

SENATE BILL NO. 504—COMMITTEE ON TAXATION

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

MARCH 26, 2007

Referred to Committee on Taxation

SUMMARY—Revises provisions governing the rate of interest paid on overpayments of certain taxes, fees and assessments. (BDR 32-578)

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; revising provisions governing the rate of interest paid on overpayments of certain taxes, fees and assessments; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Under existing law, the Department of Taxation is required to pay different
2 rates of interest on refunds or credits of overpayments of taxes collected by the
3 Department. Pursuant to the provisions governing taxes on financial institutions
4 (chapter 363A of NRS), business taxes (chapter 363B of NRS), sales and use taxes
5 (chapter 372 of NRS) and local school support taxes (chapter 374 of NRS), the
6 Department is required to pay interest at the rate of 0.5 percent per month. With
7 regard to certain other taxes collected by the Department for which no specific
8 interest rate is provided, the Department is required by NRS 360.2935 to pay
9 interest at a rate determined pursuant to NRS 17.130, which requires a rate equal to
10 the prime rate plus 2 percent.

11 **Sections 1-6** of this bill standardize the rate of interest that the Department
12 must pay on refunds or credits of overpayments of certain taxes, fees and
13 assessments collected by the Department and sets that rate at 0.5 percent per month.
14 Taxes collected by the Department that are subject to the standardized rate include
15 taxes on mines and minerals (chapter 362 of NRS), taxes on financial institutions
16 (chapter 363A of NRS), business taxes (chapter 363B of NRS), taxes on live
17 entertainment (chapter 368A of NRS), taxes on intoxicating liquor (chapter 369 of
18 NRS), taxes on tobacco (chapter 370 of NRS), sales and use taxes (chapter 372 of
19 NRS), local school support taxes (chapter 374 of NRS), city-county relief taxes
20 (chapter 377 of NRS) and miscellaneous special taxes (chapter 377A of NRS). Fees
21 and assessments collected by the Department that are subject to the standardized
22 rate include fees on purchases of new tires (NRS 444A.090), fees on leases of



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23 passenger cars from short-term lessors (NRS 482.313) and assessments on sales of
24 certain drugs. (NRS 585.497)

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

1 **Section 1.** Chapter 360 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 1. *Except as otherwise provided in this section, NRS 360.320*
4 *or any other specific statute, and notwithstanding the provisions of*
5 *NRS 360.2935, interest must be paid upon an overpayment of any*
6 *tax provided for in chapter 362, 363A, 363B, 369, 370, 372, 374,*
7 *377 or 377A, any fee provided for in NRS 444A.090 or 482.313, or*
8 *any assessment provided for in NRS 585.497, at the rate of 0.5*
9 *percent per month from the last day of the calendar month*
10 *following the period for which the overpayment was made.*

11 2. *No refund or credit may be made of any interest imposed*
12 *on the person making the overpayment with respect to the amount*
13 *being refunded or credited.*

14 3. *The interest must be paid:*

15 (a) *In the case of a refund, to the last day of the calendar*
16 *month following the date upon which the person making the*
17 *overpayment, if he has not already filed a claim, is notified by the*
18 *Department that a claim may be filed or the date upon which*
19 *the claim is certified to the State Board of Examiners, whichever is*
20 *earlier.*

21 (b) *In the case of a credit, to the same date as that to which*
22 *interest is computed on the tax or the amount against which the*
23 *credit is applied.*

24 **Sec. 2.** NRS 363A.170 is hereby amended to read as follows:

25 363A.170 1. Except as otherwise provided in this section
26 ~~and NRS 360.320,~~ *NRS 360.320 or any other specific statute,*
27 interest must be paid upon any overpayment of any amount of the
28 taxes imposed by this chapter at the rate ~~of 0.5 percent per month,~~
29 ~~or fraction thereof, from the last day of the calendar month~~
30 ~~following the calendar quarter for which the overpayment was~~
31 ~~made. No refund or credit may be made of any interest imposed~~
32 ~~upon the person making the overpayment with respect to the amount~~
33 ~~being refunded or credited.~~

34 ~~— 2. The interest must be paid:~~

35 ~~— (a) In the case of a refund, to the last day of the calendar month~~
36 ~~following the date upon which the person making the overpayment,~~
37 ~~if he has not already filed a claim, is notified by the Department that~~
38 ~~a claim may be filed or the date upon which the claim is certified to~~
39 ~~the State Board of Examiners, whichever is earlier.~~



~~—(b) In the case of a credit, to the same date as that to which interest is computed on the tax or the amount against which the credit is applied.~~

~~—3.] set forth in, and in accordance with the provisions of, section 1 of this act.~~

2. If the Department determines that any overpayment has been made intentionally or by reason of carelessness, the Department shall not allow any interest on the overpayment.

