

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-Seventh Session
May 9, 2013**

The Committee on Taxation was called to order by Chairwoman Irene Bustamante Adams at 1:08 p.m. on Thursday, May 9, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Irene Bustamante Adams, Chairwoman
Assemblywoman Teresa Benitez-Thompson
Assemblyman Jason Frierson
Assemblyman Tom Grady
Assemblyman Cresent Hardy
Assemblyman Pat Hickey
Assemblyman William C. Horne
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblywoman Dina Neal
Assemblyman Lynn D. Stewart

COMMITTEE MEMBERS ABSENT:

Assemblywoman Peggy Pierce, Vice Chairwoman (excused)

GUEST LEGISLATORS PRESENT:

Senator Moises (Mo) Denis, Clark County Senatorial District No. 2
Senator David R. Parks, Clark County Senatorial District No. 7
Senator Debbie Smith, Washoe County Senatorial District No. 13

Minutes ID: 1101



STAFF MEMBERS PRESENT:

Russell J. Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Gina Hall, Committee Secretary
Colter Thomas, Committee Assistant

OTHERS PRESENT:

Michele W. Shafe, Assessor, Clark County
Carole Vilardo, President, Nevada Taxpayers Association
Robert L. Crowell, representing DriveTime Automotive Group, Inc.
Bryan Wachter, representing the Retail Association of Nevada
Tammi Davis, Treasurer, Washoe County
Alvin P. Kramer, Treasurer, Carson City, and representing the Association
of County Treasurers of Nevada
Michael Hillerby, representing Propel Financial Services
Lisa D. Hough, Vice President, State Government Relations, Propel
Financial Services

Chairwoman Bustamante Adams:

I want to acknowledge that this is State Employee Recognition Week, so on behalf of the members of the Assembly Committee on Taxation, I want to express our gratitude for all you do to serve our state.

We have four bills today. We will start with Senate Bill 215. I would like Michele Shafe to come to the witness table. I will open the hearing on S.B. 215.

**Senate Bill 215: Makes various changes relating to the taxation of property.
(BDR 32-569)**

Michele W. Shafe, Assessor, Clark County:

This bill is the Assessors' Association of Nevada bill. I want to give you a little background on how we put together proposals within the Association.

We have a legislative committee that is appointed by the Association. On this committee we have five members. We come up with different proposals. We usually do a lot of emails in between to all the other assessors. We then have two separate assessor conferences, one in the spring and one in the fall, where we again go over proposals, get input, get additional ideas, and make sure that all of the assessors are on board and in support before we ask for a bill draft.

For this particular bill I wanted to let you know that all the assessors are in support.

Section 1 would change the way we deal with appraisers and their appraisal education. This would only apply to appraisers who work in an assessor's office or for the Department of Taxation. This would not affect private fee appraisers. What we would like to do is change the educational requirement from 36 hours of education every five years to 36 hours of education every three years. This would bring us more in line with industry standards.

Section 2 involves manufactured homes. There is a law in place that anyone bringing a manufactured home into the State of Nevada or purchasing a new one from a dealer needs to let the assessor know within 30 days. If they do not, then the homeowner gets a nice surprise with their property tax bill. They get a 10 percent penalty from the assessor because it was not reported within 30 days. In many cases, we are finding that a homeowner buys a home from a dealer, and the dealer, for whatever reason, does not get their dealer's report of sale into the assessor's office in time, which then causes this 10 percent penalty to the homeowner who did nothing wrong. In cases where we have extenuating circumstances like that, we would like to be able to waive that 10 percent penalty.

If you have a case where someone has not been paying their taxes, for example, because we did not know that their home was there, so they did not get a tax bill for a year or two and they knew they were not getting a tax bill, that would not be sufficient to justify a waiver. It would apply in cases where there were extenuating circumstances or it was not the homeowner's doing.

Sections 3 and 4 involve the affidavit of transfer to a spouse for a veteran or a disabled veteran. Right now in law they can do this. They can transfer their exemption at the Department of Motor Vehicles (DMV) to their spouse; however, the current process in the law states that they must go to the assessor's office. The assessor's office downloads a form off the DMV website, the person fills it out, they show the assessor their marriage certificate, the assessor signs off on it, and they then have to make a second trip to the DMV to make the transfer. We feel that this is unnecessary and gives veterans the runaround, which is what we do not want to do. We would like to make things simpler for veterans.

What we are proposing is that they be able to do everything at DMV. In other words, they would go to DMV with their marriage certificate, DMV could

download their own form, the person fills it out, DMV looks at the marriage certificate and signs off, and we save the veteran an extra trip.

Sections 5 and 6 would remove the June 30 expiration of assessor technology funding. The assessors have been receiving technology funding since 2005. Some of the things we have used this for are in your handout ([Exhibit C](#)), or on Nevada Electronic Legislative Information System. We have been able to do this with our websites. We are constantly improving our websites, putting information out on the website for the public, free of charge, so they can access it any time of day. They no longer need to come into our office, or even call us, to receive this information. They can go to the website and get this information.

Another thing that we all use it for is aerial photography. This has been very efficient for us, in that we do not have to send out appraisers to walk neighborhoods, spend a whole day, and perhaps only pick up a new set of sprinklers or a fence. We can use the aerial photography to see if there are any new improvements that have been made on properties we have in our records. We also use funding for geographic information systems (GIS), and for computer assisted mass appraisal systems, which is what we use for our mass appraisal. We use the technology money for any programming changes due to changes in the *Nevada Revised Statutes* (NRS).

As you all know, assessor data is in demand. Everyone wants it. Other local governments want it, as does the private sector.

The other thing we use the money for, in regard to GIS is assisting the state demographer with the information he needs for population estimates and projections, as well as for statewide economic development, natural resource management, and emergency management.

So, there are many things we use the money for. We would like to be able to continue to do these things and provide even more information enhancements to the public.

That is about it on the bill. It is the shortest bill we have ever presented. We thought you would appreciate that.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee?

Assemblyman Hardy:

I am curious about section 3. Explain to me why this language is still in section 3, subsection 1, paragraph (a). What do we have to do with April 21, 1898, 1903, 1917, et cetera? Help me understand that. Why is it not part of the bill being removed?

Michele Shafe:

This language has been in the section of the law to do with veterans, and a couple other places as well. Removing some of this outdated language could be something for a future bill. I do not believe there are many, if any, World War I veterans sitting around, so that is something that we could look at in the future.

