

SENATE BILL NO. 468—COMMITTEE ON TAXATION

MARCH 17, 1999

Referred to Committee on Taxation

SUMMARY—Changes provisions for certain taxes on sale of motorboat and for movement of vehicles and motorboats. (BDR 32-1027)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Yes.

~

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

AN ACT relating to taxation; providing for the imposition of certain taxes on the casual sale of used motorboats; excluding the value of a motorboat taken in trade from the sales price of a motorboat for the purposes of certain taxes; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Chapter 374 of NRS is hereby amended by adding thereto
- 2
- 3 the provisions set forth as sections 2 and 3 of this act.
- 4 **Sec. 2.** *“Motorboat” has the meaning ascribed to it in NRS 488.035.*
- 5 **Sec. 3. 1.** *For the purposes of this section:*
- 6 **(a)** *“Authorized appraisal” means an appraisal of the value of a*
- 7 *motorboat made by:*
- 8 **(1)** *An employee of the division on its behalf; or*
- 9 **(2)** *A person authorized by the division to make appraisals on its*
- 10 *behalf.*
- 11 **(b)** *“Division” means the division of wildlife of the state department of*
- 12 *conservation and natural resources.*
- 13 **2.** *In computing the tax on the sale of a motorboat by a seller who is*
- 14 *not required to be registered with the department of taxation, the division*
- 15 *shall, if an authorized appraisal is submitted:*
- 16 **(a)** *Require the submission of a notarized copy of the bill of sale, or a*
- 17 *copy of the bill of sale that is witnessed by an employee of the division for*
- 18 *the particular motorboat; and*

(b) Use as the motorboat's sales price the greatest of:

(1) The amount stated on the authorized appraisal;

(2) The cost of the motorboat as evidenced by the copy of the bill of sale; or

(3) One hundred dollars.

3. The division shall establish and make available a form for an authorized appraisal.

4. The division shall retain a copy of the appraisal and bill of sale considered pursuant to subsection 2 with its record of the collection of the tax.

5. A fee of not more than \$10 may be charged and collected for each authorized appraisal made.

6. The board of wildlife commissioners shall adopt by regulation an appropriate schedule of depreciation for motorboats.

7. If an authorized appraisal is not submitted, the division shall establish the sales price as the depreciated value of the motorboat determined in accordance with its adopted schedule. To determine the original price from which depreciation is calculated, the division shall use:

(a) The manufacturer's suggested retail price in Nevada, excluding options and extras, as of the time the particular model of motorboat is first offered for sale in Nevada;

(b) If the motorboat is specially constructed, the original retail price to the original purchaser of the motorboat as evidenced by such document or documents as the division may require; or

(c) If neither of these applies, its own estimate from any available information.

Sec. 4. NRS 374.020 is hereby amended to read as follows:

374.020 Except where the context otherwise requires, the definitions given in NRS 374.025 to 374.107, inclusive, *and section 2 of this act* govern the construction of this chapter.

Sec. 5. NRS 374.040 is hereby amended to read as follows:

374.040 1. "Occasional sale," except as otherwise provided in subsection 2, includes:

(a) A sale of property not held or used by a seller in the course of an activity for which he is required to hold a seller's permit, ~~{provided such}~~ *if the* sale is not one of a series of sales sufficient in number, scope and character to constitute an activity requiring the holding of a seller's permit.

(b) Any transfer of all or substantially all the property held or used by a person in the course of such an activity when after ~~{such}~~ *the* transfer the real or ultimate ownership of ~~{such}~~ *the* property is substantially similar to that which existed before ~~{such}~~ *the* transfer.

2. The term does not include the sale of a vehicle *or motorboat* other than the sale or transfer of a used vehicle *or motorboat* to the seller's spouse, child, grandchild, parent, grandparent, brother or sister. For the purposes of this section, the relation of parent and child includes adoptive and illegitimate children and stepchildren.

