

SENATE BILL NO. 553—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 26, 2001

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning finances of local governments.
(BDR 30-130)

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

~

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

AN ACT relating to governmental administration; establishing certain requirements for the use of installment-purchase agreements by local governments; removing the requirement that local governments create funds for certain extraordinary maintenance, repair or improvements; creating certain exceptions to the Uniform Commercial Code—Secured Transactions; authorizing the committee on local government finance to adopt certain regulations; requiring the committee on local government finance to adopt certain regulations; prohibiting the use of the proceeds from certain obligations issued by a local government to pay operating expenses; requiring the Nevada tax commission to appoint a subcommittee to conduct a public hearing concerning the management of a local government in a severe financial emergency; requiring the publication of certain regulations in the Nevada Administrative Code; 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 350 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 this chapter, unless the context otherwise*
4 *requires, the words and terms defined in sections 3 to 7, inclusive, of this*
5 *act have the meanings ascribed to them in those sections.*

6 **Sec. 3.** *“General obligation debt” means debt that is legally payable*
7 *from general revenues, as a primary or secondary source of repayment,*
8 *and is backed by the full faith and credit of a governmental entity, and if*
9 *the governmental entity is authorized to levy taxes, by those taxes. The*
10 *term includes, without limitation, debt represented by local government*
11 *securities issued pursuant to this chapter and installment-purchase*
12 *agreements described in subsection 1 of section 4 of this act. The term*
13 *does not include, without limitation:*



1 1. *Installment-purchase agreements described in subsection 2 of*
2 *section 4 of this act;*

3 2. *Special obligations; and*

4 3. *Obligations with a term of less than 1 year that are payable in full*
5 *from money appropriated for the same fiscal year in which the*
6 *obligations are incurred.*

7 Sec. 4. *“Installment-purchase agreement” means an agreement for*
8 *the purchase of real or personal property by installment or lease or*
9 *another transaction that is described in NRS 350.800 which:*

10 1. *Is required to be counted against any limit upon the debt of a local*
11 *government pursuant to subsection 1 of NRS 350.800; or*

12 2. *Is not required to be counted against any limit upon the debt of a*
13 *local government and:*

14 (a) *Exceeds \$100,000 for a local government in a county whose*
15 *population is 100,000 or more; or*

16 (b) *Exceeds \$50,000 for a local government in a county whose*
17 *population is less than 100,000.*

18 *The term “installment-purchase agreement” does not include an*
19 *obligation to pay rent pursuant to a lease which contains no option or*
20 *right to purchase or which contains only an option or right to purchase*
21 *the property without any credit towards the purchase price for lease or*
22 *rental payments.*

23 Sec. 5. *“Local government” has the meaning ascribed to it in NRS*
24 *354.474.*

25 Sec. 6. *“Medium-term obligation” means an obligation to repay*
26 *borrowed money evidenced by a note or bond which is authorized to be*
27 *issued pursuant to NRS 350.087 to 350.095, inclusive, and which has a*
28 *term of 10 years or less. The term does not include an obligation which*
29 *has a term of less than 1 year and which is payable in full from money*
30 *appropriated for the same fiscal year that the obligation is incurred.*

31 Sec. 7. *“Special obligation” means a municipal security issued*
32 *pursuant to NRS 350.582.*

33 Sec. 8. *For the purposes of this chapter, the term of an installment-*
34 *purchase agreement must be determined as the period from the date the*
35 *agreement is entered into by a local government to the date that the*
36 *purchase price will be paid in full and must include the term of the*
37 *original agreement and the term of any renewal, including, without*
38 *limitation, an optional renewal, of the agreement.*

39 Sec. 9. 1. *The committee on local government finance may adopt*
40 *such regulations as are necessary for the administration of this chapter.*

41 2. *Any regulations adopted by the committee on local government*
42 *finance must be adopted in the manner prescribed for state agencies in*
43 *chapter 233B of NRS.*

44 Sec. 10. NRS 350.001 is hereby amended to read as follows:

45 350.001 As used in NRS 350.001 to 350.006, inclusive, unless the
46 context otherwise requires:

47 1. “Commission” means a debt management commission created
48 pursuant to NRS 350.002.



1 2. ~~["General obligation debt" means debt which is legally payable~~
2 ~~from general revenues, as a primary or secondary source of repayment, and~~
3 ~~is backed by the full faith and credit of a governmental entity. The term~~
4 ~~includes debt represented by local government securities issued pursuant to~~
5 ~~this chapter except debt created for medium term obligations pursuant to~~
6 ~~NRS 350.085 to 350.095, inclusive.~~

7 ~~3.1~~ "Special elective tax" means a tax imposed pursuant to NRS
8 354.59817, 354.5982, 387.197, 387.3285 or 387.3287.

9 **Sec. 11.** NRS 350.0035 is hereby amended to read as follows:

10 350.0035 1. Except as otherwise provided in this section, on or
11 before July 1 of each year, the governing body of a municipality which
12 proposes to issue or has outstanding any general obligation debt, other
13 general obligations or special obligations, or which levies or proposes to
14 levy any special elective tax, shall submit to the department of taxation and
15 the commission:

16 (a) A complete statement of current and contemplated general
17 obligation debt and special elective taxes, and a report of current and
18 contemplated debt and special assessments and retirement schedules, in the
19 detail and form established by the committee on local government finance.

20 (b) A written statement of the debt management policy of the
21 municipality, which must include, without limitation:

22 (1) A discussion of its ability to afford existing general obligation
23 debt, authorized future general obligation debt and proposed future general
24 obligation debt;

25 (2) A discussion of its capacity to incur authorized and proposed
26 future general obligation debt without exceeding the applicable debt limit;

27 (3) A discussion of its general obligation debt that is payable from ad
28 valorem taxes per capita as compared with such debt of other
29 municipalities in this state;

30 (4) A discussion of its general obligation debt that is payable from ad
31 valorem taxes as a percentage of assessed valuation of all taxable property
32 within the boundaries of the municipality;

33 (5) Policy regarding the manner in which the municipality expects to
34 sell its debt;

35 (6) A discussion of its sources of money projected to be available to
36 pay existing general obligation debt, authorized future general obligation
37 debt and proposed future general obligation debt; and

38 (7) A discussion of its operational costs and revenue sources, for the
39 ensuing 5 fiscal years, associated with each project included in its plan for
40 capital improvement submitted pursuant to paragraph (c), if those costs and
41 revenues are expected to affect the tax rate.

42 (c) *Either:*

43 (1) Its plan for capital improvement for the ensuing ~~13~~ 5 fiscal years,
44 which must include any contemplated issuance of general obligation debt
45 during this period and the sources of money projected to be available to
46 pay the debt ~~H~~ ; or

47 (2) *A statement indicating that no changes are contemplated in its*
48 *plan for capital improvement for the ensuing 5 fiscal years.*



1 (d) A statement containing the name, title, mailing address and
2 telephone number of the chief financial officer of the municipality.

3 2. The governing body of a municipality may combine a statement or
4 plan required by subsection 1 with the corresponding statement or plan of
5 another municipality if both municipalities have the same governing body
6 or the governing bodies of both municipalities agree to such a combination.

7 3. The governing body of each municipality shall update all statements
8 and plans required by subsection 1 not less frequently than annually.

9 4. The provisions of this section do not apply to the Airport Authority
10 of Washoe County so long as the authority does not have any general
11 obligation bonds outstanding and does not issue or propose to issue any
12 such bonds. At least 30 days before each annual meeting of the
13 commission, the authority shall submit to the department of taxation a
14 written statement regarding whether the authority is planning to propose to
15 issue any general obligation bonds before the next following annual
16 meeting of the commission.

17 **Sec. 12.** NRS 350.004 is hereby amended to read as follows:

18 350.004 1. Before any proposal to incur a general obligation debt or
19 levy a special elective tax may be submitted to the electors of a
20 municipality, before any issuance of general obligation bonds pursuant to
21 subsection 4 of NRS 350.020 , *before entering into an installment-*
22 *purchase agreement with a term of more than 10 years* or , before any
23 other formal action may be taken preliminary to the incurrence of any
24 general obligation debt, the proposed incurrence or levy must receive the
25 favorable vote of two-thirds of the members of the commission of each
26 county in which the municipality is situated.

27 2. Before the board of trustees of a district organized or reorganized
28 pursuant to chapter 318 of NRS whose population within its boundaries is
29 less than 5,000 ~~it~~ *incurs a medium-term obligation or otherwise* borrows
30 money or issues securities to evidence such borrowing, other than
31 securities representing a general obligation debt ~~it~~ *or installment-*
32 *purchase agreements with a term of 10 years or less*, the proposed
33 borrowing or issuing of securities must receive the favorable vote of a
34 majority of the members of the commission of each county in which the
35 district is situated.

36 3. When any municipality other than a general improvement district
37 whose population within its boundaries is less than 5,000 ~~it~~ issues any
38 special obligations, it shall so notify in its annual report the commission of
39 each county in which any of its territory is situated.

40 4. The commission shall not approve any proposal submitted to it
41 pursuant to this section by a municipality:

42 (a) Which, if the proposal is for the financing of a capital improvement,
43 is not included in its plan for capital improvement submitted pursuant to
44 NRS 350.0035, if such a plan is required to be submitted; or

45 (b) If, based upon:

46 (1) Estimates of the amount of tax revenue from ad valorem taxes
47 needed for the special elective tax, or to repay the general obligation debt,
48 and the dates that revenue will be needed, as provided by the municipality;



1 (2) Estimates of the assessed valuation of the municipality for each of
2 the years in which tax revenue is needed, as provided by the municipality;

3 (3) The amount of any other required levies of ad valorem taxes, as
4 shown on the most recently filed final budgets of each entity authorized to
5 levy ad valorem taxes on any property within the municipality submitting
6 the proposal; and

7 (4) Any other factor the municipality discloses to the
8 commission,
9 the proposal would result in a combined property tax rate in any of the
10 overlapping entities within the county which exceeds the limit provided in
11 NRS 361.453, unless the proposal also includes an agreement approved by
12 the governing bodies of all affected municipalities within the area as to
13 how the combined property tax rates will be brought into compliance with
14 the statutory limitation ~~+~~ *or unless the commission adopts a plan that is*
15 *approved by the executive director of the department of taxation*
16 *pursuant to which the combined property tax rate will be in compliance*
17 *with the statutory limitation.*

18 5. If general obligation debt is to be incurred more than 36 months
19 after the approval of that debt by the commission, the governing body of
20 the municipality shall obtain ~~the~~ *additional* approval of the ~~executive~~
21 ~~director of the department of taxation~~ *commission* before incurring the
22 general obligation debt. The ~~executive director~~ *commission* shall *only*
23 approve ~~the~~ *a* proposal *that is submitted pursuant to this subsection* if,
24 based on the information set forth in paragraph (b) of subsection 4 that is
25 accurate as of the date on which the governing body submits, *pursuant to*
26 *this subsection*, its request for approval to the ~~executive director;~~
27 *commission:*

28 (a) Incurrence of the general obligation debt will not result in a
29 combined property tax rate in any of the overlapping entities within the
30 county which exceeds the limit provided in NRS 361.453; ~~or~~

31 (b) The proposal includes an agreement approved by the governing
32 bodies of all affected municipalities within the area as to how the combined
33 tax rates will be brought into compliance with the statutory limitation ~~+~~ ;
34 *or*

35 (c) *The commission adopts a plan that is approved by the executive*
36 *director of the department of taxation pursuant to which the combined*
37 *property tax rate will be in compliance with the statutory limitation.*

38 The approval of the ~~executive director~~ *commission pursuant to this*
39 *subsection* is effective for 18 months. The governing body of the
40 municipality may renew that approval for successive periods of 18 months
41 by filing an application for renewal with the ~~executive director.~~
42 *commission.* Such an application must be accompanied by the information
43 set forth in paragraph (b) of subsection 4 that is accurate as of the date the
44 governing body files the application for renewal.

