

TAX TOPICS

A Publication of the Nevada Taxpayers Association serving the citizens of Nevada since 1922

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Legislative Enactments Part 1: Taxes and Fees

MULTIPLE TAX PROVISIONS

AB 595 - DEPARTMENT OF MOTOR VEHICLE ADMINISTRATION & HIGHWAY FUNDING

Note: This bill was requested by the Department of Motor Vehicles (DMV). It was amended to include the highway funding provisions of \$1.3 billion.

DMV Administration

Makes various changes regarding the imposition, reporting, payment, collection, refunding, administration and enforcement of certain taxes on fuel. Provisions include, but are not limited to: not paying interest on overpayments made intentionally or due to carelessness; changes redetermination hearings from oral to administrative; includes unlicensed persons in the reporting and payment provisions; extends records confidentiality to include motor fuel taxes (currently applicable only to special fuels). Also requires the annual licensing of fuel dealers, suppliers, transporters and exporters; standardizes the due date of tax payments and confidentiality provisions between special fuels and motor fuels.

Highway Funding

- Requires the Fair and Recreation Board in Counties over 400,000 population (the Las Vegas Convention and Visitors Authority) to issue bonds to assist in funding highway projects in the County (I-15). The aggregate amount of bonds issued is the lesser of \$300 million or an amount which can be repaid over a period of 30 years with an expenditure of not more than \$20 million per year.

- Requires Counties over 100,000 population (Clark and Washoe) to contribute a portion of the 5 cent property tax imposed for capital projects to fund highway projects within that county. The redistribution of this tax is incrementally phased in starting July 1, 2008, escalating to 2012 when the amount redistributed will be 3 cents.

- Redirects 1/4 percent of the car rental recovery surcharge (4%) levied by car rental companies to the State Highway Trust Fund to be used for approved projects. In turn the companies received an increase from \$15 to \$22 for the waiver of damage insurance and an increase from \$5 to \$10 for each additional driver. These fees are indexed to increase annually by the CPI.

Also provides accountability measures that include a cost/benefit analysis before undertaking a project, performance standards to be utilized by the Department of Transportation, and quarterly and annual reports to the Legislative Commission and Legislative Interim Finance Committee. Additionally, the revenue received can not be used to supplant funds for county highway projects, for administrative costs or to purchase equipment.

EFFECTIVE DATES: Vary from June 6, 2007 to July 1, 2008

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All bills can be accessed by logging onto:

www.leg.state.nv.us

Click on "Session Information" and scroll down to "2007" and then "Bill History".

MULTIPLE TAX PROVISIONS CONTINUED

AB 186 - SOLAR ENERGY TAX ABATEMENT

Requires a business that receives an abatement of tax for renewable energy from the Commission on Economic Development to allow audits by the Commission on Economic Development and the Department of Taxation. Specifies the conditions under which the audit report will be made public.

Also increases the number of schools that are allowed to participate in the solar demonstration project.

EFFECTIVE DATE: July 1, 2007

PROPERTY TAX

AB 110 - APPRENTICESHIP PROGRAM FACILITIES

Makes permanent the real and personal property tax exemption for the facilities owned by qualified apprentice programs if the property is held in trust or owned by the apprenticeship council.

EFFECTIVE DATE: July 1, 2007

AB 209 - ASSESSOR'S OMNIBUS BILL

Note: Three amendments added to the bill were requested by other parties.

This bill deals with taxpayer information, exemptions, appeals, the partial abatement and technology improvements. The following are some of the provisions included in the bill.

- Expands the methods which can be used by the Assessor to disseminate information to the property taxpayer to any extent practicable in a form that is easily understood and readily accessible.
- Simplifies the calculation currently required for the exemption for qualified heating and cooling systems by removing the system from the determination of assessed value of a building.
- Provides annual increases for exemptions provided to surviving spouses, blind persons, veterans, disabled veterans and certain veteran's organizations based on the increase in CPI from July 2003.
- Requires the judicial review of a decision by the State Board of Equalization to be filed in a court in the county in which the taxes were paid.

