

Senate Bill No. 8—Committee on Revenue
and Economic Development

CHAPTER.....

AN ACT relating to the taxation of tobacco; clarifying the wholesale price upon which the tax on certain products made from tobacco, other than cigarettes, is calculated; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes a tax on the purchase or possession of products made from tobacco, other than cigarettes, by a customer in this State at the rate of 30 percent of the wholesale price of those products. The wholesale dealer is required to collect the tax and pay it to the Department of Taxation. (NRS 370.450) If the wholesale dealer is not the manufacturer of those products, the “wholesale price” is defined as the established price for which the manufacturer sells the products to the wholesale dealer before any discount or other reduction is made. (NRS 370.440) This definition is based on the traditional practice pursuant to which manufacturers would sell those products directly to the wholesale dealers required to pay the tax. Recently, some manufacturers have begun to sell those products to their affiliated intermediaries for subsequent resale to the wholesale dealers required to pay the tax. This bill clarifies that the “wholesale price” is the established price for which those products are sold to the wholesale dealer, before any discount or other reduction is made, irrespective of whether the wholesale dealer purchases the products from the manufacturer or any other person.

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

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

Section 1. NRS 370.440 is hereby amended to read as follows:
370.440 As used in NRS 370.440 to 370.503, inclusive, unless the context otherwise requires:

1. “Retail dealer” means any person who is engaged in selling products made from tobacco, other than cigarettes, to customers.
2. “Sale” means any transfer, exchange, barter, gift, offer for sale, or distribution for consideration of products made from tobacco, other than cigarettes.
3. “Ultimate consumer” means a person who purchases a product made from tobacco, other than cigarettes, for his or her household or personal use and not for resale.
4. “Wholesale dealer” means any person who:
 - (a) Brings or causes to be brought into this State products made from tobacco, other than cigarettes, purchased from the manufacturer or a wholesale dealer and who stores, sells or otherwise disposes of those products within this State;



(b) Manufactures or produces products made from tobacco, other than cigarettes, within this State and who sells or distributes those products within this State to other wholesale dealers, retail dealers or ultimate consumers; or

(c) Purchases products made from tobacco, other than cigarettes, solely for the purpose of bona fide resale to retail dealers or to other persons for the purpose of resale only.

5. "Wholesale price" means:

(a) Except as otherwise provided in paragraph (b), the established price for which a ~~{manufacturer sells a}~~ product made from tobacco, other than cigarettes, *is sold* to a wholesale dealer before any discount or other reduction is made.

(b) For a product made from tobacco, other than cigarettes, sold to a retail dealer or an ultimate consumer by a wholesale dealer described in paragraph (b) of subsection 4, the established price for which the product is sold to the retail dealer or ultimate consumer before any discount or other reduction is made.

Sec. 2. This act becomes effective on July 1, 2013.

