

Assembly Bill No. 435—Committee on Revenue

CHAPTER.....

AN ACT relating to taxation; expanding the exemption from the commerce tax for persons who take part in certain events for a purpose related to the conduct of a business; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes an annual commerce tax on each business entity whose gross revenue earned in this State during a fiscal year exceeds \$4,000,000. The tax is imposed at a rate based on the industry in which the business entity is primarily engaged. (Chapter 363C of NRS) Existing law exempts from the commerce tax a person who: (1) takes part in an exhibition held in this State for a purpose related to the conduct of a business; and (2) is not required to obtain a state business license for the exhibition because the operator of the facility where the exhibition is held pays the licensing fee on behalf of that person. (NRS 360.780, 363C.020) This bill expands the exemption from the commerce tax to apply to any person who takes part in an exhibition, trade show, industry or corporate meeting or similar event held in this State, regardless of whether the person is required to obtain a state business license. This bill additionally clarifies that an organizer, manager or sponsor of such an event or an exhibitor at such an event is authorized to claim the exemption.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. NRS 363C.020 is hereby amended to read as follows:

363C.020 1. Except as otherwise provided in subsection 2, “business entity” means a corporation, partnership, proprietorship, limited-liability company, business association, joint venture, limited-liability partnership, business trust, professional association, joint stock company, holding company and any other person engaged in a business.

2. “Business entity” does not include:

(a) Any person or other entity which this State is prohibited from taxing pursuant to the Constitution or laws of the United States or the Nevada Constitution.

(b) A natural person, unless that person is engaging in a business and is required to file with the Internal Revenue Service a Schedule C (Form 1040), Profit or Loss from Business, or its equivalent or successor form, a Schedule E (Form 1040), Supplemental Income and Loss, or its equivalent or successor form, or a Schedule F



(Form 1040), Profit or Loss from Farming, or its equivalent or successor form, for that business.

(c) A governmental entity.

(d) A nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c).

(e) A business entity organized pursuant to chapter 82 or 84 of NRS.

(f) A credit union organized under the provisions of chapter 672 of NRS or the Federal Credit Union Act.

(g) A grantor trust as defined by section 671 and 7701(a)(30)(E) of the Internal Revenue Code, 26 U.S.C. §§ 671 and 7701(a)(30)(E), all of the grantors and beneficiaries of which are natural persons or charitable entities as described in section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3), excluding a trust taxable as a business entity pursuant to 26 C.F.R. § 301.7701-4(b).

(h) An estate of a natural person as defined by section 7701(a)(30)(D) of the Internal Revenue Code, 26 U.S.C. § 7701(a)(30)(D), excluding an estate taxable as a business entity pursuant to 26 C.F.R. § 301.7701-4(b).

(i) A real estate investment trust, as defined by section 856 of the Internal Revenue Code, 26 U.S.C. § 856, and its qualified real estate investment trust subsidiaries, as defined by section 856(i)(2) of the Internal Revenue Code, 26 U.S.C. § 856(i)(2), except that:

(1) A real estate investment trust with any amount of its assets in direct holdings of real estate, other than real estate it occupies for business purposes, as opposed to holding interests in limited partnerships or other entities that directly hold the real estate, is a business entity pursuant to this section; and

(2) A limited partnership or other entity that directly holds the real estate as described in subparagraph (1) is a business entity pursuant to this section, without regard to whether a real estate investment trust holds an interest in it.

(j) A real estate mortgage investment conduit, as defined by section 860D of the Internal Revenue Code, 26 U.S.C. § 860D.

(k) A trust qualified under section 401(a) of the Internal Revenue Code, 26 U.S.C. § 401(a).

(l) A passive entity.

(m) A person whose activities within this State are confined to the owning, maintenance and management of the person's intangible investments or of the intangible investments of persons or statutory trusts or business trusts registered as investment companies under the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1 et seq., as



amended, and the collection and distribution of the income from such investments or from tangible property physically located outside this State. For the purposes of this paragraph, “intangible investments” includes, without limitation, investments in stocks, bonds, notes and other debt obligations, including, without limitation, debt obligations of affiliated corporations, real estate investment trusts, patents, patent applications, trademarks, trade names and similar types of intangible assets or an entity that is registered as an investment company under the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1 et seq.

(n) A person who takes part in an exhibition , *trade show, industry or corporate meeting or similar event* held in this State for a purpose related to the conduct of a business ~~and is not required to obtain a state business license specifically for that event pursuant to NRS 360.780.1~~ , *including, without limitation, an organizer, manager or sponsor of such an event or an exhibitor at such an event.*

Sec. 2. Notwithstanding the provisions of NRS 218D.430 and 218D.435, a committee, other than the Assembly Standing Committee on Ways and Means and the Senate Standing Committee on Finance, may vote on this act before the expiration of the period prescribed for the return of a fiscal note in NRS 218D.475. This section applies retroactively from and after March 22, 2021.

Sec. 3. This act becomes effective on July 1, 2021.

