

SENATE BILL NO. 559—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF NEVADA ASSOCIATION OF COUNTIES)

MARCH 26, 2001

Referred to Committee on Government Affairs

SUMMARY—Makes various changes to procedures for borrowing by local governments.
(BDR 30-417)

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

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

AN ACT relating to municipal obligations; 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; 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 8, 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:*
14 1. *Installment-purchase agreements described in subsection 2 of*
15 *section 4 of this act;*
16 2. *Special obligations; and*



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

4 Sec. 4. *"Installment-purchase agreement" means an agreement for*
5 *the purchase of real or personal property by installment or lease or*
6 *another transaction that is described in NRS 350.800 which:*

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

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

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

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

15 The term *"installment-purchase agreement"* does not include an
16 *obligation to pay rent pursuant to a lease which contains no option or*
17 *right to purchase or which contains only an option or right to purchase*
18 *the property without any credit toward the purchase price for lease or*
19 *rental payments.*

20 Sec. 5. *"Local government" has the meaning ascribed to it in NRS*
21 *354.474.*

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

28 Sec. 7. *"Special obligation" means a municipal security issued*
29 *pursuant to NRS 350.582.*

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

36 Sec. 9. NRS 350.001 is hereby amended to read as follows:

37 350.001 As used in NRS 350.001 to 350.006, inclusive, unless the
38 context otherwise requires:

39 1. "Commission" means a debt management commission created
40 pursuant to NRS 350.002.

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

47 ~~3.~~ "Special elective tax" means a tax imposed pursuant to NRS
48 354.59817, 354.5982, 387.197, 387.3285 or 387.3287.



1 **Sec. 10.** NRS 350.0035 is hereby amended to read as follows:
2 350.0035 1. Except as otherwise provided in this section, on or
3 before July 1 of each year, the governing body of a municipality which
4 proposes to issue or has outstanding any general obligation debt, other
5 general obligations or special obligations, or which levies or proposes to
6 levy any special elective tax, shall submit to the department of taxation and
7 the commission:
8 (a) A complete statement of current and contemplated general
9 obligation debt and special elective taxes, and a report of current and
10 contemplated debt and special assessments and retirement schedules, in the
11 detail and form established by the committee on local government finance.
12 (b) A written statement of the debt management policy of the
13 municipality, which must include, without limitation:
14 (1) A discussion of its ability to afford existing general obligation
15 debt, authorized future general obligation debt and proposed future general
16 obligation debt;
17 (2) A discussion of its capacity to incur authorized and proposed
18 future general obligation debt without exceeding the applicable debt limit;
19 (3) A discussion of its general obligation debt that is payable from ad
20 valorem taxes per capita as compared with such debt of other
21 municipalities in this state;
22 (4) A discussion of its general obligation debt that is payable from ad
23 valorem taxes as a percentage of assessed valuation of all taxable property
24 within the boundaries of the municipality;
25 (5) Policy regarding the manner in which the municipality expects to
26 sell its debt;
27 (6) A discussion of its sources of money projected to be available to
28 pay existing general obligation debt, authorized future general obligation
29 debt and proposed future general obligation debt; and
30 (7) A discussion of its operational costs and revenue sources, for the
31 ensuing 5 fiscal years, associated with each project included in its plan for
32 capital improvement submitted pursuant to paragraph (c), if those costs and
33 revenues are expected to affect the tax rate.
34 (c) *Either:*
35 (1) Its plan for capital improvement for the ensuing ~~13~~ 5 fiscal years,
36 which must include any contemplated issuance of general obligation debt
37 during this period and the sources of money projected to be available to
38 pay the debt ~~13~~ ; or
39 (2) *A statement indicating that no changes are contemplated in its*
40 *plan for capital improvement for the ensuing 5 fiscal years.*
41 (d) A statement containing the name, title, mailing address and
42 telephone number of the chief financial officer of the municipality.
43 2. The governing body of a municipality may combine a statement or
44 plan required by subsection 1 with the corresponding statement or plan of
45 another municipality if both municipalities have the same governing body
46 or the governing bodies of both municipalities agree to such a combination.
47 3. The governing body of each municipality shall update all statements
48 and plans required by subsection 1 not less frequently than annually.



1 4. The provisions of this section do not apply to the Airport Authority
2 of Washoe County so long as the authority does not have any general
3 obligation bonds outstanding and does not issue or propose to issue any
4 such bonds. At least 30 days before each annual meeting of the
5 commission, the authority shall submit to the department of taxation a
6 written statement regarding whether the authority is planning to propose to
7 issue any general obligation bonds before the next following annual
8 meeting of the commission.

9 **Sec. 11.** NRS 350.004 is hereby amended to read as follows:

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

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

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

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

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

37 (b) If, based upon:

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

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

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

47 (4) Any other factor the municipality discloses to the commission,
48 the proposal would result in a combined property tax rate in any of the
49 overlapping entities within the county which exceeds the limit provided in



1 NRS 361.453, unless the proposal also includes an agreement approved by
2 the governing bodies of all affected municipalities within the area as to
3 how the combined property tax rates will be brought into compliance with
4 the statutory limitation ~~or~~ *or unless the commission adopts a plan that is*
5 *approved by the executive director of the department of taxation*
6 *pursuant to which the combined property tax rate will be in compliance*
7 *with the statutory limitation.*

8 5. If general obligation debt is to be incurred more than 36 months
9 after the approval of that debt by the commission, the governing body of
10 the municipality shall obtain the *additional* approval of the ~~executive~~
11 ~~director of the department of taxation~~ *commission* before incurring the
12 general obligation debt. The ~~executive director~~ *commission* shall *only*
13 approve ~~the~~ *a* proposal *that is submitted pursuant to this subsection* if,
14 based on the information set forth in paragraph (b) of subsection 4 that is
15 accurate as of the date on which the governing body submits *, pursuant to*
16 *this subsection*, its request for approval to the ~~executive director;~~
17 *commission:*

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

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

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

29 The approval of the ~~executive director~~ *commission pursuant to this*
30 *subsection* is effective for 18 months. The governing body of the
31 municipality may renew that approval for successive periods of 18 months
32 by filing an application for renewal with the ~~executive director.~~
33 *commission.* Such an application must be accompanied by the information
34 set forth in paragraph (b) of subsection 4 that is accurate as of the date the
35 governing body files the application for renewal.

