

ASSEMBLY BILL NO. 314—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF STATE CONTROLLER)

MARCH 9, 2001

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning collection of debts owed to state.
(BDR 31-642)

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 state financial administration; making various changes relating to the collection of debts owed to the state; increasing certain fees and charges; and providing other matters properly relating thereto.

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

1 **Section 1.** Chapter 353C of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1.** *The state controller may, if requested by any state*
4 *agency, act as the collection agent for that agency.*

5 *2. If the state controller acts as the collection agent for an agency,*
6 *the agency may coordinate all its debt collection efforts through the state*
7 *controller.*

8 **Sec. 3.** *Except as otherwise provided by specific statute, a person*
9 *who owes a debt pursuant to this chapter shall, in addition to the debt,*
10 *pay all costs and fees relating to the collection of the debt.*

11 **Sec. 4.** NRS 353C.120 is hereby amended to read as follows:

12 353C.120 *1.* Each agency shall submit to the state controller periodic
13 reports of the debts owed to the agency. The state controller shall maintain
14 the reports to the extent that resources are available. The director of the
15 department of administration and the attorney general shall jointly
16 prescribe the time, form and manner of the reports.

17 *2. Except to the extent that the information on the reports is declared*
18 *to be confidential by a specific statute of this state or federal law, the*
19 *state controller may make the reports available for public inspection and*



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1 *may, without charge, make available for access on the Internet or its*
2 *successor, if any, the information contained in the reports.*

3 **Sec. 5.** NRS 353C.200 is hereby amended to read as follows:

4 353C.200 1. Except as otherwise provided in subsection 2, an agency
5 may enter into a contract with a private debt collector or any other person
6 for the assignment of the collection of a debt if the agency:

7 (a) Determines the assignment is likely to generate more net revenue
8 than equivalent efforts by the agency to collect the debt, including
9 collection efforts pursuant to this chapter;

10 (b) Determines the assignment will not compromise future collections
11 of state revenue; and

12 (c) Notifies the debtor in writing at his address of record that the debt
13 will be turned over for private collection unless the debt is paid.

14 2. An agency shall not enter into a contract with a private debt
15 collector or any other person for the assignment of the collection of a debt
16 if the debt has been contested by the debtor.

17 3. *A contract for the assignment of the collection of a debt may*
18 *provide for:*

19 (a) *Payment by the agency to the private debt collector or other person*
20 *of the costs of collection and fees for collecting the debt; or*

21 (b) *Collection by the private debt collector or other person from the*
22 *debtor of the costs of collection and fees for collecting the debt.*

23 4. Any contract entered into pursuant to this section is subject to
24 approval by the director of the department of administration and the state
25 controller.

26 **Sec. 6.** NRS 353C.210 is hereby amended to read as follows:

27 353C.210 1. Notwithstanding any specific statute to the contrary, an
28 agency to which a debt is owed may, in addition to any other remedy
29 provided for in this chapter, give notice of the amount of the debt and a
30 demand to transmit to any person, including, without limitation, any
31 officer, agency or political subdivision of this state, who has in his
32 possession or under his control any credits or other personal property
33 belonging to the debtor, or who owes any debts to the debtor that remain
34 unpaid. The notice and demand to transmit must be delivered personally or
35 by certified or registered mail:

36 (a) Not later than 4 years after the debt became due; or

37 (b) Not later than 5 years after the last recording of an abstract of
38 judgment pursuant to NRS 353C.170 or a certificate of liability pursuant to
39 NRS 353C.180.

40 2. If such notice is given to an officer or agency of this state, the notice
41 must be delivered before the agency which sent the notice may file a claim
42 with the state controller pursuant to NRS 353C.190 on behalf of the debtor.

43 3. An agency that receives a notice and demand to transmit pursuant to
44 this section may satisfy any debt owed to it by the debtor before it honors
45 the notice and demand to transmit. If the agency is holding a bond or other
46 property of the debtor as security for debts owed or that may become due
47 and owing by the debtor, the agency is not required to transmit the amount
48 of the bond or other property unless the agency determines that holding the
49 bond or other property of the debtor as security is no longer required.



