



## STAFF REPORT

**Report To:** Board of Supervisors **Meeting Date:** April 4, 2019

**Staff Contact:** Nancy Paulson, City Manager (npaulson@carson.org)

**Agenda Title:** For Possible Action: Discussion and possible action on Senate Bill (SB) 263 of the 80th (2019) Session of the Nevada Legislature, a bill relating to the regulation and taxation of certain vapor products and tobacco products. (Nancy Paulson, npaulson@carson.org)

Staff Summary: During this session of the Nevada Legislature, City staff will bring to meetings of the Board of Supervisors legislative bills as requested by the Board for review or those that staff believes will impact Carson City. SB 263 requires that certain vapor products be taxed and regulated as other tobacco products; establishes a license fee for retailers of cigarettes and other tobacco products and wholesale dealers of other tobacco products; requires certain taxes imposed on vapor products to be used for certain programs related to tobacco prevention and control and public health; requires a retail dealer of other tobacco products to submit certain taxes on vapor products to the Department of Taxation.

**Agenda Action:** Formal Action / Motion **Time Requested:** 5 Minutes

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### Proposed Motion

I move to (support, oppose, remain neutral on) SB 263.

### Board's Strategic Goal

Quality of Life

### Previous Action

N/A

### Background/Issues & Analysis

Legislative Counsel's Digest:

Existing law authorizes the Department of Taxation to regulate and collect a tax on cigarettes and other tobacco products. (Chapter 370 of NRS) Sections 1 and 2 of this bill provide that certain vapor products, including electronic cigarettes, cigars, cigarillos, pipes and similar products or devices and their components, are regulated and taxed as other tobacco products. Because this bill regulates and taxes such vapor products as other tobacco products, wholesale and retail dealers of those vapor products would be required to obtain a license from the Department and wholesale dealers of those vapor products would be required to collect and pay a tax of 30 percent of the wholesale price of those products. (NRS 370.445, 370.450)

Existing law requires retail dealers of cigarettes, retail dealers of other tobacco products and wholesale dealers of other tobacco products to obtain a license to sell cigarettes and other tobacco products. (NRS 370.080, 370.445) Sections 3 and 5 of this bill establish a fee for the issuance of a license as a retail dealer of cigarettes or a license as a retail dealer or wholesale dealer of other tobacco products.

Existing law requires the Department of Taxation to deposit the proceeds of the taxes on other tobacco products with the State Treasurer for credit to the Account for the Tax on Products Made From Tobacco, Other Than Cigarettes in the State General Fund. (NRS 370.500) Section 7 of this bill requires the State Controller, based on information provided by the Department of Taxation, to distribute the proceeds of the tax on vapor products to the county treasurer of a county in which a health district has been established and transfer those proceeds for credit to the newly created Account for Public Health Improvement administered by the Division of Public and Behavioral Health of the Department of Health and Human Services for those areas for which a health district has not been established, in proportion to the percentage of the population represented by each. Sections 9-11 of this bill require that a health district and the Division use not less than 50 percent of the tax proceeds so received on programs for tobacco prevention and treatment and not more than 50 percent of such tax proceeds to address needs relating to public health. Sections 10 and 11 of this bill require each health district to submit a report to the Division regarding the use of such tax proceeds by the health district. Section 9 of this bill requires the Division to submit a report to the Director of the Legislative Counsel Bureau regarding the use of such tax proceeds by the Division and by the health districts in this State.

Section 14 of this bill requires retail dealers of other tobacco products who, on July 1, 2019, possess vapor products which would have been subject to the tax imposed by this bill if that tax were imposed before July 1, 2019, to collect and pay to the Department of Taxation the tax that would have been owed on such vapor products if that tax were imposed before July 1, 2019. Under section 14, a retail dealer who pays the tax in accordance with that section is entitled to retain 0.25 percent of the taxes collected to cover the costs of collecting and administering the tax.

Sections 4, 6, 12 and 13 of this bill make conforming changes.

**Applicable Statute, Code, Policy, Rule or Regulation**

NRS 244.146; Carson City Charter, Art. 2, Sec. 2.090; various provisions of NRS.

