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Guidance Letter 13-002

Date: September 24, 2013

To: County Recorders

From: Terry E. Rubald, Deputy Executive Director

CC: Chris Nielsen, Executive Director, Department of Taxation

Subject: **New Reporting Form and Database Information-Real Property Transfer Tax**

SUMMARY: This letter is intended to explain changes to the Real Property Transfer Tax Reporting Form in order to gather data needed for compliance with AB466 regarding reporting "Tax Expenditures" and to gather data for reconciliation of the tax.

AUTHORITY:

AB466: A copy is attached as Exhibit 1.

NAC 375.400(1): The Department will periodically prepare reports regarding the collection and administration of taxes imposed by chapter 375 of NRS.

NAC 375.400(2): Except as otherwise provided in this section, each county recorder shall submit to the Department monthly reports regarding the collection and administration of taxes imposed by chapter 375 of NRS in his county. The reports must include:

- (a) The total number of deeds evidencing a transfer of title to real property that were subject to the taxes imposed by chapter 375 of NRS for the immediately preceding month;
- (b) The total amount of taxes collected for the immediately preceding month;
- (c) The total number of exemptions granted for the immediately preceding month listed by the types of exemptions granted; and
- (d) Such other information as may be useful in coordinating the collection and administration of the taxes imposed by chapter 375 of NRS.

NAC 375.400(3): A county recorder is not required to report information required by paragraph (c) of subsection 2 if the system used by the county to collect, process, distribute and store information relating to the collection of the taxes imposed by chapter 375 of NRS cannot provide the required information.

NAC 375.400(4): Each county recorder shall submit to the Department a copy of any documentation that is submitted to the State Controller by the county concerning the amount of the proceeds of the tax imposed by NRS 375.020 that is required to be transmitted to the State Controller pursuant to NRS 375.070.

APPLICATION:

County Recorders currently submit monthly reports to the Department summarizing the number of transfers subject to Real Property Transfer Tax (RPTT), the tax collected, collection allowance retained, and number of transfers granted an exemption per NRS 375.090(1) through 375.090(13). County Recorders generally extract information to prepare the monthly report from computer systems. Historically, no data has been collected regarding the value of property transferred in which exemptions are granted or the value of property transferred that is not subject to taxation per NRS 375.010(1)(b).

Assembly Bill 466 (AB466) was passed in the 2013 legislative session. A full copy of the bill, as passed, is attached as Exhibit 1. AB466 requires a publication regarding “Tax Expenditures” that result from “any law of this State that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of established taxes, including, without limitation, tax abatements, tax credits, tax deductions, tax deferrals, tax exemptions, tax exclusions, tax subtractions and preferential tax rates.” The exemptions listed in NRS 375.090(1) through 375.090(13) and non-taxable events per NRS 375.010(1)(b) are considered “Tax Expenditures” as defined in AB466.

The Department revised its reporting form to collect additional information, including the value of property transferred in exempt transactions. The revised reporting form is attached as Exhibit 2. The revised reporting form expands the information on exempt transactions (line 6) to include the value of property (generally the Assessor’s Taxable Value) as well as the number of transactions. The Department suggests that Recorders develop procedures to obtain the Assessor’s Taxable Value (or other source of value if readily available) for exempt transactions and to input this value into its computer system. This could then be used to generate the monthly report to the Department. The Department also expects that this information would be available in digital format, upon request. The Department will then assume the responsibility of analyzing the reported data and determining the “Tax Expenditure” that should be reported per AB466. If the Assessor’s Taxable Value or other source of value is not readily available (for example, timeshares), a zero value should be used with a notation regarding the reason for omitting the value.

The Department is currently exploring options to track the “Tax Expenditures” created by NRS 375.010(1)(b) for non-taxable or excluded transactions. A Declaration of Value is not required and is generally not submitted for these types of transactions. It does not appear that data is readily available at this time to track the “Tax Expenditures” for the excluded transactions. Future guidance may be issued on this issue.

The revised reporting form also includes two new lines (lines 4 and 5) for information on refunds and information on the School District portion (NRS 375.070(1)(b) currently only imposed in Clark County) and the Local Government Tax Act rate (currently only imposed in Churchill and Washoe counties). These lines were added to reconcile the tax and prepare quarterly and annual reports on the tax.

Please plan to use the new reporting form effective with the report on January 2014 activity. Earlier implementation and use of the new reporting form is encouraged but not required.

