



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

STEVE SISOLAK
Governor
JAMES C. DEVOLLD
Chair, Nevada Tax Commission
MELANIE YOUNG
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

NOTICE OF WORKSHOP

To Solicit Comments on Three Proposed Permanent Regulations

To: To All Interested Parties

From: Jeffrey Mitchell, Deputy Executive Director, Department of Taxation

Date: March 3, 2020

Re: Workshop on Proposed Permanent Regulation to be adopted by the Nevada Tax Commission

The Department of Taxation will hold a workshop on behalf of the Nevada Tax Commission to receive input on proposed language changes to the Nevada Administrative Code Chapter 361, regarding the determination of taxable situs and allocation of value of locally assessed aircraft; and other matters properly relating thereto.

Date and Time of Meeting: April 1, 2020 at 9:00 a.m.

The workshop will be held at the following locations:

Place of Meeting:
Nevada State Legislative Building
401 South Carson Street
Room 2134
Carson City, Nevada

Video Conference To:
Grant Sawyer Office Building
555 East Washington Avenue
Room 4412
Las Vegas, Nevada

This meeting will also be part of a teleconference. Please call the Department at (775) 684-2100 for the teleconference number. Contact the Department at the Carson City address listed above, or Jeffrey Mitchell at (775) 684-2095 for questions about the workshop and for copies of materials that will be part of the record.

All interested parties will have the opportunity to present their ideas for suggested language at this workshop. The Department encourages you to provide your suggestions in writing. Although the Department requests interested parties submit written suggestions at least one week in advance so the ideas can be disseminated to others, written comments may be accepted at any time.

NOTE: We are pleased to make accommodations for members of the public who are disabled. Please notify the Department of Taxation in writing, at 1550 College Parkway, Carson City, Nevada, 89706 or call (775) 684-2100 prior to the meeting.

Persons who wish to continue to receive notice of meetings must renew the request every six months after the first request is made because "[a] request for notice lapses 6 months after it is made." NRS 241.020(3)(c).

Notice of this meeting was posted in the following Carson City, Nevada location: Department of Taxation, 1550 College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was also posted on the Internet through the Department of Taxation website at www.tax.nv.gov, on the Legislative website at www.leg.state.nv.us and on the Department of Administration website at <https://notice.nv.gov/>.

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R001-20

February 4, 2020

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

AUTHORITY: §§1-12 and 15-20, NRS 360.090, 360.250 and 361.260; §13, NRS 360.090, 360.250 and 361.068; §14, NRS 360.090, 360.250 and 361.265; §21, NRS 360.090, 360.250 and 361.4722.

A REGULATION relating to taxation; adopting provisions relating to the assessment of certain aircraft by county assessors; establishing provisions governing the determination of whether certain aircraft have taxable situs in this State; adopting provisions governing the allocation and apportionment of the taxable value of certain aircraft having taxable situs in this State; establishing provisions governing the application of certain partial abatements of taxes to certain aircraft having taxable situs in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that all property of every kind and nature within this State is subject to property taxes unless specifically exempted. (NRS 361.045) Under existing law, each county assessor of a county is required to ascertain and determine the taxable value of all real and personal property in the county which is subject to taxation and the Nevada Tax Commission is required to establish the valuation of property of an interstate or intercounty nature used directly in the operation of scheduled and unscheduled air transport. (NRS 361.260, 361.320) This regulation adopts provisions governing the assessment of certain types of aircraft by county assessors for the purposes of property taxes.

Sections 3, 4 and 6-11 of this regulation set forth the type of aircraft to which this regulation applies. **Section 12** of this regulation provides that this regulation applies only to aircraft assessed by a county assessor.

Under existing law, business inventories, including, without limitation, property held for sale by a merchant or manufacturer, are exempt from property taxes. (NRS 361.068) **Section 13** of this regulation adopts provisions governing the determination of whether an aircraft qualifies for the exemption from property taxes for business inventories.