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1 4. Except as otherwise provided by specific statute, a person who
2 receives a demand to transmit pursuant to this section shall not thereafter
3 transfer or otherwise dispose of the credits or other personal property of, or
4 debts owed to, the person who is the subject of the demand to transmit
5 without the consent of the agency which sent the demand to transmit.
6 5. Except as otherwise provided by specific statute, a person who
7 receives from an agency a demand to transmit pursuant to this section
8 shall, within 10 days thereafter, inform the agency of, and transmit to the
9 agency within the time and in the manner requested by the agency, all
10 credits or other personal property in his possession or control that belong
11 to, and all debts that he owes to, the person who is the subject of the
12 demand to transmit. Except as otherwise provided in subsection 6, no
13 further notice is required to be served on such persons.
14 6. Except as otherwise provided by specific statute, if the property of
15 the debtor consists of a series of payments owed to him, the person who
16 owes or controls the payments shall transmit the payments to the agency
17 which sent the demand to transmit until otherwise notified by the agency.
18 If the debt of the debtor is not paid within 1 year after the date on which
19 the agency issued the original demand to transmit, the agency shall:
20 (a) Issue another demand to transmit to the person responsible for
21 making the payments that informs him to continue transmitting payments
22 to the agency; or
23 (b) Notify the person that his duty to transmit the payments to the
24 agency has ceased.
25 7. If the notice and demand to transmit is intended to prevent the
26 transfer or other disposition of a deposit in a bank or other depository
27 institution, or of any other credit or personal property in the possession or
28 under the control of the bank or depository institution, the notice must be
29 delivered or mailed to ~~the~~ **any** branch or office of the bank or depository
30 institution at which the deposit is carried or the credit or personal property
31 is held.
32 8. If any person to whom an agency delivers a notice and demand to
33 transmit transfers or otherwise disposes of any property or debts required
34 by this chapter to be transmitted to the agency, the person is, to the extent
35 of the value of the property or the amount of the debts so transferred or
36 disposed of, liable to the agency for any portion of the debt that the agency
37 is unable to collect from the debtor solely by reason of the transfer or other
38 disposition of the property or debt.
39 9. A debtor who owes a debt to an agency which delivers a notice and
40 demand to transmit concerning the debtor pursuant to this section is
41 entitled to an administrative hearing before that agency to challenge the
42 collection of the debt pursuant to the demand to transmit. Each agency may
43 adopt such regulations as are necessary to provide an administrative
44 hearing for the purposes of this subsection.
45 **Sec. 7.** NRS 353C.220 is hereby amended to read as follows:
46 353C.220 1. If an agency determines that it is impossible or
47 impractical to collect a debt, the agency may request the state board of
48 examiners to designate the debt as a bad debt. The state board of
49 examiners, by an affirmative vote of the majority of the members of the



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1 board, may designate the debt as a bad debt if the board is satisfied that the
2 collection of the debt is impossible or impractical.

3 2. Upon the designation of a debt as a bad debt pursuant to this section,
4 the state board of examiners shall immediately notify the state controller
5 thereof. Upon receiving the notification, the state controller shall direct the
6 removal of the debt from the ~~records and books or~~ *books of* account of
7 the ~~agency to which the debt is owed or the~~ State of Nevada . ~~as~~
8 ~~appropriate.~~ A bad debt that is removed pursuant to this section remains a
9 legal and binding obligation owed by the debtor to the ~~agency or the~~ State
10 of Nevada . ~~as appropriate.~~

11 3. If resources are available, the state controller shall keep a master file
12 of all debts that are designated as bad debts pursuant to this section. If such
13 a file is established and maintained, for each such debt, the state controller
14 shall record the name of the debtor, the amount of the debt, the date on
15 which the debt was incurred and the date on which it was removed from
16 the records and books of account of the agency or the State of Nevada, and
17 any other information concerning the debt that the state controller
18 determines is necessary.

19 **Sec. 8.** NRS 360.238 is hereby amended to read as follows:

20 360.238 The department may charge a person a fee ~~established by~~
21 ~~regulation~~ *of \$25* for each check returned to the department because the
22 person had insufficient money or credit with the drawee to pay the check or
23 because the person stopped payment on the check.

