

SENATE BILL NO. 305—SENATOR D. HARRIS

MARCH 18, 2019

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions relating to taxation.
(BDR 32-264)

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; authorizing a board of county commissioners to impose a sales tax for the support of certain programs; creating the Account for the Support of Academic Achievement; requiring a percentage of the revenue collected from the excise tax imposed on sales of marijuana and related products by a retail marijuana store to be deposited into the Account; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the board of county commissioners of certain counties to enact an ordinance imposing a tax for certain purposes on the gross receipts of any retailer for certain sales in a county. A board may not enact such an ordinance unless it contains certain provisions and a question concerning the imposition of the tax is approved by a majority of the registered voters of the county voting on the question at a general election. (NRS 377A.020, 377A.030) **Sections 6 and 7** of this bill authorize the board of county commissioners of any county to enact an ordinance imposing a tax at the rate of 1 percent on the gross receipts of any retailer for certain sales in the county to be used for the support of prekindergarten programs, programs to assist homeless persons, specialty court programs or diversion programs, the development of affordable housing or for any combination of those purposes. To enact such an ordinance, the board must submit the ordinance for approval of the registered voters of the county in the same manner as other ordinances proposing similar taxes. **Section 4** of this bill requires the county treasurer to deposit the money collected from such a tax into a separate fund to be known as the support fund for community betterment programs and the development of affordable housing.

Existing law imposes an excise tax on each retail sale in this State of marijuana or marijuana products by a retail marijuana store at the rate of 10 percent of the



sales price of the marijuana or marijuana products. (NRS 372A.290) Under existing law, the revenues from this tax must be paid over as collected to the State Treasurer to be deposited to the credit of the Account to Stabilize the Operation of the State Government. **Section 9** of this bill instead requires 75 percent of the revenue from the excise tax to be deposited in this manner. **Section 9** creates the Account for the Support of Academic Achievement and requires 25 percent of the revenues of the excise tax to be deposited into the Account. **Section 9** requires the Interim Finance Committee to administer the Account and requires the money in the Account to be allocated and expended only for the purposes of supporting public schools and funds and accounts for the distribution of scholarships.

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

Section 1. Chapter 377A of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

Sec. 2. *"Affordable housing" has the meaning ascribed to it in NRS 278.0105.*

Sec. 3. *"Specialty court program" has the meaning ascribed to it in NRS 176A.500.*

Sec. 4. 1. *In any county in which a tax has been imposed pursuant to paragraph (e) of subsection 1 of NRS 377A.020, the county treasurer shall deposit the money that is attributable to the imposition of the tax and which is received from the State Controller pursuant to NRS 377A.050 for credit to a fund to be known as the support fund for community betterment programs and the development of affordable housing.*

2. *The support fund for community betterment programs and the development of affordable housing must be accounted for as a separate fund and not as part of any other fund.*

Sec. 5. NRS 377A.010 is hereby amended to read as follows:

377A.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 377A.011 to 377A.019, inclusive, *and sections 2 and 3 of this act* have the meanings ascribed to them in those sections.

Sec. 6. NRS 377A.020 is hereby amended to read as follows:

377A.020 1. The board of county commissioners of:

(a) Any county may enact an ordinance imposing a tax for a public transit system, for the construction, maintenance and repair of public roads, for the improvement of air quality or for any combination of those purposes pursuant to NRS 377A.030.

(b) Any county whose population is less than 700,000 may enact an ordinance imposing a tax to promote tourism pursuant to NRS 377A.030.



(c) Any county whose population is less than 15,000 may enact an ordinance imposing a tax to support the operation and maintenance of a county swimming pool and recreational facility pursuant to NRS 377A.030.

(d) Any county whose population is less than 100,000 may enact an ordinance imposing a tax to acquire, develop, construct, equip, operate, maintain, improve and manage libraries, parks, recreational programs and facilities, and facilities and services for senior citizens, and to preserve and protect agriculture, or for any combination of those purposes pursuant to NRS 377A.030. The duration of the levy of a tax imposed pursuant to this paragraph must not exceed 30 years.

(e) Any county may enact an ordinance imposing a tax for the support of prekindergarten programs, programs to assist homeless persons, specialty court programs or diversion programs, the development of affordable housing or for any combination of those purposes pursuant to NRS 377A.030.

2. An ordinance enacted pursuant to this chapter may not become effective before a question concerning the imposition of the tax is approved by a majority of the registered voters of the county voting upon the question which the board may submit to the voters at any general election. A county may combine a question concerning the imposition of a tax described in subsection 1 with questions submitted pursuant to NRS 244.3351, 278.710 or 371.045, or any combination thereof. The board shall also submit to the voters at a general election any proposal to increase the rate of the tax or change the previously approved uses for the proceeds of the tax.

3. Any ordinance enacted pursuant to this section must specify the date on which the tax must first be imposed or on which an increase in the rate of the tax becomes effective, which must be the first day of the first calendar quarter that begins at least 120 days after the approval of the question by the voters.

Sec. 7. NRS 377A.030 is hereby amended to read as follows:

377A.030 Except as otherwise provided in NRS 377A.110, any ordinance enacted under this chapter must include provisions in substance as follows:

1. A provision imposing a tax upon retailers at the rate of not more than:

(a) For a tax to promote tourism, one-quarter of 1 percent;

(b) For a tax to establish and maintain a public transit system, for the construction, maintenance and repair of public roads, for the improvement of air quality or for any combination of those purposes, one-half of 1 percent;



(c) For a tax to support the operation and maintenance of a county swimming pool and recreational facility, one-quarter of 1 percent; ~~for~~

(d) For a tax to acquire, develop, construct, equip, operate, maintain, improve and manage libraries, parks, recreational programs and facilities, and facilities and services for senior citizens, and to preserve and protect agriculture, or for any combination of those purposes, one-quarter of 1 percent ~~or~~; **or**

(e) For a tax to support prekindergarten programs, programs to assist homeless persons, specialty court programs or diversion programs, the development of affordable housing or for any combination of those purposes, 1 percent,

↳ of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed in a county.

