Assembly Bill No. 606–Committee on Government Affairs

CHAPTER........

AN ACT relating to local financial administration; establishing the severe financial emergency fund; authorizing the executive director of the department of taxation to loan money from the fund to a local government in severe financial emergency under certain circumstances; 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 354 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The severe financial emergency fund is hereby created in the state treasury as a revolving fund. The executive director shall administer the fund.

2. The money in the fund must be invested as other state funds are invested. Any interest and income earned on the money in the fund must, after deducting any applicable charges, be credited to the fund.

3. The executive director may distribute the money in the severe financial emergency fund as a loan to a local government for the purpose of paying the operating expenses of the local government until the local government receives revenues if:

(a) The department takes over the management of a local government pursuant to NRS 354.685 to 354.725, inclusive;

(b) The executive director determines that a loan from the severe financial emergency fund is necessary to pay the operating expenses of the local government; and

(c) The local government adopts a resolution in which the local government agrees to:

(1) Use the money only for the purpose of paying the operating expenses of the local government until the local government receives revenues; and

(2) Repay the entire amount of the loan, without any interest, to the severe financial emergency fund as soon as practicable, but not later than 12 months after the date on which the resolution is adopted.

4. A loan approved by the executive director must be repaid as soon as practicable by the local government, but the duration of the loan must not exceed 12 months after the date on which the loan was made. The executive director shall not charge interest on a loan made pursuant to this section.

5. The executive director shall report to the committee on local government finance and to the Nevada tax commission as soon as practicable after the date that the loan is approved concerning:

(a) The status of the loan;
(b) The purposes for which the local government will use the money from the loan; and
(c) The resources that the local government will use to repay the loan.

Sec. 2. NRS 354.655 is hereby amended to read as follows:

354.655 As used in NRS 354.655 to 354.725, inclusive, ***and section 1 of this act*** unless the context requires otherwise:

1. "Committee" means the committee on local government finance.
2. "Department" means the department of taxation.
3. "Executive director" means the executive director of the department of taxation.
4. "Local government" means any local government subject to the provisions of the Local Government Budget Act.
5. The words and terms defined in the Local Government Budget Act have the meanings ascribed to them in that act.

Sec. 3. As soon as practicable after the effective date of this act, the state controller shall transfer all the money in the local government emergency fund (fund 652, budget account 6067, dept. 13) to the severe financial emergency fund created pursuant to section 1 of this act.

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

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