

SENATE BILL NO. 538—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—Makes various changes relating to distribution of proceeds of certain taxes.
(BDR 32-710)

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; requiring the governor to certify the population of towns for certain purposes; making various changes to the provisions governing the methods by which the assessed valuation of the taxable property of certain local governments is calculated for the purpose of distributing the proceeds of certain taxes; making various changes to the provisions governing the method by which the population of certain local governments is determined for the purpose of distributing 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 360.285 is hereby amended to read as follows:
2 360.285 1. For the purposes of this Title, the governor shall, on or
3 before March 1 of each year, certify the population of each ***town***, township,
4 city and county in this state from the determination submitted to him by the
5 department.
6 2. Where any tax is collected by the department for apportionment in
7 whole or in part to any political subdivision and the basis of the
8 apportionment is the population of the political subdivision, the department
9 shall use the populations certified by the governor. The transition from one
10 such certification to the next must be made on July 1 following the
11 certification for use in the fiscal year beginning then. Every payment before

1 that date must be based upon the earlier certification and every payment on
2 or after that date must be based upon the later certification.

3 **Sec. 2.** NRS 360.690 is hereby amended to read as follows:

4 360.690 1. Except as otherwise provided in NRS 360.730, the
5 executive director shall estimate monthly the amount each local
6 government, special district and enterprise district will receive from the
7 account pursuant to the provisions of this section.

8 2. The executive director shall establish a base monthly allocation for
9 each local government, special district and enterprise district by dividing
10 the amount determined pursuant to NRS 360.680 for each local
11 government, special district and enterprise district by 12 and the state
12 treasurer shall, except as otherwise provided in subsections 3, 4 and 5,
13 remit monthly that amount to each local government, special district and
14 enterprise district.

15 3. If, after making the allocation to each enterprise district for the
16 month, the executive director determines there is not sufficient money
17 available in the county's subaccount in the account to allocate to each local
18 government and special district the base monthly allocation determined
19 pursuant to subsection 2, he shall prorate the money in the county's
20 subaccount and allocate to each local government and special district an
21 amount equal to the percentage of the amount that the local government or
22 special district received from the total amount which was distributed to all
23 local governments and special districts within the county for the fiscal year
24 immediately preceding the year in which the allocation is made. The state
25 treasurer shall remit that amount to the local government or special district.

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

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

33 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
34 360.680 by one plus the sum of the:

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

39 (II) Average percentage change in the assessed valuation of taxable
40 property in the local government, except any assessed valuation attributable
41 to the net proceeds of minerals, over the ~~15~~ *year in which the allocation is*
42 *made, as projected by the department pursuant to NRS 361.390, and the*

1 4 fiscal years immediately preceding the year in which the allocation is
2 made; and

3 (2) Using the figure calculated pursuant to subparagraph (1) to
4 calculate and allocate to each local government an amount equal to the
5 proportion that the figure calculated pursuant to subparagraph (1) bears to
6 the total amount of the figures calculated pursuant to subparagraph (1) of
7 this paragraph and subparagraph (1) of paragraph (b), respectively, for the
8 local governments and special districts located in the same county
9 multiplied by the total amount available in the subaccount; and

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

11 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
12 360.680 by one plus the average change in the assessed valuation of taxable
13 property in the special district, except any assessed valuation attributable to
14 the net proceeds of minerals, over the 5 fiscal years immediately preceding
15 the year in which the allocation is made; and

16 (2) Using the figure calculated pursuant to subparagraph (1) to
17 calculate and allocate to each special district an amount equal to the
18 proportion that the figure calculated pursuant to subparagraph (1) bears to
19 the total amount of the figures calculated pursuant to subparagraph (1) of
20 this paragraph and subparagraph (1) of paragraph (a), respectively, for the
21 local governments and special districts located in the same county
22 multiplied by the total amount available in the subaccount.

23 The state treasurer shall remit the amount allocated to each local
24 government or special district pursuant to this subsection.

25 5. The executive director shall not allocate any amount to a local
26 government or special district pursuant to subsection 4, unless the amount
27 distributed and allocated to each of the local governments and special
28 districts in the county in each preceding month of the fiscal year in which
29 the allocation is to be made was at least equal to the base monthly
30 allocation determined pursuant to subsection 2. If the amounts distributed
31 to the local governments and special districts in the county for the
32 preceding months of the fiscal year in which the allocation is to be made
33 were less than the base monthly allocation determined pursuant to
34 subsection 2 and the executive director determines there is money
35 remaining in the county's subaccount in the account after the distribution
36 for the month has been made, he shall:

37 (a) Determine the amount by which the base monthly allocations
38 determined pursuant to subsection 2 for each local government and special
39 district in the county for the preceding months of the fiscal year in which
40 the allocation is to be made exceeds the amounts actually received by the
41 local governments and special districts in the county for the same period;
42 and

(b) Compare the amount determined pursuant to paragraph (a) to the amount of money remaining in the county's subaccount in the account to determine which amount is greater.

