
ASSEMBLY BILL NO. 146—COMMITTEE ON
GROWTH AND INFRASTRUCTURE

(ON BEHALF OF THE NEVADA ASSOCIATION OF COUNTIES)

FEBRUARY 25, 2005

Referred to Committee on Growth and Infrastructure

SUMMARY—Excludes from statutory limitation on total ad valorem tax certain ad valorem tax levies imposed by Legislature. (BDR 32-597)

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

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

AN ACT relating to taxation; excluding from the statutory limitation on the total ad valorem tax levy for all public purposes any levy imposed by the Legislature for the repayment of bonded indebtedness or the operating expenses of the State; clarifying the manner in which certain other limitations on ad valorem taxes are calculated; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law limits the total amount of property taxes that may be levied for all
 - 2 public purposes. The maximum amount is \$3.64 per \$100 of assessed valuation.
 - 3 (NRS 361.453)
 - 4 This bill requires that property tax levied by the Legislature to repay bonded
 - 5 indebtedness or fund State operating expenses be excluded from the calculation of
 - 6 the limitation. This exclusion would result in the counties receiving the entire
 - 7 amount of the \$3.64 cap to fund local government, including school districts.
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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 361.453 is hereby amended to read as follows:
- 2 361.453 1. Except as otherwise provided in this section and
- 3 NRS 354.705, 354.723 and 450.760, the total ad valorem



1 tax levy for all public purposes must not exceed \$3.64 on each \$100
2 of assessed valuation, or a lesser or greater amount fixed by the
3 State Board of Examiners if the State Board of Examiners is
4 directed by law to fix a lesser or greater amount for that fiscal year.

5 2. Any levy imposed by the Legislature for the repayment of
6 bonded indebtedness or the operating expenses of the State of
7 Nevada ~~and any~~ *must not be included in calculating the*
8 *limitation set forth in subsection 1.*

9 3. Any levy imposed by the board of county commissioners
10 pursuant to NRS 387.195 that is in excess of 50 cents on each \$100
11 of assessed valuation of taxable property within the county must not
12 be included in calculating the limitation set forth in subsection 1 on
13 the total ad valorem tax levied within the boundaries of the county,
14 city or unincorporated town, if, in a county whose population is
15 40,000 or less, or in a city or unincorporated town located within
16 that county:

17 (a) The combined tax rate certified by the Nevada Tax
18 Commission was at least \$3.50 on each \$100 of assessed valuation
19 on June 25, 1998;

20 (b) The governing body of that county, city or unincorporated
21 town proposes to its registered voters an additional levy ad valorem
22 above the total ad valorem tax levy for all public purposes set forth
23 in subsection 1;

24 (c) The proposal specifies the amount of money to be derived,
25 the purpose for which it is to be expended and the duration of the
26 levy; and

27 (d) The proposal is approved by a majority of the voters voting
28 on the question at a general election or a special election called for
29 that purpose.

30 ~~3.1~~ 4. The duration of the additional levy ad valorem levied
31 pursuant to subsection ~~2.1~~ 3 must not exceed 5 years. The governing
32 body of the county, city or unincorporated town may discontinue the
33 levy before it expires and may not thereafter reimpose it in whole or
34 in part without following the procedure required for its original
35 imposition set forth in subsection 2.

36 ~~4.1~~ 5. A special election may be held pursuant to subsection
37 ~~2.1~~ 3 only if the governing body of the county, city or
38 unincorporated town determines, by a unanimous vote, that an
39 emergency exists. The determination made by the governing body is
40 conclusive unless it is shown that the governing body acted with
41 fraud or a gross abuse of discretion. An action to challenge the
42 determination made by the governing body must be commenced
43 within 15 days after the governing body's determination is final. As
44 used in this subsection, "emergency" means any unexpected



1 occurrence or combination of occurrences which requires immediate
2 action by the governing body of the county, city or unincorporated
3 town to prevent or mitigate a substantial financial loss to the county,
4 city or unincorporated town or to enable the governing body to
5 provide an essential service to the residents of the county, city or
6 unincorporated town.

7 **Sec. 2.** NRS 354.705 is hereby amended to read as follows:

8 354.705 1. As soon as practicable after the Department takes
9 over the management of a local government, the Executive Director
10 shall:

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

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

16 (c) Consider any alternative sources of revenue available to the
17 local government.

