

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.

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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 motorboats; providing for the imposition of certain taxes on certain sales 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; revising the provisions governing the administration of the exemption from certain taxes for the sale of tangible personal property to be shipped outside this state to include the sale of a motorboat to a nonresident under certain circumstances; requiring the department of motor vehicles and public safety to issue a special permit for the movement of a motorboat under certain circumstances; exempting a motorboat that has been documented pursuant to federal law from the requirement of obtaining a title pursuant to the provisions governing watercraft; 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 that:*
8 *(1) Is determined by the lowest value of comparable motorboats as*
9 *estimated in the most current version of the National Automobile*
10 *Dealers’ Association Marine Appraisal Guide; or*
11 *(2) If the value of the motorboat is not set forth in the National*
12 *Automobile Dealer’s Association Marine Appraisal Guide, is made by a*

1 *dealer or manufacturer who has been issued a dealer's certificate of*
2 *number by the division.*

3 *(b) "Division" means the division of wildlife of the state department of*
4 *conservation and natural resources.*

5 *2. In computing the tax on the sale of a motorboat by a seller who is*
6 *not required to be registered with the department of taxation, the division*
7 *shall, if an authorized appraisal is submitted:*

8 *(a) Require the submission of a notarized copy of the bill of sale, or a*
9 *copy of the bill of sale that is witnessed by an employee of the division for*
10 *the particular motorboat; and*

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

12 *(1) The amount stated on the authorized appraisal;*

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

15 *(3) One hundred dollars.*

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

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

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

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

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

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

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

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

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

39 374.020 Except where the context otherwise requires, the definitions
40 given in NRS 374.025 to 374.107, inclusive, *and section 2 of this act*
41 *govern the construction of this chapter.*

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

2 374.040 1. “Occasional sale,” except as otherwise provided in
3 subsection 2, includes:

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

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

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

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

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

22 374.070 1. “Sales price” means the total amount for which tangible
23 property is sold, valued in money, whether paid in money or otherwise,
24 without any deduction on account of any of the following:

25 (a) The cost of the property sold.

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

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

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

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

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

33 3. “Sales price” does not include any of the following:

34 (a) Cash discounts allowed and taken on sales.

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

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

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

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

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

10 4. For the purpose of a sale of a vehicle *or motorboat* by a seller who
11 is not required to be registered with the department of taxation, the sales
12 price is the value established in the manner set forth in NRS 374.112 ~~it~~ *or*
13 *section 3 of this act*.

14 **Sec. 7.** NRS 374.7273 is hereby amended to read as follows:

15 374.7273 In administering the provisions of NRS 374.340, the
16 department shall apply the exemption for the sale of tangible personal
17 property delivered by the vendor to a forwarding agent for shipment out of
18 state to include the sale of a vehicle *or motorboat* to a nonresident to whom
19 a special movement permit has been issued by the department of motor
20 vehicles and public safety pursuant to subsection 1 *or 2* of NRS 482.3955.

21 **Sec. 8.** NRS 482.3955 is hereby amended to read as follows:

22 482.3955 1. ~~The~~ *Except as otherwise provided in subsection 2, the*
23 department shall issue to any dealer, distributor, rebuilder or other person,
24 upon request, and upon payment of a fee of \$8.25, a special permit, in a
25 form to be determined by the department, for the movement of any vehicle
26 *or motorboat* to sell outside the State of Nevada, or for the movement
27 outside ~~the~~ *this* state of any vehicle *or motorboat* purchased by a
28 nonresident. The permit must be affixed to the vehicle *or motorboat* to be
29 so moved in a manner and position to be determined by the department, and
30 expires 15 days after its issuance.

31 2. *The department shall, upon request, and upon payment of a fee*
32 *not to exceed \$15, issue a single special permit pursuant to subsection 1*
33 *for the movement of a trailer that is carrying a motorboat.*

34 3. The department may issue a permit to a resident of this state who
35 desires to move an unregistered vehicle within the state upon the payment
36 of a fee of \$8.25. The permit is valid for 24 hours.

37 ~~3.~~ 4. The department shall, upon the request of a charitable
38 organization which intends to sell a vehicle which has been donated to the
39 organization, issue to the organization a permit for the operation of the
40 vehicle until the vehicle is sold by the organization. The department shall
41 not charge a fee for the issuance of the permit.

42 5. *As used in this section, "motorboat" has the meaning ascribed to*
43 *it* *in* *NRS* *488.035.*

1 **Sec. 9.** NRS 485.187 is hereby amended to read as follows:

2 485.187 1. Except as otherwise provided in subsection 5, the owner
3 of a motor vehicle shall not:

4 (a) Operate the motor vehicle, if it is registered or required to be
5 registered in this state, without having insurance as required by NRS
6 485.185.

7 (b) Operate or knowingly permit the operation of the motor vehicle
8 without having evidence of insurance of the operator or the vehicle in the
9 vehicle.

10 (c) Fail or refuse to surrender, upon demand, to a peace officer or to an
11 authorized representative of the department the evidence of insurance.

12 (d) Knowingly permit the operation of the motor vehicle in violation of
13 subsection 3 of NRS 485.186.

14 2. A person shall not operate the motor vehicle of another person
15 unless:

16 (a) He first ensures that the required evidence of insurance is present in
17 the motor vehicle; or

18 (b) He has his own evidence of insurance which covers him as the
19 operator of the motor vehicle.

