SENATE BILL NO. 433–SENATOR PORTER

MARCH 15, 1999

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning local government finance. (BDR 31-51)

FISCAL NOTE: Effect on Local Government: Yes.
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 local government finance; requiring each local government to prepare a capital improvement plan; authorizing local governments to enter into contracts for the construction or completion of certain public works before the issuance of bonds or medium-term obligations under certain circumstances; authorizing certain counties to acquire securities issued by municipalities within those counties that are issued for infrastructure projects 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. On or before July 1 of each year, each local government shall prepare, on a form prescribed by the department of taxation for use by local governments, a capital improvement plan for the ensuing 5 fiscal years.

2. Each local government must submit a copy of the capital improvement plan of the local government to the:

(a) Department of taxation; and

(b) Debt management commission of the county in which the local government is located.

3. Each local government must file a copy of the capital improvement plan of the local government for public record and inspection by the public in the offices of:

(a) The clerk or secretary of the governing body; and

(b) The county clerk.

4. The total amount of the expenditures contained in the capital improvement plan of the local government for the next ensuing fiscal year must equal the total amount of expenditures for capital outlay set forth in the final budget of the local government for each fund listed in that budget.

Sec. 2. NRS 354.470 is hereby amended to read as follows:

354.470 NRS 354.470 to 354.626, inclusive, ***and section 1 of this act*** may be cited as the Local Government Budget Act.

Sec. 3. NRS 354.59801 is hereby amended to read as follows:

354.59801 Each local government shall file in the office of the clerk or secretary of its governing body, for public record and inspection:

1. A copy of its final budget;

2. A copy of its final plan for capital improvements ~~[;]~~ ***prepared pursuant to section 1 of this act and, if applicable, NRS 350.0035;*** and

3. A report of its proposed expenditures for the following fiscal year, written in the same detail as its chart of accounts. The total amount of these expenditures must equal the total amount of expenditures contained in its final budget for each department and fund listed in that budget.

Sec. 4. NRS 354.626 is hereby amended to read as follows:

354.626 1. No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments, and any other long-term contract expressly authorized by law. Any officer or employee of a local government who willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a misdemeanor, and upon conviction thereof ceases to hold his office or employment. Prosecution for any violation of this section may be conducted by the attorney general, or, in the case of incorporated cities, school districts or special districts, by the district attorney.

2. Without limiting the generality of the exceptions contained in subsection 1, the provisions of this section specifically do not apply to:

(a) Purchase of comprehensive general liability policies of insurance which require an audit at the end of the term thereof.

(b) Long-term cooperative agreements as authorized by chapter 277 of NRS.

(c) Long-term contracts in connection with planning and zoning as authorized by NRS 278.010 to 278.630, inclusive.

(d) Long-term contracts for the purchase of utility service such as, but not limited to, heat, light, sewerage, power, water and telephone service.

(e) Contracts between a local government and an employee covering professional services to be performed within 24 months following the date of such contract or contracts entered into between local government employers and employee organizations.

(f) Contracts between a local government and any person for the construction or completion of public works, money for which has been ***or will be*** provided by the proceeds of a sale of bonds or medium-term obligations ~~[.]~~ ***and that are entered into by the local government after:***

(1) Any election required for the approval of the bonds has been held;

(2) Any approvals by any other governmental entity required to be obtained before the bonds or medium-term obligations can be issued have been obtained; and

(3) The ordinance or resolution that specifies each of the terms of the bonds or medium-term obligations, except those terms that are set forth in paragraphs (a) to (e), inclusive, of subsection 2 of NRS 350.165, has been adopted.

Neither the fund balance of a governmental fund nor the equity balance in any proprietary fund may be used unless appropriated in a manner provided by law.

(g) Contracts which are entered into by a local government and delivered to any person solely for the purpose of acquiring supplies and equipment necessarily ordered in the current fiscal year for use in an ensuing fiscal year, and which, under the method of accounting adopted by the local government, will be charged against an appropriation of a subsequent fiscal year. Purchase orders evidencing such contracts are public records available for inspection by any person on demand.

(h) Long-term contracts for the furnishing of television or FM radio broadcast translator signals as authorized by NRS 269.127.

