

SENATE BILL NO. 375—SENATOR HANSEN

MARCH 20, 2019

Referred to Committee on Judiciary

SUMMARY—Exempts certain persons and entities who operate home-based businesses from the requirement to obtain a state business license. (BDR 7-773)

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 state business licenses; exempting certain persons and entities who operate home-based businesses from the requirement to obtain a state business license; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Under existing law, a person who operates a business from his or her home and  
2 whose net earnings from that business are not more than 66 2/3 percent of the  
3 average annual wage is exempt from the requirement to obtain a state business  
4 license. (NRS 76.020, 76.100) This bill provides instead that a person who operates  
5 a business from his or her home is exempt from the requirement to obtain a state  
6 business license if his or her annual gross earnings from that business are not more  
7 than \$60,000. This bill also extends the exemption for home-based businesses to  
8 certain business entities that operate a business from the home of a natural person  
9 who is a shareholder, director, officer, member, managing member, partner or  
10 trustee of the entity.

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;  
6 (b) Any natural person who performs a service or engages in a  
7 trade for profit if the person is required to file with the Internal



1 Revenue Service a Schedule C (Form 1040), Profit or Loss From  
2 Business Form, or its equivalent or successor form, a Schedule E  
3 (Form 1040), Supplemental Income and Loss Form, or its  
4 equivalent or successor form, or a Schedule F (Form 1040), Profit or  
5 Loss From Farming Form, or its equivalent or successor form, for  
6 that activity; or

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

11 2. The term does not include:

12 (a) A governmental entity.

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

16 (c) A person who operates a business from his or her home and  
17 whose ~~net~~ **annual gross** earnings from that business are not more  
18 than ~~66 2/3 percent of the average annual wage, as computed for~~  
19 ~~the preceding calendar year pursuant to chapter 612 of NRS and~~  
20 ~~rounded to the nearest hundred dollars.] \$60,000.~~

21 (d) *An entity organized pursuant to this title that operates a*  
22 *business from the home of a natural person who is a shareholder,*  
23 *director, officer, member, managing member, partner or trustee of*  
24 *the entity and whose annual gross earnings from that business are*  
25 *not more than \$60,000.*

26 (e) A natural person whose sole business is the rental of four or  
27 fewer dwelling units to others.

28 ~~(f)~~ (f) A business organized pursuant to chapter 82 or 84 of  
29 NRS.

30 ~~(g)~~ (g) A business organized pursuant to chapter 81 of NRS if  
31 the business is a nonprofit unit-owners' association.

32 **Sec. 2.** NRS 76.100 is hereby amended to read as follows:

33 76.100 1. A person shall not conduct a business in this State  
34 unless and until the person obtains a state business license issued by  
35 the Secretary of State. If the person is:

36 (a) An entity required to file an initial or annual list with the  
37 Secretary of State pursuant to this title, the person must obtain the  
38 state business license at the time of filing the initial or annual list.

39 (b) Not an entity required to file an initial or annual list with the  
40 Secretary of State pursuant to this title, the person must obtain the  
41 state business license before conducting a business in this State.

42 2. An application for a state business license must:

43 (a) Be made upon a form prescribed by the Secretary of State;

44 (b) Set forth the name under which the applicant transacts or  
45 intends to transact business, or if the applicant is an entity organized



1 pursuant to this title and on file with the Secretary of State, the exact  
2 name on file with the Secretary of State, the business identification  
3 number as assigned by the Secretary of State pursuant to NRS  
4 225.082, and the location in this State of the place or places of  
5 business;

6 (c) Be accompanied by a fee in the amount of \$200, except that  
7 if the applicant is a corporation organized pursuant to chapter 78,  
8 78A or 78B of NRS, or a foreign corporation required to file an  
9 initial or annual list with the Secretary of State pursuant to chapter  
10 80 of NRS, the application must be accompanied by a fee of \$500;  
11 and

12 (d) Include any other information that the Secretary of State  
13 deems necessary.

14 ↪ If the applicant is an entity organized pursuant to this title and on  
15 file with the Secretary of State and the applicant has no location in  
16 this State of its place of business, the address of its registered agent  
17 shall be deemed to be the location in this State of its place of  
18 business.

19 3. The application must be signed pursuant to NRS 239.330 by:

20 (a) The owner of a business that is owned by a natural person.

21 (b) A member or partner of an association or partnership.

22 (c) A general partner of a limited partnership.

23 (d) A managing partner of a limited-liability partnership.

24 (e) A manager or managing member of a limited-liability  
25 company.

26 (f) An officer of a corporation or some other person specifically  
27 authorized by the corporation to sign the application.

28 4. If the application for a state business license is defective in  
29 any respect or the fee required by this section is not paid, the  
30 Secretary of State may return the application for correction or  
31 payment.

32 5. A state business license issued pursuant to this section must  
33 contain the business identification number assigned by the Secretary  
34 of State pursuant to NRS 225.082.

35 6. The state business license required to be obtained pursuant  
36 to this section is in addition to any license to conduct business that  
37 must be obtained from the local jurisdiction in which the business is  
38 being conducted.

39 7. For the purposes of this chapter, a person:

40 (a) Shall be deemed to conduct a business in this State if a  
41 business for which the person is responsible:

42 (1) Is organized pursuant to this title, other than ~~fa~~ :

43 (I) A business organized pursuant to ~~f~~;

44 ~~(I) Chapter~~ *chapter* 82 or 84 of NRS; ~~or~~



1 (II) ~~[Chapter]~~ *A business organized pursuant to chapter*  
2 81 of NRS if the business is a nonprofit unit-owners' association or  
3 a nonprofit religious, charitable, fraternal or other organization that  
4 qualifies as a tax-exempt organization pursuant to 26 U.S.C. §  
5 501(c); *or*

6 *(III) An entity that operates a business from the home of*  
7 *a natural person who is a shareholder, director, officer, member,*  
8 *managing member, partner or trustee of the entity and whose*  
9 *annual gross earnings from that business are not more than*  
10 *\$60,000;*

11 (2) Has an office or other base of operations in this State;

12 (3) Except as otherwise provided in NRS 76.103, has a  
13 registered agent in this State; or

14 (4) Pays wages or other remuneration to a natural person  
15 who performs in this State any of the duties for which he or she is  
16 paid.

17 (b) Shall be deemed not to conduct a business in this State if the  
18 business for which the person is responsible:

19 (1) Is not organized pursuant to this title;

20 (2) Does not have an office or base of operations in this  
21 State;

22 (3) Does not have a registered agent in this State;

23 (4) Does not pay wages or other remuneration to a natural  
24 person who performs in this State any of the duties for which he or  
25 she is paid, other than wages or other remuneration paid to a natural  
26 person for performing duties in connection with an activity  
27 described in subparagraph (5); and

28 (5) Is conducting activity in this State solely to provide  
29 vehicles or equipment on a short-term basis in response to a  
30 wildland fire, a flood, an earthquake or another emergency.

31 8. As used in this section, "registered agent" has the meaning  
32 ascribed to it in NRS 77.230.

33 **Sec. 3.** This act becomes effective:

34 1. Upon passage and approval for the purpose of adopting  
35 regulations and performing any other preparatory administrative  
36 tasks that are necessary to carry out the provisions of this act; and

37 2. On July 1, 2019, for all other purposes.

