

SENATE BILL NO. 464—COMMITTEE ON TAXATION

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Revises provisions relating to vessels.
(BDR 32-1240)

FISCAL NOTE: Effect on Local Government: Yes.
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 vessels; revising the provisions governing the administration of the exemption from certain taxes on the sale of tangible personal property to be shipped outside this state to include the sale of a vessel to a nonresident under certain circumstances; providing for the computation of certain taxes on certain sales of used vessels; excluding the value of a vessel taken in trade from the sales price of a vessel for the purposes of certain taxes; exempting a motorboat that has been documented pursuant to federal law from the requirement of obtaining a title pursuant to the provisions governing watercraft; requiring the Division of Wildlife of the State Department of Conservation and Natural Resources to collect certain taxes upon the sale or use of motorboats under certain circumstances; 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.** NRS 372.7263 is hereby amended to read as
2 follows:
3 372.7263 In administering the provisions of NRS 372.335, the
4 Department shall apply the exemption for the sale of tangible
5 personal property delivered by the vendor to a forwarding agent for
6 shipment out of state to include:



1 1. The sale of a vehicle to a nonresident to whom a special
2 movement permit has been issued by the Department of Motor
3 Vehicles pursuant to subsection 1 of NRS 482.3955; ~~and~~

4 2. The sale of farm machinery and equipment, as defined in
5 NRS 374.286, to a nonresident who submits proof to the vendor that
6 the farm machinery and equipment will be delivered out of state not
7 later than 15 days after the sale ~~and~~; and

8 *3. The sale of a vessel to a nonresident who submits proof to
9 the vendor that the vessel will be delivered out of state not later
10 than 15 days after the sale.*

11 **Sec. 2.** Chapter 374 of NRS is hereby amended by adding
12 thereto the provisions set forth as sections 3 and 4 of this act.

13 **Sec. 3.** *“Vessel” has the meaning ascribed to it in
14 NRS 488.035.*

15 **Sec. 4. 1.** *In computing the tax on the sale of a vessel by a
16 seller who is not required to be registered with the Department of
17 Taxation, the Division:*

18 *(a) May require the submission of a copy of the bill of sale.*

19 *(b) Shall use as the sales price of the vessel the greater of:*

20 *(1) The amount stated on the authorized appraisal;*

21 *(2) The cost of the vessel as evidenced by the copy of the bill
22 of sale; or*

23 *(3) One hundred dollars.*

24 *2. The Division shall prepare and make available a form for
25 an authorized appraisal.*

26 *3. The Division shall retain a copy of each appraisal and bill
27 of sale submitted pursuant to subsection 1 with its record of the
28 collection of the tax.*

29 *4. A fee of not more than \$10 may be charged and collected
30 for each authorized appraisal made.*

31 *5. The Board of Wildlife Commissioners may adopt
32 regulations as necessary to carry out the provisions of this section.*

33 *6. As used in this section:*

34 *(a) “Authorized appraisal” means an appraisal of the value of
35 a vessel that:*

36 *(1) Is determined by an employee of the Division based on
37 the lowest value of comparable vessels as estimated in the most
38 recent edition of the National Automobile Dealers Association
39 Consumer Marine Appraisal Guide; or*

40 *(2) If the value of the vessel is not set forth in the National
41 Automobile Dealers Association Consumer Marine Appraisal
42 Guide, is made by a dealer or manufacturer who has been issued a
43 dealer’s certificate of number by the Division.*

44 *(b) “Division” means the Division of Wildlife of the State
45 Department of Conservation and Natural Resources.*



1 **Sec. 5.** NRS 374.020 is hereby amended to read as follows:
2 374.020 ~~[Except where]~~ *As used in this chapter, unless* the
3 context otherwise requires, the ~~[definitions given]~~ *words and terms*
4 *defined* in NRS 374.025 to 374.107, inclusive, ~~[govern the~~
5 ~~construction of this chapter.]~~ *and section 3 of this act have the*
6 *meanings ascribed to them in those sections.*

7 **Sec. 6.** NRS 374.040 is hereby amended to read as follows:
8 374.040 1. “Occasional sale,” except as otherwise provided
9 in subsection 2, includes:

10 (a) A sale of property not held or used by a seller in the course
11 of an activity for which he is required to hold a seller’s permit,
12 provided ~~[such]~~ *the* sale is not one of a series of sales sufficient in
13 number, scope and character to constitute an activity requiring the
14 holding of a seller’s permit.

15 (b) Any transfer of all or substantially all the property held or
16 used by a person in the course of such an activity when after ~~[such]~~
17 *the* transfer the real or ultimate ownership of ~~[such]~~ *the* property is
18 substantially similar to that which existed before ~~[such]~~ *the* transfer.

