REVENUE REFERENCE MANUAL

FISCAL ANALYSIS DIVISION
JANUARY 2017

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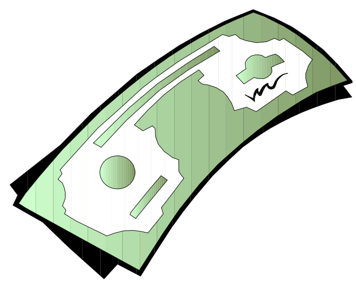

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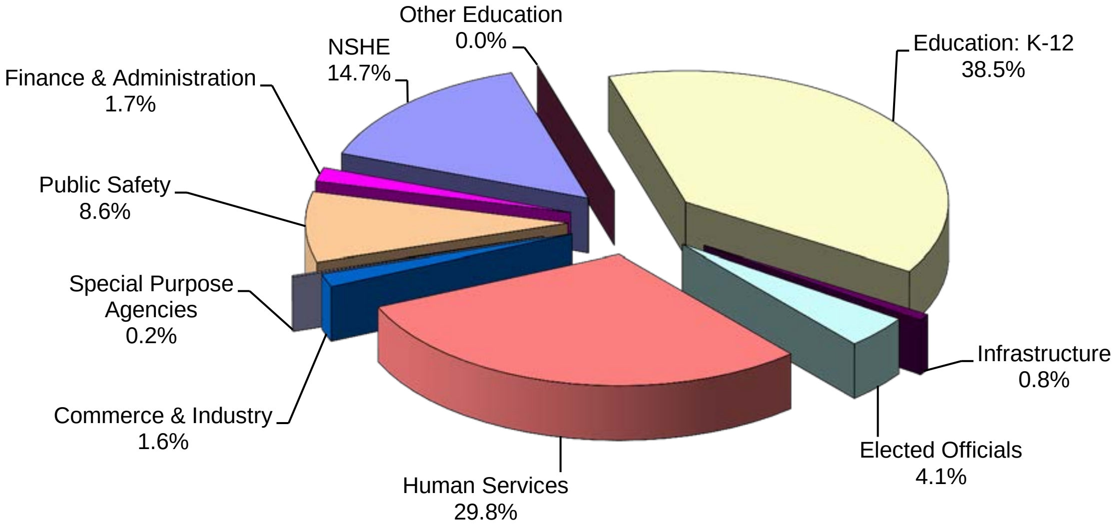
NEVADA GENERAL FUND APPROPRIATIONS
LEGISLATURE APPROVED – 2015-17 BIENNIUM



LEGISLATURE APPROVED APPROPRIATIONS - 2015-17 BIENNIUM

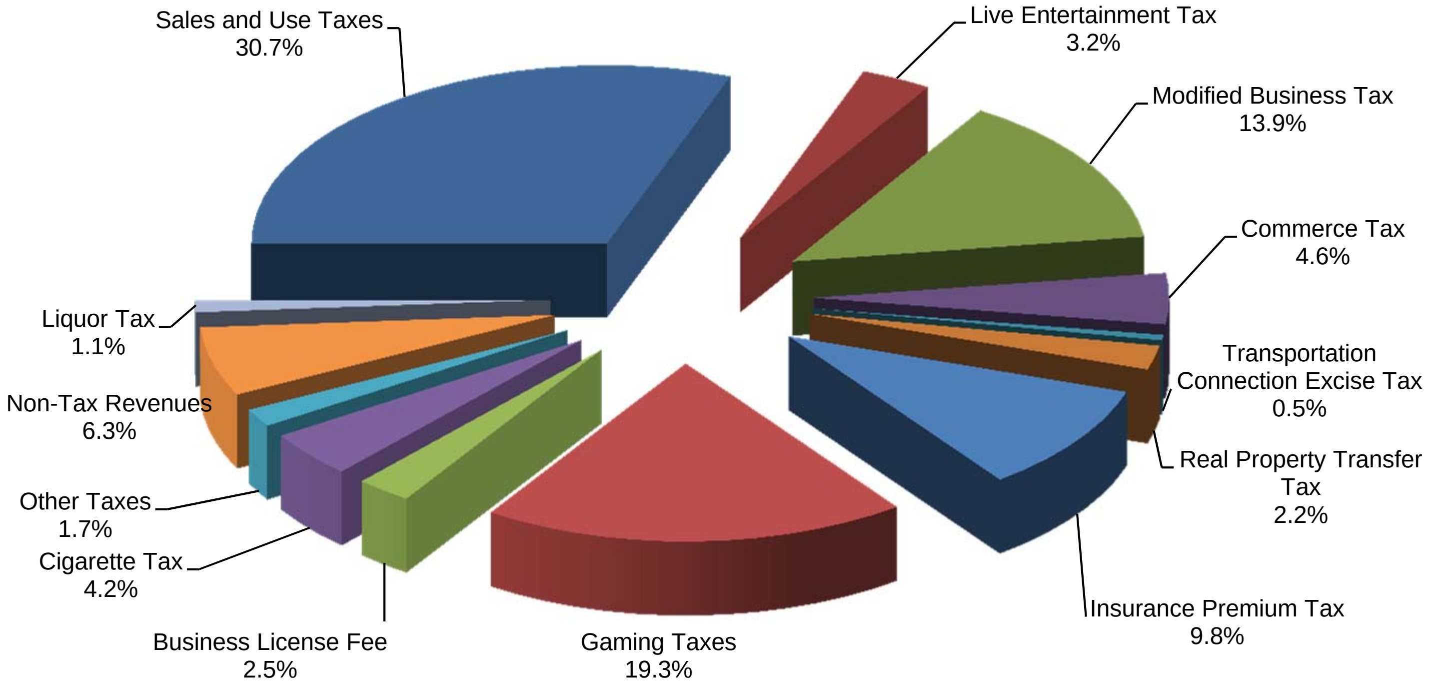
		FY 2016		FY 2017		TOTAL	% of Total
Elected Officials [a., b.]	$	133,758,451	$	161,825,363	$	295,583,814	4.1%
Finance & Administration [a., c.]	$	56,288,357	$	68,631,669	$	124,920,026	1.7%
Education:							
Kindergarten to 12th Grade	$	1,379,528,179	$	1,431,807,725	$	2,811,335,904	38.5%
Nevada System of Higher Education	$	530,862,990	$	541,622,619	$	1,072,485,609	14.7%
Other Education [b.]	$	303,003	$	309,445	$	612,448	0.0%
Subtotal Education	$	1,910,694,172	$	1,973,739,789	$	3,884,433,961	53.2%
Commerce & Industry	$	64,383,766	$	53,832,342	$	118,216,108	1.6%
Human Services	$	1,044,884,014	$	1,126,661,087	$	2,171,545,101	29.8%
Public Safety	$	311,926,105	$	316,902,043	$	628,828,148	8.6%
Infrastructure	$	30,645,160	$	31,411,513	$	62,056,673	0.8%
Special Purpose Agencies	$	5,477,591	$	5,707,691	$	11,185,282	0.2%
Total	**$**	**3,558,057,616**	**$**	**3,738,711,497**	**$**	**7,296,769,113**	**100.0%**

a. The 2015 Legislature approved moving the Department of Administration, Budget Division and Division of Internal Audits to the newly created Office of Finance in the Office of the Governor. The operating appropriations for the Office of Finance were transferred from the Finance and Administration function to the Elected Officials function for Legislature Approved Appropriations 2015-17 Biennium.

b. The 2015 Legislature transferred Western Interstate Commission for Higher Education (WICHE) from Other Education in the Education functional area to Elected Officials and the operating appropriation included in the new functional area in Legislature Approved Appropriations 2015-17 Biennium.

c. The Finance and Administration function for Legislature Approved Appropriations 2015-17 Biennium includes $4,231,214 pursuant to Section 4 of A.B. 489, $13,185,284 pursuant to Section 5 of A.B. 489, and $19,184,816 pursuant to Section 7 of A.B. 489 appropriated to the Board of Examiners for salary adjustment allocations.

NEVADA GENERAL FUND REVENUE
ECONOMIC FORUM DECEMBER 2016 FORECAST, 2017-19 BIENNIUM*



ESTIMATED GENERAL FUND REVENUE: 2017-19 BIENNIUM
ECONOMIC FORUM DECEMBER 6, 2016, FORECAST*

	Millions $'s	% of Total (4.)
Taxes:		
State Gaming Taxes (2.)	**$1,553.5**	**19.3%**
Sales and Use Taxes (1.)	**$2,463.7**	**30.7%**
Insurance Premium Taxes (2.)	**$790.4**	**9.8%**
Cigarette Tax (1.)	**$337.9**	**4.2%**
Live Entertainment Tax:		
Gaming Establishments (1.)	**$222.5**	**2.8%**
Non-Gaming Establishments (1.)	**$36.4**	**0.4%**
Modified Business Tax (MBT) (1.)(2.)(3.)	**$1,112.7**	**13.9%**
Commerce Tax (1.)	**$371.1**	**4.6%**
Transportation Connection Excise Tax (1.)	**$39.0**	**0.5%**
Real Property Transfer Tax	**$172.4**	**2.2%**
Business License Fee (1.)	**$204.3**	**2.5%**
Liquor Tax	**$89.5**	**1.1%**
Governmental Services Tax (GST) (1.)	**$0.0**	**0.0%**

	Millions $'s	% of Total (4.)
Other Taxes:		
Mining Tax (1.)	**$89.0**	**1.1%**
Annual Slot Tax Transfer	**$10.0**	**0.1%**
Other Tobacco Tax	**$28.2**	**0.4%**
Branch Bank Excise Tax	**$5.6**	**0.1%**
Subtotal Other Taxes	**$132.8**	**1.7%**
Subtotal Taxes	**$7,526.4**	**93.7%**
Non-Tax Revenues		
Licenses (1.)	**$269.2**	**3.4%**
Fees and Fines	**$125.7**	**1.6%**
Use of Money and Property	**$7.7**	**0.1%**
Miscellaneous Revenues (1.)	**$100.8**	**1.2%**
Subtotal Non-Tax Revenues	**$503.4**	**6.3%**
Total General Fund - Before Tax Credit Programs	**$8,029.8**	**100.0%**
Tax Credit Programs	**-$142.5**	
Total General Fund - After Tax Credit Programs	**$7,887.3**	

* Based on current statute which reflects that actions of the 2015 Legislative Session

(1.) Denotes a revenue source affected by legislative actions approved by the 2015 Legislature.

(2.) The Gaming Percentage Fee Tax, the Modified Business Tax, and the Insurance Premium Tax may be impacted by one or more tax credit programs approved by the Legislature during the 2013 and 2015 Regular Sessions and the 2014 Special Session.

(3.) The amount shown for the Modified Business Tax (MBT) represents the estimates for the nonfinancial, financial, and mining portions of the MBT based on the legislative actions approved by the 2015 Legislature, including the credit of up to 50% of the Commerce Tax against the MBT.

(4.) % of Total for each revenue source computed based on Total General Fund - Before Tax Credit Programs amount, which includes the Commerce Tax Credit against the MBT amount.

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

								ECONOMIC FORUM DECEMBER 6, 2016, FORECAST					
	DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change
	TAXES												
	MINING TAX												
3064	Net Proceeds of Minerals [1-12][2-12][1-14][2-14][2-16][3-16]	$26,221,970	-76.4%	$51,733,594	97.3%	$34,674,918	-33.0%	$13,604,000	-60.8%	$45,022,000	230.9%	$43,953,000	-2.4%
3241	Net Proceeds Penalty			$0		$0		$0		$0		$0	
3245	Centrally Assessed Penalties		-100.0%	$21		$68,648		$13,800	-79.9%	$13,800	0.0%	$13,800	0.0%
	TOTAL MINING TAXES AND FEES	$26,221,970	-76.4%	$51,733,615	97.3%	$34,743,566	-32.8%	$13,617,800		$45,035,800		$43,966,800	
	SALES AND USE												
3001	Sales & Use Tax	$931,319,687	4.8%	$994,764,970	6.8%	$1,036,549,227	4.2%	$1,097,045,000	5.8%	$1,156,198,000	5.4%	$1,214,657,000	5.1%
3002	State Share - LSST [4-12][3-14][4-16]	$9,194,669	4.6%	$9,726,146	5.8%	$10,155,240	4.4%	$10,696,000	5.3%	$11,273,000	5.4%	$11,843,000	5.1%
3003	State Share - BCCRT	$4,088,755	5.0%	$4,334,753	6.0%	$4,506,053	4.0%	$4,800,000	6.5%	$5,058,000	5.4%	$5,314,000	5.1%
3004	State Share - SCCRT	$14,305,300	5.0%	$15,166,566	6.0%	$15,764,607	3.9%	$16,799,000	6.6%	$17,704,000	5.4%	$18,599,000	5.1%
3005	State Share - PTT	$8,797,760	6.9%	$9,461,562	7.5%	$10,028,644	6.0%	$10,687,000	6.6%	$11,263,000	5.4%	$11,832,000	5.1%
	TOTAL SALES AND USE	$967,706,171	4.8%	$1,033,453,997	6.8%	$1,077,003,772	4.2%	$1,140,027,000	5.9%	$1,201,496,000	5.4%	$1,262,245,000	5.1%
	GAMING - STATE												
3041	Percent Fees - Gross Revenue: Before Tax Credits	$682,311,672	0.5%	$693,232,048	1.6%	$700,773,974	1.1%	$725,000,000	3.5%	$735,000,000	1.4%	$762,535,000	3.7%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]			$0		-$4,288,194		$0		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]			$0		-$20,461,554		$0		$0		$0	
	Catalyst Account Transferrable Tax Credits [TC-4]			$0		$0		$0		$0		$0	
	Total - Tax Credit Programs			$0		-$24,749,748		$0		$0		$0	
	Percent Fees - Gross Revenue: After Tax Credits	$682,311,672		$693,232,048		$676,024,226		$725,000,000	7.2%	$735,000,000	1.4%	$762,535,000	3.7%
3032	Pari-mutuel Tax	$2,758	-10.1%	$2,964	7.5%	$3,261	10.0%	$3,400	4.3%	$3,600	5.9%	$3,700	2.8%
3181	Racing Fees	$9,258	6.4%	$7,456	-19.5%	$9,293	24.6%	$10,000	7.6%	$9,900	-1.0%	$10,000	1.0%
3247	Racing Fines/Forfeitures	$0		$500		$700		$0	-100.0%	$0		$0	
3042	Gaming Penalties	$7,862,472	439.7%	$337,544	-95.7%	$4,069,112	1105.5%	$2,800,000	-31.2%	$775,000	-72.3%	$775,000	0.0%
3043	Flat Fees-Restricted Slots [5-12]	$8,305,289	-1.2%	$8,291,051	-0.2%	$8,225,963	-0.8%	$8,185,000	-0.5%	$8,170,400	-0.2%	$8,236,700	0.8%
3044	Non-Restricted Slots [5-12]	$11,383,000	-7.4%	$11,164,523	-1.9%	$10,861,213	-2.7%	$10,682,000	-1.7%	$10,586,300	-0.9%	$10,528,400	-0.5%
3045	Quarterly Fees-Games	$6,410,111	-0.6%	$6,522,917	1.8%	$6,450,491	-1.1%	$6,431,000	-0.3%	$6,423,300	-0.1%	$6,444,000	0.3%
3046	Advance License Fees	$672,263	-49.9%	$1,733,482	157.9%	$1,780,785	2.7%	$1,974,000	10.8%	$750,000	-62.0%	$800,000	6.7%
3048	Slot Machine Route Operator	$37,000	-8.6%	$35,000	-5.4%	$34,000	-2.9%	$33,500	-1.5%	$34,000	1.5%	$34,500	1.5%
3049	Gaming Info Systems Annual	$18,000	0.0%	$42,000	133.3%	$42,000	0.0%	$36,000	-14.3%	$36,000	0.0%	$36,000	0.0%
3028	Interactive Gaming Fee - Operator	$604,167	38.1%	$500,000	-17.2%	$500,000	0.0%	$500,000	0.0%	$500,000	0.0%	$500,000	0.0%
3029	Interactive Gaming Fee - Service Provider	$75,000	177.8%	$61,000	-18.7%	$63,000	3.3%	$64,000	1.6%	$65,000	1.6%	$66,000	1.5%
3030	Interactive Gaming Fee - Manufacturer	$700,000	-9.7%	$200,000	-71.4%	$175,000	-12.5%	$150,000	-14.3%	$150,000	0.0%	$150,000	0.0%
3033	Equip Mfg. License	$290,000	6.0%	$281,000	-3.1%	$279,500	-0.5%	$279,000	-0.2%	$281,000	0.7%	$284,000	1.1%
3034	Race Wire License	$29,736	-14.8%	$28,406	-4.5%	$36,391	28.1%	$29,000	-20.3%	$28,000	-3.4%	$27,000	-3.6%
3035	Annual Fees on Games	$105,341	-0.7%	$107,822	2.4%	$115,214	6.9%	$124,700	8.2%	$115,200	-7.6%	$112,400	-2.4%
	TOTAL GAMING - STATE: BEFORE TAX CREDITS	$718,816,067	1.2%	$722,547,713	0.5%	$733,419,897	1.5%	$756,301,600	3.1%	$762,927,700	0.9%	$790,542,700	3.6%
	Tax Credit Programs					-$24,749,748		$0		$0		$0	
	TOTAL GAMING - STATE: AFTER TAX CREDITS	$718,816,067	1.2%	$722,547,713	0.5%	$708,670,149	-1.9%	$756,301,600	6.7%	$762,927,700	0.9%	$790,542,700	3.6%
	LIVE ENTERTAINMENT TAX (LET)												
3031G	Live Entertainment Tax-Gaming [5-16]	$139,156,240	10.7%	$130,861,416	-6.0%	$111,994,620	-14.4%	$106,449,000	-5.0%	$109,598,000	3.0%	$112,946,000	3.1%
3031NG	Live Entertainment Tax-Nongaming [5-16]	$14,979,978	28.0%	$14,965,649	-0.1%	$16,536,346	10.5%	$17,389,000	5.2%	$17,915,000	3.0%	$18,475,000	3.1%
	TOTAL LET	$154,136,218	12.2%	$145,827,065	-5.4%	$128,530,966	-11.9%	$123,838,000	-3.7%	$127,513,000	3.0%	$131,421,000	3.1%
	COMMERCE TAX												
	Commerce Tax [6-16]					$143,507,593		$194,412,000	35.5%	$181,220,000	-6.8%	$189,919,000	4.8%
	TRANSPORTATION CONNECTION EXCISE TAX												
	Transportation Connection Excise Tax [7-16]					$11,898,532		$21,032,000	76.8%	$16,769,000	-20.3%	$22,232,000	32.6%
	CIGARETTE TAX												
3052	Cigarette Tax [8-16]	$79,628,983	-4.1%	$92,774,433	16.5%	$153,033,176	65.0%	$173,301,000	13.2%	$170,402,000	-1.7%	$167,534,000	-1.7%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

	DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	ECONOMIC FORUM DECEMBER 6, 2016, FORECAST FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change
	TAXES - CONTINUED												
	MODIFIED BUSINESS TAX (MBT)												
	MBT - NONFINANCIAL BUSINESSES (MBT-NFI) [6-12][4-14][9-16][10-16][11-16][12-16]												
3069	MBT - Nonfinancial: Before Tax Credits	$361,095,880	-0.6%	$387,769,692	7.4%	$517,135,234	33.4%	$547,083,000	5.8%	$577,066,000	5.5%	$607,468,000	5.3%
	Commerce Tax Credits [13-16]					$0							
	MBT - Nonfinancial: After Commerce Tax Credits			$387,769,692		$517,135,234		$547,083,000	5.8%	$577,066,000	5.5%	$607,468,000	5.3%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]			$0		-$82,621		$0		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]			$0		$0		$0		$0		$0	
	Catalyst Account Transferrable Tax Credits [TC-4]			$0		$0		$0		$0		$0	
	Education Choice Scholarship Tax Credits [TC-5]			$0		-$4,401,540		$0		$0		$0	
	College Savings Plan Tax Credits [TC-6]			$0		$0		$0		$0		$0	
	Total - Tax Credit Programs			$0		-$4,484,161		$0		$0		$0	
	MBT - Nonfinancial: After Tax Credit Programs	$361,095,880		$387,769,692		$512,651,073		$547,083,000	6.7%	$577,066,000	5.5%	$607,468,000	5.3%
	MBT - FINANCIAL BUSINESSES (MBT-FI) [12-16]												
3069	MBT - Financial: Before Tax Credits	$23,789,898	1.8%	$24,144,270	1.5%	$27,188,910	12.6%	$28,224,000	3.8%	$29,819,000	5.7%	$31,372,000	5.2%
	Commerce Tax Credits [13-16]					$0							
	MBT - Financial: After Commerce Tax Credits			$24,144,270		$27,188,910		$28,224,000	3.8%	$29,819,000	5.7%	$31,372,000	5.2%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]			$0		$0		$0		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]			$0		$0		$0		$0		$0	
	Catalyst Account Transferrable Tax Credits [TC-4]			$0		$0		$0		$0		$0	
	Education Choice Scholarship Tax Credits [TC-5]			$0		$0		$0		$0		$0	
	College Savings Plan Tax Credits [TC-6]			$0		$0		$0		$0		$0	
	Total - Tax Credit Programs			$0		$0		$0		$0		$0	
	MBT - Financial: After Tax Credit Programs	$23,789,898		$24,144,270		$27,188,910		$28,224,000	3.8%	$29,819,000	5.7%	$31,372,000	5.2%
	MBT - MINING BUSINESSES (MBT-MINING) [11-16]												
3069	MBT - Mining: Before Tax Credits					$21,938,368		$22,099,000	0.7%	$22,055,000	-0.2%	$21,988,000	-0.3%
	Commerce Tax Credits [13-16]					$0		$0		$0		$0	
	MBT - Mining: After Commerce Tax Credits					$21,938,368		$22,099,000	0.7%	$22,055,000	-0.2%	$21,988,000	-0.3%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]					$0		$0		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]					$0		$0		$0		$0	
	Catalyst Account Transferrable Tax Credits [TC-4]					$0		$0		$0		$0	
	Education Choice Scholarship Tax Credits [TC-5]					$0		$0		$0		$0	
	College Savings Plan Tax Credits [TC-6]					$0		$0		$0		$0	
	Total - Tax Credit Programs					$0		$0		$0		$0	
	MBT - Mining - After Tax Credit Programs					$21,938,368		$22,099,000	0.7%	$22,055,000	-0.2%	$21,988,000	-0.3%
	TOTAL MBT - NFI, FI, & MINING												
	TOTAL MBT: BEFORE TAX CREDITS	$384,885,778	-0.4%	$411,913,962	7.0%	$566,262,513	37.5%	$597,406,000	5.5%	$628,940,000	5.3%	$660,828,000	5.1%
	TOTAL COMMERCE TAX CREDITS [13-16]					$0		-$82,500,000		-$86,460,000		-$90,610,000	
	TOTAL MBT: AFTER COMMERCE TAX CREDITS			$411,913,962		$566,262,513		$514,906,000	-9.1%	$542,480,000	5.4%	$570,218,000	5.1%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]			$0		-$82,621		$0		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]			$0		$0		$0		$0		$0	
	Catalyst Account Transferrable Tax Credits [TC-4]			$0		$0		$0		$0		$0	
	Education Choice Scholarship Tax Credits [TC-5]			$0		-$4,401,540		-$6,098,460		-$6,050,000		-$6,655,000	
	College Savings Plan Tax Credits [TC-6]			$0		$0		-$69,000		-$138,000		-$207,000	
	Total - Tax Credit Programs			$0		-$4,484,161		-$6,167,460		-$6,188,000		-$6,862,000	
	TOTAL MBT: AFTER TAX CREDIT PROGRAMS	$384,885,778		$411,913,962		$561,778,352		$508,738,540	-9.4%	$536,292,000	5.4%	$563,356,000	5.0%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

								ECONOMIC FORUM DECEMBER 6, 2016, FORECAST					
	DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change
	TAXES - CONTINUED												
	INSURANCE TAXES												
3061	Insurance Premium Tax: Before Tax Credits [1-16]	$263,531,578	6.0%	$305,075,537	15.8%	$335,118,754	9.8%	$373,840,000	11.6%	$387,533,000	3.7%	$400,520,000	3.4%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]			$0		$0		$0		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]			$0		$0		$0		$0		$0	
	Catalyst Account Transferrable Tax Credits [TC-4]			$0		$0		$0		$0		$0	
	Nevada New Markets Job Act Tax Credits [TC-3]			-$12,410,882		-$26,005,450		-$26,000,000		-$24,000,000		-$22,000,000	
	Total - Tax Credit Programs			-$12,410,882		-$26,005,450		-$26,000,000		-$24,000,000		-$22,000,000	
	Insurance Premium Tax: After Tax Credit Programs	$263,531,578		$292,664,655		$309,113,304		$347,840,000	12.5%	$363,533,000	4.5%	$378,520,000	4.1%
3062	Insurance Retaliatory Tax	$234,807	-3.1%	$355,819	51.5%	$185,855	-47.8%	$215,000	15.7%	$215,000	0.0%	$215,000	0.0%
3067	Captive Insurer Premium Tax	$755,517	19.0%	$901,712	19.4%	$923,869	2.5%	$946,600	2.5%	$969,800	2.5%	$993,700	2.5%
	TOTAL INSURANCE TAXES: BEFORE TAX CREDITS	$264,521,903	6.1%	$306,333,069	15.8%	$336,228,478	9.8%	$375,001,600	11.5%	$388,717,800	3.7%	$401,728,700	3.3%
	TAX CREDIT PROGRAMS			-$12,410,882		-$26,005,450		-$26,000,000		-$24,000,000		-$22,000,000	
	TOTAL INSURANCE TAXES: AFTER TAX CREDITS	$264,521,903	6.1%	$293,922,187	11.1%	$310,223,028	5.5%	$349,001,600	12.5%	$364,717,800	4.5%	$379,728,700	4.1%
	REAL PROPERTY TRANSFER TAX (RPTT)												
3055	Real Property Transfer Tax	$60,047,457	9.2%	$64,214,342	6.9%	$75,794,844	18.0%	$80,964,000	6.8%	$84,856,000	4.8%	$87,559,000	3.2%
	GOVERMENTAL SERVICES TAX (GST)												
3051	Governmental Services Tax [5-14][14-16]	$62,267,322	-1.9%	$62,865,504	1.0%	$66,731,895	6.2%	$37,915,000	-43.2%				
	OTHER TAXES												
3113	Business License Fee [7-12][6-14][15-16]	$72,166,482	4.6%	$75,359,976	4.4%	$103,045,619	36.7%	$101,469,000	-1.5%	$101,877,000	0.4%	$102,468,000	0.6%
3050	Liquor Tax	$41,838,536	4.9%	$42,707,046	2.1%	$43,944,413	2.9%	$43,877,000	-0.2%	$44,448,000	1.3%	$45,043,000	1.3%
3053	Other Tobacco Tax	$11,620,286	12.3%	$11,458,040	-1.4%	$13,131,919	14.6%	$13,479,000	2.6%	$13,863,000	2.8%	$14,296,000	3.1%
4862	HECC Transfer	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%	$5,000,000	0.0%
3065	Business License Tax	$2,814	-4.3%	$1,850	-34.3%	$243	-86.9%	$0		$0		$0	
3068	Branch Bank Excise Tax	$2,788,166	-7.0%	$3,129,940	12.3%	$2,786,429	-11.0%	$2,772,000	-0.5%	$2,788,000	0.6%	$2,802,000	0.5%
	TOTAL TAXES: BEFORE TAX CREDITS	$2,851,648,150	0.2%	$3,029,320,553	6.2%	$3,495,063,854	15.4%	$3,680,413,000	5.3%	$3,775,853,300	2.6%	$3,927,585,200	4.0%
	TOTAL COMMERCE TAX CREDITS [13-16]					$0		-$82,500,000		-$86,460,000		-$90,610,000	
	TOTAL TAXES: AFTER COMMERCE TAX CREDITS			$3,029,320,553		$3,495,063,854		$3,597,913,000	2.9%	$3,689,393,300	2.5%	$3,836,975,200	4.0%
	Tax Credit Programs:												
	Film Transferrable Tax Credits [TC-1]			$0		-$4,370,815		-$5,629,185		$0		$0	
	Economic Development Transferrable Tax Credits [TC-2]			$0		-$20,461,554		-$36,475,946		-$31,562,500		-$47,925,000	
	Catalyst Account Transferrable Tax Credits [TC-4]			$0		$0		-$1,000,000		-$2,000,000		-$2,000,000	
	Nevada New Markets Job Act Tax Credits [TC-3]			-$12,410,882		-$26,005,450		-$26,000,000		-$24,000,000		-$22,000,000	
	Education Choice Scholarship Tax Credits [TC-5]			$0		-$4,401,540		-$6,098,460		-$6,050,000		-$6,655,000	
	College Savings Plan Tax Credits [TC-6]			$0		$0		-$69,000		-$138,000		-$207,000	
	Total - Tax Credit Programs			-$12,410,882		-$55,239,359		-$75,272,591		-$63,750,500		-$78,787,000	
	TOTAL TAXES: AFTER TAX CREDITS	$2,851,648,150	0.2%	$3,016,909,671	5.8%	$3,439,824,495	14.0%	$3,522,640,409	2.4%	$3,625,642,800	2.9%	$3,758,188,200	3.7%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

	DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	ECONOMIC FORUM DECEMBER 6, 2016, FORECAST: FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change
	LICENSES												
3101	Insurance Licenses	$17,925,429	7.8%	$18,347,454	2.4%	$19,913,616	8.5%	$20,113,000	1.0%	$20,716,000	3.0%	$21,234,000	2.5%
3120	Marriage License	$371,684	-1.8%	$371,099	-0.2%	$367,116	-1.1%	$363,000	-1.1%	$360,600	-0.7%	$359,300	-0.4%
	SECRETARY OF STATE												
3105	UCC	$1,714,724	1.7%	$1,740,910	1.5%	$1,915,810	10.0%	$1,751,000	-8.6%	$1,761,400	0.6%	$1,773,800	0.7%
3129	Notary Fees	$544,060	-4.8%	$516,832	-5.0%	$514,489	-0.5%	$508,100	-1.2%	$503,100	-1.0%	$499,900	-0.6%
3130	Commercial Recordings [16-16]	$66,661,943	2.5%	$68,833,079	3.3%	$73,701,665	7.1%	$73,789,000	0.1%	$74,167,000	0.5%	$74,576,000	0.6%
3131	Video Service Franchise	$3,525	-50.2%	$1,550	-56.0%	$525	-66.1%	$500		$500		$500	
3121	Domestic Partnership Registry Fee	$51,621	17.4%	$36,437	-29.4%	$28,790	-21.0%	$24,500	-14.9%	$20,800	-15.1%	$17,700	-14.9%
3152	Securities	$25,947,110	5.5%	$27,029,365	4.2%	$27,978,707	3.5%	$28,891,000	3.3%	$29,470,000	2.0%	$29,889,000	1.4%
	TOTAL SECRETARY OF STATE	$94,922,982	3.2%	$98,158,173	3.4%	$104,139,985	6.1%	$104,964,100	0.8%	$105,922,800	0.9%	$106,756,900	0.8%
3172	Private School Licenses [7-14]	$284,569	15.0%	$255,613	-10.2%	$236,690	-7.4%	$236,500	-0.1%	$236,400	0.0%	$236,700	0.1%
3173	Private Employment Agency	$11,400	-2.6%	$11,000	-3.5%	$14,800	34.5%	$11,400	-23.0%	$11,400	0.0%	$11,400	0.0%
	REAL ESTATE												
3161	Real Estate License [17-16]	$1,372,080	-59.7%	$1,383,840	0.9%	$2,137,010	54.4%	$2,256,000	5.6%	$2,159,000	-4.3%	$2,199,000	1.9%
3162	Real Estate Fees	$4,820	66.8%	$3,643	-24.4%	$4,710	29.3%	$4,800	1.9%	$4,700	-2.1%	$4,800	2.1%
	TOTAL REAL ESTATE	$1,376,900	-59.6%	$1,387,483	0.8%	$2,141,720	54.4%	$2,260,800	5.6%	$2,163,700	-4.3%	$2,203,800	1.9%
3102	Athletic Commission Fees [18-16]	$5,334,498	37.9%	$8,922,606	67.3%	$5,041,720	-43.5%	$4,500,000	-10.7%	$4,500,000	0.0%	$4,500,000	0.0%
	TOTAL LICENSES	$120,227,462	3.2%	$127,453,427	6.0%	$131,855,647	3.5%	$132,448,800	0.4%	$133,910,900	1.1%	$135,302,100	1.0%
	FEES AND FINES												
3200	Vital Statistics Fees [8-14]												
3203	Divorce Fees	$174,376	1.8%	$175,202	0.5%	$170,348	-2.8%	$167,100	-1.9%	$165,900	-0.7%	$165,300	-0.4%
3204	Civil Action Fees	$1,325,805	0.1%	$1,291,308	-2.6%	$1,316,607	2.0%	$1,286,800	-2.3%	$1,273,700	-1.0%	$1,276,700	0.2%
3242	Insurance Fines	$723,272	-40.2%	$505,360	-30.1%	$349,206	-30.9%	$300,000	-14.1%	$300,000	0.0%	$300,000	0.0%
3103MD	Medical Plan Discount Reg. Fees					$1,500		$1,500		$1,500		$1,500	
	REAL ESTATE FEES												
3107IOS	IOS Application Fees	$7,840	-10.8%	$6,030	-23.1%	$5,700	-5.5%	$5,900	3.5%	$6,200	5.1%	$6,000	-3.2%
3165	Land Co Filing Fees [19-16]	$167,495	27.5%	$157,592	-5.9%	$28,530	-81.9%	$27,600	-3.3%	$28,600	3.6%	$28,500	-0.3%
3167	Real Estate Adver Fees	$590	-78.5%	$210	-64.4%	$2,010	857.1%	$6,700		$0		$0	
3169	Real Estate Reg Fees	$15,700	-12.8%	$15,700	0.0%	$8,550	-45.5%	$8,700	1.8%	$8,700	0.0%	$9,000	3.4%
4741	Real Estate Exam Fees	$174,117	1.7%	$174,117	0.0%	$387,294	122.4%	$378,400	-2.3%	$347,200	-8.2%	$329,500	-5.1%
3171	CAM Certification Fee												
3178	Real Estate Accred Fees	$86,475	7.9%	$95,675	10.6%	$93,450	-2.3%	$94,000	0.6%	$96,700	2.9%	$98,500	1.9%
3254	Real Estate Penalties	$36,835	-64.6%	$25,455	-30.9%	$65,595	157.7%	$68,000	3.7%	$68,500	0.7%	$69,600	1.6%
3190	A.B. 165, Real Estate Inspectors	$60,150	18.8%	$46,960	-21.9%	$53,860	14.7%	$52,900	-1.8%	$51,300	-3.0%	$52,300	1.9%
	TOTAL REAL ESTATE FEES	$549,202	-3.1%	$521,739	-5.0%	$644,989	23.6%	$642,200	-0.4%	$607,200	-5.5%	$593,400	-2.3%
3066	Short Term Car Lease [8-12]	$46,151,238	0.9%	$48,754,438	5.6%	$51,914,285	6.5%	$54,416,000	4.8%	$56,055,000	3.0%	$57,438,000	2.5%
3103AC	Athletic Commission Licenses/Fines	$234,245	8.5%	$213,145	-9.0%	$468,376	119.7%	$196,200	-58.1%	$215,800	10.0%	$215,800	0.0%
3205	State Engineer Sales [9-14]												
3206	Supreme Court Fees	$216,785	12.2%	$186,560	-13.9%	$201,305	7.9%	$201,300	0.0%	$201,300	0.0%	$201,300	0.0%
3115	Notice of Default Fee	$1,706,387	-38.3%	$1,755,460	2.9%	$1,400,099	-20.2%	$1,134,100	-19.0%	$918,600	-19.0%	$744,100	-19.0%
3271	Misc Fines/Forfeitures	$3,125,839	-72.0%	$9,564,851	206.0%	$2,735,813	-71.4%	$2,500,000	-8.6%	$2,500,000	0.0%	$2,500,000	0.0%
	TOTAL FEES AND FINES	$54,207,150	-19.1%	$62,968,063	16.2%	$59,202,527	-6.0%	$60,845,200	2.8%	$62,239,000	2.3%	$63,436,100	1.9%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	ECONOMIC FORUM DECEMBER 6, 2016, FORECAST FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change
USE OF MONEY AND PROP												
OTHER REPAYMENTS												
4403 Forestry Nurseries Fund Repayment (05-M27)	$20,670		$20,670		$20,670		$20,670		$20,670		$20,670	
4408 Comp/Fac Repayment	$23,744		$23,744		$23,744		$23,744		$23,744		$13,032	
4408 CIP 95-M1, Security Alarm	$2,998		$2,998		$2,998		$2,998		$0		$0	
4408 CIP 95-M5, Facility Generator	$6,874		$6,874		$6,874		$6,874		$0		$0	
4408 CIP 95-S4F, Advance Planning	$1,000		$1,000		$1,000		$1,000		$0		$0	
4408 CIP 97-C26, Capitol Complex Conduit System, Phase I	$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	
4408 EITS Repayment - State Microwave Communications System [1-18]							$0		$57,900		$57,900	
4409 Motor Pool Repay - LV [10-14]	$62,500		$125,000		$125,000		$125,000		$125,000		$125,000	
4402 State Personnel IFS Repayment; S.B. 201, 1997 Legislature	$202,987		$202,988		$0		$0		$0		$0	
TOTAL OTHER REPAYMENTS	$392,422	-13.5%	$454,923	15.9%	$251,935	-44.6%	$251,935	0.0%	$298,963	18.7%	$288,251	-3.6%
INTEREST INCOME												
3290 Treasurer [9-12]	$589,930	-5.7%	$916,780	55.4%	$1,247,554	36.1%	$2,188,000	75.4%	$3,162,000	44.5%	$3,937,000	24.5%
3291 Other	$4,156	-46.2%	$5,363	29.0%	$18,411	243.3%	$20,000	8.6%	$21,000	5.0%	$22,000	4.8%
TOTAL INTEREST INCOME	$594,086	-6.2%	$922,143	55.2%	$1,265,964	37.3%	$2,208,000	74.4%	$3,183,000	44.2%	$3,959,000	24.4%
TOTAL USE OF MONEY & PROP	$986,508	-9.2%	$1,377,066	39.6%	$1,517,900	10.2%	$2,459,935	62.1%	$3,481,963	41.5%	$4,247,251	22.0%
OTHER REVENUE												
3059 Hoover Dam Revenue	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%	$300,000	0.0%
MISC SALES AND REFUNDS												
4794 GST Commissions and Penalties / DMV [10-12][11-14][20-16]			$28,761,000									
3047 Expired Slot Machine Wagering Vouchers [11-12]	$7,486,068	4.1%	$8,383,408	12.0%	$8,778,021	4.7%	$9,117,000	3.9%	$9,505,800	4.3%	$9,923,800	4.4%
3107 Misc Fees	$298,822	-2.1%	$318,681	6.6%	$347,803	9.1%	$320,700	-7.8%	$312,800	-2.5%	$314,300	0.5%
3109 Court Admin Assessments [13-12][12-14][21-16]	$2,511,100	-39.0%	$2,428,655	-3.3%	$0	-100.0%	$0		$0		$0	
3114 Court Administrative Assessment Fee	$2,335,123	-7.0%	$2,135,726	-8.5%	$2,012,172	-5.8%	$1,978,000	-1.7%	$1,957,000	-1.1%	$1,944,000	-0.7%
3168 Declare of Candidacy Filing Fee	$92,200	143.0%	$12,384	-86.6%	$35,975	190.5%	$12,500	-65.3%	$40,000	220.0%	$12,500	-68.8%
3202 Fees & Writs of Garnishments	$2,535	-2.7%	$2,140	-15.6%	$2,190	2.3%	$2,200	0.5%	$2,200	0.0%	$2,200	0.0%
3220 Nevada Report Sales	$3,480	-59.6%	$6,120	75.9%	$11,495	87.8%	$17,200	49.6%	$23,000	33.7%	$17,200	-25.2%
3222 Excess Property Sales	$46,603	74.0%	$97,446	109.1%	$17,668	-81.9%	$27,600	56.2%	$27,600	0.0%	$27,600	0.0%
3240 Sale of Trust Property	$3,447	-26.9%	$3,990	15.8%	$850	-78.7%	$5,900	593.8%	$2,000	-66.1%	$2,000	0.0%
3243 Insurance - Misc	$416,576	6.6%	$423,928	1.8%	$371,455	-12.4%	$400,000	7.7%	$400,000	0.0%	$400,000	0.0%
3274 Misc Refunds	$30,729	-66.1%	$113,081	268.0%	$31,709	-72.0%	$50,000	57.7%	$50,000	0.0%	$50,000	0.0%
3276 Cost Recovery Plan [13-14]	$8,883,972	4.9%	$8,486,081	-4.5%	$10,572,088	24.6%	$10,121,000	-4.3%	$9,666,100	-4.5%	$10,278,200	6.3%
TOTAL MISC SALES & REF	$22,110,653	-67.2%	$51,172,638	131.4%	$22,181,427	-56.7%	$22,052,100	-0.6%	$21,986,500	-0.3%	$22,971,800	4.5%
3255 Unclaimed Property [14-12]	$17,466,436	-46.9%	$24,301,834	39.1%	$38,960,791	60.3%	$28,454,000	-27.0%	$27,506,000	-3.3%	$27,766,000	0.9%
TOTAL OTHER REVENUE	$39,877,089	-60.4%	$75,774,472	90.0%	$61,442,218	-18.9%	$50,806,100	-17.3%	$49,792,500	-2.0%	$51,037,800	2.5%
TOTAL GENERAL FUND REVENUE: BEFORE TAX CREDITS	$3,066,946,360	-2.1%	$3,296,893,581	7.5%	$3,749,082,146	13.7%	$3,926,973,035	4.7%	$4,025,277,663	2.5%	$4,181,608,451	3.9%
TOTAL COMMERCE TAX CREDITS [13-16]					$0		-$82,500,000		-$86,460,000		-$90,610,000	
TOTAL GENERAL FUND REVENUE: AFTER COMMERCE TAX CREDITS			$3,296,893,581		$3,749,082,146		$3,844,473,035	2.5%	$3,938,817,663	2.5%	$4,090,998,451	3.9%
TAX CREDIT PROGRAMS:												
FILM TRANSFERRABLE TAX CREDITS [TC-1]			$0.00		-$4,370,815		-$5,629,185		$0		$0	
ECONOMIC DEVELOPMENT TRANSFERRABLE TAX CREDITS [TC-2]			$0		-$20,461,554		-$36,475,946		-$31,562,500		-$47,925,000	
CATALYST ACCOUNT TRANSFERRABLE TAX CREDITS [TC-4]			$0		$0		-$1,000,000		-$2,000,000		-$2,000,000	
NEVADA NEW MARKET JOBS ACT TAX CREDITS [TC-3]			-$12,410,882		-$26,005,450		-$26,000,000		-$24,000,000		-$22,000,000	
EDUCATION CHOICE SCHOLARSHIP TAX CREDITS [TC-5]			$0		-$4,401,540		-$6,098,460		-$6,050,000		-$6,655,000	
COLLEGE SAVINGS PLAN TAX CREDITS [TC-6]			$0		$0		-$69,000		-$138,000		-$207,000	
TOTAL- TAX CREDIT PROGRAMS			-$12,410,882		-$55,239,359		-$75,272,591		-$63,750,500		-$78,787,000	
TOTAL GENERAL FUND REVENUE: AFTER TAX CREDITS	$3,066,946,360	-2.1%	$3,284,482,699	7.1%	$3,693,842,787	12.5%	$3,769,200,444	2.0%	$3,875,067,163	2.8%	$4,012,211,451	3.5%

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

							ECONOMIC FORUM DECEMBER 6, 2016, FORECAST					
DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change

NOTES:

FY 2012

[1-12] S.B. 493 clarifies and eliminates certain deductions allowed against gross proceeds to determine net proceeds for the purpose of calculating the Net Proceeds of Minerals (NPM) tax liability. All of the deduction changes are effective beginning with the NPM tax payments due in FY 2012 based on calendar year 2012 mining activity and are permanent, except for the elimination of the deduction for health and industrial insurance expenses, which are effective for FY 2012 and FY 2013 only. Deduction changes are estimated to generate $11,919,643 in addtional revenue in both FY 2012 and FY 2013.

[2-12] A.B. 561 extends the June 30, 2011, sunset (approved in S.B. 429 (2009)) to June 30, 2013, on the Net Proceeds of Minerals (NPM) tax, which continues the payment of taxes in the current fiscal year based on the estimated net proceeds for the current calendar year with a true-up against actual net proceeds for the calendar year in the next fiscal year. The two-year extension of the sunset is estimated to yield $69,000,000 in FY 2012 only as tax payments are required in FY 2013 with or without the extension of the sunset.

[3-12] S.B 493 repeals the Mining Claims Fee, approved in A.B. 6 (26th Special Session), requiring payment of the fee in FY 2011 only with the June 30, 2011, sunset. S.B. 493 establishes provisions for entities that paid the Mining Claims Fee to apply to the Department of Taxation for a credit against their Modified Business Tax (MBT) liability or for a refund. No estimate of the impact in FY 2012 and FY 2013 from Mining Claims Fee credits was prepared so no adjustment was made to the Economic Forum May 2, 2011, forecast for MBT - Nonfinancial tax collections.

[4-12] Extension of the sunset on the 0.35% increase in the Local School Support Tax (LSST) in A.B. 561 from June 30, 2011, to June 30, 2013, generates additional revenue from the 0.75% General Fund Commission assessed against LSST proceeds before distribution to school districts in each county. Estimated to generate $1,052,720 in FY 2012 and $1,084,301 in FY 2013.

[5-12] A.B. 500 reduces the portion of the quarterly licensing fees imposed on restricted and non-restricted slot machines from $2 to $1 per slot machine that is dedicated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. The other $1 is deposited in the State General Fund in FY 2012 and FY 2013, due to the June 30, 2013, sunset in A.B. 500. Estimated to generate $682,982 in FY 2012 and $692,929 in FY 2013 from non-restricted slot machines and $75,970 in FY 2012 and $77,175 in FY 2013 from restricted slot machines.

[6-12] A.B. 561 changes the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) for FY 2012 and FY 2013 by exempting taxable wages (gross wages less allowable health care expenses) paid by an employer to employees up to and including $62,500 per quarter and taxable wages exceeding $62,500 per quarter are taxed at 1.17%, effective July 1, 2011. These provisions for the MBT-General Business sunset effective June 30, 2013, at which time the tax rate will be 0.63% on all taxable wages per quarter. Estimated to generate an additional $117,981,497 in FY 2012 and $119,161,117 in FY 2013.

[7-12] A.B. 561 extends the sunset from June 30, 2011, (approved in S.B. 429 (2009 Session)) to June 30, 2013, on the $100 increase in the Business License Fee (BLF) from $100 to $200 for the initial and annual renewal. Estimated to generate an additional $29,949,000 in FY 2012 and $30,100,000 in FY 2013.

[8-12] A.B. 561 requires the 1% portion of the 10% Short-term Car Rental Tax, currently dedicated to the State Highway Fund based on A.B. 595 (2007 Session), to be deposited in the State General Fund along with the other 9%. This change is effective July 1, 2011, and is permanent. Estimated to generate $4,402,222 in FY 2012 and $4,457,778 in FY 2013.

[9-12] The Legislature approved funding for the State Treasurer's Office to use a subscription rating service to allow for more effective investment in corporate securities, which is anticipated to generate additional interest income from the Treasurer's Office investment of the State General Fund. Estimated to generate $105,313 in FY 2012 and $244,750 in FY 2013.

[10-12] S.B. 503 requires the proceeds from the commission retained by the Department of Motor Vehicles from the amount of Governmental Services Tax (GST) collected and any penalties for delinquent payment of the GST to be transferred to the State General Fund in FY 2012 and FY 2013. S.B. 503 specifies that the amount transferred shall not exceed $20,894,228 from commissions and $4,672,213 from penalties in both FY 2012 and FY 2013.

[11-12] A.B. 219 requires 75 percent of the value of expired slot machine wagering vouchers retained by nonrestricted gaming licensees to be remitted to the Gaming Commission for deposit in the State General Fund on a quarterly basis. Based on the expiration period of 180 days for slot machine wagering vouchers and the effective date of July 1, 2011, only one quarterly payment will be made in FY 2012 with four quarterly payments made in FY 2013 and going forward. Estimated to generate $3,332,750 in FY 2012 and $13,331,000 in FY 2013.

[12-12] A.B. 529 requires transfer of $19,112,621 in FY 2012 and $19,218,718 in FY 2013 from the Supplemental Account for Medical Assistance to Indigent Persons in the Fund for Hospital Care to Indigent Persons to the State General Fund.

[13-12] A.B. 531 (2009 Session) requires the deposit of the portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund.

[14-12] S.B. 136 reduces the period from 3 to 2 years after which certain types of unclaimed property is presumed to be abandoned if the holder of the property reported holding more than $10 million in property presumed to be abandoned for the most recent report filed with the Treasurer's Office. Based on the Treasurer's Office analysis of the entities subject to this change, it was estimated that there would be net gain in unclaimed property receipts in FY 2012 of $30,594,750, but a net loss in FY 2013 of $33,669,923.

