

SENATE BILL NO. 503—COMMITTEE ON TAXATION

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

MARCH 26, 2007

Referred to Committee on Taxation

SUMMARY—Revises provisions governing fees and taxes administered by the Department of Taxation. (BDR 32-579)

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

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

AN ACT relating to state revenue; requiring the payment of a penalty and interest for failure to pay to the Department of Taxation required licensing fees for exhibitions in a timely manner; providing an exemption from taxation for products made from tobacco, other than cigarettes, under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires a person who conducts a business in this State to have a state business license, but provides an exception for a person who takes part in an exhibition, such as a trade show, craft show or convention, at a facility for purposes related to a business if the person or governmental entity that operates the facility pays to the Department of Taxation a licensing fee on behalf of the person. (NRS 360.767, 360.780, 360.787)

Section 1 of this bill imposes a penalty of not more than 10 percent of the amount due, plus interest at the rate of 1 percent per month, on persons or governmental entities that fail to pay such required licensing fees to the Department in a timely manner.

Existing law imposes on the purchase or possession in this State of products made from tobacco, other than cigarettes, a tax of 30 percent of the wholesale price of those products. The wholesale dealer is responsible for collecting and paying the tax. (NRS 370.450)

Section 2 of this bill provides an exemption from the tax for such products which are acquired free of charge at a trade show, convention or other exhibition or



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17 public event in this State, and which do not have significant value as determined by
18 the Department by regulation.

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

1 **Section 1.** NRS 360.417 is hereby amended to read as follows:
2 360.417 Except as otherwise provided in NRS 360.232 and
3 360.320, and unless a different penalty or rate of interest is
4 specifically provided by statute, any person who fails to pay any tax
5 provided for in chapter 362, 363A, 363B, 369, 370, 372, 374, 377,
6 377A, 444A or 585 of NRS, or any fee provided for in NRS
7 482.313, *and any person or governmental entity that fails to pay*
8 *any fee provided for in NRS 360.787,* to the State or a county
9 within the time required, shall pay a penalty of not more than 10
10 percent of the amount of the tax or fee which is owed, as determined
11 by the Department, in addition to the tax or fee, plus interest at the
12 rate of 1 percent per month, or fraction of a month, from the last day
13 of the month following the period for which the amount or any
14 portion of the amount should have been reported until the date of
15 payment. The amount of any penalty imposed must be based on a
16 graduated schedule adopted by the Nevada Tax Commission which
17 takes into consideration the length of time the tax or fee remained
18 unpaid.

19 **Sec. 2.** NRS 370.450 is hereby amended to read as follows:
20 370.450 1. Except as otherwise provided in subsection 2,
21 there is hereby imposed upon the purchase or possession of products
22 made from tobacco, other than cigarettes, by a customer in this State
23 a tax of 30 percent of the wholesale price of those products.

24 2. The provisions of subsection 1 do not apply to those
25 products which are:

26 (a) Shipped out of the State for sale and use outside the State;

27 ~~for~~

28 (b) Displayed or exhibited at a trade show, convention or other
29 exhibition in this State by a manufacturer or wholesale dealer who is
30 not licensed in this State ~~H~~; or

31 (c) *Acquired free of charge at a trade show, convention or*
32 *other exhibition or public event in this State, and which do not*
33 *have significant value as determined by the Department by*
34 *regulation.*

35 3. This tax must be collected and paid by the wholesale dealer
36 to the Department, in accordance with the provisions of NRS
37 370.465, after the sale or distribution of those products by the
38 wholesale dealer. The wholesale dealer is entitled to retain 0.5



1 percent of the taxes collected to cover the costs of collecting and
2 administering the taxes if the taxes are paid in accordance with the
3 provisions of NRS 370.465.

4 4. Any wholesale dealer who sells or distributes any of those
5 products without paying the tax provided for by this section is guilty
6 of a misdemeanor.

7 **Sec. 3.** This act becomes effective on July 1, 2007.

