

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Eightieth Session
February 28, 2019**

The Committee on Taxation was called to order by Chair Dina Neal at 4:05 p.m. on Thursday, February 28, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada and to Room 125, McMullen Hall, Great Basin College, 1500 College Parkway, Elko, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Dina Neal, Chair
Assemblywoman Lesley E. Cohen, Vice Chair
Assemblywoman Shea Backus
Assemblywoman Teresa Benitez-Thompson
Assemblyman Chris Edwards
Assemblyman Edgar Flores
Assemblyman Gregory T. Hafen II
Assemblyman Al Kramer
Assemblywoman Susie Martinez
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblywoman Robin L. Titus, Assembly District No. 38



STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Bryan Fernley, Committee Counsel
Gina Hall, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Randi Thompson, representing Nevada Firearms Coalition Political Action Committee
Debbie Block, President and Founder, Reno Guns and Range, Reno, Nevada
Kile Porter, Deputy Executive Director, Administrative Services, Department of Taxation
Shellie Hughes, Chief Deputy Executive Director, Department of Taxation
Danielle M. Kohler, Owner, Arms-R-Us LLC, Deeth, Nevada
Daniel S. Reid, Western Regional Director, National Rifle Association of America
Amber Carrillo, Owner and Primary Instructor, Integritas, Inc., Gardnerville, Nevada
Janine Hansen, State President, Nevada Families for Freedom
Bryan Wachter, Senior Vice President, Retail Association of Nevada
Michael Findlay, Director, Government Relations and State Affairs, National Shooting Sports Foundation, Inc.
Ryan Black, Legislative Liaison, Office of Administrative Services, City of Las Vegas

Chair Neal:

[Roll was taken and Committee rules and protocol were reviewed.] I will open the hearing on Assembly Bill 113. Assemblywoman Titus, please come to the table.

Assembly Bill 113: Revises provisions governing the taxation of certain deliveries and transfers of firearms. (BDR 32-659)

Assemblywoman Robin L. Titus, Assembly District No. 38:

Thank you for hearing my bill today, Assembly Bill 113. Here at the table with me today are Randi Thompson from the Nevada Firearms Coalition and Debbie Block from Reno Guns and Range.

The purpose of A.B. 113 is to clarify that the Department of Taxation shall not consider the delivery or transfer of a firearm from outside the state by a person in this state who is a federally licensed firearms dealer to be a sale made by the federally licensed firearms dealer, if:

1. The delivery or transfer is made to facilitate the transfer of the firearm from outside the state in compliance with a federal law.

2. The sale involves the payment of the sales price for the firearm to a person other than the federally licensed firearms dealer.

Current federal law prohibits a person from transporting into or receiving in a state other than their residence a firearm purchased or otherwise obtained by that person from outside that state. That is current federal law. They can only do that if they are licensed by the Bureau of Alcohol, Tobacco, Firearms and Explosives. We refer to those individuals as federally licensed firearms dealers. You will frequently hear them referred to as FFLs [Federal Firearms License]. There are currently approximately 781 FFL dealers in Nevada.

Unlike in the old days when you would buy a Winchester rifle from the Sears catalog and you expected it to be delivered out to your ranch somewhere, that is not how that works anymore. Prior to transferring or delivering the firearm to the purchaser, the FFL must conduct a background check required by federal law. Only after the purchaser passes the background check may that purchaser take possession of the firearm.

The issue that has occurred is that the Department of Taxation has considered the delivery of the firearm in Nevada a retail sale, and the Nevada retailer must collect and remit sales tax on the purchase of the firearm, thereby forcing the purchasers to pay taxes at the time of the original purchase and then be taxed again when they take possession. Assembly Bill 113 is intended to prevent double taxation.

To make matters worse, the retail value of the firearm is considered to be a sale and counts towards a store's or retailer's gross receipts. With the passage of the commerce tax, not only is the purchaser paying twice but the retailer is subject to a tax upon his gross receipts for a sale he did not make. I would now like to go through the bill.

