

SENATE BILL NO. 447—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE TREASURER)

MARCH 24, 2003

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to governmental financial administration. (BDR 31-302)

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

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

AN ACT relating to governmental financial administration; expanding the purposes for which, in certain smaller counties, money may be expended from a fund established to stabilize the operation of local government and mitigate the effects of natural disasters; revising provisions relating to the securities in which local governments may invest; providing for expanded oversight by the State Treasurer concerning the collateral that must be maintained by financial institutions to secure certain deposits of public money made by state and local governmental entities; making various other changes concerning the duties of the State Treasurer; revising the limitation on the total amount of revenue that may be paid to a redevelopment agency in certain smaller municipalities; authorizing under certain circumstances the issuance of certain bonds and securities to acquire certain facilities for the University of Nevada School of Medicine in Clark County; providing civil penalties; and providing other matters properly relating thereto.

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

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1 **Section 1.** NRS 354.6115 is hereby amended to read as
2 follows:

3 354.6115 1. The governing body of a local government may,
4 by resolution, establish a fund to stabilize the operation of the local
5 government and mitigate the effects of natural disasters.

6 2. ~~The~~ *Except as otherwise provided in this subsection, the*
7 money in the fund must be used only:

8 (a) If the total actual revenue of the local government falls short
9 of the total anticipated revenue in the general fund for the fiscal year
10 in which the local government uses that money; or

11 (b) To pay expenses incurred by the local government to
12 mitigate the effects of a natural disaster.

13 *In a county whose population is less than 3,000, the money in the*
14 *fund may also be used to retire outstanding bonds or other forms*
15 *of debt.* The money in the fund at the end of the fiscal year may not
16 revert to any other fund or be a surplus for any purpose other than a
17 purpose specified in this subsection.

18 3. The money in the fund may not be used to pay expenses
19 incurred to mitigate the effects of a natural disaster until the
20 governing body of the local government issues a formal declaration
21 that a natural disaster exists. The governing body shall not make
22 such a declaration unless a natural disaster is occurring or has
23 occurred. Upon the issuance of such a declaration, the money in the
24 fund may be used for the payment of the following expenses
25 incurred by the local government as a result of the natural disaster:

26 (a) The repair or replacement of roads, streets, bridges, water
27 control facilities, public buildings, public utilities, recreational
28 facilities and parks owned by the local government and damaged by
29 the natural disaster;

30 (b) Any emergency measures undertaken to save lives, protect
31 public health and safety or protect property within the jurisdiction of
32 the local government;

33 (c) The removal of debris from publicly or privately owned land
34 and waterways within the jurisdiction of the local government that
35 was undertaken because of the natural disaster;

36 (d) Expenses incurred by the local government for any overtime
37 worked by an employee of the local government because of the
38 natural disaster or any other extraordinary expenses incurred by the
39 local government because of the natural disaster; and

40 (e) The payment of any grant match the local government must
41 provide to obtain a grant from a federal disaster assistance agency
42 for an eligible project to repair damage caused by the natural
43 disaster within the jurisdiction of the local government.



1 4. The balance in the fund must not exceed 10 percent of the
2 expenditures from the general fund for the previous fiscal year,
3 excluding any federal funds expended by the local government.

4 5. The annual budget and audit report of the local government
5 prepared pursuant to NRS 354.624 must specifically identify the
6 fund.

7 6. The audit report prepared for the fund must include a
8 statement by the auditor whether the local government has complied
9 with the provisions of this section.

10 7. Any transfer of money from a fund established pursuant to
11 this section must be completed within 90 days after the end of the
12 fiscal year in which the natural disaster for which the fund was
13 established occurs.

14 8. As used in this section:

15 (a) "Grant match" has the meaning ascribed to it in
16 NRS 353.2725.

17 (b) "Natural disaster" means a fire, flood, earthquake, drought or
18 any other occurrence that:

19 (1) Results in widespread or severe damage to property or
20 injury to or the death of persons within the jurisdiction of the local
21 government; and

22 (2) As determined by the governing body of the local
23 government, requires immediate action to protect the health, safety
24 and welfare of persons residing within the jurisdiction of the local
25 government.

26 **Sec. 1.5.** NRS 355.170 is hereby amended to read as follows:

27 355.170 1. Except as otherwise provided in this section, NRS
28 354.750 and 355.171, ~~{a board of county commissioners, a board of~~
29 ~~trustees of a county school district or}~~ the governing body of ~~{an~~
30 ~~incorporated city}~~ **a local government** may purchase for investment
31 the following securities and no others:

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

35 (b) Farm loan bonds, consolidated farm loan bonds, debentures,
36 consolidated debentures and other obligations issued by federal land
37 banks and federal intermediate credit banks under the authority of
38 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,
39 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act
40 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
41 debentures, consolidated debentures and other obligations issued by
42 banks for cooperatives under the authority of the Farm Credit Act of
43 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm
44 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.



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

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

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

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

13 (g) Nonnegotiable certificates of deposit issued by insured
14 commercial banks, insured credit unions or insured savings and loan
15 associations, except certificates that are not within the limits of
16 insurance provided by an instrumentality of the United States,
17 unless those certificates are collateralized in the same manner as is
18 required for uninsured deposits by a county treasurer pursuant to
19 NRS 356.133. For the purposes of this paragraph, any reference in
20 NRS 356.133 to a "county treasurer" or "board of county
21 commissioners" shall be deemed to refer to the appropriate financial
22 officer or governing body of the ~~[county, school district or city]~~
23 **local government** purchasing the certificates.

