

ASSEMBLY BILL NO. 342—ASSEMBLYMEN MORTENSON, PARKS,
HETTRICK, GIUNCHIGLIANI AND COLLINS

MARCH 17, 2003

Referred to Committee on Taxation

SUMMARY—Imposes occupancy tax on rental of room or space in
transient lodging establishment. (BDR 32-314)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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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; requiring a transient lodging
establishment to obtain a license from the Department of
Taxation; imposing an occupancy tax on the rental of a
room or space in such an establishment; providing
penalties; 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.** Title 32 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 26, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 and 4 of this*
6 *act have the meanings ascribed to them in those sections.*

7 **Sec. 3.** *“Temporary or transient paying guest” means a*
8 *natural person who rents a room or space for not more than 28*
9 *consecutive days.*

10 **Sec. 4. 1.** *“Transient lodging establishment” means any*
11 *establishment that is kept, used or maintained as, or held out to*
12 *members of the public to be, a place where sleeping or rooming*
13 *accommodations are furnished to temporary or transient paying*
14 *guests.*



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1 2. Except as otherwise provided in subsection 3, the term
2 includes, without limitation:

3 (a) Hotels.

4 (b) Motels.

5 (c) Time-share projects, except when an owner of a unit in the
6 time-share project who has a right to use or occupy the unit is
7 occupying the unit pursuant to a time-share instrument as defined
8 in NRS 119A.150.

9 (d) Apartment hotels.

10 (e) Vacation trailer parks.

11 (f) Campgrounds.

12 (g) Parks for recreational vehicles.

13 (h) Any other establishment that rents rooms or spaces, or
14 both, to temporary or transient paying guests.

15 3. The term does not include an establishment that has less
16 than 10 rooms and spaces available for rent to temporary or
17 transient paying guests.

18 Sec. 5. The Department shall adopt such regulations as it
19 deems necessary to carry out the provisions of this chapter.

20 Sec. 6. 1. Each person responsible for maintaining the
21 records of a transient lodging establishment shall:

22 (a) Keep such records as may be necessary to determine the
23 amount of its liability pursuant to the provisions of this chapter;

24 (b) Preserve those records for at least 4 years or until any
25 litigation or prosecution pursuant to this chapter is finally
26 determined, whichever is longer; and

27 (c) Make the records available for inspection by the
28 Department upon demand at reasonable times during regular
29 business hours.

30 2. Any person who violates the provisions of this section is
31 guilty of a misdemeanor.

32 Sec. 7. 1. The Department, or any person authorized in
33 writing by the Department, may examine the books, papers and
34 records of any person or transient lodging establishment that may
35 be liable for the occupancy tax imposed by this chapter in order to
36 verify the accuracy of any return or, if no return is filed by a
37 transient lodging establishment, to determine the amount required
38 to be paid.

39 2. Any person or transient lodging establishment that may be
40 liable for the occupancy tax imposed by this chapter and that
41 keeps outside of this state its books, papers and records relating
42 thereto shall pay to the Department an amount equal to the
43 allowance provided for state officers and employees generally
44 while traveling outside of the State for each day or fraction thereof
45 during which an employee of the Department is engaged in



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1 *examining those documents, plus any other actual expenses*
2 *incurred by the employee of the Department while he is absent*
3 *from his regular place of employment to examine those*
4 *documents.*

5 **Sec. 8. 1.** *Except as otherwise provided in this section and*
6 *NRS 360.250, the records and files of the Department concerning*
7 *the administration of this chapter are confidential and privileged.*
8 *The Department, and any employee engaged in the administration*
9 *of this chapter or charged with the custody of any such records or*
10 *files, shall not disclose any information obtained from the*
11 *Department's records or files or from any examination,*
12 *investigation or hearing authorized by the provisions of this*
13 *chapter. Neither the Department nor any employee of the*
14 *Department may be required to produce any of the records, files*
15 *and information for the inspection of any person or for use in any*
16 *action or proceeding.*

