REVENUE REFERENCE MANUAL

FISCAL ANALYSIS DIVISION
JANUARY 2009

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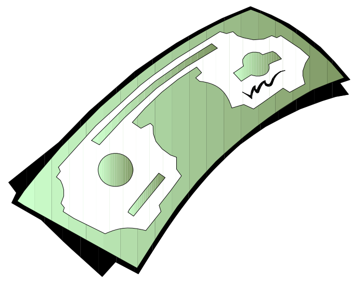
I. APPROPRIATIONS AND REVENUE CHARTS



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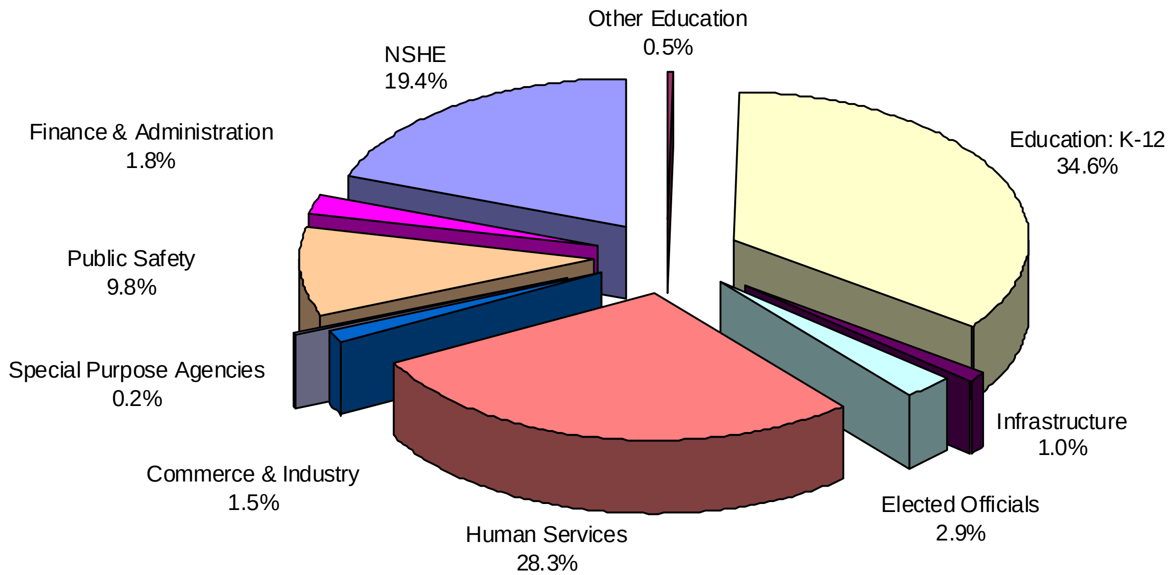
NEVADA GENERAL FUND APPROPRIATIONS

LEGISLATURE APPROVED, 2007-09 BIENNIUM

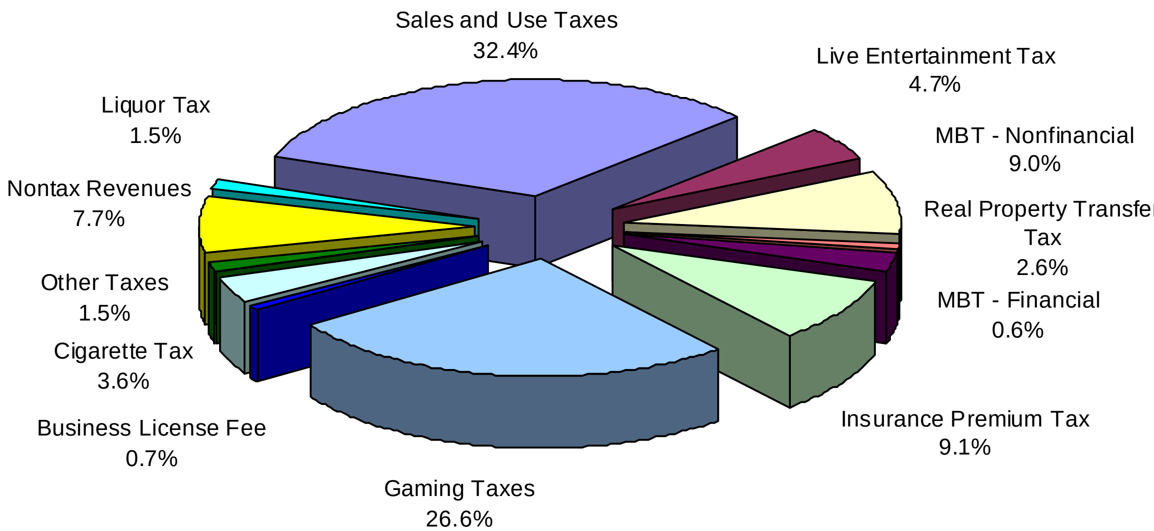


LEGISLATURE APPROVED APPROPRIATIONS - 2007-09 BIENNIUM

	FY 2007-08	FY 2008-09	Total	% of TOTAL
ELECTED OFFICIALS	$ 93,976,468	$ 101,570,510	$ 195,546,978	2.9%
FINANCE & ADMINISTRATION	$ 52,600,759	$ 71,984,127	$ 124,584,886	1.8%
EDUCATION:				
NEVADA SYSTEM OF HIGHER EDUCATION	$ 639,293,540	$ 677,091,932	$ 1,316,385,472	19.4%
KINDERGARTEN TO 12TH GRADE	$ 1,136,680,963	$ 1,215,606,507	$ 2,352,287,470	34.6%
OTHER EDUCATION	$ 15,605,059	$ 16,991,470	$ 32,596,529	0.5%
SUBTOTAL EDUCATION	$ 1,791,579,562	$ 1,909,689,909	$ 3,701,269,471	54.5%
HUMAN SERVICES	$ 915,286,382	$ 1,011,722,346	$ 1,927,008,728	28.3%
COMMERCE & INDUSTRY	$ 52,051,310	$ 53,122,390	$ 105,173,700	1.5%
PUBLIC SAFETY	$ 319,065,969	$ 345,822,950	$ 664,888,919	9.8%
INFRASTRUCTURE	$ 35,952,417	$ 33,537,044	$ 69,489,461	1.0%
SPECIAL PURPOSE AGENCIES	$ 6,480,205	$ 7,679,060	$ 14,159,265	0.2%
TOTAL	$ 3,266,993,072	$ 3,535,128,336	$ 6,802,121,408	100.0%

NEVADA GENERAL FUND REVENUE

ECONOMIC FORUM FORECAST, 2009-11 BIENNIUM



ESTIMATED GENERAL FUND REVENUE - 2009-11 BIENNIUM
ECONOMIC FORUM DECEMBER 1, 2008 FORECAST

	Millions $'s	% of Total
State Gaming Taxes	$1,506.4	26.6%
Sales and Use Taxes	$1,838.3	32.4%
Insurance Premium Tax	$515.5	9.1%
Cigarette Tax	$204.7	3.6%
Live Entertainment Tax	$267.1	4.7%
Modified Business Tax (MBT):		
Nonfinancial Institutions	$512.9	9.0%
Financial Institutions	$36.1	0.6%
Real Property Transfer Tax	$142.1	2.6%
Business License Fee	$39.4	0.7%
Liquor Tax	$80.9	1.5%

	Millions $'s	% of Total
Other Taxes:		
Mining Tax	$54.7	0.9%
Annual Slot Tax Transfer	$10.0	0.2%
Tobacco & Other Taxes	$18.3	0.3%
Branch Bank Excise Tax	$6.4	0.1%
Subtotal Other Taxes	$89.4	1.5%
Subtotal Taxes	$5,232.7	92.3%
Nontax Revenues		
Licenses	$241.1	4.3%
Fees and Fines	$77.0	1.4%
Use of Money and Property	$20.4	0.4%
Miscellaneous Revenues	$85.5	1.6%
Subtotal Nontax Revenues	$423.9	7.7%
Total General Fund	$5,656.5	

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST
ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011
ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING

December 1, 2008 - 4:00 PM

									DECEMBER 1, 2008 ECONOMIC FORUM FORECAST					
DESCRIPTION	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL [a.]	% Change	FY 2009	% Change	FY 2010	% Change	FY 2011	% Change
TAXES														
TOTAL MINING TAXES	$16,449,304	-2.2%	$19,661,886	19.5%	$27,698,719	40.9%	$35,131,075	26.8%	$33,600,000	-4.4%	$28,100,000	-16.4%	$26,600,000	-5.3%
TOTAL SALES AND USE TAX [1-FY04]	$913,895,384	15.6%	$1,005,054,248	10.0%	$1,020,762,102	1.6%	$985,739,728	-3.4%	$900,951,000	-8.6%	$905,548,000	0.5%	$932,735,000	3.0%
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	$749,655,622	4.9%	$838,094,296	11.8%	$858,640,751	2.5%	$803,946,125	-6.4%	$715,272,700	-11.0%	$738,886,700	3.3%	$767,472,900	3.9%
CASINO/LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	$107,884,337	20.9%	$117,109,288	8.6%	$132,493,622	13.1%	$131,820,221	-0.5%	$125,927,000	-4.5%	$129,879,000	3.1%	$137,256,000	5.7%
INSURANCE PREMIUM TAX	$215,948,970	11.1%	$238,627,989	10.5%	$260,000,139	9.0%	$257,367,094	-1.0%	$252,822,400	-1.8%	$254,083,400	0.5%	$261,438,900	2.9%
LIQUOR TAX [5-FY04]	$35,490,874	7.5%	$37,347,240	5.2%	$38,911,094	4.2%	$39,434,816	1.3%	$39,279,000	-0.4%	$39,940,000	1.7%	$40,918,000	2.4%
CIGARETTE TAX [6-FY04]	$113,282,664	6.1%	$114,693,245	1.2%	$113,071,937	-1.4%	$110,418,288	-2.3%	$100,837,000	-8.7%	$102,329,000	1.5%	$102,329,000	
OTHER TOBACCO TAX [7-FY04]	$7,557,607	9.1%	$8,178,593	8.2%	$8,841,781	8.1%	$8,840,580	0.0%	$8,929,000	1.0%	$9,057,000	1.4%	$9,212,000	1.7%
LAETRILE & GEROVITAL MFG.														
HECC TRANSFER	$5,000,000		$5,000,000		$5,000,000		$5,000,000		$5,000,000		$5,000,000		$5,000,000	
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06]	$14,486,315	22.2%	$21,897,095	51.2%	$19,997,653	-8.7%	$19,566,390	-2.2%	$19,883,000	1.6%	$19,617,000	-1.3%	$19,814,000	1.0%
BUSINESS LICENSE TAX [9-FY04]	$1,297,383	-94.2%	$431,986	-66.7%	$239,466	-44.6%	$13,983	-94.2%	$10,000		$7,500		$5,000	
MODIFED BUSINESS TAX														
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06]	$205,348,170	40.5%	$232,760,812	13.3%	$257,432,283	10.6%	$263,902,120	2.5%	$264,203,000	0.1%	$252,159,000	-4.6%	$260,733,000	3.4%
MBT-FINANCIAL [11-FY04][5-FY06]	$21,575,335	39.3%	$22,491,110	4.2%	$21,520,319	-4.3%	$20,698,297	-3.8%	$18,696,000	-9.7%	$17,374,000	-7.1%	$18,696,000	7.6%
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	$3,084,456	104.5%	$2,819,210	-8.6%	$3,029,997	7.5%	$3,142,650	3.7%	$3,219,000	2.4%	$3,178,000	-1.3%	$3,213,000	1.1%
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	$148,730,974	69.0%	$164,841,506	10.8%	$120,374,961	-27.0%	$85,882,799	-28.7%	$66,640,000	-22.4%	$70,000,000	5.0%	$72,100,000	3.0%
TOTAL TAXES	$2,559,687,394	14.1%	$2,829,008,504	10.5%	$2,888,014,822	2.1%	$2,770,904,166	-4.1%	$2,555,269,100	-7.8%	$2,575,158,600	0.8%	$2,657,522,800	3.2%
LICENSES														
INSURANCE LICENSES	$11,358,651	7.4%	$12,536,529	10.4%	$13,706,513	9.3%	$14,500,714	5.8%	$15,226,000	5.0%	$15,987,000	5.0%	$16,786,000	5.0%
BANKING LICENSES [16-FY04]														
MARRIAGE LICENSES	$599,890	0.9%	$559,974	-6.7%	$512,218	-8.5%	$490,094	-4.3%	$468,200	-4.5%	$441,900	-5.6%	$412,700	-6.6%
TOTAL SECRETARY OF STATE [14-FY04]	$84,122,084	11.7%	$101,139,626	20.2%	$99,238,461	-1.9%	$100,565,232	1.3%	$96,580,000	-4.0%	$97,075,000	0.5%	$97,721,000	0.7%
PRIVATE SCHOOL LICENSES	$274,132	8.9%	$246,102	-10.2%	$249,129	1.2%	$217,403	-12.7%	$200,500	-7.8%	$212,000	5.7%	$225,000	6.1%
PRIVATE EMPLOYMENT AGENCY	$18,700	-28.1%	$18,000	-3.7%	$18,300	1.7%	$18,700	2.2%	$16,000	-14.4%	$16,000		$16,000	
TOTAL REAL ESTATE [15-FY04][16-FY04]	$2,628,035	-1.0%	$3,167,643	20.5%	$3,160,580	-0.2%	$2,884,718	-8.7%	$2,795,500	-3.1%	$2,791,500	-0.1%	$2,875,530	3.0%
TOTAL FINANCIAL INSTITUTIONS [16-FY04]														
ATHLETIC COMMISSION FEES	$2,462,447	9.0%	$3,042,779	23.6%	$4,243,723	39.5%	$3,200,947	-24.6%	$3,100,000	-3.2%	$3,200,000	3.2%	$3,300,000	3.1%
TOTAL LICENSES	$101,463,939	10.7%	$120,710,653	19.0%	$121,128,924	0.3%	$121,877,809	0.6%	$118,386,200	-2.9%	$119,723,400	1.1%	$121,336,230	1.3%
FEES AND FINES														
VITAL STATISTICS FEES [17-FY04]	$845,362	11.3%	$901,094	6.6%	$990,077	9.9%	$979,552	-1.1%	$1,008,900	3.0%	$1,039,200	3.0%	$1,070,400	3.0%
DIVORCE FEES	$208,010	1.2%	$211,146	1.5%	$201,846	-4.4%	$201,111	-0.4%	$201,200	0.0%	$200,800	-0.2%	$200,500	-0.1%
CIVIL ACTION FEES	$1,412,898	2.6%	$1,396,729	-1.1%	$1,445,950	3.5%	$1,530,101	5.8%	$1,572,400	2.8%	$1,635,700	4.0%	$1,698,900	3.9%
INSURANCE FEES	$576,035	-7.7%	$1,370,097	137.8%	$882,643	-35.6%	$2,143,195	142.8%	$1,300,000	-39.3%	$688,000	-47.1%	$688,000	
MEDICAL PLAN DISCOUNT REGISTRATION FEES					$9,000		$12,000	33.3%	$16,000	33.3%	$17,500	9.4%	$19,000	8.6%
TOTAL REAL ESTATE FEES	$1,243,176	13.2%	$1,452,974	16.9%	$1,268,567	-12.7%	$957,184	-24.5%	$772,600	-19.3%	$766,450	-0.8%	$780,550	1.8%
SHORT-TERM CAR LEASE	$26,793,014	4.5%	$26,659,712	-0.5%	$29,806,850	11.8%	$29,792,195	0.0%	$28,000,000	-6.0%	$28,700,000	2.5%	$30,135,000	5.0%
ATHLETIC COMMISSION LICENSES/FINES	$122,515	11.6%	$690,076	463.3%	$585,662	-15.1%	$482,325	-17.6%	$450,000	-6.7%	$475,000	5.6%	$475,000	
WATER PLANNING FEES														
STATE ENGINEER SALES	$2,077,432	22.3%	$2,249,185	8.3%	$2,165,724	-3.7%	$2,272,980	5.0%	$1,700,000	-25.2%	$1,700,000		$1,700,000	
SUPREME COURT FEES	$208,203	-4.9%	$195,680	-6.0%	$218,285	11.6%	$220,335	0.9%	$225,200	2.2%	$230,900	2.5%	$238,300	3.2%
MISC. FINES/FORFEITURES	$484,199	85.2%	$1,269,520	162.2%	$2,631,519	107.3%	$2,400,455	-8.8%	$3,052,700	27.2%	$2,127,100	-30.3%	$2,375,200	11.7%
TOTAL FEES AND FINES	$33,970,845	6.2%	$36,396,214	7.1%	$40,206,123	10.5%	$40,991,433	2.0%	$38,299,000	-6.6%	$37,580,650	-1.9%	$39,380,850	4.8%
USE OF MONEY AND PROPERTY														
LYON COUNTY REPAYMENTS														
OTHER REPAYMENTS [18-FY04]	$2,100,078	4.5%	$2,200,892	4.8%	$2,905,765	32.0%	$5,145,859	77.1%	$4,016,543	-21.9%	$1,639,465	-59.2%	$1,145,006	-30.2%
MARLETTE REPAYMENT	$10,512		$10,664	1.4%	$10,512	-1.4%	$10,512		$10,512		$10,512		$9,185	-12.6%
INTEREST INCOME	$13,685,869	202.2%	$32,933,368	140.6%	$52,915,782	60.7%	$56,336,346	6.5%	$16,913,800	-70.0%	$5,534,100	-67.3%	$12,060,200	117.9%
TOTAL USE OF MONEY AND PROPERTY	$15,796,458	141.2%	$35,144,924	122.5%	$55,832,059	58.9%	$61,492,717	10.1%	$20,940,855	-65.9%	$7,184,077	-65.7%	$13,214,391	83.9%
OTHER REVENUE														
HOOVER DAM REVENUE	$300,000		$300,000		$300,000		$300,000		$300,000		$300,000		$300,000	
MISC. SALES AND REFUNDS	$1,428,335	58.9%	$3,934,335	175.4%	$5,031,331	27.9%	$2,383,105	-52.6%	$938,800	-60.6%	$956,300	1.9%	$953,500	-0.3%
COST RECOVERY PLAN	$9,624,189	-0.9%	$10,458,762	8.7%	$10,455,487	0.0%	$7,139,068	-31.7%	$7,144,500	0.1%	$7,144,500		$7,144,500	
PETROLEUM INSPECTION FEES	$582,201	4.3%	$580,469	-0.3%	$609,362	5.0%		-100.0%		#DIV/0!				
UNCLAIMED PROPERTY [9-FY06]	$19,811,660	1.0%	$22,269,598	12.4%	$23,464,527	5.4%	$49,179,534	109.6%	$36,000,000	-26.8%	$34,357,000	-4.6%	$34,305,000	-0.2%
TOTAL OTHER REVENUE	$31,746,384	2.1%	$37,543,164	18.3%	$39,860,707	6.2%	$59,001,707	48.0%	$44,383,300	-24.8%	$42,757,800	-3.7%	$42,703,000	-0.1%
TOTAL GENERAL FUND REVENUE	$2,742,665,021	14.1%	$3,058,803,459	11.5%	$3,145,042,636	2.8%	$3,054,267,831	-2.9%	$2,777,278,455	-9.1%	$2,782,404,527	0.2%	$2,874,157,271	3.3%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST
ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011
ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING

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DESCRIPTION	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL [a.]	% Change	FY 2009	% Change	FY 2010	% Change	FY 2011	% Change
TAXES														
PROPERTY/MINE														
3064 Net Proceeds of Minerals	$16,399,811	-2.2%	$19,587,761	19.4%	$27,685,453	41.3%	$34,685,775	25.3%	$33,500,000	-3.4%	$28,000,000	-16.4%	$26,500,000	-5.4%
3241 Net Proceeds Penalty	$23,174		$44,535		$2,869		$292,867		$50,000	-82.9%	$50,000		$50,000	
3245 Centrally Assessed Penalties	$26,318	-21.1%	$29,590	12.4%	$10,396	-64.9%	$152,433	1366.2%	$50,000	-67.2%	$50,000		$50,000	
TOTAL PROPERTY/MINE TAX	$16,449,304	-2.2%	$19,661,886	19.5%	$27,698,719	40.9%	$35,131,075	26.8%	$33,600,000	-4.4%	$28,100,000	-16.4%	$26,600,000	-5.3%
SALES AND USE														
3001 Sales & Use Tax [1-FY04]	$896,018,368	15.6%	$985,035,972	9.9%	$1,000,216,534	1.5%	$966,101,313	-3.4%	$883,123,000	-8.6%	$887,539,000	0.5%	$914,165,000	3.0%
3002 State Share - LSST [1-FY04]	$7,456,072	15.5%	$8,170,371	9.6%	$8,296,489	1.5%	$7,916,522	-4.6%	$7,187,000	-9.2%	$7,260,000	1.0%	$7,486,000	3.1%
3003 State Share - BCCRT [1-FY04]	$1,657,260	15.5%	$1,816,112	9.6%	$1,843,610	1.5%	$1,759,335	-4.6%	$1,597,000	-9.2%	$1,613,000	1.0%	$1,663,000	3.1%
3004 State Share - SCCRT [1-FY04]	$5,798,822	15.5%	$6,354,303	9.6%	$6,452,632	1.5%	$6,156,358	-4.6%	$5,589,000	-9.2%	$5,646,000	1.0%	$5,822,000	3.1%
3005 State Share - PTT [1-FY04]	$2,964,862	21.5%	$3,677,489	24.0%	$3,952,838	7.5%	$3,806,200	-3.7%	$3,455,000	-9.2%	$3,490,000	1.0%	$3,599,000	3.1%
TOTAL SALES AND USE	$913,895,384	15.6%	$1,005,054,248	10.0%	$1,020,762,102	1.6%	$985,739,728	-3.4%	$900,951,000	-8.6%	$905,548,000	0.5%	$932,735,000	3.0%
GAMING - STATE														
3032 Pari-mutuel Tax	$3,164	19.7%	$3,704	17.1%	$4,239	14.5%	$4,920	16.1%	$4,000	-18.7%	$4,000		$4,500	12.5%
3181 Racing Fees	$11,572	26.6%	$9,457	-18.3%	$15,306	61.8%	$15,542	1.5%	$15,000	-3.5%	$15,000		$15,000	
3247 Racing Fines/Forfeitures	$1,300	-55.9%	$4,050	211.5%	$3,100	-23.5%	$2,150	-30.6%	$2,000	-7.0%	$2,000		$2,000	
3041 Percent Fees - Gross Revenue [2-FY04]	$709,623,336	4.8%	$790,185,056	11.4%	$820,050,893	3.8%	$770,965,236	-6.0%	$677,361,000	-12.1%	$699,037,000	3.2%	$733,989,000	5.0%
3042 Gaming Penalties	$3,947,855	76.9%	$719,592	-81.8%	$356,353	-50.5%	$670,688	88.2%	$600,000	-10.5%	$600,000		$600,000	
3043 Flat Fees-Restricted Slots [3-FY04][1-FY06][1-FY08]	$9,423,079	2.1%	$9,533,014	1.2%	$9,610,619	0.8%	$9,507,690	-1.1%	$9,139,800	-3.9%	$9,149,900	0.1%	$9,406,400	2.8%
3044 Non-Restricted Slots [1-FY06][1-FY08]	$14,611,680	-1.9%	$13,980,960	-4.3%	$13,098,863	-6.3%	$12,771,871	-2.5%	$12,810,700	0.3%	$13,075,500	2.1%	$13,294,900	1.7%
3045 Quarterly Fees-Games	$7,234,573	0.2%	$7,300,179	0.9%	$7,217,562	-1.1%	$6,990,365	-3.1%	$6,958,200	-0.5%	$7,125,000	2.4%	$7,248,300	1.7%
3046 Advance License Fees	$4,427,703	21.3%	$15,976,552	260.8%	$7,822,853	-51.0%	$2,599,278	-66.8%	$7,976,400	206.9%	$9,461,000	18.6%	$2,500,000	-73.6%
3048 Slot Machine Route Operator	$33,500	-8.2%	$33,000	-1.5%	$37,500	13.6%	$36,000	-4.0%	$29,500	-18.1%	$29,500		$29,500	
3049 Gaming Info Systems Annual	$12,000		$24,000		$18,000		$18,356		$18,000	-1.9%	$18,000		$18,000	
3033 Equip Mfg. License	$179,500	0.6%	$172,500	-3.9%	$208,500	20.9%	$209,500	0.5%	$210,500	0.5%	$213,500	1.4%	$217,500	1.9%
3034 Race Wire License	$32,605	-16.8%	$44,257	35.7%	$92,152	108.2%	$35,196	-61.8%	$15,000	-57.4%	$15,000		$15,000	
3035 Annual Fees on Games	$113,754	0.2%	$107,975	-5.1%	$104,810	-2.9%	$119,333	13.9%	$132,600	11.1%	$141,300	6.6%	$132,800	-6.0%
TOTAL GAMING - STATE	$749,655,622	4.9%	$838,094,296	11.8%	$858,640,751	2.5%	$803,946,125	-6.4%	$715,272,700	-11.0%	$738,886,700	3.3%	$767,472,900	3.9%
LIVE ENTERTAINMENT TAX (LET)														
3031 Casino Entertainment Tax [4a-FY04]														
3031G Live Entertainment Tax-Gaming [4b-FY04]	$99,368,305	17.1%	$108,420,425	9.1%	$121,655,196	12.2%	$121,638,259	0.0%	$115,745,000	-4.8%	$119,493,000	3.2%	$126,663,000	6.0%
3031NG Live Entertainment Tax-Nongaming [4b-FY04][2-FY06][2-FY08]	$8,516,031	96.0%	$8,688,864	2.0%	$10,838,426	24.7%	$10,181,962	-6.1%	$10,182,000	0.0%	$10,386,000	2.0%	$10,593,000	2.0%
Total Casino/Live Entertainment Tax	$107,884,337	20.9%	$117,109,288	8.6%	$132,493,622	13.1%	$131,820,221	-0.5%	$125,927,000	-4.5%	$129,879,000	3.1%	$137,256,000	5.7%
INSURANCE TAXES														
3061 Insurance Premium Tax	$215,356,492	10.9%	$238,296,538	10.7%	$259,274,818	8.8%	$256,693,189	-1.0%	$252,194,000	-1.8%	$253,455,000	0.5%	$260,805,000	2.9%
3062 Insurance Retaliatory Tax	$241,546		$37,178	-84.6%	$54,699	47.1%	$120,501	120.3%	$75,000	-37.8%	$75,000		$75,000	
3067 Captive Insurer Premium Tax	$350,932		$294,274		$670,621		$553,405		$553,400	0.0%	$553,400		$558,900	1.0%
TOTAL INSURANCE TAXES	$215,948,970	11.1%	$238,627,989	10.5%	$260,000,139	9.0%	$257,367,094	-1.0%	$252,822,400	-1.8%	$254,083,400	0.5%	$261,438,900	2.9%
3050 Liquor Tax [5-FY04]	$35,490,874	7.5%	$37,347,240	5.2%	$38,911,094	4.2%	$39,434,816	1.3%	$39,279,000	-0.4%	$39,940,000	1.7%	$40,918,000	2.4%
3052 Cigarette Tax [6-FY04]	$113,282,664	6.1%	$114,693,245	1.2%	$113,071,937	-1.4%	$110,418,288	-2.3%	$100,837,000	-8.7%	$102,329,000	1.5%	$102,329,000	
3053 Other Tobacco Tax [7-FY04]	$7,557,607	9.1%	$8,178,593	8.2%	$8,841,781	8.1%	$8,840,580	0.0%	$8,929,000	1.0%	$9,057,000	1.4%	$9,212,000	1.7%
3054 Jet Fuel Tax														
3058 Laetrile & Gerovital Mfg.														
4862 HECC Transfer	$5,000,000		$5,000,000		$5,000,000		$5,000,000		$5,000,000		$5,000,000		$5,000,000	
3113 Business License Fee [8-FY04][3-FY06][4-FY06]	$14,486,315	22.2%	$21,897,095		$19,997,653		$19,566,390		$19,883,000	1.6%	$19,617,000	-1.3%	$19,814,000	1.0%
3065 Business License Tax [9-FY04]	$1,297,383	-94.2%	$431,986	-66.7%	$239,466	-44.6%	$13,983	-94.2%	$10,000	-28.5%	$7,500	-25.0%	$5,000	
MODIFIED BUSINESS TAX (MBT)														
3069 MBT - Nonfinancial [10-FY04][5-FY06][6-FY06][3-FY08]	$205,348,170	40.5%	$232,760,812	13.3%	$257,432,283	10.6%	$263,902,120	2.5%	$264,203,000	0.1%	$252,159,000	-4.6%	$260,733,000	3.4%
3069 MBT - Financial [11-FY04][5-FY06]	$21,575,335	39.3%	$22,491,110	4.2%	$21,520,319	-4.3%	$20,698,297	-3.8%	$18,696,000	-9.7%	$17,374,000	-7.1%	$18,696,000	7.6%
Total Modified Business Tax	$226,923,505		$255,251,922		$278,952,602		$284,600,418		$282,899,000	-0.6%	$269,533,000	-4.7%	$279,429,000	3.7%
3068 Branch Bank Excise Tax [12-FY04][7-FY06]	$3,084,456	104.5%	$2,819,210	-8.6%	$3,029,997	7.5%	$3,142,650	3.7%	$3,219,000	2.4%	$3,178,000	-1.3%	$3,213,000	1.1%
3055 Real Property Transfer Tax [13-FY04][8-FY06]	$148,730,974	69.0%	$164,841,506	10.8%	$120,374,961	-27.0%	$85,882,799	-28.7%	$66,640,000	-22.4%	$70,000,000	5.0%	$72,100,000	3.0%
TOTAL TAXES	$2,559,687,394	14.1%	$2,829,008,504	10.5%	$2,888,014,822	2.1%	$2,770,904,166	-4.1%	$2,555,269,100	-7.8%	$2,575,158,600	0.8%	$2,657,522,800	3.2%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST
ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011
ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING

