

ASSEMBLY BILL NO. 137—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF STATE PLANNING COMMISSION FOR THE  
NEW CONSTRUCTION, DESIGN, MAINTENANCE AND  
REPAIR OF SCHOOL FACILITIES)

FEBRUARY 14, 2001

Referred to Committee on Taxation

SUMMARY—Makes changes relating to statutory limitation on total ad valorem tax levy.  
(BDR 32-1069)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; providing an exception to the statutory limitation on the total ad valorem tax levy; 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 361.453 is hereby amended to read as follows:  
2     361.453 1. Except as otherwise provided in this section and NRS  
3     354.705, 354.723 and 450.760, the total ad valorem tax levy for all public  
4     purposes must not exceed \$3.64 on each \$100 of assessed valuation, or a  
5     lesser or greater amount fixed by the state board of examiners if the state  
6     board of examiners is directed by law to fix a lesser or greater amount for  
7     that fiscal year.  
8     2. Any levy imposed by the legislature for the repayment of bonded  
9     indebtedness or the operating expenses of the State of Nevada and any levy  
10    imposed by the board of county commissioners pursuant to NRS 387.195  
11    that is in excess of 50 cents on each \$100 of assessed valuation of taxable  
12    property within the county must not be included in calculating the  
13    limitation set forth in subsection 1 on the total ad valorem tax levied within  
14    the boundaries of the county, city or unincorporated town, if, in a county  
15    whose population is 25,000 or less, or in a city or unincorporated town  
16    located within that county:  
17    (a) The combined tax rate certified by the Nevada tax commission was  
18    at least \$3.50 on each \$100 of assessed valuation on June 25, 1998;



1 (b) The governing body of that county, city or unincorporated town  
2 proposes to its registered voters an additional levy ad valorem above the  
3 total ad valorem tax levy for all public purposes set forth in subsection 1;

4 (c) The proposal specifies the amount of money to be derived, the  
5 purpose for which it is to be expended and the duration of the levy; and

6 (d) The proposal is approved by a majority of the voters voting on the  
7 question at a general election or a special election called for that purpose.

8 3. *If the voters of this state or of a local government approve a levy of*  
9 *ad valorem taxes or approve a bond issuance or other debt that is to be*  
10 *repaid by the levy of ad valorem taxes, the amount of the levy of ad*  
11 *valorem taxes that results must not be included in calculating the*  
12 *limitation in subsection 1 on the total ad valorem tax levy for all public*  
13 *purposes if the ballot question contains a clear statement which sets forth*  
14 *the amount of the levy and explains that the levy will be exempt from the*  
15 *limitation set forth in subsection 1.*

16 4. The duration of the additional levy ad valorem levied pursuant to  
17 subsection 2 must not exceed 5 years. The governing body of the county,  
18 city or unincorporated town may discontinue the levy before it expires and  
19 may not thereafter reimpose it in whole or in part without following the  
20 procedure required for its original imposition set forth in subsection 2.

21 ~~4-1~~ 5. A special election may be held pursuant to subsection 2 only if  
22 the governing body of the county, city or unincorporated town determines,  
23 by a unanimous vote, that an emergency exists. The determination made by  
24 the governing body is conclusive unless it is shown that the governing  
25 body acted with fraud or a gross abuse of discretion. An action to challenge  
26 the determination made by the governing body must be commenced within  
27 15 days after the governing body's determination is final. As used in this  
28 subsection, "emergency" means any unexpected occurrence or combination  
29 of occurrences which requires immediate action by the governing body of  
30 the county, city or unincorporated town to prevent or mitigate a substantial  
31 financial loss to the county, city or unincorporated town or to enable the  
32 governing body to provide an essential service to the residents of the  
33 county, city or unincorporated town.

34 **Sec. 2.** NRS 361.4547 is hereby amended to read as follows:

35 361.4547 ~~H-1~~ After the approval of the final budgets for the various  
36 local governments as defined in NRS 354.474 and their submission to the  
37 department, for examination and approval, the Nevada tax commission  
38 shall certify to the board of county commissioners of each of the several  
39 counties the combined tax rate necessary to produce the amount of revenue  
40 required by the approved budgets, and shall certify that combined rate, to  
41 each of the boards of county commissioners.