19 2. The term does not include the sale of a vehicle *or vessel*
20 other than the sale or transfer of a used vehicle *or vessel* to the
21 seller’s spouse, child, grandchild, parent, grandparent, brother or
22 sister. For the purposes of this section, the relation of parent and
23 child includes adoptive and illegitimate children and stepchildren.

24 3. For the purposes of this section, stockholders, bondholders,
25 partners or other persons holding an interest in a corporation or
26 other entity are regarded as having the “real or ultimate ownership”
27 of the property of ~~[such]~~ *the* corporation or other entity.

28 **Sec. 7.** NRS 374.070 is hereby amended to read as follows:

29 374.070 1. “Sales price” means the total amount for which
30 tangible property is sold, valued in money, whether paid in money
31 or otherwise, without any deduction on account of any of the
32 following:

33 (a) The cost of the property sold.

34 (b) The cost of the materials used, labor or service cost, interest
35 charged, losses, or any other expenses.

36 (c) The cost of transportation of the property before its purchase.

37 2. The total amount for which property is sold includes all of
38 the following:

39 (a) Any services that are a part of the sale.

40 (b) Any amount for which credit is given to the purchaser by the
41 seller.

42 3. “Sales price” does not include any of the following:

43 (a) Cash discounts allowed and taken on sales.

44 (b) The amount charged for property returned by customers
45 when the entire amount charged therefor is refunded ~~[either]~~ in cash



1 or credit ~~[-but]~~, *except that* this exclusion does not apply in any
2 instance when the customer, in order to obtain the refund, is
3 required to purchase other property at a price greater than the
4 amount charged for the property that is returned.

5 (c) The amount charged for labor or services rendered in
6 installing or applying the property sold.

7 (d) The amount of any tax, ~~[H]~~ not including ~~[-however,]~~ any
8 manufacturers' or importers' excise tax, ~~[H]~~ imposed by the United
9 States upon or with respect to retail sales, whether imposed upon the
10 retailer or the consumer.

11 (e) The amount of any tax imposed by the State of Nevada upon
12 or with respect to the storage, use or other consumption of tangible
13 personal property purchased from any retailer.

14 (f) The amount of any allowance against the selling price given
15 by a retailer for the value of a used vehicle *or vessel* which is taken
16 in trade on the purchase of another vehicle ~~[-]~~ *or vessel*.

17 4. For the purpose of a sale of a vehicle *or vessel* by a seller
18 who is not required to be registered with the Department of
19 Taxation, the sales price is the value established in the manner set
20 forth in NRS 374.112 ~~[-]~~ *or section 4 of this act*.

21 **Sec. 8.** NRS 374.7273 is hereby amended to read as follows:

22 374.7273 In administering the provisions of NRS 374.340, the
23 Department shall apply the exemption for the sale of tangible
24 personal property delivered by the vendor to a forwarding agent for
25 shipment out of state to include:

26 1. The sale of a vehicle to a nonresident to whom a special
27 movement permit has been issued by the Department of Motor
28 Vehicles pursuant to subsection 1 of NRS 482.3955; ~~[and]~~

29 2. The sale of farm machinery and equipment, as defined in
30 NRS 374.286, to a nonresident who submits proof to the vendor that
31 the farm machinery and equipment will be delivered out of state not
32 later than 15 days after the sale ~~[-]~~; *and*

33 3. *The sale of a vessel to a nonresident who submits proof to*
34 *the vendor that the vessel will be delivered out of state not later*
35 *than 15 days after the sale.*

36 **Sec. 9.** NRS 488.065 is hereby amended to read as follows:

37 488.065 1. Every motorboat on the waters of this state must
38 be numbered and titled, except as otherwise provided in subsection
39 4 and NRS 488.175.

40 2. Upon receipt of an original application for a certificate of
41 ownership or for transfer of a certificate of ownership on an
42 undocumented motorboat, the Division of Wildlife of the State
43 Department of Conservation and Natural Resources may assign an
44 appropriate builder's hull number to the motorboat whenever there
45 is no builder's number thereon, or when the builder's number has



1 been destroyed or obliterated. The builder's number must be
2 permanently marked on an integral part of the hull which is
3 accessible for inspection.