Assemblyman Frierson:

I was curious about what an extenuating circumstance would be, or an example of circumstances that would warrant waiving a penalty as contemplated in the bill?

Michele Shafe:

For us, extenuating circumstances would be something beyond the homeowner's control. The best example would be where the dealer's report of sale is not turned in on time, or if the homeowner moved here from another state and maybe missed the deadline by a couple weeks because they were not aware of it, because Nevada laws are different. That would be it. It would not be used to waive penalties for people who have not been paying their taxes.

Chairwoman Bustamante Adams:

I have a question on section 5, having to do with your technology. What is the percentage that is attributed to that budget, and what would that amount be?

Michele Shafe:

This is a 2 percent collection commission on personal property.

Chairwoman Bustamante Adams:

If you had to give a dollar amount, how much would go toward technology?

Michele Shafe:

Again, it would be dependent on the county, because it is on personal property, as well as net proceeds of mines. The mining counties would get more of it, based on the mines. For the other counties that do not have many mines, it would be on personal property, which covers business, personal property, and manufactured homes.

Chairwoman Bustamante Adams:

Can you tell me for your GIS that the demographer may use for statewide economic development, what kind of system are we talking about?

Michele Shafe:

There are different software vendors; Environmental Systems Research Institute, Inc. (Esri) is one of them.

Chairwoman Bustamante Adams:

Do you pay a licensing fee for that, as county assessors? How does that work?

Michele Shafe:

Yes, we pay a licensing fee each year for the software used for the GIS.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] We will transition to those in support of S.B. 215.

Carole Vilardo, President, Nevada Taxpayers Association:

I am speaking in support of the assessor's bill. We think this one has a number of cleanups that involve simplification and better training for employees who actually go out and do the appraisals. We do support the extension of the technology fund.

Chairwoman Bustamante Adams:

Do the recorders and the clerk also have the technology portion?

Carole Vilardo:

I am not sure about the recorders, but the clerks get a separate fee, which they use for technology.

Chairwoman Bustamante Adams:

Has that one been similar, where they have had to come back every year?

Carole Vilardo:

Not that I remember. It has been there for what seems like forever at this point.

Chairwoman Bustamante Adams:

We will transition to opposition to S.B. 215. Is there anyone in opposition? [There was no one.] We will transition to the neutral position. Is there anyone in the neutral position? [There was no one.] I will close the hearing on S.B. 215. As Senator Denis is in the audience, we will listen to his bill first before we go to Senate Bill 216. I will open the hearing on Senate Bill 152.

Senate Bill 152 (1st Reprint): Revises provisions governing the administration of sales and use taxes and related taxes. (BDR 32-877)

Senator Moises (Mo) Denis, Clark County Senatorial District No. 2:

I respectfully submit Senate Bill 152 (1st Reprint) for your consideration. Senate Bill 152 (R1) seeks to rectify an inequity in our sales and use tax provisions relating to deductions or refunds for sales taxes paid on certain credit installment transactions, where there is a failure of the purchaser to complete the purchase after the full amount of the sales tax on the transaction has been paid and a bad debt has been created.

Under our law, sales and use taxes levied on finance sale transactions are paid on the entire value of a sale, notwithstanding the fact that the entire purchase price has not yet been paid. Current law provides that, where a retailer both sells and finances a product and is unable to collect all or part of the sales price, the retailer may claim the deduction or credit on their sales tax returns for sales taxes paid on that bad debt. However, where a retailer has created a closely held affiliated company to carry the paper on a financed retail sale and the purchaser fails to pay the full amount, the retailer is unable to claim the deduction or credit on their sales tax return because the finance affiliate is the entity that charged off the bad debt.

Senate Bill 152 (R1) seeks to remedy that situation by providing that a retailer may claim a deduction or credit for sales taxes paid on bad debts incurred by their finance affiliate, provided the affiliate is closely related to the retail entity in terms of ownership or control.

One thing that was pointed out to us, in section 4 on the last page of the bill, page 6, there is a section there that talks about retroactivity. That needs to be taken out. That whole section 4. This was something that was pointed out to us, so we would propose to do that.

With that, Madam Chairwoman, if it is agreeable, I will turn the microphone over to Robert Crowell and he will explain the bill in detail.

Robert L. Crowell, representing DriveTime Automotive Group, Inc.:

I represent DriveTime Automotive Group, Inc., which sells used cars to distressed or credit-stressed individuals in Clark County. I will give you a little history on DriveTime to put this bill in context. DriveTime Auto Sales is a privately owned company held by five individuals. They created a commonly owned finance company to finance sales to obtain better sales prices for customers. The sales are made by the retail company and then transferred to the affiliated financing company to hold the paper. As Senator Denis said,

when the sale is made, the sales tax is paid on the entire amount of the transaction, even though it is an installment sale. The State is paid the full amount due on the installment sale.

The issue is that when there is a default on a note that is held by the financing company and the entire amount has not been paid on the installment sale, historically DriveTime was able to claim a credit on its sales tax returns for those bad debts. The company underwent a Department of Taxation audit in 2004 that verified and accepted the practice that even though you transferred the paper to your commonly owned affiliate, if there was a default of the note, you could still take the bad debt as a credit against your sales tax on your sales tax return. After that there was a case involving Daimler Chrysler, where the Department took the position that third-party financing companies—not affiliated ones, but third-party unrelated financing companies—could not take the deduction. That case went to the Nevada Supreme Court, and the Court upheld the Department's right to say that if you are an unrelated third-party financing company, you are not entitled to take the deduction where there has been a default [*Department of Taxation v. DaimlerChrysler Services North America, LLC*, 121 Nev. 541, 548, 119 P.3d 135, 139 (2005)].

DriveTime was not involved in that case, but sought a ruling from the Supreme Court that it was different because its financing was not done by a third-party financing company, but by its own financing company. [*DriveTime Care Sales v. Nevada Dept. of Taxation*, No. 55028, slip op. at ____ (Feb 24, 2011).] The Nevada Supreme Court held in that case that since the principles of *DaimlerChrysler* applied and DriveTime Finance Company was not a retailer debt, all other things being equal, it could not claim the deduction, even though it had done the transaction all within a control group of companies. Senate Bill 152 (R1) seeks to restore the process to what it used to be for commonly held and closely held companies. I will tell you how it does that.

