

SENATE BILL NO. 398—SENATOR KIECKHEFER

MARCH 20, 2017

Referred to Committee on Judiciary

SUMMARY—Establishes various provisions relating to the use of blockchain technology. (BDR 59-158)

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 electronic transactions; recognizing blockchain technology as a type of electronic record for the purposes of the Uniform Electronic Transactions Act; prohibiting a local government from taxing or imposing restrictions upon the use of a blockchain; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law gives legal recognition to electronic records, signatures and
2 contracts that comply with certain requirements and allows an electronic record or
3 signature to satisfy a requirement for a written record or signature in certain
4 circumstances. (NRS 719.240-719.350) **Section 1** of this bill defines the term
5 “blockchain,” and **section 3** of this bill includes blockchain within the definition of
6 electronic record for similar purposes. **Sections 4 and 6** of this bill prohibit a local
7 government from: (1) imposing a tax or fee on the use of a blockchain; (2)
8 requiring a certificate, license or permit to use a blockchain; and (3) imposing any
9 other requirement relating to the use of a blockchain.

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

1 **Section 1.** Chapter 719 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *“Blockchain” means an electronic record created by the use of*
4 *a decentralized method by multiple parties to verify and store a*
5 *digital record of transactions which is secured by the use of a*
6 *cryptographic hash of previous transaction information.*



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1 **Sec. 2.** NRS 719.020 is hereby amended to read as follows:
2 719.020 As used in this chapter, unless the context otherwise
3 requires, the words and terms defined in NRS 719.030 to 719.180,
4 inclusive, *and section 1 of this act* have the meanings ascribed to
5 them in those sections.

6 **Sec. 3.** NRS 719.090 is hereby amended to read as follows:
7 719.090 “Electronic record” means a record created, generated,
8 sent, communicated, received or stored by electronic means. *The*
9 *term includes, without limitation, a blockchain.*

10 **Sec. 4.** Chapter 244 of NRS is hereby amended by adding
11 thereto a new section to read as follows:

12 1. *A board of county commissioners shall not:*

13 (a) *Impose any tax or fee on the use of a blockchain by any*
14 *person or entity;*

15 (b) *Require any person or entity to obtain from the board of*
16 *county commissioners any certificate, license or permit to use a*
17 *blockchain; or*

18 (c) *Impose any other requirement relating to the use of a*
19 *blockchain by any person or entity.*

20 2. *Nothing in this section prohibits a county from using a*
21 *blockchain in the performance of its powers or duties in a manner*
22 *not inconsistent with the provisions of chapter 719 of NRS.*

23 3. *As used in this section, “blockchain” has the meaning*
24 *ascribed to it in section 1 of this act.*

25 **Sec. 5.** NRS 244.335 is hereby amended to read as follows:

26 244.335 1. Except as otherwise provided in subsections 2, 3
27 and 4, and NRS 244.33501, *and section 4 of this act*, a board of
28 county commissioners may:

29 (a) Except as otherwise provided in NRS 244.331 to 244.3345,
30 inclusive, 598D.150 and 640C.100, regulate all character of lawful
31 trades, callings, industries, occupations, professions and business
32 conducted in its county outside of the limits of incorporated cities
33 and towns.

34 (b) Except as otherwise provided in NRS 244.3359 and 576.128,
35 fix, impose and collect a license tax for revenue or for regulation, or
36 for both revenue and regulation, on such trades, callings, industries,
37 occupations, professions and business.

38 2. The county license boards have the exclusive power in their
39 respective counties to regulate entertainers employed by an
40 entertainment by referral service and the business of conducting a
41 dancing hall, escort service, entertainment by referral service or
42 gambling game or device permitted by law, outside of an
43 incorporated city. The county license boards may fix, impose and
44 collect license taxes for revenue or for regulation, or for both
45 revenue and regulation, on such employment and businesses.