42 ~~{2. If the voters of a school district approve an additional levy of taxes~~  
43 ~~ad valorem pursuant to NRS 387.3285 or 387.3287 or the issuance of~~  
44 ~~bonds or other debt to be repaid by a levy of taxes ad valorem throughout~~  
45 ~~the district, and the department finds for any fiscal year that the additional~~  
46 ~~rate of tax required for this purpose, when added to the rates of taxes ad~~  
47 ~~valorem authorized to be levied in the district by other local governments~~  
48 ~~and the state for that fiscal year would cause the combined rate within the~~



1 ~~territory of any other local government to exceed the rate allowed by NRS~~  
2 ~~361.453, the department shall determine:~~  
3 ~~— (a) The amounts by which the proposed levies for all of the other local~~  
4 ~~governments whose rates affect the territory have increased from the~~  
5 ~~previous year; and~~  
6 ~~— (b) The portion of the amount by which the combined rate would~~  
7 ~~exceed the rate allowed by NRS 361.453 that is directly attributable to the~~  
8 ~~additional levy approved by the voters for the school district.~~  
9 ~~— 3. If the department determines that any portion of the amount by~~  
10 ~~which the combined rate would exceed the rate allowed by NRS 361.453 is~~  
11 ~~directly attributable to the additional levy approved by the voters for the~~  
12 ~~school district, the school district shall:~~  
13 ~~— (a) Reduce for the fiscal year the amount levied pursuant to NRS~~  
14 ~~387.3285 or 387.3287, or both, if the proceeds of the levy are not already~~  
15 ~~committed for debt service, by the amount determined by the department to~~  
16 ~~be directly attributable to the school district;~~  
17 ~~— (b) Transfer to the other local government whose rate overlaps in that~~  
18 ~~territory an amount of money, determined by the department to be directly~~  
19 ~~attributable to the school district, to reduce the combined rate to the rate~~  
20 ~~allowed; or~~  
21 ~~— (c) Determine and implement a combination of the methods of~~  
22 ~~reduction allowed by paragraphs (a) and (b) that will result in the reduction~~  
23 ~~of the combined rate by the amount determined by the department to be~~  
24 ~~directly attributable to the school district.~~  
25 ~~— 4. If a school district determines that it will proceed pursuant to~~  
26 ~~paragraph (b) or (c) of subsection 3, the department shall calculate the~~  
27 ~~transfers so as to minimize the total amount transferred, and each local~~  
28 ~~government to which a transfer is made shall correspondingly reduce its~~  
29 ~~rate and file a revised budget within the time allowed by subsection 6 of~~  
30 ~~NRS 361.455. The amounts transferred must be paid in installments, within~~  
31 ~~30 days after each installment of property taxes is due.]~~  
32 **Sec. 3.** NRS 361.455 is hereby amended to read as follows:  
33 361.455 1. ~~[Unless individual tax rates are reduced pursuant to NRS~~  
34 ~~361.4547, immediately]~~ **Immediately** upon adoption of the final budgets, if  
35 the combined tax rate exceeds the limit imposed by NRS 361.453, the  
36 chairman of the board of county commissioners in each county concerned  
37 shall call a meeting of the governing boards of each of the local  
38 governments within the county for the purpose of establishing a combined  
39 tax rate that conforms to the statutory limit. The chairman shall convene  
40 the meeting no later than June 13 of each year.  
41 2. The governing boards of the local governments shall meet in public  
42 session and the county clerk shall keep appropriate records, pursuant to  
43 regulations of the department, of all proceedings. The costs of taking and  
44 preparing the record of the proceedings, including the costs of transcribing  
45 and summarizing tape recordings, must be borne by the county and  
46 participating incorporated cities in proportion to the final tax rate as  
47 certified by the department. The chairman of the board of county  
48 commissioners or his designee shall preside at the meeting. The governing



1 boards shall explore areas of mutual concern so as to agree upon a  
2 combined tax rate that does not exceed the statutory limit.

3 3. The governing boards shall determine final decisions by a  
4 unanimous vote of all entities present and qualified to vote, as defined in  
5 this subsection. No ballot may be cast on behalf of any governing board  
6 unless a majority of the individual board is present. A majority vote of all  
7 members of each governing board is necessary to determine the ballot cast  
8 for that entity. All ballots must be cast not later than the day following the  
9 day the meeting is convened. The district attorney is the legal adviser for  
10 such proceedings.

