

SENATE BILL NO. 463—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 27, 2017

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to business license fees.
(BDR 31-93)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: No.

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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 business license fees; requiring a local government to make certain findings before imposing a fee for a business license calculated on the basis of the size of the property on which the business is located; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law establishes certain limitations on a local government's ability to
2 impose or increase a fee for a business license. (NRS 354.5989) This bill provides
3 that a local government may not impose or increase a fee for a business license that
4 is calculated on the basis of the size of the property on which the business is
5 located, unless the local government makes a finding at a public hearing that
6 calculating the fee on this basis is necessary to provide local governmental services
7 to the property and existing revenues are insufficient to provide such services.

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

1 **Section 1.** NRS 354.5989 is hereby amended to read as
2 follows:

3 354.5989 1. A local government shall not increase any fee
4 for a business license or adopt a fee for a business license issued for
5 revenue or regulation, or both, except as permitted by this section.
6 This prohibition does not apply to fees:

7 (a) Imposed by hospitals, county airports, airport authorities,
8 convention authorities, the Las Vegas Valley Water District or the
9 Clark County Sanitation District;



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(b) Imposed on public utilities for the privilege of doing business pursuant to a franchise;

(c) Imposed in compliance with the provisions of NRS 711.670 on video service providers for the privilege of doing business pursuant to chapter 711 of NRS;

(d) For business licenses which are calculated as a fraction or percentage of the gross revenue of the business;

(e) Imposed pursuant to NRS 244.348, 268.0973, 268.821 or 269.182; or

(f) Regulated pursuant to NRS 354.59881 to 354.59889, inclusive.

2. The amount of revenue the local government derives or is allowed to derive, whichever is greater, from all fees for business licenses except:

(a) The fees excluded by subsection 1, for the fiscal year ended on June 30, 1991; and

(b) The fees collected for a particular type of business during the immediately preceding fiscal year ending on June 30 that a local government will not collect in the next subsequent fiscal year,

is the base from which the maximum allowable revenue from such fees must be calculated for the next subsequent fiscal year. To the base must be added the sum of the amounts respectively equal to the product of the base multiplied by the percentage increase in the population of the local government added to the percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated. The amount so determined becomes the base for computing the allowed increase for each subsequent year.

3. A local government may not increase any fee for a business license which is calculated as a fraction or percentage of the gross revenue of the business if its total revenues from such fees have increased during the preceding fiscal year by more than the increase in the Consumer Price Index during that preceding calendar year. The provisions of this subsection do not apply to a fee:

(a) Imposed in compliance with the provisions of NRS 711.670 on video service providers for the privilege of doing business pursuant to chapter 711 of NRS;

(b) Imposed pursuant to NRS 244.348, 268.0973, 268.821 or 269.182; or

(c) Regulated pursuant to NRS 354.59881 to 354.59889, inclusive.

4. *A local government may not impose or increase any fee for a business license which is calculated based on the size of the property on which the business is located, unless the local government makes a finding, after notice and a public hearing,*



1 *that calculating the fee on such a basis is necessary to provide*
2 *local governmental services to the property and that existing*
3 *revenues are insufficient to provide such services.*

4 5. A local government may submit an application to increase
5 its revenue from fees for business licenses beyond the amount
6 allowable pursuant to this section to the Nevada Tax Commission,
7 which may grant the application only if it finds that the rate of a
8 business license of the local government is substantially below that
9 of other local governments in the State.

10 ~~15.1~~ 6. The provisions of this section apply to a business
11 license regardless of the fund to which the revenue from it is
12 assigned. An ordinance or resolution enacted by a local government
13 in violation of the provisions of this section is void.

14 ~~16.1~~ 7. As used in this section, "fee for a business license" does
15 not include a tax imposed on the revenues from the rental of
16 transient lodging.

17 **Sec. 2.** This act becomes effective upon passage and approval.

