

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.

AN ACT relating to taxation; allowing a person who qualifies as both a military veteran and the surviving spouse of a veteran to claim both of the veterans' exemptions from property taxes and governmental services taxes; 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 Existing law provides an exemption from property taxes for a military veteran
- 2 who served on active duty under certain circumstances. (NRS 361.090) Existing
- 3 law also provides an exemption from property taxes for a veteran with a permanent
- 4 service-connected disability, or the surviving spouse of such a veteran, and
- 5 prohibits a person who claims this exemption from obtaining the other property tax
- 6 exemption otherwise allowable for such a person. (NRS 361.091) **Section 1** of this
- 7 bill provides that a person who qualifies as both a veteran and the surviving spouse



of a veteran with a permanent service-connected disability may claim both of the veterans' exemptions from property taxes.

Existing law provides similar exemptions from governmental services taxes for military veterans and, under certain circumstances, authorizes a veteran to transfer the exemption to his or her current spouse. (NRS 371.103, 371.104) **Section 2** of this bill provides that a person who qualifies as both a veteran and the surviving spouse of a veteran with a permanent service-connected disability may claim both of these exemptions from governmental services taxes.

Each fiscal year, the amount of the exemptions allowable for military veterans is adjusted for inflation based on the percentage increase in the Consumer Price Index (All Items) for a certain period. (NRS 361.091, 371.104) **Sections 1 and 4** of this bill also revise provisions governing these inflation adjustments to provide that: (1) the adjustments are based on the percentage increase in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the United States Department of Labor, or the successor index that most closely resembles that index as determined by the Department of Taxation; and (2) the percentage increase in 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



1 valuation. A person with a permanent service-connected disability  
2 of:

3 (a) Eighty to 99 percent, inclusive, is entitled to an exemption of  
4 \$15,000 assessed value.

5 (b) Sixty to 79 percent, inclusive, is entitled to an exemption of  
6 \$10,000 assessed value.

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

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

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

22 (a) The renewal of the exemption; and

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

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

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

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

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



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(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

(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~~ *to a person who qualifies for the exemption:*

*(a) As a veteran with a permanent service-connected disability, that person* is not entitled to an exemption under NRS 361.090.

*(b) Solely as the surviving spouse of a veteran with a permanent service-connected disability, the allowance of a tax exemption under this section does not affect the eligibility of that person for 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



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1 which the person is not entitled, the person is guilty of a gross  
2 misdemeanor.

3 10. Beginning with the 2005-2006 Fiscal Year, the monetary  
4 amounts in subsection 2 must be adjusted for each fiscal year by  
5 adding to the amount the product of the amount multiplied by the  
6 percentage increase in the ~~{Consumer Price Index (All Items)}~~  
7 *consumer price inflation index* from July 2003 to the July  
8 preceding the fiscal year for which the adjustment is calculated. The  
9 Department shall provide to each county assessor the adjusted  
10 amount, in writing, on or before September 30 of each year.

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

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

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

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

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

30 *(c) The employee has been:*

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

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

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

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

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

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



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

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

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

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

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

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

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

22       (c) *The employee has been:*

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

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

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

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

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

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

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

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

43      2. *An employer claiming the deduction allowed pursuant to*  
44 *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. 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 claimed. The affidavit of transfer must be made before an authorized employee of the Department or a notary public. If a veteran makes such a transfer:

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

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

(c) The transfer expires upon the earlier of:

(1) The termination of the marriage;

(2) The death of the veteran; or

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

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

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

4. A person claiming the exemption shall file annually with the Department in the county where the exemption is claimed an affidavit declaring that he or she is a bona fide resident of the State of Nevada who meets all the other requirements of subsection 1 or 2, as applicable, and that the exemption is claimed in no other



1 county within this State. After the filing of the original affidavit of  
2 exemption and after the transfer of the exemption, if any, pursuant  
3 to subsection 2, the county assessor shall, except as otherwise  
4 provided in this subsection, mail a form for:

5 (a) The renewal of the exemption; and

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

10 ➤ to the person who claimed the exemption each year following a  
11 year in which the exemption was allowed for that person. The form  
12 must be designed to facilitate its return by mail by the person  
13 claiming the exemption. If so requested by the person claiming the  
14 exemption, the county assessor may provide the form to the person  
15 by electronic means in lieu of by mail.

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

19 (a) A certificate from the Department of Veterans Affairs that  
20 the veteran has incurred a permanent service-connected disability,  
21 which shows the percentage of that disability; and

22 (b) Any one of the following:

23 (1) An honorable discharge;

24 (2) A certificate of satisfactory service; or

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

26 6. A surviving spouse claiming an exemption pursuant to this  
27 section must file with the Department in the county where the  
28 exemption is claimed an affidavit declaring that:

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

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

35 (c) The surviving spouse has not remarried.

36 ➤ The affidavit required by this subsection is in addition to the  
37 certification required pursuant to subsections 4 and 5. After the  
38 filing of the original affidavit required by this subsection, the county  
39 assessor shall, except as otherwise provided in this subsection, mail  
40 a form for renewal of the exemption to the person each year  
41 following a year in which the exemption was allowed for that  
42 person. The form must be designed to facilitate its return by mail by  
43 the person claiming the exemption. If so requested by the person  
44 claiming the exemption, the county assessor may provide the form  
45 to the person by electronic means in lieu of by mail.





7. If a tax exemption is allowed under this section ~~to a person who qualifies for the tax exemption:~~

(a) As a veteran ~~and his~~ or ~~her~~ as the current spouse ~~are~~ of a veteran who receives a transfer of an exemption pursuant to subsection 2, that person is not entitled to an exemption under NRS 371.103.

(b) Solely as the surviving spouse of a veteran with a permanent service-connected disability, the allowance of a tax exemption under this section does not affect the eligibility of that person for 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.

10. 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 selected by the Department of Taxation pursuant to subsection 11 of NRS 361.091.

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 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



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

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

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

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

11 372.7282 1. A person who wishes to claim an exemption  
12 pursuant to NRS 372.7281 must file an application with the  
13 Department to obtain a letter of exemption. The application must be  
14 on a form and contain such information as is required by the  
15 Department.

16 2. If the Department determines that a person is eligible for the  
17 exemption provided pursuant to NRS 372.7281, the Department  
18 shall issue a letter of exemption to the person. ~~The~~ *A* letter of  
19 exemption *issued to a member of the Nevada National Guard*  
20 *described in subsection 1 of NRS 372.7281 or a relative of a*  
21 *member described in subsection 2 of NRS 372.7281* expires on the  
22 date on which the person no longer meets the qualifications for  
23 eligibility. *A letter of exemption issued to a relative of a deceased*  
24 *member of the Nevada National Guard described in subsection 3*  
25 *of NRS 372.7281 expires on the date 3 years after the date of the*  
26 *death of the member.*

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

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

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

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

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

36 374.7285 In administering the provisions of NRS 374.330, the  
37 Department shall apply the exemption for the sale of tangible  
38 personal property to the State of Nevada, its unincorporated  
39 agencies and instrumentalities to include all tangible personal  
40 property that is sold to:

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

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



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(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 section and sections 1 and 4 of this act become effective:

(a) Upon passage and approval for the purpose of filing claims for tax exemptions and performing any preparatory administrative



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1 tasks that are necessary to carry out the amendatory provisions of  
2 sections 1 and 4 of this act; and

3 (b) On July 1, 2015, for all other purposes.

4 2. Sections 2, 3 and 5 to 8, inclusive, of this act become  
5 effective on July 1, 2015.

6 3. Sections 2 and 3 of this act expire by limitation on July 31,  
7 2022.

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