
ASSEMBLY BILL NO. 371—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE ASSOCIATION OF COUNTY
TREASURERS OF NEVADA)

MARCH 23, 2005

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning financial practices of local governments. (BDR 31-605)

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 financial practices of local governments; providing criteria for the approval of investment advisers to make certain investments for local governments; authorizing certain banks to hold certain securities on behalf of local governments under certain circumstances; establishing standards for agreements to locate, deliver, recover or assist in the recovery of certain property held in trust by a county treasurer; providing that a deed made to the county treasurer as trustee for the State and county is, except as against actual fraud, conclusive evidence of certain matters; increasing the payment to the county general fund from the proceeds of properties sold for taxes; 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.** NRS 355.171 is hereby amended to read as follows:
2 355.171 1. Except as otherwise provided in this section, a
3 board of county commissioners, a board of trustees of a county
4 school district or the governing body of an incorporated city may
5 purchase for investment:



(a) Notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States that:

(1) Are purchased from a registered broker-dealer;

(2) At the time of purchase have a remaining term to maturity of no more than 5 years; and

(3) Are rated by a nationally recognized rating service as "A" or its equivalent, or better.

(b) Collateralized mortgage obligations that are rated by a nationally recognized rating service as "AAA" or its equivalent.

(c) Asset-backed securities that are rated by a nationally recognized rating service as "AAA" or its equivalent.

2. With respect to investments purchased pursuant to paragraph (a) of subsection 1:

(a) Such investments must not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase;

(b) Not more than 25 percent of such investments may be in notes, bonds and other unconditional obligations issued by any one corporation; and

(c) If the rating of an obligation is reduced to a level that does not meet the requirements of that paragraph, the obligation must be sold as soon as possible.

3. Subsections 1 and 2 do not:

(a) Apply to a:

(1) Board of county commissioners of a county whose population is less than 100,000;

(2) Board of trustees of a county school district in a county whose population is less than 100,000; or

(3) Governing body of an incorporated city whose population is less than 100,000,

↪ unless the purchase is effected by the State Treasurer pursuant to his investment of a pool of money from local governments or by an investment adviser who is registered with the Securities and Exchange Commission and approved by the State Board of Finance

↪ pursuant to subsection 4.

(b) Authorize the investment of money administered pursuant to a contract, debenture agreement or grant in a manner not authorized by the terms of the contract, agreement or grant.

4. The State Board of Finance shall not approve an investment adviser unless the adviser has:

(a) At least 10 years of experience advising governmental entities concerning the investment of public money, at least 5 years of which have been within the immediately preceding 10 years;



1 ***(b) Managed, on behalf of governmental entities, investment***
2 ***portfolios with a combined value of \$100,000,000 or more; and***
3 ***(c) Demonstrated knowledge of the laws of this State***
4 ***concerning investment of public money.***

5 **Sec. 2.** NRS 355.172 is hereby amended to read as follows:

6 355.172 1. Except as otherwise provided in NRS 355.178,
7 any securities purchased as an investment of money by or on behalf
8 of a local government, as defined in NRS 354.474, must remain in
9 the possession of the county treasurer, the appropriate officer of that
10 local government or a ***qualified*** bank, ~~[as provided in subsection 2,]~~
11 throughout the period of the investment, except that any securities
12 subject to repurchase by the seller may be evidenced by a fully
13 perfected, first-priority security interest, as provided in subsection 3.

14 2. The county treasurer or the appropriate officer of a local
15 government may physically possess those securities, which must be
16 ~~[in bearer form or]~~ registered in the name of the local government,
17 or may make an agreement, in writing, with ~~[the trust department of]~~
18 any ***qualified*** bank ~~[insured by the Federal Deposit Insurance~~
19 ~~Corporation]~~ to hold those securities ~~[in trust]~~ for, ***and in the name***
20 ***of,*** that local government. If such an agreement is made, the ~~[trust~~
21 ~~department]~~ ***bank*** shall furnish the county treasurer or the
22 appropriate officer of the local government with a written statement
23 acknowledging that it is so holding the securities.

