

ASSEMBLY BILL NO. 300—COMMITTEE ON WAYS AND MEANS

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

MARCH 7, 2001

Referred to Committee on Ways and Means

SUMMARY—Creates revolving fund for construction and repair of school buildings and facilities and authorizes issuance of general obligation bonds under certain circumstances. (BDR 34-1003)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State: Contains Appropriation not included in Executive Budget.

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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 governmental administration; creating a revolving fund for the construction, repair and renovation of school buildings and facilities; authorizing the issuance of general obligation bonds under certain circumstances to assist school districts with the construction, repair and renovation of school buildings and facilities; repealing the provisions creating the fund to assist school districts in financing capital improvements; 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.** Chapter 387 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 9, inclusive, of this act.
3 **Sec. 2.** *As used in sections 2 to 9, inclusive, of this act, unless the*
4 *context otherwise requires, “revolving fund” means the fund for the*
5 *construction, repair and renovation of school buildings and facilities*
6 *created pursuant to section 3 of this act.*
7 **Sec. 3.** *1. The fund for the construction, repair and renovation of*
8 *school buildings and facilities is hereby created in the state treasury as a*
9 *revolving fund, to be administered by the director of the department of*
10 *administration.*
11 *2. The money in the revolving fund must be invested as other state*
12 *funds are invested. All interest and income earned on the money in the*
13 *revolving fund must be credited to the revolving fund. Any money*



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1 remaining in the revolving fund at the end of a fiscal year does not revert
2 to the state general fund and the balance in the fund must be carried
3 forward.

4 3. All payments of principal and interest on all the loans made to a
5 school district from the revolving fund and all proceeds from the sale,
6 refunding or prepayment of acquired obligations of a school district or
7 loans made in carrying out the purposes of the revolving fund must be
8 deposited in the state treasury for credit to the revolving fund.

9 4. Claims against the revolving fund must be paid as other claims
10 against the state are paid.

11 5. The director of the department of administration may accept gifts
12 and grants from any source, including, without limitation, any federal
13 money made available for school construction, repair or renovation, for
14 deposit in the revolving fund.

15 **Sec. 4. 1.** The director of the department of administration may
16 use the money in the revolving fund, including repayments of principal
17 and interest on loans made from the revolving fund, and interest and
18 income earned on money in the revolving fund, only to:

19 (a) Make loans at or below market rate to boards of trustees of school
20 districts for the construction, repair and renovation of school buildings
21 and facilities.

22 (b) Buy or refinance at or below market rate the obligations of school
23 districts, if the project for which the obligations were incurred is for a
24 purpose set forth in NRS 387.335.

25 (c) Guarantee or purchase insurance for obligations of school
26 districts if such action would improve access to credit or reduce the rate
27 of interest applicable to the obligation.

28 (d) Provide or guarantee loans, or as a source of reserve and security
29 for leveraged loans.

30 (e) Provide grants of money to boards of trustees of school districts for
31 the construction, repair and renovation of school buildings and facilities.

32 2. The total amount of loans and other financial assistance provided
33 to school districts in a single biennium must not exceed one-half of the
34 total amount of money in the revolving fund at the beginning of that
35 biennium, of which not more than 10 percent may be allocated as grants
36 of money to school districts pursuant to paragraph (e) of subsection 1.

37 **Sec. 5.** The full faith and credit of this state is hereby pledged that
38 the money in the revolving fund will not be used for purposes other than
39 those authorized by sections 2 to 9, inclusive, of this act.

40 **Sec. 5.5.** In addition to the powers of the director of the department
41 of administration set forth in paragraphs (a) to (e), inclusive, of
42 subsection 1 of section 4 of this act, the director may secure the sale of
43 bonds issued by this state if the net proceeds from the sale of those bonds
44 are deposited in the revolving fund.

45 **Sec. 6. 1.** The director of the department of administration may
46 authorize the state treasurer to issue, sell or deliver general obligation
47 bonds of the state or revenue bonds, if viable, to support the purposes of
48 the revolving fund.