17 **2.** *The records and files of the Department concerning the*
18 *administration of this chapter are not confidential and privileged*
19 *in the following cases:*

20 (a) *Testimony by a member or employee of the Department*
21 *and production of records, files and information on behalf of the*
22 *Department or a person required to pay the occupancy tax in any*
23 *action or proceeding pursuant to the provisions of this chapter if*
24 *that testimony or the records, files or information, or the facts*
25 *shown thereby are directly involved in the action or proceeding.*

26 (b) *Delivery to a person who is required to pay the occupancy*
27 *tax or his authorized representative of a copy of any return or*
28 *other document filed by that person pursuant to this chapter.*

29 (c) *Publication of statistics so classified as to prevent the*
30 *identification of a particular transient lodging establishment or*
31 *document.*

32 (d) *Exchanges of information with the Internal Revenue*
33 *Service in accordance with compacts made and provided for in*
34 *such cases.*

35 (e) *Disclosure in confidence to the Governor or his agent in*
36 *the exercise of the Governor's general supervisory powers, or to*
37 *any person authorized to audit the accounts of the Department in*
38 *pursuance of an audit, or to the Attorney General or other legal*
39 *representative of this state in connection with an action or*
40 *proceeding pursuant to this chapter, or to any agency of this or*
41 *any other state charged with the administration or enforcement of*
42 *laws relating to workers' compensation, unemployment*
43 *compensation, public assistance, taxation, labor or gaming.*

44 (f) *Exchanges of information pursuant to subsection 3.*



1 3. The Department may agree with any county fair and
2 recreation board or the governing body of any county, city or town
3 for the continuing exchange of information concerning persons
4 who are required to pay the occupancy tax.

5 **Sec. 9.** 1. The Department shall deposit all fees, taxes,
6 interest and penalties it receives under this chapter in the State
7 Treasury for credit to the Occupancy Tax Account in the State
8 General Fund.

9 2. The money in the Occupancy Tax Account may, upon
10 order of the State Controller, be used for refunds under this
11 chapter.

12 **Sec. 10.** 1. A person shall not operate a transient lodging
13 establishment in this state unless he has a license issued by the
14 Department.

15 2. The application for such a license must:

16 (a) Be made upon a form prescribed by the Department;

17 (b) Set forth the name under which the applicant transacts or
18 intends to transact business and the location of his transient
19 lodging establishment;

20 (c) Declare the estimated number of rooms and spaces
21 available for rent to paying guests;

22 (d) Be accompanied by a fee of \$25; and

23 (e) Include any other information that the Department deems
24 necessary.

25 3. The application must be signed by:

26 (a) The owner, if the transient lodging establishment is owned
27 by a natural person;

28 (b) A member or partner, if the transient lodging establishment
29 is owned by an association or partnership; or

30 (c) An officer or some other person specifically authorized to
31 sign the application, if the transient lodging establishment is
32 owned by a corporation.

33 4. If the application is signed pursuant to paragraph (c) of
34 subsection 3, written evidence of the signer's authority must be
35 attached to the application.

36 **Sec. 11.** 1. Each license issued pursuant to section 10 of
37 this act expires on June 30 next following the date of issuance and
38 must be renewed on or before that date.

39 2. A license may be renewed by the holder thereof upon the
40 payment of a renewal fee of \$25.

