

SENATE BILL NO. 535—COMMITTEE ON GOVERNMENT AFFAIRS

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

MARCH 22, 1999

Referred to Committee on Taxation

SUMMARY—Includes assessed valuation attributable to redevelopment agency in calculation of assessed valuation of local government or special district for distribution of proceeds of certain taxes. (BDR 32-704)

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 taxation; including the assessed valuation attributable to a redevelopment agency in the calculation of the assessed valuation of a local government or special district for use in the formula for distribution of the proceeds of certain taxes; 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.** NRS 360.690 is hereby amended to read as follows:
2 360.690 1. Except as otherwise provided in NRS 360.730, the
3 executive director shall estimate monthly the amount each local
4 government, special district and enterprise district will receive from the
5 account pursuant to the provisions of this section.
6 2. The executive director shall establish a base monthly allocation for
7 each local government, special district and enterprise district by dividing
8 the amount determined pursuant to NRS 360.680 for each local
9 government, special district and enterprise district by 12 and the state
10 treasurer shall, except as otherwise provided in subsections 3, 4 and 5,
11 remit monthly that amount to each local government, special district and
12 enterprise district.

1 3. If, after making the allocation to each enterprise district for the
2 month, the executive director determines there is not sufficient money
3 available in the county's subaccount in the account to allocate to each local
4 government and special district the base monthly allocation determined
5 pursuant to subsection 2, he shall prorate the money in the county's
6 subaccount and allocate to each local government and special district an
7 amount equal to the percentage of the amount that the local government or
8 special district received from the total amount which was distributed to all
9 local governments and special districts within the county for the fiscal year
10 immediately preceding the year in which the allocation is made. The state
11 treasurer shall remit that amount to the local government or special district.

12 4. Except as otherwise provided in subsection 5, if the executive
13 director determines that there is money remaining in the county's
14 subaccount in the account after the base monthly allocation determined
15 pursuant to subsection 2 has been allocated to each local government,
16 special district and enterprise district, he shall immediately determine and
17 allocate each:

18 (a) Local government's share of the remaining money by:

19 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
20 360.680 by one plus the sum of the:

21 (I) Percentage change in the population of the local government for
22 the fiscal year immediately preceding the year in which the allocation is
23 made, as certified by the governor pursuant to NRS 360.285 except as
24 otherwise provided in subsection 6; and

25 (II) Average percentage *of* change in the assessed valuation of *the*
26 taxable property in the local government, ~~except any~~ *including* assessed
27 valuation *attributable to a redevelopment agency but excluding the*
28 *portion* attributable to the net proceeds of minerals, over the 5 fiscal years
29 immediately preceding the year in which the allocation is made; and

30 (2) Using the figure calculated pursuant to subparagraph (1) to
31 calculate and allocate to each local government an amount equal to the
32 proportion that the figure calculated pursuant to subparagraph (1) bears to
33 the total amount of the figures calculated pursuant to subparagraph (1) of
34 this paragraph and subparagraph (1) of paragraph (b), respectively, for the
35 local governments and special districts located in the same county
36 multiplied by the total amount available in the subaccount; and

37 (b) Special district's share of the remaining money by:

38 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
39 360.680 by one plus the average change in the assessed valuation of *the*
40 taxable property in the special district, ~~except any~~ *including* assessed
41 valuation *attributable to a redevelopment agency but excluding the*
42 *portion* attributable to the net proceeds of minerals, over the 5 fiscal years
43 immediately preceding the year in which the allocation is made; and

1 (2) Using the figure calculated pursuant to subparagraph (1) to
2 calculate and allocate to each special district an amount equal to the
3 proportion that the figure calculated pursuant to subparagraph (1) bears to
4 the total amount of the figures calculated pursuant to subparagraph (1) of
5 this paragraph and subparagraph (1) of paragraph (a), respectively, for the
6 local governments and special districts located in the same county
7 multiplied by the total amount available in the subaccount.
8 The state treasurer shall remit the amount allocated to each local
9 government or special district pursuant to this subsection.