December 1, 2008 - 4:00 PM

										DECEMBER 1, 2008 ECONOMIC FORUM FORECAST					
	DESCRIPTION	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL [a.]	% Change	FY 2009	% Change	FY 2010	% Change	FY 2011	% Change
	LICENSES														
3101	Insurance Licenses	$11,358,651	7.4%	$12,536,529	10.4%	$13,706,513	9.3%	$14,500,714	5.8%	$15,226,000	5.0%	$15,987,000	5.0%	$16,786,000	5.0%
3120	Marriage License	$599,890	0.9%	$559,974	-6.7%	$512,218	-8.5%	$490,094	-4.3%	$468,200	-4.5%	$441,900	-5.6%	$412,700	-6.6%
	SECRETARY OF STATE														
3105	UCC [1-FY02][14-FY04]	$1,656,126	13.1%	$1,616,793	-2.4%	$1,661,526	2.8%	$1,610,231	-3.1%	$1,300,000	-19.3%	$1,300,000		$1,300,000	
3106	Las Vegas Commercial Filings [14-FY04]	$5,335,430	25.8%	$5,872,591	10.1%	$4,849,928	-17.4%	$4,813,335	-0.8%	$4,000,000	-16.9%	$4,000,000		$4,000,000	
3129	Notary Fees	$595,658	11.5%	$632,040	6.1%	$638,190	1.0%	$605,618	-5.1%	$600,000	-0.9%	$600,000		$600,000	
3130	Commercial Recordings [14-FY04]	$58,992,448	11.8%	$74,119,207	25.6%	$72,119,215	-2.7%	$72,249,142	0.2%	$71,000,000	-1.7%	$71,000,000		$71,000,000	
3131	Video Service Franchise							$114,750		$1,000					
3152	Securities [14-FY04]	$17,542,422	7.5%	$18,898,995	7.7%	$19,969,602	5.7%	$21,172,156	6.0%	$19,679,000	-7.1%	$20,175,000	2.5%	$20,821,000	3.2%
	TOTAL SECRETARY OF STATE	$84,122,084	11.7%	$101,139,626	20.2%	$99,238,461	-1.9%	$100,565,232	1.3%	$96,580,000	-4.0%	$97,075,000	0.5%	$97,721,000	0.7%
3172	Private School Licenses	$274,132	8.9%	$246,102	-10.2%	$249,129	1.2%	$217,403	-12.7%	$200,500	-7.8%	$212,000	5.7%	$225,000	6.1%
3173	Private Employment Agency	$18,700	-28.1%	$18,000	-3.7%	$18,300	1.7%	$18,700	2.2%	$16,000	-14.4%	$16,000		$16,000	
	REAL ESTATE														
3161	Real Estate License [15-FY04]	$2,615,885	-1.0%	$3,156,963	20.7%	$3,154,710	-0.1%	$2,881,208	-8.7%	$2,792,000	-3.1%	$2,788,000	-0.1%	$2,872,000	3.0%
3162	Real Estate Fees	$12,150	8.1%	$10,680	-12.1%	$5,870	-45.0%	$3,510	-40.2%	$3,500	-0.3%	$3,500		$3,530	0.9%
	TOTAL REAL ESTATE	$2,628,035	-1.0%	$3,167,643	20.5%	$3,160,580	-0.2%	$2,884,718	-8.7%	$2,795,500	-3.1%	$2,791,500	-0.1%	$2,875,530	3.0%
3102	Athletic Commission Fees	$2,462,447	9.0%	$3,042,779	23.6%	$4,243,723	39.5%	$3,200,947	-24.6%	$3,100,000	-3.2%	$3,200,000	3.2%	$3,300,000	3.1%
	TOTAL LICENSES	$101,463,939	10.7%	$120,710,653	19.0%	$121,128,924	0.3%	$121,877,809	0.6%	$118,386,200	-2.9%	$119,723,400	1.1%	$121,336,230	1.3%
	FEES AND FINES														
3200	Vital Statistics Fees [17-FY04]	$845,362	11.3%	$901,094	6.6%	$990,077	9.9%	$979,552	-1.1%	$1,008,900	3.0%	$1,039,200	3.0%	$1,070,400	3.0%
3203	Divorce Fees	$208,010	1.2%	$211,146	1.5%	$201,846	-4.4%	$201,111	-0.4%	$201,200	0.0%	$200,800	-0.2%	$200,500	-0.1%
3204	Civil Action Fees	$1,412,898	2.6%	$1,396,729	-1.1%	$1,445,950	3.5%	$1,530,101	5.8%	$1,572,400	2.8%	$1,635,700	4.0%	$1,698,900	3.9%
3242	Insurance Fines	$576,035	-7.7%	$1,370,097	137.8%	$882,643	-35.6%	$2,143,195	142.8%	$1,300,000	-39.3%	$688,000	-47.1%	$688,000	
3103MD	Medical Plan Discount Reg. Fees					$9,000		$12,000	33.3%	$16,000	33.3%	$17,500	9.4%	$19,000	8.6%
	REAL ESTATE FEES														
3107IOS	IOS Application Fees					$6,330		$4,200	-33.6%	$4,100	-2.4%	$4,100		$4,300	4.9%
3165	Land Co Filing Fees	$365,100	19.0%	$431,036	18.1%	$376,694	-12.6%	$267,496	-29.0%	$262,100	-2.0%	$262,100		$264,800	1.0%
3166	Land Co Reg Rep Filing Fees	$20	-85.2%			$1,375			-100.0%	$500	#DIV/0!	$450	-10.0%	$450	
3167	Real Estate Adver Fees	$15,155	-40.5%	$8,780	-42.1%	$8,245	-6.1%	$8,610	4.4%	$7,500	-12.9%	$6,700	-10.7%	$6,900	3.0%
3169	Real Estate Reg Fees	$58,115	6.4%	$53,125	-8.6%	$42,160	-20.6%	$31,870	-24.4%	$30,300	-4.9%	$30,400	0.3%	$30,700	1.0%
4741	Real Estate Exam Fees [19-FY04]	$551,536		$642,378		$526,810		$341,139		$171,600	-49.7%	$172,200	0.3%	$174,100	1.1%
3171	CAM Certification Fee	$13,100		$41,835		$38,660		$48,850		$50,300	3.0%	$51,800	3.0%	$53,400	3.1%
3178	Real Estate Accred Fees	$87,360	11.6%	$117,000	33.9%	$131,083	12.0%	$126,750	-3.3%	$126,800	0.0%	$128,000	0.9%	$131,900	3.0%
3254	Real Estate Penalties	$85,290	19.4%	$96,520	13.2%	$92,600	-4.1%	$88,019	-4.9%	$80,000	-9.1%	$72,000	-10.0%	$74,200	3.1%
3190	A.B. 165, Real Estate Inspectors	$67,500	0.7%	$62,300	-7.7%	$44,610	-28.4%	$40,250	-9.8%	$39,400	-2.1%	$38,700	-1.8%	$39,800	2.8%
	TOTAL REAL ESTATE FEES	$1,243,176	13.2%	$1,452,974	16.9%	$1,268,567	-12.7%	$957,184	-24.5%	$772,600	-19.3%	$766,450	-0.8%	$780,550	1.8%
3066	Short Term Car Lease	$26,793,014	4.5%	$26,659,712	-0.5%	$29,806,850	11.8%	$29,792,195	0.0%	$28,000,000	-6.0%	$28,700,000	2.5%	$30,135,000	5.0%
3103AC	Athletic Commission Licenses/Fines	$122,515	11.6%	$690,076		$585,662		$482,325		$450,000	-6.7%	$475,000	5.6%	$475,000	
3205	State Engineer Sales	$2,077,432	22.3%	$2,249,185	8.3%	$2,165,724	-3.7%	$2,272,980	5.0%	$1,700,000	-25.2%	$1,700,000		$1,700,000	
3206	Supreme Court Fees	$208,203	-4.9%	$195,680	-6.0%	$218,285	11.6%	$220,335	0.9%	$225,200	2.2%	$230,900	2.5%	$238,300	3.2%
3271	Misc Fines/Forfeitures	$484,199	85.2%	$1,269,520	162.2%	$2,631,519	107.3%	$2,400,455	-8.8%	$3,052,700	27.2%	$2,127,100	-30.3%	$2,375,200	11.7%
	TOTAL FEES AND FINES	$33,970,845	6.2%	$36,396,214	7.1%	$40,206,123	10.5%	$40,991,433	2.0%	$38,299,000	-6.6%	$37,580,650	-1.9%	$39,380,850	4.8%

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December 1, 2008 - 4:00 PM

DESCRIPTION	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL [a.]	% Change	DECEMBER 1, 2008 ECONOMIC FORUM FORECAST FY 2009	% Change	FY 2010	% Change	FY 2011	% Change
USE OF MONEY AND PROP														
4420 Lyon County Repayments														
OTHER REPAYMENTS														
4401 Higher Education Tuition Admin	$25,000		$125,000		$175,000		$2,188,014		$1,183,709					
4403 Forestry Nurseries Fund Repayment (05-M27)							$26,250		$26,250		$26,250		$26,250	
4404 Bldg. and Grounds Repayments	$97,421		$97,421		$63,157		$47,413		$21,103		$21,103		$21,103	
4404 CIP 95-C14, Mailroom Remodel	$21,122		$21,122		$21,122		$21,122		$21,122		$21,122		$21,122	
4408 Comp/Fac Repayment	$23,744		$23,744		$23,744		$23,744		$23,744		$23,744		$23,744	
4408 CIP 95-M1, Security Alarm	$2,998		$2,998		$2,998		$2,998		$2,998		$2,998		$2,998	
4408 CIP 95-M5, Facility Generator	$6,874		$6,874		$6,874		$6,874		$6,874		$6,874		$6,874	
4408 CIP 95-S4F, Advance Planning	$1,000		$1,000		$1,000		$1,000		$1,000		$1,000		$1,000	
4408 CIP 97-C26, Capitol Complex Conduit System, Phase I	$62,542		$62,542		$62,542		$62,542		$62,542		$62,542		$62,542	
4408 CIP 97-S4H, Advance Planning Addition to Computer Facility	$9,107		$9,107		$9,107		$9,107		$9,107		$9,107		$9,107	
4408 S.B. 201, 1997; Cost of PBX System	$249,967		$249,967		$249,967		$249,967		$249,967					
4408 A.B. 576-Virtual Tape Storage					$463,444		$463,444		$463,444		$463,444			
4408 DoIT Repayment - April 9, 2008 IFC							$348,240		$197,258					
4409 Motor Pool Repay - Carson	$20,176		$20,176		$20,176									
4409 Motor Pool Repay - Reno	$24,385		$24,385		$24,385		$24,385		$24,385		$24,385			
4409 Motor Pool Repay - LV	$6,638		$6,638		$6,638		$6,638		$6,638		$6,630			
4410 Purchasing Repayment	$16,722		$17,537		$18,403		$19,326		$71,608					
4402 State Personnel IFS Repayment; S.B. 201, 1997 Legislature	$1,532,381		$1,532,381		$1,757,208		$1,644,795		$1,644,795		$970,267		$970,267	
TOTAL OTHER REPAYMENTS	$2,100,078	4.5%	$2,200,892	4.8%	$2,905,765	32.0%	$5,145,859	77.1%	$4,016,543	-21.9%	$1,639,465	-59.2%	$1,145,006	-30.2%
4406 Marlette Repayment	$10,512		$10,664	1.4%	$10,512	-1.4%	$10,512		$10,512		$10,512		$9,185	
INTEREST INCOME														
3290 Treasurer	$13,543,085	202.9%	$32,665,647	141.2%	$52,404,230	60.4%	$55,876,491	6.6%	$16,400,000	-70.6%	$5,000,000	-69.5%	$11,500,000	130.0%
3291 Other	$142,784	148.5%	$267,721	87.5%	$511,552	91.1%	$459,855	-10.1%	$513,800	11.7%	$534,100	4.0%	$560,200	4.9%
TOTAL INTEREST INCOME	$13,685,869	202.2%	$32,933,368	140.6%	$52,915,782	60.7%	$56,336,346	6.5%	$16,913,800	-70.0%	$5,534,100	-67.3%	$12,060,200	117.9%
TOTAL USE OF MONEY & PROP	$15,796,458	141.2%	$35,144,924	122.5%	$55,832,059	58.9%	$61,492,717	10.1%	$20,940,855	-65.9%	$7,184,077	-65.7%	$13,214,391	83.9%
OTHER REVENUE														
3059 Hoover Dam Revenue	$300,000		$300,000		$300,000		$300,000		$300,000		$300,000		$300,000	
MISC SALES AND REFUNDS														
3107 Misc Fees	$138,915	-13.6%	$1,533,484	1003.9%	$162,268	-89.4%	$197,310	21.6%	$163,800	-17.0%	$159,600	-2.6%	$163,800	2.6%
3109 Court Admin Assessments	$543,189		$1,658,404		$3,603,463		$1,386,084							
3150 Telemarketing Fees	$132,325	-17.7%	$126,625	-4.3%	$119,325	-5.8%	$97,250	-18.5%	$110,000	13.1%	$110,000		$110,000	
3151 Deceptive Trade Settlement	$1,475	-49.1%												
3168 Declare of Candidacy Filing Fee	$22,119	-66.4%	$45,891	107.5%	$39,497	-13.9%	$40,615	2.8%	$35,000	-13.8%	$35,000		$35,000	
3202 Fees & Writs of Garnishments	$2,682	11.1%	$2,465	-8.1%	$2,406	-2.4%	$2,180	-9.4%	$2,300	5.5%	$2,200	-4.3%	$2,200	
3220 Nevada Report Sales	$39,430	137.9%	$11,370	-71.2%	$17,340	52.5%	$30,235	74.4%	$20,000	-33.9%	$35,000	75.0%	$20,000	-42.9%
3222 Excess Property Sales	$50,190	110.8%	$46,925	-6.5%	$531,998	1033.7%	$41,215	-92.3%	$46,100	11.9%	$46,100		$46,100	
3240 Sale of Trust Property	$4,076	-83.5%	$5,995	47.1%	$8,287	38.2%	$1,014	-87.8%	$500	-50.7%	$900	80.0%	$400	-55.6%
3243 Insurance - Misc	$420,144	6.4%	$406,222	-3.3%	$495,452	22.0%	$514,555	3.9%	$500,000	-2.8%	$500,000		$500,000	
3272 Misc Refunds	$15,025	189.4%	$20,159	34.2%	$1,546	-92.3%	$878	-43.2%	$1,500	70.8%	$1,500		$1,500	
3274 Misc Refunds	$58,765	42.8%	$76,795	30.7%	$49,749	-35.2%	$61,769	24.2%	$59,600	-3.5%	$66,000	10.7%	$74,500	12.9%
3276 Cost Recovery Plan	$9,624,189	-0.9%	$10,458,762	8.7%	$10,455,487	0.0%	$7,139,068	-31.7%	$7,144,500	0.1%	$7,144,500		$7,144,500	
TOTAL MISC SALES & REF	$11,052,524	4.1%	$14,393,097	30.2%	$15,486,818	7.6%	$9,522,173	-38.5%	$8,083,300	-15.1%	$8,100,800	0.2%	$8,098,000	0.0%
3060 Petroleum Inspection Fees [4-FY08]	$582,201	4.3%	$580,469	-0.3%	$609,362	5.0%								
3255 Unclaimed Property [9-FY06]	$19,811,660	1.0%	$22,269,598	12.4%	$23,464,527	5.4%	$49,179,534	109.6%	$36,000,000	-26.8%	$34,357,000	-4.6%	$34,305,000	-0.2%
TOTAL OTHER REVENUE	$31,746,384	2.1%	$37,543,164	18.3%	$39,860,707	6.2%	$59,001,707	48.0%	$44,383,300	-24.8%	$42,757,800	-3.7%	$42,703,000	-0.1%
TOTAL GENERAL FUND REVENUE	$2,742,665,021	14.1%	$3,058,803,459	11.5%	$3,145,042,636	2.8%	$3,054,267,831	-2.9%	$2,777,278,455	-9.1%	$2,782,404,527	0.2%	$2,874,157,271	3.3%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST
ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011
ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING

December 1, 2008 - 4:00 PM

DESCRIPTION	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL [a.]	% Change	DECEMBER 1, 2008 ECONOMIC FORUM FORECAST					
									FY 2009	% Change	FY 2010	% Change	FY 2011	% Change

NOTES:

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

FY 2003-04 (Actual collections are not displayed in the table for FY 2004, but notes were retained as they reflect the tax changes approved by the Legislature during the 2003 Regular and Special Sessions.

FY 2004

[1-FY04] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the sales tax to the state from 1.25% to 0.5%, effective July 1, 2003.

[2-FY04] S.B. 8 (20th S.S.) increased gross gaming tax rates by 0.5%: 3.0% to 3.5% on monthly revenue up to $50,000; 4.0% to 4.5% on revenue over $50,000 and up to $134,000; 6.25% to 6.75% on revenue exceeding $134,000, effective August 1, 2003.

[3-FY04] S.B. 8 (20th S.S.) increased quarterly restricted slot fees by 33%: from $61 to $81 per machine, up to 5 machines; from $106 to $141 for each machine over 5, up to 15 machines, effective July 22, 2003.

[4a-FY04] S.B. 8 (20th S.S.) modified types of establishments and entertainment subject to the current 10% Casino Entertainment Tax (CET), effective September 1 to December 31, 2003 [Estimated to generate $4,982,000 additional collections during 4-month period].

[4b-FY04] S.B. 8 (20th S.S.) repealed CET and replaced by Live Entertainment Tax (LET): 5% of admissions price, if entertainment is in facility with 7,500 or more seats; 10% of admissions price & food, beverage, and merchandise purchased, if facility has more than 300 and up to 7,500 seats; exempt from the tax if facility is a non-gaming establishment with less than 300 seats or is gaming establishment with less than 300 seats and less than 51 slot machines, 6 games, or any combination thereof, effective January 1, 2004.

[5-FY04] S.B. 8 (20th S.S.) increased liquor taxes by 75%: beer from 9 cents to 16 cents per gallon; liquor up to 14% alcohol from 40 cents to 70 cents per gallon; liquor over 14% and up to 22% alcohol from 75 cents to $1.30 per gallon; liquor over 22% alcohol from $2.05 (15 cents for alcohol abuse program, 50 cents to local government, and $1.40 to state general fund) to $3.60 per gallon (15 cents for alcohol abuse program, 50 cents to local government, and $2.95 to state general fund) , effective August 1, 2003. [Estimated to generate $13,873,000 in FY 2004 and $15,536,000 in FY 2005]. A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the liquor tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate $734,000 in FY 2004 and $822,000 in FY 2005]

[6-FY04] S.B. 8 (20th S.S.) increased cigarette tax per pack of 20 by 45 cents: from 35 cents per pack (10 cents to Local Government Distribution Fund, 25 cents to state general fund) to 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to state general fund), effective July 22, 2003. [Estimated to generate $63,268,000 in FY 2004 and $70,047,000 in FY 2005] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the cigarette tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate $2,538,000 in FY 2004 and $2,884,000 in FY 2005]

[7-FY04] A.B. 4 (20th S.S.) reduced collection allowance provided to taxpayer for collecting and remitting tax on other tobacco items from 2.0% to 0.5%, effective August 1, 2003.

[8-FY04] S.B. 8 (20th S.S.) changed the $25 one-time annual business license fee to an annual fee of $100, effective July 22, 2003.

[9-FY04] S.B. 8 (20th S.S.) repealed the current quarterly $25 per employee tax when the Modified Business Tax comes online, effective October 1, 2003. [See Notes 10 and 11]

[10-FY04] S.B. 8 (20th S.S.) imposes tax on gross payroll of a business less a deduction for health care provided to employees, effective October 1, 2003. Tax rate is 0.70% in FY 2004 and 0.65% in FY 2005.

[11-FY04] S.B. 8 (20th S.S.) imposes tax of 2.0% on gross payroll of a financial institution less a deduction for health care provided to employees, effective October 1, 2003.

[12-FY04] S.B. 8 (20th S.S.) imposes excise tax on each bank of $7,000 per year ($1,750 per quarter) on each branch office, effective January 1, 2004.

[13-FY04] S.B. 8 (20th S.S.) imposes tax of $1.30 per $500 of value on the transfers of real property, effective October 1, 2003.

[14-FY04] S.B.2 and A.B. 4 (20th S.S.) makes changes to the rates and structure of the fees collected from entities filing with the Secretary of State's office, effective September 1, 2003 for Securities and UCC fee increases and November 1, 2003 for changes to commercial recording fees.

[15-FY04] S.B. 428 (2003 Session) increases real estate salesman, broker-salesman, and brokers licensing fees by $20 for an original license and $10 for renewal of license (original and renewal license fee varies depending on type of license), effective July 1, 2003.

[16-FY04] A.B. 493 (2003 Session) established that revenues from fees collected by the Division of Financial Institutions of the Department of Business & Industry will be deposited in a separate fund to pay the expenses related to the operations of the Commissioner of Financial Institutions and the Division of Financial Institutions, effective January 1, 2004. Previously, the revenues from the fees were deposited in the state general fund.

[17-FY04] A.B. 550 (2003 Session) increased state's portion of the fee for issuing copy of a birth certificate by $2 and fee for issuing copy of death certificate by $1, effective October 1, 2003

[18-FY04] S.B. 504 (2003 Session) transferred the State Printing Division of the Department of Administration to the Legislative Counsel Bureau and all debt to the state general fund was forgiven, effective July 1, 2003.

[19-FY04] Beginning in FY 2004, the portion of the fees collected by the Real Estate Division for Real Estate Testing Fees that belong to the general fund are transferred from Category 28 in BA 3823 to GL 4741 in the General Fund. Previously, the revenue from these fees were

FY 2006

[1-FY06] S.B. 357 (2005 Session) allocates $1 per slot machine per quarter in FY 2006 and $2 per slot machine per quarter in FY 2007 from the quarterly license fee imposed on restricted and nonrestricted slot machines and sunsets effective June 30, 2007. A total of $822,000 in FY 2006 and $1,678,000 is projected to be deposited in the Account to Support Programs for the Prevention and Treatment of Problem Gambling. (FY 2006: $84,666 - restricted; $737,334 - Nonrestricted and FY 2007: $172,834 - Restricted; $1,505,166 -

[2-FY06] A.B. 554 (2005 Session) lowers the occupancy threshold from 300 to 200, effective July 1, 2005. Estimated to generate $3,600,000 in FY 2006 and FY 2007.

[3-FY06] S.B. 3 (22nd S.S.) provides an exemption for entities that have four or fewer rental dwelling units. Estimated to reduce collections by $2,975,000 in FY 2006 and $3,060,000 in FY 2007.

[4-FY06] S.B. 3 (22nd S.S.) allows an entity operating a facility where craft shows, exhibitions, trade shows, conventions, or sporting events to pay the BLF for entities not having a business license as an annual flat fee of $5,000 or on a $1.25 times the number entities without a business license times the number days of the show basis. Estimated to generate $134,420 in FY 2006 and $158,884 in FY 2007.

[5-FY06] S.B. 391 (2005 Session) replaces the NAICS-based approach for defining a financial institution with a structure based on a state or federal licensing or regulatory requirement for conducting financial activities. Collection agencies and pawn shops are not included as financial institutions, but as nonfinancial businesses. The changes are estimated to reduce MBT-Financial collections by $1,801,800 in FY 2006 and $2,047,500 in FY 2007 and increase MBT-Nonfinancial collections by $584,168 in FY 2006 and $621,237 in FY 2007. Net effect is a reduction in total MBT collections of $1,217,632 in FY 2006 and $1,426,263 in FY 2007.

[6-FY06] S.B. 523 (2005 Session) reduces the MBT-nonfinancial institutions tax rate from 0.65% to 0.63% from July 1, 2005 to June 30, 2007. Estimated to reduce collections by $6,978,000 in FY 2006 and $7,450,000 in FY 2007.

[7-FY06] S.B. 3 (22nd S.S.) provides an exemption for the first branch bank operated by a bank in each county, replacing the previous exemption for one branch bank only. Estimated to reduce collections by $441,000 in FY 2006 and FY 2007.

[8-FY06] S.B. 390 (2005 Session) increases the collection allowance provided to Clark County and Washoe County from 0.2% to 1.0%, effective July 1, 2005, which makes the collection allowance 1.0% in all 17 counties. Estimated to reduce collections by $1,056,292 in FY 2006 and $1,022,504 in FY 2007.

[9-FY06] S.B. 4 (22nd S.S.) allocates $7,600,000 of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2006 and FY 2007.

FY 2008

[1-FY08] Per the June 30, 2007, sunset provision of S.B. 357 (2005 Session), the $2 per slot machine per quarter allocated from the quarterly license fee imposed on restricted and nonrestricted slot machines to the Account to Support Programs for the Prevention and Treatment of Problem Gambling ceases and the full amount collected from the quarterly slot fees remains in the General Fund.

[2-FY08] Per the A.B. 554 (2005 Session), race events that are part of the National Association of Stock Car Auto Racing (NASCAR) Nextel Cup series and all races associated with such an event are exempt from the LET, effective July 1, 2007.

[3-FY08] Per the sunset provision of S.B. 523 (2005 Session), the MBT-nonfinancial institutions tax rate increases to 0.65% from 0.63%, effective July 1, 2007.

[4-FY08] S.B. 165 (2005 Session) requires the state General Fund portion of the petroleum inspection fees imposed pursuant to NRS 590.120 to be deposited into a separate account for use by the Department of Agriculture, effective July 1, 2007.

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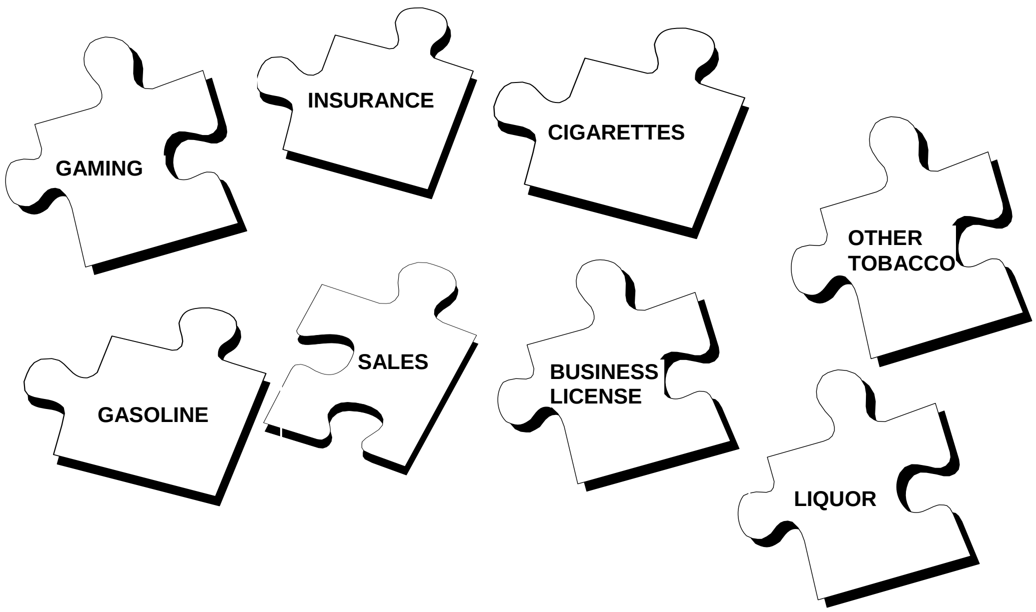
II. TAX REVENUE SUMMARIES



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TAX REVENUE SUMMARIES

A. SALES TAXES

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SALES AND USE TAX

Collection:

Administration: Department of Taxation.

Procedures: For all taxpayers whose taxable sales exceed $10,000 in a calendar quarter, taxes are due and payable monthly. For all other taxpayers, taxes are due and payable quarterly, with the exception of those taxpayers with less than $1,500 in taxable sales for the prior four quarters or those taxpayers with zero taxable sales for the prior three quarters, who may file annually. A collection allowance of 0.25 percent* is provided to retailers for timely payment of sales and use tax due.

Rate: Two percent on the taxable sale or taxable use of tangible personal property.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$1,000,216,534	$966,101,313	-3.4%
Percent of Total State General Fund	31.8%	31.6%	

Legal Reference(s): Chapter 397, *Statutes of Nevada 1955*, as amended. (Note: This act, known as the Sales and Use Act, was approved by voter referendum in 1956, and all subsequent changes also must be approved by referendum.)

Chapter 372, *Nevada Revised Statutes* (NRS)
Voter Approved in 1956
(Note: This chapter includes the codified provisions of the Sales and Use Tax Act as well as administrative provisions that may be changed by the Legislature without voter approval.)

Note: Assembly Bill 236 of the 2007 Session allows taxpayers with less than $1,500 in taxable sales in the prior four calendar quarters or who have zero taxable sales in the prior three calendar quarters to file annual sales and use tax returns. Prior to the passage of this legislation, these taxpayers were required to file quarterly or monthly returns, depending on the taxpayer's total taxable sales.

* The collection allowance provided to taxpayers for timely payment of the sales and use tax was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

BASIC CITY-COUNTY RELIEF TAX (BCCRT)

Collection:

Administration: Department of Taxation.

Procedures: For all taxpayers whose taxable sales exceed $10,000 in a calendar quarter, taxes are due and payable monthly. For all other taxpayers, taxes are due and payable quarterly, with the exception of those taxpayers with less than $1,500 in taxable sales for the prior four quarters or those taxpayers with zero taxable sales for the prior three quarters, who may file annually. A collection allowance of 0.25 percent* is provided to retailers for timely payment of sales and use tax due.

Proceeds of tangible personal property sales, less a 0.75 percent state charge for collection, are returned to the county where collected for deposit in the Local Government Tax Distribution fund. Redistribution within the county is by statutory formula based on prior distributions, Consumer Price Index (CPI) and growth as measured by population and assessed valuation.

Rate: One-half of one percent on the taxable sale or taxable use of tangible personal property.

Distribution:

Recipient(s): Nevada counties, cities, towns and special districts; state General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
Local Governments	$244,041,684	$232,900,752	-4.6%
State General Fund	$1,843,610	$1,759,335	-4.6%
Percent of Total State General Fund	0.1%	0.1%	

Legal Reference(s): Chapter 377, *Nevada Revised Statutes.*

Note: Assembly Bill 236 of the 2007 Session allows taxpayers with less than $1,500 in taxable sales in the prior four calendar quarters or who have zero taxable sales in the prior three calendar quarters to file annual sales and use tax returns. Prior to the passage of this legislation, these taxpayers were required to file quarterly or monthly returns, depending on the taxpayer's total taxable sales.

* The collection allowance provided to taxpayers for timely payment of the sales and use tax was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

SUPPLEMENTAL CITY-COUNTY RELIEF TAX (SCCRT)

Collection:

Administration: Department of Taxation.

Procedures: For all taxpayers whose taxable sales exceed $10,000 in a calendar quarter, taxes are due and payable monthly. For all other taxpayers, taxes are due and payable quarterly, with the exception of those taxpayers with less than $1,500 in taxable sales for the prior four quarters or those taxpayers with zero taxable sales for the prior three quarters, who may file annually. A collection allowance of 0.25 percent* is provided to retailers for timely payment of sales and use tax due.

Proceeds of tangible personal property sales, less a 0.75 percent state charge for collection, is returned to the county where collected (except for a small portion in certain larger counties, which is redistributed to other counties), for deposit in the Local Government Tax Distribution fund. Redistribution within the county is by statutory formula based on prior distributions, CPI, and growth as measured by population and assessed valuation.

Rate: One and three-quarters percent on the taxable sale or taxable use of tangible personal property.

Distribution:

Recipient(s): Nevada counties, cities, towns and special districts, state General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
Local Governments	$853,898,352	$814,634,654	-4.6%
State General Fund	$6,452,632	$6,156,358	-4.6%
Percent of Total State General Fund	0.2%	0.2%	

Legal Reference(s): Chapter 377, *Nevada Revised Statutes*.

Note: Assembly Bill 236 of the 2007 Session allows taxpayers with less than $1,500 in taxable sales in the prior four calendar quarters or who have zero taxable sales in the prior three calendar quarters to file annual sales and use tax returns. Prior to the passage of this legislation, these taxpayers were required to file quarterly or monthly returns, depending on the taxpayer's total taxable sales.

* The collection allowance provided to taxpayers for timely payment of the sales and use tax was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

LOCAL SCHOOL SUPPORT TAX (LSST)

Collection:

Administration: Department of Taxation.

Procedures: For all taxpayers whose taxable sales exceed $10,000 in a calendar quarter, taxes are due and payable monthly. For all other taxpayers, taxes are due and payable quarterly, with the exception of those taxpayers with less than $1,500 in taxable sales for the prior four quarters or those taxpayers with zero taxable sales for the prior three quarters, who may file annually. A collection allowance of 0.25 percent* is provided to retailers for timely payment of sales and use tax due.

Proceeds of in-state sales of tangible personal property, less a 0.75 percent state charge for collection, are returned to the school district in the county where collected. The proceeds of out-of-state sales, less a 0.75 percent state charge for collection, are deposited in the state Distributive School Account (DSA).

Rate: Two and one-quarter percent on the taxable sale or taxable use of tangible personal property.

Distribution:

Recipient(s): School districts; state DSA; state General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
School Districts	$986,407,260	$945,360,627	-4.2%
Distributive School Account	$111,655,998	$102,284,309	-8.4%
Total: School Districts & DSA	$1,098,063,259	$1,047,644,936	-4.6%
State General Fund	$8,296,489	$7,916,522	-4.6%
Percent of Total State General Fund	0.3%	0.3%	

Legal Reference(s): Chapter 374, *Nevada Revised Statutes.*

Note: Assembly Bill 236 of the 2007 Session allows taxpayers with less than $1,500 in taxable sales in the prior four calendar quarters or who have zero taxable sales in the prior three calendar quarters to file annual sales and use tax returns. Prior to the passage of this legislation, these taxpayers were required to file quarterly or monthly returns, depending on the taxpayer's total taxable sales.

* The collection allowance provided to taxpayers for timely payment of the sales and use tax was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

COUNTY OPTIONAL SALES TAXES

Collection:

Administration: Department of Taxation.

Procedures: For all taxpayers whose taxable sales exceed $10,000 in a calendar quarter, taxes are due and payable monthly. For all other taxpayers, taxes are due and payable quarterly, with the exception of those taxpayers with less than $1,500 in taxable sales for the prior four quarters or those taxpayers with zero taxable sales for the prior three quarters, who may file annually. A collection allowance of 0.25 percent* is provided to retailers for timely payment of sales and use tax due.

Proceeds from the sales of tangible personal property, less a 0.75 percent state charge for collection, are returned to the counties where the taxes have been authorized and collected.

Rate: As of October 1, 2008, the following counties impose the respective optional sales tax: Clark - 1.25 percent, Washoe County - .875 percent, Storey and Churchill Counties - .75 percent, Carson City and White Pine County - .625 percent, Douglas, Lander, Lincoln, Lyon, Nye, and Pershing Counties - 0.25 percent tax. A breakdown of the county optional rates imposed and their purpose is provided on the next page.

