

# TAX TOPICS

*A publication of the Nevada Taxpayers Association, serving the citizens of Nevada since 1922.*

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## Legislative Enactments: Part 2

### Fees, Fines & Penalties Enacted

In the last Tax Topics, we reported tax bills enacted. In this issue, we will cover fees, fines and penalties as well as the major State Budget bills. With increased revenues forecast by the Economic Forum, Nevada's outlook is stronger. You can see that in the end-of-session bills that spend the "extra." As in the last issue, effective dates are July 1, 2017 unless otherwise noted. To see the bill language, please go to: <https://www.leg.state.nv.us/Session/79th2017/Reports/>.

#### Business, Trade and Industry Fees

##### **AB 32 – Pest Control**

Revises the licensure for pest control and extends the circumstances under which the Department of Agriculture may investigate licensees and provides for disciplinary processes. Clarifies that governments are included in licensure.

##### **AB 35 – Insurance Regulation**

Adopts certain provisions of model acts from the National Association of Insurance Commissioners including annual disclosures, confidentiality, and supervision. Requires payment of reasonable fees for this supervision.

##### **AB 50 – Environmental Fees & Fines**

Authorizes fees, civil penalties, and administrative fines for services related to public and community water systems. Increases the maximum civil penalty for violations from \$5,000 per day to \$25,000 per day. Authorizes the Environmental Commission to establish, by regulation, fees for plan review related to sewage disposal, water pollution, water quality and water supply facilities for both tentative and final map review.

Effective: May 22, 2017

##### **AB 52 – Mineral Resources, Drilling Permits**

Requires the State Mineral Commission to establish a fee of not more than \$1,500 for a permit for drilling and operation of a dissolved mineral resource exploration well. Establishes reasonable loss of water values of not more than 5 acre-feet as not subject to appropriation procedures contained within state law for water.

Effective: June 9, 2017 for regulations and on January 1, 2018 for implementation

##### **AB 60 – Vehicle Transport Licenses**

Revises the provisions of licensure as a vehicle transporter including a \$25 late fee for licenses not renewed before they expire. Adds broker of vehicles and automobile wrecker to license categories. Sets a time limitation of ten years on consideration of convictions for license denial. Removes the fee requirement for temporary placards.

Effective: January 1, 2018.

**Business, Trade and Industry Fees (continued)****AB 61 – Foreign Trust Companies**

Allows a trust company to be appointed as a fiduciary by any Nevada court without licensure so long as the state in which the company is licensed offers reciprocity to Nevada trust companies. Amends the qualifications of a spendthrift trust so that a foreign trust company may not serve as a trustee for the spendthrift trust.

Effective : May 25, 2017

**AB 83 – Insurance Regulation**

The omnibus bill from the Division of Insurance, the bill makes changes throughout the insurance regulatory process. It also addresses placing an insurer under administrative supervision and authorizes fees and costs associated with that supervision.

Effective: June 5, 2017 for regulations and July 1, 2017 for implementation.

**AB 150 – Private Professional Guardianships**

Removes the requirement for licensure for an individual but retains licensure for private professional guardianship companies and requires professional guardians to work for a licensed firm. Requires certain employees to complete and submit a set of fingerprints every five years.

Effective: October 1, 2017.

**AB 165 – Health Executive Licensing**

Requires licensure to act as a health services executive in a nursing or residential care facility.

Effective: May 25, 2017 for regulations and January 1, 2018 for implementation.

**AB 179 – Massage Therapy**

Renames the Massage Therapist Board to the State Board of Massage Therapy. Authorizes new license categories for reflexology and structural integration. Adds two new members to the Board representing these disciplines. Extends license duration to two years. Repeals an existing provision allowing licensure by endorsement.

Effective: June 1, 2017 for regulations and July 1, 2017 for implementation.

