

ASSEMBLY BILL NO. 567—COMMITTEE ON WAYS AND MEANS

MAY 23, 2005

Referred to Committee on Ways and Means

SUMMARY—Creates Account for Repair, Replacement and Renovation of School Buildings and Facilities. (BDR 34-1443)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation not included in Executive Budget.

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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 school facilities; creating an Account for the Repair, Replacement and Renovation of School Buildings and Facilities; providing for the submission of applications by certain school districts for grants of money from the Account; prescribing the process for the review and approval of applications; revising provisions governing the local tax for school facilities; repealing the provisions creating the Fund to Assist School Districts in Financing Capital Improvements; 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 387 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 7, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 7, inclusive, of this act, unless*
5 *the context otherwise requires “Account” means the Account for*
6 *the Repair, Replacement and Renovation of School Buildings and*
7 *Facilities created by section 3 of this act.*

8 **Sec. 3.** *1. The Account for the Repair, Replacement and*
9 *Renovation of School Buildings and Facilities is hereby created in*



1 *the State Treasury to be administered by the Director of the*
2 *Department of Administration.*

3 2. *The money in the Account must be invested as other state*
4 *funds are invested. All interest and income earned on the money*
5 *in the Account must be credited to the Account. Any money*
6 *remaining in the Account at the end of a fiscal year does not*
7 *revert to the State General Fund and the balance in the Account*
8 *must be carried forward.*

9 3. *Claims against the Account must be paid as other claims*
10 *against the State are paid.*

11 4. *The Director of the Department of Administration may*
12 *accept gifts and grants from any source, including, without*
13 *limitation, any Federal money made available for the*
14 *construction, repair or renovation of school buildings and*
15 *facilities for deposit in the Account.*

16 **Sec. 4.** 1. *The Director of the Department of*
17 *Administration may use the money in the Account, including*
18 *interest and income earned on the money in the Account, only to*
19 *provide grants of money to boards of trustees of school districts for*
20 *the repair, replacement and renovation of school buildings and*
21 *facilities.*

22 2. *The total amount of grants provided to school districts in a*
23 *single biennium must not exceed one-half of the total amount of*
24 *money in the Account at the beginning of that biennium.*

25 **Sec. 5.** 1. *The board of trustees of a school district in a*
26 *county whose population is less than 40,000 may submit an*
27 *application for a grant of money from the Account if the board of*
28 *trustees has determined that:*

29 (a) *One of the facilities that is located on the grounds of a*
30 *school within the school district is:*

31 (I) *Unsuitable for use as a result of:*

32 (I) *Structural defects;*

33 (II) *Barriers to accessibility; or*

34 (III) *Hazards to life, health or safety, including, without*
35 *limitation, environmental hazards and the operation of the facility*
36 *in an unsafe manner; or*

37 (2) *In such a condition that the cost of removing barriers to*
38 *accessibility would exceed 40 percent of the cost of constructing a*
39 *new facility; and*

40 (b) *The remaining allowable increase in ad valorem taxes*
41 *available to the school district is within 90 percent of the limit*
42 *imposed pursuant to NRS 361.453 or the board of county*
43 *commissioners of the county in which the school district is located*
44 *has imposed a tax pursuant to NRS 374A.010.*



1 2. An application submitted pursuant to subsection 1 must
2 include a written description of the:

3 (a) Project for the repair, replacement or renovation for which
4 the grant of money will be used, including, without limitation, a
5 description of how the money will be used in an efficient manner;
6 and

7 (b) Financial status of the school district, including, without
8 limitation, the criteria for approval set forth in paragraphs (b) and
9 (c) of subsection 4.

10 3. Upon receipt of an application, the Director of the
11 Department of Administration shall forward the application to the:

12 (a) Department of Taxation to determine whether the
13 application satisfies the showing of proof required by paragraphs
14 (b), (c) and (d) of subsection 4;

15 (b) State Public Works Board to determine whether the
16 application satisfies the showing of proof required by paragraph
17 (a) of subsection 4; and

18 (c) Department of Education for its review and comment.

19 4. The Director of the Department of Administration shall, in
20 consultation with the Department of Education, the Department of
21 Taxation and the State Public Works Board, determine whether to
22 forward an application to the State Board of Examiners based
23 upon:

24 (a) The needs of the school district, as set forth in paragraph
25 (a) of subsection 1;

26 (b) Proof that the county in which the school district is located
27 satisfies the requirements of paragraph (b) of subsection 1;

28 (c) Information that the assessed valuation of the taxable
29 property in the county in which the school district is located is
30 declining or that all other resources available to the school district
31 for financing capital improvements are diminishing; and

32 (d) The proposed use of the money for which the application is
33 made, including, without limitation, whether the money will be
34 used in an efficient manner.

35 5. The Department of Taxation and the State Public Works
36 Board shall submit written statements of their determinations
37 pursuant to subsection 4 regarding an application to the Director
38 of the Department of Administration.