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1 3. A board of county commissioners shall not require that a
2 person who is licensed as a contractor pursuant to chapter 624 of
3 NRS obtain more than one license to engage in the business of
4 contracting or pay more than one license tax related to engaging in
5 the business of contracting, regardless of the number of
6 classifications or subclassifications of licensing for which the person
7 is licensed pursuant to chapter 624 of NRS.

8 4. The board of county commissioners or county license board
9 shall not require a person to obtain a license or pay a license tax on
10 the sole basis that the person is a professional. As used in this
11 subsection, "professional" means a person who:

12 (a) Holds a license, certificate, registration, permit or similar
13 type of authorization issued by a regulatory body as defined in NRS
14 622.060 or who is regulated pursuant to the Nevada Supreme Court
15 Rules; and

16 (b) Practices his or her profession for any type of compensation
17 as an employee.

18 5. The county license board shall provide upon request an
19 application for a state business registration pursuant to chapter 76 of
20 NRS. No license to engage in any type of business may be granted
21 unless the applicant for the license:

22 (a) Signs an affidavit affirming that the business has complied
23 with the provisions of chapter 76 of NRS; or

24 (b) Provides to the county license board the business
25 identification number of the applicant assigned by the Secretary of
26 State pursuant to NRS 225.082 which the county may use to
27 validate that the applicant is currently in good standing with the
28 State and has complied with the provisions of chapter 76 of NRS.

29 6. No license to engage in business as a seller of tangible
30 personal property may be granted unless the applicant for the
31 license:

32 (a) Presents written evidence that:

33 (1) The Department of Taxation has issued or will issue a
34 permit for this activity, and this evidence clearly identifies the
35 business by name; or

36 (2) Another regulatory agency of the State has issued or will
37 issue a license required for this activity; or

38 (b) Provides to the county license board the business
39 identification number of the applicant assigned by the Secretary of
40 State pursuant to NRS 225.082 which the county may use to
41 validate that the applicant is currently in good standing with the
42 State and has complied with the provisions of paragraph (a).

43 7. Any license tax levied for the purposes of NRS 244.3358 or
44 244A.597 to 244A.655, inclusive, constitutes a lien upon the real
45 and personal property of the business upon which the tax was levied



1 until the tax is paid. The lien has the same priority as a lien for
2 general taxes. The lien must be enforced:

3 (a) By recording in the office of the county recorder, within 6
4 months after the date on which the tax became delinquent or was
5 otherwise determined to be due and owing, a notice of the tax lien
6 containing the following:

- 7 (1) The amount of tax due and the appropriate year;
8 (2) The name of the record owner of the property;
9 (3) A description of the property sufficient for identification;

10 and

11 (4) A verification by the oath of any member of the board of
12 county commissioners or the county fair and recreation board; and

13 (b) By an action for foreclosure against the property in the same
14 manner as an action for foreclosure of any other lien, commenced
15 within 2 years after the date of recording of the notice of the tax
16 lien, and accompanied by appropriate notice to other lienholders.

17 8. The board of county commissioners may delegate the
18 authority to enforce liens from taxes levied for the purposes of NRS
19 244A.597 to 244A.655, inclusive, to the county fair and recreation
20 board. If the authority is so delegated, the board of county
21 commissioners shall revoke or suspend the license of a business
22 upon certification by the county fair and recreation board that the
23 license tax has become delinquent, and shall not reinstate the license
24 until the tax is paid. Except as otherwise provided in NRS 239.0115
25 and 244.3357, all information concerning license taxes levied by an
26 ordinance authorized by this section or other information concerning
27 the business affairs or operation of any licensee obtained as a result
28 of the payment of such license taxes or as the result of any audit or
29 examination of the books by any authorized employee of a county
30 fair and recreation board of the county for any license tax levied for
31 the purpose of NRS 244A.597 to 244A.655, inclusive, is
32 confidential and must not be disclosed by any member, officer or
33 employee of the county fair and recreation board or the county
34 imposing the license tax unless the disclosure is authorized by the
35 affirmative action of a majority of the members of the appropriate
36 county fair and recreation board. Continuing disclosure may be so
37 authorized under an agreement with the Department of Taxation or
38 Secretary of State for the exchange of information concerning
39 taxpayers.