- Exempts property held by the Archaeological Conservancy from property taxation.

- Restricts the increase in the partial abatement for non-owner occupied residential property to no more than 8 percent.

- Specifies the methodology for determining the taxable value of a parcel that includes "community unit". Clarifies the definitions of "community unit" and "common elements".

- Provides that if an overpayment does not exceed \$5 on real property or if an overpayment of personal property tax is less than the average cost of collection, the amount will be returned only if the taxpayer makes a request within 6 months of the original payment.

- Clarifies that the penalty of 10% per annum on delinquent property tax payments are assessed monthly until paid.

- Authorizes the Committee on Local Government Finance to provide formulas for revenue distribution if the partial abatement causes a reduction of property tax revenue.

- Establishes time frames for appeals of partial abatements.

- Extends until June 2009 the revenue dedicated to Assessors' offices for technology improvements.

EFFECTIVE DATES: From June 13, 2007 to January 1, 2008

AB 585 - TREASURER'S OMNIBUS BILL

- Standardizes the rate of interest to be paid on the overpayment of real and personal property taxes to 0.5 percent per month.

- Changes the submission of the written petition to appeal a partial abatement to the County Assessor (currently the County Tax Receiver).

- Makes numerous changes regarding unclaimed property and the Treasurer's responsibility regarding unclaimed property.

- Revises the calculations of interest that a public body must pay to a contractor on amounts withheld from progress payments on public works.

EFFECTIVE DATE: July 1, 2007

PROPERTY TAX CONTINUED

AB 621 - GREEN BUILDING EXEMPTION

Note: This bill amends the exemption provisions of AB 3 of the 2005 Special Session, providing similar, but not duplicate provisions. The substantive changes deal with the exemptions; the sales tax exemption is repealed and the property tax exemption are narrowed prospectively.

Requires the Director of the Office of Energy to adopt a building rating system based on the LEED* Green Building Rating System. Provides the conditions under which the Director can grant a partial abatement of property tax based on the rating of the building(s). Any taxes imposed for public education (K-12) are excluded from the abatement.

Requires notification, with a copy of the application to be submitted to the State Budget Director, the Director of the Department of Taxation, the Commission on Economic Development and County Assessor and Treasurer. The Budget Director and Director of Taxation must prepare a fiscal note to be submitted to each local government.

The abatement is for a period of 10 years at an annual amount of 25% for silver, 30% for gold and 35% for platinum levels of attainment. The abatement terminates if the building ceases to meet LEED certification.

* Leadership in Energy and Environmental Design

EFFECTIVE DATES: June 15, 2007 and July 1, 2007

SB 154 - REAL PROPERTY TRANSFER TAX - EXEMPTION & BALLOT QUESTION

Note: As introduced this bill dealt only with the Real Property Transfer Tax exemption. It was amended to include provisions allowing for a ballot question to impose taxes for the construction of facilities by the Washoe County School District.

Exemption - Revises the language which provides for an exemption for transfers of property between corporations and their subsidiaries to: "A mere change in identity, form, or place of organization such as a transfer between a business entity and its parent, its subsidiary or an affiliated business entity if the affiliated business entity has identical common ownership."

School Facilities - Creates a Washoe County Schools Construction and Revitalization Advisory Committee to

prepare recommendations for the imposition of taxes to fund school construction. Provides that the tax recommendations will appear on the 2008 general election ballot. Requires the Washoe County Commissioners to impose the taxes if approved and the Committee on Local Government Finance to adopt regulations concerning any ordinance to be adopted to impose the taxes.

EFFECTIVE DATES: July 1, 2007 for RPTT exemption. The Advisory Committee expires by limitation on May 1, 2008.

SB 196 - PROPERTY TAX EXEMPTION

Note: This bill deals primarily with bonding and the acceptance of gifts by the Commission of Cultural Resources.

Provides a property tax exemption for the Boulder City Museum and Historical Association.