Sec. 3. NRS 363B.160 is hereby amended to read as follows:

363B.160 1. Except as otherwise provided in this section ~~[and NRS 360.320,]~~ **NRS 360.320 or any other specific statute,** interest must be paid upon any overpayment of any amount of the taxes imposed by this chapter at the rate ~~[of 0.5 percent per month, or fraction thereof, from the last day of the calendar month following the calendar quarter for which the overpayment was made. No refund or credit may be made of any interest imposed upon the person making the overpayment with respect to the amount being refunded or credited.~~

~~—2. The interest must be paid:~~

~~—(a) In the case of a refund, to the last day of the calendar month following the date upon which the person making the overpayment, if he has not already filed a claim, is notified by the Department that a claim may be filed or the date upon which the claim is certified to the State Board of Examiners, whichever is earlier.~~

~~—(b) In the case of a credit, to the same date as that to which interest is computed on the tax or the amount against which the credit is applied.~~

~~—3.] set forth in, and in accordance with the provisions of, section 1 of this act.~~

2. If the Department determines that any overpayment has been made intentionally or by reason of carelessness, the Department shall not allow any interest on the overpayment.

Sec. 4. NRS 368A.270 is hereby amended to read as follows:

368A.270 1. Except as otherwise provided in this section and NRS 360.320, interest must be paid upon any overpayment of any amount of the tax imposed by this chapter in accordance with the provisions of NRS 368A.140.

2. If the overpayment is paid to the Department, the interest must be paid ~~;~~

~~—(a) In the case of a refund, to the last day of the calendar month following the date upon which the person making the overpayment, if he has not already filed a claim, is notified by the Department that a claim may be filed or the date upon which the claim is certified to the State Board of Examiners, whichever is earlier.~~



~~—(b) In the case of a credit, to the same date as that to which interest is computed on the tax or amount against which the credit is applied.]~~ *at the rate set forth in, and in accordance with the provisions of, section 1 of this act.*

3. If the Board or the Department determines that any overpayment has been made intentionally or by reason of carelessness, the Board or the Department shall not allow any interest on the overpayment.

Sec. 5. NRS 372.660 is hereby amended to read as follows:

372.660 ~~[1.]~~ Except as otherwise provided in NRS 360.320 ~~[.] or any other specific statute,~~ interest must be paid upon any overpayment of any amount of tax at the rate ~~[of one-half of 1 percent per month from the last day of the calendar month following the period for which the overpayment was made. No refund or credit may be made of any interest imposed upon the person making the overpayment with respect to the amount being refunded or credited.~~

~~—2.— The interest must be paid:~~

~~—(a) In the case of a refund, to the last day of the calendar month following the date upon which the person making the overpayment, if he has not already filed a claim, is notified by the Department that a claim may be filed or the date upon which the claim is certified to the State Board of Examiners, whichever is earlier.~~

~~—(b) In the case of a credit, to the same date as that to which interest is computed on the tax or amount against which the credit is applied.]~~ *set forth in, and in accordance with the provisions of, section 1 of this act.*

Sec. 6. NRS 374.665 is hereby amended to read as follows:

374.665 ~~[1.]~~ Except as otherwise provided in NRS 360.320 ~~[.] or any other specific statute,~~ interest must be paid upon any overpayment of any amount of tax at the rate ~~[of one-half of 1 percent per month from the last day of the calendar month following the period for which the overpayment was made. No refund or credit may be made of any interest imposed upon the person making the overpayment with respect to the amount being refunded or credited.~~

~~—2.— The interest must be paid as follows:~~

~~—(a) In the case of a refund, to the last day of the calendar month following the date upon which the person making the overpayment, if he has not already filed a claim, is notified by the Department that a claim may be filed or the date upon which the claim is certified to the board of county commissioners, whichever date is earlier.~~

~~—(b) In the case of a credit, to the same date as that to which interest is computed on the tax or amount against which the credit is applied.]~~ *set forth in, and in accordance with the provisions of, section 1 of this act.*



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

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