

# TAX TOPICS

An electronic publication of the Nevada Taxpayers Association ♦ Serving the citizens of Nevada since 1922.

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## 2021 Legislative Session: Extraordinary By Any Measure

It goes without saying that the 2021 Nevada Legislative Session was unlike any other. With the Covid-19 protocols in place, Governor Steve Sisolak's State of the State, as well as the first half of the legislative session were conducted completely on-line. Ultimately these protocols created challenges throughout the legislative process.

As with sessions before, the 2021 legislative session began with a host of proposals to address issues ranging from taxes to healthcare and education. Additionally, new concepts were put forth such as a proposal to create Innovation Zones. Governor Sisolak's \$8.68 billion budget proposal was developed under exceedingly difficult circumstances given revenue declines due to the pandemic. Additionally, reforms to property taxes as well as mining, gaming, and sales taxes were on the forefront.

Despite the pandemic, in the early days of the session Fabian Donate and Tracy Marie Brown-May were unanimously appointed by the Clark County Commission to fill vacancies in two Clark County legislative seats. Fabian Donate served as State Senator in Senate District 10, replacing Yvanna Cancela who stepped down to take a position in President Biden's administration. Tracy Marie Brown-May served as the State Assemblywoman representing Assembly District 42, replacing Alexander Assefa who resigned amid an investigation into campaign finances. With the appointments in place, the make-up of the 2021 Nevada Legislature consisted of 26 Democrats and 16 Republicans in the Assembly, with 12 Democrats and 9 Republicans in the Senate. This meant that any proposed tax or fee increase would require a minimum of two Republicans in each house for approval. This was critically important as the May 2021 Supreme Court ruling upheld the 2/3s majority vote requirement when seeking to increase revenue. Further, the decision required refunding of DMV fees and payroll taxes extended during the 2019 legislative session. *(Note: Administrative processes for issuing DMV fees and payroll taxes are underway at their respective agencies.)*

The most significant change in state taxation was the implementation of a new tax on mining companies. The tax approved with the passage of AB 495 creates an excise tax on companies who mine gold and silver.

The rate of the tax is 0.75% on revenue between \$20 million and \$150 million increasing to a rate of 1.1% on revenue in excess of \$150 million. This new revenue will be dedicated to education funding along with revenue generated through the existing Net Proceeds on Minerals. These combined revenue sources for education are expected to raise roughly \$140 million annually.

Another critical element of the 2021 legislative session was the passage of the American Rescue Plan. The supplemental funding from the federal government will support a host of government programs as we emerge from the pandemic. The Interim Finance Committee voted on June 23, 2021 to accept Nevada's ARP funding totaling \$2.7 billion. The committee also approved \$76 million in initial funding primarily focused on homeowner and rental assistance.

Term limits for Nevada state and local officers, including legislators, were approved by voters at the 1994 and 1996 General Election. Appointed and elected legislators are limited to 12 years from any district in the State. Because of term limits, the 81<sup>st</sup> Legislative Session marked the final session for seven well-respected legislators: Senator Moises Denis (D-Clark SD2), Senator Joseph Hardy, M.D. (R-Clark SD12), Senator Ben Kieckhefer (R-Washoe, Carson SD16), Senator James Settelmeyer (R-Rural SD17), Assemblywoman Teresa Benitez-Thompson (D-Washoe AD27), Assemblywoman Maggie Carlton (D-Clark AD14), and Assemblyman John Ellison (R-Rural AD33)

Looking to the future, the U.S. Census Bureau is expected to release census population and redistricting tables early Fall 2021. Once they receive the data, the Nevada Legislature will reconvene in special session to address reapportionment and redistricting.

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# Legislative Enactments - Taxes

## TAXES: Administration

### AB 9 – Budget Division

Authorizes the disclosure of the records and files of the Department concerning the administration and collection of certain taxes, fees, assessments and other amounts to the Budget Division of the Office of Finance for use in the projection of revenue.