**AB 195 – Cosmetology**

Makes operational changes to the State Board of Cosmetology including combining the roles of Secretary and Treasurer into one position, deleting a provision under which the Board would examine applicants at one of its meetings, revises the deposit and use of fees and allows the Board to provide examinations in a language other than English. For licensees, reduces the number of hours from 3,600 to 3,200 to apply for a license and also eliminates a restriction that an establishment primarily is engaged in cutting men's hair.

Effective: May 25, 2017 for regulations and January 1, 2018 for implementation.

**AB 279 – Financial Institution Regulatory Fees**

Changes the method by which fees for supervision of financial institutions are determined. The fees will be set in a public hearing.

Effective: May 23, 2017

**AB 324 – Document Preparation Services**

Prohibits a person who provides document preparation services from advertising or holding himself out as a paralegal or legal assistant. Expands the definition of document preparation service. The bill authorizes a \$50 nonrefundable application fee for licensure. A renewal is \$25. It also requires an application be processed within 120 days of receipt or it must be denied.

**Business, Trade and Industry Fees (continued)****AB 346 – Child Care Facilities**

Requires the operator of a small child care facility (five or fewer children) to register with the Division of Welfare and Supportive Services. The provisions include background checks for employees and the criteria for denial based on those background checks.

**AB 413 – Electronic Documents**

Revises the provisions related to electronic wills. Also establishes the criteria for a qualified custodian of electronic wills. Provides the admissibility of same. Establishes the criteria for electronic notary acknowledgements including establishing proper identification. Also requires completion of a course of study on electronic notarization. Amended certain provisions within AB476 of this session which relates to electronic notarization and provides that this bill supersedes any conflicting provisions within AB476.

Effective: June 9, 2017 for regulations and on July 1, 2017 for implementation.

**AB 425 – Addiction Counselors**

Makes certain changes to licenses for Alcohol, Drug and Gambling Addiction Counselors including allowing a license to be placed on inactive status, allowing for supervising of interns and provides for disciplinary action including penalties.

**SB 41 – Business Entity Changes**

Removes the exemption for a business license from motion picture companies.

Effective: October 1, 2017.

**SB 71 – Medical Facility Licensing**

Provides that hospice facilities must be licensed with the Division of Public and Behavioral Health. Requires background checks for persons who operate or work for a psychiatric hospital. Amends the penalty provision for operating an unlicensed facility.

**SB 81 – State Savings Banks**

Converts all state chartered savings and loan associations to state chartered savings banks and revises all of the regulatory language to reflect this change.

Effective: June 3, 2017.

**SB 182 – Sheriffs, Constables and Deputy Constables & Eviction Fees**

Allows a sheriff or constable to collect a \$21 fee for each service in a summary eviction except for any notice required by law before commencement of the proceeding. Allows a \$2 fee for mailing writs of execution for constables as well as sheriffs. Adds a deputy constable to list of prohibited persons from serving as bail agents, bail enforcement agents or bail solicitors.

**SB 199 – Craft Distilleries**

Provides for the licensure and operation of estate distilleries in the state including the conditions under which spirits may be sold at the distillery. These cannot exceed 75,000 cases per calendar year to an in-state wholesaler or 400,000 cases for export out of state. Sales direct to the consumer for off-premise consumption may not exceed 7,500 cases per year. The licensing fee is \$75.

Effective: October 1, 2017.

**SB 388 – Nonmedical Home Care**

Requires a provider of non-medical home care to obtain a license from the State Board of Health. Provides penalties for violations.

**Business, Trade and Industry Fees (continued)****SB 509 – Healthcare Providers**

Allows the Division of Healthcare Policy to survey operators of agencies that provide personal care services in the home and operators of certain medical facilities and, if 67% of them agree, to impose by regulation an assessment on those operators.

Effective: June 1, 2017.