(i) The receipt and proper expenditure of money received pursuant to a grant awarded by an agency of the Federal Government.

(j) The incurrence of obligations beyond the current fiscal year under a lease or contract for installment purchase which contains a provision that the obligation incurred thereby is extinguished by the failure of the governing body to appropriate money for the ensuing fiscal year for the payment of the amounts then due.

Sec. 5. Chapter 244A of NRS is hereby amended by adding thereto the provisions set forth as sections 6 to 11, inclusive, of this act.

Sec. 6. ***"Infrastructure project" means:***

1. A capital improvement for fire protection, a library, a building, a park or police protection that a municipality is authorized to improve, acquire or equip pursuant to a law other than the County Bond Law; or

2. For a water authority or any municipality whose governing body is composed of only the members of the board, a capital improvement for a water system or a sanitary sewer that the municipality is authorized to improve, acquire or equip pursuant to a law other than the County Bond Law.

Sec. 7. ***"Lending project" means the acquisition of municipal securities issued by a municipality located wholly or partially within the county acquiring the municipal securities for one or more infrastructure projects or for the refunding of municipal securities previously acquired as part of a lending project by a county for one or more infrastructure projects or any combination thereof.***

Sec. 8. ***"Municipal securities" means notes, warrants, interim debentures, bonds and temporary bonds issued by a municipality pursuant to a law other than the County Bond Law which are:***

1. General obligations payable from ad valorem taxes that are approved by the voters of the municipality issued for a capital improvement of a library or park;

2. General obligations payable from ad valorem taxes that are approved by the voters of the municipality or are approved pursuant to subsection 3 of NRS 350.020 issued for a capital improvement of an infrastructure project other than a library or park; or

3. Revenue obligations of a water authority that are payable from revenues of:

(a) The water system of the water authority;

(b) One or more of the municipalities that are members of the water authority; or

(c) Any combination of the entities described in paragraphs (a) and (b).

Sec. 9. ***"Municipality" means any city, town, library district, consolidated library district, fire protection district, district for a fire department, park district, general improvement district organized pursuant to chapter 318 of NRS, water district organized pursuant to a special act or water authority organized as a political subdivision created by cooperative agreement whose members include at least the two largest municipal retail water purveyors in the county.***

Sec. 10. ***"Revenues of a lending project" means any money, except the proceeds of taxes levied by the county, received by the county pursuant to any lending project, including, without limitation:***

1. Money derived from any source of revenue connected with a lending project, including, without limitation, payments by a municipality of the principal, interest or redemption premium of any municipal security, and any other income derived from the operation or

administration of a lending project or the sale or other disposal of municipal securities or other assets acquired in connection with a lending project;

2. Loans, grants or contributions to the county from the Federal Government for the payment of the principal, interest and redemption premiums of county securities;

3. Fees or charges paid by a municipality in connection with a lending project; and

4. Money derived from the investment and reinvestment of the money described in subsections 1, 2 or 3.

Sec. 11. ***In connection with any lending project, a county whose population is 400,000 or more may:***

1. Require additional security or credit enhancement for payment of municipal securities acquired as it deems prudent.

2. Make contracts and execute all necessary or desirable instruments or documents not in conflict with the requirements of the County Bond Law.

3. Provide by ordinance for its standards, policies and procedures for financing lending projects.

4. Acquire and hold municipal securities and execute the rights of the holder of those municipal securities.

5. Sell or otherwise dispose of municipal securities unless the county is limited by any agreement that is related to those securities.

6. Refund any county general obligations issued for a lending project if the county and the municipality agree to the disposition of any savings resulting from the refunding.

7. Require payment by a municipality that participates in a lending project of the fees and expenses of the county in connection with the lending project.

8. Secure the payment of county general obligations issued for a lending project with a pledge of revenues of the lending project. If the revenues of a lending project are formally pledged to the county bonds issued to finance a lending project, the board may treat the revenues of the lending project financed by an issue of county general obligation bonds as pledged revenues pursuant to subsection 3 of NRS 350.020.

Sec. 12. NRS 244A.011 is hereby amended to read as follows:

244A.011 NRS 244A.011 to 244A.065, inclusive, ***and sections 6 to 11, inclusive, of this act*** shall be known as the County Bond Law.