20 3. Except as otherwise provided in subsection 4, any person who
21 violates subsection 1 or 2 shall be punished by a fine of not less than \$600
22 nor more than \$1,000 for each violation. The fine must be reduced to \$100
23 for the first violation if the person obtains a motor vehicle liability policy
24 not later than 30 days after the fine is imposed, unless:

25 (a) The person has registered the vehicle as part of a fleet of vehicles
26 pursuant to subsection 5 of NRS 482.215; or

27 (b) The person has been issued a certificate of self-insurance pursuant to
28 NRS 485.380.

29 4. A court:

30 (a) Shall not fine a person for a violation of paragraph (a), (b) or (c) of
31 subsection 1 or for a violation of subsection 2 if he presents evidence to the
32 court that the insurance required by NRS 485.185 was in effect at the time
33 demand was made for it.

34 (b) Except as otherwise provided in paragraph (a), may impose a fine of
35 \$1,000 for a violation of paragraph (a), (b) or (c) of subsection 1, and
36 suspend the fine on the condition that the person presents proof to the court
37 each month for 12 months that the insurance required by NRS 485.185 is
38 currently in effect.

39 5. The provisions of paragraphs (b) and (c) of subsection 1 do not
40 apply if the motor vehicle in question displays a valid permit issued by the
41 department pursuant to subsection 1 or ~~2~~ 3 of NRS 482.3955, or NRS
42 482.396, 482.3965, 482.423 or 482.424 authorizing the movement or
43 operation of that vehicle within the state for a limited time.

1 **Sec. 10.** NRS 488.085 is hereby amended to read as follows:

2 488.085 The owner of any motorboat already covered by a number in
3 ~~{full force and}~~ effect which ~~{has been}~~ **was** awarded to it pursuant to ~~{then}~~
4 ~~operative federal law or}~~ a federally approved numbering system of another
5 state shall record the number ~~{prior to}~~ **before** operating the motorboat on
6 the waters of this state in excess of the 90-day reciprocity period provided
7 for in NRS 488.175. ~~{Such recordation shall}~~ **The recordation must** be in
8 the manner and pursuant to the procedure required for the award of a
9 number under NRS 488.075, but no additional or substitute number ~~{shall}~~
10 **may** be issued.

11 **Sec. 11.** NRS 488.175 is hereby amended to read as follows:

12 488.175 1. Except as otherwise provided in subsection 2, a
13 motorboat need not be numbered pursuant to the provisions of this chapter
14 if it is:

15 (a) Already covered by a number in effect which ~~{has been}~~ **was**
16 awarded or issued to it pursuant to ~~{federal law or}~~ a federally approved
17 numbering system of another state if the boat has not been on the waters of
18 this state for a period in excess of 90 consecutive days.

19 (b) A motorboat from a country other than the United States temporarily
20 using the waters of this state.

21 (c) A public vessel of the United States, a state or a political subdivision
22 of a state.

23 (d) A ship's lifeboat.

24 (e) A motorboat belonging to a class of boats which has been exempted
25 from numbering by the division of wildlife of the state department of
26 conservation and natural resources after the division has found:

27 (1) That the numbering of motorboats of that class will not materially
28 aid in their identification; and

29 (2) If an agency of the Federal Government has a numbering system
30 applicable to the class of motorboats to which the motorboat in question
31 belongs, that the motorboat would also be exempt from numbering if it
32 were subject to the federal law.

33 2. The division of wildlife may, by regulation, provide for the issuance
34 of exempt numbers for motorboats not required to be registered under the
35 provisions of this chapter.

36 3. A motorboat need not be titled pursuant to the provisions of this
37 chapter, if it ~~{is}~~ :

38 **(a) Is** already covered by a certificate of ownership which ~~{has been}~~
39 **was** awarded or issued to it pursuant to the title system of another state ~~{}~~ ;
40 **or**

41 **(b) Has been documented pursuant to chapter 121 of Title 46 of**
42 **U.S.C.**

1 **Sec. 12.** NRS 488.1797 is hereby amended to read as follows:
2 488.1797 1. Before the issuance of any certificate of ownership, the
3 division of wildlife of the state department of conservation and natural
4 resources shall obtain a statement in writing signed by the transferee or
5 transferor, showing:
6 (a) The date of the sale or other transfer of ownership of the motorboat.
7 (b) The name and address of the seller or transferor.
8 (c) The name and address of the buyer or transferee.
9 2. *If the seller is not a retailer registered with the department of*
10 *taxation, the division of wildlife shall collect the taxes imposed by or*
11 *pursuant to Title 32 of NRS upon the sale or use of the motorboat. The*
12 *division of wildlife may retain 2 percent of the amount collected to cover*
13 *its administrative costs of collecting the taxes, and shall remit the*
14 *remaining amount collected to the department of taxation.*
15 3. Upon receipt of the properly endorsed certificate of ownership, the
16 certificate of number , ~~and~~ the required fee and statement of information,
17 *and the taxes if payable,* the division of wildlife shall issue a new
18 certificate of ownership and a new certificate of number to the transferee.
19 The previous number may be reassigned to the transferee.
20 **Sec. 13.** 1. This section and sections 1, 10 and 11 of this act become
21 effective upon passage and approval.
22 2. Section 3 of this act becomes effective upon passage and approval
23 for the purpose of adopting regulations and on July 1, 2000, for all other
24 purposes.
25 3. Sections 2, 4 to 9, inclusive, and 12 of this act become effective on
26 July 1, 2000.