Effective: April 8, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7244/Overview>

### SB 284 – Transferable Tax Credits: Affordable Housing

Removes the sunset date of June 30, 2030, making the program permanent. Permits issuance of transferable tax credits before completion of affordable housing projects and allows the transfer of credits to affiliated companies. Also, prohibits Housing Division from approving an application for credits if doing so would cause the total amount of transferable tax credits approved over the lifetime of the program for affordable housing to exceed \$40,000,000.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7887/Overview>

## TAXES: Business

### AB 435 – Commerce Tax Exemption: Exhibition and Trade Shows

Expands the exemption from the commerce tax to apply to any person who takes part in an exhibition, trade show, industry or corporate meeting or similar event held in this State, regardless of whether the person is required to obtain a state business license. Additionally clarifies that an organizer, manager, or sponsor of such an event or an exhibitor at such an event is authorized to claim the exemption.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8090/Overview>

### SB 75 – Unemployment Insurance Claims

Authorizes an extended benefit period to begin before the 14<sup>th</sup> week following the end of a prior extended benefit period if authorized by federal law, this authorization applies retroactively on and after December 27, 2020. Also provides that benefits paid to a person during the second and third calendar quarter of calendar year 2020 are prohibited from being charged against the experience rating record of any of the person's base period employers.

Effective: Vary from June 2, 2021 to January 1, 2022.

*NTA Note:* As introduced this was a 2/3s bill. The 2/3s requirement was removed by amendment.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7297/Overview>

## TAXES: Combination

### AB 66 - Tax Abatements

Requires an applicant to enter an agreement with GOED within one year after application is received. If applicant fails to do so the applicant must submit a new application to be eligible to receive approval for a tax abatement.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7319/Overview>

**TAXES: Fuel and Vehicle****AB 123 – License Plates: Vegas Golden Knights – 2/3s vote**

Imposes additional fees of \$10 for the initial issuance of the special license plates and \$10 for renewal for deposit with the State Treasurer for credit to the State General Fund. Requires State Treasurer to distribute additional fees on a quarterly basis to the Vegas Golden Knights Foundation to support nonprofit charitable organizations.

Effective: October 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7444/Overview>

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**AB 349 – Classic Vehicles and Emission Inspector Fee**

Owners of classic cars are exempt from the provisions governing the control of emissions as long as they are not used for general transportation. If they are used for general transportation they shall not be issued special license plates and must comply with the provisions governing the control of emissions from engines. A county of over 100,000 population (Clark and Washoe counties) may impose by ordinance a fee authorized by subsection 7 of NRS 445B.830 for each form certifying emission control compliance. Fifty percent of the funds must be used in historically underserved communities to reduce emissions.

Effective: Vary from October 1, 2021 to January 1, 2023

*NTA Note:* As introduced this was a 2/3s bill. The 2/3s requirement was removed by giving authority to Clark and Washoe counties to impose the fees.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7897/Overview>

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**AB 444 – Limousine Carriers: Transportation Network Companies Partnerships**

Bill permits limousine carriers to enter a contract with a Transportation Network Company to connect with passengers using a digital network. Limousine carriers who utilize a TNC must charge an excise tax at the rate of 3 percent of the total fare charged for transportation services.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8113/Overview>

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**AB 477 – Off-Highway Vehicle Account**

Moves ending balance funds paid for registration and titling of off-highway vehicles to new account for off-highway vehicles administered by Department of Conservation and Natural Resources.

Effective: June 4, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8185/Overview>

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**SB 163 – License Plates: Divine Nine – 2/3s vote**

Permits the issuance of special license plates to recognize support for the Divine Nine. Fee for issuance of plates is \$60 with a \$30 fee for renewal. Requires the additional fees for the special plates be deposited with the State Treasurer who shall quarterly distribute 10% of the fees to the United Negro College Fund and the remaining 90% of the fees equally among chapters or organizations associated with the Divine Nine.

Effective: October 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7563/Overview>

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**SB 288 – Transportation Network Companies: Autonomous Vehicles**

Provides initial authorization for Transportation Network Companies to utilize autonomous vehicles. Prohibits a local government entity from imposing any tax or fee on a monitored autonomous vehicle provider or a monitored autonomous vehicle.