18 2. If the Executive Director determines that the available
19 revenue is not sufficient to provide for the payment of required debt
20 service and operating expenses, he may submit his findings to the
21 Committee who shall review the determinations made by the
22 Executive Director. If the Committee determines that additional
23 revenue is needed, it shall prepare a recommendation to the Nevada
24 Tax Commission as to which one or more of the following
25 additional taxes or charges should be imposed by the local
26 government:

27 (a) The levy of a property tax up to a rate which , when
28 combined with all other overlapping rates levied in the State ,
29 *including, without limitation, any levy imposed by the Legislature*
30 *for the repayment of bonded indebtedness or the operating*
31 *expenses of the State of Nevada*, does not exceed \$4.50 on each
32 \$100 of assessed valuation.

33 (b) An additional tax on transient lodging at a rate not to exceed
34 1 percent of the gross receipts from the rental of transient lodging
35 within the boundaries of the local government upon all persons in
36 the business of providing lodging. Any such tax must be collected
37 and administered in the same manner as all other taxes on transient
38 lodging are collected by or for the local government.

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

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

43 (1) An additional tax on the gross receipts from the sale or
44 use of tangible personal property not to exceed one-quarter of 1
45 percent throughout the county. The ordinance imposing any such tax



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

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

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

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

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

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

37 7. If a plan fails to satisfy the expenses of the local government
38 to the extent expected, the Committee shall report such failure to:

- 39 (a) The county for consideration of absorption of services; or
40 (b) If the local government is a county, to the next regular
41 session of the Legislature.

42 **Sec. 3.** NRS 354.723 is hereby amended to read as follows:

43 354.723 1. If the Executive Director determines that a severe
44 financial emergency which exists in a local government under



1 management by the Department is unlikely to cease to exist within
2 3 years, he shall determine:

3 (a) The amount any tax or mandatory assessment levied by the
4 local government must be raised to ensure a balanced budget for the
5 local government; and

6 (b) The manner in which the services provided by the local
7 government must be limited to ensure a balanced budget for the
8 local government,

9 ➔ and submit his findings to the Committee.

10 2. The Committee shall review the findings submitted by the
11 Executive Director pursuant to subsection 1. If the Committee
12 determines that the severe financial emergency which exists in the
13 local government is unlikely to cease to exist within 3 years and that
14 the findings made by the Executive Director are appropriate, the
15 Committee shall submit its recommendation to the Nevada Tax
16 Commission. If the Committee determines that the financial
17 emergency is likely to cease to exist within 3 years, that decision is
18 not subject to review by the Nevada Tax Commission.

19 3. The Nevada Tax Commission shall schedule a public
20 hearing within 30 days after the Committee submits its
21 recommendation. The Nevada Tax Commission shall provide public
22 notice of the hearing at least 10 days before the date on which the
23 hearing will be held. The Executive Director shall provide copies of
24 all documents relevant to the recommendation of the Committee to
25 the governing body of the local government in severe financial
26 emergency.

27 4. If, after the public hearing, the Nevada Tax Commission
28 determines that the recommendation of the Committee is
29 appropriate, a question must be submitted to the electors of the local
30 government at the next primary or general municipal election or
31 primary or general state election, as applicable, asking whether the
32 local government should be disincorporated or dissolved. If the
33 electors of the local government do not approve the disincorporation
34 or dissolution of the local government:

35 (a) The maximum ad valorem tax levied within the local
36 government, if any, must be raised to \$5 on each \$100 of assessed
37 valuation;

38 (b) Any other taxes or mandatory assessments levied in the local
39 government, notwithstanding any limitation on those taxes or
40 assessments provided by statute, must be raised in an amount the
41 Nevada Tax Commission determines is necessary to ensure a
42 balanced budget for the local government; and

43 (c) The services provided by the local government must be
44 limited in a manner the Nevada Tax Commission determines is
45 necessary to ensure a balanced budget for the local government.



