result of his reliance on the*  
16 *certification of the Department pursuant to subsection 1 regarding*  
17 *the certified automated system used by that certified service*  
18 *provider, waive any liability of the certified service provider, and*  
19 *of the registered seller on whose behalf the certified service*  
20 *provider is acting, for:*

21 *(1) The amount of the sales or use tax which the certified*  
22 *service provider fails to collect as a result of that reliance; and*

23 *(2) Any penalties and interest on that amount.*

24 *(b) If a registered seller who elects to use a certified automated*  
25 *system pursuant to subsection 3 of NRS 360B.200 fails to collect*  
26 *the correct amount of any sales or use tax imposed in this State as*  
27 *a result of his reliance on the certification of the Department*  
28 *pursuant to subsection 1 regarding the certified automated system*  
29 *used by that registered seller, waive any liability of the registered*  
30 *seller for:*

31 *(1) The amount of the sales or use tax which the registered*  
32 *seller fails to collect as a result of that reliance; and*

33 *(2) Any penalties and interest on that amount.*



1       **3. Notify a certified service provider or a registered seller who**  
2 *elects to use a certified automated system pursuant to subsection 3*  
3 *of NRS 360B.200 if the Department determines that the taxability*  
4 *of any item or transaction is being incorrectly classified by the*  
5 *certified automated system used by the certified service provider or*  
6 *registered seller. The provisions of subsection 2 do not require the*  
7 *waiver of any liability for the incorrect classification of an item or*  
8 *transaction regarding which notice was provided to the certified*  
9 *service provider or registered seller pursuant to this subsection if*  
10 *the incorrect classification occurs more than 10 days after the*  
11 *receipt of that notice.*

12       **Sec. 4.** NRS 360B.030 is hereby amended to read as follows:

13       360B.030 As used in this chapter, unless the context otherwise  
14 requires, the words and terms defined in NRS 360B.040 to  
15 360B.100, inclusive, *and section 2 of this act* have the meanings  
16 ascribed to them in those sections.

17       **Sec. 5.** NRS 360B.050 is hereby amended to read as follows:

18       360B.050 “Certified automated system” means software  
19 certified ~~jointly by the states that are signatories~~ *pursuant* to the  
20 Agreement to calculate the tax imposed by each jurisdiction on a  
21 transaction, determine the amount of tax to remit to the appropriate  
22 state and maintain a record of the transaction.

23       **Sec. 6.** NRS 360B.060 is hereby amended to read as follows:

24       360B.060 “Certified service provider” means an agent certified  
25 ~~jointly by the states that are signatories~~ *pursuant* to the Agreement  
26 to perform all of a seller’s sales *and use* tax functions ~~[-]~~  
27 *, other than the seller’s obligation to remit the taxes on its own*  
28 *purchases.*

29       **Sec. 7.** NRS 360B.090 is hereby amended to read as follows:

30       360B.090 “State” means any state of the United States , ~~[-and]~~  
31 the District of Columbia ~~[-]~~ *and the Commonwealth of Puerto Rico.*

32       **Sec. 8.** NRS 360B.110 is hereby amended to read as follows:

33       360B.110 The Nevada Tax Commission shall:

- 34       1. Except as otherwise provided in NRS 360B.120, enter into  
35 the Agreement.  
36       2. Act jointly with other states that are members of the  
37 Agreement to establish standards for:  
38       (a) Certification of a certified service provider;  
39       (b) A certified automated system; *and*  
40       (c) Performance of multistate sellers . ~~[-and~~  
41 ~~—(d) An address based system for determining the applicable~~  
42 ~~sales and use taxes.]~~

43       3. Take all other actions reasonably required to implement the  
44 provisions of this chapter and the provisions of the Agreement,  
45 including, without limitation, the:



1 (a) Adoption of regulations to carry out the provisions of this  
2 chapter and the provisions of the Agreement; and

3 (b) Procurement, jointly with other member states, of goods and  
4 services.

5 4. Represent, or have its designee represent, the State of  
6 Nevada before the other states that are signatories to the Agreement.

7 5. Designate not more than four delegates, who may be  
8 members of the Commission, to represent the State of Nevada for  
9 the purposes of reviewing or amending the Agreement.

10 **Sec. 9.** NRS 360B.200 is hereby amended to read as follows:

11 360B.200 1. The Department shall, in cooperation with any  
12 other states that are members of the Agreement, establish and  
13 maintain a central, electronic registration system that allows a seller  
14 to register to collect and remit the sales and use taxes imposed in  
15 this State and in the other states that are members of the Agreement.

16 2. A seller who registers pursuant to this section agrees to  
17 collect and remit sales and use taxes in accordance with the  
18 provisions of this chapter, the regulations of the Department and the  
19 applicable law of each state that is a member of the Agreement,  
20 including any state that becomes a member of the Agreement after  
21 the registration of the seller pursuant to this section. The  
22 cancellation or revocation of the registration of a seller pursuant to  
23 this section, the withdrawal of a state from the Agreement or the  
24 revocation of the Agreement does not relieve a seller from liability  
25 pursuant to this subsection to remit any taxes previously or  
26 subsequently collected on behalf of a state.

27 3. When registering pursuant to this section, a seller may:

28 (a) Elect to use a certified service provider as its agent to  
29 perform all the functions of the seller relating to sales and use taxes,  
30 other than the obligation of the seller to remit the taxes on its own  
31 purchases;

32 (b) Elect to use a certified automated system to calculate the  
33 amount of sales or use taxes due on its sales transactions;

34 (c) Under such conditions as the Department deems appropriate  
35 in accordance with the Agreement, elect to use its own proprietary  
36 automated system to calculate the amount of sales or use taxes due  
37 on its sales transactions; or

38 (d) Elect to use any other method authorized by the Department  
39 for performing the functions of the seller relating to sales and use  
40 taxes.

41 4. A seller who registers pursuant to this section agrees to  
42 submit its sales and use tax returns, and to remit any sales and use  
43 taxes due, to the Department at such times and in such a manner and  
44 format as the Department prescribes by regulation. Those  
45 regulations must:



1 (a) Require from each seller who registers pursuant to this  
2 section:

3 (1) Only one tax return for each taxing period for all the sales  
4 and use taxes collected on behalf of this State and each local  
5 government in this State; and

6 (2) Only one remittance of taxes for each tax return, except  
7 that the Department may require additional remittances of taxes if ~~[-~~

8 ~~— (I) The seller collects] the seller:~~

9 (I) *Collects* more than \$30,000 in sales and use taxes on  
10 behalf of this State and the local governments in this State during  
11 the preceding calendar year;

12 (II) ~~[The] Is allowed to determine the~~ amount of ~~[the]~~  
13 *any* additional remittance ~~[is determined]~~ by a method of calculation  
14 instead of by the actual amount collected; and

15 (III) ~~[The seller is] Is~~ not required to file any tax returns  
16 in addition to those otherwise required in accordance with this  
17 subsection.

