

SENATE BILL NO. 221—COMMITTEE ON NATURAL RESOURCES

FEBRUARY 21, 2001

Referred to Committee on Taxation

SUMMARY—Authorizes City Council of City of Reno to increase tax on rental of transient lodging and levy special assessments to pay costs of certain capital improvement projects. (BDR S-916)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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; authorizing the City Council of the City of Reno to increase the tax on the rental of transient lodging and levy special assessments in a certain area of the City of Reno to pay the costs of certain capital improvement projects; and providing other matters properly relating thereto.

1 WHEREAS, The Legislature hereby finds and declares that a general law
2 cannot be made applicable for all provisions of this act because of the
3 economic and geographical diversity of the local governments of this state,
4 the unique growth patterns in those local governments, the patterns of the
5 business of tourism in Washoe County and the special conditions
6 experienced in the City of Reno related to the need to revitalize specific
7 areas of downtown Reno to promote tourism; now, therefore,

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9 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
10 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

11
12 **Section 1.** Chapter 432, Statutes of Nevada 1999, at page 2011, is
13 hereby amended by adding thereto a new section to be designated as
14 section 6.5, immediately following section 6, to read as follows:

15 *Sec. 6.5. 1. The City Council of the City of Reno may by*
16 *ordinance create a local improvement district and levy special*
17 *assessments within that district to provide money to acquire,*
18 *establish, construct, expand, equip, improve, operate and maintain*
19 *capital improvement projects which have been approved by the*
20 *Truckee Meadows Tourism Facility and Revitalization Steering*
21 *Committee pursuant to subsection 2 of section 6 of this act. If the*
22 *City Council creates a local improvement district pursuant to this*
23 *subsection:*



1 (a) Except as otherwise provided in this section, the creation of
2 the local improvement district and the levying of the special
3 assessments within that district must be carried out in the manner
4 provided for a street beautification project in chapter 271 of NRS;
5 and

6 (b) The boundaries of the local improvement district must be as
7 prescribed by the City Council in the ordinance creating the district,
8 except that the boundaries must include only property that is located
9 in or within 4 city blocks, as determined by the City Council, of a
10 district described in NRS 268.780 to 268.785, inclusive, in which a 1
11 percent tax is imposed on the gross receipts from the rental of
12 transient lodging for railroad grade separation projects.

13 2. Any special assessments levied pursuant to this section must
14 be apportioned based on the special benefit derived by the property
15 being assessed from the capital improvement project for which the
16 assessment is being levied. The City Council may use one or any
17 combination of the following methods that, in the determination of
18 the City Council, reflects most accurately the special benefits
19 derived by the property so assessed:

20 (a) A method by which the assessment or a portion thereof is
21 proportionate to the assessed value of the property for purposes of
22 ad valorem taxation, as that value may change from year to year;

23 (b) A method by which the assessment or a portion thereof is
24 proportionate to the number of rooms for which the owner of the
25 property pays the tax on the rental of transient lodging, as that
26 number of rooms may change from year to year;

27 (c) A method by which the assessment or a portion thereof is
28 proportionate to, or otherwise related to, the distance of the property
29 from the project for which the assessment is being levied; or

30 (d) A method by which the assessment or a portion thereof is
31 proportionate to the gross or net square footage of the property that
32 is used for retail sales, gaming, transient lodging or for any other
33 purpose determined by the City Council to be specially benefited by
34 the project for which the assessment is being levied, as that square
35 footage may change from year to year.

36 3. The City Council may determine that certain uses of property
37 will not be specially benefited by a capital improvement project for
38 which the local improvement district is being created. If the City
39 Council makes such a determination, the City Council shall set forth
40 in the ordinance creating the local improvement district:

41 (a) The uses of property that the City Council has determined will
42 not be specially benefited by a capital improvement project for
43 which the local improvement district is being created;

44 (b) A date in each year after the creation of the local
45 improvement district on which the City Council will determine
46 whether each property within the local improvement district is being
47 used, in whole or in part, for such a specified nonbenefited use;

48 (c) Whether a property that is used in part for such a specified
49 nonbenefited use will be assessed and, if so, whether and in what



1 manner the assessment will be reduced to reflect the specified
2 nonbenefited use; and

3 (d) Any other matter that the City Council determines is
4 necessary or desirable in connection with the assessment of
5 properties based in whole or in part on the use of the properties on
6 the date in each year established pursuant to paragraph (b).