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

39 **Sec. 12.** NRS 350.005 is hereby amended to read as follows:

40 350.005 1. The governing body of the municipality proposing to
41 incur general obligation debt *, to enter an installment-purchase agreement*
42 *with a term of more than 10 years* or *to* levy a special elective tax and the
43 board of trustees of a general improvement district whose population
44 within its boundaries is less than 5,000 ~~or~~ who proposes to *issue a*
45 *medium-term obligation or otherwise* borrow money and issue any
46 securities other than securities representing a general obligation debt ~~or~~ *or*
47 *installment-purchase agreements with terms of 10 years or less*, shall
48 notify the secretary of each appropriate commission, and shall submit a
49 statement of its proposal in sufficient number of copies for each member of



1 the commission. The secretary, with the approval of the chairman, shall,
2 within 10 days, give notice of a meeting, in the manner required by chapter
3 241 of NRS, to be held not more than 20 days thereafter. He shall provide a
4 copy of the proposal to each member with the notice of the meeting, and
5 mail notice of the meeting to the chief financial officer of each
6 municipality in the county which has complied with subsection 1 of NRS
7 350.0035 within the past year.

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

10 (a) ~~The~~ scheduling of:

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

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

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

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

24 **Sec. 13.** NRS 350.0051 is hereby amended to read as follows:

25 350.0051 1. In determining whether to approve or disapprove a
26 proposal to incur debt , *to enter an installment-purchase agreement with*
27 *a term of more than 10 years* or to levy a special elective tax, the
28 commission shall not, except as otherwise provided in paragraph (d),
29 initiate a determination as to whether the proposed debt , *installment-*
30 *purchase agreement* or special elective tax is sought to accomplish a
31 public purpose or to satisfy a public need. The commission shall consider,
32 but is not limited to, the following criteria:

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

35 (b) The effect of the tax levy required for debt service on the proposed
36 debt ~~or to repay an installment-purchase agreement with a term of~~
37 *more than 10 years*, or of the proposed levy of a special elective tax, upon
38 the ability of the municipality proposing to incur the general obligation
39 debt , *enter the installment-purchase agreement* or levy the special
40 elective tax and of other municipalities to raise revenue for operating
41 purposes.

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

48 (d) If the information set forth in paragraph (b) of subsection 4 of NRS
49 350.004 indicates that the proposal would result in a combined property tax



1 rate in any of the overlapping entities within the county which exceeds 90
2 percent of the limit provided in NRS 361.453:

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

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

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

13 *3. The commission may make reasonable requests from a*
14 *municipality for information relating to the criteria described in*
15 *paragraphs (a) to (d), inclusive, of subsection 1. A municipality shall use*
16 *its best efforts to comply with information requests from the commission*
17 *in a timely manner.*

18 **Sec. 14.** NRS 350.006 is hereby amended to read as follows:

19 350.006 The provisions of NRS 350.001 to 350.0052, inclusive, do not
20 apply to:

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

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

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

29 4. Any debt incurred for the purpose of refunding any outstanding
30 general obligation debt ~~and~~; *and*

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

34 **Sec. 15.** NRS 350.020 is hereby amended to read as follows:

35 350.020 1. Except as otherwise provided by subsections 3 and 4, if a
36 municipality proposes to issue or incur general obligations, the proposal
37 must be submitted to the electors of the municipality at a special election
38 called for that purpose or the next general municipal election or general
39 state election.

40 2. Such a special election may be held:

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

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

46 The determination made by the governing body is conclusive unless it is
47 shown that the governing body acted with fraud or a gross abuse of
48 discretion. An action to challenge the determination made by the governing
49 body must be commenced within 15 days after the governing body's



1 determination is final. As used in this subsection, “emergency” means any
2 occurrence or combination of occurrences which requires immediate action
3 by the governing body of the municipality to prevent or mitigate a
4 substantial financial loss to the municipality or to enable the governing
5 body to provide an essential service to the residents of the municipality.

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

34 4. The board of trustees of a school district may issue general
35 obligation bonds which are not expected to result in an increase in the
36 existing property tax levy for the payment of bonds of the school district
37 without holding an election for each issuance of the bonds if the qualified
38 electors approve a question submitted by the board of trustees that
39 authorizes issuance of bonds for a period of 10 years after the date of
40 approval by the voters. If the question is approved, the board of trustees of
41 the school district may issue the bonds for a period of 10 years after the
42 date of approval by the voters, after obtaining the approval of the debt
43 management commission in the county in which the school district is
44 located and, in a county whose population is 100,000 or more, the approval
45 of the oversight panel for school facilities established pursuant to NRS
46 393.092 in that county, if the board of trustees of the school district finds
47 that the existing tax for debt service will at least equal the amount required
48 to pay the principal and interest on the outstanding general obligations of
49 the school district and the general obligations proposed to be issued. The



1 finding made by the board of trustees is conclusive in the absence of fraud
2 or gross abuse of discretion. As used in this subsection, "general
3 obligations" does not include medium-term obligations issued pursuant to
4 NRS ~~350.085~~ 350.087 to 350.095, inclusive.

5 5. At the time of issuance of bonds authorized pursuant to subsection
6 4, the board of trustees shall establish a reserve account in its debt service
7 fund for payment of the outstanding bonds of the school district. The
8 reserve account must be established and maintained in an amount at least
9 equal to the lesser of the amount of principal and interest payments due on
10 all of the outstanding bonds of the school district in the next fiscal year or
11 10 percent of the outstanding principal amount of the outstanding bonds of
12 the school district. If the amount in the reserve account falls below the
13 amount required by this subsection:

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

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

22 6. A municipality may issue special or medium-term obligations
23 without an election.

24 **Sec. 16.** NRS 350.087 is hereby amended to read as follows:

25 350.087 1. If the public interest requires a medium-term obligation
26 ~~or~~ *or installment-purchase agreement*, the governing body of any local
27 government, by a resolution adopted by two-thirds of its members, may
28 authorize a medium-term obligation ~~or~~ *or installment-purchase*
29 *agreement*. For the purposes of the issuance of a medium-term obligation
30 pursuant to NRS 280.266, a metropolitan police committee on fiscal affairs
31 shall be deemed the governing body of a local government.