45 ~~6. If the executive director does not approve a proposal submitted to~~
46 ~~him pursuant to subsection 5, the governing body of the municipality may~~
47 ~~appeal his decision to the Nevada tax commission.~~



1 **Sec. 13.** NRS 350.005 is hereby amended to read as follows:

2 350.005 1. The governing body of the municipality proposing to
3 incur general obligation debt, *to enter an installment-purchase agreement*
4 *with a term of more than 10 years* or to levy a special elective tax and the
5 board of trustees of a general improvement district whose population
6 within its boundaries is less than 5,000 ~~+~~ who proposes to *issue a*
7 *medium-term obligation or otherwise* borrow money and issue any
8 securities other than securities representing a general obligation debt ~~+~~ *or*
9 *installment-purchase agreements with terms of 10 years or less*, shall
10 notify the secretary of each appropriate commission, and shall submit a
11 statement of its proposal in sufficient number of copies for each member of
12 the commission. The secretary, with the approval of the chairman, shall,
13 within 10 days, give notice of a meeting, in the manner required by chapter
14 241 of NRS, to be held not more than 20 days thereafter. He shall provide a
15 copy of the proposal to each member with the notice of the meeting, and
16 mail notice of the meeting to the chief financial officer of each
17 municipality in the county which has complied with subsection 1 of NRS
18 350.0035 within the past year.

19 2. The commission may grant a conditional or provisional approval of
20 such proposal. Such conditions or provisions are limited to ~~the~~ :

21 ~~(a)~~ *The scheduling of:*

22 ~~(a)~~ (1) The issuance and retirement of securities, if the proposal is to
23 incur general obligation debt; or

24 ~~(b)~~ (2) The imposition of the tax, if the proposal is to levy a special
25 elective tax ~~+~~ ; and

26 ~~(b)~~ *If the proposal would result in a combined property tax rate in any*
27 *of the overlapping entities within the county which exceeds 90 percent of*
28 *the limit provided in NRS 361.453, a condition requiring a reduction in*
29 *the amount of the proposed debt, installment-purchase agreement or*
30 *special elective tax.*

31 3. The commission may adjourn a meeting called to consider a
32 particular proposal no more than once, for no more than 10 days.
33 Notification of the approval or disapproval of its proposal must be sent to
34 the governing body within 3 days after the meeting.

35 **Sec. 14.** NRS 350.0051 is hereby amended to read as follows:

36 350.0051 1. In determining whether to approve or disapprove a
37 proposal to incur debt, *to enter an installment-purchase agreement with*
38 *a term of more than 10 years* or to levy a special elective tax, the
39 commission shall not, except as otherwise provided in paragraph (d),
40 initiate a determination as to whether the proposed debt, *installment-*
41 *purchase agreement* or special elective tax is sought to accomplish a
42 public purpose or to satisfy a public need. The commission shall consider,
43 but is not limited to, the following criteria:

44 (a) If the proposal is to incur debt, the amount of debt outstanding on
45 the part of the municipality proposing to incur the debt.

46 (b) The effect of the tax levy required for debt service on the proposed
47 debt ~~+~~ *or to repay an installment-purchase agreement with a term of*
48 *more than 10 years*, or of the proposed levy of a special elective tax, upon
49 the ability of the municipality proposing to incur the general obligation



1 debt , *enter the installment-purchase agreement* or levy the special
2 elective tax and of other municipalities to raise revenue for operating
3 purposes.

4 (c) The anticipated need for other incurrences of debt , *installment-*
5 *purchase agreements* or levies of special elective taxes by the municipality
6 proposing to incur the debt , *enter the installment-purchase agreement* or
7 levy the special elective tax and other municipalities whose tax-levying
8 powers overlap, as shown by the county or regional master plan, if any, and
9 by other available information.

10 (d) If the information set forth in paragraph (b) of subsection 4 of NRS
11 350.004 indicates that the proposal would result in a combined property tax
12 rate in any of the overlapping entities within the county which exceeds 90
13 percent of the limit provided in NRS 361.453:

14 (1) The public need to be served by the proceeds from the proposed
15 debt or tax levy; and

16 (2) A comparison of that public need and other public needs that
17 appear on the statements of current and contemplated general obligation
18 debt and special elective taxes submitted pursuant to paragraph (a) of
19 subsection 1 of NRS 350.0035 that may affect the combined property tax
20 rate in any of the overlapping entities within the county.

21 2. If the commission approves the proposal, the amount received from
22 the sale of the general obligation debt or from the special elective tax may
23 be expended only for the purposes described in the proposal.

24 *3. The commission may make reasonable requests from a*
25 *municipality for information relating to the criteria described in*
26 *paragraphs (a) to (d), inclusive, of subsection 1. A municipality shall use*
27 *its best efforts to comply with information requests from the commission*
28 *in a timely manner.*

29 **Sec. 15.** NRS 350.006 is hereby amended to read as follows:

30 350.006 The provisions of NRS 350.001 to 350.0052, inclusive, do not
31 apply to:

32 1. Any general obligation debt incurred or special elective tax levied
33 before July 1, 1995;

34 2. Any general obligation debt or special elective tax approved at an
35 election held before July 1, 1995, whether or not the debt is incurred or tax
36 is levied before that date;

37 3. Any general obligation debt authorized to be incurred, or special
38 elective tax authorized to be levied, by a special act adopted and approved
39 before July 1, 1995; ~~and~~

40 4. Any debt incurred for the purpose of refunding any outstanding
41 general obligation debt ~~and~~; and

42 *5. Any medium-term obligation, except a medium-term obligation*
43 *issued after July 1, 2001, by a general improvement district whose*
44 *population within its boundaries is less than 5,000.*

45 **Sec. 16.** NRS 350.020 is hereby amended to read as follows:

46 350.020 1. Except as otherwise provided by subsections 3 and 4, if a
47 municipality proposes to issue or incur general obligations, the proposal
48 must be submitted to the electors of the municipality at a special election



1 called for that purpose or the next general municipal election or general
2 state election.

3 2. Such a special election may be held:

4 (a) At any time, including, without limitation, on the date of a primary
5 municipal election or a primary state election, if the governing body of the
6 municipality determines, by a unanimous vote, that an emergency exists; or

7 (b) On the first Tuesday after the first Monday in June of an odd-
8 numbered year.

9 The determination made by the governing body is conclusive unless it is
10 shown that the governing body acted with fraud or a gross abuse of
11 discretion. An action to challenge the determination made by the governing
12 body must be commenced within 15 days after the governing body's
13 determination is final. As used in this subsection, "emergency" means any
14 occurrence or combination of occurrences which requires immediate action
15 by the governing body of the municipality to prevent or mitigate a
16 substantial financial loss to the municipality or to enable the governing
17 body to provide an essential service to the residents of the municipality.

18 3. If payment of a general obligation of the municipality is additionally
19 secured by a pledge of gross or net revenue of a project to be financed by
20 its issue, and the governing body determines, by an affirmative vote of
21 two-thirds of the members elected to the governing body, that the pledged
22 revenue will at least equal the amount required in each year for the
23 payment of interest and principal, without regard to any option reserved by
24 the municipality for early redemption, the municipality may, after a public
25 hearing, incur this general obligation without an election unless, within 60
26 days after publication of a resolution of intent to issue the bonds, a petition
27 is presented to the governing body signed by not less than 5 percent of the
28 registered voters of the municipality who together with any corporate
29 petitioners own not less than 2 percent in assessed value of the taxable
30 property of the municipality. Any member elected to the governing body
31 whose authority to vote is limited by charter, statute or otherwise may vote
32 on the determination required to be made by the governing body pursuant
33 to this subsection. The determination by the governing body becomes
34 conclusive on the last day for filing the petition. For the purpose of this
35 subsection, the number of registered voters must be determined as of the
36 close of registration for the last preceding general election and assessed
37 values must be determined from the next preceding final assessment roll.
38 An authorized corporate officer may sign such a petition whether or not he
39 is a registered voter. The resolution of intent need not be published in full,
40 but the publication must include the amount of the obligation and the
41 purpose for which it is to be incurred. Notice of the public hearing must be
42 published at least 10 days before the day of the hearing. The publications
43 must be made once in a newspaper of general circulation in the
44 municipality. When published, the notice of the public hearing must be at
45 least as large as 5 inches high by 4 inches wide.

46 4. The board of trustees of a school district may issue general
47 obligation bonds which are not expected to result in an increase in the
48 existing property tax levy for the payment of bonds of the school district
49 without holding an election for each issuance of the bonds if the qualified



1 electors approve a question submitted by the board of trustees that
2 authorizes issuance of bonds for a period of 10 years after the date of
3 approval by the voters. If the question is approved, the board of trustees of
4 the school district may issue the bonds for a period of 10 years after the
5 date of approval by the voters, after obtaining the approval of the debt
6 management commission in the county in which the school district is
7 located and, in a county whose population is 100,000 or more, the approval
8 of the oversight panel for school facilities established pursuant to NRS
9 393.092 in that county, if the board of trustees of the school district finds
10 that the existing tax for debt service will at least equal the amount required
11 to pay the principal and interest on the outstanding general obligations of
12 the school district and the general obligations proposed to be issued. The
13 finding made by the board of trustees is conclusive in the absence of fraud
14 or gross abuse of discretion. As used in this subsection, "general
15 obligations" does not include medium-term obligations issued pursuant to
16 NRS ~~350.085~~ 350.087 to 350.095, inclusive.

17 5. At the time of issuance of bonds authorized pursuant to subsection
18 4, the board of trustees shall establish a reserve account in its debt service
19 fund for payment of the outstanding bonds of the school district. The
20 reserve account must be established and maintained in an amount at least
21 equal to the lesser of the amount of principal and interest payments due on
22 all of the outstanding bonds of the school district in the next fiscal year or
23 10 percent of the outstanding principal amount of the outstanding bonds of
24 the school district. If the amount in the reserve account falls below the
25 amount required by this subsection:

26 (a) The board of trustees shall not issue additional bonds pursuant to
27 subsection 4 until the reserve account is restored to the level required by
28 this subsection; and

29 (b) The board of trustees shall apply all of the taxes levied by the school
30 district for payment of bonds of the school district that are not needed for
31 payment of the principal and interest on bonds of the school district in the
32 current fiscal year to restore the reserve account to the level required
33 pursuant to this subsection.

34 6. A municipality may issue special or medium-term obligations
35 without an election.

36 **Sec. 17.** NRS 350.087 is hereby amended to read as follows:

37 350.087 1. If the public interest requires a medium-term obligation
38 ~~or~~ *or installment-purchase agreement*, the governing body of any local
39 government, by a resolution adopted by two-thirds of its members, may
40 authorize a medium-term obligation ~~or~~ *or installment-purchase*
41 *agreement*. For the purposes of the issuance of a medium-term obligation
42 pursuant to NRS 280.266, a metropolitan police committee on fiscal affairs
43 shall be deemed the governing body of a local government.

44 2. The resolution must contain:

45 (a) A finding by the governing body that the public interest requires the
46 medium-term obligation ~~or~~ *or installment-purchase agreement*;

47 (b) A statement of the facts upon which the finding required pursuant to
48 paragraph (a) is based; ~~and~~

49 (c) A statement that identifies:



1 (1) Each source of revenue of the local government that is anticipated
2 to be used to repay the medium-term obligation ~~+~~ *or installment-*
3 *purchase agreement*; and

4 (2) The dollar amount that is anticipated to be available to repay the
5 medium-term obligation *or installment-purchase agreement* from each
6 such source ~~+~~; and

7 *(d) If the resolution is for an installment-purchase agreement with a*
8 *term of more than 10 years:*

9 *(1) A statement comparing the cost of installment-purchase*
10 *financing with other available methods of financing, including, without*
11 *limitation, financing with general obligation bonds or revenue bonds;*
12 *and*

13 *(2) If such statement concludes that installment-purchase financing*
14 *is more expensive than other available methods of financing, a statement*
15 *explaining the reasons for choosing installment-purchase financing*
16 *instead of a less expensive alternative.*

17 3. Except as otherwise provided in subsection 4, before the adoption of
18 any such resolution, the governing body shall publish notice of its intention
19 to act thereon in a newspaper of general circulation for at least one
20 publication. No vote may be taken upon the resolution until 10 days after
21 the publication of the notice. The cost of publication of the notice required
22 of an entity is a proper charge against its general fund.

