

SENATE BILL NO. 281—SENATOR MANENDO (BY REQUEST)

MARCH 16, 2017

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions relating to the reconveyance or sale of real property by a county treasurer for delinquent taxes. (BDR 32-99)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

~

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

AN ACT relating to taxation; revising provisions relating to the reconveyance or sale of real property by a county treasurer for delinquent taxes; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires a county tax receiver to execute and deliver a deed of a
2 property in trust to the county treasurer under certain circumstances when the taxes
3 on the property are delinquent. (NRS 361.585) After the deed has been delivered to
4 the county treasurer, the county treasurer is authorized to make certain dispositions
5 of the property, including, without limitation: (1) reconveying the property to
6 certain persons upon payment of the amount of property taxes accrued, plus any
7 costs, penalties and interest, if such payment is made within a certain time before
8 the sale of the property by the county treasurer; or (2) selling the property to
9 recover the delinquent taxes. (NRS 361.585, 361.595) If the county treasurer sells
10 the property and excess proceeds remain after the county treasurer has applied the
11 proceeds of the sale to the delinquent taxes and certain other payments, existing law
12 provides for the distribution of the excess proceeds from the sale to certain persons
13 holding securing interests in the order of priority of their recorded liens.
14 (NRS 361.610)

15 This bill authorizes the following persons to obtain a reconveyance of property
16 held in trust by the county treasurer or to receive a distribution of excess proceeds
17 from the sale of such property to recover delinquent taxes: (1) the unit-owners’
18 association of a common-interest community if the association has caused to be
19 recorded a notice of default and election to sell a property to satisfy its lien on the
20 property and that notice has not been rescinded; and (2) the unit-owners’
21 association of a condominium hotel or an owner of a unit of a condominium hotel if
22 the association or owner has caused to be recorded a notice of default and election



23 to sell a property to satisfy the association's or owner's lien on the property and that
24 notice has not been rescinded.

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

1 **Section 1.** NRS 361.585 is hereby amended to read as follows:
2 361.585 1. When the time allowed by law for the redemption
3 of a property described in a certificate has expired and no
4 redemption has been made, the tax receiver who issued the
5 certificate, or his or her successor in office, shall execute and deliver
6 to the county treasurer a deed of the property in trust for the use and
7 benefit of the State and county and any officers having fees due
8 them.
9 2. The county treasurer and his or her successors in office,
10 upon obtaining a deed of any property in trust under the provisions
11 of this chapter, shall hold that property in trust until it is sold or
12 otherwise disposed of pursuant to the provisions of this chapter.
13 3. Notwithstanding the provisions of NRS 361.595 or 361.603,
14 at any time during the 90-day period specified in NRS 361.603, or
15 not later than 5 p.m. on the third business day before the day of the
16 sale by a county treasurer, as specified in the notice required by
17 NRS 361.595, of any property held in trust by him or her by virtue
18 of any deed made pursuant to the provisions of this chapter, any
19 person specified in subsection 4 is entitled to have the property
20 reconveyed upon the receipt by the county treasurer of payment by
21 or on behalf of that person of an amount equal to the taxes accrued,
22 together with any costs, penalties and interest legally chargeable
23 against the property. A reconveyance may not be made after
24 expiration of the 90-day period specified in NRS 361.603.
25 4. Property may be reconveyed pursuant to subsection 3 to one
26 or more of the persons specified in the following categories, or to
27 one or more persons within a particular category, as their interests
28 may appear of record:
29 (a) The owner.
30 (b) The beneficiary under a note and deed of trust.
31 (c) The mortgagee under a mortgage.
32 (d) The creditor under a judgment.
33 (e) The person to whom the property was assessed.
34 (f) The person holding a contract to purchase the property before
35 its conveyance to the county treasurer.
36 (g) The Director of the Department of Health and Human
37 Services if the owner has received or is receiving any benefits from
38 Medicaid.



* S B 2 8 1 *

1 (h) The successor in interest of any person specified in this
2 subsection.

3 (i) A municipality that holds a lien against the property.

4 (j) *An association, as defined in NRS 116.011, that has caused*
5 *to be recorded a notice of default and election to sell the property*
6 *pursuant to paragraph (b) of subsection 1 of NRS 116.31162 that*
7 *has not been rescinded.*

8 (k) *An association, as defined in NRS 116B.030, or a hotel*
9 *unit owner, as defined in NRS 116B.125, that has caused to be*
10 *recorded a notice of default and election to sell the property*
11 *pursuant to paragraph (b) of subsection 1 of NRS 116B.635 that*
12 *has not been rescinded.*

13 5. The provisions of this section apply to land held in trust by a
14 county treasurer on or after April 17, 1971.