24 3. If the securities purchased are subject to an arrangement for
25 the repurchase of those securities by the seller thereof, the county
26 treasurer, the appropriate officer of the local government or a ~~[trust~~
27 ~~department of a bank, as provided in subsection 2,]~~ ***qualified bank***
28 may, in lieu of the requirement of possession, obtain the sole, fully
29 perfected, first-priority security interest in those securities. If the
30 ~~[trust department of a]~~ bank obtains such a security interest, it shall
31 furnish the county treasurer or the appropriate officer of the local
32 government with a written statement acknowledging that fact. Any
33 securities so purchased must, at the time of purchase by or for a
34 local government, have a fair market value equal to or greater than
35 the repurchase price of the securities.

36 ***4. For the purposes of this section, a bank is qualified to hold***
37 ***securities for a local government if the bank is:***

38 ***(a) Insured by the Federal Deposit Insurance Corporation;***
39 ***and***

40 ***(b) Rated by a nationally recognized rating service as within***
41 ***one of its top four rating categories for creditworthiness.***

42 **Sec. 3.** NRS 361.585 is hereby amended to read as follows:

43 361.585 1. When the time allowed by law for the redemption
44 of a property described in a certificate has expired, and no
45 redemption has been made, the tax receiver who issued the



1 certificate, or his successor in office, shall execute and deliver to the
2 county treasurer a deed of the property in trust for the use and
3 benefit of the State and county and any officers having fees due
4 them.

5 2. The county treasurer and his successors in office, upon
6 obtaining a deed of any property in trust under the provisions of this
7 chapter, shall hold that property in trust until it is sold or otherwise
8 disposed of pursuant to the provisions of this chapter.

9 3. Notwithstanding the provisions of NRS 361.595 or 361.603,
10 at any time during the 90-day period specified in NRS 361.603, or
11 before the public notice of sale by a county treasurer, pursuant to
12 NRS 361.595, of any property held in trust by him by virtue of any
13 deed made pursuant to the provisions of this chapter, any person
14 specified in subsection 4 is entitled to have the property reconveyed
15 upon payment to the county treasurer of an amount equal to the
16 taxes accrued, together with any costs, penalties and interest legally
17 chargeable against the property. A reconveyance may not be made
18 after expiration of the 90-day period specified in NRS 361.603 or
19 after commencement of posting or publication of public notice
20 pursuant to NRS 361.595.

21 4. Property may be reconveyed pursuant to subsection 3 to one
22 or more of the persons specified in the following categories, or to
23 one or more persons within a particular category, as their interests
24 may appear of record:

25 (a) The owner.

26 (b) The beneficiary under a deed of trust.

27 (c) The mortgagee under a mortgage.

28 (d) The person to whom the property was assessed.

29 (e) The person holding a contract to purchase the property
30 before its conveyance to the county treasurer.

31 (f) The successor in interest of any person specified in this
32 subsection.

33 5. *Any agreement to locate, deliver, recover or assist in the*
34 *recovery of any property held in trust by a county treasurer by*
35 *virtue of any deed made pursuant to the provisions of this chapter:*

36 (a) *Must:*

37 (1) *Be in writing.*

38 (2) *Be signed by one or more of the persons identified in*
39 *subsection 4.*

40 (3) *Include a description of the property.*

41 (4) *Include the value of the property.*

42 (b) *Must not impose a fee that is more than 10 percent of the*
43 *total value of the property.*

44 6. The provisions of this section apply to land held in trust by a
45 county treasurer on or after April 17, 1971.



1 **Sec. 4.** NRS 361.590 is hereby amended to read as follows:

2 361.590 1. If a property described in a certificate is not
3 redeemed within the time allowed by law for its redemption, the tax
4 receiver or his successor in office shall make to the county treasurer
5 as trustee for the State and county a deed of the property, reciting in
6 the deed substantially the matters contained in the certificate of sale
7 or, in the case of a conveyance under NRS 361.604, the order of the
8 board of county commissioners, and that no person has redeemed
9 the property during the time allowed for its redemption.

