

SENATE BILL NO. 468—COMMITTEE ON NATURAL RESOURCES

MARCH 22, 2001

Referred to Committee on Taxation

SUMMARY—Imposes additional tax on transfer of real property for certain purpose.
(BDR 32-1473)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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; imposing a tax on the transfer of real property; requiring that proceeds of the tax be used in the plant industry program and for certain purposes; 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 375 of NRS is hereby amended by adding thereto a
2 new section to read as follows:

3 ***1. In addition to all other taxes imposed on transfers of real property,***
4 ***a tax at the rate of 1 cent for each \$100 of value, or fraction thereof, is***
5 ***hereby imposed on each deed by which any lands, tenements or other***
6 ***realty is granted, assigned, transferred or otherwise conveyed to, or***
7 ***vested in, another person, if the consideration or value of the interest or***
8 ***property conveyed, exclusive of the value of any lien or encumbrance***
9 ***remaining on the interest or property at the time of the sale, exceeds***
10 ***\$100.***

11 ***2. The amount of the tax must be computed on the basis of the value***
12 ***of the transferred real property as declared pursuant to NRS 375.060.***

13 ***3. The county recorder shall collect the tax in the manner provided***
14 ***in NRS 375.030, except that he shall transmit all the proceeds from the***
15 ***tax imposed pursuant to this section to the state treasurer for use in the***
16 ***plant industry program established in NRS 561.355 for use in***
17 ***accordance with that section.***

18 **Sec. 2.** NRS 375.030 is hereby amended to read as follows:

19 375.030 1. If any deed evidencing a transfer of title subject to the tax
20 imposed by NRS 375.020 ***and section 1 of this act*** and, if applicable, NRS
21 375.025, is offered for recordation, the county recorder shall compute the
22 amount of the tax due and shall collect that amount before acceptance of
23 the deed for recordation.



1 2. The buyer and seller are jointly and severally liable for the payment
2 of the taxes imposed by NRS 375.020 and 375.025 *and section 1 of this*
3 *act* and any penalties and interest imposed pursuant to subsection 3. The
4 escrow holder is not liable for the payment of the taxes imposed by NRS
5 375.020 and 375.025 *and section 1 of this act* or any penalties or interest
6 imposed pursuant to subsection 3.

7 3. If , after recordation of the deed, the county recorder disallows an
8 exemption that was claimed at the time the deed was recorded , or through
9 audit or otherwise determines that an additional amount of tax is due, the
10 county recorder shall promptly notify the buyer or seller, or both, of the
11 additional amount of tax due. In addition to the additional amount
12 determined to be due, the county recorder shall impose a penalty of 10
13 percent of the additional amount due in addition to interest at the rate of
14 1 1/2 percent per month, or portion thereof, of the additional amount due
15 calculated from the date of the original recordation of the deed on which
16 the additional amount is due through the date on which the additional
17 amount due, penalty and interest are paid to the county recorder.

18 4. This section does not prohibit a buyer and seller from agreeing by
19 contract or otherwise that one party or the other will be responsible for the
20 payment of the tax due pursuant to this chapter, but such an agreement
21 does not affect the ability of the county recorder to collect the tax and any
22 penalties and interest from either the buyer or the seller.

23 **Sec. 3.** NRS 375.070 is hereby amended to read as follows:

24 375.070 1. ~~Here~~ *Except as otherwise provided in section 1 of this*
25 *act, the* county recorder shall transmit the proceeds of the real property
26 transfer tax at the end of each quarter in the following manner:

27 (a) An amount equal to that portion of the proceeds which is equivalent
28 to 10 cents for each \$500 of value , or fraction thereof , must be transmitted
29 to the state treasurer who shall deposit that amount in the account for low-
30 income housing created pursuant to NRS 319.500.

31 (b) In a county whose population is more than 400,000, an amount
32 equal to that portion of the proceeds which is equivalent to 60 cents for
33 each \$500 of value , or fraction thereof , must be transmitted to the county
34 treasurer for deposit in the county school district's fund for capital projects
35 established pursuant to NRS 387.328, to be held and expended in the same
36 manner as other money deposited in that fund.

37 (c) The remaining proceeds must be transmitted to the state treasurer for
38 deposit in the local government tax distribution account created by NRS
39 360.660 for credit to the respective accounts of Carson City and each
40 county.

41 2. In addition to any other authorized use of the proceeds it receives
42 pursuant to subsection 1, a county or city may use the proceeds to pay
43 expenses related to or incurred for the development of affordable housing
44 for families whose income does not exceed 80 percent of the median
45 income for families residing in the same county, as that percentage is
46 defined by the United States Department of Housing and Urban
47 Development. A county or city that uses the proceeds in that manner must
48 give priority to the development of affordable housing for persons who are
49 disabled or elderly.



