

DISCLAIMER

Electronic versions of the exhibits in these minutes may not be complete.

This information is supplied as an informational service only and should not be relied upon as an official record.

Original exhibits are on file at the Legislative Counsel Bureau Research Library in Carson City.

Contact the Library at (775) 684-6827 or library@lcb.state.nv.us.

Bill Explanation

ASSEMBLY BILL 200
Assembly Committee on Taxation
Hearing: March 18, 2003

Summary: **Provides for sale of tax lien against parcels of real property.** If approved, the act is effective on July 1, 2003 (section 25).

Section 1: Amends chapter 361 of the NRS by adding sections 2 to 13 of this act.

Section 2: Defines "tax lien" for purposes of sections 3 to 13 as a perpetual lien against real property until the taxes on the parcel for 1 year and any penalties, interest and other costs are paid.

Section 3: Provides that a county, in lieu of other remedies for the collection of delinquent property taxes, may sell a tax lien against real property pursuant to sections 2 to 13. The county may not sell a lien to a government or government agency.

Section 4: Provides that before the sale of tax liens against real property in the county, the county commission must adopt, by resolution, a procedure for the sale and transfer of tax liens by the county treasurer.

The procedure must include requirements for notice to the owner and any others with a financial interest in the property of the sale of the tax lien, including the date, time and location of the sale. The procedure must also include the manner in which: (a) The tax lien is selected for sale; (b) The price to purchase a tax lien is determined; and (c) The holder of the certificate of purchase issued pursuant to section 6 of this act may collect the taxes and other fees and costs on the property subject to the tax lien.

Section 5: Provides that:

- The county commission may direct the treasurer to sell a tax lien against real property after the first Monday in June after the taxes have become delinquent if: (a) The parcel is on the secured roll; (b) The taxes are delinquent; (c) Notice of the tax delinquency has been provided; and (d) The price for the tax lien is at least equal to the amount of taxes which are delinquent.
- The treasurer may sell a tax lien separately or in combination with other tax liens.
- The tax lien must relate to the taxes assessed against the parcel for 1 year.
- The treasurer may sell a tax lien, which relates to the taxes for any year of the assessment, if those taxes are delinquent.
- A single tax lien may be sold when two or more parcels are assessed as a single parcel.
- A tax lien must be purchased in cash or by certified check or money order.
- If a tax lien offered for sale is not sold, the delinquent taxes may be collected as provided elsewhere in chapter 361 of the NRS.

Section 6: Provides that:

- The treasurer shall issue a certificate of purchase to each purchaser of a tax lien.
- The holder of the certificate is entitled to receive the amount of taxes for the year those taxes are assessed against the property; any penalties, interests and costs imposed pursuant to chapter 361; and 15 percent to 30 percent interest per year, as established by the county commission, accruing from the date the tax lien was sold.
- Provides that the certificate must include a description of the property subject to the tax lien; the year for which the delinquent taxes were assessed; the amount the treasurer received for the tax lien; the amount of delinquent taxes, penalties, interest and costs imposed pursuant to chapter 361; and a statement that the total delinquent amount bears interest at the rate established by the county commission.
- The holder of the certificate may transfer the certificate by signing it before a notary; the certificate may not be transferred to a government or government agency; the transferee must submit the certificate to the treasurer to record the transfer pursuant to section 7.
- The security interest in a certificate of purchase may be created and perfected in the manner provided for general tangibles under the Uniform Commercial Code.

Section 7: Provides that the treasurer must maintain a record of each tax lien sold, including specific information related to the sale and the description of the property.

Section 8: Provides that the holder of a certificate of purchase may obtain a duplicate certificate if he submits a notarized statement that the original has been lost or destroyed.

Section 9: Provides that:

- The holder of a certificate of purchase must be notified by the treasurer that taxes have again become delinquent on that property and may, within 90 days, purchase a tax lien against the parcel for the current year of assessment.
- If the holder of a certificate does not purchase the tax lien within the period allowed, the treasurer may sell to the tax lien to another person as directed by the county commission or collect the delinquent taxes as elsewhere provided in chapter 361.

Section 10: Provides that:

- Any tax lien sold may be redeemed by the owner of the parcel, the beneficiary under a deed of trust, the mortgagee under a mortgage, the person to whom the property was assessed, the person who has a contract to purchase property before its conveyance to the treasurer and the successor in interest of any person specified above.
- Anyone who redeems a tax lien must pay to the treasurer the amount stated on the certificate of purchase including interest at the rate on the certificate and any fees paid by the holder to the treasurer.
- If a person who redeems a tax lien has been summoned for delinquent taxes, he must pay the cost incurred by the holder of the certificate to commence the action.
- The treasurer shall issue a certificate of redemption to a person who redeems a tax lien.
- The certificate must include specific information about the property and the tax lien.
- The treasurer shall record the information in the record required by section 7.
- A certificate of redemption may be recorded in the recorder's office.

Section 11: Provides that the treasurer shall mail within ten days a copy of the certificate of redemption to the holder of the certificate of purchase of the tax lien. The treasurer shall pay to the holder the amount indicated on the certificate at the time the holder presents the certificate for payment.

Section 12: Provides that the holder of a certificate of purchase of a tax lien may commence an action to collect the delinquent taxes and other charges pursuant to chapter 361 and file a request with the treasurer to receive a deed to the parcel of property, if the tax lien is not redeemed within 2 years after it is sold.

Section 13: Provides that:

- The treasurer, upon receiving a request from the holder of the certificate of purchase for a deed to the parcel of property, to notify any person or a government with a financial interest in the property of the request.
- The notice must include specific information about the holder, the property, the date on which the lien was sold, the persons who may redeem the lien and the last date on which the lien may be redeemed.
- The person redeeming the lien or the holder, if the lien is not redeemed, must pay the cost of providing the notice.
- If the tax lien is not redeemed, the treasurer shall issue a deed to the holder and have it recorded.
- If a tax lien is sold to two or more persons, the first tax lien sold has priority and any deed delivered is subject to all other tax liens sold against the property.

Sections 14 to 16: Make technical changes to incorporate references to new sections in other sections of the NRS.

Sections 17: Provides that a certificate of purchase of a tax lien constitutes prima facie evidence in an action in any court for the holder of the certificate to prove the assessment, the property assessed, the delinquency, the amount of unpaid taxes and other charges of the defendant and that all the laws relating to the taxes and the tax lien have been complied with.

Section 18: Requires that an action authorized by section 17 of this act must be commenced by the holder of the certificate of purchase of a tax lien against those who are delinquent in the payment of taxes on the property and all owners of the property.

Sections 19 to 21: Clarify existing statutory language.

Section 22: Authorizes a holder of a certificate of purchase to file certain notices and affidavits to collect delinquent taxes.

Section 23: Provides that the answer of defendant in an action to collect delinquent taxes brought by the holder of a certificate of purchase of a tax lien may note that the defendant is the owner of property against which a tax lien may not be sold pursuant to section 6 *[Note: This subsection appears to refer to a condition that does not exist in section 6. If the intent is to allow the defendant to rebut based on a tax lien sold by mistake, the language should reflect that intent]* or that the defendant has redeemed the tax lien pursuant to section 10 of this act. If the

defendant has redeemed the property, he shall file the certificate of redemption with his answer.

Section 24: Limits the applicability of the sale of real property for unpaid taxes and assessments to those provisions in chapter 361 unrelated to the sale of a tax lien.