Distribution:

Recipient(s): Counties that impose the optional tax; state General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Participating Counties	$523,568,656	$503,406,069	-3.9%
State General Fund	$3,952,838	$3,806,200	-3.7%
Percent of Total State General Fund	0.1%	0.1%	

Legal Reference(s) Chapters 377A, 374A and 377B, *Nevada Revised Statutes,*
NRS 543.600 et seq.;
Chapter 491, *Statutes of Nevada 1991*, Section 29;
Chapter 475, *Statutes of Nevada 1993*, Section 8;
Chapter 566, *Statutes of Nevada 1993*, Section 9;
Chapter 37, *Statutes of Nevada 1999*, Section 18;
Chapter 28, *Statutes of Nevada 1999*, Section 24;
Chapter 81, *Statutes of Nevada 2003*; Section 5;
Chapter 249, *Statutes of Nevada 2005*, Section 10;
Chapter 371, *Statutes of Nevada 2005*, Section 15;
Chapter 545, *Statutes of Nevada 2007*, Section 14.

Note: Assembly Bill 236 of the 2007 Session allows taxpayers with less than $1,500 in taxable sales in the prior four calendar quarters or who have zero taxable sales in the prior three calendar quarters to file annual sales and use tax returns. Prior to the passage of this legislation, these taxpayers were required to file quarterly or monthly returns, depending on the taxpayer's total taxable sales.

* The collection allowance provided to taxpayers for timely payment of the sales and use tax was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

County Optional Sales Taxes Collected In Nevada, FY 2006-2007 and FY 2007-2008

County	Purpose	Rate	FY 2006-2007	FY 2007-2008	% change
Carson City	Open Space	0.25%	$2,444,405	$2,266,502	-7.3%
Carson City	Road Repair	0.25%	$2,445,170	$2,271,423	-7.1%
Carson City	V&T Railroad	0.125%	$1,208,317	$1,131,523	-6.4%
Churchill	Local Government Tax Act	0.25%	$757,356	$706,963	-6.7%
Churchill	Road Repair	0.25%	$757,356	$706,903	-6.7%
Churchill	Infrastructure Improvements	0.25%	$751,171	$706,300	-6.0%
Clark	Flood Control	0.25%	$89,484,366	$86,295,315	-3.6%
Clark	Mass Transit/Air Quality	0.50%	$178,716,556	$172,523,137	-3.5%
Clark	Southern Nevada Water Authority	0.25%	$89,374,124	$86,276,491	-3.5%
Clark	County Police Support	0.25%	$88,641,946	$86,053,475	-2.9%
Douglas	Tax Ordinance	0.25%	$1,879,121	$1,706,741	-9.2%
Lander	Water Treatment	0.25%	$693,406	$564,619	-18.6%
Lincoln	School/Public Utilities	0.25%	$36,940	$68,858	86.4%
Lyon	Public Safety/Infrastructure (1)	0.25%			
Nye	Road Repair	0.25%	$1,324,831	$1,182,080	-10.8%
Pershing	Public Safety/Infrastructure (2)	0.25%			
Storey	Railway	0.25%	$512,057	$301,431	-41.1%
Storey	Tourism	0.25%	$507,740	$301,431	-40.6%
Storey	School/Public Utilities	0.25%	$512,049	$301,420	-41.1%
Washoe	Flood/Public Safety	0.125%	$8,895,013	$8,385,747	-5.7%
Washoe	Local Government Tax Act	0.25%	$17,788,989	$16,777,499	-5.7%
Washoe	Mass Transit	0.375%	$26,621,398	$25,161,670	-5.5%
Washoe	Railroad Grade Project	0.125%	$8,895,013	$8,379,747	-5.8%
White Pine	Road Repair	0.25%	$476,912	$487,577	2.2%
White Pine	School Capital Improvements	0.125%	$237,920	$362,311	52.3%
White Pine	Swimming Pool (3)	0.25%	$130,733		
White Pine	Severe Financial Emergency (4)	0.25%	$475,769	$486,907	2.3%
	Total Collections (5)		$523,568,656	$503,406,069	-3.9%

(1) Lyon County's 0.25 percent collection for the acquisition, establishment, construction, expansion, improvement, or equipping of facilities relating to public safety or to cultural and recreational or judicial functions was approved by county ordinance pursuant to NRS 377B, and became effective October 1, 2008.

(2) Pershing County's 0.25 percent collection for capital improvements and public safety projects was approved by county ordinance pursuant to NRS 377B, and became effective October 1, 2008.

(3) White Pine County discontinued collection of the 0.25 percent swimming pool option on October 1, 2006.

(4) As a result of declared severe financial emergency in White Pine County, an additional 0.25 percent in sales and use tax is collected for the operation of the county and payment of debt service. Effective October 1, 2006, White Pine's total sales and use tax rate is 7.125 percent.

(5) Total Collections do not reflect audit and past due payments made for county optional sales taxes that were not imposed in FY 2006-07 or FY 2007-08, but were collected during these periods.

TAX REVENUE SUMMARIES

B. GAMING TAXES

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GAMING PERCENTAGE FEE

Collection:

Administration: Gaming Control Board.

Procedures: Fees due and payable monthly from non-restricted licensees based on taxable gross gaming revenues. These fees are an estimated payment for the month, three months in advance; each month an adjustment is made to the fees payable for the difference between the actual taxes owed and the amount of the estimated prepayment collected three months prior.

Rate: Progressive schedule as follows: 3.5 percent on monthly revenue of up to $50,000; 4.5 percent on monthly revenue in excess of $50,000 up to $134,000; 6.75 percent on monthly revenue in excess of $134,000.

Effective August 1, 2003, the gaming percentage fee was increased by 0.5 percent for non-restricted licenses, pursuant to S.B. 8 of the 20th Special Session.

Distribution:

Recipient(s): State General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$820,050,893	$770,965,236	-6.0%
Percent of Total State General Fund	26.1%	25.2%	

Legal Reference(s): NRS 463.370, 463.371, and 463.3715.

NON-RESTRICTED SLOT LICENSE FEE

Collection:

Administration: Gaming Control Board.

Procedures: Paid in advance on or before the last day of each calendar quarter for continuing operations. Collected in advance from start-up operations or from licensees who put additional slots into play during the quarter. No proration of fee is allowed.

Rate: $20 per quarter per machine.

Distribution:

Recipient(s): $2 per slot machine per quarter is allocated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. The remainder of the fee is deposited to the state General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$13,098,863	$12,771,871	-2.5%
Problem Gaming Account	$1,444,914	$1,412,132	-2.3%
Total Collections	$14,543,777	$14,184,003	-2.5%
Percent of Total State General Fund	0.4%	0.4%	

Legal Reference(s): NRS 463.375.

Note: Pursuant to Senate Bill 357 of the 2005 Session, an allocation of the non-restricted slot license fee equal to $1 per slot machine per quarter in FY 2005-06 and $2 per slot machine per quarter in FY 2006-07 was to be made to the Account to Support Programs for the Prevention and Treatment of Problem Gaming.

The provisions of Senate Bill 357 of the 2005 Session, which were to expire on June 30, 2007, were extended as a result of Senate Bill 453 of the 2007 Session, which removed the sunset provisions established under S.B. 357 and continued the allocation of $2 per slot machine per quarter to the Account to Support Programs for the Prevention and Treatment of Problem Gaming.

RESTRICTED SLOT LICENSE FEE

Collection:

Administration: Gaming Control Board.

Procedures: Collected from licensees with 15 or fewer slots and no other games. Paid in advance on or before the last day of each calendar quarter for continuing operations. Collected in advance from start-up operations or from licensees who put additional slots into play during the quarter. No proration of fee is allowed.

Rate: $81 per machine per quarter for 1 to 5 machines; for 6 or more machines, $405 plus $141 for each machine in excess of 5 per quarter.

Effective July 22, 2003, the fee for the operation of slot machines in restricted locations was increased by 33 percent (pursuant to S.B. 8 of the 20th Special Session).

Distribution:

Recipient(s): $2 per slot machine per quarter is allocated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. The remainder of the fee is deposited to the State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$9,610,619	$9,507,690	-1.1%
Problem Gaming Account	$173,518	$169,976	-2.0%
Total Collections	$9,784,137	$9,677,666	-1.1%
Percent of Total State General Fund	0.3%	0.3%	

Legal Reference(s): NRS 463.373.

Note: Pursuant to Senate Bill 357 of the 2005 Session, an allocation of the restricted slot license fee equal to $1 per slot machine per quarter in FY 2005-06 and $2 per slot machine per quarter in FY 2006-07 was to be made to the Account to Support Programs for the Prevention and Treatment of Problem Gaming.

The provisions of Senate Bill 357 of the 2005 Session, which were to expire on June 30, 2007, were extended as a result of Senate Bill 453 of the 2007 Session, which removed the sunset provisions established under S.B. 357 and continued the allocation of $2 per slot machine per quarter to the Account to Support Programs for the Prevention and Treatment of Problem Gaming.

FLAT FEE ON GAMES

Collection:

Administration: Gaming Control Board.

Procedures: Paid in advance on or before the last day of each calendar quarter for continuing operations. Collected in advance from start-up operations or from licensees who put additional games into play during the quarter. No proration of fee is allowed.

Rate: One-fourth of the following annual rates based on the number of games: 1 game--$50; 2 games--$100; 3 games--$200; 4 games--$375; 5 games--$875; 6 or 7 games--$1,500; 8 to 10 games--$3,000; 11 to 16 games--$500 per game; 17 to 26 games--$4,800 for each game in excess of 16; 27 to 35 games--$2,800 for each game in excess of 26; 36 or more games--$100 for each game in excess of 35.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$7,217,562	$6,990,365	-3.1%
Percent of Total State General Fund	0.2%	0.2%	

Legal Reference(s): NRS 463.383.

ADVANCE LICENSE FEE

Collection:

Administration: Gaming Control Board.

Procedures: Collected from new licensees on or before the 24th of the month following the first full month of operation.

Rate: Three times the percentage fees due from the first full calendar month of operation.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$7,822,853	$2,599,278	-66.8%
Percent of Total State General Fund	0.2%	0.1%	

Legal Reference(s): NRS 463.370.

ANNUAL SLOT TAX

Collection:

Administration: Gaming Control Board.

Procedures: Collected annually, on or before June 20 of each year, to license the operation of any slot machine for the ensuing fiscal year. Collected in advance from start-up operations or from licensees who put additional slots into play during the year, prorated monthly after July 31.

Rate: $250 per year per machine.

Distribution:

Recipient(s): $5 million to the Capital Construction Fund for Higher Education; 20 percent to the Special Capital Construction Fund for Higher Education; the remainder to the state DSA. Any money in the Capital Construction fund not appropriated is transferred to the state General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Distributive School Account	$36,362,690	$34,945,244	-3.90%
Special Capital Construction Fund	$10,340,672	$9,986,311	-3.43%
State General Fund	$5,000,000	$5,000,000	0.00%
Percent of Total State General Fund	0.2%	0.2%	

Legal Reference(s): NRS 463.385.

TAX REVENUE SUMMARIES

C. PROPERTY TAXES

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PROPERTY TAX

Collection:

Administration: Department of Taxation.

Procedures: Property of an interstate or intercounty nature is centrally assessed by the department. Other property is assessed by the county assessors. Generally, land is appraised at its market value, while improvements are appraised at replacement cost less depreciation of 1.5 percent per year up to 50 years. The assessed value is 35 percent of the appraised (taxable) value. To assist uniform application, replacement cost is derived from the Marshall & Swift Costing Service.

Taxes on real property and mobile homes are due on the third Monday in August. Taxes on all real property and mobile homes, where the taxes exceed $100, may be paid in quarterly installments. If certain conditions are met, the taxes on personal property, when the taxes exceed $10,000, may also be paid in quarterly installments. The installments are due on the third Monday in August, and the first Monday in October, January and March, respectively.

Rate: Tax rates levied by counties, cities, towns, and special districts are statutorily limited to the greater of:

- The tax rate that would permit a 6 percent increase in the amount of revenue raised by property that was on the prior year's tax roll; or
- The tax rate that was imposed by the local government in the prior fiscal year.

Tax overrides may be approved by voters or the Legislature to provide additional revenue for specific programs or projects. These overrides are outside of the statutory limit on rates that the local government may impose.

Under NRS 361.453, the total combined tax rate among all taxing entities may not exceed $3.64 per $100 of assessed value. The Legislature may authorize additional rates outside of the $3.64 statutory limit.

Additionally, the $3.64 limit may be increased by the Nevada Tax Commission to a rate not to exceed $4.50 per $100 of assessed value in cases of severe financial emergency, pursuant to NRS 354.705. The rate approved by the Tax Commission in cases of severe financial emergency cannot be imposed for more than 5 years. Any such increase is subject to abatement pursuant to NRS 361.4722 and 361.4723.

The rate for each school district, other than debt, is 75 cents per $100 of assessed value. Debt rates for local governments and schools are set based on debt service requirements. The state debt rate, set by statute, is 17 cents per $100 in FY 2005-06 and FY 2006-07. (The 17-cent state debt rate includes a 2 cent levy that is outside of the $3.64 statutory cap.)

The weighted statewide average tax rate per $100 of assessed valuation was 2.9443 in FY 1998, 2.9716 in FY 1999, 3.0042 in FY 2000, 3.0339 in FY 2001, 3.0563 in FY 2002, 3.0758 in FY 2003, 3.1115 in FY 2004, 3.1182 in FY 2005, 3.1124 in FY 2006, 3.1471 in FY 2007, 3.1526 in FY 2008, and 3.1727 in FY 2009.

Partial Abatements Approved by the 2005 Legislature

Eligibility: Pursuant to A.B. 489 and S.B. 509 of the 2005 Session, property owners are eligible for a partial abatement of property taxes assessed upon real and personal property in Nevada.

Assembly Bill 489 established a partial abatement such that the property tax bill cannot increase by more than 3 percent over the prior year's tax levy for owners of single-family residences that are the primary residence of the owner. The primary residence of the owner is defined as being the residence designated as the primary residence of the owner, exclusive of any other residence of the owner within the state, and is not rented or leased for exclusive occupancy by any person other than the owner and members of his or her family.

Assembly Bill 489 also established a partial abatement on the property taxes levied upon residential rental dwellings that qualify as low-income housing under the standards of the U.S. Department of Housing and Urban Development (HUD), such that the property tax bill on these dwellings cannot increase by more than 3 percent over the prior year's tax levy. To qualify for this partial abatement, the amount of rent collected from each tenant of the residential rental dwelling cannot exceed the fair market rent of the county in which the dwelling is located, as established by HUD.

For all other properties that do not qualify for the partial abatements provided to single-family owner-occupied residences or qualifying residential rental dwellings, A.B. 489 provides for a partial abatement on the taxes levied upon these properties, such that the property tax bill in each county cannot increase by a certain percentage that is determined using a two-part formula.

The first step of the formula is the lesser of:

- The average percentage change in the assessed value of all taxable property within that county over the past 10 years (the fiscal year in which the levy is made and the 9 fiscal years immediately preceding that year);
- Twice the percentage change in the CPI (U.S. city average, all items, all urban consumers) for the prior calendar year; or
- Zero.

The amount that is calculated in this first step is then compared to a fixed amount of 8 percent in the second step; the lesser of the calculation in the first step of the formula and 8 percent is the maximum amount of growth in property tax bills in that county in the year for which the calculation is being made.

Exceptions: The partial abatements do not apply under the following conditions:

- Properties that had no assessed valuation established for the preceding fiscal year;
- Properties whose value is in the first year of existence on the tax roll, including changes as the result of new improvements or enhancements to existing improvements; or
- Properties with a change in authorized use.

When first added to the tax roll as new property value, land is valued at full cash value, and improvements are valued at replacement cost.

After April 6, 2005, if a legislative act requires a local government to levy a new property tax rate or increases the rate on a currently-existing assessment, the amount of the new tax or the increase in currently-existing assessment is exempt from all of the partial abatements provided by A.B. 489.

(For more information on the partial abatements authorized under A.B. 489 and S.B. 509 of the 2005 Session, see pages 84 and 127.)

Distribution:

Recipient(s): Counties, cities, towns, special districts, school districts and the state Consolidated Bond Interest and Redemption Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
Local Governments	$1,467,069,998	$1,642,002,807	11.9%
School Districts	$1,109,389,869	$1,242,862,247	12.0%
State Bond Fund	$157,968,480	$176,923,323	12.0%
Total Property Tax Collections	$2,734,428,347	$3,061,788,377	12.0%

* Listed revenues are estimated by the Nevada Department of Taxation, and exclude revenue from property added to the rolls during the course of the year. Estimated figures include estimates of net proceeds revenue. All estimates are net the total amount of partial abatements given under A.B. 489 of the 2005 Session.

Legal Reference(s): *Nevada Constitution*, Article 10, Section 1; Chapter 361, *Nevada Revised Statutes.*

Note: Senate Bill 507 of the 2003 Session authorized the imposition of an additional 2-cent rate outside of the $3.64 statutory cap. Of this rate, 1 cent was dedicated to capital projects, and 1 cent was dedicated to the conservation of natural resources. The Legislature reauthorized the additional 2-cent rate under Senate Bill 524 of the 2005 Session, with 1.15 cents dedicated to conservation of natural resources and 0.85 cents dedicated to capital projects.

For FYs 2007-08 and 2008-09, the additional 2-cent rate is imposed pursuant to authority of Senate Bill 578 of the 2007 Session, which reauthorized 1.15 cents for conservation of natural resources and 0.85 cents for capital projects.

Assembly Bill 209 of the 2007 Session made several technical changes to the partial abatements approved under Assembly Bill 489 and Senate Bill 509 of the 2005 Session, including clarifying that the amount of the partial abatement for those properties that are not eligible for the partial abatements provided to single-family owner-occupied residences or qualifying residential rental dwellings may not be less than zero or greater than 8 percent per year.

NET PROCEEDS OF MINERALS TAX

Collection:

Administration: Department of Taxation.

Procedures (FY 2007-08): Net proceeds are determined by subtracting from the gross yield of mines certain production-related expenses. Every mine and royalty recipient must file a statement of gross yield and net proceeds by February 16 and pay any taxes due by May 10 for net proceeds earned or royalties received during the preceding calendar year.

All mines and royalty recipients must, on or before March 1, file a statement estimating the gross yield and net proceeds from each operation and an estimate of the royalties that will be paid for that calendar year.

Under the provisions of Senate Bill 2 of the 25th Special Session, beginning in FY 2008-09, mine operators and royalty recipients are required to pay taxes on net proceeds and royalties received in the prior calendar year, as well as an additional estimated tax payment based on the estimated net proceeds and royalties for the current calendar year. In FYs 2009-10 and 2010-11, mine operators will be required to make a tax payment based on the estimated net proceeds for the current calendar year, as well as any adjustments to the estimated payments made in the prior calendar year, based on the actual tax due.

Under S.B. 2, net proceeds of minerals tax will be paid as follows in FY 2008-09, FY 2009-10, and FY 2010-11:

Procedures (FY 2008-09): All mines and royalty recipients must file their statements of gross yields and net proceeds for calendar year 2008 by February 16 and must pay the taxes due on those proceeds by May 10.

All mine operators must, on or before March 1, file a statement estimating the gross yield and net proceeds from each operation and an estimate of the royalties that will be paid for calendar year 2009. The statement must be accompanied by a payment equal to the taxes and royalties estimated for calendar year 2009.

Procedures (FY 2009-10 and FY 2010-11): All mines and royalty recipients must, on or before March 1, file a statement estimating the gross yield and net proceeds from each operation and an estimate of the royalties that will be paid for that calendar year. The statement must be accompanied by a payment equal to the taxes and royalties estimated for the current calendar year.

Mine operators may also file quarterly reports stating estimates for the year and the actual quarterly amounts of production, gross yields, and net proceeds as of March 31, June 30, September 30, and December 31, and may pay any additional tax due with that report. If a mine chooses to file this report, it must be submitted to the Department of Taxation no later than the last day of the month following the calendar quarter for which the report is being submitted. Payments made must be received by the Department no more than 30 days following the filing date of the report showing the additional tax liability.

All mines and royalty recipients must file their statements of gross yields and net proceeds for the prior calendar year by February 16. Any deficiency in the advance payment made in the prior calendar year must be paid no later than May 10. If the estimated amount paid in the prior calendar year is less than 90 percent of the actual tax due, the deficiency payment must be accompanied by a penalty of 10 percent of the underpayment, unless the operation's estimated payment exceeded the actual amount due for the prior calendar year or the operation made quarterly payments that bring the total payments made by that operation above 90 percent of the actual tax due.

Rate: Net proceeds are taxed at rates ranging from a minimum of 2 percent or the combined tax rate of the local jurisdiction where the mine is located to a maximum of 5 percent. Except for geothermal operations, which are taxed solely at the combined property tax rate where they are located, the rate is determined by the ratio of net proceeds to gross yield. However, all mines with net proceeds above $4 million and all royalties paid by mines are taxed at the 5 percent rate. Local governments, school districts and the State Bond Interest and Redemption Fund receive revenue equal to the amount derived from the application of the respective property tax rate where the mine is located. Revenue above those amounts accrues to the state General Fund.

Distribution:

Recipient(s): Local governments, principally counties; school districts; State Bond Interest and Redemption Fund; and state General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State Bond Fund	$2,145,099	$2,526,572	17.8%
Local Governments	$32,345,089	$36,624,590	13.2%
State General Fund	$27,685,453	$34,685,775	25.3%
Percent of Total State General Fund	0.9%	1.1%	

Legal Reference(s): *Nevada Constitution*, Article 10, Sections 1 and 5; Chapter 362, *Nevada Revised Statutes.*

Note: Senate Bill 2 of the 25th Special Session, which became effective January 1, 2009, requires operations paying the net proceeds of minerals tax to pay the estimated amount of tax or royalties due for the current calendar year no later than March 1. These provisions expire on June 30, 2011.

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TAX REVENUE SUMMARIES

D. EXCISE TAXES

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LIQUOR TAX

Collection:

Administration: Department of Taxation.

Procedures: Taxes are due by the 20th of the following month; the payment date may be extended for 15 days with interest accruing on taxes due. Liquor license fees are payable by July 15, or until July 31, with a 5 percent penalty. Licenses issued at other times are prorated to the period for which they are in effect, but for no less than one-quarter of a year.

Rate: Taxes: Over 22 percent alcohol: $3.60 per gallon; over 14 percent to 22 percent alcohol: $1.30 per gallon; up to 14 percent alcohol: 70 cents per gallon; malt beverages, including beer: 16 cents per gallon.

The tax on intoxicating liquors was increased by 75 percent effective August 1, 2003, pursuant to S.B. 8 of the 20th Special Session.

License fees: importer's wine, beer and liquor license, $500; importer's beer license, $150; wholesale wine, beer and liquor license, $250; wholesale beer license, $75; brewer's or winemaker's license, $75; certificate of compliance, $50.

Distribution:

Recipient(s): State General Fund receives all revenues (less a 0.25 percent collection allowance*), except for those received from 65 cents per gallon of the tax on liquor containing over 22 percent alcohol; state tax on liquor program account in the state General Fund receives 15 cents per gallon from the tax on liquor containing over 22 percent alcohol; the remaining 50 cents per gallon from the tax on liquor containing over 22 percent alcohol is deposited in the Local Government Tax Distribution fund and redistributed within each county by statutory formula.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Liquor Program Account	$951,406	$965,931	1.5%
Local Governments	$3,171,352	$3,219,769	1.5%
State General Fund	$38,911,094	$39,434,816	1.3%
Percent of Total State General Fund	1.2%	1.3%	

Legal Reference(s): Chapter 369, *Nevada Revised Statutes.*

* The collection allowance provided to taxpayers was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

CIGARETTE TAX

Collection:

Administration: Department of Taxation.

Procedures: Payment for revenue stamps must be made at time of purchase, unless deferral until the 25th of the following month is authorized by the department. Annual license fees are due by January 15; for license periods of less than a year, proration to no less than 25 percent of the fee is allowed.

Rate: 40 mills per cigarette (80 cents per pack of 20). Wholesaler's license fee is $150 per year.

The cigarette tax rate increased by 45 cents per pack of 20 cigarettes, effective July 22, 2003, pursuant to S.B. 8 of the 20th Special Session.

Distribution:

Recipient(s): State General Fund receives 35 mills per cigarette (70 cents per pack of 20), less a 0.25 percent collection allowance*; 5 mills per cigarette (10 cents per pack of 20) is deposited in the Local Government Tax Distribution fund and redistributed within the counties by statutory formula.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Local Governments	$15,736,000	$15,357,260	-2.4%
State General Fund	$113,071,937	$110,418,288	-2.3%
Percent of Total State General Fund	3.6%	3.6%	

Legal Reference(s): Chapter 370, *Nevada Revised Statutes*, except NRS 370.440 to 370.503; NRS 360.660.

* The collection allowance provided to taxpayers was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

TAX ON OTHER TOBACCO PRODUCTS

Collection:

Administration: Department of Taxation.

Procedures: Tax must be paid before any products are sold to a customer.

Rate: Thirty percent of the wholesale price of tobacco products, other than cigarettes, purchased or possessed by customers in this state.

Distribution:

Recipient(s): State General Fund, less a 0.25 percent collection allowance*.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$8,841,781	$8,840,580	0.0%
Percent of Total State General Fund	0.3%	0.3%	

Legal Reference(s): NRS 370.440 to 370.503.

* The collection allowance provided to taxpayers was reduced from 0.5 percent to 0.25 percent, effective January 1, 2009, to June 30, 2009, pursuant to Senate Bill 2 of the 25th Special Session. Under S.B. 2, the collection allowance will revert to 0.5 percent, effective July 1, 2009.

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TAX REVENUE SUMMARIES

E. FUEL AND MOTOR VEHICLE TAXES

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GASOLINE TAX

Collection:

Administration: Department of Motor Vehicles.

Procedures: Paid by fuel dealers not later than the 25th of the month following in which the fuel is sold.

Rate: Combined 23-cent per gallon state-mandated rate (17.65 cents to the State Highway Fund, 5.35 cents to the county in which the tax is collected); 1-cent mandatory county tax for road repair; up to 9 cents per gallon by county ordinance for regional transportation projects. Counties with a population of 400,000 or less may, by voter approval, increase the rates imposed for the benefit of the county (the 5.35-cent state-mandated rate, the 1-cent mandatory road repair tax, and the 9-cent regional transportation tax) by the lesser of 4.5 percent or the average rate of inflation from the prior 5 years.

Distribution:

Recipient(s): The State Highway Fund receives 17.65 cents per gallon of the state-mandated tax; various local government road funds receive 5.35 cents of the state-mandated tax and the revenue from the road repair tax and the county optional tax, all of which are allocated under various formulas; other distributions are made from estimates of fuel sold for non-road uses.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State Highway Fund	$200,173,669	$197,567,470	-1.3%
Local Government Road Funds	$173,925,359	$172,815,831	-0.6%
Non-Road Allocations	$3,040,218	$3,146,431	3.5%
Administrative Costs	$547,482	$596,275	8.9%
Total Collections	$377,686,729	$374,126,007	-0.9%

Legal Reference(s): Chapters 365 and 373, *Nevada Revised Statutes.*

Note: *Nevada Revised Statutes* 373.065 allows all counties with a population of 400,000 to index its county gasoline taxes to inflation (with voter approval), provided that they are currently imposing all of the 9-cent optional rate authorized for regional transportation projects. The tax rate to be imposed for a fiscal year is calculated by increasing the prior year's rate by the lesser of 4.5 percent or the average rate of inflation from the prior five years, as calculated by the CPI for west urban consumers.

Currently, Washoe County is the only county indexing its county-imposed rate to inflation as authorized under S.B. 181 of the 2005 Session. For FY 2009, the total adjusted rate for all county rates within Washoe County is $0.1801427 per gallon. The total rate imposed in Washoe County in FY 2008 was $0.1752013 per gallon.

TAX ON SPECIAL FUEL

Collection:

Administration: Department of Motor Vehicles; International Fuel Tax Agreement.

Procedures: Tax must be paid by licensed special fuel dealers and licensed special fuel users, which includes operators of vehicles with declared gross weight exceeding 26,000 pounds. Dealers pay the special fuel taxes on or before the last day of the month following the month the taxes were collected. Users of special fuel pay their taxes on or before the last day of the month following the end of each calendar quarter.

Rate: 27 cents per gallon on the sale or use of all special fuels except compressed natural gas (CNG); 21 cents per gallon on the sale or use of compressed natural gas, 22 cents per gallon for the sale or use of liquid petroleum gas (LPG), and 19 cents per gallon for the sale or use of water-phased hydrocarbon fuel.

Distribution:

Recipient(s): State Highway Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State Highway Fund	$96,968,320	$96,373,710	-0.6%

Legal Reference(s): Chapter 366, *Nevada Revised Statutes.*

JET FUEL TAX

Collection:

Administration: Department of Motor Vehicles.

Procedures: Applies to the sale of fuel for jet or turbine-powered aircraft. Dealers must report and remit the taxes by the 25th of the month following the month the fuel was sold, distributed, or used.

Rate: 1-cent per gallon statewide; additional local tax of up to 4 cents per gallon with voter approval.

Distribution:

Recipient(s): Local Governments.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Local Governments	$14,465,301	$14,679,736	1.5%

Legal Reference(s): NRS 365.170(1)(b) and 365.203.

PETROLEUM PRODUCTS CLEANUP FEE

Collection:

Administration: Department of Motor Vehicles.

Procedures: Imposed on each gallon of motor vehicle fuel, diesel fuel of grade number 1 and 2, and other heating oil imported into the state. The fee is payable on or before the 25th of the month following the fuel is handled.

Rate: 0.75 cents per gallon.

Distribution:

Recipient(s): The revenues, less a charge for collection expenses, are deposited to the Fund for Cleaning Up Discharges of Petroleum, which is administered by the Division of Environmental Protection. Pursuant to NRS 590.580, the fee is discontinued when the balance in the fund at the end of any fiscal year reaches at least $7.5 million; collection of the fee resumes when the end of the year balance is $5 million or less.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Petroleum Cleanup Fund	$13,785,346	$185,255	-98.7%

Legal Reference(s): NRS 590.840.

Note: Revenues listed for FY 2006-07 and FY 2007-08 reflect actual revenues collected as a result of the imposition of the 0.75-cent per gallon fee and do not reflect the fund balance for the Petroleum Cleanup Fund.

GOVERNMENTAL SERVICES TAX

Collection:

Administration: Department of Motor Vehicles.

Procedures: The valuation of vehicles for purposes of the tax is 35 percent of the manufacturer's suggested retail price, excluding options, at the time the make and model for that year was first offered for sale in Nevada. In all counties with a population of 35,000 or more, the department collects the tax; in smaller counties, the county assessor acts as the department's agent to collect the tax. The tax on most vehicles is due and payable on the first day of the registration year and is collected in conjunction with the registration or renewal of such vehicles. For fleet vehicles with a declared gross weight exceeding 26,000 pounds, the tax may be paid in equal installments; the first installment is due at the time of registration, and the remaining installments are due on or before the 1st of April, July, and October, respectively, of each year.

Rate: 4 cents on each dollar of the valuation of the vehicle, with a minimum amount of $3 on all trailers with an unladed weight of 1,000 pounds or less, and a minimum amount of $6 on all other vehicles; 1 cent optional tax for transportation or, in Churchill County, to replace funds lost because of "fair-share" legislation.

Distribution:

Recipient(s): The department receives a commission of 1 percent of all tax revenues collected by county assessors and 6 percent of all other governmental services taxes collected. The other revenues are returned to the county where the vehicles are registered, except for revenues from the tax applied to motor carriers, which are distributed to counties based on a statutory percentage allocation. A portion of the revenue is distributed to each school district based on its FY 1980-81 operating tax rate and the higher of its FY 1978-79 debt rate or its current debt rate plus any rate for capital projects and its current assessed valuation. The remaining revenue is deposited in the Local Government Tax Distribution fund and redistributed to governments within the counties by statutory formula.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Department of Motor Vehicles	$20,908,820	$20,435,656	-2.3%
Local Governments & School Districts	$281,031,163	$279,350,857	-0.6%
Supplemental/Special	$48,871,822	$48,653,757	-0.4%
Total Collections	$350,811,805	$348,440,270	-0.7%

Legal Reference(s) Chapter 371, *Nevada Revised Statutes;*
Chapter 491, *Statutes of Nevada 1991*, Section 30.

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TAX REVENUE SUMMARIES

F. OTHER TAXES AND FEES

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INSURANCE PREMIUM TAX

Collection:

Administration: Department of Taxation.

Procedures: For insurers whose tax liability was at least $2,000 in the prior year, taxes must be paid quarterly based on actual premium volume for that quarter. Each quarterly payment is due on the last day of each calendar quarter and is payable on the last day of the following month. On or before March 15 of each year, all insurers must file a report showing the total income from premiums for the preceding year and pay any remaining taxes owed on those premiums.