FY 2014: Represents legislative actions approved during the 2013 Legislative Session.

[1-14] S.B. 475 extends the June 30, 2013, sunset (approved in A.B. 561 (2011)) to June 30, 2015, on the Net Proceeds of Minerals (NPM) tax, which continues the payment of taxes in the current fiscal year based on the estimated net proceeds for the current calendar year with a true-up against actual net proceeds for the calendar year in the next fiscal year. The two-year extension of the sunset is estimated to yield $88,295,000 in FY 2014 as tax payments are required in FY 2015 with or without the extension of the sunset. The extension of the sunset is also estimated to generate an additional $2,936,000 in FY 2015 as the difference between Economic Forum forecast for FY 2015, based on elimination of the sunset, and the estimate based on the extension of the sunset approved in S.B. 475.

[2-14] S.B. 475 extends the June 30, 2013, sunset (approved in S.B. 493 (2011)) to June 30, 2015, that eliminates health and industrial insurance deductions allowed against gross proceeds to determine net proceeds for the purpose of calculating the Net Proceeds of Minerals (NPM) tax liability. These deduction changes are effective for the NPM tax payments due in FY 2014 and FY 2015. The health and industrial insurance deduction changes are estimated to generate $7,393,000 in addtional revenue in FY 2014 and $9,741,000 in FY 2015.

[3-14] Extension of the sunset on the 0.35% increase in the Local School Support Tax (LSST) in S.B. 475 from June 30, 2013, to June 30, 2015, generates additional revenue from the 0.75% General Fund Commission assessed against LSST proceeds before distribution to school districts in each county. Estimated to generate $1,226,600 in FY 2014 and $1,294,100 in FY 2015.

[4-14] S.B. 475 changes the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) for FY 2014 and FY 2015 by exempting taxable wages (gross wages less allowable health care expenses) paid by an employer to employees up to and including $85,000 per quarter and taxable wages exceeding $85,000 per quarter are taxed at 1.17%, effective July 1, 2013. The taxable wages exemption threshold was $62,500 per quarter for FY 2012 and FY 2013, based on A.B. 561 (2011). These provisions in S.B. 475 for the MBT-General Business sunset effective June 30, 2015, at which time the tax rate will be 0.63% on all taxable wages per quarter. Estimated to generate an additional $113,501,000 in FY 2014 and $120,572,000 in FY 2015.

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	ECONOMIC FORUM DECEMBER 6, 2016, FORECAST: FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change

[5-14] A.B. 491 requires the portion of the Governmental Services Tax (GST) generated from the 10% depreciation schedule change, approved in S.B. 429 (2009), to continue to be allocated to the State General Fund for FY 2014 and FY 2015, instead of the State Highway Fund as approved in S.B. 429 (2009). Under A.B. 491, the additional revenue generated from the GST depreciation schedule change is required to be deposited in the State Highway Fund beginning in FY 2016. The GST depreciation schedule change is estimated to generate $64,224,000 in FY 2014 and $65,134,000 in FY 2015.

[6-14] S.B. 475 extends the sunset from June 30, 2013, (approved in A.B. 561 (2011)) to June 30, 2015, on the $100 increase in the Business License Fee (BLF) from $100 to $200 for the initial and annual renewal. Estimated to generate an additional $31,273,000 in FY 2014 and $31,587,000 in FY 2015.

[7-14] S.B. 470 increases certain existing fees and imposes a new fee collected by the Commission on Postsecondary Education from certain private postsecondary educational institutions. The fee changes are estimated to generate an additional $86,675 in FY 2014 and $80,700 in FY 2015.

[8-14] A.B. 449 requires revenue from fees for vital statistics collected by the Health Division of the Department of Health and Human Services to be retained by the division and not deposited in the State General Fund, beginning in FY 2014. Estimated to result in a reduction of General Fund revenue of $1,027,500 in FY 2014 and $1,007,300 in FY 2015.

[9-14] S.B. 468 increases various fees and requires the revenue from the fees collected by the State Water Engineer of the Department of Conservation and Natural Resources (DCNR) to be deposited in the Water Distribution Revolving Account for use by the Division of Water Resources of DCNR and not deposited in the State General Fund, beginning in FY 2014. Estimated to result in a reduction of General Fund revenue of $2,600,000 in FY 2014 and FY 2015.

[10-14] Section 23 of S.B. 521 allows the Fleet Services Division of the Department of Administration to use revenues from intergovernmental transfers to the State General Fund for the repayment of $2.5 million that was appropriated to the Division for the purchase of a building in Las Vegas. The legislatively approved repayment from the Division to the State General Fund is $83,332 in FY 2014 and $125,000 in FY 2015, with an annual repayment of $125,000 each year through FY 2035.

[11-14] A.B. 491 requires the proceeds from the commission retained by the Department of Motor Vehicles from the amount of Governmental Services Tax (GST) collected and any penalties for delinquent payment of the GST to be transferred to the State General Fund in FY 2015 only. A.B. 491 specifies that the amount transferred shall not exceed $20,813,716 from commissions and $4,097,964 from penalties in FY 2015.

[12-14] Estimated portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund (pursuant to subsection 9 of NRS 176.059), based on the legislatively approved budget for the Court Administrative Assessment Fee revenues (pursuant to subsection 8 of NRS 176.059).

[13-14] Adjustment to the Statewide Cost Allocation amount included in the Legislature Approves budget after the May 1, 2013, approval of the General Fund revenue forecast by the Economic Forum.

FY 2016: Note 1 represents legislative actions approved during the 28th Special Session in September 2014.

[1-16] Assembly Bill 3 (28th S.S.) limits the amount of the home office credit that may be taken against the Insurance Premium Tax to an annual limit of $5 million, effective January 1, 2016. The home office credit is eliminated pursuant to this bill, effective January 1, 2021.

FY 2016: Notes 2 through 21 represent legislative actions approved during the 2015 Legislative Session.

[2-16] S.B. 483 extends the June 30, 2015, sunset (approved in S.B. 475 (2013)) by one year to June 30, 2016, on the Net Proceeds of Minerals (NPM) tax, which continues the payment of taxes in the current fiscal year based on the estimated net proceeds for the current calendar year with a true-up against actual net proceeds for the calendar year in the next fiscal year. The one-year extension of the sunset is estimated to yield $34,642,000 in FY 2016. There is no estimated tax payment in FY 2017 with the one-year extension of the prepayment of NPM taxes.

[3-16] S.B. 483 extends the June 30, 2015, sunset (approved in S.B. 475 (2013)) by one-year to June 30, 2016, that eliminates health and industrial insurance deductions allowed against gross proceeds to determine net proceeds for the purpose of calculating the Net Proceeds of Minerals (NPM) tax liability. These deduction changes are effective for the NPM tax payments due in FY 2016. The health and industrial insurance deduction changes are estimated to generate $4,221,000 in addtional revenue in FY 2016.

[4-16] S.B. 483 makes the 0.35% increase in the Local School Support Tax (LSST) permanent. The 0.35% increase generates additional revenue from the 0.75% General Fund Commission assessed against LSST proceeds before distribution to school districts in each county, which is estimated to generate $1,387,300 in FY 2016 and $1,463,400 in FY 2017.

[5-16] S.B. 266 makes changes to the structure of the tax base and tax rate for the Live Entertainment Tax (LET) in NRS Chapter 368A that is administered by the Gaming Control Board for live entertainment at licensed gaming establishments and the Department of Taxation for live entertainment provided at non-gaming establishments. Under existing law, the tax rate is 10% of the admission charge and amounts paid for food, refreshments, and merchandise, if the live entertainment is provided at a facility with a maximum occupancy of less than 7,500 persons, and 5% of the admission charge only, if the live entertainment is provided at a facility with a maximum occupancy equal to or greater than 7,500 persons. S.B. 266 removes the occupancy threshold and establishes a single 9% tax rate on the admission charge to the facility only. The tax rate does not apply to amounts paid for food, refreshments, and merchandise unless that is the consideration required to enter the facility for the live entertainment. S.B. 266 adds the total amount of consideration paid for escorts and escort services to the LET tax base and makes these activities subject to the 9% tax rate. The bill provides that the exemption from the LET for certain nonprofit organizations applies depending on the number of tickets sold and the type of live entertainment being provided. S.B. 266 establishes an exemption for the following: 1.) the value of certain admissions provided on a complimentary basis; 2.) a charge for access to a table, seat, or lounge or for food, beverages, and merchandise that are in addition to the admission charge to the facility; and 3.) certain license and rental fees of luxury suites, boxes, or similar products at a facility with a maximum occupancy of more than 7,500 persons. The provisions of S.B. 266 also make other changes to the types of activities that are included or excluded from the tax base as live entertainment events subject to the 9% tax rate. The provisions of S.B. 266 are effective October 1, 2015. The amounts shown reflect the estimated net change from the provisions of S.B. 266 on the amount of the LET collected from the portion administered by the Gaming Control Board and the Department of Taxation separately and the combined impact. The changes to the LET are estimated to reduce LET-Gaming collections by $19,165,000 in FY 2016 and by $26,551,000 in FY 2017, but increase LET-Nongaming collections by $15,483,000 in FY 2016 and $25,313,000 in FY 2017. The combined net effect on total LET collections is estimated to be reduction of $3,682,000 in FY 2016 and $1,238,000 in FY 2017.

[6-16] S.B. 483 establishes the Commerce Tax as an annual tax on each business entity engaged in business in the state whose Nevada gross revenue in a fiscal year exceeds $4,000,000 at a tax rate based on the industry in which the business is primarily engaged. The Commerce Tax is due on or before the 45th day immediately following the fiscal year taxable period (June 30th). Although the Commerce Tax collections are received after the June 30th end of the fiscal year tax period, the proceeds from the Commerce Tax will be accrued back and accounted for in that fiscal year, since that fiscal year is not officially closed until the third Friday in September. The Commerce Tax provisions are effective July 1, 2015, for the purpose of taxing the Nevada gross revenue of a business, but the first tax payment will not be made until August 14, 2016, for the FY 2016 annual taxable business activity period.

[7-16] A.B. 175 requires the collection of an excise tax by the Nevada Transportation Authority or the Taxicab Authority, as applicable, on the connection of a passenger to a driver affiliated with a transportation network company, a common motor carrier of passengers, or a taxicab equal to 3% of the fare charged to the passenger. The excise tax becomes effective on passage and approval (May 29, 2015) for transportation network companies and August 28, 2015, for common motor carrier and taxicab companies. The first $5,000,000 in tax proceeds from each biennium are required to be deposited in the State Highway Fund and the estimate for FY 2016 reflects this requirement.

[8-16] S.B. 483 increases the cigarette tax per pack of 20 by $1.00 from 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to State General Fund) to $1.80 per pack (10 cents to Local Government Distribution Fund, $1.70 to State General Fund), effective July 1, 2015. The $1.00 per pack increase is estimated to generate $96,872,000 in FY 2016 and $95,391,000 in FY 2017.

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

							ECONOMIC FORUM DECEMBER 6, 2016, FORECAST					
DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change

[9-16] S.B. 483 permanently changes the structure and tax rate for the Modified Business Tax on General Business (nonfinancial institutions) by exempting quarterly taxable wages (gross wages less allowable health care expenses) paid by an employer to employees up to and including $50,000 per quarter and taxable wages exceeding $50,000 per quarter are taxed at 1.475%. The taxable wages exemption threshold was $85,000 per quarter for FY 2014 and FY 2015 with a 1.17% tax rate on quarterly taxable wages exceeding $85,000, based on S.B. 475 (2013). These provisions in S.B. 475 were scheduled to sunset effective June 30, 2015, at which time the tax rate would have been 0.63% on all taxable wages per quarter. The provisions in S.B. 483 are effective July 1, 2015. The estimated net increase in MBT-NFI tax collections from the 1.475% tax rate on quarterly taxable wages exceeding $50,000 compared to the Economic Forum May 1, 2015, forecast, based on the 0.63% tax rate on all quarterly taxable wages before accounting for the estimated impact of any other legislatively approved changes to the MBT-NFI is $268,041,000 for FY 2016 and $281,443,000 for FY 2017.

[10-16] A.B. 389 deems the client company of an employee leasing company to be the employer of the employees it leases for the purposes of NRS Chapter 612 (unemployment compensation). Under these provisions, the wages of employees leased from employee leasing companies by client companies will no longer be reported on an aggregated basis under the employee leasing company. The wages of the employees will now be reported on a disaggregated basis under each client company. Instead of the $50,000 quarterly exemption applying to the employee leasing company, it will now apply to each client company. These provisions are effective October 1, 2015. The wages paid to employees being reported on a disaggregated basis for each client company versus an aggregated basis for the employee leasing company is estimated to reduce MBT-NFI collections by $2,758,000 in FY 2016 and $3,861,000 in FY 2017.

[11-16] S.B. 483 requires businesses subject to the Net Proceeds of Minerals (NPM) tax in NRS Chapter 362 to pay a 2.0% tax on all quarterly taxable wages paid by the employer to the employees, which is identical to the Modified Business Tax (MBT) paid by financial institutions under NRS Chapter 363A. These provisions are effective July 1, 2015. This change is estimated to reduce MBT-NFI tax collections by $10,884,000 in both FY 2016 and FY 2017. The mining companies paying the 2% tax rate on all taxable wages are estimated to generate $17,353,000 in both FY 2016 and FY 2017 for the MBT-Mining. This change is estimated to yield a net increase in General Fund revenue of $6,469,000 in both FY 2016 and FY 2017.

[12-16] S.B. 103 exempts from the definition of "financial institution" in NRS Chapter 363A any person who is primarily engaged in the sale, solicitation, or negotiation of insurance, which makes such a person subject to the Modified Business Tax on General Business (nonfinancial institutions) in NRS Chapter 363B at 1.475% on quarterly taxable wages exceeding $50,000 and not the 2.0% tax on all quarterly taxable wages. These provisions are effective July 1, 2015. MBT-FI is estimated to be reduced by $891,000 in FY 2016 and $936,000 and the MBT-NFI is estimated to be increased by $278,000 in FY 2016 and $291,000 in FY 2017. The net decrease in General Fund revenue is estimated to be $613,000 in FY 2016 and $645,000 in FY 2017.

[13-16] S.B. 483 provides for a credit against a business's Modified Business Tax (MBT) due during the current fiscal year not to exceed 50% of the Commerce Tax paid by the business for the preceding fiscal year. The credit can be taken against any or all of the four quarterly MBT payments for the current fiscal year, but any amount of credit not used cannot be carried forward and used in succeeding fiscal years. The total estimated Commerce Tax credits against the MBT are estimated to be $59,913,000 in FY 2017, but this estimated credit amount was not allocated separately to the MBT-NFI, MBT-FI, and MBT-Mining.

[14-16] S.B. 483 requires 100% of the proceeds from the portion of the Governmental Services Tax (GST) generated from the 10% depreciation schedule change, approved in S.B. 429 (2009), to be allocated to the State General Fund in FY 2016. In FY 2017, 50% of the proceeds will be allocated to the State General Fund and 50% to the State Highway Fund. Under S.B. 483, 100% of the additional revenue generated from the GST 10% depreciation schedule change is required to be deposited in the State Highway Fund beginning in FY 2018 and going forward permanently.

[15-16] S.B. 483 makes the $100 increase in the Business License Fee (BLF) from $100 to $200 permanent for the initial and annual renewal, that was scheduled to sunset on June 30, 2015, (as approved in A.B. 475 (2013)) for all types of businesses, except for corporations. The initial and annual renewal fee for corporations, as specified in S.B. 483, is increased from $200 to $500 permanently. These provisions are effective July 1, 2015. The changes to the BLF are estimated to generate additional General Fund revenue of $63,093,000 in FY 2016 and $64,338,000 in FY 2017 in relation ot the Economic Forum May 1, 2015, forecast with all business types paying a $100 annual fee.

[16-16] S.B. 483 permanently increases the fee for filing the initial and annual list of directors and officers by $25 that is required to be paid by each business entity organizing under the various chapters in Title 7 of the NRS, effective July 1, 2015. The $25 increase in the initial and annual list filing fee is estimated to increase Commercial Recordings Fee revenue by $2,751,000 in FY 2016 and $2,807,000 in FY 2017.

[17-16] A.B. 475 changes the initial period from 24 to 12 months and the renewal period from 48 to 24 months for a license as a real estate broker, broker-salesperson, or salesperson and also changes the period for other licenses from 48 to 24 months, effective July 1, 2015. Existing licenses issued before July 1, 2015, do not need to be renewed until the expiration date required under statute prior to July 1, 2015. This change in the licensing period is estimated to reduce Real Estate License Fee revenue by $1,693,400 in FY 2016 and $1,404,200 in FY 2017.

[18-16] A.B. 476 increases the current 6% license fee on the gross receipts from admission charges to unarmed combat events, that is dedicated to the State General Fund, by 2% to 8% with 75% of the proceeds from the 8% fee deposited in the State General Fund and 25% retained by the Athletic Commission to fund the agency's operations. A.B. 476 repeals the two-tiered fee based on the revenues from the sale or lease of broadcast, television and motion picture rights that is dedicated to the State General Fund. A.B. 476 allows the promoter of an unarmed combat event a credit against the 8% license fee equal to the amount paid to the Athletic Commission or organization sanctioned by the Commission to administer a drug testing program for unarmed combatants. These provisions are effective June 9, 2015, based on the passage and approval effective date provisions of A.B. 476. These changes are estimated to reduce Athletic Commission Fee revenue by $600,000 in both FY 2016 and FY 2017.

[19-16] A.B. 478 increases certain fees relating to application or renewals paid by developers for exemptions to any provisions administered by the Real Estate Division of the Department of Business and Industry, and requires that all fees collected for this purpose be kept by the Division, effective July 1, 2015. This requirement for the Division to keep these fees is estimated to reduce Real Estate Land Company filing fees by approximately $152,600 in FY 2016 and $153,300 in FY 2017.

[20-16] A.B. 491 (2013) required the proceeds from the commission retained by the Department of Motor Vehicles from the amount of Governmental Services Tax (GST) collected and any penalties for delinquent payment of the GST to be transferred to the State General Fund in FY 2015 only. A.B. 491 specified that the amount transferred shall not exceed $20,813,716 from commissions and $4,097,964 from penalties in FY 2015. A.B. 490 amended the commissions amount to $23,724,000 and the penalties amount to $5,037,000. This results in an estimated net increase in General Fund revenue of $3,849,320 in FY 2015 from GST Commissions and Penalties.

[21-16] Estimated portion of the revenue generated from Court Administrative Assessment Fees to be deposited in the State General Fund (pursuant to subsection 9 of NRS 176.059), based on the legislatively approved projections and the authorized allocation for the Court Administrative Assessment Fee revenues (pursuant to subsection 8 of NRS 176.059) for FY 2016 and FY 2017.

FY 2018: Note 1 represents legislative actions approved during the 2015 Legislative Session.

[1-18] Section 51 of S.B. 514 allows the Division of Enterprise Information Technology Services of the Department of Administration to use revenues from intergovernmental transfers to the State General Fund for the repayment of special appropriations that were made to the Division for the replacement of the state's microwave communications system. The legislatively approved repayment from the Division to the State General Fund is $57,900 per year between FY 2018 and FY 2021, with increased repayments between FY 2022 and FY 2028.

GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 6, 2016, FORECAST
ACTUAL: FY 2014 THROUGH FY 2016 AND FORECAST: FY 2017 THROUGH FY 2019
ECONOMIC FORUM'S FORECAST FOR FY 2017, FY 2018, AND FY 2019 APPROVED AT THE DECEMBER 6, 2016, MEETING

							ECONOMIC FORUM DECEMBER 6, 2016, FORECAST					
DESCRIPTION	FY 2014 ACTUAL	% Change	FY 2015 ACTUAL	% Change	FY 2016 ACTUAL	% Change	FY 2017 FORECAST	% Change	FY 2018 FORECAST	% Change	FY 2019 FORECAST	% Change

TAX CREDIT PROGRAMS APPROVED BY THE LEGISLATURE IN THE 2013 AND 2015 REGULAR SESSIONS AND THE 24TH SPECIAL SESSION IN SEPTEMBER 2014

[TC-1] Pursuant to S.B. 165 (2013), the Governor's Office of Economic Development (GOED) could issue up to $20 million per fiscal year for a total of $80 million for the four-year pilot program in transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax. The provisions of the film tax credit program were amended in S.B. 1 (28th Special Session (2014)) to reduce the total amount of the tax credits that may be approved by GOED to a total of $10 million. The amounts shown reflect estimates based on information provided by GOED during the 2015 Session on the amount of tax credits that have been or will be approved for use in FY 2015 and FY 2016.

[TC-2] Pursuant to S.B. 1 (28th Special Session (2014)), for certain qualifying projects, the Governor's Office of Economic Development (GOED) is required to issue transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and the Gaming Percentage Fee Tax. The amount of transferrable tax credits are equal to $12,500 for each qualified employee employed by the participants in the project, to a maximum of 6,000 employees, plus 5 percent of the first $1 billion of new capital investment in the State made collectively by the participants in the qualifying project, plus an additional 2.8 percent of the next $2.5 billion in new capital investment in the State made collectively by the participants in the project. The amount of credits approved by GOED may not exceed $45 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and GOED may not issue total credits in excess of $195 million. The forecast for FY 2017, 2018, and 2019 if $45 million per year, which reflects the maximum amount of credits that may be approved in each fiscal year for the Tesla project.

Pursuant to S.B. 1 (29th Special Session (2015)), for certain qualifying projects, the Governor's Office of Economic Development (GOED) is required to issue transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and the Gaming Percentage Fee Tax. The amount of transferrable tax credits are equal to $9,500 for each qualified employee employed by the participants in the project, to a maximum of 4,000 employees. The amount of credits approved by GOED may not exceed $7.6 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and GOED may not issue total credits in excess of $38 million. The forecast for FY 2018 and FY 2019 is $7.6 million per year, which reflects the maximum amount of credits that may be approved in each fiscal year for the Faraday project.

[TC-3] Pursuant to S.B. 357 (2013), the Nevada New Markets Jobs Act allows insurance companies to receive a credit against the tax imposed on insurance premiums in exchange for making qualified equity investments in community development entities, particularly those that are local and minority-owned. A total of $200 million in qualified equity investments may be certified by the Department of Business and Industry. In exchange for making the qualified equity investment, insurance companies are entitled to receive a credit against the Insurance Premium Tax in an amount equal to 58 percent of the total qualified equity investment that is certified by the Department. The credits may be taken in increments beginning on the second anniversary date of the original investment, as follows:
2 years after the investment is made: 12 percent of the qualified investment
3 years after the investment is made: 12 percent of the qualified investment
4 years after the investment is made: 12 percent of the qualified investment
5 years after the investment is made: 11 percent of the qualified investment
6 years after the investment is made: 11 percent of the qualified investment

Under the provisions of S.B. 357, the insurance companies were allowed to begin taking tax credits in the third quarter of FY 2015. The amounts shown reflect estimates of the amount of tax credits that will be taken in each fiscal year based on information provided by the Department of Business and Industry and the Department of Taxation during the 2015 Session.

[TC-4] S.B. 507 (2015) authorizes the Governor's Office of Economic Development (GOED) to approve transferrable tax credits that may be used against the Modified Business Tax, Insurance Premium Tax, and Gaming Percentage Fee Tax to new or expanding businesses to promote the economic development of Nevada. As approved in S.B. 507, the total amount of transferrable tax credits that may be issued is $500,000 in FY 2016, $2,000,000 in FY 2017, and $5,000,000 for FY 2018 and each fiscal year thereafter. The amounts shown are the estimate based on the maximum amount that can be issued in each fiscal year.

A.B. 1 of the 29th Special Session (2015) reduced the total amount of transferrable tax credits that may be issued by GOED to zero in FY 2016, $1 million in FY 2017, $2 million per year in FY 2018 and FY 2019, and $3 million in FY 2020. For FY 2021 and future fiscal years, the amount of credits that may be issued by GOED remains at $5 million per year.

[TC-5] A.B. 165 (2015) allows taxpayers who make donations of money to certain scholarship organizations to receive a dollar-for-dollar credit against the taxpayer's liability for the Modified Business Tax (MBT). The total amount of credits that may be approved by the Department is $5 million in FY 2016, $5.5 million in FY 2017, and 110 percent of the total amount of credits authorized in the previous year, for all subsequent fiscal years. The amounts shown reflect the estimate based on the assumption that the total amount authorized for each fiscal year will be donated to a qualified scholarship organization and taken as credits against the MBT.

[TC-6] S.B. 412 (2015) provides a tax credit against the Modified Business Tax (MBT) to certain employers who match the contribution of an employee to one of the college savings plans offered through the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program authorized under existing law. The amount of the tax credit is equal to 25 percent of the matching contribution, not to exceed $500 per contributing employee per year, and any unused credits may be carried forward for 5 years. The provisions relating to the Nevada College Savings Program are effective January 1, 2016, and the Higher Education Prepaid Tuition Program are effective July 1, 2016. The amounts shown are estimates based on information provided by the Treasurer's Office on enrollment and contributions for the college savings plans.

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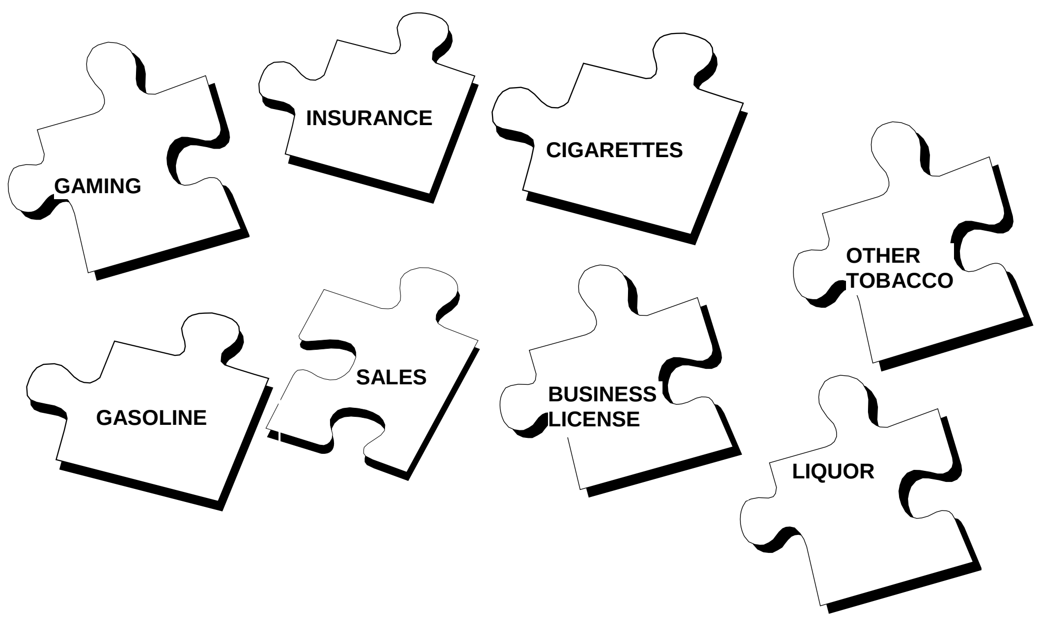
II. TAX REVENUE SUMMARIES



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

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	$994,764,970	$1,036,549,227	4.2%
Percent of Total State General Fund	30.2%	27.6%	

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.)

Notes: 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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 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 occurring within Nevada, less a 1.75 percent state charge for collection, are remitted to the Local Government Tax Distribution Account and distributed to counties based on where the taxable activity occurred. Proceeds of tangible personal property sales occurring outside of Nevada, less a 1.75 percent state charge for collection, are remitted to the Local Government Tax Distribution Account and distributed to counties based on each county's population as a share of the total statewide population.

The revenue is distributed among eligible local governments, special districts, and enterprise districts within each county, along with other revenues distributed to the Local Government Tax Distribution Account, based on statutory formulas that take into account the amount of revenue received in the prior fiscal year, adjusted for changes in the Consumer Price Index, as well as the average change in population and assessed value for each local government and special district.

Rate: 0.5 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 2015**	**FY 2016**	**% Change**
Local Governments	$242,380,799	$251,784,691	3.9%
State General Fund	$4,334,753	$4,506,053	4.0%
Percent of Total State General Fund	0.1%	0.1%	

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

Notes: Revenue amounts listed for FY 2015 and FY 2016 are net of any distributions to tourism improvement districts required pursuant to Chapter 271A of the NRS.

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 percent, effective July 1, 2009.

The state commission for collection and distribution of the BCCRT was increased from 0.75 percent to 1.75 percent pursuant to Assembly Bill 552 of the 2009 Session, 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 in-state and out-of-state tangible personal property sales, less a 1.75 percent state charge for collection, are remitted to the Local Government Tax Distribution Account and distributed to counties based on statutory formula. Revenue remitted to the Local Government Tax Distribution Account is first distributed to “guaranteed” counties (Douglas, Esmeralda, Lander, Lincoln, Lyon, Mineral, Pershing, Storey, and White Pine) based on the amount distributed to each county in the prior fiscal year, adjusted by either statewide SCCRT collection growth or the county’s change in population in the prior fiscal year.

After all distributions have been made to guaranteed counties, the remaining amount of collections from in-state and out-of-state sales is made to each non-guaranteed county "in the proportion that the amount of supplemental city-county relief tax for the month bears to the total amount of supplemental city-county relief tax collected for that month" in the non-guaranteed counties.

The revenue is distributed among eligible local governments, special districts, and enterprise districts within each county, along with other revenues distributed to the Local Government Tax Distribution Account, based on statutory formulas that take into account the amount of revenue received in the prior fiscal year, adjusted for changes in the Consumer Price Index, as well as the average change in population and assessed value for each local government and special district.

Rate: 1.75 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 2015**	**FY 2016**	**% Change**
Local Governments	$848,034,417	$880,692,179	3.9%
State General Fund	$15,166,566	$15,764,607	3.9%
Percent of Total State General Fund	0.5%	0.4%	

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

Notes: Revenue amounts listed for FY 2015 and FY 2016 are net of any distributions to tourism improvement districts required pursuant to Chapter 271A of the NRS.

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 percent, effective July 1, 2009, and increased the state commission for collection and distribution of the SCCRT from 0.75 percent to 1.75 percent.

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

Distribution:

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

Revenue:	FY 2015	FY 2016	% Change
School Districts	$1,154,294,146	$1,202,228,771	4.2%
Distributive School Account	$128,439.476	$137,109,458	6.8%
Total: School Districts and DSA	$1,282,733,622	$1,339,338,229	4.4%
State General Fund	$9,726,146	$10,155,240	4.4%
Percent of Total State General Fund	0.3%	0.3%	

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

Notes: Revenue amounts listed for FY 2015 and FY 2016 are net of any distributions to tourism improvement districts required pursuant to Chapter 271A of the NRS.

The LSST rate was increased from 2.25 percent to 2.6 percent, effective July 1, 2009, to June 30, 2011, pursuant to Senate Bill 429 of the 2009 Session. The rate was required to revert to 2.25 percent, effective July 1, 2011. Assembly Bill 561 of the 2011 Session extended the 0.35 percent increase in the LSST rate, effective July 1, 2011, maintaining the 2.6 percent LSST rate until June 30, 2013. The 0.35 percent increase in the rate was further extended by Senate Bill 475 of the 2013 Session until June 30, 2015, and was made permanent by Senate Bill 483 of the 2015 Session.

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 percent, effective July 1, 2009.

Assembly Bill 552 of the 2009 Session, which increased the State General Fund commission for the collection and distribution of the BCCRT, SCCRT, and local option taxes from 0.75 percent to 1.75 percent, effective July 1, 2009, did not apply to the LSST. The commission on the LSST is 0.75 percent.

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 1.75 percent state charge for collection, are returned to the counties where the taxes have been authorized/collected.

Rate: As of January 1, 2017, the following counties impose the respective optional sales tax: Clark - 1.30 percent; Washoe and White Pine Counties - .875 percent; Carson City, Churchill, Nye, and Storey Counties - .75 percent; Douglas, Elko, Lander, Lincoln, Lyon, 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. If an economic diversification district has been created pursuant to NRS 271B.070, the local option tax revenue generated by certain eligible economic development projects is dedicated to the economic diversification district in which the project is located.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
Participating Counties	$531,199,146	$563,036,719	6.0%
Economic Diversification District (Storey)	$391,691	$581,221	48.4%
State General Fund	$9,461,562	$10,028,644	6.0%
Percent of Total State General Fund	0.3%	0.3%	

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; et seq.

Note: Revenue amounts listed for FY 2015 and FY 2016 are net of any distributions to tourism improvement districts required pursuant to Chapter 271A of the NRS.

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 percent, effective July 1, 2009.

The state commissions for collection and distribution of all local option taxes was increased from 0.75 percent to 1.75 percent pursuant to Assembly Bill 552 of the 2009 Session, effective July 1, 2009.

Senate Bill 1 of the 28th Special Session (September 2014) allows a city or county where certain eligible economic development projects are located to pledge the local option tax revenues generated by the participants in the project to an economic diversification district located within the city or county.

Based on the provisions of Senate Bill 1, Storey County created an economic diversification district containing the Tesla Gigafactory project on June 16, 2015. The local option taxes for Storey County that are generated by the Gigafactory project are dedicated to the economic diversification district. The sales tax proceeds that are dedicated to the economic diversification district are distributed back to the lead participant of the economic development project (Tesla Motors, Inc.)

Senate Bill 1 of the 29th Special Session (December 2015) allows a city or county where certain eligible economic development projects are located to pledge certain local option tax revenues generated by the participants in the project to an economic diversification district located within the city or county. If the Governor's Office of Economic Development requires the participants to pay all or a portion of the taxes that are abated under the project agreement into a trust fund, the Department of Taxation is also required to deposit the non-abated sales tax revenues that would be dedicated to the economic diversification district into the trust fund where the other funds are placed.

County Optional Sales Taxes Collected In Nevada, FY 2015 and FY 2016

County	Purpose	Rate	FY 2015	FY 2016	% change
Carson City	Open Space	0.25%	$2,190,782	$2,363,277	7.9%
Carson City	Road Repair	0.25%	$2,190,778	$2,363,332	7.9%
Carson City	V&T Railroad	0.125%	$1,095,148	$1,181,643	7.9%
Carson City	Infrastructure Improvements (1)	0.125%	$821,866	$1,176,414	43.1%
Churchill	Local Government Tax Act	0.25%	$620,633	$665,110	7.2%
Churchill	Road Repair	0.25%	$620,650	$665,093	7.2%
Churchill	Infrastructure Improvements	0.25%	$620,639	$665,084	7.2%
Clark	Flood Control	0.25%	$91,030,101	$94,473,117	3.8%
Clark	Mass Transit/Air Quality	0.50%	$182,069,982	$188,924,093	3.8%
Clark	Southern Nevada Water Authority	0.25%	$91,023,954	$94,458,852	3.8%
Clark	County Police Support (2)	0.30%	$91,050,238	$103,810,700	14.0%
Clark	Crime Prevention Act (3)	0.10%			
Douglas	Tax Ordinance	0.25%	$1,614,104	$1,633,836	1.2%
Elko	Infrastructure (4)	0.25%			
Lander	Water Treatment	0.25%	$663,478	$672,936	1.4%
Lincoln	School/Public Utilities	0.25%	$70,557	$69,152	-2.0%
Lyon	Public Safety/Infrastructure	0.25%	$895,880	$943,962	5.4%
Nye	Public Safety	0.50%	$2,429,141	$2,631,487	8.3%
Nye	Road Repair	0.25%	$1,222,394	$1,315,089	7.6%
Pershing	Public Safety/Infrastructure	0.25%	$200,999	$221,211	10.1%
Storey	Railway	0.25%	$282,829	$285,039	0.8%
Storey	Tourism	0.25%	$282,829	$284,830	0.7%
Storey	School/Public Utilities	0.25%	$282,829	$285,039	0.8%
Washoe	Flood/Public Safety	0.125%	$8,227,877	$8,864,540	7.7%
Washoe	Local Government Tax Act	0.25%	$16,455,711	$17,728,891	7.7%
Washoe	Mass Transit	0.375%	$24,684,442	$26,593,615	7.7%
Washoe	Railroad Grade Project	0.125%	$8,227,820	$8,864,540	7.7%
Washoe	School Infrastructure (5)	0.54%			
White Pine	Road Repair	0.25%	$663,702	$541,719	-18.4%
White Pine	School Capital Improvements	0.125%	$331,854	$270,862	-18.4%
White Pine	Infrastructure Improvements	0.25%	$663,530	$541,545	-18.4%
White Pine	Swimming Pool/Rec. Facility	0.25%	$664,295	$541,535	-18.5%
	All Other Collections (6)		$107	$175	63.9%
	Total Collections (7)		$531,199,146	$563,036,719	6.0%

(1) Carson City's 0.125 percent collection for infrastructure was approved by city ordinance pursuant to Chapter 377B of the *Nevada Revised Statutes*, and became effective October 1, 2014.

(2) Pursuant to Senate Bill 1 of the 27th Special Session (2013), the Legislature authorized the Clark County Commission to increase the maximum allowed sales tax rate for county police support, originally authorized under the Clark County Sales and Use Tax Act of 2005 (Assembly Bill 418 of the 2005 Session), from 0.25 percent to 0.40 percent, between October 1, 2013, and July 1, 2016. Under this authority, the Clark County Commission increased the total rate from 0.25 percent to 0.30 percent, effective January 1, 2016.

(3) The Legislature, in Assembly Bill 1 of the 30th Special Session (2016), approved the Clark County Crime Prevention Act of 2016, which requires the Clark County Commission to adopt an ordinance imposing a sales tax rate of 0.10 percent in Clark County for the provision of additional police officers in the designated “resort corridor” and throughout the county. The Clark County Commission adopted the ordinance on November 15, 2016, with the additional tax becoming effective April 1, 2017.

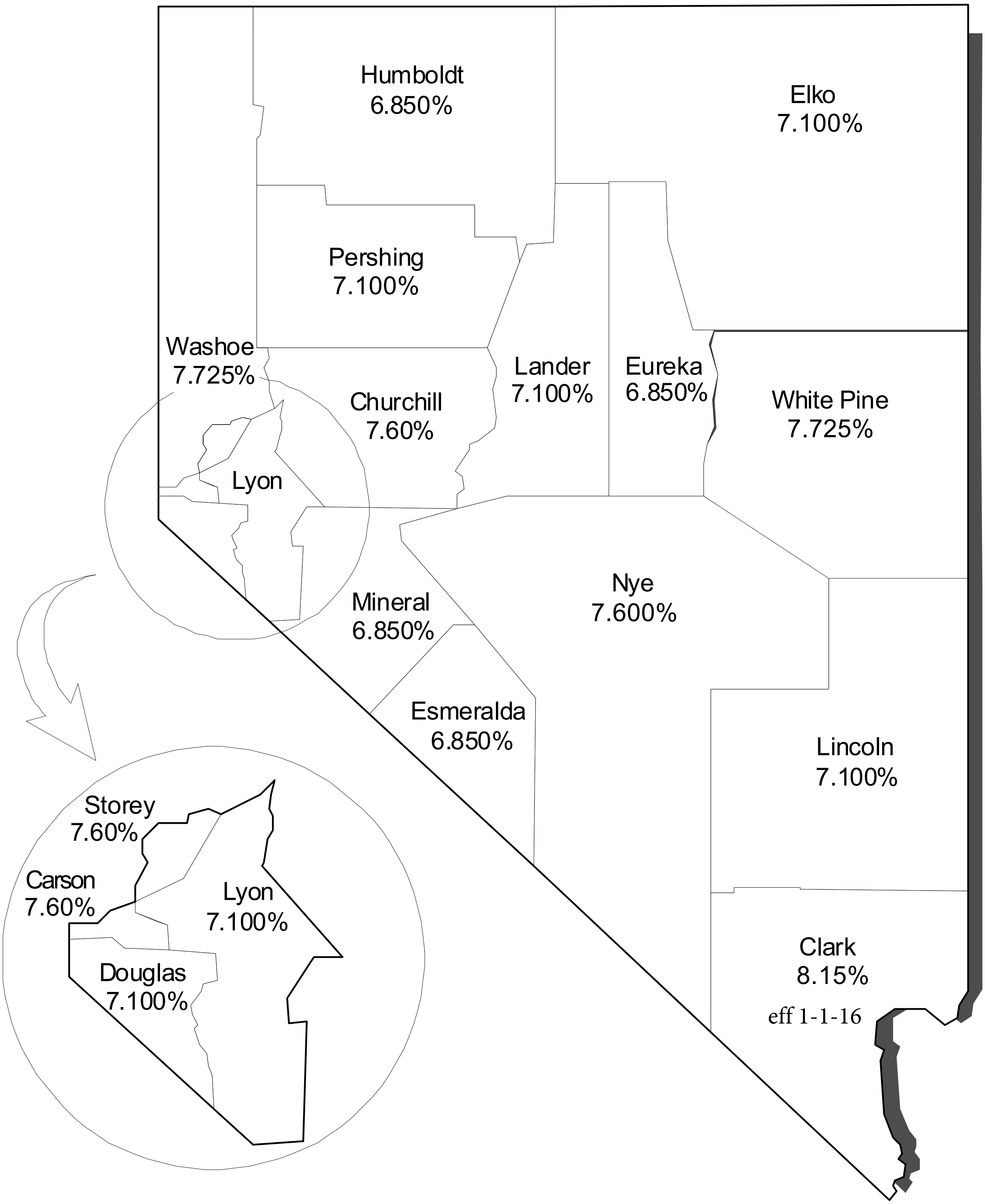
(4) On December 2, 2015, the Elko County Commission adopted an ordinance to impose an optional rate of 0.25 percent in the county for road and fire district infrastructure. The additional rate became effective on July 1, 2016.

(5) Pursuant to authority granted in Senate Bill 411 of the 2015 Session, Washoe County submitted a ballot question to its voters at the November 2016 General Election, seeking approval for a sales tax rate of 0.54 percent to fund capital improvement projects for the Washoe County School District. The question was approved by voters at the General Election, and on January 24, 2017, the Washoe County Commission approved an ordinance imposing the additional tax rate in the county, effective April 1, 2017.

(6) The “All Other Collections” category includes audit and past due payments attributable to county optional sales taxes that were collected by the Department of Taxation during these periods.

(7) “Total Collections” are the total amount of revenue distributed to the local governments for the purposes for which the tax is imposed, as reported by the Department of Taxation, and are net of distributions to tourism improvement districts required pursuant to Chapter 271A of the NRS. This total does not include the 1.75 percent commission that is distributed to the State General Fund or any payments made to economic diversification districts that have been created pursuant to NRS 271B.070.

COUNTY MAP OF NEVADA



All rates effective 07/01/16

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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.

Distribution:

Recipient(s): State General Fund.

Revenue:	FY 2015	FY 2016*	% Change
State General Fund	$693.232,048	$700,773,974	1.1%
Percent of Total State General Fund	21.0%	18.7%	

* State General Fund collections for FY 2016 do not include any amounts taken as a result of any tax credit programs approved by the Legislature. For more information on the tax credits that may be taken against the Gaming Percentage Fee, please see pages 255-266 of this manual.

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): Until June 30, 2013, $1 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.

Effective July 1, 2013, $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, pursuant to Assembly Bill 500 of the 2011 Session.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	$11,164,523	$10,861,213	-2.7%
Problem Gaming Account	$1,242,663	$1,208,704	-2.7%
Total Collections	$12,407,186	$12,069,917	-2.7%
Percent of Total State General Fund	0.3%	0.3%	

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 2006 and $2 per slot machine per quarter in FY 2007 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.

Assembly Bill 500 of the 2011 Session reduced the allocation to the Account to Support Programs for the Prevention and Treatment of Problem Gaming from $2 per slot machine per quarter to $1 per slot machine per quarter in FY 2012 and FY 2013, with the additional $1 per slot machine per quarter deposited in the State General Fund for these fiscal years. The provisions of A.B. 500 expired on June 30, 2013, and effective July 1, 2013, the full $2 per slot machine per quarter is deposited in 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.

Distribution:

Recipient(s): Until June 30, 2013, $1 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.

Effective July 1, 2013, $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, pursuant to Assembly Bill 500 of the 2011 Session.

Revenue:	FY 2015	FY 2016	% Change
State General Fund	$8,291,051	$8,225,963	-0.8%
Problem Gaming Account	$150,457	$149,390	-0.7%
Total Collections	$8,441,508	$8,375,353	-0.8%
Percent of Total State General Fund	0.3%	0.2%	

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 2006 and $2 per slot machine per quarter in FY 2007 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.

Assembly Bill 500 of the 2011 Session reduced the allocation to the Account to Support Programs for the Prevention and Treatment of Problem Gaming from $2 per slot machine per quarter to $1 per slot machine per quarter in FY 2012 and FY 2013, with the additional $1 per slot machine per quarter deposited in the State General Fund for these fiscal years. The provisions of A.B. 500 expired on June 30, 2013, and effective July 1, 2013, the full $2 per slot machine per quarter is deposited in 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 — $8,000, plus $4,800 for each game in excess of 16;
27 to 35 games — $56,000, plus $2,800 for each game in excess of 26; and
36 or more games — $73,200, plus $100 for each game in excess of 35.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	$6,522,917	$6,450,491	-1.1%
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 2015	FY 2016	% Change
State General Fund	$1,733,482	$1,780,785	2.7%
Percent of Total State General Fund	0.05%	0.05%	

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): The first $5 million of the proceeds of the tax is distributed to the Capital Construction Fund for Higher Education; 20 percent of the proceeds of the tax to the Special Capital Construction Fund for Higher Education; the remainder to the state Distributive School Account.

Revenue:	FY 2015	FY 2016	% Change
Distributive School Account	$29,745,634	$29,157,413	-2.0%
Special Capital Construction Fund	$8,686,409	$8,539,353	-1.7%
State General Fund	$5,000,000	$5,000,000	0.0%
Percent of Total State General Fund	0.15%	0.13%	

Legal Reference(s): NRS 463.385.

ANNUAL FEE ON GAMES

Collection:

Administration: Gaming Control Board.

Procedures: Collected annually, on or before December 31 of each year, to license the operation of any table game, except for poker and pan tables, for the ensuing calendar year. This fee also applies to any pari-mutuel betting facility in the state that accepts bets on races held at tracks outside of the State of Nevada. Collected in advance from start-up operations or from licensees who put additional games into play during the year, prorated monthly after January 1.

Rate: The rate is based on the number of games, as follows:

1 game — $100;
2 games — $200;
3 games — $400;
4 games — $750;
5 games — $1,750;
6 or 7 games — $3,000;
8 to 10 games — $6,000;
11 to 13 games — $650 per game;
14 to 16 games — $1,000 per game; and
17 or more games — $16,000, plus $200 for each game in excess of 16.

Distribution:

Recipient(s): A portion of the proceeds of the fee is retained for the costs of administration and collection of the fee, as determined by the Gaming Control Board. The remainder of the proceeds are divided equally among the counties and deposited in the county's general fund. A county may allocate some or all of its portion of the revenue to one or more cities or towns located within the county.

Revenue:	FY 2015	FY 2016	% Change
Counties	$2,530,383	$2,462,842	-2.7%
State General Fund	$107,822	$115,214	6.9%
Percent of Total State General Fund	0.003%	0.003%	

Legal Reference(s): NRS 463.380.

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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 $5,000, 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, if the tax bill is issued before August 1. If the tax bill is issued on or after August 1 and on or before September 15, the first two installments are due on the first Monday in October, and the remaining two installments are due on the first Monday in January and the first Monday in 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.

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 2016 and FY 2017, pursuant to Assembly Bill 491 of the 2015 Session. (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, 3.1727 in FY 2009, 3.2162 in FY 2010, 3.1320 in FY 2011, 3.1171 in FY 2012, 3.1304 in FY 2013, 3.1212 in FY 2014, 3.1232 in FY 2015, 3.1360 in FY 2016, and 3.1500 in FY 2017.

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 greater 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 110 and 217.)

Distribution:

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

Revenue:	**FY 2015**	**FY 2016**	**% Change**
Local Governments	$1,354,549,562	$1,406,953,922	3.9%
School Districts	$989,677,832	$1,032,536,968	4.3%
State Bond Fund	$133,844,648	$139,231,659	4.0%
Total Property Tax Collections	$2,478,072,042	$2,578,722,549	4.1%

* Listed revenues are estimated by the Nevada Department of Taxation, as published annulally in “Property Tax Rates for Nevada Local Governments” (“Redbook”), and exclude revenue from property added to the rolls during the course of the year. Estimated figures include estimates of Net Proceeds of Minerals Tax revenue. All estimates are net of 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, and has been subsequently reauthorized by the Legislature in each session since 2005.

For Fiscal Years 2016 and 2017, the additional 2-cent rate is imposed pursuant to authority of Assembly Bill 491 of the 2015 Session, which authorized 1.55 cents for conservation of natural resources and 0.45 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.

Prior to the passage of Senate Bill 2 of the 25th Special Session (December 2008), mine operators were required to pay taxes on net proceeds and royalty recipients paid the tax due on royalty payments received each fiscal year based on the prior calendar year's actual net proceeds and royalty receipts.