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1 3. The expenses authorized by subsection 2 include, but are not limited
2 to:
3 (a) The costs to acquire land and developmental rights;
4 (b) Related predevelopment expenses;
5 (c) The costs to develop the land, including the payment of related
6 rebates;
7 (d) Contributions toward down payments made for the purchase of
8 affordable housing; and
9 (e) The creation of related trust funds.
10 **Sec. 4.** NRS 375.090 is hereby amended to read as follows:
11 375.090 The tax imposed by NRS 375.020 and 375.025 *and section 1*
12 *of this act* does not apply to:
13 1. Any transaction wherein an interest in real property is encumbered
14 for the purposes of securing a debt.
15 2. A transfer of title to or from the United States, any territory or state ,
16 or any agency, department, instrumentality or political subdivision thereof.
17 3. A transfer of title recognizing the true status of ownership of the real
18 property.
19 4. A transfer of title without consideration from one joint tenant or
20 tenant in common to one or more remaining joint tenants or tenants in
21 common.
22 5. A transfer of title to community property without consideration
23 when held in the name of one spouse to both spouses as joint tenants or
24 tenants in common, or as community property.
25 6. A transfer of title between spouses, including gifts.
26 7. A transfer of title between spouses to effect a property settlement
27 agreement or between former spouses in compliance with a decree of
28 divorce.
29 8. A transfer of title to or from a trust, if the transfer is made without
30 consideration.
31 9. Transfers, assignments or conveyances of unpatented mines or
32 mining claims.
33 10. A transfer, assignment or other conveyance of real property to a
34 corporation or other business organization if the person conveying the
35 property owns 100 percent of the corporation or organization to which the
36 conveyance is made.
37 11. A transfer, assignment or other conveyance of real property if the
38 owner of the property is related to the person to whom it is conveyed
39 within the first degree of consanguinity.
40 12. The making, delivery or filing of conveyances of real property to
41 make effective any plan of reorganization or adjustment:
42 (a) Confirmed under the Bankruptcy Act, as amended, Title 11 of
43 U.S.C.;
44 (b) Approved in an equity receivership proceeding involving a railroad
45 as defined in the Bankruptcy Act;
46 (c) Approved in an equity receivership proceeding involving a
47 corporation, as defined in the Bankruptcy Act; or



1 (d) Whereby a mere change in identity, form or place of organization is
2 effected, such as a transfer between a corporation and its parent
3 corporation, a subsidiary or an affiliated corporation,
4 if the making, delivery or filing of instruments of transfer or conveyance
5 occurs within 5 years after the date of the confirmation, approval or
6 change.

7 13. The making or delivery of conveyances of real property to make
8 effective any order of the Securities and Exchange Commission if:

9 (a) The order of the Securities and Exchange Commission in obedience
10 to which the transfer or conveyance is made recites that the transfer or
11 conveyance is necessary or appropriate to effectuate the provisions of
12 section 11 of the Public Utility Holding Company Act of 1935, 15 U.S.C. §
13 79k;

14 (b) The order specifies and itemizes the property which is ordered to be
15 transferred or conveyed; and

16 (c) The transfer or conveyance is made in obedience to the order.

17 14. A transfer to or from an educational foundation. As used in this
18 subsection, "educational foundation" has the meaning ascribed to it in
19 subsection 3 of NRS 388.750.

20 15. A transfer to or from a university foundation. As used in this
21 subsection, "university foundation" has the meaning ascribed to it in
22 subsection 3 of NRS 396.405.

23 16. A transfer, assignment or other conveyance of real property to a
24 corporation sole from another corporation sole. As used in this subsection,
25 "corporation sole" means a corporation which is organized pursuant to the
26 provisions of chapter 84 of NRS.

27 **Sec. 5.** NRS 561.355 is hereby amended to read as follows:

28 561.355 1. The plant industry program is hereby established.

29 2. The following fees and money ~~shall~~ **must** be used in the plant
30 industry program:

31 (a) Fees and money collected pursuant to the provisions of chapters 555,
32 581, 582 and 587 of NRS.

33 (b) Laboratory fees collected for the diagnosis of infectious, contagious
34 and destructive diseases of agricultural commodities, and infestations
35 thereof by pests, as authorized by NRS 561.305, and as may be necessary
36 under the provisions of **chapter 554 of** NRS . ~~554.010 to 554.240,~~
37 ~~inclusive.~~

38 (c) Laboratory fees collected for the survey and identification of insect
39 pests, plant diseases and noxious weeds, as authorized by NRS 561.305,
40 and as may be necessary under the provisions of NRS ~~555.010~~ **555.005** to
41 555.249, inclusive.

42 (d) Laboratory fees collected for the testing of the purity and
43 germinating power of agricultural seeds, as authorized by NRS 561.305,
44 and as may be necessary under the provisions of NRS 587.015 to 587.123,
45 inclusive.

46 ***(e) Money received from the tax on the transfer of real property***
47 ***pursuant to section 1 of this act.***



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1 3. Expenditures for the plant industry program ~~shall~~ *must* be made
2 only for the purposes of carrying out the provisions of chapters 554, 555,
3 581, 582 and 587 of NRS, and the provisions of this chapter.

4 *4. The money credited to the program pursuant to section 1 of this*
5 *act must be used as follows:*

6 *(a) Fifty percent for use by the department for programs on the*
7 *exclusion, detection and control of invasive species; and*

8 *(b) Fifty percent for grants to counties for the control or management*
9 *of invasive species.*

10 *5. As used in this section, "invasive species" means a species of plant*
11 *or insect that is not indigenous to the United States.*

12 **Sec. 6.** This act becomes effective on July 1, 2001.