23 4. If such a resolution will be adopted by a metropolitan police
24 committee on fiscal affairs, the sheriff of the county in which the
25 metropolitan police department is located shall publish the notice required
26 pursuant to subsection 3.

27 **Sec. 18.** NRS 350.089 is hereby amended to read as follows:

28 350.089 Except as otherwise provided in NRS 280.266 and 496.155:

29 1. Upon the adoption *by a local government* of a resolution for a
30 medium-term obligation ~~+~~ *or installment-purchase agreement*, as
31 provided in NRS 350.087, ~~by a local government,~~ a certified copy thereof
32 must be forwarded to the executive director of the department of taxation.
33 As soon as is practicable, the executive director of the department of
34 taxation shall, after consideration of the tax structure of the local
35 government concerned, the probable ability of the local government to
36 repay the requested medium-term obligation *or installment-purchase*
37 *agreement* and the compliance of the local government with the applicable
38 provisions of law, including, without limitation, the provisions of chapter
39 354 of NRS, approve or disapprove the resolution in writing to the
40 governing board. No such resolution is effective until approved by the
41 executive director of the department of taxation. The written approval of
42 the executive director of the department of taxation must be recorded in the
43 minutes of the governing board.

44 2. If the executive director of the department of taxation does not
45 approve the resolution for the medium-term obligation ~~+~~ *or installment-*
46 *purchase agreement*, the governing board of the local government may
47 appeal the executive director's decision to the Nevada tax commission.



1 **Sec. 19.** NRS 350.091 is hereby amended to read as follows:
2 350.091 1. Whenever the governing body of any local government is
3 authorized to enter into a medium-term obligation *or installment-purchase*
4 *agreement* as provided in NRS 280.266 or 350.089 ~~the governing body~~
5 ~~—(a) If the medium-term obligation~~ *that* is intended to finance a capital
6 project, *the governing body* shall update its plan for capital improvement
7 in the same manner as is required for general obligation debt pursuant to
8 NRS 350.0035.
9 ~~the governing body~~
10 2. *Whenever the governing body of any local government is*
11 *authorized to enter into a medium-term obligation as provided in NRS*
12 *350.089, the governing body may* issue, as evidence thereof, negotiable
13 notes ~~leases, other evidence of a transaction described in NRS 350.800,~~
14 ~~or short-term~~ *or medium-term* negotiable bonds ~~the governing body~~
15 ~~—2. Except that, except~~ as otherwise provided in subsection 5 of NRS
16 496.155 : ~~the negotiable notes or bonds~~
17 (a) Must mature not later than 10 years after the date of issuance ; ~~the governing body~~
18 (b) Must bear interest at a rate or rates which do not exceed by more
19 than 3 percent the Index of Twenty Bonds which was most recently
20 published before the bids are received or a negotiated offer is accepted ~~the governing body~~ ;
21 and
22 (c) May, at the option of the local government, contain a provision
23 which allows redemption of the notes or bonds before maturity, upon such
24 terms as the governing body determines.
25 3. *Whenever the governing body of any local government is*
26 *authorized to enter into an installment-purchase agreement as provided*
27 *in NRS 280.266 or 350.089, the governing body may* issue, as evidence
28 *thereof, an installment-purchase agreement, lease or other evidence of a*
29 *transaction described in NRS 350.800. An installment-purchase*
30 *agreement, lease or other evidence of a transaction described in NRS*
31 *350.800 issued pursuant to this subsection:*
32 (a) *Must have a term that is 30 years or less;*
33 (b) *Must bear interest at a rate or rates that do not exceed by more*
34 *than 3 percent the Index of Revenue Bonds which was most recently*
35 *published before the local government enters into the installment-*
36 *purchase agreement; and*
37 (c) *May, at the option of the local government, contain a provision*
38 *that allows prepayment of the purchase price upon such terms as are*
39 *provided in the agreement.*
40 4. If the ~~maximum term of the financing is more than 5 years, the~~
41 term *of the medium-term obligation or installment-purchase agreement*
42 *is more than 5 years, the weighted average term of the medium-term*
43 *obligation or installment-purchase agreement* may not exceed the
44 estimated weighted average useful life of the ~~asset to be purchased with~~
45 ~~the proceeds from the financing~~ assets being financed with the medium-
46 term obligation or installment-purchase agreement.
47 5. *For the purposes of subsection 4, the committee on local*
48 *government finance may adopt regulations that provide guidelines for*



1 *the useful life of various types of assets and for calculation of the*
2 *weighted average useful life of assets.*

3 **Sec. 20.** NRS 350.093 is hereby amended to read as follows:

4 350.093 1. After a medium-term obligation has been authorized as
5 provided in NRS 350.089 and if, in the judgment of the governing board of
6 the local government, the fiscal affairs of the local government can be
7 carried on without impairment and there is sufficient money in the general
8 fund or a surplus in any other fund, with the exception of the bond interest
9 and redemption fund, of the local government, the governing board may
10 transfer from the general fund or from the surplus appearing in any fund,
11 with the exception of the bond interest and redemption fund, money
12 sufficient to meet the purpose of the medium-term obligation.

13 2. When such a transfer is made, the governing board of the local
14 government shall comply with the provisions of NRS 350.095, and when
15 the special tax is thereafter collected, the amount so collected must be
16 placed immediately in the fund from which the loan was made.

17 3. In cases where the fund from which the loan was made, at the time
18 of the transfer of funds therefrom, contains a surplus that in the judgment
19 of the executive director of the department of taxation is or will not be
20 needed for the purposes of the fund in the ordinary course of events, the
21 special tax need not be levied, collected and placed in the fund from which
22 the loan was made, but the transfer shall be deemed refunded for all
23 purposes of NRS ~~350.085~~ *350.087* to 350.095, inclusive.

24 **Sec. 21.** NRS 350.115 is hereby amended to read as follows:

25 350.115 "Bond" means any evidence of ~~indebtedness of~~ *borrowing*
26 *by* a municipality that is issued pursuant to the provisions of this chapter or
27 chapter 244, 244A, 268, 269, 271, 318 ~~354~~ or 387 of NRS, whether
28 general or special obligations, including, without limitation, bonds, notes,
29 debentures, warrants and certificates.

30 **Sec. 22.** NRS 350.800 is hereby amended to read as follows:

31 350.800 1. A transaction whereby a municipality acquires real or
32 personal property and another person acquires or retains a security interest
33 in that or other property creates a general obligation of the municipality
34 which must be counted against any limit upon its debt unless:

35 (a) The obligation by its terms is extinguished by failure of the
36 governing body to appropriate money for the ensuing fiscal year for
37 payment of the amounts then due; or

38 (b) The budget of the municipality for the fiscal year in which the
39 transaction occurs includes a provision for the discharge of the obligation
40 in full.

41 2. Any member of the governing body may vote upon such a
42 transaction whether or not the obligation incurred is expected to extend
43 beyond his term of office, without any special notice or other formality.

44 3. Any such transaction is subject to the requirements of this chapter
45 for an election if it must be counted against a debt limit, but *, except as*
46 *otherwise provided in NRS 350.001 to 350.006, inclusive, and 350.087 to*
47 *350.095, inclusive,* is not subject to any other requirement of this chapter.

48 4. In addition to or as a substitute for granting a security interest in the
49 property being acquired in a transaction described in subsection 1, the



* S B 5 5 3 *

1 municipality may grant a security interest in other property if the governing
2 body finds that:

3 (a) Granting the security interest in the other property will result in
4 lower financing costs to the municipality; and

5 (b) The value of all property in which a security interest is granted does
6 not, at the time the security interest is granted, exceed an amount equal
7 to one and one-half times the value of the property being
8 acquired.

9 The finding and determination of values by the governing body are
10 conclusive in the absence of fraud or gross abuse of discretion.

11 **Sec. 23.** NRS 104.9109 is hereby amended to read as follows:

12 104.9109 1. Except as otherwise provided in subsections 3 and 4,
13 this article applies to:

14 (a) A transaction, regardless of its form, that creates a security interest
15 in personal property or fixtures by contract;

16 (b) An agricultural lien;

17 (c) A sale of accounts, chattel paper, payment intangibles or promissory
18 notes;

19 (d) A consignment;

20 (e) A security interest arising under NRS 104.2401, 104.2505,
21 subsection 3 of NRS 104.2711 ~~or~~ or subsection 5 of NRS 104A.2508, as
22 provided in NRS 104.9110; and

23 (f) A security interest arising under NRS 104.4210 or 104.5118.

24 2. The application of this article to a security interest in a secured
25 obligation is not affected by the fact that the obligation is itself secured by
26 a transaction or interest to which this article does not apply.

27 3. This article does not apply to the extent that:

28 (a) A statute, regulation or treaty of the United States preempts this
29 article;

30 (b) Another statute of this state expressly governs the creation,
31 perfection, priority or enforcement of a security interest created by this
32 state or a governmental unit of this state;

33 (c) A statute of another state, a foreign country, or a governmental unit
34 of another state or a foreign country, other than a statute generally
35 applicable to security interests, expressly governs creation, perfection,
36 priority, or enforcement of a security interest created by the state, country
37 ~~or~~ or governmental unit; or

38 (d) The rights of a transferee beneficiary or nominated person under a
39 letter of credit are independent and superior under NRS 104.5114.

40 4. This article does not apply to:

41 (a) A landlord's lien, other than an agricultural lien;

42 (b) A lien, other than an agricultural lien, given by statute or other rule
43 of law for services or materials, but NRS 104.9333 applies with respect to
44 priority of the lien;

45 (c) An assignment of a claim for wages, salary or other compensation of
46 an employee;

47 (d) A sale of accounts, chattel paper, payment intangibles or promissory
48 notes as part of a sale of the business out of which they arose;



* S B 5 5 3 *

1 (e) An assignment of accounts, chattel paper, payment intangibles or
2 promissory notes which is for the purpose of collection only;

3 (f) An assignment of a right to payment under a contract to an assignee
4 that is also obligated to perform under the contract;

5 (g) An assignment of a single account, payment intangible or
6 promissory note to an assignee in full or partial satisfaction of a preexisting
7 indebtedness;

8 (h) A transfer of an interest in or an assignment of a claim under a
9 policy of insurance, other than an assignment by or to a health-care
10 provider of a health-care-insurance receivable and any subsequent
11 assignment of the right to payment, but NRS 104.9315 and 104.9322 apply
12 with respect to proceeds and priorities in proceeds;

13 (i) An assignment of a right represented by a judgment, other than a
14 judgment taken on a right to payment that was collateral;

15 (j) A right of recoupment or set-off, but:

16 (1) NRS 104.9340 applies with respect to the effectiveness of rights
17 of recoupment or set-off against deposit accounts; and

18 (2) NRS 104.9404 applies with respect to defenses or claims of an
19 account debtor;

20 (k) The creation or transfer of an interest in or lien on real property,
21 including a lease or rents thereunder, except to the extent that provision is
22 made for:

23 (1) Liens on real property in NRS 104.9203 and 104.9308;

24 (2) Fixtures in NRS 104.9334;

25 (3) Fixture filings in NRS 104.9501, 104.9502, 104.9512, 104.9516
26 and 104.9519; and

27 (4) Security agreements covering personal and real property in NRS
28 104.9604;

29 (l) An assignment of a claim arising in tort, other than a commercial tort
30 claim, but NRS 104.9315 and 104.9322 apply with respect to proceeds and
31 priorities in proceeds; ~~to~~

32 (m) An assignment of a deposit account in a consumer transaction, but
33 NRS 104.9315 and 104.9322 apply with respect to proceeds and priorities
34 in proceeds ~~to~~; or

35 *(n) A transfer by a government or governmental unit.*

36 **Sec. 24.** NRS 233B.062 is hereby amended to read as follows:

37 233B.062 1. It is the policy of this state that every regulation of an
38 agency be made easily accessible to the public and expressed in clear and
39 concise language. To assist in carrying out this policy:

40 (a) The attorney general must develop guidelines for drafting
41 regulations; and

42 (b) Every permanent regulation must be incorporated, excluding any
43 forms used by the agency, any publication adopted by reference, the title,
44 any signature and other formal parts, in the Nevada Administrative Code,
45 and every emergency or temporary regulation must be distributed in the
46 same manner as the Nevada Administrative Code.