Sec. 9. *“Small unmanned aircraft” means an unmanned aircraft weighing less than 55 pounds on takeoff including all items on board or otherwise attached to the aircraft.*

Sec. 10. *“Taxable situs” means contacts sufficient to confer on this State the power to tax an aircraft under the United States Constitution.*

Sec. 11. *“Unmanned aircraft system” means an unmanned aircraft and its associated elements, including, without limitation, communication links and the components that control the unmanned aircraft, that are required for the safe and efficient operation of the unmanned aircraft in the national airspace system.*

Sec. 12. 1. *Except as otherwise provided in subsection 2, the provisions of sections 2 to 21, inclusive, of this regulation do not apply to property of an interstate or intercounty nature used directly in the operation of a scheduled or unscheduled air transport company that is subject to valuation by the Nevada Tax Commission pursuant to NRS 361.320.*

2. *The provisions of sections 2 to 21, inclusive, of this regulation apply to a fixed-wing aircraft with a weight of less than 12,500 pounds used by an air transport company to provide transportation services if, pursuant to subsection 10 of NRS 361.320, the air transport company elects to have the property of the company assessed by a county assessor.*

3. *As used in this section, “scheduled and unscheduled air transport company” means a commercial operator:*

(a) Engaged in the common carriage of persons or property for compensation or hire;

(b) That holds a certificate from the Federal Aviation Administration authorizing the commercial operator to operate under parts 121, 125 or 135 of title 14 of the Code of Federal Regulations;

(c) That uses property of an interstate or intercounty nature directly in its operations; and
(d) The property of which is subject to valuation by the Nevada Tax Commission pursuant to NRS 361.320.

Sec. 13. 1. *A person claiming that an aircraft is personal property held for sale by a merchant or manufacturer and is exempt from taxation pursuant to paragraph (a) or (b) of subsection 1 of NRS 361.068, as applicable, has the burden of establishing to the satisfaction of the county assessor that the aircraft qualifies for the claimed exemption.*

2. A claim that an aircraft is exempt from taxation pursuant to paragraph (a) or (b) of subsection 1 of NRS 361.068 must be accompanied by the following documents as requested by the county assessor:

(a) A valid dealer's license issued by the Federal Aviation Administration to the owner of the aircraft;

(b) A valid seller's permit issued to the owner of aircraft by the Department pursuant to NRS 372.135;

(c) A valid business license issued by a local government in this State;

(d) Evidence of the location of the aircraft on an airport or airfield in this State;

(e) A flight log; or

(f) Listing or consignment agreements relating to the aircraft.

Sec. 14. *The written statement required by NRS 361.265 for an aircraft must include information concerning the aircraft that is sufficient to enable the county assessor to determine the taxable value of the aircraft. Such information may include, without limitation:*

1. The serial number, make, model and year of manufacture of the aircraft; and

Sec. 19. 1. *If an aircraft has taxable situs in this State, the aircraft must be assessed by the county assessor of the county in which the aircraft is present for the majority of the total amount of the aircraft's ground time in this State during the fiscal year for which the aircraft is being assessed.*

2. If an aircraft has taxable situs in this State and in another state or country, the taxable value of the aircraft must be allocated to this State in an amount that fairly reflects the use of the aircraft in this State. The portion of the taxable value of the aircraft allocated to this State must equal the amount determined by multiplying:

(a) The taxable value of the aircraft; and

(b) The fraction obtained by dividing the number of overnights spent by the aircraft in this State and the total number of days in the immediately preceding fiscal year.

3. Before allocating the taxable value of an aircraft to this State pursuant to subsection 2, the county assessor must determine the taxable value of the aircraft pursuant to NAC 361.1345 to 361.139, inclusive.

4. The entire amount of the taxable value of an aircraft that is allocated to this State must be apportioned to the county in this State in which the aircraft is present for the majority of total amount of the aircraft's ground time in this State during the fiscal year for which the aircraft is being assessed. The aircraft must be assessed by that county for a full fiscal year and, if the aircraft is removed from that county before the end of a fiscal year, the taxes imposed on that aircraft may not be prorated.

Sec. 20. *An aircraft that has taxable situs in this State and is included on the assessment roll of a county in this State for a fiscal year must be included on the assessment roll of that county for subsequent fiscal years unless the taxpayer provides:*

1. Written notice to the county assessor stating that:

(a) The aircraft no longer has taxable situs in this State; or

(b) The aircraft was present in another county for the majority of the total amount of the aircraft's ground time in this State during the preceding fiscal year; and

2. Such documentation as the county assessor deems sufficient to indicate the existence of a circumstance described in paragraph (a) or (b) of subsection 1.

Sec. 21. *For the purposes of carrying out the provisions of NRS 361.4722, any increase in the assessed valuation of an aircraft from the immediately preceding year as a result of an increase in the taxable value of the aircraft allocated to this State pursuant to subsection 2 of section 19 of this regulation must be excluded from any partial abatement provided pursuant to NRS 361.4722.*