32 2. The resolution must contain:

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

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

37 (c) A statement that identifies:

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

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

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

46 *(1) A statement comparing the cost of installment-purchasing*
47 *financing with other available methods of financing, including, without*
48 *limitation, financing with general obligation bonds or revenue bonds;*
49 *and*



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

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

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

15 **Sec. 17.** NRS 350.089 is hereby amended to read as follows:

16 350.089 Except as otherwise provided in NRS 280.266 and 496.155:

17 1. Upon the adoption *by a local government* of a resolution for a
18 medium-term obligation ~~+~~ *or installment-purchase agreement*, as
19 provided in NRS 350.087, ~~by a local government,~~ a certified copy thereof
20 must be forwarded to the executive director of the department of taxation.
21 As soon as is practicable, the executive director of the department of
22 taxation shall, after consideration of the tax structure of the local
23 government concerned, the probable ability of the local government to
24 repay the requested medium-term obligation *or installment-purchase*
25 *agreement* and the compliance of the local government with the applicable
26 provisions of law, including, without limitation, the provisions of chapter
27 354 of NRS, approve or disapprove the resolution in writing to the
28 governing board. No such resolution is effective until approved by the
29 executive director of the department of taxation. The written approval of
30 the executive director of the department of taxation must be recorded in the
31 minutes of the governing board.

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

36 **Sec. 18.** NRS 350.091 is hereby amended to read as follows:

37 350.091 1. Whenever the governing body of any local government is
38 authorized to enter into a medium-term obligation *or installment-purchase*
39 *agreement* as provided in NRS 280.266 or 350.089 ~~+~~ *the governing body:*
40 ~~—(a) If the medium-term obligation~~ *that* is intended to finance a capital
41 project, *the governing body* shall update its plan for capital improvement
42 in the same manner as is required for general obligation debt pursuant to
43 NRS 350.0035.

44 ~~+(b) May~~

45 2. *Whenever the governing body of any local government is*
46 *authorized to enter into a medium-term obligation as provided in NRS*
47 *350.089, the governing body may* issue, as evidence thereof, negotiable
48 notes ~~+~~ *leases, other evidence of a transaction described in NRS 350.800,*
49 ~~or short time~~ *or medium-term* negotiable bonds ~~+~~



1 ~~2. Except that, except~~ as otherwise provided in subsection 5 of NRS
2 496.155 : ~~the negotiable notes or bonds;~~

3 (a) Must mature not later than 10 years after the date of issuance ; ~~H~~
4 (b) Must bear interest at a rate or rates which do not exceed by more
5 than 3 percent the Index of Twenty Bonds which was most recently
6 published before the bids are received or a negotiated offer is accepted ~~H~~ ;
7 ~~and~~

8 (c) May, at the option of the local government, contain a provision
9 which allows redemption of the notes or bonds before maturity, upon such
10 terms as the governing body determines.

11 3. *Whenever the governing body of any local government is*
12 *authorized to enter into an installment-purchase agreement as provided*
13 *in NRS 280.266 or 350.089, the governing body may issue, as evidence*
14 *thereof, an installment-purchase agreement, lease or other evidence of a*
15 *transaction described in NRS 350.800. An installment-purchase*
16 *agreement, lease or other evidence of a transaction described in NRS*
17 *350.800 issued pursuant to this subsection:*

18 (a) *Must have a term that is 30 years or less;*

19 (b) *Must bear interest at a rate or rates that do not exceed by more*
20 *than 3 percent the Index of Revenue Bonds which was most recently*
21 *published before the local government enters into the installment-*
22 *purchase agreement; and*

23 (c) *May, at the option of the local government, contain a provision*
24 *that allows prepayment of the purchase price upon such terms as are*
25 *provided in the agreement.*

26 4. If the ~~maximum term of the financing is more than 5 years, the~~
27 *term of the medium-term obligation or installment-purchase agreement*
28 *is more than 5 years, the weighted average term of the medium-term*
29 *obligation or installment-purchase agreement* may not exceed the
30 estimated *weighted average* useful life of the ~~asset to be purchased with~~
31 ~~the proceeds from the financing.~~ *assets being financed with the medium-*
32 *term obligation or installment-purchase agreement.*

33 5. *For the purposes of subsection 4, the Nevada tax commission may*
34 *adopt regulations that provide guidelines for the useful life of various*
35 *types of assets and for calculation of the weighted average useful life of*
36 *assets.*

37 **Sec. 19.** NRS 350.093 is hereby amended to read as follows:

38 350.093 1. After a medium-term obligation has been authorized as
39 provided in NRS 350.089 and if, in the judgment of the governing board of
40 the local government, the fiscal affairs of the local government can be
41 carried on without impairment and there is sufficient money in the general
42 fund or a surplus in any other fund, with the exception of the bond interest
43 and redemption fund, of the local government, the governing board may
44 transfer from the general fund or from the surplus appearing in any fund,
45 with the exception of the bond interest and redemption fund, money
46 sufficient to meet the purpose of the medium-term obligation.

47 2. When such a transfer is made, the governing board of the local
48 government shall comply with the provisions of NRS 350.095, and when



1 the special tax is thereafter collected, the amount so collected must be
2 placed immediately in the fund from which the loan was made.

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

10 **Sec. 20.** NRS 350.115 is hereby amended to read as follows:

11 350.115 "Bond" means any evidence of ~~indebtedness of~~ borrowing
12 by a municipality that is issued pursuant to the provisions of this chapter or
13 chapter 244, 244A, 268, 269, 271, 318 ~~354~~ or 387 of NRS, whether
14 general or special obligations, including, without limitation, bonds, notes,
15 debentures, warrants and certificates.

16 **Sec. 21.** NRS 350.800 is hereby amended to read as follows:

17 350.800 1. A transaction whereby a municipality acquires real or
18 personal property and another person acquires or retains a security interest
19 in that or other property creates a general obligation of the municipality
20 which must be counted against any limit upon its debt unless:

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

24 (b) The budget of the municipality for the fiscal year in which the
25 transaction occurs includes a provision for the discharge of the obligation
26 in full.

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

30 3. Any such transaction is subject to the requirements of this chapter
31 for an election if it must be counted against a debt limit, but , *except as*
32 *otherwise provided in NRS 350.001 to 350.006, inclusive, and 350.087 to*
33 *350.095, inclusive*, is not subject to any other requirement of this chapter.

