SENATE BILL NO. 501–COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF COMMITTEE ON LOCAL GOVERNMENT FINANCE)

MARCH 22, 1999

Referred to Committee on Government Affairs

SUMMARY—Amends various provisions concerning disclosures required on ballot questions for certain elections for approval of general obligations and additional property tax. (BDR 30-878)

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; requiring certain information to be provided on a ballot question for certain elections for the approval of general obligations and increases in rates of property tax; amending the dates on which certain elections for certain increases in rates of property tax may be held; requiring the committee on local government finance to provide forms annually for ballot questions which may be used for certain elections for the approval of general obligations and increases in rates of property tax; 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 350 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The committee on local government finance shall annually provide to each city clerk, county clerk and district attorney:

(a) Forms for submitting a ballot question to the electors of a municipality for the issuance or incurrence of general obligations as provided in subsection 1 of NRS 350.020; and

(b) Examples of past ballot questions for the issuance or incurrence of general obligations.

2. The city clerk, county clerk or district attorney may make these forms and examples available to the general public.

Sec. 2. NRS 350.020 is hereby amended to read as follows:

350.020 1. Except as otherwise provided by subsections 3 and 4, if a municipality proposes to issue or incur general obligations, the proposal must be submitted to the electors of the municipality at a special election called for that purpose or the next general municipal election or general state election.

2. Such a special election may be held:

(a) At any time ***, including, without limitation, on the date of a primary municipal election or a primary state election,*** if the governing body of the municipality determines, by a unanimous vote, that an emergency exists; or

(b) On the first Tuesday after the first Monday in June of an odd-numbered year.

The determination made by the governing body is conclusive unless it is shown that the governing body acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any occurrence or combination of occurrences which requires immediate action by the governing body of the municipality to prevent or mitigate a substantial financial loss to the municipality or to enable the governing body to provide an essential service to the residents of the municipality.

3. If payment of a general obligation of the municipality is additionally secured by a pledge of gross or net revenue of a project to be financed by its issue, and the governing body determines, by an affirmative vote of two-thirds of the members elected to the governing body, that the pledged revenue will at least equal the amount required in each year for the payment of interest and principal, without regard to any option reserved by the municipality for early redemption, the municipality may, after a public hearing, incur this general obligation without an election unless, within 60 days after publication of a resolution of intent to issue the bonds, a petition is presented to the governing body signed by not less than 5 percent of the registered voters of the municipality who together with any corporate petitioners own not less than 2 percent in assessed value of the taxable property of the municipality. Any member elected to the governing body whose authority to vote is limited by charter, statute or otherwise may vote on the determination required to be made by the governing body pursuant to this subsection. The determination by the governing body becomes conclusive on the last day for filing the petition. For the purpose of this subsection, the number of registered voters must be determined as of the close of registration for the last preceding general election and assessed values must be determined from the next preceding final assessment roll. An authorized corporate officer may sign such a petition whether or not he

is a registered voter. The resolution of intent need not be published in full, but the publication must include the amount of the obligation and the purpose for which it is to be incurred. Notice of the public hearing must be published at least 10 days before the day of the hearing. The publications must be made once in a newspaper of general circulation in the municipality. When published, the notice of the public hearing must be at least as large as 5 inches high by 4 inches wide.

4. Until June 30, 2008, the board of trustees of a school district may issue general obligation bonds which are not expected to result in an increase in the existing property tax levy for the payment of bonds of the school district without holding an election for each issuance of the bonds if the qualified electors approve a question submitted by the board of trustees that authorizes issuance of bonds in such a manner. If the question is approved, the board of trustees of the school district may issue the bonds, after obtaining the approval of the debt management commission in the county in which the school district is located and, in a county whose population is 100,000 or more, the approval of the oversight panel for school facilities established pursuant to NRS 393.092 in that county, if the board of trustees of the school district finds that the existing tax for debt service will at least equal the amount required to pay the principal and interest on the outstanding general obligations of the school district and the general obligations proposed to be issued. The finding made by the board of trustees is conclusive in the absence of fraud or gross abuse of discretion. As used in this subsection, “general obligations” does not include medium-term obligations issued pursuant to NRS 350.085 to 350.095, inclusive.