Rate: For risk retention groups, 2 percent of net premiums. For all other insurers, 3.5 percent of net premiums, except that insurers with a home or regional office in Nevada may take a credit, not to exceed 80 percent of the taxes otherwise due, of 50 percent of the tax liability plus an amount equal to the property taxes paid on that home or regional office.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$259,274,818	$256,693,189	-1.0%
Percent of Total State General Fund	8.2%	8.4%	

Legal Reference(s): Chapter 680B, *Nevada Revised Statutes.*

Note: Pursuant to A.B. 338 of the 2005 Session, the rate on risk retention groups was reduced from 3.5 percent of net premiums to 2 percent of net premiums.

MODIFIED BUSINESS TAX (MBT) - FINANCIAL INSTITUTIONS

Collection:

Administration: Department of Taxation.

Procedures: Tax is imposed on financial institutions that are required to pay unemployment insurance contributions to the Nevada Department of Employment, Training and Rehabilitation pursuant to NRS Chapter 612. The tax is payable quarterly and must not be deducted from any wages or a person employed by the financial institution.

Rate: Tax is imposed at the rate of 2 percent of gross wages, as defined in NRS 612.190, paid by the financial institution during the calendar quarter with respect to employment. A deduction is allowed for the amount paid by the employer for statutorily allowed health insurance or health benefit plan costs paid on behalf of its employees.

Distribution:

Recipient(s): State General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$21,520,319	$20,698,297	-3.8%
Percent of Total State General Fund	0.7%	0.7%	

Legal Reference(s): Chapter 363A, *Nevada Revised Statutes.*

Note: Senate Bill 391 of the 2005 Session replaced the NAICS-based approach for defining a financial institution with a structure based on state or federal licensing or regulatory requirements for conducting financial activities. This change removed pawn shops and collection agencies from the definition of financial institution.

MODIFIED BUSINESS TAX (MBT) – GENERAL BUSINESSES

Collection:

Administration: Department of Taxation.

Procedures: Tax is imposed on employers other than financial institutions; Indian tribes; nonprofit organizations; political subdivisions; and persons who do not supply products or services, but who only consume services, who are required to pay unemployment insurance contributions to the Nevada Department of Employment, Training and Rehabilitation pursuant to NRS 612. The tax is payable quarterly and must not be deducted from any wages of a person employed by the employer.

Rate: Tax is imposed at the rate of 0.63 percent of gross wages, as defined in NRS 612.190, paid by the employer during a calendar quarter with respect to employment. A deduction is allowed for the amount paid by the employer for statutorily allowed health insurance or health benefit plan costs paid on behalf of its employees.

Distribution:

Recipient(s): State General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$257,432,283	$263,902,120	2.5%
Percent of Total State General Fund	8.2%	8.6%	

Legal Reference(s): Chapter 363B, *Nevada Revised Statutes.*

Note: Pursuant to S.B. 3 of the 22nd Special Session, an entity must be engaged in activities for profit in order to be subject to payment of the MBT.

Senate Bill 523 of the 2005 Session lowered the rate from 0.65 percent to 0.63 percent, effective July 1, 2005. The rate was scheduled to revert to 0.65 percent on July 1, 2007; however, the Legislature passed Assembly Bill 628 of the 2007 Session, which removed the expiration date from Senate Bill 523 of the 2005 Session and maintained the tax rate at 0.63 percent.

BRANCH BANK EXCISE FEE

Collection:

Administration: Department of Taxation.

Procedures: Tax is payable quarterly on each bank that maintains more than one branch office in a county in Nevada.

Rate: Imposes an excise fee of $7,000 per year ($1,750 per quarter) on each branch maintained by a bank on the first day of a calendar year, with an exemption given for the first branch in each county in which that bank operates.

Distribution:

Recipient(s): State General Fund.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$3,029,997	$3,142,650	3.7%
Percent of Total State General Fund	0.1%	0.1%	

Legal Reference(s): NRS 363A.120.

Note: Senate Bill 3 of the 22nd Special Session increased the exemption to the first branch in each county in which that bank operates, replacing the prior exemption for the first branch operating within the state, effective July 1, 2005.

BUSINESS LICENSE TAX

The Business License Tax was repealed effective October 1, 2003, pursuant to S.B. 8 of the 20th Special Session, and was replaced by the Modified Business Tax (MBT). For more information on the MBT, see pages 54 and 55.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State General Fund	$239,466	$13,983	-94.2%

Note: Although the Business License Tax was repealed effective October 1, 2003, the Department of Taxation still receives residual collections of this tax as a result of audit collections and past due payments.

BUSINESS LICENSE FEE

Collection:

Administration: Department of Taxation.

Procedures: Annual fee payable on or before the last day of the month in which the anniversary date of issuance of the business license occurs each year.

Rate: $100 per business per year. Entities that operate a facility where craft shows, exhibitions, trade shows, conventions, or sporting events take place may pay the Business License Fee* for entities not having a business license at the rate of $1.25 times the number of unlicensed entities times the number of days of the event, or a flat annual fee of $5,000.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$19,997,653	$19,566,390	-2.2%
Percent of Total State General Fund	0.6%	0.6%	

* Effective July 22, 2003, the $25 one-time Business License Fee was replaced with the annual Business License Fee of $100 pursuant to S.B. 8 of the 20th Special Session.

Legal Reference(s): NRS 360.780.

Note: Senate Bill 3 of the 22nd Special Session exempts entities that have four or fewer rental dwellings from the Business License Fee, and allows taxpayers paying the Business License Fee for multiple entities to have a common anniversary date for the purposes of paying the fee. Additionally, S.B. 3 clarifies that a person must perform a service or engage in trade for profit to be required to pay the Business License Fee.

The provisions of S.B. 3 also allow entities that operate a facility where craft shows, exhibitions, trade shows, conventions, or sporting events take place to pay the Business License Fee for entities not having a business license at the rate of $1.25 times the number of unlicensed entities times the number of days of the event, or a flat annual fee of $5,000.

SHORT-TERM CAR RENTAL FEE

Collection:

Administration: Department of Taxation.

Procedures: The fees are due on the last day of each calendar quarter and are to be reported and paid on the last day of the month following each calendar quarter.

Rate: In all counties, 6 percent of the total amount for which the passenger car was leased, excluding any taxes or other fees imposed by a governmental entity. An additional fee of 2 percent of the total amount for which the passenger car was leased may be imposed by county ordinance whose population is 100,000 or more. In a county whose population is 100,000 or more but under 400,000, the proceeds of any additional fee imposed must be used solely to pay the costs of acquiring and operating a minor league baseball stadium project. In a county whose population is 400,000 or more, the proceeds of any additional fee imposed must be used solely to pay the costs of acquiring and operating a performing arts center.

In addition to these fees, car rental companies shall collect a 4 percent vehicle recovery surcharge on the total amount of each rental within the state. Three percent of the surcharge is retained by the retailer for reimbursement of vehicle registration fees and taxes; the remaining 1 percent must be remitted to the Department of Taxation for credit to the State Highway Fund, effective October 1, 2007. **(See the note below for additional information on this surcharge for FY 2008-09.)**

Distribution:

Recipient(s): Revenues generated by the 6 percent rate are deposited in the state General Fund. Revenues generated by the 2 percent rate are returned to the county imposing the local option rate. Revenues generated from one-quarter of the vehicle recovery surcharge are deposited in the State Highway Fund **(see below)**.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
State General Fund	$29,806,850	$29,792,195	0.0%
Percent of Total State General Fund	0.9%	1.0%	
Clark County	$7,378,019	$7,427,403	0.7%
Washoe County	$1,367,665	$1,112,154	-18.7%
State Highway Fund		$2,862,860	

Legal Reference(s): NRS 482.313; NRS 244A.810; NRS 244A.860.

Note: The provisions imposing a 4 percent vehicle recovery surcharge to be collected by car rental companies operating in Nevada, with 1 percent to be credited to the State Highway Fund, were established pursuant to Assembly Bill 595 of the 2007 Session and became effective October 1, 2007. Beginning on January 1, 2009, retailers will be required to remit 2 percent of the 4 percent vehicle recovery surcharge to the Department of Taxation, pursuant to Senate Bill 2 of the 25th Special Session. The additional 1 percent remitted must be credited to the state General Fund.

Under S.B. 2, the provisions requiring the additional 1 percent payment of the vehicle recovery surcharge to the state General Fund expire on June 30, 2009.

REAL PROPERTY TRANSFER TAX (RPTT)

Collection:

Administration: County Recorders.

Procedures: Levied on the value of real property transferred from one person to another where the value of the transfer, exclusive of any encumbrance, exceeds $100. The tax is collected before the deed showing the transfer of title is recorded. (Exemptions to the Real Property Transfer Tax (RPTT) are listed on page 143 of this manual.)

Rate: In a county whose population is 400,000 or more, $2.55 on each $500 of value or fraction thereof. In a county whose population is less than 400,000, $1.95 on each $500 of value or fraction thereof. An optional tax of up to $0.10 on each $500 of value or fraction thereof may be imposed in all counties other than Clark and Eureka to replace revenues lost as a result of the "fair share" legislation. Counties whose population is less than 400,000 also have the option to impose an additional tax in the amount of not more than $0.05 on each $500 of value or fraction thereof to support the Department of Agriculture's programs to control invasive species and certain endemic pests and weeds.

Distribution:

Recipient(s): Proceeds from $1.30 on each $500 of value or fraction thereof, less a 1 percent collection allowance retained by each county, are transmitted to the State Controller for deposit to the state General Fund. Proceeds from $0.55 on each $500 of value or fraction thereof are deposited in the Local Government Tax Distribution fund created pursuant to NRS 319.500 for credit to the respective accounts of each county. Proceeds from $0.10 on each $500 of value or fraction thereof are transmitted to the State Treasurer for deposit in the account for low-income housing created pursuant to NRS 319.500. Proceeds from $0.60 on each $500 of value or fraction thereof in a county whose population is 400,000 or more are transmitted to the school district in that county to support capital projects pursuant to NRS 387.328.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
Local Government Tax Distribution Fund	$51,443,738	$36,716,113	-28.6%
Low-Income Housing Trust Fund	$9,350,280	$6,671,834	-28.6%
Clark County School District	$45,234,704	$32,331,631	-28.5%
State General Fund	$120,374,961	$85,882,799	-28.7%
Percent of Total State General Fund	3.8%	2.8%	

Legal Reference(s): Chapter 375, *Nevada Revised Statutes;*
Chapter 475, *Statutes of Nevada 1993*, Section 11;
Chapter 491, *Statutes of Nevada 1991*, Section 32.

Note: Senate Bill 390 of the 2005 Session increased the collection allowance in counties greater than 100,000 in population from 0.2 percent to 1 percent, making the collection allowance 1 percent in all 17 counties in Nevada.

LIVE ENTERTAINMENT TAX (LET)

Collection:

Administration: Licensed Gaming Establishments: Gaming Control Board.
Non-Gaming Establishments: Department of Taxation.

Procedures:
Licensed Gaming Establishments: Paid monthly on or before the 24th of the month following the month the entertainment is taxed.
Non-Gaming Establishments: Paid monthly on or before the 30th of the month following the month the entertainment is taxed.

The board and department at their discretion are authorized to allow taxpayers to remit payments quarterly instead of monthly.

Rate: Ten percent of all amounts paid for admission, food, refreshments and merchandise if maximum occupancy is less than 7,500 but is at least 200. Five percent of all amounts paid for admission only if the maximum occupancy is 7,500 or more. A licensed gaming establishment with less than 200 seats is exempt only if the establishment also has fewer than 51 slots, 6 games, or any combination of slots and games within those respective limits.

A list of activities not considered as “live entertainment” or otherwise exempt from the LET can be found on page 147.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2006-2007**	**FY 2007-2008**	**% Change**
Gaming Portion of Total	$121,655,196	$121,638,259	0.0%
Non-Gaming Portion of Total	$10,838,426	$10,181,962	-6.1%
State General Fund	$132,493,622	$131,820,221	-0.5%
Percent of Total State General Fund	4.2%	4.3%	

Pursuant to S.B. 8 of the 20th Special Session, the Casino Entertainment Tax was repealed, effective September 1, 2003, and the LET was enacted, effective January 1, 2004.

Legal Reference(s): Chapter 368A, *Nevada Revised Statutes*; NRS 463.401.

Note: Assembly Bill 487 of the 2007 Session added an exemption from the LET for baseball contests, events or exhibitions conducted by professional minor league baseball players at a stadium in Nevada, effective July 1, 2007.

ESTATE TAX

Collection:

Administration: Department of Taxation.

Procedures: Assessed against the transfer of the taxable estate of a decedent who is a resident of Nevada or to the property of non-resident decedents under the jurisdiction of this state. The personal representative of every estate subject to the tax must file a return with the department on or before the date the federal estate tax return is required to be filed. The tax is due within nine months of the date of the decedent's death; beyond that period interest accrues on the tax liability.

Rate: The tax is the maximum amount of the state credit against the federal estate tax that is provided by the Internal Revenue Service. Currently, however, there is no state credit against the federal estate tax, as the *Economic Growth and Tax Relief Reconciliation Act of 2001* (H.R. 1836) phased out the state tax credit between 2002 and 2004, and repealed it in 2005. Accordingly, Nevada estate tax cannot be collected on estates where the decedent died after December 31, 2004.

Distribution:

Recipient(s): Department of Taxation (for administrative costs), Nevada System for Higher Education (NSHE) Endowment Fund, and Fund for School Improvement.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
Administrative Costs	$0	$0	
Reserve for Refunds	$1,271,599	$0	-100.0%
NSHE Endowment Fund	-$379,328	$0	-100.0%
Fund for School Improvement	-$379,328	$0	-100.0%
TOTAL	$512,943	$0	-100.0%

Legal Reference(s): Chapter 375A, *Nevada Revised Statutes*

ROOM TAX

Collection:

Administration: Counties and Cities.

Procedures: Imposed on the gross receipts from the rental of transient lodging. The person providing the transient lodging is responsible for payment of the tax whether or not it is collected from the paying guest. Schedules for payment of the tax must be developed by the respective governing bodies.

Rate: Two percent of the gross receipts in counties with a population in excess of 400,000. One percent in all other counties.

Distribution:

Recipient(s): Three-eighths of one percent of the tax revenues are transferred to the Department of Taxation and deposited in the state Fund for the Promotion of Tourism, which supports the operation of the state Commission on Tourism. In counties with a population of 400,000 or less, 5/8 of 1 percent of the revenues are deposited to the respective county fair and recreation boards or, if no such board exists, with the governing body that collected the tax to be used only for the promotion of tourism. In counties with a population in excess of 400,000, 1 5/8 percent is to be used for capital projects of the school district.

Revenue:	FY 2006-2007	FY 2007-2008	% Change
State Tourism	$18,363,565	$19,076,477	3.9%
Local Tourism	$3,076,302	$3,081,815	0.2%
Clark County School District*	$72,117,897	$74,814,402	3.7%
TOTAL	$93,557,764	$96,972,694	3.7%

* Total FY 2007-08 collections for the Clark County School District's Capital Projects Fund are unaudited as of November 2008.

Legal Reference(s): NRS 244.3352 et seq;
NRS 268.096 et seq.

Note**:** Counties and cities impose additional room taxes at various rates and for various purposes.

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III. TAX LEGISLATION HISTORY

1979 to 2007

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TAX LEGISLATION HISTORY

This section reviews the major tax changes approved by the Legislature since 1979.

1979 TAX REDUCTION

The late 1970s witnessed a growing taxpayer revolt across the nation. The Nevada revolt was embodied in Question 6, a constitutional initiative to severely restrict property taxes. The ballot question, which won considerable voter support in 1978, appeared headed for passage and enactment in 1980 if the Legislature failed to act. To respond to the taxpayer complaints, the Legislature approved a tax-relief package of its own. As a result, Question 6 was defeated by the voters in 1980. The legislative package provided across-the-board property tax relief by statutorily lowering the $5 constitutional maximum rate to $3.64 per $100 of assessed valuation. The following levies were eliminated:

State Levy	.25
County Medicaid Levy	.11
Mandatory School Levy	.70
Optional School Levy	.30
Total Rate Relief	$1.36

The Legislature further reduced property taxes by exempting household personal property from taxation.

The third part of the Legislature's tax reduction package provided for the elimination of sales taxes (2-cent state sales Tax, 1-cent LSST and .5-cent CCRT) on food for home consumption. This measure was approved by voter referendum on June 5, 1981. The Legislature, because of the state's large surplus, replaced the local and school revenues that were lost because of the tax reduction package with state funds. In addition to the tax reductions, the Legislature tried to provide ongoing tax relief by limiting the growth of local government expenditures and the amount of property taxes that a school district may levy. The expenditure limitation proved ineffective as local governments moved resources into different funds to avoid the expenditure caps.

1981 TAX REFORM

Problems with taxation continued to be in the forefront as the 1981 Legislature convened. Property owners were still dissatisfied with property taxes because of the skyrocketing inflation of assessments, the 5-year assessment cycle, and questionable assessment practices. At the same time, however, the state was finding itself unable to continue property tax relief at the current level. In addition, the cap on schools proved to be more restrictive than intended. Faced with these contradictory problems, the Legislature, with the backing of the Governor, implemented a tax reform package with the following features:

1. The LSST (sales tax) was increased from 1 cent to 1.5 cents to provide new revenue to reduce the needed amount of state appropriation to the DSA.

2. Additional taxes on gaming were enacted to provide new state resources for schools.

3. The limitation on school districts' optional ad valorem levy was repealed, and the levy was made mandatory at 50 cents per $100 of assessed valuation.

4. As part of a tax shift, the City-County Relief Tax (sales tax) was increased from .5 cents to 2.25 cents. The proceeds from the new Supplemental City-County Relief Tax (SCCRT) were used to replace property taxes of local governments on a dollar-for-dollar basis.

5. To make the tax shift possible, the Legislature established a formula recognizing historic taxing effort, CPI changes, and growth in assessed valuation to determine how much "basic ad valorem revenue" an entity would receive if there were no replacement program. Any amount of "basic ad valorem revenue" remaining after replacement with the SCCRT could be raised through an ad valorem tax. Growth in ad valorem taxes, however, was limited to 4.5 percent per year on existing property.

6. A cap determined by changes in the CPI was placed on fees for licenses and permits and service charges of local governments.

7. To provide a measure of flexibility, an Interim Legislative Committee on Local Government Finance (duties were later delegated to the Interim Finance Committee) was established and given limited authority to approve overrides to the caps. Also, ad valorem increases could be approved by the voters.

8. Assessment procedures were significantly modified. Formulas were developed to bring the assessed values of all property to comparable "adjusted cash value" levels for FY 1981-82. Annual factoring of property between periods of physical appraisal was required. Improvements to real property were required to be valued at replacement cost less depreciation rather than market value.

The legislation approved in 1981 provided for the sunset of the additional gaming taxes and the increases in the LSST and the CCRT.

1983 TAX PACKAGE

The 1983 Legislature was faced with two major problem areas regarding state and local government revenues. First, the economic recession that began in early 1981 affected the state's economy much more quickly and much more severely than anticipated, resulting in shortfalls in expected revenues for the state and most local governments. The most severely affected sources were sales tax and gaming revenues, which are major revenue sources for the state and local governments and the school districts. Second, problems surfaced in the application of previous legislation that limited state and local governments' ability to generate and allocate revenue. The 1983 Legislature addressed the revenue shortfall and the various other problems by adopting more than 20 revenue-related bills.

1. The Legislature's first task was to restore the state's cash balance during FY 1985. This was accomplished by reappropriating a loan for post-retirement increases back to the General Fund, repaying an advance made to the Highway fund, reverting School Construction fund monies and accelerating gaming tax payments by changing the payment schedule from a quarterly to a monthly basis. The latter measure provided the state General Fund with a one-time payment of almost $25 million.

   The Legislature also assisted financially strapped school districts through direct appropriations and a one-month advance crediting of the LSST.

2. To increase revenue for state and local governments and schools during the 1983-85 biennium, the Legislature approved the continuation of revenue increases enacted in 1981, which were due to sunset on July 1, 1983. These included:

   a) LSST at 1.5 percent instead of 1 percent.
   b) City-County Relief Tax at 2.25 percent instead of 0.5 percent.
   c) Gaming Percentage Fees at 5.75 percent instead of 5.5 percent on casinos with gross gaming revenue over $400,000 per quarter (for the state General Fund).
   d) Slot Machine Fees on restricted licenses were increased from $25 per quarter per machine to $35 for licenses with at least one but not more than five slot machines and $55 per quarter per machine for licenses with at least six but not more than 15 slot machines.
   e) Slot Machine Fees on unrestricted licenses at $20 per quarter per slot machine instead of $10 (for the state General Fund).

3. The Legislature approved the following new revenues and revenue enhancements for the state General Fund, school districts and other functions:

a) General Fund	FY 1984 (000's)	FY 1985 (000's)
Alcoholic Beverage Tax Increases	$1,413	$1,480
Cigarette Tax – 5 cents	4,930	6,504
Tax on Other Tobacco Products	834	1,075
Soft Drink Tax – 5 percent of Wholesale	632	1,000
Accelerated Collection of Insurance Premium Tax	6,042	-0-
Insurance Premium Tax – Rate increase to 3 percent	8,093	8,042
Jet Fuel Tax – 1-cent per gallon	1,538	1,667
Various Gaming Fee Increases	520	520
Secretary of State Fee Increases	2,190	1,830
Supreme Court Fee Increases	60	61
Divorce & Civil Action Fee Increases	364	494
Insurance Fee Increases	712	739
5-cent State Property Tax	5,354	2,477
Annual Slot Tax Transfer to General Fund	5,000	5,000

Collectively, these measures provided more than $65 million to the state General Fund over the 1983-85 biennium.

b) School Districts

A 25-cent Property Tax for Schools was initiated, which provided an additional $58 million for schools for the 1983-85 biennium.

c) Other Functions

(1) Administrative Assessment of $10 on Misdemeanor Convictions.
(2) State Lodging Tax of 1 percent.
(3) Property Tax of 0.75 cents per $100 of Assessed Valuation for the Indigent Accident fund.
(4) Increased Fees for Drivers' Licenses.

These various measures raised revenues for such things as administration of the courts, education of law enforcement personnel, promotion of tourism, hospital care for indigents injured in automobile accidents and operations of the Department of Motor Vehicles.

4. The Legislature provided that many of the revenue enhancements enacted in 1983 were to sunset on July 1, 1985.

1985 TAX PACKAGE

The 1985 Legislature began the 63rd Session with a recovering economy and an anticipated state General Fund surplus for the 1983-85 biennium of $154 million. However, the Legislature faced an Executive Budget for the 1985-87 biennium that proposed an additional $114 million in educational spending and was dependent upon the continuation of several revenue sources scheduled to sunset. After reviewing the budget, the Legislature also found several areas that required additional funding including prisons, higher education, and aid to dependent children.

The Legislature was further approached by local governments that faced a number of financial problems beyond their control, such as the rising cost of indigent care and relief from natural disasters, primarily floods and range fires. Also, the local governments were unable to generate sufficient local revenues in some cases because of technical problems in the application of local government revenue caps. The 1985 Legislature addressed these issues by adopting more than 30 revenue-related bills.

Sunsets, which would have reduced revenue considerably, were repealed on gaming fees, accelerated tax payments and tax increases on cigarettes, other tobacco products, beer, wine, and cordials.

Also, the sunset on the Insurance Premium Tax increase was extended for 2 years. Other revenue measures included the re-imposition of the 2-cent state property tax for bond redemption, increases in taxes and fees related to motor vehicles, and new Secretary of State fees on limited partnerships.

Two revenue increasing measures, the Sales and Use Tax on governmental contractors and an estate tax, were approved by the voters at the November 1986 election.

The Legislature provided tax relief in some instances. One bill designed to enhance economic development allowed certain buyers to make deferred sales tax payments without interest. Two ballot questions allowing sales tax exemptions for the purchases of certain aircraft and aircraft components and certain prosthetic and other medical devices were also passed in the November 1986 election. Also passed at that election was a constitutional amendment to eliminate the taxation of bank shares.

Various local governments were provided exemptions from local government revenue caps in the area of health and public safety for indigent medical care, a computerized fingerprint system, emergency telephone systems, flood control, and water districts.

Finally, technical modifications were made to existing statutes in areas such as motor vehicle appraisal for sales tax purposes, the distribution of a Supplemental City-County Relief Tax Reserve fund, the method of taxing cigarettes, the uses of the Mass Transit Tax, tax parity between towns receiving identical services, and the imposition of the optional 1-cent County Motor Vehicle Fuel Tax.

1987 TAX PACKAGE

The 1987 Legislature began the 64th Session with an economic situation in the state that had not shown the degree of improvement that was evident at the start of the 1985 Session. Further, there had been dramatic increases in the population and subsequent demand for governmental services that resulted in the Governor proposing spending increases in several areas.

The Legislature was also forwarded, from the Legislative Commission's Subcommittee to Study the Funding of Counties and Cities in Nevada, a 16-bill legislative package that consisted of 6 bills regarding local government revenues, 7 bills regarding local government expenditures, and 3 bills pertaining to fiscal administration.

The 1987 Legislature adopted 44 significant revenue-related bills. New sources of revenue included an acceleration of the collection of and an advance payment of taxes on the net proceeds of mines, coupled with a constitutional amendment that would allow for increased tax rates on the net proceeds of mines. The Legislature also adopted new fees on securities, license plates, and radioactive waste, and imposed the federal estate pickup tax approved by the voters at the last general election.

Other revenue sources that were either extended or increased include the statewide property tax for bond redemption, increases in gross gaming and restricted slot fees, the extension of the increase in the Insurance Premium Tax, increases in the fees paid by insurance agents and brokers, and increases in fees related to highways and Highway Patrol activities.

The Legislature also provided for exemptions from taxes on retail sales in several instances. Exemptions were granted for eyewear and used farm machinery when used as a trade-in. Further, with voter approval in the 1988 election, exemptions were provided for materials loaned or donated to tax-free organizations, 40 percent of the price of new mobile homes, and 100 percent of the price of previously taxed, used mobile homes.

Local governments were allowed to enhance their revenue generating capability primarily in three ways. First, the methods of calculating maximum combined allowable revenues for local governments were changed to allow for increased revenue generating capabilities; second, specific programs such as medically indigent, prison operations and police functions, were allowed to be funded; and, third, certain fees were allowed to be increased.

The Legislature also made technical changes to existing statutes in the areas of property taxes; maximum combined allowable revenue, tax increment areas, and assessment standards and practices.

1989 TAX PACKAGE

The 65th Session of the Legislature convened with the state economy in excellent condition. Economic growth since the end of the 1987 Session had been greater than expected and, as a result, the state government and most local governments were fiscally sound. Nevertheless, the booming economy gave rise to rapid population growth, which, in turn, has increased the demand for education and many other government services.

To help meet those demands, The Executive Budget for the 1989 biennium called for increased General Fund spending in many areas, including education, drug abuse, and mental health and mental retardation programs. To support the additional spending, the budget called for higher mining, cigarette and Insurance Premium Taxes as well as increases in corporate license, securities registration and state engineer fees.

The Legislature was also confronted with a problem arising from the state's method of taxing interstate and intrastate motor carriers. A pending lawsuit may have resulted in Nevada's highway funding system being declared unconstitutional. This created a potential loss of millions in both future road revenue and tax repayments to certain motor carriers.

In addition to the state budget proposals and the highway funding dilemma, the Legislature was faced with local government demands to revise the SCCRT distribution mechanism, relax property tax limitations, improve funding for indigent care and provide additional sources of funding for local roads. Also, the Legislature was presented five bills from an interim study on the incorporation of cities, several of which affected local government finances.

The Legislature generally adopted the Governor's revenue proposals with some minor changes. To solve the highway funding problem, the Legislature simplified the tax and fee system to ensure that a fair burden was placed on both interstate and intrastate truckers.

The Legislature met the local government demands for more flexibility through a thorough revamping of the tax and fee limitation formulas and revisions to the SCCRT distribution mechanism. The indigent care problem was addressed by the imposition of and authorization for higher local property taxes. Road needs were met by allowing local governments to raise gasoline taxes if approved by the voters. The Legislature also adopted, with some revisions, the bills from the interim study affecting the incorporation of cities.

1991 TAX PACKAGE

The 1991 Session of the Legislature began with the U.S. economy in the midst of its first recession since 1982. State government revenue growth was already slowing considerably at the start of 1991 and would become almost flat through the spring of the year.

While this was still a better performance than most other states encountered, the Legislature was met with Executive Budget proposals to increase funding in many areas, principally for education, including significant class-size reduction in the first through third grades. Also proposed were funding increases for drug abuse treatment, transportation, senior citizens, and environmental and public safety programs.

To fund his new initiatives which were to be supported by General Fund sources, the Governor proposed repealing the sunset on the cigarette tax increase, enacting a business activity tax based on payroll and a business license fee based on gross receipts, and applying gaming percentage fees to slot route operators.

In addition to the state budget proposals and the need to provide adequate funds for state highways, the Legislature was confronted with several local government tax policy questions. The most important were Clark County's proposal to fund its master transportation plan and the continuing "fair share" issue regarding the distribution of Supplemental City-County Relief Tax (SCCRT) revenues.

The Legislature generally supported the Governor's budgetary proposals but rejected much of the means he had proposed to fund them. In addition, the rapidly deteriorating revenue picture made it necessary to find revenues above the new amounts proposed by the Governor. The final tax package consisted primarily of the repeal of the sunset of the cigarette tax increase, an increase in the LSST of 0.75 percent, and the adoption of a new business license tax, which averaged about $25 per employee per quarter.

To help meet the growing transportation needs of the state, the Legislature increased motor vehicle and special fuel taxes and registration and driver's license fees. The Legislature generally adopted the Clark County Master Transportation Plan proposals and made them applicable throughout the state if approved by the local voters. To resolve the "fair share" question, the Legislature also instituted a new SCCRT distribution formula to return most of the proceeds to the county where the taxes were paid. This bill, which substantially reduced the revenues going to Washoe County, also allowed that county and several others to impose new taxes to make up for any revenue loss due to the provisions of the bill.

1993 TAX LEGISLATION

The 1993 Legislative Session began with the U.S. economy continuing a slow recovery from the 1990-91 recession and with state tax revenues beginning to demonstrate a clear pattern of positive growth. As the session proceeded, sales and gaming tax collections continued to improve, but a cautious outlook for the 1993-95 biennium remained.

The Governor sent the 1993 Legislature an Executive Budget that generally held the line on spending, providing significant funding increases only for K-12 education and Medicaid. This conservative approach limited the need for any general tax increases, although the budget did include several revenue raising proposals to ensure that the 1993-95 budget was adequately funded.

A major element of the Governor's revenue proposals was a revision to the Medicaid Hospital Tax Program that conformed to the stricter federal requirements and provided all but $20 million of the amount earned from the program during the 1991-93 biennium. Though not a General Fund revenue source, the Medicaid Hospital Tax Program reduces the amount of General Fund appropriations that would otherwise be required.

For the General Fund, the Governor proposed that Insurance Premium Taxes be prepaid; a fee on the gross gaming revenue from restricted slot operators be imposed; the state commission for the collection of local sales taxes be made uniform at 1 percent; real estate fees be increased; revenue allocated to a mining trust fund be reverted; and certain telemarketing fee revenue be transferred. The Governor also proposed revenue-neutral changes to the business license tax that would provide an exemption for all firms with four or fewer employees, eliminate the tax cap for the largest employers, and institute a flat $25 per employee per quarter rate on all taxable employees.

The Legislature adopted the Governor's revenue plan with some modifications and a few relatively minor enhancements. The proposals for the Medicaid tax, the prepayment of Insurance Premium Taxes, higher state sales tax commissions, real estate fees and the mining tax reversion were adopted largely as proposed. The Legislature revised the Governor's business tax proposals by eliminating the proposed exemption for certain small employers to raise additional revenue and by adopting a full-time employment equivalency basis for imposing the tax. The proposal for a percentage fee on restricted slot operations was replaced by a smaller revenue increase from higher fees on restricted slots. The Legislature trimmed the Governor's plan to use some telemarketing fees for the General Fund and increased State Engineer, Land Company, Uniform Commercial Code, and limited partnership fees to raise additional revenue. The Legislature also imposed a new excise on short-term vehicle rentals that was not included among the Governor's proposals.

In addition to the measures increasing state revenue, the Legislature also provided additional revenue options for local governments, made numerous technical and administrative changes that affected state and local government revenue efforts, and enacted several measures that provided exemptions and exclusions for certain taxpayers.