It is a short bill and is only one page. When you look at the bill it seems like it repeats itself, and there is a reason for that. Section 1 covers Chapter 372 of *Nevada Revised Statutes* (NRS), and that is the chapter that imposes the actual sales tax. The wording is needed again in section 2 because that would amend NRS Chapter 374, and that chapter imposes the local school support tax (LSST) and also covers other local sales taxes, which is why the same wording had to be repeated.

In conclusion, A.B. 113 is beneficial to both consumers and businesses. I appreciate your time and am happy to answer any questions. If you have questions now, great; if not, we can have Ms. Thompson and Ms. Block give their statements.

Chair Neal:

Are they presenting on portions of your bill or just to offer support?

Assemblywoman Titus:

They are here to offer clarification, both from a gun owner and a firearms dealer.

Chair Neal:

We will hear from them before questions.

Randi Thompson, representing Nevada Firearms Coalition Political Action Committee:

I will say ditto to what Assemblywoman Titus just said, and also that this is the third time we have come before this body with this fix. Daniel Reid from the National Rifle Association of America and I met with the Department of Taxation after 2017 to try to get some clarification that this is not a sale, it is a transfer. We were not successful with that, so we are back to you again.

If you have seen the Tax Bulletin SUT 15-0001 ([Exhibit C](#)), it says the delivery of a firearm in Nevada is a retail sale and the Nevada retailer must collect and remit sales tax on the purchase of the firearm. It also says the gun store must include the retail sale as part of its gross receipts, and that a gun store can charge a fee or a service for this service, but those fees and service charges are subject to taxation. So, if I wanted to buy a gun from Ms. Block, and she lived in California, that is where the sale transaction happened. The gun is then sent to a store, and that is where I go down and pass the background check. Once that is done, I pick up my gun. So, if I bought a firearm online and it was sent to my home, United Parcel Service or Federal Express does not collect the tax. The person who sold it is generally supposed to pay the tax.

There is confusion here. This is one of those occasions in which this is the only type of item subject to this tax. I would like Debbie Block, who owns Reno Guns and Range, to explain how this is affecting the business, and hopefully she can answer some of your questions.

Debbie Block, President and Founder, Reno Guns and Range, Reno, Nevada:

For transferred firearms, Nevada requires us to report that as a sale, one we do not actually sell but we do facilitate the transfer of. There are several problems with this, but first I want to point out that this bill should also apply to in-state transfers. In other words, it should apply to all transfers.

Now for the issues. The Internal Revenue Service does not treat this type of transaction as a sale so our state and federal revenue numbers do not match. The procedure Nevada currently requires causes us to inflate our sales. These transactions increase our gross sales and count toward a gross receipts tax. We technically do not sell a transferred firearm or a transferred item. We simply transfer it. We are just managing the transaction. We must now report the sale we did not receive. We do not receive tender of the price for that item. We understand the desire to collect sales tax on these transactions, but our business is disadvantaged by doing so. No other business in our industry is required to do such a thing.

At the very least we would like to be able to list these transactions separate from our sales, which would certainly help to some degree. We obviously will not be compensated for collecting sales tax for the state, which takes additional resources on our part, but we do need a fix for the overtaxation of nonsales going through our businesses.

Assemblywoman Spiegel:

I am trying to get a sense of the scope of this issue. Do you have data about the number of sales we have had from out-of-state firearms for 2018, both in terms of the number and the dollar amount?

Assemblywoman Titus:

I have one example that came in 2017. It was shocking to me that an owner was hit with a \$435,000 bill from the state for state sales tax back in 2015 [page 4, ([Exhibit C](#))]. This was one of the things that started this whole process. I do not have any other details. Perhaps the owner of a gun store could say how much she has to pay.

Debbie Block:

My store was not the one audited. I was here in support at the time when it was introduced.

