

ASSEMBLY BILL NO. 71—COMMITTEE ON TAXATION

(ON BEHALF OF THE GOVERNOR)

PREFILED DECEMBER 20, 2014

Referred to Committee on Taxation

SUMMARY—Revises provisions relating to military veterans and members and relatives of members of the Nevada National Guard. (BDR 32-297)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 taxation; revising provisions regarding property taxes and the governmental services tax to provide that certain veterans qualify for the maximum allowable exemption from those taxes; providing a deduction from the payroll tax for wages paid to newly hired full-time employees who are veterans; providing an exemption from certain sales and use taxes for certain relatives of a member of the Nevada National Guard who is called into active service and is killed while performing his or her duties as a member of the Nevada National Guard; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Under existing law, a person who has incurred a permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States is entitled to an exemption from property taxes and the governmental services tax. The amount of exemption is based on the extent of a permanent service-connected disability. (NRS 361.091, 371.104) Federal regulations provide that certain veterans who have a service-connected disability not rated as a total permanent disability may receive a rating of total permanent disability if the veteran’s disability prevents him or her from securing or following a substantially gainful occupation. Such a rating is referred to as an individual unemployability rating. (38 C.F.R. § 21.6503) **Sections 1 and 4** of this bill revise provisions governing property taxes and the governmental services tax to provide that a person who receives an individual unemployability rating as described in federal regulations qualifies for the maximum allowable exemption from those taxes.



Existing law requires employers to pay a payroll tax on the wages paid to their employees during each calendar quarter. The tax is imposed on financial institutions at the rate of 2 percent per calendar quarter and, effective July 1, 2015, on other employers at the rate of 0.63 percent per calendar quarter. (NRS 363A.130, 363B.110) **Sections 2 and 3** of this bill authorize financial institutions and other employers to deduct from the total amount of wages reported and upon which the payroll tax is imposed any wages paid to a newly hired full-time employee during the first 4 full calendar quarters next following the hiring of the employee, and 50 percent of all wages paid to the employee during the 5th through 12th full calendar quarters next following the hiring of the employee, if: (1) the employee is a veteran of certain specified military service; (2) at the time of hiring the employee has been unemployed for a continuous period of not less than 6 months; and (3) certain other conditions are satisfied. The deduction does not apply with respect to any employee hired after June 30, 2019.

Existing law provides an exemption from certain sales and use taxes for members of the Nevada National Guard called into active service and for certain relatives of such members of the Nevada National Guard. (NRS 372.7281, 374.7285) **Sections 5-8** of this bill provide for eligibility for a 3-year exemption from such taxes for certain relatives of members of the Nevada National Guard who are killed while performing duties as a member of the Nevada National Guard while on active service.

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

Section 1. NRS 361.091 is hereby amended to read as follows:

361.091 1. A bona fide resident of the State of Nevada who has incurred a permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his or her surviving spouse, is entitled to an exemption.

2. The amount of exemption is based on the total percentage of permanent service-connected disability. *For the purposes of this section, a person who receives an individual unemployment rating as described in 38 C.F.R. § 21.6503 shall be deemed to have a total permanent disability.* The maximum allowable exemption for total permanent disability is the first \$20,000 assessed valuation. A person with a permanent service-connected disability of:

(a) Eighty to 99 percent, inclusive, is entitled to an exemption of \$15,000 assessed value.

(b) Sixty to 79 percent, inclusive, is entitled to an exemption of \$10,000 assessed value.

➤ For the purposes of this section, any property in which an applicant has any interest is deemed to be the property of the applicant.

3. The exemption may be allowed only to a claimant who has filed an affidavit with his or her claim for exemption on real property pursuant to NRS 361.155. The affidavit may be made at any time by a person claiming an exemption from taxation on personal property.



4. The affidavit must be made before the county assessor or a notary public and be filed with the county assessor. It must state that the affiant is a bona fide resident of the State of Nevada, that the affiant meets all the other requirements of subsection 1 and that the exemption is not claimed in any other county within this State. After the filing of the original affidavit, the county assessor shall, except as otherwise provided in this subsection, mail a form for:

(a) The renewal of the exemption; and

(b) The designation of any amount to be credited to the Gift Account for the Veterans Home in Southern Nevada or the Gift Account for the Veterans Home in Northern Nevada established pursuant to NRS 417.145,

↳ to the person each year following a year in which the exemption was allowed for that person. The form must be designed to facilitate its return by mail by the person claiming the exemption. If so requested by the person claiming the exemption, the county assessor may provide the form to the person by electronic means in lieu of by mail. The county assessor may authorize the return of the form by electronic means in accordance with the provisions of chapter 719 of NRS.

