

SENATE BILL NO. 473—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF LEGISLATIVE COMMITTEE TO STUDY THE DISTRIBUTION AMONG
LOCAL GOVERNMENTS OF REVENUE
FROM STATE AND LOCAL TAXES)

MARCH 18, 1999

Referred to Committee on Government Affairs

SUMMARY—Creates procedure for dissolution or disincorporation of certain local governments in severe financial emergency under certain circumstances. (BDR 31-702)

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 local governments; providing in skeleton form for requiring a question to be submitted to the electors of certain local governments in severe financial emergency asking whether the local government should be disincorporated or dissolved if the Nevada tax commission determines that the severe financial emergency is unlikely to cease to exist within 5 years; requiring certain taxes and mandatory assessments to be raised and services of the local government limited if the electors of such a local government do not approve such a question; 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.** Chapter 354 of NRS is hereby amended by adding thereto a
2 new section to read as follows:
3 ***1. If the executive director determines that a severe financial***
4 ***emergency which exists in a local government is unlikely to cease to exist***
5 ***within 5 years, he shall determine:***
6 ***(a) The amount any tax or mandatory assessment levied by the local***
7 ***government must be raised to ensure a balanced budget for the local***
8 ***government; and***

1 ***(b) The manner in which the services provided by the local***
2 ***government must be limited to ensure a balanced budget for the local***
3 ***government,***
4 ***and submit his findings to the committee.***

5 ***2. The committee shall review the findings submitted by the executive***
6 ***director pursuant to subsection 1. If the committee determines that the***
7 ***severe financial emergency which exists in the local government is***
8 ***unlikely to cease to exist within 5 years and that the findings made by the***
9 ***executive director are appropriate, the committee shall submit its***
10 ***recommendation to the Nevada tax commission. If the committee***
11 ***determines that the financial emergency is likely to cease to exist within 5***
12 ***years, that decision is not subject to review by the Nevada tax***
13 ***commission.***

14 ***3. The Nevada tax commission shall schedule a public hearing***
15 ***within 30 days after the committee submits its recommendation. The***
16 ***Nevada tax commission shall provide public notice of the hearing at least***
17 ***10 days before the date on which the hearing will be held. The executive***
18 ***director shall provide copies of all documents relevant to the***
19 ***recommendation of the committee to the governing body of the local***
20 ***government in severe financial emergency.***

21 ***4. If, after the public hearing, the Nevada tax commission***
22 ***determines that the recommendation of the committee is appropriate, a***
23 ***question must be submitted to the electors of the local government at the***
24 ***next primary or general municipal election or primary or general state***
25 ***election, as applicable, asking whether the local government should be***
26 ***disincorporated or dissolved. If the electors of the local government do***
27 ***not approve the disincorporation or dissolution of the local government:***

28 ***(a) The maximum ad valorem tax levied within the local government,***
29 ***if any, must be raised to \$5 on each \$100 of assessed valuation;***

30 ***(b) Any other taxes or mandatory assessments levied in the local***
31 ***government, notwithstanding any limitation on those taxes or***
32 ***assessments provided by statute, must be raised in an amount the Nevada***
33 ***tax commission determines is necessary to ensure a balanced budget for***
34 ***the local government; and***

35 ***(c) The services provided by the local government must be limited in a***
36 ***manner the Nevada tax commission determines is necessary to ensure a***
37 ***balanced budget for the local government.***

38 ***5. If the electors of the local government approve the***
39 ***disincorporation or dissolution of the local government, the local***
40 ***government must be disincorporated or dissolved:***

41 ***(a) Pursuant to the applicable provisions of law; or***

42 ***(b) If there is no specific provision of law providing for the***
43 ***disincorporation or dissolution of the local government, by the entity that***

1 *created the local government. If, at the time of the disincorporation or*
2 *dissolution of the local government pursuant to this paragraph, there are*
3 *any outstanding loans or bonded indebtedness of the local government,*
4 *including, without limitation, loans made to the local government by the*
5 *county in which the local government is located, the taxes for the*
6 *payment of the bonds or other indebtedness must continue to be levied*
7 *and collected in the same manner as if the local government had not*
8 *been disincorporated or dissolved until all outstanding indebtedness is*
9 *repaid, but for all other purposes the local government shall be deemed*
10 *disincorporated or dissolved at the time that the entity which created the*
11 *local government disincorporates or dissolves the local government.*

12 *6. Within 10 days after the Nevada tax commission makes a*
13 *determination pursuant to subsection 4, the executive director shall*
14 *notify:*

15 *(a) The city clerk, if the local government is a city; or*

16 *(b) The county clerk in all other cases,*

17 *and provide the clerk with the amount any tax or mandatory assessment*
18 *levied by the local government must be raised and a description of the*
19 *manner in which the services provided by the local government must be*
20 *limited to ensure a balanced budget for the local government.*

21 *7. After the executive director notifies the city clerk or the county*
22 *clerk, as applicable, pursuant to subsection 6, the clerk shall cause to be*
23 *published in a newspaper of general circulation that is printed in the*
24 *local government a notice of the election once in each calendar week for*
25 *2 successive calendar weeks by two weekly insertions a week apart, the*
26 *first publication to be not more than 30 days nor less than 22 days next*
27 *preceding the date of the election. If no newspaper is printed in the local*
28 *government, publication of the notice of election must be made in a*
29 *newspaper printed in this state and having a general circulation in the*
30 *local government.*

31 *8. The notice required pursuant to subsection 7 must contain the*
32 *following information:*

33 *(a) That the Nevada tax commission has determined that the severe*
34 *financial emergency which exists in the local government is unlikely to*
35 *cease to exist within 5 years;*

36 *(b) That the question of whether the local government should be*
37 *disincorporated or dissolved will be submitted to the electors of the local*
38 *government at the next primary or general municipal election or the next*
39 *primary or general state election, as applicable; and*

40 *(c) That if the electors do not approve the disincorporation or*
41 *dissolution:*

1 *(1) The maximum ad valorem tax levied within the local*
2 *government, if any, will be raised to \$5 on each \$100 of assessed*
3 *valuation;*

4 *(2) Any taxes or mandatory assessment levied in the local*
5 *government will be raised to ensure a balanced budget for the local*
6 *government and the amount by which those taxes or mandatory*
7 *assessments will be raised; and*

8 *(3) The services the local government provides will be limited to*
9 *ensure a balanced budget for the local government and the manner in*
10 *which those services will be limited.*

11 9. *As used in this section, "local government" does not include a*
12 *county, a school district or any agency or department of a county or city*
13 *which prepares a budget separate from that of the parent political*
14 *subdivision.*

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

16 354.655 As used in NRS 354.655 to 354.725, inclusive, *and section 1*
17 *of this act*, unless the context requires otherwise:

18 1. "Committee" means the committee on local government finance.

19 2. "Department" means the department of taxation.

20 3. "Executive director" means the executive director of the department
21 of taxation.

22 4. "Local government" means any local government subject to the
23 provisions of the Local Government Budget Act.

24 5. The words and terms defined in the Local Government Budget Act
25 have the meanings ascribed to them in that act.

26 **Sec. 3.** This act becomes effective on July 1, 1999.