4 3. A person shall not operate or give permission for the
5 operation of any motorboat on the waters of this state unless:

6 (a) The motorboat is numbered in accordance with the
7 provisions of this chapter ~~[, with applicable federal law]~~ or with the
8 federally approved numbering system of another state;

9 (b) The certificate of number awarded to the motorboat is in
10 effect;

11 (c) The identifying number set forth in the certificate of number
12 is displayed on each side of the bow of the motorboat; and

13 (d) A valid certificate of ownership has been issued to the owner
14 of any motorboat required to be numbered under this chapter.

15 4. Any person who purchases or otherwise owns a motorboat
16 before January 1, 1972, is not required to obtain title for the
17 motorboat until he transfers any portion of his ownership in the
18 motorboat to another person.

19 **Sec. 10.** NRS 488.085 is hereby amended to read as follows:

20 488.085 The owner of any motorboat already covered by a
21 number in ~~[full force and]~~ effect which has been awarded to it
22 pursuant to ~~[then operative federal law or]~~ a federally approved
23 numbering system of another state ~~[shall]~~ **must** record the number
24 ~~[prior to]~~ **before** operating the motorboat on the waters of this state
25 in excess of the 90-day reciprocity period provided for in NRS
26 488.175. ~~[Such recordation shall]~~ **The recordation must** be in the
27 manner and pursuant to the procedure required for the award of a
28 number under NRS 488.075, but no additional or substitute number
29 ~~[shall]~~ **may** be issued.

30 **Sec. 11.** NRS 488.175 is hereby amended to read as follows:

31 488.175 1. Except as otherwise provided in subsection 2, a
32 motorboat need not be numbered pursuant to the provisions of this
33 chapter if it is:

34 (a) Already covered by a number in effect which has been
35 awarded or issued to it pursuant to ~~[federal law or]~~ a federally
36 approved numbering system of another state if the boat has not been
37 on the waters of this state for a period in excess of 90 consecutive
38 days.

39 (b) A motorboat from a country other than the United States
40 temporarily using the waters of this state.

41 (c) A public vessel of the United States, a state or a political
42 subdivision of a state.

43 (d) A ship's lifeboat.

44 (e) A motorboat belonging to a class of boats which has been
45 exempted from numbering by the Division of Wildlife of the State



1 Department of Conservation and Natural Resources after the
2 Division has found:

3 (1) That the numbering of motorboats of that class will not
4 materially aid in their identification; and

5 (2) If an agency of the Federal Government has a numbering
6 system applicable to the class of motorboats to which the motorboat
7 in question belongs, that the motorboat would also be exempt from
8 numbering if it were subject to the federal law.

9 2. The Division of Wildlife may, by regulation, provide for the
10 issuance of exempt numbers for motorboats not required to be
11 registered under the provisions of this chapter.

12 3. A motorboat need not be titled pursuant to the provisions of
13 this chapter, if it is ~~already covered~~:

14 (a) *Covered* by a certificate of ownership which has been
15 awarded or issued to it pursuant to the title system of another state
16 ~~and~~; or

17 (b) *Documented pursuant to Chapter 121 of Title 46 of the*
18 *United States Code.*

19 **Sec. 12.** NRS 488.1797 is hereby amended to read as follows:

20 488.1797 1. Before the issuance of any certificate of
21 ownership, the Division of Wildlife of the State Department of
22 Conservation and Natural Resources shall obtain a statement in
23 writing signed by the transferee or transferor, showing:

24 (a) The date of the sale or other transfer of ownership of the
25 motorboat.

26 (b) The name and address of the seller or transferor.

27 (c) The name and address of the buyer or transferee.

28 2. *If the seller is not a retailer registered with the Department*
29 *of Taxation, the Division of Wildlife shall collect the taxes*
30 *imposed by or pursuant to title 32 of NRS upon the sale or use of*
31 *the motorboat. The Division of Wildlife may retain 10 percent*
32 *of the amount collected to cover its administrative costs of*
33 *collecting the taxes and shall remit the remaining amount*
34 *collected to the Department of Taxation.*

35 3. Upon receipt of the properly endorsed certificate of
36 ownership, the certificate of number and the required fee ~~and~~, *the*
37 *statement of information, and the taxes payable, if any,* the
38 Division of Wildlife shall issue a new certificate of ownership and a
39 new certificate of number to the transferee. The previous number
40 may be reassigned to the transferee.

41 **Sec. 13.** 1. This section and section 2 of this act become
42 effective upon passage and approval.

43 2. Section 4 of this act becomes effective upon passage and
44 approval for the purpose of adopting regulations and on January 1,
45 2005, for all other purposes.



- 1 3. Sections 9, 10 and 11 of this act become effective on
- 2 January 1, 2004.
- 3 4. Sections 1, 3, 5 to 8, inclusive, and 12 of this act become
- 4 effective on January 1, 2005.

