

DATE: April 14, 2015

TO: NTA Members

The following page contains a section by section summary of AB 464, the tax bill introduced by Assemblyman Derek Armstrong and Assemblyman Paul Anderson. The link to the bill is <http://www.leg.state.nv.us/Session/78th2015/Bills/AB/AB464.pdf>. Apologies for the delay in sending this to you.

### **FAST FACTS**

The current State annual business license fee is increased to \$500 for domestic and foreign corporations and \$300 for all other businesses required to have an annual State Business License.

The Modified Business Tax imposed on financial institutions is repealed as is the bank branch tax.

The health care deduction is eliminated.

The Modified Business Tax - all business rate is increased to 1.56 percent and the wage threshold for purposes of determining tax liability is reduced to the sum of quarterly wages paid over \$50,000.

The administration and collection of the tax remains with the office of the Secretary of State.

The effective date of this bill is July 1, 2015 for most purposes.

Effective November 1, 2015 through October 31, 2021 each person applying for or renewing their State Business License must provide the following information as reported on their federal tax return: their NAICS code and the amount of gross receipts or sales of the business, including what the amount receipts or sales is made in Nevada and outside of Nevada.

The revenue generated by the tax is deposited as it currently is, to the State's general fund.

**SECTION BY SECTION OF AB 464 TAX PROPOSAL BY ASSEMBLYMEN DEREK ARMSTRONG & PAUL ANDERSON**  
**PREPARED FOR NTA MEMBERS ON APRIL 14, 2015**

SECTION NO.	SUMMARY/ COMMENTS
1-8	<b>Deletes all references to NRS 363A - Modified Business Tax (MBT) Financial Institutions.</b>
9	<p><b>Increases the rate of the MBT.</b></p> <p>Provides that the MBT rate is 1.56% on the sum of all wages, which exceed \$50,000 per quarter.</p> <hr/> <p><i>The current rate is 1.17% on the sum of all wages, which exceed \$85,000 per quarter. The current rate and threshold was scheduled to sunset to as of June 30, 2015 and revert to 0.63% on all wages paid in a quarter as of July 1, 2015.</i></p> <p><i>Additionally, SB 483 (see Legislative Report, Issue 9, page 70) which is part of the Governor's tax package, would remove the sunset and make the 1.17% rate and \$85,000 threshold permanent.</i></p>
10 - 13	<b>Amendatory sections to NRS Chapter 40.</b>
12	Defines "business activity" as a service or engagement in a trade for profit?????
13	Adds the definition of financial institution to NRS Chapter 40. The definition includes, but is not limited to, an institution authorized to do business under title 55 or 56 of NRS; to a person designated or registered under the Commodity Exchange Act, the Securities Exchange Act, etc.; and credit card companies.
14-16	<b>Conforming language to NRS Title 40.</b>
17	<p><b>New Reporting requirement for annual State Business License.</b></p> <p>Requires that for any issuance or renewal of a State business license an applicant must include information regarding the gross receipts or sales for the prior year and the NAICS code as reported to IRS. The information further requires the identification of gross receipts or sales that were made in Nevada and gross receipts or sales made outside Nevada.</p> <hr/> <p><i>This section is effective on November 1, 2015 and expires by limitation on October 31, 2021.</i></p>
18 & 19	<p><b>Increase fees for annual State Business License.</b></p> <p>The annual State Business License Fee is increased to \$500 for all businesses organized pursuant to NRS78, 78A, 78B, and 80. For all other businesses the fee is increased to \$300.</p> <hr/> <p><i>The current license fee of \$200 was scheduled to sunset June 30, 2015 and revert to \$100 on July 1, 2015.</i></p> <p><i>Additionally, SB 483 (see Legislative Report, Issue 9, page 70) which is part of the Governor's tax package, would remove the sunset and the current \$200 fee would become permanent.</i></p>
20-40	<b>Conforming language.</b>
41	<p><b>Amendatory provisions.</b></p> <p>Provides that the provisions of the act do not apply to any taxes due prior to June 30, 2015.</p>
42	<p><b>Repealers.</b></p> <p>Repeals NRS 363.A - MBT on Financial Institutions, <u>including</u> the bank branch tax.</p> <p>Repeals NRS 363B.115 the deduction for health insurance.</p>
43	<b>Effective July 1, 2015.</b>