

ASSEMBLY BILL NO. 333—ASSEMBLYMEN PIERCE; AND HOGAN

MARCH 21, 2011

Referred to Committee on Taxation

SUMMARY—Increases taxes on intoxicating liquor and tobacco products. (BDR 32-881)

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.

AN ACT relating to taxation; increasing the taxes imposed on intoxicating liquor, cigarettes and other tobacco products; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes a tax on intoxicating liquor in this State at a variable rate which depends upon the form and alcohol content of the liquor. (NRS 369.330) **Section 2** of this bill increases the tax on malt beverages from 16 cents to 25 cents per gallon, the tax on liquor containing 14 percent or less of alcohol from 70 cents to 1 dollar per gallon, the tax on liquor containing more than 14 percent and not more than 22 percent of alcohol from \$1.30 to \$1.75 per gallon, and the tax on liquor containing more than 22 percent of alcohol from \$3.60 to \$4.50 per gallon. **Section 1** of this bill accordingly maintains the current portion of the proceeds of the tax on liquor containing more than 22 percent of alcohol which is deposited in the Tax on Liquor Program Account in the State General Fund.

Existing law imposes a tax on cigarettes at the rate of 80 cents per pack. (NRS 370.165, 370.350) **Sections 3 and 5** of this bill increase that rate to \$1.70 per pack. **Section 4** of this bill accordingly increases the portion of the proceeds of the tax which is deposited in the Account for the Tax on Cigarettes in the State General Fund.

Existing law imposes a tax on tobacco products, other than cigarettes, at the rate of 30 percent of the wholesale price of those products. (NRS 370.450) **Section 6** of this bill increases that rate to 55 percent of the wholesale price of those products.



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

1 **Section 1.** NRS 369.174 is hereby amended to read as follows:
2 369.174 Each month, the State Controller shall transfer to the
3 Tax on Liquor Program Account in the State General Fund, from the
4 tax on liquor containing more than 22 percent of alcohol by volume,
5 the portion of the tax which exceeds ~~[\$3.45]~~ \$4.35 per wine gallon.

6 **Sec. 2.** NRS 369.330 is hereby amended to read as follows:

7 369.330 Except as otherwise provided in this chapter, an excise
8 tax is hereby levied and must be collected respecting all liquor and
9 upon the privilege of importing, possessing, storing or selling liquor,
10 according to the following rates and classifications:

11 1. On liquor containing more than 22 percent of alcohol by
12 volume, ~~[\$3.60]~~ \$4.50 per wine gallon or proportionate part thereof.

13 2. On liquor containing more than 14 percent up to and
14 including 22 percent of alcohol by volume, ~~[\$1.30]~~ \$1.75 per wine
15 gallon or proportionate part thereof.

16 3. On liquor containing from one-half of 1 percent up to and
17 including 14 percent of alcohol by volume, ~~[70-cents]~~ \$1 per wine
18 gallon or proportionate part thereof.

19 4. On all malt beverage liquor brewed or fermented and bottled
20 in or outside this state, ~~[16]~~ 25 cents per gallon.

21 **Sec. 3.** NRS 370.165 is hereby amended to read as follows:

22 370.165 There is hereby levied a tax upon the purchase or
23 possession of cigarettes by a consumer in the State of Nevada at the
24 rate of ~~[40]~~ 85 mills per cigarette. The tax may be represented and
25 precollected by the affixing of a revenue stamp or other approved
26 evidence of payment to each package, packet or container in which
27 cigarettes are sold. The tax must be precollected by the wholesale or
28 retail dealer, and must be recovered from the consumer by adding
29 the amount of the tax to the selling price. Each person who sells
30 cigarettes at retail shall prominently display on the premises a notice
31 that the tax is included in the selling price and is payable under the
32 provisions of this chapter.

33 **Sec. 4.** NRS 370.260 is hereby amended to read as follows:

34 370.260 1. All taxes and license fees imposed by the
35 provisions of NRS 370.001 to 370.430, inclusive, less any refunds
36 granted as provided by law, must be paid to the Department in the
37 form of remittances payable to the Department.

38 2. The Department shall:

39 (a) As compensation to the State for the costs of collecting the
40 taxes and license fees, transmit each month the sum the Legislature
41 specifies from the remittances made to it pursuant to subsection 1
42 during the preceding month to the State Treasurer for deposit to the



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1 credit of the Department. The deposited money must be expended
2 by the Department in accordance with its work program.

3 (b) From the remittances made to it pursuant to subsection 1
4 during the preceding month, less the amount transmitted pursuant to
5 paragraph (a), transmit each month the portion of the tax which is
6 equivalent to ~~135~~ 80 mills per cigarette to the State Treasurer for
7 deposit to the credit of the Account for the Tax on Cigarettes in the
8 State General Fund.

9 (c) Transmit the balance of the payments each month to the
10 State Treasurer for deposit in the Local Government Tax
11 Distribution Account created by NRS 360.660.

12 (d) Report to the State Controller monthly the amount of
13 collections.

14 3. The money deposited pursuant to paragraph (c) of
15 subsection 2 in the Local Government Tax Distribution Account is
16 hereby appropriated to Carson City and to each of the counties in
17 proportion to their respective populations and must be credited to
18 the respective accounts of Carson City and each county.

19 **Sec. 5.** NRS 370.350 is hereby amended to read as follows:

20 370.350 1. Except as otherwise provided in subsection 3, a
21 tax is hereby levied and imposed upon the use of cigarettes in this
22 state.

23 2. The amount of the use tax is ~~40~~ 85 mills per cigarette.

24 3. The use tax does not apply where:

25 (a) Nevada cigarette revenue stamps have been affixed to
26 cigarette packages as required by law.

27 (b) Tax exemption is provided for in this chapter.

28 **Sec. 6.** NRS 370.450 is hereby amended to read as follows:

29 370.450 1. Except as otherwise provided in subsection 2,
30 there is hereby imposed upon the purchase or possession of products
31 made from tobacco, other than cigarettes, by a customer in this State
32 a tax of ~~30~~ 55 percent of the wholesale price of those products.

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

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

36 (b) Displayed or exhibited at a trade show, convention or other
37 exhibition in this State by a manufacturer or wholesale dealer who is
38 not licensed in this State; or

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

42 3. This tax must be collected and paid by the wholesale dealer
43 to the Department, in accordance with the provisions of NRS
44 370.465, after the sale or distribution of those products by the
45 wholesale dealer. The wholesale dealer is entitled to retain



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1 0.25 percent of the taxes collected to cover the costs of collecting
2 and administering the taxes if the taxes are paid in accordance with
3 the 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. 7.** The amendatory provisions of:

8 1. Sections 1, 2, 5 and 6 of this act do not affect the amount of
9 any taxes due for any period ending before July 1, 2011.

10 2. Sections 3 and 4 of this act do not apply to any taxes
11 precollected pursuant to chapter 370 of NRS before July 1, 2011.

12 **Sec. 8.** This act becomes effective on July 1, 2011.