47 2. *The legislative counsel shall treat regulations adopted by entities*
48 *other than agencies, in the same manner as regulations adopted by*



1 *agencies if the entity is required by statute to adopt the regulation in the*
2 *manner prescribed by this chapter.*

3 3. The legislative commission may authorize inclusion in the Nevada
4 Administrative Code of the regulations of an agency otherwise exempted
5 from the requirements of this chapter.

6 **Sec. 25.** Chapter 237 of NRS is hereby amended by adding thereto a
7 new section to read as follows:

8 1. *The committee on local government finance may recommend to*
9 *the Nevada tax commission the adoption of such regulations as the*
10 *committee determines are necessary for the administration of the*
11 *provisions of NRS 237.030 to 237.110, inclusive, and this section.*

12 2. *The Nevada tax commission may adopt such regulations*
13 *recommended to it pursuant to subsection 1 as are necessary for the*
14 *administration of the provisions of NRS 237.030 to 237.110, inclusive,*
15 *and this section.*

16 **Sec. 26.** NRS 237.030 is hereby amended to read as follows:

17 237.030 As used in NRS 237.030 to 237.110, inclusive, *and section 25*
18 *of this act*, unless the context otherwise requires, the words and terms
19 defined in NRS 237.040, 237.050 and 237.060 have the meanings ascribed
20 to them in those sections.

21 **Sec. 27.** NRS 237.060 is hereby amended to read as follows:

22 237.060 "Rule" means an ordinance, regulation, resolution or other
23 type of instrument by the adoption of which the governing body of a local
24 government exercises legislative powers. The term does not include an
25 ordinance, regulation, resolution or other type of instrument by the
26 adoption of which the governing body of a local government exercises
27 legislative powers authorized pursuant to chapter 271, 278, 278A, ~~278B~~
28 ~~278B~~, ~~279~~ *or 350* of NRS ~~or pursuant to any other law that authorizes~~
29 *the issuance of a bond, note or other evidence of borrowing by a local*
30 *government.*

31 **Sec. 28.** NRS 244.3661 is hereby amended to read as follows:

32 244.3661 1. Except as otherwise provided in NRS 704.664, a board
33 of county commissioners may, by ordinance, impose an excise tax on the
34 use of water in an amount sufficient to ensure the payment, wholly or in
35 part, of obligations incurred by the county to acquire and construct a new
36 facility for the treatment of water for public or private use, or both. The tax
37 must be imposed on customers of suppliers of water that are capable of
38 using the water treatment services provided by the facility to be financed
39 with the proceeds of the tax.

40 2. An excise tax imposed pursuant to subsection 1 may be levied at
41 different rates for different classes of customers or to take into account
42 differences in the amount of water used or estimated to be used or the size
43 of the connection.

44 3. The ordinance imposing the tax must provide the:

- 45 (a) Rate or rates of the tax;
46 (b) Procedure for collection of the tax;
47 (c) Duration of the tax; and
48 (d) Rate of interest that will be charged on late payments.



1 4. Late payments of the tax must bear interest at a rate not exceeding 2
2 percent per month, or fraction thereof. The tax due is a perpetual lien
3 against the property served by the water on whose use the tax is imposed
4 until the tax and any interest which may accrue thereon are paid. The
5 county shall enforce the lien in the same manner as provided in NRS
6 ~~361.565~~ 361.5648 to 361.730, inclusive, for property taxes.

7 5. A county may:

8 (a) Acquire and construct a new facility for the treatment of water for
9 public or private use, or both.

10 (b) Finance the project by the issuance of general obligation bonds,
11 medium-term obligations or revenue bonds or other securities issued
12 pursuant to chapter 350 of NRS, or by ~~installment purchase~~ installment-
13 ~~purchase~~ financing pursuant to ~~NRS 350.800~~ that chapter.

14 (c) Enter into an agreement with a public utility which provides that:

15 (1) Water treatment services provided by the facility will be made
16 available to the public utility; or

17 (2) The public utility will operate and maintain the facility,
18 or both. An agreement entered into pursuant to this paragraph may extend
19 beyond the terms of office of the members of the board of county
20 commissioners who voted upon it.

21 6. A county may pledge any money received from the proceeds of a
22 tax imposed pursuant to this section for the payment of general or special
23 obligations issued for a new facility for the treatment of water for public or
24 private use, or both. Any money pledged by the county pursuant to this
25 subsection may be treated as pledged revenues of the project for the
26 purposes of subsection 3 of NRS 350.020.

27 7. As used in this section, "public utility" has the meaning ascribed to
28 it in NRS 704.020 and does not include the persons excluded by NRS
29 704.030.

30 **Sec. 29.** NRS 280.266 is hereby amended to read as follows:

31 280.266 1. Upon the adoption of a resolution pursuant to NRS
32 350.087, the committee may issue a medium-term obligation to purchase
33 capital equipment or enter into a lease-purchase agreement for capital
34 equipment.

35 2. The committee is not required to comply with the provisions of
36 NRS 350.089 if it ~~issues a medium-term obligation for~~ enters a lease-
37 purchase agreement for capital equipment.

38 **Sec. 30.** Chapter 354 of NRS is hereby amended by adding thereto the
39 provisions set forth as sections 31 and 32 of this act.

40 **Sec. 31. 1. *The committee on local government finance may adopt***
41 ***such regulations as are necessary for the administration of this chapter.***

42 **2. *Any regulations adopted by the committee on local government***
43 ***finance must be adopted in the manner prescribed for state agencies in***
44 ***chapter 233B of NRS.***

45 **Sec. 32. *The proceeds from any obligation issued by a local***
46 ***government that has a term which is more than one year must not be***
47 ***used to pay operating expenses.***



1 **Sec. 33.** NRS 354.475 is hereby amended to read as follows:
2 354.475 1. All special districts subject to the provisions of the Local
3 Government Budget Act with annual total expenditures of less than
4 \$100,000 may petition the department of taxation for exemption from the
5 requirements of the Local Government Budget Act for the filing of certain
6 budget documents and audit reports. Such districts may further petition to
7 return to a cash method of accounting. The minimum required of such
8 districts is the filing with the department of taxation of an annual budget on
9 or before April 15 of each year and the filing of quarterly reports in
10 accordance with NRS 354.602. Such petitions must be received by the
11 department of taxation before December 31 to be effective for the
12 succeeding fiscal year or, in a case of an annual audit exemption, to be
13 effective for the current fiscal year. A board of county commissioners may
14 request the department of taxation to audit the financial records of such an
15 exempt district.

16 2. Such districts are exempt from all publication requirements of the
17 Local Government Budget Act, except that the department of taxation by
18 regulation shall require an annual publication of a notice of budget
19 adoption and filing. The ~~department of taxation~~ *committee on local*
20 *government finance* shall adopt regulations pursuant to NRS 354.594
21 which are necessary to carry out the purposes of this section.

22 3. The revenue recorded in accounts that are kept on a cash basis must
23 consist of cash items.

24 4. As used in this section, "cash basis" means the system of accounting
25 under which revenues are recorded only when received and expenditures or
26 expenses are recorded only when paid.

27 **Sec. 34.** NRS 354.535 is hereby amended to read as follows:
28 354.535 "General long-term debt" means debt which is legally payable
29 from general revenues and is backed by the full faith and credit of a
30 governmental unit. The term includes debt represented by local
31 government securities issued pursuant to chapter 350 of NRS and debt
32 created for medium-term obligations pursuant to NRS ~~350.085~~ *350.087*
33 to 350.095, inclusive.

34 **Sec. 35.** NRS 354.594 is hereby amended to read as follows:
35 354.594 The ~~department of taxation~~ *committee on local government*
36 *finance* shall determine and advise local government officers of
37 regulations, procedures and report forms for compliance with NRS 354.470
38 to 354.626, inclusive. ~~It shall make such determinations after hearing the~~
39 ~~advice and recommendations of the committee on local government~~
40 ~~finance.~~

41 **Sec. 36.** NRS 354.598 is hereby amended to read as follows:
42 354.598 1. At the time and place advertised for public hearing, or at
43 any time and place to which the public hearing is from time to time
44 adjourned, the governing body shall hold a public hearing on the tentative
45 budget, at which time interested persons must be given an opportunity to
46 be heard.

47 2. At the public hearing, the governing body shall indicate changes, if
48 any, to be made in the tentative budget, and shall adopt a final budget by
49 the favorable votes of a majority of all members of the governing body.



1 Except as otherwise provided in this subsection, the final budget must be
2 adopted on or before June 1 of each year. The final budgets of school
3 districts must be adopted on or before June 8 of each year and must be
4 accompanied by copies of the written report and written procedure
5 prepared pursuant to subsection 3 of NRS 385.351. Should the governing
6 body fail to adopt a final budget that complies with the requirements of law
7 and the regulations of the ~~department of taxation~~ *committee on local*
8 *government finance* on or before the required date, the budget adopted and
9 approved by the department of taxation for the current year, adjusted as to
10 content and rate in such a manner as the department of taxation may
11 consider necessary, automatically becomes the budget for the ensuing
12 fiscal year. When a budget has been so adopted by default, the governing
13 body may not reconsider the budget without the express approval of the
14 department of taxation. If the default budget creates a combined ad
15 valorem tax rate in excess of the limit imposed by NRS 361.453, the
16 Nevada tax commission shall adjust the budget as provided in NRS
17 361.4547 or 361.455.

18 3. The final budget must be certified by a majority of all members of
19 the governing body and a copy of it, together with an affidavit of proof of
20 publication of the notice of the public hearing, must be transmitted to the
21 Nevada tax commission. If a tentative budget is adopted by default as
22 provided in subsection 2, the clerk of the governing body shall certify the
23 budget and transmit to the Nevada tax commission a copy of the budget,
24 together with an affidavit of proof of the notice of the public hearing, if
25 that notice was published. Certified copies of the final budget must be
26 distributed as determined by the department of taxation.

27 4. Upon the adoption of the final budget or the amendment of the
28 budget in accordance with NRS 354.606, the several amounts stated in it as
29 proposed expenditures are appropriated for the purposes indicated in the
30 budget.

31 5. No governing body may adopt any budget which appropriates for
32 any fund any amount in excess of the budget resources of that fund.

33 6. On or before January 1 of each school year, each school district
34 shall adopt an amendment to its final budget after the count of pupils is
35 completed pursuant to subsection 1 of NRS 387.1233. The amendment
36 must reflect any adjustments necessary as a result of the completed count
37 of pupils.

38 **Sec. 37.** NRS 354.59811 is hereby amended to read as follows:

39 354.59811 1. Except as otherwise provided in NRS 354.59813,
40 354.59815, 354.5982, 354.5987, 354.59871, 354.705, 354.723, 450.425,
41 450.760, 540A.265 and 543.600, for each fiscal year beginning on or after
42 July 1, 1989, the maximum amount of money that a local government,
43 except a school district, a district to provide a telephone number for
44 emergencies ~~H~~ or a redevelopment agency, may receive from taxes ad
45 valorem, other than those attributable to the net proceeds of minerals or
46 those levied for the payment of bonded indebtedness and interest thereon
47 incurred as general long-term debt of the issuer, or for the payment of
48 obligations issued to pay the cost of a water project pursuant to NRS



1 349.950, or for the payment of obligations under a capital lease executed
2 before April 30, 1981, must be calculated as follows:

3 (a) The rate must be set so that when applied to the current fiscal year's
4 assessed valuation of all property which was on the preceding fiscal year's
5 assessment roll, together with the assessed valuation of property on the
6 central assessment roll which was allocated to the local government, but
7 excluding any assessed valuation attributable to the net proceeds of
8 minerals, assessed valuation attributable to a redevelopment area and
9 assessed valuation of a fire protection district attributable to real property
10 which is transferred from private ownership to public ownership for the
11 purpose of conservation, it will produce 106 percent of the maximum
12 revenue allowable from taxes ad valorem for the preceding fiscal year,
13 except that the rate so determined must not be less than the rate allowed for
14 the previous fiscal year, except for any decrease attributable to the
15 imposition of a tax pursuant to NRS 354.59813 in the previous year.