WEBSITE LOCATIONS:

Nevada Revised Statutes (NRS): <http://www.leg.state.nv.us/NRS/>
Nevada Administrative Code: <http://www.leg.state.nv.us/NAC/CHAPTERS.html>

Department of Taxation Guidance letters: <http://www.tax.state.nv.us>; then select “Publications;” then select Assessment Standards Publications and “Guidance letters.”



***Real Property Transfer Tax
Monthly Report to
Department of Taxation***

**Return this form to:
Nevada Department of Taxation
Real Property Transfer Tax Section
1550 East College Parkway, Ste. 115
Carson City, Nevada 89706**

This report is to be completed by the County Recorder's Office, pursuant to NAC, Chapter 375.

County for which this report is submitted: _____

Month and Year covered by this report: _____

Person authorized to complete this report: _____

Phone Number: _____ FAX Number: _____

E-mail Address: _____

- 1.) Total number of transfers subject to RPTT: _____
- 2.) Total real property transfer tax collected (including collection allowance): \$ _____
- 3.) Total collection allowance retained (applies to \$1.30 portion): \$ _____
- 4.) Amount of refunds issued (including collection allowance): \$ _____
- 5.) School District or LGTA Allocation (circle one): \$ _____
- 6.) Total number of transfers granted an exemption and value at the time of exemption:

#	Description	Number	Value
1	Change in Identity		
2	Government		
3	True Status		
4	Joint Tenant		
5	Related Persons		
6	Former Spouse		
7	Trust		

#	Description	Number	Value
8	Unpatented Claims		
9	Business Entity		
10	Deed Upon Death		
11	Bankruptcy		
12	Education Foundation		
13	University Foundation		
	TOTAL		

The undersigned hereby certifies the information submitted is true, accurate and complete to the best of my knowledge.

Signature

Title

Date

Questions? Please call (775) 684-2156

CHAPTER.....

AN ACT relating to governmental financial administration; requiring the Executive Director of the Department of Taxation to prepare and send a report of tax expenditures to the Governor and the Legislature; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

This bill requires the Executive Director of the Department of Taxation to prepare and send a report of tax expenditures to the Governor and the Legislature in November of each even-numbered year. A “tax expenditure” is defined as any law of this State that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of established taxes. The report must include certain information regarding each such tax expenditure, including a description of the tax expenditure, the year the tax expenditure was enacted, the purpose of the tax expenditure, any subsequent amendments to the tax expenditure and, to the extent that pertinent information is available, estimates of: (1) the fiscal impact of the tax expenditure on both the State and local governments; (2) the number of taxpayers benefiting from the tax expenditure; and (3) the revenue that would result from repeal of the tax expenditure.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. Chapter 360 of NRS is hereby amended by adding thereto a new section to read as follows:

1. On or before November 10 of each even-numbered year, the Executive Director shall submit a tax expenditure report to the Governor and the Director of the Legislative Counsel Bureau for transmittal to the Legislature and the appropriate interim committee or committees of the Legislature.

2. The report required by subsection 1 must provide, for each tax expenditure:

- (a) A description of the tax expenditure;*
- (b) The year in which the tax expenditure was enacted;*
- (c) The purpose for which the tax expenditure was enacted;*
- (d) A summary of any amendments to the tax expenditure since it was enacted;*
- (e) To the extent that pertinent information is available, estimates of:*



(1) The fiscal impact to this State and local governments of the tax expenditure during each fiscal year of the biennium in which the report is prepared;

(2) The number of taxpayers receiving benefit from the tax expenditure; and

(3) The revenue that would result from repeal of the tax expenditure; and

(f) A statement of:

(1) Any pertinent information which is not available to prepare the estimates required by paragraph (e); and

(2) The reasons for the unavailability of that information.

3. Each agency, bureau, board, commission, department, division, office and other governmental entity of the State of Nevada, each county treasurer and county assessor and each entity receiving the benefit of a tax expenditure, shall respond fully and appropriately to any request for information made by the Executive Director for use in the report required by this section not later than 30 days after such a request is made, to the extent that the requested information is not confidential, privileged or otherwise protected from disclosure by any provision of state or federal law.

4. As used in this section, "tax expenditure" means any law of this State that exempts, in whole or in part, certain persons, income, goods, services or property from the impact of established taxes, including, without limitation, tax abatements, tax credits, tax deductions, tax deferrals, tax exemptions, tax exclusions, tax subtractions and preferential tax rates.

Sec. 2. The Executive Director of the Department of Taxation shall submit the initial report required by section 1 of this act on or before November 10, 2014.

Sec. 3. This act becomes effective upon passage and approval.