1995 TAX LEGISLATION

The 1995 Legislature convened with the U.S. economy completing its fourth year of expansion and the Nevada economy continuing to boom largely as a result of the development and opening of the so-called mega-resorts in the Las Vegas area. With several new resorts planned for the Las Vegas area and the construction of the Silver Legacy in Reno, there was little evidence that an economic slowdown would occur during the 1995-97 biennium. This assessment was largely confirmed by the relatively healthy General Fund revenue forecast submitted to the Governor and the Legislature by the Nevada Economic Forum, the group created by the 1993 Legislature to remove political considerations from the revenue estimating process.

As a result of this favorable outlook, the General Fund portion of The Executive Budget for the 1995-1997 biennium was fully contingent on the existing revenue structure. Benefiting from a large budgetary surplus and relying on the Economic Forum forecast for the biennium, the Governor proposed no tax or other revenue change that would increase or decrease General Fund revenue. The Executive Budget did include several modest proposals affecting non-General Fund revenues.

Three separate interim studies (SCR 43, ACR 47 and A.B. 378) dealing with tax issues submitted recommendations to the 1995 Legislature that would affect both General Fund and non-General Fund revenues. Several of these proposals were adopted in some form by the 1995 Legislature.

The Legislature, after identifying reductions in the projected caseload of the ADC and Medicaid programs and receiving upwardly revised revenue forecasts from the Economic Forum, was able to stray from the Governor's status quo revenue plan by suspending the prepayment of the Insurance Premium Tax and by approving several tax exemption and economic development incentive bills. Most of the revenue effects of the tax exemption and incentive legislation would not be fully felt until the 1997-99 biennium.

The Legislature also eliminated the prepayment of net proceeds taxes but designed the plan to minimize any revenue loss. Also approved was a measure to move the collection of the tax on diesel fuel from the retail to the terminal level. This bill was expected to increase Highway Fund revenues without a tax increase because of improved compliance and enforcement. The Legislature approved no tax increases and only a few fee increases.

In addition to the actions noted above, the Legislature provided a few specific revenue changes for certain local governments and made several technical and administrative changes to the tax laws.

1997 TAX LEGISLATION

As the 69th Session of the Nevada Legislature convened in January, Nevada continued to lead the U.S. in economic growth and maintain the strong economic performance evident at the end of the 1995 Legislative Session. With a backdrop of national prosperity marked by the lowest inflation, unemployment rates, and federal budget deficits since the 1960s, the state revenue picture, as confirmed by the forecasts of the Economic Forum, was bright. Another factor tempering support for significant tax changes was a new constitutional provision requiring two-thirds approval of both houses of the Legislature to increase revenue. As a result, the General Fund portion of The Executive Budget contained no major tax proposals for the second consecutive biennium.

Many of the most significant tax-related issues in the 1997 Session were recommendations from interim legislative studies and local officials. For example, the SCR 40 interim subcommittee proposed legislation to dramatically revise the intra-county distribution of various local revenues. Similarly, the Southern Nevada Water Authority, with the concurrence of other Clark County government officials and concerned parties, proposed an increase in the county sales tax of 0.25 percent to help pay for additional water delivery and wastewater facilities.

In addition, although the Governor's budget did not propose to repeal the prepayment of Insurance Premium Taxes, which was due to take effect in January 1998 and which would produce a one-time revenue gain of nearly $50 million, it did provide enough ending fund balance to accommodate such repeal. After initially reviewing The Executive Budget, the Legislature quickly adopted legislation to repeal the prepayment while changing the payment schedule to require that the payments be made based on actual premium volume. This change reduced the revenue loss by several million dollars.

Ultimately, much of the Legislature's work on taxes during the 1997 Session focused on the needs of local governments, which had been driven by the rapid growth throughout most of the state. The Legislature adopted the SCR 40 plan to pool many local government revenues at the county level and distribute them to the eligible local governments within the county based on a formula tied to the growth in assessed valuation and population. The Legislature further ratified the work of the SCR 40 Subcommittee by reauthorizing it as a statutory committee until July 1, 2001.

The Legislature authorized the additional 0.25 percent sales tax for water infrastructures in Clark County and extended additional sales tax authority to all other counties for their particular infrastructure needs. To help meet the burgeoning needs for more school facilities in Clark County, the Legislature approved an additional 1 percent room tax and increased the RPTT by 60 cents per $500 of value in that county, earmarking these revenues for school infrastructures. The same bill also established a state role relating to school facilities by creating a temporary state planning commission for the new construction, design, maintenance, and repair of facilities and appropriating $300,000 to allow the commission to evaluate the need for improvements to school infrastructures throughout the state.

In addition to the actions cited above, the Legislature adopted a new tax incentive to encourage economic diversification and made various other changes affecting state and local revenues.

1999 TAX LEGISLATION

As the 70th Session of the Legislature began, the Nevada economy continued to lead the United States in economic growth. Indicators such as personal income, population, job growth and the unemployment rate remained near the top of the national rankings. However, this strong economic performance was not accompanied by comparable gains in state General Fund revenue. This revenue weakness was reflected in the December 1, 1998, forecast of the Economic Forum, which saw total General Fund revenues for FY 1998-99 that were $87 million less than the amount projected by the Economic Forum in April 1997. Although the Economic Forum increased this forecast in its April 1999 review, the Economic Forum's forecasts for the 1999-01 biennium accommodated only a modest increase in General Fund spending.

Despite the demands that Nevada's economic growth continues to put on education and other service areas supported by the state, The Executive Budget proposed to fund those needs almost entirely from the revenue stream forecast by the Economic Forum. The budget included only two minor changes to the General Fund picture, both of which were approved by the Legislature. First, approximately $2.6 million that had accrued to the permanent net proceeds fund was redirected to the General Fund in FY 1998-99. In addition, future allocations to that fund were eliminated, adding about $700,000 per year to General Fund revenues. Second, the General Fund commission for the collection of local sales taxes was set at 0.75 percent instead of 0.5 percent on July 1, 1999. This change added more than $7.5 million to General Fund revenues during the ensuing biennium.

The Governor's veto of a minor fee increase early in the session eliminated the potential for other changes that would increase state taxes. As a result, only a handful of bills that affected state revenues, including those discussed above, were approved. Included in this category was a bill that will transfer the collection of gasoline taxes to the Department of Motor Vehicles and Public Safety and move the collection point of the tax to the terminal-rack level. Other bills approved made it easier for Nevadans to import wine for personal consumption, outlawed the sale of so-called gray market cigarettes in Nevada, and required cigarette manufacturers who had not signed the Master Settlement Agreement to put money into an escrow account based on the number of cigarettes they sell in Nevada.

Most of the significant tax-related issues considered during the 1999 Legislative Session affected local government revenues and were the result of recommendations from legislative study committees, local officials or other interested parties. For example, the standing committee created pursuant to S.B. 253 of the 1997 Session, recommended 13 bills having an effect on the finances of local governments. One recommendation from that study that was passed allows the $3.64 property tax cap to be exceeded in certain jurisdictions under very limited circumstances, while another prohibits one local government from "buying down" the tax rate of another to bring the combined rate within the statutory rate limit. The Legislature also approved a S.B. 253 recommendation that standardizes the eligibility requirements for tax exemptions for economic development. In addition to approving most of the S.B. 253 BDRs, the Legislature approved other legislation, including an increase in the room tax in Washoe County and substantial changes to the property and sales tax exemptions for the public display of fine art.

2001 TAX LEGISLATION

The 2001 Session of the Legislature convened with clouds across the economic horizon. Stock values had been dropping, most severely in the high-tech sector, and various economic indicators were reflecting that a U.S. recession was a strong possibility. In addition, an energy shortage in California threatened to adversely affect the economies of western states.

The Governor's budget was predicated on modest General Fund revenue increases forecasted by the Economic Forum. No General Fund revenue increases were proposed, although the Legislature adopted two non-General Fund revenue enhancements included in The Executive Budget. The first, A.B. 134, increased fraud assessments on insurers. The bill produces about $359,500 in additional revenue annually, of which $263,000 was used to fully fund the Attorney General's Insurance Fraud Unit. The remaining additional revenue was used to replace a portion of General Fund support for insurance regulation. The second measure, A.B. 199, doubled the Trout Stamp fee to $10. The additional revenue was used to repay $3.5 billion in bonds to be issued to rehabilitate fish hatcheries.

The modest General Fund revenue forecast used in The Executive Budget ultimately proved too optimistic. The Economic Forum's May 1 revisions reduced projected General Fund revenues by $121.4 million during the 2001-03 biennium. After receiving the reduced revenue numbers, the Legislature approved three General Fund revenue enhancements to replace approximately $64.9 million of that shortfall over the biennium.

The bills providing revenue increases include A.B. 77 and S.B. 489, which shorten the period that certain property is considered unclaimed and remitted to the state. These bills were expected to produce an estimated one-time increase in revenues of approximately $8.3 million in FY 2001-02. S.B. 577 was designed to provide an additional $29 million during the biennium through increases in a variety of fees on business transactions handled through the Secretary of State's office. Finally, A.B. 460 increased the state's share of the car rental fees to a full 6 percent rate and provided for quarterly rather than annual payment of those fees. This measure was estimated to generate an additional $27.5 million for the state General Fund in the 2001-03 biennium.

Because of concerns over the state's long-term revenue picture, the Legislature approved ACR 1 at the 17^{th} Special Session. This resolution created the Governor's Task Force on Tax Policy during the interim. In addition, a number of bills affecting local government finances were passed during the 2001 Session and the 17^{th} Special Session, including several that contain recommendations from the Legislative Committee Studying the Distribution of Revenue among Local Governments (S.B. 253 of the 1997 Session). One of those bills, S.B. 557, extends the authority of the committee through June 30, 2005, and renames it the Legislative Committee for Local Government Taxes and Finance to better recognize the committee's areas of study.

In addition to the bills affecting state revenues and local government finances, the Legislature also approved numerous technical tax law changes and continued to revise tax exemptions in 2001. As the regular and special sessions concluded, state and national economic performance remained sluggish, and the first recession since 1991 was underway.

2003 TAX LEGISLATION

In May 2003 the Economic Forum forecast modest increases of 4.5 and 5 percent in General Fund revenues for FY 2003-04 and FY 2004-05, respectively, from a FY 2002-03 base that was considerably reduced from the Economic Forum's May 2001 projections. With these revised forecasts, overall revenue growth would remain far below the combined effects of population growth and inflation since FY 2000-01. The Executive Budget proposal and various alternative revenue enhancement plans to support the Governor's budgetary recommendations proved to be the most debated and controversial issue for the Legislature, not only during the 72nd Regular Session, but through the 19th and 20th Special Sessions as well.

The revenue package to support the General Fund appropriations was ultimately adopted at the conclusion of the 20th Special Session of the Nevada Legislature, which ended on July 22, 2003. The three bills approved to raise the revenue, A.B. 4, S.B. 2, and S.B. 8, included several of the elements contained in the revenue proposal submitted in January by the Governor. Nevertheless, the final funding plan also differed from the Governor's revenue proposal in many important details.

One of the Governor's proposals that was not approved by the Legislature was bridge revenues to help balance the FY 2002-03 budget. Instead, the Legislature approved the transfer of $135 million from the Rainy Day Fund, which represented almost the entire balance of the fund and which was $85 million more than was recommended by the Governor. The increases in cigarette and liquor taxes and restricted slot fees recommended by the Governor to take effect in April were included in S.B. 8, but their effective dates were delayed by more than three months because the bill was not approved until the latter part of July 2003.

Senate Bill 8, which encompasses more than 90 percent of the revenue package, includes the annual Business License Fee and a live entertainment tax. The Governor's proposals for a state property tax and a gross receipts tax were not adopted. In their place, the revenue needs for the 2003-05 biennium and future biennia were met with a combination of a real estate transfer tax, a modified business tax and a larger gaming tax increase than was proposed by the Governor. The enactment of a modified business tax, in the form of a payroll tax with a special higher rate on financial institutions and a deduction for costs of providing medical coverage for employees, also resulted in the repeal of the state business license tax.

The remaining two bills, A.B. 4 and S.B. 2, were estimated to provide about $75 million in revenue over the 2003-05 biennium through reductions in tax payment and collection allowances for liquor, cigarette, other tobacco and sales taxes and higher fees on commercial recordings and securities collected through the Secretary of State's Office.

Although the bills to support the General Fund spending plan were the most significant legislation considered in 2003, the Nevada Legislature approved numerous other bills that have an effect on the state's tax system. Additional information concerning the three revenue bills is covered on the next three pages of this section.

STATE REVENUE BILLS - 2003

Senate Bill 8 of the 20th Special Session includes the key components of the Legislature's revenue package to support General Fund appropriations. The key components include:

- A modified business tax for businesses other than financial institutions
- A modified business tax for financial institutions
- An excise tax on bank branch offices
- An annual business license fee
- An increase in taxes on gross gaming revenue and restricted slot operations
- An increase in cigarette taxes
- An increase in liquor taxes
- A tax on live entertainment
- An increase in the RPTT

Modified Business Tax for Businesses other than Financial Institutions - The Legislature imposed a new tax of 0.7 percent on gross wages paid effective October 1, 2003. The rate lowered to 0.65 percent on July 1, 2004. The Legislature authorized employers to deduct from gross wages on a dollar-for-dollar basis amounts paid for health insurance or health benefit plans. Employers other than financial institutions, Indian tribes, nonprofit organizations and political subdivisions are required to pay the tax on gross wages if they are required to make a contribution for unemployment insurance pursuant to NRS 612.535.

Modified Business Tax for Financial Institutions – The Legislature imposed upon financial institutions a new tax of 2 percent on gross wages paid effective October 1, 2003. Financial institutions are also authorized to deduct from gross wages on a dollar-for-dollar basis amounts paid for health insurance or health benefit plans. For the purposes of the new tax, a financial institution includes banks, savings and loan institutions, installment loan companies, debt adjusters, thrift companies, check-cashing and deferred deposit service providers, mortgage companies, brokers and agents and collection agencies. The tax must also be paid by financial services providers, including security and commodity brokers, dealers, exchanges and services and holding and other investment offices. Credit unions are specifically exempt from the requirement to pay the tax.

Excise Tax on Bank Branch Offices – The Legislature imposed a new excise tax on each bank at the rate of $1,750 for each branch office in excess of one maintained by the bank in Nevada effective January 1, 2004.

Business License Fee – The Legislature replaced the current one-time $25 licensing fee for businesses with a $100 annual licensing fee effective July 22, 2003. Sole proprietors are required to pay the annual fee unless the proprietor operates the business from his home and earns from that business not more than 66 2/3 percent of the average annual wage for the preceding calendar year.

Gross Gaming and Restricted Slot Taxes – The Legislature increased the current tax rate on gross gaming revenue of nonrestricted gaming licensees by 0.5 percent effective August 1, 2003, and increased the fee for the operation of slot machines in restricted gaming locations by 33 percent effective July 22, 2003.

Cigarette Taxes – The Legislature increased the current tax on cigarettes by 45 cents per pack of 20 cigarettes from 35 cents per pack to 80 cents per pack of 20 effective July 22, 2003. A total of 70 cents per pack of 20 cigarettes is deposited to the state General Fund, with the remaining 10 cents allocated to local governments.

Liquor Taxes – The Legislature increased the current tax on intoxicating liquors by 75 percent effective August 1, 2003. The table below provides a comparison of the former and current tax rates on the various types of intoxicating liquors:

Intoxicating Liquor Tax Rates Per Gallon

Liquor Type	Old Rate	New Rate	Difference
Beer or Other Malt Beverage	$0.09	$0.16	$0.07
Wine (0.5-14% Alcohol)	$0.40	$0.70	$0.30
Liqueurs & Wines (14-22% Alcohol)	$0.75	$1.30	$0.55
Hard Liquors (Over 22% Alcohol)	$2.05	$3.60	$1.55

Live Entertainment Tax (LET) – The Legislature imposed a new excise tax on admission to any facility where live entertainment is provided at the following rates:

- If the maximum seating capacity of the facility is less than 7,500, 10 percent of the admission charge and 10 percent of any amounts paid for food, refreshments and merchandise purchased at the facility.
- If the maximum seating capacity is 7,500 or more, 5 percent of the admissions charge to the facility.

Live entertainment provided at a nongaming establishment is exempt from the tax if the facility in which the entertainment is provided has a maximum seating capacity of less than 300. Live entertainment provided at a gaming establishment licensed for fewer than 51 slot machines, less than 6 games, or any combination of slot machines and games within those respective limits is also exempt if the facility in which the entertainment is provided has a maximum seating capacity of less than 300. Entertainment provided by nonprofit organizations and boxing contests or exhibitions are also exempt from the requirement to pay the tax.

The new LET was effective January 1, 2004. The Legislature revised the current casino entertainment tax to eliminate certain exemptions effective during the period between September 1, 2003, and December 31, 2003. The current casino entertainment tax was repealed effective January 1, 2004, when the LET became effective.

Real Property Transfer Tax (RPTT) – The Legislature imposed a new state tax on the transfer of real property at the rate of $1.30 of each $500 of value effective October 1, 2003.

Assembly Bill 4 of the 20th Special Session reduced the allowances for the collection of sales and use taxes and taxes on intoxicating liquor, cigarettes and other tobacco products to 0.5 percent of the amount collected and increased by 100 percent the fees for the privilege of selling securities in Nevada.

Senate Bill 2 of the 20th Special Session makes various changes to the filing requirements for business entities, adds new provisions concerning foreign business entities doing business in Nevada, provides for the creation of a new type of business entity, the limited-liability limited partnership, and makes various other changes pertaining to business entities. The bill includes the creation of new filing fees for business entities and increases various existing filing fees by various amounts. Finally, the bill incorporates into the *Nevada Revised Statutes* certain fees pertaining to securities that are currently established by administrative regulation and set forth in the *Nevada Administrative Code* and doubles the current amount of those fees.

2005 TAX LEGISLATION

The 2005 Legislature focused primarily on providing property tax relief and considering changes to the new taxes approved during the 20th Special Session. Prior to the 2005 Session, reports were made about the potential for significant increases in property values in different areas of the state. The 2005 Legislature made providing relief from the anticipated record increases in property taxes an early priority of the session. The Legislature determined that legislation needed to be passed by the end of March to allow county assessors and treasurers an opportunity to implement property tax relief and allow local government entities the ability to incorporate the projected impacts into their FY 2005-06 budgets.

The Senate Taxation and Assembly Growth and Infrastructure Committees held several joint meetings during the first two months of the session to gather information on the state's property tax system regarding assessment and tax rates; obtain an understanding of the economic and demographic factors driving the record growth in property values; and consider alternative solutions to provide tax relief to the property owners in the state. On the 54th day of session (April 1, 2005), the Senate and Assembly approved Assembly Bill 489, providing tax relief for property owners in the form of partial abatements from the FY 2005-06 property tax bills mailed in July 2005. On June 1, 2005, the Legislature approved Senate Bill 509, which made technical corrections to and provided for the administration of the provisions of A.B. 489.

The 2005 Legislature also approved several technical and policy changes to the tax plan approved by the 2003 Legislature and 20th Special Session. Many of the changes were recommended by the interim Legislative Committee on Taxation, Public Revenue and Tax Policy, created to review and study the tax changes approved by Senate Bill 8 of the 20th Special Session. Additional proposals were considered by the Senate Taxation and Assembly Commerce and Labor Committees regarding modifications to the structure and rate of various taxes, principally the Business License Fee (BLF), Modified Business Tax on General Business and Financial Institutions (MBT), and the Live Entertainment Tax (LET). Assembly Bill 554, Senate Bill 391, Senate Bill 523, and Senate Bill 3 (22nd Special Session) are the four major bills implementing legislatively-approved changes to the BLF, MBT, and LET, as well as other taxes approved by the 2003 Legislature.

PROPERTY TAX ABATEMENTS

Assembly Bill 489 and Senate Bill 509 were approved during the 2005 Session to provide property tax relief to both residential and non-residential property owners in the state. The two bills jointly establish the provisions for providing the partial abatement of property taxes and provide for mechanisms to distribute property tax revenue to government entities after the abatements.

Article 10, Section 1, subsection 10 of the *Nevada Constitution* authorizes the Legislature to provide by law for an abatement of the tax upon, or an exemption of, part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid a severe economic hardship to the owner of the residence. The 2005 Legislature declared that an increase of more than 3 percent in the property tax bill of single-family owner-occupied residence in a given year constitutes a severe economic hardship. Assembly Bill 489 establishes a partial abatement such that property taxes cannot increase by more than 3 percent from last year's tax levy for owners of a single-family residence that is the primary residence of the owner. An owner of a single-family residence is still eligible for the partial abatement if a home business is operated out of a portion of the residence or the title has been placed in trust for the purpose of estate planning. The primary residence of the owner is defined to be the residence designated as the primary residence of the owner, exclusive of any other residence of the owner in the state, and is not rented or leased for exclusive occupancy by any person other than the owner of the residence and members of the family of the owner of the residence.

Article 10, Section 1, subsection 8 of the *Nevada Constitution* provides that the Legislature may exempt from taxation property used for certain charitable purposes. The 2005 Legislature declared that a charitable exemption should be provided to owners of residential rental dwellings qualifying as low-income housing under the standards established by the U.S. Department of Housing and Urban Development. To qualify for this partial abatement, the amount of rent collected from each tenant of the residential rental dwelling cannot exceed the fair market rent for the county in which the dwelling is located, as published by the U.S. Department of Housing and Urban Development. The charitable exemption is provided in the form of a partial abatement of property taxes and provides for the same annual 3 percent cap on the increase in taxes provided to owners of single-family residences. The partial abatement provided to qualifying residential rental dwellings does not apply to hotels, motels, or other forms of transient lodging.

The Legislature provided a separate partial abatement from property taxes for all other property not qualifying as a single-family owner-occupied primary residence or meeting the requirements established for low-income rental dwelling units. The maximum percentage increase in property taxes allowed in each county is determined by a two-part formula. The first part is the lesser of:

- The average percentage change in the assessed value of all taxable property in the county over the past 10 years (the fiscal year in which the levy is made and the 9 immediately preceding fiscal years as determined by the Department of Taxation); or
- 8 percent.

The second part is determined by establishing twice the percent change in the CPI (U.S. city average, all items, and all urban consumers) for the prior calendar year. The partial abatement provided in the form of a limit on the increase in property taxes from the prior year is the greater of the percentages calculated from the first and second parts of the formula. The following are examples of how this abatement may be calculated:

EXAMPLE 1: If the average percentage change in the assessed value in a given county is 6.7 percent over the past 10 years, and the percent change in the CPI for the prior calendar year was 2.8 percent, the partial abatement in that county would be such that property tax bills increased by no more than 6.7 percent over the prior year's levy – the greater of the average percentage change in assessed value (6.7 percent) and twice the increase in the CPI (5.6 percent).

EXAMPLE 2: If the average percentage change in the assessed value in a given county is 6.7 percent over the past 10 years, and the percent change in the CPI for the prior calendar year was 3.6 percent, the partial abatement in that county would be such that property tax bills increased by no more than 7.2 percent over the prior year's levy – the greater of twice the increase in the CPI (7.2 percent) and the average percentage change in assessed value (6.7 percent).

EXAMPLE 3: If the average percentage change in the assessed value in a given county is 9.5 percent over the past 10 years, and the percent change in the CPI for the prior calendar year was 2.8 percent, the partial abatement in that county would be such that property tax bills increased by no more than 8 percent over the prior year's levy – the greater of 8 percent and twice the change in the CPI (5.6 percent).

The partial abatements provided in A.B. 489 do not apply to property for which no assessed valuation was separately established for the preceding fiscal year. The partial abatements are not available to property value in its first year of existence on the tax roll, such as new improvements or enhancements to existing improvements. (For example, new property is placed onto the roll and taxed in the first year according to the full cash value of the land and/or the replacement cost of the structures on that land. This property would then be subject to one of the three partial abatements in the following year.) The partial abatements also do not apply to land for which there is a change in the authorized use.

After April 6, 2005, if the Legislature enacts legislation that requires a local government entity to impose a new property tax rate or to increase an existing property tax rate, the amount of the new tax or increase in an existing tax is not subject to the partial abatements provided in A.B. 489 when determining a property's tax bill.

STATE REVENUE BILLS – 2005

Assembly Bill 554 makes changes to various provisions governing taxation of events or transactions, primarily regarding live entertainment and the sales and use tax. The following summarizes the major provisions of the bill:

Live Entertainment Tax (LET)

- Statutory definitions are established for casual assemblage, shopping mall, and a trade show.
- The term "admission charge" is clarified to include an entertainment fee, a cover charge, a table reservation fee, or a required minimum purchase of food, refreshments, or merchandise.
- Events or activities defined to be or not to be live entertainment in the regulations adopted by the Nevada Tax Commission and Nevada Gaming Commission were put in statute.
- Specific exemptions from the LET, not included in the regulations, were provided for the following:

    1. Live entertainment that is incidental to an amusement ride, a motion simulator, or a similar digital, electronic, mechanical or electromechanical device;
    2. Live entertainment provided to the public in an outdoor area and there is no admission charge or requirement to purchase food, refreshments, or merchandise;
    3. An outdoor concert unless provided on the premises of a licensed gaming establishment;
    4. Race events that are part of the National Association for Stock Car Auto Racing (NASCAR) Nextel Cup Series and all races associated with such an event, effective July 1, 2007; and
    5. Live entertainment provided in a restaurant which is incidental to any other activities conducted in the restaurant or serves as ambience as long as there is no admission charge.

- Clarification that live entertainment provided by or for the benefit of a nonprofit entity filed with the Secretary of State under NRS Chapter 82 is exempt from the LET.
- The maximum occupancy threshold to determine whether a liability for the LET exists was lowered from 300 to 200.

Real Property Transfer Tax (RPTT)

Assembly Bill 554 clarifies that, for the exemption provided to transfers between family members, the family members must be related within the first degree of lineal consanguinity or affinity.

Sales and Use Tax

- Assembly Bill 554 provided for the submission to the voters a question of whether the Sales and Use Tax Act of 1955 should be amended to include an exemption from the state sales tax for certain farm equipment and the trade-in value of a vehicle. This question appeared on the 2006 General Election ballot as Question 8, which was approved by voters. Accordingly, the exemptions from the state sales tax on certain farm equipment and the trade-in value of vehicles became effective January 1, 2007.
- The exemption provided from the local sales tax for certain farm equipment was extended by A.B. 554 from June 30, 2005, to December 31, 2005. With passage of Question 8 in the 2006 General Election, this exemption became effective again on January 1, 2007.

Senate Bill 391 replaces the previous language for defining financial institutions for the Modified Business Tax on Financial Institutions (NRS Chapter 363A) based on the North American Industrial Classification System (NAICS) definitions with language based upon the licensing, registration, or other state or federal requirements for doing business as a financial institution. Collection agencies and pawn shops are excluded as financial institutions for the purpose of the tax on financial institutions and are taxed as a business under the tax on general business. Entities that are issuers of credit cards or a service provider for an entity issuing credit cards are defined to be a financial institution, but a seller of goods or services who issues a credit card for the purpose of providing or extending credit only in connection with the goods or services provided are not deemed to be financial institutions.

Senate Bill 523 reduces the Modified Business Tax on General Businesses from 0.65 percent to 0.63 percent of wages paid during a calendar quarter, less allowable health care expenses, effective from July 1, 2005, to June 30, 2007. Due to the sunset provision of S.B. 523, the rate is scheduled to return to 0.65 percent on July 1, 2007.

Senate Bill 3 (22nd Special Session) makes various technical and policy changes related to selected tax measures approved in Senate Bill 8 (20th Special Session) based on recommendations of the interim Legislative Committee on Taxation, Public Revenue and Tax Policy. The following major provisions are implemented in S.B. 3:

Taxpayers' Bill of Rights

The bill makes the Taxpayers' Bill of Rights applicable to the Insurance Premium Tax, Short-term Car Rental Tax and the fuel taxes administered by the Department of Motor Vehicles. The dissemination requirements for the Taxpayers' Bill of Rights were changed by eliminating the provision requiring a pamphlet be distributed to each taxpayer and requiring the information be made available on the websites and at the offices of the Department of Taxation, the Department of Motor Vehicles, and at public libraries.

Business License Fee

The major provisions of the bill affecting the Business License Fee (BLF) include:

1. Allowing common anniversary dates for taxpayers with multiple businesses to submit the $100 annual renewal fee;
2. Specifying that a natural person is required to obtain only one business license for multiple business activities;
3. Providing that a person or governmental entity that operates a facility at which craft shows, exhibitions, trade shows, conventions or sporting events are held is responsible for the payment of the BLF for those persons who do not have a business license and that the entity operating the

facility where the event is held can pay an annual flat fee of $5,000 or on a per-show or event basis using a per-business formula;
4. Providing an exemption for a person who derives rental income from four or fewer dwelling units; and
5. Requiring that a business or natural person must perform a service or engage in a trade for profit to be subject to the requirements to obtain a business license.

Modified Business Tax

The major provisions of the bill affecting the Modified Business Tax on General Business and Financial Institutions include:

1. Requiring that an entity must be conducting an activity for profit to be subject to the MBT; and
2. Placing in statute regulations developed by the Nevada Tax Commission regarding definitions of claims, direct administrative costs, employees, and health benefits for implementing the health care deduction.

Live Entertainment Tax (LET)

The major provisions of the bill affecting the LET include:

1. Clarifying that the tax is based on maximum occupancy of the facility, not maximum seating capacity;
2. Providing an exemption for food and product demonstrations conducted at shopping malls, craft shows, membership stores, and similar facilities; and
3. Clarifying the exemption provided to nonprofit organizations.

Other Provisions of Senate Bill 3

1. An exemption from the Branch Bank Excise Tax is provided for one branch office maintained by a bank in each county, replacing the previous exemption of only one branch office per bank.
2. The bill establishes a salary of $27,500 for the Chairperson of the Nevada Tax Commission and $20,000 for each of the other seven members of the commission.

Other Legislation Affecting State and Local Revenues

Senate Bill 394 made technical changes to the assessment of real and personal property and the collection of property taxes. The bill:

1. Clarifies certain provisions and makes a technical adjustment to the calculation of the inflation adjustment for the partial exemptions from property tax assessment provided to surviving spouses, blind persons, veterans, disabled veterans, and veterans' organizations;
2. Makes changes related to appeals to the county boards of equalization, payments of taxes under protest, and determinations of taxes on personal property as uncollectible;
3. Deems water rights as attributes of real property that must be considered in valuing the property during assessment;
4. Allows a county assessor to reopen the tax roll to correct assessments because of clerical, typographical, or mathematical errors, or to correct overassessments because of factual error in age, use, zoning, or legal or physical restrictions on use;

5. Provides that a county board of equalization may not reduce the county assessor's assessment unless established by a preponderance of evidence that the valuation exceeds the full cash value of the property or is inequitable;
6. Provides an exemption from the property tax for all real and personal property of the Nevada Heritage Association and Habitat for Humanity;
7. Establishes a 2 percent commission on taxes collected from personal property and the assessed value attributable to the net proceeds of mines to be used by county assessors for the acquisition and improvement of technology in their offices, until June 30, 2007;
8. Deems that the use of real property and improvements on that real property as a golf course to be an open-space use of the land;
9. Limits the taxable value of land belonging to golf courses to $2,860 per acre, adjusted annually for inflation;
10. Requires the Nevada Tax Commission to establish a manual for determining the value of improvements on golf courses, including obsolescence factors based on the number of rounds played on that course;
11. Requires that property receiving agricultural or open-space use assessments that is sold or transferred, making it exempt from property taxes, must be cleared of any liens for deferred property taxes before ownership is transferred, unless the transfer is to a school district, the Nevada System of Higher Education, or another local government; and
12. Increases the limit on the assessed value of a home from $87,500 to $200,000 for the purpose of determining eligibility for the senior citizen property tax rebate program.

Senate Bill 306 establishes statutory provisions (to be known as the Tourism Improvement District Law) that authorize the governing body of a municipality to create, by ordinance, a tourism improvement district to acquire, develop, and maintain an economic and tourism development project within the established district. The ordinance can include a general description of the types of projects that may be financed pursuant to this law. An amount not to exceed 75 percent of the state and local sales tax revenues generated within this improvement district may be used to finance a project. The sales tax revenue percentage established by ordinance terminates at the end of the fiscal year on the twentieth anniversary of the approval of the ordinance.

Assembly Bill 3 (22nd Special Session) requires the Nevada Commission on Economic Development to grant partial abatements from real property taxes on any building or structure that is certified at or meets the equivalent of the silver rating in accordance with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System. The partial abatement from property tax may not exceed 50 percent of the property tax due and may not be granted for a period of more than 10 years.