24 (h) Subject to the limitations contained in NRS 355.177,
25 negotiable notes or medium-term obligations issued by local
26 governments of the State of Nevada pursuant to NRS 350.087 to
27 350.095, inclusive.

28 (i) Bankers' acceptances of the kind and maturities made
29 eligible by law for rediscount with Federal Reserve Banks, and
30 generally accepted by banks or trust companies which are members
31 of the Federal Reserve System. Eligible bankers' acceptances may
32 not exceed 180 days' maturity. Purchases of bankers' acceptances
33 may not exceed 20 percent of the money available to a local
34 government for investment as determined on the date of purchase.

35 (j) Obligations of state and local governments if:

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

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

40 (k) Commercial paper issued by a corporation organized and
41 operating in the United States or by a depository institution licensed
42 by the United States or any state and operating in the United States
43 that:

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



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

3 (3) Is rated by a nationally recognized rating service as
4 "A-1," "P-1" or its equivalent, or better,
5 except that investments pursuant to this paragraph may not, in
6 aggregate value, exceed 20 percent of the total portfolio as
7 determined on the date of purchase, and if the rating of an obligation
8 is reduced to a level that does not meet the requirements of this
9 paragraph, it must be sold as soon as possible.

10 (l) Money market mutual funds which:

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

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

15 (3) Invest only in:

16 (I) Securities issued by the Federal Government or
17 agencies of the Federal Government;

18 (II) Master notes, bank notes or other short-term
19 commercial paper rated by a nationally recognized rating service as
20 "A-1," "P-1" or its equivalent, or better, issued by a corporation
21 organized and operating in the United States or by a depository
22 institution licensed by the United States or any state and operating in
23 the United States; or

24 (III) Repurchase agreements that are fully collateralized
25 by the obligations described in sub-subparagraphs (I) and (II).

26 (m) Obligations of the Federal Agricultural Mortgage
27 Corporation.

28 2. Repurchase agreements are proper and lawful investments of
29 money of a ~~board of county commissioners, a board of trustees of a~~
30 ~~county school district or a~~ governing body of ~~[an incorporated city]~~
31 **a local government** for the purchase or sale of securities which are
32 negotiable and of the types listed in subsection 1 if made in
33 accordance with the following conditions:

34 (a) The ~~board of county commissioners, the board of trustees of~~
35 ~~the school district or the~~ governing body of the ~~[city]~~ **local**
36 **government** shall designate in advance and thereafter maintain a list
37 of qualified counterparties which:

38 (1) Regularly provide audited and, if available, unaudited
39 financial statements;

40 (2) The ~~board of county commissioners, the board of~~
41 ~~trustees of the school district or the~~ governing body of the ~~[city]~~
42 **local government** has determined to have adequate capitalization
43 and earnings and appropriate assets to be highly creditworthy; and

44 (3) Have executed a written master repurchase agreement in
45 a form satisfactory to the ~~board of county commissioners, the board~~



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1 ~~of trustees of the school district or the~~ governing body of the ~~[city]~~
2 **local government** pursuant to which all repurchase agreements are
3 entered into. The master repurchase agreement must require the
4 prompt delivery to the ~~[board of county commissioners, the board of~~
5 ~~trustees of the school district or the]~~ governing body of the ~~[city]~~
6 **local government** and the appointed custodian of written
7 confirmations of all transactions conducted thereunder, and must be
8 developed giving consideration to the Federal Bankruptcy Act.
9 (b) In all repurchase agreements:
10 (1) At or before the time money to pay the purchase price is
11 transferred, title to the purchased securities must be recorded in the
12 name of the appointed custodian, or the purchased securities must be
13 delivered with all appropriate, executed transfer instruments by
14 physical delivery to the custodian;
15 (2) The ~~[board of county commissioners, the board of~~
16 ~~trustees of the school district or the]~~ governing body of the ~~[city]~~
17 **local government** must enter a written contract with the custodian
18 appointed pursuant to subparagraph (1) which requires the custodian
19 to:
20 (I) Disburse cash for repurchase agreements only upon
21 receipt of the underlying securities;
22 (II) Notify the ~~[board of county commissioners, the board~~
23 ~~of trustees of the school district or the]~~ governing body of the ~~[city]~~
24 **local government** when the securities are marked to the market if
25 the required margin on the agreement is not maintained;
26 (III) Hold the securities separate from the assets of the
27 custodian; and
28 (IV) Report periodically to the ~~[board of county~~
29 ~~commissioners, the board of trustees of the school district or the]~~
30 governing body of the ~~[city]~~ **local government** concerning the
31 market value of the securities;
32 (3) The market value of the purchased securities must exceed
33 102 percent of the repurchase price to be paid by the counterparty
34 and the value of the purchased securities must be marked to the
35 market weekly;
36 (4) The date on which the securities are to be repurchased
37 must not be more than 90 days after the date of purchase; and
38 (5) The purchased securities must not have a term to maturity
39 at the time of purchase in excess of 10 years.
40 3. The securities described in paragraphs (a), (b) and (c) of
41 subsection 1 and the repurchase agreements described in subsection
42 2 may be purchased when, in the opinion of the ~~[board of county~~
43 ~~commissioners, the board of trustees of a county school district or~~
44 ~~the]~~ governing body of the ~~[city,]~~ **local government**, there is
45 sufficient money in any fund of the ~~[county, the school district or~~



1 ~~city]~~ **local government** to purchase those securities and the purchase
2 will not result in the impairment of the fund for the purposes for
3 which it was created.