41 3. If the holder of a license fails to pay the annual renewal
42 fee before the expiration of his license, the license may be
43 reinstated upon the payment of a reinstatement fee of \$25 in
44 addition to the annual renewal fee. A license may be reinstated



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1 *pursuant to this subsection only if the fees are paid within 1 year*
2 *after the license expires.*

3 **Sec. 12.** 1. *If a holder of a license under this chapter fails*
4 *to comply with a provision of this chapter or a regulation of the*
5 *Department adopted pursuant to this chapter, the Department may*
6 *revoke or suspend his license. Before so doing, the Department*
7 *must hold a hearing after giving 10 days' written notice to the*
8 *licensee. The notice must specify the time and place of the hearing*
9 *and require him to show cause why his license should not be*
10 *revoked or suspended.*

11 2. *If the license is suspended or revoked, the Department*
12 *shall give written notice of the action to the licensee.*

13 3. *The notices required by this section may be served*
14 *personally or by mail in the manner provided in NRS 360.350 for*
15 *the service of a notice of the determination of a deficiency.*

16 4. *The Department shall not issue a new license to the former*
17 *holder of a revoked license unless the Department is satisfied that*
18 *he will comply with the provisions of this chapter and the*
19 *regulations of the Department adopted pursuant thereto.*

20 **Sec. 13.** 1. *There is hereby imposed an occupancy tax of \$3*
21 *on each room and space rented by a transient lodging*
22 *establishment in this state to a temporary or transient paying guest*
23 *for each day or portion of a day that the room or space is rented to*
24 *that guest.*

25 2. *The occupancy tax imposed pursuant to subsection 1 is in*
26 *addition to any other fee or tax charged for the rental of the room*
27 *or space.*

28 3. *The occupancy tax imposed pursuant to subsection 1 must*
29 *be collected from the temporary or transient paying guest and*
30 *must be shown as an addition to the charge for the rental of the*
31 *room or space. The occupancy tax must not be collected from a*
32 *person who, at the time of checking in, provides documentary*
33 *proof of his continuous stay in a transient lodging establishment*
34 *in this state for the previous 28 consecutive days. The proof must*
35 *positively identify the person and must clearly indicate that the 28*
36 *days were paid in advance or occupancy tax was charged. The*
37 *transient lodging establishment is liable to the Department for*
38 *the occupancy tax whether or not it is actually collected from the*
39 *temporary or transient paying guest.*

40 4. *Except as otherwise provided in this section, the total*
41 *amount of the occupancy tax required to be paid by a transient*
42 *lodging establishment for each calendar quarter is due on the last*
43 *day of the quarter and must be paid on or before the last day of the*
44 *month immediately following the quarter.*



1 5. *If the occupancy tax required to be paid by a transient*
2 *lodging establishment for a calendar quarter pursuant to*
3 *subsection 1 is less than \$50, the establishment may submit a*
4 *written request to the Department to pay the tax annually for each*
5 *calendar quarter of a fiscal year ending June 30. Upon approval*
6 *of the request, the tax becomes due on the last day of the fiscal*
7 *year and must be paid on or before the last day of July*
8 *immediately following the fiscal year. If a transient lodging*
9 *establishment ceases operation before the end of the fiscal year,*
10 *the tax becomes due on the date on which the establishment ceases*
11 *its operation and must be paid on or before the last day of the*
12 *month immediately following the calendar quarter in which the*
13 *establishment ceases its operation. A transient lodging*
14 *establishment may continue to pay the tax annually until the*
15 *Department withdraws its approval for the annual payment. The*
16 *Department may withdraw its approval at any time if it determines*
17 *that the tax due for any calendar quarter is at least \$50.*

18 6. *Each transient lodging establishment shall file a return on*
19 *a form prescribed by the Department with each remittance of the*
20 *occupancy tax. The return must include any information the*
21 *Department determines is necessary to administer the provisions*
22 *of this chapter.*

23 **Sec. 14.** *Upon written application made before the date on*
24 *which payment must be made, for good cause the Department may*
25 *extend by 30 days the time within which a transient lodging*
26 *establishment is required to pay the occupancy tax imposed by this*
27 *chapter. If the tax is paid during the period of extension, no*
28 *penalty or late charge may be imposed for failure to pay at the*
29 *time required, but the transient lodging establishment shall pay*
30 *interest at the rate most recently established pursuant to NRS*
31 *99.040 for each month, or fraction of a month, from the last day of*
32 *the month following the date on which the amount would have*
33 *been due without the extension until the date of payment, unless*
34 *otherwise provided in NRS 360.232 or 360.320.*