40 **Sec. 6.** Chapter 268 of NRS is hereby amended by adding
41 thereto a new section to read as follows:

42 *1. The city council or other governing body of an*
43 *incorporated city, whether organized under general law or special*
44 *charter, shall not:*



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1 (a) *Impose any tax or fee on the use of a blockchain by any*
2 *person or entity;*

3 (b) *Require any person or entity to obtain from the*
4 *incorporated city any certificate, license or permit to use a*
5 *blockchain; or*

6 (c) *Impose any other requirement relating to the use of a*
7 *blockchain by any person or entity.*

8 2. *Nothing in this section prohibits an incorporated city from*
9 *using a blockchain in the performance of its powers or duties in a*
10 *manner not inconsistent with the provisions of chapter 719 of*
11 *NRS.*

12 3. *As used in this section, "blockchain" has the meaning*
13 *ascribed to it in section 1 of this act.*

14 **Sec. 7.** NRS 268.095 is hereby amended to read as follows:

15 268.095 1. Except as otherwise provided in subsection 4 and
16 NRS 268.0951, *and section 6 of this act*, the city council or other
17 governing body of each incorporated city in this State, whether
18 organized under general law or special charter, may:

19 (a) Except as otherwise provided in subsection 2 and NRS
20 268.0968 and 576.128, fix, impose and collect for revenues or for
21 regulation, or both, a license tax on all character of lawful trades,
22 callings, industries, occupations, professions and businesses
23 conducted within its corporate limits.

24 (b) Assign the proceeds of any one or more of such license taxes
25 to the county within which the city is situated for the purpose or
26 purposes of making the proceeds available to the county:

27 (1) As a pledge as additional security for the payment of any
28 general obligation bonds issued pursuant to NRS 244A.597 to
29 244A.655, inclusive;

30 (2) For redeeming any general obligation bonds issued
31 pursuant to NRS 244A.597 to 244A.655, inclusive;

32 (3) For defraying the costs of collecting or otherwise
33 administering any such license tax so assigned, of the county fair
34 and recreation board and of officers, agents and employees hired
35 thereby, and of incidentals incurred thereby;

36 (4) For operating and maintaining recreational facilities
37 under the jurisdiction of the county fair and recreation board;

38 (5) For improving, extending and bettering recreational
39 facilities authorized by NRS 244A.597 to 244A.655, inclusive; and

40 (6) For constructing, purchasing or otherwise acquiring such
41 recreational facilities.

42 (c) Pledge the proceeds of any tax imposed on the revenues from
43 the rental of transient lodging pursuant to this section for the
44 payment of any general or special obligations issued by the city for
45 a purpose authorized by the laws of this State.



1 (d) Use the proceeds of any tax imposed pursuant to this section
2 on the revenues from the rental of transient lodging:

3 (1) To pay the principal, interest or any other indebtedness
4 on any general or special obligations issued by the city pursuant to
5 the laws of this State;

6 (2) For the expense of operating or maintaining, or both, any
7 facilities of the city; and

8 (3) For any other purpose for which other money of the city
9 may be used.

10 2. The city council or other governing body of an incorporated
11 city shall not require that a person who is licensed as a contractor
12 pursuant to chapter 624 of NRS obtain more than one license to
13 engage in the business of contracting or pay more than one license
14 tax related to engaging in the business of contracting, regardless of
15 the number of classifications or subclassifications of licensing for
16 which the person is licensed pursuant to chapter 624 of NRS.

17 3. The proceeds of any tax imposed pursuant to this section
18 that are pledged for the repayment of general obligations may be
19 treated as "pledged revenues" for the purposes of NRS 350.020.

