

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.

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

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AN ACT relating to taxation; revising the calculation of the inflation adjustment to certain exemptions from property taxes and governmental services taxes for certain veterans; 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:**

1 Under existing law, a person who has incurred a permanent service-connected  
2 disability and has been honorably discharged from the Armed Forces of the United  
3 States is entitled to an exemption from property taxes and the governmental  
4 services tax. Each fiscal year, the amount of exemption is adjusted for inflation  
5 based on the percentage increase in the Consumer Price Index (All Items) for a  
6 certain period. (NRS 361.091, 371.104) **Sections 1 and 4** of this bill revise  
7 provisions governing these inflation adjustments to provide that: (1) the  
8 adjustments are based on the percentage increase in the Consumer Price Index for  
9 All Urban Consumers, West Region (All Items), as published by the United States  
10 Department of Labor, or the successor index that most closely resembles that index  
11 as determined by the Department of Taxation; and (2) the percentage increase in  
12 that index is measured for the same period for the purposes of both adjustments.



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 3 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.

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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. 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, 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



\* A B 7 1 R 1 \*

(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)}~~ *consumer price inflation index* 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.

*11. For the purposes of this section, "consumer price inflation index" means the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the United States Department of Labor or, if that index ceases to be published by the United States Department of Labor, the published index that most closely resembles that index, as determined by the Department.*



**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:*

*(1) Unemployed for a continuous period of not less than 3 months immediately preceding the date of hire; and*

*(2) Receiving unemployment compensation continuously for that entire period;*

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

*(e) The employee provides to the employer documentation to verify that the employee meets the requirements of paragraph (c); and*

*(f) 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*



1 *to the employee during the 5th through 12th full calendar quarters*  
2 *next following the hiring of the employee, if:*

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

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

6 *(c) The employee has been:*

7 *(1) Unemployed for a continuous period of not less than 3*  
8 *months immediately preceding the date of hire; and*

9 *(2) Receiving unemployment compensation continuously*  
10 *for that entire period;*

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

14 *(e) The employee provides to the employer documentation to*  
15 *verify that the employee meets the requirements of paragraph (c);*  
16 *and*

17 *(f) The employer submits to the Department an affidavit,*  
18 *signed under penalty of perjury by the employer or an authorized*  
19 *agent of the employer, stating that:*

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

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

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

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

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

32 371.104 1. A bona fide resident of the State of Nevada who  
33 has incurred a permanent service-connected disability and has been  
34 honorably discharged from the Armed Forces of the United States,  
35 or his or her surviving spouse, is entitled to a veteran's exemption  
36 from the payment of governmental services taxes on vehicles of the  
37 following determined valuations:

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

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

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

44 2. In lieu of claiming the exemption from taxation set forth in  
45 subsection 1 in his or her name, a veteran may transfer the



1 exemption to his or her current spouse. To transfer the exemption,  
2 the veteran must file an affidavit of transfer with the Department in  
3 the county where the exemption would otherwise have been  
4 claimed. The affidavit of transfer must be made before an authorized  
5 employee of the Department or a notary public. If a veteran makes  
6 such a transfer:

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

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

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

12 (1) The termination of the marriage;

13 (2) The death of the veteran; or

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

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

20 3. For the purpose of this section, the first \$20,000 of  
21 determined valuation of vehicles in which a person described in  
22 subsection 1 or 2 has any interest shall be deemed to belong entirely  
23 to that person.

24 4. A person claiming the exemption shall file annually with the  
25 Department in the county where the exemption is claimed an  
26 affidavit declaring that he or she is a bona fide resident of the State  
27 of Nevada who meets all the other requirements of subsection 1 or  
28 2, as applicable, and that the exemption is claimed in no other  
29 county within this State. After the filing of the original affidavit of  
30 exemption and after the transfer of the exemption, if any, pursuant  
31 to subsection 2, the county assessor shall, except as otherwise  
32 provided in this subsection, mail a form for:

33 (a) The renewal of the exemption; and

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

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



5. Before allowing any exemption pursuant to the provisions of this section, the Department shall require proof of the veteran's status, and for that purpose shall require production 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; 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. 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, 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 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.

7. 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. 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. Beginning with the 2005-2006 Fiscal Year, the monetary amounts in subsections 1 and 3 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)}~~ *consumer price inflation index* from ~~{December}~~ *July* 2003 to the ~~{December}~~ *July* preceding the fiscal year for which the adjustment is calculated.





1     **10. For the purposes of this section, "consumer price**  
2 **inflation index" means the Consumer Price Index for All Urban**  
3 **Consumers, West Region (All Items), as published by the United**  
4 **States Department of Labor or, if that index ceases to be published**  
5 **by the United States Department of Labor, the published index**  
6 **selected by the Department of Taxation pursuant to subsection 11**  
7 **of NRS 361.091.**

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

9     372.7281 In administering the provisions of NRS 372.325, the  
10 Department shall apply the exemption for the sale of tangible  
11 personal property to the State of Nevada, its unincorporated  
12 agencies and instrumentalities to include all tangible personal  
13 property that is sold to:

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

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

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

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

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

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

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

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

35     372.7282 1. A person who wishes to claim an exemption  
36 pursuant to NRS 372.7281 must file an application with the  
37 Department to obtain a letter of exemption. The application must be  
38 on a form and contain such information as is required by the  
39 Department.

40     2. If the Department determines that a person is eligible for the  
41 exemption provided pursuant to NRS 372.7281, the Department  
42 shall issue a letter of exemption to the person. ~~[The]~~ A letter of  
43 exemption **issued to a member of the Nevada National Guard**  
44 **described in subsection 1 of NRS 372.7281 or a relative of a**  
45 **member described in subsection 2 of NRS 372.7281** expires on the



1 date on which the person no longer meets the qualifications for  
2 eligibility. *A letter of exemption issued to a relative of a deceased*  
3 *member of the Nevada National Guard described in subsection 3*  
4 *of NRS 372.7281 expires on the date 3 years after the date of the*  
5 *death of the member.*

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

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

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

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

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

15 374.7285 In administering the provisions of NRS 374.330, the  
16 Department shall apply the exemption for the sale of tangible  
17 personal property to the State of Nevada, its unincorporated  
18 agencies and instrumentalities to include all tangible personal  
19 property that is sold to:

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

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

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

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

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

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

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

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

41 374.7286 1. A person who wishes to claim an exemption  
42 pursuant to NRS 374.7285 must file an application with the  
43 Department to obtain a letter of exemption. The application must be  
44 on a form and contain such information as is required by the  
45 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.