5. At the time of issuance of bonds authorized pursuant to subsection 4, the board of trustees shall establish a reserve account in its debt service fund for payment of the outstanding bonds of the school district. The reserve account must be established and maintained in an amount at least equal to the lesser of the amount of principal and interest payments due on all of the outstanding bonds of the school district in the next fiscal year or 10 percent of the outstanding principal amount of the outstanding bonds of the school district. If the amount in the reserve account falls below the amount required by this subsection:

(a) The board of trustees shall not issue additional bonds pursuant to subsection 4 until the reserve account is restored to the level required by this subsection; and

(b) The board of trustees shall apply all of the taxes levied by the school district for payment of bonds of the school district that are not needed for payment of the principal and interest on bonds of the school district in the current fiscal year to restore the reserve account to the level required pursuant to this subsection.

6. A municipality may issue special or medium-term obligations without an election.

Sec. 3. NRS 350.020 is hereby amended to read as follows:

350.020 1. Except as otherwise provided by subsection 3, if a municipality proposes to issue or incur general obligations, the proposal must be submitted to the electors of the municipality at a special election called for that purpose or the next general municipal election or general state election.

2. Such a special election may be held:

(a) At any time ***, including, without limitation, the date of a primary municipal election or a primary state election,*** if the governing body of the municipality determines, by a unanimous vote, that an emergency exists; or

(b) On the first Tuesday after the first Monday in June of an odd-numbered year.

The determination made by the governing body is conclusive unless it is shown that the governing body acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any occurrence or combination of occurrences which requires immediate action by the governing body of the municipality to prevent or mitigate a substantial financial loss to the municipality or to enable the governing body to provide an essential service to the residents of the municipality.

3. If payment of a general obligation of the municipality is additionally secured by a pledge of gross or net revenue of a project to be financed by its issue, and the governing body determines, by an affirmative vote of two-thirds of the members elected to the governing body, that the pledged revenue will at least equal the amount required in each year for the payment of interest and principal, without regard to any option reserved by the municipality for early redemption, the municipality may, after a public hearing, incur this general obligation without an election unless, within 60 days after publication of a resolution of intent to issue the bonds, a petition is presented to the governing body signed by not less than 5 percent of the registered voters of the municipality who together with any corporate petitioners own not less than 2 percent in assessed value of the taxable property of the municipality. Any member elected to the governing body whose authority to vote is limited by charter, statute or otherwise may vote on the determination required to be made by the governing body pursuant to this subsection. The determination by the governing body becomes conclusive on the last day for filing the petition. For the purpose of this subsection, the number of registered voters must be determined as of the close of registration for the last preceding general election and assessed

values must be determined from the next preceding final assessment roll. An authorized corporate officer may sign such a petition whether or not he is a registered voter. The resolution of intent need not be published in full, but the publication must include the amount of the obligation and the purpose for which it is to be incurred. Notice of the public hearing must be published at least 10 days before the day of the hearing. The publications must be made once in a newspaper of general circulation in the municipality. When published, the notice of the public hearing must be at least as large as 5 inches high by 4 inches wide.

4. A municipality may issue special or medium-term obligations without an election.

Sec. 4. NRS 350.022 is hereby amended to read as follows:

350.022 1. Whenever a municipality by ordinance or resolution, as the governing body may determine, has ordered that a proposal to issue or incur general obligations be submitted to the voters at a special election or the next ~~[primary or]~~ general municipal election or ~~[primary or]~~ general state election, the clerk shall cause notice of the election to be published in a newspaper printed in and having a general circulation in the municipality once in each calendar week for 2 successive calendar weeks by two weekly insertions a week apart, the first publication to be not more than 30 days nor less than 22 days next preceding the date of the election.

2. If no newspaper is printed in the municipality, publication of the notice of election must be made in a newspaper printed in the State of Nevada and having a general circulation in the municipality.

Sec. 5. NRS 350.024 is hereby amended to read as follows:

350.024 1. ***The ballot question for a proposal submitted to the electors of a municipality pursuant to subsection 1 of NRS 350.020 must contain the principal amount of the general obligations to be issued or incurred, the purpose of the issuance or incurrence of the general obligations and an estimate established by the governing body of:***

(a) The duration of the levy of property tax that will be used to pay the general obligations; and

(b) The average annual increase, if any, in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay for debt service on the general obligations to be issued or incurred.

2. Except as otherwise provided in subsection ~~[3,]~~ ***4,*** the sample ballot required to be mailed pursuant to NRS 293.565 or 293C.530 and the notice of election must contain:

(a) The time and places of holding the election.

