

ASSEMBLY BILL NO. 95—ASSEMBLYMAN HANSEN

PREFILED JANUARY 30, 2015

Referred to Committee on Judiciary

SUMMARY—Exempts certain persons and entities who operate home-based businesses from the requirement to obtain a state business license. (BDR 7-34)

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; exempting certain persons and entities who operate home-based businesses from the requirement 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, 76.100) This bill provides that the exemption for home-based businesses  
5 applies to a business entity that operates a business from the home of a shareholder,  
6 director, officer, member, managing member, partner or trustee of the entity. This  
7 bill also amends the home-based business exemption by changing the threshold for  
8 the exemption from 66 2/3 percent of the average annual wage to annual gross  
9 earnings from the home-based business of more than \$60,000.

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:  
4 (a) Any person, except a natural person, that performs a service  
5 or engages in a trade for profit;  
6 (b) Any natural person who performs a service or engages in a  
7 trade for profit if the person is required to file with the Internal  
8 Revenue Service a Schedule C (Form 1040), Profit or Loss From



\* A B 9 5 \*

1 Business Form, or its equivalent or successor form, a Schedule E  
2 (Form 1040), Supplemental Income and Loss Form, or its  
3 equivalent or successor form, or a Schedule F (Form 1040), Profit or  
4 Loss From Farming Form, or its equivalent or successor form, for  
5 that activity; or

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

10 2. The term does not include:

11 (a) A governmental entity.

12 (b) A nonprofit religious, charitable, fraternal or other  
13 organization that qualifies as a tax-exempt organization pursuant to  
14 26 U.S.C. § 501(c).

15 (c) A person who operates a business from his or her home and  
16 whose ~~net~~ **annual gross** earnings from that business are not more  
17 than ~~{66 2/3 percent of the average annual wage, as computed for~~  
18 ~~the preceding calendar year pursuant to chapter 612 of NRS and~~  
19 ~~rounded to the nearest hundred dollars.} **\$60,000.**~~

20 (d) *An entity organized pursuant to this title, other than an*  
21 *entity organized pursuant to chapter 82 or 84 of NRS, which*  
22 *operates a business from the home of a natural person who is a*  
23 *shareholder, director, officer, member, managing member,*  
24 *partner or trustee of the entity and whose annual gross earnings*  
25 *from that business are not more than \$60,000.*

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

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

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

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

34 76.100 1. A person shall not conduct a business in this State  
35 unless and until the person obtains a state business license issued by  
36 the Secretary of State. If the person is:

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

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

43 2. An application for a state business license must:

44 (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:

~~(1)~~ *(I)* Chapter 82 or 84 of NRS; or

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

*(2) Which is not described in subparagraph (1), which operates a business from the home of a natural person who is a shareholder, director, officer, member, managing member,*



1 *partner or trustee of the entity and whose annual gross earnings*  
2 *from that business are not more than \$60,000;*

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

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

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

7 7. As used in this section, “registered agent” has the meaning  
8 ascribed to it in NRS 77.230.

9 **Sec. 3.** This act becomes effective:

10 1. Upon passage and approval for the purpose of adopting  
11 regulations and performing any other preparatory administrative  
12 tasks that are necessary to carry out the provisions of this act; and

13 2. On July 1, 2015, for all other purposes.

