
SENATE BILL NO. 67—COMMITTEE ON GOVERNMENT AFFAIRS

FEBRUARY 16, 2005

Referred to Committee on Government Affairs

SUMMARY—Authorizes general improvement district to file petition in bankruptcy pursuant to the Federal Bankruptcy Act and clarifies status of general improvement district as municipality. (BDR 25-880)

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 general improvement districts; authorizing a general improvement district to file a petition in bankruptcy and be a debtor pursuant to the Federal Bankruptcy Act; clarifying that a general improvement district is a municipality; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides for the formation and organization of general
2 improvement districts and sets forth the powers that a general improvement district
3 may exercise. (Chapter 318 of NRS) Federal law provides, in relevant part, that for
4 an entity to be a debtor under chapter 9 of the Federal Bankruptcy Act, the entity
5 must be a municipality and state law must specifically authorize the entity to be a
6 debtor under that chapter. (11 U.S.C. § 109(c))
7 This bill provides that a general improvement district is a municipality having
8 the form of a quasi-municipal corporation, and that a general improvement district
9 may file a petition and be a debtor under the Federal Bankruptcy Act. (11 U.S.C. §§
10 101 et seq., as amended)



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

Section 1. Chapter 318 of NRS is hereby amended by adding thereto a new section to read as follows:

A general improvement district, in its capacity as a municipality, may file a petition and be a debtor pursuant to the Federal Bankruptcy Act, 11 U.S.C. §§ 101 et seq., as amended, including, but not limited to, chapter 9 of that title.

Sec. 2. NRS 318.015 is hereby amended to read as follows:

318.015 1. It is hereby declared as a matter of legislative determination that ~~{the}~~:

(a) *The* organization of districts having the purposes, powers, rights, privileges and immunities provided in this chapter will serve a public use and will promote the health, safety, prosperity, security and general welfare of the inhabitants thereof and of the State of Nevada; ~~{that the}~~

(b) *The* acquisition, improvement, maintenance and operation of any project authorized in this chapter is in the public interest and constitutes a part of the established and permanent policy of the State of Nevada; and ~~{that each}~~

(c) *Each* district organized pursuant to the provisions of this chapter ~~{shall be}~~ is a *governmental subdivision of the State of Nevada, a* body corporate and politic and a *municipality having the form of a* quasi-municipal corporation.

➔ For the accomplishment of these purposes the provisions of this chapter shall be broadly construed.

2. It is hereby further declared that the provisions of this chapter are not intended to provide a method for financing the costs of developing private property.

3. It is hereby further declared as a matter of legislative determination that the notice provided for in this chapter for each hearing and action to be taken is reasonably calculated to inform the parties of all proceedings which may directly and adversely affect their legally protected interest.

Sec. 3. NRS 318.075 is hereby amended to read as follows:

318.075 1. Except as otherwise provided in subsection 2, the adoption of the ordinance creating the district ~~{shall}~~ finally and conclusively ~~{establish}~~ *establishes* the regular organization of the district against all persons, which district ~~{shall thenceforth be}~~ *is* a governmental subdivision of the State of Nevada, a body corporate and politic and a *municipality having the form of a* quasi-municipal corporation.

2. Within 30 days immediately following the effective date of such ordinance any person who has filed a written protest, as



1 provided in NRS 318.065, ~~{shall have}~~ **has** the right to commence
2 an action in any court of competent jurisdiction to set aside such
3 determination. Thereafter all actions or suits attacking the regularity,
4 validity and correctness of that ordinance and all proceedings,
5 determinations and instruments taken, adopted or made ~~{prior to}~~
6 ~~such}~~ **before the** ordinance's final passage ~~{, shall be}~~ **are**
7 perpetually barred.

8 3. Within 30 days after the effective date of the ordinance
9 creating the district, the county clerk shall file a copy of the
10 ordinance in his office and shall cause to be filed an additional copy
11 of the ordinance in the Office of the Secretary of State, which filings
12 ~~{shall be}~~ **are** without fee and ~~{be}~~ **are** otherwise in the same manner
13 as articles of incorporation are required to be filed under chapter 78
14 of NRS.

15 **Sec. 4.** A general improvement district that was organized
16 before the effective date of this act shall be deemed to have been a
17 municipality from the date of its organization.

18 **Sec. 5.** This act becomes effective upon passage and approval.