Assemblywoman Spiegel:

I am understanding there are some anecdotal issues. Is there consolidated information somewhere with how many out-of-state gun sales there are on an annual basis, as well as the dollar value?

Randi Thompson:

We do not have that data. The Department of Taxation may have it. When we sat down with them in 2017, it was not a huge issue and that is probably why you do not have a fiscal note on this bill at this point. It is not a huge issue but it is a confusing one, and one we have been trying to get resolved for a few years. I think it was that one particular firearms store that did get hit with a very big fine to show there is an issue there, but we do not have that data.

Chair Neal:

We do have the Department of Taxation here for questions. Does someone from the Department want to give clarity to this point, in terms of how we actually get the information on gun sales?

Kile Porter, Deputy Executive Director, Administrative Services, Department of Taxation:

The Department does not have a way of knowing which transfers of firearms are from in-state or out-of-state dealers. We do not record that data.

Chair Neal:

Can you say what you do record?

Kile Porter:

When retailers file their tax form, they are simply filing the amount of total taxable sales and the amount of tax collected, and they are recording that by county.

Assemblywoman Spiegel:

They do not list the number of the transactions and the dollar amounts. Is it all taken on faith?

Kile Porter:

The tax data is self-reported.

Assemblywoman Spiegel:

Is it just one lump sum?

Kile Porter:

They report their total taxable sales. In each of the counties that are reporting, there is a calculation that is performed based on a total taxable sales in that county, what they should owe for tax. They list what they actually paid on their tax form.

Assemblywoman Cohen:

I want to go back to something Ms. Block said. I want to make sure I understand this. Ms. Block had mentioned not being compensated for the extra work that is required to facilitate the transfer, the tax information, and collecting the taxes. It is my understanding that a licensed dealer can charge for this service. Is that correct?

Debbie Block:

Yes. We can charge for the service, and we do charge something.

Assemblywoman Cohen:

So there is compensation for the service that is being rendered, in dealing with taxation and that type of thing.

Debbie Block:

If you want to put it that way, yes.

Assemblyman Edwards:

I was discussing this with someone earlier today and it seems as though what you are trying to avoid is somebody having to pay a live entertainment tax on a show that takes place in Oregon when you live in Las Vegas—it is a tax you should not have to pay. That is what we are trying to stop, the Department of Taxation from misapplying the intention of what we passed in 2015 [[Senate Bill 483 of the 78th Session](#)]. They should not be taxing the gun at the FFL level because the tax would have been paid previously. You are avoiding the double taxation and preventing a third taxation by not having an additional service charge to do a taxation that you should not be doing. Am I on track? It sounds kind of crazy. It should be taxed once, not three times. It has been taxed in the other state; it should not be taxed here. We should simply stop taxing it here. Is that what it comes down to?

Assemblywoman Titus:

Exactly.

Assemblyman Kramer:

If I buy something from out of state, I am obligated to pay the use tax on it. My understanding is, if I paid sales tax when I bought it and the Nevada sales tax is a greater percentage than the sales tax where I bought it, I still owe some use tax in Nevada. It would seem to me, as much as I like what you are saying, if there is a discrepancy in the amount of tax that is being paid, there may be some tax due to Nevada. If you are dealing with a no-tax state, then when it comes to Nevada there is a sales tax, you pay a use tax. I do not know how else you would collect it, except through this, but there should not be a double taxation. There should be a credit for the tax that has already been paid. Can you comment on that?