18 (b) Allow any seller who registers pursuant to this section and  
19 makes an election pursuant to paragraph (a), (b) or (c) of subsection  
20 3 to submit tax returns in a simplified format that does not include  
21 any more data fields than are permitted in accordance with the  
22 Agreement.

23 (c) Allow any seller who registers pursuant to this section, does  
24 not maintain a place of business in this State and has not made an  
25 election pursuant to paragraph (a), (b) or (c) of subsection 3, to file  
26 tax returns at a frequency that does not exceed once per year unless  
27 the seller accumulates more than \$1,000 in the collection of sales  
28 and use taxes on behalf of this State and the local governments in  
29 this State.

30 (d) Provide an alternative method for a seller who registers  
31 pursuant to this section to make tax payments the same day as the  
32 seller intends if an electronic transfer of money fails.

33 (e) Require any data that accompanies the remittance of a tax  
34 payment by or on behalf of a seller who registers pursuant to this  
35 section to be formatted using uniform codes for the type of tax and  
36 payment in accordance with the Agreement.

37 5. The registration of a seller and the collection and remission  
38 of sales and use taxes pursuant to this section may not be considered  
39 as a factor in determining whether a seller has a nexus with this  
40 State for the purposes of determining his liability to pay any tax  
41 imposed by this State.

42 **Sec. 10.** NRS 360B.230 is hereby amended to read as follows:

43 360B.230 1. The Department shall post on a website or other  
44 Internet site that is operated or administered by or on behalf of the



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1 Department ~~[ ]~~ , *in any format which may be required by the*  
2 *Agreement:*

3 (a) The rates of sales and use taxes for this State and for each  
4 local government in this State that imposes such taxes. ~~[The~~  
5 ~~Department shall identify this State and each local government~~  
6 ~~using the Federal Information Processing Standards developed by~~  
7 ~~the National Institute of Standards and Technology.]~~

8 (b) Any change in those rates.

9 (c) Any amendments to the statutory provisions and  
10 administrative regulations of this State governing the registration of  
11 sellers and the collection of sales and use taxes.

12 (d) Any change in the boundaries of local governments in this  
13 State that impose sales and use taxes.

14 (e) The list maintained pursuant to NRS 360B.240.

15 (f) *A matrix for determining the taxability of products in this*  
16 *State and any change in the taxability of a product listed in that*  
17 *matrix.*

18 (g) Any other information the Department deems appropriate.

19 2. The Department shall make a reasonable effort to provide  
20 sellers with as much advance notice as possible of any changes or  
21 amendments required to be posted pursuant to subsection 1 and of  
22 any other changes in the information posted pursuant to subsection  
23 1. Except as otherwise provided in NRS 360B.250, the failure of the  
24 Department to provide such notice and the failure of a seller to  
25 receive such notice does not affect the obligation of the seller to  
26 collect and remit any applicable sales and use taxes.

27 **Sec. 11.** NRS 360B.240 is hereby amended to read as follows:

28 360B.240 1. The Department shall maintain a list that  
29 denotes for each five-digit and nine-digit zip code in this State the  
30 combined rates of sales taxes and the combined rates of use taxes  
31 imposed in the area of that zip code, and the applicable taxing  
32 jurisdictions ~~[ ]~~ , *including, without limitation, any pertinent*  
33 *Indian reservation or Indian colony.* If the combined rate of all the  
34 sales taxes or use taxes respectively imposed within the area of a zip  
35 code is not the same for the entire area of the zip code, the  
36 Department shall denote in the list the lowest combined tax rates for  
37 the entire zip code.

38 2. If a street address does not have a nine-digit zip code or if a  
39 registered seller *or certified service provider* is unable to determine  
40 the nine-digit zip code ~~[of a purchaser]~~ *applicable to a purchase*  
41 after exercising due diligence to determine that information, that  
42 seller *or certified service provider* may, except as otherwise  
43 provided in subsection 3, apply the rate denoted for the five-digit zip  
44 code in the list maintained pursuant to this section. For the purposes  
45 of this subsection, there is a rebuttable presumption that a registered



1 seller *or certified service provider* has exercised due diligence if the  
2 seller *or certified service provider* has attempted to determine the  
3 nine-digit zip code ~~[of a purchaser]~~ *applicable to a purchase* by  
4 using software approved by the Department which makes that  
5 determination from the street address and five-digit zip code ~~[of the~~  
6 ~~purchaser.]~~ *applicable to the purchase.*

7 3. The list maintained pursuant to this section does not apply to  
8 and must not be used for any transaction regarding which a  
9 purchased product is received by the purchaser at the business  
10 location of the seller.

11 **Sec. 12.** NRS 360B.250 is hereby amended to read as follows:

12 360B.250 The Department shall ~~[waive any liability of]~~ :

13 1. ~~If a registered seller [and a certified service provider acting~~  
14 ~~on behalf of a registered seller who.] fails to collect the correct~~  
15 ~~amount of any sales or use tax imposed in this State~~ as a result of  
16 his reasonable reliance on the information posted pursuant to NRS  
17 360B.230 or his compliance with subsection 2 of NRS 360B.240,  
18 ~~[collects the incorrect amount of any sales or use tax imposed in this~~  
19 ~~State.]~~ *waive any liability of the registered seller* for:

20 ~~[1.]~~ (a) The amount of the sales or use tax which the registered  
21 seller ~~[and certified service provider fail]~~ *fails* to collect as a result  
22 of that reliance; and

23 ~~[2.]~~ (b) Any penalties and interest on that amount.

24 2. *If a certified service provider acting on behalf of a*  
25 *registered seller fails to collect the correct amount of any sales or*  
26 *use tax imposed in this State as a result of his reasonable reliance*  
27 *on the information posted pursuant to NRS 360B.230 or his*  
28 *compliance with subsection 2 of NRS 360B.240, waive any liability*  
29 *of the certified service provider, and of the registered seller on*  
30 *whose behalf the certified service provider is acting, for:*

31 (a) *The amount of the sales or use tax which the certified*  
32 *service provider fails to collect as a result of that reliance; and*

33 (b) *Any penalties and interest on that amount.*

34 3. *Waive any liability of a purchaser for any sum for which*  
35 *the liability of a registered seller or certified service provider is*  
36 *required to be waived pursuant to subsection 1 or 2 with regard to*  
37 *a transaction involving that purchaser.*

38 4. *If a purchaser fails to pay the correct amount of any sales*  
39 *or use tax imposed in this State as a result of his reasonable*  
40 *reliance on the information posted pursuant to NRS 360B.230,*  
41 *waive any liability of the purchaser for:*

42 (a) *The amount of the sales or use tax which the purchaser*  
43 *fails to pay as a result of that reliance; and*

44 (b) *Any penalties and interest on that amount.*



1       **Sec. 13.** NRS 360B.260 is hereby amended to read as follows:

2       360B.260 1. A purchaser may purchase tangible personal  
3 property without paying to the seller at the time of purchase the  
4 sales and use taxes that are due thereon if:

5       (a) The seller does not maintain a place of business in this State;  
6 and

7       (b) The purchaser has obtained a direct pay permit pursuant to  
8 the provisions of this section.