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- 1 2. If the director of the department of administration authorizes the
2 issuance of bonds, the state treasurer may:
- 3 (a) Sue and be sued to establish or enforce any right arising out of a
4 project receiving financial assistance or of any state securities issued
5 pursuant to this authorization;
- 6 (b) Acquire and hold municipal securities, and exercise all of the
7 rights of holders of those securities;
- 8 (c) Sell or otherwise dispose of municipal securities and assets
9 acquired in connection with those securities, unless limited by any
10 agreement that relates to the securities;
- 11 (d) Make contracts and execute all necessary or convenient
12 instruments;
- 13 (e) Accept grants of money from the Federal Government, this state,
14 any agency or political subdivision or any person;
- 15 (f) Adopt regulations relating to projects receiving financial assistance
16 and the administration of those projects;
- 17 (g) Employ for himself or for any school district, any necessary legal,
18 fiscal, engineering or other expert services in connection with projects
19 receiving financial assistance and with the authorization, sale and
20 issuance of state securities and municipal securities;
- 21 (h) Enter into agreements and arrangements consistent with NRS
22 387.335 and sections 2 to 9, inclusive, of this act concerning the issuance
23 of state securities and the purchase of municipal securities; and
- 24 (i) Undertake other matters as he determines necessary or desirable to
25 accomplish the purposes of NRS 387.335 and sections 2 to 9, inclusive, of
26 this act.
- 27 3. Before any bonds are issued pursuant to this section, the state
28 board of finance must certify that sufficient revenue will be available in
29 the revolving fund to pay the interest and installments of principal as
30 they become due.
- 31 4. Any general obligation bonds or revenue bonds issued pursuant to
32 this section that are for the construction, repair and renovation of school
33 buildings and facilities constitute contracts necessary for the
34 improvement, acquisition and construction of facilities for public
35 elementary and secondary schools under section 3 of article 9 of the
36 Nevada constitution.
- 37 5. The money in the revolving fund that is available for the payment
38 of the interest and installments of principal on the bonds must be pledged
39 as the primary source for the payment of the bonds. The full faith and
40 credit of this state may be pledged.
- 41 Sec. 7. The board of trustees of a school district in a county whose
42 population is less than 50,000 may submit an application to the director
43 of the department of administration for a loan or other financial
44 assistance from the revolving fund.
- 45 Sec. 8. 1. An application submitted pursuant to section 7 of this act
46 must include a written description of the:
- 47 (a) Project for construction, repair or renovation for which the loan
48 or other financial assistance will be used; and



- 1 (b) Financial status of the school district, including, without
2 limitation, the criteria for approval set forth in paragraphs (a), (b) and
3 (c) of subsection 2.
- 4 2. The director of the department of administration, in consultation
5 with the department of education, department of taxation and the state
6 public works board shall determine whether to approve an application
7 submitted pursuant to subsection 1 based upon:
- 8 (a) Proof that the assessed valuation of the taxable property in the
9 county in which the school district is located is declining and all other
10 resources available to the school district for financing capital
11 improvements are diminishing;
- 12 (b) The discrepancy, if any, between the growth of assessed valuation
13 of taxable property in the county in which the school district is located
14 and the growth of the total number of pupils enrolled in the school
15 district;
- 16 (c) Proof that the remaining allowable increase in ad valorem taxes
17 available to the school district is within 90 percent of the limit imposed
18 pursuant to NRS 361.453;
- 19 (d) The proposed use of the money for which the application is made,
20 including, without limitation, whether the money will be used in an
21 efficient manner;
- 22 (e) Proof that the county has experienced a decrease in population for
23 2 or more consecutive years; and
- 24 (f) The needs of the school district, including, without limitation,
25 proof that:
- 26 (1) One of the facilities that is located on the grounds of a school
27 within the school district is unsuitable for use as a result of:
- 28 (I) Structural defects;
- 29 (II) Barriers to accessibility; or
- 30 (III) Hazards to life, health or safety, including, without
31 limitation, environmental hazards and the operation of the facility in an
32 unsafe manner; or
- 33 (2) One of the facilities that is located on the grounds of a school
34 within the school district is in such condition that the cost of renovating
35 the facility, including, without limitation, the cost of removing barriers to
36 accessibility, would exceed 40 percent of the cost of constructing a new
37 facility.
- 38 3. Upon the receipt of an application, the director of the department
39 of administration shall forward the application to the:
- 40 (a) Department of taxation to determine whether or not the
41 application satisfies the showing of proof required pursuant to
42 paragraphs (a), (b), (c) and (e) of subsection 2;
- 43 (b) State public works board to determine whether the application
44 satisfies the showing of proof required pursuant to paragraph (f) of
45 subsection 2; and
- 46 (c) Department of education for informational purposes.
- 47 4. The department of taxation and the state public works board shall
48 submit written statements of their determinations pursuant to subsection
49 2 regarding an application to the director of the department of