Based on the provisions of S.B. 2, mine operators are required to pay the tax in each fiscal year based on estimated net proceeds and royalties that will be paid for the current calendar year. These provisions of S.B. 2, which were effective for FY 2009, FY 2010, and FY 2011, were extended for FY 2012 and FY 2013 due to the passage of Assembly Bill 561 of the 2011 Session, were further extended for FY 2014 and FY 2015 due to the passage of Senate Bill 475 of the 2013 Session, and were extended for FY 2016 due to the passage of Senate Bill 483 of the 2015 Session.

In FY 2009, tax payments were made by mine operators and royalty recipients based on actual net proceeds and royalties in calendar year 2008, and an additional tax payment was made by mine operators based on an estimated net proceeds and royalties that will be paid for calendar year 2009.

For FY 2010, mine operators were required to pay the tax on the estimated net proceeds and royalties that were paid to royalty recipients for calendar year 2010 and any adjustments to the estimated tax payments made in FY 2009. The adjustments were based on actual net proceeds for calendar year 2009 compared to the estimated amounts used to calculate the FY 2009 tax payments.

For FY 2011 through FY 2016, mine operators were required to pay the tax on the estimated net proceeds and royalties that were paid to royalty recipients for calendar years 2011 through 2016, and any adjustments to the estimated tax payments made in FY 2010 through FY 2016. The adjustments were based on actual net proceeds for calendar years 2010 through 2016 compared to the estimated amounts used to calculate the FY 2010 through FY 2016 tax payments.

The provisions of Senate Bill 2 (25th Special Session), Assembly Bill 561 (2011 Session), Senate Bill 475 (2013 Session), and Senate Bill 483 (2015 Session) expire on June 30, 2016. For FY 2018 and subsequent fiscal years, the net proceeds of minerals tax will be paid by mine operators based on the actual net proceeds from the preceding calendar year, and royalty recipients will pay the tax due on royalties received based on the mining activity for the preceding calendar year.

Procedures (FY 2009 through FY 2016): Net proceeds are determined by subtracting from the gross yield of mines certain production-related expenses. Each mine operator 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 during the current calendar year. The statement must be accompanied by a payment equal to the taxes due on the estimated net proceeds and royalties.

Mine operators may 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 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 mine operators 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.

Procedures (FY 2018 and future years, pursuant to S.B. 483 of the 2015 Session): Every mine operator must file a statement of gross yield and net proceeds by February 16 and pay any taxes due by May 10 for actual net proceeds from the preceding calendar year. Royalty recipients are required to file an annual list showing each person responsible for taxes due on royalty payments 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 the current calendar year.

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. 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 2015**	**FY 2016**	**% Change**
State Bond Fund	$3,773,637	$2,789,440	-26.1%
Local Governments	$54,550,830	$43,604,403	-20.0%
State General Fund	$51,733,594	$34,674,918	-33.0%
Percent of Total State General Fund	1.6%	0.9%	

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

Note: Senate Bill 493 of the 2011 Session clarified and eliminated certain deductions against gross proceeds for determining an operation's net proceeds for calculating Net Proceeds of Minerals Tax liability. The deduction changes became effective for tax payments due in FY 2012 (based on estimated calendar year 2012 activity) and are permanent, with the exception of the elimination of deductions for health and industrial insurance expenses, which are effective through the end of FY 2016 only pursuant to Senate Bill 483 of the 2015 Session, which extended the elimination of these deductions for health and industrial insurance expenses through FY 2016 only.

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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.

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 taxpayer 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 Account and redistributed within each county by statutory formula.

Revenue:	FY 2015	FY 2016	% Change
Liquor Program Account	$1,091,962	$1,153,319	5.6%
Local Governments	$3,639,873	$3,844,396	5.6%
State General Fund	$42,707,046	$43,944,413	2.9%
Percent of Total State General Fund	1.3%	1.2%	

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 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: 90 mills per cigarette ($1.80 per pack of 20), effective July 1, 2015. Wholesaler's license fee is $150 per year.

Distribution:

Recipient(s): State General Fund receives 85 mills per cigarette ($1.70 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 Account and redistributed within the counties by statutory formula.

Revenue:	FY 2015	FY 2016	% Change
Local Governments	$12,607,156	$8,498,326	-32.6%
State General Fund	$92,774,433	$153,033,176	65.0%
Percent of Total State General Fund	2.8%	4.1%	

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 percent, effective July 1, 2009.

Senate Bill 483 of the 2015 Session increased the cigarette tax from 40 mills per cigarette (80 cents per pack of 20) to 90 mills per cigarette ($1.80 per pack of 20), effective July 1, 2015. The additional 50 mills per cigarette ($1.00 per pack of 20) is deposited in the State General Fund.

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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 2015**	**FY 2016**	**% Change**
State General Fund	$11,458,040	$13,131,919	14.6%
Percent of Total State General Fund	0.3%	0.4%	

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. Assembly Bill 552 of the 2009 Session permanently lowered the taxpayer collection allowance to 0.25 percent, effective July 1, 2009.

MEDICAL MARIJUANA EXCISE TAX

Collection:

Administration: Department of Taxation.

Procedures: Tax must be paid on the sales price of marijuana sold by a cultivation facility to another medical marijuana establishment, the sales price of edible marijuana products or marijuana-infused products sold by a production facility to another medical marijuana establishment, or based on the sales price of any medical marijuana products sold by a medical marijuana dispensary.

Rate: Two percent of the sales price, regardless of where the marijuana product is sold.

Distribution:

Recipient(s): The Division of Public and Behavioral Health of the Department of Health and Human Services receives 25 percent of the proceeds to pay its costs in administering the medical marijuana program pursuant to Chapter 453A of the NRS. The remaining proceeds are deposited in the State Distributive School Account.

Revenue:	FY 2015	FY 2016	% Change
State Distributive School Account	N/A	$571,386	N/A
Division of Public and Behavioral Health	N/A	$190,463	N/A

Legal Reference(s): Chapter 372A, *Nevada Revised Statutes.*

Senate Bill 374 of the 2013 Session provided for the imposition of an excise tax of 2 percent on each sale of medical marijuana, edible marijuana products and marijuana-infused products by cultivators, producers and dispensaries. The 2 percent excise tax on the retail sales of these products are in addition to any applicable state and local sales taxes that would otherwise be imposed on medical marijuana products as tangible personal property.

RECREATIONAL MARIJUANA TAX

Collection:

Administration: Department of Taxation.

Procedures: Tax must be paid by the marijuana cultivation facility based on the wholesale market value of marijuana sold by the facility.

Rate: Fifteen percent of the wholesale fair market value, as established by the Department.

Marijuana cultivation facilities, product manufacturing facilities, distributors, testing facilities, and retail stores are additionally subject to initial and annual renewal license fees.

Distribution:

Recipient(s): The Department of Taxation and local governments receive a portion of the recreational marijuana revenue to cover the costs for administering the provisions of the marijuana program. The remaining proceeds are deposited in the State Distributive School Account.

Revenue:	FY 2015	FY 2016	% Change
State Distributive School Account	N/A	N/A	N/A

Legal Reference(s): Question 2, November 2016 General Election ballot ("Initiative to Regulate and Tax Marijuana"), Section 15

Question 2 on the November 2016 General Election ballot sought voter approval for the Initiative to Regulate and Tax Marijuana, which decriminalized possession of up to one ounce of marijuana by a person in Nevada aged 21 or older. The initiative also provides for the licensure of establishments to cultivate, manufacture, distribute, test, and sell marijuana products in Nevada, with license fees applicable to each type of business, and provides for a 15 percent wholesale tax on the fair market value of the marijuana sold by a marijuana cultivation facility, as established by the Department of Taxation. The provisions of Question 2, having been approved by voters, became effective on January 1, 2017, with initial licensing of facilities required to be completed by the Department no later than January 1, 2018.

Question 2 was an initiative petition originally submitted to the Legislature pursuant to Article 19, Section 2 of the *Nevada Constitution*, but was not approved by the Legislature within the first 40 days of the 2015 Session. The question, having been approved by voters at the November 2016 General Election, may not be amended, repealed, or otherwise changed for three years after its approval.

TRANSPORTATION CONNECTION EXCISE TAX

Collection:

Administration: Department of Taxation.

Procedures: Tax must be paid on the fare charged by a transportation network company or common motor carrier of passengers, including, without limitation, any fee, surcharge, convenience charge, or any other fee or charge that is part of the fare.

Rate: Three percent of the fare charged.

Distribution:

Recipient(s): The State Highway Fund receives the first $5 million that is generated from the tax in the even-numbered fiscal year of each biennium. The remainder of the proceeds are deposited in the State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State Highway Fund	N/A	$5,000,000	N/A
State General Fund	N/A	$11,898,532	N/A
Percent of Total State General Fund		0.3%	

Legal Reference(s): Chapter 372B, *Nevada Revised Statutes.*

Senate Bill 376 of the 2015 Session required the Department of Taxation to collect and administer the tax on the fares charged by common carriers and transportation network companies, originally enacted in Assembly Bill 175 and Assembly Bill 176 of the 2015 Session.

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 700,000 or less may, by voter approval, increase the rates imposed for the benefit of the county (the 5.35-cent state-mandated rate, 1-cent mandatory road repair tax, and 9-cent regional transportation tax) by the lesser of 4.5 percent or the average rate of inflation from the prior 5 years.

Counties whose population is 100,000 or more, but less than 700,000, may, by voter approval, also enact an ordinance imposing an additional county fuel tax rate calculated by annually adjusting the total federal, state, and local fuel taxes imposed in that county in the prior year by 7.8 percent or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less.

Counties whose population is 700,000 or more may enact an ordinance no later than October 1, 2013, imposing an additional county fuel tax rate calculated by annually adjusting the total federal, state, and local taxes imposed in that county in the prior year by 7.8 percent (or an alternative maximum amount specified in the ordinance) or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less. The proceeds from the indexed portion from the state rate that is generated from annual increases in the rate on or after January 1, 2017, must be deposited in the State Highway Fund for use on state road projects within that county.

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 2015	FY 2016	% Change
State Highway Fund	$193,391,929	$182,882,293	-5.4%
Local Government Road Funds	$275,965,737	$320,796,121	16.2%
Non-Road Allocations	$2,464,255	$2,338,030	-5.1%
Administrative Costs	$225,198	$257,987	14.6%
Total Collections	$472,047,119	$506,274,431	7.3%

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

Note: *Nevada Revised Statutes* 373.065 allows all counties with a population of less than 700,000 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. These provisions were authorized for counties whose population is 100,000 or more, but less than 400,000, pursuant to Senate Bill 237 of the 2003 Session, and were expanded to include all counties whose population is less than 400,000 pursuant to Senate Bill 181 of the 2005 Session. (The population threshold was adjusted to counties whose population is less than 700,000 pursuant to Assembly Bill 545 of the 2011 Session.)

Washoe County is the only eligible county whose population is less than 700,000 that is imposing an additional rate based upon the inflation indexing of the 5.35 cent rate, 1 cent road repair tax, and the 9 cent regional transportation tax. An additional rate of $0.0266427 per gallon is currently imposed in Washoe County based on a CPI adjustment of all county fuel tax rates between FY 2004 and FY 2009.

Pursuant to Senate Bill 201 of the 2009 Session, a county whose population is 100,000 or more, but less than 700,000 (currently Washoe County), may also impose an additional county fuel tax rate calculated by annually adjusting the total state and local fuel taxes imposed in that county in the prior year by 7.8 percent or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less. For FY 2017, this additional rate in Washoe County is $0.2861522 per gallon. Historical rates for this additional tax in Washoe County are as follows:

FY 2016: $0.2584666 per gallon
FY 2015: $0.2182045 per gallon
FY 2014: $0.1744541 per gallon
FY 2013: $0.1321082 per gallon
FY 2012: $0.0947257 per gallon
FY 2011: $0.0642035 per gallon
FY 2010: $0.0340190 per gallon

Combined, the total additional rate due to indexing that is imposed in Washoe County in FY 2017 is $0.3127952 per gallon, effective July 1, 2016. The total additional rate in Washoe County in past years was as follows:

FY 2016: $0.2851093 per gallon
FY 2015: $0.2448475 per gallon
FY 2014: $0.2010971 per gallon
FY 2013: $0.1587512 per gallon
FY 2012: $0.1213684 per gallon
FY 2011: $0.0908462 per gallon
FY 2010: $0.0606617 per gallon
FY 2009: $0.0266427 per gallon
FY 2008: $0.0217020 per gallon
FY 2007: $0.0173280 per gallon
FY 2006: $0.0129670 per gallon
FY 2005: $0.0085910 per gallon
FY 2004: $0.0042060 per gallon

Pursuant to Assembly Bill 413 of the 2013 Session, a county whose population is 700,000 or more (Clark County) may adopt an ordinance no later than October 1, 2013, to impose an additional county fuel tax rate calculated by annually adjusting the total federal, state, and local fuel taxes imposed in that county in the prior year by 7.8 percent (or an alternative maximum amount specified in the ordinance) or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less. Any ordinance adopted by the board of county commissioners pursuant to this bill would permit the indexing of the federal, state, and local rates for a period of three years, but would not permit the indexing of the state rates in 2017 or future years. The continued indexing of the federal and local rates in 2017 and future years would be permitted in that county upon approval of a ballot question at the November 2016 General Election. Assembly Bill 191 of the 2015 Session amended the ballot question to require that, if approved by the voters, the revenue generated from any indexing of the state portion of the rate that occurs on or after November 8, 2016, must be deposited in the State Highway Fund, for use on state road projects within Clark County.

The ballot question required pursuant to Assembly Bill 191 of the 2015 Session was approved by voters in Clark County at the 2016 General Election, which allows the indexed rates to continue to increase for a period of 10 years.

For FY 2017, the additional rate in Clark County that is generated from the indexing of the federal, state, and local rates is $0.1002336 per gallon. Historical rates for this additional tax in Clark County are as follows:

FY 2016: $0.0968938 per gallon
FY 2015: $0.0660201 per gallon

Assembly Bill 413 of the 2013 Session required that a statewide question be placed on the November 2016 General Election ballot, which seeks approval of an additional indexed rate based on the current state gasoline tax rate. If the ballot question were approved and the additional indexed rate were imposed statewide, the proceeds of the rate would be deposited in the State Highway Fund.

Assembly Bill 413 of the 2013 Session additionally requires that questions be placed on the November 2016 General Election ballot in all counties except for Clark and Washoe Counties, which would seek approval of additional indexed rates based on the current federal and local fuel tax rates in each county. If the ballot question were approved in a county and the additional indexed rate were imposed, the proceeds of the rate would be dedicated to transportation projects in that county.

Assembly Bill 191 of the 2015 Session amended the provisions of A.B. 413 by removing the requirement for a statewide question seeking approval for an indexed rate based on the current state gasoline tax rate. This bill additionally amended the ballot question requirement for all other counties except for Washoe County to specify that the proceeds from the increases caused by indexing the state portion of the gasoline tax on or after January 1, 2017, be deposited in the State Highway Fund for use on road projects in the county in which the revenue is generated. This ballot question appeared on the November 2016 General Election ballot in all counties except for Washoe, and was only approved by voters in Clark County. Thus, only Clark County imposes indexed tax rates based on the authority granted in Assembly Bill 191 of the 2015 Session.

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.

Counties whose population is between 100,000 or more, but less than 700,000, may, by voter approval, enact an ordinance imposing an additional county rate on special fuels that is calculated by annually adjusting the total state and federal special fuel taxes imposed in that county in the prior year by 7.8 percent or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less.

Counties whose population is 700,000 or more may enact an ordinance no later than October 1, 2013, imposing an additional county rate on special fuels calculated by annually adjusting the total state and federal special fuel taxes imposed in that county in the prior year by 7.8 percent (or an alternative maximum amount specified in the ordinance) or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less. The proceeds from the indexed portion from the state rate that is generated from annual increases in the rate on or after January 1, 2017, must be deposited in the State Highway Fund for use on state road projects within that county.

Distribution:

Recipient(s): State Motor Vehicle Fund; counties imposing the local optional tax.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State Highway Fund	$81,119,607	$84,731,190	4.5%

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

Note: Pursuant to Senate Bill 201 of the 2009 Session, a county whose population is 100,000 or more, but less than 700,000 (currently Washoe County), may impose an additional county rate on special fuels that is calculated by annually adjusting the total state and federal special fuel taxes imposed in that county in the prior year by 7.8 percent or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less.

For FY 2017, this additional rate in Washoe County is $0.2719706 per gallon of diesel and biodiesel fuel, $0.2049557 per gallon of CNG, $0.2101711 per gallon of LPG, and $0.0990882 per gallon of water-phased hydrocarbon fuel, effective July 1, 2016. Historical rates in Washoe County for these products are as follows:

FY 2016: $0.2456571 per gallon of diesel and biodiesel fuel, $0.1851260 per gallon of CNG, $0.1898368 per gallon of LPG, and $0.0895013 per gallon of water-phased hydrocarbon fuel

FY 2015: $0.2073903 per gallon of diesel and biodiesel fuel, $0.1562884 per gallon of CNG, $0.1602654 per gallon of LPG, and $0.0755594 per gallon of water-phased hydrocarbon fuel

FY 2014: $0.1658082 cents per gallon of diesel and biodiesel fuel, $0.1249523 per gallon of CNG, $0.1281319 per gallon of LPG, and $0.0604096 per gallon of water-phased hydrocarbon fuel

FY 2013: $0.125661 cents per gallon of diesel and biodiesel fuel, $0.0946223 per gallon of CNG, $0.0970300 per gallon of LPG, and $0.0457462 per gallon of water-phased hydrocarbon fuel

FY 2012: $0.0900311 cents per gallon of diesel and biodiesel fuel, $0.0678471 per gallon of CNG, $0.0695735 per gallon of LPG, and $0.0328014 per gallon of water-phased hydrocarbon fuel

FY 2011: $0.0610215 cents per gallon of diesel and biodiesel fuel, $0.0459856 per gallon of CNG, $0.0471557 per gallon of LPG, and $0.0222322 per gallon of water-phased hydrocarbon fuel

FY 2010: $0.0323330 cents per gallon of diesel and biodiesel fuel, $0.0243660 per gallon of CNG, $0.0249860 per gallon for LPG, and $0.0117800 per gallon of water-phased hydrocarbon fuel.

Pursuant to Assembly Bill 413 of the 2013 Session, a county whose population is 700,000 or more (Clark County) may adopt an ordinance no later than October 1, 2013, to impose an additional county fuel tax rate calculated by annually adjusting the total federal and state special fuel taxes imposed in that county in the prior year by 7.8 percent (or an alternative maximum amount specified in the ordinance) or the adjusted average street and highway construction inflation index for that fiscal year, whichever is less. Any ordinance adopted by the board of county commissioners pursuant to this bill would permit the indexing of the federal and state rates for a period of three years, but would not permit the indexing of the state rate in 2017 or future years. The continued indexing of the federal rate in 2017 and future years would be permitted upon approval of a ballot question in that county at the November 2016 General Election.

Assembly Bill 191 of the 2015 Session amended the ballot question to require that, if approved by the voters, the revenue generated from any indexing of the state portion of the rate that occurs on or after November 8, 2016, must be deposited in the State Highway Fund, for use on state road projects within Clark County.

The ballot question required pursuant to Assembly Bill 191 of the 2015 Session was approved by voters in Clark County at the 2016 General Election, which allows the indexed rates to continue to increase for a period of 10 years.

For FY 2017, the additional rate in Clark County that is generated from the indexing of the federal and state special fuel rates is $0.1001280 per gallon of diesel and biodiesel fuel, $0.0754560 per gallon of CNG, $0.0773760 per gallon of LPG, and $0.0364800 per gallon of water-phased hydrocarbon fuel, effective July 1, 2016. Historical rates in Clark County for these products are as follows:

FY 2016: $0.0967917 per gallon of diesel and biodiesel fuel, $0.0729417 per gallon of CNG, $0.0747978 per gallon of LPG, and $0.0352645 per gallon of water-phased hydrocarbon fuel

FY 2015: $0.0659505 per gallon of diesel and biodiesel fuel, $0.0497000 per gallon of CNG, $0.0509646 per gallon of LPG, and $0.0240280 per gallon of water-phased hydrocarbon fuel

Assembly Bill 413 of the 2013 Session required that a statewide question be placed on the November 2016 General Election ballot, which seeks approval of an additional indexed rate based on the current state special fuel tax rate. If the ballot question were approved and the additional indexed rate were imposed statewide, the proceeds of the rate would be deposited in the State Highway Fund.

Assembly Bill 413 of the 2013 Session additionally requires that questions be placed on the November 2016 General Election ballot in all counties except for Clark and Washoe Counties, which would seek approval of additional indexed rates in each county based on the current federal special fuel tax rate. If the ballot question were approved in a county and the additional indexed rate were imposed, the proceeds of the rate would be dedicated to transportation projects in that county.

Assembly Bill 191 of the 2015 Session amended the provisions of A.B. 413 by removing the requirement for a statewide question seeking approval for an indexed rate based on the current state special fuel tax rate. This bill additionally amended the ballot question requirement for all other counties except for Washoe County to specify that the proceeds from the increases caused by indexing the state portion of the special fuel tax on or after January 1, 2017, be deposited in the State Highway Fund for use on road projects in the county in which the revenue is generated. This ballot question appeared on the November 2016 General Election ballot in all counties except for Washoe, and was only approved by voters in Clark County. Thus, only Clark County imposes indexed tax rates based on the authority granted in Assembly Bill 191 of the 2015 Session.

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 2015	FY 2016	% Change
Local Governments	$14,392,996	$15,482,475	7.6%

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

Note: Currently, the additional local tax on the sale of jet fuel is being imposed at a rate of 3 cents per gallon in Clark County, and at the rate of 4 cents per gallon in White Pine County.

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. Any amount in the Fund exceeding $7,500,000 at the end of each fiscal year must be transferred to an account in the State Highway Fund, with the proceeds in this account distributed on July 1 and December 31 of each year, as follows:

- 70 percent of the money in the account to a regional transportation commission in a county whose population is 700,000 or more;
- 20 percent of the money in the account to a regional transportation commission in a county whose population is 100,000 or more, but less than 700,000; and
- 10 percent of the money in the account to the Department for use in counties whose population is less than 100,000.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
Petroleum Cleanup Fund	$12,982,804	$13,280,898	2.3%

Legal Reference(s): NRS 590.840, 590.860, and 408.242.

Note: Revenues listed for the Petroleum Cleanup Fund for FY 2015 and FY 2016 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.

Senate Bill 5 of the 26th Special Session (February 2010) removed provisions that required the Division of Environmental Protection to cease collection of the fee if the balance of the Fund at the end of any fiscal year was estimated to exceed $7.5 million. The bill also required that the balance of the Fund exceeding $7.5 million at the end of any fiscal year be transferred to an account in the State Highway Fund, with 70 percent of the money distributed to a regional transportation commission in a county whose population is 400,000 or more, 20 percent distributed to a regional transportation commission in a county whose population is 100,000 or more, but less than 400,000, and 10 percent distributed to the Department of Transportation for use in counties whose population is less than 100,000. (The population threshold was changed from 400,000 to 700,000 in Assembly Bill 545 of the 2011 Session.)

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. The taxable value is multiplied by a depreciation factor established in statute as follows:

Age of Vehicle	Cars & Light Trucks	Trucks & Buses
New	100 percent	100 percent
One Year	95 percent	85 percent
Two Years	85 percent	69 percent
Three Years	75 percent	57 percent
Four Years	65 percent	47 percent
Five Years	55 percent	38 percent
Six Years	45 percent	33 percent
Seven Years	35 percent	30 percent
Eight Years	25 percent	27 percent
Nine Years	15 percent	25 percent
Ten Years or Older	15 percent	23 percent

For the purposes of calculating the taxable value of the vehicle, the depreciation schedule marked for "trucks & buses" must be used for each bus, truck or truck-tractor having a declared gross weight of 10,000 pounds or more and each trailer or semitrailer having an unladen weight of 4,000 pounds or more. The depreciation schedule for "cars and light trucks" is used for any other vehicle.

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: The basic GST rate is 4 cents on each dollar of the valuation of the vehicle, with a minimum amount of $3 on all trailers with an unladen weight of 1,000 pounds or less, and a minimum amount of $16 on all other vehicles. A supplemental GST rate of 1 cent may be levied in all counties for transportation projects within that county, and may be used in Clark County for general operating costs of the county, pursuant to Assembly Bill 543 of the 2009 Session. (Currently, Clark County is the only county in the state levying the additional supplemental rate.)

In Churchill County, an additional GST rate of 1 cent is levied pursuant to the Local Government Tax Act of 1991.

Pursuant to Assembly Bill 543 of the 2009 Session, Washoe County may impose the 1-cent supplemental GST rate without voter approval.

Distribution:

Recipient(s) (FY 2010 through FY 2016): For vehicles that are one year old or older, the portion of the tax generated from 10 percent of the taxable value of the vehicle is deposited in the State General Fund. For all vehicles, the remaining 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 1981 operating tax rate and the higher of its FY 1979 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 Account and redistributed to governments within the counties by statutory formula.

In counties where the county assessor acts as the Department's agent for collection of the tax, a 5 percent commission is retained by the county. The Department of Motor Vehicles retains a commission of 1 percent of all tax revenues collected by county assessors and 6 percent of all other GST revenues received. A portion of this commission was required to be deposited in the State General Fund in FY 2012, FY 2013, and FY 2015.

Recipient(s) (FY 2017 only): For vehicles that are one year old or older, 50 percent of the portion of the tax generated from 10 percent of the taxable value of the vehicle is deposited in the State General Fund, and 50 percent is deposited in the State Highway Fund. For all vehicles, the remaining 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 1981 operating tax rate and the higher of its FY 1979 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 Account and redistributed to governments within the counties by statutory formula.

In counties where the county assessor acts as the Department's agent for collection of the tax, a 5 percent commission is retained by the county. The Department of Motor Vehicles retains a commission of 1 percent of all tax revenues collected by county assessors and 6 percent of all other GST revenues received.

Recipient(s) (FY 2018 and future fiscal years): For vehicles that are one year old or older, 100 percent of the portion of the tax generated from 10 percent of the taxable value of the vehicle is deposited in the State Highway Fund. For all vehicles, the remaining 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 1981 operating tax rate and the higher of its FY 1979 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 Account and redistributed to governments within the counties by statutory formula.

In counties where the county assessor acts as the Department's agent for collection of the tax, a 5 percent commission is retained by the county. The Department of Motor Vehicles retains a commission of 1 percent of all tax revenues collected by county assessors and 6 percent of all other GST revenues received.

Revenue:	FY 2015	FY 2016	% Change
Department of Motor Vehicles	$23,929,646	$25,854,907	8.0%
Local Governments & School Districts	$259,970,520	$281,835,912	8.4%
Supplemental/Special	$54,593,990	$59,120,645	8.3%
State General Fund	$62,865,504	$66,731,895	6.2%
Total Collections	$401,359,660	$433,543,359	8.0%
Percent of Total State General Fund	1.9%	1.8%	

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

Note: Senate Bill 429 of the 2009 Session increased the depreciation factor for all ages and categories of vehicles, except for new vehicles, by 10 percent, effective September 1, 2009. The proceeds generated by the additional 10 percent of value subject to the tax are to be deposited in the State General Fund for FY 2010, FY 2011, FY 2012, and FY 2013. Pursuant to Assembly Bill 491 of the 2013 Session, these proceeds continued to be deposited in the State General Fund for FY 2014 and FY 2015.

Senate Bill 483 of the 2015 Session required that these proceeds continue to be deposited in the State General Fund in FY 2016, with 50 percent of the proceeds to be deposited in the State Highway Fund and 50 percent in the State General Fund in FY 2017 only. Beginning in FY 2018, and for all subsequent fiscal years, 100 percent of this additional revenue is to be deposited in the State Highway Fund.

Senate Bill 503 of the 2011 Session required the transfer of a portion of the commissions and penalties collected by the DMV related to the GST to the State General Fund in FY 2012 and FY 2013. The Legislature, in Assembly Bill 491 of the 2013 Session, additionally required the transfer of a portion of these proceeds to the State General Fund in FY 2015, but did not require the transfer of any of these revenues to the General Fund in FY 2014.

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TAX REVENUE SUMMARIES

F. OTHER TAXES AND FEES

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INSURANCE PREMIUM TAX

Collection:

Administration: Department of Taxation; Department of Business and Industry, Insurance Division.

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.

Prior to January 1, 2016, insurers with a home or regional office in Nevada could 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. Effective January 1, 2016, the annual amount of home office credit that may be taken is limited to $5 million per year, prorated among all insurers who are eligible to receive the credit. The home office credit is eliminated, effective January 1, 2021.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015***	**FY 2016***	**% Change**
State General Fund	$305,075,537	$335,118,754	6.0%
Percent of Total State General Fund	9.3%	8.9%	

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

* State General Fund collections listed for FY 2015 and FY 2016 do not include any tax credits that were taken pursuant to the Nevada New Markets Jobs Act (Senate Bill 357 of the 2013 Session). For more information on this tax credit program, please see pages 257 and 258 of this manual.

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.

Assembly Bill 3 of the 28th Special Session (September 2014) reduced the amount of the home office credit that may be taken by insurers with a home office or regional office in Nevada to an aggregate amount of $5 million per year, effective January 1, 2016. The aggregate annual amount of $5 million is to be prorated among all insurers who are eligible to take the credit. The home office credit is eliminated by this bill, effective January 1, 2021.

CAPTIVE INSURER PREMIUM TAX

Collection:

Administration: Department of Business and Industry; Insurance Division.

Procedures: Tax due no later than March 1 of each year based on the amount of net direct premiums collected or contracted for on policies or contracts of insurance written by a captive insurer during the preceding calendar year, less the amounts paid to policyholders as return premiums.

Tax is also due no later than March 1 of each year based on the amount of assumed reinsurance premiums received by a captive insurer. (Reinsurance is the purchase of insurance by one insurance company from another insurance company, in order to transfer risk from one company to the other.)

Rate: Two-fifths of one percent (0.4 percent) on the first $20,000,000 of annual net direct premiums, one-fifth of one percent (0.2 percent) on the next $20,000,000 of annual net direct premiums, and seventy-five thousandths of one percent (0.075 percent) on each additional dollar of annual net direct premiums

Reinsurance premiums not subject to the tax on net direct premiums are taxed at a rate of two hundred twenty-five thousandths of one percent (0.225 percent) on the first $20,000,000 of revenue from assumed reinsurance premiums, one hundred fifty thousandths of one percent (0.15 percent) on the next $20,000,000 of revenue, and twenty-five thousandths of one percent (0.025 percent) on each additional dollar of revenue from assumed reinsurance premiums.

Distribution:

Recipient(s): Seventy-five percent of the proceeds from the tax are deposited in the State General Fund. The remaining proceeds are deposited in the Account for Regulation and Supervision of Captive Insurers for the purposes of administration and collection of the tax by the Insurance Division.

Up to 2 percent of the revenue in the Account may be transferred to an agency for economic development to be used by that agency to promote the captive insurance industry in Nevada upon application by the Insurance Division or the economic development agency and with approval from the Interim Finance Committee.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
Account for Regulation and Supervision	$300,571	$307,956	2.5%
State General Fund	$901,712	$923,869	2.5%
Percent of Total State General Fund	0.03%	0.02%	

Legal Reference(s): NRS 694C.450

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 of a person employed by the financial institution.

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

Beginning in FY 2017, taxpayers are entitled to a credit against the MBT in any fiscal year of up to 50 percent of the amount of Commerce Tax paid in the prior fiscal year. For more information about the Commerce Tax, please see pages 89 and 90 of this manual.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	$24,144,270	$27,188,910	12.6%
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.

Senate Bill 103 of the 2015 Session exempted from the definition of "financial institution" any person who is primarily engaged in the sale, solicitation, or negotiation of insurance, thereby making these persons subject to the Modified Business Tax on General Businesses.

Senate Bill 483 of the 2015 Session also requires the Department of Taxation, on or before September 30 of each even-numbered year, to determine the combined actual revenue from each portion of the Modified Business Tax, the Commerce Tax, and the Branch Bank Excise Tax that was collected in the previous fiscal year. If the combined collections from these taxes exceed the Economic Forum's May 1 revenue projections for these revenue sources, adjusted for any actions approved by the Legislature, by more than 4 percent, the rate of each portion of the Modified Business Tax must be reduced, effective July 1 of the next odd-numbered, year, such that the rates are set to the rates that would have generated an amount 4 percent above the Economic Forum's forecast. The rates for each portion of the MBT must be reduced in proportion that the actual amount collected from each tax in the prior fiscal year bears to the total combined amount collected from the taxes for the prior fiscal year.

MODIFIED BUSINESS TAX (MBT) – MINING COMPANIES

Collection:

Administration: Department of Taxation.

Procedures: Tax is imposed on businesses subject to the Net Proceeds of Minerals Tax 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 of a person employed by the financial institution.

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

Beginning in FY 2017, taxpayers are entitled to a credit against the MBT in any fiscal year of up to 50 percent of the amount of Commerce Tax paid in the prior fiscal year. For more information about the Commerce Tax, please see pages 89 and 90 of this manual.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	N/A	$21,938,368	N/A
Percent of Total State General Fund		0.6%	

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

Note: Senate Bill 483 of the 2015 Session required that any business subject to the Net Proceeds of Minerals Tax pay the Modified Business Tax at the same rate as financial institutions (2 percent), rather than the General Business rate, effective July 1, 2015.

Senate Bill 483 of the 2015 Session also requires the Department of Taxation, on or before September 30 of each even-numbered year, to determine the combined actual revenue from each portion of the Modified Business Tax, the Commerce Tax, and the Branch Bank Excise Tax that was collected in the previous fiscal year. If the combined collections from these taxes exceed the Economic Forum's May 1 revenue projections for these revenue sources, adjusted for any actions approved by the Legislature, by more than 4 percent, the rate of each portion of the Modified Business Tax must be reduced, effective July 1 of the next odd-numbered, year, such that the rates are set to the rates that would have generated an amount 4 percent above the Economic Forum's forecast. The rates for each portion of the MBT must be reduced in proportion that the actual amount collected from each tax in the prior fiscal year bears to the total combined amount collected from the taxes for the prior fiscal year.

MODIFIED BUSINESS TAX (MBT) – GENERAL BUSINESSES

Collection:

Administration: Department of Taxation.

Procedures: Tax is imposed on employers other than financial institutions; businesses subject to the Net Proceeds of Minerals Tax; 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 (FY 2004): Tax was imposed at the rate of 0.70 percent of taxable wages, defined in NRS 612.190 as gross wages less the amount paid by the employer for statutorily allowed health insurance or health benefit plan costs paid on behalf of its employees, paid by the financial institution during the calendar quarter. The rate reduced to 0.65 percent, effective July 1, 2004.

Rate (FY 2005): Tax was imposed at the rate of 0.65 percent of taxable wages, defined in NRS 612.190 as gross wages less the amount paid by the employer for statutorily allowed health insurance or health benefit plan costs paid on behalf of its employees, paid by the financial institution during the calendar quarter. The rate reduced to 0.63 percent, effective July 1, 2005.

Rate (FY 2006 through FY 2009): Tax was imposed at the rate of 0.63 percent of taxable wages, defined in NRS 612.190 as gross wages less the amount paid by the employer for statutorily allowed health insurance or health benefit plan costs paid on behalf of its employees, paid by the financial institution during the calendar quarter.

Rate (FY 2010 and FY 2011): Tax was imposed at the rate of 0.5 percent on the first $62,500 of taxable wages, defined in NRS 612.190 as gross wages less the amount paid by the employer for statutorily allowed health insurance or health benefit plan costs paid on behalf of its employees, paid by the employer during a calendar quarter, and at a rate of 1.17 percent on all taxable wages exceeding $62,500.

Rate (FY 2012 and FY 2013): No tax was imposed on the first $62,500 of taxable wages paid by the employer during a calendar quarter, and all taxable wages exceeding $62,500 taxed at a rate of 1.17 percent.

Rate (FY 2014 and FY 2015): No tax was imposed on the first $85,000 of taxable wages paid by the employer during a calendar quarter, and all taxable wages exceeding $85,000 taxed at a rate of 1.17 percent.

Rate (FY 2016 and subsequent fiscal years): No tax is imposed on the first $50,000 of taxable wages paid by the employer during a calendar quarter, and all taxable wages exceeding $85,000 taxed at a rate of 1.475 percent.

Beginning in FY 2017, taxpayers are entitled to a credit against the MBT in any fiscal year of up to 50 percent of the amount of Commerce Tax paid in the prior fiscal year. For more information about the Commerce Tax, please see pages 89 and 90 of this manual.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015**	**FY 2016***	**% Change**
State General Fund	$387,769,692	$517,135,234	33.4%
Percent of Total State General Fund	11.6%	13.8%	

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

* State General Fund collections for FY 2016 do not include the effect of any tax credits that were taken against this revenue source. For more details on the tax credits that may be taken against the MBT, please see pages 255-266 of this manual.

Note: Senate Bill 8 of the 20th Special Session (July 2003) first imposed the MBT at a rate of 0.7 percent on taxable wages paid in a calendar quarter, effective October 1, 2003. The bill reduced the rate to 0.65 percent, effective July 1, 2004.

Pursuant to Senate Bill 3 of the 22nd Special Session (June 2005), 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.

Senate Bill 429 of the 2009 Session created a two-tier rate structure for the Modified Business Tax on general businesses, at a rate of 0.5 percent on the first $62,500 in taxable wages paid by an employer in a calendar quarter and a rate of 1.17 percent on all taxable wages exceeding $62,500 in the calendar quarter, effective July 1, 2009. These provisions were scheduled to expire on June 30, 2011, at which point the rate would revert to 0.63 percent on all taxable wages.

Assembly Bill 561 of the 2011 Session further modified the two-tier rate structure for the Modified Business Tax on general businesses, removing the 0.5 percent rate for the first $62,500 in taxable wages paid by an employer in a calendar quarter and making these wages exempt, effective July 1, 2011. The bill maintained the 1.17 percent rate for all taxable wages exceeding $62,500 in a calendar quarter. These provisions were scheduled to expire on June 30, 2013, at which point the rate would revert to 0.63 percent on all taxable wages.

Senate Bill 471 of the 2013 Session further changed the rate structure for the Modified Business Tax on general businesses, maintaining the zero percent rate for the first $85,000 in taxable wages paid by an employer in a calendar quarter (rather than the first $62,500 in taxable wages paid), effective July 1, 2013. The bill maintained the 1.17 percent rate for all taxable wages exceeding $85,000 in a calendar quarter. These provisions were scheduled to expire on June 30, 2015, at which point the rate would revert to 0.63 percent on all taxable wages.

Senate Bill 483 of the 2015 modified the rate structure, by setting the zero percent rate on the first $50,000 in taxable wages paid by an employer in a calendar quarter (rather than the first $85,000 in taxable wages paid), effective July 1, 2015. The bill increased the rate for all taxable wages exceeding $50,000 in a calendar quarter from 1.17 percent to 1.475 percent. These provisions are permanent and have no expiration date.

Senate Bill 483 of the 2015 Session also requires the Department of Taxation, on or before September 30 of each even-numbered year, to determine the combined actual revenue from each portion of the Modified Business Tax, the Commerce Tax, and the Branch Bank Excise Tax that was collected in the previous fiscal year. If the combined collections from these taxes exceed the Economic Forum's May 1 revenue projections for these revenue sources, adjusted for any actions approved by the Legislature, by more than 4 percent, the rate of each portion of the Modified Business Tax must be reduced, effective July 1 of the next odd-numbered, year, such that the rates are set to the rates that would have generated an amount 4 percent above the Economic Forum's forecast. The rates for each portion of the MBT must be reduced in proportion that the actual amount collected from each tax in the prior fiscal year bears to the total combined amount collected from the taxes for the prior fiscal year.

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 2015	FY 2016	% Change
State General Fund	$3,129,940	$2,786,429	-11.0%
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 73-77.

Revenue:	FY 2015	FY 2016	% Change
State General Fund	$1,850	$243	-86.9%

Note: The Business License Tax was originally created by the Legislature pursuant to Assembly Bill 303 of the 1991 Session, requiring businesses to pay a quarterly tax based on the number of full-time equivalent employees working for that business in the prior calendar quarter. The tax was imposed using the following rate schedule:

- 1 employee: $25 per quarter
- 2 to 4 employees: $75 per quarter
- 5 to 9 employees: $175 per quarter
- 10 to 19 employees: $375 per quarter
- 20 to 34 employees: $700 per quarter
- 35 to 49 employees: $1,050 per quarter
- 50 to 74 employees: $1,600 per quarter
- 75 to 99 employees: $2,250 per quarter
- 100 to 999 employees: $2,250, plus $30 for each employee over 99 per quarter
- More than 999 employees: $29,250, plus $17.50 per employee over 999 per quarter (up to a maximum payment of $100,000 per quarter).

Assembly Bill 394 of the 1993 Session removed the bracket system for tax liability approved pursuant to A.B. 303 of the 1991 Session, instead requiring employers to pay a flat rate of $25 per full-time equivalent employee per calendar quarter. The bill also removed the $100,000 maximum liability that could be imposed per employer per quarter.

The changes made to the tax rate pursuant to A.B. 394 of the 1993 Session were maintained until the tax was repealed as a result of the passage of Senate Bill 8 of the 20th Special Session (July 2003).

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: Secretary of State's Office, 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: Until June 30, 2015, the rate was $200 per business per year.

Effective July 1, 2015, the rate is $500 per year for corporations and $200 per year for all other business entities.

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 2015**	**FY 2016**	**% Change**
State General Fund	$75,359,976	$103,045,619	36.7%
Percent of Total State General Fund	2.3%	2.7%	

Legal Reference(s): Chapter 76, *Nevada Revised Statutes*; NRS 360.787.

Note: The Business License Fee was originally imposed at a rate of $100 per business per year, pursuant to Senate Bill 8 of the 20th Special Session (July 2003). 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.

Assembly Bill 146 of the 2009 Session transferred responsibility for collection of the Business License Fee from the Department of Taxation to the Secretary of State's Office for all businesses except for those entities operating a facility where craft shows, exhibitions, trade shows, conventions, or sporting events take place. The bill also clarified that all businesses subject to registration with the Secretary of State pursuant to Title 7 of the *Nevada Revised Statutes* are subject to the fee, except for nonprofit corporations, religious organizations, and corporations sole.

Pursuant to Senate Bill 429 of the 2009 Session, the annual business license fee increased from $100 to $200 per year, between July 1, 2009, and June 30, 2011. Assembly Bill 561 of the 2011 Session extended the period for which the $200 fee is effective until June 30, 2013, and Senate Bill 475 further extended this period to June 30, 2015.

Senate Bill 483 of the 2015 Session permanently set the annual fee for a business license at $200 for all businesses except for corporations and $500 for corporations, effective July 1, 2015. These provisions are permanent and have no expiration date.

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, 10 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 700,000 (Washoe County), 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 700,000 or more (Clark County), the proceeds of any additional fee imposed must be used solely to pay the costs of acquiring and operating a performing arts center.

Distribution:

Recipient(s): Revenues generated by the 10 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.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	$48,754,438	$51,914,285	6.5%
Percent of Total State General Fund	1.5%	1.4%	
Clark County	$8,211,900	$8,889,148	8.2%
Washoe County	$1,225,141	$1,263,887	3.2%

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

Note: Assembly Bill 460 of the 2001 Session required the imposition of this tax at a rate of 6 percent, and additionally authorized rental car companies to impose a recovery surcharge of 3.5 percent. The allowed recovery surcharge was increased to 4 percent pursuant to Senate Bill 497 of the 2003 Session.

Assembly Bill 595 of the 2007 Session made the 4 percent vehicle recovery surcharge mandatory, and required that 3 percent be kept by the car rental company and 1 percent be remitted to the state for deposit in the State Highway Fund. Senate Bill 2 of the 25th Special Session (2008) required the deposit of an additional 1 percent of the 4 percent surcharge to the State General Fund between January 1, 2009, and June 30, 2009.

Senate Bill 234 of the 2009 Session increased the short-term car rental fee from 6 percent to 10 percent, with 9 percent transferred to the State General Fund and 1 percent to the State Highway Fund, effective October 1, 2009. The bill also repealed the mandatory vehicle recovery surcharge of 4 percent originally enacted under Assembly Bill 595 of the 2007 Session.

Assembly Bill 561 of the 2009 Session required that the 1 percent portion of the tax previously dedicated to the State Highway Fund be instead deposited in the State General Fund, effective July 1, 2011.

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 239 of this manual.)

Rate: In a county whose population is 700,000 or more, $2.55 on each $500 of value or fraction thereof. In a county whose population is less than 700,000, $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 Washoe and Churchill Counties to replace revenues lost as a result of the "Fair Share" legislation (Assembly Bill 104 of the 1991 Session and Senate Bill 506 of the 1993 Session). Counties whose population is less than 700,000 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 Account (Consolidated Tax) created pursuant to NRS 360.660 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 700,000 or more are transmitted to the school district in that county to support capital projects pursuant to NRS 387.328.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
Local Governments (Consolidated Tax)	$27,442,337	$32,379,971	18.0%
Low-Income Housing Trust Fund	$4,987,803	$5,887,710	18.0%
Clark County School District	$22,146,920	$26,522,633	19.8%
Washoe County ("Fair Share")	$940,648	$930,220	-1.1%
Churchill County ("Fair Share")	$15,929	$22,018	38.2%
State General Fund	$64,214,342	$75,794,844	18.0%
Percent of Total State General Fund	1.9%	2.0%	

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, effective July 1, 2005.

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: Until September 30, 2015, the rate was 10 percent of all amounts paid for admission, food, refreshments and merchandise if maximum occupancy is less than 7,500 but is at least 200, and 5 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.

Effective October 1, 2015, the rate is 9 percent on the admission charge to the facility only. The tax does not apply to amounts paid for food, refreshments, or merchandise, unless that is the consideration required to enter the facility for the live entertainment.

A list of activities not considered as "live entertainment" or otherwise exempt from the LET can be found on pages 243, 244, and 245.

Distribution:

Recipient(s): Beginning in FY 2016, the first $150,000 of the non-gaming portion collected by the Department of Taxation must be transferred to the Nevada Arts Council. All other revenue collected from this tax is deposited in the State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
Gaming Portion of Total	$130,861,416	$111,994,620	-14.4%
Non-Gaming Portion of Total	$14,965,649	$16,536,346	10.5%
State General Fund	$145,827,065	$128,530,966	-11.9%
Nevada Arts Council	N/A	$150,000	N/A
Percent of Total State General Fund	4.4%	3.4%	

Pursuant to S.B. 8 of the 20th Special Session, the Casino Entertainment Tax was repealed, effective December 31, 2003, and the LET was enacted, effective January 1, 2004.

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

Note: Senate Bill 266 of the 2015 Session revised the bifurcated tax rate originally approved under Senate Bill 8 of the 20th Special Session (10 percent of the admission charge and amounts paid for food, refreshments, and merchandise, if the live entertainment is provided at a facility with a maximum occupancy of less than 7,500 persons, and 5 percent of the admission charge only, if the live entertainment is provided at a facility with a maximum occupancy equal to or greater than 7,500 persons) by removing the occupancy threshold and instead establishing a single 9 percent tax rate on the admission charge to the facility only, effective October 1, 2015. The bill additionally revised the definitions of activities considered to be "live entertainment" for the purposes of the tax.

Senate Bill 266 additionally required that the first $150,000 of tax revenue collected by the Department of Taxation in each fiscal year be transferred to the Nevada Arts Council on or before October 1, beginning in Fiscal Year 2016.

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 2015**	**FY 2016**	**% Change**
Administrative Costs	$0	$0	
Reserve for Refunds	$89,580	$224,890	151.0%
NSHE Endowment Fund	$0	$0	
Fund for School Improvement	$0	$0	
TOTAL	$89,580	$224,890	151.0%

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

Note: Article 10, Section 4 of the *Nevada Constitution* limits the estate tax in Nevada to the amount of any credit against the federal estate tax allowed for the payment of the state tax. This section also requires that the proceeds of any state estate tax be used for the purpose of education, to be divided between K-12 schools and the Nevada System of Higher Education.

ROOM TAXES

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: State-mandated rate of two percent of the gross receipts in counties with a population in excess of 700,000. One percent in all other counties.

Pursuant to Initiative Petition 1 of the 2009 Session (IP 1), an additional rate of up to 3 percent is collected in counties whose population is 300,000 or more (Clark and Washoe). The actual rate that is to be imposed in a particular tax district is that rate up to 3 percent, such that the additional rate, combined with the rate in that district as of July 31, 2008, does not cause the total rate to exceed 13 percent.

Currently, the rates imposed pursuant to IP 1 are as follows:

- Clark County: Until June 30, 2015, the rate was 2 percent in the city of Las Vegas (Fremont Street area – facilities with 75 rooms or more); and 3 percent in all other areas. Effective July 1, 2015, the rate is 3 percent in all areas of Clark County.
- Washoe County: 1 percent in unincorporated Washoe County and Reno (excluding Downtown Reno). No additional tax may be imposed in the city of Sparks or in Downtown Reno, as the total rates in these areas exceeded 13 percent on July 31, 2008.