35 **Sec. 15.** *The remedies of the State provided for in this*
36 *chapter are cumulative, and no action taken by the Department or*
37 *the Attorney General constitutes an election by the State to pursue*
38 *any remedy to the exclusion of any other remedy for which*
39 *provision is made in this chapter.*

40 **Sec. 16.** *If the Department determines that any occupancy*
41 *tax, penalty or interest has been paid more than once or has been*
42 *erroneously or illegally collected or computed, the Department*
43 *shall set forth that fact in the records of the Department and*
44 *certify to the State Board of Examiners the amount collected in*
45 *excess of the amount legally due and the name of the transient*



1 *lodging establishment or person from whom it was collected or by*
2 *whom paid. If approved by the State Board of Examiners, the*
3 *excess amount collected or paid must be credited on any amounts*
4 *then due from the person or establishment under this chapter, and*
5 *the balance refunded to the person or business, or its successors,*
6 *administrators or executors.*

7 **Sec. 17. 1.** *Except as otherwise provided in NRS 360.235*
8 *and 360.395:*

9 (a) *No refund may be allowed unless a claim for it is filed with*
10 *the Department within 3 years after the last day of the month*
11 *following the close of the period for which the overpayment was*
12 *made.*

13 (b) *No credit may be allowed after the expiration of the period*
14 *specified for filing claims for refund unless a claim for credit is*
15 *filed with the Department within that period.*

16 2. *Each claim must be in writing and must state the specific*
17 *grounds upon which the claim is founded.*

18 3. *Failure to file a claim within the time prescribed in this*
19 *chapter constitutes a waiver of any demand against the State on*
20 *account of overpayment.*

21 4. *Within 30 days after rejecting any claim in whole or in*
22 *part, the Department shall serve notice of its action on the*
23 *claimant in the manner prescribed for service of notice of a*
24 *deficiency determination.*

25 **Sec. 18. 1.** *Except as otherwise provided in NRS 360.320,*
26 *interest must be paid upon any overpayment of any amount of any*
27 *fee or occupancy tax imposed by this chapter at the rate of one-*
28 *half of 1 percent per month, or fraction thereof, from the last day*
29 *of the calendar month following the period for which the*
30 *overpayment was made. No refund or credit may be made of any*
31 *interest imposed upon the person or transient lodging*
32 *establishment making the overpayment with respect to the amount*
33 *being refunded or credited.*

34 2. *The interest must be paid:*

35 (a) *In the case of a refund, to the last day of the calendar*
36 *month following the date upon which the person making the*
37 *overpayment, if he has not already filed a claim, is notified by*
38 *the Department that a claim may be filed or the date upon which*
39 *the claim is certified to the State Board of Examiners, whichever is*
40 *earlier.*

41 (b) *In the case of a credit, to the same date as that to which*
42 *interest is computed on the fee or tax or amount against which the*
43 *credit is applied.*



1 3. *If the Department determines that any overpayment has*
2 *been made intentionally or by reason of carelessness, it shall not*
3 *allow any interest on the overpayment.*

4 **Sec. 19.** *1. No injunction, writ of mandate or other legal or*
5 *equitable process may issue in any suit, action or proceeding in*
6 *any court against this state or against any officer of this state to*
7 *prevent or enjoin the collection under this chapter of the*
8 *occupancy tax imposed by this chapter or any amount of the tax,*
9 *penalty or interest required to be collected.*

10 *2. No suit or proceeding may be maintained in any court for*
11 *the recovery of any amount alleged to have been erroneously or*
12 *illegally determined or collected unless a claim for refund or credit*
13 *has been filed.*