10 5. The executive director shall not allocate any amount to a local
11 government or special district pursuant to subsection 4, unless the amount
12 distributed and allocated to each of the local governments and special
13 districts in the county in each preceding month of the fiscal year in which
14 the allocation is to be made was at least equal to the base monthly
15 allocation determined pursuant to subsection 2. If the amounts distributed
16 to the local governments and special districts in the county for the
17 preceding months of the fiscal year in which the allocation is to be made
18 were less than the base monthly allocation determined pursuant to
19 subsection 2 and the executive director determines there is money
20 remaining in the county's subaccount in the account after the distribution
21 for the month has been made, he shall:

22 (a) Determine the amount by which the base monthly allocations
23 determined pursuant to subsection 2 for each local government and special
24 district in the county for the preceding months of the fiscal year in which
25 the allocation is to be made exceeds the amounts actually received by the
26 local governments and special districts in the county for the same period;
27 and

28 (b) Compare the amount determined pursuant to paragraph (a) to the
29 amount of money remaining in the county's subaccount in the account to
30 determine which amount is greater.
31 If the executive director determines that the amount determined pursuant to
32 paragraph (a) is greater, he shall allocate the money remaining in the
33 county's subaccount in the account pursuant to the provisions of subsection
34 3. If the executive director determines that the amount of money remaining
35 in the county's subaccount in the account is greater, he shall first allocate
36 the money necessary for each local government and special district to
37 receive the base monthly allocation determined pursuant to subsection 2
38 and the state treasurer shall remit that money so allocated. The executive
39 director shall allocate any additional money in the county's subaccount in
40 the account pursuant to the provisions of subsection 4.

41 6. If the Bureau of the Census of the United States Department of
42 Commerce issues population totals that conflict with the totals certified by
43 the governor pursuant to NRS 360.285, the percentage change calculated

1 pursuant to paragraph (a) of subsection 4 must be an estimate of the change
2 in population for the calendar year, based upon the population totals issued
3 by the Bureau of the Census.

4 7. On or before February 15 of each year, the executive director shall
5 provide to each local government, special district and enterprise district a
6 preliminary estimate of the revenue it will receive from the account for that
7 fiscal year.

8 8. On or before March 15 of each year, the executive director shall:

9 (a) Make an estimate of the receipts from each tax included in the
10 account on an accrual basis for the next fiscal year in accordance with
11 generally accepted accounting principles, including an estimate for each
12 county of the receipts from each tax included in the account; and

13 (b) Provide to each local government, special district and enterprise
14 district an estimate of the amount that local government, special district or
15 enterprise district would receive based upon the estimate made pursuant to
16 paragraph (a) and calculated pursuant to the provisions of this section.

17 9. A local government, special district or enterprise district may use the
18 estimate provided by the executive director pursuant to subsection 8 in the
19 preparation of its budget.

20 **Sec. 2.** NRS 354.598747 is hereby amended to read as follows:

21 354.598747 1. ~~{For the purpose of calculating}~~ **To calculate** the
22 amount to be distributed pursuant to the provisions of NRS 360.680 and
23 360.690 from a county's subaccount in the local government tax
24 distribution account to a local government, special district or enterprise
25 district after it assumes the functions of another local government, special
26 district or enterprise district:

27 (a) Except as otherwise provided in this subsection and subsection 2, the
28 executive director of the department of taxation shall:

29 (1) Add the amounts calculated pursuant to subsection 1 or 2 of NRS
30 360.680 for each local government, special district or enterprise district and
31 allocate the combined amount to the local government, special district or
32 enterprise district that assumes the functions; and

33 (2) If applicable, add the population and average change in the
34 assessed valuation of **the** taxable property that would otherwise be allowed
35 to the local government or special district whose functions are assumed,
36 ~~{except any}~~ **including the** assessed valuation attributable to **a**
37 **redevelopment agency but excluding the portion attributable to** the net
38 proceeds of minerals, pursuant to subsection 3 of NRS 360.690 to the
39 population and average change in assessed valuation for the local
40 government, special district or enterprise district that assumes the functions.

41 (b) If two or more local governments, special districts or enterprise
42 districts assume the functions of another local government, special district
43 or enterprise district, the additional revenue must be divided among the

1 local governments, special districts or enterprise districts that assume
2 the functions on the basis of the proportionate costs of the functions
3 assumed.

4 The Nevada tax commission shall not allow any increase in the allowed
5 revenue from the taxes contained in the county's subaccount in the local
6 government tax distribution account if the increase would result in a
7 decrease in revenue of any local government, special district or enterprise
8 district in the county that does not assume those functions. If more than one
9 local government, special district or enterprise district assumes the
10 functions, the Nevada tax commission shall determine the appropriate
11 amounts calculated pursuant to subparagraphs (1) and (2) of paragraph (a).

12 2. If a city disincorporates, the board of county commissioners of the
13 county in which the city is located must determine the amount the
14 unincorporated town created by the disincorporation will receive pursuant
15 to the provisions of NRS 360.600 to 360.740, inclusive.

16 3. As used in this section:

- 17 (a) "Enterprise district" has the meaning ascribed to it in NRS 360.620.
18 (b) "Local government" has the meaning ascribed to it in NRS 360.640.
19 (c) "Special district" has the meaning ascribed to it in NRS 360.650.

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