(b) The hours during the day in which the polls will be open, which must be the same as provided for general elections.

(c) ~~[The purposes for which the obligations are to be issued or incurred.~~

~~(d) A disclosure of any:~~

~~(1) Future increase or decrease in costs which can reasonably be anticipated in relation to the purposes for which the obligations are to be issued or incurred and its probable effect on the tax rate; and~~

~~(2) Requirement relating to the proposal which is imposed pursuant to a court order or state or federal statute and the probable consequences which will result if the bond question is not approved by the voters.~~

~~(e)~~**]** ***The ballot question.***

(d) The maximum amount of the obligations, including the anticipated interest, separately stating the total principal, the total anticipated interest and the anticipated interest rate.

[~~(f) The maximum number of years which the obligations are to run.~~

~~(g)~~**]** ***(e)*** An estimate of the range of ***property*** tax rates ***stated in dollars and cents per $100 of assessed value*** necessary to provide for debt service upon the obligations for the dates when they are to be redeemed. The municipality shall, for each such date, furnish an estimate of the assessed value of the property against which the obligations are to be issued or incurred, and the governing body shall estimate the tax rate based upon the assessed value of the property as given in the assessor's estimates.

[~~2.~~**]** ***3.*** If an operating or maintenance rate is proposed in conjunction with the question to issue obligations, the questions may be combined, but the sample ballot and notice of election must each state the tax rate required for the obligations separately from the rate proposed for operation and maintenance.

[~~3.~~**]** ***4.*** Any election called pursuant to NRS 350.020 to 350.070, inclusive, ***and section 1 of this act,*** may be consolidated with a primary or general municipal election or a primary or general state election. The notice of election need not set forth the places of holding the election, but may instead state that the places of holding the election will be the same as those provided for the election with which it is consolidated.

[~~4.~~**]** ***5.*** If the election is a special election, the clerk shall cause notice of the close of registration to be published in a newspaper printed in and having a general circulation in the municipality once in each calendar week for 2 successive calendar weeks next preceding the close of registration for the election.

Sec. 6. NRS 244A.789 is hereby amended to read as follows:

244A.789 1. The budget of a district for the support of public parks must comply with the provisions of NRS 354.470 to 354.626, inclusive, but need not be separately prepared and may be included within the county budget. The district is not entitled to any share of revenue from the supplemental city-county relief tax.

2. The governing body may submit to the registered voters of the district at a primary or general election:

(a) A proposal to issue general obligation bonds of the district to finance the acquisition, construction, equipment and improvement of one or more park projects within the district, or outside the district if the governing body finds that the park project will benefit the residents of the district, but the amount of general obligation bonds or other securities so issued may not exceed 10 percent of the assessed valuation of the taxable property in the district. ***The ballot question for such a proposal must contain the principal amount of the general obligation bonds to be issued, the purpose of the issuance of the bonds and the estimate established by the governing body of:***

(1) The duration of the levy of property tax that will be used to pay the general obligations; and

(2) The average annual increase, if any, in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay for debt service on the general obligation bonds to be issued.

(b) A proposal to levy a tax ad valorem pursuant to NRS 354.5982 for:

(1) Any of the purposes described in paragraph (a);

(2) Maintenance of public parks located within the district;

(3) Maintenance of public parks located outside the district if the governing body finds that the parks benefit the residents of the district; or

(4) Any combination of those purposes.

3. ***The ballot question for a proposal submitted to the registered voters pursuant to paragraph (b) of subsection 2 must contain the rate of the proposed additional property tax stated in dollars and cents per $100 assessed valuation, the purpose of the proposed additional property tax, the duration of the proposed additional property tax and an estimate established by the governing body of the increase in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay per year as a result of the passage of the question.***

4. As used in this section, "park project" has the meaning ascribed to it in NRS 244A.039.

~~[4.]~~ ***5.*** If the proposal to issue bonds is approved by the voters, the county may issue bonds of the district as provided in chapter 350 of NRS.

Sec. 7. Chapter 354 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The committee on local government finance shall annually provide to each city clerk, county clerk and district attorney:

(a) Forms for submitting a ballot question to the registered voters of a local government for the imposition of an additional property tax pursuant to NRS 354.5982; and

(b) Examples of past ballot questions for the imposition of an additional property tax.