In addition, Assembly Bill 3 provided for the exemption from the LSST, CCRT, and all local options of the sales and use tax for all products or materials to be used in the construction of a building that is certified, or will be certified when it has been completed, at the LEED silver rating or its equivalent. These exemptions from the sales tax became effective October 1, 2005, and expired on December 31, 2005.

Assembly Bill 3 also required the Director of the Nevada State Office of Energy to adopt a rating system for the purpose of determining eligibility for the abatements and exemptions provided for in the bill.

2007 TAX LEGISLATION

With regard to tax policy, much of the focus of the 2007 Legislature was on decreasing, rather than increasing, taxes, fueled in part by robust growth forecast by the Economic Forum at its November 30, 2006, meeting. A significant number of the bills that were referred to the Assembly and Senate Committees on Taxation proposed tax reductions or exemptions, such as exemptions from state and local sales taxes for mobility-enhancing and ocular devices, as well as deductions or credits against the MBT for child-care expenses, donations made to public schools, and employer-assisted housing project costs. Legislation was also proposed in both houses to equalize the MBT rate for financial institutions with the rate imposed on other businesses and eliminate the per-branch excise tax on banks that was enacted during the 2003 Session.

However, the mood quickly changed as it became evident that revenues would not come in as anticipated, thus compelling the Economic Forum to make a downward revision in its May 1, 2007, forecast, compared to its November 30, 2006, forecast.

STATE REVENUE BILLS - 2007

In addition to the practical constraints posed by reduced revenue streams, Governor Jim Gibbons' adherence to his "no tax increase" pledge established another parameter for the Legislature to consider when crafting tax legislation. The Governor's position came strongly into play when the Legislature explored a funding mechanism to address a projected $3.8 billion shortfall for transportation projects through 2015.

A select few pieces of legislation relating to state revenues and taxation did emerge from the "no taxes" environment and were approved by the 2007 Legislature and signed by the Governor:

<u>Assembly Bill 595</u> is an omnibus bill introduced by the Assembly Committee on Transportation that contains, among other procedural changes relating to fuel taxes, provisions for the funding of transportation projects. Assembly Bill 595, endorsed by Governor Gibbons, establishes funding sources for major highway projects in Clark County and Washoe County through reallocation of a number of existing revenue sources without raising taxes.

First, the bill requires the Las Vegas Convention and Visitors Authority (LVCVA) to issue bonds to be redeemed through the existing room tax imposed on lodging to assist in the funding of projects in Clark County. The total principal amount of the bonds issued by the LVCVA cannot exceed $300 million or an amount that can be serviced by $20 million per year over 30 years, whichever is less.

Second, A.B. 595 allocates an incrementally increasing portion of the 5-cent property tax imposed in Clark and Washoe Counties for the purpose of capital projects to the State Highway Fund for use in the construction and maintenance of public highways in the respective counties.

Finally, the bill requires a short-term lessor of passenger cars to impose a recovery surcharge of 4 percent. One-quarter of the proceeds from the recovery surcharge must be deposited in a separate account in the State Highway Fund and must be used exclusively for construction, reconstruction, improvement and maintenance of highways.

Assembly Bill 595 requires the Department of Transportation to adopt performance measures and provide annual reports of performance. The bill also requires the department to perform a cost-benefit analysis of each proposal for a highway project whose projected cost is $25 million or more.

Assembly Bill 628 is the General Appropriations Act. Among its numerous provisions implementing the state budget, A.B. 628 permanently sets the MBT rate imposed on nonfinancial institutions at 0.63 percent of taxable wages, which was the rate assessed during the 2005-07 biennium. The tax rate was scheduled to increase to 0.65 percent on July 1, 2007.

Bills Regarding Technical and Administrative Changes

Assembly Bill 209, which was introduced on behalf of Nevada's county assessors, contains various revisions to the administration of property taxes within the state. The bill:

1. Allows county assessors to disseminate information regarding property taxes to taxpayers via regular mail, electronically, or via other appropriate means.
2. Revises the formula used to calculate the exemption amount given to veterans, blind persons, persons with service-connected disabilities, and other eligible persons.
3. Removes the dollar limitation for the exemption of funds, furniture, regalia, and paraphernalia owned by certain fraternal organizations.
4. Creates an exemption from taxation for real property and improvements owned by the Archaeological Conservancy, a nonprofit group that acquires land for the purpose of preserving items of historical significance on that site.
5. Revises the application deadline for personal property tax exemptions for property purchased after June 15 and before July 1, and creates an appeal process for persons whose exemption claims are denied or who miss the deadline to file.
6. Clarifies the method by which common elements within a common-interest community are taxed.
7. Provides that changes made to assessments appealed to the State Board of Equalization are valid only in the year for which the appeal is made, but allows the county assessor to review such changes and maintain or remove them in subsequent fiscal years as necessary.
8. Extends the expiration of the 2 percent commission that county assessors were allowed to keep to finance technology needs, from June 30, 2007, to June 30, 2009.

In addition, A.B. 209 makes various technical changes regarding the administration of the property tax abatements approved under A.B. 489 and S.B. 509 of the 2005 Session, including:

1. Revising the method of calculation of the abatement percentage used under the alternative scenario, such that the property tax increase under this scenario cannot exceed 8 percent nor become negative.
2. Requiring the Committee on Local Government Finance to develop regulations regarding the distribution of property tax revenues in redevelopment districts.
3. Revising the method by which county assessors collect recaptured property taxes when the recaptured amount is less than $100.

Assembly Bill 236 authorizes the Department of Taxation to refrain from collecting unpaid sales and use tax when the amount due, including penalties and interest, is less than the amount that it would cost to collect these unpaid taxes. The threshold amount used by the department to determine whether the liability should be collected is set on an annual basis by the Nevada Tax Commission. The bill also clarifies that the uncollected amounts remain a liability of the taxpayer, to be collected by the department when the unpaid amount exceeds the threshold set by the Tax Commission. Assembly Bill 236 also allows for annual filing of sales and use tax returns, rather than quarterly or monthly, for those persons whose taxable sales do not exceed $1,500 in the preceding four calendar quarters or who file returns showing zero taxable sales in the preceding three quarterly reporting periods.

Assembly Bill 433 revises the Open Meeting Law regarding closed appeal hearings held by the Nevada Tax Commission. Under the provisions of the bill, the Tax Commission is required to close a meeting at the request of a taxpayer to hear proprietary or confidential information. The commission is required, as soon as practicable after closing the hearing, to determine whether the information to be presented in the closed hearing is proprietary or confidential. If it is not determined to be proprietary or confidential, the commission is required to reopen the hearing.

If the information is determined to be proprietary or confidential, the commission may meet in the closed hearing to receive the information to the extent that all members of the commission have reasonable and ample opportunity to review the information and make inquiries as needed. After this process is completed, however, the commission is required to reopen the hearing and deliberate in a manner that does not disclose the proprietary or confidential information. (The bill does allow the commission to reclose the hearing for further deliberation if a member feels he is unable to deliberate in the open meeting without disclosing the proprietary or confidential information.)

Assembly Bill 433 also requires the Tax Commission to prepare, no later than 45 days after the hearing, an abstract that contains the reasons for the decision made that must be made available to the public upon request. The abstract must contain information on the taxpayer's name, the amount of the liability and the type of tax, and the general nature of the information presented; however, the abstract must not contain any proprietary or confidential information.

Assembly Bill 585, requested by the Nevada Association of County Treasurers, makes various technical changes regarding public financial administration. These changes include:

1. Setting the interest rate that must be paid on overpayments of property tax at a rate of 0.5 percent per month, rather than a floating rate.
2. Requiring that petitions requesting review of a partial abatement of taxes be submitted to the county assessor instead of the tax receiver.
3. Establishing a de minimis amount for which a county treasurer may keep an overpayment of taxes or forgive a deficiency in payment.
4. Clarifying that interest charged on delinquent taxes is assessed on a monthly basis.

Additionally, A.B. 585 makes various changes regarding property held in trust by a county treasurer, including reducing the period for filing a claim for the excess from 2 years to 1 year after the deed given by the county treasurer is recorded, and prescribing a priority order for the payment of excess proceeds.

Assembly Bill 586 expands the enforcement and criminal penalty provisions that previously applied to contraband cigarettes to include all illegal tobacco products. This legislation allows the Department of Taxation to enforce regulations regarding counterfeit and contraband material for all tobacco products, not just cigarettes.

Assembly Bill 586 also requires retailers where tobacco is sold to conspicuously post signs indicating that sales to minors are illegal and makes it illegal for cigarettes to be sold via self-service displays, with the exception of cigarette vending machines.

Senate Bill 203 revises provisions governing the use of proceeds from the Short-term Car Rental Tax imposed in Washoe County, pursuant to S.B. 497 of the 2003 Session, for the purpose of financing a minor league baseball stadium. The bill requires the board of county commissioners to determine whether a certain set of criteria regarding the construction of the facility has been met by October 1, 2007, and to make findings if all of the criteria have been met.

If the board of county commissioners does not make such a finding by October 1, 2007, the proceeds of this tax may be used to acquire, lease, improve, equip, operate, and maintain any project approved by the Legislature, or the Interim Finance Committee if the Legislature is not in session.

Senate Bill 502 is a technical bill requested by the Department of Taxation that revises and clarifies various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement. In addition to the technical adjustments, the bill provides for the submission of a ballot question at the November 4, 2008, General Election asking voters to authorize the Legislature to enact, without an additional direct vote of the people, any legislation deemed necessary to carry out any federal law or interstate agreement for the administration of sales and use taxes. The measure proposed in the ballot question also repeals NRS 372.317, which provides a sales tax exemption for aircraft and major components of aircraft that was declared unconstitutional by the Nevada Supreme Court.

Senate Bill 503 imposes a penalty of up to 10 percent of the amount of tax due, on any person or governmental entity that fails to pay the state business license imposed on persons participating in an exhibition. Under current statute, a person or governmental entity that operates a facility at which an exhibition is held is responsible for payment of the licensing fee on behalf of participants who do not have a business license.

Senate Bill 503 also provides an exemption from the tax on tobacco products other than cigarettes, for products that are acquired free of charge at a trade show, convention or other exhibition or public event and which do not have significant value, as determined by the Department of Taxation.

Senate Bill 504 standardizes the rate of interest that the Department of Taxation must pay on refunds or credits of overpayment of certain taxes, fees and assessments collected by the department at the rate of 0.5 percent per month. The previous laws required the department to pay different rates of interest on refunds or credits of overpayments for various taxes.

Bills Regarding Exemptions, Abatements, and Postponements

Assembly Bill 110 removes the prospective expiration date for the tax exemption for real and personal property owned by eligible apprenticeship programs. The exemption, which was enacted as a result of Assembly Bill 476 of the 1997 Session, was scheduled to expire on June 30, 2007.

Assembly Bill 487 provides an exemption from the Live Entertainment Tax, effective July 1, 2007, for all professional minor league baseball games held within the state.

Assembly Bill 621 made numerous changes to the property tax abatements and sales tax exemptions for green buildings that were originally granted as a result of Assembly Bill 3 of the 22nd Special Session. The bill sets eligibility criteria for the sales tax exemptions that were enacted in A.B. 3, reduced the amount of property tax abatements granted pursuant to the 2005 legislation from a maximum of 50 percent to a maximum of 35 percent, and restricted the applicability of the property tax abatements by eliminating land and school district tax rates from the calculation of the abatement.

The criteria required to receive the sales tax exemptions and property tax abatements for those projects that originally applied under A.B. 3 are:

1. The building must be constructed according to a construction or preconstruction contract executed on or before December 31, 2005.
2. An opinion letter must have been issued by the Department of Taxation before February 1, 2007, stating that the project will qualify for a partial sales and use tax exemption under A.B. 3.
3. The project is certified at the silver level or higher under the green building rating system adopted by the Director of the Office of Energy in accordance with certain provisions originally established in A.B. 3.

The sales and use tax exemptions apply to products and materials to be used in the construction of an eligible building on or after October 1, 2005, and on or before December 31, 2010.

Assembly Bill 621 also sets forth future guidelines for new buildings applying for property tax abatements, using a green building rating system to be developed by the Office of Energy. The rating system used must be based on the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, must include LEED standards that have been in place for at least 2 years, and must require a building to earn a certain number of points at the LEED silver, gold, or platinum levels.

Buildings that earn the silver, gold, or platinum certification are eligible for property tax abatements of between 25 and 35 percent, depending on the level of certification reached, for up to 10 years, so long as the building continues to meet the requirements applicable to the rating. Abatements do not apply to any property taxes imposed on the value of the land or to taxes imposed for the benefit of K-12 education. Residential buildings with four or fewer units or buildings that receive public benefit for the acquisition, design, or construction of the building are also not eligible to receive abatements.

<u>Senate Bill 196</u> provides real and personal property tax exemptions to the Boulder City Museum and Historical Association.

<u>Bills Regarding Local Government Taxes and Revenues</u>

Governor Gibbons' "no tax increase" pledge figured most prominently in proposed legislation that aimed at generating revenue for local governments. A consequence of the property tax abatements enacted by the 2005 Legislature is the reduced ability of local governments to raise revenue through property taxes. In 2007, local governments sought authorization from the Legislature to access additional revenue sources to meet their most pressing funding needs. A number of the bills approved by the 2007 Legislature and signed by the Governor that impacted local government revenues include:

<u>Assembly Bill 461</u> amends the Clark County Sales and Use Tax Act of 2005 (A.B. 418 of the 2005 Session) to require police departments utilizing revenue from the one-quarter cent sales tax authorized under the act to report to the Director of the Legislative Counsel Bureau (LCB), on a quarterly basis, the amount of tax revenues received, the expenditures of these revenues, and the number of police officers hired as a result of these tax revenues. The amendment to the act also requires an annual report of the prior fiscal year's activity to be transmitted no later than August 15 of each year. Additionally, the first reports transmitted to the LCB on or before November 15 must separately account for all retroactive activity from the inception of the tax on October 1, 2005.

Assembly Bill 461 also creates the Nye County Sales and Use Tax Act of 2007, which authorizes the imposition of a sales and use tax rate, from October 1, 2007, to October 1, 2027, of up to one-half cent for the purpose of recruiting, employing, or equipping additional sheriff's deputies or firefighters; for the construction and equipping of new public safety facilities; or for the improvement and equipping of additional public safety facilities. The proceeds of the tax must be allocated among any cities, towns, and unincorporated areas within Nye County according to population.

The Nye County Sales and Use Tax Act of 2007 also contains reporting requirements that are identical in form to those adopted for the Clark County Sales and Use Tax Act in A.B. 461.

Assembly Bill 461 was not signed by the Governor. The bill became law due to the Governor not vetoing the bill within ten days of its transmittal from the Legislature.

Senate Bill 74 allows the board of county commissioners in counties with a population under 100,000 to use the proceeds from the 0.25 percent sales tax for infrastructure for road construction, maintenance or repair and for the acquisition, establishment, construction, expansion, improvement or equipping of facilities relating to public safety or judicial functions. Senate Bill 74 did not impose a new tax but merely expanded the allowed use of an existing tax.

Senate Bill 146 authorized the board of county commissioners of at least two counties whose populations are under 100,000, namely Lyon and Churchill Counties, to impose an ad valorem tax of 4 cents per $100 of assessed valuation to pay the costs of operating a regional facility for the detention of children. The new rate would be subject to the $3.64 statutory property tax limit, but it would be outside of the property tax abatements in the first year in which it is imposed.

The Legislature approved the measure, but Governor Gibbons later vetoed the bill because it imposed a tax increase in the participating counties without voter approval.

Senate Bill 147 allows counties with a population less than 100,000 to use the proceeds of the regional transportation commission (RTC) fuel tax for construction and maintenance or repair. Under current statute, only counties with populations less than 50,000 can use the RTC fuel tax of up to 9 cents for construction and maintenance or repair. The measure extends this authority to Carson City.

Senate Bill 154 was originally introduced as a bill to clarify that the current exemption from the county, state and optional local real property transfer taxes for mere changes in identity, form or place of organization, provided under subsection 1 of NRS 375.090, applies to all business entities, not just corporations.

Provisions were amended into the bill that create the Washoe County Schools Construction and Revitalization Advisory Committee, which is tasked with preparing recommendations for a tax plan to fund capital projects for the Washoe County School District. An advisory question must be placed on the ballot at the November 4, 2008, General Election asking the voters of Washoe County whether the recommended tax plan should be imposed in the county. The board of county commissioners can impose the taxes only upon voter approval.

Senate Bill 374 authorizes the creation of a tax increment area by cooperative agreement between the city of Henderson and the Board of Regents of the University of Nevada. The bill allows the Board of Regents and the governing body to undertake infrastructure and capital projects for the principal campus of the Nevada State College. If a public school lies within the bounds of the tax increment area, the county school district and the Nevada System of Higher Education shall consult with one another regarding the funding for the operating costs of the public school.

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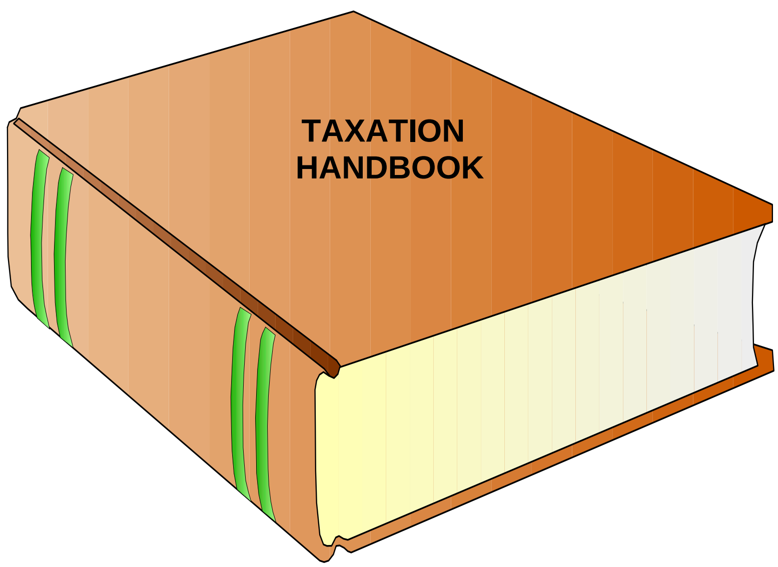
IV. TAXATION INFORMATION



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TAXATION INFORMATION

A. TAX GLOSSARY

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TAX GLOSSARY

AD VALOREM:

"According to Value." The property tax imposed as a percentage of value.

AGRICULTURAL PROPERTY:

Land devoted for at least three consecutive years immediately preceding the assessment date to agricultural use or preparation for agricultural use.

APPRAISER:

An individual certified by the Department of Taxation as qualified by education and training to appraise property for purposes of taxation.

ASSESSED VALUE:

Set by the Legislature at 35 percent of taxable value.

ASSESSMENT ROLL:

Synonymous with tax roll and tax list. Published by the county assessor prior to January first of each year listing all secured property in the county and the value thereof.

ASSESSOR:

The elected county official responsible for the appraisal of property. The assessor is not required to be a certified property tax appraiser.

BCCRT:

Basic City-County Relief Tax (sales tax) of 0.5 percent enacted in 1969 with revenue returned to cities and counties based on county of sale and distributed within county depending on number of cities.

CENTRALLY ASSESSED PROPERTY:

Interstate or intercounty business operations appraised and assessed by the Nevada Tax Commission (railroads, scheduled and unscheduled airlines used to carry people and cargo for a profit, telephone companies, electric companies, gas distribution and transmission companies, and carlines).

CONSOLIDATED TAX DISTRIBUTION (CTX):

A formula for the distribution of the BCCRT, SCCRT, GST, RPTT and the local allocations of cigarette and liquor tax among local governments within each county. **NRS 360.660 to NRS 360.740**

CONSUMER PRICE INDEX (CPI):

Cost of living index that measures average changes in the prices of goods and services usually bought by urban wage earners and clerical workers. It is based on prices of about 400 items, which were selected to represent the movement in prices of all goods and services purchased. Published monthly by the United States Department of Labor.

COST APPROACH:

Determination of value of improvements by first estimating the cost to replace the structure using current costs of construction and assuming modern building techniques and then deducting depreciation and obsolescence. In addition, the cost approach is defined as the historical acquisition cost in the case of personal property.

COUNTY OPTION SALES TAXES:

Optional sales taxes that may be imposed by a county for such purposes as public transportation, road maintenance, tourism promotion, infrastructure, and open-space preservation. **Chapters 377A and 377B of NRS and various special acts.**

DEFICIENCY DETERMINATION:

Amount of taxes determined to be due as a result of an audit or failure of retailer or consumer to report and remit taxes.

DEPRECIATION:

The loss in value of real or personal property due to physical deterioration or functional or economic obsolescence.

EQUALIZATION:

Adjustment of values established by county assessor or Nevada Tax Commission to insure that all property is equitably and uniformly appraised and assessed. Equalization is typically performed by county boards of equalization or the State Board of Equalization.

EXCISE TAX:

Tax levied on manufacture, import, sale, or consumption of a product or service. Taxes on sales and use, tobacco products, liquor and vehicle fuels are examples of excise taxes.

EXEMPTION:

An exemption is relief from the burden of a tax.

FLOOD CONTROL TAX

This is a county option sales and use tax of up to 0.25 percent available in counties with a population of 400,000 or more.

FREEPORT LAW:

Exempts all property "in transit" from taxation. Shipment of property must have originated from a location outside Nevada. Ultimate destination may be unknown at the time property is shipped to a Nevada location. If property is then consigned to a Nevada destination, it is subject to taxation.

FULL CASH VALUE:

Nevada Revised Statutes defines "full cash value" as the most probable price which property would bring in a competitive and open market under all conditions requisite to a fair sale.

FUNGIBLE GOODS:

Commingled items where identity of individual items is lost.

GGR:

Gross Gaming Revenue. The winnings of a gaming licensee before deduction of expenses and taxes and upon which the gaming percentage fee is imposed.

GST:

The Government Services Tax imposed for the privilege of operating a vehicle on the public highways of the state. Provided in lieu of an ad valorem tax on vehicles. **NRS 371.040**

GROSS GAMING PERCENTAGE FEE:

The tax imposed upon gross revenue from cash received as winnings, payments for credit extended by a licensee, and compensation received for conducting any game in which the licensee is not party to a wager.

INCOME APPROACH:

Determining value based on capitalization of the income stream. Normally used for appraising income-producing properties. Income considered applies to the value of the property and not to the ability of management or the type of business operation.

INDUSTRIAL REVENUE BONDS:

A special classification of municipal bonds, typically issued by a municipality to provide funds for the building of a plant for a particular private company. **NRS 244A.669, 268.512, 349.400**

INTOXICATING LIQUOR TAXES:

A tax on the importation of all alcoholic beverages containing one-half of one percent or more of alcohol by volume. The tax on beverages with 22 percent or less alcohol is distributed to the state General Fund. Portions of the tax on beverages with over 22 percent alcohol are distributed to local governments and the liquor program account with the balance to the state General Fund.

JET FUEL TAX:

A statewide and a local option tax of up to 4 cents per gallon on the use of distribution of fuel for jet or turbine-powered aircraft in the state. Proceeds go to local airport authorities.

LAISSEZ-FAIRE:

Literally, French for "allow to do," a term coined by the French "physiocrates" (economists) of the 18th century to denote a public policy of non-intervention and non-interference by government with business.

LEVY:

The determination of amount of tax. For property taxes, it is the tax rate to be applied to the assessed value; for excise taxes, the amount of the tax per unit; and for sales and use taxes, the percentage applied.

LIEN DATE:

July 1 of the year for which taxes are levied for all property then within the county and on the date of arrival in the county for migratory personal property on the unsecured roll.

LSST:

Local School Support Tax (sales tax) of 2.25 percent enacted in 1967, with revenues returned to school districts in county of origin or, if point of sale undetermined, to the state Distributive School Account.

MARKET APPROACH:

Determination of value by the sale of comparable properties in the area.

METES AND BOUNDS:

Description of parcels as bearings and distances from a set point.

MILE-UNIT BASIS:

The apportionment of the value of centrally assessed property among the counties. For electric companies, it is wire miles in the taxing jurisdiction; for railroads, it is the track mileage; and for airlines, it is the air miles flown above the county.

MILL RATE:

Tax rate expressed in tenths of a cent. Normally not used in Nevada, but is used on an occasional basis for property tax rates.

MOTOR VEHICLE FUEL TAXES:

Taxes imposed on the sale, distribution or use of motor fuels including aviation fuel, but not including jet fuel, diesel, propane or LNG fuel. Major portion of the proceeds to the State Highway fund, with the balance to the cities and counties.

NATIONAL WEALTH:

The concept of the “real” or tangible assets of a country, etc. Examples include land structures, equipment, and inventories.

NET PROCEEDS OF MINES:

Value of mineral or products as defined in NRS 362.010, after deduction of certain costs and expenses from the gross yield (sale) of the product.

NEVADA TAX COMMISSION:

The Commission, whose members are appointed by the Governor, is the head of the Department of Taxation and exercises general supervision and control over its activities.

NEXUS:

A link or connection that authorizes the taxation of an organization.

OBSOLESCENCE:

The lessening of value due to causes other than physical causes. May be functional, where circumstance internal to the property item render an item less desirable, or economic, when circumstances external to the item and beyond the control of the owner render the property item less desirable.

OCCASIONAL SALE:

Sale of a total business. Two or fewer sales in a 12-month period.

OPEN-SPACE PROPERTY:

Land to enhance natural or scenic resources or historical significance. Also includes property used as a golf course, pursuant to NRS 361A.050.

PARCELING:

A numerical system for describing property, primarily for taxation purposes.

PATENTED MINES:

A mine on land granted by the government conveying a fee-simple title to public lands for mining use.

PERSONAL PROPERTY:

All property not permanently affixed to land, such as mobile homes in a mobile home park, boats, aircraft, and gaming devices.

PLAT:

A map of a specific region indicating boundaries of parcels.

RANGE LINES:

North-south lines that are 6 miles apart forming the east-west boundaries of a township.

RATIO STUDY:

A Department of Taxation review of selected samples of property to determine assessor compliance with statutory requirements. Generally speaking, a ratio study is designed to evaluate appraisal performance or determine taxable value through a comparison of appraised or assessed values estimated for tax purposes with independent estimates of value based on either sales prices or independent appraisals.

REAL PROPERTY:

Land and improvements. Defined at NRS 361.035.

REAL PROPERTY TRANSFER TAX (RPTT):

A tax on each deed of transfer of real property. The total rate is composed of a tax of $1.30 of each $500 of value or fraction thereof, which is deposited into the state General Fund; $0.55 of each $500 of value or fraction thereof, which is distributed to the counties via statutory formula; and $0.10 per $500 of value or fraction thereof, which is deposited into the Low-Income Housing Trust Fund. In counties of greater than 400,000 population, an additional $0.60 per $500 of value is collected for the capital construction fund of that school district. Other local rates may be imposed, which vary by county. **NRS 375.020**

REPLACEMENT COST:

The cost of replacing an existing structure of equal use but utilizing modern materials and standards and current labor costs.

RESALE CERTIFICATE:

Authority to purchase tangible personal property without tax for purposes of resale.

ROOM TAXES:

A tax imposed on transient lodging in addition to the county room taxes. The state levy is 1 percent, of which 3/8 comes to the state for the Commission on Tourism and 5/8 is retained by the county.

SCCRT:

Supplemental City-County Relief Tax of 1.75 percent of the gross receipts of any retailer from the sale of tangible personal property and distributed to local governments based on statutory formula to replace property taxes. **NRS 377.040**

SALES TAX:

Tax on the retailer for privilege of selling tangible personal property.

SECTION:

A square mile (640 acres); 36 sections are a normal township.

SECURED ROLL:

The listing of real property prepared annually by the assessor. If the value of the real property is sufficient, the personal property of the owner of the real property may be included.

SECURITY DEPOSIT:

Cash, bond or pledge of real property to protect the interest of the state in the amount of taxes due from a retailer.

SITUS:

Actual physical location of the property. In centrally assessed property, the situs does not normally determine the allocation of value to Nevada, because centrally assessed property considers the value of the whole system, or unitary value.

SPECIAL DRUG MANUFACTURERS TAX:

A tax imposed on the manufacture of special drugs (Gerovitol and Laetril). Proceeds of this tax go to the state General Fund.

TAX ALLOWANCE:

A credit against taxes due.

TAX TITLE PROPERTY:

Property where taxes are delinquent and title has passed to the county.

TAX YEAR:

Not defined in statute. Normally considered the fiscal year.

TAXABLE SALES:

Sales of tangible personal property subject to the various sales and use taxes.

TAXABLE VALUE:

For land, it is synonymous with full cash value considering its use. For improvements, it is the replacement cost less depreciation and obsolescence, but must not exceed full cash value.

TAXES:

Compulsory payments imposed by a sovereign government for public purposes.

TOBACCO TAXES:

Includes tax of 40 mills per cigarette on the purchase or possession of cigarettes. A portion equivalent to 35 mills per cigarette of this tax goes to the state General Fund, the balance of the proceeds is distributed to the cities and counties. Also includes a tax of 30 percent on the purchase or possession of other products made from tobacco. Proceeds from this tax go to the state General Fund.

TOWNSHIP LINES:

East-west lines that are 6 miles apart form the north-south boundaries of a township.

UNSECURED ROLL:

Generally, personal property whose value is not secured by the ownership of real property and new construction not yet placed on the secured roll.

USE TAX:

Tax on the consumer or purchaser of tangible personal property on which the sales tax has not been collected or reported. Normally collected on purchases made by firms or individuals from out-of-state retailers not collecting Nevada sales taxes. Complements the sales tax to protect Nevada retailers from unfair competition from out-of-state sellers.

TAXATION INFORMATION

B. DEPARTMENT OF TAXATION PUBLICATIONS

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DEPARTMENT OF TAXATION
LIST OF PUBLICATIONS

Annual Report of Department of Taxation

Details annual activities including reports on collections and the distribution of all taxes for which the department is responsible, statewide assessment and equalization activities and refunds provided under the senior citizens property tax assistance program.

DIVISION OF ASSESSMENT STANDARDS

1. Segregation of the Roll, Statistical Data

   Annual report which isolates the assessed values of property on the secured and unsecured assessment rolls into specific categories of real and personal property.

2. Personal Property Manual

   Annual publication that sets forth the cost conversion factor and depreciation schedules used to determine taxable value. It is used in conjunction with NAC 361.134 through 361.140.

3. Assessor's Handbook

   Sets forth the prescribed parceling system for tax purposes. (NRS 361.189)

4. DOAS Time Frame of Duties

   Calendar review of deadlines for assessment and Division of Assessment Standards duties.

5. NAC Chapter 361

   Codification of regulations pertinent to property assessment:

NAC	361.004	Definitions
	361.046 - 361.132	Exemptions
	361.106 - 361.132	Taxable value of real property
	361.134 - 361.140	Taxable value of personal property
	361.144 - 361.158	Reporting requirements
	361.200 - 361.532	Centrally assessed properties
	361.535 - 361.575	Certification of appraisers
	361.580	Ratio study
	361.601 - 361.613	Partial abatement of taxes
	361.617 - 361.620	Abatement for certain energy-efficient structures
	361.622 - 361.730	Equalization
	361.732 - 361.736	Advisory opinions

6. NAC Chapter 361A

   Codification of regulations pertinent to the assessment of agricultural property and golf courses.

7. NAC Chapter 362

   Codification of regulations pertinent to the assessment of patented mines, geothermal operations, and net proceeds of mines.

8. Instructions for the Assessment of Agricultural Land and Open-Space Properties

   Yearly manual prepared to be used by the county assessors in the classification and valuation of the properties set forth in the bulletin.

9. Report of Assessment Ratio Study

   Annual report which evaluates assessment levels and uniformity of the counties in Nevada. The counties are reviewed once every 3 years.

10. Improvement and Land Factor Schedules

    Annual report listing the factors to be applied to land and improvement values in years when property is not physically reappraised in order to represent the change in the taxable value since the preceding year.

11. Rural Manual

    Yearly manual setting forth costs to be applied to improvements of a rural nature.

12. Net Proceeds of Mines Bulletin

    Report listing by county all operators of producing mines and royalty recipients thereof. Details total gross proceeds, total net proceeds and gross yield of both metallic and non-metallic proceeds by county for the preceding years and the total annual proceeds of mines dated back to 1963.

13. Nevada Tax Commission Bulletin of Assessed Values for Railroads and Public Utility Companies

    Report listing by county and industry type the annual assessed values, allocated on a line-mile basis, of railroads, airlines, private car lines and public utility companies doing business in Nevada, whether on an intercounty and/or interstate nature under NRS 361.320.

