

Assembly Bill No. 232–Assemblymen Hibbetts; and Nguyen

CHAPTER.....

AN ACT relating to taxation; revising the tax imposed upon the receipt, purchase and sale of premium cigars; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Under existing law, there is imposed upon the receipt, purchase or sale of other tobacco products in this State a tax of 30 percent of the wholesale price of those products. (NRS 370.450) **Section 1** of this bill specifically limits the tax imposed upon the receipt, purchase and sale of other tobacco products that are premium cigars to not more than 50 cents or less than 30 cents for each premium cigar. **Section 1** defines “premium cigar” as a cigar that is rolled by hand, has a wrapper made of whole tobacco leaves and does not have a filter or mouthpiece.

Existing law requires the Department of Taxation to allow a credit of 30 percent of the wholesale price, less a discount of 0.25 percent for the services rendered in collecting the tax, for other tobacco products on which the tax has been paid and that may no longer be sold. (NRS 370.490) **Section 1.5** of this bill makes a conforming change in response to the change in the rate of the tax for premium cigars to provide that the amount of this credit is the amount of the tax paid.

**Section 2** of this bill provides that the amendatory provisions of this bill expire by limitation on June 30, 2027.

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

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

**Section 1.** NRS 370.450 is hereby amended to read as follows:

370.450 1. Except as otherwise provided in this section, there is hereby imposed upon the receipt, purchase or sale of other tobacco products in this State :

(a) *If the other tobacco products are not premium cigars*, a tax of 30 percent of the wholesale price of those products ~~;~~ *and*

(b) *If the other tobacco products are premium cigars, a tax of 30 percent of the wholesale price of those products except that, if 30 percent of the wholesale price of those products is:*

(1) *Greater than 50 cents for each premium cigar, the tax imposed shall be 50 cents for each premium cigar.*

(2) *Less than 30 cents for each premium cigar, the tax imposed shall be 30 cents for each premium cigar.*

2. The provisions of subsection 1 do not apply to those products which are:

(a) Displayed or exhibited at a trade show, convention or other exhibition in this State by a manufacturer or wholesale dealer of other tobacco products who is not licensed in this State; or



(b) Distributed free of charge at a trade show, convention or other exhibition or public event in this State, if the distributor has obtained a license to distribute other tobacco products free of charge for the trade show, convention or other exhibition or public event.

3. This tax:

(a) Is imposed:

(1) At the time the other tobacco products are first possessed or received by a wholesale dealer of other tobacco products who maintains a place of business in this State for sale or disposition in this State;

(2) At the time the other tobacco products are sold by a wholesale dealer of other tobacco products who does not maintain a place of business in this State to a retail dealer or ultimate consumer; or

(3) For other tobacco products manufactured, produced, fabricated, assembled, processed, labeled or finished in this State, at the time the other tobacco products are sold in this State to a wholesale dealer of other tobacco products, retail dealer or ultimate consumer.

(b) Must be paid by the wholesale dealer of other tobacco products to the Department, in accordance with the provisions of NRS 370.465. The wholesale dealer of other tobacco products is entitled to retain 0.25 percent of the taxes due to cover the costs of collecting and administering the taxes if the taxes are paid in accordance with the provisions of NRS 370.465.

4. Any wholesale dealer of other tobacco products who sells or distributes other tobacco products without paying the tax provided for by this section is guilty of a misdemeanor.

5. *As used in this section, "premium cigar" means a cigar that is rolled by hand, has a wrapper made of whole tobacco leaves and does not have a filter or mouthpiece.*

**Sec. 1.5.** NRS 370.490 is hereby amended to read as follows:

370.490 1. The Department shall allow a credit of ~~30 percent of the wholesale price, less a discount of 0.25 percent for the services rendered in collecting the tax,~~ *the amount of the tax paid pursuant to NRS 370.450, not including any amount of the tax retained by the wholesale dealer of other tobacco products to cover the costs of collecting and administering the tax,* for other tobacco products ~~on which the tax has been paid pursuant to NRS 370.450 and~~ that may no longer be sold. If the other tobacco products have been purchased and delivered, a credit memo of the manufacturer is required for proof of returned merchandise.



2. A credit must also be granted for any other tobacco products shipped from this State and destined for retail sale and consumption outside the State on which the tax has previously been paid. A duplicate or copy of the invoice is required for proof of the sale outside the State.

3. A wholesale dealer of other tobacco products may claim a credit by filing with the Department the proof required by this section. The claim must be made on a form prescribed by the Department.

**Sec. 2.** This act becomes effective on July 1, 2023, and expires by limitation on June 30, 2027.