5. Before allowing any exemption pursuant to the provisions of this section, the county assessor shall require proof of the applicant's status, and for that purpose shall require the applicant to produce an original or certified copy of:

(a) An honorable discharge or other document of honorable separation from the Armed Forces of the United States which indicates the total percentage of his or her permanent service-connected disability;

(b) A certificate of satisfactory service which indicates the total percentage of his or her permanent service-connected disability; or

(c) A certificate from the United States Department of Veterans Affairs or any other military document which shows that he or she has incurred a permanent service-connected disability and which indicates the total percentage of that disability, **or individual unemployment rating, if applicable**, together with a certificate of honorable discharge or satisfactory service.

6. A surviving spouse claiming an exemption pursuant to this section must file with the county assessor an affidavit declaring that:

(a) The surviving spouse was married to and living with the veteran who incurred a permanent service-connected disability for the 5 years preceding his or her death;

(b) The veteran was eligible for the exemption at the time of his or her death or would have been eligible if the veteran had been a resident of the State of Nevada;

(c) The surviving spouse has not remarried; and



(d) The surviving spouse is a bona fide resident of the State of Nevada.

➤ The affidavit required by this subsection is in addition to the certification required pursuant to subsections 4 and 5. After the filing of the original affidavit required by this subsection, the county assessor shall, except as otherwise provided in this subsection, mail a form for renewal of the exemption to the person each year following a year in which the exemption was allowed for that person. The form must be designed to facilitate its return by mail by the person claiming the exemption. If so requested by the person claiming the exemption, the county assessor may provide the form to the person by electronic means in lieu of by mail. The county assessor may authorize the return of the form by electronic means in accordance with the provisions of chapter 719 of NRS.

7. If a veteran or the surviving spouse of a veteran submits, as proof of disability, documentation that indicates a percentage of permanent service-connected disability for more than one permanent service-connected disability, the amount of the exemption must be based on the total of those combined percentages, not to exceed 100 percent.

8. If a tax exemption is allowed under this section, the claimant is not entitled to an exemption under NRS 361.090.

9. If any person files a false affidavit or produces false proof to the county assessor or a notary public and, as a result of the false affidavit or false proof, the person is allowed a tax exemption to which the person is not entitled, the person is guilty of a gross misdemeanor.

10. Beginning with the 2005-2006 Fiscal Year, the monetary amounts in subsection 2 must be adjusted for each fiscal year by adding to the amount the product of the amount multiplied by the percentage increase in the Consumer Price Index (All Items) from July 2003 to the July preceding the fiscal year for which the adjustment is calculated. The Department shall provide to each county assessor the adjusted amount, in writing, on or before September 30 of each year.

Sec. 2. Chapter 363A of NRS is hereby amended by adding thereto a new section to read as follows:

1. An employer may deduct from the total amount of wages reported and upon which the excise tax is imposed pursuant to NRS 363A.130 all wages paid by the employer to an employee during the first 4 full calendar quarters next following the hiring of the employee, and 50 percent of all wages paid by the employer to the employee during the 5th through 12th full calendar quarters next following the hiring of the employee, if:



(a) The employee is a veteran as defined in NRS 417.005;
(b) The employee is first hired by the employer on or after July 1, 2015, and on or before June 30, 2019;

(c) The employee has been unemployed for a continuous period of not less than 6 months immediately preceding the date of hire and:

(1) Has been receiving unemployment compensation continuously for that entire period; or

(2) Would have been eligible to receive unemployment compensation continuously for that entire period if the duration of his or her eligibility for unemployment compensation had not expired within the 24 months immediately preceding the date of hire;

(d) The employee is employed in a full-time position throughout the entire calendar quarter for which the deduction is claimed; and

(e) The employer submits to the Department an affidavit, signed under penalty of perjury by the employer or an authorized agent of the employer, stating that:

(1) The employee meets the requirements specified in paragraphs (a), (b) and (c);

(2) The employee meets all qualifications for the position of employment for which he or she is hired; and

(3) The employee was not hired to replace another employee or, if so, the replaced employee left voluntarily or was terminated for cause.