34 4. In addition to or as a substitute for granting a security interest in the
35 property being acquired in a transaction described in subsection 1, the
36 municipality may grant a security interest in other property if the governing
37 body finds that:

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

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

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

46 **Sec. 22.** NRS 104.9109 is hereby amended to read as follows:

47 104.9109 1. Except as otherwise provided in subsections 3 and 4,
48 this article applies to:



- 1 (a) A transaction, regardless of its form, that creates a security interest
2 in personal property or fixtures by contract;
3 (b) An agricultural lien;
4 (c) A sale of accounts, chattel paper, payment intangibles or promissory
5 notes;
6 (d) A consignment;
7 (e) A security interest arising under NRS 104.2401, 104.2505,
8 subsection 3 of NRS 104.2711 ~~H~~ or subsection 5 of NRS 104A.2508, as
9 provided in NRS 104.9110; and
10 (f) A security interest arising under NRS 104.4210 or 104.5118.
11 2. The application of this article to a security interest in a secured
12 obligation is not affected by the fact that the obligation is itself secured by
13 a transaction or interest to which this article does not apply.
14 3. This article does not apply to the extent that:
15 (a) A statute, regulation or treaty of the United States preempts this
16 article;
17 (b) Another statute of this state expressly governs the creation,
18 perfection, priority or enforcement of a security interest created by this
19 state or a governmental unit of this state;
20 (c) A statute of another state, a foreign country, or a governmental unit
21 of another state or a foreign country, other than a statute generally
22 applicable to security interests, expressly governs creation, perfection,
23 priority, or enforcement of a security interest created by the state, country
24 ~~H~~ or governmental unit; or
25 (d) The rights of a transferee beneficiary or nominated person under a
26 letter of credit are independent and superior under NRS 104.5114.
27 4. This article does not apply to:
28 (a) A landlord's lien, other than an agricultural lien;
29 (b) A lien, other than an agricultural lien, given by statute or other rule
30 of law for services or materials, but NRS 104.9333 applies with respect to
31 priority of the lien;
32 (c) An assignment of a claim for wages, salary or other compensation of
33 an employee;
34 (d) A sale of accounts, chattel paper, payment intangibles or promissory
35 notes as part of a sale of the business out of which they arose;
36 (e) An assignment of accounts, chattel paper, payment intangibles or
37 promissory notes which is for the purpose of collection only;
38 (f) An assignment of a right to payment under a contract to an assignee
39 that is also obligated to perform under the contract;
40 (g) An assignment of a single account, payment intangible or
41 promissory note to an assignee in full or partial satisfaction of a preexisting
42 indebtedness;
43 (h) A transfer of an interest in or an assignment of a claim under a
44 policy of insurance, other than an assignment by or to a health-care
45 provider of a health-care-insurance receivable and any subsequent
46 assignment of the right to payment, but NRS 104.9315 and 104.9322 apply
47 with respect to proceeds and priorities in proceeds;
48 (i) An assignment of a right represented by a judgment, other than a
49 judgment taken on a right to payment that was collateral;



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- 1 (j) A right of recoupment or set-off, but:
2 (1) NRS 104.9340 applies with respect to the effectiveness of rights
3 of recoupment or set-off against deposit accounts; and
4 (2) NRS 104.9404 applies with respect to defenses or claims of an
5 account debtor;
6 (k) The creation or transfer of an interest in or lien on real property,
7 including a lease or rents thereunder, except to the extent that provision is
8 made for:
9 (1) Liens on real property in NRS 104.9203 and 104.9308;
10 (2) Fixtures in NRS 104.9334;
11 (3) Fixture filings in NRS 104.9501, 104.9502, 104.9512, 104.9516
12 and 104.9519; and
13 (4) Security agreements covering personal and real property in NRS
14 104.9604;
15 (l) An assignment of a claim arising in tort, other than a commercial tort
16 claim, but NRS 104.9315 and 104.9322 apply with respect to proceeds and
17 priorities in proceeds; ~~for~~
18 (m) An assignment of a deposit account in a consumer transaction, but
19 NRS 104.9315 and 104.9322 apply with respect to proceeds and priorities
20 in proceeds ~~for~~; or
21 *(n) A transfer by a government or governmental unit.*
22 **Sec. 23.** NRS 237.060 is hereby amended to read as follows:
23 237.060 "Rule" means an ordinance, regulation, resolution or other
24 type of instrument by the adoption of which the governing body of a local
25 government exercises legislative powers. The term does not include an
26 ordinance, regulation, resolution or other type of instrument by the
27 adoption of which the governing body of a local government exercises
28 legislative powers authorized pursuant to chapter 271, 278, 278A, ~~for~~
29 278B, *279 or 350* of NRS ~~for~~ *or pursuant to any other law that authorizes*
30 *the issuance of a bond, note or other evidence of borrowing by a local*
31 *government.*
32 **Sec. 24.** NRS 244.3661 is hereby amended to read as follows:
33 244.3661 1. Except as otherwise provided in NRS 704.664, a board
34 of county commissioners may, by ordinance, impose an excise tax on the
35 use of water in an amount sufficient to ensure the payment, wholly or in
36 part, of obligations incurred by the county to acquire and construct a new
37 facility for the treatment of water for public or private use, or both. The tax
38 must be imposed on customers of suppliers of water that are capable of
39 using the water treatment services provided by the facility to be financed
40 with the proceeds of the tax.
41 2. An excise tax imposed pursuant to subsection 1 may be levied at
42 different rates for different classes of customers or to take into account
43 differences in the amount of water used or estimated to be used or the size
44 of the connection.
45 3. The ordinance imposing the tax must provide the:
46 (a) Rate or rates of the tax;
47 (b) Procedure for collection of the tax;
48 (c) Duration of the tax; and
49 (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. 25.** 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. 26.** NRS 354.535 is hereby amended to read as follows:

39 354.535 "General long-term debt" means debt which is legally payable
40 from general revenues and is backed by the full faith and credit of a
41 governmental unit. The term includes debt represented by local
42 government securities issued pursuant to chapter 350 of NRS and debt
43 created for medium-term obligations pursuant to NRS ~~350.085~~ **350.087**
44 to 350.095, inclusive.

45 **Sec. 27.** NRS 354.59811 is hereby amended to read as follows:

46 354.59811 1. Except as otherwise provided in NRS 354.59813,
47 354.59815, 354.5982, 354.5987, 354.59871, 354.705, 354.723, 450.425,
48 450.760, 540A.265 and 543.600, for each fiscal year beginning on or after
49 July 1, 1989, the maximum amount of money that a local government,



1 except a school district, a district to provide a telephone number for
2 emergencies ~~§~~ or a redevelopment agency, may receive from taxes ad
3 valorem, other than those attributable to the net proceeds of minerals or
4 those levied for the payment of bonded indebtedness and interest thereon
5 incurred as general long-term debt of the issuer, or for the payment of
6 obligations issued to pay the cost of a water project pursuant to NRS
7 349.950, or for the payment of obligations under a capital lease executed
8 before April 30, 1981, must be calculated as follows:

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

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

30 2. As used in this section, "general long-term debt" does not include
31 debt created for medium-term obligations pursuant to NRS ~~350.0851~~
32 ~~350.087~~ to 350.095, inclusive.