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

Distribution:

Recipient(s): For the state-mandated one and two percent rates, 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 700,000 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 700,000, 1 5/8 percent is to be used for capital projects of the school district.

As originally approved by the Legislature, the proceeds from the rate imposed pursuant to Initiative Petition 1 of the 2009 Session were deposited in the State General Fund in FY 2010 and FY 2011, with the revenues to be deposited to the State Supplemental School Support Fund, effective July 1, 2011.

Pursuant to Assembly Bill 579 of the 2011 Session, the proceeds of the room tax imposed pursuant to I.P. 1 were redirected from the Supplemental School Support Fund to the State Distributive School Account, from July 1, 2011, to June 30, 2013. The

Legislature required that the proceeds continue to be transferred to the State Distributive School Account from July 1, 2013, to June 30, 2015, pursuant to Senate Bill 522 of the 2013 Session, and required that the proceeds continue to be transferred to the State Distributive School Account from July 1, 2015, to June 30, 2017, pursuant to Senate Bill 515 of the 2015 Session.

Effective July 1, 2017, the revenues generated from this rate are deposited in the Supplemental School Support Fund, and are required to be used as specified in I.P. 1 as adopted in the 2009 Session.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State Tourism	$20,469,690	$22,585,614	10.3%
Local Tourism	$2,894,221	$3,165,232	9.4%
Clark County School District	$81,297,840	$88,585,165	9.0%
Distributive School Account (IP 1)	$150,479,566	$167,159,338	11.1%
TOTAL	$255,141,317	$281,495,349	10.3%

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

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COMMERCE TAX

Collection:

Administration: Department of Taxation.

Procedures: Tax is to be paid by businesses who have more than $4 million in Nevada gross revenue per fiscal year, and is levied on the business's Nevada gross revenue in excess of $4 million per fiscal year.

Rate: Rate varies based on the industry classification for the business. Please see page 90 for a list of rates for the Commerce Tax applicable for FY 2017.

Distribution:

Recipient(s): State General Fund.

Revenue:	**FY 2015**	**FY 2016**	**% Change**
State General Fund	N/A	$143,507,593	N/A
Percent of Total State General Fund	N/A	3.8%	

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

Note: Senate Bill 483 of the 2015 Session implemented the Nevada Commerce Tax, which is to be paid by businesses who have more than $4 million in Nevada gross revenue per fiscal year. The tax is levied on the business's Nevada gross revenue in excess of $4 million per fiscal year, at a rate that depends on the North American Industry Classification System (NAICS) code of the business. The provisions of the Commerce Tax allow up to 50 percent of a business's Commerce Tax payment for the preceding fiscal year to be used as a credit against its MBT liability in the current fiscal year.

Senate Bill 483 additionally contains a trigger mechanism which will reduce the rates of the MBT (Nonfinancial Institutions, Financial Institutions, and Mining Businesses) if the actual combined collections from the MBT, the Branch Bank Excise Tax, and the Commerce Tax exceed 104 percent of the revenue projected from these sources in an even-numbered fiscal year. The amount of the rate reduction must be done proportionally among the MBT rates such that the rates would have generated 104 percent of the forecast in that fiscal year, and the reduced rates will become effective on July 1 of the following year (the beginning of the next even-numbered fiscal year).

Commerce Tax Rates by Industry Category (FY 2017)

NAICS Category (1)	Industry Type	Rate (2)
11	Agriculture, Forestry, Fishing and Hunting	0.063%
21	Mining, Quarrying, and Oil and Gas Extraction	0.051%
22, 517	Utilities and Telecommunications	0.136%
23	Construction	0.083%
31, 32, 33	Manufacturing	0.091%
42	Wholesale Trade	0.101%
44, 45	Retail Trade	0.111%
481	Air Transportation	0.058%
482	Rail Transportation	0.331%
483, 485, 486, 487, 488, 491, 492	Other Transportaion	0.129%
484	Truck Transportation	0.202%
493	Warehousing and Storage	0.128%
511, 512, 515, 518	Publishing, Software, and Data Processing	0.253%
52	Finance and Insurance	0.111%
53	Real Estate and Rental and Leasing	0.250%
54	Professional, Scientific and Technical Services	0.181%
55	Management of Companies and Enterprises	0.137%
561	Administrative and Support Services	0.154%
562	Waste Management and Remediation Services	0.261%
61	Educational Services	0.281%
62	Health Care and Social Assistance	0.190%
71	Arts, Entertainment, and Recreation	0.240%
721	Accommodation	0.250%
722	Food Services and Drinking Places	0.194%
81	Other Services	0.142%
	Unclassified Business Entities (3)	0.128%

A summary of each industry category, along with the tax rates imposed on each category, can be found in NRS 363C.310 to 363C.550.

(1) The North American Industry Classification System (NAICS) category code for a business is used to determine its Commerce Tax business category and tax rate.

(2) The tax rate for each category applies to the amount of Nevada gross revenue earned by the business in excess of $4 million per fiscal year. Any Nevada gross revenue below the $4 million threshold is exempt.

(3) Unclassified business entities, as defined in NRS 363C.560, are those business entities that are not included in any of the other categories.

III. TAX LEGISLATION HISTORY

1979 to 2015

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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 1982. 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.

<u>1985 TAX PACKAGE</u>

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 <u>Executive Budget</u> 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 1999 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 1999. 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 2002. 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 17th 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 17th 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 2004 and FY 2005, respectively, from a FY 2003 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 2001. 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 2003 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 2006 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 2006 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 (22^{nd} Special Session) makes various technical and policy changes related to selected tax measures approved in Senate Bill 8 (20^{th} 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:

Assembly Bill 595 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.

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

Bills Regarding Local Government Taxes and Revenues

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:

Assembly Bill 461 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.

2009 TAX LEGISLATION

Though the Economic Forum, at its May 1, 2007, meeting, produced a forecast for State General Fund revenues for FY 2008 and FY 2009 that was modest compared to the double-digit growth in revenues experienced in the several years prior, it soon became apparent that even modest growth forecasts were too optimistic. Throughout the 2007-09 biennium, the deterioration of economic conditions in Nevada and nationwide led to an emergency meeting of the Economic Forum in June 2008 to produce revised revenue forecasts, as well as meeting during the 24th and 25th Special Sessions of the Legislature in July 2008 and December 2008 to make adjustments to expenditures and revenues for FY 2008 and FY 2009.

25th Special Session Actions – December 2008

Senate Bill 2 (25th Special Session) made various changes to the administration of taxes collected by the Department of Taxation, including:

- Requiring mine operators and royalty recipients to pay the net proceeds of minerals tax based on the estimated net proceeds and royalties for the current calendar year for Fiscal Years 2008-09, 2009-10, and 2010-11;
- Lowering the commission to be kept by the taxpayer for the collection of the sales and use tax, cigarette tax, liquor tax, and other tobacco tax from 0.5 percent to 0.25 percent, from January 1, 2009, to June 30, 2009; and
- Requiring that 1 percent of the 4 percent surcharge that car rental agencies are required to collect from short-term lessors of vehicles in the state be transferred to the State General Fund, from January 1, 2009, to June 30, 2009.

2009 Legislative Session Actions

Prior to the 2009 Session, the continued slowdown in the economy led the Governor to submit The Executive Budget for the 2009-11 biennium requiring significant cuts to many state programs. The Legislature, following the Economic Forum's May 1, 2009, forecast, approved a tax package of approximately $780 million over the 2009-11 biennium, which in conjunction with funds received as a result of the American Recovery and Reinvestment Act of 2009, allowed for the restoration of many budget items removed in the Governor's budget. Included within this package were increases to the sales and use tax, room tax, Modified Business Tax, Governmental Services Tax, and the short-term car rental tax. The tax package, which for the most part was approved in spite of vetoes by the Governor, consisted of several pieces of legislation – among them, Initiative Petition 1 (not vetoed by the Governor), Senate Bill 429, Senate Bill 435, Assembly Bill 146, Senate Bill 234, Assembly Bill 543, and Assembly Bill 552.

Because much of the package designed to bring additional revenue for the 2009-11 biennium called for the sunset of these revenue increases at the end of FY 2011, consideration was given to a study of long-term revenue needs. This consideration resulted in the passage of Senate Concurrent Resolution 37, calling for a tax study to be prepared during the 2009-10 interim.

Senate Concurrent Resolution 37 requires the Interim Finance Committee to conduct a review of Nevada's revenue structure and to provide long-term stabilization of revenue. A subcommittee of the Interim Finance Committee, created as a result of the resolution, is required to perform the following tasks:

- Review proposals for broad-based taxes which are fair and equitable;
- Examine strategies for mitigating tax burdens on both businesses and consumers, including reductions, if possible, in existing state and local taxes;
- Consider the public's willingness to having existing taxes be decreased as other tax revenues become available;
- Propose strategies and recommendations, using current statistical information, to advance Nevada in nationwide rankings in key quality-of-life areas, including education, health and human services, public safety, economic diversification, job creation, transit, and energy use; and
- Develop a quality-of-life vision for the State of Nevada for a 5-year period, 10-year period, and a 20-year period.

The subcommittee is also required to appoint a Nevada Vision Stakeholder Group, consisting of members selected from lists submitted by community and statewide groups involved in business, education, health care, human services, economic development, transit and energy, or any other groups deemed appropriate by the subcommittee, to assist in the development of 5-year, 10-year, and 20-year strategic plans for improving the state's quality-of-life.

Senate Concurrent Resolution 37 also requires the Interim Finance Committee to retain the services of a qualified, independent consultant to review Nevada's public revenue structure and make various recommendations to the Interim Finance Committee. The consultant retained by the Interim Finance Committee is also required to collect independent data on Nevada's national rankings in quality-of-life areas, coordinate with the Nevada Vision Stakeholder Group to develop strategies to advance Nevada's national standing in critical quality-of-life areas, and deliver a report of its findings concerning quality-of-life areas to the subcommittee and the Interim Finance Committee on or before July 1, 2010.

In November 2009, Moody's Analytics was selected through an open and competitive bidding process as the consultant to complete the review of Nevada's revenue structure and coordinate with the Nevada Vision Stakeholder group as required pursuant to Senate Concurrent Resolution 37. In July 2010, it was determined that Moody's would not be able to complete the tax study as required under the scope of work in the time frame required under the resolution. The quality-of-life reports prepared in coordination with the Nevada Vision Stakeholder Group was completed and delivered to the Interim Finance Committee.

BILLS REGARDING STATE REVENUES AND TAXES

Initiative Petition 1 requires the Board of County Commissioners in any county whose population is 300,000 or more (currently Clark and Washoe Counties) to enact an ordinance imposing up to an additional 3 percent rate on the gross receipts from the rental of transient lodging in that county, but not to exceed a total rate of 13 percent. If the total rate imposed in a county is less than 10 percent as of July 31, 2008, the entire 3 percent rate may be imposed. If the total rate imposed in a county as of July 31, 2008, exceeds 10 percent, the rate that must be imposed is the difference between 13 percent and the rate in effect as of that date. However, if the sum of the existing tax rates in any area as of July 31, 2008, is 13 percent or more, then no additional rate may be imposed.

The rates imposed pursuant to Initiative Petition 1, as of July 1, 2009, are as follows:

- Clark County: 2 percent in the city of Las Vegas (Fremont Street area – facilities with 75 rooms or more); 3 percent in all other areas.
- Washoe County: 1 percent in unincorporated Washoe County and Reno (excluding Downtown Reno). No additional tax may be imposed in the city of Sparks or in Downtown Reno, as the total rates in these areas exceeded 13 percent on July 31, 2008.

The proceeds of this tax, including applicable penalties and interest, must be credited to the State General Fund between July 1, 2009, and June 30, 2011. Beginning on July 1, 2011, the proceeds from this tax must be credited to the State Supplemental School Support Fund, a new special revenue fund created within this act, for the operation of school districts and charter schools in the state.

The proceeds of the State Supplemental School Support Fund are to be distributed proportionally among all school districts and charter schools in the state to improve the achievement of students and to retain qualified teachers and non-administrative employees, and is not intended to supplant or replace any other money provided to fund the operation of public schools for kindergarten through grade 12.

(Initiative Petition 1 was not signed by the Governor; however, it became law without his signature due to the provisions of Article 4, Section 35 of the *Nevada Constitution*.)

Senate Bill 429 is the major General Fund revenue enhancement bill enacted by the Legislature during the 75th Regular Session. The bill increases the Local School Support Tax portion of the statewide sales and use tax rate by 0.35 percent, resulting in the minimum statewide sales and use tax increasing from 6.5 percent to 6.85 percent from July 1, 2009, until June 30, 2011. The bill also increases the Business License Fee collected by the Department of Taxation from $100 to $200 until September 30, 2009. Effective October 1, 2009, the Business License Fee will be collected by the Secretary of State's Office, pursuant to the provisions of Assembly Bill 146.

Senate Bill 429 also changes the depreciation schedule for motor vehicles subject to the Governmental Services Tax by increasing the value of the vehicle subject to tax by 10 percent for all vehicles except new vehicles. The additional revenue generated by the change in the depreciation schedule is to be credited to the State General Fund until June 30, 2013; after this date, the additional revenue generated is to be credited to the State Highway Fund. The bill also increased the minimum governmental services tax to be imposed on all vehicles, except for trailers with an unladen weight of 1,000 pounds or less, from $6 to $16.

Senate Bill 429 also makes changes to the tax rate and structure for the Modified Business Tax on General Businesses, creating a two-tier tax rate in lieu of the single rate of 0.63 percent paid on all taxable wages (gross wages less allowable health care expenses) generated by businesses (except for financial institutions). Under the provisions of Senate Bill 429, a business must pay a rate of 0.50 percent on all taxable wages up to $62,500 per calendar quarter, and a rate of 1.17 percent on all wages exceeding $62,500 per calendar quarter. No changes were made to the 2.0 percent rate for the Modified Business Tax on Financial Institutions.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Assembly Bill 146 requires the Secretary of State to establish a state business portal to facilitate interaction among businesses and governmental agencies by allowing businesses to conduct necessary transactions with governmental agencies through the use of the business portal. The bill also moves the responsibility for collecting the annual state business license fee from the Department of Taxation to the Secretary of State's Office effective October 1, 2009, and increases the amount of the business license fee from $100 to $200. The bill also requires that a state business license be obtained by any entity organized pursuant to Title 7 of NRS, except for nonprofit corporations and corporations sole (see NRS Chapter 84).

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Senate Bill 234 makes various changes to the fee collected for short-term car rentals, increasing the tax rate dedicated to the state from 6 percent to 10 percent. Of these proceeds, 9 percent must be credited to the State General Fund, and 1 percent must be credited to the State Highway Fund as authorized in Assembly Bill 595 of the 74th Session.

Senate Bill 234 removes the mandatory 4 percent vehicle recovery surcharge that rental agencies were required to impose (of which 2 percent was kept by the agency, 1 percent was credited to the State Highway Fund, and 1 percent was credited to the State General Fund as approved in Senate Bill 2 of the 25th Special Session). To offset the 2 percent vehicle recovery surcharge previously retained by the rental agencies, the bill allows the rental agencies to charge additional fees to cover their licensing costs and other costs of doing business, such as airport concession fees; however, these additional charges must be clearly stated in the lease agreement.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Assembly Bill 543 requires Clark and Washoe Counties to transfer to the State General Fund, for FY 2010 and FY 2011, the portion of the property taxes levied for operating purposes by those counties at the rate of 4 cents per $100 of assessed value.

Assembly Bill 543 also requires these counties to transfer to the State General Fund the portion of the 5-cent property tax imposed pursuant to NRS 354.59815 for capital projects that would have been divided among the local governments in Clark and Washoe Counties for FY 2010 and FY 2011. This transfer does not affect the portion of this rate that is designated for the State Highway Fund pursuant to the provisions of Assembly Bill 595 of the 2007 Session.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Assembly Bill 552 makes various changes regarding the administration of taxes in the state designed to direct more revenue to the state. These changes include:

- Permanently increasing the commission to be kept by the state for the cost of collecting and distributing sales and use taxes from 0.75 percent to 1.75 percent for all rates except for the Local School Support Tax.
- Removing the prospective June 30, 2009, sunset for the decrease of the collection allowance given to taxpayers collecting sales and use taxes, cigarette taxes, liquor taxes, and other tobacco taxes from 0.5 percent to 0.25 percent. The collection allowance was originally lowered from 0.5 percent to 0.25 percent pursuant to Senate Bill 2 of the 25th Special Session between

January 1, 2009, and June 30, 2009; however, the change in Assembly Bill 552 made this reduced collection allowance permanent.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Assembly Bill 480 increases fees collected for various duties performed by the State Engineer pursuant to NRS 533.435, and adds additional services for which the State Engineer shall collect fees.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Senate Bill 435 is a trailer bill designed to make technical corrections to Senate Bill 429, clarifying the scope of an exemption from the increase in the Local School Support Tax to include the gross receipts from the sale of, and the storage, use or other consumption in a county of, tangible personal property used for the performance of a written contract entered into before July 1, 2009.

Senate Bill 435 clarifies that the $100 increase in the business license fee, made effective in Senate Bill 429 and transferred to the Secretary of State's Office in Assembly Bill 146, expires by limitation on June 30, 2011.

Senate Concurrent Resolution 35 urges the United States Congress to enact legislation to fully implement the Streamlined Sales and Use Tax Agreement among its member states. The implementation of federal legislation is required to allow Nevada and other member states to collect sales taxes on remote sales, including taxable sales over the Internet.

Assembly Bill 317 requires the Department of Taxation to disburse to a regional organization for economic development which directly assists in the location of a business in this state, other than a gaming business, 50 percent of the Modified Business Tax revenue directly attributable to that business for not more than 10 fiscal years as a result of the location of that business in the state. The money disbursed to the organization must be used to promote economic development in the state and may not be used for administrative expenses.

For a regional organization for economic development located in a county whose population is 100,000 or more (currently Clark and Washoe Counties), the total amount disbursed by the department, together with any amounts appropriated to the organization by the Legislature, may not exceed $1 million per year. For all other organizations, the total amount distributed to all other organizations may not exceed $1 million, irrespective of the amount of revenue distributed to them by the Legislature.

The provisions of Assembly Bill 317 expire by limitation on June 30, 2011.

Assembly Bill 407 increases the fee for reinstatement of a driver's license after its suspension, cancellation, or revocation from $40 to $75, except for cases in which a driver's license has been revoked for certain offenses involving driving under the influence. The fee for reinstatement of a driver's license in cases where the license was revoked because of an offense involving driving under the influence increased under Assembly Bill 407 from $65 to $120.

The provisions of Assembly Bill 407 did not change the distribution of these reinstatement fees to the Motor Vehicle Fund.

Assembly Bill 549 suspended the transfer of $7.6 million of unclaimed property revenue from the State General Fund to the Millennium Scholarship Fund for Fiscal Year 2008-09.

Assembly Bill 562 revised the annual distribution of unclaimed property revenue to the Millennium Scholarship Fund for Fiscal Years 2009-10 and 2010-11. The bill reduced the required distribution of unclaimed property revenue from the first $7.6 million to the first $3.8 million for those fiscal years.

Senate Bill 14 increases various fees collected from marriage licenses that are credited to the Account to Aid Victims of Domestic Violence. The bill increases the amount of the fee for a new marriage license to be credited to the Account from $20 to $25. If the board of county commissioners in a county whose population is 400,000 or more (Clark County) has adopted an ordinance requiring certificates of marriage to be filed in the office of the county clerk, S.B. 14 requires an additional $5 fee to be collected for a certified copy or abstract of a certificate of marriage issued by the county clerk.

Senate Bill 350 increases the fine imposed on certain foreign business entities that transact business in this State without registering with the Secretary of State or otherwise qualifying to do business in this State from $500 to a minimum of $1,000 and a maximum of $10,000. The provisions of the bill also increase the fines by these amounts on foreign nonprofit corporations, foreign registered limited-liability partnerships and foreign limited-liability limited partnerships that do business in this State without registering with the Secretary of State.

Senate Bill 350 also provides for fines of not less than $1,000 but not more than $10,000 if the person is purporting to do business in this State as a business entity and willfully fails or neglects to register with the Secretary of State or file with the Secretary of State certain documents.

Senate Bill 394 sets forth provisions requiring persons who own or acquire off-road vehicles to apply to the Department of Motor Vehicles for titling and registration of the vehicle. The fee for issuing a certificate of title is determined by the department, but must not exceed the fee imposed for issuing a certificate of title pursuant to NRS 482.429. The registration fee to be imposed by the Department is to be established by the Commission on Off-Highway Vehicles that is created by the bill, and may be no less than $20 or more than $30 per year.

During the first year for which the provisions of Senate Bill 394 are effective and implemented, 85 percent of the registration fees must be deposited into the Revolving Account for the Administration of Off-Highway Vehicle Titling and Registration (Account) created by the bill, and, to the extent that any portion of the fee for registration is not for the operation of the off-highway vehicle on a highway, 15 percent must be deposited into the Fund for Off-Highway Vehicles (Fund) created by the bill for certain projects related to off-highway vehicles. In all subsequent years, 15 percent of the registration fees must be deposited into the Account, and 85 percent must be deposited into the Fund. All of the fees collected for issuance of a certificate of title must be deposited into the Account.

Senate Bill 394 also clarifies that the specific enforcement of these provisions related to off-highway vehicles is with the Department of Motor Vehicles, removing provisions of Chapter 490 requiring owners of off-highway vehicles to obtain a certificate of operation for the vehicle from the Department of Taxation.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Senate Bill 230 increases the initial period of licensure for an original license as a real estate broker, broker-salesman, or salesman from 12 months after the license is issued by the Real Estate Division of the Department of Business and Industry to 24 months, and increases the period of each subsequent licensure from 24 months to 48 months, effective July 1, 2011. The bill also increases the fee for each original license of a real estate broker, broker-salesman, corporate broker, real estate salesman and branch office, and each renewal of such a license, to correspond with the increase in the period of licensure of each license.

BILLS REGARDING TECHNICAL AND ADMINISTRATIVE CHANGES

Assembly Bill 23 authorizes the Department of Taxation to credit overpayments in one tax or fee administered by the Department against deficiencies in other taxes or fees owed by a taxpayer before the Department issues a refund to that taxpayer.

Assembly Bill 193 requires the Department of Taxation; Gaming Control Board; Department of Motor Vehicles; Department of Employment, Training and Rehabilitation; Department of Business and Industry; Office of the State Controller; and Office of the Secretary of State to report to the Interim Finance Committee within 60 days after the end of the immediately preceding fiscal quarter certain financial information, including the taxes and fees that: (1) were legally due to be paid to that agency; (2) the agency was able to collect; and (3) the agency did not collect or was otherwise unable to collect, to the extent that such information is available. The bill also requires the Nevada Commission on Economic Development to report to the Interim Finance Committee, on the same time schedule, regarding each tax or fee that the Commission abated, exempted, or otherwise waived and the duration of the applicable abatement, exemption, or waiver.

Each agency must file a report to the Interim Finance Committee for each quarter beginning in the fourth quarter of FY 2009, until the third quarter of FY 2011.

Assembly Bill 205 is the omnibus bill introduced on behalf of Nevada's county assessors, and contains several amendments regarding the administration of property taxes. These changes include:

- Revising the formula for calculating the partial abatement applicable to properties where the taxable value has been reduced as a result of the partial or complete destruction or removal of an improvement;
- Allowing a county assessor to use the final version of plans, drawings, or other representations of an improvement prepared by the architect or builder to determine that improvement's replacement cost or taxable value;
- Creating penalties for removing or otherwise concealing the notice of seizure on personal property which taxes are delinquent and also creates similar penalties for moving or selling such property;
- Revising the criteria by which certain unpaid personal property taxes may be deemed as uncollectible by the county treasurer;
- Allowing agricultural property that has an outstanding lease of surface water rights to be classified as open space real property for the purposes of taxation if the lease is to a political subdivision of this state for a municipal use; and
- Removing the prospective sunset of the 2 percent commission that may be kept by county assessors for the acquisition and improvement of technology in the county assessor's office, extending the authorization to keep that commission until June 30, 2011.

Assembly Bill 378 allows a wholesale dealer of liquor who is a designated importer for a supplier to receive original packages of liquor from an affiliate of the wholesale dealer located outside of Nevada under certain circumstances. The wholesale dealer is required to pay all excise taxes due on the liquor received from the affiliate no later than the 20th day of the month following the month the dealer received the liquor from the affiliate.

Assembly Bill 403 makes technical changes to various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement. The proposed changes reflect amendments made to the Streamlined Sales and Use Tax Agreement since the end of the 2007 Session.

In addition to the technical adjustments, the bill provides for the submission of a ballot question at the November 2, 2010, General Election that would allow the Legislature to make changes to the Sales and Use Tax Act of 1955 without voter approval only if the legislation is necessary to resolve a conflict with any federal statute, regulation, or interstate agreement for the administration, collection or enforcement of sales and use taxes; that it does not increase the rate of any tax imposed pursuant to that act; and that it does not narrow the scope of any tax exemption provided pursuant to the provisions of the Act, as amended by the direct vote of the people.

The ballot question included in Assembly Bill 403 appeared on the November 2010 General Election ballot as State Question No. 3, and failed to receive a majority of affirmative votes. The Secretary of State's Office reported that "no" votes received 67.85 percent of the vote, while "yes" votes received 32.15 percent.

Assembly Bill 518 makes a technical correction to Senate Bill 237 of the 72nd Session (2003), which authorized the imposition of an additional one-quarter of one percent sales and use tax rate in Clark County to fund transportation projects, as approved by Clark County voters in Advisory Question No. 10 on the November 2002 General Election ballot. The correction clarifies that the provisions limiting the imposition of the additional one-quarter of one percent rate authorized under that act shall be calculated only based on the revenue generated from that additional rate.

Senate Bill 276 amends various provisions of the *Nevada Revised Statutes* to establish the definition of a "land sale installment contract" to ensure that the Real Property Transfer Tax (RPTT) is paid on transactions involving these contracts, and to establish certain reporting requirements for these contracts. The bill also includes provisions that require the owner of a parcel to submit affidavits regarding the future payment of the RPTT and compliance with the reporting requirements for land sale installment contracts before the local government may approve certain documents relating to the division of the parcel.

Senate Bill 276 also provides that the failure of a seller in a land installment contract to perform the duties and requirements outlined in the bill constitutes a deceptive trade practice.

Senate Bill 332, among its numerous provisions governing transportation and motor vehicles, revises the definition of "motor vehicle fuel" to include ethanol and methanol, thereby requiring these types of fuels to be taxed as motor vehicle fuel in Nevada. The bill also revises the definition of "special fuel" to include biodiesel and biodiesel blends, which also requires these types of fuel to be regulated and taxed as special fuel.

BILLS REGARDING EXEMPTIONS, ABATEMENTS AND POSTPONEMENTS

Assembly Bill 369 expands the current property tax exemption granted on land and improvements owned by the Archaeological Conversancy, Nature Conservancy, American Land Conservancy, and Nevada Land Conservancy to allow the exemption to be granted to land and improvements that are intended to be held indefinitely by that organization and vested in that organization for the purposes of education, environmental protection, or conservation.

Assembly Bill 369 also allows these organizations to receive a tax exemption on land held for eventual transfer to the federal government, in addition to the current provisions that allow the exemption to be granted on land held for eventual transfer to the state or a local government.

Assembly Bill 492 places in statute the provisions of Section 6 of Article 10 of the Nevada Constitution (created by A.J.R. 16 of the 2007 Session), which requires the Legislature, before enacting any legislation that authorizes an exemption or abatement of property taxes or sales and use taxes, to make certain findings with regard to the benefits associated with such an exemption or abatement.

Assembly Bill 492 establishes specific requirements for legislation enacted on or after July 1, 2009, that authorizes or increases tax abatements granted by the Nevada Commission on Economic Development. The bill requires that any legislation authorizing such abatements must expire after ten years and must also exclude the Local School Support Tax (NRS 374.110 or NRS 374.190) from the amount of any tax abatements authorized. The bill also specifies that such abatements do not apply to entities that receive funding from a governmental entity, other than private activity bonds, or entities that receive real or personal property from a governmental entity at no cost or at a reduced cost. Assembly Bill 492 requires the recipients of such abatements to submit a biennial report to the Department of Taxation to provide the status of the project receiving the abatement, including certain information needed to ensure compliance with the minimum qualifications for the abatements. The bill requires the Department of Taxation to use the biennial reports to provide a report on the costs and benefits associated with granting the abatements.

Assembly Bill 492 also requires the Nevada Commission on Economic Development, prior to taking action on an application requesting a partial abatement, to provide at least 30 days notice to any local government or school district that may be affected.

Assembly Bill 522 creates new tax abatement incentives for eligible renewable energy projects and transfers the authority for granting and administering the renewable energy abatements from the Nevada Commission on Economic Development to the Nevada Energy Commissioner. The new tax abatement incentives are set to expire on June 30, 2049 and replace the previous renewable energy abatements that expired on June 30, 2009.

The new tax abatements established by Assembly Bill 522 provide for an abatement of all local sales and use taxes over a 3-year period that are above 0.6 percent (above 0.25 percent beginning July 1, 2011), and an abatement of 55 percent of the real and personal property taxes over a 20-year period. Eligible renewable energy projects are required to pay sales and use tax of 2.6 percent through June 30, 2011, and 2.25 percent effective July 1, 2011.

Eligible renewable energy projects must commit to operate in Nevada for at least 10 years; may not receive any state or local government funding for the facility or land acquisition; and must meet additional criteria with regard to new construction jobs, the amount of capital investment, and wages paid to workers.

For projects located in Clark or Washoe Counties and cities whose population is over 60,000, the project must: (1) create 75 or more construction jobs with Nevada residents holding at least 30 percent of the jobs, (2) include a capital investment of at least $10 million, and (3) pay facility workers at least 110 percent of the average statewide hourly wage (excluding management and administrative employees) and construction workers at least 150 percent of the average statewide hourly wage (excluding management and administrative employees). For projects located in all other areas of the state, the criteria are similar but the thresholds are lowered to 50 construction jobs and a capital investment of $3 million.

Assembly Bill 522 also specifies the distribution of the sales and use taxes and property taxes that are collected from the qualified renewable energy projects after all applicable abatements. The sales and use taxes are to be distributed in the same manner as the Local School Support Tax and 55 percent of the property taxes are to be distributed to local government entities in the usual manner. During FY 2011 and FY 2012, the remaining 45 percent of the property taxes are to be deposited to the State General Fund and beginning July 1, 2012, to the Renewable Energy Fund. The Renewable Energy Fund is administered by the Nevada Energy Commissioner and not less than 75 percent of the money in the fund must be used to offset the cost of electricity to retail customers of a public utility that is subject to the portfolio standard established by the Public Utilities Commission of Nevada pursuant to NRS 704.7821. The Nevada Energy Commissioner may establish other uses of the money in the Fund by regulation.

Assembly Bill 522 prohibits the Energy Commissioner from approving a partial abatement of property taxes for a qualified geothermal project unless the abatement application is first approved by the affected Board of County Commissioners. The bill also requires the Budget Division and the Department of Taxation to issue a fiscal note to estimate the impact of the abatements on the state and each affected local government respectively.

BILLS REGARDING LOCAL GOVERNMENT TAXES AND REVENUES

Assembly Bill 65 authorizes a district court to charge and collect certain additional filing fees; requires the fees to be deposited into a special county account maintained for the benefit of the court; and provides that the fees may be used only for court staffing, capital costs, debt service, renovation, furniture, fixtures, equipment, technology, and in counties whose population is less than 100,000, for court appointed special advocate programs.

Assembly Bill 65 requires that these fees must also be used to fund the cost of the salary and benefits of any district judge added between January 1, 2011, and June 30, 2011, pursuant to Assembly Bill 64, and requires the transfer from each county an amount equal to $104,104 to the State Controller for credit to the District Judges' Salary Account of the Supreme Court for each judge added in that county.

Assembly Bill 226 increases the maximum allowable debt for irrigation districts from $350,000 to $500,000 and increases the maximum annual assessment of irrigation districts from $1.50 per acre of land to $5.00 per acre of land. Of that assessment amount, not more than $1.50 per acre may go toward the ordinary and current expenses of the district, including the salaries of officers and other incidental expenses.

Assembly Bill 329 revises the allowable use of the sales and use tax rate of up to one-quarter of 1 percent that may be imposed in counties whose population is less than 15,000 for the operation and maintenance of a swimming pool to allow the revenue to also be used for the operation and maintenance of a recreational facility.

<u>Assembly Bill 543</u> changes the provisions for imposing the 1-cent supplemental governmental services tax in Washoe County and expands the purposes for which the proceeds from the supplemental governmental services tax may be used in Washoe County, if imposed, and Clark County, where it is already imposed. This bill removes the requirement to receive voter approval before the board of county commissioners in a county whose population is more than 100,000 but less than 400,000 (Washoe County) can impose the supplemental government services tax of 1 cent on each $1 of valuation of the vehicle.

Prior to the approval of A.B. 543, proceeds from the supplemental governmental services tax could only be used for the construction and maintenance of transportation projects. This bill allows counties with a population of 100,000 or more (Clark County and Washoe County) to use the proceeds from the supplemental governmental services tax to pay the operating costs of the county and any other costs to carry out governmental functions of the county.

Assembly Bill 543 requires Clark County to transfer the proceeds from various taxes and fees imposed for the construction and maintenance of transportation projects, not needed for debt service on bonds, to the county general fund to pay the operating costs of the county. These provisions are applicable to proceeds generated from the 1 percent county room tax, residential and non-residential construction fees, and 1-cent supplemental governmental services tax and are effective for FY 2010 and FY 2011 only. The amount to be transferred to the county general fund is determined by the Board of County Commissioners of Clark County.

<u>Senate Bill 61</u> allows school districts who receive revenue from the net proceeds of minerals tax to have greater access to their mitigation fund, which is created by setting aside a portion of the net proceeds revenue they receive annually. The bill eliminates the requirement that a school district may only access the fund if the amount of revenue received from the net proceeds of minerals tax declines in each of the preceding two fiscal years. Senate Bill 61 also expands the authorized uses of the fund to include mitigating the adverse effects caused by a natural disaster.

Senate Bill 61 also allows school districts in counties whose population is less than 5,000 (currently Esmeralda, Eureka, Lincoln, and Storey Counties) to retire bonds or any other outstanding obligations of the school district. School districts in these counties may also use the fund to continue instructional programs and related support services that would otherwise be reduced or eliminated if not for the provisions of this bill allowing access to the fund.

<u>Senate Bill 201</u> is the enabling legislation that carries out the provisions of Washoe County Ballot Question No. RTC-5 approved by the voters at the 2008 general election. Senate Bill 201 allows for an additional fuel tax to be imposed in Washoe County only to fund transportation projects located within Washoe County. The additional fuel tax is applicable to gasoline, special fuel (diesel), liquefied petroleum gas, compressed natural gas, and water-phased hydrocarbon fuel.

The amount of additional tax is initially determined by indexing the fuel taxes that are currently imposed on each type of fuel in order to establish a base amount of the tax for each fuel. The base amount of tax for each fuel may then be increased annually based on changes in the Producer Price Index for Highway and Street Construction published by the U.S. Department of Labor, but may not exceed 7.8 percent annually.

The revenue from the additional fuel taxes are to be used to service bond financing for Washoe County transportation projects, which must be coordinated with the Nevada Department of Transportation projects.

(This bill was vetoed by Governor Gibbons, and became law after two-thirds of the Senate and Assembly voted to override the Governor's veto.)

Senate Bill 218 authorizes constables to issue citations for the failure to register a vehicle that is required by existing law to be registered in Nevada and requires constables to charge and collect a fee of $100 from the person to whom the citation is issued. Senate Bill 218 also increases the fee to which constables are entitled for their services of removing or causing the removal of an abandoned vehicle from public property from $50 to $100.

Senate Bill 218 also increases the fine for failing to register a vehicle in this state within 60 days of becoming a resident, or at the time a driver's license is obtained, from a minimum of $250 and a maximum of $500 to a $1,000 fine. This fine may be reduced to not less than $200 if the person provides proof of registration in the State of Nevada at the time the hearing regarding the violation is held.

Senate Bill 219 removes the requirement that a board of county commissioners levy an assessment upon all real property in the county which is located within a weed control district, instead authorizing the board of county commissioners to levy such an assessment if it so chooses. The bill also requires the board of county commissioners to hold at least one public hearing to entertain applications for the exclusion of lands from the weed control district before levying such an assessment.

26th Special Session Actions – February 2010

BILLS REGARDING STATE REVENUES AND TAXES

Assembly Bill 3 (26th Special Session) repealed the provisions of Assembly Bill 562 of the 2009 Session, which required that the first $3.8 million of unclaimed property revenue in FY 2010 and FY 2011 be transferred to the Millennium Scholarship Fund. The bill suspends the entire transfer of $7.6 million of unclaimed property revenue from the State General Fund to the Millennium Scholarship Fund for Fiscal Years 2009-10 and 2010-11.

Assembly Bill 6 (26th Special Session) enacted provisions generating revenue for the State General Fund in Fiscal Year 2009-10, Fiscal Year 2010-11, and future fiscal years.

One-Time Actions

- The Department of Taxation was required to conduct a tax amnesty program from July 1, 2010, to September 30, 2010, for all taxes that are required to be reported and paid to the Department.

- The Clean Water Coalition in Clark County was required to transfer securities and cash in the amount of $62,000,000 to the State General Fund, effective April 1, 2010. **(NOTE: This action was declared unconstitutional by the Nevada Supreme Court in a ruling issued in May 2011.)**

Revenue Actions With Expiration Dates

- Assembly Bill 6 created a new annual mining claim fee imposed on each filing made pursuant to NRS 517.230, payable during Fiscal Years 2009-10 and 2010-11, based on the total number of mining claims held by an entity in Nevada. The fee is imposed at the following rates:

  - 10 or fewer claims: No fee;
  - 11 to 199 claims: $70 per claim;
  - 200 to 1,299 claims: $85 per claim; and
  - 1,300 or more claims: $195 per claim.

  The new fee was effective March 12, 2010, and expires by limitation on June 30, 2011.

- The Legislative Commission was required to transfer the first $100,000 in revenue collected by the Legislative Counsel Bureau for lobbyist registration fees during Fiscal Year 2010-11. These provisions expire by limitation on June 30, 2011.

Ongoing Revenue Actions

- Assembly Bill 6 increased various fees authorized or imposed in NRS associated with activities of the Secretary of State's Office related to securities, commercial recordings, and Uniform Commercial Code filing requirements, effective July 1, 2010. The bill also changed the allocation of the portion to the State General Fund for certain fees relating to notary training and domestic partnerships.

- The bill removed from statute certain fees associated with the issuance of birth and death certificates and required the State Registrar to establish fees for these activities through regulation, effective March 12, 2010. The bill required that the fees established in statute be collected until the new regulations had been adopted.

  The Health Division of the Department of Health & Human Services enacted regulations establishing the following fee schedule, effective December 1, 2010:

  - Certified Copies – Birth Certificates: $20.00 (old fee $13.00)
  - Certified Copies – Death Certificates: $20.00 (old fee $10.00)
  - Verifications – File Search (one name, no copy); Vital Record Verifications; and Marriage and Divorce; and Paternity Letters: $10.00 (old fee $8.00)
  - Amendments – Paternities; Corrections; Adoptions; and Delayed Births: $40.00 (old fee $20.00)
  - Notary Services Provided by the State Registrar: $2.00 (no change in fee)
  - Microfiche Index of Marriage Records to Non-State County Representative: $200.00 (no change in fee)
  - Microfiche Index of Divorce Records to Non-State County Representative: $100.00 (no change in fee)
  - Computer Programming (Data Files): $500.00 (old fee $200.00)

- The bill increased the license fee collected by the State Athletic Commission for exhibitions of unarmed combat held in the state from 4 percent to 6 percent, effective July 1, 2010.

- Assembly Bill 6 imposed a new fee of $150 per notice of default or election to sell, effective July 1, 2010.

- The bill increased the administrative assessment amount associated with misdemeanor violation fines by $5, effective March 12, 2010.

BILLS REGARDING TECHNICAL AND ADMINISTRATIVE CHANGES

Senate Bill 5 (26th Special Session) changes the provisions for the imposition of the fee imposed for the cleaning up of discharges of petroleum and the distribution of the proceeds generated by the fee. The bill authorizes the Department of Motor Vehicles to establish fees for certain services through regulation that were currently specified in statute. The bill also removes the prospective expiration on certain sales taxes imposed in Clark County.

Prior to the approval of S.B. 5, a fee of 0.75 cents per gallon with proceeds from the fee deposited into the Fund for Cleaning Up Discharges of Petroleum (Fund), but the fee was imposed only when the estimated fund balance was at $5 million or less and ceased to be imposed when the estimated fund balance was $7.5 million or more. Under S.B. 5, the 0.75 cents per gallon fee is a permanent rate that is no longer dependent on the estimated balance in the Fund. The 75 cents per gallon fee applies to motor vehicle fuel, diesel fuel, and heating oil imported into the state.

Prior to the approval of S.B. 5, all proceeds from the petroleum clean-up fee were retained in the Fund. This bill requires the balance of the Fund exceeding $7.5 million at the end of any fiscal year to be transferred to an account in the State Highway Fund. The money in this account must be transferred on July 1 and December 31 of each year as follows: 1.) 70 percent to the regional transportation commission in a county whose population is 400,000 or more (Clark County); 2.) 20 percent to the regional transportation commission in a county whose population is between 100,000 and 400,000 (Washoe County); and 3.) 10 percent to the Department of Transportation for use in counties whose population is less than 100,000.

Finally, this bill requires the transfer in FY 2010 of any money in the Fund which exceeds $7.5 million to the State Highway Fund on March 12, 2010, the effective date of the bill.

Senate Bill 5 requires the Department of Motor Vehicles to adopt regulations specifying the amount of fees related to the issuance of a certificate of title, processing dealer's or rebuilder's report of lease, and long-term lessor's report. The rate of fees specified in statute will continue to be imposed until Department establishes the fees by regulation.

Clark County currently imposes a voter-approved one-half of 1 percent sales and use tax rate for transportation projects. This bill removes the expiration provisions approved in the 2003 Session allowing the tax rate to be imposed until the cumulative proceeds equal or exceed $1.7 billion or June 30, 2028, whichever occurs earlier.

2011 TAX LEGISLATION

In the wake of continued declines in state revenue following the 2009 Session, Governor Gibbons was forced to call another emergency meeting of the Economic Forum in January 2010. This emergency meeting was followed by the 26th Special Session in February, to deal with the shortfall in revenue forecast by the Forum for FY 2010 and FY 2011.

Actions taken by the Legislature during the 26th Special Session to deal with the shortfall during the 2009-11 biennium included the redirection of all remaining portions of unclaimed property revenue from the Millennium Scholarship Fund to the State General Fund, the creation of an annual mining claim fee to be paid during FY 2010 and FY 2011, the transfer of $100,000 in revenue generated by the Legislative Counsel Bureau from lobbyist registration fees in FY 2011, and the transfer of $62 million in securities and cash from the Clean Water Coalition in Clark County to the State General Fund. The Legislature also directed the Department of Taxation to conduct an amnesty program for all taxes required to be reported and paid to the Department between July 1, 2009, and September 30, 2009.

Governor Sandoval's Executive Budget submitted in advance of the 2011 Session did not provide for the extension of the sunsets of the temporary taxes enacted by the Legislature during the 2009 Session, including the increases in the Local School Support Tax, the Modified Business Tax on General Businesses, and the Business License Fee that were scheduled to sunset on June 30, 2011. Rather than relying on tax increases, the Governor's budget relied heavily on the redirection of various revenue sources from state and local governments. However, the Nevada Supreme Court's ruling late in the session that the transfer of $62 million from the Clean Water Coalition approved during the 26th Special Session was unconstitutional led to the reconsideration of the Governor's reliance on revenue transfers in order to balance the budget. This reconsideration eventually led to agreements between the Governor and Legislature on extension of the sunsets on the Local School Support Tax and Business License fee for Fiscal Years 2012 and 2013, retention of the top rate of the two-tiered rate for the Modified Business Tax on General Businesses for those two fiscal years, and other revenue actions.

BILLS REGARDING STATE REVENUES AND TAXES

Assembly Bill 561 is the major General Fund revenue enhancement bill enacted by the Legislature during the 2011 Session for Fiscal Years 2012 and 2013. The bill removes the June 30, 2011, sunsets for the 0.35 percent increase in the Local School Support Tax portion of the statewide sales and use tax rate and the $100 increase in the Business License Fee collected by the Secretary of State, maintaining these increased rates until June 30, 2013.

The bill also maintains the two-tier rate structure for the Modified Business Tax on Nonfinancial Institutions (MBT-NFI) that was enacted during the 2009 Session, moving the prospective June 30, 2011, sunset to June 30, 2013. However, while Assembly Bill 561 maintains the top rate of 1.17 percent on all taxable wages subject to the MBT-NFI exceeding $62,500 in a calendar quarter, the bill reduces the rate on all taxable wages up to and including $62,500 per quarter from 0.50 percent to zero until June 30, 2013. Effective July 1, 2013, the MBT-NFI reverts to a rate of 0.63 percent on all taxable wages.

Assembly Bill 561 also contains the following provisions affecting State General Fund revenue:

- The provisions enacted in Senate Bill 2 (25th Special Session) requiring estimated payment of the Net Proceeds of Minerals Tax for the current calendar year, rather than payment based on actual net proceeds for the prior calendar year, are extended until June 30, 2013. This will require the current method of taxation of net proceeds of minerals to be used during the 2011-13 biennium.

- The 1 percent portion of the 10 percent Short-Term Car Lease Tax that was dedicated to the State Highway Fund in Assembly Bill 595 (2007 Session) and maintained in Senate Bill 234 (2009 Session), is permanently dedicated to the State General Fund, effective July 1, 2011, with the remaining 9 percent rate.
- The effective date for provisions requiring the mandatory annual transfer of an amount of revenue equal to 1 percent of the Economic Forum's General Fund forecast from the State General Fund to the Fund to Stabilize the Operation of the State Government, or "Rainy Day Fund", is moved from July 1, 2011, to July 1, 2013.
- The balance in the Rainy Day Fund totaling $41,321,014 must be transferred to the State General Fund in FY 2011.

Assembly Bill 579, which contains the provisions funding K-12 education for the 2011-13 biennium, revises the use of the proceeds of the State 3% Room Tax created pursuant to Initiative Petition 1 of the 2009 Session. The bill provides that the proceeds from this tax be transferred to the State Distributive School Account as a state funding source in the Nevada Plan for Fiscal Years 2012 and 2013, rather than being appropriated to the school districts and charter schools in the State as a supplemental funding source, as originally required under I.P. 1.

Assembly Bill 500 reduces from $2 to $1 per slot machine the portion of the quarterly licensing fees imposed on restricted and non-restricted slot machines that is dedicated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. The remaining $1 will be deposited in the State General Fund for Fiscal Years 2012 and 2013. The quarterly transfer of $2 per slot machine to the Account is restored in Fiscal Year 2014 with the June 30, 2013, expiration date in the bill.

Assembly Bill 219 requires 75 percent of the value of expired slot machine wagering vouchers retained by nonrestricted gaming licensees to be remitted to the Gaming Commission for deposit in the State General Fund on a quarterly basis. Based on the expiration period of 180 days for slot machine vouchers specified in the bill and the effective date of July 1, 2011, only one quarterly payment will be made in FY 2012, with four quarterly payments made in FY 2013 and subsequent fiscal years.

Senate Bill 493 makes various changes relating to deductions that may be taken by mining companies when calculating the net proceeds of minerals tax. The bill permanently removes deductions for the costs of fire insurance and marketing, and eliminates the deductions for the costs of health and industrial insurance for the purposes of calculating the tax due for calendar year 2012 and 2013. The bill also clarifies existing deductions allowed in statute or via regulation, specifying that the deduction for the costs of extraction is limited to direct costs for activities in Nevada, that the deduction for developmental work is limited to work necessary for the operation of the mine or a group of mines, and that the costs of reclamation work and remediation may be taken in the years the reclamation work occurred.

The bill specifically excludes certain expenses from being allowed as deductions from gross proceeds, including the costs of employee housing; employee travel that is outside of Nevada and not directly related to mining operations within the state; costs related to severance of employment; dues paid to third-party organizations or trade associations to promote or advertise a product; lobbying costs; mineral exploration costs; and any federal, state, and local taxes.

BILLS REGARDING TECHNICAL AND ADMINISTRATIVE CHANGES

Assembly Bill 1 requires the Department of Taxation; Gaming Control Board; Department of Motor Vehicles; Department of Employment, Training and Rehabilitation; Department of Business and Industry; Office of the State Controller; and Office of the Secretary of State to report to the Interim Finance Committee (IFC) within 60 days after the end of the immediately preceding fiscal quarter certain financial information, including the taxes and fees that: (1) were legally due to be paid to that agency; (2) the agency was able to collect; and (3) the agency did not collect or was otherwise unable to collect, to the extent that such information is available. The bill also requires the Nevada Commission on Economic Development and the Nevada Office of Energy to report to the IFC, on the same time schedule, regarding each tax or fee that was abated, exempted, or otherwise waived and the duration of the applicable abatement, exemption, or waiver. These provisions of Assembly Bill 1 are similar to those enacted by the Legislature for the 2009-11 biennium in Assembly Bill 193 of the 2009 Session.