**Financial Information**

**Is there a fiscal impact?** Yes

**If yes, account name/number:**

**Is it currently budgeted?** No

**Explanation of Fiscal Impact:** Tax revenue to Carson City to be used to carry out programs for tobacco prevention and treatment and other public health needs of residents.

**Alternatives**

Take a position to support, oppose or remain neutral; not take a position; Mayor remand back to staff with instructions based on discussion on the record.

**Attachments:**

[SB263.pdf](#)

**Board Action Taken:**

Motion: _____	1) _____	Aye/Nay
	2) _____	_____
		_____
		_____
		_____

\_\_\_\_\_  
(Vote Recorded By)



SENATE BILL NO. 263—SENATOR RATTI

MARCH 12, 2019

Referred to Committee on Revenue and  
Economic Development

**SUMMARY**—Revises provisions relating to the regulation and taxation of certain vapor products and tobacco products. (BDR 32-700)

**FISCAL NOTE:** Effect on Local Government: May have Fiscal Impact.  
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 taxation; requiring that certain vapor products be taxed and regulated as other tobacco products; establishing a license fee for retailers of cigarettes and other tobacco products and wholesale dealers of other tobacco products; requiring certain taxes imposed on vapor products to be used for certain programs related to tobacco prevention and control and public health; requiring a retail dealer of other tobacco products to submit certain taxes on vapor products to the Department of Taxation; providing penalties; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law authorizes the Department of Taxation to regulate and collect a tax  
2 on cigarettes and other tobacco products. (Chapter 370 of NRS) **Sections 1 and 2**  
3 of this bill provide that certain vapor products, including electronic cigarettes,  
4 cigars, cigarillos, pipes and similar products or devices and their components, are  
5 regulated and taxed as other tobacco products. Because this bill regulates and taxes  
6 such vapor products as other tobacco products, wholesale and retail dealers of those  
7 vapor products would be required to obtain a license from the Department and  
8 wholesale dealers of those vapor products would be required to collect and pay a  
9 tax of 30 percent of the wholesale price of those products. (NRS 370.445, 370.450)  
10 Existing law requires retail dealers of cigarettes, retail dealers of other tobacco  
11 products and wholesale dealers of other tobacco products to obtain a license to sell  
12 cigarettes and other tobacco products. (NRS 370.080, 370.445) **Sections 3 and 5** of  
13 this bill establish a fee for the issuance of a license as a retail dealer of cigarettes or  
14 a license as a retail dealer or wholesale dealer of other tobacco products.



Existing law requires the Department of Taxation to deposit the proceeds of the taxes on other tobacco products with the State Treasurer for credit to the Account for the Tax on Products Made From Tobacco, Other Than Cigarettes in the State General Fund. (NRS 370.500) **Section 7** of this bill requires the State Controller, based on information provided by the Department of Taxation, to distribute the proceeds of the tax on vapor products to the county treasurer of a county in which a health district has been established and transfer those proceeds for credit to the newly created Account for Public Health Improvement administered by the Division of Public and Behavioral Health of the Department of Health and Human Services for those areas for which a health district has not been established, in proportion to the percentage of the population represented by each. **Sections 9-11** of this bill require that a health district and the Division use not less than 50 percent of the tax proceeds so received on programs for tobacco prevention and treatment and not more than 50 percent of such tax proceeds to address needs relating to public health. **Sections 10 and 11** of this bill require each health district to submit a report to the Division regarding the use of such tax proceeds by the health district. **Section 9** of this bill requires the Division to submit a report to the Director of the Legislative Counsel Bureau regarding the use of such tax proceeds by the Division and by the health districts in this State.

**Section 14** of this bill requires retail dealers of other tobacco products who, on July 1, 2019, possess vapor products which would have been subject to the tax imposed by this bill if that tax were imposed before July 1, 2019, to collect and pay to the Department of Taxation the tax that would have been owed on such vapor products if that tax were imposed before July 1, 2019. Under **section 14**, a retail dealer who pays the tax in accordance with that section is entitled to retain 0.25 percent of the taxes collected to cover the costs of collecting and administering the tax.

