

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 9, 2015

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
General Fund Revenue (Revenue)		(\$350,000)	(\$350,000)	(\$700,000)
Total	0	(\$350,000)	(\$350,000)	(\$700,000)

Explanation

(Use Additional Sheets of Attachments, if required)

Please see Exhibit 1

Name Deonne Contine

Title Executive Director

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Monday, February 09, 2015

The agency's response appears reasonable

Name Julia Teska

Title Director

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: SB103Name of Agency: Department of Taxation

Division/Department: _____

Date: February 5, 2015

Senate Bill 103 exempts certain person from the Modified Business Tax for Financial Institutions. The Modified Business Tax for General Business would then be applicable to these taxpayers effective the first quarter after the passage of this bill.

A financial institution is defined by NRS 363A.050. Section 1 of this bill adds that a financial institution does not include “a person who sells, solicits or negotiates insurance and whose business primarily consists of the sale, solicitation or negotiation of motor vehicle insurance or homeowner’s Insurance”. The Department generally categorizes these businesses as NAICS 524210 which is defined as *Insurance Agencies and Brokerages*.

Expense:

In order to administer this bill, the Department would notify and re-categorize any business that no longer falls under the definition of a financial institution. The Department can absorb these efforts and therefore there are no expenses associated with this bill.

Revenue:

The Department estimates approximately 250 businesses could potentially be affected by this legislation. The net decrease in revenue to the General Fund would be approximately \$350,000 per fiscal year should all of these businesses now file at the non financial rate of 1.17% over \$85,000 in taxable wages. For purposes of forecasting, the Department estimates that the bill would become effective the first quarter of fiscal year 2015.