

SENATE BILL NO. 498—SENATOR DONDERO LOOP

MARCH 29, 2019

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to certain tax-exempt organizations. (BDR 20-1082)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to tax-exempt organizations; prohibiting the board of county commissioners of a county or the governing body of an incorporated city from enacting or enforcing certain ordinances related to the operation of establishments by certain tax-exempt organizations; imposing certain restrictions on the ability of the board of county commissioners of a county or the governing body of an incorporated city to take certain adverse actions; authorizing certain tax-exempt organizations to engage in certain activities; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing federal law exempts from taxation certain fraternal beneficiary
- 2 societies, orders or associations. (26 U.S.C. § 501(c)(8)) **Sections 1 and 2** of this
- 3 bill prohibit the board of county commissioners of a county or the governing body
- 4 of an incorporated city from enacting or enforcing certain ordinances which make
- 5 the operation of an establishment or place of business by such a fraternal
- 6 beneficiary society, order or association unreasonably impracticable. **Sections 1**
- 7 **and 2** impose certain restrictions on the ability of the board of county
- 8 commissioners of a county or the governing body of an incorporated city to take an
- 9 adverse action against such an organization.
- 10 Existing law regulates the activities of nonprofit corporations within this State.
- 11 (Chapter 82 of NRS) **Section 3** of this bill provides that certain fraternal beneficiary
- 12 societies, orders or associations are authorized to engage in certain activities with
- 13 persons who are not members of the society, order or association.



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

1 **Section 1.** Chapter 244 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 1. *The board of county commissioners of a county shall not*
4 *enact or enforce any ordinance imposing restrictions on an*
5 *establishment or place of business operated by an organization*
6 *that qualifies as a tax-exempt organization pursuant to 26 U.S.C.*
7 *§ 501(c)(8) that make the operation of the establishment or place*
8 *of business unreasonably impracticable.*

9 2. *If the board of county commissioners of a county wishes to*
10 *take any adverse action against an establishment or place of*
11 *business operated by an organization that qualifies as a tax-*
12 *exempt organization pursuant to 26 U.S.C. § 501(c)(8), including,*
13 *without limitation, forcing the establishment or place of business*
14 *to cease operations either temporarily or permanently, the board*
15 *shall notify the organization that operates the establishment or*
16 *place of business in writing, specifying the grounds for the*
17 *proposed adverse action, and fix a time for a hearing on the*
18 *matter within 5 days after the notice. The board shall appoint a*
19 *hearing officer to conduct the hearing.*

20 3. *The board of county commissioners of a county may take*
21 *an adverse action against an establishment or place of business*
22 *operated by an organization that qualifies as a tax-exempt*
23 *organization pursuant to 26 U.S.C. § 501(c)(8) only if the hearing*
24 *officer in the hearing held pursuant to this section determines*
25 *that:*

26 (a) *The establishment or place of business has violated an*
27 *ordinance; and*

28 (b) *The provisions of the ordinance violated by the*
29 *establishment or place of business did not make the operation of*
30 *the establishment or place of business unreasonably*
31 *impracticable.*

32 4. *Nothing in this section shall be construed as prohibiting*
33 *the board of county commissioners of a county from enacting or*
34 *enforcing an ordinance to address circumstances in which there is*
35 *imminent risk of harm to the life of another person.*

36 5. *As used in this section, “unreasonably impracticable”*
37 *means that the measures necessary to comply with an ordinance*
38 *impede the ability of an organization that operates an*
39 *establishment or place of business to carry out its fraternal duties*
40 *or require such a high investment of risk, money, time or any*
41 *other resource or asset that the operation of the establishment or*



1 *place of business is not worthy of being carried out in practice by*
2 *a reasonably prudent businessperson.*

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

5 *1. The governing body of an incorporated city shall not enact*
6 *or enforce any ordinance imposing restrictions on an*
7 *establishment or place of business operated by an organization*
8 *that qualifies as a tax-exempt organization pursuant to 26 U.S.C.*
9 *§ 501(c)(8) that make the operation of the establishment or place*
10 *of business unreasonably impracticable.*

11 *2. If the governing body of an incorporated city wishes to take*
12 *any adverse action against an establishment or place of business*
13 *operated by an organization that qualifies as a tax-exempt*
14 *organization pursuant to 26 U.S.C. § 501(c)(8), including, without*
15 *limitation, forcing the establishment or place of business to cease*
16 *operations either temporarily or permanently, the governing body*
17 *shall notify the organization that operates the establishment or*
18 *place of business in writing, specifying the grounds for the*
19 *proposed adverse action, and fix a time for a hearing on the*
20 *matter within 5 days after the notice. The governing body shall*
21 *appoint a hearing officer to conduct the hearing.*

22 *3. The governing body of an incorporated city may take an*
23 *adverse action against an establishment or place of business*
24 *operated by an organization that qualifies as a tax-exempt*
25 *organization pursuant to 26 U.S.C. § 501(c)(8) only if the hearing*
26 *officer in the hearing held pursuant to this section determines*
27 *that:*

28 *(a) The establishment or place of business has violated an*
29 *ordinance; and*

30 *(b) The provisions of the ordinance violated by the*
31 *establishment or place of business did not make the operation of*
32 *the establishment or place of business unreasonably*
33 *impracticable.*

34 *4. Nothing in this section shall be construed as prohibiting*
35 *the governing body of an incorporated city from enacting or*
36 *enforcing an ordinance to address circumstances in which there is*
37 *imminent risk of harm to the life of another person.*

38 *5. As used in this section, "unreasonably impracticable"*
39 *means that the measures necessary to comply with an ordinance*
40 *impede the ability of an organization that operates an*
41 *establishment or place of business to carry out its fraternal duties*
42 *or require such a high investment of risk, money, time or any*
43 *other resource or asset that the operation of the establishment or*
44 *place of business is not worthy of being carried out in practice by*
45 *a reasonably prudent businessperson.*



1 **Sec. 3.** Chapter 82 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *A corporation that qualifies as a tax-exempt organization*
4 *pursuant to 26 U.S.C. § 501(c)(8) may invite persons who are not*
5 *members of the organization into establishments and places of*
6 *businesses operated by the organization. The organization may*
7 *engage in recruitment activities with such persons.*

8 **Sec. 4.** This act becomes effective upon passage and approval.