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1 *administration. Upon receipt of such statements, the director shall submit*
2 *the application accompanied by the written statements from the*
3 *department of taxation and state public works board to the state board of*
4 *examiners for approval.*

5 *5. The director of the department of administration shall, within the*
6 *limits of money available for use in the revolving fund, make loans and*
7 *provide other financial assistance to school districts whose applications*
8 *have been approved by the state board of examiners based upon the*
9 *criteria set forth in paragraphs (a) to (e), inclusive, of subsection 2. If the*
10 *director makes a loan from the revolving fund, he shall ensure that the*
11 *contract of the loan includes all terms and conditions for repayment of*
12 *the loan. If the director makes a grant from the revolving fund, he may*
13 *require the board of trustees of the school district to provide money to*
14 *match the grant in an amount not to exceed 25 percent of the grant.*

15 **Sec. 9. 1.** *The director of the department of administration shall:*

16 *(a) Adopt regulations, in consultation with the department of*
17 *education, the state public works board and any other agency that the*
18 *director determines appropriate, that prescribe the annual deadline for*
19 *submission of an application to the director of the department of*
20 *administration by the board of trustees of a school district that desires to*
21 *receive a loan or other financial assistance from the revolving fund.*

22 *(b) Adopt regulations, in consultation with the department of*
23 *education, concerning the use of money deposited in the revolving fund*
24 *that was received by this state or the department of education from the*
25 *Federal Government for the construction, repair or renovation of school*
26 *facilities.*

27 **2.** *The director of the department of administration may:*

28 *(a) Adopt regulations as he deems necessary to carry out the*
29 *provisions of sections 2 to 9, inclusive, of this act.*

30 *(b) Employ or contract for any legal, fiscal or other expert services*
31 *necessary to carry out his duties pursuant to sections 2 to 9, inclusive, of*
32 *this act.*

33 **Sec. 10.** NRS 387.030 is hereby amended to read as follows:

34 387.030 **1.** All money derived from interest on the state permanent
35 school fund, together with all money derived from other sources provided
36 by law, must:

37 ~~111~~ **(a)** Be placed in the state distributive school account which is
38 hereby created in the state general fund; and

39 ~~121~~ **(b)** Except as otherwise provided in NRS 387.528, be apportioned
40 among the several school districts and charter schools of this state at the
41 times and in the manner provided by law.

42 **2.** *On July 1 of each odd-numbered year, the state controller shall*
43 *transfer 10 percent of the surplus, if any, in the state distributive school*
44 *account to the revolving fund for the construction, repair and renovation*
45 *of school buildings and facilities created pursuant to section 3 of this act.*

46 **Sec. 11.** NRS 374A.010 is hereby amended to read as follows:

47 374A.010 **1.** A tax is hereby imposed on all retailers within a county
48 in which:



- 1 (a) The board of county commissioners of the county has not imposed
2 the maximum rate of tax that it is authorized to impose pursuant to NRS
3 377B.100;
- 4 (b) The board of trustees of a county school district has applied for a
5 grant from the *revolving* fund ~~[to assist school districts in financing capital~~
6 ~~improvements pursuant to NRS 387.3335.]~~ *for the construction, repair*
7 *and renovation of school buildings and facilities pursuant to section 8 of*
8 *this act;* and
- 9 (c) The state board of examiners has approved the application by the
10 board of trustees.
- 11 2. The rate of the tax imposed by subsection 1 is the difference
12 between:
- 13 (a) The rate of tax that the board of county commissioners of the county
14 has imposed pursuant to NRS 377B.100; and
- 15 (b) The maximum rate of tax that the board of county commissioners of
16 the county is authorized to impose pursuant to NRS 377B.100,
17 but in no event may the rate imposed by subsection 1 exceed one-eighth of
18 1 percent of the gross receipts of any retailer from the sale of all tangible
19 personal property sold at retail, or stored, used or otherwise consumed, in
20 the county.
- 21 **Sec. 12.** Section 7 of this act is hereby amended to read as follows:
22 Sec. 7. The board of trustees of a school district ~~[in a county~~
23 ~~whose population is less than 50,000]~~ may submit an application to
24 the director of the department of administration for a loan or other
25 financial assistance from the revolving fund.
- 26 **Sec. 13.** NRS 387.333 and 387.3335 are hereby repealed.
- 27 **Sec. 14.** Section 13 of this act does not impair any outstanding bonds
28 issued before October 1, 2001.
- 29 **Sec. 14.5.** The state treasurer shall transfer any balance remaining
30 unexpended on September 30, 2001, in the fund to assist school districts in
31 financing capital improvements to the revolving fund for the construction,
32 repair and renovation of school buildings and facilities created pursuant to
33 section 3 of this act.
- 34 **Sec. 15.** 1. This section and section 9 of this act become effective on
35 July 1, 2001.
- 36 2. Sections 1 to 5, inclusive, 7, 8, 11, 13, 14 and 14.5 of this act
37 become effective on October 1, 2001.
- 38 3. Section 10 of this act becomes effective on January 1, 2003.
- 39 4. Sections 5.5 and 6 of this act become effective on December 1,
40 2002, only if Assembly Joint Resolution No. 26 of the 70th session of the
41 Nevada Legislature is approved by the voters at the general election on
42 November 5, 2002.
- 43 5. Section 12 of this act becomes effective on July 1, 2005.



TEXT OF REPEALED SECTIONS

387.333 Creation; acceptance of gifts and grants; investment; payment of claims.

1. The fund to assist school districts in financing capital improvements is hereby created in the state treasury, to be administered by the director of the department of administration. All money received and held by the state treasurer for the purpose of the fund must be deposited in the fund.

2. The director of the department of administration may accept gifts and grants from any source for deposit in the fund.

3. The money in the fund must be invested as the money in other state funds is invested. All interest and income earned on the money in the fund must be credited to the fund.

4. Claims against the fund must be paid as other claims against the state are paid.

387.335 Application for grant; proof of emergency conditions; determinations by department of taxation and state public works board; approval by state board of examiners; award of grants.

1. The board of trustees of a school district may apply to the director of the department of administration for a grant of money from the fund created pursuant to NRS 387.333 on a form provided by the director of the department of administration. The application must be accompanied by proof that the following emergency conditions exist within the school district:

(a) The assessed valuation of the taxable property in the county in which the school district is located is declining and all other resources available to the school district for financing capital improvements are diminishing;

(b) The combined ad valorem tax rate of the county is at the limit imposed by NRS 361.453; and

(c) At least:

(1) One building that is located on the grounds of a school within the school district has been condemned;

(2) One of the facilities that is located on the grounds of a school within the school district is unsuitable for use as a result of:

(I) Structural defects;

(II) Barriers to accessibility; or

(III) Hazards to life, health or safety, including, without limitation, environmental hazards and the operation of the facility in an unsafe manner; or

(3) One of the facilities that is located on the grounds of a school within the school district is in such a condition that the cost of renovating the facility would exceed 40 percent of the cost of constructing a new facility.



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2. Upon receipt of an application submitted pursuant to subsection 1, the director of the department of administration shall forward the application to the:

(a) Department of taxation to determine whether or not:

(1) The application satisfies the showing of proof required pursuant to paragraphs (a) and (b) of subsection 1; and

(2) The board of county commissioners in the county in which the school district is located has imposed a tax of more than one-eighth of 1 percent pursuant to NRS 377B.100; and

(b) State public works board to determine whether the application satisfies the showing of proof required pursuant to paragraph (c) of subsection 1; and

(c) Department of education for informational purposes.

3. The department of taxation and the state public works board shall submit written statements of their determinations pursuant to subsection 2 regarding an application to the director of the department of administration. Upon receipt of such statements, the director shall submit the application accompanied by the written statements from the department of taxation and state public works board to the state board of examiners for approval.

4. The director of the department of administration shall make grants from the fund created pursuant to NRS 387.333 based upon the need of each school district whose application is approved by the state board of examiners.

5. The director of the department of administration shall adopt regulations that prescribe the annual deadline for submission of an application to the director of the department of administration by a school district that desires to receive a grant of money from the fund.

