## SENATE BILL NO. 370-SENATOR RHOADS

## MARCH 17, 2003

## Referred to Committee on Taxation

SUMMARY—Authorizes board of county commissioners to impose additional tax on transfer of real property for control of invasive species. (BDR 32-39)

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; authorizing a board of county commissioners to impose an additional tax on the transfer of real property; requiring the proceeds of the tax to be used for the control of invasive species; requiring the State Department of Agriculture to present annually to each board of county commissioners proposed programs for the control of invasive species; and providing other matters properly relating thereto.

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

**Section 1.** Chapter 375 of NRS is hereby amended by adding thereto a new section to read as follows:

1. In addition to all other taxes imposed on transfers of real property, a board of county commissioners may impose a tax at the rate of up to 5 cents for each \$500 of value, or fraction thereof, on each deed by which any lands, tenements or other realty is granted, assigned, transferred or otherwise conveyed to, or vested in, another person, if the consideration or value of the interest or 9 property conveyed, exclusive of the value of any lien or 10 encumbrance remaining on the interest or property at the time of 11 the conveyance, exceeds \$100.



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

- 3. The county recorder shall collect the tax in the manner provided in NRS 375.030, except that he shall transmit all the proceeds from the tax imposed pursuant to this section to the State Treasurer for use in the Plant Industry Program as required by NRS 561.355.
  - **Sec. 2.** NRS 375.018 is hereby amended to read as follows:

375.018 With regard to the administration of [the real property transfer tax,] any tax imposed by this chapter, the county recorder shall apply the following principles:

- 1. Forms, instructions and regulations governing the computation of the amount of tax due must be brief and easily understood.
- 2. In cases where another authority, such as the United States or this state, also imposes a tax upon the same property or revenue, the mechanism for collecting the tax imposed by the county must be as nearly compatible with the collection of the other taxes as is feasible.
- 3. Unless a change is made necessary by statute or to preserve compatibility with a tax imposed by another authority, the forms, instructions and regulations must remain the same from year to year, to make the taxpayer's liability as predictable as is feasible.
- 4. Exemptions or waivers, where permitted by statute, must be granted:
  - (a) Equitably among eligible taxpayers; and
- (b) As sparingly as is consistent with the legislative intent, to retain the broadest feasible base for the tax.
  - **Sec. 3.** NRS 375.030 is hereby amended to read as follows:
- 375.030 1. If any deed evidencing a transfer of title subject to the tax imposed by NRS 375.020 and, if applicable, NRS 375.025 and section 1 of this act, is offered for recordation, the county recorder shall compute the amount of the tax due and shall collect that amount before acceptance of the deed for recordation.
- 2. The buyer and seller are jointly and severally liable for the payment of the taxes imposed by NRS 375.020 and 375.025 *and section 1 of this act* and any penalties and interest imposed pursuant to subsection 3. The escrow holder is not liable for the payment of the taxes imposed by NRS 375.020 and 375.025 *and section 1 of this act* or any penalties or interest imposed pursuant to subsection 3.
- 3. If after recordation of the deed, the county recorder disallows an exemption that was claimed at the time the deed was recorded or through audit or otherwise determines that an additional



amount of tax is due, the county recorder shall promptly notify the person who requested the recording of the deed and the buyer and seller of the additional amount of tax due. If the additional amount of tax is not paid within 30 days after the date the buyer and seller are notified, the county recorder shall impose a penalty of 10 percent of the additional amount due in addition to interest at the rate of 1 percent per month, or portion thereof, of the additional amount due calculated from the date of the original recordation of the deed on which the additional amount is due through the date on which the additional amount due, penalty and interest are paid to the county recorder.

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

**Sec. 4.** NRS 375.070 is hereby amended to read as follows: 375.070 1. The county recorder shall transmit the proceeds of the **[real property transfer]** tax *imposed by NRS 375.020* at the end

of each quarter in the following manner:

(a) An amount equal to that portion of the proceeds which is equivalent to 10 cents for each \$500 of value or fraction thereof must be transmitted to the State Controller who shall deposit that amount in the Account for Low-Income Housing created pursuant to NRS 319.500.