2. The city clerk, county clerk or district attorney may make these forms and examples available to the general public.

Sec. 8. NRS 354.5982 is hereby amended to read as follows:

354.5982 1. The local government may exceed the limit imposed by NRS 354.59811 upon the calculated receipts from taxes ad valorem only if its governing body proposes to its registered voters an additional ~~[levy ad valorem, specifying the amount of money to be derived, the purpose for which it is to be expended and the duration of the levy,]~~ ***property tax,*** and the proposal is approved by a majority of the voters voting on the question at a ~~[primary or]~~ general election ***, a general city election*** or a special election called for that purpose. ***The question submitted to the voters must contain the rate of the proposed additional property tax stated in dollars and cents per $100 assessed valuation, the purpose of the proposed additional property tax, the duration of the proposed additional property tax and an estimate established by the governing body of the increase in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay per year as a result of the passage of the question.*** The duration of the levy must not exceed 30 years. The governing body may discontinue the levy before it expires and may not thereafter reimpose it in whole or in part without following the procedure required for its original imposition.

2. A special election may be held ~~[only]~~ ***:***

(a) At any time, including, without limitation, on the date of a primary city election or a primary state election, if the governing body of the local government determines, by a unanimous vote, that an emergency exists ~~[.]~~ ***; or***

(b) On the date of a general city election.

The determination made by the governing body is conclusive unless it is shown that the governing body acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the governing body of the local government to prevent or mitigate a substantial financial loss to the local government or to enable the governing body to provide an essential service to the residents of the local government.

3. To the allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811 for a local government, the executive director of the department of taxation shall add any amount approved by the legislature for the cost to that local government of any substantial program or expense required by legislative enactment.

Sec. 9. Chapter 387 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The committee on local government finance shall annually provide to each county clerk and district attorney:

(a) Forms for submitting a ballot question to the registered voters of a county for the imposition of an additional property tax pursuant to NRS 387.3285; and

(b) Examples of past ballot questions for the imposition of an additional property tax.

2. The county clerk or district attorney may make these forms and examples available to the general public.

Sec. 10. NRS 387.3285 is hereby amended to read as follows:

387.3285 1. Upon the approval of a majority of the registered voters of a county voting upon the question **[**~~,~~**]** ***at a general or special election,*** the board of county commissioners in each county with a school district whose enrollment is fewer than 25,000 pupils may levy a tax which, when combined with any tax imposed pursuant to NRS 387.3287, is not more than 75 cents on each $100 of assessed valuation of taxable property within the county. The question submitted to the registered voters must **[**~~include the period during which the tax will be levied. The period~~**]** ***contain the rate of the proposed additional property tax, stated in dollars and cents per $100 assessed valuation, the purpose of the proposed additional property tax, the duration of the proposed additional property tax and an estimate established by the board of trustees of the increase in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay per year as a result of the passage of the question. The duration*** may not exceed 20 years.

2. Upon the approval of a majority of the registered voters of a county voting upon the question **[**~~,~~**]** ***at a general or special election,*** the board of county commissioners in each county with a school district whose enrollment is 25,000 pupils or more may levy a tax which, when combined with any tax imposed pursuant to NRS 387.3287, is not more than 50 cents on each $100 of assessed valuation of taxable property within the county. The question submitted to the registered voters must **[**~~include the period during which the tax will be levied. The period~~**]** ***contain the rate of the proposed additional property tax, stated in dollars and cents per $100 assessed valuation, the purpose of the proposed additional property tax, the duration of the proposed additional property tax and an estimate established by the board of trustees of the increase in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay per year as a result of the passage of the question. The duration*** may not exceed 20 years.

3. Any money collected pursuant to this section must be deposited in the county treasury to the credit of the fund for capital projects to be held and, except as otherwise provided in NRS 387.3287, to be expended in the same manner as other money deposited in that fund.

4. A special election may be held:

(a) At any time, including, without limitation, on the date of a primary city election or a primary state election if the board of trustees of the school district determines, by a unanimous vote, that an emergency exists; or

(b) On the date of a general city election.

The determination made by the board of trustees in conclusive unless it is shown that the board of trustees acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the board of trustees must be commenced within 15 days after the determination made by board of trustees is final. As used in this subsection, "emergency" means an unexpected occurrence or combination of occurrences that requires immediate action by the board of trustees of the school district to prevent or mitigate a substantial financial loss to the school district or to enable the board of trustees to provide an essential service.