14. Nevada Tax Commission Bulletin of Unsecured Property Tax Roll

    Report listing by county and industry type the annual assessed values for construction work in progress, allocated either on a situs or line-mile basis, for applicable intercounty and/or interstate firms doing business under NRS 361.321, including car lines, property escaping taxation, unsecured property, and 12-month construction work in progress.

LOCAL GOVERNMENT FINANCE SECTION

1. Tax Rate Book (also known as the "Redbook")

   This annual publication schedules the certified ad valorem tax rates for all local governments by county. The report totals the operating rate, debt rate, school rate, state rate and overlapping special district rates to denote combined unit rate.

2. Report of Local Government Indebtedness

   This annual publication schedules legal debt limit, total general obligation indebtedness and debt margin for all local governments in Nevada. The report also provides overlapping total debt of each county and a 5-year debt requirement projection for each entity.

3. Local Government Syllabus

   This publication provides reference to *Nevada Revised Statutes, Nevada Administrative Code* and guidelines pertaining to Nevada Local Government Finance. Included is the Local Government Budget and Finance Act, Securities Law and General Improvement District Law.

4. Revenue Projections

   Annual projections are made for local governments' budgeting purposes. Projections are made for County Option Gasoline Tax, 2.35 cents Gasoline Tax, BCCRT, liquor and cigarette tax, LSST, GST, RPTT, and the property tax (with abatements). The revenue projections report includes the local government allowed revenue from ad valorem and Supplemental City-County Relief Tax calculation.

REVENUE DIVISION

1. Sales and Use Tax Statistical

   A compilation of the collection of sales and use taxes by county and out-of-state firms by 101 statistical codes. Published monthly.

2. Liquor Tax Statistical

   A compilation of importation of alcoholic beverages by type, gallons and wholesaler with dollars collected. Published monthly.

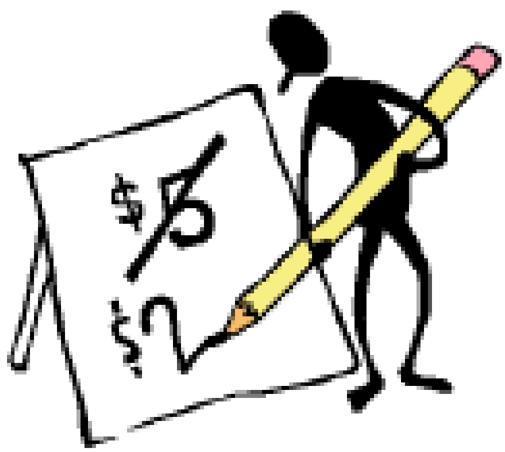
3. Cigarette and Other Tobacco Products Statistical

   A compilation of importation of cigarettes and other tobacco products and dollars collected. Published monthly.

4. Nevada Tax Notes

   Informational bulletin sent to all accounts with sellers or consumer permits and a selected mailing list containing general information on taxes administered by the Department of Taxation. Published quarterly.

V. TAX EXEMPTIONS AND ABATEMENTS



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TAX EXEMPTIONS AND ABATEMENTS

A. SALES TAX EXEMPTIONS AND ABATEMENTS

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Sales Tax Exemptions and Abatements

Sales and Use Tax Act (State Two Percent Portion) Exemptions

1. **Certain Amounts Not Considered as Gross Revenue** – The following do not constitute gross revenue subject to the sales tax:
   a. Cash discounts allowed and taken on sales;
   b. The sale price of property returned by customers when the full sale price is refunded either in cash or credit, unless the customer must purchase other property at a price greater than the amount charged for the property that is returned in order to obtain the refund;
   c. The price received for labor or services used in installing or applying the property sold;
   d. The amount of any tax imposed by the United States government upon or with respect to retail sales, exclusive of excise taxes upon manufacturers or importers; and
   e. The amount of used vehicle trade-in allowance given by a retailer against the purchase price of another vehicle. **NRS 372.025**

2. **Items Upon Which Tax Is Prohibited by State or Federal Constitution or by Federal Statute** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property the gross receipts from the sale of which, or the storage, use or other consumption of which, this state is prohibited from taxing under the Constitution or laws of the United States or under the constitution of this state. **NRS 372.265**

3. **Proceeds of Mines** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, the proceeds of mines that are subject to taxes levied pursuant to Chapter 362 of NRS. **NRS 372.270**

4. **Fuel Used to Propel Motor Vehicles** – Gross receipts from the sale and distribution of, and the storage, use or other consumption in this state of, any combustible gas, liquid or material of a kind used in an internal or combustion or diesel engine for the generation of power to propel a motor vehicle on the highways. **NRS 372.275**

5. **Animals and Plants Intended for Human Consumption and Feed and Fertilizer** – Gross receipts from sales of, and the storage, use and other consumption of:
   a. Any form of animal life of a kind the products of which ordinarily constitute food for human consumption;
   b. Feed for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business;
   c. Seeds and annual plants the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business; or
   d. Fertilizer to be applied to land the products of which are to be used as food for human consumption or sold in the regular course of business. **NRS 372.280**

6. **Farm Machinery and Equipment** – The gross receipts from the sales, storage, use or other consumption of farm machinery or equipment, except for:
   a. Vehicles required to be registered under Chapters 482 or 706 of NRS; or
   b. Machinery or equipment only incidentally employed for agricultural purposes. **NRS 372.281**

7. **Certain Medical Supplies and Medicines** – The gross receipts from the sales and the storage, use or other consumption of:
   a. Prosthetic devices, orthotic appliances, and ambulatory casts for human use;
   b. Appliances and supplies relating to an ostomy;
   c. Products for hemodialysis; or
   d. Medicines:
      (1) Prescribed for the treatment of a human being by a person authorized to prescribe medicines, and dispensed on a prescription filled by a registered pharmacist in accordance with law;
      (2) Furnished by a licensed physician, dentist or podiatrist to his own patient for the treatment of the patient;
      (3) Furnished by a hospital for treatment of any pursuant to the order of a licensed physician, dentist, podiatrist; or
      (4) Sold to a licensed physician, dentist, podiatrist or hospital for the treatment of a human being. **NRS 372.283**

8. **Food for Human Consumption** – Gross receipts from sales and the storage, use or other consumption of food for human consumption, not including alcoholic beverages, pet foods, tonics and vitamins, or prepared food intended for immediate consumption. **NRS 372.284 (See also NRS 372.2841)**

9. **Food Sold to Students or Teachers by Schools or Organizations of Students, Parents, or Teachers** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, meals and food products for human consumption served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school. **NRS 372.285**

10. **Textbooks Sold Within NSHE** – Gross receipts from the sale of textbooks sold within the Nevada System of Higher Education. **NRS 372.287**

11. **Containers** – Gross receipts from the sales of, and the storage, use or other consumption in this state of:
    a. Nonreturnable containers when sold without the contents to persons who place the contents in the container and sell the contents together with the container;
    b. Containers when sold with the contents if the sales price of the contents is not required to be included in the measure of the taxes imposed by this chapter; or
    c. Returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling. **NRS 372.290**

12. **Gas, Electricity, and Water –** Gross receipts from the sales, furnishing or service of, and the storage, use or other consumption in this state of gas, electricity and water when delivered to consumers through mains, lines or pipes. **NRS 372.295**

13. **Domestic Fuels –** Gross receipts from the sale, furnishing or service of, and the storage, use or other consumption in this state of, any matter used to produce domestic heat by burning, including, without limitation, wood, coal, petroleum and gas. **NRS 372.300**

14. **Public Works Contracts –** Gross receipts from the sale of, and the storage, use or other consumption in this state of tangible personal property used for the performance of a contract on public works executed prior to July 1, 1955. **NRS 372.305**

15. **Non-Public Works Contracts** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property used for the performance of a written contract entered into prior to March 29, 1955. **NRS 372.310**

16. **Newspapers** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property that becomes an ingredient or component part of any newspaper regularly issued at average intervals not exceeding one week and any such newspaper. **NRS 372.315**

17. **Manufactured Homes and Mobile Homes** – Forty percent of the gross receipts from the sales and storage, use or other consumption of new manufactured homes and new mobile homes and all of the gross receipts from the sales and storage, use or other consumption of used manufactured homes and used mobile homes for which sales and use taxes have been paid as a result of a previous sales, storage, use or consumption. **NRS 372.316**

18. **Aircraft and Major Components of Aircraft** – Gross receipts from the sale, and the storage, use or other consumption in this state of:
    a. Aircraft, aircraft engines and component parts of aircraft engines which are manufactured exclusively for use in aircraft, sold or purchased for lease to a commercial air carrier for use in transportation of persons or property in intrastate, interstate or foreign commerce pursuant to a certificate or license to the air carrier authorizing such transportation; and
    b. Machinery, tools and other equipment and parts that are used exclusively in the repair, remodeling or maintenance of aircraft, aircraft engines or component parts of aircraft or aircraft engines. **NRS 372.317.**

    See also NRS 372.726, which prohibits the Department of Taxation from enforcing any restriction on the applicability of the exemption provided therein which would violate the *United States Constitution*. Though this exemption was ruled to be unconstitutional, the exemption remains in statute as a result of the failure of Question 4 at the 2008 General Election.

19. **Occasional Sales** – Gross receipts from occasional sales of tangible personal property and the storage, use or other consumption in this state of tangible personal property, the transfer of which to the purchaser is an occasional sale. **NRS 372.320**

20. **Sales to U.S., State, or Political Subdivision** – Gross receipts from the sale of any tangible personal property to:
    a. The United States, its unincorporated agencies and instrumentalities;
    b. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;
    c. The state of Nevada, its unincorporated agencies and instrumentalities; or
    d. Any county, city, district or other political subdivision of this state.
    NRS 372.325

21. **Nonprofit Organization Created for Religious, Charitable, or Educational Purposes** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. **NRS 327.326**

22. **Loans or Donations to U.S., State, or Political Subdivisions or Religious or Eleemosynary Organizations** – Gross receipts from the storage, use or other consumption of tangible personal property any such property loaned or donated to:
    a. The United States, its unincorporated agencies and instrumentalities;
    b. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;
    c. The state of Nevada, its unincorporated agencies and instrumentalities;
    d. Any county, city, district or other political subdivision of this state; or
    e. Any organization created for religious, charitable or eleemosynary purposes, provided that no part of the net earnings of any such organization inures to the benefit of any private shareholder or individual. **NRS 372.327**

23. **Common Carriers** – The gross receipts from sales of tangible personal property to a common carrier, shipped by the seller via the purchasing carrier under a bill of lading whether the freight is paid in advance or the shipment is made freight charges collect, to a point outside this state and the property is actually transported to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier. **NRS 372.330**

24. **Property Shipped Outside State** – The gross receipts for any sale of tangible personal property which is shipped to a point outside this state pursuant to the contract of sale by delivery by the vendor to such point by means of:
    a. Facilities operated by the vendor;
    b. Delivery by the vendor to a carrier for shipment to a consignee at such point; or
    c. Delivery by the vendor to a customs broker or forwarding agent for shipment outside this state. **NRS 372.335**

25. **Personal Property Sold to Contractor Who Is Constituent Part of Governmental, Religious, or Charitable Entity** – Gross receipts from the sale of tangible personal property to and the storage, use or other consumption in this state of tangible personal property for a governmental, religious or charitable entity by a contractor who is a constituent part of a governmental, religious or charitable entity. **NRS 372.340**

26. **Property on Which Sales Tax Paid Is Exempt From Use Tax** – The storage, use or other consumption in this state of property, the gross receipts from the sale of which are required to be included in the measure of the sales tax. **NRS 372.345**

Local School Support Tax (LSST) and City-County Relief Tax (CCRT) Exemptions

All exemptions to the sales and use tax (state 2 percent portion) are also applicable to the LSST (NRS 374) and the CCRT (NRS 377), as well as to any local option taxes authorized by statute (NRS 377A, 377B, and 543) or special acts that are imposed throughout the state. The provisions of the Streamlined Sales and Use Tax Agreement, an interstate compact designed to create a more uniform sales and use tax system among its member states, require that exemptions to a state's sales and use tax apply to all rates imposed throughout the state.

Because Nevada is a full voting member of the Streamlined Sales and Use Tax Agreement, effective April 1, 2008, there may not be any exemptions to the LSST, the CCRT, or any local option taxes that do not also apply to the state 2 percent portion of the sales and use tax unless it is specifically permitted under the Agreement.

Prior to the state becoming a member of the Agreement, there were several exemptions to the LSST, the CCRT, and the local option taxes that did not apply to the state 2 percent portion. These exemptions, which are listed below, expired on December 31, 2005, as a result of the voters' decision not to approve Question 8 on the 2004 General Election ballot.

1. **Trade-in of Used Vehicles** – The trade-in value of used vehicles when applied to the purchase price of another vehicle. **Though this exemption was scheduled to expire on December 31, 2005, as a result of the failure of Question 8 on the 2004 General Election ballot, the Legislature elected to continue the exemption for the trade-in value of used vehicles for the Local Support School Tax, the City-County Relief Tax, and all local option rates, effective January 1, 2006, through passage of Assembly Bill 554 of the 2005 Session.**
2. **The exemption for the trade-in value of used vehicles became effective for all sales and use tax rates on January 1, 2007, due to voter approval of Question 8 at the 2006 General Election ballot. NRS 374.030**
3. **Farm Machinery and Equipment** – Gross receipts from the sale of, and the storage, use or other consumption of farm machinery and equipment employed for the agricultural use of real property. **This exemption was not in effect between January 1, 2006, and December 31, 2006. However, due to passage of Question 8 in the 2006 General Election, this exemption became effective again for all sales and use tax rates on January 1, 2007. NRS 374.286**
4. **Ophthalmic or Ocular Devices** – Gross receipts from sales and storage, use or other consumption of any ophthalmic or ocular device or appliance prescribed by a physician or optometrist. **NRS 374.287**
5. **Works of Fine Art for Public Display** – Gross receipts from the sales of, and the storage, use or other consumption of works of fine art for public display. **NRS 374.291 (See also NRS 374.2911)**

6. **Aircraft, Aircraft Engines, and Component Parts of Aircraft** – Gross receipts from the sale, and the storage, use or other consumption of:
   a. Aircraft, aircraft engines and component parts of aircraft or aircraft engines sold or purchased for lease to a commercial air carrier for transporting persons or property; and
   b. Machinery, tools and other equipment and parts that are used exclusively in the repair, remodeling or maintenance of aircraft, aircraft engines or the component parts of aircraft or aircraft engines. **NRS 374.322**

7. **Engines, Chassis, Parts, and Components of Professional Racing Vehicles and Certain Vehicles Used by Racing Teams and Sanctioning Bodies** – Gross receipts from the sale, furnishing or service of, and the storage, use or other consumption of:
   a. Engines and chassis of a professional racing vehicle;
   b. Parts and components that are used to replace or rebuild existing parts or components of any engine or chassis of a professional racing vehicle;
   c. Motor vehicles used by professional racing teams to transport professional racing vehicles or the parts or components of such vehicles; or
   d. Motor vehicles used by a professional racing team or sanctioning body to transport the business office of the team or body or to transport a hospitality services facility. **NRS 374.323**

Local School Support Tax (LSST) and City-County Relief Tax (CCRT) Abatements

The provisions of NRS 374.357 authorize certain new or expanded businesses to apply to the Commission on Economic Development for an abatement of taxes imposed on the gross receipt from sale, and the storage, use or other consumption, of eligible machinery or equipment for use by that business. "Eligible machinery or equipment" is defined as that machinery or equipment for which a deduction is authorized pursuant to Section 179 of the Internal Revenue Code (Title 26 of the United States Code), with the exception of buildings or the structural components of buildings, equipment used by a public utility, equipment used for medical treatment, machinery or equipment used in mining, machinery or equipment used in gaming, or aircraft. The taxpayer is eligible for the abatement for not more than 2 years.

Effective July 1, 2009, aircraft is no longer excluded from the definition of eligible machinery or equipment for the purposes of this abatement.

TAX EXEMPTIONS AND ABATEMENTS

B. PROPERTY TAX ABATEMENTS AND EXEMPTIONS

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Property Tax Abatements and Exemptions

Property Tax Abatements Granted Under Authority of A.B. 489 and S.B. 509 of the 2005 Session

The following abatements are provided to taxpayers as a result of passage of A.B. 489 and S.B. 509 during the 2005 Session.

1. **Eligible Single-Family Owner-Occupied Residences** – A partial abatement is provided to eligible owners of single-family residences that are the primary residence of the owner, such that the property taxes cannot increase by more than 3 percent over the prior year's tax levy. The primary residence of the owner is defined as being the residence designated as the primary residence of the owner, exclusive of any other residence of the owner within the state, and is not rented or leased for exclusive occupancy by any person other than the owner and members of his or her family. **NRS 361.4723**

2. **Qualifying Residential Rental Properties –** A partial abatement is provided to eligible owners of residential rental dwellings that qualify as low income housing under the standards of the U.S. Department of Housing and Urban Development (HUD), such that the property taxes cannot increase by more than 3 percent over the prior year's tax levy. To be eligible for the partial abatement, the amount of rent collected from each tenant of the residential dwelling cannot exceed the fair market rent of the county in which the dwelling is located, as established by HUD. **NRS 361.4724**

3. **All Other Properties –** A partial abatement is provided to owners of properties that do not qualify for the partial abatements on eligible single-family owner-occupied residences or qualifying residential rental properties, such that the property taxes cannot increase by more than a certain percentage that is calculated by a two-step formula.

   The first step of the formula is the lesser of:

   - The average percentage change in the assessed value of all taxable property within that county over the past 10 years (the fiscal year in which the levy is made and the 9 fiscal years immediately preceding that year);
   - Twice the percentage change in the CPI (U.S. city average, all items, all urban consumers) for the prior calendar year; or
   - Zero.

   The amount that is calculated in this first step is then compared to a fixed amount of 8 percent in the second step; the lesser of the calculation in the first step of the formula and 8 percent is the maximum amount of growth in property tax bills in that county in the year for which the calculation is being made. **NRS 361.4722**

Property Tax Exemptions Granted Under Statute for a Property's Entire Assessed Value

1. **Property of the United States** – All lands and other property owned by the United States, not taxable because of the Constitution or laws of the United States. **NRS 361.050**
2. **Property of the State** – All lands and other property owned by the state, except real property acquired by the state of Nevada and assigned to the Division of Wildlife which is or was subject to taxation at the time of acquisition. **NRS 361.055**
3. **Property of Local Governments** – All lands and other property owned by the Nevada Rural Housing Authority or any county, domestic municipal corporation, irrigation drainage or reclamation district or town in this state, except certain community pastures. **NRS 361.060**
4. **Property of Privately-Owned Parks** – The real property and improvements of a privately-owned park that, pursuant to an agreement with a local government, are used by the public without charge, excluding areas from which income is derived. **NRS 361.0605**
5. **Property of Privately-Owned Airports** – All property and improvements of a privately-owned airport that are used by the public without charge, including areas used for taking off, landing and taxiing but excluding areas from which income is derived. **NRS 361.061**
6. **Property of a Trust** – All property, both real and personal, of a trust created for the benefit and furtherance of any public function pursuant to the provisions of law, but moneys in lieu of taxes may be paid to the beneficiary pursuant to any agreement contained in the instrument creating the trust. **NRS 361.062**
7. **School Property** – All lots, buildings and other school property owned by any legally created school district or charter school within the state and devoted to public school purposes. **NRS 361.065**
8. **Vehicles** – All vehicles, except mobile homes, which constitute "real estate" or "real property." **NRS 361.067. The exemption granted in this section for commercial helicopters meeting certain noise requirements expired effective June 30, 2007, pursuant to the provisions of Assembly Bill 335 of the 2003 Session.**
9. **Various Forms of Personal Property** – The following personal property:
   a. Personal property held for sale by a merchant;
   b. Personal property held for sale by a manufacturer;
   c. Raw materials and components held by a manufacturer for manufacture into products, and supplies to be consumed in the process of manufacture;
   d. Tangible personal property purchased by a business which will be consumed during the operation of the business;
   e. Livestock;
   f. Colonies of bees;
   g. Pipe and other agricultural equipment used to convey water for the irrigation of legal crops;
   h. All boats;
   i. Slide-in campers and camper shells;
   j. Fine art for public display **(See NRS 361.186 and 361.187)**;
   k. Computers and related equipment donated for use in schools in this state; and
   l. All personal property that is:
      (1) Owned by a person who is not a resident of this state; and
      (2) Located in this state solely for the purposes of a display, exhibition, convention, carnival, fair or circus that is transient in nature. **NRS 361.068, subsection 1**

10. **Personal Property of Minimal Value** – The Nevada Tax Commission may exempt from taxation that personal property for which the annual taxes would be less than the cost of collecting those taxes. **NRS 361.068, subsection 2**
11. **Household Goods and Furniture** – Household goods and furniture, including clothing, personal effects, gold and silver, jewelry, appliances that are not attached to real property or a mobile or manufactured home, furniture, recreational equipment, and portable goods and storage sheds and other household equipment, except appliances and furniture owned by a person who engages in the business of renting the appliances or furniture to other persons are not exempt from taxation. **NRS 361.069**
12. **Drainage Ditches, Canals, and Irrigation Systems** – Drainage ditches and canals, together with the lands which are included in the rights of way of the ditch or canal and each part of a permanently installed irrigation system of pipes or concrete linings of ditches and headgates to increase efficiency and conservation in the use of water, when the water is to be used for irrigation and agricultural purposes on land devoted to agricultural purposes by the owner of the pipes or concrete linings. **NRS 361.070**
13. **Water Users' Nonprofit Associations and Cooperative Corporations** – All real and personal property of a water users' nonprofit association or of a water users' nonprofit cooperative corporation within the state of Nevada when used for carrying out the legitimate functions of such nonprofit association or of a water users' nonprofit cooperative corporation. **NRS 361.073**
14. **Unpatented Mines and Mining Claims** – Unpatented mines and mining claims, but not possessory claims to the public lands of the United States or of this state, or improvements thereon, or the proceeds of the mines. **NRS 361.075**
15. **Property Used to Control Pollution** – Real and personal property used as a facility, device or method for the control of air or water pollution, not including:
    a. Air conditioners, septic tanks or other facilities for human waste, nor any property installed, constructed or used for the moving of sewage to the collection facilities of a public or quasi-public sewage system;
    b. Any facility or device having a value of less than $1,000 at the time of its construction, installation or first use; and
    c. Any facility or device which produces a net profit to the owner or operator thereof from the recovery and sale or use of a tangible product or byproduct, nor does it include a facility or device which, when installed and operating, results in a net reduction of operating costs. **NRS 361.077**
16. **Low-Income Housing Projects** – That portion of real property and tangible personal property which is used for housing and related facilities for persons with low incomes if the portion of property qualifies as a low-income unit and is part of a qualified low-income housing project that is funded in part by federal money appropriated pursuant to 42 U.S.C. §§ 12701 et seq. for the year in which the exemption applies. **NRS 361.082**
17. **Property Used for Relief of Orphans or of Sick, Infirm, or Indigent Persons** – The property on which stands a hospital or other charitable asylum for the care or relief of orphan children, or of sick, infirm or indigent persons, owned by a nonprofit corporation, and the buildings, while occupied for those purposes. **NRS 361.083**
18. **Property for Housing Elderly or Handicapped Persons** – All real property and tangible personal property used exclusively for federally financed or nonprofit housing and related facilities for elderly or handicapped persons. **NRS 361.086**
19. **Residential Improvements to Remove Barriers to Persons with Disabilities** – Value added to a residence occupied by a person with a disability for improvements made to an existing building for the purpose of removing barriers to the movement, safety and comfort of a person with a disability. **NRS 361.087**

20. **Property of Nathan Adelson Hospice** – All real and personal property of the Nathan Adelson Hospice in the state of Nevada as long as it is used for carrying out the legitimate functions of a freestanding facility for hospice care. **NRS 361.088**

21. **Property of Charter Schools** – The portion of real and personal property leased or rented to a charter school for the use of the charter school. **NRS 361.096**

22. **Property of Charitable Foundations of NSHE** – All real and personal property owned by a charitable foundation established by the Board of Regents of the University of Nevada when it is used to carry out the legitimate functions of the foundation. **NRS 361.098**

23. **Property Leased or Rented to NSHE** – All real and personal property which is leased or rented to the Nevada System of Higher Education for total consideration which is less than 10 percent of the fair market rental or lease value of the property. **NRS 361.099**

24. **Property of University Fraternities and Sororities** – All real property owned by any fraternity or sorority, or chapter thereof, which is composed of students of the University of Nevada, Reno, or the University of Nevada, Las Vegas, and used as a home for its members. **NRS 361.100**

25. **Property of Nonprofit Private Schools** – Nonprofit private schools, with lots appurtenant thereto and furniture and equipment. **NRS 361.105**

26. **Property of Certain Apprenticeship Programs** – The real and personal property of an apprenticeship program if the property is:
    a. Held in a trust created pursuant to 29 U.S.C. § 186; or
    b. Owned by a local or state apprenticeship committee and the apprenticeship program is:
       (1) Operated by an organization which is qualified pursuant to 26 U.S.C. § 501(c)(3) or (5); and
       (2) Registered and approved by the state apprenticeship council pursuant to Chapter 610 of NRS. **NRS 361.106**

27. **Property of Pershing County Kids, Horses, Rodeo, Inc.** – All real and personal property of Pershing County Kids, Horses, Rodeo, Inc. in the state of Nevada that is used for the purpose of carrying out the legitimate functions of that organization. **NRS 361.107**

28. **Property of Various Nonprofit Organizations** – The buildings, with their furniture and equipment, and the lots of ground on which they stand, used therewith and necessary thereto, of:
    a. The Nevada Museum of Art, Inc.;
    b. The Boulder City Museum and Historical Association;
    c. The Young Men's Christian Association (YMCA);
    d. The Young Women's Christian Association (YWCA);
    e. The American National Red Cross or any of its chapters in the state of Nevada;
    f. The Salvation Army Corps;
    g. The Girl Scouts of America;
    h. The Camp Fire Girls, Inc.;
    i. The Boy Scouts of America; and
    j. The Sierra Arts Foundation.

    If a rent or other valuable consideration is received for the use of the property of one of the organizations listed above, it must be taxed, unless the rent or other valuable consideration is paid or given by an organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c)(3). **NRS 361.110**

29. **Property of Archaeological Conservancy, Nature Conservancy, American Land Conservancy, and Nevada Land Conservancy -** All real property and improvements thereon acquired by the Archaeological Conservancy, Nature Conservancy, American Land Conservancy or Nevada Land Conservancy and held for ultimate acquisition by the state or a local governmental unit if:
    a. The state or a local governmental unit has agreed, in writing, that acquisition of the property will be given serious consideration; and
    b. For property for which the state has agreed to give serious consideration to buying, the governing body of the county in which the property is located has approved the potential acquisition of the property by the state. **NRS 361.111**

30. **Property of Nevada Children's Foundation, Inc.; Nevada Heritage Association, Inc.; and Habitat for Humanity International** – All real and personal property of the Nevada Children's Foundation, Inc.; Nevada Heritage Association, Inc.; and Habitat for Humanity International within the state of Nevada, if it is used to carry out the legitimate functions of that organization. **NRS 361.115**

31. **Property of Churches and Chapels** – Churches, chapels, other than marriage chapels, and other buildings used for religious worship, with their furniture and equipment, and the lots of ground on which they stand, used therewith and necessary thereto, owned by some recognized religious society or corporation, and parsonages so owned. **NRS 361.125**

32. **Public Cemeteries and Graveyards** – All cemeteries and graveyards set apart and used for and open to the public for the burial of the dead, when no charge is made for burial therein. **NRS 361.130**

33. **Nonprofit Private Cemeteries and Places of Burial** – The cemetery lands and property of any nonprofit corporation governed by the provisions of Chapter 82 of NRS formed for the purposes of procuring and holding lands to be used exclusively for a cemetery or place of burial of the dead. The proprietors of lots or plats in such cemeteries, their heirs or devisees, may hold the lots or plats exempt in the same way so long as the lots or plats remain dedicated to the purpose of a cemetery. **NRS 361.132**

34. **Property of Lodges and Other Charitable Organizations** – The value of funds, furniture, paraphernalia and regalia owned by any lodge of the Benevolent Protective Order of Elks, Fraternal Order of Eagles, Free and Accepted Masons, Independent Order of Odd Fellows, Knights of Pythias or Knights of Columbus, or by any similar charitable organization, or by the Lahontan Audubon Society, the National Audubon Society, Inc., of New York, the Defenders of Wildlife of the District of Columbia or any similar benevolent or charitable society, so long as the same shall be used for the legitimate purposes of such lodge or society or for such charitable or benevolent purposes. **NRS 361.135**

35. **Property of Certain Charitable Corporations** – All buildings belonging to a charitable corporation, together with the land actually occupied by the corporation for the purposes described and the personal property actually used in connection therewith, to the extent they are used solely for the purpose of the charitable corporation. **NRS 361.140**

36. **Property of Noncommercial Theaters** – The buildings, furniture and equipment of noncommercial theaters owned and operated by nonprofit educational corporations organized for the exclusive purpose of conducting classes in theater practice and the production of plays on a nonprofessional basis if the articles of incorporation state that the property for which the tax exemption is requested shall revert to the county in which it is located upon the cessation of the activities of the noncommercial theater. **NRS 361.145**

37. **Property of Volunteer Fire Departments** – The real and personal property of organized and incorporated volunteer fire departments, unless it is used for any purpose other than carrying out the legitimate functions of such volunteer fire department. **NRS 361.150**

38. **Personal Property in Transit** – Personal property which is moving in interstate commerce through or over the territory of the state of Nevada or was consigned to a warehouse, public or private, within the state of Nevada from outside the state of Nevada for storage in transit to a final destination outside the state of Nevada, whether specified when transportation begins or afterward.

(Such property is not deprived of exemption because while in the warehouse the property is assembled, bound, joined, manufactured, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged, or because the property is being held for resale to customers outside the state of Nevada.) **NRS 361.160**

Property Tax Exemptions Granted Under Statute for a Portion of a Property's Assessed Value

1. **Radioactive Fallout Shelters** – Certain residential property to the extent of $1,000 assessed valuation if the property contains a shelter for protection against radioactive fallout. **NRS 361.078**
2. **Property of Surviving Spouses and Orphans** – The property of resident surviving spouses, not to exceed the amount of $1,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2004 and the July preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county, and may not be claimed following the remarriage of the surviving spouse. **NRS 361.080**
3. **Property of Blind Persons** – The property of all blind residents, including community property (to the extent only of the blind person's interest therein), not to exceed the amount of $3,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county. **NRS 361.085**
4. **Veterans' Property** – The value of property of certain residents of the state who have served on active duty in the military or who are in actual military service, not to exceed the amount of $2,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.090 (See also NRS 361.0905)**
5. **Property of Veterans With Total Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a total permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of $20,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.091**
6. **Property of Veterans With Eighty to Ninety-Nine Percent Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a permanent service-connected disability of 80 to 99 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of $15,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.091**
7. **Property of Veterans With Sixty to Seventy-Nine Percent Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a permanent service-connected disability of 60 to 79 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of $10,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.091**

8. **Property of Veterans With Multiple Permanent Disabilities** – If a veteran or the surviving spouse of a veteran submits, as proof of disability, documentation that indicates a percentage of permanent service-connected disability for more than one permanent service-connected disability, the amount of the exemption must be based on the total of those combined percentages, not to exceed 100 percent. **NRS 361.091**

9. **Property of Veterans' Organizations** – The value of funds, furniture, paraphernalia and regalia owned and used exclusively by any post of any national organization of ex-servicemen or ex-servicewomen for the legitimate purposes and customary objects of such posts, not to exceed the amount of $10,000 of assessed valuation, multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. Real property of any such organization is totally exempt. **NRS 361.095**

NOTE: Under NRS 361.1565, the personal property tax exemption to which a surviving spouse, orphan child, blind person, veteran or surviving spouse of a disabled veteran is entitled pursuant to NRS 361.080, 361.085, 361.090 or 361.091 is reduced to the extent that he is allowed an exemption from the governmental services tax pursuant to Chapter 371 of NRS.