- (b) In a county whose population is more than 400,000, an amount equal to that portion of the proceeds which is equivalent to 60 cents for each \$500 of value or fraction thereof must be transmitted to the county treasurer for deposit in the county school district's fund for capital projects established pursuant to NRS 387.328, to be held and expended in the same manner as other money deposited in that fund.
- (c) The remaining proceeds must be transmitted to the State Controller for deposit in the Local Government Tax Distribution Account created by NRS 360.660 for credit to the respective accounts of Carson City and each county.
- 2. In addition to any other authorized use of the proceeds it receives pursuant to subsection 1, a county or city may use the proceeds to pay expenses related to or incurred for the development of affordable housing for families whose income does not exceed 80 percent of the median income for families residing in the same county, as that percentage is defined by the United States Department of Housing and Urban Development. A county or city that uses the proceeds in that manner must give priority to the



- development of affordable housing for persons who are disabled orelderly.
  - 3. The expenses authorized by subsection 2 include, but are not limited to:
    - (a) The costs to acquire land and developmental rights;
    - (b) Related predevelopment expenses;

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- (c) The costs to develop the land, including the payment of related rebates;
- (d) Contributions toward down payments made for the purchase of affordable housing; and
  - (e) The creation of related trust funds.
- **Sec. 5.** NRS 375.090 is hereby amended to read as follows: 375.090 The [tax] taxes imposed by NRS 375.020 and 375.025 [does] and section 1 of this act do not apply to:
- 1. A mere change in identity, form or place of organization, such as a transfer between a corporation and its parent corporation, a subsidiary or an affiliated corporation if the affiliated corporation 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 of title to community property without consideration when held in the name of one spouse to both spouses as joint tenants or tenants in common, or as community property.
    - 6. A transfer of title between spouses, including gifts.
    - 7. A transfer of title between spouses to effect a property settlement agreement or between former spouses in compliance with a decree of divorce.
  - 8. A transfer of title to or from a trust, if the transfer is made without consideration, and is made to or from:
    - (a) The trustor of the trust;
    - (b) The trustor's legal representative; or
  - (c) A person related to the trustor in the first degree of consanguinity.
- 40 As used in this subsection, "legal representative" has the meaning ascribed to it in NRS 167.020.
- 42 9. Transfers, assignments or conveyances of unpatented mines 43 or mining claims.
- 44 10. A transfer, assignment or other conveyance of real property 45 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.

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- 11. 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 consanguinity.
- 12. 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.;
- 10 (b) Approved in an equity receivership proceeding involving a railroad, as defined in the Bankruptcy Act; or
- 12 (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.
  - 13. 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
  - (c) The transfer or conveyance is made in obedience to the order.
  - 14. 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.
  - 15. 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.
  - 16. A transfer, assignment or other conveyance of real property to a corporation sole from another corporation sole. As used in this subsection, "corporation sole" means a corporation which is organized pursuant to the provisions of chapter 84 of NRS.
    - **Sec. 6.** NRS 375.120 is hereby amended to read as follows: 375.120 The county recorder shall:
- 40 375.120 The county recorder shall: 41 1. Conduct and apply audits a
  - 1. Conduct and apply audits and other procedures for enforcement as uniformly as is feasible.
- 2. Collect [real property transfer] any tax that is due pursuant to the provisions of this chapter in an equitable manner, so that every taxpayer pays the full amount imposed by law.