Randi Thompson:

The challenge is that a lot of these are personal transfers. So I might be buying a \$500 Glock for \$100. Technically the buyer is the one who is responsible for collecting the tax and getting it to the state, just like Amazon.com does. But when I walk into a store and get a background check, I am saying I bought this gun for \$100 when the retail value is \$500, so there is the first question. What should the tax be? That is part of the problem for some of these stores. The taxable event is really not under their control. We understand the use tax issue. I was actually emailing today with one of the tax commissioners specifically about the use tax, but again, then the burden would go onto the buyer and not onto the person who is just transferring. If I buy a car in California, I do not pay a tax in California. I come to the Department of Motor Vehicles in Nevada and pay the tax. That is a state agency, but I have to register the car so that is a direct line to the state. It is a challenge when it is a person-to-person event. Many of these now, especially with the Wayfair Decision [*South Dakota v. Wayfair, Inc.*, 138 S.Ct. 2080 (2018)], a lot of these online vendors have to be collecting the tax and giving it to the state. *Wayfair* might actually make this all go away; I do not know. There is still a use tax there, but it is more on the buyer to collect it than the person who is making the transfer happen. I hope that answers your question.

Assemblyman Kramer:

I guess if it is a personal sale, you could say there was no money changing hands. But you still need to get the background investigation and therefore there would be no tax. If I sell personal property in my house to my neighbor, I do not believe there is a use tax obligation if two private parties sell to each other, they are not in business to do such a thing. I think you are right. *Wayfair* does answer most of that for Internet sales, or long-distance sales, even if it is over the phone or mail order. You did answer my question.

Chair Neal:

I want to have that use tax discussion, because it does shift. Let us discuss that. If you are removing the sales tax, it will become a use tax. Can you discuss that?

Randi Thompson:

No, but I am hoping someone from the Department of Taxation might be able to help out because that is part of the problem.

Assemblyman Hafen:

I appreciate the comment regarding the way this bill is written now. It is just for out-of-state transfers, and now with Senate Bill 143 being passed, have you considered addressing that in an amendment, or is it something that would come back whenever S.B. 143 is enacted?

Assemblywoman Titus:

We have been asked that a lot. As all of this body knows, S.B. 143 passed several weeks ago. Our bill was prefiled and out before that bill passed, which raised a lot of questions. Multiple people have come to me and asked how this is going to work now. I also considered doing a friendly amendment to add to this bill, including person-to-person, in-house sales. This is the third time around for this clarification and muddying the waters even more may not be helpful. Getting this on for some clarification, I felt, was probably the wiser thing to do with consultation from the Department of Taxation and other departments. If there is a fix that works to everybody—the state, the taxpayer, the FFL owner, and the whole process—I would be happy to do that. But again, after years of attempting for clarification, S.B. 143 was totally unexpected from this bill's purposes.

Assemblywoman Benitez-Thompson:

We are probably going to get some big data responses on this, but I just thought I would ask, As an individual who owns a store, how much time does it end up being for you with these kinds of transactions coming in? You stated you have to report two different gross sales numbers, one to the federal government and then a different one to the state. Could you give me ballpark numbers, for you historically, what the difference tends to look like for you?

Debbie Block:

I do not have definite numbers, hard numbers. I should have brought those. I can also see that it is going to increase because of the new bill that passed. It is definitely an issue. It takes us time. We require that an invoice accompany the firearm. We do not transfer it to the buyer until we have a copy of the invoice, and we end up charging the sales tax based on that. It is not necessarily an arbitrary number. We do have private party sales, so some are not coming from gun stores. They can write a letter that says it was a gift and there was no sale, so we do not charge sales tax on those.

Chair Neal:

I would like someone from the Department of Taxation to have the conversation about use tax.

Shellie Hughes, Chief Deputy Executive Director, Department of Taxation:

What was your specific question about use tax?

Chair Neal:

There is a change. Talk about how use tax will come into play with this change.

Shellie Hughes:

If A.B. 113 were to pass, the use tax would be due by the consumer, or it would be due by the out-of-state seller if they meet the thresholds from *Wayfair*. For use tax purposes, the consumer would have to come in and pay the use tax. We would have no way of knowing who is liable for the use tax.

Assemblywoman Backus:

With respect to the invoices you are getting, are they claiming whether they have paid a sales tax to the person they have purchased the gun from?

