

Heavy Equipment Rental FAQ

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Overview

During the 2025 Legislative Session, Senate Bill 196 was passed allowing qualifying heavy equipment rental companies to charge a recovery fee to help offset property taxes assessed on their rental equipment. The bill applies to companies primarily engaged in renting heavy equipment without operators from locations in Nevada and is not to exceed 2% of the rental charge.

Definitions

What is a heavy equipment rental company?

A person/company with a North American Industry Classification System (NAICS) code of 532412 or 532310 which is *primarily* engaged in the business of renting heavy equipment without an operator from a location within the state.

What is heavy equipment rental property?

Machinery and equipment which are held in the inventory of a heavy equipment rental company for sale or rental in the regular course of business. Included without limitation:

1. Property.
2. Machinery and equipment that is used or designed for construction and industrial purposes.
3. Earthmoving equipment.
4. Lift equipment.
5. Material handling equipment.
6. Pumps.
7. Generators.
8. Compressors.

9. Portable power equipment.
10. Portable offices.
11. Containers.
12. Tank trailers.
13. Self-propelled equipment.

Does the law apply...

If I rent equipment with an operator?

No. A recovery fee may only be charged for the rental of heavy equipment without an operator.

If my business is not primarily engaged in renting equipment?

No. To charge a recovery fee a business must *both* have a NAICS code of 532412 or 532310 *and* be primarily engaged in renting equipment.

To out-of-state companies?

Perhaps. A company headquartered outside of Nevada may charge a recovery fee for any heavy equipment rentals that occurred from a Nevada location.

If I rent equipment to a related party or affiliate?

No. You may not charge a recovery fee for any heavy equipment rented to related persons or affiliates.

What is considered a rental charge?

The total amount of consideration charged by a heavy equipment rental company for the rental of heavy equipment.

You may not deduct any of the following from the rental charge:

1. The cost of the heavy equipment rental property.
2. The cost of materials used.
3. Labor or service costs.
4. Interest paid.
5. Losses.
6. Cost of transportation to the heavy equipment rental company.
7. Taxes imposed on the heavy equipment rental company.
8. Any other expense of the heavy equipment rental company.
9. Any charges by the heavy equipment rental company for any services necessary to complete the rental.
10. Delivery charges are not stated separately.
11. Installation charges are not stated separately.

When does a company qualify to collect a recovery fee?

Any heavy equipment rental company that rents heavy equipment rental property from a Nevada location may charge a recovery fee.

Charging the Recovery Fee

Is charging the recovery fee mandatory?

No. Charging a recovery fee is optional.

What is the maximum recovery fee that may be charged?

The recovery fee must not exceed 2% of the rental charge.

Must the recovery fee be separately stated on the invoice?

Yes. The recovery fee must be separately stated on the invoice.

May the recovery fee be included in the rental price?

No. The recovery fee may not be included in the rental price.

Must recovery fees be deposited into a separate account?

Yes. A heavy equipment rental company must hold the amount of all recovery fees collected in a separate account.

How may recovery fee proceeds be used?

Recovery fees may only be used to offset property taxes levied on heavy equipment.

May recovery fees be used for operating expenses or other taxes?

No. See answer to the prior question.

Exempt Rentals

Are rentals to governmental entities subject to the recovery fee?

No. In general, a recovery fee may not be charged for any rentals to a government entity.

Which governmental entities qualify for the exemption?

1. The United States, its unincorporated agencies and instrumentalities.

2. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States.
3. The State of Nevada, its unincorporated agencies and instrumentalities.
4. Any county, city, district or other political subdivision of this State.
5. Any other person or entity that the State of Nevada is prohibited from taxing under the United States Constitution, laws or treaties of the United States, or the Nevada Constitution.

How long can I rent equipment and still be able to charge a recovery fee?

A recovery fee may not be charged on open-ended rentals or rentals exceeding 365 days.

Annual Reporting Requirements

Who must file the annual report?

All heavy equipment rental companies that impose a recovery fee must file.

When is the annual report due?

The deadline is August 15th.

What information must be reported?

Companies should report:

1. The County and Parcel Number where the rental transaction took place.
2. The total recovery fees charged from that location.
3. The total amount of property taxes imposed on heavy equipment rental property at that location.

Must a company file a report if no recovery fees were collected?

No. If a company did not charge a recovery fee at a certain location, they do not need to file a report for that location. However, all locations that did charge a recovery fee must be included in the annual report.

What fiscal year should be used for reporting?

The annual report should include information regarding the immediately preceding fiscal year. E.g., a company filing on August 15, 2026, should include all required information for the period from July 1, 2025 – June 30, 2026.

May a company amend a previously filed report?

Yes. A company may amend a previously filed report but should keep documentation detailing why the amendment was filed.

How should multiple Nevada locations report?

Each location should be included in the annual report, identified by County and Parcel Number.

Calculating Reportable Property Taxes

What property taxes should be included in the annual report?

Property taxes levied on qualifying heavy equipment rented by the heavy equipment rental company.

Should taxes be reported as levied, billed, or paid?

Report taxes as levied.

Record Retention Requirements

What records must be maintained?

It is recommended that a heavy equipment rental company retain all invoices on which a recovery fee was stated. All other records, as may be necessary to determine the compliance of the heavy equipment rental company, should also be retained.

How long must records be retained?

Companies must preserve such records for 5 years, or until any litigation or prosecution related to compliance is finally determined, whichever is longer.

What records must support reported property taxes?

County assessors' value notice or property tax bills.

Audits and Examinations

May the Department examine books and records?

Yes. It is important that heavy equipment rental companies keep proper records in case a state audit is conducted.

Penalties

What happens if a report is not filed?

The Department may examine the books, papers and records of any person who is required to file an annual report. Not filing can trigger an audit by the Department.

What happens if a report contains incorrect information?

If the information is incorrect and was not amended, and the report is determined to be fraudulent, the person shall be guilty of a gross misdemeanor.

What are the penalties for falsifying records?

Any person found to have falsified records, book entries, or accounts with the intent to defraud shall be guilty of a gross misdemeanor.

Sales and Use Tax Treatment

Is the recovery fee subject to Nevada sales tax?

No. Under existing regulations, such a recovery fee would be excluded from the sales or use tax charged for the rental of heavy equipment.

Should the recovery fee be included in the taxable rental charge?

No. The recovery fee should not be included in the taxable rental charge.

How should the recovery fee be shown on invoices?

The recovery fee must be separately stated on an invoice provided to a renter of heavy equipment rental property.