9       2. A purchaser who wishes to obtain a direct pay permit must  
10 file with the Department an application for such a permit that:

11       (a) Is on a form prescribed by the Department; and

12       (b) Sets forth such information as is required by the Department.

13       3. The application must be signed by:

14       (a) The owner if he is a natural person;

15       (b) A member or partner if the seller is an association or  
16 partnership; or

17       (c) An executive officer or some other person specifically  
18 authorized to sign the application if the seller is a corporation.  
19 Written evidence of the signer's authority must be attached to the  
20 application.

21       4. Any purchaser who obtains a direct pay permit pursuant to  
22 this section shall:

23       (a) Determine the amount of sales and use taxes that are due and  
24 payable to this State or a local government of this State upon the  
25 purchase of tangible personal property from such a seller; and

26       (b) Report and pay those taxes to the appropriate authority.

27       ~~[5. If a purchaser who has obtained a direct pay permit  
28 purchases tangible personal property that will be available for use  
29 digitally or electronically in more than one jurisdiction, he may, to  
30 determine the amount of tax that is due to this State or to a local  
31 government of this State, use any reasonable, consistent and uniform  
32 method to apportion the use of the property among the various  
33 jurisdictions in which it will be used that is supported by the  
34 purchaser's business records as they exist at the time of the  
35 consummation of the sale.]~~

36       **Sec. 14.** NRS 360B.290 is hereby amended to read as follows:

37       360B.290 Any invoice, billing or other document given to a  
38 purchaser that indicates the sales price for which tangible personal  
39 property is sold must state separately any amount received by the  
40 seller for:

41       1. Any installation charges for the property;

42       2. ~~[The value of any exempt property given to the purchaser if  
43 the exempt property and any taxable property are sold as a single  
44 product or piece of merchandise;~~



1 ~~—3.]~~ Any credit for any trade-in which is specifically exempted  
2 from the sales price of the property pursuant to chapter 372 or 374  
3 of NRS;

4 ~~[4.]~~ 3. Any interest, financing and carrying charges from credit  
5 extended on the sale; and

6 ~~[5.]~~ 4. Any taxes legally imposed directly on the consumer.

7 **Sec. 15.** NRS 360B.445 is hereby amended to read as follows:

8 360B.445 “Food” and “food ingredients” means substances,  
9 whether in liquid, concentrated, solid, frozen, dried or dehydrated  
10 form, that are sold for ingestion or chewing by humans and are  
11 consumed for their taste or nutritional value, except alcoholic  
12 beverages, *dietary supplements* and tobacco.

13 **Sec. 16.** NRS 360B.460 is hereby amended to read as follows:

14 360B.460 “Prepared food” means:

- 15 1. Food sold in a heated state or heated by the seller;
- 16 2. Two or more food ingredients mixed or combined by the  
17 seller for sale as a single item, unless the food ingredients:

18 (a) Are only cut, repackaged or pasteurized by the seller; or

19 (b) Contain any raw eggs, fish, meat or poultry, or other such  
20 raw animal foods ~~[, for which]~~ *requiring* cooking by the consumer  
21 ~~[is]~~ *to prevent food-borne illnesses, as* recommended pursuant to  
22 the Food Code published by the Food and Drug Administration of  
23 the United States Department of Health and Human Services; and

24 3. Food sold with eating utensils provided by the seller,  
25 including plates, knives, forks, spoons, glasses, cups, napkins or  
26 straws. For the purposes of this ~~[paragraph.]~~ *subsection*, “plates”  
27 does not include any containers or packaging used to transport food.

28 **Sec. 17.** NRS 360B.480 is hereby amended to read as follows:

29 360B.480 1. “Sales price” means the total amount of  
30 consideration, including cash, credit, property and services, for  
31 which personal property is sold, leased or rented, valued in money,  
32 whether received in money or otherwise, and without any deduction  
33 for:

34 (a) The seller’s cost of the property sold;

35 (b) The cost of materials used, labor or service cost, interest,  
36 losses, all costs of transportation to the seller, all taxes imposed on  
37 the seller, and any other expense of the seller;

38 (c) Any charges by the seller for any services necessary to  
39 complete the sale, including any delivery charges and excluding any  
40 installation charges which are stated separately pursuant to NRS  
41 360B.290; and

42 (d) Except as otherwise provided in subsection 2, any credit for  
43 any trade-in.

44 2. The term does not include:



1 (a) Any installation charges which are stated separately pursuant  
2 to NRS 360B.290;

3 (b) ~~[(The value of any exempt personal property given to the  
4 purchaser if:~~

5 ~~— (1) The exempt property and any taxable property are sold as  
6 a single product or piece of merchandise; and~~

7 ~~— (2) The value of the exempt property is stated separately  
8 pursuant to NRS 360B.290;~~

9 ~~— (c)] Any credit for any trade-in which is:~~

10 (1) Specifically exempted from the sales price pursuant to  
11 chapter 372 or 374 of NRS; and

12 (2) Stated separately pursuant to NRS 360B.290;

13 ~~[(d)] (c) Any discounts, including those in the form of cash,  
14 term or coupons that are not reimbursed by a third party, which are  
15 allowed by a seller and taken by the purchaser on a sale;~~

16 ~~[(e)] (d) Any interest, financing and carrying charges from  
17 credit extended on the sale of personal property, if stated separately  
18 pursuant to NRS 360B.290; and~~

19 ~~[(f)] (e) Any taxes legally imposed directly on the consumer  
20 which are stated separately pursuant to NRS 360B.290.~~

21 ***3. The term includes consideration received by a seller from a  
22 third party if:***

23 ***(a) The seller actually receives consideration from a person  
24 other than the purchaser and the consideration is directly related  
25 to a price reduction or discount on the sale;***

26 ***(b) The seller has an obligation to pass the price reduction or  
27 discount through to the purchaser;***

28 ***(c) The amount of the consideration attributable to the sale is  
29 fixed and determinable by the seller at the time of the sale of the  
30 item to the purchaser; and***