Effective: June 10, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7891/Overview>

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**SB 389 – Peer-to-Peer Car Sharing – 2/3s vote**

Requires a peer-to-peer car sharing program to collect from each shared vehicle driver a governmental services fee of 10 percent of the total amount for which a passenger car was shared through the program, plus any additional fee imposed on the sharing of the passenger car by authorized counties. The tax is collected by the Department of Taxation and makes an appropriation to cover computer programs and related costs.

Effective: Vary from June 3, 2021 to October 1, 2021.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8083/Overview>

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**TAXES: Gaming**

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**AB 8 – Calculation of Gross Gaming Revenue**

Revises definitions pertaining to calculation of gross revenue for purposes of calculating gaming license fees. Now includes cash collected as entry fees for contests and tournaments. Removes compensation received for interactive gaming from definition of gross revenue.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7240/Overview>

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**TAXES: Marijuana**

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**AB 341 – Consumption Lounges – 2/3s vote**

Establishes the licensing, regulatory, and fee structure for the operation of cannabis consumption lounges. The fee for license application and renewal is \$10,000.

Effective: Vary from June 4, 2021 to October 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7877/Overview>

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**SB 278 – Taxation of Cannabis: Wholesale**

Excludes from the definition of “wholesale sale” a transfer of cannabis by a cannabis cultivation facility to another cannabis cultivation facility when both cannabis cultivation facilities share identical ownership.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7869/Overview>

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**SB 404 – Cannabis: Weights and Measures – 2/3s vote**

Requires the State Sealer of Consumer Equitability to ensure that cannabis weighing and measuring equipment is suitable for its intended use, is properly installed and accurate, and is so maintained by its owner or user. Section 8 of this bill requires the State Sealer of Consumer Equitability to inspect and test, to ascertain if it is correct, all cannabis weighing and measuring equipment, other than equipment that is used for a noncommercial purpose by a cannabis independent testing laboratory. Requires an annual license fee for all cannabis weighing and measuring equipment that is required to be inspected and tested by the State Sealer of Consumer Equitability.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8115/Overview>

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**TAXES: Mining**

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**AB 495 – Supplemental Tax Assessment on Gold and Silver – 2/3s vote**

Creates a new Chapter in Title 32 and imposes an annual excise tax on each business entity engaged in the business of extracting gold or silver in this State whose Nevada gross revenue in a taxable year exceeds \$20,000,000. Other provisions include, but are not limited to various appropriations from the revenue received.

Effective: Vary from July 1, 2021 to July 1, 2023

NTA Note: Taxable year is defined as January 1 to December 31. The tax created by this legislation is retroactive.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8244/Overview>

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**TAXES: Property****AB 414 – Real Property Transfer Tax: Conveyance of Deed**

Provides that upon the recording of the Death of Grantor Affidavit in the Office of the County Recorder upon the death of the grantor, the conveyance of real property is also exempt from taxes imposed on the transfer of real property.

Effective: Vary from May 29, 2021 to July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8046/Overview>

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**AB 492 – Capital Improvement Budget: Property Tax Increase – 2/3s vote**

Establishes capital improvements budget for 2021-2022 biennium, also authorizes a property tax of two cents to meet general obligation bond payments for biennium.

Effective: June 4, 2022

*NTA Note:* In counties, cities and unincorporated towns of under 45,000 in population the property tax rate cap of \$3.64 may be exceeded.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8233/Overview>

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**SB 423 – Centrally Assessed Properties: Remittance of Taxes**

Requires that, as compensation to the State for the costs of collecting interstate or intercounty property taxes, the Department of Taxation must, before apportioning and remitting the taxes due to each county, transmit an amount of the taxes as specified by the Legislature to the State Treasurer for deposit to the credit of the Department.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8154/Overview>

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**SB 442 – Property Tax Abatement: Green Building**

Provides the tax abatement applications, granted to the owner of the property for meeting certain green building standards, and the rating standards for green buildings may not be changed after July 1, 2021.

Effective: October 1, 2021. Green Building abatements are eliminated July 1, 2035.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8193/Overview>

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**TAXES: Room Tax****AB 363 – Residential Rental Room Tax: Transient Lodging – 2/3s vote**

Requires the governing body of a county whose population is 700,000 or more and those cities in that county to include residential units and rooms in residential units in the definition of “transient lodging” for the purposes of all taxes imposed on the rental of transient lodging. Would apply to jurisdictions in Clark County with a population over 25,000 within the county. Transient Lodging Tax varies per jurisdiction from 11% to 13.88%.