The reports required pursuant to Assembly Bill 1 for each agency must be submitted to the IFC for each quarter beginning in the fourth quarter of FY 2011, until the third quarter of FY 2013.

Assembly Bill 1 also requires each occupational licensing board, on or before December 1, 2011, to file with the Interim Finance Committee and the Legislative Commission a report setting forth the total amount of money the board has on hand; statements of fees that were increased by the board, fees that were collected, and fees that the board failed to collect or otherwise did not collect during the immediately preceding six months; a list of capital assets held by the board; a current schedule of fees collected by the board, including the date on which, and the amount by which, each fee was most recently changed; and any other information relating to these provisions, as requested by the Director of the Legislative Counsel Bureau.

Assembly Bill 332 requires the Economic Forum to conduct additional meetings no later than June 10 of each even-numbered year and no later than December 10 of each odd-numbered year. At these additional meetings, the Economic Forum is required to consider current economic indicators and update the status of actual State General Fund revenues, as compared to the most recent revenue estimates made by the Economic Forum.

Assembly Bill 332 also moves the deadline for the Economic Forum meeting currently held no later than December 1 of each even-numbered year to December 3, and clarifies that the deadline for any meeting of the Economic Forum is moved to the second business day after the deadline, if it falls on a Saturday, Sunday, or legal holiday.

Assembly Bill 504 requires the Department of Taxation to submit an annual report to the Nevada Tax Commission showing all money owed to the Department for delinquent payments of any tax administered by the Department in the preceding year, and the amount of delinquent taxes that the Department has determined to be impossible or impractical to collect.

If the Tax Commission is satisfied with the Department's findings, it must request that the State Board of Examiners designate as bad debt any amounts determined to be impossible or impractical to collect. If the Board of Examiners determines an amount to be bad debt, the State Controller must ensure that the bad debts are removed from the books of account of the State; however, the debt still remains a legal and binding obligation owed to the State.

Assembly Bill 504 also lowers the interest rate that is paid to the State by taxpayers for any late payment or underpayment of taxes administered by the Department of Taxation. The interest rate paid to the State is lowered from 1 percent per month, or 12 percent annually, to 0.75 percent per month, or 9 percent annually. The bill also lowers the interest rate that is paid by the State to taxpayers for any overpayment or refund of taxes administered by the Department of Taxation. The interest rate paid to taxpayers is lowered from 0.5 percent per month, or 6 percent annually, to 0.25 percent per month, or 3 percent annually.

Assembly Joint Resolution 1 proposes an amendment to Article 10, Section 1 of the *Nevada Constitution*, which provides for uniform and equal rates of assessment and taxation of real and personal property, to allow the Legislature to provide by law for the determination of the value of improvements to real property for the purposes of taxation, upon the transfer, sale or other conveyance of the property as the Legislature determines to be appropriate.

In order to be ratified, the provisions of this joint resolution must be approved again by the Legislature during the 2013 Session, and then be approved at the 2014 General Election.

Senate Bill 31 makes various changes related to the administration of taxes and fees collected by the Department of Taxation. The bill authorizes the Department to consider whether a person's failure to collect or pay any taxes or fees administered by the Department was willful with respect to determining if that person should be made jointly or severally liable for the payment of any taxes or fees, extends the Department's authority to waive penalties and interest in certain instances to all taxes and fees collected by the Department, and changes the period of time from 3 to 4 years for which the Department of Taxation may take various actions with respect to the collection of delinquent taxes.

Senate Bill 31 also provides for a one-time extension of the deadline for local governments to enter into an interlocal agreement to revise distributions of revenue from the Local Government Tax Distribution Account from December 31, 2010, to May 31, 2011, for an agreement that would begin in Fiscal Year 2012.

Additionally, Senate Bill 31 requires the State Demographer to prepare a 5-year population projection of each county on or before March 1 of each year, as well as a 20-year population projection of each county on or before October 1 of each year, that are based on the Governor's certified population estimates. The 20-year population projection due on or before October 1 of each year must include classifications of age, sex, race, and Hispanic origin in each county.

Senate Bill 32 makes various changes relating to the actions of state and county boards of equalization. The bill establishes that if the January 15 deadline for filing an appeal to the county board of equalization falls on a weekend or holiday, the appeal may be filed on the next business day.

Senate Bill 32 extends the deadline for the State Board of Equalization to perform its duties from October 1 to November 1, and also extends the deadline for the State Board to notify affected local governments of an equalization from April 15 to April 30 for any equalization action that will affect local governments in more than one county and that is likely to have a substantial impact on property tax revenues.

Additionally, Senate Bill 32 requires the State Board to publish notices of its meetings on the Department of Taxation's website for all meetings held outside of Carson City, in addition to being published in a newspaper of general circulation in the county where the meeting is being held.

Senate Bill 33 repeals several sections of existing law dealing with the confidentiality of records and files maintained by the Department of Taxation, replacing these provisions with a single section within Chapter 360 of NRS that applies to all taxes and fees collected by the Department.

Senate Bill 33 also allows the Department of Taxation to provide confidential information to any federal agency upon request for use in a federal prosecution or criminal investigation. The bill also prohibits any information regarding an appeal by a taxpayer to the Nevada Tax Commission from being made public until after the time period allowed for that taxpayer to request a closed hearing has passed.

Senate Bill 34 makes technical changes to various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement. The proposed changes reflect amendments made to the Agreement since the end of the 2009 Session.

Senate Bill 79 makes several changes to the provisions of Nevada's qualifying legislation to the Tobacco Master Settlement Agreement in order to assist the Attorney General's Office in enforcing provisions related to nonparticipating manufacturers and the wholesale dealers that distribute the products of nonparticipating manufacturers.

Senate Bill 249, brought forth on behalf of the Nevada Assessors' Association, makes various changes relating to administration of taxes on property, including:

- Revising the definition of a "bona fide resident" to clarify that a seasonal resident is not eligible to receive the property tax or governmental services tax exemptions authorized under current law;
- Authorizing county assessors to use electronic means to provide annual renewal forms for tax exemptions from property taxes and the governmental services tax;
- Authorizing county assessors to use any declaration or recorded deeds associated with a common interest community for the purpose of allocating the assessed value of the common elements in that community, rather than equally dividing the value of the common elements among all property owners in the common interest community;
- Lowering the minimum threshold for which a personal property taxpayer may request to make payment in quarterly installments from $10,000 to $5,000;
- Authorizing the payment of the first and second quarterly installments on or before the due date of the second quarterly installment, if the tax bill is issued on or after August 1 and on or before September 15; and
- Extending the prospective expiration date, from June 30, 2011, to June 30, 2013, for the 2 percent commission on personal property taxes and the net proceeds of minerals tax that is retained by the county assessors for the acquisition and improvement of technology.

Senate Bill 495 provides for a competing measure to Initiative Petition 1 to be placed on the ballot at the November 6, 2012, General Election, pursuant to Article 19, Section 2 of the *Nevada Constitution*. Initiative Petition 1, which proposes the creation of an arena district within a portion of Clark County in which a 0.9 percent sales and use tax rate will be levied, was rejected by the Legislature based on passage of Senate Concurrent Resolution 4, and will appear on the November 2012 General Election ballot as a result of the Legislature's rejection of the measure.

Senate Bill 495 amends the Nevada Taxpayers Bill of Rights to establish that the sales and use tax administered throughout the counties of this State must be uniform and equal within each county so that all areas of each county, and all taxpayers within a county, are subject to an equal rate of sales and use tax.

The bill also establishes that a special district for which a sales and use tax is imposed may not be created in a portion of a county if it would cause the rate of sales and use tax in that portion of the county to be higher than other portions of the county.

Senate Bill 495 will only become effective if a majority of voters approve its provisions at this election. If both Senate Bill 495 and Initiative Petition 1 receive a majority vote, the measure receiving the most votes will become law. Senate Bill 495 will not be placed on the ballot if Initiative Petition 1 does not appear on the November 6, 2012, General Election ballot. **(NOTE: Senate Bill 495 was not placed on the November 6, 2012, General Election Ballot, as the Nevada Supreme Court ruled in August 2012 that Initiative Petition 1 of the 2011 Session was invalid.)**

BILLS REGARDING EXEMPTIONS, ABATEMENTS AND POSTPONEMENTS

Assembly Bill 202 requires the Director of the Nevada Office of Energy to grant partial abatements of property taxes, except for those taxes imposed for public education, for manufacturing businesses in the State who renovate an existing building or structure and meet certain standards under the Green Building Rating System. The applicant for the abatement must be a new manufacturing business in the state employing at least 25 full-time employees at the new manufacturing business for the entire period during which the applicant will receive the partial abatement, and the business must pay its employees, excluding management and administrative employees, at least 100 percent of the average statewide hourly wage or the average countywide hourly wage, whichever is less, as determined by the Department of Employment, Training, and Rehabilitation.

The partial abatement that is granted must not exceed a period of one year, and may not exceed a total ranging from 25 to 35 percent of the total eligible taxes paid, depending on the certification level achieved under the Green Building Rating System adopted by the Office of Energy.

Assembly Bill 245 allows a veteran or disabled veteran who is eligible for the Governmental Services Tax exemption to transfer the exemption to his or her current spouse. The bill requires the veteran to file an affidavit of transfer with the Department of Motor Vehicles in the county in which the vehicle is registered.

Assembly Bill 449 makes various revisions to existing laws relating to partial tax abatements for certain energy-efficient structures and renewable energy facilities, requiring the Director of the Nevada Office of Energy and the Nevada Energy Commissioner to consult with the Office of Economic Development in the administration of these abatements. The bill also amends these abatements to require the recipients of the abatements to repay the abated amounts if the recipients cease to meet the eligibility requirements for the abatements.

Senate Bill 75 authorizes the State Treasurer to use up to $50 million of the money in the State Permanent School Fund to provide equity funding to businesses engaged in certain industries that are located in or seeking to relocate to Nevada. Businesses that are eligible to receive this equity funding must be engaged primarily in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology, or any other industry determined to meet the target for investment returns established by the board of the corporation for public benefit.

BILLS REGARDING LOCAL GOVERNMENT TAXES AND REVENUES

Assembly Bill 71 requires the Legislative Commission to appoint a subcommittee to conduct a study during the 2011-13 interim concerning the formula for the allocation of money distributed from the Local Government Tax Distribution Account, which is also known as the Consolidated Tax Distribution or CTX. This subcommittee is required to review the structural components of the formula used for the allocation of money distributed from the Account to local governments, special districts and enterprise districts from the inception of the formula to the present day; and examine whether the formula results in an equitable allocation among all those governmental entities, including, without limitation, any local library districts which do not currently receive such an allocation, and, if not, consider possible alternative methodologies to achieve a more equitable allocation among all those governmental entities.

The Legislative Commission is required to submit a report of the results of the study and any recommendations for legislation to the 77th Session of the Legislature.

Assembly Bill 376 makes various changes related to local government projects within a tourism improvement district (TID) that are financed through STAR (sales tax anticipated revenue) proceeds. For TIDs that are created on or after July 1, 2011, retail facilities that relocate into the TID from within a three-mile radius may not receive any financing or reimbursement from pledged sales tax revenue in the project, nor may the sales tax revenue from this project be part of the pledged revenue for projects in the TID.

Assembly Bill 376 also requires that claims submitted pursuant to any contract or other agreement made with the governing body to provide financing or reimbursement be reviewed by an independent auditor. Additionally, an annual report of each project within a TID must be submitted to the Legislative Counsel Bureau for districts created on or after July 1, 2011. Finally, the Department of Taxation must submit a report of taxable sales, wages, and employees within any TID to the Legislative Counsel Bureau twice per year. For all future TIDs created in the State, the reports and studies that are currently required as a condition of creating the district must be obtained from an independent consultant that is selected from a list, provided by the Nevada Commission on Tourism, of at least three consultants located outside of the State.

Additionally, the provisions of Assembly Bill 376 revise the responsibilities of the stadium authority created in certain counties for the operation of a minor league baseball stadium project. The bill expands the membership of the stadium authority from four members to seven members, and allows the authority to recommend to the governing body of the city that an ordinance be adopted to impose a surcharge on items or services related to the minor league baseball stadium project, with the proceeds to be used for the operation and maintenance of the baseball stadium or to pay bonds issued for the stadium. For the surcharge to be enacted, an ordinance must be approved by a two-thirds majority vote of the city's governing body.

Assembly Bill 376 also allows the governing body of a city whose population is 220,000 or more in a county whose population is 100,000 or more, but less than 700,000 (currently the City of Reno) to enact an ordinance to create a district to finance capital projects necessary to improve and maintain publicly owned facilities for tourism and entertainment. The ordinance must be approved by a two-thirds majority of the members of the governing body, and must include provisions imposing a $2 per-night per room surcharge on the rental of transient lodging from a hotel in the district that holds a nonrestricted gaming license.

The bill specifies that the boundaries of the district must include property that is located in or within four city blocks of a police protection district created pursuant to statute, inclusive. Proceeds generated from the surcharge imposed within the district may be used only for those publicly owned facilities located within the district or within 1 mile of the boundaries of the district, except that the proceeds may not be used for a minor league baseball stadium project.

Assembly Bill 376 revises the reserve requirements for school district debt service funds from the lesser of the amount of principal or interest payments due on outstanding bonds in the next fiscal year or 10 percent of the outstanding principal amount of outstanding bonds to:

- 25 percent of the amount of principal or interest payments due on outstanding bonds in the next fiscal year or 10 percent of the outstanding principal amount of outstanding bonds, for school districts in counties whose population is 100,000 or more, whichever is less; and
- 50 percent of the amount of principal or interest payments due on outstanding bonds in the next fiscal year or 10 percent of the outstanding principal amount of outstanding bonds, for school districts in counties whose population is less than 100,000, whichever is less.

Finally, Assembly Bill 376 requires the City of North Las Vegas to prepare and submit a plan for the routing of effluent that exits its water reclamation facility to the Clark County Water Reclamation District. The plan must include a consideration of the construction of a joint pipeline with the Clark County Water Reclamation District. If a joint pipeline is not economically feasible, the City of North Las Vegas is required to provide for an environmental study of the impact of the water flow down the flood control channel on the quality of life and the value of adjacent homes; as well as develop a plan to manage the flood control channel.

The City of North Las Vegas must submit a report of these findings to the Director of the Legislative Counsel Bureau on or before February 1, 2013, for transmission to the 77th Session of the Legislature.

Assembly Bill 572 revises provisions of the Clark County Sales and Use Tax Act of 2005 relating to the approval of expenditures of revenue received by a local government from the proceeds of the quarter-cent sales and use tax rate levied in Clark County to train and equip additional police officers. If a police Department proposes to spend less than the base amount in a given fiscal year, as established by the provisions of the bill, the police Department may only expend the funds allocated from this rate if the local government finds that its anticipated combined revenues from property taxes and the Consolidated Tax Distribution will decrease by more than 2 percent in the upcoming fiscal year from its base fiscal year amount.

If such a finding is made, the body must adopt a resolution setting forth that finding and the reasons for making such a finding. However, if such a finding is not made during a fiscal year, that local government may not use any proceeds from this tax rate during that fiscal year. The bill also permits any other local government that is eligible to receive a portion of this tax revenue to apply to the county treasurer for the use of that unused portion for the support of its police Department in that fiscal year.

Assembly Bill 572 also transfers the requirement to receive quarterly reports of certain information from local governments relating to the proceeds and expenditures of this tax from the Director of the Legislative Counsel Bureau to the Department of Taxation.

Senate Bill 432 authorizes the Regional Transportation Commission (RTC) in Clark and Washoe Counties to issue revenue bonds and other revenue securities, payable from pledged fuel and sales tax revenues, to fund the construction and maintenance of road projects, public transit systems, and projects to improve air quality, if the RTC has executed an interlocal agreement with the county.

The bill authorizes the Clark County Commission to extend the imposition of the sales and use tax rate imposed for infrastructure projects in Clark County beyond the current expiration date specified in the ordinance creating the tax, if the commission determines by a two-thirds majority vote that cessation of the tax is not advisable.

If the commission determines that cessation of the tax is not advisable, the commission is also authorized to continue the issuance of bonds and other securities beyond the current limitations, which are based on a specified date (June 30, 2025) or the total amount of proceeds generated from the tax ($2.3 billion).

The bill also extends the period of time for which general obligation bonds may be issued for a water facility or wastewater facility, from 30 years to 40 years.

Senate Bill 506 requires the Regional Transportation Commission of Southern Nevada (RTC) to establish a demonstration project for a toll road in connection with the Boulder City Bypass Project in Clark County. The RTC is also authorized to enter into one or more public-private partnership contracts for planning, designing, financing, constructing, improving, maintaining, operating or acquiring rights-of way for the demonstration project. Additional requirements for the RTC related to the operation of the demonstration project include the establishment of fees for use of the demonstration project and levying of fines or other penalties for nonpayment of these fees. The bill also requires the Department of Motor Vehicles (DMV) to place a hold on the registration renewal for any vehicle for which the Department of Transportation or the private partner has notified the DMV that a required fee, fine, or penalty has not been paid.

Under the provisions of Senate Bill 506, any revenue generated and retained by the RTC from the demonstration project must be placed in the State Highway Fund, but must first be used to defray the costs and obligations of the RTC for the public-private partnership. The bill also provides that the demonstration project is required to remain a public highway owned by the RTC, and also requires the RTC to submit reports concerning the demonstration project to the Legislative Commission on or before February 1 of each even-numbered year and to the Director of the Legislative Counsel Bureau on or before February 1 of each odd-numbered year. In addition, quarterly reports relating to the project must also be submitted to the Legislative Commission and the Interim Finance Committee.

Senate Bill 506 also contains provisions revising the reserve requirements for school district debt service funds that are identical to the provisions passed by the Legislature in Assembly Bill 376.

Finally, Senate Bill 506 amends the Consolidated Local Improvements Law, contained within Chapter 271 of the *Nevada Revised Statutes*, to allow local governments to make modifications to local improvement projects or districts created before July 1, 2011, under certain circumstances. The modifications that may be made include eliminating a portion of the project, making additions or changes to the project, modifying the assessments to reflect the changes or additions to the project, modifying the assessment installments and their due dates, or any combination of these modifications.

Any modifications that are made to the project pursuant to these provisions must be reflected in a report prepared by the engineer and filed with the clerk, showing the proposed modification, the estimated cost of the modified project, the amount of maximum special benefits estimated to be derived, the amount of the modified assessment, and the modified installments or due dates, if applicable. The report must also indicate whether the assessment, upon modification, will exceed the maximum special benefit estimated to be derived by each tract from the project.

In order for the modification to occur, the report prepared by the engineer must be approved by the governing body at a public hearing. In order to approve modification of the project, certain findings relating to the project must be made by the local government.

2013 TAX LEGISLATION

Though the economy in Nevada and nationwide had begun to recover in 2011 and 2012, it was believed by many that the revenue enhancements originally passed during the 2009 Session and renewed in 2011 would need to be continued during the 2013 Session in order to continue essential state government services. Indeed, several months before The Executive Budget was submitted to the Legislature, Governor Sandoval announced that many of the revenue enhancements that were due to expire on June 30, 2013, would be continued as part of the budget submitted for the 2014-15 biennium.

Ultimately, though several pieces of legislation were introduced and considered that would provide additional sources of revenue for the state in addition to those proposed in the Governor's budget, the Legislature approved extensions of many of the revenue sources set to expire at the end of Fiscal Year 2013, including the increases in the Local School Support Tax, Modified Business Tax on Nonfinancial Institutions, and Business License Fee, as well as delaying the redirection of a portion of the Governmental Services Tax to the State Highway Fund and the proceeds from the state 3 percent room tax to the State Supplemental School Support Fund until Fiscal Year 2016. The Legislature also considered and approved, as part of the legislation approved for the regulation of medical marijuana, a new excise tax for the sale of marijuana products sold in the state for medical purposes. The proceeds of the excise tax are to be used to support the administration of the program and for the support of K-12 education.

A significant focus of the Legislature during the 2013 Session was on the authorization of revenue sources for the benefit of local governments. The Legislature approved three separate bills authorizing additional tax rates for local governments and school districts – two bills for the benefit of Clark County and one for Washoe County – that would provide revenue for road construction and maintenance, hiring and equipping of police officers, and for maintenance and repair of school facilities.

During the 2013 Session, the Legislature also approved two programs designed to promote economic and community development in Nevada by providing credits against certain taxes paid to the State General Fund. A transferrable film tax credit program was authorized for four years that provides credits against the gaming percentage fee tax, modified business tax, and insurance premium tax based on a percentage of certain expenses associated with filming productions in the state. A "New Market Tax Credit" program was established that provides credits against the insurance premium tax to insurance providers who make qualified equity investments in certain community development entities.

BILLS REGARDING STATE REVENUES AND TAXES

Senate Bill 475 is the major General Fund revenue enhancement bill enacted by the Legislature during the 2013 Session for Fiscal Years 2014 and 2015. The bill removes the June 30, 2013, sunsets for the 0.35 percent increase in the Local School Support Tax portion of the statewide sales and use tax rate and the $100 increase in the Business License Fee collected by the Secretary of State, maintaining these increased rates until June 30, 2015.

The bill revises the Modified Business Tax on Nonfinancial Institutions by increasing the level of taxable wages that are exempt from the tax per quarter, from $62,500 to $85,000 through June 30, 2015 and maintains the 1.17 percent tax rate on taxable wages over the exempt amount. Effective July 1, 2015, the Modified Business Tax on Nonfinancial Institutions will revert to a flat rate of 0.63 percent on all taxable wages.

Senate Bill 475 also continues the advanced payment of the tax on the net proceeds of minerals and royalties for two years by extending the expiration date from June 30, 2013, to June 30, 2015, and also extends the expiration date for two years for which certain expenses are not allowed as deductions against gross proceeds.

Assembly Bill 491 implements several of the revenue actions recommended by the Governor and approved by the Legislature, including:

- Requiring that the portion of the Governmental Services Tax scheduled to be deposited in the State Highway Fund beginning on July 1, 2013, continue to be deposited in the State General Fund until June 30, 2015, with the revenue to be deposited in the State Highway Fund beginning on July 1, 2015;
- Requiring the transfer of a portion of the commissions and penalties received by the Department of Motor Vehicles from the collection of the Governmental Services Tax to be transferred to the State General Fund in Fiscal Year 2015 only; and
- Increasing the limit on the amount of vehicle license and registration fee revenue that may be used for the administrative costs of the Department from 22 percent to 32 percent during Fiscal Year 2015 only.

Senate Bill 374 provides for the registration and certification of medical marijuana establishments authorized to cultivate, test, or dispense medical marijuana, edible marijuana products or marijuana-infused products to persons authorized to engage in the medical use of marijuana. The bill provides for the imposition of an excise tax of 2 percent on each sale of medical marijuana, edible marijuana products and marijuana-infused products by cultivators, producers and dispensaries. The bill specifies that the 2 percent excise tax on retail sales of such products is in addition to any applicable state and local sales and use taxes that are otherwise imposed on medical marijuana products as tangible personal property.

Seventy-five percent of the revenues collected from these excise taxes must be deposited to the State Distributive School Account in the State General Fund and the remaining twenty-five percent must be expended to pay the administrative costs of the Health Division of the Department of Health and Human Services to carry out the provisions of this act.

Senate Bill 374 requires each applicant for a medical marijuana establishment to pay a one-time, non-refundable application fee of $5,000 and any related costs incurred by the Health Division in processing the application. In addition to the non-refundable application fee, the bill also establishes the following fees for the initial issuance and annual renewal of a registration certificate required for each type of medical marijuana establishment:

- Dispensary - $30,000 initial registration / $3,000 renewal;
- Cultivation facility - $3,000 initial registration / $1,000 renewal;
- Facility for the production of edible marijuana products or marijuana-infused products - $3,000 initial registration / $1,000 renewal;
- Establishment agent registration card - $75 initial registration / $75 renewal;
- Independent testing laboratory - $5,000 initial registration / $3,000 renewal;

The bill requires revenue generated from the one-time application fee and the registration certificate fees to be expended first to pay the administrative costs incurred by the Health Division to carry out the provisions of this act. If the revenue generated from the non-refundable application fee and the registration certificate fees exceed the costs incurred by the Health Division to administer the program, the additional revenue must be deposited to the State Distributive School Account in the State General Fund.

Senate Bill 468 increases fees for certain applications and permits in the Office of the State Engineer, Division of Water Resources, Department of Conservation and Natural Resources, and establishes fees for several new categories concerning certain permits and applications relating to wells, maps, and flood control detention basins. The bill also amends existing law that requires fees collected by the State Engineer to be deposited in the State General Fund and instead requires fee revenue to be placed in the Water Distribution Revolving Account to fund salaries and operating expenses incurred by the Division of Water Resources.

Senate Bill 470 increases certain existing licensing and application fees collected by the Commission on Postsecondary Education and imposes a new fee on certain private postsecondary educational institutions for approval of applications to offer an alcohol awareness program. All proceeds from the licensing and application fees are deposited in the State General Fund.

Assembly Bill 482 creates the Interest Repayment Fund as a special revenue fund for the purpose of repaying interest accruing and payable on any advances received to the Unemployment Compensation Fund from the federal government. The bill also requires the Administrator of the Employment Security Division of the Department of Employment, Training and Rehabilitation to establish an assessment, of which certain employers who are subject to the provisions governing unemployment compensation are required to pay a proportionate share, for deposit into the Fund.

Assembly Bill 482 requires that, if the Administrator determines that the assessment is no longer necessary, he or she notify all such employers and shall not accept any further payments. Any money remaining in the Interest Repayment Fund must be deposited into the Unemployment Compensation Fund after: (1) the payment of all interest payable on the advances received from the Federal Government; and (2) a determination by the Administrator that no further payments are anticipated.

Assembly Bill 3 of the 28th Special Session reduced the amount of the credit that may be taken against the insurance premium tax by insurers with a home office or regional office in Nevada to an aggregate amount of $5 million per year, effective January 1, 2016. The aggregate annual amount of $5 million is to be prorated among all insurers who are eligible to take the credit. The home office credit is eliminated by this bill, effective January 1, 2021.

BILLS REGARDING TECHNICAL AND ADMINISTRATIVE CHANGES

Senate Bill 7 requires the Department of Taxation to prepare technical bulletins to educate the public on issues related to their businesses and the taxes administered by the Department. A technical bulletin is also required for written opinions received by the Department from the Attorney General. The technical bulletins may include examples for clarification purposes or provide information and guidance concerning specific issues or topics. A technical bulletin must not include advice on a specific fact situation but may include information that is applicable to a specific industry or type of business.

The technical bulletins must be made available on the Departments website or upon request at the offices of the Department and each proposed bulletin and any revisions to a bulletin must be submitted to the Nevada Tax Commission for approval before the bulletin or revised bulletin is published.

Senate Bill 17 changes the date by which nonrestricted gaming licensees must submit reports and payment related to the gaming percentage fees and expired slot machine wagering vouchers, pursuant to Chapter 463 of NRS. The reporting dates are changed from the 24th to the 15th day of the month following each applicable monthly or quarterly reporting period.

Senate Bill 135 establishes provisions for redevelopment projects undertaken in a redevelopment area within a city whose population is 500,000 or more (the City of Las Vegas). The bill requires a public agency to obtain certain information from a developer, if the agency provides the developer with a financial incentive of more than $100,000 for a public project within such a redevelopment area.
The developer is required to submit an employment plan which must include information regarding the efforts that will be taken, by the developer and each new employer as a result of the project, to hire veterans and other persons of both sexes and diverse ethnicities that are residents of certain qualified areas. The qualified areas are defined as the redevelopment area, an area in the city for which the city council has adopted a plan for neighborhood revitalization or which is eligible for a community development block grant, or the Southern Nevada Enterprise Community.

Senate Bill 135 also requires the public agency to withhold payment of an amount equal to 10 percent of the incentive until the following conditions are met:

1) At least 15 percent of the employees of contractors, subcontractors, vendors and suppliers of the developer are residents of any qualified area;
2) At least 15 percent of the jobs created by employers who relocate to the redevelopment area as a result of the project are filled by residents of any qualified area; and
3) The developer satisfies other reporting requirements related to employment outreach, training and scope of services for the project.

Senate Bill 152 revises provisions of current law that allow a retailer to claim a deduction or refund of sales and use taxes related to bad debts. When a retailer remits the full amount of sales tax due for a credit transaction, financed by the retailer, current law allows the retailer to claim a deduction or refund of sales tax if the retailer is unable to collect the full sales price from the customer and the uncollected amount is written off as a bad debt. Senate Bill 152 authorizes this deduction or refund of sales tax to also be claimed by a retailer who assigns a debt to an entity which is part of an affiliated group that includes the retailer.

Senate Bill 215, brought forth on behalf of the Nevada Assessors' Association, makes various changes to provisions governing county assessors, including:

- An appraiser that is certified by the Department of Taxation to perform the duties of an appraiser for purposes of taxation on property is required to attend 36 hours of training every 3 years versus every 5 years.
- If certain extenuating circumstances exist, the county assessor is authorized to waive the 10 percent penalty for the failure to report a mobile or manufactured home to the county assessor within 30 days, as required by NRS 361.5644.
- A qualified veteran or disabled veteran who wishes to transfer an exemption from the Governmental Services Tax to his or her spouse must submit an affidavit of transfer to the Department of Motor Vehicles (DMV) rather than to the county assessor.
- The June 30, 2013, expiration date for the 2 percent commission on personal property taxes and the net proceeds of minerals tax that county assessors may keep for the acquisition and improvement of technology that was originally approved pursuant to Senate Bill 394 of the 2005 Session and extended by the Legislature during the 2007, 2009 and 2011 Sessions, is removed to allow the assessors to receive the 2 percent commission permanently.

Senate Bill 216, brought forth on behalf of the Association of County Treasurers of Nevada, authorizes the county treasurer to provide tax bills in an electronic format, in lieu of mailing a paper bill, if requested by the property owner or holder of the mortgage. The bill clarifies that the notification required prior to the sale of a tax lien must be published in a newspaper at least once a week for 4 consecutive weeks, starting at least 22 days before the sale. The bill also provides that the county treasurer may accept payment for delinquent taxes on a property up until 3 days prior to a tax lien sale as opposed to the current law, which requires that the payment be received before the tax lien sale is advertised in a newspaper.

Senate Joint Resolution 15 of the 76th Session proposes to amend Article 10, Section 1 of the *Nevada Constitution*, which provides for uniform and equal rates of assessment on taxation, to remove the exception to this provision provided for mines and mining claims which, under current law, shall be assessed and taxed only as provided in Article 10, Section 5 of the *Constitution*.

Additionally, Senate Joint Resolution 15 of the 76th Session proposes to repeal Article 10, Section 5 of the *Constitution*. This section allows the Legislature to impose a tax on the net proceeds of minerals at a maximum rate of 5 percent, prohibits the imposition of any other tax upon a mineral or its proceeds until the identity of the proceeds as such is lost, provides for the distribution of this tax revenue among local governments and school districts, and provides for an exemption from property taxes for patented mines and mining claims where at least $100 worth of labor has been performed.

Pursuant to Article 16, Section 1 of the *Nevada Constitution* and Chapter 218D of NRS, the provisions contained within this joint resolution, having been approved by the Legislature during both the 2011 and 2013 Sessions, must also be approved by voters at the November 4, 2014, General Election in order to be ratified. **(The provisions of Senate Joint Resolution 15 of the 76th Session were placed on the ballot as Question 2 at the November 4, 2014, General Election and were not approved by the voters.)**

Senate Bill 400 amends various provisions of existing law governing the taxation of mines, mining claims and mineral extraction. The bill becomes effective only if Senate Joint Resolution 15 of the 76th Legislative Session is approved by the voters at the November 4, 2014, General Election.

The bill provides for the imposition of an excise tax upon mineral extraction for the privilege of engaging in mineral extraction in the State of Nevada and clarifies that the excise tax upon mineral extraction is not an ad valorem or property tax upon the value of the mineral extracted. Senate Bill 400 preserves, without change, the amounts appropriated to each local government or other local taxing entity from the revenue generated by the excise tax upon mineral extraction and royalties. The bill preserves, without change, the existing tax rates applied to royalties and each extractive operation. The bill also maintains, with certain technical revisions, the methods, standards and procedures used by the Department of Taxation to determine and certify the gross yield and net proceeds, and to impose and collect the excise tax upon mineral extraction and royalties.

Finally, the bill makes conforming changes to existing law that become necessary because of the enactment of the excise tax upon mineral extraction and royalties and because of the repeal of the constitutional provisions governing the taxation of minerals proposed by S.J.R. 15.

(NOTE: Because Senate Joint Resolution 15 of the 76th Session was not approved by the voters as Question 2 at the November 4, 2014, General Election, the provisions of Senate Bill 400 did not become effective.)

Senate Bill 402 changes the penalty amount for a person failing to renew their real estate license from one and one half times the renewal fee amount to a flat fee of $100, if the licensee renews the license within one year after the expiration date along with the appropriate renewal fee. Senate Bill 402 also establishes a penalty fee of $20 for a person failing to renew their permit to engage in property management by the expiration date, but renewing the permit within one year of the expiration date along with any required renewal fee.

Senate Bill 516 revises and expands the procedures and licensing requirements of wholesale dealers, nonparticipating manufacturers, and the Office of the Attorney General related to the statutory enforcement of the tobacco Master Settlement Agreement (MSA). Specifically, Senate Bill 516:

- Requires the Department of Taxation to notify wholesale dealers when a manufacturer or brand of cigarettes is added to or removed from the directory of cigarette manufacturers and stipulates that a wholesale dealer shall not purchase cigarettes for resale from a manufacturer not listed in the directory;
- Expands the provisions governing the importation of cigarettes and provides that an importer is jointly and severally liable for certain escrow deposits;
- Authorizes the state to enter into an agreement with an Indian tribe to enforce and administer provisions related to the licensing, taxing and manufacturing of tobacco products;
- Defines qualified tribal land and requires that each cigarette package sold on qualified tribal land bear a tribal stamp issued by the Department of Taxation;
- Authorizes the state to release to an Indian tribe, pursuant to a compact with that tribe, not more than 50 percent of the amounts deposited in a qualified escrow fund in accordance with the MSA for cigarettes sold on or after January 1, 2015, from a retailer on the qualified tribal land for the purposes of public safety and social services; and
- Authorizes the Department of Taxation to temporarily suspend or permanently revoke a license of a wholesale dealer if the dealer fails to file or inaccurately files its monthly report to the Department of Taxation, fails to pay certain taxes, fails to cure certain liabilities, sells unauthorized cigarettes, or imports or exports any unauthorized cigarettes.

Assembly Bill 50 extends the termination deadline for a redevelopment plan adopted by a redevelopment agency of a city whose population is 500,000 or more (the City of Las Vegas) from 45 years after the date on which the original plan was adopted to 60 years after the date on which the original plan was adopted, so long as certain conditions are met.

The bill additionally requires a city whose population is 500,000 or more (the City of Las Vegas) to set aside 18 percent of property tax revenue received on property located within a redevelopment area on or after October 1, 2011, but before March 6, 2031, for increasing, improving, preserving, or enhancing the operating viability of dwelling units in the community for low-income households, as well as for the improvement of existing public educational facilities located within a redevelopment area or within one mile of a redevelopment area. After March 6, 2031, the 18 percent of revenues received must be used exclusively for the improvement of existing public educational facilities located within a redevelopment area or within one mile of a redevelopment area.

Assembly Bill 50 also eliminates the prohibition in existing law against a city or county creating a tourism improvement district after October 1, 2009, that includes within its boundaries any property included within the boundaries of a redevelopment area. In the case of a tourism improvement district created after October 1, 2009, that includes within its boundaries any property included within the boundaries of a redevelopment area, the bill prohibits a redevelopment agency and the governing body of a county or city from providing financing or reimbursement pursuant to the financing and reimbursement mechanisms of both a tourism improvement district and a redevelopment area.

Assembly Bill 114 contains provisions related to the provision of interactive gaming by licensed gaming establishments within the State of Nevada. The bill removes conditions specifying that a license to operate interactive gaming in the state does not become effective until the passage of federal legislation or notice providing that interactive gaming is permissible under federal law.

The bill also prohibits the issuance of a license to operate interactive gaming for a period of five years after the effective date of the bill (February 21, 2013) for certain entities that operated interactive gaming involving patrons located in the United States after December 31, 2006. The Gaming Commission is permitted to waive these prohibitions if it determines that the entity complied with all applicable provisions of federal law or the law of any state when, after December 31, 2006, those entities operated interactive gaming involving patrons located within the United States.

Assembly Bill 114 also authorizes the Commission to adopt regulations to increase or decrease the fees for the initial issuance and renewal of a license for an establishment to operate interactive gaming under certain circumstances.

Assembly Bill 335 provides for the creation of the University of Nevada, Las Vegas, Campus Improvement Authority for the purpose of studying the need for, feasibility of, and financing alternatives for a large events center and other required infrastructure and supporting improvements on the campus of the University of Nevada, Las Vegas.

The Board of Directors of the Authority must prepare a report of the results of the study of the Board, including any recommendations for legislation, to the 78^{th} Session of the Legislature.

Assembly Bill 360 makes various changes to the state's gaming laws regarding interactive gaming, including providing definitions of the terms "cashless wagering system," "gaming employee," "gross revenue," and "wagering credit" for the purposes of the statutory provisions governing the licensing and control of gaming in Nevada.

Assembly Bill 360 also makes changes to Assembly Bill 114 of the 2013 Session, which became effective upon passage and approval (February 21, 2013), to allow interactive gaming agreements to be made with governmental units of other nations, states, or local bodies that exercise governmental functions. The bill also moved the effective date for requirements for the issuance of certain restricted licenses, approved by the Legislature in Senate Bill 416 of the 2013 Session, from July 1, 2013, to January 1, 2014.

The bill also requires the Legislative Commission to create a committee to conduct an interim study concerning the impact of technology upon the regulation of gaming and upon the distinction between restricted and nonrestricted gaming licensees.

Assembly Bill 466 requires the Executive Director of the Department of Taxation to prepare and send a report of tax expenditures to the Governor and the Legislature on or before November 10 of each even-numbered year. The bill defines a "tax expenditure" as any state law that exempts, in whole or in part, certain persons, income, goods, services, or property from the impact of established taxes.

The report must include certain information regarding each tax expenditure, including a description of the tax expenditure, the year the tax expenditure was enacted, the purpose of the tax expenditure, any subsequent amendments to the tax expenditure and, to the extent that pertinent information is available, estimates of the following:

- The fiscal impact of the tax expenditure on both state and local governments;
- The number of taxpayers benefiting from the tax expenditure; and
- The revenue that would result from repeal of the tax expenditure.

BILLS REGARDING EXEMPTIONS, ABATEMENTS AND POSTPONEMENTS

Senate Bill 165 provides for a transferable tax credit to be administered by the Governor's Office of Economic Development and granted to a producer of certain film and other qualified productions, if the production is in the economic interest of the state, at least 60 percent of the total qualified expenditures and production costs for the production will be incurred in Nevada, and the production costs of the qualified production exceed $500,000.

The base amount for the transferable tax credit is 15 percent of certain qualified expenditures which are incurred in Nevada, with additional tax credits that can be earned based on wages, salaries, and fringe benefits (compensation) paid to certain out of state personnel. A tax credit of 12 percent can be earned based on the compensation paid to above-the-line personnel (actors, producers or directors) who are not Nevada residents. A credit based on compensation paid to below-the-line personnel (non-actors, producers or directors) who are not Nevada residents may be earned at the rate of:

- 12 percent for the period beginning January 1, 2014 to December 31, 2015;
- 10 percent for the period beginning January 1, 2016 to December 31, 2016; and
- 8 percent for the period beginning January 1, 2017 to December 31, 2017.

An additional tax credit of 2 percent of the qualified expenditures incurred in Nevada may be earned if at least 50 percent of the below-the-line personnel is comprised of Nevada residents. An additional tax credit of 2 percent of the qualified expenditures incurred in Nevada may also be earned if more than 50 percent of the filming days of the qualified production occurs in a county which, in each of the two years immediately preceding the date of the application, qualified productions incurred less than $10 million of direct expenditures.

Senate Bill 165 further provides that the tax credit may be used by the producer or transferred to a third party who may claim the tax credit against the modified business tax, the gross gaming percentage fee tax, or the insurance premium tax. The bill additionally limits the amount of tax credits that may be granted for any single production to $6 million, and limits the amount of tax credits that may be granted in a single fiscal year to $20 million. If the entire $20 million worth of tax credits are not issued in a particular fiscal year, the Office of Economic Development may carry forward the amount of unused tax credits in that fiscal year to be issued over the immediately following two fiscal years.

Any transferable tax credits issued by the Office of Economic Development expire four years after the date on which the credits are issued to the producer. The provisions of the bill prohibit the approval of any applications for transferable tax credits that are received on or after January 1, 2018 and the provisions of the bill expire by limitation on June 30, 2023.

(NOTE: The provisions of Senate Bill 165 creating the film tax credit program were further amended by Senate Bill 1 of the 28th Special Session in September 2014. Please see page 156 of this manual for more information on the changes approved by that bill.)

Senate Bill 357 enacts the Nevada New Markets Job Act. The measure allows insurance companies to receive a credit against the tax imposed on insurance premiums in exchange for making a qualified equity investment in a community development entity, particularly those that are local and minority-owned. A community development entity that receives such an investment is required to provide capital or equity investments in, or loans to certain qualified low-income community businesses and at least 30 percent of the total qualified equity investment amount must be provided to such businesses located in severely distressed census tracts.

The bill requires the Department of Business and Industry to certify a total of $200 million in qualified equity investments, and prohibits the certification of any single qualified equity investment of less than $5 million or the certification of more than $50 million in qualified equity investments to any single applicant, including all affiliates and partners of the applicant which are qualified community development entities.

In exchange for making a qualified equity investment in a community development entity, insurance companies are entitled to receive a credit against the taxes imposed on insurance premiums in an amount equal to 58 percent of the total qualified equity investment that is certified by the Department. The bill specifies the following manner in which the total credit amount of 58 percent must be claimed over a period of 6 anniversary dates following the date on which the investment is initially made:

Date the investment is made – 0% of the qualified investment may be claimed;
1 year after the investment is made – 0% of the qualified investment may be claimed;
2 years after the investment is made – 12% of the qualified investment may be claimed;
3 years after the investment is made – 12% of the qualified investment may be claimed;
4 years after the investment is made – 12% of the qualified investment may be claimed;
5 years after the investment is made – 11% of the qualified investment may be claimed;
6 years after the investment is made – 11% of the qualified investment may be claimed;

Senate Bill 357 also sets forth the application procedures, as well as the requirements the Department of Business and Industry must follow when determining whether to approve or disapprove an application. The measure provides for the recapture of tax credits under the provisions of the bill if certain conditions are met, as well as an exception from recapture. Senate Bill 357 also requires the Department of Business and Industry to review the qualified community development entities annually and submit a report to the Legislative Counsel Bureau, for transmittal to the Legislature, concerning the impact of the program on the economy and the compliance of the qualified community development entities with the provisions of this bill.

Assembly Bill 33 makes several changes to existing provisions governing the granting of partial abatements of taxes by the Nevada Office of Energy, including:

- Requiring that the Green Building Rating System adopted by the Director must include standards and ratings equivalent to the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, or an equivalent rating system;
- Increases the number of Optimize Energy Performance credit points that must be obtained in order to become eligible for tax abatements;
- Repeals provisions allowing partial abatements to be granted for manufacturers who renovate existing buildings; and
- Specifies that the Director may not approve an application for a partial abatement of property taxes unless the application is approved or deemed approved by the board of county commissioners in the county where the facility is located.

The amendatory provisions of Assembly Bill 33 do not apply to a building or other structure for which a partial abatement has been received or for which an application for a partial abatement has been submitted pursuant to NRS 701A.110 on or before the effective date of the act (June 11, 2013).

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<u>Assembly Bill 61</u> makes several changes relating to the duties of the Governor's Office of Economic Development, including:

- Specifying that a partial tax abatement whose projected value to a single entity of $250,000 or more must be approved by the Board of Economic Development, and may be approved by the Director if the projected value to a single entity is less than $250,000;
- Revising the composition of the Board of Economic Development to include the Director of the Department of Employment, Training and Rehabilitation;
- Allowing the Director to declare void any contract between the Office and a regional development authority;
- Removing the requirement for the Office to develop a State Plan for Inland Ports;
- Specifying that only counties or cities may apply for grants or loans from the Catalyst Fund; and
- Abolishing the Interagency Committee for Coordinating Tourism and Economic Development and the Advisory Council on Economic Development.

<u>Assembly Bill 138</u> allows a new or expanding business who makes a capital investment in an institution within the Nevada System of Higher Education to receive a partial abatement of taxes on personal property. To be eligible to receive these abatements, the business must make a capital investment of at least $1 million in a research program at the University of Nevada, Las Vegas; the University of Nevada, Reno; or the Desert Research Institute; or at least $500,000 at the Nevada State College or a smaller institution within the Nevada System of Higher Education; and must meet additional criteria in order to become eligible.

If the business meets the eligibility requirements, it may receive a partial abatement of its personal property taxes for five years. The total amount of the abatement received may not exceed 50 percent of the personal property taxes imposed on the business during the period of the abatement or 50 percent of the amount of the capital investment, whichever is less.

The provisions of Assembly Bill 138 expire by limitation on June 30, 2023.

<u>Assembly Bill 239</u> makes several changes related to partial abatements of taxes approved by the Office of Energy, including:

- Allowing the Director of the Office of Energy to charge and collect a fee from each applicant for a partial abatement, in an amount not to exceed the actual cost to the Director of processing the application;
- Removing persons who operate a facility for the transmission of electricity generated from renewable energy or geothermal resources from the list of persons who may apply for a partial abatement;
- Increasing the number of employees working on the construction of the facility who must be Nevada residents from 30 percent to 50 percent;
- Increasing the average hourly wage requirement for employees working on the construction of a facility from 150 percent of the average statewide hourly wage to 175 percent of the average statewide hourly wage for facilities located in a county whose population is 100,000 or more or in a city whose population is 60,000 or more;
- Specifying that abatements may not be approved for facilities for the generation of process heat from solar renewable energy or wholesale facilities for the generation of electricity from renewable energy unless the application is approved or deemed approved by the board of county commissioners in the county where the facility is to be located; and
- Repealing provisions requiring a portion of the property taxes paid by a facility be deposited in the Renewable Energy Fund.

The provisions of Assembly Bill 239 requiring approval from a board of county commissioners before a partial abatement for certain facilities are identical to provisions approved in Assembly Bill 388 of the 2013 Session.

Assembly Bill 333 requires the Office of Economic Development and the Office of Energy to periodically conduct an analysis of the relative costs and benefits of each incentive for economic development previously approved by the respective offices and in effect during the immediately preceding two fiscal years, to assist the Governor and the Legislature in determining whether the economic benefits of the incentive have accomplished the purposes of the statute pursuant to which the incentive was approved and warrant additional incentives of that kind.

The bill requires each office to report to the Chief of the Budget Division of the Department of Administration a report of the result of the analysis conducted by each office and establish a schedule for performing and reporting the results of the analysis, ensuring that the results of the analysis reported by each office are included in the Governor's Executive Budget.

Assembly Bill 333 also clarifies that the minimum benefit thresholds that must be met for new and expanding businesses seeking partial abatements of taxes from the Office of Economic Development specifically require minimum expenditures on health care benefits.

Assembly Bill 388 specifies that partial abatements from taxes may not be approved by the Director of the Office of Energy for facilities for the generation of process heat from solar renewable energy or wholesale facilities for the generation of electricity from renewable energy unless the application is approved or deemed approved by the board of county commissioners in the county where the facility is to be located. The application must be approved or denied by the board of county commissioners not later than 30 days after the board receives a copy of the application; however, if the board does not approve or deny the application, it is deemed to be approved.

The provisions of Assembly Bill 388 requiring approval from a board of county commissioners before a partial abatement for certain facilities are identical to provisions approved in Assembly Bill 239 of the 2013 Session.

Assembly Bill 506 provides that consideration is not received for the complimentary portion of any food, meals or nonalcoholic drinks provided on a complimentary basis to the employees, patrons or guests of a retailer and, thus, the sales tax would not apply to the complimentary portion of such food, meals or nonalcoholic drinks.

Assembly Bill 506 further provides that the complimentary portion of any food, meals or nonalcoholic drinks provided on a complimentary basis to the employees, patrons or guests of a retailer does not lose its status as food for human consumption and, thus, is exempt from the use tax.

This legislation was introduced and passed by the Legislature as a condition of a settlement between the State of Nevada and certain businesses related to the applicability of sales and use taxes to complimentary food and beverages provided by these businesses.