Debbie Block:

In cases where it is a legitimate firearms gun store, I am sure they are putting it on there. In cases where it is not coming from a business, I doubt they are putting it on there. In general, they do not.

Assemblyman Edwards:

Can you give us an idea of how much the guns are costing that have to go through the FFL? For guns that are a couple hundred dollars, between private seller and buyer, the tax would be around \$9 to \$18. Is that about right?

Debbie Block:

We bring in guns that are valued anywhere from several hundred dollars to tens of thousands of dollars. We could definitely have a huge sales tax implication in some cases, but it is all over the board.

Assemblyman Edwards:

For the private seller to private buyer, there is probably not an understanding of what Nevada law is if they are in another state, so they would not even know to put on the invoice whether the tax was paid. So for a gun that might be \$100 to \$200, for the sake of \$18 or so, are we going to have to chase somebody down and put you guys through a whole lot of effort to try to find out if the \$18 was paid?

Debbie Block:

I am assuming a private-party sale is not collecting sales tax and remitting it to Nevada. In the case of purchasing anything from outside of the state, if you do not pay sales tax personally, it is still my responsibility to report it to the state. This is no different than any nontaxed sales transaction. It should not be the responsibility of me, the transferor. The only reason it is going through me, the transferor, is to do the background check. I should not have to be responsible for collecting the sales tax too. I am just making sure that everybody is meeting federal laws to transfer a firearm.

Chair Neal:

Are there any additional questions from the members? [There were none.] I will now take testimony from those in support of A.B. 113. I will let Elko go first.

Danielle M. Kohler, Owner, Arms-R-Us LLC, Deeth, Nevada:

I am here to speak in support of A.B. 113. When this came to our attention, that the Nevada Department of Taxation thought we needed to start collecting tax, it created an enormous bookkeeping issue for us. We do understand that the use tax is required for any individual purchasing out of state to file with the Nevada Department of Taxation if it has not already been collected through that out-of-state sale. Because of our business and the fact that federal law requires firearms to be transferred through an actual federally licensed dealer, we are being essentially put on the spot to collect that sales tax for the state. We do not receive any compensation for that part of it. Yes, we can charge a fee, and that is primarily for the transfer itself that is required by federal law.

Part of the transfer, in order to report the sales tax, we are required to report it as an actual part of our gross sales on the tax return. This will, in effect, also cause taxes under the modified business tax (MBT) and the commerce tax because of that reporting. We should not be paying federal income tax because it is not an actual sale or income to our business.

I am in support of this bill and think the responsibility for paying that sales tax should be on the person who is purchasing and not be facilitated by the business.

Chair Neal:

I would like to clarify something. I do not believe that the MBT will be affected at all by this bill. I wanted to make sure no one walks away believing that, as that is not the case.

Daniel S. Reid, Western Regional Director, National Rifle Association of America:

I am hoping to provide clarity to some of the questions that have been asked today. Assemblywoman Spiegel asked about the number of firearms this might impact. That is going to be really difficult, as you heard from the Department of Taxation how they are quantifying the different numbers. It is important to know that not all these transfers are sales. They could be gifts. They could be loans. They could be certain types of leases, et cetera. They are all getting captured. It is going to be really difficult to get a firm number when it comes to that, without auditing every firearms dealer and differentiating in their acquisition and disposition book what firearm came from where, et cetera.

There was a question about the fees, and are they able to charge and be compensated for their time. Typically gun dealers charge anywhere from \$35 to \$100 to facilitate a transfer, depending on the state. That can be a very small fee in comparison, as you heard from the owner of Reno Guns and Range. Some of these guns run into the thousands of dollars, which is a pretty significant tax number for a business that is only collecting a small service fee.