Section 1 of the bill says you can only take a credit for a bad debt as long as the bad debt qualifies as a bad debt under section 166 of the Internal Revenue Code. It then goes on in section 1, subsection 10, to say that you may claim a credit of your sales tax for bad debt when the entire installment has not been paid, even though you have transferred that paper to an affiliated company or an affiliated group. An affiliated group is defined in section 2, subsection 13, paragraph (a) as an affiliated group under the Internal Revenue Code (commonly owned companies with 80 percent common ownership) or a controlled group of corporations as described in the Internal Revenue Code (companies that are owned by five or fewer individuals). It is designed to say that only in those very limited situations where there is a controlled entity, an affiliated group, that made the transaction, can they

attempt to claim a credit on a sales tax for bad debt. That is what section 2 does in its entirety.

Section 2 carries the same things forward as section 1, except that it applies the Local School Support Tax provisions of our sales and use tax code, but they are the same provisions, because if you are able to claim a credit, you are able to claim a credit on both the sales and use tax portion and the Local School Support Tax portion as well.

Section 3 of the bill directs the Department of Taxation to, as soon as practical, enact regulations, if they deem any regulations are necessary. As stated by Senator Denis, and we agree, that would come out so that the law would only apply to transactions occurring on and after the effective date of this legislation, which, if adopted, would be July 1, 2013, except for the purposes of making regulations, which would be effective upon the date of passage. We appreciate Senator Denis's work on this and thank you for your time.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee?

Assemblyman Frierson:

I think my question reflects that this is not my area of expertise, so forgive me if it is relatively simple. In theory, if there is a bad debt and an entity is allowed to get a credit for not collecting on that debt, what happens if subsequently the debt is collected?

Robert Crowell:

It has to be written off as a bad debt period, so it is one that is not collected. You have to write it off, so it is not an either/or; it is a debt that is written off under your tax laws.

Assemblyman Frierson:

The entity would not even be allowed to pursue the debt?

Robert Crowell:

Normally what happens is if you pursued it and you could not collect it, then it is a bad debt. That does not say that you could not repossess the car and resell the car. If you resell the car there would be another sales tax paid.

Assemblyman Frierson:

If you collected it, it would be considered income in one way or another?

Robert Crowell:

That is right.

Assemblyman Stewart:

What if half the debt is paid? Is the sales tax refund prorated then on the money that was collected?

Robert Crowell:

Correct.

Chairwoman Bustamante Adams:

Could you give me a specific example, using simple math, to help me understand your intent.

Robert Crowell:

I sell a car to you for \$100, and you agree to pay me \$10 per month over time. I pay whatever the sales tax is and you finance the car. So, we will finance \$100 plus the sales tax of 8 percent, or \$108 would be financed. You then default on the loan half way through, where you only pay \$50 on the note. I am the retailer and I financed it myself. I would be able to apply for a credit on my sales tax filing of \$4, because I had paid that to the state but never collected it from you.

Because I financed \$8, you paid half, I would be able to collect the net that you paid, \$4, which means I could apply for a credit on the balance that you did not pay, the other \$4.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] We will transition to those in support of S.B. 152 (R1).

Bryan Wachter, representing the Retail Association of Nevada:

We are absolutely in favor of Senator Denis's bill. For us it is an equality issue. Just because your business is structured in such a way that, even though you have the same owners, you decide to create two different entities, we still think you ought to be able to receive the same advantages that everyone else does. So we really do see this as a fairness issue.

Chairwoman Bustamante Adams:

Are there any others in the support position? [There were none.] Is there anyone in opposition to S.B. 152 (R1)? [There was no one.] Is there anyone in neutral? [There was no one.] I will close the hearing on S.B. 152 (R1) and open the hearing on Senate Bill 216.

Senate Bill 216: Revises certain procedures for the billing and collection of property taxes. (BDR 32-560)

Senator David R. Parks, Clark County Senatorial District No. 7:

I am in front of you today with Senate Bill 216, which is a biennial bill that is brought forward by the treasurers of the counties of Nevada. It provides various changes in statute relating to county treasurers. Since I have experts sitting at the table, I will happily turn over the testimony to them.

Tammi Davis, Treasurer, Washoe County:

We would like to thank Senator Parks for sponsoring this bill and assisting us in bringing these changes forward.

Beginning with section 1 of the bill, current law requires that we as tax receivers mail a tax bill to every property owner or to their mortgage company. Section 1 of this bill would allow us to provide that bill electronically, only at the request of the property owner, and only if the tax receiver offers that service and would consider that meeting the requirement of mailing a bill.

We do have two conditions on that and I will explain those. First of all, we have several counties throughout the state that may or may not be in a position to offer those bills electronically, so we wanted to leave it at the discretion of the treasurer for a particular county. We would also only do it at the request of the taxpayer, so those who prefer to receive their bills electronically are able to do that, but we would not stop sending a paper bill to anyone who prefers that method.

Mr. Kramer is prepared to speak to you on the other two sections.

Alvin P. Kramer, Treasurer, Carson City, and representing the Association of County Treasurers of Nevada:

Regarding section 2, the current law says that once you advertise for a tax sale on a piece of property, it will go to sale. The only way it can be stopped is to have a court order or bankruptcy; in others words, a court stops you from going to sale. Each year in many of the counties, Clark and Washoe specifically, attorneys apply for and judges grant temporary restraining orders to stop those sales. What we would like to do is change the law so that a person can come in and pay their taxes after it is advertised in the paper, up until three days before the tax sale takes place, as we do need those three days to be ready for the tax sale. It would stop a lot of the work that DA offices put into responding to these temporary restraining orders, and it would save the taxpayer the significant money needed to arrange for an attorney to represent him in order to have the tax sale stopped.

Section 3 mainly clarifies the language on how we advertise for a tax sale. It states that the advertisements must specify the time, day, and place of the sale, and it addresses how it has to be advertised. If it is in a newspaper, it has to be at least once a week for four consecutive weeks, and that first publication must be at least 22 days before the day of sale. This is clarifying language only. It really does not change much of what we are doing, but it does make it so we all do it the same way and rely upon the same thing. The reason that is important is if you have advertised a sale wrong, or if you have notified somebody wrong, that provides the only basis that someone would have to undo a tax sale. We want the language to be as clear as possible, so we are in a defensible position.

Chairwoman Bustamante Adams:

I know when the county assessors came in for the first bill, they said they work in a group to come up with changes. Is the process similar for your group to bring forth changes that would benefit both the consumer and the treasurer's office?

Tammi Davis:

Yes, we did meet as a group and voted to bring this forward.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee?

Assemblyman Stewart:

Can you estimate how much money you are going to save? Do you anticipate that 50 percent of people will want it electronically?

