

SENATE BILL NO. 164—SENATOR KIECKHEFER

FEBRUARY 14, 2019

Referred to Committee on Revenue and
Economic Development

SUMMARY—Recognizes certain virtual currencies as a form of
intangible personal property for purposes of taxation.
(BDR 32-878)

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; clarifying that certain virtual
currencies are intangible personal property for the
purposes of taxation; and providing other matters properly
relating thereto.

Legislative Counsel’s Digest:

1 Shares of stock and certain other forms of intangible personal property are
2 exempt from property taxation under existing law. (Nev. Const. Art. 10, §1; NRS
3 361.228) This bill clarifies that certain virtual currencies are intangible personal
4 property for this purpose. This bill defines “virtual currency” to mean a digital
5 representation of value that: (1) is created, issued and maintained on a public
6 blockchain; (2) is not attached to a tangible asset or fiat currency; (3) is accepted as
7 a means of payment; and (4) may only be transferred, stored or traded
8 electronically.

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

1 **Section 1.** NRS 361.228 is hereby amended to read as follows:
2 361.228 1. All intangible personal property is exempt from
3 taxation, including, without limitation:
4 (a) Shares of stock, bonds, mortgages, notes, bank deposits,
5 ***virtual currencies***, book accounts such as an acquisition adjustment
6 and credits, and securities and choses in action of like character; and



(b) Goodwill, customer lists, contracts and contract rights, patents, trademarks, trade names, custom computer programs, copyrights, trade secrets, franchises and licenses.

2. The value of intangible personal property must not enhance or be reflected in the value of real property or tangible personal property.

3. The attributes of real property, such as zoning, location, water rights, view and geographic features, are not intangible personal property and must be considered in valuing the real property, if appropriate.

4. As used in this section:

(a) "Public blockchain" means an electronic record of transactions or other data which:

(1) Is uniformly ordered;

(2) Is processed using a decentralized method by which two or more unaffiliated computers or machines verify the recorded transactions or other data;

(3) Is redundantly maintained by two or more unaffiliated computers or machines to guarantee the consistency or nonrepudiation of the recorded transactions or other data;

(4) Is validated by the use of cryptography; and

(5) Does not restrict the ability of any computer or machine to:

(I) View the network on which the record is maintained;

or

(II) Maintain or validate the state of the public blockchain.

(b) "State of the public blockchain" means the cumulative record of data on a public blockchain, consisting of the first block of the public blockchain, all finalized transactions on the public blockchain and all block rewards recorded on the public blockchain.

(c) "Virtual currency" means a digital representation of value that:

(1) Is created, issued and maintained on a public blockchain;

(2) Is not attached to any tangible asset or fiat currency;

(3) Is accepted as a means of payment; and

(4) May only be transferred, stored or traded electronically.

Sec. 2. This act becomes effective on July 1, 2019.