There was also a question about S.B. 143 and why was it not included. There was some information put out by the Department of Taxation on Question No. 1 from the 2016 General Election, which was a little bit different than S.B. 143 about how they are going to treat this type of service. They differentiated between facilitating an out-of-state transfer versus facilitating an in-state transfer. We will have to wait and see, until we get more guidance from the Department of Taxation on how they are going to treat this particular legislation.

Obviously, the difference between Question No. 1 and S.B. 143, and the actual mechanism for performing the check, is a little bit different, which gets into a broader question. We are in support of this bill, and I am happy to answer any questions you may have.

Amber Carrillo, Owner and Primary Instructor, Integritas, Inc., Gardnerville, Nevada:

We are a small company. We just came back to the United States from overseas military duty. We started a business here for firearms education. We applied for our FFL and we also handle sales now. A lot of our sales at this moment are Internet sales. The reason for that is, we do not have a very large budget to bring in and buy a lot of guns from the dealers. That requires a lot of capital that we do not have at this moment. Several times we have had to transfer from Internet sales. The reason we do that is because we want customers to come. Some gun shops will not facilitate these transfers. They do not want that on their records, showing that there is a gun that has come into their store and that they are now liable for those taxes. We will facilitate these transfers so we can get them to possibly purchase something else from our store, which is going to be easily shown on our tax records. We want them to come and buy merchandise at our store, so we will facilitate that.

Addressing the question about the fees, we are charged and assessed a \$25 fee through the Nevada Department of Public Safety to do a background check. We can charge a different fee, and all gun stores are allowed to set their own fees. If you want to charge less than \$25, you can, but you are still going to have to pay the Nevada Department of Public Safety \$25 to do that background check. Some gun stores, as the gentleman from the NRA [National Rifle Association of America] said, will charge anywhere from \$35 to \$100. It behooves me, as a small business, to charge a little bit less than the \$100. I do charge a \$35 fee; however, \$25 of that goes right to the Nevada Department of Public Safety, so that fee is not all to us. As a small business, I do not charge a large amount because they will go to another dealer who will facilitate that transfer.

I am in support of this bill. I would appreciate the burden of that tax. When they come to me, they do have an invoice and I do have an invoice from that sale. I put that on my records also, but we do have to charge a sales tax on the retail value of that firearm. I would appreciate your support of this bill as well and clarify that again, it will happen with S.B. 143 on private sales. Those will also have to go into our acquisition and disposition books, so it will show as a sale in our records. I appreciate your time.

Assemblyman Kramer:

What you are saying, is the fee you charge goes on your books as part of your gross sales, even though a portion of that ends up being paid for the background check, which is really not part of your income. In a sense your gross sales are overstated, not only by the gun sale that did not really happen, but also by the background check fee. Is that correct?

Amber Carrillo:

To my knowledge, yes. We just started our business last year, so we will come across that when we have to file those taxes this coming year and this coming quarter with our FFL.

Janine Hansen, State President, Nevada Families for Freedom:

This is an issue that has needed to be fixed for some time. We support this bill.

Bryan Wachter, Senior Vice President, Retail Association of Nevada:

We see A.B. 113 as another bill in our search for tax fairness. The Retail Association of Nevada has been intimately involved with online sales, taxable sales, whether it is through the streamlined sales and use tax compact federally or here in Nevada, trying to tackle the challenge of Internet sales.

For us, this is a tax bill that needs to be fixed in terms of policy, on a product the government has a choke hold on. This does not apply to any other product that gets sold in Nevada, except for maybe vehicles. If you bought furniture online and you had them ship it to your house, there would be no taxable event because the government is not involved—facilitating or mandating an intermediary in that transfer. When it comes to gun sales, because we have the responsibility to conduct these background checks in order to fulfill that legal obligation, the Department of Taxation took that opportunity to look at it and say it is a sale as defined by law, and we know it needs sales tax charged, as well as accumulating additional gross receipts on your commerce tax liability.