4 4. When the ~~[board of county commissioners, the board of~~
5 ~~trustees of a county school district or the]~~ governing body of the
6 ~~city]~~ **local government** has determined that there is available
7 money in any fund or funds for the purchase of bonds as set out in
8 subsection 1 or 2, those purchases may be made and the bonds paid
9 for out of any one or more of the funds, but the bonds must be
10 credited to the funds in the amounts purchased, and the money
11 received from the redemption of the bonds, as and when redeemed,
12 must go back into the fund or funds from which the purchase money
13 was taken originally.

14 5. Any interest earned on money invested pursuant to
15 subsection 3, may, at the discretion of the ~~[board of county~~
16 ~~commissioners, the board of trustees of a county school district or~~
17 ~~the]~~ governing body of the ~~city]~~ **local government**, be credited to
18 the fund from which the principal was taken or to the general fund
19 of the ~~[county, school district or incorporated city.]~~ **local**
20 **government.**

21 6. The ~~[board of county commissioners, the board of trustees of~~
22 ~~a county school district or the]~~ governing body of ~~[an incorporated~~
23 ~~city]~~ **a local government** may invest any money apportioned into
24 funds and not invested pursuant to subsection 3 and any money not
25 apportioned into funds in bills and notes of the United States
26 Treasury, the maturity date of which is not more than 1 year after
27 the date of investment. These investments must be considered as
28 cash for accounting purposes, and all the interest earned on them
29 must be credited to the general fund of the ~~[county, school district or~~
30 ~~incorporated city.]~~ **local government.**

31 7. This section does not authorize the investment of money
32 administered pursuant to a contract, debenture agreement or grant in
33 a manner not authorized by the terms of the contract, agreement or
34 grant.

35 8. As used in this section:

36 (a) "Counterparty" means a bank organized and operating or
37 licensed to operate in the United States pursuant to federal or state
38 law or a securities dealer which is:

39 (1) A registered broker-dealer;

40 (2) Designated by the Federal Reserve Bank of New York as
41 a "primary" dealer in United States government securities; and

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

44 (b) **"Local government" has the meaning ascribed to it in**
45 **NRS 354.474.**



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1 (c) "Repurchase agreement" means a purchase of securities by
2 ~~[a board of county commissioners, the board of trustees of a county~~
3 ~~school district or]~~ the governing body of ~~[an incorporated city]~~ a
4 *local government* from a counterparty which commits to repurchase
5 those securities or securities of the same issuer, description, issue
6 date and maturity on or before a specified date for a specified price.

7 **Sec. 2.** NRS 355.175 is hereby amended to read as follows:

8 355.175 1. The governing body of any local government or
9 agency, whether or not it is included in the provisions of chapter 354
10 of NRS, may:

11 (a) Direct its treasurer or other appropriate officer to invest its
12 money or any part thereof in any investment which is lawful for a
13 ~~[county, a school district or incorporated city]~~ *local government*
14 pursuant to NRS 355.170; or

15 (b) Allow a county treasurer to make such investments through a
16 pool as provided in NRS 355.168.

17 2. In case of conflict, any order made pursuant to paragraph (a)
18 of subsection 1 takes precedence over any other order concerning
19 the same money or funds pursuant to subsection 5 of NRS 355.170.

20 3. Any interest earned from investments made pursuant to this
21 section must be credited, at the discretion of the local governing
22 unit, to any fund under its control, but the designation of the fund
23 must be made at the time of investment of the principal.

24 **Sec. 3.** Chapter 356 of NRS is hereby amended by adding
25 thereto the provisions set forth as sections 4 to 13, inclusive, of this
26 act.

27 **Sec. 4.** *As used in sections 4 to 13, inclusive, of this act,*
28 *unless the context otherwise requires, the words and terms defined*
29 *in sections 5 to 8, inclusive, of this act have the meanings ascribed*
30 *to them in those sections.*

31 **Sec. 5.** *"Depository" means an insured state or national*
32 *bank, insured savings and loan association, or insured credit*
33 *union in this state in which public money is held on deposit. The*
34 *term does not include a third-party depository.*

35 **Sec. 6.** *"Local government" has the meaning ascribed to it in*
36 *NRS 354.474.*

37 **Sec. 7.** *"Public money" means money deposited with a*
38 *depository by the State or a local government.*

39 **Sec. 8.** *"Third-party depository" means a trust company or*
40 *trust department of a state, national or federal reserve district*
41 *bank which is authorized to hold securities on behalf of a*
42 *depository for the benefit of the State Treasurer.*

43 **Sec. 9.** *The State Treasurer shall establish a program for the*
44 *monitoring of collateral maintained by depositories.*



1 **Sec. 10. 1.** *The program established pursuant to section 9*
2 *of this act must provide that:*

3 *(a) Each depository is required to maintain as collateral*
4 *acceptable securities having a fair market value that is at least 102*
5 *percent of the amount of the uninsured balances of the public*
6 *money held by the depository;*