Sec. 11. NRS 387.3287 is hereby amended to read as follows:

387.3287 1. Except as otherwise provided in subsections 4 and 5, upon the approval of a majority of the registered voters of a county voting upon the question, the board of county commissioners in each county may levy a separate tax pursuant to the provisions and subject to the limitations of ~~[subsections 1 and 2 of]~~ NRS 387.3285.

2. Money raised pursuant to this section must be deposited in the county treasury to the credit of the fund for capital projects and must be maintained in a separate budgetary account for the replacement of capital assets. All interest and income earned on the money in the account must be credited to the account. Except as otherwise provided in subsection 3, money in the account must only be expended for the renovation or replacement of depreciating capital assets of the county school district.

3. Money raised pursuant to this section may be expended for the construction of new buildings for schools to accommodate community growth if the expenditure is approved by a majority of the registered voters of the county voting upon the question. An expenditure proposed pursuant to the provisions of this subsection must be submitted as a separate question to the voters on the ballot at a primary, general or special election.

4. The replacement value of the capital assets of a county school district must be determined by the board of trustees of the county school district before any property tax is levied pursuant to subsection 1. The replacement value may be redetermined before July 1 of each year to

become effective for the purposes of this section on the first day of the next fiscal year.

5. The property tax authorized in subsection 1 may not be imposed or collected if the account for the replacement of capital assets contains revenue in an amount equal to or more than 30 percent of the replacement value of the capital assets of the county school district.

Sec. 12. NRS 543.600 is hereby amended to read as follows:

543.600 1. In a county whose population is 400,000 or more, the board of county commissioners shall hold public hearings before deciding which one or combination of the powers set forth in subsections 3 and 4 is to be used to provide revenue for the support of the district. The method selected must be approved by a majority of the voters of the district voting on the question at a special, primary or general election. ***The ballot question submitted to the voters must contain the rate of the proposed additional property tax stated in dollars and cents per $100 assessed valuation, the purpose of the proposed additional property tax, the duration of the proposed additional property tax and an estimate established by the governing body of the increase in the amount of property taxes that an owner of a new home with a fair market value of $100,000 will pay per year as a result of passage of the question.***

2. A special election may be held only if the board of county commissioners determines, by a unanimous vote, that an emergency exists. The determination made by the board is conclusive unless it is shown that the board acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the board must be commenced within 15 days after the board's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the board of county commissioners to prevent or mitigate a substantial financial loss to the district or county or to enable the board to provide an essential service to the residents of the district.

3. The board of county commissioners in such a county may levy and collect taxes ad valorem upon all taxable property in the county. This levy is not subject to the limitations imposed by NRS 354.59811. A district for which a tax is levied pursuant to this subsection is not entitled to receive any distribution of revenue from the supplemental city-county relief tax.

4. The board of county commissioners in such a county may impose a tax of not more than 0.25 percent on retail sales and the storage, use or other consumption of tangible personal property in the county. The ordinance imposing this tax must conform, except as to amount, to the requirements of chapter 377 of NRS and the tax must be paid as provided in that chapter.

5. In any other county, the board of county commissioners may only levy taxes ad valorem upon all taxable property in the district.

6. In any county, the board of directors may use any other money, including federal revenue sharing, that is made available to the district.

Sec. 13. On or before April 1, 2000, the committee on local government finance shall provide the forms in sections 1, 4 and 6 of this act to each clerk of a local government and to each district attorney.

Sec. 14. NRS 387.601 is hereby repealed.

Sec. 15. 1. This section, section 1 and sections 3 to 14, inclusive, of this act become effective on October 1, 1999.

2. Section 2 of this act becomes effective at 12:02 a.m. on July 1, 2008.

3. Section 1 of this act expires by limitation on June 30, 2008.

TEXT OF REPEALED SECTION

387.601 Determination by board of county commissioners that emergency exists necessary to hold special election; action to challenge determination.

1. For the purposes of NRS 387.3285, 387.3287 and 387.541, a special election may be held only if the board of county commissioners determines, by a unanimous vote, that an emergency exists.

2. The determination made by the board is conclusive unless it is shown that the board acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the board must be commenced within 15 days after the board's determination is final.

3. As used in this section, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the board to prevent or mitigate a substantial financial loss to the district or county or to enable the board to provide an essential service to the residents of the county.

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