Tammi Davis:

We do not have good estimates. I can tell you we are starting to receive those requests. There is some cost involved in setting up electronic presentment of bills. There may not be a savings immediately; it would be over time.

Assemblyman Hardy:

I like the idea of the electronic filing system. Is there a way you can make sure the email has reached the taxpayer? I have people tell me they emailed me all the time, and sometimes I just never see it. Is there a way we can correct that?

Tammi Davis:

I believe the way the bill is written it says that once someone requests their bill electronically, our sending it would represent that it has been delivered. Washoe County does, and I believe throughout the state, have those bills available online. We can also include language in the form used to request an

electronic bill that says you can expect your bill by a certain time, and if you do not have it, please contact our office. We have those conversations with taxpayers now, for their paper bill, because we mail many bills that do not make it to their final destination as we would expect them to.

Assemblywoman Neal:

I just was not sure if the process was by request. I was thinking that if you were a new homeowner and you were not familiar with how a tax bill comes, when it is supposed to come, and what it looks like, you could run into a situation where you did not have it because it was on the website.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee? [There were none.] We will transition to those in support of S.B. 216. [There was no one.] We will transition to those in opposition to S.B. 216. Is there anyone in opposition? [There was no one.] We will transition to those in a neutral position on S.B. 216. Is there anyone in neutral? [There was no one.] We will close the hearing on S.B. 216. Our next bill is Senator Smith's, and we will open the hearing on Senate Bill 301.

**Senate Bill 301 (1st Reprint): Provides for assignment of property tax liens.
(BDR 32-969)**

Senator Debbie Smith, Washoe County Senatorial District No. 13:

I am here to present Senate Bill 301 (1st Reprint). This bill amends *Nevada Revised Statutes* (NRS) 361.731-361.733, which deal with property tax liens.

Under Nevada law a lien is created for the property taxes assessed on real property and due to Nevada governments. This bill would allow a property owner whose taxes are delinquent, to enter into an agreement to have another party pay the past due taxes in exchange for transferring the lien to that third party. The transaction would be entirely driven by the property owner. Their involvement and permission is required for the transaction to take place.

In a tax lien transfer, the property owner authorizes a third party, a transferee, to pay the owner's property taxes. The property owner works out a flexible payment schedule with the transferee, and the transferee pays the full amount due directly to the county treasurer. At this point the tax lien is transferred to the transferee, and in a tax lien transfer the property owner is in complete control of the process.

Tax lien transfers allow property owners the option of having their delinquent taxes paid, which certainly helps our local governments, and allows the local governments the option of having taxes paid earlier than they might otherwise be. These taxes, as you well know, fund our schools and local government services. This revenue source, as you also all know on this Committee, has been a difficult funding source in recent years.

In researching this bill one thing I learned is that our law allows for tax lien certificates, a very different mechanism, to be sold without involvement or permission of the property owner. That was very alarming to me, that we already have that in statute. It allows this to happen without the participation of the property tax owner. We have learned that no county has enacted the regulations necessary to do this, and the treasurers have not been selling the certificates, but I did ask in this language to remove that provision, so that this opportunity would not be available in the future.

As previously stated, tax lien transfers do leave the property owner in control, and no change in the priority of the lien or the collateral rights of any mortgage holders occurs in this process. The law would allow lien transfer companies to offer their services and a property owner to decide if a lien transfer is right for their circumstance.

I have here Mr. Hillerby, who also has some suggested amendment language. He can speak more specifically to the details. I appreciate your consideration of this bill, particularly since it could bring in more property tax revenue, and could allow people who are in difficult circumstances to find a method to have their property taxes paid.

If you do not mind, Madam Chairwoman, I need to get to my committee, so I am asking if I can turn it over to Mr. Hillerby. He can answer any technical questions about the bill.

Michael Hillerby, representing Propel Financial Services:

I would like to invite up Lisa Hough with Propel, as she has some opening comments. I want to say thank you to Senator Smith, and particularly to the county treasurers, and Al Kramer who is in the room. We worked together extensively through a number of iterations of the bill and the first reprint which is in front of you. When Ms. Hough is done talking, I will go section-by-section through the amendment in front of you ([Exhibit D](#)) as well as a couple of changes from Senator Smith and the county treasurers.

Lisa D. Hough, Vice President, State Government Relations, Propel Financial Services:

We are a nationwide financial services company that really works with consumers who find themselves in financial straits and need some help in getting back on a better financial course. We have helped thousands and thousands of consumers across the country who were faced with delinquent property taxes and wanted another option in order to repay them and at the same time to stay in their home or business.

We are here in support of S.B. 301 (R1). I would like to tell you a little bit about our business, how we have been operating in other states, and then our thoughts on the proposed legislation.

At Propel we are very committed to working with consumers directly. As Senator Smith mentioned, under tax lien certificate sales the property owner does not have a choice if they are delinquent on their taxes and their certificate is sold to a third-party investor. In order to stay in their home they are obligated to repay that outside third-party investor.

What Propel does is offer the consumer a choice before they go to a sale. Propel is just one of over 70 companies that do this right now. It is a very robust industry. It started in Texas, and has been increasing in viability over the past seven to eight years. We think it would be a great option for consumers here in Nevada. The proposed amendments to the existing law would allow a property owner to select a tax lien assignment or a tax lien transfer. We sometimes use these two terms interchangeably.

This is how it works. Each year, when your property taxes come due, you get a tax bill in the mail in July. In August you have the option of either paying the bill in full or working out a quarterly payment plan, which under NRS gives you four payments through the course of the year. Perhaps you would prefer to finance it yourself through your credit card. Perhaps you do not even have to worry about paying your taxes, because they have already been collected as part of your mortgage payment, and the mortgage company will pay your taxes. Those options will all remain if S.B. 301 (R1) is enacted; however, what we are proposing is another option for property owners that might need more time, need a lower monthly cost, or perhaps do not have a mortgage and want another option.

Tax lien assignments and tax lien assignment companies allow consumers to choose competitive rates, terms, and fees that meet their needs. Once the property owner authorizes the assignment, a company such as ours would go ahead and pay the county the full amount due in taxes, penalties, and fees.

Local governments benefit by getting immediate revenue that would otherwise be delinquent. The obligation of the property owner to pay the tax would then transfer to a company such as ours. The property owner would need to repay us, based on the terms of the agreement we worked out. Mr. Hillerby will go into more detail about what that agreement includes.