7 *(b) A depository may satisfy the requirement set forth in*
8 *paragraph (a) by arranging for a third-party depository to hold*
9 *securities on behalf of the depository for the benefit of the State*
10 *Treasurer;*

11 *(c) No depository may, at any one time, hold public money in*
12 *an amount exceeding the total equity of the depository, as reflected*
13 *on the financial statement of the depository;*

14 *(d) Each depository is required to submit to the State*
15 *Treasurer, in the form and manner prescribed by the State*
16 *Treasurer, the following reports:*

17 *(1) A daily report of the total amount of public money held*
18 *by the depository;*

19 *(2) A weekly summary report of the total fair market value*
20 *of securities held by a third-party depository on behalf of the*
21 *depository;*

22 *(3) A monthly report setting forth a list of acceptable*
23 *securities, including, without limitation, the fair market value of*
24 *those securities, held by the depository or held by any third-party*
25 *depository on behalf of the depository; and*

26 *(4) A current annual report containing the financial*
27 *statement of the depository; and*

28 *(e) The State Treasurer may impose an administrative fine not*
29 *to exceed:*

30 *(1) One hundred dollars per day against a depository that*
31 *fails to submit in a timely manner a report described in paragraph*
32 *(d); and*

33 *(2) Two hundred fifty dollars per day against a depository*
34 *that fails to maintain collateral as described in paragraph (a).*

35 **2.** *As used in this section, "acceptable securities" means the*
36 *securities described in:*

37 *(a) Subsection 1 of NRS 356.020; and*

38 *(b) Subsection 1 of NRS 356.133.*

39 **Sec. 11. 1.** *Once each fiscal year the State Treasurer shall*
40 *levy a pro rata assessment against each depository that held public*
41 *money at any time during the immediately preceding fiscal year.*

42 **2.** *The amount of the assessment levied pursuant to*
43 *subsection 1 must be based on the average weekly deposits of*
44 *public money held by a depository.*



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1 **3. The State Treasurer shall provide to each depository a**
2 **notice setting forth:**

3 **(a) The amount of the assessment levied against the depository**
4 **pursuant to subsection 1; and**

5 **(b) The provisions of section 12 of this act.**

6 **Sec. 12. 1. A depository shall, within 45 days after the date**
7 **on which the depository received the notice provided pursuant to**
8 **subsection 3 of section 11 of this act, remit to the State Treasurer**
9 **the amount of the assessment levied against the depository.**

10 **2. The State Treasurer may impose an administrative fine not**
11 **exceeding \$500 per day against a depository that fails to comply**
12 **with the provisions of subsection 1.**

13 **Sec. 13. The State Treasurer shall adopt such regulations as**
14 **he determines are necessary to carry out the provisions of sections**
15 **4 to 13, inclusive, of this act.**

16 **Sec. 14. NRS 356.020 is hereby amended to read as follows:**

17 356.020 1. All money deposited by the State Treasurer which
18 is not within the limits of insurance provided by an instrumentality
19 of the United States must be secured by collateral composed of the
20 following types of securities:

21 (a) United States treasury notes, bills, bonds or obligations as to
22 which the full faith and credit of the United States are pledged for
23 the payment of principal and interest, including the guaranteed
24 portions of Small Business Administration loans if the full faith and
25 credit of the United States is pledged for the payment of the
26 principal and interest;

27 (b) Bonds of this state;

28 (c) Bonds of any county, municipality or school district within
29 this state;

30 (d) Promissory notes secured by first mortgages or first deeds of
31 trust which meet the requirements of NRS 356.025;

32 (e) Mortgage-backed pass-through securities guaranteed by the
33 Federal National Mortgage Association, the Federal Home Loan
34 Mortgage Corporation or the Government National Mortgage
35 Association;

36 (f) Collateralized mortgage obligations or real estate mortgage
37 investment conduits that are rated "AAA," "Aaa" or its equivalent
38 by a nationally recognized rating service; ~~to~~

39 (g) Instruments in which the State is permitted by NRS 355.140
40 to invest ~~to~~; **or**

41 **(h) Irrevocable letters of credit from any Federal Home Loan**
42 **Bank with the State Treasurer named as the beneficiary.**

43 2. Collateral deposited by the depository bank, credit union or
44 savings and loan association must be pledged with the State
45 Treasurer or with any Federal Home Loan Bank, any bank or any



1 insured credit union or savings and loan association, other than the
2 depository bank, credit union or savings and loan association, which
3 will accept the securities in trust for the purposes of this section.

4 3. The fair market value of the deposit of securities as
5 collateral by each depository bank, credit union or savings and loan
6 association must be at least the amount ~~[of the State Treasurer's~~
7 ~~deposit with the depository bank, credit union or association.]~~
8 *required pursuant to sections 4 to 13, inclusive, of this act.* The fair
9 market value of any collateral consisting of promissory notes with
10 first mortgages or first deeds of trust shall be deemed to be 75
11 percent of the unpaid principal of the notes.

12 4. All securities to be used as such collateral are subject to
13 review by the State Treasurer . ~~[and the State Board of Finance.]~~
14 The depository bank, credit union or savings and loan association
15 shall submit ~~[monthly]~~ reports to the State Treasurer ~~[showing the~~
16 ~~securities which constitute the collateral and their fair market value.]~~
17 *as required pursuant to sections 4 to 13, inclusive, of this act.*

18 5. The State Treasurer ~~[or the State Board of Finance]~~ may,
19 from time to time, require the deposit of additional securities as
20 collateral if, in their judgment, the additional securities are
21 necessary to secure the State Treasurer's deposit.