**Sec. 7.** NRS 375.130 is hereby amended to read as follows:

- 375.130 1. The county recorder may audit all records relating to the collection and calculation of [the real property transfer tax.] any tax imposed by this chapter. If the county recorder deems it necessary to conduct an audit, the audit must be completed within 3 years after the date of the original recording of the document that evidences the transfer of property for which the tax was imposed.
- 2. The county recorder may issue subpoenas to require the production of documents necessary for him to determine the amount of [real property transfer] the tax due pursuant to this chapter or to determine whether a person qualifies for an exemption from taxes pursuant to this chapter. The county recorder may have the subpoenas served, and upon application of the district attorney, to any court of competent jurisdiction, enforced in the manner provided by law for the service and enforcement of subpoenas in a civil action.
  - **Sec. 8.** NRS 375.160 is hereby amended to read as follows:
- 375.160 1. If any **[real property transfer]** tax imposed pursuant to this chapter is not paid when due, the county may, within 3 years after the date that the tax was due, record a certificate in the office of the county recorder which states:
- (a) The amount of the **[real property transfer]** tax and any interest or penalties due;
- (b) The name and address of the person who is liable for the amount due as they appear on the records of the county; and
- (c) That the county recorder has complied with all procedures required by law for determining the amount due.
- 2. From the time of the recording of the certificate, the amount due, including interest and penalties, constitutes:
- (a) A lien upon the real property for which the tax was due if the person who owes the tax still owns the property; or
- (b) A demand for payment if the property has been sold or otherwise transferred to another person.
- 3. The lien has the effect and priority of a judgment lien and continues for 5 years after the time of the recording of the certificate unless sooner released or otherwise discharged.
- 4. Within 5 years after the date of recording the certificate or within 5 years after the date of the last extension of the lien pursuant to this subsection, the lien may be extended by recording a new certificate in the office of the county recorder. From the time of recording the new certificate, the lien is extended for 5 years, unless sooner released or otherwise discharged.
  - **Sec. 9.** NRS 375.170 is hereby amended to read as follows:
- 375.170 1. If a person is delinquent in the payment of [the real property transfer] any tax imposed by this chapter or has not



paid the amount of a deficiency determination, the county may bring an action in a court of this state, a court of any other state or a court of the United States that has competent jurisdiction to collect the delinquent or deficient amount, penalties and interest. The action:

- (a) May not be brought if the decision that the payment is delinquent or that there is a deficiency determination is on appeal to a hearing officer pursuant to NRS 375.320.
- (b) Must be brought not later than 3 years after the payment became delinquent or the determination became final.
- 2. The district attorney shall prosecute the action. The provisions of the Nevada Revised Statutes, Nevada Rules of Civil Procedure and Nevada Rules of Appellate Procedure relating to service of summons, pleadings, proofs, trials and appeals are applicable to the proceedings. In the action, a writ of attachment may issue. A bond or affidavit is not required before an attachment may be issued.
- 3. In an action, a certificate by the county recorder showing the delinquency is prima facie evidence of:
  - (a) The determination of the tax or the amount of the tax;
  - (b) The delinquency of the amounts; and

- (c) The compliance by the county recorder with all the procedures required by law relating to the computation and determination of the amounts.
  - **Sec. 10.** NRS 375.250 is hereby amended to read as follows:
- 375.250 1. The Legislature hereby declares that each taxpayer has the right:
- (a) To be treated by officers and employees of the county recorder with courtesy, fairness, uniformity, consistency and common sense.
- (b) To a prompt response from the county recorder to each communication from the taxpayer.
- (c) To provide the minimum documentation and other information as may reasonably be required by the county recorder to carry out his duties.
- (d) To be notified, in writing, by the county recorder whenever an officer or employee of the county recorder determines that the taxpayer is entitled to an exemption or has been taxed more than is required pursuant to this chapter.
- (e) To written instructions indicating how the taxpayer may petition for a refund for overpayment of [real property transfer] any tax, interest or penalties.
- (f) To recover an overpayment of [real property transfer] any tax promptly upon the final determination of such an overpayment.
- (g) To obtain specific advice from the county recorder concerning [real property transfer] any tax.



- (h) In any meeting with the county recorder, including an audit, conference, interview or hearing:
- (1) To an explanation by an officer, agent or employee of the county recorder that describes the procedures to be followed and the rights of the taxpayer thereunder;
- (2) To be represented by himself or anyone who is otherwise authorized by law to represent him before the county recorder;
- (3) To make an audio recording using the taxpayer's equipment and at the taxpayer's expense; and
- (4) To receive a copy of any document or audio recording made by or in the possession of the county recorder relating to the determination or collection of any tax for which the taxpayer is assessed pursuant to this chapter, upon payment of the actual cost to the county recorder of making the copy.
- (i) To a full explanation of the authority of the county recorder to collect the [real property transfer] tax or to collect a delinquent [real property transfer] tax, including, without limitation, the procedures and notices for review and appeal that are required for the protection of the taxpayer. An explanation which meets the requirements of this section must also be included with each notice to a taxpayer that an audit will be conducted by the county.
- (j) To the immediate release of any lien which the county recorder has placed on real property for the nonpayment of [the real property transfer] a tax when:
  - (1) The tax is paid;

