

ASSEMBLY BILL NO. 455—COMMITTEE ON REVENUE

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

MARCH 27, 2023

Referred to Committee on Revenue

SUMMARY—Authorizes the imposition of a civil penalty by the Department of Taxation for certain violations relating to contraband tobacco products. (BDR 32-1068)

FISCAL NOTE: Effect on Local Government: No.
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 tobacco; authorizing the Department of Taxation to impose a civil penalty for certain violations relating to contraband tobacco products; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law: (1) prohibits a person from knowingly selling or possessing for the purpose of selling any contraband tobacco products; and (2) provides that any person who exports, imports, possesses or constructively possesses contraband tobacco products, with certain exceptions, is guilty of a gross misdemeanor. (NRS 370.405, 370.410) Existing law also requires the Department of Taxation and its agents, sheriffs and all other peace officers of this State to seize any counterfeit stamps, contraband tobacco products, machinery used to manufacture contraband tobacco products and cigarette rolling machines used in violation of existing law that are found in this State. (NRS 370.415) This bill authorizes the Department to impose a civil penalty on any person who violates such provisions of existing law resulting in the seizure of counterfeit stamps, contraband tobacco products, machinery or cigarette rolling machines. This bill further requires any civil penalty to be credited to a separate account in the State General Fund to be used to enforce the provisions governing contraband tobacco products.



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

Section 1. NRS 370.415 is hereby amended to read as follows:

370.415 1. The Department, its agents, sheriffs within their respective counties and all other peace officers of the State of Nevada shall seize any counterfeit stamps, contraband tobacco products, machinery used to manufacture contraband tobacco products and cigarette rolling machines being used in violation of any provision of this chapter that are found or located in the State of Nevada.

2. A sheriff or other peace officer who seizes stamps, contraband tobacco products, machinery or cigarette rolling machines pursuant to this section shall provide written notification of the seizure to the Department not later than 5 working days after the seizure. The notification must include the reason for the seizure.

3. After consultation with the Department, the sheriff or other peace officer shall transmit the contraband tobacco products to the Department if:

(a) The contraband tobacco products consist of cigarettes and:

(1) Except for revenue stamps being properly affixed as required by this chapter, the cigarettes comply with all state and federal statutes and regulations; and

(2) The Department approves the transmission of the cigarettes; or

(b) The contraband tobacco products consist of any other tobacco products and the Department approves the transmission of the other tobacco products.

4. Upon the receipt of any:

(a) Cigarettes pursuant to subsection 3, the Department shall dispose of the cigarettes as provided in subsection 4 of NRS 370.270; or

(b) Other tobacco products pursuant to subsection 3, the Department shall:

(1) Sell the other tobacco products to the highest bidder among the licensed wholesale dealers in this State after due notice to all licensed Nevada wholesale dealers has been given by mail to the addresses contained in the Department's records; or

(2) If there is no bidder, or in the opinion of the Department the quantity of the other tobacco products is insufficient, or for any other reason such disposition would be impractical, destroy or dispose of the other tobacco products as the Department may see fit.

↪ The proceeds of all sales pursuant to this paragraph must be classed as revenues derived under the provisions of NRS 370.440 to 370.503, inclusive.



1 5. The sheriff or other peace officer who seizes any stamps,
2 contraband tobacco products, machinery or cigarette rolling
3 machines pursuant to this section shall:

4 (a) Destroy the stamps, machinery and cigarette rolling
5 machines; and

6 (b) If he or she does not transmit the contraband tobacco
7 products to the Department, destroy the contraband tobacco
8 products.

9 6. *In addition to any other penalty provided by law, the*
10 *Department may impose a civil penalty upon a person who violates*
11 *NRS 370.405 or 370.410 resulting in the seizure of counterfeit*
12 *stamps, contraband tobacco products, machinery or cigarette*
13 *rolling machines pursuant to this section in the amount of \$10,000*
14 *or the total costs incurred by the Department for the*
15 *transportation, storage and disposal of the counterfeit stamps,*
16 *contraband tobacco products, machinery or cigarette rolling*
17 *machines, whichever is greater.*

18 7. *All penalties imposed pursuant to subsection 6 must be*
19 *paid to the Department in the form of remittances payable to the*
20 *Department and deposited in a separate account in the State*
21 *General Fund to be used for the enforcement of the provisions of*
22 *this section.*

23 **Sec. 2.** This act becomes effective on July 1, 2023.