16 (b) This rate must then be applied to the total assessed valuation,
17 excluding the assessed valuation attributable to the net proceeds of
18 minerals and the assessed valuation of a fire protection district attributable
19 to real property which is transferred from private ownership to public
20 ownership for the purpose of conservation, but including new real
21 property, possessory interests and mobile homes, for the current fiscal year
22 to determine the allowed revenue from taxes ad valorem for the local
23 government.

24 2. As used in this section, "general long-term debt" does not include
25 debt created for medium-term obligations pursuant to NRS ~~350.0851~~
26 ~~350.087~~ to 350.095, inclusive.

27 **Sec. 38.** NRS 354.59817 is hereby amended to read as follows:

28 354.59817 1. In addition to the allowed revenue from taxes ad
29 valorem determined pursuant to NRS 354.59811, upon the approval of a
30 majority of the registered voters of a county voting upon the question, the
31 board of county commissioners may levy a tax ad valorem on all taxable
32 property in the county at a rate not to exceed 15 cents per \$100 of the
33 assessed valuation of the county. A tax must not be levied pursuant to this
34 section for more than 10 years.

35 2. The board of county commissioners shall direct the county treasurer
36 to distribute quarterly the proceeds of any tax levied pursuant to the
37 provisions of this section among the county and the cities and towns within
38 that county in the proportion that the supplemental city-county relief tax
39 distribution factor of each of those local governments for the 1990-1991
40 fiscal year bears to the sum of the supplemental city-county relief tax
41 distribution factors of all of the local governments in the county for the
42 1990-1991 fiscal year.

43 3. The board of county commissioners shall not reduce the rate of any
44 tax levied pursuant to the provisions of this section without the approval of
45 each of the local governments that receives a portion of the tax, except that,
46 if a local government declines to receive its portion of the tax in a
47 particular year the levy may be reduced by the amount that local
48 government would have received.



1 4. The governing body of each local government that receives a
2 portion of the revenue from the tax levied pursuant to this section shall
3 establish a separate fund for capital projects for the purposes set forth in
4 this section. All interest and income earned on the money in the fund must
5 also be deposited in the fund. The money in the fund may only be used for:

6 (a) The purchase of capital assets including land, improvements to land
7 and major items of equipment;

8 (b) The construction or replacement of public works; and

9 (c) The renovation of existing governmental facilities, not including
10 normal recurring maintenance.

11 The money in the fund must not be used to finance the issuance or the
12 repayment of bonds or other obligations, including medium-term
13 obligations ~~H~~ *and installment-purchase agreements.*

14 5. Money may be retained in the fund for not more than 10 years to
15 allow the funding of projects without the issuance of bonds or other
16 obligations. For the purpose of determining the length of time a deposit of
17 money has been retained in the fund, all money withdrawn from the fund
18 shall be deemed to be taken on a first-in, first-out basis. No money in the
19 fund at the end of the fiscal year may revert to any other fund, nor may the
20 money be a surplus for any other purpose than those specified in this
21 section.

22 6. The annual budget and audit report of each local government must
23 specifically identify this fund and must indicate in detail the projects that
24 have been funded with money from the fund. Any planned accumulation of
25 the money in the fund must also be specifically identified.

26 7. The projects on which money raised pursuant to this section will be
27 expended must be approved by the voters in the question submitted
28 pursuant to subsection 1 or in a separate question submitted on the ballot at
29 a ~~primary,~~ general or special election.

30 **Sec. 39.** NRS 354.59891 is hereby amended to read as follows:

31 354.59891 1. As used in this section:

32 (a) "Building permit basis" means the combination of the rate and the
33 valuation method used to calculate the total building permit fee.

34 (b) "Building permit" means the official document or certificate issued
35 by the building officer of a local government which authorizes the
36 construction of a structure.

37 (c) "Building permit fee" means the total fees that must be paid before
38 the issuance of a building permit, including without limitation, all permit
39 fees and inspection fees. The term does not include, without limitation, fees
40 relating to water, sewer or other utilities, residential construction tax, tax
41 for the improvement of transportation imposed pursuant to NRS 278.710,
42 any fee imposed pursuant to NRS 244.386 or any amount expended to
43 change the zoning of the property.

44 2. Except as otherwise provided in subsections 3 and 4, a local
45 government shall not increase its building permit basis by more than an
46 amount equal to the building permit basis on June 30, 1989, multiplied by a
47 percentage equal to the percentage increase in the consumer price index
48 from January 1, 1988, to the January 1 next preceding the fiscal year for
49 which the calculation is made.



1 3. A local government may submit an application to increase its
2 building permit basis by an amount greater than otherwise allowable
3 pursuant to subsection 2 to the Nevada tax commission. The Nevada tax
4 commission may allow the increase only if it finds that:

5 (a) Emergency conditions exist which impair the ability of the local
6 government to perform the basic functions for which it was created; or

7 (b) The building permit basis of the local government is substantially
8 below that of other local governments in the state and the cost of providing
9 the services associated with the issuance of building permits in the
10 previous fiscal year exceeded the total revenue received from building
11 permit fees, excluding any amount of residential construction tax collected,
12 for that fiscal year.

13 4. Upon application by a local government, the Nevada tax
14 commission shall exempt the local government from the limitation on the
15 increase of its building permit basis if:

16 (a) The local government creates an enterprise fund exclusively for fees
17 for building permits;

18 (b) Any interest or other income earned on the money in the enterprise
19 fund is credited to the fund; and

20 (c) The local government does not use any of the money in the
21 enterprise fund for any purpose other than the actual direct and indirect
22 costs of the program for the issuance of building permits, including without
23 limitation, the cost of checking plans, issuing permits, inspecting buildings
24 and administering the program. The ~~executive director of the department~~
25 ~~of taxation~~ *committee on local government finance* shall adopt
26 regulations governing the permissible expenditures from an enterprise fund
27 pursuant to this paragraph.

28 **Sec. 40.** NRS 354.6105 is hereby amended to read as follows:

29 354.6105 1. A local government ~~in a county whose population is~~
30 ~~100,000 or more shall~~ *may* establish a fund for the extraordinary
31 maintenance, repair or improvement of capital projects. ~~The local~~
32 ~~government shall establish within that fund a separate account for each~~
33 ~~capital project it undertakes, except a capital project for the:~~

34 ~~—(a) Construction of public roads;~~

35 ~~—(b) Control of floods; or~~

36 ~~—(c) Transmission or treatment of water, waste water or sewerage.~~

37 ~~The local government shall allocate an amount equal to one-half of 1~~
38 ~~percent of the total amount of the bonds sold for each capital project and~~
39 ~~deposit that amount in the separate account established for that capital~~
40 ~~project. The proceeds from the sale of those bonds or any other money of~~
41 ~~the local government may be used to carry out the provisions of this~~
42 ~~subsection.~~

43 2. Any interest and income earned on the money in ~~an account within~~
44 the fund in excess of any amount which is reserved for rebate payments to
45 the Federal Government pursuant to 26 U.S.C. § 148, as amended, or is
46 otherwise required to be applied in a specific manner by the Internal
47 Revenue Code of 1986, as amended, must be credited to ~~that account.~~

48 ~~—3.—The~~ *the fund.*



1 **3. Except as otherwise provided in NRS 374A.020, the** money in
2 ~~each account within~~ the fund may be used only for the extraordinary
3 maintenance, repair or improvement of ~~the capital project or a facility~~
4 ~~which replaces that capital project.~~ **capital projects or facilities that**
5 **replace capital projects of the entity that made the deposits in the fund.**
6 The money in ~~each account within~~ the fund at the end of the fiscal year
7 may not revert to any other fund or be a surplus for any purpose other than
8 the purpose specified in this subsection. ~~If the local government sells any~~
9 ~~capital project for which an account within the fund was established, any~~
10 ~~balance remaining in that account must be used to reduce the debt of the~~
11 ~~local government.~~
12 ~~4. The annual budget and audit report of the local government~~
13 ~~prepared pursuant to NRS 354.624 must specifically identify:~~
14 ~~— (a) Each fund and every account within that fund established pursuant~~
15 ~~to this section and indicate in detail any extraordinary maintenance, repairs~~
16 ~~or improvements of the capital project that have been paid for with money~~
17 ~~from the fund; and~~
18 ~~— (b) Any planned accumulation of money in each fund and every account~~
19 ~~within the fund.~~
20 ~~The audit report must include a statement by the auditor whether the local~~
21 ~~government has complied with the provisions of this subsection.~~
22 **4. As used in this section, “extraordinary maintenance, repair or**
23 **improvement” means all expenses ordinarily incurred not more than**
24 **once every 5 years to maintain a local governmental facility or capital**
25 **project in a fit operating condition.**
26 **Sec. 41.** NRS 354.6116 is hereby amended to read as follows:
27 354.6116 A local government, except a school district, that receives
28 revenue from taxes ad valorem from a lessee or user of property which is
29 taxable pursuant to NRS 361.157 or 361.159 shall deposit the revenue in or
30 transfer the revenue to one or more of the funds established by the local
31 government pursuant to NRS ~~354.611~~, 354.6113 or 354.6115 and use that
32 revenue only for the purposes authorized by those sections if the revenue
33 was received in:
34 1. A fiscal year after the fiscal year the taxes were owed; or
35 2. The fiscal year the taxes are owed and the taxes were excluded from
36 the estimate of revenue from taxes ad valorem for the local government
37 pursuant to NRS 354.597.
38 **Sec. 42.** NRS 354.6117 is hereby amended to read as follows:
39 354.6117 1. Except as otherwise provided in subsection 2, the total
40 amount of money which may be transferred in a fiscal year from the
41 general fund of a local government to the funds established pursuant to
42 NRS ~~354.611~~, 354.6113 and 354.6115 must not exceed 10 percent of the
43 total amount of the budgeted expenditures of the general fund, plus any
44 money transferred from the general fund, other than the money transferred
45 to those funds, for that fiscal year.
46 2. Any money that a local government, pursuant to NRS 354.6116,
47 deposits in or transfers to one or more of the funds established by the local
48 government pursuant to NRS ~~354.611~~, 354.6113 or 354.6115:



1 (a) Is not subject to the limitation on the amount of money that a local
2 government may transfer to those funds pursuant to subsection 1.

3 (b) Must not be included in the determination of the total amount of
4 money transferred to those funds for the purposes of the limitation set forth
5 in subsection 1.

6 **Sec. 43.** NRS 354.626 is hereby amended to read as follows:

7 354.626 1. No governing body or member thereof, officer, office,
8 department or agency may, during any fiscal year, expend or contract to
9 expend any money or incur any liability, or enter into any contract which
10 by its terms involves the expenditure of money, in excess of the amounts
11 appropriated for that function, other than bond repayments, medium-term
12 obligation repayments, and any other long-term contract expressly
13 authorized by law. Any officer or employee of a local government who
14 willfully violates NRS 354.470 to 354.626, inclusive, is guilty of a
15 misdemeanor, and upon conviction thereof ceases to hold his office or
16 employment. Prosecution for any violation of this section may be
17 conducted by the attorney general, or, in the case of incorporated cities,
18 school districts or special districts, by the district attorney.

19 2. Without limiting the generality of the exceptions contained in
20 subsection 1, the provisions of this section specifically do not apply to:

21 (a) Purchase of comprehensive general liability policies of insurance
22 which require an audit at the end of the term thereof.