We find that consumers often repay this obligation within three years; however, we do allow terms up to ten years. That really lowers the average monthly cost, and for someone who may have had an unexpected medical emergency, been involved in a divorce, or have a business that is suffering a seasonal or economic downturn, that longer term option is something we see as a great advantage to taxpayers. Once the obligation is satisfied, the assignee files a release of lien and notifies the county.

I would like to highlight another consumer-friendly amendment we are proposing, which is a fee cap, and Mr. Hillerby will talk more about that in his testimony.

In a competitive market what we have seen with caps is that, although they are set at a certain level, as with any other business, our companies are all competing for customers. A lot of times those fees will come down even more. The goal overall is to provide a cost-effective option that is in the property owner's control, and helps them stay in their property and get back on their feet.

I would also like to emphasize that our company is not in the business of owning real estate. We really work to keep property owners in their property. My company's portfolio shows that only 0.5 percent of the time do we ever reach a foreclosure point with customers. Under the proposed legislation, foreclosure is only permitted in the event that the property owner goes into a serious default, and not in any time shorter than what the county has to observe when seeking foreclosure. Also, the process that is required is a full judicial court proceeding. That is important because in a judicial foreclosure a company like mine is not allowed to profit. We are only seeking recovery for the obligation the assignee agreed to with us. Any other profits, above that, from the sale, would go to the other lienholders, and then ultimately the property owner. That is a little bit different than deed sales, where the full deed of the property goes to the purchaser.

Let me tell you a little bit more about our customers. I mentioned before that perhaps they had a personal emergency, a divorce, or medical emergency. Our customer base might be different from that of other companies. It also might not be exactly everyone who is on the delinquent tax roll. Generally they run

the gamut with a variety of property values, a variety of income levels, and both residential and commercial properties. There are many property owners, for example, someone in the real estate development business with a large apartment building may be having a downturn in leasing and need a bit more time on their property taxes. We can offer them a solution, while they still keep their property, and hopefully they will recover and people will come back.

Perhaps it is a family that inherited property free and clear and did not expect a large property tax bill. They may need a little more time to get the estate settled, get their finances in order, and decide what to do with the property. Tax lien transfers offer that family an option to keep the family property, while deciding how they are going to make financial investments in the future or pay the property taxes in the future.

Overall, we have found a lot of customers we work with really appreciate having another option. That is what I would like to emphasize we are bringing today, just another option for Nevada property owners and consumers. It really does keep property owners in their homes, and provides much needed immediate revenue to local governments that would then help fund schools, fire departments, and local services.

I would like to conclude and thank you for your time and attention. I welcome any questions you might have.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee?

Assemblyman Hardy:

Once this agreement is met with the tax trade, is the property owner's deadline still the same for paying you back as it would have been for paying the county? Is that a negotiated timeline? How is this recorded or kept so you stay in first place? Does this bill address that?

Michael Hillerby:

The payment terms are not necessarily the same as those with the county. Typically once you become delinquent that starts a two-year clock during which the county has to wait before ultimately going to the district attorney and starting legal action to foreclose on the property for payment of the past due taxes. The terms for Propel and other companies can stretch longer. They can go from three to ten years, and commercial property might be longer. A person might be in a slump, in terms of occupancy in an office building or retail office space, and may need a few more years to pay this off and are not able to get

other kinds of financing from the bank, so the term is negotiated between the property owner and the assignment company.

Assemblyman Hardy:

Does that leave you in the same position as the municipality to be able to foreclose at such time they fail? If you still have a note on a house, they would be in first place, unless you are a municipality. Can you explain that?

Michael Hillerby:

It does not change the priority of the original county lien assignment. It does not change the priority of any other lienholder at all. Obviously no company is going to deliberately be in the business of doing an assignment with a property owner from whom they have no real expectation of being paid back. Nobody wins under that circumstance. If it came to foreclosure, and as Ms. Hough said, that is less than 0.5 percent of the time, an assignment company has to wait, at minimum the same two-year window the county does. Then it can start the same notification process. I will talk about that when we go section-by-section through the law. Importantly, it is the same judicial foreclosure process that the local government would use if it had to act upon the lien.

Chairwoman Bustamante Adams:

We are going to have Mr. Hillerby go section-by-section through the bill now, and we will hold the questions. Go ahead and start with sections 1 and 2.

Michael Hillerby:

Sections 1 through 3 provide the definitions of the act. Section 1 makes references to the words within this particular chapter and sections, and section 3 defines assignee, a person to whom an assignment of a tax lien is authorized pursuant to the provisions of this act, so that would be the company. In this case Propel, or companies like it, would be the assignee.

Section 4 describes when a tax lien assignment is authorized. It covers the required elements of the agreement. Those include that the owner may redeem the lien at any time upon payment of the amount due, the assignee must release the lien within 20 business days of payment, the interest rate that may be charged is capped at 15 percent, and it provides that the assignee must record the agreement and pay those recording fees with the county recorder. The assignee also has to file the release of the lien with the county recorder, which we will talk about a little later in the bill, and the section specifies remedies in the event of nonpayment with the recorder.

The amendment you have in front of you ([Exhibit D](#)) is at the request of Senator Smith. I know Mr. Guindon looked up this law in Texas, and the fee

caps in Texas are higher than what we propose here. Senator Smith asked if we could find a better number than that. We are proposing in the amendment, in section 4, subsection 2, paragraph (b), subparagraph (2), that "fees for recording and other expenses incurred by the assignee in connection with the authorization and assignment which may not exceed \$600 for a single-family residence occupied by the owner." Those are two specific terms that are defined in this chapter. That was the request of Senator Smith, and we were happy to do that. That is a flat fee, regardless of the amount of the lien. The example that was given from Texas was a sliding fee that went up with the amount of the lien. We thought we could certainly meet that \$600 cap.

Chairwoman Bustamante Adams:
We will pause here for questions.

Assemblywoman Neal:

My question on the amendment concerns the caps and how high the expenses will be that the company can accrue. So fees for recording or other expenses incurred by the assignee, "which may not exceed \$600 if the property is a single-family residence," you are trying to limit how high your expenses are, right?

Michael Hillerby:

No. If you look at paragraph (b), right above that. This is the operative section where it says "may provide for payment by the owner of the property to the assignee of," and then it defines the fees. Obviously, we would like to limit how much we are incurring, but in no case can we pass on a fee of more than \$600 to the owner of the property as a part of the assignment agreement. The agreement may provide for payment by the owner to the assignee of those fees, but they may not exceed \$600.