7 4. The assessments set forth in the assessment roll with regard
8 to which a hearing is held pursuant to NRS 271.380 must reflect the
9 adjustments, if any, made to assessments based on the use of a
10 property, in whole or in part, for one or more of the nonbenefited
11 uses specified in the ordinance creating the local improvement
12 district pursuant to subsection 3. In addition to the requirements of
13 subsection 2 of NRS 271.380, the notice of hearing must state that:

14 (a) Any adjustment to the assessments based on the uses made of
15 certain properties as of the date specified pursuant to paragraph (b)
16 of subsection 3 are shown on the assessment roll; and

17 (b) A person who objects to the assessment roll, an adjustment to
18 the assessment roll or any determination made by the City Council
19 in connection with the assessment roll or an adjustment thereto
20 must file an objection in writing in the manner and within the
21 period prescribed by paragraph (e) of subsection 2 of NRS 271.380
22 and if he fails to do so, his objection shall be deemed waived.

23 5. Notwithstanding the method or methods of apportionment
24 selected pursuant to subsection 2, the City Council shall, if it
25 determines that an equitable adjustment is appropriate, make an
26 equitable adjustment to an assessment against an irregularly shaped
27 property for which the selected method or methods of apportionment
28 do not result in an assessment that is in proportion to the special
29 benefit that the property derives from the project for which the
30 assessment is being levied.

31 6. An assessment apportioned pursuant to the method described
32 in paragraph (a) of subsection 2 must not be considered a property
33 tax for the purpose of any limitation on the rate of property taxation.

34 7. The following determinations made by the City Council are
35 conclusive in the absence of fraud or a gross abuse of discretion:

36 (a) The boundaries of the local improvement district, the
37 specification of uses of properties that are not specially benefited by
38 a capital improvement project for which the assessments are being
39 levied, the method or methods of apportioning the assessments and
40 the special benefits to be derived from the project by the properties
41 being assessed, as made after a hearing on the provisional order for
42 the local improvement district as provided in chapter 271 of NRS;
43 and

44 (b) The apportionment of the assessments against properties in
45 the local improvement district in each year after the creation of the
46 local improvement district, whether or not a property is being used,
47 in whole or in part, for a use that is specified in the ordinance
48 creating the local improvement district as a use which is not
49 specially benefited by the capital improvement project for which the



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assessments are being levied and any other matter concerning the amounts of the assessments against properties, as made after the hearing held on the assessments in the manner provided in NRS 271.378.

Sec. 2. Section 1 of chapter 432, Statutes of Nevada 1999, at page 2012, is hereby amended to read as follows:

Section 1. 1. A tax at the rate of:

(a) Three percent of the gross receipts from the rental of transient lodging is hereby imposed in:

(1) The unincorporated area of Washoe County; and

(2) Each incorporated city in Washoe County, except in a district described in NRS 268.780 to 268.785, inclusive, in which a 1 percent tax is imposed on the gross receipts from the rental of transient lodging for railroad grade separation projects.

(b) Two percent of the gross receipts from the rental of transient lodging is hereby imposed in a district described in NRS 268.780 to 268.785, inclusive, in which a 1 percent tax is imposed on the gross receipts from the rental of transient lodging for railroad grade separation projects.

(c) An additional 1 1/2 percent of the gross receipts from the rental of transient lodging is hereby authorized to be imposed by the City Council of the City of Reno on or after July 1, 2001, in an area determined by the City Council to specially benefit from the capital improvement projects financed by bonds issued by the Reno Redevelopment Agency pursuant to section 2 of this act. Such an area may include only property located in or within 4 city blocks, as determined by the City Council, of the district described in paragraph (b). The determination of the City Council of such an area is conclusive in the absence of fraud or a gross abuse of discretion.

2. The ~~tax~~ taxes imposed pursuant to this section must:

(a) Be in addition to all other taxes imposed on the revenue from the rental of transient lodging in Washoe County and the incorporated cities in Washoe County;

(b) Be collected and enforced in the same manner as provided for the collection of the tax imposed by NRS 244.3352;

(c) Be paid to the Reno/Sparks Convention and Visitors Authority, which shall distribute the proceeds from the ~~tax~~ taxes in the manner set forth in section 2 of this act; and

(d) Not be collected after the date on which the notes, bonds and other obligations described in subsections 1 and 2 of section 2 of this act have been fully paid.