Effective: Vary from June 4, 2021 to July 1, 2022

*NTA Note:* See pages 66 and 67 *TaxFacts* 2019-2020 edition to review rates for each jurisdiction.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7933/Overview>

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**TAXES: Transactions****SB 25 – Sales and Use Tax: Prepared Food**

Repeals the existing conflict in statute to conform to Streamlined Sales Tax definitions regarding the definition of food.

Effective: May 14, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7200/Overview>

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**SB 74 – Population Totals Utilized by Department of Taxation**

Eliminates the requirement to use the population totals of the Bureau of the Census of the United States Department of Commerce in the case of a conflict with the population totals of the Governor.

Effective: May 14, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7296/Overview>

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**SB 440 – Sales Tax Holiday: Nevada National Guard**

Provides sales tax holiday to members of the Nevada National Guard who have been called into active duty for a period of more than 30 days outside of the United States and the relatives of such members. An application for a letter of exemption must be filed a minimum 30 days before Nevada Day and applies to sales that occur on the date on which Nevada Day is observed or the Saturday or Sunday immediately following that day.

Effective: July 1, 2021 and expires by limitation on June 30, 2031

*NTA Note:* The sales tax holiday was first proposed for three years in the closing hours of the 2005 session. However, as required by Nevada's Constitution it was never approved by a vote of the people to exempt the 2% portion of the sales tax.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8191/Overview>

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**MISCELLANEOUS TAXES AND TAX ISSUES**

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**AB 20 – Film Tax Credits**

Authorizes GOED to withhold the transferrable tax credits, in whole or in part, for violations of state or local law or if the production company is found to have submitted any false statement for the purpose of obtaining the tax credits.

Effective: July 1, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7262/Overview>

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**AB 59 – Tobacco Products Restrictions**

Makes distribution of tobacco products to a person under 21 years of age through a telephonic, computer or electronic network punishable by administrative, civil, and criminal penalties.

Effective: Vary from May 27, 2021 to July 1, 2021.

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7312/Overview>

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**SB 367 – Live Entertainment Tax: Exemption**

Provides exemption from Live Entertainment Tax events which are entirely for the benefit of a governmental entity.

Effective: June 4, 2021

<https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/8042/Overview>

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**Interested in researching a piece of legislation not in the purview of the NTA?**

- A subject index of all bills and resolutions may be accessed [here](#).
- A status report of all Assembly Legislation is available [here](#).
- A status report of all Senate Legislation is available [here](#).
- All bills signed by the Governor may be viewed [here](#).

# Vetoed Bills

The following four bills were vetoed by Governor Steve Sisolak

2021 Vetoed Bills		
Bill #	Description	Reason for Veto
<a href="#">AB 65</a>	Revises provisions relating to ethics in government and their applicability to the conduct of current and former public officers and employees.	The Ethics Commission, an existing independent body, is already funded and has the responsibility to address complaints against public officials and employees. Previous separate ethics commissions were abolished in 1985 and consolidated into the existing Ethics Commission. <a href="#">Governor's Veto Message</a>
<a href="#">AB 368</a>	Revises the reporting requirements for the Department of Taxation related to tourism improvement districts.	Prohibits all cities and counties outside of Clark County from creating tourism improvement districts after July 1, 2021. TIDs are used to help small counties and municipalities finance projects suitable for retail, tourism, or entertainment. Bill is contrary to the goals of restarting economy, improving infrastructure, and creating jobs. <a href="#">Governor's Veto Message</a>
<a href="#">SB 254</a>	Revises provisions relating to discrimination in housing.	N/A
<a href="#">SB 391</a>	Provides extensive changes to emergency response and responders. Among the changes, adds a new section to Emergency Responders (NRS 450B) and requires a fee to be paid by a person who applies to be a dental responder if the criteria established by the Division of Public and Behavioral Health is met. The fee funds the creation of a Committee on Dental Emergency Management within the Division.	N/A

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