Partial Abatements Granted by the Commission on Economic Development Under Authorization Granted by Statute

1. **Businesses That Conserve Energy or Reduce Reliance on Fossil Fuels** – Certain businesses that engage in the processing of raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on site and certain businesses that include a facility for the generation of electricity from recycled material are authorized to apply to the Commission on Economic Development for a partial abatement of property taxes. The taxpayer is required to demonstrate that a primary purpose of the business is the conservation of energy or the substitution of other sources of energy for fossil sources of energy. The taxpayer is eligible for the partial abatement for not more than 10 years. The partial abatement cannot exceed 50 percent of the taxes on real property payable by the business each year. **NRS 361.0685**

2. **New or Expanded Businesses** – Certain new or expanded businesses are authorized to apply to the Commission on Economic Development for a partial abatement of property taxes. The taxpayer is required to make certain capital investments in the county in which it will locate or expand and is required to pay certain hourly wages to its employees to qualify for the exemption. **NRS 361.0687**

3. **Certain Structures That Use Resources Efficiently –** The Commission on Economic Development shall grant, for a maximum of 10 years, a partial abatement of no more than 35 percent of the property tax imposed on property that has a building or other structure that is certified at or meets the equivalent of the silver level or higher by a person authorized to grant such certification in accordance with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System or its equivalent, as adopted by the Director of the Office of Energy. The abatements only apply to the taxes due on the improvements situated on the property and exclude property taxes imposed on the value of the land or taxes imposed for the benefit of K-12 education. **NRS 701A.110**

4. **Businesses Locating in Certain Economic Development Areas** – The Commission on Economic Development shall grant, subject to certain eligibility requirements, a partial abatement of property and/or sales taxes imposed within federally-designated economic development areas, for businesses that locate within that zone. The business must commit to a minimum of $500,000 of capital investment and must stay within the zone for no less than 5 years to be eligible for the abatement. **NRS 274.310**

5. **Businesses Expanding in Certain Economic Development Areas** – The Commission on Economic Development shall grant, subject to certain eligibility and procedural requirements, a partial abatement of sales taxes imposed within federally-designated economic development areas, for existing businesses that expand within that zone. The business must commit to a minimum of $250,000 of capital investment and must stay within the zone for no less than 5 years to be eligible for the abatement. **NRS 274.320**

6. **Businesses Located in Certain Economic Development Areas That Hire Displaced Workers** – The Commission on Economic Development shall grant, subject to certain eligibility and procedural requirements, a partial abatement of property and/or sales taxes imposed within federally-designated economic development areas, for businesses who are located within that zone and who hire displaced workers who employ one or more persons who reside within that development area. The employees that are hired must be paid no less than 100 percent of the federally designated poverty level for a family of four, and the employer must provide health benefits to the employee and his/her dependents. The business must stay within the zone for no less than 5 years to be eligible for the abatement. **NRS 274.330**

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TAX EXEMPTIONS

C. GOVERNMENTAL SERVICES TAX EXEMPTIONS

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Governmental Services Tax Exemptions

1. **Vehicles Owned by Government Entities** – Vehicles owned by the United States, the state of Nevada, any political subdivision of the state of Nevada, or any county, municipal corporation, city, unincorporated town, or school district in the state of Nevada. **NRS 371.100**
2. **Vehicles Owned by Indian Tribes and Colonies** – Except for vehicles used for commercial purposes, vehicles owned by the governing body of an Indian reservation or Indian colony that is recognized by federal law, so long as the governing body is located on the reservation or colony. **NRS 371.100**
3. **Vehicles Operated for the Transport of the Elderly or Handicapped** – Vehicles for whose operation money is provided by the state or federal government and which are operated solely for the transportation of or furnishing services to elderly or handicapped persons. **NRS 371.100**
4. **Emergency Vehicles –** Emergency vehicles owned by any volunteer fire department or ambulance service in the state, so long as the vehicles are used exclusively for this purpose. **NRS 371.100**
5. **Vehicles Used for Public Transportation –** Vehicles which are used by a private person and are dedicated for exclusive use as part of a system which operates vehicles for public transportation in an urban area; transports persons who pay the established fare; and uses public money to operate the system or acquire new equipment. **NRS 371.100**
6. **Vehicles Registered by Surviving Spouse** – Vehicles registered by surviving spouses, not to exceed the amount of $1,000 of determined valuation, multiplied by the percentage change in the CPI between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county, and may not be claimed following the remarriage of the surviving spouse, even if that subsequent marriage is annulled. **NRS 371.101**
7. **Vehicles Registered by Blind Persons** – Vehicles registered by a blind person, not to exceed the amount of $3,000 of determined valuation, multiplied by the percentage change in the CPI between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county. **NRS 371.102**
8. **Vehicles Registered by Veterans** – Vehicles registered by certain residents of the state who have served on active duty in the military or who are in actual military service, not to exceed the amount of $2,000 of determined valuation, multiplied by the percentage change in the CPI between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.103**
9. **Vehicles Registered by Veterans With Total Permanent Disabilities** – Vehicles registered by a resident of the state of Nevada who has incurred a total permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of $20,000 of determined valuation, multiplied by the percentage change in the CPI between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.104**

10. **Vehicles Registered by Veterans With Eighty to Ninety-Nine Percent Permanent Disabilities** – Vehicles registered by a resident of the state of Nevada who has incurred a permanent service-connected disability of 80 to 99 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of $15,000 of determined valuation, multiplied by the percentage change in the CPI between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.104**
11. **Vehicles Registered by Veterans With Sixty to Seventy-Nine Percent Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a permanent service-connected disability of 60 to 79 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of $10,000 of determined valuation, multiplied by the percentage change in the CPI between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.104**

TAX EXEMPTIONS

D. REAL PROPERTY TRANSFER TAX EXEMPTIONS

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Real Property Transfer Tax Exemptions

Pursuant to NRS 375.090, the following transactions are not subject to the Real Property Transfer Tax (RPTT):

1. **Mere Changes in Identity, Form, or Place of Organization** – Examples include transfers between a business entity and its parent entity, a subsidiary, or, if it has common ownership, an affiliated business entity.
2. **Transfers to a Government** – Transfers of title to the United States, any territory or state, or any agency, department, instrumentality thereof, are exempt.
3. **Transfers Recognizing True Status of Ownership** – A transfer of title recognizing the true status of ownership of real property is exempt.
4. **Transfers Between Joint Tenants or Tenants in Common** – Transfers of title without consideration from one joint tenant or tenant in common to one or more remaining joint tenants or tenants in common are exempt.
5. **Transfers to Relatives** – Transfers, assignments, or other conveyances of real property from the owner to an relative within the first degree of lineal consanguinity or affinity are exempt.
6. **Transfers Due to Divorce** – A transfer of title between former spouses in compliance with a divorce decree is exempt.
7. **Transfers to or From Trusts** – If a certificate of trust is presented at the time of the transfer, transfers of title to or from trusts without consideration are exempt.
8. **Transfers of Unpatented Mines or Mining Claims** – Transfers, assignments, or conveyances of unpatented mines or mining claims are exempt.
9. **Transfers to Corporations or Other Business Organizations** – The transfer, assignment, or conveyance of real property to a corporation or other business organization is exempt, so long as the person conveying the property has 100 percent ownership of the corporation or other organization to which they conveyance is made.
10. **Conveyance of Property by Deed** – A conveyance of real property which becomes effective upon the death of the grantor (pursuant to NRS 111.109) is exempt.
11. **Conveyance of Property Through Bankruptcy** – The making, delivery, or filing of conveyances of real property to make effective adjustments or reorganization plans confirmed under the Bankruptcy Act are exempt from the RPTT.
12. **Railroad Equity Receivership Proceedings** – The making, delivery, or filing of conveyances of real property to make effective adjustments or reorganization plans approved in an equity receivership proceeding involving a railroad, as defined under the Bankruptcy Act, are exempt.
13. **Corporate Equity Receivership Proceedings** – The making, delivery, or filing of conveyances of real property to make effective adjustments or reorganization plans approved in an equity receivership proceeding involving a corporation, as defined under the Bankruptcy Act, are exempt.

14. **Conveyance of Property by Order of the Securities and Exchange Commission** – The making or delivery of conveyances of real property to make effective any order of the Securities and Exchange Commission (SEC) is exempt under the following conditions:

    a. The SEC's order notes that the transfer or conveyance is necessary to carry out the provisions of Section 11 of the Public Utility Holding Company Act of 1935;
    b. The order specifies and itemizes the property to be transferred or conveyed; and
    c. The transfer or conveyance is made in obedience to the order.

15. **Transfers to Educational Foundations** – Transfers to educational foundations (as defined in subsection 3 of NRS 388.750) are exempt.

16. **Transfers to University Foundations** – Transfers to university foundations (as defined in subsection 3 of NRS 396.405) are exempt.

TAX EXEMPTIONS

E. LIVE ENTERTAINMENT TAX EXEMPTIONS

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Live Entertainment Tax Exemptions

Events Not Considered as Live Entertainment

Nevada Revised Statutes 368A.090, which defines “live entertainment” for the purposes of this tax, specifically excludes the following activities from the definition of live entertainment:

1. Instrumental or vocal music, which may or may not be supplemented with commentary by the musicians, in a restaurant, lounge or similar area if such music does not routinely rise to the volume that interferes with casual conversation and if such music would not generally cause patrons to watch as well as listen;
2. Occasional performances by employees whose primary job function is that of preparing, selling or serving food, refreshments or beverages to patrons, if such performances are not advertised as entertainment to the public;
3. Performances by performers of any type if the performance occurs in a licensed gaming establishment other than a licensed gaming establishment that is licensed for fewer than 51 slot machines, fewer than 6 games, or any combination of slot machines and games within those respective limits, as long as the performers stroll continuously throughout the facility;
4. Performances in areas other than in nightclubs, lounges, restaurants or showrooms, if the performances occur in a licensed gaming establishment other than a licensed gaming establishment that is licensed for fewer than 51 slot machines, fewer than 6 games, or any combination of slot machines and games within those respective limits, which enhance the theme of the establishment or attract patrons to the areas of the performances, as long as any seating provided in the immediate area of the performers is limited to seating at slot machines or gaming tables;
5. Television, radio, closed circuit or Internet broadcasts of live entertainment;
6. Entertainment provided by a patron or patrons, including, without limitation, singing by patrons or dancing by or between patrons;
7. Animal behaviors induced by animal trainers or caretakers primarily for the purpose of education and scientific research; and
8. Occasional activities, including, without limitation, dancing, that do not constitute a performance, are not advertised as entertainment to the public, primarily serve to provide ambience to the facility; and are conducted by an employee whose primary job function is not that of an entertainer.

The above exclusions from the definition of live entertainment were added to statute as a result of passage of Assembly Bill 554 of the 2005 Session.

Events Exempt from the Live Entertainment Tax

Nevada Revised Statutes 368A.200 designates several types of events that might otherwise be defined as "live entertainment" as being exempt from taxation:

1. Live entertainment that this state is prohibited from taxing under the Constitution, laws or treaties of the United States or the *Nevada Constitution*. (**This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)
2. Live entertainment that is provided by or entirely for the benefit of a nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 501(c) of the Internal Revenue Code, or a nonprofit corporation organized or existing under the provisions of Chapter 82 of NRS. (**The exemption for federally-recognized tax exempt organizations was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session (2003). The exemption for state-recognized nonprofit corporations was added pursuant to Assembly Bill 554 of the 2005 Session.**)
3. Any boxing contest or exhibition governed by the provisions of Chapter 467 of NRS. (These events are subject to a license fee equal to 4 percent of the total gross admission fees received, pursuant to NRS 467.107. **This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)
4. Live entertainment that is not provided at a licensed gaming establishment if the facility in which the live entertainment is provided has a maximum occupancy of less than 200 persons. (**The threshold was reduced from 300 to 200 as a result of Assembly Bill 554 of the 2005 Session.**)
5. Live entertainment that is provided at a licensed gaming establishment that is licensed for fewer than 51 slot machines, fewer than 6 games, or any combination of slot machines and games within those respective limits, if the facility in which the live entertainment is provided has a maximum occupancy of fewer than 200 persons. (**The threshold was reduced from 300 to 200 as a result of Assembly Bill 554 of the 2005 Session.**)
6. Merchandise sold outside the facility in which the live entertainment is provided, unless the purchase of the merchandise entitles the purchaser to admission to the entertainment. (**This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)
7. Live entertainment that is provided at a trade show. (**This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)
8. Music performed by musicians who move constantly through the audience if no other form of live entertainment is afforded to the patrons. (**This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)

9. Live entertainment that is provided at a licensed gaming establishment at private meetings or dinners attended by members of a particular organization or by a casual assemblage if the purpose of the event is not primarily for entertainment. (**This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)
10. Live entertainment that is provided in the common area of a shopping mall, unless the entertainment is provided in a facility located within the mall. (**This exemption was carried over from the Casino Entertainment Tax, which was imposed on casino entertainment prior to passage of Senate Bill 8 of the 20th Special Session [2003].**)
11. Food and product demonstrations provided at a shopping mall, a craft show or an establishment that sells grocery products, housewares, hardware or other supplies for the home. (**This exemption was added pursuant to Senate Bill 3 of the 22nd Special Session [2005].**)
12. Live entertainment that is incidental to an amusement ride, a motion simulator or a similar digital, electronic, mechanical or electromechanical attraction. For the purposes of this exemption, "live entertainment" shall be deemed to be incidental to an amusement ride, a motion simulator or a similar digital, electronic, mechanical or electromechanical attraction if the live entertainment is not the predominant element of the attraction and not the primary purpose for which the public rides, attends or otherwise participates in the attraction. (**This exemption was added pursuant to Assembly Bill 554 of the 2005 Session.**)
13. Live entertainment that is provided to the public in an outdoor area, without any requirements for the payment of an admission charge or the purchase of any food, refreshments or merchandise. (**This exemption was added pursuant to Assembly Bill 554 of the 2005 Session.**)
14. An outdoor concert, unless the concert is provided on the premises of a licensed gaming establishment. (**This exemption was added pursuant to Assembly Bill 554 of the 2005 Session.**)
15. Race events scheduled at a race track in Nevada as a part of the National Association for Stock Car Auto Racing (NASCAR) Nextel Cup Series, or its successor racing series, and all races associated therewith. (**This exemption was added pursuant to Assembly Bill 554 of the 2005 Session and became effective July 1, 2007.**)
16. A baseball contest, event or exhibition conducted by professional minor league baseball players at a stadium in Nevada. (**This exemption was added pursuant to Assembly Bill 487 of the 2007 Session and became effective July 1, 2007.**)
17. Live entertainment provided in a restaurant which is incidental to any other activities conducted in the restaurant or which only serves as ambience so long as there is no charge to the patrons for that entertainment. (**This exemption was added pursuant to Assembly Bill 554 of the 2005 Session.**)

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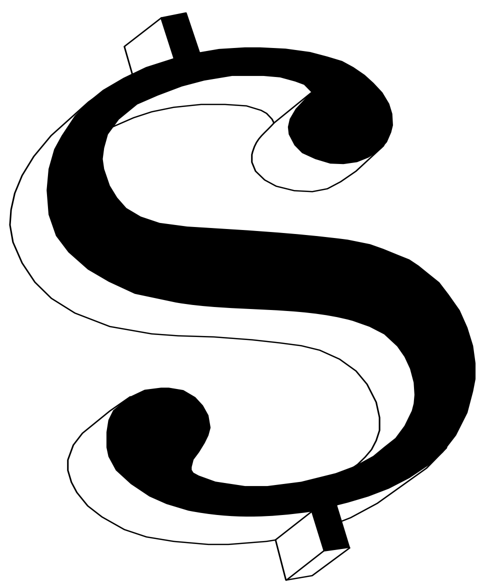
VI. LOCAL GOVERNMENT FINANCE ISSUES



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LOCAL GOVERNMENT FINANCE ISSUES

A. LIMITATIONS ON PROPERTY TAX RATES

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Limitations on Property Tax Rates

The *Nevada Constitution* has, since 1936, limited the property tax rate to 5 cents per $1.00 of assessed value. To address taxpayer complaints about high property taxes, the 1979 Legislature statutorily lowered the maximum rate to $3.64 per $100 of assessed value (NRS 361.453). The Legislature may, however, impose additional rates outside of this $3.64 limit. During the 2003 Session, the Legislature passed S.B. 507, which imposed an additional 2 cents on the state rate outside of the $3.64 cap, with 1 cent dedicated to capital projects and 1 cent dedicated to the conservation of natural resources. (Pursuant to S.B. 524 of the 2005 Session, the additional 2-cent rate was extended, with 1.15 cents dedicated to conservation of natural resources and the remaining 0.85 cents dedicated to capital projects.)

Further limiting property tax is NRS 361.225, which sets the assessment rate at 35 percent of taxable value. To provide continued property tax relief, the 1981 Legislature lowered property taxes and instituted an additional sales tax to replace the lost revenues. At the same time, tight restrictions were placed on the amount of increase in property tax revenues by tying the amount to local growth, inflation, and the level of sales taxes collected. Since that year, the restrictions have been gradually relaxed, and special purpose levies have been authorized for such things as indigent care, jail facilities, 911 emergency telephone services, and the acquisition of capital assets. In 1989, the Legislature eliminated the link between property and sales taxes.

Under NRS 354.59811, the maximum tax rate imposed by counties, cities, towns or special districts (excluding levies authorized for various special purposes) is determined either by calculating the tax rate that would permit a 6 percent increase in the amount of revenue generated from property on the prior year's tax roll or by using the tax rate imposed in the prior year, whichever is greater. (A county, city, town, or special district may impose a lower rate than the maximum at its own discretion.) This rate is then assessed against all new and existing property within the county, city, town, or special district.

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LOCAL GOVERNMENT FINANCE ISSUES

B. ASSESSMENT STANDARDS AND PRACTICES

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Assessment Standards and Practices

Faced with a taxpayer revolt in the late 1970s, the Nevada Legislature responded not only by limiting property tax rates, but also by modifying the assessment standards and practices used throughout the state. In 1979, household goods were exempted from the tax on personal property. In 1981, the market value approach to the assessment of residential property was eliminated and replaced by a modified cash value approach. Vacant land is now valued at its highest and best use. Land with improvements is valued at the use to which it was being put, while the improvements are valued based on replacement cost less depreciation and any applicable obsolescence.

To avoid sharp increases in assessed values because of the 5-year assessment cycle, a system of factoring applied to property not physically reappraised during the year was instituted. Each year the Nevada Tax Commission adopts factors for improvements based on changes in the replacement cost of property. In addition, the county assessor develops factors for changes in the value of land in the county. These factors must be approved by the Commission.

Currently, the assessment rate of all property continues to be 35 percent of the taxable value. Depreciation of improvements is set at 1.5 percent per year of the age of the improvements up to 50 years. The actual age of each improvement for purposes of the depreciation schedule must be modified whenever any addition or replacement is made whose cost, added to the cost of any prior additions or replacements, is at least 10 percent of the total replacement cost of the improvement. Replacement cost, however, does not include normal maintenance or the replacement of appliances or wall or floor coverings.

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LOCAL GOVERNMENT FINANCE ISSUES

C. FEE LIMITATIONS

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Fee Limitations

Limitations on Fees for Business Licenses

Increases in fees for business licenses are controlled pursuant to NRS 354.5989. Exempted from these limits are fees imposed on public utilities doing business as a franchise, on pawnbrokers for an additional license to accept motor vehicles as pledged property and on businesses to pay for the operation and maintenance of a pedestrian mall located in a district created for that purpose. Also exempted are fees imposed by hospitals, county airports, airport authorities, convention authorities, the Las Vegas Valley Water District and the Clark County Sanitation District.

The amount of revenue any nonexempt local government may receive from business license fees in any year, except those calculated as a percentage of gross revenue, may not be greater than the rate in effect on June 30, 1989, adjusted for any increase in that government's population and added to the percentage change in the CPI between January 1, 1988, and December 31 of the year next preceding the year for which the fees are to be increased. For example, 5 percent population growth combined with a CPI increase of 5 percent would result in a 10 percent increase in allowable revenues from business license fees. A government may not increase any fee imposed as a percentage of gross revenue if total revenues from such fees have increased by more than the increase in the CPI.

The Nevada Tax Commission may approve increases in business license fees above the limitations provided if it determines that emergency conditions exist which impair the ability of the government to perform the basic functions for which it was created or that the government's fees are substantially below those of other local governments in the state.

Limitations on Fees for Building Permits

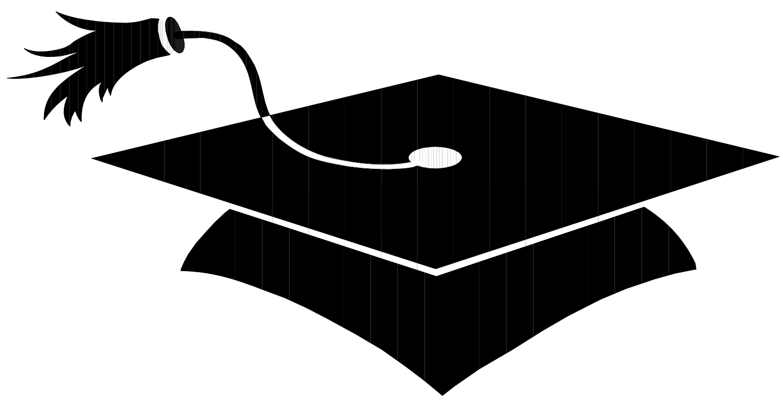
Fees for building permits are limited pursuant to NRS 354.59891. Excluded from these limitations are fees relating to water, sewer, or other utilities; a residential construction tax; a tax for the improvement of transportation; or any amount spent to change the zoning of a property.

The building permit basis in effect on June 30, 1989, may not be increased greater than the percentage increase in the CPI between January 1, 1988, and January 1 of the year preceding the fiscal year for which the building permit basis is established. The building permit basis is the combination of the rate and the valuation method used to determine the building permit fee.

The Tax Commission may allow an increase in building permit fees above those otherwise provided if it determines that emergency conditions exist which impair the ability of a government to perform the basic functions for which it was created or that the government's building permit basis is substantially below that of other local governments and the costs associated with the issuance of building permits exceeded the total revenue from such fees, excluding any amount of residential construction tax collected.

The Tax Commission may exempt a local government from the fee limitations if the government creates an enterprise fund exclusively for building permit fees and interest earned on those fees. No money in the fund may be used for any purpose beyond the costs associated with the issuance of such permits.

VII. EDUCATION FUNDING INFORMATION



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EDUCATION FUNDING INFORMATION

THE NEVADA PLAN

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The Nevada Plan

The Nevada Plan is the means used to finance elementary and secondary education in the state's public schools. The state develops a guaranteed amount of funding for each of the local school districts, and the revenue, which provides the guaranteed funding, is derived both from state and local sources. On average, this guaranteed funding contributes approximately 75 percent to 80 percent of school districts' general fund resources. Nevada Plan funding for the districts consists of state support received through the Distributive School Account[1] (DSA) and locally collected revenues from the 2.25 cent Local School Support Tax (LSST) (sales tax) and 25 cents of the Ad Valorem Tax (property tax).

To determine the level of guaranteed funding for each district, a Basic Per-Pupil Support Rate is established. The rate is determined by a formula that considers the demographic characteristics of the school districts. In addition, transportation costs are included using 85 percent of the actual historical costs adjusted for inflation according to the Consumer Price Index. A Wealth Adjustment, based on a district's ability to generate revenues in addition to the guaranteed funding, is also included in the formula.

Each district then applies its Basic Per-Pupil Support Rate to the number of students enrolled. The official count for apportionment purposes is taken in each district on the last day of the first school month. The number of kindergarten children and disabled three- and four-year-olds is multiplied by 0.6 percent and added to the total number of all other enrolled children, creating the Weighted Enrollment. Each district's Basic Per-Pupil Support Rate is multiplied by its Weighted Enrollment to determine the guaranteed level of funding, called the Total Basic Support.

To protect districts during times of declining enrollment, the *Nevada Revised Statutes* contain a "hold harmless" provision. The guaranteed level of funding is based on the higher of the current or previous year's enrollment, unless the decline in enrollment is more than five percent, in which case the funding is based on the higher of the current or the previous two years' enrollment.

An additional provision assists school districts that experience significant growth in enrollment within the school year. If a district grows by more than three percent but less than six percent after the second school month, a growth increment consisting of an additional two percent of basic support is added to the guaranteed level of funding. If a district grows by more than six percent, the growth increment is four percent.

Special Education is funded on a "unit" basis, with the amount per unit established by the Legislature. These units provide funding for licensed personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education. Special education unit funding is provided in addition to the Basic Per-Pupil Support Rate.

The *difference* between total guaranteed support and local resources is state aid, which is funded by the DSA. Revenue received by the school district from the 2.25 percent LSST and 25 cents of the property tax is deducted from the school district's Total Basic Support Guarantee to determine the amount of state aid the district will receive. If local revenues from these two sources are less than anticipated, state aid is increased to cover the total guaranteed support. If these two local revenues come in higher than expected, state aid is reduced.

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[1]The Distributive School Account is financed by legislative appropriations from the State General Fund and other revenues, including a 2.25 cent tax on out-of-state sales, an annual slot machine tax, mineral land lease income, and interest from investments of the Permanent School Fund.

In addition to revenue guaranteed through the Nevada Plan, school districts receive other revenue considered "outside" the Nevada Plan. Revenues outside the formula, which are not part of the guarantee but are considered when calculating each school district's relative wealth, include the following: 50 cents of the Ad Valorem tax on property; the share of basic government services tax distributed to school districts; franchise tax; interest income; tuition; unrestricted federal revenue, such as revenue received under P. L. 81-874 in lieu of taxes for federally impacted areas; and other local revenues.

In addition to revenues recognized by the Nevada Plan, school districts receive "categorical" funds from the state, federal government, and private organizations that may only be expended for designated purposes. Examples include the state-funded Class-Size Reduction program, Early Childhood Education, remediation programs, and student counseling services. Federally funded programs include the Title I program for disadvantaged youngsters, No Child Left Behind Act, the National School Lunch program, and Individuals with Disabilities Education Act (IDEA). Categorical funds must be accounted for separately in special revenue funds. Funding for capital projects, which may come from the sale of general obligation bonds, "pay-as-you-go" tax levies or fees imposed on the construction of new residential units, are also accounted for in separate funds (Capital Projects Fund, Debt Service Fund).

Source: Fiscal Analysis Division, Legislative Counsel Bureau
Revised January 2009

The Nevada Plan Example – Summary

To understand how the system works, follow the steps in the example beginning on the following page. The count of pupils for apportionment purposes (1) is the number of children enrolled on the last day of the first school month in regular or special education programs, except that each kindergarten pupil and disabled or gifted and talented child under the age of five is counted as 0.6 of a pupil. In instances of declining enrollment, the higher of the current year's enrollment is used; unless the decline in enrollment is more than five percent, in which case the higher of the current or the previous two years' enrollment is used. This weighted enrollment figure is multiplied by the basic per-pupil support guarantee for the school district for that school year (2) to determine the school district's guaranteed basic support (3). Next, the number of state-supported special education units allocated to the district that year is multiplied by the amount per program unit established for that school year (4), and the product is added to basic support to obtain the school district's total guaranteed basic support (5). This product is the amount of funding guaranteed to the school district from a combination of state and local funds.

Revenue received by the school district from the 2.25 percent LSST and 25 cents of the property tax (6) is deducted from the school district's total guaranteed basic support to determine the amount of state aid the district will receive (7). If local revenues from these two sources are less than anticipated, state aid is increased to cover the total basic support guarantee. If these two local revenues come in higher than expected, state aid is reduced. The difference between total guaranteed support and local resources is state aid, and it is funded by the DSA.

An amount for any specific programs funded by the Legislature through the DSA is added to a school district's total state aid to determine the total amount of revenue the school district will receive from the DSA (9).

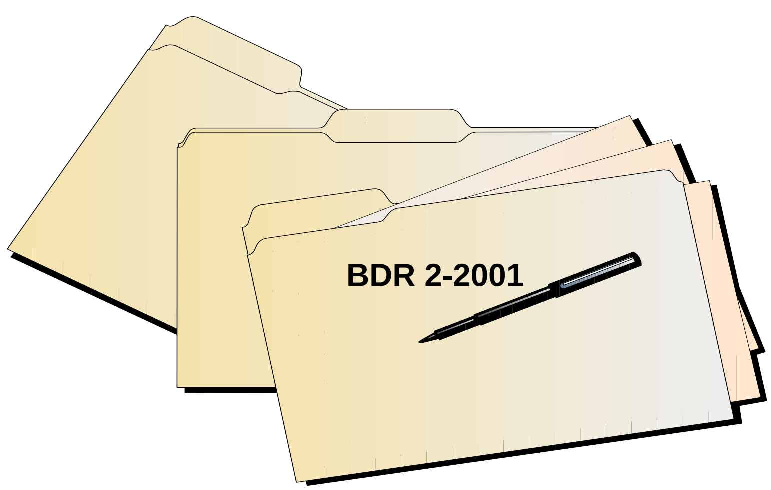
Sources of revenue "outside" the formula are summed (15) and added to total guaranteed support (5) and the amount provided for Adult High School Diploma programs and other legislatively-approved programs (8), to determine the school district's total available resources (16).

The following example illustrates the guaranteed funding process based on the revenue of a hypothetical district and, in addition, shows other revenue outside of the guarantee, making up the total resources included in an operating budget.

Basic Support Guarantee		
1	Number of Pupils (Weighted Enrollment*)	8,000
2	x Basic Support Per Pupil	$ 4,700
3	= Guaranteed Basic Support	$ 37,600,000
4	+ Special Education Allocation (65 units @ $32,000 per unit)	$ 1,820,000
5	= Total Guaranteed Support	$ 39,420,000
6	**-** Local Resources 2.25 cent Local School Support (sales) Tax 25 cent Ad Valorem (property/mining) Tax	 ($ 15,540,000) ($ 4,600,000)
7	= State Responsibility	$ 19,280,000
8	+ Adult High School Diploma Funding	$ 35,000
9	= Total Revenue from Distributive School Account	$ 19,315,000
Resources in Addition to Basic Support		
10	50 cent Ad Valorem (property) Tax	$ 9,200,000
11	Motor Vehicle Privilege Tax	$ 1,700,000
12	Federal Revenues (Unrestricted)	$ 150,000
13	Miscellaneous Revenues	$ 10,000
14	Opening Fund Balance	$ 2,000,000
15	Total Resources in Addition to Basic Support	$ 13,060,000
16	Total Resources Available (Add lines 5, 8, &15)	**$ 52,515,000**

*Weighted Enrollment includes six-tenths of the count of pupils enrolled in kindergarten, six-tenths of the count of disabled 3- and 4-year-olds, a full count of pupils enrolled in grades 1 through 12, and a full count of disabled minors age 5 and over receiving special education.

VIII. FISCAL NOTES INFORMATION



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Fiscal Notes

A *fiscal note* is a document that details the fiscal effect of certain bills, resolutions, and ballot questions and is attached to or becomes a part of the bill, resolution, or ballot question. The statutory provisions regarding fiscal notes are found in NRS 218.272 through 218.2757, inclusive. A bill or joint resolution is required to have a fiscal note if it meets any of the following criteria:

- It creates or increases a fiscal liability or decreases revenue for the state government by more than $2,000;
- It has an adverse fiscal effect on any local government; or
- It increases or provides for a new term of imprisonment or makes release on parole or probation less likely.

Information regarding the necessity of a fiscal note can be found in the *summary*. All ballot questions have fiscal notes.

When a bill or resolution is drafted, the Legislative Counsel consults with the Fiscal Analysis Division to determine if a fiscal note is required. If the requester is a legislator, the Fiscal Analysis Division then informs the legislator requesting the bill draft that a fiscal note is required and requests permission to begin preparing the fiscal note. If the legislator does not give permission, the preparation of the fiscal note is started automatically upon *introduction* of the bill. Although a bill can be introduced without a fiscal note, the legislative committees may not vote on a measure that requires a fiscal note until the fiscal note is attached.

Any legislator may request that a fiscal note be done on any bill while it is before the house of the Legislature to which the legislator belongs. Upon receiving the request, the presiding officer of the full house or the committee may direct the Fiscal Analysis Division to obtain the requested note. A fiscal note is required only on the original bill or joint resolution unless an amendment by either house invalidates the original fiscal note and the presiding officer directs the Fiscal Analysis Division to obtain a new fiscal note showing the effect of the amended bill or joint resolution.

During the preparation of the fiscal note, the Fiscal Analysis Division releases the contents of a bill on a need-to-know basis only and does not release the name of the party requesting the bill. State agencies have five working days from the date of request to prepare the fiscal information, send it to the Department of Administration for review and comments, and return it to the Fiscal Analysis Division. The Fiscal Division may grant up to a ten-day extension if the subject requires extensive research. Fiscal information prepared by the Judicial Branch, the Legislature, or other non-Executive Branch agencies is returned directly to the Fiscal Analysis Division and is not subject to administrative review. Local government fiscal notes are compiled by the Fiscal Analysis Division based on the fiscal note provided by the appropriate local government agencies.

THE FISCAL NOTE PROCESS