39 6. The Director of the Department of Administration shall
40 forward each application that satisfies the requirements of
41 subsection 4 accompanied by the statements provided pursuant to
42 subsection 5 for that application to the State Board of Examiners.

43 **Sec. 6.** 1. Upon receipt of an application from the Director
44 of the Department of Administration, the State Board of
45 Examiners shall consider the application in accordance with the



1 *criteria set forth in subsection 4 of section 5 of this act. The State*
2 *Board of Examiners may require the applicant to submit such*
3 *additional information as the Board deems appropriate. If the*
4 *State Board of Examiners determines that a grant of money*
5 *should be made, the Board shall recommend the amount of the*
6 *grant to the Interim Finance Committee for its independent*
7 *evaluation and action. The Interim Finance Committee is not*
8 *bound to follow the recommendation of the State Board of*
9 *Examiners.*

10 2. *If the Interim Finance Committee, after independent*
11 *determination, finds that a grant of money recommended by the*
12 *State Board of Examiners should be made, the Committee shall*
13 *establish the amount and purpose of the grant.*

14 3. *The Director of the Department of Administration shall*
15 *distribute a grant of money from the Account to a school district*
16 *whose application is approved by the Interim Finance Committee*
17 *in the amount established by the Interim Finance Committee*
18 *pursuant to subsection 2.*

19 **Sec. 7. 1.** *The Director of the Department of*
20 *Administration shall adopt regulations in consultation with the*
21 *Department of Education:*

22 (a) *That prescribe the annual deadline for submission of an*
23 *application to the Director by the board of trustees of a school*
24 *district for a grant of money.*

25 (b) *Concerning the use of money deposited in the Account that*
26 *is received by this State or the Department of Education from the*
27 *Federal Government for the construction, repair or renovation of*
28 *school buildings and facilities.*

29 2. *The Director of the Department of Administration may:*

30 (a) *Adopt regulations as he deems necessary to carry out the*
31 *provisions of sections 2 to 7, inclusive, of this act.*

32 (b) *Employ or contract for any legal, fiscal or other expert*
33 *services necessary to carry out his duties pursuant to sections 2 to*
34 *7, inclusive, of this act.*

35 **Sec. 8.** *NRS 387.030 is hereby amended to read as follows:*

36 387.030 1. *All money derived from interest on the State*
37 *Permanent School Fund, together with all money derived from other*
38 *sources provided by law, must:*

39 ~~1-1~~ (a) *Be placed in the State Distributive School Account*
40 *which is hereby created in the State General Fund; and*

41 ~~1-2~~ (b) *Except as otherwise provided in NRS 387.528, be*
42 *apportioned among the several school districts and charter schools*
43 *of this State at the times and in the manner provided by law.*

44 2. *On June 30 of each odd-numbered year, the State*
45 *Controller shall transfer 10 percent of the surplus, if any, in the*



1 *State Distributive School Account to the Account for the Repair,*
2 *Replacement and Renovation of School Buildings and Facilities*
3 *created by section 3 of this act.*

4 **Sec. 9.** NRS 374A.010 is hereby amended to read as follows:

5 374A.010 1. A ~~{tax is hereby imposed}~~ *board of county*
6 *commissioners may enact an ordinance imposing a tax* on all
7 retailers within a county ~~{in which:~~

8 ~~—(a) The board of county commissioners of the county}~~ *if the*
9 *board of county commissioners* has not imposed the maximum rate
10 of tax that it is authorized to impose pursuant to NRS 377B.100. ~~{;~~

11 ~~—(b) The board of trustees of a county school district has applied~~
12 ~~for a grant from the Fund to Assist School Districts in Financing~~
13 ~~Capital Improvements pursuant to NRS 387.3335; and~~

14 ~~—(c) The State Board of Examiners has approved the application~~
15 ~~by the board of trustees.}~~

16 2. The rate of the tax imposed by subsection 1 is the difference
17 between:

18 (a) The rate of tax that the board of county commissioners of the
19 county has imposed pursuant to NRS 377B.100; and

20 (b) The maximum rate of tax that the board of county
21 commissioners of the county is authorized to impose pursuant to
22 NRS 377B.100,

23 ↪ but in no event may the rate imposed by subsection 1 exceed one-
24 eighth of 1 percent of the gross receipts of any retailer from the sale
25 of all tangible personal property sold at retail, or stored, used or
26 otherwise consumed, in the county.

