

SENATE BILL NO. 530—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 22, 1999

Referred to Committee on Government Affairs

SUMMARY—Provides for creation of commercial improvement districts. (BDR 21-26)

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 improvements; providing for the creation of commercial improvement districts to finance certain activities and improvements; authorizing the imposition of special assessments; 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 271 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 15, inclusive, of this act.

Sec. 2. “Activity” includes:

1. Promotion of public events that benefit businesses or real property in the commercial improvement district.

2. Providing music in any public place within the district.

3. Promotion of tourism within the district.

4. Marketing and economic development, including the recruitment and retention of retail business.

5. Providing services related to security, sanitation, the removal of graffiti, the cleaning of streets and sidewalks and providing other municipal services that are supplemental to those typically provided by the municipality.

6. Any other activity that benefits businesses and real property located in the district.

Sec. 3. “Association” means an association described in section 10 of this act.

Sec. 4. “Commercial improvement district” means a district created by a governing body to provide activities or improvements or both.

1 **Sec. 5.** *“Plan” means a plan for management of a district.*

2 **Sec. 6.** 1. *A municipality may create one or more commercial*
3 *improvement districts pursuant to sections 2 to 15, inclusive, of this act.*
4 *The boundaries of a proposed commercial improvement district may not*
5 *overlap the boundaries of an existing commercial improvement district,*
6 *but this section does not prohibit the boundaries of a commercial*
7 *improvement district from overlapping the boundaries of other*
8 *assessment districts established pursuant to this chapter or taxing*
9 *districts established pursuant to other provisions of law.*

10 2. *Creation of a commercial improvement district may be initiated by*
11 *filing with the clerk a plan and petition signed by owners of tracts*
12 *constituting at least one-half of the basis used for the computation of*
13 *assessments as set forth in the plan. For the purposes of this subsection,*
14 *the property of a single owner may not be counted as constituting more*
15 *than 10 percent of the basis.*

16 **Sec. 7.** 1. *The governing board, or the petitioners, shall prepare*
17 *and file with the clerk a plan which contains:*

18 (a) *The improvements or activities, or both, proposed for each year of*
19 *the first 5 fiscal years of operation of the commercial improvement*
20 *district.*

21 (b) *The total amount proposed to be expended for improvements or*
22 *activities, or both, for each fiscal year of the first year of operation of the*
23 *district. If the district continues to operate, the association shall submit a*
24 *new budget every 5 years thereafter for approval by the governing body.*

25 (c) *A list of any other special assessments that are currently being*
26 *levied within the proposed district.*

27 (d) *The name of any proposed association.*

28 (e) *Any other matter that the governing body requires to be set forth in*
29 *the plan.*

30 2. *Copies of the plan must be made available at the office of the city*
31 *clerk for any interested person who requests a copy.*

32 **Sec. 8.** 1. *Except as otherwise provided in subsection 2, if the*
33 *governing body finds that the public interest will benefit by the provision*
34 *of the proposed activities or improvements in a definable district within*
35 *the municipality, it shall cause an ordinance to be drafted that:*

36 (a) *Establishes the district as specified in the plan or a revision of the*
37 *plan; and*

38 (b) *Defines the district by the boundaries proposed or enlarges or*
39 *reduces its proposed territory. If the district is enlarged or reduced, the*
40 *new boundaries must be defined in the same manner as is required for*
41 *the plan.*

42 2. *If written remonstrances by the owners of tracts constituting one-*
43 *third or more of the basis used for the computation of assessments are*

1 *presented to the governing body, it shall not proceed with the plan. For*
2 *the purposes of this subsection, the property of a single owner may not be*
3 *counted as constituting more than 10 percent of the basis.*

4 **Sec. 9. 1.** *On or before June 30 of each year after the creation of a*
5 *commercial improvement district, the governing body shall prepare and*
6 *approve an estimate of the cost required during the next fiscal year and a*
7 *proposed assessment roll assessing an amount not greater than the*
8 *estimated cost against the benefited property. The assessments must be*
9 *computed according to frontage or another uniform and quantifiable*
10 *basis.*

11 **2.** *The governing body shall hold a public hearing upon the estimate*
12 *of cost and the assessment roll. Notice must be given, and the hearing*
13 *conducted, in the manner provided in NRS 271.380 and 271.385. The*
14 *assessment may not exceed the amount stated in the proposed assessment*
15 *roll unless a new hearing is held, after published and mailed notice, in*
16 *the manner provided in NRS 271.305 and 271.310.*

17 **3.** *After the public hearing, the governing body shall confirm the*
18 *assessments, as specified in the proposed assessment roll or as modified.*

19 **4.** *A commercial improvement district is not entitled to any*
20 *distribution from the consolidated tax distribution account.*

21 **Sec. 10. 1.** *A municipality that has created a commercial*
22 *improvement district may contract with a nonprofit association to provide*
23 *the activities or improvements, or both, that are specified in the plan. If*
24 *creation of the commercial improvement district was initiated by petition,*
25 *the municipality shall contract for that purpose with the association*
26 *named in the plan.*