24 **Sec. 9.** NRS 360.510 is hereby amended to read as follows:

25 360.510 1. If any person is delinquent in the payment of any tax or
26 fee administered by the department or if a determination has been made
27 against him which remains unpaid, the department may:

28 (a) Not later than 3 years after the payment became delinquent or the
29 determination became final; or

30 (b) Not later than 5 years after the last recording of an abstract of
31 judgment or of a certificate constituting a lien for tax owed,
32 give a notice of the delinquency and a demand to transmit personally or by
33 registered or certified mail to any person, including, without limitation, any
34 officer or department of the state or any political subdivision or agency of
35 the state, who has in his possession or under his control any credits or other
36 personal property belonging to the delinquent, or owing any debts to the
37 delinquent or person against whom a determination has been made which
38 remains unpaid, or owing any debts to the delinquent or that person. In the
39 case of any state officer, department or agency, the notice must be given to
40 the officer, department or agency before it presents the claim of the
41 delinquent taxpayer to the state controller.

42 2. A state officer, department or agency which receives such a notice
43 may satisfy any debt owed to it by that person before it honors the
44 department's notice.

45 3. After receiving the demand to transmit, the persons so notified may
46 not transfer or otherwise dispose of the credits, other personal property, or
47 debts in their possession or under their control at the time they received the
48 notice until the department consents to a transfer or other disposition.



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1 4. All persons so notified shall, within 10 days after receipt of the
2 demand to transmit, inform the department of, and transmit to the
3 department all such credits, other personal property, or debts in their
4 possession, under their control or owing by them within the time and in the
5 manner requested by the department. Except as otherwise provided in
6 subsection 5, no further notice is required to be served to those persons.

7 5. If the property of the delinquent taxpayer consists of a series of
8 payments owed to him, the person who owes or controls the payments shall
9 transmit the payments to the department until otherwise notified by the
10 department. If the debt of the delinquent taxpayer is not paid within 1 year
11 after the department issued the original demand to transmit, it shall issue
12 another demand to transmit to the person responsible for making the
13 payments informing him to continue to transmit payments to the
14 department or that his duty to transmit the payments to the department has
15 ceased.

16 6. If the notice of the delinquency seeks to prevent the transfer or other
17 disposition of a deposit in a bank or credit union or other credits or
18 personal property in the possession or under the control of a bank, credit
19 union or other depository institution, the notice must be delivered or mailed
20 to ~~the~~ any branch or office of the bank, credit union or other depository
21 institution at which the deposit is carried or at which the credits or personal
22 property is held.

23 7. If any person so notified makes any transfer or other disposition of
24 the property or debts required to be withheld or transmitted, to the extent of
25 the value of the property or the amount of the debts thus transferred or
26 paid, he is liable to the state for any indebtedness due pursuant to NRS
27 482.313, this chapter or chapter 362, 364A, 365, 369, 370, 372, 372A, 373,
28 374, 377, 377A, 444A, 585, 590 or 680B of NRS from the person with
29 respect to whose obligation the notice was given if solely by reason of the
30 transfer or other disposition the state is unable to recover the indebtedness
31 of the person with respect to whose obligation the notice was given.

32 **Sec. 10.** NRS 481.079 is hereby amended to read as follows:

33 481.079 1. Except as otherwise provided by specific statute, all
34 taxes, license fees and money collected pursuant to NRS 481.0475 must be
35 deposited with the state treasurer to the credit of the motor vehicle fund.

36 2. If any check accepted by the department in payment of fees
37 pursuant to NRS 481.0475 is dishonored upon presentation for payment:

38 (a) The drawer is subject to a service charge of ~~the~~ \$25, in addition to
39 any other penalties provided by law; and

40 (b) The department may require that future payments from the person
41 be made by cashier's check, money order, traveler's check or cash.

42 3. The department may adjust the amount of a deposit made with the
43 state treasurer to the credit of the motor vehicle fund for any cash shortage
44 or overage resulting from the collection of fees.

45 **Sec. 11.** NRS 679B.228 is hereby amended to read as follows:

46 679B.228 The division may charge a person a fee ~~adopted by~~
47 ~~regulation by the commissioner~~ of \$25 for each check returned to the
48 division because the person had insufficient money or credit with the



drawee to pay the check or because the person stopped payment on the check.