Assemblyman Kirner:

The interest rate, according to the bill here, may not exceed 15 percent. How do you actually determine what interest rate you are going to use?

Lisa Hough:

With Propel our experience has been dependent upon the rate at which the banks will lend us money. Right now in Texas it is a very competitive market. I would say our interest rate for most tax lien transfers usually runs between 12 percent and 13 percent; however, there have been commercial deals in the past couple of months as low as 8 percent. It fluctuates with the markets and what the company can do most efficiently.

Assemblywoman Neal:

In a typical market, such as Texas, where you are saying the percentage is 12 percent to 13 percent, what is the average or typical financial benefit or profit that you receive and the length of time you are engaged in this process? Clearly there has to be either a benefit in the longevity of the payment, or in terms of the percentage or the amount that is going to accrue. Help me understand that.

Lisa Hough:

We have found that consumers, even if they enter into a tax lien transfer for seven years, repay it as soon as they can. This is typically between two and three years. Our company really works with consumers. They usually only come once to get one of these tax lien transfers. It is a very short time frame that we find they come back.

Assemblywoman Neal:

What is the dollar amount that your company actually receives, over a two- to three-year period, at 12 percent interest rate? You are not a Good Samaritan, you are making a profit off of this. How much money?

Lisa Hough:

I do not have that number in front of me. I will have to get you that information.

Chairwoman Bustamante Adams:

Mr. Hillerby, on the amendment you are referring to, the cap is only for the residential side and not for the commercial side, is that correct?

Michael Hillerby:

Yes, that is correct.

Chairwoman Bustamante Adams:

So can the commercial side also go up to 15 percent, or is there another interest rate?

Michael Hillerby:

The 15 percent interest rate cap applies to all properties, any property owner. That would apply to commercial or residential.

Chairwoman Bustamante Adams:

In that verbiage, it says, "the authorization and assignment which may not exceed \$600," so "may" is permissive. Should it read differently and say it "must" not exceed?

Michael Hillerby:

We would have no concerns with that. This is obviously our suggested language. Your staff will put this in the appropriate verbiage. We did try to specifically pick up a reference to "single-family residence," which is defined in NRS Chapter 361, as well as "occupied by the owner." That would apply to similar kinds of deferments or postponements of taxes, so those terms are defined. We would pick that up, but we will certainly be happy with whatever drafting you and your staff choose in terms of the verbiage.

Chairwoman Bustamante Adams:

Lisa, in Texas, is there more appetite for people who own commercial properties than residential?

Lisa Hough:

It really varies over time. We have seen a change to more commercial right now. It is a more sophisticated market, I would say, and you also have to consider that with many residential properties as our mortgage rules have changed over the past several years, those taxes are already escrowed. So we have seen a change, and I foresee that change in the future as well.

Chairwoman Bustamante Adams:

How competitive is your market? How many other companies are there like you?

Lisa Hough:

It is very competitive these days. Propel Financial Services has been in business for seven years in Texas and we have seen many companies come in. Right now there are 70 other companies that are members of the Texas Property Tax Lien Association. They vary in size from small mom-and-pop businesses of five people, up to our company where about 70 people work.

Chairwoman Bustamante Adams:

Mr. Hillerby, go ahead and proceed with section 5 and beyond.

Michael Hillerby:

Section 5 adds assignees to the list of people given notice in the event of a future delinquency on the property. Sections 6 through 10, as alluded to by Senator Smith, delete references to property tax lien certificates changing them to assignments. That was a law passed by the Legislature in 2005 [Assembly Bill No. 393 of the 73rd Session]. Tax lien certificate sales can be done without any involvement, consent, or knowledge of the owner. From talking with the Nevada Association of Counties and the treasurers, and

from the research by your own staff, it does not appear that any county in Nevada has ever enacted the regulations to allow tax lien certificate sales. I think this is primarily because they were seen as not at all friendly toward property owners. So sections 6 through 10 changed those references from certificate to assignment.

Section 11 clarifies that the lien obligation remains until the taxes and related costs are paid to either the county treasurer or the assignee. Again, as Senator Smith alluded to, the tax lien is a perpetual lien on the property until we all pay our collective obligations to the government.

Section 12 provides that a county treasurer will assign a lien, if the required contract evidence of the bond required in section 13 and the full amount of any past due taxes, fees, interest, or penalties is paid.

Section 13 requires an assignment company, if they wish to do business in Nevada, to post a \$500,000 bond, provide evidence of that bond, and file it with the Secretary of State. The treasurer has asked us specifically to provide an exemption for family members. There are cases where a family member, particularly a young person, may be given a home by another family member. The original family member later learns the new owner has been unable to pay that lump sum tax payment when it comes due, and they may come in and do an assignment of the lien to help them out. Mr. Kramer talked about a particular case seen here in Carson City, so we were happy to put that in, to make it clear that a family member could help out another family member and not be required to post the \$500,000 bond.

Section 14 allows assignment after taxes have become delinquent, but not after a judgment has been entered in favor of the county. The only way an assignment agreement can be entered into is if the taxes have in fact become delinquent. An assignment agreement could not be entered into and no company could offer or enter into those once a judgment had been entered in favor of the county. That would be if the property owner was at the end of the second two-year window, after they originally became delinquent. The section also deletes language related to tax certificates.

Sections 15 through 18 delete the certificate language and specify requirements for what must be in the assignment document.

Section 19 allows an owner to redeem a tax lien without any prepayment penalty. They can pay at any time and redeem the lien.

Section 21 requires an assignee to follow the same time line and rules for nonpayment of the lien amount that the county must follow to do any judicial foreclosure action.

Section 22 provides that any foreclosure action is done as with the county and court according to the provisions of NRS 361.733.

Section 22.5 deletes reference to the certificate sales, and section 23 is the effective date of July 1, 2013.

Two other pieces in the amendment that I skipped over, in section 12 we are proposing to amend in subsection 1, paragraph (b) that the assignment must be for the full year's taxes that are due, so you cannot do this quarter-by-quarter. Once a property owner had been delinquent and missed a quarterly payment, this is an option that they might want to pursue, but they could not enter an assignment agreement for only one of those quarterly payments. This is for the entire annual tax assessment.

At the treasurer's request we also added under section 19, proposing to amend a new subsection 6, that puts in statute a requirement that we file a copy of a release of the lien with the county treasurer when we record it with the county recorder, and we are happy to do that.

Chairwoman Bustamante Adams:

Are there any questions from the members of the Committee?