10 2. The deed must be recorded in the office of the county
11 recorder within 30 days after the date of expiration of the period of
12 redemption.

13 3. All such deeds are ~~primary~~ , *except as against actual*
14 *fraud, conclusive* evidence that:

15 (a) The property was assessed as required by law.

16 (b) The property was equalized as required by law.

17 (c) The taxes were levied in accordance with law.

18 (d) The taxes were not paid.

19 (e) At a proper time and place a certificate of delinquency was
20 filed as prescribed by law, and by the proper officer.

21 (f) The property was not redeemed.

22 (g) The person who executed the deed was the proper officer.

23 4. Such deeds are, except as against actual fraud, conclusive
24 evidence of the regularity of all other proceedings, from the
25 assessment by the county assessor to the execution of the deed.

26 5. The deed conveys to the county treasurer as trustee for the
27 State and county the property described therein, free of all
28 encumbrances, except any easements of record for public utility
29 purposes, any lien for taxes or assessments by any irrigation or other
30 district for irrigation or other district purposes, and any interest and
31 penalties on the property, except when the land is owned by the
32 United States or this State, in which case it is prima facie evidence
33 of the right of possession accrued as of the date of the deed to the
34 purchaser, but without prejudice to the lien for other taxes or
35 assessments or the claim of any such district for interest or penalties.

36 6. No tax assessed upon any property, or sale therefor, may be
37 held invalid by any court of this State on account of:

38 (a) Any irregularity in any assessment;

39 (b) Any assessment or tax roll not having been made or
40 proceeding had within the time required by law; or

41 (c) Any other irregularity, informality, omission, mistake or
42 want of any matter of form or substance in any proceedings which
43 the Legislature might have dispensed with in the first place if it had
44 seen fit so to do, and that does not affect the substantial property
45 rights of persons whose property is taxed.



1 ➤ All such proceedings in assessing and levying taxes, and in the
2 sale and conveyance therefor, must be presumed by all the courts of
3 this State to be legal until the contrary is shown affirmatively.

4 **Sec. 5.** NRS 361.610 is hereby amended to read as follows:

5 361.610 1. Out of the sale price or rents of any property of
6 which he is trustee, the county treasurer shall pay the costs due any
7 officer for the enforcement of the tax upon the parcel of property
8 and all taxes owing thereon, ~~{ }~~ and upon the redemption of any
9 property from him as trustee, he shall pay the redemption money
10 over to any officers having fees due them from the parcels of
11 property and pay the tax for which it was sold and pay the
12 redemption percentage according to the proportion those fees
13 respectively bear to the tax.

14 2. In no case may any service rendered by any officer under
15 this chapter become or be allowed as a charge against the county,
16 nor may the sale price or rent or redemption money of any one
17 parcel of property be appropriated to pay any cost or tax upon any
18 other parcel of property than that so sold, rented or redeemed.

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

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

23 (b) Ten percent of the ~~{next \$2,000 of the}~~ *remaining* excess
24 proceeds.

25 4. The amount remaining after the county treasurer has paid the
26 amount required by subsection 3 must be deposited in an interest-
27 bearing account maintained for the purpose of holding excess
28 proceeds separate from other money of the county. If no claim is
29 made for the money within 2 years after the deed given by the
30 county treasurer is recorded, the county treasurer shall pay the
31 money into the general fund of the county, and it must not thereafter
32 be refunded to the former property owner or his successors in
33 interest. All interest paid on money deposited in the account
34 required by this subsection is the property of the county.

35 5. If a person who would have been entitled to receive
36 reconveyance of the property pursuant to NRS 361.585 makes a
37 claim in writing for the balance within 2 years after the deed is
38 recorded, the county treasurer shall pay it or his proper portion over
39 to him if he is satisfied that the person is entitled to it.

40 **Sec. 6.** This act becomes effective on July 1, 2005.



