

SENATE BILL NO. 154—COMMITTEE ON TAXATION

FEBRUARY 26, 2007

Referred to Committee on Taxation

SUMMARY—Revises provisions governing taxes on transfers of real property. (BDR 32-712)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: 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 taxation; providing an exemption from the taxes on transfers of real property between a business entity and its owners if the transfer to each owner is proportional to his respective ownership interest in the business entity; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides for the imposition of taxes on transfers of real property.
2 (NRS 375.020, 375.023, 375.026) Existing law also provides that certain transfers
3 are exempt from such taxes. (NRS 375.090) This bill revises an exemption for
4 transfers relating to the reorganization of a corporation to apply to the
5 reorganization of any business entity. This bill also provides an exemption for
6 transfers between a business entity and its owners if the transfer to each owner is
7 proportional to his respective ownership interest in the business entity.

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

1 **Section 1.** NRS 375.090 is hereby amended to read as follows:
2 375.090 The taxes imposed by NRS 375.020, 375.023 and
3 375.026 do not apply to:
4 1. A mere change in identity, form or place of organization,
5 such as a transfer between a ~~corporation~~ *business entity* and its
6 parent ~~corporation, a~~ , *its* subsidiary or an affiliated ~~corporation~~



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1 **business entity** if the affiliated ~~{corporation}~~ **business entity** has
2 identical common ownership.

3 2. A transfer of title to the United States, any territory or state
4 or any agency, department, instrumentality or political subdivision
5 thereof.

6 3. A transfer of title recognizing the true status of ownership of
7 the real property.

8 4. A transfer of title without consideration from one joint
9 tenant or tenant in common to one or more remaining joint tenants
10 or tenants in common.

11 5. A transfer, assignment or other conveyance of real property
12 if the owner of the property is related to the person to whom it is
13 conveyed within the first degree of lineal consanguinity or affinity.

14 6. A transfer of title between former spouses in compliance
15 with a decree of divorce.

16 7. A transfer of title to or from a trust without consideration if a
17 certificate of trust is presented at the time of transfer.

18 8. Transfers, assignments or conveyances of unpatented mines
19 or mining claims.

20 9. A transfer, assignment or other conveyance of real property
21 to a corporation or other business organization if the person
22 conveying the property owns 100 percent of the corporation or
23 organization to which the conveyance is made.

24 10. A conveyance of real property by deed which becomes
25 effective upon the death of the grantor pursuant to NRS 111.109.

26 11. The making, delivery or filing of conveyances of real
27 property to make effective any plan of reorganization or adjustment:

28 (a) Confirmed under the Bankruptcy Act, as amended, 11 U.S.C.
29 §§ 101 et seq.;

30 (b) Approved in an equity receivership proceeding involving a
31 railroad, as defined in the Bankruptcy Act; or

32 (c) Approved in an equity receivership proceeding involving a
33 corporation, as defined in the Bankruptcy Act,

34 ➔ if the making, delivery or filing of instruments of transfer or
35 conveyance occurs within 5 years after the date of the confirmation,
36 approval or change.

37 12. The making or delivery of conveyances of real property to
38 make effective any order of the Securities and Exchange
39 Commission if:

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



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

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

5 13. A transfer to an educational foundation. As used in this
6 subsection, "educational foundation" has the meaning ascribed to it
7 in subsection 3 of NRS 388.750.

8 14. A transfer to a university foundation. As used in this
9 subsection, "university foundation" has the meaning ascribed to it in
10 subsection 3 of NRS 396.405.

11 *15. Transfers between a business entity and its owners if the*
12 *transfer to each owner is proportional to his respective ownership*
13 *interest in the business entity.*

14 **Sec. 2.** This act becomes effective on July 1, 2007.