Assemblyman Grady:

If you take a lien, and it is being paid over the two to three years, and all of a sudden there is another filing of a nonpayment of the tax, does the county move ahead of you or are you notified of that lien? How would that work?

Michael Hillerby:

The bill provides that we would be notified, as any other lienholder on a property, of the subsequent delinquency. As I understand the statute, and we would be happy to have your staff counsel correct us, the chronology stays exactly the same. So whatever the date of the original lien, if a subsequent lien came due, it would be one year behind that, and so on down the line.

Assemblyman Kirner:

How do you develop a list of your potential clients? I am assuming that you are looking at the roll, in terms of who is delinquent and who is not. Are your competitors doing the same thing? If you are somebody who is in the situation,

all of a sudden are you getting a lot of calls, a lot of mail? Could you talk me through that process?

The second question has to do with redeeming the lien. If you make an agreement that you are going to pay it over ten years, you figure out the interest rate. If they redeem it early and they are not paying on it for the full ten years is it just the interest that has accrued as of that point?

Lisa Hough:

I can really only speak to what Propel does. We request the delinquent tax rolls, which are public records, from the counties where we are going to market. Yes, in a robust market, we only market via letters to the consumer. So a consumer could potentially get a couple of choices. We think that the competitive market actually benefits the consumer in the long run. We often have consumers who will call our office, perhaps the end of the month when it is getting close, because in Texas there is a 48 percent penalty that attaches in June if you do not pay your taxes, so it is pretty egregious. They will call and say I have four offers in front of me, what can you do for me Propel? So we think that that competition actually does benefit the consumer in some ways.

Regarding the repayment penalty, it is just for the amount due at that time.

Assemblyman Kirner:

The only thing I fear is the notices may become more of a nuisance than helpful.

Assemblywoman Neal:

Assemblyman Hardy has asked about the judicial foreclosure proceeding, but for a deed of trust is not the judicial foreclosure proceeding different? It is not a judicial foreclosure proceeding for a deed of trust.

Michael Hillerby:

I do not know the answer to that question. We will find out. I am not familiar enough with that area.

I only know these assignment liens would have to go through the same judicial foreclosure that is outlined in NRS Chapter 361 for the county.

Assemblywoman Neal:

I was just wondering if it would put us into a crossover, because there has been a shift so that most properties are a deed of trust.

Michael Hillerby:

Again, one important piece of this is the assignee. The assignment company's only interest, and the only thing they can recover, is the amount of the original lien, and any of the expenses involved with the recovery, so there is no interest in the rest of the home value. It does not change the rest of the priority of any other lienholders. If there was any equity left that would belong to the property owner. The assignment company has no interest in any of that.

Assemblywoman Neal:

The only reason I was thinking about this is that when we had talked before, you basically exchange places with the county, so you get a priority lien above anyone else. The same type of process, where you have the super-priority over everyone else, to then go after the property if they fail to pay within their two years, or whatever. I was just wondering about that. What situations do we fall into when it might be a different type? I was just curious about it.

Assemblyman Hardy:

I am curious about the mechanism. In year one you buy this lien, so to speak, for the year. You make a deal for pay back over four years. In year two they have another lien coming from the county again, and that starts that active roll. Do you take over that note? In two years, if you did not take it over, the county could sell it in two years, but you have a four-year note. What happens there?

Michael Hillerby:

We would be notified, as would any other lienholder, of the subsequent delinquency. It is possible that if the property owner wanted to talk about doing an assignment for the second year, it would be an option. I think any company would then want to know what had happened to you that you were unable to make that new tax payment, and they would have to look pretty seriously at whether or not a new assignment made any sense. Obviously, no assignment company is going to do an assignment for someone they have reason to believe is very unlikely to pay them back. They obviously do not make any money that way. You are not going to pay the carrying costs on the money you borrowed to finance an operation like this, so it is possible that once a subsequent year became delinquent, it could become part of an assignment. I think that would be much less likely for a residential property, and possibly more likely for a commercial one. Again, that commercial owner probably talked to an assignment company at the beginning and said we are in the middle of a recession and my tenants are leaving and I have a cash flow problem. I can see my way through this, when things pick back up in retail and consumer spending goes back up, then maybe a different term relationship with an assignment company may make sense, but I think every assignment company probably is

going to look pretty carefully if they received notice that you were delinquent for your subsequent years' taxes, and want to know what caused that.

Lisa Hough:

Our experience has been that only about 20 percent of consumers do come back for a second-year transfer.

Assemblyman Frierson:

In tossing around some of these terms we have a great number of bills dealing with liens. It is my understanding in reading the bill that the chapter dealing with liens for the purposes of overdue taxes is a completely separate process from the foreclosure process and the mediation program. I think we heard the word super-priority. I think that is a term of art that is not applicable here. Super-priority means you cannot take someone's house because of this, you just have a lien on it, so that when proceeds are divided the tax distribution is first.

Michael Hillerby:

I do not know if I could have said that any better. Thank you.

Chairwoman Bustamante Adams:

Lisa, I know that you said that your company is based out of Texas. How has this business been able to support the county treasurers?

Lisa Hough:

In the past seven years about \$500 million has been paid directly to tax collectors in Texas through tax lien transfers, instead of them having to be tax collectors themselves. We have funded \$500 million in just the past three years. I would say that we have been working here with Mr. Kramer from Carson City, in trying to craft this bill. If this bill is successful we intend to work very closely with the collectors. We find that a lot of collectors in Texas find this is another great consumer avenue for some of their citizens.

Chairwoman Bustamante Adams:

I have two follow-ups, Mr. Hillerby. They are the two questions that Assemblywoman Neal asked: the one regarding the profit for Propel and the one regarding the deed of trust.

Lisa Hough:

To clarify, Assemblywoman Neal, we do have a study, based on Texas numbers, of the costs for the different options for a taxpayer over time. I hope that would answer your questions, if I could submit a chart similar to that. In other words, if you stayed delinquent with the county, you are

assessed penalties over time, so I would like to show you the comparison of if the taxpayer chooses to do an assignment, if they stayed delinquent with the county, and if they financed through a credit card over time. If that is acceptable to you, I do have that type of data to answer your question.

Assemblywoman Neal:

Thanks, that might be helpful. I am really focused on what the company in particular gets.

Lisa Hough:

Hopefully that chart will at least provide you a better picture of that.

Chairwoman Bustamante Adams:

If we do allow this in Nevada, is your idea to open up here in the state, or would you do the transactions from Texas? How does that work?