27 **Sec. 10.** NRS 374A.020 is hereby amended to read as follows:

28 374A.020 1. The collection of the tax imposed by NRS
29 374A.010 must be commenced on the first day of the first calendar
30 quarter that begins at least 30 days after the ~~{last condition in~~
31 ~~subsection 1 of NRS 374A.010 is met.}~~ *effective date of the*
32 *ordinance imposing the tax.*

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

35 3. The board of trustees of the school district shall transfer the
36 proceeds of the tax imposed by NRS 374A.010 from the county
37 school district fund to the fund described in NRS 354.6105 which
38 must be established by the board of trustees. The money deposited
39 in the fund described in NRS 354.6105 pursuant to this subsection
40 must be accounted for separately in that fund and must only be
41 expended by the board of trustees for the cost of the extraordinary
42 maintenance, extraordinary repair and extraordinary improvement of
43 school facilities within the county.



1 **Sec. 11.** NRS 374A.020 is hereby amended to read as follows:
2 374A.020 1. The collection of the tax imposed by NRS
3 374A.010 must be commenced on the first day of the first calendar
4 quarter that begins at least 120 days after the ~~[last condition in~~
5 ~~subsection 1 of NRS 374A.010 is met.]~~ *effective date of the*
6 *ordinance imposing the tax.*

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

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

18 **Sec. 12.** NRS 387.333 and 387.3335 are hereby repealed.

19 **Sec. 13.** (Deleted by amendment.)

20 **Sec. 14.** Section 12 of this act does not impair any outstanding
21 bonds issued before July 1, 2005.

22 **Sec. 15.** The State Treasurer shall transfer any balance
23 remaining unexpended on June 30, 2005, in the Fund to Assist
24 School Districts in Financing Capital Improvements to the Account
25 for the Repair, Replacement and Renovation of School Buildings
26 and Facilities created by section 3 of this act.

27 **Sec. 16.** 1. This section and sections 1, 3 and 12 to 15,
28 inclusive, of this act become effective upon passage and approval.

29 2. Sections 2 and 4 to 10, inclusive, of this act become
30 effective on July 1, 2005.

31 3. Section 10 of this act expires by limitation on December 31,
32 2005.

33 4. Section 11 of this act becomes effective on January 1, 2006.

TEXT OF REPEALED SECTIONS

387.333 Creation; acceptance of gifts and grants; investment; payment of claims.

1. The Fund to Assist School Districts in Financing Capital Improvements is hereby created in the State Treasury, to be administered by the Director of the Department of Administration.



All money received and held by the State Treasurer for the purpose of the Fund must be deposited in the Fund.

2. The Director of the Department of Administration may accept gifts and grants from any source for deposit in the Fund.

3. The money in the Fund must be invested as the money in other state funds is invested. All interest and income earned on the money in the Fund must be credited to the Fund.

4. Claims against the Fund must be paid as other claims against the State are paid.

387.3335 Application for grant; proof of emergency conditions; determinations by Department of Taxation and State Public Works Board; approval by State Board of Examiners; award of grants.

1. The board of trustees of a school district may apply to the Director of the Department of Administration for a grant of money from the Fund created pursuant to NRS 387.333 on a form provided by the Director of the Department of Administration. The application must be accompanied by proof that the following emergency conditions exist within the school district:

(a) The assessed valuation of the taxable property in the county in which the school district is located is declining and all other resources available to the school district for financing capital improvements are diminishing;

(b) The combined ad valorem tax rate of the county is at the limit imposed by NRS 361.453; and

(c) At least:

(1) One building that is located on the grounds of a school within the school district has been condemned;

(2) One of the facilities that is located on the grounds of a school within the school district is unsuitable for use as a result of:

(I) Structural defects;

(II) Barriers to accessibility; or

(III) Hazards to life, health or safety, including, without limitation, environmental hazards and the operation of the facility in an unsafe manner; or

(3) One of the facilities that is located on the grounds of a school within the school district is in such a condition that the cost of renovating the facility would exceed 40 percent of the cost of constructing a new facility.

2. Upon receipt of an application submitted pursuant to subsection 1, the Director of the Department of Administration shall forward the application to the:

(a) Department of Taxation to determine whether or not:

(1) The application satisfies the showing of proof required pursuant to paragraphs (a) and (b) of subsection 1; and



(2) The board of county commissioners in the county in which the school district is located has imposed a tax of more than one-eighth of 1 percent pursuant to NRS 377B.100;

(b) State Public Works Board to determine whether the application satisfies the showing of proof required pursuant to paragraph (c) of subsection 1; and

(c) Department of Education for informational purposes.

3. The Department of Taxation and the State Public Works Board shall submit written statements of their determinations pursuant to subsection 2 regarding an application to the Director of the Department of Administration. Upon receipt of such statements, the Director shall submit the application accompanied by the written statements from the Department of Taxation and State Public Works Board to the State Board of Examiners for approval.

4. The Director of the Department of Administration shall make grants from the Fund created pursuant to NRS 387.333 based upon the need of each school district whose application is approved by the State Board of Examiners.

5. The Director of the Department of Administration shall adopt regulations that prescribe the annual deadline for submission of an application to the Director of the Department of Administration by a school district that desires to receive a grant of money from the Fund.

