

ASSEMBLY BILL NO. 299—COMMITTEE ON GOVERNMENT AFFAIRS

FEBRUARY 22, 1999

Referred to Committee on Government Affairs

SUMMARY—Revises various provisions regarding medium-term obligations. (BDR 30-1118)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

~

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

AN ACT relating to municipal obligations; requiring the governing body of a local government that authorizes a medium-term obligation to include certain information in the resolution authorizing the obligation and to amend its plan for capital improvement under certain circumstances; eliminating the exception for medium-term obligations from the limitation on the amount that certain local governments may receive from taxes ad valorem; ratifying the approval of the issuance of certain medium-term obligations by the board of trustees of the Pahrump Community Library District; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 350.001 is hereby amended to read as follows:
2 350.001 As used in NRS 350.001 to 350.006, inclusive, unless the
3 context otherwise requires:
4 1. “Commission” means a debt management commission created
5 pursuant to NRS 350.002.
6 2. “General obligation debt” means debt which is legally payable from
7 general revenues, as a primary or secondary source of repayment, and is
8 backed by the full faith and credit of a governmental entity. The term
9 includes debt represented by local government securities issued pursuant to
10 this chapter except debt created for medium-term obligations pursuant to
11 NRS ~~350.089~~ **350.085** to 350.095, inclusive.
12 3. “Special elective tax” means a tax imposed pursuant to NRS
13 354.59817, 354.5982, 387.197, 387.3285 or 387.3287.

Sec. 2. NRS 350.087 is hereby amended to read as follows:

350.087 1. If the public interest requires a medium-term obligation, the governing body of any local government, by a resolution adopted by two-thirds of its members, may authorize a medium-term obligation. For the purposes of the issuance of a medium-term obligation pursuant to NRS 280.266, a metropolitan police committee on fiscal affairs shall be deemed the governing body of a local government.

2. The resolution must contain:

(a) A finding by the governing body that the public interest requires the medium-term obligation; ~~and~~

(b) A statement of the facts upon which the finding *required pursuant to paragraph (a)* is based ~~and~~ ; and

(c) *A statement that identifies:*

(1) Each source of revenue of the local government that is anticipated to be used to repay the medium-term obligation; and

(2) The dollar amount that is anticipated to be available to repay the medium-term obligation from each such source.

3. Except as otherwise provided in subsection 4, before the adoption of any such resolution, the governing body shall publish notice of its intention to act thereon in a newspaper of general circulation for at least one publication. No vote may be taken upon the resolution until 10 days after the publication of the notice. The cost of publication of the notice required of an entity is a proper charge against its general fund.

4. If such a resolution will be adopted by a metropolitan police committee on fiscal affairs, the sheriff of the county in which the metropolitan police department is located shall publish the notice required pursuant to subsection 3.

Sec. 3. NRS 350.089 is hereby amended to read as follows:

350.089 Except as otherwise provided in NRS 280.266 and 496.155:

1. Upon the adoption of a resolution for a medium-term obligation, as provided in NRS 350.087, by a local government, a certified copy thereof must be forwarded to the executive director of the department of taxation. As soon as is practicable, the executive director of the department of taxation shall, after consideration of the tax structure of the local government concerned , ~~and~~ the probable ability of the local government to repay the requested medium-term obligation ~~and~~ *and the compliance of the local government with the applicable provisions of law, including, without limitation, the provisions of chapter 354 of NRS,* approve or disapprove the resolution in writing to the governing board. No such resolution is effective until approved by the executive director of the department of taxation. The written approval of the executive director of the department of taxation must be recorded in the minutes of the governing board.

2. If the executive director of the department of taxation does not approve the resolution for the medium-term obligation, the governing board of the local government may appeal the executive director's decision to the Nevada tax commission.

Sec. 4. NRS 350.091 is hereby amended to read as follows:

350.091 1. Whenever the governing body of any local government is authorized to enter into a medium-term obligation as provided in NRS 280.266 or 350.089, the governing body ~~may~~ :

(a) If the medium-term obligation is intended to finance a capital project, shall update its plan for capital improvement in the same manner as is required for general obligation debt pursuant to NRS 350.0035.

(b) May issue, as evidence thereof, negotiable notes, leases, other evidence of a transaction described in NRS 350.800, or short-time negotiable bonds.

2. Except as otherwise provided in subsection 5 of NRS 496.155, the negotiable notes or bonds:

(a) Must mature not later than 10 years after the date of issuance.

(b) Must bear interest at a rate or rates which do not exceed by more than 3 percent the Index of Twenty Bonds which was most recently published before the bids are received or a negotiated offer is accepted.

(c) May, at the option of the local government, contain a provision which allows redemption of the notes or bonds before maturity, upon such terms as the governing body determines.

3. If the maximum term of the financing is more than 5 years, the term may not exceed the estimated useful life of the asset to be purchased with the proceeds from the financing.

Sec. 5. NRS 350.093 is hereby amended to read as follows:

350.093 1. After a medium-term obligation has been authorized as provided in NRS 350.089 and if, in the judgment of the governing board of the local government, the fiscal affairs of the local government can be carried on without impairment and there is sufficient money in the general fund or a surplus in any other fund, with the exception of the bond interest and redemption fund, of the local government, the governing board may transfer from the general fund or from the surplus appearing in any fund, with the exception of the bond interest and redemption fund, money sufficient to meet the purpose of the medium-term obligation.