31 ***(d) Any of the following criteria is satisfied:***

32 ***(1) The purchaser presents a coupon, certificate or other  
33 documentation to the seller to claim a price reduction or discount,  
34 and the coupon, certificate or other documentation is authorized,  
35 distributed or granted by a third party with the understanding that  
36 the third party will reimburse any seller to whom the coupon,  
37 certificate or other documentation is presented.***

38 ***(2) The purchaser identifies himself to the seller as a  
39 member of a group or organization entitled to a price reduction or  
40 discount. For the purposes of this subparagraph, a preferred  
41 customer card that is available to any patron does not constitute  
42 membership in such a group.***

43 ***(3) The price reduction or discount is identified as a third-  
44 party price reduction or discount on the invoice received by the***



1 *purchaser or on a coupon, certificate or other documentation*  
2 *presented by the purchaser.*

3 **Sec. 18.** NRS 372.125 is hereby amended to read as follows:

4 372.125 1. Every person desiring to engage in or conduct  
5 business as a seller within this State must ~~register~~ :

6 (a) *Register* with the Department pursuant to NRS 360B.200 ;  
7 or ~~file~~

8 (b) *File* with the Department an application for a permit for each  
9 place of business.

10 2. Every application for a permit must:

11 (a) Be made upon a form prescribed by the Department.

12 (b) Set forth the name under which the applicant transacts or  
13 intends to transact business and the location of his place or places of  
14 business.

15 (c) Set forth *any* other information which the Department may  
16 require.

17 ~~{3.—The application must be}~~

18 (d) *Be* signed by:

19 ~~{(a)}~~ (1) The owner if he is a natural person;

20 ~~{(b)}~~ (2) A member or partner if the seller is an association or  
21 partnership; or

22 ~~{(c)}~~ (3) An executive officer or some person specifically  
23 authorized to sign the application if the seller is a corporation.  
24 Written evidence of the signer's authority must be attached to the  
25 application.

26 **Sec. 19.** NRS 372.130 is hereby amended to read as follows:

27 372.130 At the time of making an application ~~{}~~ *for a permit*  
28 *pursuant to NRS 372.125*, the applicant must pay to the Department  
29 a ~~permit~~ fee of \$5 for each permit.

30 **Sec. 20.** NRS 372.135 is hereby amended to read as follows:

31 372.135 1. Except as otherwise provided in NRS 360.205  
32 and 372.145, after compliance with NRS 372.125, 372.130 and  
33 372.510 by ~~the applicant,~~ *an applicant for a permit*, the  
34 Department shall:

35 (a) Grant and issue to ~~each~~ *the* applicant a separate permit for  
36 each place of business within the State.

37 (b) Provide the applicant with a full, written explanation of the  
38 liability of the applicant for the collection and payment of the taxes  
39 imposed by this chapter. The explanation required by this  
40 paragraph:

41 (1) Must include the procedures for the collection and  
42 payment of the taxes that are specifically applicable to the type of  
43 business conducted by the applicant, including, without limitation  
44 and when appropriate:



1 (I) An explanation of the circumstances under which a  
2 service provided by the applicant is taxable;

3 (II) The procedures for administering exemptions; and

4 (III) The circumstances under which charges for freight  
5 are taxable.

6 (2) Is in addition to, and not in lieu of, the instructions and  
7 information required to be provided by NRS 360.2925.

8 2. A permit is not assignable and is valid only for the person in  
9 whose name it is issued and for the transaction of business at the  
10 place designated on it. It must at all times be conspicuously  
11 displayed at the place for which it is issued.

12 **Sec. 21.** NRS 372.155 is hereby amended to read as follows:

13 372.155 **1.** For the purpose of the proper administration of  
14 this chapter and to prevent evasion of the sales tax, it is presumed  
15 that all gross receipts are subject to the tax until the contrary is  
16 established. The burden of proving that a sale of tangible personal  
17 property is not a sale at retail is upon the person who makes the sale  
18 unless he takes *in good faith* from the purchaser a certificate to the  
19 effect that the property is purchased for resale ~~and~~ *and the*  
20 *purchaser:*

21 *(a) Is engaged in the business of selling tangible personal*  
22 *property;*

23 *(b) Is registered pursuant to NRS 360B.200 or holds a permit*  
24 *issued pursuant to NRS 372.135; and*

25 *(c) At the time of purchasing the property, intends to sell it in*  
26 *the regular course of business or is unable to ascertain at the time*  
27 *of purchase whether the property will be sold or will be used for*  
28 *some other purpose.*

29 **2.** *If a sale of tangible personal property is transacted by drop*  
30 *shipment, the third-party vendor is relieved of the burden of*  
31 *proving that the sale is not a sale at retail if:*

32 *(a) The third-party vendor:*

33 *(1) Takes in good faith from his customer a certificate to*  
34 *the effect that the property is purchased for resale; or*

35 *(2) Obtains any other evidence acceptable to the*  
36 *Department that the property is purchased for resale; and*

37 *(b) His customer:*

38 *(1) Is engaged in the business of selling tangible personal*  
39 *property; and*

40 *(2) Is selling the property in the regular course of business.*

41 **Sec. 22.** NRS 372.165 is hereby amended to read as follows:

42 372.165 ~~[(1)]~~ A resale certificate must:

43 ~~[(a) Be signed by and bear the name and address of the~~  
44 ~~purchaser.~~



1 ~~—(b) Indicate that the purchaser is registered pursuant to NRS~~  
2 ~~360B.200 or contain the number of the permit issued to the~~  
3 ~~purchaser pursuant to NRS 372.135.~~

4 ~~—(c) Indicate the general character of the tangible personal~~  
5 ~~property sold by the purchaser in the regular course of business.~~

6 ~~—2. The certificate must be]~~

7 *1. Be substantially in such form and include such information*  
8 *as the Department may prescribe [ ] ; and*

9 *2. Unless submitted in electronic form, be signed by the*  
10 *purchaser.*

11 **Sec. 23.** NRS 372.170 is hereby amended to read as follows:

12 372.170 *1.* If a purchaser who gives a *resale* certificate  
13 makes any use of the property other than retention, demonstration or  
14 display while holding it for sale in the regular course of business [ ]  
15 ~~the] :~~

16 *(a) The* use is taxable to the purchaser as of the time the  
17 property is first so used by him, and the sales price of the property to  
18 him is the measure of the tax. ~~[Only when there is an unsatisfied use~~  
19 ~~tax liability on this basis is the seller liable for sales tax with respect~~  
20 ~~to the sale of the property to the purchaser.]~~ If the sole use of the  
21 property other than retention, demonstration or display in the regular  
22 course of business is the rental of the property while holding it for  
23 sale, the purchaser may elect to include in his gross receipts the  
24 amount of the rental charged rather than the sales price of the  
25 property to him.