3. For the purposes of this section, stockholders, bondholders, partners or other persons holding an interest in a corporation or other entity are regarded as having the "real or ultimate ownership" of the property of ~~such~~ *the* corporation or other entity.

Sec. 6. NRS 374.070 is hereby amended to read as follows:

374.070 1. "Sales price" means the total amount for which tangible property is sold, valued in money, whether paid in money or otherwise, without any deduction on account of any of the following:

(a) The cost of the property sold.

(b) The cost of the materials used, labor or service cost, interest charged, losses, or any other expenses.

(c) The cost of transportation of the property before its purchase.

2. The total amount for which property is sold includes all of the following:

(a) Any services that are a part of the sale.

(b) Any amount for which credit is given to the purchaser by the seller.

3. "Sales price" does not include any of the following:

(a) Cash discounts allowed and taken on sales.

(b) The amount charged for property returned by customers when the entire amount charged therefor is refunded either in cash or credit; but this exclusion does not apply in any instance when the customer, in order to obtain the refund, is required to purchase other property at a price greater than the amount charged for the property that is returned.

(c) The amount charged for labor or services rendered in installing or applying the property sold.

(d) The amount of any tax (not including, however, any manufacturers' or importers' excise tax) imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

(e) The amount of any tax imposed by the State of Nevada upon or with respect to the storage, use or other consumption of tangible personal property purchased from any retailer.

(f) The amount of any allowance against the selling price given by a retailer for the value of a used vehicle *or motorboat* which is taken in trade on the purchase of another vehicle ~~or~~ *or motorboat*.

4. For the purpose of a sale of a vehicle *or motorboat* by a seller who is not required to be registered with the department of taxation, the sales price is the value established in the manner set forth in NRS 374.112 ~~or~~

section 3 of this act.

1 **Sec. 7.** NRS 374.340 is hereby amended to read as follows:

2 374.340 **1.** There are exempted from the computation of the amount
3 of the sales tax the gross receipts from any sale of tangible personal
4 property which is shipped to a point outside this state pursuant to the
5 contract of sale by delivery by the vendor to ~~{such}~~ **that** point by means of:

6 ~~{1.}~~ **(a)** Facilities operated by the vendor;

7 ~~{2.}~~ **(b)** Delivery by the vendor to a carrier for shipment to a consignee
8 at ~~{such}~~ **that** point; or

9 ~~{3.}~~ **(c)** Delivery by the vendor to a customs broker or forwarding agent
10 for shipment outside this state.

11 **2.** *The department of taxation shall provide by regulation for the*
12 *issuance to a nonresident of this state who purchases a vehicle or*
13 *motorboat for registration, storage and use outside this state of a permit*
14 *to remove the vehicle or motorboat from the state without payment of the*
15 *tax imposed by this chapter, and for evidence to be required of the*
16 *purchaser.*

17 **Sec. 8.** NRS 488.1797 is hereby amended to read as follows:

18 488.1797 **1.** Before the issuance of any certificate of ownership, the
19 division of wildlife of the state department of conservation and natural
20 resources shall obtain a statement in writing signed by the transferee or
21 transferor, showing:

22 (a) The date of the sale or other transfer of ownership of the motorboat.

23 (b) The name and address of the seller or transferor.

24 (c) The name and address of the buyer or transferee.

25 **2.** *If the seller is not a retailer registered with the department of*
26 *taxation, the division of wildlife shall collect the taxes imposed by or*
27 *pursuant to Title 32 of NRS upon the sale or use of the motorboat, and*
28 *remit the amount collected to the department of taxation.*

29 **3.** Upon receipt of the properly endorsed certificate of ownership, the
30 certificate of number , ~~{and}~~ the required fee and statement of information,
31 **and the taxes if payable**, the division of wildlife shall issue a new
32 certificate of ownership and a new certificate of number to the transferee.
33 The previous number may be reassigned to the transferee.

34 **Sec. 9.** This act becomes effective upon passage and approval for the
35 adoption of regulations by the department of taxation and the board of
36 wildlife commissioners, and on October 1, 1999, for all other purposes.