**Sections 4, 6, 12 and 13** of this bill make conforming changes.

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

**Section 1.** NRS 370.0318 is hereby amended to read as follows:

370.0318 “Other tobacco product” means any tobacco of any description ~~{or}~~, *any vapor product or* any product made from tobacco, other than cigarettes ~~{}~~ *or* alternative nicotine products . ~~{and vapor products.}~~

**Sec. 2.** NRS 370.054 is hereby amended to read as follows:

370.054 “Vapor product”:

1. Means any noncombustible product containing nicotine *or any other substance* that employs a heating element, power source, electronic circuit or other electronic, chemical or mechanical means, regardless of the shape or size thereof, that can be used to produce vapor from nicotine *or any other substance* in a solution or other form ~~{}~~, *the use or inhalation of which simulates smoking.*

2. Includes, without limitation ~~{}~~

~~—(a) An~~, *an* electronic cigarette, cigar, cigarillo or pipe or a similar product or device ~~{}~~ and



1 ~~[(b)-A]~~ *the components of such a device, including, without*  
2 *limitation, vapor ~~[cartridge] cartridges~~ or other ~~[container of~~*  
3 *~~nicotine in a solution or other form that is intended to be used with~~*  
4 *~~or in an electronic cigarette, cigar, cigarillo or pipe or a similar~~*  
5 *~~product or device.] containers, atomizers, batteries, cartomizers,~~*  
6 *digital displays, clearomizers, tank systems, flavors, cartomizers,*  
7 *programmable software. As used in this subsection, "component"*  
8 *means a product intended primarily or exclusively to be used with*  
9 *or in an electronic cigarette, cigar, cigarillo or pipe or a similar*  
10 *product or device.*

11 3. Does not include any product ~~[regulated]~~ :

12 (a) *Regulated* by the United States Food and Drug  
13 Administration pursuant to subchapter V of the Federal Food, Drug,  
14 and Cosmetic Act, 21 U.S.C. §§ 351 et seq.

15 (b) *Subject to the excise tax on marijuana pursuant to NRS*  
16 *372A.200 to 372A.380, inclusive.*

17 **Sec. 3.** NRS 370.150 is hereby amended to read as follows:

18 370.150 1. Each license issued by the Department is valid  
19 only for the calendar year for which it is issued, and must be  
20 renewed annually.

21 2. The Department shall not charge any license fees for a  
22 manufacturer's ~~[or retail dealer's]~~ license.

23 3. An annual license fee of \$150 must be charged for each  
24 wholesale dealer's license. If such a license is issued at any time  
25 during the year other than on January 1, except for the renewal of a  
26 delinquent license pursuant to subsection ~~[5.]~~ 6, the licensee shall  
27 pay a proportionate part of the annual fee for the remainder of the  
28 year, but not less than 25 percent of the annual license fee.

29 4. *An annual license fee of \$50 must be charged for each*  
30 *retail dealer's license. If such a license is issued at any time*  
31 *during the year other than on January 1, except for the renewal of*  
32 *a delinquent license pursuant to subsection 6, the licensee shall*  
33 *pay a proportionate part of the annual fee for the remainder of the*  
34 *year, but not less than 25 percent of the annual license fee.*

35 5. The fees for a wholesale dealer's license *or retail dealer's*  
36 *license* are due and payable on January 1 of each year. If the annual  
37 license fee is not paid by January 15, the license is cancelled  
38 automatically.

39 ~~[5.]~~ 6. A wholesale dealer's license *or retail dealer's license*  
40 which is cancelled for nonpayment of the annual license fee may be  
41 renewed at any time by the payment of the fee plus a 5 percent  
42 penalty thereon.

43 **Sec. 4.** NRS 370.440 is hereby amended to read as follows:

44 370.440 As used in NRS 370.440 to 370.503, inclusive, unless  
45 the context otherwise requires:



1 1. "Alternative nicotine product" has the meaning ascribed to it  
2 in NRS 370.003.

3 2. "Other tobacco product" has the meaning ascribed to it in  
4 NRS 370.0318.

5 3. "Retail dealer" means any person who is engaged in selling  
6 other tobacco products.