**SB 539 – Pharmaceutical Transparency**

Requires a list of drugs for diabetes treatment to be compiled by the Department of Health and Human Services. Requires the manufacturers of these drugs to provide certain information about the costs of these drugs. Should prices substantially increase, requires the manufacturer to address why. Requires pharmacy benefit managers to report certain information and deems the information not a trade secret. Requires the department to analyze the submitted information and compile a report concerning pricing of essential diabetes drugs. Requires a nonprofit organization that advocates for patients or funds medical research to post on its website any payments, donations or anything else of value received from drug manufacturers. Requires manufacturers to provide a list of their sales representatives and prohibit any person not listed to market pharmaceuticals in this state. The bill additionally creates a fiduciary responsibility between a pharmacy benefit manager and an insurer.

Effective: June 15, 2017 for regulations and January 1, 2018 for implementation.

**Consumer Fees****SB 37 – Nevada 150<sup>th</sup> Anniversary License Plates**

This bill eliminates the prohibition on charging an additional renewal fee of \$20 for plates issued as 150<sup>th</sup> Anniversary commemorative license plates and directs where the additional revenue will be allocated.

**SB 215 – Name Change for Drivers License or ID Card**

Requires a person whose name has changed to notify the DMV and to request a change of name on his/her driver's license or identification card. The fee for this is consistent with existing amounts in NRS 483.410.

Effective: May 31, 2017 for regulations and January 1, 2018 for implementation

**SB 355 – Death Certificates**

Creates the Grief Support Trust Fund within the State General Fund and allocates 50¢ per death certificate to the fund to support community nonprofit organizations that provide grief support.

Effective: June 8, 2017 for regulations and July 1, 2017 for implementation

**SB 428 – Tule Springs Special License Plates**

This bill initially (and finally) provided for issuing a special license plate in support of the Ice Age Park Foundation which supports Tule Springs State Park. The additional fee is \$35 and renewals are \$10. The Las Vegas Raiders were added to the bill and then removed from the bill.

**SB 433 – Guardianships**

Revises the process for appointment of guardians. Requires counties to collect an additional \$3 for document recordings to fund legal services for a county's indigent and to provide legal services for protected persons. It also adds a \$1 fee for document recording that is directed to the county's district court to fund certain investigators.

**Consumer Fees (continued)****SB 490 – Foreclosure Mediation**

Revises the foreclosure process including eliminating the trustee affidavit but replaces it, in the case of residential foreclosure, by a different affidavit and enumerates the items to be included in that affidavit. Allows for electronic transmission of documents if all parties authorize it. Provides an increased fee of \$95 for the Account for Foreclosure Mediation which is transferred to the Interim Finance Committee for administration. It adds an internet portal to facilitate foreclosure mediation. The foreclosure mediation program moves to the Home Means Nevada program within the Department of Business and Industry.

Effective: June 12, 2017

**SB 511 – Boating and Wildlife**

Revises the provisions governing applications for licenses, tags and permits to hunt, fish or trap. Also revises the issuance or renewal of a certificate for invasive species decals.

Effective: June 9, 2017 for regulations and January 1, 2018 for implementation

**SB 512 – State Land Use Fees**

Requires the State Land Registrar to establish by regulation fees for use of state lands including navigable bodies of water. Leaves in place existing fees until such time as the regulations are adopted.

**State Government****AB 33 – Agricultural Board and Commission Abolishment**

Abolishes the Garlic and Onion Growers' Advisory Board, the Alfalfa Seed Advisory Board, and the Advisory Council for Organic Agricultural Products. The bill also transfers the duties of the State Dairy Commission to the State Department of Agriculture.

**AB 77 – Teacher Licensure**

Revises the criteria for licensing teachers in Nevada. Allows the Department of Education to charge and collect a fee of \$50 for review of qualifications for licensure as a teacher. Also addresses the way teachers who have been arrested for certain activities enumerated in the bill are reported to the Department of Education.

**AB 114 – Irrigation Districts**

Increases the amount of allowed indebtedness for irrigation districts, increases the amount of levy to pay the indebtedness, and indexes the levy to the Consumer Price Index for West Urban Consumers.

**AB 420 – Inmate User Fees**

The bill allows the Department of Corrections to establish fees by regulation for the use of videoconference equipment for certain visitation and correspondence including education, vocational, and legal research purposes.