Sec. 12. Section 50 of chapter 224, Statutes of Nevada 1999, as amended by section 220 of chapter 354, Statutes of Nevada 1999, at page 1555, is hereby amended to read as follows:

Sec. 50. NRS 360.510 is hereby amended to read as follows:

360.510 1. If any person is delinquent in the payment of any tax or fee administered by the department or if a determination has been made against him which remains unpaid, the department may:

(a) Not later than 3 years after the payment became delinquent or the determination became final; or

(b) Not later than 5 years after the last recording of an abstract of judgment or of a certificate constituting a lien for tax owed, give a notice of the delinquency and a demand to transmit personally or by registered or certified mail to any person, including, without limitation, any officer or department of ~~the~~ *this* state or any political subdivision or agency of ~~the~~ *this* state, who has in his possession or under his control any credits or other personal property belonging to the delinquent, or owing any debts to the delinquent or person against whom a determination has been made which remains unpaid, or owing any debts to the delinquent or that person. In the case of any state officer, department or agency, the notice must be given to the officer, department or agency before ~~it~~ *the department* presents the claim of the delinquent taxpayer to the state controller.

2. A state officer, department or agency which receives such a notice may satisfy any debt owed to it by that person before it honors the ~~department's notice~~ *notice of the department*.

3. After receiving the demand to transmit, the ~~persons so~~ *person* notified *by the demand* may not transfer or otherwise dispose of the credits, other personal property, or debts in ~~their~~ *his* possession or under ~~their~~ *his* control at the time ~~they~~ *he* received the notice until the department consents to a transfer or other disposition.

4. ~~All persons so~~ *Every person* notified *by a demand to transmit* shall, within 10 days after receipt of the demand to transmit, inform the department of, and transmit to the department all such credits, other personal property, or debts in ~~their~~ *his* possession, under ~~their~~ *his* control or owing by ~~them~~ *him* within the time and in the manner requested by the department. Except as otherwise provided in subsection 5, no further notice is required to be served to ~~those persons~~ *that person*.

5. If the property of the delinquent taxpayer consists of a series of payments owed to him, the person who owes or controls the payments shall transmit the payments to the department until otherwise notified by the department. If the debt of the delinquent taxpayer is not paid within 1 year after the department issued the original demand to transmit, ~~it~~ *the department* shall issue another demand to transmit to the person responsible for making the payments informing him to continue to transmit payments to the department or that his duty to transmit the payments to the department has ceased.



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6. If the notice of the delinquency seeks to prevent the transfer or other disposition of a deposit in a bank or credit union or other credits or personal property in the possession or under the control of a bank, credit union or other depository institution, the notice must be delivered or mailed to any branch or office of the bank, credit union or other depository institution at which the deposit is carried or at which the credits or personal property is held.

7. If any person ~~is~~ notified *by the notice of the delinquency* makes any transfer or other disposition of the property or debts required to be withheld or transmitted, to the extent of the value of the property or the amount of the debts thus transferred or paid, he is liable to the state for any indebtedness due pursuant to ~~NRS 482.313,~~ this chapter, or chapter 362, 364A, ~~365,~~ 369, 370, 372, 372A, ~~373,~~ 374, 377, 377A ~~, 444A, 585, 590~~ or *444A of NRS, NRS 482.313, or chapter 585 or* 680B of NRS from the person with respect to whose obligation the notice was given if solely by reason of the transfer or other disposition the state is unable to recover the indebtedness of the person with respect to whose obligation the notice was given.

Sec. 13. 1. The state controller, in cooperation with the department of motor vehicles and public safety and the division of wildlife of the state department of conservation and natural resources, may establish a pilot program to improve the collection of debts owed to an agency or the State of Nevada through the suspension of vehicle registrations and certain licenses and permits issued by the state to persons whose debts to an agency or the State of Nevada are in default pursuant to section 2 of this act.