7 4. "Sale" means any transfer, exchange, barter, gift, offer for  
8 sale, or distribution for consideration of other tobacco products.

9 5. "Ultimate consumer" means a person who purchases one or  
10 more other tobacco products for his or her household or personal use  
11 and not for resale.

12 6. *"Vapor product" has the meaning ascribed to it in*  
13 *NRS 370.054.*

14 7. "Wholesale dealer" means any person who:

15 (a) Brings or causes to be brought into this State other tobacco  
16 products purchased from the manufacturer or a wholesale dealer and  
17 who stores, sells or otherwise disposes of such other tobacco  
18 products within this State;

19 (b) Manufactures or produces other tobacco products within this  
20 State and who sells or distributes such other tobacco products within  
21 this State to other wholesale dealers, retail dealers or ultimate  
22 consumers; or

23 (c) Purchases other tobacco products solely for the purpose of  
24 bona fide resale to retail dealers or to other persons for the purpose  
25 of resale only.

26 ~~[7.]~~ 8. "Wholesale price" means:

27 (a) Except as otherwise provided in paragraph (b), the  
28 established price for which other tobacco products are sold to a  
29 wholesale dealer before any discount or other reduction is made.

30 (b) For other tobacco products sold to a retail dealer or an  
31 ultimate consumer by a wholesale dealer described in paragraph (b)  
32 of subsection ~~[6.]~~ 7, the established price for which the other  
33 tobacco product is sold to the retail dealer or ultimate consumer  
34 before any discount or other reduction is made.

35 **Sec. 5.** NRS 370.445 is hereby amended to read as follows:

36 370.445 1. The Department shall issue a license as a  
37 wholesale dealer or a license as a retail dealer to a person who  
38 submits a complete application on a form prescribed by the  
39 Department and who otherwise complies with the applicable  
40 provisions of this chapter and any regulations adopted by the  
41 Department. ~~[The Department shall not charge any fee for the~~  
42 ~~issuance of a license pursuant to this subsection.]~~

43 2. Except as otherwise provided in subsection 3, a person shall  
44 not engage in the business of a wholesale dealer or retail dealer in  
45 this State unless the person first obtains a license as a wholesale



1 dealer or retail dealer from the Department. A person may be  
2 licensed as a wholesale dealer and as a retail dealer.

3 3. A person who wishes to engage in the business of a retail  
4 dealer is not required to obtain a license as a retail dealer pursuant to  
5 this section if the person is licensed as a retail cigarette dealer  
6 pursuant to NRS 370.001 to 370.430, inclusive.

7 4. The Department may refuse to issue or renew, or may  
8 suspend or revoke, a license issued pursuant to this section for any  
9 violation of the provisions of NRS 370.440 to 370.503, inclusive.

10 5. The Department may adopt regulations prescribing the form  
11 and contents of an application for, or which are otherwise necessary  
12 for the issuance of, a license pursuant to this section.

13 6. *An annual license fee of \$650 must be charged for each*  
14 *license as a wholesale dealer. If such a license is issued at any*  
15 *time during the year other than on January 1, except for the*  
16 *renewal of a delinquent license pursuant to subsection 8,*  
17 *the licensee shall pay a proportionate part of the annual fee for*  
18 *the remainder of the year, but not less than 25 percent of the*  
19 *annual license fee.*

20 7. *An annual license fee of \$50 must be charged for each*  
21 *license as a retail dealer. If such a license is issued at any time*  
22 *during the year other than on January 1, except for the renewal of*  
23 *a delinquent license pursuant to subsection 8, the licensee shall*  
24 *pay a proportionate part of the annual fee for the remainder of the*  
25 *year, but not less than 25 percent of the annual license fee.*

26 8. *The fee for a license as a wholesale dealer or a retail*  
27 *dealer are due and payable on January 1 of each year. If the*  
28 *annual license fee is not paid by January 15, the license is*  
29 *cancelled automatically. A license as a wholesale dealer or retail*  
30 *dealer which is cancelled for nonpayment of the annual license*  
31 *fee may be renewed at any time by the payment of the fee plus a 5*  
32 *percent penalty thereon.*

33 9. Any person who violates any of the provisions of this  
34 section is guilty of a misdemeanor.