Effective: June 9, 2017 for regulations and on January 1, 2018 for implementation

**AB 480 – Purchasing Division Fees**

Authorizes an administrative fee on vendors of supplies, materials, equipment and services procured by the State Purchasing Division when procured for multiple agencies. Provides that the fee, not to exceed 4% of the contract, be used to implement and maintain a computer system for procurement management.

**SB 60 – Medicaid Payments for Transport**

Provides that the State Plan for Medicaid may develop a voluntary program under which increased capitation "per patient" payments are made for Medicaid managed care plans for ground emergency medical transportation.

Effective: June 4, 2017 for regulations and submitting the program and upon approval of capitation payments by the Centers for Medicare and Medicaid for implementation

**State Government (continued)****SB 407 – Nevada Green Bank**

Creates the Nevada Clean Energy Fund which is tasked with providing funding for and increasing the pace of clean energy projects in Nevada.

Effective: June 5, 2017 for regulations and July 1, 2017 for implementation.

**SB 500 – Manufactured Housing Parks**

This bill consolidates the Manufactured Housing Division within the State Housing Division. It also expands allowable uses for low-income owners to rental subsidy and limits to \$75,000 annually the use of proceeds from real property transfer taxes that are deposited for this purpose. It also moves deposits of fees and fines that formerly went to the General Fund to the Account for Housing Inspection and Compliance.

Effective: June 9, 2017 for regulations and July 1, 2017 for implementation

**Local Government****AB 169 – County Recorder Fees**

Allows a county recorder to accept certain non-conforming documents for recordation. Also provides a flat fee for recording a document of \$25 and eliminates the fee for additional pages. It changes the recording fee for a mining related document to \$10 and also eliminates the fee for additional pages.

Effective: October 1, 2017

**SB 471 – Douglas County Sewer District**

Dissolves the Nevada Improvement District Act and creates the Douglas County Lake Tahoe Sewer Authority and provides for its operation.

Effective: June 3, 2017 for regulations and October 1, 2017 for implementation

**SB 513 – Water Distribution Assessments**

Increases the per acre-foot assessment for water distribution on a stream irrigating more than 200,000 acres of land to \$1 per acre foot (previously 30 cents).

**Funding State Government**

In each legislative session, there are five budget bills that comprise the majority of funding needed to implement the executive budget. There are other spending bills that impact the state budget but these five are the bills that direct the majority of the state's spending. They are, in numeric order: The state employee pay bill which provides for classified and unclassified employees as well as elected official compensation; the appropriations bill which authorizes general fund spending; the K-12 education funding bill; the authorizations bill which allows spending other than general funds (fees, assessments and federal funds); and the capital improvements bill which identifies specific projects for construction or maintenance and also sets the general obligation bonds that may be issued for the biennium.

The General Fund operating appropriations for the 2017-2019 biennium (not including one-time appropriations for capital improvements) are as follows:

FY 2018 - \$3,936,672,740

FY 2019 - \$4,049,283,241

These appropriations support the operation of state government as well as K-12 education and higher education.

**Funding State Government (continued)**

Funding for the general fund portion of the budget is primarily from taxes and fees. There was one tax change for this biennium, a new 10% excise tax on retail marijuana that will be assessed beginning July 1, 2017 on retail marijuana at the sale to the consumer. This is in addition to the voter-imposed 15% excise tax on marijuana. Of note, this tax has been extended to medical marijuana products. This excise tax is assessed at the transfer from cultivator to either manufacturer or distributor/retailer.

**AB 517 – State Employee Pay Bill**

Establishes the maximum salary for employees by category in classified and unclassified positions in state government. Lists by office or department and then major job categories. Adds a 2% cost of living increase in each year of the biennium. Additionally, 1% in each year was also added using SB368 as the vehicle to do so to the Governor's recommendation by the Legislature. Additionally, increases on January 7, 2019 the salaries for elected officials in the state.