3. All decisions, and any deliberations leading to those decisions, that are made by any body, including, without limitation, the Reno/Sparks Convention and Visitors Authority, the Truckee Meadows Tourism Facility and Revitalization Steering Committee and the Sparks Tourism and Marketing Committee, concerning the expenditure, commitment or other use of money derived from the proceeds of the ~~tax~~ taxes imposed pursuant to this section must be



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1 made at a public meeting that complies with the provisions of chapter
2 241 of NRS, whether or not the body is determined to be a public
3 body to which that chapter is applicable.

4 4. As used in this section, "gross receipts from the rental of
5 transient lodging" does not include the tax imposed or collected from
6 paying guests pursuant to this section.

7 **Sec. 3.** Section 2 of chapter 432, Statutes of Nevada 1999, at page
8 2012, is hereby amended to read as follows:

9 Sec. 2. The proceeds of the ~~tax~~ *taxes* imposed pursuant to
10 section 1 of this act and any applicable penalty or interest must be
11 distributed as follows:

12 1. An amount equal to:

13 (a) Two-thirds of the proceeds *of the tax imposed pursuant to*
14 *paragraph (a) of subsection 1 of section 1 of this act* collected in:

15 (1) The unincorporated area of Washoe County; and

16 (2) Each incorporated city in Washoe County, except in a
17 district described in NRS 268.780 to 268.785, inclusive, in which a 1
18 percent tax is imposed on the gross receipts from the rental of
19 transient lodging for railroad grade separation projects; and

20 (b) All of the proceeds *of the tax imposed pursuant to paragraph*
21 *(b) of subsection 1 of section 1 of this act* collected in a district
22 described in NRS 268.780 to 268.785, inclusive, in which a 1 percent
23 tax is imposed on the gross receipts from the rental of transient
24 lodging for railroad grade separation projects,

25 must be used by the Reno/Sparks Convention and Visitors Authority
26 to reconstruct, expand, improve, equip, operate and maintain the
27 Reno/Sparks Convention Center, including, but not limited to, parking
28 and facilities ancillary to the Reno/Sparks Convention Center and the
29 acquisition of real property and other appurtenances therefor. The
30 Reno/Sparks Convention and Visitors Authority may irrevocably
31 pledge and use any money received from the proceeds of the ~~tax~~
32 *taxes* pursuant to this subsection, together with the proceeds of other
33 tax revenues and facilities revenues received by the Reno/Sparks
34 Convention and Visitors Authority legally available therefor, for the
35 payment of general and special obligations issued for the purpose of
36 reconstructing, expanding, improving and equipping the Reno/Sparks
37 Convention Center, including, but not limited to, parking and facilities
38 ancillary to the Reno/Sparks Convention Center and the acquisition of
39 real property and other appurtenances therefor.

40 2. From the remaining one-third of the proceeds *of the tax*
41 *imposed pursuant to paragraph (a) of subsection 1 of section 1 of*
42 *this act* collected in the area described in subparagraphs (1) and (2) of
43 paragraph (a) of subsection 1, the sum of \$1,500,000 and, beginning
44 June 1, 2000, and each year thereafter, an additional amount equal to
45 \$1,500,000 multiplied by the percentage by which the proceeds of the
46 ~~tax~~ *taxes* imposed pursuant to *paragraphs (a) and (b) of subsection*
47 *1 of section 1 of this act* increased during the immediately preceding
48 12-month period, if any, must be used as follows:



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(a) Two-thirds for the marketing and promotion of tourism as approved by the Reno/Sparks Convention and Visitors Authority; and

(b) One-third for the support of the National Bowling Stadium,

until such time as the Truckee Meadows Tourism Facility and Revitalization Steering Committee identifies particular capital improvement projects pursuant to section 6 of this act. After the Truckee Meadows Tourism Facility and Revitalization Steering Committee identifies particular capital improvement projects pursuant to section 6 of this act, the money described in this subsection *and all of the proceeds of the tax imposed pursuant to paragraph (c) of subsection 1 of section 1 of this act* must, notwithstanding the provisions of NRS 279.619, be used to acquire, establish, construct, expand, ~~and~~ equip, *improve, operate and maintain* such projects, and to pay the principal and interest on notes, bonds or other obligations issued by the Reno Redevelopment Agency to fund the acquisition, establishment, construction or expansion of the projects so identified.