35 **Sec. 6.** NRS 370.465 is hereby amended to read as follows:

36 370.465 1. A wholesale dealer shall, not later than 20 days  
37 after the end of each month, submit to the Department a report on a  
38 form prescribed by the Department setting forth each sale of other  
39 tobacco products that the wholesale dealer made during the previous  
40 month. *The wholesale dealer shall set forth sales of vapor products*  
41 *separately from sales of other tobacco products that are not vapor*  
42 *products.*

43 2. Each report submitted pursuant to this section on or after  
44 August 20, 2001, must be accompanied by the tax owed pursuant to



1 NRS 370.450 for other tobacco products that were sold by the  
2 wholesale dealer during the previous month.

3 3. The Department may impose a penalty on a wholesale dealer  
4 who violates any of the provisions of this section as follows:

5 (a) For the first violation within 7 years, a fine of \$1,000.

6 (b) For a second violation within 7 years, a fine of \$5,000.

7 (c) For a third or subsequent violation within 7 years, revocation  
8 of the license of the wholesale dealer.

9 **Sec. 7.** NRS 370.500 is hereby amended to read as follows:

10 370.500 1. All amounts of tax required to be paid to the State  
11 pursuant to NRS 370.440 to 370.490, inclusive, must be paid to the  
12 Department in the form of remittances payable to the Department.

13 2. The Department shall deposit these payments with the State  
14 Treasurer for credit to the Account for the Tax on Products Made  
15 From Tobacco, Other Than Cigarettes, in the State General Fund.  
16 *Except as otherwise provided in subsection 4, the State Controller,*  
17 *acting upon the relevant information furnished by the*  
18 *Department, shall:*

19 (a) *Distribute monthly the taxes, interest and penalties which*  
20 *derive from the tax on vapor products required to be paid to the*  
21 *State pursuant to NRS 370.440 to 370.490, inclusive, to the county*  
22 *treasurer of each county in which a health district has been*  
23 *established pursuant to NRS 439.361 to 439.410, inclusive, and*  
24 *sections 10 and 11 of this act an amount equal to the percentage*  
25 *of the population of this State which resides in that county*  
26 *multiplied by the total amount of such taxes, interest and penalties*  
27 *paid for the previous month.*

28 (b) *Transfer monthly to the Account for Public Health*  
29 *Improvement created by section 9 of this act in the State General*  
30 *Fund the taxes, interest and penalties which derive from the tax*  
31 *on vapor products required to be paid to the State pursuant to NRS*  
32 *370.440 to 370.490, inclusive, and which remain after the*  
33 *distribution made pursuant to paragraph (a).*

34 3. *For the purposes of subsection 2, the percentage of the*  
35 *population of this State that resides in a county must be*  
36 *determined according to the population figures most recently*  
37 *certified by the Governor pursuant to NRS 360.285.*

38 4. *If a health district is created pursuant to NRS 439.370 on*  
39 *or after July 1, 2019, the Division of Public and Behavioral*  
40 *Health of the Department of Health and Human Services must*  
41 *notify the Department of Taxation and the State Controller of the*  
42 *creation of the health district. Not later than 90 days after*  
43 *receiving the notification, the State Controller shall begin making*  
44 *the distribution required by paragraph (a) of subsection 2 to the*  
45 *county treasurer of the county in which the health district has*



1 *been established and shall reduce the transfer made to the*  
2 *Account for Public Health Improvement pursuant to paragraph*  
3 *(b) of subsection 2 by a corresponding amount.*

4 **Sec. 8.** Chapter 439 of NRS is hereby amended by adding  
5 thereto the provisions set forth as sections 9, 10 and 11 of this act.

