

ASSEMBLY BILL NO. 653—COMMITTEE ON TAXATION

MARCH 26, 2001

Referred to Committee on Taxation

SUMMARY—Makes various changes to formula for distribution of certain revenues.
(BDR 32-1459)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

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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; revising the formula for the distribution of certain revenues among local governments; providing for an adjustment to the base allocation of certain local governments; 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 360.680 is hereby amended to read as follows:
- 2 360.680 1. On or before July 1 of each year, the executive director
- 3 shall allocate to each enterprise district an amount equal to the amount that
- 4 the enterprise district received from the account in the immediately
- 5 preceding fiscal year.
- 6 2. Except as otherwise provided in NRS 360.690 and 360.730, the
- 7 executive director, after subtracting the amount allocated to each enterprise
- 8 district pursuant to subsection 1, shall allocate to each local government or
- 9 special district which is eligible for an allocation from the account pursuant
- 10 to NRS 360.670 ~~that~~:
- 11 *(a) If the local government or special district is located in a county*
- 12 *whose population is 400,000 or more, an* amount from the account that is
- 13 equal to the amount allocated to the local government or special district for
- 14 the preceding fiscal year .
- 15 *(b) If the local government or special district is located in a county*
- 16 *whose population is less than 400,000, an amount from the account that*
- 17 *is equal to the amount allocated to the local government or special*
- 18 *district for the preceding fiscal year* multiplied by one plus the percentage
- 19 change in the Consumer Price Index (All Items) for the year ending on
- 20 December 31 immediately preceding the year in which the allocation is
- 21 made.



1 **Sec. 2.** 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,~~ *to*
11 *6, inclusive,* remit monthly that amount to each local government, special
12 district and enterprise district.
13 3. If, after making the allocation to each enterprise district for the
14 month, the executive director determines there is not sufficient money
15 available in the county's subaccount in the account to allocate to each local
16 government and special district the base monthly allocation determined
17 pursuant to subsection 2, he shall prorate the money in the county's
18 subaccount and allocate to each local government and special district an
19 amount equal to the percentage of the amount that the local government or
20 special district received from the total amount which was distributed to all
21 local governments and special districts within the county for the fiscal year
22 immediately preceding the year in which the allocation is made. The state
23 treasurer shall remit that amount to the local government or special district.
24 4. ~~Except~~ *In a county whose population is 400,000 or more, except*
25 as otherwise provided in subsection ~~5,~~ *6,* if the executive director
26 determines that there is money remaining in the county's subaccount in the
27 account after the base monthly allocation determined pursuant to
28 subsection 2 has been allocated to each local government, special district
29 and enterprise district, he shall immediately determine and allocate each:
30 (a) Local government's share of the remaining money by:
31 (1) Multiplying one-twelfth of the amount allocated pursuant to
32 NRS 360.680 by ~~one plus~~ the sum of the:
33 (I) Percentage change in the population of the local government for
34 the fiscal year immediately preceding the year in which the allocation is
35 made, as certified by the governor pursuant to NRS 360.285 except as
36 otherwise provided in subsection ~~6;~~ *7;* and
37 (II) Average percentage of change in the assessed valuation of the
38 taxable property in the local government, including assessed valuation
39 attributable to a redevelopment agency but excluding the portion
40 attributable to the net proceeds of minerals, over the year in which the
41 allocation is made, as projected by the department pursuant to NRS
42 361.390, and the 4 fiscal years immediately preceding the year in which the
43 allocation is made; and
44 (2) Using the figure calculated pursuant to subparagraph (1) to
45 calculate and allocate to each local government an amount equal to the
46 proportion that the figure calculated pursuant to subparagraph (1) bears to
47 the total amount of the figures calculated pursuant to subparagraph (1) of
48 this paragraph and subparagraph (1) of paragraph (b), respectively, for the



1 local governments and special districts located in the same county
2 multiplied by the total amount available in the subaccount; and

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

4 (1) Multiplying one-twelfth of the amount allocated pursuant to NRS
5 360.680 by ~~one plus~~ the average change in the assessed valuation of the
6 taxable property in the special district, including assessed valuation
7 attributable to a redevelopment agency but excluding the portion
8 attributable to the net proceeds of minerals, over the 5 fiscal years
9 immediately preceding the year in which the allocation is made; and

10 (2) Using the figure calculated pursuant to subparagraph (1) to
11 calculate and allocate to each special district an amount equal to the
12 proportion that the figure calculated pursuant to subparagraph (1) bears to
13 the total amount of the figures calculated pursuant to subparagraph (1) of
14 this paragraph and subparagraph (1) of paragraph (a), respectively, for the
15 local governments and special districts located in the same county
16 multiplied by the total amount available in the subaccount.

