

ASSEMBLY BILL NO. 120—ASSEMBLYMEN BLACK, ELLISON,
DICKMAN, WHEELER, MATTHEWS; MCARTHUR AND O’NEILL

FEBRUARY 15, 2021

Referred to Committee on Revenue

SUMMARY—Exempts businesses that have gross revenue below a certain amount from the requirement to obtain a state business license. (BDR 7-594)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to business; exempting businesses that have gross revenue below a certain amount from the requirement to obtain a state business license; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires certain businesses to obtain a state business license from
2 the Secretary of State and pay an annual fee for the license. (NRS 76.100, 76.130)
3 Existing law also imposes an annual commerce tax on each business entity engaged
4 in business in this State whose Nevada gross revenue in a taxable year exceeds
5 \$4,000,000 at a rate based on the industry in which the business entity is primarily
6 engaged. (Chapter 363C of NRS) This bill exempts a business from the requirement
7 to obtain a state business license and pay the annual fee if, for the preceding taxable
8 year, the gross revenue of the business was less than the greater of: (1) \$400,000; or
9 (2) 10 percent of the amount of Nevada gross revenue which would cause the
10 business to be required to pay the commerce tax.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 76.020 is hereby amended to read as follows:
2 76.020 1. Except as otherwise provided in subsection 2,
3 “business” means:
4 (a) Any person, except a natural person, that performs a service
5 or engages in a trade for profit;



1 (b) Any natural person who performs a service or engages in a
2 trade for profit if the person is required to file with the Internal
3 Revenue Service a Schedule C (Form 1040), Profit or Loss From
4 Business Form, or its equivalent or successor form, a Schedule E
5 (Form 1040), Supplemental Income and Loss Form, or its
6 equivalent or successor form, or a Schedule F (Form 1040), Profit or
7 Loss From Farming Form, or its equivalent or successor form, for
8 that activity; or

9 (c) Any entity organized pursuant to this title, including, without
10 limitation, those entities required to file with the Secretary of State,
11 whether or not the entity performs a service or engages in a business
12 for profit.

13 2. The term does not include:

14 (a) A governmental entity.

15 (b) A nonprofit religious, charitable, fraternal or other
16 organization that qualifies as a tax-exempt organization pursuant to
17 26 U.S.C. § 501(c).

18 (c) A person who operates a business from his or her home and
19 whose net earnings from that business are not more than 66 2/3
20 percent of the average annual wage, as computed for the preceding
21 calendar year pursuant to chapter 612 of NRS and rounded to the
22 nearest hundred dollars.

23 (d) A natural person whose sole business is the rental of four or
24 fewer dwelling units to others.

25 (e) A business organized pursuant to chapter 82 or 84 of NRS.

26 (f) A business organized pursuant to chapter 81 of NRS if the
27 business is a nonprofit unit-owners' association.

28 (g) *A business if, for the preceding taxable year, the gross*
29 *revenue of the business was less than the greater of:*

30 (1) *Four hundred thousand dollars; or*

31 (2) *An amount equal to 10 percent of the amount of Nevada*
32 *gross revenue which, pursuant to subsection 2 of NRS 363C.200,*
33 *would cause the business to be required to pay the commerce tax*
34 *imposed pursuant to chapter 363C of NRS.*

35 3. *As used in this section:*

36 (a) *“Gross revenue” has the meaning ascribed to it in*
37 *NRS 363C.045.*

38 (b) *“Nevada gross revenue” has the meaning ascribed to it in*
39 *NRS 363C.055.*

40 (c) *“Taxable year” has the meaning ascribed to it in*
41 *NRS 363C.080.*

42 **Sec. 2.** This act becomes effective on July 1, 2021.