[https://www.leg.state.nv.us/Session/79th2017/Bills/AB/AB517\\_EN.pdf](https://www.leg.state.nv.us/Session/79th2017/Bills/AB/AB517_EN.pdf)

[https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB368\\_EN.pdf](https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB368_EN.pdf)

Effective: July 1, 2017 and July 1, 2018

**AB 518 – General Fund Appropriations**

Appropriates \$2,443,637,714 in FY2018 and \$2,540,020,926 in FY2019 from the General Fund and \$141,126,656 in FY2018 and \$145,723,709 in FY2019 from the Highway Fund. These expenditures are broken down by office or department and then by major activity.

[https://www.leg.state.nv.us/Session/79th2017/Bills/AB/AB518\\_EN.pdf](https://www.leg.state.nv.us/Session/79th2017/Bills/AB/AB518_EN.pdf)

Effective: July 1, 2017 and July 1, 2018

**SB 544 – K-12 Funding**

Establishes the basic support for education funding at \$5,897 per pupil for FY2018 and \$5,967 per pupil for FY2019. Also establishes funding for a variety of specific issues including class sizes, gifted and talented, STEM development, dual enrollment, adult diplomas, and early childhood education. The bill also addresses retirement credits and incentives for teachers, Zoom and Victory School spending and several other major funding priorities.

[https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB544\\_EN.pdf](https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB544_EN.pdf)

Effective: July 1, 2017

**SB 545 – Authorizations Act**

This bill provides spending authorizations for spending including what is outside the general fund (like federal funds).

[https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB545\\_EN.pdf](https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB545_EN.pdf)

Effective: July 1, 2017

**SB 546 – Capital Improvements**

This bill allocates \$48,009,701 from the State General Fund and provides for the issuance of general obligation bonds to fund capital improvement projects, both new construction and repairs/maintenance. It identifies the projects to be funded.

[https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB546\\_EN.pdf](https://www.leg.state.nv.us/Session/79th2017/Bills/SB/SB546_EN.pdf)

Effective: June 16, 2017

**Other Bills Impacting the Budget**

*(Note: Only those bills with a substantial dollar impact are reported below)*

Public Employees**SB 551 – Public Employees Benefit System**

Establishes the state's share of the cost of premiums for each active state officer or employee, as well as for those retired employees.

**SB 552 – Public Employees Benefit System**

Appropriates funding for coverage of so-called "orphan" retired public employees from governmental entities other than the State. Eases those employees into Medicare coverage.

Education**AB 511 – Millennium Scholarship Appropriation**

Makes a \$20 million appropriation from the State General Fund to the Millennium Scholarship Trust Fund.

Effective: June 8, 2017

**SB 522 – K-12 Enrollment Increase Supplemental Appropriation**

Appropriates \$62,194,642 for an unanticipated shortfall in local school support tax revenues as well as an increase in K-12 enrollment for the 2015/2017 biennium.

Effective: June 8, 2017

**SB 550 – Clark County School District Computer System, etc.**

Appropriates \$17 million to the Legislative Counsel Bureau for disbursement to the Clark County School District for a human resource management information system. Also transfers \$5 million to the Rainy Day Fund, \$5 million to the Washoe County School District to ease a budget deficit, \$2 million to the Nevada Alliance of Boys and Girls Clubs.

The Clark County School District allocation is effective June 8, 2017; the remaining provisions are effective July 1, 2017.

**SB 553 – UNLV Medical School**

Appropriates \$25 million to complete the planning for and begin construction of a new Medical School Building at UNLV.

Effective: June 15, 2017

Miscellaneous**AB 494 – Medicaid Caseload Supplemental Appropriation**

Makes a supplemental appropriation of \$5,800,224 for a projected shortfall based on an increased Medicaid caseload for the 2015/2017 biennium. Also authorizes an additional \$124,074,692 spending for the same purpose from federal funding.

Effective: June 5, 2017

**NEVADA TAXPAYERS ASSOCIATION**

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