1 ↪ *In calculating the rate of tax required by paragraph (a), any*
2 *levy imposed by the Legislature for the repayment of bonded*
3 *indebtedness or the operating expenses of the State of Nevada*
4 *must be included.*

5 5. If the electors of the local government approve the
6 disincorporation or dissolution of a local government that is:

7 (a) Created by another local government, ~~the~~ *the local*
8 *government* must be disincorporated or dissolved:

9 (1) Pursuant to the applicable provisions of law; or

10 (2) If there are no specific provisions of law providing for the
11 disincorporation or dissolution of the local government, by
12 the entity that created the local government. If, at the time of the
13 disincorporation or dissolution of the local government pursuant to
14 this paragraph, there are any outstanding loans or bonded
15 indebtedness of the local government, including, without limitation,
16 loans made to the local government by the county in which the local
17 government is located, the taxes for the payment of the bonds or
18 other indebtedness must continue to be levied and collected in the
19 same manner as if the local government had not been
20 disincorporated or dissolved until all outstanding indebtedness is
21 repaid, but for all other purposes the local government shall be
22 deemed disincorporated or dissolved at the time that the entity
23 which created the local government disincorporates or dissolves the
24 local government. Any other liabilities and any remaining assets
25 shall revert to the entity that created the local government which is
26 being disincorporated or dissolved.

27 (b) Created by a special or local act of the Legislature, ~~the~~ *the*
28 *local government* may only be disincorporated or dissolved by the
29 Legislature. The Executive Director shall submit notification of the
30 vote approving the disincorporation or dissolution of the local
31 government to the Director of the Legislative Counsel Bureau for
32 transmittal to the Legislature. At the first opportunity, the
33 Legislature shall consider the question of whether the special or
34 local act will be repealed.

35 (c) Created in any other manner, ~~the~~ *the local government* must
36 be disincorporated or dissolved:

37 (1) Pursuant to the applicable provisions of law; or

38 (2) If there are no specific provisions of law providing for
39 the disincorporation or dissolution of the local government, by the
40 governing body of that local government. If, at the time of the
41 disincorporation or dissolution of the local government pursuant to
42 this paragraph, there are any outstanding loans or bonded
43 indebtedness of the local government, including, without limitation,
44 loans made to the local government by the county or counties in
45 which the local government is located, the taxes for the payment of



1 the bonds or other indebtedness must continue to be levied and
2 collected in the same manner as if the local government had not
3 been disincorporated or dissolved until all outstanding indebtedness
4 is repaid, but for all other purposes the local government shall be
5 deemed disincorporated or dissolved at the time that the governing
6 body of the local government disincorporates or dissolves the local
7 government. Except as otherwise provided in this subparagraph, any
8 other liabilities and any remaining assets of the local government
9 shall revert to the board of county commissioners of the county in
10 which the local government is located. If the local government is
11 located in more than one county, the governing body of the local
12 government shall apportion the remaining liabilities and assets
13 among the boards of county commissioners of the counties in which
14 the local government is located.

15 6. Within 10 days after the Nevada Tax Commission makes a
16 determination pursuant to subsection 4, the Executive Director shall
17 notify:

18 (a) The city clerk, if the local government is a city; or

19 (b) The county clerk in all other cases,

20 ➔ and provide the clerk with the amount any tax or mandatory
21 assessment levied by the local government must be raised and a
22 description of the manner in which the services provided by the
23 local government must be limited to ensure a balanced budget for
24 the local government.

25 7. After the Executive Director notifies the city clerk or the
26 county clerk, as applicable, pursuant to subsection 6, the clerk shall
27 cause to be published in a newspaper of general circulation that is
28 printed in the local government a notice of the election once in each
29 calendar week for 2 successive calendar weeks by two weekly
30 insertions a week apart, the first publication to be not more than
31 30 days nor less than 22 days next preceding the date of the election.
32 If no newspaper is printed in the local government, publication of
33 the notice of election must be made in a newspaper printed in this
34 State and having a general circulation in the local government.

35 8. The notice required pursuant to subsection 7 must contain
36 the following information:

37 (a) That the Nevada Tax Commission has determined that the
38 severe financial emergency which exists in the local government is
39 unlikely to cease to exist within 3 years;

40 (b) That the question of whether the local government should be
41 disincorporated or dissolved will be submitted to the electors of the
42 local government at the next primary or general municipal election
43 or the next primary or general state election, as applicable; and

44 (c) That if the electors do not approve the disincorporation or
45 dissolution:



(1) The maximum ad valorem tax levied within the local government, if any, will be raised to \$5 on each \$100 of assessed valuation;

(2) Any taxes or mandatory assessment levied in the local government will be raised to ensure a balanced budget for the local government and the amount by which those taxes or mandatory assessments will be raised; and

(3) The services the local government provides will be limited to ensure a balanced budget for the local government and the manner in which those services will be limited.

