

SENATE BILL NO. 90—SENATOR NEAL

FEBRUARY 3, 1999

Referred to Committee on Taxation

SUMMARY—Repeals exemption from property tax and certain sales and use taxes for works of fine art for public display. (BDR 32-77)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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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; repealing the exemption from property tax and certain sales and use taxes for works of fine art for public display; 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.** NRS 361.068 is hereby amended to read as follows:
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3 361.068 1. The following personal property is exempt from taxation:
4 (a) Personal property held for sale by a merchant;
5 (b) Personal property held for sale by a manufacturer;
6 (c) Raw materials and components held by a manufacturer for
7 manufacture into products, and supplies to be consumed in the process of
8 manufacture;
9 (d) Tangible personal property purchased by a business which will be
10 consumed during the operation of the business;
11 (e) Livestock;
12 (f) Colonies of bees;
13 (g) Pipe and other agricultural equipment used to convey water for the
14 irrigation of legal crops;
15 (h) All boats;
16 (i) Slide-in campers and camper shells; ***and***
17 (j) ~~Fine art for public display; and~~
18 ~~(k)~~ Computers and related equipment donated for use in schools in this
19 state.

2. The Nevada tax commission may exempt from taxation that personal property for which the annual taxes would be less than the cost of collecting those taxes. If such an exemption is provided, the Nevada tax commission shall annually determine the average cost of collecting property taxes in this state which must be used in determining the applicability of the exemption.

3. ~~3. A person claiming the exemption provided for in paragraph (j) of subsection 1 shall, on or before June 15 for the next ensuing fiscal year, file with the county assessor an affidavit declaring that the fine art:~~

~~—(a) Was purchased in an arm's length transaction for \$25,000 or more, or has an appraised value of \$25,000 or more;~~

~~—(b) Will be on public display in a public or private art gallery, museum or other building or area in this state for at least 20 hours per week during at least 35 weeks of the year for which the exemption is claimed; and~~

~~—(c) Will be available for educational purposes.~~

~~4.]~~ To qualify for the exemption provided in paragraph ~~{(k)}~~ (j) of subsection 1, a taxpayer must donate the property through a foundation or organization, not for profit, that accepts such property for use in schools in this state. The foundation or organization shall issue a voucher identifying each item of property donated. To obtain the benefit of the exemption, the taxpayer must apply to the county assessor and tender the voucher. The county assessor shall compute the assessed value of the property for the year in which the donation was made using the original cost and the year of acquisition. The county assessor shall allow a credit of that amount against the personal property assessment for the year following the donation.

~~{5.}~~ 4. As used in this section {:

~~—(a) "Boat";~~ **"boat"** includes any vessel or other watercraft, other than a seaplane, used or capable of being used as a means of transportation on the water.

~~{(b) "Fine art for public display" means a work of art which:~~

~~—(1) Is an original painting in oil, mineral, water colors, vitreous enamel, pastel or other medium, an original mosaic, drawing or sketch, an original sculpture of clay, textiles, fiber, wood, metal, plastic, glass or a similar material, an original work of mixed media or a lithograph;~~

~~—(2) Was purchased in an arm's length transaction for \$25,000 or more, or has an appraised value of \$25,000 or more;~~

~~—(3) Is on public display in a public or private art gallery, museum or other building or area in this state for at least 20 hours per week during at least 35 weeks of each year for which the exemption is claimed; and~~

~~—(4) Is available for educational purposes.}~~

Sec. 2. NRS 361.068 is hereby amended to read as follows:

361.068 1. The following personal property is exempt from taxation:

(a) Personal property held for sale by a merchant;

- 1 (b) Personal property held for sale by a manufacturer;
- 2 (c) Raw materials and components held by a manufacturer for
- 3 manufacture into products, and supplies to be consumed in the process of
- 4 manufacture;
- 5 (d) Tangible personal property purchased by a business which will be
- 6 consumed during the operation of the business;
- 7 (e) Livestock;
- 8 (f) Colonies of bees;
- 9 (g) Pipe and other agricultural equipment used to convey water for the
- 10 irrigation of legal crops;
- 11 (h) All boats; **and**
- 12 (i) Slide-in campers and camper shells . ~~}; and~~
- 13 ~~—(j) Fine art for public display.}~~
- 14 2. The Nevada tax commission may exempt from taxation that personal
- 15 property for which the annual taxes would be less than the cost of
- 16 collecting those taxes. If such an exemption is provided, the Nevada tax
- 17 commission shall annually determine the average cost of collecting
- 18 property taxes in this state which must be used in determining the
- 19 applicability of the exemption.
- 20 3. ~~{A person claiming the exemption provided for in paragraph (j) of~~
- 21 ~~subsection 1 shall, on or before June 15 for the next ensuing fiscal year, file~~
- 22 ~~with the county assessor an affidavit declaring that the fine art:~~
- 23 ~~—(a) Was purchased in an arm’s length transaction for \$25,000 or more,~~
- 24 ~~or has an appraised value of \$25,000 or more;~~
- 25 ~~—(b) Will be on public display in a public or private art gallery, museum~~
- 26 ~~or other building or area in this state for at least 20 hours per week during~~
- 27 ~~at least 35 weeks of the year for which the exemption is claimed; and~~
- 28 ~~—(c) Will be available for educational purposes.~~
- 29 ~~—4.} As used in this section {:~~
- 30 ~~—(a) “Boat”}, “boat” includes any vessel or other watercraft, other than a~~
- 31 ~~seaplane, used or capable of being used as a means of transportation on the~~
- 32 ~~water.~~
- 33 ~~{(b) “Fine art for public display” means a work of art which:~~
- 34 ~~—(1) Is an original painting in oil, mineral, water colors, vitreous~~
- 35 ~~enamel, pastel or other medium, an original mosaic, drawing or sketch, an~~
- 36 ~~original sculpture of clay, textiles, fiber, wood, metal, plastic, glass or a~~
- 37 ~~similar material, an original work of mixed media or a lithograph;~~
- 38 ~~—(2) Was purchased in an arm’s length transaction for \$25,000 or~~
- 39 ~~more, or has an appraised value of \$25,000 or more;~~
- 40 ~~—(3) Is on public display in a public or private art gallery, museum or~~
- 41 ~~other building or area in this state for at least 20 hours per week during~~
- 42 ~~at least 35 weeks of each year for which the exemption is claimed; and~~
- 43 ~~—(4) Is available for educational purposes.}~~

- 1 **Sec. 3.** NRS 374.291 is hereby repealed.
2 **Sec. 4.** 1. This section and sections 1 and 3 of this act become
3 effective on July 1, 1999.
4 2. Section 2 of this act becomes effective on July 1, 2003.
5 3. Section 1 expires by limitation on July 1, 2003.

TEXT OF REPEALED SECTION

374.291 Works of fine art for public display.

1. There are exempted from the taxes imposed by this chapter the gross receipts from the sales of, and the storage, use or other consumption in a county of, works of fine art for public display.

2. As used in this section, “fine art for public display” means a work of art which:

(a) Is an original painting in oil, mineral, water colors, vitreous enamel, pastel or other medium, an original mosaic, drawing or sketch, an original sculpture of clay, textiles, fiber, wood, metal, plastic, glass or a similar material, an original work of mixed media or a lithograph;

(b) Is purchased in an arm’s length transaction for \$25,000 or more, or has an appraised value of \$25,000 or more;

(c) Will be on public display in a public or private art gallery, museum or other building or area in this state for at least 20 hours per week during at least 35 weeks of the first full calendar year after the date on which it is purchased; and

(d) Will be available for educational purposes.