14 **Sec. 20.** *1. Within 90 days after a final decision upon a*
15 *claim filed pursuant to this chapter is rendered by the Nevada Tax*
16 *Commission, the claimant may bring an action against the*
17 *Department on the grounds set forth in the claim in a court of*
18 *competent jurisdiction in Carson City, the county of this state*
19 *where the claimant resides or maintains his transient lodging*
20 *establishment or a county in which any relevant proceedings were*
21 *conducted by the Department, for the recovery of the whole or any*
22 *part of the amount with respect to which the claim has been*
23 *disallowed.*

24 *2. Failure to bring an action within the time specified*
25 *constitutes a waiver of any demand against the State on account of*
26 *alleged overpayments.*

27 **Sec. 21.** *1. If the Department fails to mail notice of action*
28 *on a claim within 6 months after the claim is filed, the claimant*
29 *may consider the claim disallowed and file an appeal with the*
30 *Nevada Tax Commission within the 30 days after the last day of*
31 *the 6-month period. If the claimant is aggrieved by the decision*
32 *of the Commission rendered on appeal, he may, within 90 days*
33 *after the decision is rendered, bring an action against the*
34 *Department on the grounds set forth in the claim for the recovery*
35 *of the whole or any part of the amount claimed as an*
36 *overpayment.*

37 *2. If judgment is rendered for the plaintiff, the amount of the*
38 *judgment must first be credited towards any fee or occupancy tax*
39 *due from the plaintiff.*

40 *3. The balance of the judgment must be refunded to the*
41 *plaintiff.*

42 **Sec. 22.** *In any judgment, interest must be allowed at the rate*
43 *of 6 percent per annum upon the amount found to have been*
44 *illegally collected from the date of payment of the amount to the*
45 *date of allowance of credit on account of the judgment, or to a*



1 *date preceding the date of the refund warrant by not more than 30*
2 *days. The date must be determined by the Department.*

3 **Sec. 23.** *A judgment may not be rendered in favor of the*
4 *plaintiff in any action brought against the Department to recover*
5 *any amount paid when the action is brought by or in the name of*
6 *an assignee of the transient lodging establishment paying the*
7 *amount or by any person other than the person or transient*
8 *lodging establishment which paid the amount.*

9 **Sec. 24.** *1. The Department may recover a refund or any*
10 *part thereof which is erroneously made and any credit or part*
11 *thereof which is erroneously allowed in an action brought in a*
12 *court of competent jurisdiction in Carson City or Clark County in*
13 *the name of the State of Nevada.*

14 *2. The action must be tried in Carson City or Clark County*
15 *unless the court with the consent of the Attorney General orders a*
16 *change of place of trial.*

17 *3. The Attorney General shall prosecute the action, and the*
18 *provisions of NRS, the Nevada Rules of Civil Procedure and the*
19 *Nevada Rules of Appellate Procedure relating to service of*
20 *summons, pleadings, proofs, trials and appeals are applicable to*
21 *the proceedings.*

22 **Sec. 25.** *1. If any amount in excess of \$25 has been*
23 *illegally determined, either by the person filing the return or by the*
24 *Department, the Department shall certify this fact to the State*
25 *Board of Examiners, and the latter shall authorize the*
26 *cancellation of the amount upon the records of the Department.*

27 *2. If an amount not exceeding \$25 has been illegally*
28 *determined, either by the person or transient lodging*
29 *establishment filing a return or by the Department, the*
30 *Department, without certifying this fact to the State Board of*
31 *Examiners, shall authorize the cancellation of the amount upon*
32 *the records of the Department.*

33 **Sec. 26.** *1. A person shall not:*

34 *(a) Make, cause to be made or permit to be made any false or*
35 *fraudulent return or declaration or false statement in any return*
36 *or declaration, with intent to defraud the State or to evade*
37 *payment of the occupancy tax or any part of the occupancy tax*
38 *imposed by this chapter.*

