

SENATE BILL NO. 273—SENATOR RHODS

MARCH 13, 2007

Referred to Committee on Taxation

SUMMARY—Provides an exemption from real property transfer taxes for certain transfers of water rights. (BDR 32-734)

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 that transfers of water rights to or from water utilities under certain circumstances are exempt from certain taxes imposed on the transfer of real property; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides for the imposition of real property transfer taxes. (NRS
2 375.020, 375.023, 375.026) Existing law also provides for various exemptions from
3 those taxes. (NRS 375.090) This bill provides an additional exemption from those
4 taxes for transfers of water rights to a water utility where the transferor receives a
5 commitment for equivalent water service from the water utility and for any
6 subsequent transfer of those water rights from the water utility to that transferor.

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 and its parent corporation, a
6 subsidiary or an affiliated corporation if the affiliated corporation
7 has identical common ownership.



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

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

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

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

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

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

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

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

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

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

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

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

(c) Approved in an equity receivership proceeding involving a corporation, as defined in the Bankruptcy Act,
➔ if the making, delivery or filing of instruments of transfer or conveyance occurs within 5 years after the date of the confirmation, approval or change.

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

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

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



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

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

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

15. A transfer of water rights:

(a) *To a water utility where the transferor receives a commitment for equivalent water service from the water utility, less any reduction of use that may be ordered by the State Engineer; and*

(b) *Any subsequent transfer of those water rights from the water utility to that transferor.*

↪ *As used in this subsection, "water utility" means an entity that is regulated by the Public Utilities Commission of Nevada and uses any plant or equipment, or any part of a plant or equipment, to provide water for business, manufacturing, agricultural or household use or sewerage service.*

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

