

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



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

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

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

11 4. *As used in this section:*

12 (a) *“Public blockchain” means an electronic record of*
13 *transactions or other data which:*

14 (1) *Is uniformly ordered;*

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

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

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

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

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

25 *or*

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

28 (b) *“State of the public blockchain” means the cumulative*
29 *record of data on a public blockchain, consisting of the first block*
30 *of the public blockchain, all finalized transactions on the public*
31 *blockchain and all block rewards recorded on the public*
32 *blockchain.*

33 (c) *“Unaffiliated computers or machines” means computers or*
34 *machines that are not under common ownership or control.*

35 (d) *“Virtual currency” means a digital representation of value*
36 *that:*

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

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

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

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

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