2. An employer claiming the deduction allowed pursuant to this section shall, upon the request of the Department, provide the Department with such documentation as the Department deems appropriate to substantiate that claim.

Sec. 3. Chapter 363B of NRS is hereby amended by adding thereto a new section to read as follows:

1. An employer may deduct from the total amount of wages reported and upon which the excise tax is imposed pursuant to NRS 363B.110 all wages paid by the employer to an employee during the first 4 full calendar quarters next following the hiring of the employee, and 50 percent of all wages paid by the employer to the employee during the 5th through 12th full calendar quarters next following the hiring of the employee, if:

(a) The employee is a veteran as defined in NRS 417.005;

(b) The employee is first hired by the employer on or after July 1, 2015, and on or before June 30, 2019;

(c) The employee has been unemployed for a continuous period of not less than 6 months immediately preceding the date of hire and:



(1) Has been receiving unemployment compensation continuously for that entire period; or

(2) Would have been eligible to receive unemployment compensation continuously for that entire period if the duration of his or her eligibility for unemployment compensation had not expired within the 24 months immediately preceding the date of hire;

(d) The employee is employed in a full-time position throughout the entire calendar quarter for which the deduction is claimed; and

(e) The employer submits to the Department an affidavit, signed under penalty of perjury by the employer or an authorized agent of the employer, stating that:

(1) The employee meets the requirements specified in paragraphs (a), (b) and (c); and

(2) The employee meets all qualifications for the position of employment for which he or she is hired; and

(3) The employee was not hired to replace another employee or, if so, the replaced employee left voluntarily or was terminated for cause.

2. An employer claiming the deduction allowed pursuant to this section shall, upon the request of the Department, provide the Department with such documentation as the Department deems appropriate to substantiate that claim.

Sec. 4. NRS 371.104 is hereby amended to read as follows:

371.104 1. A bona fide resident of the State of Nevada who has incurred a permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his or her surviving spouse, is entitled to a veteran's exemption from the payment of governmental services taxes on vehicles of the following determined valuations:

(a) If he or she has a disability of 100 percent, the first \$20,000 of determined valuation.

(b) If he or she has a disability of 80 to 99 percent, inclusive, the first \$15,000 of determined valuation.

(c) If he or she has a disability of 60 to 79 percent, inclusive, the first \$10,000 of determined valuation.

2. *For the purposes of subsection 1, a person who receives an individual unemployability rating as described in 38 C.F.R. § 21.6503 shall be deemed to have a disability of 100 percent.*

3. In lieu of claiming the exemption from taxation set forth in subsection 1 in his or her name, a veteran may transfer the exemption to his or her current spouse. To transfer the exemption, the veteran must file an affidavit of transfer with the Department in the county where the exemption would otherwise have been



1 claimed. The affidavit of transfer must be made before an authorized
2 employee of the Department or a notary public. If a veteran makes
3 such a transfer:

4 (a) The spouse of the veteran is entitled to the exemption in the
5 same manner as if the spouse were the veteran;

6 (b) The veteran is not entitled to the exemption for the duration
7 of the transfer;

8 (c) The transfer expires upon the earlier of:

9 (1) The termination of the marriage;

10 (2) The death of the veteran; or

11 (3) The revocation of the transfer by the veteran as described
12 in paragraph (d); and

13 (d) The veteran may, at any time, revoke the transfer of the
14 exemption by filing with the Department in the county where the
15 exemption is claimed an affidavit made before an authorized
16 employee of the Department or a notary public.

17 ~~13.1~~ 4. For the purpose of this section, the first \$20,000 of
18 determined valuation of vehicles in which a person described in
19 subsection 1 or ~~12.1~~ 3 has any interest shall be deemed to belong
20 entirely to that person.