33 **Sec. 28.** NRS 354.59817 is hereby amended to read as follows:

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

41 2. The board of county commissioners shall direct the county treasurer
42 to distribute quarterly the proceeds of any tax levied pursuant to the
43 provisions of this section among the county and the cities and towns within
44 that county in the proportion that the supplemental city-county relief tax
45 distribution factor of each of those local governments for the 1990-1991
46 fiscal year bears to the sum of the supplemental city-county relief tax
47 distribution factors of all of the local governments in the county for the
48 1990-1991 fiscal year.



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

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

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

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

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

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

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

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

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

36 **Sec. 29.** NRS 354.6105 is hereby amended to read as follows:

37 354.6105 1. A local government ~~{in a county whose population is~~
38 ~~100,000 or more shall}~~ *may* establish a fund for the extraordinary
39 maintenance, repair or improvement of capital projects. ~~{The local~~
40 ~~government shall establish within that fund a separate account for each~~
41 ~~capital project it undertakes, except a capital project for the:~~

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

43 ~~—(b) Control of floods; or~~

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

45 ~~The local government shall allocate an amount equal to one half of 1~~
46 ~~percent of the total amount of the bonds sold for each capital project and~~
47 ~~deposit that amount in the separate account established for that capital~~
48 ~~project. The proceeds from the sale of those bonds or any other money of~~



1 ~~the local government may be used to carry out the provisions of this~~
2 ~~subsection.]~~

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

8 ~~—3. The] the fund.~~

9 3. *Except as otherwise provided in NRS 374A.020, the* money in
10 ~~[each account within]~~ the fund may be used only for the extraordinary
11 maintenance, repair or improvement of ~~[the capital project or a facility~~
12 ~~which replaces that capital project.]~~ *capital projects or facilities that*
13 *replace capital projects of the entity that made the deposits in the fund.*
14 The money in ~~[each account within]~~ the fund at the end of the fiscal year
15 may not revert to any other fund or be a surplus for any purpose other than
16 the purpose specified in this subsection. ~~[If the local government sells any~~
17 ~~capital project for which an account within the fund was established, any~~
18 ~~balance remaining in that account must be used to reduce the debt of the~~
19 ~~local government.]~~

20 ~~—4. The annual budget and audit report of the local government~~
21 ~~prepared pursuant to NRS 354.624 must specifically identify:~~

22 ~~—(a) Each fund and every account within that fund established pursuant~~
23 ~~to this section and indicate in detail any extraordinary maintenance, repairs~~
24 ~~or improvements of the capital project that have been paid for with money~~
25 ~~from the fund; and~~

26 ~~—(b) Any planned accumulation of money in each fund and every account~~
27 ~~within the fund.]~~

28 ~~The audit report must include a statement by the auditor whether the local~~
29 ~~government has complied with the provisions of this subsection.]~~

30 4. *As used in this section, “extraordinary maintenance, repair or*
31 *improvement” means all expenses ordinarily incurred not more than*
32 *once every 5 years to maintain a local governmental facility or capital*
33 *project in a fit operating condition.*

34 **Sec. 30.** NRS 354.6116 is hereby amended to read as follows:

35 354.6116 A local government, except a school district, that receives
36 revenue from taxes ad valorem from a lessee or user of property which is
37 taxable pursuant to NRS 361.157 or 361.159 shall deposit the revenue in or
38 transfer the revenue to one or more of the funds established by the local
39 government pursuant to NRS ~~[354.611]~~ 354.6113 or 354.6115 and use that
40 revenue only for the purposes authorized by those sections if the revenue
41 was received in:

42 1. A fiscal year after the fiscal year the taxes were owed; or

43 2. The fiscal year the taxes are owed and the taxes were excluded from
44 the estimate of revenue from taxes ad valorem for the local government
45 pursuant to NRS 354.597.

46 **Sec. 31.** NRS 354.6117 is hereby amended to read as follows:

47 354.6117 1. Except as otherwise provided in subsection 2, the total
48 amount of money which may be transferred in a fiscal year from the
49 general fund of a local government to the funds established pursuant to



1 NRS ~~354.611,~~ 354.6113 and 354.6115 must not exceed 10 percent of the
2 total amount of the budgeted expenditures of the general fund, plus any
3 money transferred from the general fund, other than the money transferred
4 to those funds, for that fiscal year.

5 2. Any money that a local government, pursuant to NRS 354.6116,
6 deposits in or transfers to one or more of the funds established by the local
7 government pursuant to NRS ~~354.611,~~ 354.6113 or 354.6115:

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

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

13 **Sec. 32.** NRS 354.626 is hereby amended to read as follows:

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

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

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

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

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

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

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

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

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

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



1 (3) The ordinance or resolution that specifies each of the terms of the
2 bonds , ~~for~~ medium-term obligations ~~for~~ *or installment-purchase*
3 *agreement*, except those terms that are set forth in paragraphs (a) to (e),
4 inclusive, of subsection 2 of NRS 350.165, has been adopted.
5 Neither the fund balance of a governmental fund nor the equity balance in
6 any proprietary fund may be used unless appropriated in a manner
7 provided by law.

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

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

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

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

24 **Sec. 33.** NRS 355.170 is hereby amended to read as follows:

25 355.170 1. Except as otherwise provided in this section and in NRS
26 354.750, a board of county commissioners, a board of trustees of a county
27 school district or the governing body of an incorporated city may purchase
28 for investment the following securities and no others:

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

31 (b) Farm loan bonds, consolidated farm loan bonds, debentures,
32 consolidated debentures and other obligations issued by federal land banks
33 and federal intermediate credit banks under the authority of the Federal
34 Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021
35 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to
36 2259, inclusive, and bonds, debentures, consolidated debentures and other
37 obligations issued by banks for cooperatives under the authority of the
38 Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive,
39 and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

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

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

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

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



1 (g) Subject to the limitations contained in NRS 355.177, negotiable
2 notes or ~~short time negotiable bonds~~ *medium-term obligations* issued by
3 local governments of the State of Nevada pursuant to NRS ~~350.091~~
4 *350.087 to 350.095, inclusive*.

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

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

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

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

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

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

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

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

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

30 (k) Money market mutual funds which:

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

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

34 (3) Invest only in securities issued by the Federal Government or
35 agencies of the Federal Government or in repurchase agreements fully
36 collateralized by such securities.