26 *(b) The seller is liable for the sales tax with respect to the sale*  
27 *of the property to the purchaser only if:*

28 *(1) There is an unsatisfied use tax liability pursuant to*  
29 *paragraph (a); and*

30 *(2) The seller fraudulently failed to collect the tax or*  
31 *solicited the purchaser to provide the resale certificate unlawfully.*

32 *2. As used in this section, “seller” includes a certified service*  
33 *provider, as that term is defined in NRS 360B.060, acting on*  
34 *behalf of a seller who is registered pursuant to NRS 360B.200.*

35 **Sec. 24.** NRS 372.225 is hereby amended to read as follows:

36 372.225 *1.* For the purpose of the proper administration of  
37 this chapter and to prevent evasion of the use tax and the duty to  
38 collect the use tax, it is presumed that tangible personal property  
39 sold by any person for delivery in this State is sold for storage, use  
40 or other consumption in this State until the contrary is established.  
41 The burden of proving the contrary is upon the person who makes  
42 the sale unless he takes *in good faith* from the purchaser a  
43 certificate to the effect that the property is purchased for resale [ ]  
44 *and the purchaser:*



1 (a) *Is engaged in the business of selling tangible personal*  
2 *property;*

3 (b) *Is registered pursuant to NRS 360B.200 or holds a permit*  
4 *issued pursuant to NRS 372.135; and*

5 (c) *At the time of purchasing the property, intends to sell it in*  
6 *the regular course of business or is unable to ascertain at the time*  
7 *of purchase whether the property will be sold or will be used for*  
8 *some other purpose.*

9 2. *If a sale of tangible personal property is transacted by drop*  
10 *shipment, the third-party vendor is relieved of the burden of*  
11 *proving that the property is sold for storage, use or other*  
12 *consumption in this State if:*

13 (a) *The third-party vendor:*

14 (1) *Takes in good faith from his customer a certificate to*  
15 *the effect that the property is purchased for resale; or*

16 (2) *Obtains any other evidence acceptable to the*  
17 *Department that the property is purchased for resale; and*

18 (b) *His customer:*

19 (1) *Is engaged in the business of selling tangible personal*  
20 *property; and*

21 (2) *Is selling the property in the regular course of business.*

22 **Sec. 25.** NRS 372.235 is hereby amended to read as follows:

23 372.235 ~~[1.]~~ A resale certificate must:

24 ~~[(a) Be signed and bear the name and address of the purchaser.~~

25 ~~—(b) Indicate that the purchaser is registered pursuant to NRS~~  
26 ~~360B.200 or contain the number of the permit issued to the~~  
27 ~~purchaser pursuant to NRS 372.135.~~

28 ~~—(c) Indicate the general character of the tangible personal~~  
29 ~~property sold by the purchaser in the regular course of business.~~

30 ~~—2. The certificate must be]~~

31 1. *Be substantially in such form and include such information*  
32 *as the Department may prescribe [1]; and*

33 2. *Unless submitted in electronic form, be signed by the*  
34 *purchaser.*

35 **Sec. 26.** NRS 372.347 is hereby amended to read as follows:

36 372.347 1. If a purchaser wishes to claim an exemption from  
37 the taxes imposed by this chapter, the retailer shall obtain such  
38 identifying information from the purchaser at the time of sale as is  
39 required by the Department.

40 2. The Department shall, to the extent feasible, establish an  
41 electronic system for submitting a request for an exemption. A  
42 purchaser is not required to provide a signature to claim an  
43 exemption if the request is submitted electronically.

44 3. The Department may establish a system whereby a  
45 purchaser who is exempt from the payment of the taxes imposed by



1 this chapter is issued an identification number that can be presented  
2 to the retailer at the time of sale.

3 4. A retailer shall maintain such records of exempt transactions  
4 as are required by the Department ~~{ }~~ *and provide those records to*  
5 *the Department upon request.*

6 5. Except as otherwise provided in this subsection, a retailer  
7 who complies with the provisions of this section is not liable for the  
8 payment of any tax imposed by this chapter if the purchaser  
9 improperly claims an exemption. If the purchaser improperly claims  
10 an exemption, the purchaser is liable for the payment of the tax. The  
11 provisions of this subsection do not apply if the retailer fraudulently  
12 fails to collect the tax or solicits a purchaser to participate in an  
13 unlawful claim of an exemption.

14 6. *As used in this section, "retailer" includes a certified*  
15 *service provider, as that term is defined in NRS 360B.060, acting*  
16 *on behalf of a retailer who is registered pursuant to*  
17 *NRS 360B.200.*

18 **Sec. 27.** NRS 372.7275 is hereby amended to read as follows:

19 372.7275 In its administration of the use tax imposed by NRS  
20 372.185, the Department shall not consider the storage, use or other  
21 consumption in this State of tangible personal property which ~~is:~~

22 ~~—1. Worth \$100 or less; and~~

23 ~~—2. Acquired} :~~

24 1. *Does not have significant value; and*

25 2. *Is acquired* free of charge at a convention, trade show or  
26 other public event.

27 **Sec. 28.** NRS 374.130 is hereby amended to read as follows:

28 374.130 1. Every person desiring to engage in or conduct  
29 business as a seller within a county ~~{shall register}~~ *must:*

30 (a) *Register* with the Department pursuant to NRS 360B.200 ;  
31 or ~~{file}~~

32 (b) *File* with the Department an application for a permit for each  
33 place of business.

34 2. Every application for a permit must:

35 (a) Be made upon a form prescribed by the Department.

36 (b) Set forth the name under which the applicant transacts or  
37 intends to transact business and the location of his place or places of  
38 business.

39 (c) Set forth such other information as the Department may  
40 require.

41 ~~{3.—The application must be}~~

42 (d) *Be* signed by:

43 ~~{(a)}~~ (1) The owner if he is a natural person;

44 ~~{(b)}~~ (2) A member or partner if the seller is an association or  
45 partnership; or



1 ~~(e)~~ (3) An executive officer or some person specifically  
2 authorized to sign the application if the seller is a corporation.  
3 Written evidence of the signer's authority must be attached to the  
4 application.

5 **Sec. 29.** NRS 374.135 is hereby amended to read as follows:

6 374.135 At the time of making an application ~~[ ]~~ *for a permit*  
7 *pursuant to NRS 374.130*, the applicant shall pay to the Department  
8 a ~~[permit]~~ fee of \$5 for each permit.

9 **Sec. 30.** NRS 374.140 is hereby amended to read as follows:

10 374.140 1. Except as otherwise provided in NRS 360.205  
11 and 374.150, after compliance with NRS 374.130, 374.135 and  
12 374.515 by ~~[the applicant,]~~ *an applicant for a permit*, the  
13 Department shall:

14 (a) Grant and issue to ~~[each]~~ *the* applicant a separate permit for  
15 each place of business within the county.