21 ~~14.1~~ 5. A person claiming the exemption shall file annually
22 with the Department in the county where the exemption is claimed
23 an affidavit declaring that he or she is a bona fide resident of the
24 State of Nevada who meets all the other requirements of subsection
25 1 or ~~12.1~~ 3, as applicable, and that the exemption is claimed in no
26 other county within this State. After the filing of the original
27 affidavit of exemption and after the transfer of the exemption, if
28 any, pursuant to subsection ~~12.1~~ 3, the county assessor shall, except
29 as otherwise provided in this subsection, mail a form for:

30 (a) The renewal of the exemption; and

31 (b) The designation of any amount to be credited to the Gift
32 Account for the Veterans Home in Southern Nevada or the Gift
33 Account for the Veterans Home in Northern Nevada established
34 pursuant to NRS 417.145,

35 ➔ to the person who claimed the exemption each year following a
36 year in which the exemption was allowed for that person. The form
37 must be designed to facilitate its return by mail by the person
38 claiming the exemption. If so requested by the person claiming the
39 exemption, the county assessor may provide the form to the person
40 by electronic means in lieu of by mail.

41 ~~15.1~~ 6. Before allowing any exemption pursuant to the
42 provisions of this section, the Department shall require proof of
43 the veteran's status, and for that purpose shall require production
44 of:



(a) A certificate from the Department of Veterans Affairs that the veteran has incurred a permanent service-connected disability, which shows the percentage of that disability ~~(4)~~ **or documentation that the veteran has received an individual unemployability rating;** and

(b) Any one of the following:

(1) An honorable discharge;

(2) A certificate of satisfactory service; or

(3) A certified copy of either of these documents.

~~(6-)~~ **7.** A surviving spouse claiming an exemption pursuant to this section must file with the Department in the county where the exemption is claimed an affidavit declaring that:

(a) The surviving spouse was married to and living with the veteran with a disability for the 5 years preceding his or her death;

(b) The veteran with a disability was eligible for the exemption at the time of his or her death or, if not for a transfer of the exemption pursuant to subsection ~~(2-)~~ **3**, would have been eligible for the exemption at the time of his or her death; and

(c) The surviving spouse has not remarried.

➤ The affidavit required by this subsection is in addition to the certification required pursuant to subsections ~~(4-)~~ **5** and ~~(5-)~~ **6**. After the filing of the original affidavit required by this subsection, the county assessor shall, except as otherwise provided in this subsection, mail a form for renewal of the exemption to the person each year following a year in which the exemption was allowed for that person. The form must be designed to facilitate its return by mail by the person claiming the exemption. If so requested by the person claiming the exemption, the county assessor may provide the form to the person by electronic means in lieu of by mail.

~~(7-)~~ **8.** If a tax exemption is allowed under this section, the veteran and his or her current spouse are not entitled to an exemption under NRS 371.103.

~~(8-)~~ **9.** If any person makes a false affidavit or produces false proof to the Department, and as a result of the false affidavit or false proof the person is allowed a tax exemption to which he or she is not entitled, the person is guilty of a gross misdemeanor.

~~(9-)~~ **10.** Beginning with the 2005-2006 Fiscal Year, the monetary amounts in subsections 1 and ~~(3-)~~ **4** must be adjusted for each fiscal year by adding to each amount the product of the amount multiplied by the percentage increase in the Consumer Price Index (All Items) from December 2003 to the December preceding the fiscal year for which the adjustment is calculated.

Sec. 5. NRS 372.7281 is hereby amended to read as follows:

372.7281 In administering the provisions of NRS 372.325, the Department shall apply the exemption for the sale of tangible



1 personal property to the State of Nevada, its unincorporated
2 agencies and instrumentalities to include all tangible personal
3 property that is sold to:

4 1. A member of the Nevada National Guard who is engaged in
5 full-time National Guard duty, as defined in 10 U.S.C. § 101(d)(5) ,
6 and has been called into active service.

7 2. A relative of a member of the Nevada National Guard
8 eligible for the exemption pursuant to subsection 1 who:

9 (a) Resides in the same home or dwelling in this State as the
10 member; and

11 (b) Is related by blood, adoption or marriage within the first
12 degree of consanguinity or affinity to the member.