23 (b) Long-term cooperative agreements as authorized by chapter 277 of
24 NRS.

25 (c) Long-term contracts in connection with planning and zoning as
26 authorized by NRS 278.010 to 278.630, inclusive.

27 (d) Long-term contracts for the purchase of utility service such as, but
28 not limited to, heat, light, sewerage, power, water and telephone service.

29 (e) Contracts between a local government and an employee covering
30 professional services to be performed within 24 months following the date
31 of such contract or contracts entered into between local government
32 employers and employee organizations.

33 (f) Contracts between a local government and any person for the
34 construction or completion of public works, money for which has been or
35 will be provided by the proceeds of a sale of bonds , ~~for~~ medium-term
36 obligations *or an installment-purchase agreement* and that are entered
37 into by the local government after:

38 (1) Any election required for the approval of the bonds *or*
39 *installment-purchase agreement* has been held;

40 (2) Any approvals by any other governmental entity required to be
41 obtained before the bonds , ~~for~~ medium-term obligations *or installment-*
42 *purchase agreement* can be issued have been obtained; and

43 (3) The ordinance or resolution that specifies each of the terms of the
44 bonds , ~~for~~ medium-term obligations ~~for~~ *or installment-purchase*
45 *agreement*, except those terms that are set forth in paragraphs (a) to (e),
46 inclusive, of subsection 2 of NRS 350.165, has been adopted.

47 Neither the fund balance of a governmental fund nor the equity balance in
48 any proprietary fund may be used unless appropriated in a manner
49 provided by law.



* S B 5 5 3 *

1 (g) Contracts which are entered into by a local government and
2 delivered to any person solely for the purpose of acquiring supplies and
3 equipment necessarily ordered in the current fiscal year for use in an
4 ensuing fiscal year, and which, under the method of accounting adopted by
5 the local government, will be charged against an appropriation of a
6 subsequent fiscal year. Purchase orders evidencing such contracts are
7 public records available for inspection by any person on demand.

8 (h) Long-term contracts for the furnishing of television or FM radio
9 broadcast translator signals as authorized by NRS 269.127.

10 (i) The receipt and proper expenditure of money received pursuant to a
11 grant awarded by an agency of the Federal Government.

12 (j) The incurrence of obligations beyond the current fiscal year under a
13 lease or contract for installment purchase which contains a provision that
14 the obligation incurred thereby is extinguished by the failure of the
15 governing body to appropriate money for the ensuing fiscal year for the
16 payment of the amounts then due.

17 **Sec. 44.** NRS 354.705 is hereby amended to read as follows:

18 354.705 1. As soon as practicable after the department takes over the
19 management of a local government, the executive director shall:

20 (a) Determine the total amount of expenditures necessary to allow the
21 local government to perform the basic functions for which it was created;

22 (b) Determine the amount of revenue reasonably expected to be
23 available to the local government; and

24 (c) Consider any alternative sources of revenue available to the local
25 government.

26 2. If the executive director determines that the available revenue is not
27 sufficient to provide for the payment of required debt service and operating
28 expenses, he may submit his findings to the committee who shall review
29 the determinations made by the executive director. If the committee
30 determines that additional revenue is needed, it shall prepare a
31 recommendation to the Nevada tax commission as to which one or more of
32 the following additional taxes or charges should be imposed by the local
33 government:

34 (a) The levy of a property tax up to a rate which when combined with
35 all other overlapping rates levied in the state does not exceed \$4.50 on each
36 \$100 of assessed valuation.

37 (b) An additional tax on transient lodging at a rate not to exceed 1
38 percent of the gross receipts from the rental of transient lodging within the
39 boundaries of the local government upon all persons in the business of
40 providing lodging. Any such tax must be collected and administered in the
41 same manner as all other taxes on transient lodging are collected by or for
42 the local government.

43 (c) Additional service charges appropriate to the local government.

44 (d) If the local government is a county or has boundaries that are
45 conterminous with the boundaries of the county:

46 (1) An additional tax on the gross receipts from the sale or use of
47 tangible personal property not to exceed one quarter of 1 percent
48 throughout the county. The ordinance imposing any such tax must include



1 provisions in substance which comply with the requirements of subsections
2 2 to 5, inclusive, of NRS 377A.030.

3 (2) An additional motor vehicle privilege tax of not more than 1 cent
4 on each \$1 of valuation of the vehicle for the privilege of operating upon
5 the public streets, roads and highways of the county on each vehicle based
6 in the county except those vehicles exempt from the motor vehicle
7 privilege tax imposed pursuant to chapter 371 of NRS or a vehicle subject
8 to NRS 706.011 to 706.861, inclusive, which is engaged in interstate or
9 intercounty operations. As used in this subparagraph, "based" has the
10 meaning ascribed to it in NRS 482.011.

11 3. Upon receipt of the plan from the committee, *a panel consisting of*
12 *three members of the committee appointed by the committee and three*
13 *members of the Nevada tax commission appointed by* the Nevada tax
14 commission shall hold a public hearing at a location within the boundaries
15 of the local government in which the severe financial emergency exists
16 after giving public notice of the hearing at least 10 days before the date on
17 which the hearing will be held. In addition to the public notice, the
18 ~~Nevada tax commission~~ *panel* shall give notice to the governing body of
19 each local government whose jurisdiction overlaps with the jurisdiction of
20 the local government in which the severe financial emergency exists.

21 4. After the public hearing ~~is~~ *conducted pursuant to subsection 3*, the
22 Nevada tax commission may adopt the plan as submitted or adopt a revised
23 plan. Any plan adopted pursuant to this section must include the duration
24 for which any new or increased taxes or charges may be collected which
25 must not exceed 5 years.

26 5. Upon adoption of the plan by the Nevada tax commission, the local
27 government in which the severe financial emergency exists shall impose or
28 cause to be imposed the additional taxes and charges included in the plan
29 for the duration stated in the plan or until the severe financial emergency
30 has been determined by the Nevada tax commission to have ceased to
31 exist.

32 6. The allowed revenue from taxes ad valorem determined pursuant to
33 NRS 354.59811 does not apply to any additional property tax levied
34 pursuant to this section.

35 **Sec. 45.** NRS 355.170 is hereby amended to read as follows:

36 355.170 1. Except as otherwise provided in this section and in NRS
37 354.750, a board of county commissioners, a board of trustees of a county
38 school district or the governing body of an incorporated city may purchase
39 for investment the following securities and no others:

40 (a) Bonds and debentures of the United States, the maturity dates of
41 which do not extend more than 10 years after the date of purchase.

42 (b) Farm loan bonds, consolidated farm loan bonds, debentures,
43 consolidated debentures and other obligations issued by federal land banks
44 and federal intermediate credit banks under the authority of the Federal
45 Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021
46 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to
47 2259, inclusive, and bonds, debentures, consolidated debentures and other
48 obligations issued by banks for cooperatives under the authority of the



* S B 5 5 3 *

1 Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive,
2 and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

3 (c) Bills and notes of the United States Treasury, the maturity date of
4 which is not more than 10 years after the date of purchase.

5 (d) Obligations of an agency or instrumentality of the United States of
6 America or a corporation sponsored by the government, the maturity date
7 of which is not more than 10 years after the date of purchase.

8 (e) Negotiable certificates of deposit issued by commercial banks,
9 insured credit unions or savings and loan associations.

10 (f) Securities which have been expressly authorized as investments for
11 local governments or agencies, as defined in NRS 354.474, by any
12 provision of Nevada Revised Statutes or by any special law.

13 (g) Subject to the limitations contained in NRS 355.177, negotiable
14 notes or ~~short time negotiable bonds~~ *medium-term obligations* issued by
15 local governments of the State of Nevada pursuant to NRS ~~350.091-~~
16 *350.087 to 350.095, inclusive.*

17 (h) Bankers' acceptances of the kind and maturities made eligible by
18 law for rediscount with Federal Reserve Banks, and generally accepted by
19 banks or trust companies which are members of the Federal Reserve
20 System. Eligible bankers' acceptances may not exceed 180 days' maturity.
21 Purchases of bankers' acceptances may not exceed 20 percent of the
22 money available to a local government for investment as determined on the
23 date of purchase.

24 (i) Obligations of state and local governments if:

25 (1) The interest on the obligation is exempt from gross income for
26 federal income tax purposes; and

27 (2) The obligation has been rated "A" or higher by one or more
28 nationally recognized bond credit rating agencies.

29 (j) Commercial paper issued by a corporation organized and operating
30 in the United States or by a depository institution licensed by the United
31 States or any state and operating in the United States that:

32 (1) Is purchased from a registered broker-dealer;

33 (2) At the time of purchase has a remaining term to maturity of no
34 more than 270 days; and

35 (3) Is rated by a nationally recognized rating service as "A-1," "P-1"
36 or its equivalent, or better,

37 except that investments pursuant to this paragraph may not, in aggregate
38 value, exceed 20 percent of the total portfolio as determined on the date of
39 purchase, and if the rating of an obligation is reduced to a level that does
40 not meet the requirements of this paragraph, it must be sold as soon as
41 possible.

42 (k) Money market mutual funds which:

43 (1) Are registered with the Securities and Exchange Commission;

44 (2) Are rated by a nationally recognized rating service as "AAA" or
45 its equivalent; and

46 (3) Invest only in securities issued by the Federal Government or
47 agencies of the Federal Government or in repurchase agreements fully
48 collateralized by such securities.



1 2. Repurchase agreements are proper and lawful investments of money
2 of a board of county commissioners, a board of trustees of a county school
3 district or a governing body of an incorporated city for the purchase or sale
4 of securities which are negotiable and of the types listed in subsection 1 if
5 made in accordance with the following conditions:

6 (a) The board of county commissioners, the board of trustees of the
7 school district or the governing body of the city shall designate in advance
8 and thereafter maintain a list of qualified counterparties which:

9 (1) Regularly provide audited and, if available, unaudited financial
10 statements;

11 (2) The board of county commissioners, the board of trustees of the
12 school district or the governing body of the city has determined to have
13 adequate capitalization and earnings and appropriate assets to be highly
14 ~~credit worthy;~~ *creditworthy*; and

15 (3) Have executed a written master repurchase agreement in a form
16 satisfactory to the board of county commissioners, the board of trustees of
17 the school district or the governing body of the city pursuant to which all
18 repurchase agreements are entered into. The master repurchase agreement
19 must require the prompt delivery to the board of county commissioners, the
20 board of trustees of the school district or the governing body of the city and
21 the appointed custodian of written confirmations of all transactions
22 conducted thereunder, and must be developed giving consideration to the
23 Federal Bankruptcy Act.