22 **Sec. 15.** NRS 356.133 is hereby amended to read as follows:

23 356.133 1. All money deposited by a county treasurer that is
24 not within the limits of insurance provided by an instrumentality of
25 the United States must be secured by collateral composed of the
26 following types of securities:

27 (a) United States treasury notes, bills, bonds or obligations as to
28 which the full faith and credit of the United States are pledged for
29 the payment of principal and interest, including the guaranteed
30 portions of Small Business Administration loans if the full faith and
31 credit of the United States is pledged for the payment of the
32 principal and interest;

33 (b) Bonds of this state;

34 (c) Bonds of a county, municipality or school district within this
35 state;

36 (d) Mortgage-backed pass-through securities guaranteed by the
37 Federal National Mortgage Association, the Federal Home Loan
38 Mortgage Corporation or the Government National Mortgage
39 Association; ~~[or]~~

40 (e) Instruments in which the county is authorized by NRS
41 355.170 to invest ~~[]~~; *or*

42 *(f) Irrevocable letters of credit from any Federal Home Loan*
43 *Bank with the State Treasurer named as the beneficiary.*

44 2. Collateral deposited by the depository bank, credit union or
45 savings and loan association must be pledged with the county



1 treasurer or with a Federal Home Loan Bank, or any insured bank,
2 insured credit union or insured savings and loan association, other
3 than the depository bank, credit union or savings and loan
4 association, which will accept the securities in trust for the purposes
5 of this section.

6 3. The fair market value of the deposit of securities as
7 collateral by each depository bank, credit union or savings and loan
8 association must be at least ~~[102 percent of]~~ the amount ~~[of the~~
9 ~~county treasurer's deposit with the depository bank, credit union or~~
10 ~~association.]~~ *required pursuant to sections 4 to 13, inclusive, of*
11 *this act.*

12 4. All securities to be used as such collateral are subject to
13 review by the county treasurer and the board of county
14 commissioners. The depository bank, credit union or savings and
15 loan association shall submit ~~[monthly]~~ reports to the ~~[county~~
16 ~~treasurer showing the securities which constitute the collateral and~~
17 ~~their fair market value.]~~ *State Treasurer as required pursuant to*
18 *sections 4 to 13, inclusive, of this act. The State Treasurer will*
19 *provide periodic reports to the county treasurer showing the*
20 *securities which constitute the collateral and their fair market*
21 *value.*

22 5. The county treasurer or the board of county commissioners
23 may, from time to time, require the deposit of additional securities
24 as collateral if, in their judgment, the additional securities are
25 necessary to secure the county treasurer's deposit.

26 **Sec. 15.5.** NRS 279.676 is hereby amended to read as follows:

27 279.676 1. Any redevelopment plan may contain a provision
28 that taxes, if any, levied upon taxable property in the redevelopment
29 area each year by or for the benefit of the State, any city, county,
30 district or other public corporation, after the effective date of the
31 ordinance approving the redevelopment plan, must be divided as
32 follows:

33 (a) That portion of the taxes which would be produced by the
34 rate upon which the tax is levied each year by or for each of
35 the taxing agencies upon the total sum of the assessed value of the
36 taxable property in the redevelopment area as shown upon the
37 assessment roll used in connection with the taxation of the property
38 by the taxing agency, last equalized before the effective date of the
39 ordinance, must be allocated to and when collected must be paid
40 into the funds of the respective taxing agencies as taxes by or for
41 such taxing agencies on all other property are paid. To allocate taxes
42 levied by or for any taxing agency or agencies which did not include
43 the territory in a redevelopment area on the effective date of the
44 ordinance but to which the territory has been annexed or otherwise
45 included after the effective date, the assessment roll of the county



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1 last equalized on the effective date of the ordinance must be used in
2 determining the assessed valuation of the taxable property in the
3 redevelopment area on the effective date. If property which was
4 shown on the assessment roll used to determine the amount of taxes
5 allocated to the taxing agencies is transferred to the State and
6 becomes exempt from taxation, the assessed valuation of the exempt
7 property as shown on that assessment roll must be subtracted from
8 the assessed valuation used to determine the amount of revenue
9 allocated to the taxing agencies.

10 (b) Except as otherwise provided in paragraphs (c) and (d) and
11 NRS 540A.265, that portion of the levied taxes each year in excess
12 of the amount set forth in paragraph (a) must be allocated to and
13 when collected must be paid into a special fund of the
14 redevelopment agency to pay the costs of redevelopment and to pay
15 the principal of and interest on loans, money advanced to, or
16 indebtedness, whether funded, refunded, assumed, or otherwise,
17 incurred by the redevelopment agency to finance or refinance, in
18 whole or in part, redevelopment. Unless the total assessed valuation
19 of the taxable property in a redevelopment area exceeds the total
20 assessed value of the taxable property in the redevelopment area as
21 shown by the last equalized assessment roll referred to in paragraph
22 (a), all of the taxes levied and collected upon the taxable property in
23 the redevelopment area must be paid into the funds of the respective
24 taxing agencies. When the redevelopment plan is terminated
25 pursuant to the provisions of NRS 279.438 and 279.439 and all
26 loans, advances and indebtedness, if any, and interest thereon, have
27 been paid, all money thereafter received from taxes upon the taxable
28 property in the redevelopment area must be paid into the funds of
29 the respective taxing agencies as taxes on all other property are paid.