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

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

45 (1) Regularly provide audited and, if available, unaudited financial
46 statements;

47 (2) The board of county commissioners, the board of trustees of the
48 school district or the governing body of the city has determined to have



1 adequate capitalization and earnings and appropriate assets to be highly
2 ~~credit worthy;~~ *creditworthy*; and

3 (3) Have executed a written master repurchase agreement in a form
4 satisfactory to the board of county commissioners, the board of trustees of
5 the school district or the governing body of the city pursuant to which all
6 repurchase agreements are entered into. The master repurchase agreement
7 must require the prompt delivery to the board of county commissioners, the
8 board of trustees of the school district or the governing body of the city and
9 the appointed custodian of written confirmations of all transactions
10 conducted thereunder, and must be developed giving consideration to the
11 Federal Bankruptcy Act.

12 (b) In all repurchase agreements:

13 (1) At or before the time money to pay the purchase price is
14 transferred, title to the purchased securities must be recorded in the name
15 of the appointed custodian, or the purchased securities must be delivered
16 with all appropriate, executed transfer instruments by physical delivery to
17 the custodian;

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

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

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

28 (III) Hold the securities separate from the assets of the custodian;
29 and

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

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

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

38 (5) The purchased securities must not have a term to maturity at the
39 time of purchase in excess of 10 years.

40 3. The securities described in paragraphs (a), (b) and (c) of subsection
41 1 and the repurchase agreements described in subsection 2 may be
42 purchased when, in the opinion of the board of county commissioners, the
43 board of trustees of a county school district or the governing body of the
44 city, there is sufficient money in any fund of the county, the school district
45 or city to purchase those securities and the purchase will not result in the
46 impairment of the fund for the purposes for which it was created.

47 4. When the board of county commissioners, the board of trustees of a
48 county school district or *the* governing body of the city has determined that
49 there is available money in any fund or funds for the purchase of bonds as



1 set out in subsection 1 or 2, those purchases may be made and the bonds
2 paid for out of any one or more of the funds, but the bonds must be
3 credited to the funds in the amounts purchased, and the money received
4 from the redemption of the bonds, as and when redeemed, must go back
5 into the fund or funds from which the purchase money was taken
6 originally.

7 5. Any interest earned on money invested pursuant to subsection 3,
8 may, at the discretion of the board of county commissioners, the board of
9 trustees of a county school district or *the* governing body of the city, be
10 credited to the fund from which the principal was taken or to the general
11 fund of the county, school district or incorporated city.

12 6. The board of county commissioners, the board of trustees of a
13 county school district or *the* governing body of an incorporated city may
14 invest any money apportioned into funds and not invested pursuant to
15 subsection 3 and any money not apportioned into funds in bills and notes
16 of the United States Treasury, the maturity date of which is not more than 1
17 year after the date of investment. These investments must be considered as
18 cash for accounting purposes, and all the interest earned on them must be
19 credited to the general fund of the county, school district or incorporated
20 city.

21 7. This section does not authorize the investment of money
22 administered pursuant to a contract, debenture agreement or grant in a
23 manner not authorized by the terms of the contract, agreement or grant.

24 8. As used in this section:

25 (a) “Counterparty” means a bank organized and operating or licensed to
26 operate in the United States pursuant to federal or state law or a securities
27 dealer which is:

28 (1) A registered broker-dealer;

29 (2) Designated by the Federal Reserve Bank of New York as a
30 “primary” dealer in United States government securities; and

31 (3) In full compliance with all applicable capital requirements.

32 (b) “Repurchase agreement” means a purchase of securities by a board
33 of county commissioners, the board of trustees of a county school district
34 or the governing body of an incorporated city from a counterparty which
35 commits to repurchase those securities or securities of the same issuer,
36 description, issue date and maturity on or before a specified date for a
37 specified price.

38 **Sec. 34.** NRS 360.750 is hereby amended to read as follows:

39 360.750 1. A person who intends to locate or expand a business in
40 this state may apply to the commission on economic development for a
41 partial abatement of one or more of the taxes imposed on the new or
42 expanded business pursuant to chapter 361, 364A or 374 of NRS.

43 2. The commission on economic development shall approve an
44 application for a partial abatement if the commission makes the following
45 determinations:

46 (a) The business is consistent with:

47 (1) The state plan for industrial development and diversification that
48 is developed by the commission pursuant to NRS 231.067; and

49 (2) Any guidelines adopted pursuant to the state plan.



1 (b) The applicant has executed an agreement with the commission
2 which states that the business will, after the date on which a certificate of
3 eligibility for the abatement is issued pursuant to subsection 5, continue in
4 operation in this state for a period specified by the commission, which
5 must be at least 5 years, and will continue to meet the eligibility
6 requirements set forth in this subsection. The agreement must bind the
7 successors in interest of the business for the specified period.

8 (c) The business is registered pursuant to the laws of this state or the
9 applicant commits to obtain a valid business license and all other permits
10 required by the county, city or town in which the business operates.

11 (d) Except as otherwise provided in NRS 361.0687, if the business is a
12 new business in a county or city whose population is 50,000 or more, the
13 business meets at least two of the following requirements:

14 (1) The business will have 75 or more full-time employees on the
15 payroll of the business by the fourth quarter that it is in operation.

16 (2) Establishing the business will require the business to make a
17 capital investment of at least \$1,000,000 in this state.

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

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

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

30 (e) Except as otherwise provided in NRS 361.0687, if the business is a
31 new business in a county or city whose population is less than 50,000, the
32 business meets at least two of the following requirements:

33 (1) The business will have 25 or more full-time employees on the
34 payroll of the business by the fourth quarter that it is in operation.

35 (2) Establishing the business will require the business to make a
36 capital investment of at least \$250,000 in this state.