13 *3. A relative of a deceased member of the Nevada National*
14 *Guard who was engaged in full-time National Guard duty, as*
15 *defined in 10 U.S.C. § 101(d)(5), and who was killed while*
16 *performing his or her duties as a member of the Nevada National*
17 *Guard during a period when the member was called into active*
18 *service. To be eligible under this subsection, the relative must be a*
19 *person who:*

20 *(a) Resided in the same house or dwelling in this State as the*
21 *deceased member; and*

22 *(b) Was related by blood, adoption or marriage within the first*
23 *degree of consanguinity or affinity to the deceased member.*

24 **Sec. 6.** NRS 372.7282 is hereby amended to read as follows:

25 372.7282 1. A person who wishes to claim an exemption
26 pursuant to NRS 372.7281 must file an application with the
27 Department to obtain a letter of exemption. The application must be
28 on a form and contain such information as is required by the
29 Department.

30 2. If the Department determines that a person is eligible for the
31 exemption provided pursuant to NRS 372.7281, the Department
32 shall issue a letter of exemption to the person. ~~The~~ *A* letter of
33 exemption *issued to a member of the Nevada National Guard*
34 *described in subsection 1 of NRS 372.7281 or a relative of a*
35 *member described in subsection 2 of NRS 372.7281* expires on the
36 date on which the person no longer meets the qualifications for
37 eligibility. *A letter of exemption issued to a relative of a deceased*
38 *member of the Nevada National Guard described in subsection 3*
39 *of NRS 372.7281 expires on the date 3 years after the date of the*
40 *death of the member.*

41 3. To claim an exemption pursuant to NRS 372.7281 for the
42 sale of tangible personal property to such a person:

43 (a) The person must provide a copy of the letter of exemption to
44 the retailer from whom the person purchases the property; and



(b) The retailer must retain and present upon request a copy of the letter of exemption to the Department.

4. The Department shall adopt such regulations as are necessary to carry out the provisions of this section.

Sec. 7. NRS 374.7285 is hereby amended to read as follows:

374.7285 In administering the provisions of NRS 374.330, the Department shall apply the exemption for the sale of tangible personal property to the State of Nevada, its unincorporated agencies and instrumentalities to include all tangible personal property that is sold to:

1. A member of the Nevada National Guard who is engaged in full-time National Guard duty, as defined in 10 U.S.C. § 101(d)(5), and has been called into active service.

2. A relative of a member of the Nevada National Guard eligible for the exemption pursuant to subsection 1 who:

(a) Resides in the same home or dwelling in this State as the member; and

(b) Is related by blood, adoption or marriage within the first degree of consanguinity or affinity to the member.

3. A relative of a deceased member of the Nevada National Guard who was engaged in full-time National Guard duty, as defined in 10 U.S.C. § 101(d)(5), and who was killed while performing his or her duties as a member of the Nevada National Guard during a period when the member was called into active service. To be eligible under this subsection, the relative must be a person who:

(a) Resided in the same house or dwelling in this State as the deceased member; and

(b) Was related by blood, adoption or marriage within the first degree of consanguinity or affinity to the deceased member.

Sec. 8. NRS 374.7286 is hereby amended to read as follows:

374.7286 1. A person who wishes to claim an exemption pursuant to NRS 374.7285 must file an application with the Department to obtain a letter of exemption. The application must be on a form and contain such information as is required by the Department.

2. If the Department determines that a person is eligible for the exemption provided pursuant to NRS 374.7285, the Department shall issue a letter of exemption to the person. ~~The~~ A letter of exemption *issued to a member of the Nevada National Guard described in subsection 1 of NRS 374.7285 or a relative of a member described in subsection 2 of NRS 374.7285* expires on the date on which the person no longer meets the qualifications for eligibility. *A letter of exemption issued to a relative of a deceased member of the Nevada National Guard described in*



subsection 3 of NRS 374.7285 expires on the date 3 years after the date of the death of the member.

3. To claim an exemption pursuant to NRS 374.7285, for the sale of tangible personal property to such a person:

(a) The person must provide a copy of the letter of exemption to the retailer from whom the person purchases the property; and

(b) The retailer must retain and present upon request a copy of the letter of exemption to the Department.

4. The Department shall adopt such regulations as are necessary to carry out the provisions of this section.

Sec. 9. 1. This act becomes effective on July 1, 2015.

2. Sections 2 and 3 of this act expire by limitation on July 31, 2022.