30 (c) That portion of the taxes in excess of the amount set forth in
31 paragraph (a) that is attributable to a tax rate levied by a taxing
32 agency to produce revenues in an amount sufficient to make annual
33 repayments of the principal of, and the interest on, any bonded
34 indebtedness that was approved by the voters of the taxing agency
35 on or after November 5, 1996, must be allocated to and when
36 collected must be paid into the debt service fund of that taxing
37 agency.

38 (d) That portion of the taxes in excess of the amount set forth in
39 paragraph (a) that is attributable to a new or increased tax rate levied
40 by a taxing agency and was approved by the voters of the taxing
41 agency on or after November 5, 1996, must be allocated to and
42 when collected must be paid into the appropriate fund of the taxing
43 agency.



1 2. Except as otherwise provided in subsection 3, in any fiscal
2 year, the total revenue paid to a redevelopment agency must not
3 exceed:

4 (a) In a municipality whose population is 100,000 or more, an
5 amount equal to the combined tax rates of the taxing agencies for
6 that fiscal year multiplied by 10 percent of the total assessed
7 valuation of the municipality.

8 (b) In a municipality whose population is *25,000 or more but*
9 less than 100,000, an amount equal to the combined tax rates of the
10 taxing agencies for that fiscal year multiplied by 15 percent of the
11 total assessed valuation of the municipality.

12 (c) *In a municipality whose population is less than 25,000, an*
13 *amount equal to the combined tax rates of the taxing agencies for*
14 *that fiscal year multiplied by 20 percent of the total assessed*
15 *valuation of the municipality.*

16 If the revenue paid to a redevelopment agency must be limited
17 pursuant to paragraph (a) , ~~(b)~~ (b) *or (c)* and the redevelopment
18 agency has more than one redevelopment area, the redevelopment
19 agency shall determine the allocation to each area. Any revenue
20 which would be allocated to a redevelopment agency but for the
21 provisions of this section must be paid into the funds of the
22 respective taxing agencies.

23 3. The taxing agencies shall continue to pay to a
24 redevelopment agency any amount which was being paid before
25 July 1, 1987, and in anticipation of which the agency became
26 obligated before July 1, 1987, to repay any bond, loan, money
27 advanced or any other indebtedness, whether funded, refunded,
28 assumed or otherwise incurred.

29 4. For the purposes of this section, the assessment roll last
30 equalized before the effective date of the ordinance approving the
31 redevelopment plan is the assessment roll in existence on March 15
32 immediately preceding the effective date of the ordinance.

33 **Sec. 16.** NRS 349.950 is hereby amended to read as follows:

34 349.950 1. The Director may, to pay the cost of any water
35 project, borrow money or otherwise become obligated, and may
36 provide evidence of those obligations by issuing, except as
37 otherwise provided in this subsection, state securities or revenue
38 bonds. If the obligor is not a governmental entity, the Director shall
39 issue only revenue bonds to fulfill the obligation.

40 2. ~~{State}~~ *Except as otherwise provided in this subsection,*
41 *state* obligations may be outstanding pursuant to this section in an
42 aggregate principal amount of not more than \$200,000,000. *No state*
43 *obligations, other than refunding obligations, may be issued*
44 *pursuant to this section after July 1, 2003.*



1 3. State securities must be payable from taxes and may be
2 additionally secured by all or any designated revenues from one or
3 more water projects. Any governmental entity statutorily authorized
4 to levy taxes for the payment of bonded indebtedness may use the
5 proceeds of those taxes to pay the principal of, interest on and
6 redemption premiums due in connection with state securities issued
7 pursuant to this section. Any such state securities may be issued
8 without an election or other preliminaries. No state securities may
9 be issued to refund any municipal securities issued to finance a
10 water project before July 1, 1987.

11 4. Provisions of NRS 349.150 to 349.364, inclusive, which are
12 not inconsistent with the provisions of NRS 349.935 to 349.961,
13 inclusive, apply to the issuance of state securities under this section.
14 Provisions of NRS 349.400 to 349.670, inclusive, which are not
15 inconsistent with the provisions of NRS 349.935 to 349.961,
16 inclusive, apply to the issuance of revenue bonds under this section.

17 5. The Legislature finds and declares that the issuance of state
18 securities pursuant to NRS 349.935 to 349.961, inclusive, is
19 necessary for the protection and preservation of the natural
20 resources of this state and for the purpose of obtaining the benefits
21 thereof, and constitutes an exercise of the authority conferred by the
22 second paragraph of Section 3 of Article 9 of the Constitution of the
23 State of Nevada.

24 **Sec. 17.** Section 2 of chapter 478, Statutes of Nevada 1983, as
25 amended by chapter 785, Statutes of Nevada 1989, at page 1866, is
26 hereby amended to read as follows:

27 Sec. 2. ~~[After]~~

28 1. *Except as otherwise provided in subsection 2, after*
29 any of the agreements described in section 1 of this act have
30 been entered into, the state board of examiners shall issue
31 general obligation bonds of the State of Nevada to provide the
32 money necessary to pay the state's share of costs associated
33 with projects authorized pursuant to section 1 of this act for
34 the conservation, distribution and acquisition of water
35 associated with the Truckee River, the Carson River, the
36 Lahontan Valley Wetlands and the Newlands Federal
37 Reclamation Project, but not more than \$8,000,000 in face
38 amount. The bonds may be issued at one time or from time to
39 time.