EFFECTIVE: June 13, 2007

SB 222 - NYE CO. WATER AUTHORITY

Creates a Special Act that allows the Nye County Commissioners to create the Nye County Water Authority Board. Establishes the duties of the Board and the responsibilities of the Commission. Authorizes the Board to cause taxes to be levied and collected for the purpose of assisting with the operational expenses of the district and the payment of any obligation and related interest.

EFFECTIVE DATE: July 1, 2007

SALES & USE TAX

AB 236 - COLLECTION OF SALES AND USE TAX

Provides that if the Department of Taxation determines a person owes sales and use tax in an amount that would cost more to collect than the tax due, the tax will not be collected. Requires the Tax Commission to annually determine the cost of collecting sales and use tax and any interest and penalties. Allows the filing of an annual return by taxpayers whose taxable sales did not exceed \$1,500 for the previous 4 calendar quarters and establishes the security deposit for annual filing and remittance at 4 times the estimated collection.

EFFECTIVE DATE: July 1, 2007

SALES & USE TAX

AB 461 - SALES TAX REPORTING - PUBLIC SAFETY EXPENDITURES

Note: As originally introduced this bill required detailed reporting to the Legislature for the revenue received from the 2004 voter approved sales tax for police in Clark County. The bill was amended to include the 2006 voter approved Nye County sales tax increase for public safety.

Clark County - Requires periodic reports to the Legislature, or the Legislative Commission when the Legislature is not in regular session, regarding revenues and expenditures associated with the 2004 voter approved sales tax increase for police. The report is to include the total proceeds received by the respective police departments, the expenditures made, the number of police officers hired and a detailed analysis of the expenditures authorized.

Nye County - Creates the Nye County Sales and Use Tax Act of 2007. Authorizes Commissioners to impose the ½ of 1 percent sales tax increase (approved by the voters in 2006) to fund additional police and fire fighters and related expenditures and to improve or construct and equip public safety facilities. Requires the establishment of a special revenue fund to receive the proceeds and does not allow the new revenue to replace or supplant existing revenue for police or fire. Establishes the same reporting requirements as for Clark County (above).

EFFECTIVE DATES: October 1, 2007. Clark County reporting requirements expire by limitation on October 1, 2025, and the Nye County sales tax and reporting requirements expire by limitation on October 1, 2027.

SB 502 - STREAMLINED SALES TAX

Note: This bill allows Nevada, as a signatory to the Streamlined Sales Tax Agreement, to maintain compliance with the Streamlined Sales Agreement.

Establishes the conditions by which the Department shall administer the provisions related to: (1) the certification of software for a certified automated system of collection of the sales and use tax; and (2) a certified service provider. Provides for direct payment of sales and use tax due to purchases made on an Indian reservation or Indian colony. Clarifies definitions as required by the Agreement and dates for posting of information of the Department of Taxation's website. Provides for the conditions under which multiple remittances of taxes may be required for a single tax

return from a seller who registers under the Agreement and waives the liability of sellers or purchasers who rely on information posted on the Department's website.

Also provides that a ballot question will be on the November 2008 general election to ask voters for approval to allow the legislature to amend the Sales and Use Tax Act of 1995 to “. . . carry out any federal statute or regulation or interstate agreement . . . unless such legislation would increase the rate of any tax imposed pursuant to this Act. The ballot question also asks voters if they want to repeal the aircraft exemption which currently applies to the local portion of the sales and use tax.

EFFECTIVE DATES: October 1, 2007. If the ballot question is approved by the voters those provisions will be effective January 1, 2009.

SB 74 - EXPANDS THE USE OF SALES TAX FOR INFRASTRUCTURE

Expands the permissible use of the 1/4 of 1 percent sales tax for counties under 100,000 population to include streets, sidewalks, curbs, sewers, bridges, etc., and acquisition, maintenance, construction of public safety, cultural, recreational and judicial facilities. Also allows the funds to be expended for the payment of bonds and other securities for the approved purposes.

