



NEVADA FIREARMS COALITION

5575 Simmons Street, Suite 1-176
North Las Vegas, Nevada 89031
702-373-5935
www.nvfac.org
www.facebook.com/nvfac
don@nvfac.org

February 19, 2019

RE: AB 113

Dina Neal, Chair
Assembly Taxation Committee
Nevada State Assembly

Dear Chair Neal,

The Nevada Firearms Coalition STRONGLY SUPPORTS this bill for the following reasons:

Nevada citizens lawfully purchase firearms from retail outlets located outside the State of Nevada. According to federal law, these purchases must be shipped to a Nevada Federal Firearms License (FFL) holder who performs a background check before giving the firearm to the purchaser.

When firearms are sold by federally licensed dealers, there are three basic relationships of the sources of these firearms via an FFL.

1. The FFL is the direct retailer
2. The FFL is an agent of an out of state retailer.
3. The FFL is independent from the out state source and the FFL in Nevada is being used solely to comply with the background check requirement.

In situation 1 and 2, the FFL is directly involved in the retail sale of the firearm. In situation 3, however, the FFL is only doing the service because of the background check requirement of federal law. Consequently, the Nevada FFL receives no funds for retail sale. The only connection to the sale is the background check requirement.

In January 2015, the Nevada Department of Taxation sent out Tax Bulletin SUT 15-001 (Taxation of Interstate Retail Sales of Firearms) to all Nevada Federal Firearms Dealers which stated in part:

If a Nevada consumer purchases a firearm from an out-of-state seller, the seller must ship the firearm to a federal firearms licensee (FFL) in Nevada. The FFL completes the background check and may charge a fee for facilitating the transfer of the firearm. If the background check results in a "proceed" determination, the Nevada consumer may legally possess the firearm. The Nevada FFL prepares the records that are required pursuant to federal law, and the Nevada consumer receives the firearm.

1. Delivery of the Firearm in Nevada Is A Retail Sale and the Nevada Retailer Must Collect and Remit Sales Tax on the Purchase of the Firearm.

Conclusion

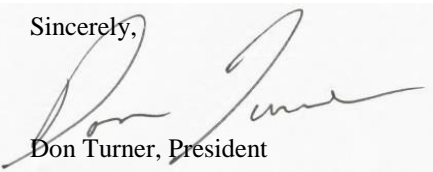
This bulletin contains the following conclusions:

When a FFL delivers a firearm purchased from an out of state retailer to a Nevada consumer, the Nevada FFL must collect and remit sales tax on the purchase price of the firearm unless the consumer can show that tax has been paid or that the sale is an occasional sale.

- The sales price does not include the mandatory background check fee required by DPS but does include any fees assessed by the firearm retailer(s).*
- Nevada dealers are not required to collect sales tax on firearm repair services.*

Consequently, Nevada FFLs are charged gross sales tax for firearms they did not own, nor derive any retail sales from. Further correspondence and complaints to the Department of Taxation have not changed their position. Therefore AB 113 is absolutely necessary to tax Nevada Business in a fair and equitable manner based on their income and not because they are regulated by a federal requirement.

Sincerely,



Don Turner, President

cc: Assembly Taxation Committee
Lesley Cohen
Shea Backus
Teresa Benitez-Thompson
Edgar Flores
Susie Martinez
Ellen B. Spiegel
Heidi Swank
Chris Edwards
Gregory Hafen
Al Kramer

The Nevada Firearms Coalition is dedicated to the safe use of firearms for self-defense, competition, recreation and hunting. We are the statewide Nevada grassroots organization representing the firearms owners of Nevada. Our membership includes individuals, gun clubs, community organizations, and retail firearm corporations and ranges. We are the State Association for the National Rifle Association, and a member of the National Shooting Sports Foundation, USA Shooting and the Civilian Marksman Program.