Assembly Bill 1 of the 27th Special Session, sponsored by the Governor's Office of Economic Development, makes numerous changes to the state's economic development laws and the issuance of abatements and deferrals by the Office, including the following:

- Repealing provisions relating to the qualification for partial abatements of taxation for businesses that further the development and refinement of intellectual property, patents, or copyrights into a commercial product;

- Reducing the number of employees that a new business must hire in order to become eligible for partial abatements of taxes from 75 to 50 in a county whose population is 100,000 or more or a city whose population is 60,000 or more;
- Reducing the number of employees that a new business must hire in order to become eligible for partial abatements of taxes from 15 to 10 in a county whose population is less than 100,000 or a city whose population is less than 60,000;
- Specifying that an expanding business in a county whose population is 100,000 or more or in a city whose population is 60,000 or more must increase the number of employees on its payroll by 10 percent or 25 employees, whichever is greater;
- Reducing the amount of capital investment that must be made by new or expanding businesses in a county or city in order to become eligible for partial abatements of taxes;
- Allowing for a partial abatement of up to 75 percent of personal property taxes paid for businesses locating within an activated foreign trade zone for up to five years;
- Increasing the minimum threshold for eligibility for a deferral of sales and use taxes due from a sales price of $100,000 to $1 million;
- Establishing the that property and sales tax abatements available to a business that is or will be located in a historically underutilized business zone, a redevelopment area, an area eligible for a community development block grant, or an enterprise community may be granted for between one and five years and may not exceed 75 percent of the personal property taxes payable by the business; and
- Establishing the that property and sales tax abatements available to a data center that is or will be located in a historically underutilized business zone, a redevelopment area, an area eligible for a community development block grant, or an enterprise community may be granted for between one and fifteen years and may not exceed 75 percent of the personal property taxes payable by the business

Assembly Bill 1 of the 27th Special Session includes the provisions contained within Assembly Bill 38 of the 2013 Session, which was not passed by the Legislature before the end of the 120-day session.

Senate Bill 1 of the 28th Special Session authorizes the Office of Economic Development to approve abatements of certain taxes and the issuance of transferable tax credits submitted by the lead participant engaged in a qualified project with other participants for a common purpose or business endeavor and which is located within the geographic boundaries of a single project site in Nevada. The Office is required to approve an application for these abatements if, among certain other requirements, the project would promote the economic development of the State and would aid the implementation of the State Plan for Economic Development; the participants in the project agree collectively to make a total new capital investment in this State of at least $3.5 billion during the 10-year period immediately following approval of the application; and at least 50 percent of the employees engaged in the construction of the project and at least 50 percent of the employees employed at the project are residents of Nevada.

Upon approval of the application, the Office is required to issue to the lead participant in the qualified project a certificate of eligibility for transferable tax credits, to be issued in the amount of $12,500 for each qualified employee employed by the participants of the project, up to a maximum of 6,000 employees; plus an additional 5 percent of the first $1 billion of new capital investment in the State made collectively by the participants in the qualified project; plus an additional 2.8 percent of the next $2.5 billion in new capital investment in the State made collectively by the participants in the qualified project. The transferable tax credits may be taken against any of the taxes imposed pursuant to Chapters 363A and 363B (the Modified Business Tax and the Branch Bank Excise Tax), NRS 463.370 (the gaming percentage fee tax), or Chapter 680B (the insurance premium tax). The amount of credits approved by the Office may not exceed $45 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and the Office is prohibited from issuing any credits in excess of $195 million. The Office may also not approve any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2022.

If the Office approves an application for partial abatements, the lead participant in the qualified project is entitled to the abatement of all property taxes and Modified Business Taxes due for up to 10 years following the approval of the application, as well as an abatement of certain local sales and use taxes for up to 20 years following the approval of the application.

In addition to these provisions, Senate Bill 1 authorizes the governing body of a county or city in which the qualified project is or is expected to be located to create an economic diversification district that includes the qualified project. The governing body who creates the district may pledge an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the county or city for use in the district, or stored, used or otherwise consumed in the district by a participant, during a fiscal year, other than any local sales and use taxes for which the lead participant is receiving an abatement approved by the Office.

The bill also revises the provisions of the film tax credits previously approved by the Legislature in Senate Bill 165 of the 2013 Session to reduce the aggregate amount of transferable tax credits that may be issued for eligible film productions from a total of $80 million to a total of $10 million, effective September 11, 2014.

BILLS REGARDING LOCAL GOVERNMENT TAXES AND REVENUES

Senate Bill 1 of the 27th Special Session makes various changes to the Clark County Sales and Use Tax Act of 2005, which is imposed for the hiring and equipping of additional police officers by the law enforcement agencies in Clark County. The changes to the Act including the following:

- Temporarily suspending the provisions which prohibit these tax revenues from supplanting or replacing existing funding for police departments until July 1, 2016;
- Requiring additional reports to be filed relating to the expenditure of revenues during the period which these provisions are suspended;
- Resetting the base year for determining when the use of these sales tax revenues supplant or replace existing revenues; and
- Authorizing the imposition of an additional sales and use tax rate of up to 0.15 percent in Clark County, which may be imposed on or after October 1, 2013, but before July 1, 2016. In order to become effective, the rate must be approved by a two-thirds majority of the Clark County Commission.
- Establishing provisions for the expenditure of the proceeds from the 0.15 percent tax rate dependent upon employing an equal number of police officers in unfilled budgeted positions using money other than the proceeds from the 0.15 percent sales tax rate. The County Treasurer must be satisfied that a police department meets these requirements before allocating the money.
- Establishing provisions for the police department to apply for and be granted a waiver by the Committee on Local Government Finance from the unfilled budgeted positions requirements under certain conditions.
- Allowing any other police department that meets the unfilled budgeted positions requirements or has been granted a waiver to apply for the allotment of any proceeds from the 0.15 percent tax rate that the County Treasurer determines should not be allocated to a police department that fails to meet the positions requirements or is granted a waiver.

- Requiring the Committee on Local Government Finance to submit a report on or before September 1 of each year to the Legislative Commission regarding the number of waivers granted during the preceding fiscal year and the reason for the waivers.

Senate Bill 1 of the 27th Special Session includes provisions contained within Assembly Bill 496 of the 2013 Session, which was not passed by the Legislature before the end of the 120-day session.

Assembly Bill 46 authorizes the board of county commissioners of a county whose population is 100,000 or more, but less than 700,000 (Washoe County) to impose, by a two-thirds majority vote, additional sales and property tax rates within the county for deposit into the county school district's capital construction fund. The bill authorizes the imposition of a sales and use tax rate of one-quarter percent in the county, as well as the imposition of an additional property tax rate of 5 cents per $100 of assessed value, so long as a two-thirds majority of the board of county commissioners approves the imposition of these taxes on or before January 1, 2014.

The provisions of Assembly Bill 46 specify that, if the property tax rate is authorized by the board of county commissioners, the tax rate of 5 cents would not be subject to the provisions of NRS 361.453, which limits the combined property tax rate in any tax district within the state to $3.64 per $100 of assessed value. The property tax rate would also not be subject to the partial abatements of property taxes that were approved by the Legislature pursuant to Assembly Bill 489 of the 2005 Session.

If the taxes are approved by the board of county commissioners, Assembly Bill 46 specifies that the school district in the county is allowed to pledge the proceeds of these taxes to the payment of any bonds or other obligations the school district issues for capital projects. The bill additionally authorizes Washoe County to pledge the portion of the Governmental Services Tax (GST) whose allocation to the school district is based on the amount of the property tax levy attributable to debt service to the payment of any bonds or other obligations the school district issues for capital projects.

Senate Bill 301 requires a county treasurer to assign a tax lien against a parcel of real property upon which taxes have become delinquent, if the property owner enters into a written agreement with the assignee of the lien. The assignee of the lien must pay to the county treasurer an amount equal to the delinquent taxes assessed against the property, as well as any accrued penalties, interest, fees, and costs.

Senate Bill 301 allows the assignee to bring an action against the owner of the property for the recovery of delinquent taxes, penalties, interest, fees, and costs, if the tax lien is not redeemed by the owner. The assignee may not commence this action before the earliest date on which an action could be commenced by the district attorney under current law.

Senate Bill 406 makes various changes to provisions governing tourism improvement districts and Sales Tax Anticipated Revenue (STAR) bonds, including:

- Specifying that a tourism improvement district created within a redevelopment district on or after October 1, 2009, may utilize the financing mechanisms allowed for either the tourism improvement district or the redevelopment district, and not both;
- Prospectively removing the Local School Support Tax from the tax revenues that may be pledged in the tourism improvement district;
- Clarifying the information that must be provided in certain reports currently required to be prepared by the Department of Taxation;

- Modifying the bid process for subcontractors if the contractor or developer does not receive the minimum number of bids required under current law;
- Specifying that a developer may not provide financing or reimbursement in a new district for facilities that relocate into the district on or after July 1, 2013; and
- Specifying that prevailing wage requirements in Chapter 338 of NRS apply to certain projects within the district.

Senate Bill 479 authorizes an insurer to carry forward credits against the premium tax paid for its policies of industrial insurance. The credits do not expire and may be carried forward into subsequent years until entirely used.

Senate Bill 509 removes the requirement that the 2.5 percent room tax rate imposed within the City of Sparks pursuant to Assembly Bill 205 of the 2003 Session must expire upon the repayment of certain general or special obligation bonds. The bill also provides that the imposition and collection of this 2.5 percent rate after the repayment of certain general or special obligation bonds, as prohibited by A.B. 205, is authorized, ratified, approved and confirmed in all respects pursuant to this bill.

Assembly Bill 68 is the legislation that was brought forth based on the recommendations of the Legislative Commission's Subcommittee to Study the Allocation of Money Distributed from the Local Government Tax Distribution Account, which was formed as a result of Assembly Bill 71 of the 2011 Session. The interim committee brought forward several recommendations for changes to the Consolidated Tax Distribution (CTX), as follows:

- Use the five-year average percentage change in the Consumer Price Index (CPI) to adjust the annual base allocation for local governments and special districts, instead of only the average percentage change in the CPI during the prior year, beginning in Fiscal Year 2014;
- Revise the method by which a local government or special district's annual base allocation is calculated to include all revenue (base plus excess) distributed to that entity in the prior year, adjusted for the five-year average percentage change in the CPI, beginning in Fiscal Year 2015;
- Modify the excess distribution formula for all seventeen counties, such that the 1-plus formula is used in all counties whose population is less than 100,000 (all counties except for Clark and Washoe), and a 0.02-plus formula is used in a county whose population is 100,000 or more (Clark and Washoe Counties);
- Require, in a county whose population is 100,000 or more, that the five-year average percentage change in assessed value for special districts and local governments be set to zero when determining excess revenue shares, if this average percentage change is negative;
- Require, in a county whose population is 100,000 or more, that if the sum of 0.02, the five-year average change in population, and the five-year change in assessed value for any local government is negative, that this sum be set to zero for the purpose of determining that local government's excess distribution factor;
- Require, in a county whose population is 100,000 or more, that excess revenues be distributed in the same shares as base revenues if all local governments' excess distribution factors are zero;
- Change the date by which a cooperative agreement for an alternative distribution of revenue among local governments and/or special districts within a county must be submitted to the Department of Taxation, from December 31 to April 1 prior to the fiscal year that will be governed by the cooperative agreement;
- Require that a notice of intent be filed with the Department of Taxation on or before March 1 of each year for each local government or special district who intends to enter into a cooperative agreement for an alternative distribution of revenue; and

- Revise the method by which annual population estimates are used to determine the distribution of the liquor tax, the cigarette tax, and the Basic City-County Relief Tax at the first tier of the CTX.

Assembly Bill 413 allows the board of county commissioners in a county whose population is 700,000 or more (Clark County) to adopt an ordinance imposing an additional tax on gasoline and special fuels sold in the county no later than October 1, 2013. The rate would be an indexed rate based on the federal, state, and local rates for gasoline and other fuels, and would be permitted to be indexed for three calendar years. The additional fuel tax is applicable to gasoline, special fuel (diesel), liquefied petroleum gas, compressed natural gas, and water-phased hydrocarbon fuel.

Clark County may continue indexing based on the federal and local rates on these fuels in 2017 and future years only if a ballot question on the November 2016 General Election is approved by voters. The indexing based on the state rates may not continue in 2017; however, the county may continue imposing the rate that was imposed in 2016 based on the indexing of the state rates.

The bill also requires ballot questions to be added on the November 2016 General Election ballot seeking approval for an additional indexed tax rate. A statewide question would seek approval of an additional indexed rate based on the current state gasoline and special fuel tax rates, with the proceeds distributed to the State Highway Fund. A separate question would be added to the November 2016 General Election ballot in all counties except for Washoe and Clark Counties for approval of an indexed rate based on the current federal and local fuel tax rates, with the proceeds dedicated to transportation projects in that county.

Assembly Bill 413 also requires the Department of Motor Vehicles to adopt regulations establishing a system to provide for the reimbursement and repayment of any amounts owed by any person under the International Fuel Tax Agreement as a result of the imposition of the indexed special fuel taxes contained within the bill.

Assembly Bill 418 revises the distribution of the 5-cent property tax rate imposed pursuant to NRS 354.59815 in a county whose population is 700,000 or more (Clark County). The provisions require that 40 percent of the proceeds be divided among the county and the cities within the county as follows:

- The board of county commissioners shall direct the county treasurer to retain 30 percent; and
- The remaining 70 percent is to be distributed among the county and the cities within the county in the proportion that the projected assessed value of the unincorporated areas of the county and each of those cities for the fiscal year bears to the sum of the projected assessed values of the unincorporated areas and all those cities for that fiscal year.

The provisions of Assembly Bill 418 do not affect the distribution of the 60 percent portion of the rate to the State Highway Fund, pursuant to the provisions of Assembly Bill 595 of the 2007 Session.

Assembly Bill 503 temporarily authorizes a governing body of a local government to transfer or loan money in an enterprise fund, money collected from fees imposed for the purpose for which an enterprise fund was created, or any income or interest earned on money in an enterprise fund to be used in a fiscal year, if the ending fund balance of the general fund of the local government at the end of the preceding fiscal year is less than 9 percent of the total expenditures of the local government from the general fund during that fiscal year. Any such loan or transfer requires the prior approval of the Committee on Local Government Finance.

Any money loaned or transferred by the governing body must be used only, in order of priority: (1) to restore police and fire services; (2) to restore the operation of libraries, parks and other recreational services; and (3) to settle any legal claim outstanding on the date on which the loan or transfer is made.
The bill requires the governing body of a local government that loans or transfers money pursuant to that section to make certain quarterly reports to the Committee on Local Government Finance concerning the loan or transfer. The Committee must also adopt regulations specifying the procedure for obtaining the approval of the Committee.

Assembly Bill 503 also requires the governing body of any local government which makes such a loan or transfer to report certain information to the Director of the Legislative Counsel Bureau on or before January 15, 2015, for transmittal to the Audit Division of the Bureau and to the Legislature.

2015 TAX LEGISLATION

The Executive Budget submitted by Governor Sandoval in advance of the 2015 Session proposed total General Fund expenditures in excess of $7.4 billion for the 2015-17 biennium, well over the $6.3 billion in General Fund revenue forecast by the Economic Forum at its meeting on December 3, 2014. Though the budget submitted by Governor Sandoval proposed making many of the tax increases that were approved in the 2013 Session and set to expire on June 30, 2015, permanent, additional revenue sources would be necessary above the so-called "sunset" taxes in order to fund the budget that was submitted.

The budget submitted by Governor Sandoval, in addition to making permanent the increases in the Local School Support Tax and the Modified Business Tax, made changes to the state's Business License Fee that would have required all businesses to pay a minimum of $400 per year, with businesses generating larger amounts of revenue in Nevada to pay an increasing amount depending on the industry classification of the business. Additionally, under the revenue proposal submitted by the Governor, businesses that pay the Net Proceeds of Minerals Tax would be required to pay a higher Modified Business Tax rate on all taxable wages, certain slot route operators would have been required to pay the gross gaming percentage fee tax on all restricted and non-restricted slot machines, and the cigarette tax would have been increased by 40 cents per pack.

Throughout the session, in addition to the proposals submitted by the Governor, additional proposals were submitted and considered by the Legislature, including one bill introduced in the Senate that would have created a gross receipts tax on all businesses making more than $25,000 per year, as well as another bill introduced in the Assembly that would have increased the Modified Business Tax on Nonfinancial Institutions and the Business License Fee on certain corporations.

In the end, the proposal approved by the Legislature and signed by the Governor consisted of a hybrid proposal that took elements of the Governor's original proposal, as well as those alternative proposals introduced by the Legislature during the session. The elements from this hybrid proposal are discussed in Senate Bill 483 below.

BILLS REGARDING STATE REVENUES AND TAXES

Senate Bill 483 is the major General Fund revenue enhancement bill enacted by the Legislature during the 2015 Session. The bill makes the following changes to currently existing revenue sources:

- The June 30, 2015, sunset for the 0.35 percent increase in the Local School Support Tax (LSST) portion of the statewide sales and use tax rate is removed, making the 2.60 percent LSST rate permanent. (The proceeds from the Local School Support Tax are deposited in the State Distributive School Account.)
- The Modified Business Tax (MBT) on Nonfinancial Institutions is revised by reducing the level of taxable wages that are exempt from the tax per quarter, from $85,000 to $50,000, and permanently increases the tax rate on taxable wages from 1.17 percent tax rate on taxable wages over the exempt amount to 1.475 percent.
- Businesses that are subject to the Net Proceeds of Minerals Tax will be required to pay the MBT at a rate of 2 percent on all taxable wages, effective July 1, 2015, rather than the rate for other nonfinancial institutions.
- The advanced payment of the tax on the net proceeds of minerals and royalties is continued for one year by extending the expiration date from June 30, 2015, to June 30, 2016, and also

extends the expiration date for one year for which health and industrial insurance expenses are not allowed as deductions against gross proceeds.

- The portion of the Governmental Services Tax scheduled to be deposited in the State Highway Fund beginning on July 1, 2015, is required to deposited in the State General Fund until June 30, 2016. Effective July 1, 2016, 50 percent of these proceeds are to be deposited in the State Highway Fund and 50 percent into the State General Fund, and effective July 1, 2017, 100 percent of the revenue is to be deposited in the State Highway Fund.
- The $200 annual business license fee paid to the Secretary of State's Office, which was scheduled to revert to $100 effective July 1, 2015, is made permanent. In addition, the fee for certain corporations to obtain a state business license is increased to $500, effective July 1, 2015.
- The filing fees for initial and annual lists for business entities formed through the Secretary of State's Office is increased by $25, effective July 1, 2015.
- The excise tax on cigarettes is increased, effective July 1, 2015, from 40 mills per cigarette (80 cents per pack of 20) to 90 mills per cigarette ($1.80 per pack of 20). The additional $1 per pack is to be deposited in the State General Fund.

Senate Bill 483 also implements the Nevada Commerce Tax, which is to be paid by businesses who have more than $4 million in Nevada gross revenue per fiscal year. The tax is levied on the business's Nevada gross revenue in excess of $4 million per fiscal year, at a rate that depends on the North American Industry Classification System (NAICS) code of the business. The provisions of the Commerce Tax allow up to 50 percent of a business's Commerce Tax payment for the preceding fiscal year to be used as a credit against its MBT liability in the current fiscal year.

The provisions of Senate Bill 483 additionally contain a trigger mechanism which will reduce the rates of the MBT (Nonfinancial Institutions, Financial Institutions, and Mining Businesses) if the actual combined collections from the MBT, Commerce Tax, and Branch Bank Excise Tax exceed 104 percent of the revenue projected from these sources in an even-numbered fiscal year. The amount of the rate reduction must be done proportionally among the MBT rates such that the rates would have generated 104 percent of the forecast in that fiscal year, and the reduced rates will become effective on July 1 of the following year (the beginning of the next even-numbered fiscal year).

Assembly Bill 474 increases the per unit fee paid by homeowners' associations to the Administrator of the Real Estate Division of the Department of Business and Industry from a maximum of $3 to a maximum of $5, based on the actual costs of administering the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels located within the Real Estate Division.

Assembly Bill 475 changes the terms for licenses issued by the Real Estate Division of the Department of Business and Industry for real estate brokers and salespersons from two years to one year for initial licensure and from four years to two years for subsequent licensure. The legislation also reduces the licensing fees outlined in the bill to align with the new licensing renewal period, ensuring that the per-year license fee does not change as a result of the change in the licensure period, and provides that existing licenses issued by the Real Estate Division before July 1, 2015, do not require renewal until the expiration date indicated on the license.

Assembly Bill 476 requires the Athletic Commission to perform drug testing of amateur and professional unarmed combatants, at any time, including, without limitation, during any period of training. The legislation increases the license fee percentage of the total gross receipts from admission fees to a live contest or exhibition of unarmed combat required to be paid by a promoter from 6 percent to 8 percent, and also provides for a promoter to receive a credit against license fees in an amount equal to the amount paid by the promoter to administer a drug-testing program for unarmed combatants.

The bill requires one-fourth of the 8 percent license fees collected be deposited with the State Treasurer for credit to the Athletic Commission's budget, which supports the Governor's recommendation and approval of the money committees that the Athletic Commission become self-funded.

Assembly Bill 476 also repeals the fee required to be paid by promoters based on the sale, lease, or other exploitation of broadcasting, television, and motion picture rights for a contest or exhibition of unarmed combat. This fee was equal to 3 percent of the first $1 million and 1 percent of the next $2 million of these proceeds.

Additionally, Assembly Bill 476 requires the Commission to adopt regulations governing the treatment of complimentary tickets, excluding charitable organizations from gross receipts and including complimentary tickets exceeding 8 percent of the seats in the house in the calculation of the license fee.

Assembly Bill 478 increases certain developer application and renewal fees collected by the Real Estate Division of the Department of Business and Industry relating to the sale of subdivided land and timeshares and establishes expedite filing fees and late penalty fees. The bill also establishes timeshare exchange company registration and abbreviated conversion fees, and increases the fee for sales agent association change or license location change. The bill also specifies which fees are to be deposited in the State General Fund and which are to be retained by the Real Estate Division to defray the costs of administering the provisions of Chapter 119 and 119A of the NRS.

Senate Bill 266 restructures the Live Entertainment Tax, effective October 1, 2015, to establish that the tax, with certain exceptions, is based on an admission charge being paid for the right or privilege to enter or have access to either indoor or outdoor facilities where live entertainment is provided.

The bill establishes provisions requiring the Live Entertainment Tax to be imposed on escort services, certain nude dancing, performances by disc jockeys, and certain live entertainment provided by nonprofit entities when the number of tickets offered for sale or other distribution is 15,000 or more.

The current Live Entertainment Tax rates of 10 percent or 5 percent based on the 7,500 seat threshold are deleted and replaced by a single rate of 9 percent. The requirement for the tax to be imposed on food, refreshments and merchandise is also repealed, unless the purchase of food, refreshments, and merchandise is the consideration that is required to have access to the live entertainment.

The bill specifies that the tax does not apply to any facility with a maximum occupancy of less than 200; live entertainment provided by certain nonprofit organizations, only if the number of tickets offered for sale or distribution to the live entertainment is less than 7,500; live entertainment that is governed by the Nevada Interscholastic Activities Association or is sponsored by an elementary, junior high, middle, or high school if only students or faculty provide the live entertainment; athletic events conducted by a professional team based in Nevada; and certain fees retained by an independent financial institution in connection with the use of credit cards or debit cards to pay the admission charge to a facility where live entertainment is provided.

Finally, the bill requires the Department of Taxation to transfer $150,000 of the Live Entertainment Tax proceeds it collects to the Nevada Arts Council on or before October 1 of each year.

Senate Bill 492 requires that all revenue collected by the Department of Motor Vehicles for titling and registration of an off-highway vehicle (OHV) must be deposited in the Revolving Account for the Administration of Off-Highway Vehicle Titling and Registration. The bill requires that money in the account is to be used by the Department of Motor Vehicles to pay the expenses of administering the titling and registration of OHVs.

The Department must transfer, at least once each fiscal quarter, any amount in the account in excess of $150,000 to the Account for Off-Highway Vehicles, after paying the expenses of administering the titling and registration of OHVs. Any money remaining in the account at the end of a fiscal year may be balanced forward and must not revert to the Highway Fund.

Senate Bill 502 allows the Department of Motor Vehicles to collect a nonrefundable $1 technology fee for any transaction performed by the Department for which a fee is charged between July 1, 2015, and June 30, 2020. The technology fee revenue is to be used by the Department for costs associated with the implementation, upgrade, and maintenance of the platform of information technology used by the Department.

Senate Bill 515, which contains the provisions authorizing funding for K-12 education in Nevada's seventeen school districts, extends the distribution of the proceeds from the 3 percent room tax originally approved by the Legislature in Initiative Petition 1 of the 2009 Session to the State Distributive School Account until June 30, 2017. The proceeds from this tax were to be distributed to the State Supplemental School Support Account, effective July 1, 2015, under Senate Bill 522 of the 2013 Session.

BILLS REGARDING TECHNICAL AND ADMINISTRATIVE CHANGES

Assembly Bill 32 makes various changes relating to taxes imposed by the Department of Motor Vehicles (DMV) on the sale of special fuels, including:

- Expanding the definition of "special fuel dealer" to include a person who sells liquefied natural gas and who delivers that fuel into the fuel tank of a motor vehicle not owned or controlled by that person;
- Reducing the rate on the sale or use of liquefied petroleum gas from 21 cents per gallon to 6.4 cents per gallon;
- Changing the conversion rate on liquefied petroleum gas from 125 cubic feet per gallon to 36.3 cubic feet or 4.2 pounds per gallon;
- Establishing a conversion rate for liquefied natural gas equal to 6.06 pounds per gallon; and
- Requiring that special fuel dealers report all quantities of special fuel sold in gallons when the tax return is filed.

Assembly Bill 57, which was brought forward by the Department of Taxation in order to maintain the state's compliance with the Streamlined Sales and Use Tax Agreement, revises provisions relating to the taxation of direct mail to remove the distinction between sellers of direct mail who maintain a place of business in Nevada and those who do not maintain a place of business in Nevada. Under the provisions of Assembly Bill 57, the purchaser is required to report and pay any applicable sales or use taxes, regardless of whether the business is located in Nevada or not. The seller, in the absence of bad faith, is relieved from any obligation to collect, pay or remit any sales or use tax applicable to the transaction.

Assembly Bill 70 provides for administrative and enforcement provisions related to taxes on the sale of marijuana, edible marijuana products, and marijuana-infused products by medical marijuana establishments that were originally approved by the Legislature in Senate Bill 374 of the 2013 Session. The administrative provisions contained within the bill are similar to currently existing provisions used by the Department of Taxation for other taxes and fees currently administered by the Department.

The bill additionally removes provisions requiring the Department of Taxation to periodically review the excise tax rate and to provide recommendations to the Legislature relating to adjustments to the rate; provides for the collection of a fee by an agency of a local government from a medical marijuana establishment for certain costs of the agency; and authorizes an independent contractor to provide labor to a medical marijuana establishment in certain circumstances.

Assembly Bill 83 expands the definition of "manufacturer" for the purposes of the regulation of cigarettes and other tobacco products to include certain persons who produce, fill, roll, dispense, or otherwise manufacture cigarettes using certain commercial-grade cigarette rolling machines. The bill requires that a manufacturer must obtain a license from the Department of Taxation in order to operate a rolling machine for commercial purposes, and additionally provides for the seizure and destruction of a rolling machine that is operated illegally.

Assembly Bill 83 also removes provisions requiring certain tobacco manufacturers who are required to maintain a registered agent in Nevada solely to comply with certain state and federal laws from the requirement to obtain a state business license from the Secretary of State's Office.

Assembly Bill 116 revises provisions governing the Clark County Regional Business Development Advisory Council, which was originally enacted by the Legislature pursuant to Assembly Bill 7 of the 20th Special Session (2003). The changes include:

- Removing the representatives from the Housing Authority of the City of Las Vegas, Housing Authority of the City of North Las Vegas, Clark County Health District, Clark County Housing Authority, Clark County Sanitation District, Las Vegas Urban Chamber of Commerce, and Hispanic Business Roundtable;
- Adding representatives from the Southern Nevada Health District and the Southern Nevada Regional Housing Authority;
- Revising the type and scope of information that must be reported by the Council; and
- Requiring that the Council submit a report every two years to the Legislature regarding the policies, programs, and procedures that the Council proposed and implemented during the previous two-year period.

Assembly Bill 175 provides for the permitting by the Public Utilities Commission of Nevada of transportation network companies and the regulation by the Commission of the provision of transportation services. A "transportation network company" is defined as an entity that uses a digital network or software application service to connect passengers to drivers who can provide transportation services to passengers.

In addition to the regulatory provisions contained in the bill, Assembly Bill 175 requires the Commission to establish a fee for the issuance of a permit to operate a transportation network company, as well as the payment of an annual assessment by each transportation network company in this State beginning in the year after the company receives a permit. The Commission is also required to collect from a company an excise tax on the use of a digital network or software application service to connect a passenger to a driver at the rate of 3 percent of the total fare charged for transportation services. A similar excise tax is imposed on the connection made by a common motor carrier or certificate holder of a passenger to a person or operator or taxicab, to be collected by the Nevada Transportation Authority and the Taxicab Authority. The State Treasurer must credit the first $5,000,000 of the combined amount of such excise taxes collected in each biennium to the State Highway Fund.

NOTE: The provisions of the bill requiring for the regulation of transportation network companies were superseded by Assembly Bill 176, which requires these companies to be regulated by the Nevada Transportation Authority. Additionally, the provisions requiring the excise tax to be collected by the Public Utilities Commission, the Nevada Transportation Authority, and the Taxicab Authority were superseded by Senate Bill 376, which transfers the responsibility to administer and collect these excise taxes to the Department of Taxation.

Assembly Bill 332 prohibits any public body, including the State, its local governments, school districts, and any public agency thereof which sponsors or finances a public work, from entering into an express or implied contract for a public work which provides that any construction materials or goods to be used on the public work be purchased or otherwise supplied by the public body, a contractor who is a constituent part of the public body, or a contractor who is not a constituent part of the public body acting on behalf of the public body. A public body may, however, enter into such a contract for a public work provided that the contract requires the payment of any state or local sales and use taxes that would otherwise have been due for the purchase and use of such construction materials or goods if they had been purchased and used by an entity not exempted from the payment of such taxes.

These provisions do not apply if the express or implied contract for public works uses certain construction materials or goods that are purchased pursuant to governmental procurement rules, needed on a recurring basis and used to protect the health, safety or welfare of the public; or the construction materials or goods purchased are specialized, project-specific components.

Assembly Bill 332 additionally removes the exemption from the state's public works law for any building for the Nevada System of Higher Education if less than 25 percent of the costs of the building are paid from state or federal money; however, the public body is not required to use the services of the State Public Works Division of the Department of Administration relating to the planning, maintenance, and construction of the building.

Assembly Bill 380 enacts provisions relating to the imposition, collection, and remittance of sales and use taxes by retailers located outside of Nevada. The bill creates a rebuttable presumption that the sales and use tax must be imposed, collected, and remitted by retailers located outside of the state under the following conditions:

- The retailer is part of a controlled group of business entities that has a component member who has physical presence in Nevada, and the component member engages in certain activities in Nevada that relate to the ability of the retailer to make retail sales to Nevada residents; or
- The retailer enters into an agreement with a resident of Nevada under which the resident receives certain consideration for referring potential customers to the retailer through a link on the resident's Internet website, and the cumulative gross receipts from sales by the retailer to Nevada customers through all such referrals exceeds $10,000 during the preceding four quarterly periods.

Assembly Bill 389 specifies that, for the purposes of laws relating to unemployment compensation in Chapter 612 of the NRS, the client company of an employee leasing company is deemed to be the employer of the employees it leases, effective October 1, 2015.

Under these provisions, the wages of employees leased from employee leasing companies by client companies will no longer be reported on an aggregated basis under the employee leasing company. The wages of the employees will now be reported on a disaggregated basis under each client company. Thus, under the structure of the Modified Business Tax on Nonfinancial Institutions approved by the Legislature in Senate Bill 482, instead of the $50,000 quarterly exemption applying to the employee leasing company, it will now apply to each client company.

Assembly Bill 399 requires the Office of Economic Development, in consultation with the College of Southern Nevada, the University of Nevada, Las Vegas, and other parties, to develop, create, and oversee the NV Grow Program as a pilot program designed to stimulate Nevada's economy. The program is to be designed to provide assistance to businesses that are already located and operating in Nevada, rather than to recruit businesses from other states to relocate to Nevada.

Assembly Bill 399 also requires the appropriation of $150,000 from the State General Fund to the Nevada System of Higher Education to allow the College of Southern Nevada to purchase software for a geographic information system, to hire a person to operate the system, and to provide other services as are necessary to carry out the pilot program in Clark County. Any remaining balance of the appropriation made must not be committed for expenditure after June 30, 2017.

Assembly Bill 451 revises provisions relating to the University of Nevada, Las Vegas, Campus Improvement Authority originally approved by the Legislature pursuant to Assembly Bill 335 of the 2013 Session. The bill extends the date by which the Authority must conclude its business by two years, from September 30, 2015, to September 30, 2017, and requires that the Authority submit an additional report to the Legislature containing recommendations of the Authority on or before September 30, 2016.

Assembly Bill 451 additionally changes the boundaries of the Authority area to include all parcels of property that are located not more than 1.5 miles from the current boundary, as well as specifying that the meetings of the Board of Directors of the Authority may be held anywhere within Clark County, rather than only within the boundaries of the Authority area.

Assembly Bill 452 makes various changes relating to the filing of property tax appeals to a county board of equalization or to the State Board of Equalization. The bill specifies that the written authorization to file the appeal on behalf of the owner of the property may be signed by the owner, or a person employed by the owner or an affiliate of the owner who is acting within the scope of his or her employment. The term "owner" is defined to include a person who owns or controls taxable property or possesses, in its entirety, taxable property.

The bill also requires that, if there is an objection to a written authorization, written notice specifying the grounds for the objection must be given to the person filing the appeal by either certified mail or by electronic mail, if an electronic mail address is provided. Additionally, if the person filing the appeal submits any documentation necessary to cure the objection within five business days after the receipt of the notice, the appeal must be deemed to have been filed in a timely manner.

Assembly Bill 497 expands current provisions in law relating to the designation of a tax increment area for the purpose of undertaking certain public works projects to specify that a portion of the sales and use taxes and modified business taxes imposed in the tax increment area may be allocated to pay the debt incurred by the municipality to finance or refinance the undertaking if the undertaking is a water project, the estimated cost exceeds $50,000,000, and such financing is approved by the Interim Finance Committee.

The bill additionally authorizes a municipality to obtain financing through the Municipal Bond Bank for an undertaking located within a tax increment area if the undertaking is a water project, the estimated cost exceeds $50,000,000, and such financing is approved by the Interim Finance Committee.

Senate Bill 21 revises the reporting requirements to the Department of Motor Vehicles for special fuel users who are subject to the multistate International Fuel Tax Agreement and who also pay any of the indexed special fuel taxes imposed in Clark and Washoe Counties to specify that these special fuel users are authorized, rather than required, to file a request for reimbursement with the Department.

The bill removes provisions requiring the Department to determine whether a special fuel user may owe any additional amounts as a result of the International Fuel Tax Agreement and additional special fuel taxes imposed in Clark and Washoe Counties. Therefore, these provisions apply only to a request for reimbursement of any special fuel taxes imposed on special fuels which are consumed outside this state, and to the extent that the proceeds from these additional special fuel taxes are not obligated to bonds that have been previously issued in either county.

Senate Bill 22 changes the administrative responsibility for issuing a liquor license, if the applicant maintains his or her primary place of business within the boundaries of an incorporated city. Pursuant to this bill, applications for a liquor license will be made to the governing body of the city, rather than to the board of county commissioners, if the business is located within the boundaries of an incorporated city.

For applicants whose primary place of business is not located within the boundaries of an incorporated city, the applications will continue to be made to the board of county commissioners, as required under current law.

Senate Bill 78 authorizes any person, firm, company, association or corporation claiming overvaluation or excessive valuation of its property that is centrally assessed by the Department of Taxation to file an appeal of that assessment directly to the State Board of Equalization without first filing an appeal to a county board of equalization.

The direct appeal to the State Board of Equalization must be filed by January 15, which corresponds with the date an appeal must be submitted to the county board of equalization under current law. If January 15 falls on a Saturday, Sunday or legal holiday, the appeal may be filed on the next business day.

Senate Bill 79 revises the definition of other tobacco products to specify that the term does not include an alternative nicotine product or a vapor product as those terms are defined pursuant to the bill. The bill establishes that a vapor product is not taxable as an other tobacco product regardless of whether or not the nicotine in the product is derived from tobacco. The bill further establishes than an alternative nicotine product that is made or derived from tobacco is considered to be another tobacco product and is subject to regulation and taxation in a manner consistent with other tobacco products.

Additionally, the bill clarifies that any alternative nicotine product or vapor product that is regulated by the United States Food and Drug Administration under certain provisions, are excluded from the definitions of those terms.

Senate Bill 103 changes the definition of "financial institution," for the purposes of the modified business tax on financial institutions pursuant to Chapter 363A of NRS, by excluding from that definition a person who is primarily engaged in the sale, solicitation or negotiation of insurance, therefore making such a person subject to the modified business tax applicable to general businesses or nonfinancial institutions pursuant to Chapter 363B of NRS. This bill also provides that the general modified business tax is first applicable for the calendar quarter beginning after the effective date of this bill (June 8, 2015).

Senate Bill 155 authorizes a farmer or rancher to claim a refund of 80 percent of the taxes paid by the farmer or rancher on bulk purchases of special fuel, which is consistent with provisions of current law that provide for a similar refund on bulk purchases of motor vehicle fuel. The bill defines bulk purchases as purchases of more than 50 gallons of special fuel which are not placed directly into the tanks of motor vehicles.

The bill consolidates into the term "implement of husbandry" the vehicles and agricultural equipment that are described in various provisions of existing law as "farm equipment," "farm tractors" and "implements of husbandry."

The bill requires a person who engages in the operation, towing and transportation of implements of husbandry on the highways of this State, to apply for and obtain a permanent farm license plate which must be displayed on the implement of husbandry and pay the Department of Motor Vehicles a nonrefundable fee of $100.

The bill additionally provides that, instead of a farm license plate, a reflective placard for slow-moving vehicles approved by the United States Department of Transportation may be displayed on certain implements of husbandry that are operated or transported on the highways of this State.

Senate Bill 376 contains provisions amending Assembly Bill 175 of the 2015 Session, which was approved by the Legislature and signed by the Governor on May 29, 2015, to transfer the administration of the 3 percent excise tax on transportation network companies, common motor carriers of passengers, or taxicabs from the Nevada Transportation Authority and the Taxicab Authority to the Department of Taxation.

NOTE: Assembly Bill 175, which originally required the regulation of transportation network companies and the imposition of the excise tax, required the tax to be collected by the Public Utilities Commission, the Nevada Transportation Authority, and the Taxicab Authority. These provisions were superseded by Assembly Bill 176, which requires the transportation network companies to be regulated by the Nevada Transportation Authority, and by Senate Bill 376, which transfers the responsibility to administer and collect the excise tax to the Department of Taxation.

BILLS REGARDING EXEMPTIONS, ABATEMENTS AND POSTPONEMENTS

Assembly Bill 17 authorizes the Executive Director of the Office of Economic Development, upon the approval of the Board of Economic Development, to cause the formation of a nonprofit corporation for certain economic development purposes. The bill specifies that the nonprofit corporation must have a Board of Directors consisting of seven members, based on qualifications and requirements specified in the bill.

The bill additionally requires that the Board of Directors of the nonprofit corporation submit, on or before December 1 of each year, an annual report to the Governor and the Director of the Legislative Counsel Bureau containing certain information relating to the activities of the nonprofit corporation.

Assembly Bill 71 provides for the following tax incentives relating to military veterans and surviving spouses and relatives of members of the Nevada National Guard.

- A person who is eligible to receive a property tax exemption or a Governmental Services Tax exemption as the surviving spouse of a disabled veteran is authorized to also receive the exemption from these taxes given to certain veterans, if that taxpayer is eligible to receive both exemptions.
- An employer who hires a veteran who has been unemployed for a period of at least 3 months may deduct 100 percent of the wages of that veteran from the employer's calculation for the Modified Business Tax for the first four full calendar quarters following the hiring of the employee, and 50 percent of the wages for the next eight calendar quarters.
- Certain family members of a Nevada National Guard member killed while engaged in full-time National Guard duty, while performing his or her duties as a member of the Nevada National Guard during a period when the member was called into active service, receive an exemption from the sales and use tax for a period of three years following the death of the Nevada National Guard member.

Assembly Bill 71 additionally makes consistent the calculations for the inflation adjustment used to determine the amount of the exemption from the property tax and the Governmental Services Tax for certain disabled veterans..

Assembly Bill 161 provides for the Office of Economic Development to grant a partial abatement of property taxes and sales and use taxes for up to 20 years for qualified new and existing aircraft related businesses, if the business meets certain employment requirements and eligibility criteria as set forth in the bill. The amount of the sales and use tax abatement is equal to all sales and use taxes except for the State 2 percent rate and the property tax abatement is equal to all personal property taxes.

The sales and use and property tax abatements are for tangible personal property used to operate, manufacture, service, maintain, test, repair, overhaul, or assemble an aircraft or any component of an aircraft.

The bill also repeals provisions of current law that authorize a sales and use tax exemption for aircraft and major components of aircraft under certain circumstances, which the Nevada Supreme Court has ruled as unconstitutional.

Assembly Bill 165 establishes the Nevada Educational Choice Scholarship Program. The measure authorizes the formation of scholarship organizations to provide grants for pupils of low-income families for attendance at schools of their choice in Nevada, including private schools.

Scholarship organizations created under this act must meet the following criteria:

- The organization may not own or operate any school, and it must be exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.
- The organization must not spend more than 5 percent of the money it receives for administrative costs, nor may it limit grants to a single school or to specific pupils. The sources of scholarship funds collected by the organization may come from gifts, grants, and donations.
- The grant provided on behalf of a pupil must not exceed $7,755 for FY 2016, and the maximum grant amount must be adjusted each year in accordance with changes to the Consumer Price Index.

- Schools receiving such grants must maintain records of each pupil's academic progress in such a manner that the information may be aggregated and reported to Nevada's Department of Education.

The bill provides for a tax credit against the modified business tax and establishes a process for a taxpayer who intends to donate to a scholarship organization to request approval for the credit from the scholarship organization, who must apply for the credit to the Department of Taxation. In addition, A.B. 165 establishes a process that the Department of Taxation must follow to approve or deny applications for the tax credit. The total credits approved may not exceed $5.0 million for FY 2016, $5.5 million for FY 2017, and for each fiscal year thereafter, 110 percent of the amount authorized for the immediately preceding fiscal year. The balance of any credit approved by the Department that is not used may be carried forward for a total of five years.

Assembly Bill 203 specifies that, for the purposes of the governmental services fee imposed on the short-term lease of a passenger car, the amount of any fee or charge that is imposed by a governmental entity is not included in the calculation of the fee that is imposed upon the short-term lessor.

Assembly Bill 203 additionally specifies that this fee does not apply to any passenger car leased by or on behalf of the State, its unincorporated agencies and instrumentalities, or any county, city, district or other political subdivision of the State.

Assembly Bill 391 expands the property tax exemption for certain property owned by a religious society or corporation to include parcels of land used exclusively for worship, including, without limitation, both developed and undeveloped portions of a parcel.

Senate Bill 36 specifies that a person is deemed not to be conducting business in Nevada, thus being exempt from the requirement to obtain a state business license from the Secretary of State's Office, if the sole activity of the person's business in this State is to provide, on a short-term basis, vehicles or equipment in response to a wildland fire, a flood, an earthquake or another emergency. The bill authorizes such a person to enter into a contract with the State of Nevada without obtaining a state business license.

Senate Bill 74 makes various changes to the eligibility requirements and the administration of the economic development abatements administered by the Office of Economic Development, as follows:

- The Office is prohibited from approving certain partial abatements if the business intends to locate or expand in a county **in which the rate of unemployment is 6 percent or more and the average hourly wage that will be paid by the applicant to its new employees in this State is less than 65 percent of the average statewide hourly wage;**
- The Office is prohibited from approving certain partial abatements if the business intends to locate or expand in a county **in which the rate of unemployment is less than 6 percent and the average hourly wage that will be paid by the applicant to its new employees in this State is less than 80 percent of the average statewide hourly wage;**
- If the new or expanded business is located in a county in which the rate of unemployment is 6 percent or more and the average hourly wage that will be paid by the business to its new employees in this State is less than 80 percent of the average statewide hourly wage, the abatements approved may not exceed **25 percent of the taxes on personal property payable by the business each year or 25 percent of the Modified Business Tax otherwise due;**

- If the new or expanded business is located in a county in which the rate of unemployment is less than 6 percent and the average hourly wage that will be paid by the business to its new employees in this State is less than 100 percent of the average statewide hourly wage, the abatements approved may not exceed **25 percent of the taxes on personal property payable by the business each year, 25 percent of the Modified Business Tax otherwise due, or the local sales and use taxes (all sales and use taxes except for the state 2 percent rate and the Local School Support Tax);**
- Certain employment requirements that must be met in order to become eligible for an abatement must be met within a 2-year period, rather than a 1-year period, following the effective date of the abatement. An applicant is also required to provide an estimate of the total number of new employees anticipated to be hired within that 2-year period.
- The agreement between the Office and the applicant must state the effective date of the abatement, as agreed to by the Office and the applicant.
- Only wages paid to new employees in this state may be considered when determining whether an applicant satisfies the average hourly wage requirement.

Senate Bill 94 makes various changes regarding the administration and eligibility criteria for the transferrable film tax credit program administered by the Office of Economic Development, which was originally approved by the Legislature pursuant to Senate Bill 165 of the 2013 Session and further modified by Senate Bill 1 of the 28th Special Session in September 2014.

The bill eliminates the June 30, 2023, expiration date for the program, thus making the program permanent rather than a four-year pilot program. The bill also removes the $10,000,000 limitation on the total amount of tax credits that may be approved, and instead limits the total amount of tax credits to the amount appropriated or authorized for each fiscal year by the Legislature, effective July 1, 2015.

The bill changes the definition of "qualified expenditures and production costs" that may serve as the basis for transferable tax credits to reflect "qualified direct production expenditures," and further clarifies the types of expenditures and productions that may qualify for the tax credits.

Various provisions are changed to reflect that the transferable tax credits are available only to a "production company" rather than a "producer." A production company is required to prove that 70 percent of the funding for the qualified project has been obtained, rather than having to prove that 50 percent or more of the funding has been placed in an escrow account.

Finally, the bill increases, from 14 days to 60 days, the length of time permitted for the Office of Economic Development to certify the statutorily required audit and make a final determination of whether a certificate of transferable tax credits will be issued.

Senate Bill 170 allows the Office of Economic Development to grant a partial abatement of personal property taxes or sales and use taxes for up to 20 years for qualified new and existing data centers and any colocated businesses within a qualified data center, if the data center and the colocated businesses meet certain requirements relating to the number of employees, the minimum capital investment, and the average hourly wage, as set forth in the bill.

The amount of the property tax abatement is limited to 75 percent of the personal property taxes imposed on property located at the data center. The amount of the sales and use tax abatement is equal to all sales and use taxes imposed in a political subdivision of this State, except for the taxes imposed by the Sales and Use Tax Act (the state 2 percent rate). Additionally, in Fiscal Year 2016 only, the sales and use tax abatement may not include the Local School Support Tax (2.60 percent).

Senate Bill 170 also removes provisions from existing abatements provided for data centers locating in certain economic development areas pursuant to NRS 274.310, NRS 274.320, and NRS 274.330, which were originally approved by the Legislature pursuant to Assembly Bill 1 of the 27th Special Session (June 2013).

Senate Bill 412 provides a tax credit against the Modified Business Tax to an employer who matches the contribution of an employee to a college savings plan offered through either the Nevada College Savings Program, effective January 1, 2016, or the Nevada Higher Education Prepaid Tuition Program, effective July 1, 2016.

The tax credit is in an amount equal to 25 percent of the matching contribution, not to exceed $500 per contributing employee per year, and any unused credits may be carried forward for 5 years.

Senate Bill 507 authorizes the Board of Economic Development and the Executive Director of the Office of Economic Development to approve and issue transferable tax credits to new or expanding businesses in Nevada to promote the economic development of this State. A business that intends to locate or expand in Nevada may apply to the Office for transferable tax credits in accordance with procedures established by the Executive Director in consultation with the Board.

The Board and the Executive Director may not approve applications for transferable tax credits that exceed $500,000 for FY 2016, $2,000,000 for FY 2017, and $5,000,000 for each fiscal year thereafter.

The bill also permits a county or an incorporated city whose application for a grant or loan from the Catalyst Account was approved before the effective date of this bill to surrender the grant or loan, or any portion thereof, in exchange for the issuance of transferable tax credits upon such terms and conditions as agreed to by the Executive Director and the parties to any contracts involving the grant or loan.

Senate Bill 514, which contains the appropriations to state agencies necessary to implement the state's budget for the 2015-17 biennium, appropriates $5 million in FY 2016 to the Interim Finance Committee for allocation to the Aging and Disability Services Division of the Department of Health and Human Services for implementing a senior citizen's property tax assistance rebate program.