6 **Sec. 9. 1.** *The Account for Public Health Improvement is*  
7 *hereby created in the State General Fund. The interest and*  
8 *income earned on the money in the Account must be credited to*  
9 *the Account. The Division shall administer the Account.*

10 **2.** *Not less than 50 percent of the money deposited in the*  
11 *Account must be used to carry out programs for tobacco*  
12 *prevention and treatment in the areas of this State for which a*  
13 *health district has not been established pursuant to NRS 439.361*  
14 *to 439.410, inclusive, and sections 10 and 11 of this act.*

15 **3.** *The State Board of Health shall:*

16 *(a) Evaluate the health and public health needs of residents of*  
17 *the areas of this State for which a health district has not been*  
18 *established pursuant to NRS 439.361 to 439.410, inclusive, and*  
19 *sections 10 and 11 of this act; and*

20 *(b) Determine the level of priority of the public health needs*  
21 *described in paragraph (a).*

22 **4.** *Not more than 50 percent of the money deposited in the*  
23 *Account must be used to address the needs identified pursuant to*  
24 *subsection 3 in accordance with the level of priority determined by*  
25 *the State Board of Health pursuant to that subsection.*

26 **5.** *Any money remaining in the Account at the end of each*  
27 *fiscal year does not revert to the State General Fund but must be*  
28 *carried over into the next fiscal year. If, during a fiscal year, the*  
29 *Division does not spend the full amount of money required to be*  
30 *spent on programs for tobacco prevention and treatment pursuant*  
31 *to subsection 2, the remaining amount of money in the Account*  
32 *which must be spent for that purpose during the fiscal year must*  
33 *be carried forward to each subsequent fiscal year until the money*  
34 *is used for that purpose.*

35 **6.** *The Division shall not expend money in the Account*  
36 *unless the expenditure has been approved by the State Board of*  
37 *Health. Money in the Account may only be used for the purposes*  
38 *described in subsections 2 and 4. The money in the Account must*  
39 *be used to augment and must not be used to replace or supplant*  
40 *any legislative appropriations to the Division or funding available*  
41 *from other sources.*

42 **7.** *On or before February 1 of each year, the Division shall*  
43 *submit a report to the Director of the Legislative Counsel Bureau*  
44 *for transmittal to the Interim Finance Committee, if the report is*  
45 *received during an even-numbered year, or to the next session of*



1 *the Legislature, if the report is received during an odd-numbered*  
2 *year. The report must include, without limitation, for the fiscal*  
3 *year immediately preceding the submission of the report, a*  
4 *description of:*

5 *(a) The use of the money in the Account by the Division,*  
6 *including, without limitation:*

7 *(1) The total expenditures made from the Account to carry*  
8 *out programs for tobacco prevention and treatment;*

9 *(2) The total expenditures made from the Account to*  
10 *address the needs identified pursuant to subsection 3; and*

11 *(3) The programs which received money from the Account.*

12 *(b) The expenditures made by health districts established*  
13 *pursuant to NRS 439.361 to 439.410, inclusive, and sections 10*  
14 *and 11 of this act of money remitted to such health districts*  
15 *pursuant to NRS 370.500, including, without limitation, whether*  
16 *such expenditures complied with the requirements of section 10 or*  
17 *11 of this act, as applicable.*

18 *8. If a health district is established pursuant to NRS 439.370*  
19 *on or after July 1, 2019, the Division must notify the State*  
20 *Controller of the creation of the health district and the State*  
21 *Controller, based on information provided by the Division, must*  
22 *transfer to each county treasurer of a county in which the health*  
23 *district was established a percentage of the money in the Account*  
24 *equal to the total population of each county in which the health*  
25 *district was established, as most recently certified by the Governor*  
26 *pursuant to NRS 360.285, divided by the total population, as most*  
27 *recently certified by the Governor pursuant to NRS 360.285, of*  
28 *each county for which the Division was authorized to spend money*  
29 *in the Account before the establishment of the health district.*

30 *9. As used in this section, "program for tobacco prevention*  
31 *and treatment" means a program consistent with the guidelines*  
32 *established by the Centers for Disease Control and Prevention of*  
33 *the United States Department of Health and Human Services*  
34 *relating to evidence-based best practices to prevent, reduce or treat*  
35 *the use of tobacco and the consequences of the use of tobacco.*

36 **Sec. 10. 1.** *The board of county commissioners shall create*  
37 *a public health improvement fund in the county treasury. All*  
38 *money received by the county treasurer pursuant to NRS 370.500*  
39 *and from the Division pursuant to section 9 of this act must be*  
40 *deposited for credit to the fund. The interest and income earned on*  
41 *the money in the fund must be credited to the fund.*

42 *2. Not less than 50 percent of the money deposited in the fund*  
43 *each fiscal year must be used to carry out programs for tobacco*  
44 *prevention and treatment approved by the district board of health.*

45 *3. The district board of health shall:*



1 (a) Evaluate the health and public health needs of residents of  
2 the area over which the health district has jurisdiction; and

3 (b) Determine the level of priority of the public health needs  
4 described in paragraph (a).