Lisa Hough:

I hate to jump the gun here, but the business, ours and other ones, really has developed as a community-based business. We would have to cross that bridge when we come to it, but we do benefit by knowing our customers and consumers.

Assemblywoman Neal:

I just have one comment, and I have thought about this bill. I think about my district, which has a significant number of foreclosures, and the fact that you are focused on trying to reach out to them and talk to them about how they can assign their lien, if they have a lien. What concerns me is homeowner education, and how it is lacking. If you find yourself in a financial hardship situation, and I am not saying financial hardship has anything to do with education level, but I know that there is an education factor. When you talk about them having the ability to negotiate the terms, I think that you are coming in at an advantage, knowing the market you are talking about, and they may not really understand exactly what they are signing up for. In this hearing it is defined as simplistic, but I do not want them to fall into another situation where they owe another debtor, and then they find themselves not able to pay that new debtor on a lien. That is my concern. I have tried to get away from that concern, but that really is what it is. I think that is why I kept going round and round with you, because I am focused on the fact that I want to protect my district.

Lisa Hough:

I just joined this company several months ago, and one of the reasons I did join was that I really respected how they work with consumers. I would love to

follow up with you outside the hearing about some of the different aspects and our research around financial education, and about working with consumers. There is a consumer research institute that we work with. There is a website called payoff.com that we have partnered with to help people get out of financial difficulties. I found it very fascinating. That is one of the reasons I joined this company; I felt they were different and were really listening to consumers.

[[Exhibit E](#) was presented but not discussed and is included as an exhibit for the meeting.]

Chairwoman Bustamante Adams:

We will now transition to those in support of S.B. 301 (R1).

Alvin P. Kramer, Treasurer, Carson City, and representing the Association of County Treasurers of Nevada:

There are a couple of things I would like to mention about this bill. There is quite a bit of talk about how this is going to make a lot more money come into the counties. I would like to say that the counties collect basically 100 percent of all taxes owed them anyway. In fact, by having it paid early the counties probably lose some interest revenue. But setting that aside, it is not our job to collect interest. Our job as tax collectors and as county treasurers is to collect the taxes.

I want to address two things real quick if I could. If you look in section 13, subsection 1, paragraph (a), it talks about the \$500,000 bond that the company has to put down. Subparagraph (b) says that if the homeowner suffers damage because of a wrongful representation or refusal of the company to perform its obligations, that \$500,000 bond is available to help remedy that. That was one of the things that brought the treasurers along to being in favor of this. What it meant to me was that you cannot have some flimflam guy come along and talk to someone who is delinquent on their taxes, talk them into signing a document saying they will take care of their taxes for them, when if they were completely educated they would not, because you have to put down a substantial amount. To me it makes it so the people who might be kind of flaky would not want to operate in the State of Nevada.

We had one issue that we would like to see done differently, but we understand that you do not get everything you want sometimes. The fact that if they do a tax lien assignment it covers the full year, mitigated our request that it be done only at the end of the year, so it does allow it to happen after one of the installments, but only if the full year is paid.

The treasurers are pretty much satisfied. We see it affecting treasurers in that we have to do a little more record keeping about who has a lien and when a lien is released, because someone is going to ask that. We see a little more effort, because they can request that they be notified if taxes are delinquent the following year, and that is a little bit more work for us, but that is fine. We will do that if asked.

We do see a benefit for taxpayers. I know Washoe County had a tax sale this last month for 80 parcels. If somebody owns a parcel of land, this gives them another opportunity to avoid having their property go to a tax sale. It is another option that can be entered into at almost the last minute, to keep that from happening. I think that is the main thing that attracted the treasurers to it. It is another option, which was not available by state law to extend the period of time allowed before a tax sale comes into play.

Chairwoman Bustamante Adams:

Are you representing yourself or the association?

Alvin Kramer:

I was asked by the Association of County Treasurers of Nevada to represent them on this issue.

Assemblyman Hickey:

I think it is reassuring to a number of us hearing your testimony that in your view it can be seen as a benefit to taxpayers. I think many of our questions here have been surrounding the fact that this is a business plan that this company is looking to introduce into Nevada. I just want to ask and hear you re-state that you think that along with that, it is also good for taxpayers, should they be able to qualify and choose to participate.

Alvin Kramer:

The taxpayer has the obligation to pay the taxes. As a tax collector, I really should not care whether he pays it or someone else pays it for him. I do get concerned when people get taken advantage of, because I have written them a nasty letter saying I am going to take their house to a tax sale if they do not pay by a particular time, and as a result, they go out and do something that may not be in their long-term best interests. I do get concerned when just anybody pays the taxes in their place. That is why this \$500,000 bond was important. I was a little happier when I saw the limitation of 15 percent maximum interest and the \$600 fee cap. I do play nanny a little bit in trying to protect the taxpayer as much as I can.

It is true that we do sell property at tax sales every year. I was scheduled to have a tax sale this year, and I believe the district court will do a restraining order on me to not have the tax sale because people are coming up with the money. The fact is that there are tax sales every year, and this is a way for someone at the last minute to find a way to keep their property and work out a deal where they may have a chance to keep it that much longer. It may eventually go down anyway, but at least it is one more option.

So, yes, I see this as another tool for people to use to pay taxes. I did not see anything in this, in my own mind, that allowed for someone to be hornswoggled, fooled, or tricked into this, especially as we have multiple companies that will try for this business. That \$500,000 bond is a real deterrent to someone coming along and trying to pull a fast one, in my mind.

Assemblywoman Neal:

I just have a comment. I am glad you are thinking that way. That gives me comfort that you were being super analytical and possibly distrustful.

Chairwoman Bustamante Adams:

Are there any others in support? [There was no one.] Is there anyone in opposition to S.B. 301? [There was no one.] Is there anyone in neutral? [There was no one.] We will close the hearing on S.B. 301. Is there anyone in Las Vegas or Carson City for public comment? [There was no one.] The meeting is adjourned [at 2:41 p.m.].

RESPECTFULLY SUBMITTED:

Gina Hall
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams
Chairwoman

DATE: _____

EXHIBITS

Committee Name: Committee on Taxation

Date: May 9, 2013

Time of Meeting: 1:08 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 215	C	Michele Shafe	County Assessor Tech Expenses
S.B. 301 (R1)	D	Michael Hillerby	Proposed amendment
S.B. 301 (R1)	E	Lisa Hough	Tax Lien Transfers, A Win for Nevada Property Owners and Local Governments