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

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

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



- 1 (f) If the business is an existing business, the business meets at least two
2 of the following requirements:
- 3 (1) The business will increase the number of employees on its payroll
4 by 10 percent more than it employed in the immediately preceding fiscal
5 year or by six employees, whichever is greater.
- 6 (2) The business will expand by making a capital investment in this
7 state in an amount equal to at least 20 percent of the value of the tangible
8 property possessed by the business in the immediately preceding fiscal
9 year. The determination of the value of the tangible property possessed by
10 the business in the immediately preceding fiscal year must be made by the:
- 11 (I) County assessor of the county in which the business will
12 expand, if the business is locally assessed; or
- 13 (II) Department, if the business is centrally assessed.
- 14 (3) The average hourly wage that will be paid by the existing
15 business to its new employees in this state is at least 100 percent of the
16 average statewide hourly wage as established by the employment security
17 division of the department of employment, training and rehabilitation on
18 July 1 of each fiscal year and:
- 19 (I) The business will provide a health insurance plan for all new
20 employees that includes an option for health insurance coverage for
21 dependents of the employees; and
- 22 (II) The cost to the business for the benefits the business provides
23 to its new employees in this state will meet the minimum requirements for
24 benefits established by the commission by regulation pursuant to
25 subsection 9.
- 26 3. Notwithstanding the provisions of subsection 2, the commission on
27 economic development may:
- 28 (a) Approve an application for a partial abatement by a business that
29 does not meet the requirements set forth in paragraph (d), (e) or (f) of
30 subsection 2;
- 31 (b) Make the requirements set forth in paragraph (d), (e) or (f) of
32 subsection 2 more stringent; or
- 33 (c) Add additional requirements that a business must meet to qualify for
34 a partial abatement,
35 if the commission determines that such action is necessary.
- 36 4. If a person submits an application to the commission on economic
37 development pursuant to subsection 1, the commission shall provide notice
38 to the governing body of the county and the city or town, if any, in which
39 the person intends to locate or expand a business. The notice required
40 pursuant to this subsection must set forth the date, time and location of the
41 hearing at which the commission will consider the application.
- 42 5. If the commission on economic development approves an
43 application for a partial abatement, the commission shall immediately
44 forward a certificate of eligibility for the abatement to:
- 45 (a) The department;
- 46 (b) The Nevada tax commission; and
- 47 (c) If the partial abatement is from the property tax imposed pursuant to
48 chapter 361 of NRS, the county treasurer.



- 1 6. An applicant for a partial abatement pursuant to this section or an
2 existing business whose partial abatement is in effect shall, upon the
3 request of the executive director of the commission on economic
4 development, furnish the executive director with copies of all
5 records necessary to verify that the applicant meets the requirements of
6 subsection 2.
- 7 7. If a business whose partial abatement has been approved pursuant to
8 this section and is in effect ceases:
- 9 (a) To meet the requirements set forth in subsection 2; or
- 10 (b) Operation before the time specified in the agreement described in
11 paragraph (b) of subsection 2,
12 the business shall repay to the department or, if the partial abatement was
13 from the property tax imposed pursuant to chapter 361 of NRS, to the
14 county treasurer, the amount of the exemption that was allowed pursuant to
15 this section before the failure of the business to comply unless the Nevada
16 tax commission determines that the business has substantially complied
17 with the requirements of this section. Except as otherwise provided in NRS
18 360.232 and 360.320, the business shall, in addition to the amount of the
19 exemption required to be paid pursuant to this subsection, pay interest on
20 the amount due at the rate most recently established pursuant to NRS
21 99.040 for each month, or portion thereof, from the last day of the month
22 following the period for which the payment would have been made had the
23 partial abatement not been approved until the date of payment of the tax.
- 24 8. A county treasurer:
- 25 (a) Shall deposit any money that he receives pursuant to subsection 7 in
26 one or more of the funds established by a local government of the county
27 pursuant to NRS ~~354.611~~, 354.6113 or 354.6115; and
- 28 (b) May use the money deposited pursuant to paragraph (a) only for the
29 purposes authorized by NRS ~~354.611~~, 354.6113 and 354.6115.
- 30 9. The commission on economic development:
- 31 (a) Shall adopt regulations relating to:
- 32 (1) The minimum level of benefits that a business must provide to its
33 employees if the business is going to use benefits paid to employees as a
34 basis to qualify for a partial abatement; and
- 35 (2) The notice that must be provided pursuant to subsection 4.
- 36 (b) May adopt such other regulations as the commission on economic
37 development determines to be necessary to carry out the provisions of this
38 section.
- 39 10. The Nevada tax commission:
- 40 (a) Shall adopt regulations regarding:
- 41 (1) The capital investment that a new business must make to meet the
42 requirement set forth in paragraph (d) or (e) of subsection 2; and
- 43 (2) Any security that a business is required to post to qualify for a
44 partial abatement pursuant to this section.
- 45 (b) May adopt such other regulations as the Nevada tax commission
46 determines to be necessary to carry out the provisions of this section.
- 47 11. An applicant for an abatement who is aggrieved by a final decision
48 of the commission on economic development may petition for judicial
49 review in the manner provided in chapter 233B of NRS.



1 **Sec. 35.** NRS 374A.020 is hereby amended to read as follows:
2 374A.020 1. The collection of the tax imposed by NRS 374A.010
3 must be commenced on the first day of the first calendar quarter that begins
4 at least 30 days after the last condition in subsection 1 of NRS 374A.010 is
5 met.

6 2. The tax must be administered, collected and distributed in the
7 manner set forth in chapter 374 of NRS.

8 3. The board of trustees of the school district shall transfer the
9 proceeds of the tax imposed by NRS 374A.010 from the county school
10 district fund to the fund described in NRS ~~354.611 which has been~~
11 **354.6105 which must be** established by the board of trustees. The money
12 deposited in the fund described in NRS ~~354.611~~ **354.6105** pursuant to
13 this subsection must be accounted for separately in that fund and must only
14 be expended by the board of trustees for the cost of the extraordinary
15 maintenance, extraordinary repair and extraordinary improvement of
16 school facilities within the county.

17 **Sec. 36.** NRS 387.516 is hereby amended to read as follows:

18 387.516 1. The board of trustees of a school district may apply to the
19 state treasurer for a guarantee agreement whereby money in the state
20 permanent school fund is used to guarantee the payment of the debt service
21 on bonds that the school district will issue. The amount of the guarantee for
22 bonds of each school district outstanding at any one time must not exceed
23 \$25,000,000.

24 2. The application must be on a form prescribed by the state treasurer.
25 The state treasurer shall develop the form in consultation with the
26 executive director.

27 3. Medium-term obligations entered into pursuant to the provisions of
28 NRS ~~350.085~~ **350.087** to 350.095, inclusive, are not eligible for
29 guarantee pursuant to NRS 387.513 to 387.528, inclusive.

30 4. Upon receipt of an application for a guarantee agreement from a
31 school district, the state treasurer shall provide a copy of the application
32 and any supporting documentation to the executive director. As soon as
33 practicable after receipt of a copy of an application, the executive director
34 shall investigate the ability of the school district to make timely payments
35 on the debt service of the bonds for which the guarantee is requested. The
36 executive director shall submit a written report of his investigation to the
37 state board of finance indicating his opinion as to whether the school
38 district has the ability to make timely payments on the debt service of the
39 bonds.