If the executive director determines that the amount determined pursuant to paragraph (a) is greater, he shall allocate the money remaining in the county's subaccount in the account pursuant to the provisions of subsection 3. If the executive director determines that the amount of money remaining in the county's subaccount in the account is greater, he shall first allocate the money necessary for each local government and special district to receive the base monthly allocation determined pursuant to subsection 2 and the state treasurer shall remit that money so allocated. The executive director shall allocate any additional money in the county's subaccount in the account pursuant to the provisions of subsection 4.

~~6. If the Bureau of the Census of the United States Department of Commerce issues population totals that conflict with the totals certified by the governor pursuant to NRS 360.285, the~~ The percentage change calculated pursuant to paragraph (a) of subsection 4 must :

(a) If the Bureau of the Census of the United States Department of Commerce issues population totals that conflict with the totals certified by the governor pursuant to NRS 360.285, be an estimate of the change in population for the calendar year, based upon the population totals issued by the Bureau of the Census.

(b) If a new method of determining population is established pursuant to NRS 360.283, be adjusted in a manner that will result in the percentage change being based on population determined pursuant to the new method for both the fiscal year in which the allocation is made and the fiscal year immediately preceding the year in which the allocation is made.

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

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

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

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

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

4 **Sec. 3.** NRS 354.59813 is hereby amended to read as follows:

5 354.59813 1. In addition to the allowed revenue from taxes ad
6 valorem determined pursuant to NRS 354.59811, if the estimate of the
7 revenue available from the supplemental city-county relief tax to the county
8 as determined by the executive director of the department of taxation
9 pursuant to the provisions of subsection 8 of NRS 360.690 is less than the
10 amount of money that would be generated by applying a tax rate of \$1.15
11 per \$100 of assessed valuation to the assessed valuation of the county,
12 *except any assessed valuation attributable to the net proceeds of*
13 *minerals*, the governing body of each local government may levy an
14 additional tax ad valorem for operating purposes. The total tax levied by
15 the governing body of a local government pursuant to this section must not
16 exceed a rate calculated to produce revenue equal to the difference between
17 the:

18 (a) Amount of revenue from supplemental city-county relief tax
19 estimated to be received by the county pursuant to subsection 8 of NRS
20 360.690; and

21 (b) The tax that the county would have been estimated to receive if the
22 estimate for the total revenue available from the tax was equal to the
23 amount of money that would be generated by applying a tax rate of \$1.15
24 per \$100 of assessed valuation to the assessed valuation of the county,
25 multiplied by the proportion determined for the local government pursuant
26 to subparagraph (2) of paragraph (a) of subsection 4 of NRS 360.690.

27 2. Any additional taxes ad valorem levied as a result of the application
28 of this section must not be included in the base from which the allowed
29 revenue from taxes ad valorem for the next subsequent year is computed.

30 3. As used in this section, "local government" has the meaning ascribed
31 to it in NRS 360.640.

32 **Sec. 4.** NRS 354.598747 is hereby amended to read as follows:

33 354.598747 1. For the purpose of calculating the amount to be
34 distributed pursuant to the provisions of NRS 360.680 and 360.690 from a
35 county's subaccount in the local government tax distribution account to a
36 local government, special district or enterprise district after it assumes the
37 functions of another local government, special district or enterprise district:

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

40 (1) Add the amounts calculated pursuant to subsection 1 or 2 of NRS
41 360.680 for each local government, special district or enterprise district and
42 allocate the combined amount to the local government, special district or
43 enterprise district that assumes the functions; and

(2) If applicable, add the population and average change in the assessed valuation of taxable property that would otherwise be allowed to the local government or special district whose functions are assumed, except any assessed valuation attributable to the net proceeds of minerals, pursuant to subsection ~~3~~ 4 of NRS 360.690 to the population and average change in assessed valuation for the local government, special district or enterprise district that assumes the functions.

(b) If two or more local governments, special districts or enterprise districts assume the functions of another local government, special district or enterprise district, the additional revenue must be divided among the local governments, special districts or enterprise districts that assume the functions on the basis of the proportionate costs of the functions assumed.

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

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

3. As used in this section:

(a) "Enterprise district" has the meaning ascribed to it in NRS 360.620.

(b) "Local government" has the meaning ascribed to it in NRS 360.640.

(c) "Special district" has the meaning ascribed to it in NRS 360.650.

Sec. 5. Section 28 of chapter 491, Statutes of Nevada 1991, at page 1447, is hereby amended to read as follows:

Sec. 28. 1. A tax distribution fund must be created in the state treasury for each county that imposes or levies any tax pursuant to the provisions of sections 29 to 33, inclusive, of this act.

2. All interest and income earned on the money in the fund must be credited to the fund after deducting any applicable charges.

3. The state controller shall distribute the money in the fund monthly among the several local governments in the county that are eligible to receive a distribution of the revenue from the supplemental city-county relief tax, including the county, in the proportion which the basic ad valorem revenue of each local government bears to the total basic ad valorem revenue of all these local governments.

