

SENATE BILL NO. 331—SENATORS ROBERSON, KIECKHEFER,
HARDY, BROWER, HUTCHISON; AND HAMMOND

MARCH 18, 2013

JOINT SPONSORS: ASSEMBLYMEN HAMBRICK, WHEELER,
HANSEN, FIORE; LIVERMORE AND STEWART

Referred to Committee on Judiciary

SUMMARY—Exempts certain home-based businesses from the
requirement to obtain a state business license.
(BDR 7-479)

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 state business licenses; providing that certain
entities which operate a business from the home of certain
persons are not required to obtain a state business license;
and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, a person who operates a business from his or her home and
2 whose net earnings from that business are not more than 66 2/3 percent of the
3 average annual wage is not required to obtain a state business license. (NRS
4 76.020) This bill provides that this exclusion from the requirement to obtain a state
5 business license applies to a business entity that operates a business from the home
6 of a shareholder, director, officer, member, managing member, partner or trustee of
7 the entity.

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

1 **Section 1.** NRS 76.020 is hereby amended to read as follows:
2 76.020 1. Except as otherwise provided in subsection 2,
3 “business” means:



(a) Any person, except a natural person, that performs a service or engages in a trade for profit;

(b) Any natural person who performs a service or engages in a trade for profit if the person is required to file with the Internal Revenue Service a Schedule C (Form 1040), Profit or Loss From Business Form, or its equivalent or successor form, a Schedule E (Form 1040), Supplemental Income and Loss Form, or its equivalent or successor form, or a Schedule F (Form 1040), Profit or Loss From Farming Form, or its equivalent or successor form, for that activity; or

(c) Any entity organized pursuant to this title, including, without limitation, those entities required to file with the Secretary of State, whether or not the entity performs a service or engages in a business for profit.

2. The term does not include:

(a) A governmental entity.

(b) A nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c).

(c) A person who operates a business from his or her home and whose net earnings from that business are not more than 66 2/3 percent of the average annual wage, as computed for the preceding calendar year pursuant to chapter 612 of NRS and rounded to the nearest hundred dollars.

(d) An entity organized pursuant to this title, other than an entity organized pursuant to chapter 82 or 84 of NRS, which operates a business from the home of a natural person who is a shareholder, director, officer, member, managing member, partner or trustee of the entity and whose net earnings from that business are not more than 66 2/3 percent of the average annual wage, as computed for the preceding calendar year pursuant to chapter 612 of NRS and rounded to the nearest hundred dollars.

(e) A natural person whose sole business is the rental of four or fewer dwelling units to others.

~~(e)~~ (f) A business whose primary purpose is to create or produce motion pictures. As used in this paragraph, "motion pictures" has the meaning ascribed to it in NRS 231.020.

~~(f)~~ (g) A business organized pursuant to chapter 82 or 84 of NRS.

Sec. 2. NRS 76.100 is hereby amended to read as follows:

76.100 1. A person shall not conduct a business in this State unless and until the person obtains a state business license issued by the Secretary of State. If the person is:



* S B 3 3 1 *

(a) An entity required to file an initial or annual list with the Secretary of State pursuant to this title, the person must obtain the state business license at the time of filing the initial or annual list.

(b) Not an entity required to file an initial or annual list with the Secretary of State pursuant to this title, the person must obtain the state business license before conducting a business in this State.

2. An application for a state business license must:

(a) Be made upon a form prescribed by the Secretary of State;

(b) Set forth the name under which the applicant transacts or intends to transact business, or if the applicant is an entity organized pursuant to this title and on file with the Secretary of State, the exact name on file with the Secretary of State, the entity number as assigned by the Secretary of State, if known, and the location in this State of the place or places of business;

(c) Be accompanied by a fee in the amount of \$100; and

(d) Include any other information that the Secretary of State deems necessary.

➤ If the applicant is an entity organized pursuant to this title and on file with the Secretary of State and the applicant has no location in this State of its place of business, the address of its registered agent shall be deemed to be the location in this State of its place of business.

3. The application must be signed pursuant to NRS 239.330 by:

(a) The owner of a business that is owned by a natural person.

(b) A member or partner of an association or partnership.

(c) A general partner of a limited partnership.

(d) A managing partner of a limited-liability partnership.

(e) A manager or managing member of a limited-liability company.

(f) An officer of a corporation or some other person specifically authorized by the corporation to sign the application.

4. If the application for a state business license is defective in any respect or the fee required by this section is not paid, the Secretary of State may return the application for correction or payment.

5. The state business license required to be obtained pursuant to this section is in addition to any license to conduct business that must be obtained from the local jurisdiction in which the business is being conducted.

6. For the purposes of this chapter, a person shall be deemed to conduct a business in this State if a business for which the person is responsible:

(a) Is organized pursuant to this title, other than a business ~~organized~~;

(1) *Organized* pursuant to:



* S B 3 3 1 *

1 ~~(1)~~ (I) Chapter 82 or 84 of NRS; or
2 ~~(2)~~ (II) Chapter 81 of NRS if the business is a nonprofit
3 religious, charitable, fraternal or other organization that qualifies as
4 a tax-exempt organization pursuant to 26 U.S.C. § 501(c) ~~H~~; or

5 (2) *Which is not described in subparagraph (1), which*
6 *operates a business from the home of a natural person who is a*
7 *shareholder, director, officer, member, managing member,*
8 *partner or trustee of the entity, and whose net earnings from that*
9 *business are not more than 66 2/3 percent of the average annual*
10 *wage, as computed for the preceding calendar year pursuant to*
11 *chapter 612 of NRS and rounded to the nearest hundred dollars;*

12 (b) Has an office or other base of operations in this State;

13 (c) Has a registered agent in this State; or

14 (d) Pays wages or other remuneration to a natural person who
15 performs in this State any of the duties for which he or she is paid.

16 7. As used in this section, "registered agent" has the meaning
17 ascribed to it in NRS 77.230.

18 **Sec. 3.** This act becomes effective on July 1, 2013.