2. As used in this section, "agency" has the meaning ascribed to it in NRS 353C.020.

Sec. 14. 1. If a pilot program is established pursuant to section 13 of this act, the department of motor vehicles and public safety, when it receives a notice from the state controller that a person to whom the department has issued a license or for whom the department has registered a vehicle is in default on a debt owed to an agency or the State of Nevada, shall send a written notice to that person that his license and vehicle registration is subject to suspension.

2. The notice must include:

- (a) The reason for the suspension of the license and vehicle registration;
- (b) The text of this section; and
- (c) Any other information the department deems necessary.

3. The department shall suspend the license of a person and the registration of a vehicle owned by a person who receives a notice pursuant to subsection 1, without providing him with an opportunity for a hearing, unless, within 30 days after he receives the notice, the department receives a notice from the state controller that the person has:

- (a) Paid the debt, including all penalties, interest, costs and fees, if any;
- (b) Entered into an agreement for the payment of the debt on an installment basis pursuant to NRS 353C.130; or
- (c) Obtained a discharge in bankruptcy of the debt.



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- 1 4. The department shall reinstate such a license and vehicle
2 registration if it receives:
- 3 (a) A notice from the state controller that the person has:
- 4 (1) Paid the debt, including all penalties, interest, costs and fees, if
5 any;
- 6 (2) Entered into an agreement for the payment of the debt on an
7 installment basis pursuant to NRS 353C.130; or
- 8 (3) Obtained a discharge in bankruptcy of the debt; and
- 9 (b) Payment of the fee prescribed in:
- 10 (1) NRS 483.410 for reinstatement of a suspended license; or
11 (2) NRS 482.480 for reinstatement of a suspended vehicle
12 registration.
- 13 5. The department shall not require a person whose driver's license is
14 suspended pursuant to this section to submit to the tests and other
15 requirements which are adopted by regulation pursuant to subsection 1 of
16 NRS 483.495 as a condition of the reinstatement of the license.
- 17 6. As used in this section, "agency" has the meaning ascribed to it in
18 NRS 353C.020.
- 19 **Sec. 15.** 1. If a pilot program is established pursuant to section 13 of
20 this act, the division of wildlife of the state department of conservation and
21 natural resources, when it receives a notice from the state controller that a
22 person who holds a license or permit to hunt, fish or trap or a license to
23 practice commercial taxidermy is in default on a debt owed to an agency or
24 the State of Nevada, shall send a written notice to that person that his
25 license or permit is subject to suspension.
- 26 2. The notice must include:
- 27 (a) The reason for the suspension of the license or permit;
- 28 (b) The text of this section; and
- 29 (c) Any other information the division deems necessary.
- 30 3. The division shall suspend the license or permit issued to that
31 person, without providing him with an opportunity for a hearing, unless,
32 within 30 days after he receives the notice, the division receives a notice
33 from the state controller that the person has:
- 34 (a) Paid the debt, including all penalties, interest, costs and fees, if any;
- 35 (b) Entered into an agreement for the payment of the debt on an
36 installment basis pursuant to NRS 353C.130; or
- 37 (c) Obtained a discharge in bankruptcy of the debt.
- 38 4. The division shall reinstate such a license or permit if it receives a
39 notice from the state controller that the person has:
- 40 (a) Paid the debt, including all penalties, interest, costs and fees, if any;
- 41 (b) Entered into an agreement for the payment of the debt on an
42 installment basis pursuant to NRS 353C.130; or
- 43 (c) Obtained a discharge in bankruptcy of the debt.
- 44 5. The division shall not issue a new license or permit to hunt, fish or
45 trap, or to practice commercial taxidermy to a person whose license or
46 permit is suspended pursuant to this section unless the division receives a
47 notice from the state controller that the person has:
- 48 (a) Paid the debt, including all penalties, interest, costs and fees, if any;



- 1 (b) Entered into an agreement for the payment of the debt on an
- 2 installment basis pursuant to NRS 353C.130; or
- 3 (c) Obtained a discharge in bankruptcy of the debt.
- 4 6. As used in this section, “agency” has the meaning ascribed to it in
- 5 NRS 353C.020.
- 6 **Sec. 16.** 1. This act becomes effective on July 1, 2001.
- 7 2. Sections 13, 14 and 15 of this act expire by limitation on October 1,
- 8 2003.