5 4. Not more than 50 percent of the money deposited in the  
6 fund each fiscal year must be used to address the needs identified  
7 pursuant to subsection 3 in accordance with the level of priority  
8 determined by the district board of health pursuant to that  
9 subsection.

10 5. Any money remaining in the fund at the end of each fiscal  
11 year does not revert to the county general fund but must be carried  
12 over into the next fiscal year. If, during a fiscal year, the health  
13 district does not spend the full amount of money required to be  
14 spent on programs for tobacco prevention and treatment pursuant  
15 to subsection 2, the remaining amount of money in the fund which  
16 must be spent for that purpose during the fiscal year must be  
17 carried forward to each subsequent fiscal year until the money is  
18 used for that purpose.

19 6. The health district shall not expend money in the fund  
20 unless the expenditure has been approved by the district board of  
21 health for the health district. Money in the fund may only be used  
22 for the purposes described in subsections 2 and 4, and must not be  
23 used to replace or supplant funding available from other sources.

24 7. On or before December 1 of each year, the health district  
25 shall submit a report to the Division which must include:

26 (a) The total amount received by the health district from the  
27 county treasurer pursuant to NRS 370.500 during the immediately  
28 preceding fiscal year;

29 (b) A description of the use of the money in the fund during  
30 the immediately preceding fiscal year, including, without  
31 limitation:

32 (1) The total expenditures made from the fund to carry out  
33 programs for tobacco prevention and treatment;

34 (2) The total expenditures made from the fund to address  
35 the needs identified pursuant to subsection 3;

36 (3) The total amount of money in the fund which was  
37 carried over from a prior fiscal year and the amount of such  
38 money which must be used to carry out programs for tobacco  
39 prevention and treatment; and

40 (4) A description of the programs which received money  
41 from the fund; and

42 (c) Such other information as the Division may require to  
43 ensure that the money in the fund is being used for the purposes  
44 described in subsections 2 and 4.



1 8. *As used in this section, "program for tobacco prevention*  
2 *and treatment" means a program consistent with the guidelines*  
3 *established by the Centers for Disease Control and Prevention of*  
4 *the United States Department of Health and Human Services*  
5 *relating to evidence-based best practices to prevent, reduce or treat*  
6 *the use of tobacco and the consequences of the use of tobacco.*

7 **Sec. 11.** 1. *The board of county commissioners of each*  
8 *county in which a health district is created pursuant to NRS*  
9 *439.370 shall create a public health improvement fund in the*  
10 *county treasury. All money received by a county treasurer*  
11 *pursuant to NRS 370.500 and from the Division pursuant to*  
12 *section 9 of this act must be deposited for credit to the fund. The*  
13 *interest and income earned on the money in the fund must be*  
14 *credited to the fund.*

15 2. *Not less than 50 percent of the money deposited in the fund*  
16 *each fiscal year must be used to carry out programs for tobacco*  
17 *prevention and treatment approved by the district board of health.*

18 3. *Each district board of health shall:*

19 (a) *Evaluate the health and public health needs of residents of*  
20 *the area over which the health district has jurisdiction; and*

21 (b) *Determine the level of priority of the public health needs*  
22 *described in paragraph (a).*

23 4. *Not more than 50 percent of the money deposited in the*  
24 *fund each fiscal year must be used to address the needs identified*  
25 *pursuant to subsection 3 in accordance with the level of priority*  
26 *determined by the district board of health pursuant to that*  
27 *subsection.*