40 2. *No bonds, other than refunding bonds, may be*
41 *issued pursuant to this section after July 1, 2003.*

42 **Sec. 18.** Section 4 of chapter 78, Statutes of Nevada 1993, at
43 page 124, is hereby amended to read as follows:

44 Sec. 4. 1. Subject to the limitations as to the
45 maximum principal amount in section 2 of this act, the



1 commission may in accordance with the provisions of
2 the State Securities Law issue revenue bonds and other
3 securities constituting special obligations and payable from
4 net pledged revenues, to defray the cost of the system, or any
5 part thereof, at any time or from time to time after the
6 adoption of this act, but not later than ~~{15 years after the~~
7 ~~effective date thereof, as the commission deems appropriate.}~~
8 *July 1, 2003.*

9 2. This act does not prevent the commission from
10 funding, refunding or reissuing any outstanding state
11 securities issued by the commission or the former division of
12 Colorado River resources at any time as provided in the State
13 Securities Law.

14 3. Subject to contractual obligations, the net revenues
15 pledged for the payment of state securities by the commission
16 may be derived from contractual commitments of the Federal
17 Government, of those customers of the commission or of
18 others utilizing the system to repay the commission's cost of
19 retiring the state securities, including interest thereon, as the
20 commission may determine.

21 **Sec. 19.** Chapter 627, Statutes of Nevada 1995, at page 2379,
22 is hereby amended to read as follows:

23 Section 1. *1.* The department of information services
24 may enter into contracts for the purchase of equipment to
25 upgrade the mainframe of the computer. ~~{The}~~ *Except as*
26 *otherwise provided in subsection 2, the* contracts may
27 include installment purchase agreements for the equipment
28 which constitute a total debt of the State of Nevada in an
29 amount determined by the state board of examiners not
30 exceeding \$5,000,000. Money for the payment of the debt
31 incurred pursuant to this section will be provided for in the
32 annual tax imposed for the payment of the obligations of the
33 State of Nevada from the consolidated bond interest and
34 redemption fund or by other legislative act. The provisions of
35 NRS 349.238 to 349.248, inclusive, apply to payment of the
36 debt. Interest on the debt must be paid at least semiannually
37 and the principal must be paid within 20 years after the date
38 of passage of this act.

39 *2. No installment purchase agreement authorized*
40 *pursuant to subsection 1 may be entered into after July 1,*
41 *2003, other than an installment purchase agreement that:*

42 *(a) Is entered into for the purpose of refunding*
43 *outstanding obligations; and*

44 *(b) Has been approved by the State Board of Finance*
45 *and the Interim Finance Committee.*



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1 **Sec. 20.** Section 4 of chapter 656, Statutes of Nevada 1995, at
2 page 2530, is hereby amended to read as follows:

3 Sec. 4. 1. The director of the department of prisons
4 shall, to the extent of legislative appropriations and
5 authorizations, enter into a contract in accordance with the
6 provisions of chapter 573, Statutes of Nevada 1991, at page
7 1893, for the construction and operation of a new correctional
8 facility for women in southern Nevada. ~~[The]~~ *Except as*
9 *otherwise provided in subsection 2, the* contract may include
10 an assignable lease or installment purchase agreement for the
11 facility which constitutes a debt of the State of Nevada in an
12 amount determined by the state board of examiners not
13 exceeding \$44,000,000. Money for the payment of the debt
14 incurred pursuant to this section will be provided for in the
15 annual tax imposed for the payment of the obligations of the
16 State of Nevada from the consolidated bond interest and
17 redemption fund or by other legislative act. The provisions of
18 NRS 349.238 to 349.248, inclusive, apply to payment of the
19 debt. Interest on the debt must be paid at least semiannually
20 and the principal must be paid within 20 years after the date
21 of passage of this act.

22 2. *No lease or installment purchase agreement*
23 *authorized pursuant to subsection 1 may be entered into*
24 *after July 1, 2003, other than a lease or installment*
25 *purchase agreement that:*

26 (a) *Is entered into for the purpose of refunding*
27 *outstanding obligations; and*

28 (b) *Has been approved by the State Board of Finance*
29 *and the Interim Finance Committee.*

30 3. Except for debt incurred as provided in subsection 1,
31 all payments of money required by the contract authorized by
32 subsection 1 must be subject to biennial appropriation by the
33 legislature and must not be due and payable unless an
34 appropriation is made.

35 **Sec. 21.** Section 7 of chapter 563, Statutes of Nevada 1997, at
36 page 2738, is hereby amended to read as follows:

37 Sec. 7. 1. The director may, to the extent of legislative
38 appropriations and authorizations, enter into a single contract
39 to finance, acquire and construct the facility. The contract
40 may include a provision that requires the contractor to
41 provide correctional services for the facility. The provisions
42 of this subsection do not prohibit the department or any other
43 state agency from providing correctional services for the
44 facility.