11 4. The county clerk shall immediately thereafter advise the department  
12 of the results of the ballots cast and the tax rates set for local governments  
13 concerned. If the ballots for the entities present at the meeting in the county  
14 are not unanimous, the county clerk shall transmit all records of the  
15 proceedings to the department within 5 days after the meeting.

16 5. If a unanimous vote is not obtained and the combined rate in any  
17 county together with the established state tax rate exceeds the statutory  
18 limit, the department shall examine the record of the discussions and the  
19 budgets of all local governments concerned. On June 25 or, if June 25 falls  
20 on a Saturday or Sunday, on the Monday next following, the Nevada tax  
21 commission shall meet to set the tax rates for the next succeeding year for  
22 all local governments so examined. In setting the tax rates for the next  
23 succeeding year the Nevada tax commission shall not reduce that portion  
24 of the proposed tax rate of the county school district for the operation and  
25 maintenance of public schools.

26 6. Any local government affected by a rate adjustment, made in  
27 accordance with the provisions of this section, which necessitates a budget  
28 revision shall file a copy of its revised budget by July 30 next after the  
29 approval and certification of the rate by the Nevada tax commission.

30 7. A copy of the certificate of the Nevada tax commission sent to the  
31 board of county commissioners must be forwarded to the county auditor.

32 **Sec. 4.** NRS 354.598 is hereby amended to read as follows:

33 354.598 1. At the time and place advertised for public hearing, or at  
34 any time and place to which the public hearing is from time to time  
35 adjourned, the governing body shall hold a public hearing on the tentative  
36 budget, at which time interested persons must be given an opportunity to  
37 be heard.

38 2. At the public hearing, the governing body shall indicate changes, if  
39 any, to be made in the tentative budget, and shall adopt a final budget by  
40 the favorable votes of a majority of all members of the governing body.  
41 Except as otherwise provided in this subsection, the final budget must be  
42 adopted on or before June 1 of each year. The final budgets of school  
43 districts must be adopted on or before June 8 of each year and must be  
44 accompanied by copies of the written report and written procedure  
45 prepared pursuant to subsection 3 of NRS 385.351. Should the governing  
46 body fail to adopt a final budget that complies with the requirements of law  
47 and the regulations of the department of taxation on or before the required  
48 date, the budget adopted and approved by the department of taxation for  
49 the current year, adjusted as to content and rate in such a manner as the



- 1 department of taxation may consider necessary, automatically becomes the  
2 budget for the ensuing fiscal year. When a budget has been so adopted by  
3 default, the governing body may not reconsider the budget without the  
4 express approval of the department of taxation. If the default budget creates  
5 a combined ad valorem tax rate in excess of the limit imposed by NRS  
6 361.453, the Nevada tax commission shall adjust the budget as provided in  
7 NRS ~~361.4547 or~~ 361.455.
- 8 3. The final budget must be certified by a majority of all members of  
9 the governing body and a copy of it, together with an affidavit of proof of  
10 publication of the notice of the public hearing, must be transmitted to the  
11 Nevada tax commission. If a tentative budget is adopted by default as  
12 provided in subsection 2, the clerk of the governing body shall certify the  
13 budget and transmit to the Nevada tax commission a copy of the budget,  
14 together with an affidavit of proof of the notice of the public hearing, if  
15 that notice was published. Certified copies of the final budget must be  
16 distributed as determined by the department of taxation.
- 17 4. Upon the adoption of the final budget or the amendment of the  
18 budget in accordance with NRS 354.606, the several amounts stated in it as  
19 proposed expenditures are appropriated for the purposes indicated in the  
20 budget.
- 21 5. No governing body may adopt any budget which appropriates for  
22 any fund any amount in excess of the budget resources of that fund.
- 23 6. On or before January 1 of each school year, each school district  
24 shall adopt an amendment to its final budget after the count of pupils is  
25 completed pursuant to subsection 1 of NRS 387.1233. The amendment  
26 must reflect any adjustments necessary as a result of the completed count  
27 of pupils.
- 28 **Sec. 5.** This act becomes effective upon passage and approval.