9. If any provisions providing generally for the disincorporation or dissolution of the local government require that the question of disincorporating or dissolving be published or submitted to a vote of the electors of the local government, the publication required by subsection 3 and the election required by subsection 4 satisfy those requirements. If:

(a) There is any other conflict between the provisions of this section and any provisions providing generally for the disincorporation or dissolution of a local government; or

(b) The provisions providing generally for the disincorporation or dissolution of a local government provide additional rights to protest the disincorporation or dissolution of a local government not provided by this section,

the provisions of this section control a disincorporation or dissolution pursuant to this section and any person wishing to protest such a disincorporation or dissolution must proceed in accordance with the provisions of this section.

10. As used in this section, "local government" does not include a county, a school district or any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision.

Sec. 4. NRS 450.760 is hereby amended to read as follows:

450.760 In a county whose population is less than 400,000:

1. If, after a hearing, the board of county commissioners determines that the dissolution of a hospital district is necessary, the board shall by resolution provide for the dissolution of the hospital district. On and after the filing of the resolution with the county recorder, the hospital district shall be deemed dissolved.

2. Before dissolving a hospital district pursuant to subsection 1, the board of county commissioners shall determine whether the proceeds from the taxes currently being levied in the district, if any, for the operation of the hospital and the repayment of debt are sufficient to repay any outstanding obligations of the hospital district within a reasonable period after the dissolution of the district. If there are no taxes currently being levied for the hospital



1 district or the taxes being levied are not sufficient to repay the
2 outstanding obligations of the hospital district within a reasonable
3 period after the dissolution of the district, before dissolving the
4 district pursuant to subsection 1 the board of county commissioners
5 may levy a property tax on all of the taxable property in the district
6 that is sufficient, when combined with any revenue from taxes
7 currently being levied in the district, to repay the outstanding
8 obligations of the hospital district within a reasonable period after
9 the dissolution of the district. The allowed revenue from taxes ad
10 valorem determined pursuant to NRS 354.59811 does not apply to
11 any additional property tax levied pursuant to this subsection. If the
12 hospital district is being managed by the Department of Taxation
13 pursuant to NRS 354.685 to 354.725, inclusive, at the time of
14 dissolution, the rate levied pursuant to this subsection must not be
15 included in the total ad valorem tax levy for the purposes of the
16 application of the limitation in NRS 361.453, but the rate levied ,
17 when combined with all other overlapping rates levied in the State ,
18 *including, without limitation, any levy imposed by the Legislature*
19 *for the repayment of bonded indebtedness or the operating*
20 *expenses of the State of Nevada,* must not exceed \$4.50 on each
21 \$100 of assessed valuation. The board of county commissioners
22 shall discontinue any rate levied pursuant to this subsection on a
23 date that will ensure that no taxes are collected for this purpose after
24 the outstanding obligations of the hospital district have been paid in
25 full.

26 3. If, at the time of the dissolution of the hospital district, there
27 are any outstanding loans, bonded indebtedness or other obligations
28 of the hospital district, including, without limitation, unpaid
29 obligations to organizations such as the Public Employees'
30 Retirement System, unpaid salaries or unpaid loans made to the
31 hospital district by the county, the taxes being levied in the district
32 at the time of dissolution must continue to be levied and collected in
33 the same manner as if the hospital district had not been dissolved
34 until all outstanding obligations of the district have been paid in full,
35 but for all other purposes the hospital district shall be deemed
36 dissolved from the time the resolution is filed pursuant to
37 subsection 1.

38 4. If the hospital district is being managed by the Department
39 of Taxation pursuant to NRS 354.685 to 354.725, inclusive, at the
40 time of dissolution, the management ceases upon dissolution, but
41 the board of county commissioners shall continue to make such
42 financial reports to the Department of Taxation as the Department
43 deems necessary until all outstanding obligations of the hospital
44 district have been paid in full.



1 5. The property of the dissolved hospital district may be
2 retained by the board of county commissioners for use as a hospital
3 or disposed of in any manner the board deems appropriate. Any
4 proceeds of the sale or other transfer of the property of the dissolved
5 hospital district and any proceeds from taxes which had been levied
6 and received by the hospital district before dissolution, whether
7 levied for operating purposes or for the repayment of debt, must be
8 used by the board of county commissioners to repay any
9 indebtedness of the hospital district.
10 **Sec. 5.** This act becomes effective on July 1, 2005.