3. From the remaining one-third of the proceeds *of the tax imposed pursuant to paragraph (a) of subsection 1 of section 1 of this act* collected in the area described in subparagraphs (1) and (2) of paragraph (a) of subsection 1, if any, after the amount described in subsection 2 is set aside for use pursuant to that subsection, the amounts set forth in this subsection must be paid to the City Council of the City of Sparks on the dates set forth in this subsection to be used by the City Council and the Sparks Tourism and Marketing Committee for the marketing and promotion of tourism in the City of Sparks and for the operation and maintenance of capital improvements within redevelopment areas in the City of Sparks:

(a) On July 1, 2000, an amount not to exceed \$100,000.

(b) On July 1, 2001, an amount not to exceed \$100,000.

(c) On July 1, 2002, an amount not to exceed \$200,000.

(d) On July 1, 2003, an amount not to exceed \$200,000.

(e) On July 1, 2004, an amount not to exceed \$250,000.

(f) On July 1, 2005, an amount not to exceed \$250,000.

(g) On July 1, 2006, an amount not to exceed \$350,000.

(h) On July 1, 2007, and each year thereafter, an amount equal to the sum of \$350,000 plus an additional amount equal to \$350,000 multiplied by the percentage by which the proceeds of the ~~tax~~ taxes imposed pursuant to *paragraphs (a) and (b) of subsection 1 of section 1 of this act* increased during the immediately preceding 12-month period, if any.

4. The remainder of the one-third of the proceeds *of the tax imposed pursuant to paragraph (a) of subsection 1 of section 1 of this act* collected in the area described in subparagraphs (1) and (2) of paragraph (a) of subsection 1, if any, after the amounts described in subsections 2 and 3 are set aside for use pursuant to those subsections, must be distributed in the following manner:



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(a) Two-thirds to the Reno/Sparks Convention and Visitors Authority to reconstruct, expand, improve, equip, operate and maintain the Reno/Sparks Convention Center, including, but not limited to, parking and facilities ancillary to the Reno/Sparks Convention Center and the acquisition of real property and other appurtenances therefor and the payment of general and special obligations issued for those purposes.

(b) One-third to be used as set forth in subsection 2.

Sec. 4. Section 6 of chapter 432, Statutes of Nevada 1999, at page 2015, is hereby amended to read as follows:

Sec. 6. 1. The Truckee Meadows Tourism Facility and Revitalization Steering Committee shall develop a master plan which identifies:

(a) Proposed capital improvement projects that the Committee determines to be advisable to promote tourism in Washoe County; and

(b) The method or methods pursuant to which the proposed capital improvement projects identified in paragraph (a) will be financed.

2. Capital improvement projects identified pursuant to this section must be:

(a) Approved by a two-thirds vote of the members of the Committee; and

(b) Located in *or within 2 city blocks, as determined by the Committee, of* a district described in NRS 268.780 to 268.785, inclusive, in which a 1 percent tax is imposed on the gross receipts from the rental of transient lodging for railroad grade separation projects.

3. The Reno Redevelopment Agency may enter into a contract with an entity whose members, shareholders or partners include, or that is owned or controlled by, one or more of the businesses located in or within 4 city blocks, as determined by the City Council of the City of Reno, of the district described in paragraph (b) of subsection 2 pursuant to which the entity is authorized to acquire, establish, construct, expand, equip, improve, own, operate and maintain capital improvement projects identified pursuant to this section. The provisions of any law requiring competitive bidding, including, without limitation, chapters 279, 332 and 338 of NRS, do not apply to:

(a) A contract entered into pursuant to this subsection between the Reno Redevelopment Agency and such an entity; or

(b) A contract pursuant to which such an entity acquires, establishes, constructs, expands, equips, improves, owns, operates or maintains a capital improvement project identified pursuant to this section.

Sec. 5. This act becomes effective upon passage and approval.