We would like you to consider this as an attempt to remedy the kind of tax unfairness that is applied because of that defined and mandated relationship on the transfer. If this were any other product, there would be no taxable event on private-party sales other than if you were liable for the use tax anyway.

To speak to the amount of sales we are talking about, because of *Wayfair*, there are two ways to buy guns online. One is through an auction or a marketplace site, and another would be from a very large online gun store that is meeting the threshold the Department of Taxation spoke about in requiring an online seller to remit that sales tax to the state.

This problem will be solved in terms of purchasing a gun from an online retailer that is making enough purchases or selling enough products in the state to qualify for that requirement. This would then only not apply to those private party sales. We are going to lose that automatic sales tax collection that the Department of Taxation has said you must pay at the time of transfer.

That is why we are asking you to treat this as if it were any other product that you were not requiring a background check for the transfer of, so we do not accumulate the sales tax liability, and possibly not accumulate the gross receipts liability that we would have.

We are very much in favor of this. This has been a long struggle. We think it is something that does need to be addressed. It certainly does need to be addressed with S.B. 143 because it is going to get bigger, and it is something we are going to have to deal with. We honestly do not think that our retailers, and the retailers you heard from today, need to assume this additional liability and cost just to facilitate what you have mandated us to do on the transfer.

Michael Findlay, Director, Government Relations and State Affairs, National Shooting Sports Foundation, Inc.:

We are the trade association for FFL dealers as well as manufacturers and shooting ranges all over the country, including here in Nevada. We sit here today in support of this bill. For online sales, the threshold Mr. Wachter mentioned was \$100,000 in taxable sales or 200 transactions in Nevada. For our members who are doing business in terms of the Internet, most of those fall within that threshold. I thought the presenters did a great job in explaining this issue and explaining why firearms is a unique business, and it needs a unique solution because of the federal requirements for transfers from out of state to go through an FFL dealer, and to go through the Federal Bureau of Investigation's National Instant Criminal Background Check System background check. We stand in support of the bill. I am happy to answer any questions.

Chair Neal:

Is there anyone here to testify in opposition to A.B. 113? [There was no one.] I will take testimony from those who are neutral on A.B. 113.

Ryan Black, Legislative Liaison, Office of Administrative Services, City of Las Vegas:

We are neutral on this bill as it is written. The bill stops the purchaser from paying sales tax at the point of sale, but it does not demonstrate or clarify how the use tax would be collected from the purchaser, or if there would be any penalty if they did not pay the tax. We are also not sure how much tax revenue could potentially be affected by these changes. As the Department of Taxation pointed out, they currently do not have any means to track that, so for these reasons we are neutral.

Chair Neal:

I would like Assemblywoman Titus to come back to the table for closing remarks.

Assemblywoman Titus:

There are a lot of unanswered questions about collection, point of sale, et cetera, but I do not think there are any unanswered questions that this is probably an unfair tax, and for two reasons: The potential double-taxing of a person, which is an unfair tax, and then the retailers that have to list this as a purchase when they did not actually sell this firearm. Hopefully we can clarify this. The tax law in Nevada is very confusing, even for our representatives from the Department of Taxation. Hopefully, we can clarify a little bit of it for a step forward. Thank you for your time.

Chair Neal:

I will close the hearing on A.B. 113 and open the hearing for public comment. Seeing none, I will close public comment. We are adjourned [at 4:52 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Dina Neal, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is material submitted by Assemblywoman Robin L. Titus, Assembly District No. 38, consisting of the following:

1. A document titled "Tax Bulletin SUT 15-0001," prepared by the Nevada Department of Taxation, dated January 26, 2015.
2. An email from Davidson's Firearms regarding a tax issue, dated May 17, 2017.
3. A document titled "Impact of new background check bill (SB143) on gun sales tax."
4. A fiscal note for Assembly Bill 113, submitted by the Department of Taxation, dated February 21, 2019.
5. A fiscal note for Assembly Bill 113, submitted by local governments, dated February 21, 2019.