16 (b) Provide the applicant with a full, written explanation of the  
17 liability of the applicant for the collection and payment of the taxes  
18 imposed by this chapter. The explanation required by this  
19 paragraph:

20 (1) Must include the procedures for the collection and  
21 payment of the taxes that are specifically applicable to the type of  
22 business conducted by the applicant, including, without limitation  
23 and when appropriate:

24 (I) An explanation of the circumstances under which a  
25 service provided by the applicant is taxable;

26 (II) The procedures for administering exemptions; and

27 (III) The circumstances under which charges for freight  
28 are taxable.

29 (2) Is in addition to, and not in lieu of, the instructions and  
30 information required to be provided by NRS 360.2925.

31 2. A permit is not assignable and is valid only for the person in  
32 whose name it is issued and for the transaction of business at the  
33 place designated therein. A permit must at all times be  
34 conspicuously displayed at the place for which it is issued.

35 **Sec. 31.** NRS 374.160 is hereby amended to read as follows:

36 374.160 1. For the purpose of the proper administration of  
37 this chapter and to prevent evasion of the sales tax it ~~[shall be]~~ *is*  
38 presumed that all gross receipts are subject to the tax until the  
39 contrary is established. The burden of proving that a sale of tangible  
40 personal property is not a sale at retail is upon the person who  
41 makes the sale unless he takes *in good faith* from the purchaser a  
42 certificate to the effect that the property is purchased for resale ~~[ ]~~  
43 *and the purchaser*:

44 (a) *Is engaged in the business of selling tangible personal*  
45 *property*;



1 (b) *Is registered pursuant to NRS 360B.200 or holds a permit*  
2 *issued pursuant to NRS 374.140; and*

3 (c) *At the time of purchasing the property, intends to sell it in*  
4 *the regular course of business or is unable to ascertain at the time*  
5 *of purchase whether the property will be sold or will be used for*  
6 *some other purpose.*

7 2. *If a sale of tangible personal property is transacted by drop*  
8 *shipment, the third-party vendor is relieved of the burden of*  
9 *proving that the sale is not a sale at retail if:*

10 (a) *The third-party vendor:*

11 (1) *Takes in good faith from his customer a certificate to*  
12 *the effect that the property is purchased for resale; or*

13 (2) *Obtains any other evidence acceptable to the*  
14 *Department that the property is purchased for resale; and*

15 (b) *His customer:*

16 (1) *Is engaged in the business of selling tangible personal*  
17 *property; and*

18 (2) *Is selling the property in the regular course of business.*

19 **Sec. 32.** NRS 374.170 is hereby amended to read as follows:

20 374.170 ~~[1.]~~ A resale certificate must:

21 ~~[(a) Be signed by and bear the name and address of the~~  
22 ~~purchaser.~~

23 ~~—(b) Indicate that the purchaser is registered pursuant to NRS~~  
24 ~~360B.200 or contain the number of the permit issued to the~~  
25 ~~purchaser pursuant to NRS 374.140.~~

26 ~~—(c) Indicate the general character of the tangible personal~~  
27 ~~property sold by the purchaser in the regular course of business.~~

28 ~~—2. The certificate must be]~~

29 1. *Be substantially in such form and include such information*  
30 *as the Department may prescribe [1.]; and*

31 2. *Unless submitted in electronic form, be signed by the*  
32 *purchaser.*

33 **Sec. 33.** NRS 374.175 is hereby amended to read as follows:

34 374.175 1. If a purchaser who gives a *resale* certificate  
35 makes any use of the property other than retention, demonstration or  
36 display while holding it for sale in the regular course of business ~~[~~  
37 ~~the use shall be]~~ :

38 (a) *The use is* taxable to the purchaser as of the time the  
39 property is first *so* used by him, and the sales price of the property to  
40 him ~~[shall be deemed]~~ *is* the measure of the tax. ~~[Only when there is~~  
41 ~~an unsatisfied use tax liability on this basis shall the seller be liable~~  
42 ~~for sales tax with respect to the sale of the property to the~~  
43 ~~purchaser.]~~ If the sole use of the property other than retention,  
44 demonstration or display in the regular course of business is the  
45 rental of the property while holding it for sale, the purchaser may



1 elect to include in his gross receipts the amount of the rental charged  
2 rather than the sales price of the property to him.

3 *(b) The seller is liable for the sales tax with respect to the sale  
4 of the property to the purchaser only if:*

5 *(1) There is an unsatisfied use tax liability pursuant to  
6 paragraph (a); and*

7 *(2) The seller fraudulently failed to collect the tax or  
8 solicited the purchaser to provide the resale certificate unlawfully.*

9 *2. As used in this section, "seller" includes a certified service  
10 provider, as that term is defined in NRS 360B.060, acting on  
11 behalf of a seller who is registered pursuant to NRS 360B.200.*

12 **Sec. 34.** NRS 374.230 is hereby amended to read as follows:

13 374.230 **1.** For the purpose of the proper administration of  
14 this chapter and to prevent evasion of the use tax and the duty to  
15 collect the use tax, it ~~{shall be}~~ **is** presumed that tangible personal  
16 property sold by any person for delivery in a county is sold for  
17 storage, use or other consumption in the county until the contrary is  
18 established. The burden of proving the contrary is upon the person  
19 who makes the sale unless he takes **in good faith** from the purchaser  
20 a certificate to the effect that the property is purchased for resale ~~{}~~  
21 **and the purchaser:**

22 *(a) Is engaged in the business of selling tangible personal  
23 property;*

24 *(b) Is registered pursuant to NRS 360B.200 or holds a permit  
25 issued pursuant to NRS 374.140; and*

26 *(c) At the time of purchasing the property, intends to sell it in  
27 the regular course of business or is unable to ascertain at the time  
28 of purchase whether the property will be sold or will be used for  
29 some other purpose.*

30 **2.** *If a sale of tangible personal property is transacted by drop  
31 shipment, the third-party vendor is relieved of the burden of  
32 proving that the property is sold for storage, use or other  
33 consumption in this State if:*

34 *(a) The third-party vendor:*

35 *(1) Takes in good faith from his customer a certificate to  
36 the effect that the property is purchased for resale; or*

37 *(2) Obtains any other evidence acceptable to the  
38 Department that the property is purchased for resale; and*

39 *(b) His customer:*

40 *(1) Is engaged in the business of selling tangible personal  
41 property; and*

42 *(2) Is selling the property in the regular course of business.*

43 **Sec. 35.** NRS 374.240 is hereby amended to read as follows:

44 374.240 ~~{1.}~~ A resale certificate must:

45 ~~{(a) Be signed and bear the name and address of the purchaser.~~



1 ~~—(b) Indicate that the purchaser is registered pursuant to NRS~~  
2 ~~360B.200 or contain the number of the permit issued to the~~  
3 ~~purchaser pursuant to NRS 374.140.~~

4 ~~—(c) Indicate the general character of the tangible personal~~  
5 ~~property sold by the purchaser in the regular course of business.~~

6 ~~—2. The certificate must be]~~

7 **1. Be** substantially in such form **and include such information**  
8 as the Department may prescribe **[ ]**; **and**

9 **2. Unless submitted in electronic form, be signed by the**  
10 **purchaser.**

11 **Sec. 36.** NRS 374.352 is hereby amended to read as follows:

12 374.352 1. If a purchaser wishes to claim an exemption from  
13 the taxes imposed by this chapter, the retailer shall obtain such  
14 identifying information from the purchaser at the time of sale as is  
15 required by the Department.

