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FIRST REPRINT

A.B. 535

## ASSEMBLY BILL NO. 535—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF THE OFFICE OF FINANCE  
IN THE OFFICE OF THE GOVERNOR)

MAY 20, 2019

Referred to Committee on Taxation

SUMMARY—Revises provisions relating to cigarettes and other tobacco products. (BDR 32-1242)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Executive Budget.

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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 tobacco products; increasing the annual license fee for a license to engage in business as a wholesale dealer of cigarettes; establishing an annual license fee for a license to engage in certain other businesses related to cigarettes or other tobacco products; revising provisions governing the use of the money collected from certain annual license fees; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Before the adoption of Senate Bill No. 81 of this legislative session, existing law: (1) provided for the licensing of persons engaged in the manufacture, sale or distribution of cigarettes separately from the licensing of persons engaged in the manufacture, sale or distribution of other tobacco products; and (2) required a wholesale dealer of cigarettes to pay an annual license fee of \$150 but prohibited the Department of Taxation from charging a fee for a license as a manufacturer of cigarettes, a retail dealer of cigarettes, a wholesale dealer of other tobacco products or a retail dealer of other tobacco products. (NRS 370.080, 370.150, 370.445) Sections 2-34 of Senate Bill No. 81 established uniform provisions for the licensing of persons engaged in the manufacture, distribution or sale of cigarettes and other tobacco products. (Chapter 118, Statutes of Nevada 2019) Section 28 of Senate Bill No. 81 maintained the \$150 annual license fee for a wholesale dealer of cigarettes and the prohibition on charging an annual fee for the other types of licenses. **Section 6.7** of this bill amends section 28 of Senate Bill No. 81 to: (1) increase from \$150 to \$650 the annual license fee for a wholesale dealer of cigarettes; and (2) establish an annual license fee of \$1,000 for a license as a manufacturer of cigarettes, an annual license fee of \$50 for a license as a retail dealer of cigarettes,



\* A B 5 3 5 R 1 \*

an annual license fee of \$650 for a license as a wholesale dealer of other tobacco products and an annual license fee of \$50 for a license as a retail dealer of other tobacco products. **Section 1.5** of this bill requires the proceeds of the annual license fees established by **section 6.7** to be used by the Department to administer and enforce certain existing laws governing cigarettes and other tobacco products. **Section 8** of this bill provides that the provisions of this bill become effective on October 1, 2019. **Section 6.3** of this bill makes a conforming change.

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

**Section 1.** (Deleted by amendment.)

**Sec. 1.5.** NRS 370.260 is hereby amended to read as follows:

370.260 1. All taxes and license fees imposed by the provisions of NRS 370.001 to 370.430, inclusive, and sections 2 to 34, inclusive, of Senate Bill No. 81 of this session, less any refunds granted as provided by law, must be paid to the Department in the form of remittances payable to the Department.

2. The Department shall:

(a) As compensation to the State for the costs of collecting the taxes ~~[and license fees,]~~ transmit each month the sum the Legislature specifies from the remittances made to it pursuant to subsection 1 during the preceding month to the State Treasurer for deposit to the credit of the Department. The deposited money must be expended by the Department in accordance with its work program.

(b) From the remittances *of taxes* made to it pursuant to subsection 1 during the preceding month, less the amount transmitted pursuant to paragraph (a), transmit each month the portion of the tax which is equivalent to 85 mills per cigarette to the State Treasurer for deposit to the credit of the Account for the Tax on Cigarettes in the State General Fund.

(c) Transmit the balance of the payments *of taxes* each month to the State Treasurer for deposit in the Local Government Tax Distribution Account created by NRS 360.660.

(d) Report to the State Controller monthly the amount of collections ~~[H]~~ *of taxes and license fees.*

3. The money deposited pursuant to paragraph (c) of subsection 2 in the Local Government Tax Distribution Account is hereby appropriated to Carson City and to each of the counties in proportion to their respective populations and must be credited to the respective accounts of Carson City and each county.

*4. All license fees remitted to the Department pursuant to subsection 1 must be deposited with the State Treasurer for credit*



*to the Department and used by the Department to administer and enforce the provisions of this chapter.*

**Sec. 2.** (Deleted by amendment.)

**Sec. 3.** (Deleted by amendment.)

**Sec. 4.** (Deleted by amendment.)

**Sec. 5.** (Deleted by amendment.)

**Sec. 6.** (Deleted by amendment.)

**Sec. 6.3.** Section 22 of Senate Bill No. 81 of this session is hereby amended to read as follows:

Sec. 22. An application for a license must:

1. Be made to the Department on forms prescribed by the Department.

2. Include the name and address of the applicant. If the applicant is a firm, association or partnership, the application must include the name and address of each of its members. If the applicant is a corporation, the application must include the names and addresses of the president, vice president, secretary and managing officer or officers.

3. Specify the location, by street and number, of the principal place of business of the applicant. In addition to specifying the principal place of business of the applicant pursuant to this subsection, an application for a license as a cigarette vending machine operator must list all cigarette vending machine locations for which the license is sought.

4. Specify the location, by street and number, of any place used by the applicant to distribute, ship, affix stamps to, warehouse or store cigarettes or other tobacco products and for which the license is sought.

5. Specify any other information the Department may require to carry out the provisions of this chapter.

6. Except as otherwise provided in NRS 370.001 to 370.430, inclusive, and sections 2 to 34, inclusive, of this act, ~~if the application is for a license as a wholesale dealer of cigarettes.~~ be accompanied by the *required* license fee . ~~[required by section 28 of this act.]~~

7. Be accompanied by a certified copy of the certificate required by NRS 602.010 or any renewal certificate required by NRS 602.035.

**Sec. 6.7.** Section 28 of Senate Bill No. 81 of this session is hereby amended to read as follows:

Sec. 28. 1. Each license issued by the Department is valid only for the calendar year for which it is issued, and must be renewed annually.

2. The Department shall not charge any license fees to operate a warehouse or distribution center or for a license as a



~~[manufacturer, wholesale dealer of other tobacco products, tobacco retail dealer or]~~ logistics company.

~~[3. An]~~ Except as otherwise provided in subsections 3 and 5, the Department shall charge:

(a) For a license as a manufacturer, an annual license fee of \$1,000.

(b) For a license as a wholesale dealer of cigarettes, an annual license fee of ~~[\$150 must be charged for each license as a wholesale dealer of cigarettes.]~~ \$650.

(c) For a license as a wholesale dealer of other tobacco products, an annual license fee of \$650.

(d) For a license as a tobacco retail dealer, \$50.

3. If ~~[such]~~ a license is issued at any time during the year other than on January 1, except for the renewal of a delinquent license pursuant to subsection 5, the licensee shall pay a proportionate part of the annual fee for the remainder of the year, but not less than 25 percent of the annual license fee.

4. The fees for a license ~~[as a wholesale dealer of cigarettes]~~ are due and payable on January 1 of each year. If the annual license fee is not paid by January 15, the license is cancelled automatically.

5. A license ~~[as a wholesale dealer of cigarettes]~~ which is cancelled for nonpayment of the annual license fee may be renewed at any time by the payment of the fee plus a 5 percent penalty thereon.

**Sec. 7.** (Deleted by amendment.)

**Sec. 8.** This act becomes effective on October 1, 2019.