39 *(b) Make, cause to be made or permit to be made any false*
40 *entry in books, records or accounts with intent to defraud the State*
41 *or to evade the payment of the occupancy tax or any part of the*
42 *occupancy tax imposed by this chapter.*

43 *(c) Keep, cause to be kept or permit to be kept more than one*
44 *set of books, records or accounts with intent to defraud the State*



1 *or to evade the payment of the occupancy tax or any part of the*
2 *occupancy tax imposed by this chapter.*

3 *2. Any person who violates the provisions of subsection 1 is*
4 *guilty of a gross misdemeanor.*

5 **Sec. 27.** NRS 360.300 is hereby amended to read as follows:

6 360.300 1. If a person fails to file a return or the Department
7 is not satisfied with the return or returns of any tax, contribution or
8 premium or amount of tax, contribution or premium required to be
9 paid to the State by any person, in accordance with the applicable
10 provisions of this chapter, chapter 362, 364A, 369, 370, 372, 372A,
11 374, 377, 377A or 444A of NRS, *sections 2 to 26, inclusive, of this*
12 *act*, NRS 482.313, or chapter 585 or 680B of NRS as administered
13 or audited by the Department, it may compute and determine the
14 amount required to be paid upon the basis of:

15 (a) The facts contained in the return;

16 (b) Any information within its possession or that may come into
17 its possession; or

18 (c) Reasonable estimates of the amount.

19 2. One or more deficiency determinations may be made with
20 respect to the amount due for one or for more than one period.

21 3. In making its determination of the amount required to be
22 paid, the Department shall impose interest on the amount of tax
23 determined to be due, calculated at the rate and in the manner set
24 forth in NRS 360.417, unless a different rate of interest is
25 specifically provided by statute.

26 4. The Department shall impose a penalty of 10 percent in
27 addition to the amount of a determination that is made in the case of
28 the failure of a person to file a return with the Department.

29 5. When a business is discontinued, a determination may be
30 made at any time thereafter within the time prescribed in NRS
31 360.355 as to liability arising out of that business, irrespective of
32 whether the determination is issued before the due date of the
33 liability.

34 **Sec. 28.** NRS 360.412 is hereby amended to read as follows:

35 360.412 If the Department believes that the collection of any
36 amount of sales or use tax, business tax, *occupancy tax* or other
37 excise due pursuant to this title, NRS 482.313 or chapter 585 of
38 NRS will be jeopardized by delay, it shall make a determination of
39 the amount required to be collected and serve notice of the
40 determination upon the person against whom it is made.

41 **Sec. 29.** NRS 360.417 is hereby amended to read as follows:

42 360.417 Except as otherwise provided in NRS 360.232 and
43 360.320, and unless a different penalty or rate of interest is
44 specifically provided by statute, any person who fails to pay any tax
45 provided for in chapter 362, 364A, 369, 370, 372, 374, 377, 377A,



1 444A or 585 of NRS, *or sections 2 to 26, inclusive, of this act*, or
2 the fee provided for in NRS 482.313, to the State or a county within
3 the time required, shall pay a penalty of not more than 10 percent
4 of the amount of the tax or fee which is owed, as determined by the
5 Department, in addition to the tax or fee, plus interest at the rate of 1
6 percent per month, or fraction of a month, from the last day of the
7 month following the period for which the amount or any portion of
8 the amount should have been reported until the date of payment.
9 The amount of any penalty imposed must be based on a graduated
10 schedule adopted by the Nevada Tax Commission which takes into
11 consideration the length of time the tax or fee remained unpaid.

12 **Sec. 30.** NRS 360.419 is hereby amended to read as follows:

13 360.419 1. If the Executive Director or a designated hearing
14 officer finds that the failure of a person to make a timely return or
15 payment of a tax imposed pursuant to NRS 361.320 or chapter
16 361A, 376A, 377 or 377A of NRS, or by chapter 362, 364A, 369,
17 370, 372, 372A, 374, 375A or 375B of NRS, *or sections 2 to 26,*
18 *inclusive, of this act*, is the result of circumstances beyond his
19 control and occurred despite the exercise of ordinary care and
20 without intent, the Department may relieve him of all or part of any
21 interest or penalty or both.