16 2. The Department shall, to the extent feasible, establish an  
17 electronic system for submitting a request for an exemption. A  
18 purchaser is not required to provide a signature to claim an  
19 exemption if the request is submitted electronically.

20 3. The Department may establish a system whereby a  
21 purchaser who is exempt from the payment of the taxes imposed by  
22 this chapter is issued an identification number that can be presented  
23 to the retailer at the time of sale.

24 4. A retailer shall maintain such records of exempt transactions  
25 as are required by the Department **[ ] and provide those records to**  
26 **the Department upon request.**

27 5. Except as otherwise provided in this subsection, a retailer  
28 who complies with the provisions of this section is not liable for the  
29 payment of any tax imposed by this chapter if the purchaser  
30 improperly claims an exemption. If the purchaser improperly claims  
31 an exemption, the purchaser is liable for the payment of the tax. The  
32 provisions of this subsection do not apply if the retailer fraudulently  
33 fails to collect the tax or solicits a purchaser to participate in an  
34 unlawful claim of an exemption.

35 **6. As used in this section, “retailer” includes a certified**  
36 **service provider, as that term is defined in NRS 360B.060, acting**  
37 **on behalf of a retailer who is registered pursuant to**  
38 **NRS 360B.200.**

39 **Sec. 37.** NRS 374.726 is hereby amended to read as follows:

40 374.726 In its administration of the use tax imposed by NRS  
41 374.190, the Department shall not consider the storage, use or other  
42 consumption in a county of tangible personal property which **[is:**

43 ~~—1. Worth \$100 or less; and~~

44 ~~—2. Acquired] :~~

45 **1. Does not have significant value; and**



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

3       **Sec. 38.** Section 10 of the Clark County Sales and Use Tax  
4 Act of 2005, being chapter 249, Statutes of Nevada 2005, at page  
5 914, is hereby amended to read as follows:

6           Sec. 10. An ordinance enacted pursuant to this act must  
7 include provisions in substance as follows:

8           1. A provision imposing a tax on the gross receipts of  
9 any retailer from the sale of all tangible personal property  
10 sold at retail or stored, used or otherwise consumed in the  
11 County, including incorporated cities in the County, at a rate  
12 of:

13           (a) One-quarter of 1 percent if the date on which the tax  
14 must first be imposed is on October 1, 2005; and

15           (b) Up to an additional one-quarter of 1 percent if the date  
16 on which the increased rate must first be imposed is on or  
17 after October 1, 2009, and if the Legislature first approves the  
18 increased rate,

19           ↳ the total rate not to exceed one-half of 1 percent.

20           2. Provisions substantially identical to those contained in  
21 chapter 374 of NRS, insofar as applicable.

22           3. A provision that an amendment to chapter 374 of  
23 NRS enacted after the effective date of the ordinance, not  
24 inconsistent with this act, automatically becomes part of the  
25 ordinance imposing the tax.

26           4. A provision that the Board shall contract with the  
27 Department, before the effective date of the ordinance, to  
28 perform all the functions incident to the administration or  
29 operation of the tax in the County.

30           5. A provision that ~~exempts from the tax the gross~~  
31 ~~receipts from~~ *a purchaser is entitled to a refund, in*  
32 *accordance with the provisions of NRS 374.635 to 374.720,*  
33 *inclusive, of the amount of the tax required to be paid that is*  
34 *attributable to the tax imposed upon* the sale of, and the  
35 storage, use or other consumption in the County, including  
36 incorporated cities in the County, of, tangible personal  
37 property used for the performance of a written contract for the  
38 construction of an improvement to real property:

39           (a) That was entered into on or before the effective date  
40 of the tax; or

41           (b) For which a binding bid was submitted before that  
42 date if the bid was afterward accepted, and pursuant to the  
43 terms of the contract or bid, the contract price or bid amount  
44 may not be adjusted to reflect the imposition of the tax.



1           6. A provision that specifies the date on which the tax  
2 must first be imposed ~~[ ]~~ *or on which any change in the rate*  
3 *of tax becomes effective*, which must ~~[not be earlier than]~~ *be*  
4 the first day of the ~~[second calendar month following]~~ *first*  
5 *calendar quarter that begins at least 120 days after* the  
6 effective date of the ordinance.

7       **Sec. 39.** The Legislature hereby finds and declares that:

8       1. There has been a rapid increase during recent years in the  
9 conduct of interstate commerce through telecommunication and  
10 electronic means.

11       2. Many of the merchants who transact these forms of  
12 interstate commerce have been discouraged by the substantial  
13 burdens of ascertaining and complying with the extremely diverse  
14 and detailed tax laws of each state from making the efforts  
15 necessary to collect sales and use taxes on behalf of the states in  
16 which they do not maintain a place of business.

17       3. As a result of the proliferation of these forms of interstate  
18 commerce and federal restrictions on the ability of each state to  
19 collect sales and use taxes from merchants who do not maintain a  
20 place of business in that state, the people of this State are losing  
21 millions of dollars in state and local tax revenue.

22       4. The nonpayment of Nevada sales and use taxes by  
23 merchants in other states provides those merchants with an unfair  
24 competitive advantage over local merchants who lawfully pay the  
25 sales and use taxes due in this State.

26       5. As a result of the similarity of these circumstances in the  
27 various states, considerable efforts are being made to provide more  
28 uniformity, simplicity and fairness in the administration and  
29 collection of sales and use taxes in this country, including the  
30 introduction and consideration of Congressional legislation and the  
31 participation by Nevada and many other states in the Streamlined  
32 Sales and Use Tax Agreement.

33       6. Compliance with the Streamlined Sales and Use Tax  
34 Agreement and its amendments has and will continue to require  
35 amendments to the Nevada Sales and Use Tax Act, and it is  
36 anticipated that any Congressional legislation will also necessitate  
37 such amendments.