- (2) The period of limitation for collecting the tax expires;
- (3) The lien is the result of an error by the county recorder;
- (4) The county recorder determines that the taxes, interest and penalties are secured sufficiently by a lien on other real property;
- (5) The release or subordination of the lien will not jeopardize the collection of the taxes, interest and penalties; or
- (6) The release of the lien will facilitate the collection of the taxes, interest and penalties.
- (k) To be free from harassment and intimidation by an officer or employee of the county recorder for any reason.
- 2. The provisions of this chapter governing the administration and collection of taxes by the county recorder must not be construed in such a manner as to interfere or conflict with the provisions of this section or any applicable regulations.
- 3. The provisions of this section apply to the administration and collection of taxes pursuant to this chapter.
  - **Sec. 11.** NRS 375.270 is hereby amended to read as follows:
- 375.270 The county recorder shall provide each taxpayer who it determines may be liable for taxes pursuant to this chapter with



simplified written instructions concerning the rights and responsibilities of the taxpayer, including the:

1. Keeping of records sufficient for audit purposes;

- 2. Procedures for paying [the real property transfer tax;] any taxes that are due; and
- 3. Procedures for challenging any liability for [real property transfer] any tax, penalties or interest and for requesting refunds of any erroneously paid [real property transfer] tax, including the steps for appealing a denial thereof.

**Sec. 12.** NRS 375.290 is hereby amended to read as follows: 375.290 A taxpayer is entitled to receive on any overpayment of [the real property transfer] any tax imposed by this chapter a refund together with interest at a rate determined pursuant to NRS 17.130. No interest is allowed on a refund of any penalties or interest on the [real property transfer] tax that is paid by a taxpayer.

**Sec. 13.** NRS 375.300 is hereby amended to read as follows: 375.300 The county recorder shall provide a taxpayer with a response to any written request submitted by the taxpayer that relates to a **[real property transfer]** tax **imposed by this chapter** within 30 days after the county treasurer receives the request.

**Sec. 14.** NRS 375.330 is hereby amended to read as follows:

375.330 1. The county recorder may waive any [real property transfer] tax, penalty and interest owed by the taxpayer *pursuant to this chapter* if the taxpayer meets the criteria adopted by regulation. If a waiver is granted pursuant to this subsection, the county shall prepare and maintain on file a statement that contains:

- (a) The reason for the waiver;
- (b) The amount of the tax, penalty and interest owed by the taxpayer; and
- (c) The amount of the tax, penalty and interest waived by the county.
- 2. If the county recorder or a designated hearing officer finds that the failure of a person to make a timely payment of [the real property transfer] any tax imposed is the result of circumstances beyond his control and occurred despite the exercise of ordinary care and without intent to avoid such payment, the county recorder may relieve him of all or part of any interest or penalty or both.
- 3. If a person proves to the satisfaction of the county recorder that he has in good faith remitted the [real property transfer] tax in reliance upon written advice provided by an officer or employee of the county recorder, an opinion of the district attorney or Attorney General, or the written results of an audit of his records conducted by the county recorder, the county recorder may not require the taxpayer to pay delinquent taxes, penalties or interest if the county



recorder determines after the completion of a subsequent audit that the taxes the taxpayer remitted were deficient.