The money may be allocated to the Aging and Disability Services Division with the approval of the Interim Finance Committee upon recommendation by the Governor of a plan which provides for property tax rebates, including the criteria upon which eligibility is based; and a determination by the Interim Finance Committee that the plan and allocation are in the public interest.

Senate Bill 1 of the 29th Special Session (December 2015) authorizes the Office of Economic Development to approve abatements of certain taxes and the issuance of transferable tax credits submitted by the lead participant engaged in a qualified project with other participants for a common purpose or business endeavor and which is located within the geographic boundaries of a single project site in Nevada. The Office is required to approve an application for these abatements if, among certain other requirements, the project would promote the economic development of the State and would aid the implementation of the State Plan for Economic Development; the participants in the project agree collectively to make a total new capital investment in this State of at least $1 billion during the 10-year period immediately following approval of the application; and at least 50 percent of the employees engaged in the construction of the project and at least 50 percent of the employees employed at the project are residents of Nevada.

Upon approval of the application, the Office is required to issue to the lead participant in the qualified project a certificate of eligibility for transferable tax credits, to be issued in the amount of $9,500 for each qualified employee employed by the participants of the project, up to a maximum of 6,000 employees. The transferable tax credits may be taken against any of the taxes imposed pursuant to Chapters 363A and 363B (the Modified Business Tax and the Branch Bank Excise Tax), NRS 463.370 (the gaming percentage fee tax), or Chapter 680B (the insurance premium tax). The amount of credits approved by the Office may not exceed $7.6 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and the Office is prohibited from issuing any credits in excess of $38 million. The Office may also not approve any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2025.

If the Office approves an application for partial abatements, the lead participant in the qualified project is entitled to a partial abatement of up to 75 percent of the personal property taxes and Modified Business Taxes due for up to 10 years following the approval of the application, as well as an abatement of certain local sales and use taxes for up to 15 years following the approval of the application. As a condition of receiving these abatements, the Director of the Office may require that the lead participant pay all or a portion of the abated taxes into a trust fund in the state treasury, until all or a portion of the requirements for the abatement have been met. If the lead participant meets the requirements for the abatement, the taxes paid into the trust fund, including interest and income earned on that money, must be returned to the lead participant. However, if the requirements for the abatement are not met, the money in the trust fund must be transferred to the entity that would have received the money had the partial abatement not been granted, as determined by the Department of Taxation.

In addition to these provisions, Senate Bill 1 authorizes the governing body of a county or city in which the qualified project is or is expected to be located to create an economic diversification district that includes the qualified project. The governing body who creates the district may pledge an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the county or city for use in the district, or stored, used or otherwise consumed in the district by a participant, during a fiscal year, other than any local sales and use taxes for which the lead participant is receiving an abatement approved by the Office. However, if the Director of the Office has required that all or a portion of any abated taxes to be paid into a trust fund by the lead participant, the governing body creating the ordinance must include a provision providing that the pledge of the money is conditioned on the lead participant qualifying for the return of the money from the trust fund. The Department of Taxation must also deposit the proceeds of the non-abated sales and use taxes that would be distributed to the economic diversification district into the trust fund.

<u>BILLS REGARDING LOCAL GOVERNMENT TAXES AND REVENUES</u>

<u>Assembly Bill 25</u> specifies that residential construction taxes collected by local governments, in addition to the current uses specified in law, may additionally be used for the improvement of park facilities. The bill specifies that "improvement" includes the expansion, modification, redesign, redevelopment or enhancement of existing facilities or the installation of new or additional facilities. The bill clarifies that the parks and related facilities that are acquired, improved, expanded or installed, as applicable, with the money collected through the tax must be attributable to the new construction or development for which the money was collected.

Assembly Bill 25 also specifies that the money collected through the tax must be expended within the park district from which it was collected, and must not be expended for maintenance or operational expenses.

Assembly Bill 191 makes the following changes to the fuel tax indexing provisions originally approved by the Legislature in Assembly Bill 413 of the 2013 Session:

- Provisions requiring a statewide ballot question on the November 2016 ballot seeking permission to create an indexed fuel tax rate to be imposed based on the state gasoline and special fuel taxes are repealed;
- Provisions requiring countywide ballot questions on the November 2016 ballot in all counties except for Washoe County seeking permission to create indexed fuel tax rates are amended to include the state gasoline and special fuel tax rates, in addition to the federal and local rates; and
- Certain proceeds generated from the indexed rates based on the state gasoline and special fuel taxes are required to be deposited to the State Highway Fund, for use on transportation projects in the county where the revenue was generated. These provisions apply to revenues from any future increases in the indexed rates imposed by ordinance in Clark County after November 8, 2016, and in any other county approving a ballot question authorizing indexed fuel tax rates on or after January 1, 2017.

As required under Assembly Bill 191, a question was placed on the November 2016 General Election ballot in Clark County seeking approval for the extension of the fuel tax provisions originally approved by the Legislature in Assembly Bill 413 of the 2013 Session, with future increases in the indexed rates from the state gasoline and special fuel tax rates dedicated to the State Highway Fund. This ballot question was approved by the voters.

Additionally, as required in Assembly Bill 191, questions were also placed on the November 2016 General Election ballot in all counties except for Clark and Washoe seeking the imposition of indexed fuel tax rates based on the current federal, state, and local gasoline and special fuel rates, as appropriate. These ballot questions were rejected in all 15 counties in which they appeared; thus, the indexed rates will not be imposed in these counties.

Assembly Bill 366 makes consistent the provisions relating to the acceptable use of certain proceeds by counties, cities, and towns from certain fuel taxes imposed pursuant to Chapter 365 of the NRS. The bill specifies that the proceeds that are distributed to counties, cities, and towns under current law may be used by these entities for the construction, maintenance, and repair of rights-of-way, as defined in the bill.

Senate Bill 95 allows the county assessor in each of Nevada's counties the option of publishing the list of taxpayers and assessed valuation on an Internet website maintained by the county or the county assessor instead of publishing the list in the newspaper or mailing the list to taxpayers.

If the assessor elects to publish this list on the website, he or she must provide notice through a newspaper advertisement to inform the public that the list has been made available on the Internet. Between July 1, 2015, and June 30, 2016, notice must be published in the newspaper four times per year, and effective July 1, 2016, notice must be published one time, on or before January 1 of each year.

If the list is published on the Internet, the assessor must also provide information about the availability of the list on the annual assessed value notice that is sent out to taxpayers on or before December 18 of each year.

Finally, in counties whose population is less than 100,000 (all counties except for Clark and Washoe), the county assessor must also print at least ten copies of the notice that are available to the general public upon request.

Senate Bill 207 provides that, regardless of whether such approval occurred more than 10 years before the effective date of the bill (March 4, 2015), if the voters approved a question that was submitted by a board of trustees of a school district for authorization to issue general obligation bonds, such approval shall be deemed to constitute approval of the qualified electors for the issuance of general obligation bonds by the board of trustees of the school district for a period of 10 years commencing on the effective date if the question was approved by the voters more than 10 years before the effective date, or otherwise commencing on the date of the expiration of the 10-year period approved by the voters in the question. No other approval of the qualified electors is required for such issuance of general obligation bonds by the board of trustees of the school district for that period.

During the 10-year period in which a board of trustees is authorized to issue bonds as provided in the bill, proceeds may be transferred by the board of trustees to the school district's fund for capital projects and used to pay the cost of capital projects which can lawfully be paid from that fund under the following conditions:

- All or a portion of the revenue generated by the school district's property tax for debt service which is in excess of the amount required for debt service in the current fiscal year;
- For other purposes related to the bonds by the instrument pursuant to which the bonds were issued; and
- To maintain the reserve account required by law.

Senate Bill 310 extends the period by which a tourism improvement district may operate from 20 to 25 years, if the district is a district in which, during the first five full fiscal years of its existence, the amount of the money pledged to the financing of projects in the district and received by the municipality with respect to the district is equal to zero. The bill further exempts such a district from the provisions that prohibit the governing body of a municipality from providing any financing or reimbursement to a tourism improvement district from the proceeds of the Local School Support Tax collected from retailers that locate within the district on or after July 1, 2013.

Senate Bill 312 imposes, in a city that has created a district to finance capital projects necessary to improve and maintain publicly owned facilities for tourism and entertainment (currently, the City of Reno), a $2 per night surcharge for the rental of a room in a hotel in the district, other than a hotel that holds a nonrestricted gaming license. In a city that has created such a district, an additional $1 per night surcharge is imposed for the rental of a room in a hotel in the district that holds a nonrestricted gaming license. The county fair and recreation board is required to collect the surcharges and expend the money to implement a strategic plan for the promotion of tourism in the region.

Additionally, in any county in which is located a city that has created a district to finance capital projects necessary to improve and maintain publicly owned facilities for tourism and entertainment (currently, Washoe County), the bill creates a district for the promotion of tourism in the region. The board of county commissioners must adopt an ordinance prescribing the boundaries of the district, which must include within its boundaries all property which is located in the county and located in any city in the county other than property that is located within a district created by a city to finance capital projects necessary to improve and maintain publicly owned facilities for tourism and entertainment, and which is located not more than 20 miles from the boundaries of any such district created by a city. A $2 per night surcharge for the rental of a room in a hotel in the district must be imposed, and the county fair and recreation board must collect the surcharge and expend the money to implement a strategic plan for the promotion of tourism in the region.

Additionally, the board is required to prepare and submit to the Legislature a report concerning the expenditure by the board of any money received from the surcharge every five years, with the first report due on or before January 15, 2021.

Senate Bill 377 specifically provides that any appeal to a county board of equalization filed by mail is deemed to be filed based on the date the envelope is postmarked by the post office. If the postmark date is omitted or illegible, the appeal is deemed to be filed on the day the appeal is received. Any postmark not provided directly by the post office does not establish that an appeal is timely filed.

The bill also specifies that the methodology provided in current law for equally allocating the taxable value of common elements within a common-interest community to each of the units within the community may be used only if the community association provides the county assessor with the information necessary to identify the units to which the taxable value of the common elements must be allocated.

If the community association does not provide such information to the county assessor, the property taxes on common elements must be paid by the person or association who is the owner of the common elements.

Senate Bill 411 allows the board of trustees of a school district in any county that is not currently imposing a room tax or real property transfer tax rate for the benefit of the school district (currently all counties except Clark) to establish by resolution a Public Schools Overcrowding and Repair Needs Committee to recommend the imposition of one or more taxes for consideration by the voters at the 2016 General Election to fund the capital projects of the school district. The taxes that may be recommended by the Committee are limited to additional rates for the room tax, the Governmental Services Tax, the Real Property Transfer Tax, the sales and use tax, and the property tax.

The bill specifies the membership of the Committee and requires that if such a Committee is established and submits its recommendations to the board of county commissioners by April 2, 2016, the board of county commissioners is required to submit a question to the voters at the November 2016 General Election asking whether any of the taxes recommended by the Committee should be imposed in the county.

If a majority of the voters approve the question, the board of county commissioners is required to adopt an ordinance to impose the approved tax or taxes and the proceeds must be deposited in the fund for capital projects of the school district.

The provisions of this bill authorizing the board of trustees of a school district to establish such a Committee expire by limitation on April 2, 2016.

Under the authority granted in Senate Bill 411, the board of trustees in Washoe County established a Public Schools Overcrowding and Repair Needs Committee, which recommended the imposition of a 0.54 percent sales and use tax rate in the county. A ballot question was submitted to the voters in Washoe County at the November 2016 General Election, seeking approval for the imposition of this additional sales and use tax rate, and was approved. On January 24, 2017, the Washoe County Commission adopted an ordinance imposing the additional 0.54 percent sales tax rate in the county, effective April 1, 2017.

Senate Joint Resolution 13 proposes to amend the Nevada Constitution to limit the total amount of certain property taxes that may be levied on real property to 1.25 percent of the base value of the property. Base value is defined, with certain exceptions, as the taxable value from which the assessed value for the Fiscal Year 2017-2018 was calculated.

The 1.25 percent limit on the amount of property taxes that may be levied does not apply to property taxes levied to pay the interest and principal of any bonded indebtedness or to pay any obligation under a contract made in connection with such bonded indebtedness.

The resolution provides, with certain exceptions, that the base value becomes the cash value of the property upon the transfer of at least one-half of the ownership interest in the property, an improvement to the property increases the base value by the cash value of the improvement, and the base value cannot increase or decrease from year to year by more than 3 percent.

(Pursuant to Article 16, Section 1 of the *Nevada Constitution* and Chapter 218D of the *Nevada Revised Statutes*, the provisions contained within this joint resolution, as adopted by the Legislature during the 2015 Session, must be approved by the Legislature during the 2017 Session, followed by voter approval at the 2018 General Election, in order to be ratified.)

Assembly Bill 1 of the 30th Special Session (October 2016), which is also known as the Clark County Crime Prevention Act of 2016, authorizes the Board of County Commissioners of Clark County to enact an ordinance imposing a sales and use tax rate of 0.1 percent within the county for the purpose of employing and equipping police officers within the county and within the cities of Boulder City, Henderson, Las Vegas, Mesquite, and North Las Vegas. The bill provides for distribution formulas for the revenue generated from the sales tax rate, providing that a portion of the revenue be allocated to the Las Vegas Metropolitan Police Department for the purpose of law enforcement and crime prevention in the "resort corridor," as defined in the bill, and with the remaining proceeds distributed among the county and the cities based on population.

Assembly Bill 1 provides that the money allocated to a police department through this bill may not be used to supplant, replace, offset, or otherwise reduce police funding allocations from other sources, and may not be used to pay salary or salary increases for any person who is employed by the police department before October 1, 2016.

(On November 15, 2016, the Clark County Commission adopted the ordinance authorized in this bill, imposing an additional sales and use tax rate of 0.1 percent in the county effective April 1, 2017.)

Senate Bill 1 of the 30th Special Session (October 2016), which is also known as the Southern Nevada Tourism Improvements Act, provides for the creation of a Stadium Authority Board to oversee the financing, acquisition, construction, and operation of a National Football League (NFL) stadium project in Clark County.

For the purposes of financing an NFL stadium project, the bill creates a stadium district, consisting of all property within Clark County within a 25-mile radius of the location at which the Board of County Commissioners holds its regular meetings. Within the stadium district itself, the Board of County Commissioners of Clark County must establish the geographic boundaries of a primary gaming corridor. The Board of County Commissioners must then impose a transient lodging tax in the amount of 0.88 percent within the primary gaming corridor and 0.50 percent outside the primary gaming corridor. The proceeds of the tax are pledged to the payment of general obligation bonds that may be issued to finance the stadium project, with excess proceeds used for certain other purposes as specified in the bill.

If the Stadium Authority Board fails to enter into a development and lease agreement with an NFL team by October 17, 2017 (which may be extended to April 17, 2018, at the discretion of the Stadium Authority Board), the Stadium Authority Board is required to wind up its affairs and dissolve. If this occurs, the President of the University of Nevada, Las Vegas, may elect to pursue a college football stadium project, which may occur if the University secures a commitment of at least $200 million in private money for such a project.

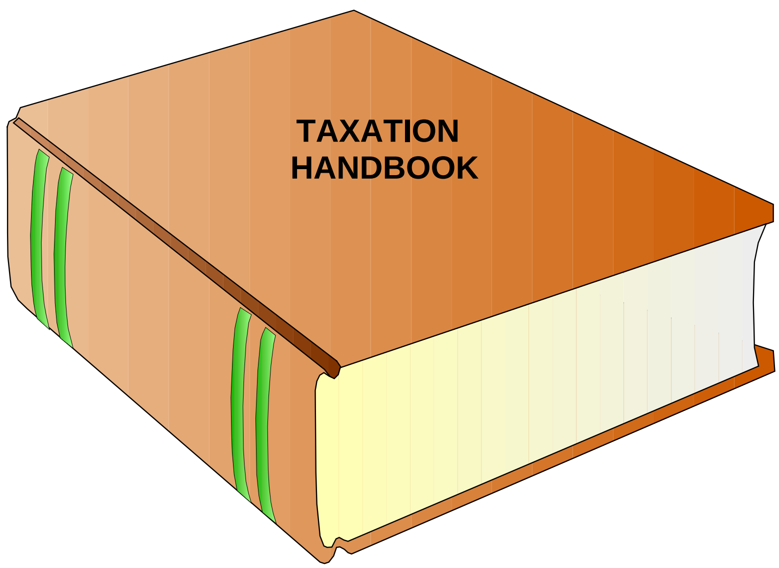
If the private funding is secured by the University, the bill requires the creation of a stadium district to fund a college stadium project, whose borders are identical to the borders established for the NFL stadium district, and a Campus Improvement Authority must be created to oversee the financing, acquisition, construction, and operation of the college stadium project. To finance the college stadium project, any tax revenue generated from the room tax generated for the NFL stadium project must be used, and future revenue from this room tax must also be used, although the room tax rates must be reduced to of 0.375 percent within the primary gaming corridor and 0.25 percent outside the primary gaming corridor.

If the President of the University elects to not pursue a college football stadium project, or if conditions for the college football stadium project are not satisfied, the proceeds of the transient lodging tax must be transferred to the Las Vegas Convention and Visitors Authority to pay costs to renovate or expand the Las Vegas Convention Center, and the room tax must be repealed.

Senate Bill 1 also establishes a method to finance the renovation or expansion of the Las Vegas Convention Center and creates an Oversight Panel for Convention Facilities. The Oversight Panel may approve a plan for the renovation and expansion of the Convention Center and the issuance of bonds to finance that project based on recommendations provided by the Las Vegas Convention and Visitors Authority.

For the purposes of financing the renovation or expansion of the Las Vegas Convention Center, the Board of County Commissioners of Clark County and the city council or other governing body of each incorporated city in the County must impose a tax upon persons engaged in the business of providing lodging at a rate of one-half of 1 percent on the gross receipts from the rental of transient lodging in the county or city, as applicable. The bill also revises provisions governing the collection fee retained from the proceeds of the transient lodging tax by Clark County and each incorporated city in the County to provide that: (1) the sum of the collection fees retained by the county and the cities must not exceed a total of 10 percent of the proceeds of the tax or $25 million, whichever is less; and (2) any collection fee in excess of a total of $25 million must be used solely for the renovation or expansion of the Convention Center and to pay the principal and interest on securities issued to defray the costs of such a project.

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 700,000 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 Governmental 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) 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. The rate is 2.6 percent.

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. This term is used on an occasional basis in other states for property tax rates, but is most commonly used in Nevada for the cigarette tax (which is imposed at a rate of 90 mills per cigarette, or $1.80 per pack of 20).

MODIFIED BUSINESS TAX (MBT):

Originally enacted by the Legislature during the 20th Special Session (2003), the Modified Business Tax is a tax on employers based on the amount of taxable wages (gross wages less certain eligible health care expenses) paid to employees. For mining companies subject to the Net Proceeds of Minerals Tax and financial institutions, the rate is 2 percent on all taxable wages, and for all other businesses, the rate is 1.475 percent on all taxable wages exceeding $50,000 in a calendar quarter.

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:

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 700,000 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 counties whose population is less than 700,000, the state levy is 1 percent, of which 3/8 comes to the state for the Department of Tourism and Cultural Affairs and 5/8 is retained by the county. In counties whose population is 700,000 or more, the state levy is 2 percent, of which 3/8 percent comes to the state for the Commission on Tourism and 1 5/8 percent is retained by the county school district for use in capital projects.

An additional levy of up to 3 percent is required in counties whose population is 300,000 or more, with the proceeds dedicated to the State Distributive School Account until June 30, 2017, and the State Supplemental School Support Account after July 1, 2017.

Counties and cities also impose additional room tax rates, as authorized.

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.

TAX ALLOWANCE:

A credit against taxes due.

TAX TITLE PROPERTY:

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

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 90 mills per cigarette on the purchase or possession of cigarettes. A portion equivalent to 85 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 that 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

1. 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.
   http://tax.nv.gov/Publications/Annual_Report/

2. Tax Expenditure Report (NRS 360.137)

   Published every two years, the Tax Expenditure Report contains a detailed summary of tax exemptions, abatements, exclusions, credits, deferrals, preferential tax rates, and other tax expenditures authorized in statute for taxes collected by the Department of Taxation, the Gaming Control Board, Department of Motor Vehicles, and other state and local government entities.
   http://tax.nv.gov/Publications/Tax_Expenditure_Report/

DIVISION OF LOCAL GOVERNMENT SERVICES

General

1. Nevada Property Tax: Elements and Applications (NRS 361.0445)

   Provides information regarding the assessment process and an explanation of the manner in which property taxes are calculated.
   http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Elements_and_Applications/.

Tax Roll Reports

2. Property Tax Rolls

   A tax roll is a list of all persons, firms, corporations, associations or companies; the property they own within each county; and the assessed value of each property. County assessors are responsible for producing property tax rolls of locally assessed property. **NRS 361.260(1) and NRS 361.310**

   The Department produces the following tax rolls:
   a) Centrally-assessed Secured Roll Bulletin, published in October annually (NRS 361.3205)
   http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Property_Tax_Rolls_Secured/
   b) Centrally-assessed Unsecured Roll Bulletin, published in November annually (NRS 361.3205)
   http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Property_Tax_Rolls_Unsecured/
   c) Net Proceeds of Minerals Bulletin, A list of each operating mine by industry and by county and a list of royalty recipients by county together with information on the gross proceeds, net proceeds, county and state taxes due. Published in June annually.
   http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Net_Proceeds_of_Minerals/

3. Segregation of the Roll, Statistical Data

Reports the aggregate amount of assessed value of property located in each taxing entity. Segregation reports are required three times a year pursuant to NRS 361.390. County assessors report the assessed values of all property, both taxable and exempt, for each taxing entity. The January segregation report is a preliminary projection; the March segregation report is a final projection; and the October segregation report contains both the final actual prior year unsecured values and the final actual current year secured values.~~.~~

4. Statistical Analysis of the Roll

The Statistical Analysis of the Roll (SAR) provides assessed values by category of property for the fiscal year. It includes data from locally-assessed and centrally-assessed tax rolls, categorized by type of property for any given fiscal year.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Statistical_Analysis_of_the_Roll/

Assessment Standards Publications

5. Agricultural Land Values, Open Space Property Procedures

The Ag Bulletin defines classifications of agricultural real property and provides valuations for each classification on the basis provided in NRS 361.325. The bulletin also provides the valuation methodology for lands designated as open-space, including golf courses. http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGS_Ag_Bulletin/.

6. Billing Cost Exemption Report

NRS 361.068(2) provides that the Nevada Tax Commission may exempt from taxation personal property for which the annual taxes would be less than the cost of collecting those taxes. The Department annually prepares a report which evaluates the cost of collection of taxes.

7. Capitalization Rate Study

The Department analyzes and calculates appropriate capitalization rates for use in the income approach in the valuation of centrally-assessed properties and mining properties. The Study is published annually about June 1.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Capitalization_Rate_Study/

8. Improvement and Land Factor Reports

NRS 361.260(5) provides that assessors may either apply factors to improvements and land in non-reappraisal areas, or they have the option of determining the replacement cost and subtracting all applicable depreciation and obsolescence for improvements in non-reappraisal areas. The Department calculates the improvement factor based on the change in costs reported by the Marshall and Swift Costing Service from the previous year. The Nevada Tax Commission reviews and approves all proposed factors. The Improvement Factor report is generally published about July 1.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Improvement_Factors/

9. Land Use Code Manuals

Annually, a land use code manual is published. Land use codes are used for categorizing property in the assessment roll, the statistical analysis of the roll, and other purposes required by the Department of Taxation, such as selection of parcels included in Department ratio studies or performance audits. The manual includes descriptions and assigns code numbers, as well as appendices on occupancy codes, special property codes, special ownership codes, agricultural land classifications, exemption codes, and glossary.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Land_Use_Code_Manuals/

10. Manual of Rural Building Costs

The Manual of Rural Building Costs provides replacement costs for different quality classes of farm buildings, sheds or other rustic structures which do not conform to any applicable building code adopted by a local governmental entity or are constructed with the use of unskilled farm labor, pursuant to NAC 361.128(2).
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Rural_Building_Cost_Manual/

11. Personal Property Manual

Annual publication that sets forth the cost conversion factor and depreciation schedules used to determine taxable value for personal property. It is used in conjunction with NAC 361.134 through 361.140.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Personal_Property_Manuals/

12. Ratio Study Report (NRS 361.333)

A "ratio study" is "designed to evaluate appraisal performance by comparing the estimate of assessed value produced by the assessor on each parcel in the sample to the estimate of taxable value produced by the Department. The comparison is called a "ratio." The Department examines the ratio information for *appraisal level* and *appraisal uniformity.* The Ratio Study is published annually in May.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Ratio_Studies/

13. Performance Audit Reports (NAC 360.736)

The Performance Audit Report supplements the ratio study with more specific analysis of critical parts of property tax administration. Performance Audits generally include all 17 counties instead of one-third of the counties each year. The reports are published when audits are completed.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Performance_Audit/

TAX ABATEMENT PUBLICATIONS

14. Fair Market Rents Report (NAC 361.607(3))

Certain qualifying residential rental properties may be eligible for the residential abatement at 3 percent (as opposed to the general abatement ranging up to 8 percent). The Department annually notifies county assessors of the amounts of the applicable fair market rents for the current years, as published for March 31 of that year by the Department of Housing and Urban

Development. Tables are also published showing the fair market rents as adjusted downward to reflect applicable utility allowances reported by various Nevada regional housing authorities. http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/FairMarketRents/

15. Tax Cap Tables (NAC 361.605(1)(a))

For purposes of applying the general abatement ("tax cap"), the Department publishes a table showing the appropriate abatement percentage for the application of a general abatement in each county each year. Generally the Department publishes a preliminary table so that county tax receivers can calculate and complete the Pro-Forma Property Tax Projections which are due to the Department annually on March 5th. A final Tax Cap Table is published in June. http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/General_Abatement_Factors/

16. Property Tax Billing Summary

The Property Tax Billing Summary combines data from county tax receivers who submit reports on actual billed amounts for property taxes for properties on the secured and unsecured tax rolls pursuant to NAC 361.609. The summary contains the total number of parcels, the total assessed value of the property for which the property taxes were billed, the total amount of property taxes that would have been billed were it not for the abatement; the total amount of reduction as a result of abatement and other exemptions; and other information. The billing reports from county tax receivers for the Secured Roll is due September 1 after the lien date; and the billing report for the Unsecured Roll is due June 1 after the close of the Unsecured Roll on April 30th (nine months after the close of the Secured Roll).

LOCAL GOVERNMENT FINANCE REPORTS

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

"Property Tax Rates for Nevada Local Governments," also known as the "Redbook," is approved by the Nevada Tax Commission annually on June 25th, and contains total property tax rates by taxing unit by county, combined property tax rates by component by taxing unit; property tax overrides and the relative impact thereof; and overlapping taxing districts. 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.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Redbook/

18. Report of Local Government Indebtedness (NRS 354.6025)

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.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGF_Indebtedness_Report/

19. 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.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Local_Government_Finance_Documents/

20. Revenue Projections (NRS 360.690)

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. The Department prepares a preliminary revenue projection for local governments, published by February 15. The final report is published by March 15.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGF_Revenue_Projections/

21. Pro-Forma Property Tax Projections (NRS 361.4535)

Information regarding the effects of the residential and general property tax abatements is produced annually by county treasurers, due on March 5th. The Department then uses that information to produce a report due on March 25th, called the Pro Forma Projection report. The report shows the total pre-abated tax revenue less the amount of abatement for a net property tax. From the net tax are deducted amounts for redevelopment agencies and LEED abatements and renewable energy abatements.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/LGF_ProForma_Tax/

22. Top Ten Reports

Lists of taxpayers and assessed value are reported for the ten highest assessed taxpayers statewide and for each county.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Top_Ten_Taxpayers/

23. Local Financial Report Statewide Summary Report of Counties, Cities and School Districts
Revenues and Expenditures compiled by the Department and provided in this report to the Legislature on a biennial basis. This report provides demographics, revenues and expenses per capital of the various Counties, Cities and School Districts. Also reflects historical information on the Assessed valuation of these entities along with ending fund balance history of their General Fund.

REAL PROPERTY TRANSFER TAX REPORTS

24. Real Property Transfer Tax Quarterly and Year-End Reports
The Real Property Transfer Tax (RPTT) is collected in each county when deeds are presented for recording, with some exceptions. The quarterly and year-end reports provide total tax by county, distribution of the tax, number of exemptions granted by type and county and historical trends.
http://tax.nv.gov/LocalGovt/PolicyPub/ArchiveFiles/Real_Property_Transfer_Tax/

NEVADA ADMINISTRATIVE CODES RELATING TO PROPERTY TAXES

25. 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

26. NAC Chapter 361A

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

27. NAC Chapter 362

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

NEVADA ADMINISTRATIVE CODES RELATING TO LOCAL GOVERNMENTS

28. NAC Chapter 350

Codification of regulations pertinent to municipal obligations, including medium-term obligations and procedures connected with the local debt management commission.

29. NAC Chapter 354

Codification of regulations pertinent to the Local Government Budget and Finance Act (“Act”), including exemptions of certain local governments from the requirements of the Act; transfers of governmental functions between local governments and state agencies; consolidation of services in school districts; preparation of budgets, inter-fund loans, budget augmentation, fiscal reports, reports regarding receipts and distribution of property taxes, reports of expenditures for lobbying activities, audits, enterprise funds, and procedures associated with severe financial emergency.

REVENUE DIVISION

30. 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.

31. Cigarette and Other Tobacco Products Statistical

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

32. Nevada Tax Notes

    Informational bulletin posted on the Department website and sent to a selected mailing list containing general information on taxes administered by the Department of Taxation. Published quarterly.

33. Modified Business Tax Statistical

    A compilation of the collection of gross wages and health care deductions paid by firms by statistical codes. Published quarterly.

34. Consolidated Tax Distribution (CTX)

    Consolidated tax distributions to Nevada counties, including cigarette tax, liquor tax, BCCRT, SCCRT, RPTT and GST. Published monthly.

35. Local Government Tax Act Distribution

    Distribution pursuant to the Local Government Tax Acts of 1991 and 1993. Published monthly.

36. General Distribution Statistics

    Distribution statistics for excise taxes, sales tax, local school support tax, option taxes, business tax, centrally assessed and net proceeds of mines tax.
    monthly.

37. Technical Bulletins

    Published by the Department, as needed, to provide technical advice on specific tax issues and provide examples of how the law is administered by the Department.

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V. TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

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TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

A. SALES TAX EXEMPTIONS, ABATEMENTS, AND DEFERRALS

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Sales Tax Exemptions, Abatements, and Deferrals

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 person 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. **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**

19. **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

20. **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**

21. **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**

22. **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**

23. **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**

24. **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**

25. **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 (See also NRS 374.2861)**

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

1. The owner of a business or a person who intends to locate or expand a business in this state may apply to the Office of Economic Development for a partial abatement of the local sales and use taxes imposed on the purchase of tangible personal property used to operate, manufacture, service, maintain, test, repair, overhaul, or assemble an aircraft or any component of an aircraft.

   To be eligible for the abatement, a new business must have five or more full-time employees within one year of receiving its certificate of eligibility for a partial abatement, and an existing business must increase its number of full-time employees by 3 percent or three employees, whichever is greater, within one year of receiving its certificate of eligibility. The business, whether new or existing, must meet at least one of the following three requirements:

   - The business must make a capital investment of at least $250,000 within one year of receiving its certificate of eligibility;
   - The business will maintain and possess at least $5 million of tangible personal property in the state during the period of the partial abatement; or
   - The business will pay its employees an average hourly wage that is not less than 100 percent of the average statewide hourly wage, as established by the Employment Security Division of the Department of Employment, Training, and Rehabilitation.

   The abatement may be granted to the business for a period of up to 20 years. **NRS 360.753**

2. A person who intends to locate or expand a data center in Nevada may apply to the Office of Economic Development for a partial abatement of taxes imposed on the gross receipts from the sale, and the storage, use, or other consumption, of eligible machinery or use at a data center. The partial abatement may also be given to a business that colocates at a data center that has been approved for a partial abatement.

The abatement may be granted to the data center for a period of up to 10 years, if the data center meets the following requirements:

- The data center will, by not later than the date that is five years after the date on which the abatement becomes effective, have or have added 10 or more full-time employees who are Nevada residents and who will be employed at the data center, and will continue to employ 10 or more full-time employees who are Nevada residents at the data center until at least the date which is 10 years after the date on which the abatement becomes effective.
- Establishing or expanding the data center will require the data center or any combination of the data center and one or more colocated businesses to make in each county in this State in which the data center is located, by not later than the date which is 5 years after the date on which the abatement becomes effective, a cumulative capital investment of at least $25 million in capital assets that will be used or located at the data center.
- The business will pay its employees an average hourly wage that is not less than 100 percent of the average statewide hourly wage, as established by the Employment Security Division of the Department of Employment, Training, and Rehabilitation.
- The data center will, by not later than the date which is two years after the date on which the abatement becomes effective, provide a health insurance plan for all employees employed at the data center that includes an option for health insurance coverage for dependents of the employees; and the health care benefits provided to employees employed at the data center will meet the minimum requirements for health care benefits established by the Office of Economic Development.
- At least 50 percent of the employees engaged or anticipated to be engaged in the construction of the data center are residents of Nevada, unless waived by the Executive Director of the Office of Economic Development upon proof satisfactory to the Executive Director of the Office of Economic Development that there is an insufficient number of residents of Nevada available and qualified for such employment.

The abatement may be granted to the data center for a period of at least 10 years and up to 20 years, if the data center meets the following requirements:

- The data center will, by not later than the date that is five years after the date on which the abatement becomes effective, have or have added 50 or more full-time employees who are Nevada residents and who will be employed at the data center, and will continue to employ 50 or more full-time employees who are Nevada residents at the data center until at least the date which is 20 years after the date on which the abatement becomes effective.
- Establishing or expanding the data center will require the data center or any combination of the data center and one or more colocated businesses to make in each county in this State in which the data center is located, by not later than the date which is 5 years after the date on which the abatement becomes effective, a cumulative capital investment of at least $100 million in capital assets that will be used or located at the data center.
- The business will pay its employees an average hourly wage that is not less than 100 percent of the average statewide hourly wage, as established by the Employment Security Division of the Department of Employment, Training, and Rehabilitation.
- The data center will, by not later than the date which is two years after the date on which the abatement becomes effective, provide a health insurance plan for all employees employed at the data center that includes an option for health insurance coverage for dependents of the employees; and the health care benefits provided to employees employed at the data center will meet the minimum requirements for health care benefits established by the Office of Economic Development.

- At least 50 percent of the employees engaged or anticipated to be engaged in the construction of the data center are residents of Nevada, unless waived by the Executive Director of the Office of Economic Development upon proof satisfactory to the Executive Director of the Office of Economic Development that there is an insufficient number of residents of Nevada available and qualified for such employment.

If the Office of Economic Development approves an application for a partial abatement for a data center, the Office may also approve a partial abatement of taxes for each colocated business that enters into a contract to use or occupy, for a period of at least two years, all or a portion of the new or expanded data center. The percentage amount of a partial abatement approved for a colocated business pursuant to this subsection must not exceed the percentage amount of the partial abatement approved for the data center, and the duration of a partial abatement approved for a colocated business must not exceed the duration of the contract or contracts entered into between the colocated business and the data center, including the duration of any contract or contracts extended or renewed by the parties. **NRS 360.754**

3. Certain new or expanded businesses may apply to the Office of 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 or machinery or equipment used in mining, machinery or equipment used in gaming. The taxpayer is eligible for the abatement for not more than 2 years. **NRS 374.357**

4. A person who maintains a business or intends to locate a business in certain areas of economic development to apply to the Office of 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 or machinery or equipment used in mining, machinery or equipment used in gaming. The taxpayer is eligible for the abatement for at least one year, but not more than 5 years.

   The areas of economic development in which the business may locate to become eligible for this abatement are:

   - A historically underutilized business zone, as defined in 15 U.S.C. § 632;
   - A redevelopment area created pursuant to Chapter 279 of the NRS;
   - An area eligible for a community development block grant pursuant to 24 C.F.R. Part 570; or
   - An enterprise community established pursuant to 24 C.F.R. Part 597. **NRS 374.358**

Deferrals of Sales and Use Taxes Due Granted by the Office of Economic Development Under Authorization Granted by Statute

A person may apply to the Office of Economic Development to receive a deferral of the payment of sales and use tax on capital goods whose sales price is $1,000,000 or more, without interest. If the deferral is approved, the payment of the total amount of tax due must be deferred without interest for the 60-month period beginning on the date that the Office certifies eligibility for the deferral; however, payments of the tax due must be made each month beginning not later than the date which is one year following the certification of the deferral.

If a purchase is made outside of the State from a retailer who is not registered with the Department of Taxation, an application for a deferment must be made in advance or, if the purchase has been made, within 60 days after the date on which the tax is due. If a purchase is made in this State from a retailer who is registered with the Department and to whom the tax is paid, an application must be made within 60 days after the payment of the tax. If the application for a deferment is approved, the taxpayer is eligible for a refund of the tax paid.

The Office of Economic Development shall certify the person's eligibility for a deferment if the person meets the eligibility requirements for partial abatements of taxes granted by the Office pursuant to NRS 360.750; the purchase is consistent with the State Plan for Economic Development developed by the Executive Director of the Office pursuant to subsection 2 of NRS 231.053; and the Office determines that the deferment is a significant factor in the decision of the person to locate or expand a business in Nevada. **NRS 372.397 and NRS 374.402**

TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

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 greater 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, the Achievement School District, or a 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;
    j. The Sierra Arts Foundation; and
    k. The Thunderbird Lodge (until June 30, 2033).

    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 indefinitely and vested for purposes of education, environmental protection or conservation, or for ultimate acquisition by the federal government, the state or a local governmental unit if:
    a. The federal government, 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. The exemption additionally applies to parcels of land used exclusively for worship, including, without limitation, both developed and undeveloped portions of a parcel, that are owned by the recognized religious society or corporation. **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**

39. **Qualified Energy Systems** – For purposes of the assessment of property, a qualified energy system must not be included in the assessed value of a building unless the business that owns the commercial or industrial building is receiving certain other property tax abatements or exemptions. A qualified energy system is defined as any system, method, construction, installation, machinery, equipment, device or appliance which is designed, constructed or installed in a residential, commercial or industrial building to heat or cool the building or water used in the building, or to provide electricity used in the building.

    A qualified system is not exempt from taxation during any period which it is subject to any abatements or exemptions from property taxes granted pursuant to Chapter 701A or pursuant to NRS 361.045 to 361.159, inclusive; or if the system was constructed after July 1, 2009, and is part of a facility which is eligible for partial abatements of taxes pursuant to NRS 701A.360.

    Qualified energy systems must conform to standards established by the Nevada Department of Taxation and use energy from wind or solar devices not thermally insulated from the area where the energy is used; geothermal resources; energy derived from conversion of solid waste; or waterpower. **NRS 701A.200**

Property Tax Exemptions Granted Under Statute for a Portion of a Property's Entire 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.

   A person who qualifies for the exemption as a veteran under this section and the surviving spouse of a veteran with a permanent service-connected disability under NRS 361.091 may claim both of these veterans' exemptions from the property tax. **NRS 361.090 (See also NRS 361.0905)**

5. **Property of Veterans With Permanent Service-Connected Disabilities** – The value of property of a resident of the State of Nevada who has incurred a permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his or her surviving spouse, not to exceed the following amounts, depending on the level of the disability:

   - Total permanent disability: $20,000 of assessed valuation;
   - 80 to 99 percent disability: $15,000 of assessed valuation; or
   - 60 to 79 percent disability: $10,000 of assessed valuation.

   For each level of permanent disability, the amount is multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated to determine the actual amount of the exemption in any given fiscal year.

   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.

   A person who qualifies for the exemption as a veteran under NRS 361.090 and the surviving spouse of a veteran with a permanent service-connected disability under this section may claim both of these veterans' exemptions from the property tax. **NRS 361.091**

6. **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 or she is allowed an exemption from the governmental services tax pursuant to Chapter 371 of NRS.

Partial Abatements Granted by the Office of Economic Development Under Authorization Granted by Statute

1. **New or Expanded Businesses** – Certain new or expanded businesses are authorized to apply to the Office of Economic Development for a partial abatement of personal 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 abatement. 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 personal property payable by the business each year.

   A business who receives the partial abatement from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatement, is required to repay the amount of the abatement to the Department of Taxation or, if the abatement was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 361.0687**

2. **New or Expanded Businesses Located Within a Foreign Trade Zone** – Certain new or expanded businesses which are or will be located within a foreign trade zone, as defined by state and federal law, are authorized to apply to the Office of Economic Development for a partial abatement of personal 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 abatement. The taxpayer is eligible for the partial abatement for at least one year, but not more than five years. The partial abatement cannot exceed 75 percent of the taxes on personal property payable by the business each year.

   A business who receives the partial abatement from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatement, is required to repay the amount of the abatement to the Department of Taxation or, if the abatement was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 361.0687 (until June 30, 2017)**

3. **Businesses Locating in Certain Economic Development Areas** – The Office of Economic Development shall grant, subject to certain eligibility requirements and endorsements, a partial abatement of real property tax, personal property tax and/or sales tax for businesses that locate within: (a) A historically underutilized business zone, as defined in 15 U.S.C. § 632; (b) A redevelopment area created pursuant to NRS 279.382 to 279.685, inclusive; (c) An area eligible for a community development block grant pursuant to 24 C.F.R. Part 570; or (d) An enterprise community established pursuant to 24 C.F.R. Part 597.

   The business must commit to a minimum of $500,000 of capital investment and must stay within the specified area for no less than five years to be eligible for the abatement. Prior to July 1, 2013, there was no specified limit as to the length of the abatement or the amount of tax that could be abated. Effective July 1, 2013, the abatement may be granted for at least one year, but not more than five years, and the partial abatement cannot exceed 75 percent of the taxes on personal property payable by the business each year.

   Prior to submitting an application to the Office of Economic Development for a partial abatement of taxes, the business must receive an endorsement of the application from the governing body of the county, city, or town in which the business will operate. Prior to conducting a hearing to consider whether to endorse the application, the governing body of the county, city or town must provide notice of such a hearing and the request for an endorsement to the board of trustees of the school district in which the business will operate.

A business who receives the partial abatement from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatement, is required to repay the amount of the abatement to the Department of Taxation or, if the abatement was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 274.310**

4. **Businesses Expanding in Certain Economic Development Areas** – The Office of Economic Development shall grant, subject to certain eligibility requirements, a partial abatement of real property tax, personal property tax and/or sales tax for existing businesses that expand within: (a) A historically underutilized business zone, as defined in 15 U.S.C. § 632; (b) A redevelopment area created pursuant to NRS 279.382 to 279.685, inclusive; (c) An area eligible for a community development block grant pursuant to 24 C.F.R. Part 570; or (d) An enterprise community established pursuant to 24 C.F.R. Part 597.

   The business must commit to a minimum of $250,000 of capital investment and must stay within the specified area for no less than five years to be eligible for the abatement. Prior to July 1, 2013, there was no specified limit as to the length of the abatement or the amount of tax that could be abated. Effective July 1, 2013, the abatement may be granted for at least one year, but not more than five years, and the partial abatement cannot exceed 75 percent of the taxes on personal property payable by the business each year.

   Prior to submitting an application to the Office of Economic Development for a partial abatement of taxes, the business must receive an endorsement of the application from the governing body of the county, city, or town in which the business will operate. Prior to conducting a hearing to consider whether to endorse the application, the governing body of the county, city or town must provide notice of such a hearing and the request for an endorsement to the board of trustees of the school district in which the business will operate.

   A business who receives the partial abatement from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatement, is required to repay the amount of the abatement to the Department of Taxation or, if the abatement was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 274.320**

5. **Businesses Located in Certain Economic Development Areas That Hire Displaced Workers** – The Office of Economic Development shall grant, subject to certain eligibility and procedural requirements, a partial abatement of real property tax, personal property tax and/or sales tax for businesses that are located within an enterprise community established pursuant to 24 C.F.R Part 597, if the business employs one or more dislocated workers who reside within the enterprise community.

   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 five years to be eligible for the abatement. Prior to July 1, 2013, there was no specified limit as to the length of the abatement or the amount of tax that could be abated. Effective July 1, 2013, the abatement may be granted for at least one year, but not more than five years, and the partial abatement cannot exceed 75 percent of the taxes on personal property payable by the business each year.

Prior to submitting an application to the Office of Economic Development for a partial abatement of taxes, the business must receive an endorsement of the application from the governing body of the county, city, or town in which the business will operate. Prior to conducting a hearing to consider whether to endorse the application, the governing body of the county, city or town must provide notice of such a hearing and the request for an endorsement to the board of trustees of the school district in which the business will operate.

A business who receives the partial abatement from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatement, is required to repay the amount of the exemption to the Department of Taxation or, if the abatement was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 274.330**

6. **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 Office of Economic Development for a partial abatement of real 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 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 abatement. 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.

   A business who receives the partial abatement from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatement, is required to repay the amount of the exemption to the Department of Taxation or, if the abatement was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 701A.210**

7. **Businesses Engaging in Certain Qualifying Projects With a Minimum Capital Investment of $3.5 Billion** – The Office of Economic Development may grant an abatement of certain employer excise taxes (the Modified Business Tax), sales and use taxes and property taxes to the lead participant of a qualified project if the participants in the project agree collectively to make a total new capital investment in this State of at least $3.5 billion during the 10-year period immediately following the approval of an application by the Office. The qualified project must promote the economic development of this State and aid the implementation of the State Plan for Economic Development, and at least 50 percent of the employees engaged in the construction of the project and 50 percent of the employees employed at the project must be residents of Nevada. The qualified project must be located within the geographic boundaries of a single project site in this State and the lead participant engaged in a qualified project with other participants must be engaged in a common purpose or business endeavor.

   The lead participant in the qualified project is entitled to the abatement of property taxes and Modified Business Tax for up to 10 years and in an amount equal to the property taxes and Modified Business Tax that would otherwise be owed for the qualified project. The lead participant is entitled to the abatement of certain local sales and use taxes for up to 20 years and in an amount equal to those local sales and use taxes that would otherwise be owed in the county in which the qualified project is located.

A business who receives the abatements from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatements, is required to repay the amount of the abatement to the Department of Taxation or, if the abatements was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 360.945**

(NOTE: The lead participant of a qualifying project who is eligible to receive abatements of the Modified Business Tax, sales and use tax, and property tax under this program may also be eligible to receive transferable tax credits that may be taken against the Modified Business Tax, Branch Bank Excise Tax, Percentage Fee Tax on Gross Gaming Revenue, and the Insurance Premium Tax from the Office of Economic Development. Please see pages 259 and 260 for more information on these transferable tax credits.)

8. **Businesses Engaging in Certain Qualifying Projects With a Minimum Capital Investment of $1 Billion** – The Office of Economic Development may grant a partial abatement of certain employer excise taxes (the Modified Business Tax), sales and use taxes and personal property taxes to the lead participant of a qualified project if the participants in the project agree collectively to make a total new capital investment in this State of at least $1 billion during the 10-year period immediately following the approval of an application by the Office. The qualified project must promote the economic development of this State and aid the implementation of the State Plan for Economic Development, and at least 50 percent of the employees engaged in the construction of the project and 50 percent of the employees employed at the project must be residents of Nevada. The qualified project must be located within the geographic boundaries of a single project site in this State and the lead participant engaged in a qualified project with other participants must be engaged in a common purpose or business endeavor.

   The lead participant in the qualified project is entitled to a partial abatement of up to 75 percent of the personal property taxes and 75 percent of the Modified Business Tax for up to 10 years. The lead participant is entitled to the abatement of certain local sales and use taxes for up to 15 years and in an amount equal to those local sales and use taxes that would otherwise be owed in the county in which the qualified project is located. The Office of Economic Development may require the lead participant to pay an amount of money equal to all or a portion of the taxes that are abated into a trust fund, which will be repaid to the lead participant when the Office determines that the lead participant has complied with all or part of the conditions of the abatement.

   A business who receives the abatements from the Office of Economic Development, but who subsequently ceases operations or fails to meet the eligibility conditions required to receive the abatements, is required to repay the amount of the abatement to the Department of Taxation or, if the abatements was granted from property taxes, the county treasurer, including interest, unless the Nevada Tax Commission determines that the business substantially complied with the provisions of this section. **NRS 360.889, NRS 360.993**

   (NOTE: The lead participant of a qualifying project who is eligible to receive abatements of the Modified Business Tax, sales and use tax, and property tax under this program may also be eligible to receive transferable tax credits that may be taken against the Modified Business Tax, Branch Bank Excise Tax, Percentage Fee Tax on Gross Gaming Revenue, and the Insurance Premium Tax from the Office of Economic Development. Please see pages 261 and 262 for more information on these transferable tax credits.)

9. **Businesses Operating, Manufacturing, Servicing, Maintaining, Testing, Repairing, Overhauling, or Assembling Aircraft** – The owner of a business or a person who intends to locate or expand a business in this state may apply to the Office of Economic Development for a partial abatement of the personal property taxes imposed on aircraft and the personal property used to operate, manufacture, service, maintain, test, repair, overhaul, or assemble an aircraft or any component of an aircraft.