38       7. The Nevada Sales and Use Tax Act was approved by  
39 referendum at the General Election in 1956 and therefore, pursuant  
40 to Section 1 of Article 19 of the Constitution of the State of Nevada,  
41 may not be "amended, annulled, repealed, set aside, suspended or in  
42 any way made inoperative except by the direct vote of the people."

43       8. Unlike the circumstances in other states where legislatures  
44 have the direct authority to amend sales and use tax laws in a timely  
45 manner, the period required for the legislative enactment and



1 subsequent voter approval of any necessary amendments to the  
2 Nevada Sales and Use Tax Act has placed the ability of this State to  
3 comply with the Streamlined Sales and Use Tax Agreement and any  
4 Congressional legislation in serious jeopardy.

5 9. It would be beneficial to the public welfare for the people of  
6 this State by direct vote to authorize the Legislature to enact without  
7 any additional voter approval such amendments to the Nevada Sales  
8 and Use Tax Act as it determines to be necessary to carry out any  
9 Congressional legislation or interstate agreements for the  
10 administration, collection or enforcement of sales and use taxes.

11 **Sec. 40.** At the General Election on November 4, 2008, a  
12 proposal must be submitted to the registered voters of this State to  
13 amend the Sales and Use Tax Act, which was enacted by the 47th  
14 Session of the Legislature of the State of Nevada and approved by  
15 the Governor in 1955, and subsequently approved by the people of  
16 this State at the General Election held on November 6, 1956.

17 **Sec. 41.** At the time and in the manner provided by law, the  
18 Secretary of State shall transmit the proposed act to the several  
19 county clerks, and the county clerks shall cause it to be published  
20 and posted as provided by law.

21 **Sec. 42.** The proclamation and notice to the voters given by  
22 the county clerks pursuant to law must be in substantially the  
23 following form:

24 Notice is hereby given that at the General Election on  
25 November 4, 2008, a question will appear on the ballot for  
26 the adoption or rejection by the registered voters of the State  
27 of the following proposed act:

28 AN ACT to amend an Act entitled "An Act to provide  
29 revenue for the State of Nevada; providing for sales  
30 and use taxes; providing for the manner of collection;  
31 defining certain terms; providing penalties for  
32 violation, and other matters properly relating thereto."  
33 approved March 29, 1955, as amended.

34  
35 THE PEOPLE OF THE STATE OF NEVADA  
36 DO ENACT AS FOLLOWS:  
37

38 Section 1. The above-entitled Act, being chapter  
39 397, Statutes of Nevada 1955, at page 788, is hereby  
40 amended by adding thereto a new section to be designated  
41 as section 153.5, immediately following section 153.2, to  
42 read as follows:

43 *Sec. 153.5. The people of the State of Nevada*  
44 *hereby authorize the Legislature to enact, without an*  
45 *additional direct vote of the people, legislation that*



*amends, annuls, repeals, sets aside, suspends or otherwise makes inoperative any provision of this Act, being chapter 397, Statutes of Nevada 1955, at page 762, whenever the Legislature determines that such legislation is necessary to carry out any federal statute or regulation or interstate agreement providing for the administration, collection or enforcement of sales and use taxes.*

Sec. 2. Section 61.5 of the above-entitled Act, being chapter 397, Statutes of Nevada 1955, as added by chapter 466, Statutes of Nevada 1985, at page 1441, is hereby repealed.

Sec. 3. This act becomes effective on January 1, 2009.

**Sec. 43.** 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 repeal an exemption from the taxes imposed by this Act on the gross receipts from the sale of aircraft and major components of aircraft to scheduled air carriers based in this State, and to authorize the Legislature to amend or repeal any provision of this Act without an additional direct vote of the people whenever necessary to carry out any federal law or interstate agreement for the administration, collection or enforcement of sales and use taxes?

Yes  No

**Sec. 44.** 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 repeal an exemption from the taxes imposed by this Act for the sale of aircraft and major components of aircraft to a scheduled air carrier which is based in Nevada, and would authorize the Legislature to enact legislation amending or repealing any provision of this Act without obtaining additional voter approval whenever that legislation is necessary to carry out any federal law or interstate agreement for the administration, collection or enforcement of sales and use taxes.

**Sec. 45.** If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes



\* S B 5 0 2 \*

1 effective on January 1, 2009. If less than a majority of votes cast on  
2 the question is yes, the question fails and the amendment to the  
3 Sales and Use Tax Act of 1955 does not become effective.

4 **Sec. 46.** All general election laws not inconsistent with this act  
5 are applicable.

6 **Sec. 47.** Any informalities, omissions or defects in the content  
7 or making of the publications, proclamations or notices provided for  
8 in this act and by the general election laws under which this election  
9 is held must be so construed as not to invalidate the adoption of the  
10 act by a majority of the registered voters voting on the question if it  
11 can be ascertained with reasonable certainty from the official returns  
12 transmitted to the office of the Secretary of State whether the  
13 proposed amendment was adopted by a majority of those registered  
14 voters.

15 **Sec. 48.** The amendatory provisions of section 38 of this act  
16 do not apply to any ordinance enacted before October 1, 2007.

17 **Sec. 49.** 1. NRS 360B.270, 372.160, 372.230, 372.728,  
18 374.165, 374.235 and 374.728 are hereby repealed.

19 2. NRS 372.726 is hereby repealed.

20 **Sec. 50.** 1. This section and sections 1 to 48, inclusive, and  
21 subsection 1 of section 49 of this act become effective on October 1,  
22 2007.

23 2. Subsection 2 of section 49 of this act becomes effective on  
24 January 1, 2009, only if the proposal submitted pursuant to sections  
25 40 to 44, inclusive, of this act is approved by the voters at the  
26 general election on November 4, 2008.

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**LEADLINES OF REPEALED SECTIONS OF NRS AND  
TEXT OF REPEALED SECTION OF STATUTES OF NEVADA**

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**360B.270 Purchases of tangible personal property that will  
be used digitally or electronically in multiple jurisdictions.**

**372.160 Effect of resale certificate.**

**372.230 Effect of resale certificate.**

**372.726 Application of exemption for aircraft and major  
components of aircraft.**

**372.728 Construction of "retailer maintaining place of  
business in this State."**

**374.165 Effect of resale certificate.**

**374.235 Effect of resale certificate.**

**374.728 Construction of "retailer maintaining place of  
business in county."**



**Section 61.5 of chapter 397, Statutes of Nevada 1955:**

Sec. 61.5. There are exempted from the taxes imposed by this act the gross receipts from the sale of aircraft and major components of aircraft, such as engines and other components made for use only in aircraft, to an air carrier which:

1. Holds a certificate to engage in air transportation issued pursuant to 49 U.S.C. § 1371 and is not solely a charter air carrier or a supplemental air carrier as described in Title 49 of the United States Code; and
2. Maintains its central office in Nevada and bases a majority of its aircraft in Nevada.