2. Provisions substantially identical to those contained in chapter 374 of NRS, insofar as applicable.

3. A provision that all amendments to chapter 374 of NRS after the date of enactment of the ordinance, not inconsistent with this chapter, automatically become a part of the ordinance.

4. A provision that the county shall contract before the effective date of the ordinance with the Department to perform all functions incident to the administration or operation of the tax in the county.

5. A provision that a purchaser is entitled to a refund, in accordance with the provisions of NRS 374.635 to 374.720, inclusive, of the amount of the tax required to be paid that is attributable to the tax imposed upon the sale of, and the storage, use or other consumption in a county of, tangible personal property used for the performance of a written contract for the construction of an improvement to real property, entered into on or before the effective date of the tax or the increase in the tax, or for which a binding bid was submitted before that date if the bid was afterward accepted, if under the terms of the contract or bid the contract price or bid amount cannot be adjusted to reflect the imposition of the tax or the increase in the tax.

Sec. 8. NRS 377A.040 is hereby amended to read as follows:

377A.040 Any ordinance amending the taxing ordinance must include a provision in substance that the county shall amend the contract made under subsection 4 of NRS 377A.030 by a contract made between the county and the State acting by and through the Department before the effective date of the amendatory ordinance, unless the county determines with the written concurrence of the regional transportation commission, in the case of a tax imposed pursuant to paragraph (b) of subsection 1 of NRS 377A.030, or the



1 county fair and recreation board, in the case of a tax imposed
2 pursuant to paragraph (a) of subsection 1 of NRS 377A.030, that no
3 such amendment of the contract is necessary or desirable. Consent
4 of another body is not required for the county to determine that no
5 such amendment of the contract is necessary or desirable in the case
6 of a tax imposed pursuant to paragraph (c) , ~~for~~ (d) *or (e)* of
7 subsection 1 of NRS 377A.030.

8 **Sec. 9.** NRS 372A.290 is hereby amended to read as follows:

9 372A.290 1. An excise tax is hereby imposed on each
10 wholesale sale in this State of marijuana by a cultivation facility to
11 another medical marijuana establishment at the rate of 15 percent of
12 the fair market value at wholesale of the marijuana. The excise tax
13 imposed pursuant to this subsection is the obligation of the
14 cultivation facility.

15 2. An excise tax is hereby imposed on each retail sale in this
16 State of marijuana or marijuana products by a retail marijuana store
17 at the rate of 10 percent of the sales price of the marijuana or
18 marijuana products. The excise tax imposed pursuant to this
19 subsection:

20 (a) Is the obligation of the retail marijuana store.

21 (b) Is separate from and in addition to any general state and
22 local sales and use taxes that apply to retail sales of tangible
23 personal property.

24 3. The revenues collected from the excise tax imposed pursuant
25 to subsection 1 must be distributed:

26 (a) To the Department and to local governments in an amount
27 determined to be necessary by the Department to pay the costs of
28 the Department and local governments in carrying out the provisions
29 of chapter 453A of NRS; and

30 (b) If any money remains after the revenues are distributed
31 pursuant to paragraph (a), to the State Treasurer to be deposited to
32 the credit of the State Distributive School Account in the State
33 General Fund.

34 4. For the purpose of subsection 3 and NRS 453D.510, a total
35 amount of \$5,000,000 of the revenues collected from the excise tax
36 imposed pursuant to subsection 1 and the excise tax imposed
37 pursuant to NRS 453D.500 in each fiscal year shall be deemed
38 sufficient to pay the costs of all local governments to carry out the
39 provisions of chapters 453A and 453D of NRS. The Department
40 shall, by regulation, determine the manner in which local
41 governments may be reimbursed for the costs of carrying out the
42 provisions of chapters 453A and 453D of NRS.

43 5. ~~The~~ *Seventy-five percent of the* revenues collected from
44 the excise tax imposed pursuant to subsection 2 must be paid over as
45 collected to the State Treasurer to be deposited to the credit of the



1 Account to Stabilize the Operation of the State Government created
2 in the State General Fund pursuant to NRS 353.288.

3 6. *Twenty-five percent of the revenues collected from the*
4 *excise tax imposed pursuant to subsection 2 must be paid over as*
5 *collected to the State Treasurer to be deposited to the credit of the*
6 *Account for the Support of Academic Achievement, which is*
7 *hereby created in the State General Fund. The Account must be*
8 *administered by the Interim Finance Committee and the money in*
9 *the Account may be allocated and expended only for the purposes*
10 *of supporting:*

11 (a) *Public schools, as defined in NRS 385.007; and*

12 (b) *Funds and accounts for the distribution of scholarships,*
13 *including, without limitation, the Millennium Scholarship Trust*
14 *Fund created by NRS 396.926 and any other related fund or*
15 *account the Interim Finance Committee deems appropriate.*

16 7. As used in this section:

17 (a) “Local government” has the meaning ascribed to it in
18 NRS 360.640.

19 (b) “Marijuana products” has the meaning ascribed to it in
20 NRS 453D.030.

21 (c) “Medical marijuana establishment” has the meaning ascribed
22 to it in NRS 453A.116.

23 **Sec. 10.** This act becomes effective on July 1, 2019.