22 2. A person seeking this relief must file with the Department a
23 statement under oath setting forth the facts upon which he bases his
24 claim.

25 3. The Department shall disclose, upon the request of any
26 person:

- 27 (a) The name of the person to whom relief was granted; and
28 (b) The amount of the relief.

29 4. The Executive Director or a designated hearing officer shall
30 act upon the request of a taxpayer seeking relief pursuant to NRS
31 361.4835 which is deferred by a county treasurer or county assessor.

32 **Sec. 31.** NRS 360.510 is hereby amended to read as follows:

33 360.510 1. If any person is delinquent in the payment of any
34 tax or fee administered by the Department or if a determination has
35 been made against him which remains unpaid, the Department may:

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

38 (b) Not later than 6 years after the last recording of an abstract
39 of judgment or of a certificate constituting a lien for tax
40 owed,

41 give a notice of the delinquency and a demand to transmit
42 personally or by registered or certified mail to any person,
43 including, without limitation, any officer or department of this state
44 or any political subdivision or agency of this state, who has in his
45 possession or under his control any credits or other personal



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1 property belonging to the delinquent, or owing any debts to the
2 delinquent or person against whom a determination has been made
3 which remains unpaid, or owing any debts to the delinquent or that
4 person. In the case of any state officer, department or agency, the
5 notice must be given to the officer, department or agency before
6 the Department presents the claim of the delinquent taxpayer to the
7 State Controller.

8 2. A state officer, department or agency which receives such a
9 notice may satisfy any debt owed to it by that person before it
10 honors the notice of the Department.

11 3. After receiving the demand to transmit, the person notified
12 by the demand may not transfer or otherwise dispose of the credits,
13 other personal property, or debts in his possession or under his
14 control at the time he received the notice until the Department
15 consents to a transfer or other disposition.

16 4. Every person notified by a demand to transmit shall, within
17 10 days after receipt of the demand to transmit, inform the
18 Department of, and transmit to the Department all such credits,
19 other personal property, or debts in his possession, under his control
20 or owing by him within the time and in the manner requested by the
21 Department. Except as otherwise provided in subsection 5, no
22 further notice is required to be served to that person.

23 5. If the property of the delinquent taxpayer consists of a series
24 of payments owed to him, the person who owes or controls the
25 payments shall transmit the payments to the Department until
26 otherwise notified by the Department. If the debt of the delinquent
27 taxpayer is not paid within 1 year after the Department issued the
28 original demand to transmit, the Department shall issue another
29 demand to transmit to the person responsible for making the
30 payments informing him to continue to transmit payments to
31 the Department or that his duty to transmit the payments to the
32 Department has ceased.

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

40 7. If any person notified by the notice of the delinquency
41 makes any transfer or other disposition of the property or debts
42 required to be withheld or transmitted, to the extent of the value of
43 the property or the amount of the debts thus transferred or paid, he is
44 liable to the State for any indebtedness due pursuant to this chapter,
45 or chapter 362, 364A, 369, 370, 372, 372A, 374, 377, 377A or 444A



1 of NRS, *sections 2 to 26, inclusive, of this act*, NRS 482.313, or
2 chapter 585 or 680B of NRS from the person with respect to whose
3 obligation the notice was given if solely by reason of the transfer or
4 other disposition the State is unable to recover the indebtedness of
5 the person with respect to whose obligation the notice was given.

6 **Sec. 32.** 1. This act becomes effective upon passage and
7 approval for the purposes of the adoption of regulations by the
8 Department of Taxation and on July 1, 2003, for all other purposes.
9 2. The first payment of the occupancy tax imposed pursuant to
10 section 13 of this act is due on or before September 30, 2003.