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

19 5. *In a county whose population is less than 400,000, except as*
20 *otherwise provided in subsection 6, if the executive director determines*
21 *that there is money remaining in the county's subaccount in the account*
22 *after the base monthly allocation determined pursuant to subsection 2*
23 *has been allocated to each local government, special district and*
24 *enterprise district, he shall immediately determine and allocate each:*

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

26 (1) *Multiplying one-twelfth of the amount allocated pursuant to*
27 *NRS 360.680 by one plus the sum of the:*

28 (I) *Percentage change in the population of the local government*
29 *for the fiscal year immediately preceding the year in which the allocation*
30 *is made, as certified by the governor pursuant to NRS 360.285 except as*
31 *otherwise provided in subsection 7; and*

32 (II) *Average percentage of change in the assessed valuation of*
33 *the taxable property in the local government, including assessed*
34 *valuation attributable to a redevelopment agency but excluding the*
35 *portion attributable to the net proceeds of minerals, over the year in*
36 *which the allocation is made, as projected by the department pursuant to*
37 *NRS 361.390, and the 4 fiscal years immediately preceding the year in*
38 *which the allocation is made; and*

39 (2) *Using the figure calculated pursuant to subparagraph (1) to*
40 *calculate and allocate to each local government an amount equal to the*
41 *proportion that the figure calculated pursuant to subparagraph (1) bears*
42 *to the total amount of the figures calculated pursuant to subparagraph*
43 *(1) of this paragraph and subparagraph (1) of paragraph (b),*
44 *respectively, for the local governments and special districts located in the*
45 *same county multiplied by the total amount available in the subaccount;*
46 *and*

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

48 (1) *Multiplying one-twelfth of the amount allocated pursuant to*
49 *NRS 360.680 by one plus the average change in the assessed valuation of*



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1 *the taxable property in the special district, including assessed valuation*
2 *attributable to a redevelopment agency but excluding the portion*
3 *attributable to the net proceeds of minerals, over the 5 fiscal years*
4 *immediately preceding the year in which the allocation is made; and*

5 *(2) Using the figure calculated pursuant to subparagraph (1) to*
6 *calculate and allocate to each special district an amount equal to the*
7 *proportion that the figure calculated pursuant to subparagraph (1) bears*
8 *to the total amount of the figures calculated pursuant to subparagraph*
9 *(1) of this paragraph and subparagraph (1) of paragraph (a),*
10 *respectively, for the local governments and special districts located in the*
11 *same county multiplied by the total amount in the subaccount.*

12 *The state treasurer shall remit the amount allocated to each local*
13 *government or special district.*

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

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

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

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

45 ~~—6.†~~ *or 5, as applicable.*

46 7. The percentage change calculated pursuant to paragraph (a) of
47 subsection 4 *or paragraph (a) of subsection 5* must:

48 (a) If the Bureau of the Census of the United States Department of
49 Commerce issues population totals that conflict with the totals certified by



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1 the governor pursuant to NRS 360.285, be an estimate of the change in
2 population for the calendar year, based upon the population totals issued by
3 the Bureau of the Census.

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

9 ~~7-1~~ 8. On or before February 15 of each year, the executive director
10 shall provide to each local government, special district and enterprise
11 district a preliminary estimate of the revenue it will receive from the
12 account for that fiscal year.

13 ~~8-1~~ 9. On or before March 15 of each year, the executive director
14 shall:

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

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

23 ~~9-1~~ 10. A local government, special district or enterprise district may
24 use the estimate provided by the executive director pursuant to subsection
25 ~~8-1~~ 9 in the preparation of its budget.