20 4. The city council or other governing body of an incorporated
21 city shall not require a person to obtain a license or pay a license tax
22 on the sole basis that the person is a professional. As used in this
23 subsection, "professional" means a person who:

24 (a) Holds a license, certificate, registration, permit or similar
25 type of authorization issued by a regulatory body as defined in NRS
26 622.060 or who is regulated pursuant to the Nevada Supreme Court
27 Rules; and

28 (b) Practices his or her profession for any type of compensation
29 as an employee.

30 5. The city licensing agency shall provide upon request an
31 application for a state business registration pursuant to chapter 76 of
32 NRS. No license to engage in any type of business may be granted
33 unless the applicant for the license:

34 (a) Signs an affidavit affirming that the business has complied
35 with the provisions of chapter 76 of NRS; or

36 (b) Provides to the city licensing agency the business
37 identification number of the applicant assigned by the Secretary of
38 State pursuant to NRS 225.082 which the city may use to validate
39 that the applicant is currently in good standing with the State and
40 has complied with the provisions of chapter 76 of NRS.

41 6. No license to engage in business as a seller of tangible
42 personal property may be granted unless the applicant for the
43 license:

44 (a) Presents written evidence that:



1 (1) The Department of Taxation has issued or will issue a
2 permit for this activity, and this evidence clearly identifies the
3 business by name; or

4 (2) Another regulatory agency of the State has issued or will
5 issue a license required for this activity; or

6 (b) Provides to the city licensing agency the business
7 identification number of the applicant assigned by the Secretary of
8 State pursuant to NRS 225.082 which the city may use to validate
9 that the applicant is currently in good standing with the State and
10 has complied with the provisions of paragraph (a).

11 7. Any license tax levied under the provisions of this section
12 constitutes a lien upon the real and personal property of the business
13 upon which the tax was levied until the tax is paid. The lien has the
14 same priority as a lien for general taxes. The lien must be enforced:

15 (a) By recording in the office of the county recorder, within 6
16 months following the date on which the tax became delinquent or
17 was otherwise determined to be due and owing, a notice of the tax
18 lien containing the following:

19 (1) The amount of tax due and the appropriate year;

20 (2) The name of the record owner of the property;

21 (3) A description of the property sufficient for identification;

22 and

23 (4) A verification by the oath of any member of the board of
24 county commissioners or the county fair and recreation board; and

25 (b) By an action for foreclosure against such property in the
26 same manner as an action for foreclosure of any other lien,
27 commenced within 2 years after the date of recording of the notice
28 of the tax lien, and accompanied by appropriate notice to other
29 lienholders.

30 8. The city council or other governing body of each
31 incorporated city may delegate the power and authority to enforce
32 such liens to the county fair and recreation board. If the authority is
33 so delegated, the governing body shall revoke or suspend the license
34 of a business upon certification by the board that the license tax has
35 become delinquent, and shall not reinstate the license until the tax is
36 paid. Except as otherwise provided in NRS 239.0115 and 268.0966,
37 all information concerning license taxes levied by an ordinance
38 authorized by this section or other information concerning the
39 business affairs or operation of any licensee obtained as a result of
40 the payment of those license taxes or as the result of any audit or
41 examination of the books of the city by any authorized employee of
42 a county fair and recreation board for any license tax levied for the
43 purpose of NRS 244A.597 to 244A.655, inclusive, is confidential
44 and must not be disclosed by any member, official or employee of
45 the county fair and recreation board or the city imposing the license



1 tax unless the disclosure is authorized by the affirmative action of a
2 majority of the members of the appropriate county fair and
3 recreation board. Continuing disclosure may be so authorized under
4 an agreement with the Department of Taxation or the Secretary of
5 State for the exchange of information concerning taxpayers.
6 9. The powers conferred by this section are in addition and
7 supplemental to, and not in substitution for, and the limitations
8 imposed by this section do not affect the powers conferred by, any
9 other law. No part of this section repeals or affects any other law or
10 any part thereof, it being intended that this section provide a
11 separate method of accomplishing its objectives, and not an
12 exclusive one.
13 **Sec. 8.** This act becomes effective upon passage and approval.

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