1 4. As used in this section, "basic ad valorem revenue" ~~has the~~
2 ~~meaning ascribed to it in NRS 377.057.~~ :

3 (a) *Of each local government is its assessed valuation,*
4 *including assessed valuation attributable to a redevelopment*
5 *agency but excluding the portion attributable to the net proceeds*
6 *of minerals, for the year of distribution, multiplied by the rate*
7 *levied on its behalf for the fiscal year ending on June 30, 1981,*
8 *for purposes other than paying the interest on and principal of its*
9 *general obligations. For the purposes of this subsection:*

10 (1) *A county whose actual rate, for purposes other than debt*
11 *service, for the fiscal year ending on June 30, 1981, was less than*
12 *50 cents per \$100 of assessed valuation is entitled to the use of a*
13 *rate not greater than 80 cents per \$100 of assessed valuation.*

14 (2) *A fire district in such a county whose tax rate was more*
15 *than 50 cents per \$100 of assessed valuation is entitled to the use*
16 *of a rate not greater than \$1.10 per \$100 of assessed valuation.*

17 (b) *Does not include any amount of basic ad valorem revenue*
18 *allowable that, before July 1, 1998, was established or changed*
19 *pursuant to NRS 354.5987 and used to establish a new tax rate*
20 *for the fiscal year ending on June 30, 1981, for each affected*
21 *local government.*

22 5. *For the purposes of determining basic ad valorem revenue,*
23 *the assessed valuation of a:*

24 (a) *Fire protection district includes property which was*
25 *transferred from private ownership to public ownership, after*
26 *July 1, 1986, pursuant to:*

27 (1) *The Santini-Burton Act, Public Law 96-586; or*

28 (2) *Chapter 585, Statutes of Nevada 1985, at page 1866,*
29 *approved by the voters on November 4, 1986.*

30 (b) *Local government includes property which was transferred*
31 *from private ownership, after July 1, 1997, to property held in*
32 *trust for an Indian tribe pursuant to the provisions of the Indian*
33 *Reorganization Act, 25 U.S.C. §§ 461 et seq.*

34 **Sec. 6.** Section 7 of chapter 475, Statutes of Nevada 1993, at page
35 1952, is hereby amended to read as follows:

36 Sec. 7. 1. A tax distribution fund must be created in the state
37 treasury for each county that imposes or levies any tax pursuant to
38 the provisions of sections 8 to 12, inclusive, of this act.

39 2. All interest and income earned on the money in the fund
40 must be credited to the fund after deducting any applicable charges.

41 3. The state controller shall distribute the money in the fund
42 monthly among the several local governments in the county that are
43 eligible to receive a distribution of the revenue from the

1 supplemental city-county relief tax, including the county, in the
2 proportion which the basic ad valorem revenue of each local
3 government bears to the total basic ad valorem revenue of all these
4 local governments.

5 4. As used in this section, "basic ad valorem revenue" ~~has the~~
6 ~~meaning ascribed to it in NRS 377.057.1~~ :

7 (a) *Of each local government is its assessed valuation,*
8 *including assessed valuation attributable to a redevelopment*
9 *agency but excluding the portion attributable to the net proceeds*
10 *of minerals, for the year of distribution, multiplied by the rate*
11 *levied on its behalf for the fiscal year ending on June 30, 1981,*
12 *for purposes other than paying the interest on and principal of its*
13 *general obligations. For the purposes of this subsection:*

14 (1) *A county whose actual rate, for purposes other than debt*
15 *service, for the fiscal year ending on June 30, 1981, was less than*
16 *50 cents per \$100 of assessed valuation is entitled to the use of a*
17 *rate not greater than 80 cents per \$100 of assessed valuation.*

18 (2) *A fire district in such a county whose tax rate was more*
19 *than 50 cents per \$100 of assessed valuation is entitled to the use*
20 *of a rate not greater than \$1.10 per \$100 of assessed valuation.*

21 (b) *Does not include any amount of basic ad valorem revenue*
22 *allowable that, before July 1, 1998, was established or changed*
23 *pursuant to NRS 354.5987 and used to establish a new tax rate*
24 *for the fiscal year ending on June 30, 1981, for each affected*
25 *local government.*

26 5. *For the purposes of determining basic ad valorem revenue,*
27 *the assessed valuation of a:*

28 (a) *Fire protection district includes property which was*
29 *transferred from private ownership to public ownership, after*
30 *July 1, 1986, pursuant to:*

31 (1) *The Santini-Burton Act, Public Law 96-586; or*

32 (2) *Chapter 585, Statutes of Nevada 1985, at page 1866,*
33 *approved by the voters on November 4, 1986.*

34 (b) *Local government includes property which was transferred*
35 *from private ownership, after July 1, 1997, to property held in*
36 *trust for an Indian tribe pursuant to the provisions of the Indian*
37 *Reorganization Act, 25 U.S.C. §§ 461 et seq.*

38 **Sec. 7.** This act becomes effective on July 1, 1999.