EFFECTIVE DATE: July 1, 2007

STATE BUSINESS LICENSE TAX

AB 383 - STATE BUSINESS LICENSE- UNLAWFUL HIRING

Requires the Nevada Tax Commission, upon a finding by the Attorney General of the United States that a person has engaged in the hiring or employment of an unauthorized alien, to hold a hearing to determine if an action shall be taken against the business. If an action is taken against the business the Commission shall impose an administrative fine (amount not specified). The Commission is required to adopt regulations.

EFFECTIVE DATE: October 1, 2007

SB 503 - STATE BUSINESS LICENSE - PENALTIES FOR EXHIBITIONS

Extends the penalty and interest to the person or governmental entity for failure to pay the State Business License Tax by the operator of a facility where an exhibition is held.

EFFECTIVE DATE: July 1, 2007

MOTOR VEHICLE TAXES & FEES**AB 5 - REGISTRATION OF MOTOR VEHICLES**

Allows staggered registration and payments for vehicles which weigh over 26,000 pounds or must be registered through the Motor Carrier Division of DMV. Also extends this provision to fleet registrations. Allows the Department to set the dates for registration by regulation (currently set in statute).

EFFECTIVE DATE: May 7, 2007 to adopt regulations and January 1, 2009 for all other purposes.

AB 321 - REGISTRATION EXEMPTION - REPLICIA VEHICLES

Provides that replica vehicles which have been altered from the original design, maintained solely for occasional transportation and not used for daily transportation are exempt from registration fees. Limits the registration of replica vehicles to not more than 100 per year.

EFFECTIVE DATE: July 1, 2007

SB 147 - USE OF LOCAL GAS TAX

Changes from 50,000 to 100,000 the population criteria which allows the nine cent portion of the local gas tax to be used for maintenance and repair in addition to the building of new roads.

EFFECTIVE DATE: July 1, 2007

MISCELLANEOUS TAXES**AB 487 - LIVE ENTERTAINMENT TAX - EXEMPTION**

Exempts from the tax a baseball contest, event or exhibition by a professional minor league baseball team conducted at a stadium.

EFFECTIVE DATE: June 25, 2007

AB 586 - "OTHER TOBACCO" TAX

Standardizes the definition of "other tobacco"; requires the posting of a notice that the sale of tobacco products to minors is illegal; provides that the enforcement and penalties regarding contraband tobacco products is the same as for contraband cigarettes. Repeals licensing requirements for tobacco dealers and includes them in the licensing requirements for cigarette dealers. Prohibits the sale of cigarettes from self-service displays and establishes a fine for non-compliance.

EFFECTIVE DATE: October 1, 2007

TAX ADMINISTRATION - GENERAL**AB 433 - TAX COMMISSION ADMINISTRATION - OPEN MEETINGS**

Upon the request of a taxpayer to close a hearing the Tax Commission is required to make a preliminary determination if the meeting should be closed. If the Commission determines the meeting should be closed for the purpose of receiving proprietary or confidential information the meeting shall remain closed. The deliberations must be open. Should a Commissioner believe he cannot deliberate without discussing proprietary or confidential information the meeting may be closed for further deliberations. The definitive vote must be taken in public.

Within 45 days an abstract of the decision must be available to the public upon request. The Commission is required to adopt regulations to establish the procedure for requesting a closed hearing and how the Commission will make the determination that information is proprietary or confidential.

EFFECTIVE DATE: July 1, 2007

SB 504 - CHANGES PERCENTAGE OF INTEREST PAID ON TAX OVERPAYMENTS

Standardizes the rate of interest to 0.5 percent per month that is paid by the Nevada Department of Taxation to the taxpayer for an overpayment of a tax, fee or assessment unless otherwise specified in Statute. This change applies to the following taxes: Net Proceeds of Minerals (NRS 362), Modified Business Tax on Financial Institutions and General Business ((363A & 363B), Intoxicating Liquors (NRS 369), Tobacco (NRS 370), Sales and Use (NRS 372, 374, 377 & 377A), Car Rental Fee (NRS 482.313) Also included are the Tire fee (NRS 444A090) and assessment on the sale of amygdalin and procaine hydrochloride (NRS 585.497).