   To be eligible for the abatement, a new business must have five or more full-time employees within one year of receiving its certificate of eligibility for a partial abatement, and an existing business must increase its number of full-time employees by 3 percent or three employees, whichever is greater, within one year of receiving its certificate of eligibility. The business, whether new or existing, must meet at least one of the following three requirements:

   - The business must make a capital investment of at least $250,000 within one year of receiving its certificate of eligibility;
   - The business will maintain and possess at least $5 million of tangible personal property in the state during the period of the partial abatement; or
   - The business will pay its employees an average hourly wage that is not less than 100 percent of the average statewide hourly wage, as established by the Employment Security Division of the Department of Employment, Training, and Rehabilitation.

   The abatement may be granted to the business for a period of up to 20 years. **NRS 360.753**

10. **Location or Expansion of a Data Center in Nevada** – A person who intends to locate or expand a data center in Nevada may apply to the Office of Economic Development for a partial abatement of taxes imposed on the real and personal property at a data center. The partial abatement may also be given to a business that colocates at a data center that has been approved for a partial abatement.

    The abatement may be granted to the data center for a period of up to 10 years, if the data center meets the following requirements:

    - The data center will, by not later than the date that is five years after the date on which the abatement becomes effective, have or have added 10 or more full-time employees who are Nevada residents and who will be employed at the data center, and will continue to employ 10 or more full-time employees who are Nevada residents at the data center until at least the date which is 10 years after the date on which the abatement becomes effective.
    - Establishing or expanding the data center will require the data center or any combination of the data center and one or more colocated businesses to make in each county in this State in which the data center is located, by not later than the date which is 5 years after the date on which the abatement becomes effective, a cumulative capital investment of at least $25 million in capital assets that will be used or located at the data center.
    - The business will pay its employees an average hourly wage that is not less than 100 percent of the average statewide hourly wage, as established by the Employment Security Division of the Department of Employment, Training, and Rehabilitation.
    - The data center will, by not later than the date which is two years after the date on which the abatement becomes effective, provide a health insurance plan for all employees employed at the data center that includes an option for health insurance coverage for dependents of the employees; and the health care benefits provided to employees employed at the data center will meet the minimum requirements for health care benefits established by the Office of Economic Development.

- At least 50 percent of the employees engaged or anticipated to be engaged in the construction of the data center are residents of Nevada, unless waived by the Executive Director of the Office of Economic Development upon proof satisfactory to the Executive Director of the Office of Economic Development that there is an insufficient number of residents of Nevada available and qualified for such employment.

The abatement may be granted to the data center for a period of at least 10 years and up to 20 years, if the data center meets the following requirements:

- The data center will, by not later than the date that is five years after the date on which the abatement becomes effective, have or have added 50 or more full-time employees who are Nevada residents and who will be employed at the data center, and will continue to employ 50 or more full-time employees who are Nevada residents at the data center until at least the date which is 20 years after the date on which the abatement becomes effective.
- Establishing or expanding the data center will require the data center or any combination of the data center and one or more colocated businesses to make in each county in this State in which the data center is located, by not later than the date which is 5 years after the date on which the abatement becomes effective, a cumulative capital investment of at least $100 million in capital assets that will be used or located at the data center.
- The business will pay its employees an average hourly wage that is not less than 100 percent of the average statewide hourly wage, as established by the Employment Security Division of the Department of Employment, Training, and Rehabilitation.
- The data center will, by not later than the date which is two years after the date on which the abatement becomes effective, provide a health insurance plan for all employees employed at the data center that includes an option for health insurance coverage for dependents of the employees; and the health care benefits provided to employees employed at the data center will meet the minimum requirements for health care benefits established by the Office of Economic Development.
- At least 50 percent of the employees engaged or anticipated to be engaged in the construction of the data center are residents of Nevada, unless waived by the Executive Director of the Office of Economic Development upon proof satisfactory to the Executive Director of the Office of Economic Development that there is an insufficient number of residents of Nevada available and qualified for such employment.

If the Office of Economic Development approves an application for a partial abatement for a data center, the Office may also approve a partial abatement of taxes for each colocated business that enters into a contract to use or occupy, for a period of at least two years, all or a portion of the new or expanded data center. The percentage amount of a partial abatement approved for a colocated business pursuant to this subsection must not exceed the percentage amount of the partial abatement approved for the data center, and the duration of a partial abatement approved for a colocated business must not exceed the duration of the contract or contracts entered into between the colocated business and the data center, including the duration of any contract or contracts extended or renewed by the parties. **NRS 360.754**

Partial Abatements Granted by the Nevada Office of Energy Under Authorization Granted by Statute

1. **Certain Structures That Use Resources Efficiently –** The Office of Energy, in consultation with the Office of Economic Development, shall grant, for a maximum of 10 years, a partial abatement of no more than 35 percent of the real 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 an equivalent rating system, as adopted by the Director of the Office of Energy. The building must also obtain certain point levels in the Optimize Energy Performance credit, or its equivalent, to become eligible for the partial abatement. 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.

   For buildings or other structures that meet the equivalent of the LEED silver level, 25 percent of the property taxes may be abated; LEED gold level, 30 percent of the property taxes may be abated; and LEED platinum level, 35 percent of the property taxes may be abated for a maximum of 10 years.

   For buildings or other structures that meet the equivalent of the LEED "Existing Buildings: Operations and Maintenance" rating system, the property taxes may be abated for a maximum of five years and the maximum amount of the partial abatement is limited to $100,000 in any fiscal year.

   Prior to approving an application for a partial abatement, the application must be approved or deemed approved by the board of county commissioners of the county in which the business will operate. Prior to conducting a hearing to consider whether to approve the application, the board must provide notice of such a hearing and must make a recommendation to the Office of Economic Development regarding the application. If the board of county commissioners does not approve or deny the application within 30 days after the board receives a copy of the application, the application shall be deemed approved. **NRS 701A.110**

2. **Renewable Energy Facilities -** A person who intends to locate certain renewable energy facilities in Nevada may apply to the Office of Energy, in consultation with the Office of Economic Development, for an abatement of all local sales and use taxes over a 3-year period that are above 0.60 percent or an abatement of 55 percent of the real and personal property taxes over a 20-year period or an abatement of both local sales and use taxes and property taxes. Local sales and use taxes includes all sales and use tax rates imposed in a county, except for the State 2% rate imposed pursuant to the Sales and Use Tax Act. Eligible renewable energy projects are required to pay sales and use tax of 2.60 percent. The provisions providing for a qualified renewable energy facility to receive an abatement of local sales and use taxes, property taxes or both are effective until June 30, 2049. **NRS 701A.370**

   The types of renewable energy projects that are eligible include a facility for the generation of process heat from solar renewable energy; a wholesale facility for the generation of electricity from renewable energy; a facility for the generation of electricity from geothermal resources; or a facility for the transmission of electricity produced from renewable energy or geothermal resources. Eligible renewable energy projects must commit to operate in Nevada for at least 10 years; may not receive any state or local government funding for the facility or land acquisition; and must meet additional criteria with regard to new construction jobs, the amount of capital investment, and wages paid to workers. **NRS 701A.360 and NRS 701A.365**

During the period in which a renewable energy facility is receiving a partial abatement of sales and use taxes, all of the local sales and use tax that is actually paid under the 2.60 percent rate by the facility is to be allocated in the same manner as the Local School Support Tax. **NRS 701A.450**

TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

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 July 2003 and the July preceding the fiscal year for which the adjustment is calculated. A person who qualifies for the exemption as a veteran under this section and the surviving spouse of a veteran with a permanent service-connected disability under NRS 371.104 may claim both of these veterans' exemptions from the Governmental Services Tax. **NRS 371.103**
9. **Vehicles Registered by Veterans With Permanent Service-Connected Disabilities** – Vehicles registered by a resident of the State of Nevada who has incurred a permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his or her surviving spouse, not to exceed the following amounts, based on the level of the service-connected disability:

   - Total permanent disability, $20,000;
   - 80 to 99 percent disability, $15,000; or
   - 60 to 79 percent disability, $10,000.

For each level of permanent disability, the amount is multiplied by the percentage change in the CPI between July 2003 and the July preceding the fiscal year for which the adjustment is calculated to determine the actual amount of the exemption in any given fiscal year.

A person who qualifies for the exemption as the surviving spouse of a veteran with a permanent service-connected disability under this section and as a veteran under NRS 371.103 may claim both of these veterans' exemptions from the Governmental Services Tax. **NRS 371.104**

NOTE: Pursuant to Assembly Bill 245 of the 2011 Session, a veteran, in lieu of claiming one of the exemptions pursuant to NRS 371.103 or 371.104, may transfer the exemption to his or her current spouse. The veteran must file an affidavit with the Department of Motor Vehicles in the county where the exemption would have otherwise been claimed.

The transfer of the exemption expires upon the earlier of the termination of the marriage, the death of the veteran, or the revocation of the transfer by the veteran.

TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

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 including, without limitation, a transfer by an instrument in writing pursuant to the terms of a land sale installment contract previously recorded and upon which the RPTT has already been paid.
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 111.655 to 111.699, inclusive) 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. **Transfers to Educational Foundations** – Transfers to educational foundations (as defined in subsection 3 of NRS 388.750) are exempt.
15. **Transfers to University Foundations** – Transfers to university foundations (as defined in subsection 3 of NRS 396.405) are exempt.

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TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

E. LIVE ENTERTAINMENT TAX EXEMPTIONS

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<u>Live Entertainment Tax Exemptions</u>

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. Television, radio, closed circuit or Internet broadcasts of live entertainment;
2. Entertainment provided by a patron or patrons, including, without limitation, singing by patrons or dancing by or between patrons;
3. Animal behaviors induced by animal trainers or caretakers primarily for the purpose of education and scientific research;
4. Activities that are uncompensated, spontaneous performances that are not longer than 20 minutes during a 60-minute period;
5. Activities that meet the definition of live entertainment established in NRS 368A.090, but which do not constitute a performance, including, without limitation, go-go dancing; and
6. Marketing or promotional activities, including, without limitation, dancing or singing that is for a period that does not exceed 20 minutes during a 60-minute period and that is associated with the serving of food and beverages.

   These exemptions do not apply to an activity provided by a non-profit religious, charitable, fraternal, or other organization that qualifies as a tax-exempt organization pursuant to Section 501 (c) of the Internal Revenue Code, or a nonprofit corporation organized or existing pursuant to Chapter 82 of the *Nevada Revised Statutes*, if the amount of tickets offered or sale or other distribution for the activity is 15,000 or more.

   The above exclusions from the definition of live entertainment were created as a result of Senate Bill 266 of the 2015 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 governed by the Nevada Interscholastic Activities Association or is provided or sponsored by an elementary school, junior high school, middle school or high school, if only pupils or faculty provide the live entertainment. **(This exemption was added by the Legislature pursuant to Senate Bill 266 of the 2015 Session.)**
3. An athletic contest, tournament, or exhibition provided by the Nevada System of Higher Education, if students of such an institution are contestants in the contest, event, tournament, or exhibition. **(This exemption was added by the Legislature pursuant to Senate Bill 266 of the 2015 Session.)**
4. 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, but only if the number of tickets to the live entertainment which are offered for sale or other distribution to patrons, either directly or indirectly, is less than 7,500. (**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, and the restriction to events where fewer than 7,500 tickets are sold or distributed was added pursuant to Senate Bill 266 of the 2015 Session.**)
5. Any boxing contest or exhibition governed by the provisions of Chapter 467 of NRS. (These events are subject to a license fee equal to 8 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].**)
6. 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.**)
7. 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.**)
8. 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].**)
9. 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].**)

10. 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].**)
11. 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].**)
12. 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].**)
13. 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.**)
14. 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, if two or more such races are held at that race track during the same calendar year. (**This exemption was added pursuant to Assembly Bill 554 of the 2005 Session and was amended by Senate Bill 266 of the 2015 Session, effective October 1, 2015.**)
15. An athletic contest, event, or exhibition conducted by a professional team based in Nevada, if the professional team based in Nevada is a participant in the contest, event, or exhibition. (**This exemption, which originally applied only to professional minor league baseball contests, was originally added pursuant to Assembly Bill 487 of the 2007 Session. The exemption was broadened to all athletic contests for Nevada-based professional sports teams pursuant to Senate Bill 266 of the 2015 Session, and became effective October 1, 2015.**)

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TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

F. COMMERCE TAX EXEMPTIONS

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Commerce Tax Exemptions

Exclusions from Gross Revenue

Nevada Revised Statutes 363C.045, which defines "gross revenue" for the purposes of this tax, specifically excludes the following from the definition of gross revenue:

1. Amounts realized from the sale, exchange, disposition, or other grant of the right to use trademarks, trade names, patents, copyrights, and similar intellectual property;
2. The value of cash discounts allowed by the business entity and taken by a customer;
3. The value of goods or services provided to a customer on a complimentary basis;
4. Amounts realized from a transaction subject to, described in, or equivalent to, Sections 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 1031, or 1033 of the *Internal Revenue Code*, regardless of the federal tax classification of the business entity under Title 26, Sections 301.7701-3 of the *Code of Federal Regulations*;
5. Amounts indirectly realized from a reduction of an expense or a deduction;
6. The value of property or services donated to a nonprofit religious, charitable, fraternal, or other organization that qualifies as a tax-exempt organization pursuant to Section 501(c)(3) of the *Internal Revenue Code*, if the deduction is tax deductible pursuant to Section 170(c) of the *Internal Revenue Code*; and
7. Amounts that are not considered revenue under generally accepted accounting principles.

   The above exclusions from the definition of gross revenue were created as a result of Senate Bill 483 of the 2015 Session.

Allowable Deductions from the Commerce Tax

Nevada Revised Statutes 363C.210 allows the following revenue sources to be deducted from Nevada gross revenue, to the extent that such amounts are included in the gross revenue of the business entity:

1. Any gross revenue which this State is prohibited from taxing pursuant to the Constitution or laws of the United States or the Nevada Constitution.
2. Any gross revenue of the business entity attributable to dividends and interest upon any bonds or securities of the Federal Government, the State of Nevada or a political subdivision of this State.
3. If a business entity is required to pay the gross gaming percentage fee pursuant to NRS 463.370, the amount of its gross receipts used to determine the amount of that fee.
4. If the business entity is required to pay the Net Proceeds of Minerals Tax pursuant to Chapter 362 of the NRS, the amount of the gross proceeds used to determine the amount of that tax.
5. If the business entity is required to pay the Liquor Tax pursuant to Chapter 369 of the NRS, an amount equal to the amount of the excise tax paid pursuant to that chapter by the business entity.
6. If the business entity is required to pay the Insurance Premium Tax pursuant to Chapter 680B of the NRS, the following may be deducted:
   - The amount of the total income derived from direct premiums written and all other considerations for insurance, bail or annuity contracts used to determine the amount of the tax imposed;
   - Any amounts excluded from total income derived from direct premiums; and
   - Gross premiums upon policies on risks located in this State received by a factory mutual and amounts deducted from such gross premiums to determine the amount of the tax imposed upon the factory mutual.
7. If the business entity is required to pay the Captive Insurer Premium Tax pursuant to Chapter 694C of the NRS, the amount of the net direct premiums used to determine the amount of that tax.
8. If the business entity is required to pay the Insurance Premium Tax on surplus lines insurance pursuant to Chapter 685A of the NRS, the amount of the premiums used to determine the amount of that tax.
9. The total amount of payments received by a health care provider (except from health care institutions) from the following:
   - From Medicaid, Medicare, the Children's Health Insurance Program, the Fund for Hospital Care to Indigent Persons, or TRICARE;
   - For professional services provided in relation to a workers' compensation claim; and
   - For the actual cost to the health care provider for any uncompensated care provided by the health care provider, except that if the health care provider later receives payment for all or part of that care, the health care provider must include the amount of the payment in his or her gross receipts for the calendar quarter in which the payment is received.
10. If the business entity is engaging in a business in this State as a health care provider that is a health care institution, an amount equal to 50 percent of the payments that are received by the health care institution from the sources listed in (9) above.

11. If the business entity is engaging in business in this State as an employee leasing company, the amount of any payments received from a client company for wages, payroll taxes on those wages, employee benefits and workers' compensation benefits for employees leased to the client company.
12. The amount of any pass-through revenue of the business entity.
13. The tax basis of securities and loans sold by the business entity, as determined for the purposes of federal income taxation.
14. The amount of revenue received by the business entity that is directly derived from the operation of a facility that is located on property owned or leased by the Federal Government and managed or operated primarily to house members of the Armed Forces of the United States.
15. Interest income, other than interest on credit sales.
16. Dividends and distributions from corporations, and distributive or proportionate shares of receipts and income from a pass-through entity.
17. Receipts from the sale, exchange or other disposition of an asset described in Sections 1221 or 1231 of the *Internal Revenue Code*, without regard to the length of time the business entity held the asset.
18. Receipts from a hedging transaction, as defined in Section 1221 of the *Internal Revenue Code*, or a transaction accorded hedge accounting treatment under Statement No. 133 of the Financial Accounting Standards Board, Accounting for Derivative Instruments and Hedging Activities, to the extent the transaction is entered into primarily to protect a financial position, including, without limitation, managing the risk of exposure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or investments in foreign operations, to interest rate fluctuations or to commodity price fluctuations. For the purposes of this exemption, receipts from the actual transfer of title of real or tangible personal property to another business entity are not receipts from a hedging transaction or a transaction accorded hedge accounting treatment.
19. Proceeds received by a business entity that are attributable to the repayment, maturity or redemption of the principal of a loan, bond, mutual fund, certificate of deposit or marketable instrument.
20. The principal amount received under a repurchase agreement or on account of any transaction properly characterized as a loan.
21. Proceeds received from the issuance of the business entity's own stock, options, warrants, puts or calls, from the sale of the business entity's treasury stock or as contributions to the capital of the business entity.
22. Proceeds received on account of payments from insurance policies, except those proceeds received for the loss of business revenue.
23. Damages received as a result of litigation in excess of amounts that, if received without litigation, would not have been included in the gross receipts of the business entity.
24. Bad debts expensed for the purposes of federal income taxation.
25. Returns and refunds to customers.
26. Amounts realized from the sale of an account receivable to the extent the receipts from the underlying transaction were included in the gross receipts of the business entity.
27. If the business entity owns an interest in a passive entity, the business entity's share of the net income of the passive entity, but only to the extent the net income of the passive entity was generated by the gross revenue of another business entity.

These deductions were added pursuant to Senate Bill 483 of the 2015 Session.

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TAX EXEMPTIONS, ABATEMENTS, DEFERRALS, AND CREDITS

G. TAX CREDIT PROGRAMS

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Transferable Tax Credits for Qualifying Film Productions

Overview

Administered by the Governor's Office of Economic Development, transferable tax credits may be granted to a producer of certain film and other qualified productions, if the production is in the economic interest of the state, at least 60 percent of the direct production expenditures will be incurred in Nevada, and the direct production costs of the qualified production exceed $500,000.

How Credit is Determined

The base amount for the transferable tax credit is 15 percent of certain qualified expenditures which are incurred in Nevada, with additional tax credits that can be earned based on wages, salaries, and fringe benefits (compensation) paid to certain out-of-state personnel. A tax credit of 12 percent can be earned based on the compensation paid to above-the-line personnel (actors, producers or directors) who are not Nevada residents. A credit based on compensation paid to below-the-line personnel who are not Nevada residents may be earned at the rate of:

- 12 percent for the period beginning January 1, 2014 to December 31, 2014;
- 10 percent for the period beginning January 1, 2015 to December 31, 2015;
- 8 percent for the period beginning January 1, 2016 to December 31, 2016; and
- Zero for the period beginning January 1, 2017.

An additional tax credit of 5 percent of the qualified direct production expenditures incurred in Nevada may be earned if at least 50 percent of the below-the-line personnel is comprised of Nevada residents. An additional tax credit of 5 percent of the qualified direct production expenditures incurred in Nevada may also be earned if more than 50 percent of the filming days of the qualified production occurs in a county which, in each of the two years immediately preceding the date of the application, qualified productions incurred less than $10 million of qualified direct production expenditures.

How Many Credits May Be Issued

Under current law, the total amount of credits that may be approved by the Governor's Office of Economic Development may not exceed the amount that has been appropriated or authorized by the Legislature for that purpose. If the Office does not approve transferable tax credits for the full amount authorized or appropriated in any given fiscal year, the remaining amount of credits must be carried forward and made available in the immediately following two fiscal years.

No amount was appropriated or authorized for this program by the Legislature during the 2015 Session. However, the Governor's Office of Economic Development may still issue credits from the $10 million total that had been previously authorized pursuant to Senate Bill 1 of the 28th Special Session (September 2014).

Expiration Dates

The film tax credit program has no designated expiration date. However, credits issued to a qualifying production expire four years after the date of issuance.

Eligible Taxes Against Which the Tax Credits May Be Taken

Gaming Percentage Fee, MBT (General Businesses), MBT (Financial Institutions), MBT (Mining Companies), Branch Bank Excise Tax, Insurance Premium Tax.

May the Credits Be Transferred?

Yes – the qualifying production may transfer the tax credits one time. The Office of Economic Development must be notified of the transfer.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
Gaming Percentage Fee	$0	$4,288,194	
MBT (General Businesses)	$0	$82,621	
MBT (Financial Institutions)	$0	$0	
MBT (Mining Institutions)	$0	$0	
Branch Bank Excise Tax	$0	$0	
Insurance Premium Tax	$0	$0	
TOTAL	$0	$4,370,815	

Legal Reference(s): NRS 360.758 to 360.7598

Note: Senate Bill 165 of the 2013 Session created the film transferable tax credit program as a pilot program, allowing the Governor's Office of Economic Development to issue up to $80 million in transferable tax credits to qualifying productions applying for credits on or before January 1, 2018, and providing an expiration date of the program of June 30, 2023. The total amount of credits that could be approved was reduced from $80 million to $10 million as a result of Senate Bill 1 of the 28th Special Session (September 2014).

The Legislature, in Senate Bill 94 of the 2015 Session, made the pilot program permanent, removing the June 30, 2023, expiration date. Senate Bill 94 also limited the amount of tax credits that may be issued to any amount approved or authorized by the Legislature.

Nevada New Markets Jobs Act

Overview

Insurance companies may receive a credit against the tax imposed on insurance premiums in exchange for making a qualified equity investment in a community development entity, particularly those that are local and minority-owned. A community development entity that receives such an investment is required to provide capital or equity investments in, or loans to certain qualified low-income community businesses and at least 30 percent of the total qualified equity investment amount must be provided to such businesses located in severely distressed census tracts.

How Credit is Determined

The Department of Business and Industry is required to certify a total of $200 million in qualified equity investments, but is prohibited from the certification of any single qualified equity investment of less than $5 million or the certification of more than $50 million in qualified equity investments to any single applicant, including all affiliates and partners of the applicant which are qualified community development entities.

In exchange for making a qualified equity investment in a community development entity, insurance companies are entitled to receive a credit against the taxes imposed on insurance premiums in an amount equal to 58 percent of the total qualified equity investment that is certified by the Department.

The total credit amount of 58 percent must be claimed over a period of 6 anniversary dates following the date on which the investment is initially made:

Date the investment is made – 0% of the qualified investment may be claimed;
1 year after the investment is made – 0% of the qualified investment may be claimed;
2 years after the investment is made – 12% of the qualified investment may be claimed;
3 years after the investment is made – 12% of the qualified investment may be claimed;
4 years after the investment is made – 12% of the qualified investment may be claimed;
5 years after the investment is made – 11% of the qualified investment may be claimed;
6 years after the investment is made – 11% of the qualified investment may be claimed.

How Many Credits May Be Issued

Based on the certification of $200 million in qualified equity investments, the insurance premium tax credit that may be taken may not exceed $116 million (58 percent of $200 million).

Expiration Dates

The Nevada New Markets Jobs Act has no designated expiration date; however, the amount of qualified equity investment is fixed at $200 million, and the total amount of credits that may be taken is fixed at $116 million.

Any amount of insurance premium tax credit that is not used in any fiscal year may be carried forward for use in any subsequent fiscal year.

Eligible Taxes Against Which the Tax Credits May Be Taken

Insurance Premium Tax only.

May the Credits Be Transferred?

No.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
Insurance Premium Tax	$12,410,882	$26,005,450	109.5%

Legal Reference(s): Chapter 231A, *Nevada Revised Statutes*

Note: Senate Bill 357 of the 2013 Session created the Nevada New Markets Jobs Act, which became effective on October 1, 2013. The Department of Business and Industry certified a total of seven community development entities on November 14, 2013, for the $200 million in total qualified equity investment that was allowed under the bill.

Transferable Tax Credits Issued To Certain Qualifying Projects With A Minimum Capital Investment of $3.5 Billion

Overview

The Office of Economic Development may issue transferable tax credits to the lead participant engaged in a qualified project with other participants for a common purpose or business endeavor and which is located within the geographic boundaries of a single project site in Nevada. The Office is required to approve an application for these credits if, among certain other requirements, the project would promote the economic development of the State and would aid the implementation of the State Plan for Economic Development; the participants in the project agree collectively to make a total new capital investment in this State of at least $3.5 billion during the 10-year period immediately following approval of the application; and at least 50 percent of the employees engaged in the construction of the project and at least 50 percent of the employees employed at the project are residents of Nevada.

How Credit is Determined

The credits are to be issued in the amount of $12,500 for each qualified employee employed by the participants of the project, up to a maximum of 6,000 employees; plus an additional 5 percent of the first $1 billion of new capital investment in the State made collectively by the participants in the qualified project; plus an additional 2.8 percent of the next $2.5 billion in new capital investment in the State made collectively by the participants in the qualified project.

How Many Credits May Be Issued

The amount of credits approved by the Office may not exceed $45 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and the Office is prohibited from issuing any credits in excess of $195 million.

Expiration Dates

The Office may not approve any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2022. Credits issued to the lead participant prior to this date expire four years after the date of issuance.

Eligible Taxes Against Which the Tax Credits May Be Taken

Gaming Percentage Fee, MBT (General Businesses), MBT (Financial Institutions), MBT (Mining Companies), Branch Bank Excise Tax, Insurance Premium Tax.

May the Credits Be Transferred?

Yes – the lead participant may transfer the tax credits one time. The Office of Economic Development must be notified of the transfer.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
Gaming Percentage Fee	$0	$20,461,554	
MBT (General Businesses)	$0	$0	
MBT (Financial Institutions)	$0	$0	
MBT (Mining Institutions)	$0	$0	
Branch Bank Excise Tax	$0	$0	
Insurance Premium Tax	$0	$0	
TOTAL	$0	$20,461,554	

Legal Reference(s): NRS 360.900 to 360.980

Note: The lead participant of a qualifying project who is eligible to receive transferable tax credits under this program may also be eligible to receive abatements from the sales and use tax, property tax, and the Modified Business Tax from the Office of Economic Development. Please see page 227 for more information on these abatements.

Transferable Tax Credits Issued To Certain Qualifying Projects With A Minimum Capital Investment of $1 Billion

Overview

The Office of Economic Development may issue transferable tax credits to the lead participant engaged in a qualified project with other participants for a common purpose or business endeavor and which is located within the geographic boundaries of a single project site in Nevada. The Office is required to approve an application for these credits if, among certain other requirements, the project would promote the economic development of the State and would aid the implementation of the State Plan for Economic Development; the participants in the project agree collectively to make a total new capital investment in this State of at least $1 billion during the 10-year period immediately following approval of the application; and at least 50 percent of the employees engaged in the construction of the project and at least 50 percent of the employees employed at the project are residents of Nevada.

How Credit is Determined

The credits are to be issued in the amount of $9,500 for each qualified employee employed by the participants of the project, up to a maximum of 4,000 employees.

How Many Credits May Be Issued

The amount of credits approved by the Office may not exceed $7.6 million per fiscal year (though any unissued credits may be issued in subsequent fiscal years), and the Office is prohibited from issuing any credits in excess of $38 million.

Expiration Dates

The Office may not approve any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2025. Credits issued to the lead participant prior to this date expire four years after the date of issuance.

Eligible Taxes Against Which the Tax Credits May Be Taken

Gaming Percentage Fee, MBT (General Businesses), MBT (Financial Institutions), MBT (Mining Companies), Branch Bank Excise Tax, Insurance Premium Tax.

May the Credits Be Transferred?

Yes – the lead participant may transfer the tax credits one time. The Office of Economic Development must be notified of the transfer.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
Gaming Percentage Fee	$0	$0	
MBT (General Businesses)	$0	$0	
MBT (Financial Institutions)	$0	$0	
MBT (Mining Institutions)	$0	$0	
Branch Bank Excise Tax	$0	$0	
Insurance Premium Tax	$0	$0	
TOTAL	$0	$0	

Legal Reference(s): NRS 360.880 to 360.896

Note: The lead participant of a qualifying project who is eligible to receive transferable tax credits under this program may also be eligible to receive partial abatements from the sales and use tax, property tax, and the Modified Business Tax from the Office of Economic Development. Please see page 228 for more information on these abatements.

Education Choice Scholarship Tax Credits

Overview

The Department of Taxation may issue tax credits to taxpayers who make donations to certain scholarship organizations. The scholarship organization receiving the donation must apply to the Department for approval of the credit on behalf of the taxpayer making the donation.

How Credit is Determined

The credits is equal to the amount of the donation made to the scholarship organization.

How Many Credits May Be Issued

The amount of credits approved by the Office may not exceed $5 million in Fiscal Year 2016 and $5.5 million in Fiscal Year 2017. In subsequent fiscal years, the maximum amount of credits is 110 percent of the amount authorized in the immediately preceding fiscal year.

Expiration Dates

The program has no specified expiration date. Credits issued to the taxpayer in any fiscal year that are not used may be carried forward for no more than five years after the end of the calendar year in which the donation is made.

Eligible Taxes Against Which the Tax Credits May Be Taken

MBT (General Businesses), MBT (Financial Institutions), MBT (Mining Companies).

May the Credits Be Transferred?

No.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
MBT (General Businesses)	$0	$4,401,540	
MBT (Financial Institutions)	$0	$0	
MBT (Mining Institutions)	$0	$0	
TOTAL	$0	$4,401,540	

Legal Reference(s): NRS 363A.139, NRS 363B.119

Note: The provisions authorizing these tax credits were approved by the Legislature in Assembly Bill 165 of the 2015 Session and became effective on April 13, 2015. On November 20, 2015, the Department of Taxation indicated that a total of 54 donation requests from qualified scholarship organizations had been approved for FY 2016, for a total of $5 million.

College Savings Plan Tax Credits

Overview

The Department of Taxation may issue tax credits to taxpayers who make an employer contribution to a savings trust account in the Nevada College Savings Trust Fund created pursuant to NRS 353B.340. The contribution must match a contribution made to the savings trust account by an employee of the taxpayer.

How Credit is Determined

The credit is equal to 25 percent of the matching contribution made to the savings trust account, up to a maximum of $500 per contributing employee per year.

How Many Credits May Be Issued

The total amount of credits that may be issued is not limited under the law.

Expiration Dates

The program has no specified expiration date. Credits issued to the taxpayer in any fiscal year that are not used may be carried forward for no more than five years after the end of the calendar year in which the donation is made.

Eligible Taxes Against Which the Tax Credits May Be Taken

MBT (General Businesses), MBT (Financial Institutions), MBT (Mining Companies).

May the Credits Be Transferred?

No.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
MBT (General Businesses)	$0	$0	
MBT (Financial Institutions)	$0	$0	
MBT (Mining Institutions)	$0	$0	
TOTAL	$0	$0	

Legal Reference(s): NRS 363A.139, NRS 363B.119

Note: The provisions authorizing these tax credits were approved by the Legislature in Senate Bill 412 of the 2015 Session and became effective on July 1, 2015. As of January 1, 2017, no credits have been awarded under this program.

Economic Development Transferable Tax Credits

Overview

The Governor's Office of Economic Development may issue transferable tax credits to new or expanding businesses to promote the economic development of Nevada. A business intending on locating or expanding in Nevada may apply to the Office to receive these credits.

How Credit is Determined

The credit is awarded by the Office based on the application that is submitted by the business. If the applicant requests credits of $100,000 or less, the application may be approved by the Executive Director of the Office; however, if the applicant requests an amount greater than $100,000, the application must be approved by the Board of Economic Development, after review and evaluation by the Executive Director.

How Many Credits May Be Issued

The total amount of credits that may be issued is limited to $1 million for Fiscal Year 2017, $2 million per year in Fiscal Years 2018 and 2019, and $3 million in Fiscal Year 2020. In Fiscal Year 2021 and all subsequent years, the total amount that may be issued cannot exceed $5 million per year.

Expiration Dates

The program has no specified expiration date. Credits issued do not expire.

Eligible Taxes Against Which the Tax Credits May Be Taken

Gaming Percentage Fee, MBT (General Businesses), MBT (Financial Institutions), MBT (Mining Companies), Branch Bank Excise Tax, Insurance Premium Tax.

May the Credits Be Transferred?

Yes. The Office of Economic Development must be notified of the transfer.

Credits Taken Against General Fund

	FY 2015	FY 2016	% Change
Gaming Percentage Fee	$0	$0	
MBT (General Businesses)	$0	$0	
MBT (Financial Institutions)	$0	$0	
MBT (Mining Institutions)	$0	$0	
Branch Bank Excise Tax	$0	$0	
Insurance Premium Tax	$0	$0	
TOTAL	$0	$0	

Legal Reference(s): NRS 231.1555

Note: The provisions authorizing these tax credits were approved by the Legislature in Senate Bill 507 of the 2015 Session and became effective on June 8, 2015. As originally approved, the maximum amount of credits that could be awarded by the Office was $500,000 in FY 2016, $2 million in FY 2017, and $5 million per fiscal year in FY 2018 and all subsequent years.

In Assembly Bill 1 of the 29th Special Session (December 2015), the Legislature reduced the maximum amount of credits that may be awarded to zero in FY 2016, $1 million in FY 2017, $2 million per fiscal year in FY 2018 and FY 2019, $3 million in FY 2020, and $5 million per year in FY 2021 and all subsequent fiscal years.

As of January 1, 2017, no credits have been awarded under this program.

VI. LOCAL GOVERNMENT FINANCE ISSUES

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LOCAL GOVERNMENT FINANCE ISSUES

A. LIMITATIONS ON PROPERTY TAX RATES

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<u>Limitations on Property Tax Rates</u>

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. (The additional 2-cent rate has been reauthorized by the Legislature in all subsequent sessions, most recently by A.B. 491 of the 2015 Session, which dedicated 1.55 cents to the conservation of natural resources and the remaining 0.45 cents 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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<u>Fee Limitations</u>

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

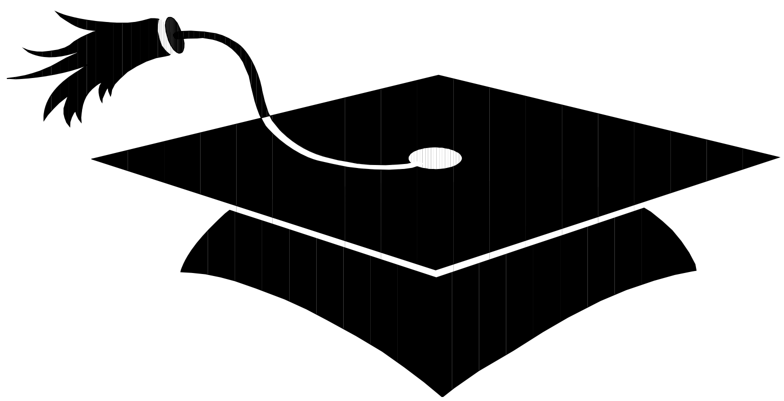
Fees for building permits are limited pursuant to NRS 354.59891. Excluded from these limitations are fees relating to water, sewer, or other utilities; a residential construction tax; a tax for the improvement of transportation; or any amount spent to change the zoning of a property.

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 primary funding mechanism used to finance elementary and secondary education in the state's public schools is called the Nevada Plan (NRS 387.121). Under the Nevada Plan, the state develops a guaranteed amount of funding for each of the local school districts and charter schools. The revenue, which provides the guaranteed funding, is derived both from state and local sources. On average, this guaranteed funding contributes approximately 75 to 80 percent of school districts' and charter schools' general fund resources. Nevada Plan funding for school districts and charter schools consists of state support received through the Distributive School Account[1] (DSA) and locally collected revenues from the Local School Support Tax (LSST) (sales tax) and one-third of the proceeds from the 75 cent ad valorem property tax rate imposed pursuant to NRS 387.195. The LSST is imposed at a rate of 2.6 percent.

To determine the level of guaranteed funding for each school district and charter school, a basic per-pupil support amount for each district is established in law each legislative session. The amount is determined by a formula that allows for differences across school districts in the costs of providing education and in local wealth.

Senate Bill 508, approved by the 2015 Legislature, removed the single "count day" provision used to determine the annual count of enrollment and instead requires school districts and charter schools to report Average Daily Enrollment (ADE) on a quarterly basis to the Department of Education. ADE is calculated by adding the number of days a district or charter school's students were enrolled divided by the number of days in the quarter. The corresponding basic per-pupil support amount is then multiplied by a school district's or charter school's quarterly weighted apportionment enrollment. The number of students who are 3, 4 and 5 years of age who are not enrolled in kindergarten but are receiving special education services must be stated as six-tenths of the unweighted count of enrollment and added to the total number of all other children enrolled, net of transfers, to derive the total quarterly weighted apportionment enrollment.

To protect school districts and charter schools during times of declining enrollment, the Nevada Plan includes a "hold harmless" provision (NRS 387.1223). Senate Bill 508 (2015 Legislature) eliminated the hold harmless provision for enrollment declines of less than 5 percent. If enrollment declines by 5 percent or more from the previous quarter, the hold harmless is calculated on the higher of the current or the previous quarter's enrollment.

The *difference* between total guaranteed support and local resources is state aid, which is funded through the DSA. Revenue received by the school district from the LSST derived from in-state sales and from one-third of the proceeds from the 75 cent property tax rate is deducted from the school district's or charter school's total basic support guarantee to determine the amount of state aid the district or charter school will receive. If local revenues from these two sources are less than anticipated, state aid is increased to cover the shortfall in total guaranteed support. Conversely, if these two local revenues exceed projected levels, state aid is reduced.

School districts also receive other local revenues considered "outside" the Nevada Plan that are

[1]The Distributive School Account is financed by legislative appropriations from the State General Fund and other revenues, including a 2.60 percent sales and use tax) on out-of-state sales, a portion of the annual slot machine tax, mineral land lease income, interest from investments of the Permanent School Fund and 75.0 percent of the Medical Marijuana Excise tax.

not built into the state guarantee. Charter schools are allocated “outside” revenues proportionally by the district in which a charter school is located. Because these other local revenues are not guaranteed, school districts and charter schools benefit in the current year when actual “outside” revenues are in excess of projections or incur the loss when these revenues do not meet projections. Other local revenues “outside” the Nevada Plan include the following: two-thirds of the proceeds from the 75-cent ad valorem property tax rate; the share of basic government services tax distributed to school districts; franchise tax; interest income; tuition; unrestricted federal revenue, and other local revenues.

Prior to FY 2017, state funding for special education was funded on a “unit” basis, with the amount per unit established by the Legislature. These units provided funding for licensed personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education. Senate Bill 508 (2015 Legislature) removed the ”unit” basis for special education and instead implemented a weighted formula for students with disabilities beginning in FY 2017. State funding for students with disabilities is provided in addition to the basic per-pupil support amount.

In addition to revenues both “inside” and “outside” the Nevada Plan, school districts and charter schools may 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, Career and Technical Education and Education Technology. Examples of federally funded programs include the Title I program for disadvantaged pupils, 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 2017

The Nevada Plan Example – Summary

To understand how the system works, follow the steps in the example beginning on the following page. Beginning in the 2015-16 school year, the weighted count of pupils for apportionment purposes is based on ADE. In instances of declining enrollment of five percent or more, the higher of the current or previous quarter's weighted enrollment is used. This weighted apportionment 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). 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 2.60 percent Local School Support Tax (LSST) and one-third of the property tax (4) is deducted from the school district's total guaranteed basic support to determine the amount of state aid the district will receive (5). 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 Distributive School Account (DSA).

An amount for any specific program 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 (7).

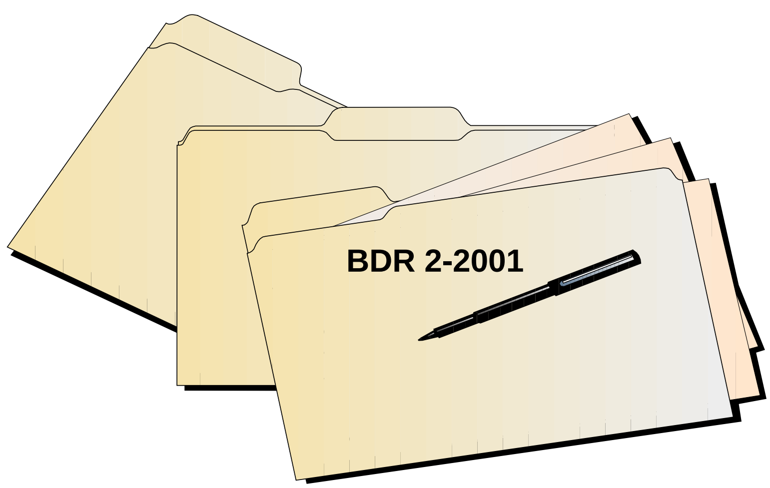
Sources of revenue "outside" the formula are summed (13) and added to total guaranteed support (3) and the amount provided for Class Size Reduction and other legislatively approved programs (6), to determine the school district's total available resources (14).

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 a school district's operating budget.

Basic Support Guarantee		
1	Number of Pupils (Weighted Apportionment Enrollment*)	8,000
2	x Basic Support Per Pupil	$ 5,700
3	= Guaranteed Basic Support	$ 45,600,000
4	- Local Resources 2.60 percent Local School Support (sales) Tax 1/3 of the proceeds from 75-cent property tax	 ($ 18,800,000) ($ 4,600,000)
5	= State Aid	$ 22,200,000
6	+ Other State Programs funded through the DSA Special Education Allocation: $2,900,000 Class-Size Reduction Funding: $35,000	$2,935,000
7	= Total Revenue from Distributive School Account	$ 25,135,000
Resources in Addition to Basic Support		
8	2/3 of the proceeds from 75-cent property tax	$ 9,200,000
9	Government Services Tax (GST)	$ 2,000,000
10	Federal Revenues (Unrestricted)	$ 150,000
11	Miscellaneous Revenues	$ 10,000
12	Opening Fund Balance	$ 2,000,000
13	Total Resources in Addition to Basic Support	$ 13,360,000
14	Total Resources Available (Add lines 3, 6, and 13)	**$ 61,895,000**

*Weighted apportionment 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, net of transfers, and a full count of disabled minors age 5 and over receiving special education. Effective July 1, 2017, pupils enrolled in kindergarten will be counted as a full-time student.

VIII. FISCAL NOTES INFORMATION



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Fiscal Notes

A *fiscal note* is a document that details the fiscal effect of certain bills and resolutions and is attached to or becomes a part of the bill or resolution. The statutory provisions regarding fiscal notes for bills and joint resolutions are found in NRS 218D.400 through 218D.495, 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 increases or provides for a new term of imprisonment in the state prison or makes release on parole or probation from the state prison less likely; or
- It creates or increases a fiscal liability or decreases revenue for any local government or school district. (A fiscal note is not required if the only impact on a local government is that a bill or joint resolution increases or newly provides for a term of imprisonment in a county or city jail or detention facility, or makes release on probation therefrom less likely.)

Information regarding the necessity of a fiscal note can be found in the *summary of the bill or joint resolution*. All bills or joint resolutions which propose ballot questions have fiscal notes.

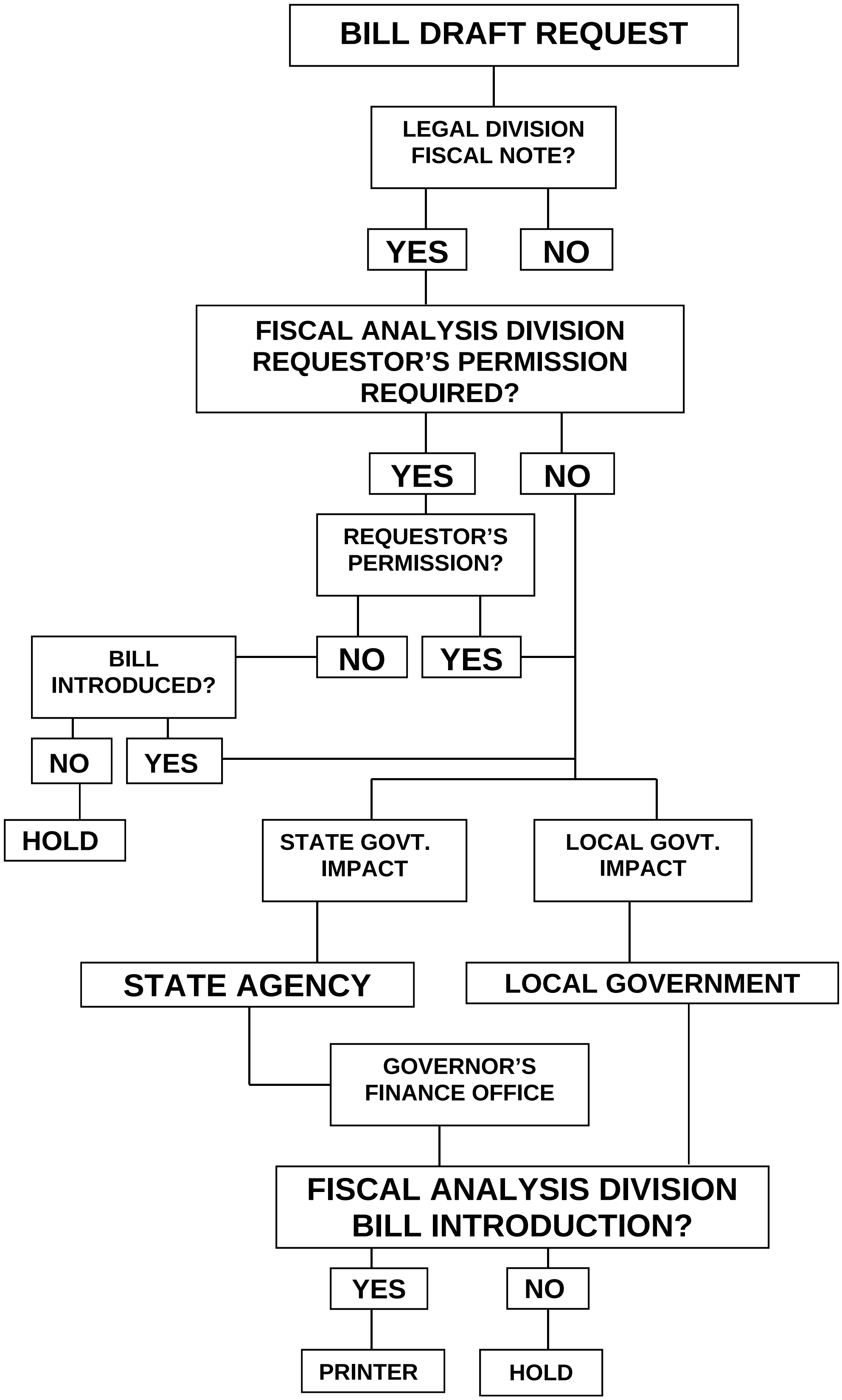
When a bill or resolution is drafted, the Legislative Counsel consults with the Fiscal Analysis Division to determine if a fiscal note is required. If the requester is a legislator, the Fiscal Analysis Division then informs the legislator requesting the bill draft that a fiscal note is required and requests permission to obtain fiscal notes from the affected state or local government entities. If the legislator does not give permission, requests for fiscal notes are made automatically upon *introduction* of the bill. Although a bill or joint resolution can be introduced without a fiscal note, the fiscal note shall be obtained by the Fiscal Analysis Division before a vote is taken on such a bill or joint resolution by a committee of the Assembly or the Senate .

A fiscal note is required only on the original bill or joint resolution, but is not required on amendments. If an amendment by either house invalidates the original fiscal note, the presiding officer (the Speaker of the Assembly or the Senate Majority Leader) may direct the Fiscal Analysis Division to obtain a new fiscal note showing the effect of the amended bill or joint resolution. 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 shall request the Fiscal Analysis Division to obtain a fiscal note if the presiding officer determines that the bill or joint resolution requires a fiscal note.

A bill or joint resolution that is sent to a state or local government entity for a fiscal note may be used by that entity for official purposes only, and may not be copied or otherwise disseminated by that entity until the bill or joint resolution has been made public, or with permission of the party who has requested the bill or joint resolution. The Fiscal Analysis Division does not release the name of the party requesting the bill to the entity requested to complete the fiscal note. State agencies have five working days from the date of request to provide a response of the fiscal impact, send it to the Governor's Finance Office 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 notes completed by the Judicial Branch, the Legislature, or other non-Executive Branch agencies are returned directly to the Fiscal Analysis Division and are not subject to review by the Governor's Finance Office.

Local governments are allowed eight working days to provide a response to a request for a fiscal note, but may not be given an extension beyond that period. Completed fiscal notes from local governments are compiled by the Fiscal Analysis Division from the information provided by the appropriate local government agencies.

THE FISCAL NOTE PROCESS



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