27 **2.** *The particular association with which a municipality contracts*
28 *pursuant to subsection 1 must be a private nonprofit corporation and*
29 *must be identified in the plan. The association shall maintain liability*
30 *insurance covering its activities.*

31 **3.** *The contract between the municipality and the association is a*
32 *contract for professional services and is not subject to the limitations of*
33 *subsection 1 of NRS 354.626. The terms of the contract may extend:*

34 *(a) Beyond the terms of office of members of the governing body; and*

35 *(b) For the time necessary to cover the life of improvements and to*
36 *fulfill financial commitments for equipment, services and related*
37 *undertakings.*

38 **4.** *The association does not become a political subdivision, local*
39 *government, public body, governmental agency or entity, establishment*
40 *of the government, public corporation or quasi-public corporation for*
41 *any purpose solely on the basis of a contract entered into with a*
42 *municipality pursuant to subsection 1.*

1 5. A contract executed pursuant to this section must ensure that the
2 type and level of services provided by the municipality at the time of the
3 creation of the district continue after the district is formed.

4 **Sec. 11.** 1. A contract executed pursuant to section 10 of this act
5 must specify the approvals required for expenditures and provide for
6 internal controls adequate to protect the assets of the commercial
7 improvement district. The contract must provide for audit of the
8 association by the municipality at the discretion of the municipality.

9 2. If an audit finds a misuse of money or any fraud in the activities
10 of the association, the municipality may take control of any assets of the
11 association related to the commercial improvement district.

12 **Sec. 12.** A commercial improvement district may acquire, equip,
13 improve, operate and maintain:

14 1. Public restrooms.

15 2. Facilities for outdoor lighting and heating.

16 3. Decorations.

17 4. Fountains.

18 5. Landscaping.

19 6. Facilities or equipment, or both, to enhance protection of persons
20 and property within the district.

21 7. Ramps, sidewalks and plazas.

22 8. Rehabilitation or removal of existing structures.

23 **Sec. 13.** An association with which a city contracts pursuant to
24 section 10 of this act may, at any time, request that the governing body
25 modify a plan. Upon the written request of the association, the governing
26 body may modify the plan by ordinance after holding hearings on the
27 proposed modification pursuant to the requirements set forth in section 9
28 of this act. A petition is not required for a modification made pursuant to
29 this section.

30 **Sec. 14.** 1. The governing body may, by resolution, dissolve a
31 commercial improvement district if property owners whose property is
32 assessed for a combined total of more than 50 percent of the total
33 amount of the assessments of all the property in the district submit a
34 written petition to the governing body that requests the dissolution of the
35 district within the period prescribed in subsection 2.

36 2. The dissolution of a district may be requested within 30 days after:

37 (a) The first anniversary of the date the district was created; and

38 (b) Each subsequent anniversary thereafter.

39 3. As soon as practicable after the receipt of the written petition of
40 the property owners submitted pursuant to subsection 1, the governing
41 body shall pass a resolution of intention to dissolve the district. The
42 governing body shall give notice of a hearing on the dissolution. The
43 notice must be provided and the hearing must be held pursuant to the

1 *requirements set forth in section 9 of this act. If the governing body*
2 *determines that dissolution of the district is appropriate, it shall dissolve*
3 *the district by resolution, effective not earlier than the 30th day after the*
4 *hearing.*

5 *4. If there is indebtedness, outstanding and unpaid, incurred to*
6 *accomplish any of the purposes of the district, the portion of the*
7 *assessment necessary to pay the indebtedness remains effective and must*
8 *be continued in the following years until the debt is paid.*

9 **Sec. 15. 1.** *The association with which a city contracts pursuant to*
10 *section 10 of this act shall cause to be prepared a report for each fiscal*
11 *year in which assessments are to be levied and collected.*

12 *2. The report prepared pursuant to subsection 1 must be filed with*
13 *the city clerk on or before February 1 of the fiscal year immediately*
14 *preceding the fiscal year to which the report applies and must include:*

15 *(a) The name of the district;*

16 *(b) The fiscal year to which the report applies;*

17 *(c) Any proposed changes to the boundaries of the district for that*
18 *fiscal year;*

19 *(d) The improvements and activities to be provided for that fiscal year;*

20 *(e) An estimate of the cost of providing the improvements and*
21 *activities set forth pursuant to paragraph (d);*

22 *(f) The method and basis of levying each assessment to be levied for*
23 *that fiscal year in sufficient detail to allow each property owner to*
24 *calculate the amount of the assessment to be levied against his property*
25 *for that fiscal year;*

26 *(g) The amount of any surplus or deficit revenues to be carried over*
27 *from a preceding fiscal year; and*

28 *(h) The amount of any money received by the district from sources*
29 *other than assessments levied pursuant to sections 2 to 15, inclusive, of*
30 *this act.*

31 **Sec. 16.** *NRS 271.030 is hereby amended to read as follows:*

32 *271.030 Except where the context otherwise requires, the definitions in*
33 *NRS 271.035 to 271.250, inclusive, **and sections 2 to 5, inclusive, of this***
34 ***act** govern the construction of this chapter.*