24 (b) In all repurchase agreements:

25 (1) At or before the time money to pay the purchase price is
26 transferred, title to the purchased securities must be recorded in the name
27 of the appointed custodian, or the purchased securities must be delivered
28 with all appropriate, executed transfer instruments by physical delivery to
29 the custodian;

30 (2) The board of county commissioners, the board of trustees of the
31 school district or the governing body of the city must enter a written
32 contract with the custodian appointed pursuant to subparagraph (1) which
33 requires the custodian to:

34 (I) Disburse cash for repurchase agreements only upon receipt of
35 the underlying securities;

36 (II) Notify the board of county commissioners, the board of
37 trustees of the school district or the governing body of the city when the
38 securities are marked to the market if the required margin on the agreement
39 is not maintained;

40 (III) Hold the securities separate from the assets of the custodian;
41 and

42 (IV) Report periodically to the board of county commissioners, the
43 board of trustees of the school district or the governing body of the city
44 concerning the market value of the securities;

45 (3) The market value of the purchased securities must exceed 102
46 percent of the repurchase price to be paid by the counterparty and the value
47 of the purchased securities must be marked to the market weekly;

48 (4) The date on which the securities are to be repurchased must not
49 be more than 90 days after the date of purchase; and



* S B 5 5 3 *

- 1 (5) The purchased securities must not have a term to maturity at the
2 time of purchase in excess of 10 years.
- 3 3. The securities described in paragraphs (a), (b) and (c) of subsection
4 1 and the repurchase agreements described in subsection 2 may be
5 purchased when, in the opinion of the board of county commissioners, the
6 board of trustees of a county school district or the governing body of the
7 city, there is sufficient money in any fund of the county, the school district
8 or city to purchase those securities and the purchase will not result in the
9 impairment of the fund for the purposes for which it was created.
- 10 4. When the board of county commissioners, the board of trustees of a
11 county school district or *the* governing body of the city has determined that
12 there is available money in any fund or funds for the purchase of bonds as
13 set out in subsection 1 or 2, those purchases may be made and the bonds
14 paid for out of any one or more of the funds, but the bonds must be
15 credited to the funds in the amounts purchased, and the money received
16 from the redemption of the bonds, as and when redeemed, must go back
17 into the fund or funds from which the purchase money was taken
18 originally.
- 19 5. Any interest earned on money invested pursuant to subsection 3,
20 may, at the discretion of the board of county commissioners, the board of
21 trustees of a county school district or *the* governing body of the city, be
22 credited to the fund from which the principal was taken or to the general
23 fund of the county, school district or incorporated city.
- 24 6. The board of county commissioners, the board of trustees of a
25 county school district or *the* governing body of an incorporated city may
26 invest any money apportioned into funds and not invested pursuant to
27 subsection 3 and any money not apportioned into funds in bills and notes
28 of the United States Treasury, the maturity date of which is not more than 1
29 year after the date of investment. These investments must be considered as
30 cash for accounting purposes, and all the interest earned on them must be
31 credited to the general fund of the county, school district or incorporated
32 city.
- 33 7. This section does not authorize the investment of money
34 administered pursuant to a contract, debenture agreement or grant in a
35 manner not authorized by the terms of the contract, agreement or grant.
- 36 8. As used in this section:
- 37 (a) “Counterparty” means a bank organized and operating or licensed to
38 operate in the United States pursuant to federal or state law or a securities
39 dealer which is:
- 40 (1) A registered broker-dealer;
- 41 (2) Designated by the Federal Reserve Bank of New York as a
42 “primary” dealer in United States government securities; and
- 43 (3) In full compliance with all applicable capital requirements.
- 44 (b) “Repurchase agreement” means a purchase of securities by a board
45 of county commissioners, the board of trustees of a county school district
46 or the governing body of an incorporated city from a counterparty which
47 commits to repurchase those securities or securities of the same issuer,
48 description, issue date and maturity on or before a specified date for a
49 specified price.



1 **Sec. 46.** NRS 360.750 is hereby amended to read as follows:
2 360.750 1. A person who intends to locate or expand a business in
3 this state may apply to the commission on economic development for a
4 partial abatement of one or more of the taxes imposed on the new or
5 expanded business pursuant to chapter 361, 364A or 374 of NRS.
6 2. The commission on economic development shall approve an
7 application for a partial abatement if the commission makes the following
8 determinations:
9 (a) The business is consistent with:
10 (1) The state plan for industrial development and diversification that
11 is developed by the commission pursuant to NRS 231.067; and
12 (2) Any guidelines adopted pursuant to the state plan.
13 (b) The applicant has executed an agreement with the commission
14 which states that the business will, after the date on which a certificate of
15 eligibility for the abatement is issued pursuant to subsection 5, continue in
16 operation in this state for a period specified by the commission, which
17 must be at least 5 years, and will continue to meet the eligibility
18 requirements set forth in this subsection. The agreement must bind the
19 successors in interest of the business for the specified period.
20 (c) The business is registered pursuant to the laws of this state or the
21 applicant commits to obtain a valid business license and all other permits
22 required by the county, city or town in which the business operates.
23 (d) Except as otherwise provided in NRS 361.0687, if the business is a
24 new business in a county or city whose population is 50,000 or more, the
25 business meets at least two of the following requirements:
26 (1) The business will have 75 or more full-time employees on the
27 payroll of the business by the fourth quarter that it is in operation.
28 (2) Establishing the business will require the business to make a
29 capital investment of at least \$1,000,000 in this state.
30 (3) The average hourly wage that will be paid by the new business to
31 its employees in this state is at least 100 percent of the average statewide
32 hourly wage as established by the employment security division of the
33 department of employment, training and rehabilitation on July 1 of each
34 fiscal year and:
35 (I) The business will provide a health insurance plan for all
36 employees that includes an option for health insurance coverage for
37 dependents of the employees; and
38 (II) The cost to the business for the benefits the business provides
39 to its employees in this state will meet the minimum requirements for
40 benefits established by the commission by regulation pursuant to
41 subsection 9.
42 (e) Except as otherwise provided in NRS 361.0687, if the business is a
43 new business in a county or city whose population is less than 50,000, the
44 business meets at least two of the following requirements:
45 (1) The business will have 25 or more full-time employees on the
46 payroll of the business by the fourth quarter that it is in operation.
47 (2) Establishing the business will require the business to make a
48 capital investment of at least \$250,000 in this state.



1 (3) The average hourly wage that will be paid by the new business to
2 its employees in this state is at least 100 percent of the average statewide
3 hourly wage as established by the employment security division of the
4 department of employment, training and rehabilitation on July 1 of each
5 fiscal year and:

6 (I) The business will provide a health insurance plan for all
7 employees that includes an option for health insurance coverage for
8 dependents of the employees; and

9 (II) The cost to the business for the benefits the business provides
10 to its employees in this state will meet the minimum requirements for
11 benefits established by the commission by regulation pursuant to
12 subsection 9.

13 (f) If the business is an existing business, the business meets at least two
14 of the following requirements:

15 (1) The business will increase the number of employees on its payroll
16 by 10 percent more than it employed in the immediately preceding fiscal
17 year or by six employees, whichever is greater.

18 (2) The business will expand by making a capital investment in this
19 state in an amount equal to at least 20 percent of the value of the tangible
20 property possessed by the business in the immediately preceding fiscal
21 year. The determination of the value of the tangible property possessed by
22 the business in the immediately preceding fiscal year must be made by the:

23 (I) County assessor of the county in which the business will
24 expand, if the business is locally assessed; or

25 (II) Department, if the business is centrally assessed.

26 (3) The average hourly wage that will be paid by the existing
27 business to its new employees in this state is at least 100 percent of the
28 average statewide hourly wage as established by the employment security
29 division of the department of employment, training and rehabilitation on
30 July 1 of each fiscal year and:

31 (I) The business will provide a health insurance plan for all new
32 employees that includes an option for health insurance coverage for
33 dependents of the employees; and

34 (II) The cost to the business for the benefits the business provides
35 to its new employees in this state will meet the minimum requirements for
36 benefits established by the commission by regulation pursuant to
37 subsection 9.

38 3. Notwithstanding the provisions of subsection 2, the commission on
39 economic development may:

40 (a) Approve an application for a partial abatement by a business that
41 does not meet the requirements set forth in paragraph (d), (e) or (f) of
42 subsection 2;

43 (b) Make the requirements set forth in paragraph (d), (e) or (f) of
44 subsection 2 more stringent; or

45 (c) Add additional requirements that a business must meet to qualify for
46 a partial abatement,
47 if the commission determines that such action is necessary.

48 4. If a person submits an application to the commission on economic
49 development pursuant to subsection 1, the commission shall provide notice



1 to the governing body of the county and the city or town, if any, in which
2 the person intends to locate or expand a business. The notice required
3 pursuant to this subsection must set forth the date, time and location of the
4 hearing at which the commission will consider the application.

5 5. If the commission on economic development approves an
6 application for a partial abatement, the commission shall immediately
7 forward a certificate of eligibility for the abatement to:

- 8 (a) The department;
9 (b) The Nevada tax commission; and
10 (c) If the partial abatement is from the property tax imposed pursuant to
11 chapter 361 of NRS, the county treasurer.

12 6. An applicant for a partial abatement pursuant to this section or an
13 existing business whose partial abatement is in effect shall, upon the
14 request of the executive director of the commission on economic
15 development, furnish the executive director with copies of all
16 records necessary to verify that the applicant meets the requirements of
17 subsection 2.

18 7. If a business whose partial abatement has been approved pursuant to
19 this section and is in effect ceases:

- 20 (a) To meet the requirements set forth in subsection 2; or
21 (b) Operation before the time specified in the agreement described in
22 paragraph (b) of subsection 2,
23 the business shall repay to the department or, if the partial abatement was
24 from the property tax imposed pursuant to chapter 361 of NRS, to the
25 county treasurer, the amount of the exemption that was allowed pursuant to
26 this section before the failure of the business to comply unless the Nevada
27 tax commission determines that the business has substantially complied
28 with the requirements of this section. Except as otherwise provided in NRS
29 360.232 and 360.320, the business shall, in addition to the amount of the
30 exemption required to be paid pursuant to this subsection, pay interest on
31 the amount due at the rate most recently established pursuant to NRS
32 99.040 for each month, or portion thereof, from the last day of the month
33 following the period for which the payment would have been made had the
34 partial abatement not been approved until the date of payment of the tax.

35 8. A county treasurer:

36 (a) Shall deposit any money that he receives pursuant to subsection 7 in
37 one or more of the funds established by a local government of the county
38 pursuant to NRS ~~354.611,~~ 354.6113 or 354.6115; and

39 (b) May use the money deposited pursuant to paragraph (a) only for the
40 purposes authorized by NRS ~~354.611,~~ 354.6113 and 354.6115.

41 9. The commission on economic development:

42 (a) Shall adopt regulations relating to:

43 (1) The minimum level of benefits that a business must provide to its
44 employees if the business is going to use benefits paid to employees as a
45 basis to qualify for a partial abatement; and

46 (2) The notice that must be provided pursuant to subsection 4.

47 (b) May adopt such other regulations as the commission on economic
48 development determines to be necessary to carry out the provisions of this
49 section.



* S B 5 5 3 *

1 10. The Nevada tax commission:
2 (a) Shall adopt regulations regarding:
3 (1) The capital investment that a new business must make to meet the
4 requirement set forth in paragraph (d) or (e) of subsection 2; and
5 (2) Any security that a business is required to post to qualify for a
6 partial abatement pursuant to this section.
7 (b) May adopt such other regulations as the Nevada tax commission
8 determines to be necessary to carry out the provisions of this section.
9 11. An applicant for an abatement who is aggrieved by a final decision
10 of the commission on economic development may petition for judicial
11 review in the manner provided in chapter 233B of NRS.
12 **Sec. 47.** NRS 374A.020 is hereby amended to read as follows:
13 374A.020 1. The collection of the tax imposed by NRS 374A.010
14 must be commenced on the first day of the first calendar quarter that begins
15 at least 30 days after the last condition in subsection 1 of NRS 374A.010 is
16 met.
17 2. The tax must be administered, collected and distributed in the
18 manner set forth in chapter 374 of NRS.
19 3. The board of trustees of the school district shall transfer the
20 proceeds of the tax imposed by NRS 374A.010 from the county school
21 district fund to the fund described in NRS ~~354.611 which has been~~
22 ~~354.6105 which must be~~ established by the board of trustees. The money
23 deposited in the fund described in NRS ~~354.611~~ **354.6105** pursuant to
24 this subsection must be accounted for separately in that fund and must only
25 be expended by the board of trustees for the cost of the extraordinary
26 maintenance, extraordinary repair and extraordinary improvement of
27 school facilities within the county.
28 **Sec. 48.** NRS 387.516 is hereby amended to read as follows:
29 387.516 1. The board of trustees of a school district may apply to the
30 state treasurer for a guarantee agreement whereby money in the state
31 permanent school fund is used to guarantee the payment of the debt service
32 on bonds that the school district will issue. The amount of the guarantee for
33 bonds of each school district outstanding at any one time must not exceed
34 \$25,000,000.
35 2. The application must be on a form prescribed by the state treasurer.
36 The state treasurer shall develop the form in consultation with the
37 executive director.
38 3. Medium-term obligations entered into pursuant to the provisions of
39 NRS ~~350.085~~ **350.087** to 350.095, inclusive, are not eligible for
40 guarantee pursuant to NRS 387.513 to 387.528, inclusive.
41 4. Upon receipt of an application for a guarantee agreement from a
42 school district, the state treasurer shall provide a copy of the application
43 and any supporting documentation to the executive director. As soon as
44 practicable after receipt of a copy of an application, the executive director
45 shall investigate the ability of the school district to make timely payments
46 on the debt service of the bonds for which the guarantee is requested. The
47 executive director shall submit a written report of his investigation to the
48 state board of finance indicating his opinion as to whether the school



1 district has the ability to make timely payments on the debt service of
2 the bonds.