40 **Sec. 37.** NRS 387.526 is hereby amended to read as follows:

41 387.526 1. If a school district fails to make a timely payment on the
42 debt service of bonds that are guaranteed pursuant to the provisions of NRS
43 387.513 to 387.528, inclusive, the state treasurer shall:

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

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

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

48 2. The amount of money withdrawn pursuant to subsection 1 shall be
49 deemed a loan to the school district from the state permanent school fund.



1 The state treasurer shall determine the rate of interest on the loan, which
2 must not exceed 1 percent above the average rate of interest yielded on
3 investments in the state permanent school fund on the date that the loan is
4 made. A loan that is made to a school district pursuant to this subsection is
5 a special obligation of the school district and is payable only from the
6 sources specified in NRS 387.528.

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

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

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

16 4. If the executive director receives notice that a loan has been made
17 pursuant to this section, he shall proceed pursuant to the provisions of NRS
18 354.685.

19 **Sec. 38.** NRS 387.528 is hereby amended to read as follows:

20 387.528 *1.* If a loan is made from the state permanent school fund
21 pursuant to NRS 387.526, the loan must be repaid ~~+~~

22 ~~—1. By~~ *by* the school district from the money that is available to the
23 school district to pay the debt service on the bonds that are guaranteed
24 pursuant to the provisions of NRS 387.513 to 387.528, inclusive, unless
25 payment from that money would cause the school district to default on
26 other outstanding bonds, ~~for~~ medium-term obligations *or installment-*
27 *purchase agreements* entered into pursuant to the provisions of NRS
28 ~~350.085~~ *350.087* to 350.095, inclusive; and

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

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

35 (b) Distributions of the local school support tax, which must be
36 transferred by the state controller upon notification by the state treasurer;
37 and

38 (c) Distributions from the state distributive school account,
39 until the loan is repaid, including any accrued interest on the loan. The
40 state treasurer shall apply the money first to the interest on the loan and,
41 when the interest is paid in full, then to the balance. When the interest and
42 balance on the loan are repaid, the state treasurer shall resume making the
43 distributions that would otherwise be due to the school district.

44 **Sec. 39.** NRS 496.155 is hereby amended to read as follows:

45 496.155 1. Subject to the provisions of NRS 496.150 and subsections
46 2 and 3 of this section, for any undertaking authorized in NRS 496.150, the
47 governing body of a municipality, as it determines from time to time, may,
48 on the behalf and in the name of the municipality, borrow money,
49 otherwise become obligated, and evidence the obligations by the issuance



1 of bonds and other municipal securities, and in connection with the
2 undertaking or the municipal airport, including, without limitation, air
3 navigation facilities and other facilities appertaining to the airport, the
4 governing body may otherwise proceed as provided in the Local
5 Government Securities Law or as provided in subsections 4 and 5.

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

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

11 4. The governing body may by resolution acquire real property for the
12 expansion of airport or air navigation facilities by entering into contracts of
13 purchase, of a type and duration and on such terms as the governing body
14 determines, including, without limitation, contracts secured by a mortgage
15 or other security interest in the real property. The governing body may not
16 use any revenue derived from taxes ad valorem to pay for the acquisition,
17 and the obligation under the contract does not constitute a general
18 obligation of the municipality or apply against any debt limitation
19 pertaining to the municipality.

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

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

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

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

29 555.215 1. Upon the preparation and approval of a budget in the
30 manner required by the Local Government Budget Act, the board of county
31 commissioners of each county having lands situated in the district shall, by
32 resolution, levy an assessment upon all real property in the county which is
33 in the weed control district.

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

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

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

43 **Sec. 41.** Section 12 of chapter 227, Statutes of Nevada 1975, as last
44 amended by chapter 351, Statutes of Nevada 1997, at page 1280, is hereby
45 amended to read as follows:

46 Sec. 12. 1. The provisions of the Local Government Budget
47 Act, NRS 354.470 to 354.626, inclusive, as now and hereafter
48 amended, apply to the Authority as a local government, and the



Authority shall, for purposes of that application, be deemed a district other than a school district.

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

Sec. 42. Section 20 of chapter 474, Statutes of Nevada 1977, as last amended by chapter 203, Statutes of Nevada 1997, at page 567, is hereby amended to read as follows:

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

Sec. 43. Section 8A.140 of the charter of Carson City, being chapter 16, Statutes of Nevada 1997, at page 45, is hereby amended to read as follows:

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

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

(a) General obligation bonds;

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

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

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

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

Sec. 44. Section 24 of chapter 37, Statutes of Nevada 1999, at page 85, is hereby amended to read as follows:

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

(a) General obligation bonds;

(b) General obligation bonds for which payment is additionally secured by a pledge of the proceeds of the tax imposed pursuant to



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1 this act, and if so determined by the board, further secured by a pledge
2 of the gross or net revenues derived from the operation of libraries,
3 airports or facilities and services for senior facilities or any other
4 project of the county which produces income, or from any license fees
5 or other excise taxes imposed for revenue by the county, or otherwise,
6 as may be legally made available for payment of the bonds;

7 (c) Revenue bonds for which payment is solely secured by a
8 pledge of the proceeds of the tax imposed pursuant to this act, and if
9 so determined by the board, further secured by a pledge of the gross
10 or net revenues derived from the operation of the libraries, airports or
11 facilities for senior citizens or any other project of the county which
12 produces income, or from any license fees or other excise taxes
13 imposed for revenue by the county, or otherwise, as may be legally
14 made available for payment of the bonds; and

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

17 2. Money pledged to the payment of bonds or other securities
18 pursuant to subsection 1 may be treated for the purposes of subsection
19 3 of NRS 350.020 as pledged revenue for the uses authorized by this
20 act.

21 **Sec. 45.** NRS 350.085, NRS 354.5235, 354.6107 and 354.611 are
22 hereby repealed.

23 **Sec. 46.** 1. Except as otherwise provided in subsection 2, all money
24 in an extraordinary maintenance fund created pursuant to NRS 354.6107 or
25 354.611 must be transferred to an extraordinary maintenance fund
26 established pursuant to NRS 354.6105 and must be used for the purposes
27 set forth in that section.

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

30 (a) Transferred to an extraordinary maintenance fund created pursuant
31 to NRS 354.6105;

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

33 (c) Used only for the purposes and in the manner set forth in NRS
34 374A.020.

35 **Sec. 47.** 1. This section and sections 1 to 21, inclusive, and 23 to 46,
36 inclusive, of this act become effective on July 1, 2001.

37 2. Section 22 of this act becomes effective at 12:01 a.m. on July 1,
38 2001.

LEADLINES OF REPEALED SECTIONS

350.085 Definitions.

354.5235 "Extraordinary maintenance, repair or improvement"
defined.



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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.