15 **Sec. 2.** NRS 361.610 is hereby amended to read as follows:

16 361.610 1. Out of the sale price or rents of any property of
17 which he or she is trustee, the county treasurer shall pay the costs
18 due any officer for the enforcement of the tax upon the parcel of
19 property and all taxes owing thereon, and upon the redemption of
20 any property from the county treasurer as trustee, he or she shall pay
21 the redemption money over to any officers having fees due them
22 from the parcels of property and pay the tax for which it was sold
23 and pay the redemption percentage according to the proportion those
24 fees respectively bear to the tax.

25 2. In no case may:

26 (a) Any service rendered by any officer under this chapter
27 become or be allowed as a charge against the county; or

28 (b) The sale price or rent or redemption money of any one parcel
29 of property be appropriated to pay any cost or tax upon any other
30 parcel of property than that so sold, rented or redeemed.

31 3. After paying all the tax and costs upon any one parcel of
32 property, the county treasurer shall pay into the general fund of the
33 county, from the excess proceeds of the sale:

34 (a) The first \$300 of the excess proceeds; and

35 (b) Ten percent of the next \$10,000 of the excess proceeds.

36 4. The amount remaining after the county treasurer has paid the
37 amounts required by subsection 3 must be deposited in an interest-
38 bearing account maintained for the purpose of holding excess
39 proceeds separate from other money of the county. If no claim is
40 made for the excess proceeds within 1 year after the deed given by
41 the county treasurer is recorded, the county treasurer shall pay the
42 money into the general fund of the county, and it must not thereafter
43 be refunded to the former property owner or his or her successors in
44 interest. All interest paid on money deposited in the account
45 required by this subsection is the property of the county.



1 5. If a person who would have been entitled to receive
2 reconveyance of the property pursuant to NRS 361.585 makes a
3 claim in writing for the excess proceeds within 1 year after the deed
4 is recorded, the county treasurer shall pay the claim or the proper
5 portion of the claim over to the person if the county treasurer is
6 satisfied that the person is entitled to it.

7 6. A claim for excess proceeds must be paid out in the
8 following order of priority to:

9 (a) The persons specified in paragraphs (b), (c), (d), (g), (h)
10 ~~and~~, (i), (j) and (k) of subsection 4 of NRS 361.585 in the order
11 of priority of the recorded liens; and

12 (b) Any person specified in paragraphs (a), (e) and (f) of
13 subsection 4 of NRS 361.585.

14 7. The county treasurer shall approve or deny a claim within 30
15 days after the period described in subsection 4 for filing a claim has
16 expired. Any records or other documents concerning a claim shall
17 be deemed the working papers of the county treasurer and are
18 confidential. If more than one person files a claim, and the county
19 treasurer is not able to determine who is entitled to the excess
20 proceeds, the matter must be submitted to mediation.

21 8. If the mediation is not successful, the county treasurer shall:

22 (a) Conduct a hearing to determine who is entitled to the excess
23 proceeds; or

24 (b) File an action for interpleader.

25 9. A person who is aggrieved by a determination of the county
26 treasurer pursuant to this section may, within 90 days after the
27 person receives notice of the determination, commence an action for
28 judicial review of the determination in district court.

29 10. Any agreement to locate, deliver, recover or assist in the
30 recovery of remaining excess proceeds of a sale which is entered
31 into by a person who would have been entitled to receive
32 reconveyance of the property pursuant to subsection 4 of NRS
33 361.585 must:

34 (a) Be in writing.

35 (b) Be signed by the person who would have been entitled to
36 receive reconveyance.

37 (c) Not provide for a fee of more than 10 percent of the total
38 remaining excess proceeds of the sale due that person.

39 11. In addition to authorizing a person pursuant to an
40 agreement described in subsection 10 to file a claim and collect
41 from the county treasurer any property owed to the person, a person
42 described in subsection 4 of NRS 361.585 may authorize a person
43 pursuant to a power of attorney, assignment or any other legal
44 instrument to file a claim and collect from the county treasurer any
45 property owed to him or her. The county is not liable for any losses



1 resulting from the approval of the claim if the claim is paid by the
2 county treasurer in accordance with the provisions of the legal
3 instrument.

4 **Sec. 3.** This act becomes effective on July 1, 2017.

