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SENATE BILL NO. 398—SENATOR KIECKHEFER

MARCH 20, 2017

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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.

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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.

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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 of transactions or**  
4 **other data which is:**  
5      **1. Uniformly ordered;**



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1       **2. Redundantly maintained or processed by one or more**  
2       **computers or machines to guarantee the consistency or**  
3       **nonrepudiation of the recorded transactions or other data; and**  
4       **3. Validated by the use of cryptography.**

5       **Sec. 2.** NRS 719.020 is hereby amended to read as follows:

6       719.020 As used in this chapter, unless the context otherwise  
7       requires, the words and terms defined in NRS 719.030 to 719.180,  
8       inclusive, **and section 1 of this act** have the meanings ascribed to  
9       them in those sections.

10      **Sec. 3.** NRS 719.090 is hereby amended to read as follows:

11      719.090 “Electronic record” means a record created, generated,  
12       sent, communicated, received or stored by electronic means. **The**  
13       **term includes, without limitation, a blockchain.**

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

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

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

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

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

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

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

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

30      244.335 1. Except as otherwise provided in subsections 2, 3  
31       and 4, and NRS 244.33501, **and section 4 of this act**, a board of  
32       county commissioners may:

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

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

42       2. The county license boards have the exclusive power in their  
43       respective counties to regulate entertainers employed by an  
44       entertainment by referral service and the business of conducting a  
45       dancing hall, escort service, entertainment by referral service or



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1 gambling game or device permitted by law, outside of an  
2 incorporated city. The county license boards may fix, impose and  
3 collect license taxes for revenue or for regulation, or for both  
4 revenue and regulation, on such employment and businesses.

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

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

16 (a) Holds a license, certificate, registration, permit or similar  
17 type of authorization issued by a regulatory body as defined in NRS  
18 622.060 or who is regulated pursuant to the Nevada Supreme Court  
19 Rules; and

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

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

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

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

33 6. No license to engage in business as a seller of tangible  
34 personal property may be granted unless the applicant for the  
35 license:

36 (a) Presents written evidence that:

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

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

42 (b) Provides to the county license board the business  
43 identification number of the applicant assigned by the Secretary of  
44 State pursuant to NRS 225.082 which the county may use to



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1 validate that the applicant is currently in good standing with the  
2 State and has complied with the provisions of paragraph (a).

3       7. Any license tax levied for the purposes of NRS 244.3358 or  
4 244A.597 to 244A.655, inclusive, constitutes a lien upon the real  
5 and personal property of the business upon which the tax was levied  
6 until the tax is paid. The lien has the same priority as a lien for  
7 general taxes. The lien must be enforced:

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

12           (1) The amount of tax due and the appropriate year;  
13           (2) The name of the record owner of the property;  
14           (3) A description of the property sufficient for identification;

15 and

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

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

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



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

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

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

8       ***(b) Require any person or entity to obtain from the  
9 incorporated city any certificate, license or permit to use a  
10 blockchain; or***

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

13       ***2. Nothing in this section prohibits an incorporated city from  
14 using a blockchain in the performance of its powers or duties in a  
15 manner not inconsistent with the provisions of chapter 719 of  
16 NRS.***

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

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

20       **268.095 1.** Except as otherwise provided in subsection 4 and  
21 NRS 268.0951, ***and section 6 of this act,*** the city council or other  
22 governing body of each incorporated city in this State, whether  
23 organized under general law or special charter, may:

24       (b) Except as otherwise provided in subsection 2 and NRS  
25 268.0968 and 576.128, fix, impose and collect for revenues or for  
26 regulation, or both, a license tax on all character of lawful trades,  
27 callings, industries, occupations, professions and businesses  
28 conducted within its corporate limits.

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

32           (1) As a pledge as additional security for the payment of any  
33 general obligation bonds issued pursuant to NRS 244A.597 to  
34 244A.655, inclusive;

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Provides to the city licensing agency the business identification number of the applicant assigned by the Secretary of State pursuant to NRS 225.082 which the city may use to validate



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1 that the applicant is currently in good standing with the State and  
2 has complied with the provisions of chapter 76 of NRS.

3 6. No license to engage in business as a seller of tangible  
4 personal property may be granted unless the applicant for the  
5 license:

6 (a) Presents written evidence that:

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

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

12 (b) Provides to the city licensing agency the business  
13 identification number of the applicant assigned by the Secretary of  
14 State pursuant to NRS 225.082 which the city may use to validate  
15 that the applicant is currently in good standing with the State and  
16 has complied with the provisions of paragraph (a).

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

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

25 (1) The amount of tax due and the appropriate year;  
26 (2) The name of the record owner of the property;  
27 (3) A description of the property sufficient for identification;  
28 and

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

31 (b) By an action for foreclosure against such property in the  
32 same manner as an action for foreclosure of any other lien,  
33 commenced within 2 years after the date of recording of the notice  
34 of the tax lien, and accompanied by appropriate notice to other  
35 lienholders.

36 8. The city council or other governing body of each  
37 incorporated city may delegate the power and authority to enforce  
38 such liens to the county fair and recreation board. If the authority is  
39 so delegated, the governing body shall revoke or suspend the license  
40 of a business upon certification by the board that the license tax has  
41 become delinquent, and shall not reinstate the license until the tax is  
42 paid. Except as otherwise provided in NRS 239.0115 and 268.0966,  
43 all information concerning license taxes levied by an ordinance  
44 authorized by this section or other information concerning the  
45 business affairs or operation of any licensee obtained as a result of



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1 the payment of those license taxes or as the result of any audit or  
2 examination of the books of the city by any authorized employee of  
3 a county fair and recreation board for any license tax levied for the  
4 purpose of NRS 244A.597 to 244A.655, inclusive, is confidential  
5 and must not be disclosed by any member, official or employee of  
6 the county fair and recreation board or the city imposing the license  
7 tax unless the disclosure is authorized by the affirmative action of a  
8 majority of the members of the appropriate county fair and  
9 recreation board. Continuing disclosure may be so authorized under  
10 an agreement with the Department of Taxation or the Secretary of  
11 State for the exchange of information concerning taxpayers.

12 9. The powers conferred by this section are in addition and  
13 supplemental to, and not in substitution for, and the limitations  
14 imposed by this section do not affect the powers conferred by, any  
15 other law. No part of this section repeals or affects any other law or  
16 any part thereof, it being intended that this section provide a  
17 separate method of accomplishing its objectives, and not an  
18 exclusive one.

19 **Sec. 8.** This act becomes effective upon passage and approval.

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