EFFECTIVE DATE: July 1, 2007

SB 517 - MANDATORY PAYMENTS BY ELECTRONIC TRANSFER

Requires the payment of taxes, interest, penalties or other obligations due to the State in an aggregate amount of \$10,000 or more must be made by any method of electronic transfer of money allowed by the State agency.

EFFECTIVE DATE: July 1, 2008

BUSINESS, TRADE AND INDUSTRY FEES	
CATEGORY/ BILL #	DESCRIPTION
AIR POLLUTION CREDITS AB 67	Allows the Department of Environmental Protection to collect money from the sale of emission credits or allocations relating to air pollution control. Effective Date: June 1, 2007
BODY SHOP CERTIFICATION AB 594	Provides for the certification of a Class A Body Shop and allows a fee of \$300 for issuance of the certificate. Effective Date: October 1, 2007
EXCHANGE FACILITATORS SB 476	Changes the jurisdiction for licensing and regulation of Exchange Facilitators to the Division of Financial Institutions. The following fees are to be charged: a nonrefundable fee of not more than \$1,000 and any additional expenses incurred in the investigation; the issuance of a license \$200; annual license renewal, \$200; annual renewal for each branch office of licensee, \$200; for issuance of a reciprocal license, \$150; and reissuance of license due to a change in the business address, \$200. Effective Date: July 1, 2007
MINE PERMITS FOR MERCURY AB 115	Requires the State Commission on Environmental Commission to adopt regulations establishing fees to be imposed on an operator who may emit mercury. Fees must be sufficient to pay for 2 employees to monitor compliance with the Mercury Emissions Program. This fee is in addition to the operating permit fee. Effective Date: June 14, 2007
HEALTH CARE - ADVANCE DIRECTIVES AB 158	Requires the Secretary of State to establish and maintain the Registry of Advance Directives for health care on his website. Allows the Secretary of State to charge and collect fees (not specified) for the Registry. Effective Dates: June 13, 2007 to adopt regulations, July 1, 2007 for all other purposes.
INTERMEDIARY SERVICE ORGANIZATION AB 576	Creates an "Intermediary Service Organization" which is defined as a non-governmental organization that provides service for a person who has a disability, or other person relating to personal assistance. Provides that the Department of Health and Human Services shall establish the fee by regulation. Effective Dates: June 2, 2007 for adoption of regulations and October 1, 2007 for all other purposes.
REAL TIME CAPTIONING SB 473	Requires the current telephone and cell phone surcharge for providing service to the deaf and hearing impaired to be sufficient to cover the costs incurred to regulate the practice of interpreting and the practice of realtime captioning Effective Dates: May 17, 2007 for adopting regulations, appointing Commission and performing other administrative tasks. October 1, 2008 for all other purposes.
VIDEO SERVICE PROVIDERS AB 526	Establishes a new regulatory structure for video service providers and allows the Secretary of State to charge and collect fees based on the population of the service areas. The fee schedule ranges from \$250 to \$25,000 and is based on the population in the service area. These are one-time fees which may not be passed through to and collected from subscribers. Effective Date: June 4, 2007
UNCLAIMED PROPERTY AB 103	Allows the Unclaimed Property Administrator to assess a cost of examination against the holder of property if the examination discloses property subject to being unclaimed. The assessment, \$200 per day per examiner cannot exceed the reportable value of the property and can only be assessed against a business or financial organization. Effective Date: July 1, 2007