3 **Sec. 49.** NRS 387.526 is hereby amended to read as follows:

4 387.526 1. If a school district fails to make a timely payment on the
5 debt service of bonds that are guaranteed pursuant to the provisions of NRS
6 387.513 to 387.528, inclusive, the state treasurer shall:

7 (a) Withdraw from the state permanent school fund the amount of
8 money due for the payment on the debt service;

9 (b) Make the payment on the debt service; and

10 (c) Report the payment to the executive director.

11 2. The amount of money withdrawn pursuant to subsection 1 shall be
12 deemed a loan to the school district from the state permanent school fund.
13 The state treasurer shall determine the rate of interest on the loan, which
14 must not exceed 1 percent above the average rate of interest yielded on
15 investments in the state permanent school fund on the date that the loan is
16 made. A loan that is made to a school district pursuant to this subsection is
17 a special obligation of the school district and is payable only from the
18 sources specified in NRS 387.528.

19 3. A school district that receives a loan pursuant to this section shall
20 not:

21 (a) Include the loan as a general obligation of the school district when
22 determining any limit on the debt of the school district.

23 (b) Unless the school district obtains the written approval of the
24 executive director, for the period during which the loan is unpaid, enter
25 into any medium-term obligations *or installment-purchase agreement*
26 pursuant to the provisions of NRS ~~350.085~~ *350.087* to 350.095, inclusive,
27 or otherwise borrow money.

28 4. If the executive director receives notice that a loan has been made
29 pursuant to this section, he shall proceed pursuant to the provisions of NRS
30 354.685.

31 **Sec. 50.** NRS 387.528 is hereby amended to read as follows:

32 387.528 1. If a loan is made from the state permanent school fund
33 pursuant to NRS 387.526, the loan must be repaid ~~+~~

34 ~~1. By~~ *by* the school district from the money that is available to the
35 school district to pay the debt service on the bonds that are guaranteed
36 pursuant to the provisions of NRS 387.513 to 387.528, inclusive, unless
37 payment from that money would cause the school district to default on
38 other outstanding bonds, ~~for~~ medium-term obligations *or installment-*
39 *purchase agreements* entered into pursuant to the provisions of NRS
40 ~~350.085~~ *350.087* to 350.095, inclusive; and

41 2. If the school district is not able to repay fully the loan, including any
42 accrued interest, in a timely manner pursuant to subsection 1 or by any
43 other lawful means, the state treasurer shall withhold the payments of
44 money that would otherwise be distributed to the school district from:

45 (a) The interest earned on the state permanent school fund that is
46 distributed among the various school districts;

47 (b) Distributions of the local school support tax, which must be
48 transferred by the state controller upon notification by the state treasurer;
49 and



1 (c) Distributions from the state distributive school account,
2 until the loan is repaid, including any accrued interest on the loan. The
3 state treasurer shall apply the money first to the interest on the loan and,
4 when the interest is paid in full, then to the balance. When the interest and
5 balance on the loan are repaid, the state treasurer shall resume making the
6 distributions that would otherwise be due to the school district.

7 **Sec. 51.** NRS 496.155 is hereby amended to read as follows:

8 496.155 1. Subject to the provisions of NRS 496.150 and subsections
9 2 and 3 of this section, for any undertaking authorized in NRS 496.150, the
10 governing body of a municipality, as it determines from time to time, may,
11 on the behalf and in the name of the municipality, borrow money,
12 otherwise become obligated, and evidence the obligations by the issuance
13 of bonds and other municipal securities, and in connection with the
14 undertaking or the municipal airport, including, without limitation, air
15 navigation facilities and other facilities appertaining to the airport, the
16 governing body may otherwise proceed as provided in the Local
17 Government Securities Law or as provided in subsections 4 and 5.

18 2. General obligation bonds, whether or not their payment is
19 additionally secured by a pledge of net revenues, must be sold as provided
20 in the Local Government Securities Law.

21 3. Revenue bonds may be sold at a public sale as provided in the Local
22 Government Securities Law or at a private sale.

23 4. The governing body may by resolution acquire real property for the
24 expansion of airport or air navigation facilities by entering into contracts of
25 purchase, of a type and duration and on such terms as the governing body
26 determines, including, without limitation, contracts secured by a mortgage
27 or other security interest in the real property. The governing body may not
28 use any revenue derived from taxes ad valorem to pay for the acquisition,
29 and the obligation under the contract does not constitute a general
30 obligation of the municipality or apply against any debt limitation
31 pertaining to the municipality.

32 5. The governing body may by resolution enter into a medium-term
33 obligation *or installment-purchase agreement* for any undertaking
34 authorized in NRS 496.150 and issue negotiable instruments without
35 regard to the requirements specified in:

36 (a) Paragraphs (a) and (b) of subsection 2 of NRS 350.091; and

37 (b) Subsections 1 and 2 of NRS 350.089, unless the financing is to be
38 repaid from the proceeds of a special tax exempt from limitations on taxes
39 ad valorem.

40 **Sec. 52.** NRS 555.215 is hereby amended to read as follows:

41 555.215 1. Upon the preparation and approval of a budget in the
42 manner required by the Local Government Budget Act, the board of county
43 commissioners of each county having lands situated in the district shall, by
44 resolution, levy an assessment upon all real property in the county which is
45 in the weed control district.

46 2. Every assessment so levied is a lien against the property assessed.

47 3. Amounts collected in counties other than the county having the
48 larger or largest proportion of the area of the district must be paid over to
49 the board of county commissioners of that county for the use of the district.



* S B 5 5 3 *

1 4. The county commissioners of that county may obtain medium-term
2 obligations pursuant to NRS ~~350.085~~ 350.087 to 350.095, inclusive, of an
3 amount of money not to exceed the total amount of the assessment, to pay
4 the expenses of controlling the weeds in the weed control district. The
5 loans may be made only after the assessments are levied.

6 **Sec. 53.** Section 12 of chapter 227, Statutes of Nevada 1975, as
7 amended by chapter 351, Statutes of Nevada 1997, at page 1280, is hereby
8 amended to read as follows:

9 Sec. 12. 1. The provisions of the Local Government Budget
10 Act, NRS 354.470 to 354.626, inclusive, as now and hereafter
11 amended, apply to the Authority as a local government, and the
12 Authority shall, for purposes of that application, be deemed a district
13 other than a school district.

14 2. The provisions of NRS ~~350.085~~ 350.087 to 350.095,
15 inclusive, apply to the Authority.

16 **Sec. 54.** Section 20 of chapter 474, Statutes of Nevada 1977, as last
17 amended by chapter 203, Statutes of Nevada 1997, at page 567, is hereby
18 amended to read as follows:

19 Sec. 20. The authority may enter into medium-term obligations
20 *and installment-purchase obligations* in compliance with NRS
21 350.087 to 350.095, inclusive.

22 **Sec. 55.** Section 8A.140 of the charter of Carson City, being chapter
23 16, Statutes of Nevada 1997, at page 45, is hereby amended to read as
24 follows:

25 Sec. 8A.140 Types of securities; pledged revenue.

26 1. For the acquisition, development, construction, equipping,
27 operation, maintenance, improvement and management of open
28 spaces, parks, trails and recreational facilities authorized by this
29 article, the board may issue:

30 (a) General obligation bonds;

31 (b) General obligation bonds for which payment is additionally
32 secured by a pledge of the proceeds of the tax imposed pursuant to
33 this article, and if so determined by the board, further secured by a
34 pledge of the gross or net revenues derived from the operation of the
35 recreational facilities, and any other project of the city which produces
36 income, or from any license fees or other excise taxes imposed for
37 revenue by the city, or otherwise, as may be legally made available
38 for payment of the bonds;

39 (c) Revenue bonds for which payment is solely secured by a
40 pledge of the proceeds of the tax imposed pursuant to this article, and
41 if so determined by the board, further secured by a pledge of the gross
42 or net revenues derived from the operation of the recreational
43 facilities, and any other project of the city which produces income, or
44 from any license fees or other excise taxes imposed for revenue by the
45 city, or otherwise, as may be legally made available for payment of
46 the bonds; and

47 (d) Medium-term obligations pursuant to NRS ~~350.085~~ 350.087
48 to 350.095, inclusive.



1 2. Money pledged to the payment of bonds or other securities
2 pursuant to subsection 1 may be treated for the purposes of subsection
3 3 of NRS 350.020 as pledged revenue for the uses authorized by this
4 article.

5 **Sec. 56.** Section 24 of chapter 37, Statutes of Nevada 1999, at page
6 85, is hereby amended to read as follows:

7 Sec. 24. 1. To acquire, develop, construct, equip, improve and
8 manage libraries, airports, and facilities and services for senior
9 citizens located in the county, the board may issue:

10 (a) General obligation bonds;

11 (b) General obligation bonds for which payment is additionally
12 secured by a pledge of the proceeds of the tax imposed pursuant to
13 this act, and if so determined by the board, further secured by a pledge
14 of the gross or net revenues derived from the operation of libraries,
15 airports or facilities and services for senior facilities or any other
16 project of the county which produces income, or from any license fees
17 or other excise taxes imposed for revenue by the county, or otherwise,
18 as may be legally made available for payment of the bonds;

19 (c) Revenue bonds for which payment is solely secured by a
20 pledge of the proceeds of the tax imposed pursuant to this act, and if
21 so determined by the board, further secured by a pledge of the gross
22 or net revenues derived from the operation of the libraries, airports or
23 facilities for senior citizens or any other project of the county which
24 produces income, or from any license fees or other excise taxes
25 imposed for revenue by the county, or otherwise, as may be legally
26 made available for payment of the bonds; and

27 (d) Medium-term obligations pursuant to NRS ~~350.085~~ **350.087**
28 to 350.095, inclusive.

29 2. Money pledged to the payment of bonds or other securities
30 pursuant to subsection 1 may be treated for the purposes of subsection
31 3 of NRS 350.020 as pledged revenue for the uses authorized by this
32 act.

33 **Sec. 57.** NRS 350.085, NRS 354.5235, 354.6107 and 354.611 are
34 hereby repealed.

35 **Sec. 58.** 1. Except as otherwise provided in subsection 2, all money
36 in an extraordinary maintenance fund created pursuant to NRS 354.6107 or
37 354.611 must be transferred to an extraordinary maintenance fund
38 established pursuant to NRS 354.6105 and must be used for the purposes
39 set forth in that section.

40 2. Money in an extraordinary maintenance fund created pursuant to
41 NRS 354.611 that was collected pursuant to NRS 374A.020 must be:

42 (a) Transferred to an extraordinary maintenance fund created pursuant
43 to NRS 354.6105;

44 (b) Accounted for separately in that fund; and

45 (c) Used only for the purposes and in the manner set forth in NRS
46 374A.020.



- 1 **Sec. 59.** 1. This section and sections 1 to 22, inclusive, and 24 to 58,
2 inclusive, of this act become effective on July 1, 2001.
3 2. Section 23 of this act becomes effective at 12:01 a.m. on July 1,
4 2001.

LEADLINES OF REPEALED SECTIONS

350.085 Definitions.

354.5235 “Extraordinary maintenance, repair or improvement” defined.

354.6107 Fund for extraordinary maintenance, repair or improvement of capital projects in county whose population is less than 100,000.

354.611 Fund for extraordinary maintenance, repair or improvement of local governmental facilities.

