

Amendment No. 409

Senate Amendment to Senate Bill No. 233

(BDR 32-951)

Proposed by: Senate Committee on Taxation**Amends:** Summary: Yes Title: Yes Preamble: Delete Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	☐	Lost	☐	_____	Adopted	☐	Lost	☐	_____
Concurred In	☐	Not	☐	_____	Concurred In	☐	Not	☐	_____
Receded	☐	Not	☐	_____	Receded	☐	Not	☐	_____

EXPLANATION: Matter in (1) **blue bold italics** is new language in the original bill; (2) **green bold italic underlining** is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) **green bold** is newly added transitory language.

SJC/BJE



Date: 4/17/2007

S.B. No. 233—Revises and repeals certain taxes on financial institutions.

(BDR 32-951)



SENATE BILL NO. 233—SENATORS HECK, HARDY, RHOADS, CEGAVSKE,
WASHINGTON, AMODEI, BEERS, MCGINNESS, NOLAN AND TOWNSEND

MARCH 7, 2007

JOINT SPONSORS: ASSEMBLYMEN MABEY, COBB, MARVEL, HARDY, CHRISTENSEN,
ALLEN, BEERS, CARPENTER, GANSERT, GOEDHART, GOICOECHEA, GRADY,
SETTELMAYER, STEWART AND WEBER

Referred to Committee on Taxation

SUMMARY—Revises and repeals certain taxes on financial institutions **and
other businesses.** (BDR 32-951)

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

~

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

AN ACT relating to ~~[state financial administration; repealing certain excise taxes
on financial institutions; requiring financial institutions to pay the
excise tax imposed on employers based on the wages paid to their
employees;]~~ **taxation; revising and repealing certain taxes on
financial institutions and other businesses;** and providing other
matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires each financial institution to pay an excise tax of 2 percent of the wages paid by the financial institution. (NRS 363A.130) Section 1 of this bill provides for incremental reductions in the rate of that tax.

Existing law requires other businesses to pay an excise tax of 0.63 percent of the wages paid by those businesses, and provides for an increase in that rate to 0.65 percent on July 1, 2007. (NRS 363B.110) Section 2 of this bill repeals the provisions that would have caused that increase to become effective.

Existing law requires each bank to pay an excise tax of \$1,750 for each branch office the bank maintains in this State in excess of one branch office in each county. ~~[and requires each financial institution to pay an excise tax of 2 percent of the wages paid by the financial institution. (Chapter 363A of NRS) This]~~ **(NRS 363A.120) Section 3 of this bill repeals [these taxes and requires each financial institution to pay the excise tax which all employers must pay based on the wages paid to their employees. (Chapter 363B of NRS) After July 1, 2007, the rate of this tax is 0.65 percent of the wages paid by the employer. (NRS 363B.110)] that tax.**

~~{ WHEREAS, The terrorist attacks of September 11, 2001, caused an economic downturn across the United States; and~~

~~WHEREAS, This economic downturn had a special impact on Nevada because of the State's reliance on the tourism industry; and~~

~~WHEREAS, This economic downturn had significant impact on the revenue which supports the operations of this State; and~~

~~WHEREAS, To address projected shortfalls of revenue, the 72nd Session of the Nevada Legislature enacted new taxes on certain businesses and industries, including, without limitation, the modified business tax on financial institutions and an excise tax on banks; and~~

~~WHEREAS, The revenue generated by these new taxes has exceeded forecasts; and~~

~~WHEREAS, The modified business tax on financial institutions and the excise tax on banks single out specific businesses which provide vital services to other businesses and the residents of this State; and~~

~~WHEREAS, If the Legislature had not enacted the modified business tax on financial institutions and the excise tax on banks and had treated financial institutions the same as other business entities which were subjected to the modified business tax, the revenue generated during the last two biennia would have exceeded forecasts; now, therefore,}~~

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

Delete existing sections 1 through 27 of this bill and replace with the following new sections 1 through 5:

Section 1. NRS 363A.130 is hereby amended to read as follows:

363A.130 1. There is hereby imposed an excise tax on each employer at the rate ~~{of 2} :~~

(a) Of 1.67 percent of the wages, as defined in NRS 612.190, paid by the employer during ~~{a calendar quarter}~~ **each of the calendar quarters beginning on January 1, 2008, and April 1, 2008;**

(b) Of 1.34 percent of the wages, as defined in NRS 612.190, paid by the employer during each calendar quarter of the fiscal year beginning on July 1, 2008;

(c) Of 1.01 percent of the wages, as defined in NRS 612.190, paid by the employer during each calendar quarter of the fiscal year beginning on July 1, 2009;

(d) Of 0.68 percent of the wages, as defined in NRS 612.190, paid by the employer during each calendar quarter of the fiscal year beginning on July 1, 2010; and

(e) Of 0.63 percent of the wages, as defined in NRS 612.190, paid by the employer during each calendar quarter of each fiscal year beginning on or after July 1, 2011,

with respect to employment in connection with the business activities of the employer.

2. The tax imposed by this section:

(a) Does not apply to any person or other entity or any wages this State is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.

(b) Must not be deducted, in whole or in part, from any wages of persons in the employment of the employer.

3. Each employer shall, on or before the last day of the month immediately following each calendar quarter for which the employer is required to pay a contribution pursuant to NRS 612.535:

(a) File with the Department a return on a form prescribed by the Department; and

(b) Remit to the Department any tax due pursuant to this section for that calendar quarter.

Sec. 2. Section 3 of chapter 451, Statutes of Nevada 2005, at page 2082, is hereby amended to read as follows:

~~Sec. 3. This act becomes effective on July 1, 2005 . It and expires by limitation on June 30, 2007.~~

Sec. 3. NRS 363A.120 is hereby repealed.

Sec. 4. The amendatory provisions of section 1 of this act do not apply to any taxes due for any period ending on or before December 31, 2007.

Sec. 5. 1. This section and section 2 of this act become effective upon passage and approval.

2. Section 3 of this act becomes effective on July 1, 2007.

3. Sections 1 and 4 of this act become effective on January 1, 2008.

TEXT OF REPEALED SECTION

363A.120 Excise tax on banks: Imposition, amount and payment; filing of return.

1. There is hereby imposed an excise tax on each bank at the rate of \$1,750 for each branch office maintained by the bank in this State in excess of one branch office maintained by the bank in each county in this State on the first day of each calendar quarter.

2. Each bank that maintains more than one branch office in any county in this State on the first day of a calendar quarter shall, on or before the last day of the first month of that calendar quarter:

(a) File with the Department a return on a form prescribed by the Department; and

(b) Remit to the Department any tax due pursuant to this section for the branch offices maintained by the bank in this State on the first day of that calendar quarter.

3. For the purposes of this section:

(a) "Bank" means:

(1) A corporation or limited-liability company that is chartered by this State, another state or the United States which conducts banking or banking and trust business; or

(2) A foreign bank licensed pursuant to chapter 666A of NRS.

↪ The term does not include a financial institution engaging in business pursuant to chapter 677 of NRS, a credit union organized under the provisions of chapter 678 of NRS or the Federal Credit Union Act, or any person or other entity this State is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.

(b) "Branch office" means any location or facility of a bank where deposit accounts are opened, deposits are accepted, checks are paid and loans are

granted, including, but not limited to, a brick and mortar location, a detached or attached drive-in facility, a seasonal office, an office on a military base or government installation, a station or unit for paying and receiving, and a location where a customer can open accounts, make deposits and borrow money by telephone or through use of the Internet, and excluding any automated teller machines, consumer credit offices, contractual offices, customer bank communication terminals, electronic fund transfer units and loan production offices.