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

27 354.59813 1. In addition to the allowed revenue from taxes ad
28 valorem determined pursuant to NRS 354.59811, if the estimate of the
29 revenue available from the supplemental city-county relief tax to the
30 county as determined by the executive director of the department of
31 taxation pursuant to the provisions of subsection ~~8-1~~ 9 of NRS 360.690 is
32 less than the amount of money that would be generated by applying a tax
33 rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the
34 county, except any assessed valuation attributable to the net proceeds of
35 minerals, the governing body of each local government may levy an
36 additional tax ad valorem for operating purposes. The total tax levied by
37 the governing body of a local government pursuant to this section must not
38 exceed a rate calculated to produce revenue equal to the difference between
39 the:

40 (a) Amount of revenue from supplemental city-county relief tax
41 estimated to be received by the county pursuant to subsection ~~8-1~~ 9 of
42 NRS 360.690; and

43 (b) The tax that the county would have been estimated to receive if the
44 estimate for the total revenue available from the tax was equal to the
45 amount of money that would be generated by applying a tax rate of \$1.15
46 per \$100 of assessed valuation to the assessed valuation of the county,
47 multiplied by the proportion determined for the local government pursuant
48 to subparagraph (2) of paragraph (a) of subsection 4 *or subparagraph (2)*
49 *of paragraph (a) of subsection 5, as applicable*, of NRS 360.690.



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

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

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

7 354.598747 1. To calculate the amount to be distributed pursuant to
8 the provisions of NRS 360.680 and 360.690 from a county's subaccount in
9 the local government tax distribution account to a local government,
10 special district or enterprise district after it assumes the functions of
11 another local government, special district or enterprise district:

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

14 (1) Add the amounts calculated pursuant to subsection 1 or 2 of NRS
15 360.680 for each local government, special district or enterprise district and
16 allocate the combined amount to the local government, special district or
17 enterprise district that assumes the functions; and

18 (2) If applicable, add the population and average change in the
19 assessed valuation of the taxable property that would otherwise be allowed
20 to the local government or special district whose functions are assumed,
21 including the assessed valuation attributable to a redevelopment agency but
22 excluding the portion attributable to the net proceeds of minerals, pursuant
23 to subsection 4 *or 5, as applicable*, of NRS 360.690 to the population and
24 average change in assessed valuation for the local government, special
25 district or enterprise district that assumes the functions.

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

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

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

43 3. As used in this section:

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

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

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



1 **Sec. 5.** 1. For the fiscal year beginning on July 1, 2000, the
2 executive director of the department of taxation shall:
3 (a) Allocate to the City of Henderson, in addition to the amount
4 otherwise allocated pursuant to subsection 4 of NRS 360.690, an amount
5 equal to \$4,000,000;
6 (b) Subtract from the amount otherwise allocated to Clark County
7 pursuant to the provisions of subsection 4 of NRS 360.690, an amount
8 equal to \$2,000,000; and
9 (c) Subtract from the amount otherwise allocated to the City of Las
10 Vegas pursuant to the provisions of subsection 4 of NRS 360.690, an
11 amount equal to \$2,000,000.
12 2. For the fiscal year beginning on July 1, 2001, the executive director
13 of the department of taxation, pursuant to NRS 360.680, shall allocate to:
14 (a) The City of Henderson, the total net amount allocated pursuant to
15 paragraph (a) of subsection 1.
16 (b) Clark County, the total net amount allocated pursuant to
17 paragraph (b) of subsection 1.
18 (c) The City of Las Vegas, the total net amount allocated pursuant to
19 paragraph (c) of subsection 1.
20 **Sec. 6.** On or before July 1, 2001, the executive director of the
21 department of taxation shall provide to each local government and special
22 district in Clark County the estimates required pursuant to subsections 8
23 and 9 of NRS 360.690 revised to reflect the provisions of sections 1, 2 and
24 5 of this act.
25 **Sec. 7.** The legislature hereby finds and declares that the provisions of
26 sections 5 and 6 of this act are necessary to correct certain discrepancies in
27 the formula for the distribution of certain revenues set forth in section 35 of
28 chapter 660, Statutes of Nevada 1997, as that formula relates to the region
29 of this state encompassed generally by Clark County and the unique
30 patterns of growth that exist in that region, and therefore a general law
31 cannot be made applicable.
32 **Sec. 8.** 1. This section and sections 6 and 7 of this act become
33 effective upon passage and approval.
34 2. Sections 1 to 5, inclusive, of this act become effective on
35 July 1, 2001.

