

ASSEMBLY BILL NO. 275—ASSEMBLYMEN NEIGHBORS AND DE BRAGA

FEBRUARY 17, 1999

JOINT SPONSOR: SENATOR MCGINNESS

Referred to Committee on Taxation

SUMMARY—Provides for dissolution of hospital district. (BDR 40-1500)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: 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 hospital districts; providing for the dissolution of a hospital district; and providing other matters properly relating thereto.

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

Section 1. Chapter 450 of NRS is hereby amended by adding thereto a new section to read as follows:

1. If, after a hearing, the board of county commissioners determines that the dissolution of a hospital district is necessary, the board shall by resolution provide for the dissolution of the hospital district. On and after the filing of the resolution with the county recorder, the hospital district shall be deemed dissolved.

2. Before dissolving a hospital district pursuant to subsection 1, the board of county commissioners shall determine whether the proceeds from the taxes currently being levied in the district, if any, for the operation of the hospital and the repayment of debt are sufficient to repay any outstanding obligations of the hospital district within a reasonable period after the dissolution of the district. If there are no taxes currently being levied for the hospital district or the taxes being levied are not sufficient to repay the outstanding obligations of the hospital district within a reasonable period after the dissolution of the district, before dissolving the district pursuant to subsection 1 the board

1 of county commissioners may levy a property tax on all of the taxable
2 property in the district that is sufficient, when combined with any
3 revenue from taxes currently being levied in the district, to repay the
4 outstanding obligations of the hospital district within a reasonable period
5 after the dissolution of the district. The allowed revenue from taxes ad
6 valorem determined pursuant to NRS 354.59811 does not apply to any
7 additional property tax levied pursuant to this subsection. If the hospital
8 district is being managed by the department of taxation pursuant to NRS
9 354.685 to 354.725, inclusive, at the time of dissolution, the rate levied
10 pursuant to this subsection must not be included in the total ad valorem
11 tax levy for the purposes of the application of the limitation in NRS
12 361.453 but the rate levied when combined with all other overlapping
13 rates levied in the state must not exceed \$4.50 on each \$100 of assessed
14 valuation. The board of county commissioners shall discontinue any rate
15 levied pursuant to this subsection on a date that will ensure that no taxes
16 are collected for this purpose after the outstanding obligations of the
17 hospital district have been paid in full.

18 3. If, at the time of the dissolution of the hospital district, there are
19 any outstanding loans, bonded indebtedness or other obligations of the
20 hospital district, including, without limitation, unpaid obligations to
21 organizations such as the public employees' retirement system, unpaid
22 salaries or unpaid loans made to the hospital district by the county, the
23 taxes being levied in the district at the time of dissolution must continue
24 to be levied and collected in the same manner as if the hospital district
25 had not been dissolved until all outstanding obligations of the district
26 have been paid in full, but for all other purposes the hospital district shall
27 be deemed dissolved from the time the resolution is filed pursuant to
28 subsection 1.

29 4. If the hospital district is being managed by the department of
30 taxation pursuant to NRS 354.685 to 354.725, inclusive, at the time of
31 dissolution, the management ceases upon dissolution but the board of
32 county commissioners shall continue to make such financial reports to
33 the department of taxation as the department deems necessary until all
34 outstanding obligations of the hospital district have been paid in full.

35 5. The property of the dissolved hospital district may be retained by
36 the board of county commissioners for use as a hospital or disposed of in
37 any manner the board deems appropriate. Any proceeds of the sale or
38 other transfer of the property of the dissolved hospital district and any
39 proceeds from taxes which had been levied and received by the hospital
40 district before dissolution, whether levied for operating purposes or for
41 the repayment of debt, must be used by the board of county
42 commissioners to repay any indebtedness of the hospital district.

1 **Sec. 2.** NRS 354.59811 is hereby amended to read as follows:

2 354.59811 Except as otherwise provided in NRS 350.087, 354.59813,
3 354.59815, 354.5982, 354.5987, 354.59871, 354.705, 450.425, 540A.265
4 and 543.600 ~~H~~ *and section 1 of this act*, for each fiscal year beginning on
5 or after July 1, 1989, the maximum amount of money that a local
6 government, except a school district, a district to provide a telephone
7 number for emergencies, or a redevelopment agency, may receive from
8 taxes ad valorem, other than those attributable to the net proceeds of
9 minerals or those levied for the payment of bonded indebtedness and
10 interest thereon incurred as a general or medium-term obligation of the
11 issuer, or for the payment of obligations issued to pay the cost of a water
12 project pursuant to NRS 349.950, or for the payment of obligations under a
13 capital lease executed before April 30, 1981, must be calculated as follows:

14 1. The rate must be set so that when applied to the current fiscal year's
15 assessed valuation of all property which was on the preceding fiscal year's
16 assessment roll, together with the assessed valuation of property on the
17 central assessment roll which was allocated to the local government, but
18 excluding any assessed valuation attributable to the net proceeds of
19 minerals, assessed valuation attributable to a redevelopment area and
20 assessed valuation of a fire protection district attributable to real property
21 which is transferred from private ownership to public ownership for the
22 purpose of conservation, it will produce 106 percent of the maximum
23 revenue allowable from taxes ad valorem for the preceding fiscal year,
24 except that the rate so determined must not be less than the rate allowed for
25 the previous fiscal year, except for any decrease attributable to the
26 imposition of a tax pursuant to NRS 354.59813 in the previous year.

27 2. This rate must then be applied to the total assessed valuation,
28 excluding the assessed valuation attributable to the net proceeds of
29 minerals and the assessed valuation of a fire protection district attributable
30 to real property which is transferred from private ownership to public
31 ownership for the purpose of conservation but including new real property,
32 possessory interests and mobile homes, for the current fiscal year to
33 determine the allowed revenue from taxes ad valorem for the local
34 government.

35 **Sec. 3.** NRS 354.695 is hereby amended to read as follows:

36 354.695 1. As soon as practicable after taking over the management
37 of a local government, the department shall, with the approval of the
38 committee:

39 (a) Establish and implement a management policy and a financing plan
40 for the local government;

41 (b) Provide for the appointment of a financial manager for the local
42 government who is qualified to manage the fiscal affairs of the local
43 government;

1 (c) Provide for the appointment of any other persons necessary to
2 enable the local government to provide the basic services for which it was
3 created in the most economical and efficient manner possible;

4 (d) Establish an accounting system and separate bank accounts, if
5 necessary, to receive and expend all money and assets of the local
6 government;

7 (e) Impose such hiring restrictions as deemed necessary after
8 considering the recommendations of the financial manager;

9 (f) Negotiate and approve all contracts entered into by or on behalf of
10 the local government before execution and enter into such contracts on
11 behalf of the local government as the department deems necessary;

12 (g) Negotiate and approve all collective bargaining contracts to be
13 entered into by the local government, except issues submitted to a
14 factfinder whose findings and recommendations are final and binding
15 pursuant to the provisions of the Local Government Employee-
16 Management Relations Act;

17 (h) Approve all expenditures of money from any fund or account and
18 all transfers of money from one fund to another;

19 (i) Employ such technicians as are necessary for the improvement of the
20 financial condition of the local government;

21 (j) Meet with the creditors of the local government and formulate a debt
22 liquidation program;

23 (k) Approve the issuance of bonds or other forms of indebtedness by
24 the local government;

25 (l) Discharge any of the outstanding debts and obligations of the local
26 government; and

27 (m) Take any other actions necessary to ensure that the local
28 government provides the basic services for which it was created in the
29 most economical and efficient manner possible.

30 2. The department may provide for reimbursement from the local
31 government for the expenses it incurs in managing the local government. If
32 such reimbursement is not possible, the department may request an
33 allocation by the interim finance committee from the contingency fund
34 pursuant to NRS 353.266, 353.268 and 353.269.

35 3. The governing body of a local government which is being managed
36 by the department pursuant to this section may make recommendations to
37 the department or the financial manager concerning the management of the
38 local government.

39 4. Each state agency, board, department, commission, committee or
40 other entity of the state shall provide such technical assistance concerning
41 the management of the local government as is requested by the department.

1 5. The department may delegate any of the powers and duties imposed
2 by this section to the financial manager appointed pursuant to paragraph
3 (b) of subsection 1.

4 6. ~~Once~~ *Except as otherwise provided in section 1 of this act, once*
5 the department has taken over the management of a local government
6 pursuant to the provisions of subsection 1, that management may only be
7 terminated pursuant to NRS 354.725.

8 **Sec. 4.** NRS 361.453 is hereby amended to read as follows:

9 361.453 Except as otherwise provided in NRS 354.705 ~~and~~ *and section*
10 *1 of this act*, the total ad valorem tax levy for all public purposes must not
11 exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater
12 amount fixed by the state board of examiners if the state board of
13 examiners is directed by law to fix a lesser or greater amount for that fiscal
14 year.

15 **Sec. 5.** This act becomes effective upon passage and approval.

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