28 5. *Any money remaining in the fund at the end of each fiscal*  
29 *year does not revert to any county general fund but must be*  
30 *carried over into the next fiscal year. If, during a fiscal year, the*  
31 *health district does not spend the full amount of money required to*  
32 *be spent on programs for tobacco prevention and treatment*  
33 *pursuant to subsection 2, the remaining amount of money in the*  
34 *fund which must be spent for that purpose during the fiscal year*  
35 *must be carried forward to each subsequent fiscal year until the*  
36 *money is used for that purpose.*

37 6. *The health district shall not expend money in the fund*  
38 *unless the expenditure has been approved by the district board of*  
39 *health for the health district. Money in the fund may only be used*  
40 *for the purposes described in subsections 2 and 4, and must not be*  
41 *used to replace or supplant funding available from other sources.*

42 7. *On or before December 1 of each year, the health district*  
43 *shall submit a report to the Division which must include:*



1 (a) *The total amount received by the health district from the*  
2 *county treasurer pursuant to NRS 370.500 during the immediately*  
3 *preceding fiscal year;*

4 (b) *A description of the use of the money in the fund during*  
5 *the immediately preceding fiscal year, including, without*  
6 *limitation:*

7 (1) *The total expenditures made from the fund to carry out*  
8 *programs for tobacco prevention and treatment;*

9 (2) *The total expenditures made from the fund to address*  
10 *the needs identified pursuant to subsection 3;*

11 (3) *The total amount of money in the fund which was*  
12 *carried over from a prior fiscal year and the amount of such*  
13 *money which must be used to carry out programs for tobacco*  
14 *prevention and treatment; and*

15 (4) *A description of the programs which received money*  
16 *from the fund; and*

17 (c) *Such other information as the Division may require to*  
18 *ensure that the money in the fund is being used for the purposes*  
19 *described in subsections 2 and 4.*

20 8. *As used in this section, "program for tobacco prevention*  
21 *and treatment" means a program consistent with the guidelines*  
22 *established by the Centers for Disease Control and Prevention of*  
23 *the United States Department of Health and Human Services*  
24 *relating to evidence-based best practices to prevent, reduce or treat*  
25 *the use of tobacco and the consequences of the use of tobacco.*

26 **Sec. 12.** NRS 439.361 is hereby amended to read as follows:

27 439.361 The provisions of NRS 439.361 to 439.3685,  
28 inclusive, *and section 10 of this act* apply to a county whose  
29 population is 700,000 or more.

30 **Sec. 13.** NRS 439.369 is hereby amended to read as follows:

31 439.369 The provisions of NRS 439.369 to 439.410, inclusive,  
32 *and section 11 of this act* apply to a county whose population is less  
33 than 700,000.

34 **Sec. 14.** 1. Notwithstanding any other provision of law, a  
35 retail dealer who, on July 1, 2019, possesses vapor products which  
36 would have been subject to the tax imposed by NRS 370.450 if that  
37 tax were imposed on vapor products before July 1, 2019, and for  
38 which the tax imposed by that section has not been paid, including,  
39 without limitation, vapor products which were in the inventory of  
40 the retail dealer before July 1, 2019, shall collect, at the time of a  
41 sale or transfer of such vapor products, the tax that would have been  
42 imposed by that section if that tax were imposed on vapor products  
43 before July 1, 2019. Not later than 20 days after the end of each  
44 month, a retail dealer who collects the tax pursuant to this section  
45 shall submit a report on a form prescribed by the Department of



1 Taxation setting forth each sale of vapor products that the retail  
2 dealer made during the previous month. Each report submitted  
3 pursuant to this section must be accompanied by the tax owed  
4 pursuant to this section for vapor products sold or transferred by the  
5 retail dealer during the previous month. The retail dealer is entitled  
6 to retain 0.25 percent of the taxes collected to cover the costs of  
7 collecting and administering the taxes if the taxes are paid in  
8 accordance with the provisions of this section.

9 2. As used in this section, unless the context otherwise  
10 requires, the words and terms defined in NRS 370.440, as amended  
11 by section 4 of this act, have the meanings ascribed to them in that  
12 section.

13 **Sec. 15.** This act becomes effective on July 1, 2019.

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