PROFESSION AND OCCUPATION FEES	
CATEGORY/ BILL #	DESCRIPTION
CHIROPRACTIC PHYSICIANS SB 19	Changes the time frame for the issuance and renewal of licenses from annual to biennial and doubles the current annual fees to reflect the change. Effective Date: July 1, 2007
CLINICAL PROFESSIONAL COUNSELORS AB 424	Provides definitions and licensing for “clinical professional counselor” and requires the payment of fees as currently established in Statute. Effective Dates: Vary from June 14, 2007 to July 1, 2013
INSURERS -ASSESSMENT AB 161	Increases the assessment paid by insurers to the Nevada Life and Health Insurance Guaranty Association from “not to exceed \$150” to “not to exceed \$300” the amount of assessment that can be charged if the assessment is not prorated. Effective Dates: July 1, 2007 for regulations and October 1, 2007 for all other purposes.
MORTGAGE AGENTS AB 375	Includes the phrase “not more than” to the fees charged to Mortgage Agents provided for in NRS 645B and NRS 645E. Effective Dates: June 1, 2007 to adopted regulations and October 1, 2007 and July 1, 2008.
REAL ESTATE BROKERS & SALESPERSONS AB 365	Allows the Real Estate Division to create a secure website for the renewal of license permits, certifications and registrations. Allows a fee to be charged for use of the website so long as the fee does not exceed the cost of providing the service. Effective Date: July 1, 2007
REGISTERED AGENTS SB 242	Creates the category “Commercial Registered Agent” and establishes the following fees: agent listing statement, \$75; termination statement, \$100; statement of change, \$60; statement of resignation, \$100 for the first entity listed and \$1 for each additional entity; statement appointing an agent for service of process, \$60; copying any document, \$2 per page; and certifying a copy of any document, \$30. Effective Dates: July 1, 2007 and July 1, 2008
VEHICLE SALESMEN SB 452	Distinguishes between a licensed salesman and a person who holds a temporary permit to act as a salesman. Imposes a \$20 license transfer fee to the holder of a temporary permit. Effective Dates: July 1, 2007 and January 1, 2008
TIME SHARES - SALES AGENTS SB 477	Adds the category of “Provisional Sales Agent License” to the current fees allowed for time share sales agents. Effective Date: May 31, 2007

CONSUMER FEES	
CREDIT AGENCY REPORTS AB 24	Allows a reporting agency to charge a consumer a fee not to exceed \$10 (previously not to exceed \$15) to place, remove or temporarily release a security freeze. Exempts senior citizens or consumers who are a victim of identity theft. The fee may be increased by the agency on January 1 each year based on the CPI. Effective Date: October 1, 2007
FISHING PERMITS AB 573	Provides for a one day group fishing permit. For a group with a Nevada resident the fees are: \$8 for a primary permit; \$5 for each other adult, \$4 for each child. For a group without a Nevada resident the fees are: \$17; \$11; and \$5 respectively. Effective Date: July 1, 2007
PHONE SYSTEM - SURCHARGE EXPANSION AB 122	Expands the emergency phone (911) surcharge to counties with a population under 20,000. Changes the category name of the surcharge to “telecommunications” companies (previously “telephone” companies). Effective Date: July 1, 2007

LOCAL GOVERNMENT FEES	
CATEGORY/ BILL #	DESCRIPTION
CONSTABLES AB 552	Includes to the list of fees that may be charged by Constables the removal or causing the removal of an abandoned vehicle on private property. Effective Date: July 1, 2007
COUNTY CLERKS SB 131	Imposes a \$5.00 fee for recording a bond of a notary public. Fee must be used only to acquire or improve technology in the office of the County Clerk. This fee is in addition to the current fee of \$20.00 for recording the bond. Effective Date: July 1, 2007, expires by limitation July 1, 2013
COUNTY RECORDERS AB 139	Provides that an overpayment of a fee less than \$5 collected by a County Recorder shall be deposited to the County's general fund. An overpayment of a fee that exceeds \$5 shall be refunded in its entirety. Effective Date: June 13, 2007 and July 1, 2007
IMPACT FEES - USE AB 138	Expands the use of impact fees for construction of police and fire stations to include facilities designed for use related to administration of the facilities. Effective Date: May 29, 2007

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