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1 2. ~~[The]~~ *Except as otherwise provided in this*
2 *subsection, the* contract may include an assignable lease or
3 installment purchase agreement for the facility. The lease or
4 agreement constitutes a debt of the State of Nevada in an
5 amount determined by the state board of examiners not
6 exceeding \$20,000,000. *No lease or installment purchase*
7 *agreement authorized pursuant to this subsection may be*
8 *entered into after July 1, 2003, other than a lease or*
9 *installment purchase agreement that:*

10 (a) *Is entered into for the purpose of refunding*
11 *outstanding obligations; and*

12 (b) *Has been approved by the State Board of Finance*
13 *and the Interim Finance Committee.*

14 3. Money for the payment of the debt incurred pursuant
15 to this section will be provided for in the annual tax imposed
16 for the payment of the obligations of the State of Nevada
17 from the consolidated bond interest and redemption fund or
18 by other legislative act. The provisions of NRS 349.238 to
19 349.248, inclusive, apply to the payment of the debt. Any
20 interest on the debt must be paid at least semiannually and the
21 principal must be paid within 20 years after the date the
22 contract is approved by the state board of examiners.

23 4. Except for debt incurred as provided in subsection 1,
24 all payments of money required by the contract authorized
25 pursuant to the provisions of subsection 1 must be subject to
26 biennial appropriation by the legislature and must not be due
27 and payable unless an appropriation is made.

28 5. The department may request that proposals for
29 correctional services be submitted and must specify the
30 requirements for the proposal.

31 6. A proposal submitted to the department must:

32 (a) Meet the requirements specified in the request; and

33 (b) Set a fixed price for the services offered.

34 7. The contract to finance, acquire and construct the
35 facility is exempt from the provisions relating to bids set forth
36 in NRS 341.145 to 341.151, inclusive.

37 **Sec. 22.** 1. At the request of the University and Community
38 College System of Nevada, the State Board of Finance shall review
39 a proposal for the issuance of general obligation bonds of the State
40 of Nevada or a combination of general obligation bonds and other
41 state securities to acquire a portion of the facilities known as the
42 Academic Medical Center located in downtown Las Vegas, or
43 similar facilities within the City of Las Vegas, for the University of
44 Nevada School of Medicine in Clark County and make a
45 recommendation regarding the proposal to the Interim Finance



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1 Committee. If the Interim Finance Committee, after independent
2 determination, finds that the issuance of such securities is
3 appropriate, the committee shall by resolution direct the State Board
4 of Finance to issue general obligation bonds of the State of Nevada
5 or a combination of general obligation bonds of the State of Nevada
6 and other state securities in the face amount of not more than
7 \$10,000,000 for the purpose of acquiring a portion of the facilities
8 known as the Academic Medical Center located in downtown Las
9 Vegas, or similar facilities within the City of Las Vegas, for the
10 University of Nevada School of Medicine in Clark County.

11 2. The amount of the bonds and the timing of the issuance of
12 the bonds must be determined by the State Treasurer and
13 representatives of the University and Community College System of
14 Nevada and must reflect the expenses associated with the issuance
15 of the bonds and the expenses and timing associated with the
16 acquisition of a portion of the facilities known as the Academic
17 Medical Center located in downtown Las Vegas, or similar facilities
18 within the City of Las Vegas, for the University of Nevada School
19 of Medicine in Clark County.

20 3. Following the acquisition of the portion of the Academic
21 Medical Center located in downtown Las Vegas, or similar facilities
22 within the City of Las Vegas, for the University of Nevada School
23 of Medicine in Clark County with the proceeds of the bonds
24 authorized by this section, the University and Community College
25 System of Nevada shall pay or transfer to the State Treasurer on the
26 date on which the rent payments for the portion of the Academic
27 Medical Center located in downtown Las Vegas that is rented by the
28 University and Community College System of Nevada on
29 October 1, 2003, would have been due, for deposit into the
30 Consolidated Bond Interest and Redemption Fund, from amounts
31 appropriated by the Legislature to the University and Community
32 College System of Nevada for rent payments on a portion of the
33 Academic Medical Center located in downtown Las Vegas and from
34 other money of the University and Community College System of
35 Nevada, an amount equal to the amount of principal and interest
36 which accrues on the bonds in each month following the acquisition
37 of the portion of the Academic Medical Center located in downtown
38 Las Vegas, or similar facilities within the City of Las Vegas, for the
39 University of Nevada School of Medicine in Clark County.

40 4. For the purposes of this section, the principal amount and
41 interest on the bonds shall be deemed to accrue in equal monthly
42 amounts from the date of the issuance of the bonds until the date of
43 the first interest payment on the bonds and thereafter each
44 semiannual interest payment shall be deemed to accrue in six equal
45 monthly installments ending on the semiannual interest payment



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1 date. Principal on the bonds shall be deemed to accrue in equal
2 monthly installments from the date of the issuance of the bonds until
3 the first principal payment date on the bonds and thereafter each
4 annual principal payment shall be deemed to accrue in 12 equal
5 monthly installments ending on each annual bond principal payment
6 date. The annual principal payment must occur on the date of the
7 first semiannual interest payment.

8 5. Except with respect to the first interest and principal
9 payments, the interest payments on the bonds must be made
10 semiannually and the principal payments must be made annually.

11 6. The provisions of the State Securities Law, set forth in NRS
12 349.150 to 349.364, inclusive, apply to the issuance of bonds
13 pursuant to the provisions of this section.

14 **Sec. 23.** 1. This section and sections 1 to 21, inclusive, of
15 this act become effective on July 1, 2003.

16 2. Section 22 of this act becomes effective on October 1, 2003.

