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SB452

Clark County Amendment- 3/4/03
Amend bill by deleting existing
language & replacing w/ this language

NRS 354.59891 Limitations on fees for building permits, *permits within public right of way*; exceptions .

1. As used in this section:

- (a) "Building permit" means the official document or certificate issued by the building officer of a local government which authorizes the construction of a structure.
 - (b) "Building permit basis" means the combination of the rate and the valuation method used to calculate the total building permit fee.
 - (c) "Building permit fee" means the total fees that must be paid before the issuance of a building permit, including without limitation, all permit fees and inspection fees. The term does not include, without limitation, fees relating to water, sewer or other utilities, residential construction tax, tax for the improvement of transportation imposed pursuant to NRS 278.710, any fee imposed pursuant to NRS 244.386 or any amount expended to change the zoning of the property.
 - (d) "Current asset" means any cash maintained in an enterprise fund and any interest or other income earned on the money in the enterprise fund that, at the end of the current fiscal year, is anticipated by a local government to be consumed or converted into cash during the next ensuing fiscal year.
 - (e) "Current liability" means any debt incurred by a local government to provide the services associated with issuing building permits that, at the end of the current fiscal year, is determined by the local government to require payment within the next ensuing fiscal year.
 - (f) "Operating cost" means the amount paid by a local government for supplies, services, salaries, wages and employee benefits to provide the services associated with issuing building permits.
 - (g) "Working capital" means the excess of current assets over current liabilities, as determined by the local government at the end of the current fiscal year.
 - (h) "Encroachment permit" means the official document issued by the building officer of a local government which authorizes construction activity within the public right of way.
 - (i) "Barricade permit" means the official document issued by the building officer of a local government which authorizes the placement of barricade appurtenances or structures within the public right of way.
2. Except as otherwise provided in subsections 3 and 4, a local government shall not increase its building permit basis by more than an amount equal to the building permit basis on June 30, [1989] 2003, multiplied by a percentage equal to the percentage increase in the consumer price index from January 1, [1988]2003, to the January 1 next preceding the fiscal year for which the calculation is made.
3. A local government may submit an application to increase its building permit basis by an amount greater than otherwise allowable pursuant to subsection 2 to the Nevada tax commission. The Nevada tax commission may allow the increase only if it finds that:
- (a) Emergency conditions exist which impair the ability of the local government to perform the basic functions for which it was created; or

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

4. Upon application by a local government, the Nevada tax commission shall exempt the local government from the limitation on the increase of its [building permit basis] **charges for services provided through the enterprise fund** if: ✓

(a) The local government creates an enterprise fund exclusively for **fees required in the process of issuing a building permit [fees], and encroachment and barricade permit fees required for construction activity within the public right of way.**

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

(c) Except as otherwise provided in subsection 5, the local government maintains a balance of unreserved working capital in the enterprise fund that does not exceed an amount equal to 9 months' operating costs for the program for the issuance of building permits of the local government; and

(d) The local government does not use any of the money in the enterprise fund for any purpose other than the actual direct and indirect costs of the program for the issuance of building permits, including, without limitation, the cost of checking plans, issuing permits, [inspecting buildings,] **inspections**, and administering the program, **or as otherwise allowed in subsection (e).** The committee on local government finance shall adopt regulations governing the permissible expenditures from an enterprise fund pursuant to this paragraph.

(e) The enterprise fund is used to account for fees and charges for encroachment and barricade permits required for construction activity within the public right of way.

5. In addition to the balance of unreserved working capital authorized pursuant to subsection 4, the local government may maintain in an enterprise fund created pursuant to this section an amount of working capital for the following purposes:

(a) An amount sufficient to pay the debt service for 1 year on any debt incurred by the local government to provide the services **included in subsection 4** [associated with issuing building permits];

(b) An amount that does not exceed the total amount of expenditures for the program **described in subsection 4** [for the issuance of building permits of the local government] set forth in the capital improvement plan of the local government prepared pursuant to NRS 354.5945 for the current fiscal year; and

(c) An amount that does not exceed 4 percent of the annual operating costs of the program **described in subsection 4** [for the issuance of building permits of the local government] which must be used to pay for unanticipated capital replacement.

6. Any amount in an enterprise fund created pursuant to this section that is designated for special use, including, without limitation, prepaid fees and any other amount subject to a contractual agreement, must be identified as a restricted asset and must not be included as a current asset in the calculation of

working capital.

7. If a balance in excess of the amount authorized pursuant to subsections 4 and 5 is maintained in an enterprise fund created pursuant to this section at the close of 2 consecutive fiscal years, the local government shall reduce the [building permit] fees it charges by an amount that is sufficient to ensure that the balance in the enterprise fund at the close of the fiscal year next following those 2 consecutive fiscal years does not exceed the amount authorized pursuant to subsections 4 and 5.

(Added to NRS by 1987, 808; A 1989, 2080; 1991, 35, 290, 1440; 2001, 385, 2321)