- **Sec. 15.** NRS 388.750 is hereby amended to read as follows: 388.750 1. An educational foundation:
- (a) Shall comply with the provisions of chapter 241 of NRS;
- (b) Except as otherwise provided in subsection 2, shall make its records public and open to inspection pursuant to NRS 239.010; and
- (c) Is exempt from the [tax on transfers of real property] taxes imposed by NRS 375.020 and 375.025 and section 1 of this act pursuant to subsection 14 of NRS 375.090.
- 2. An educational foundation is not required to disclose the names of the contributors to the foundation or the amount of their contributions. The educational foundation shall, upon request, allow a contributor to examine, during regular business hours, any record, document or other information of the foundation relating to that contributor.
- 3. As used in this section, "educational foundation" means a nonprofit corporation, association or institution or a charitable organization that is:
- (a) Organized and operated exclusively for the purpose of supporting one or more kindergartens, elementary schools, junior high or middle schools or high schools, or any combination thereof;
  - (b) Formed pursuant to the laws of this state; and
  - (c) Exempt from taxation pursuant to 26 U.S.C. § 501(c)(3).
  - **Sec. 16.** NRS 396.405 is hereby amended to read as follows: 396.405 1. A university foundation:
  - (a) Shall comply with the provisions of chapter 241 of NRS;
- (b) Except as otherwise provided in subsection 2, shall make its records public and open to inspection pursuant to NRS 239.010;
- (c) Is exempt from the [tax on transfers of real property] taxes imposed by NRS 375.020 and 375.025 and section 1 of this act pursuant to subsection [14] 15 of NRS 375.090; and
- (d) May allow a president or an administrator of the university or community college which it supports to serve as a member of its governing body.
- 2. A university foundation is not required to disclose the name of any contributor or potential contributor to the university foundation, the amount of his contribution or any information which may reveal or lead to the discovery of his identity. The university foundation shall, upon request, allow a contributor to examine, during regular business hours, any record, document or other information of the foundation relating to that contributor.
- 43 3. As used in this section, "university foundation" means a 44 nonprofit corporation, association or institution or a charitable 45 organization that is:



- (a) Organized and operated exclusively for the purpose of supporting a university or a community college;
  - (b) Formed pursuant to the laws of this state; and

- (c) Exempt from taxation pursuant to 26 U.S.C. § 501(c)(3).
- **Sec. 17.** NRS 561.355 is hereby amended to read as follows: 561.355

  1. The Plant Industry Program is hereby established.
- 2. The following fees and money must be used in the Plant
- Industry Program:
- (a) Fees and money collected pursuant to the provisions of chapters 552, 555, 581, 582 and 587 of NRS.
- (b) Laboratory fees collected for the diagnosis of infectious, contagious and parasitic diseases of bees, as authorized by NRS 561.305, and as are necessary pursuant to the provisions of chapter 552 of NRS.
- (c) Laboratory fees collected for the diagnosis of infectious, contagious and destructive diseases of agricultural commodities, and infestations thereof by pests, as authorized by NRS 561.305, and as may be necessary pursuant to the provisions of *chapter 554 of* NRS . [554.010 to 554.240, inclusive.]
- (d) Laboratory fees collected for the survey and identification of insect pests, plant diseases and noxious weeds, as authorized by NRS 561.305, and as may be necessary pursuant to the provisions of NRS 555.005 to 555.249, inclusive.
- (e) Laboratory fees collected for the testing of the purity and germinating power of agricultural seeds, as authorized by NRS 561.305, and as may be necessary pursuant to the provisions of NRS 587.015 to 587.123, inclusive.
- (f) Money received from a tax on the transfer of real property imposed pursuant to section 1 of this act.
- 3. Expenditures for the Plant Industry Program must be made only for the purposes of carrying out the provisions of this chapter and chapters 552, 554, 555, 581, 582 and 587 of NRS.
- 4. The money credited to the Program pursuant to section 1 of this act must only be used:
- (a) By the Department for programs on the exclusion, detection and control of invasive species; and
- (b) For grants to local governments and nonprofit organizations for the control or management of invasive species.
- 5. Not later than 30 days after the beginning of each fiscal year, the Department shall present to each board of county commissioners for approval by the board proposed programs for the exclusion, detection and control of invasive species that involve cooperative action between the Department and the county.
  - 6. As used in this section:



- 1 (a) "Invasive species" means any living organism not native to this state that may present a threat to the economy, environment or public health of this state.
  4 (b) "Local government" has the meaning ascribed to it in NRS 237.050.
- - **Sec. 18.** This act becomes effective on July 1, 2003.