2. When such a transfer is made, the governing board of the local government shall comply with the provisions of NRS 350.095, and when the special tax is thereafter collected, the amount so collected must be placed immediately in the fund from which the loan was made.

3. In cases where the fund from which the loan was made, at the time of the transfer of funds therefrom, contains a surplus that in the judgment of the executive director of the department of taxation is or will not be

1 needed for the purposes of the fund in the ordinary course of events, the
2 special tax need not be levied, collected and placed in the fund from which
3 the loan was made, but the transfer shall be deemed refunded for all
4 purposes of NRS ~~350.089~~ 350.085 to 350.095, inclusive.

5 **Sec. 6.** NRS 354.535 is hereby amended to read as follows:

6 354.535 "General long-term debt" means debt which is legally payable
7 from general revenues and is backed by the full faith and credit of a
8 governmental unit. The term includes debt represented by local
9 government securities issued pursuant to chapter 350 of NRS and debt
10 created for medium-term obligations pursuant to NRS ~~350.089~~ 350.085
11 to 350.095, inclusive.

12 **Sec. 7.** NRS 354.59811 is hereby amended to read as follows:

13 354.59811 1. Except as otherwise provided in NRS ~~350.087,~~
14 354.59813, 354.59815, 354.5982, 354.5987, 354.59871, 354.705, 450.425,
15 540A.265 and 543.600, for each fiscal year beginning on or after July 1,
16 1989, the maximum amount of money that a local government, except a
17 school district, a district to provide a telephone number for emergencies, or
18 a redevelopment agency, may receive from taxes ad valorem, other than
19 those attributable to the net proceeds of minerals or those levied for the
20 payment of bonded indebtedness and interest thereon incurred as ~~a general~~
21 ~~or medium-term obligation~~ general long-term debt of the issuer, or for the
22 payment of obligations issued to pay the cost of a water project pursuant to
23 NRS 349.950, or for the payment of obligations under a capital lease
24 executed before April 30, 1981, must be calculated as follows:

25 ~~1-1~~ (a) The rate must be set so that when applied to the current fiscal
26 year's assessed valuation of all property which was on the preceding fiscal
27 year's assessment roll, together with the assessed valuation of property on
28 the central assessment roll which was allocated to the local government,
29 but excluding any assessed valuation attributable to the net proceeds of
30 minerals, assessed valuation attributable to a redevelopment area and
31 assessed valuation of a fire protection district attributable to real property
32 which is transferred from private ownership to public ownership for the
33 purpose of conservation, it will produce 106 percent of the maximum
34 revenue allowable from taxes ad valorem for the preceding fiscal year,
35 except that the rate so determined must not be less than the rate allowed for
36 the previous fiscal year, except for any decrease attributable to the
37 imposition of a tax pursuant to NRS 354.59813 in the previous year.

38 ~~1-2~~ (b) This rate must then be applied to the total assessed valuation,
39 excluding the assessed valuation attributable to the net proceeds of
40 minerals and the assessed valuation of a fire protection district attributable
41 to real property which is transferred from private ownership to public
42 ownership for the purpose of conservation but including new real property,
43 possessory interests and mobile homes, for the current fiscal year to

1 determine the allowed revenue from taxes ad valorem for the local
2 government.

3 **2. As used in this section, “general long-term debt” does not include**
4 **debt created for medium-term obligations pursuant to NRS 350.085 to**
5 **350.095, inclusive.**

6 **Sec. 8.** NRS 555.215 is hereby amended to read as follows:

7 555.215 1. Upon the preparation and approval of a budget in the
8 manner required by the Local Government Budget Act, the board of
9 county commissioners of each county having lands situated in the district
10 shall, by resolution, levy an assessment upon all real property in the county
11 which is in the weed control district.

12 2. Every assessment so levied is a lien against the property assessed.

13 3. Amounts collected in counties other than the county having the
14 larger or largest proportion of the area of the district must be paid over to
15 the board of county commissioners of that county for the use of the district.

16 4. The county commissioners of that county may obtain medium-term
17 obligations pursuant to NRS ~~350.089~~ 350.085 to 350.095, inclusive, of
18 an amount of money not to exceed the total amount of the assessment, to
19 pay the expenses of controlling the weeds in the weed control district. The
20 loans may be made only after the assessments are levied.

21 **Sec. 9.** 1. The actions of the board of trustees of the Pahrump
22 Community Library District in adopting Resolution No. 98-01 approving
23 the issuance of medium-term obligations for the construction and
24 furnishing of a new building for the District in an amount not to exceed
25 \$3,000,000 that would be repaid over a 10-year period by levying an ad
26 valorem tax of .1046 per \$100 of assessed valuation of taxable property
27 within the District in accordance with the provisions of NRS 350.095 are
28 hereby ratified, validated, approved and confirmed.

29 2. The amendatory provisions of sections 1 to 8, inclusive, of this act
30 do not apply to the obligations described in subsection 1.

31 **Sec. 10.** This act becomes effective upon passage and approval.