Sec. 13. NRS 244A.013 is hereby amended to read as follows:

244A.013 Except where the context otherwise requires, the definitions in NRS 244A.015 to 244A.056, inclusive, ***and sections 6 to 10, inclusive, of this act*** govern the construction hereof.

Sec. 14. NRS 244A.057 is hereby amended to read as follows:

244A.057 Any board, upon behalf of the county and in its name, may acquire, improve, equip, operate and maintain, within the county:

1. A building project;

2. A drainage and flood control project;

3. ***A lending project if the county has a population of 400,000 or more and has adopted an ordinance pursuant to subsection 3 of section 11 of this act;***

4. An offstreet parking project;

~~[4.]~~ ***5.*** An overpass project;

~~[5.]~~ ***6.*** A park project;

~~[6.]~~ ***7.*** A sewerage project;

~~[7.]~~ ***8.*** A street project;

~~[8.]~~ ***9.*** An underpass project; and

~~[9.]~~ ***10.*** A water project.

Sec. 15. NRS 244A.059 is hereby amended to read as follows:

244A.059 1. Subject to the provisions of chapter 350 of NRS, any board, upon behalf of the county and in its name, may issue the county's general obligation bonds to acquire, improve and equip ***,*** ~~[(]~~ or any combination thereof ***,*** ~~[),]~~ any project herein authorized, or any part thereof, and thereby to defray the cost of the project wholly or in part.

2. A county shall not become indebted by the issuance of bonds or other securities constituting an indebtedness, whether the bonds are issued hereunder or under a special or local law, to an amount in the aggregate, including existing indebtedness of the county, but excluding any outstanding revenue bonds, any outstanding special assessment bonds, or any other outstanding special obligation securities, any short-term securities issued in anticipation of and payable from general ~~[(]~~ ad valorem ~~[)]~~ taxes levied for the current fiscal year, ***any general obligation indebtedness of the county issued to pay the cost of any lending project,*** and any indebtedness not evidenced by notes, bonds or other securities, exceeding 10 percent of the total last assessed valuation of the taxable property of the county.

3. A county shall not become indebted by the issuance of general obligation indebtedness to fund the cost of lending projects in an amount exceeding 15 percent of the total last assessed valuation of the taxable property of the county.

Sec. 16. NRS 244A.653 is hereby amended to read as follows:

244A.653 A county whose population is 400,000 or more shall not become indebted for those county recreational purposes under the provisions of NRS 244A.597 to 244A.655, inclusive, by the issuance of general obligation bonds and other general obligation securities, other than any notes or warrants maturing within 1 year from the respective dates of their issuance, but excluding any outstanding revenue bonds, special assessment bonds or other special obligation securities, and excluding any outstanding general obligation notes and warrants, exceeding 5 percent of the total last assessed valuation of the taxable property in the county. ~~[A county whose population is 400,000 or more shall not become indebted in an amount exceeding 10 percent of that valuation by the issuance of any general obligation securities, other than any such notes or warrants, but excluding any outstanding special obligation securities and excluding any outstanding general obligation notes and warrants.]~~

Sec. 17. NRS 244A.655 is hereby amended to read as follows:

244A.655 A county whose population is less than 400,000 shall not become indebted for those county recreational purposes under the provisions of NRS 244A.597 to 244A.655, inclusive, by the issuance of general obligation bonds and other general obligation securities, other than any notes or warrants maturing within 1 year from the respective dates of their issuance, but excluding any outstanding revenue bonds, special assessment bonds or other special obligation securities, and excluding any outstanding general obligation notes and warrants, exceeding 3 percent of the total last assessed valuation of the taxable property in the county. ~~[A county whose population is less than 400,000 shall not become indebted in an amount exceeding 10 percent of that valuation by the issuance of any general obligation securities, other than any such notes or warrants, but excluding any outstanding special obligation securities and excluding any outstanding general obligation notes and warrants.]~~

Sec. 18. 1. This section and sections 1 to 4, inclusive, of this act become effective upon passage and approval.

2. Sections 5 to 17, inclusive, of this act become effective on October 1, 1999.

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