

SENATE BILL NO. 95—COMMITTEE ON FINANCE

(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION)

FEBRUARY 21, 2005

Referred to Committee on Finance

SUMMARY—Makes various changes concerning state financial administration. (BDR S-1205)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: Contains Appropriation 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 state financial administration; revising certain provisions relating to the Fund to Stabilize the Operation of the State Government; repealing certain statutory provisions relating to excess revenue collected by the State during a fiscal year; making appropriations; and providing other matters properly relating thereto.

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

Section 1. NRS 353.2735 is hereby amended to read as follows:

353.2735 1. The Disaster Relief Account is hereby created as a special account in the Fund to Stabilize the Operation of the State Government. The Interim Finance Committee shall administer the Account.

2. The Division may accept grants, gifts or donations for deposit in the Account. Except as otherwise provided in subsection 3, money received from:

(a) A direct legislative appropriation to the Account;

(b) A transfer ~~to~~ **from the State General Fund in an amount equal to** not more than 10 percent of the aggregate balance in the Fund to Stabilize the Operation of the State Government **, excluding**



1 *the aggregate balance in the Disaster Relief Account and the*
2 *Emergency Assistance Subaccount*, made pursuant to NRS
3 353.288; and

4 (c) A grant, gift or donation to the Account,
5 ➤ must be deposited in the Account. Except as otherwise provided
6 in NRS 414.135, the interest and income earned on the money in the
7 Account must, after deducting any applicable charges, be credited to
8 the Account.

9 3. If, at the end of each quarter of a fiscal year, the balance in
10 the Account exceeds 0.75 percent of the total amount of all
11 appropriations from the State General Fund for the operation of all
12 departments, institutions and agencies of State Government and
13 authorized expenditures from the State General Fund for the
14 regulation of gaming for that fiscal year, the State Controller shall
15 not, until the balance in the Account is 0.75 percent or less of that
16 amount, transfer any money in the Fund to Stabilize the Operation
17 of the State Government from the State General Fund to the
18 Account pursuant to the provisions of NRS 353.288.

19 4. Money in the Account may be distributed through grants and
20 loans to state agencies and local governments as provided in NRS
21 353.2705 to 353.2771, inclusive. Except as otherwise provided in
22 NRS 353.276, such grants will be disbursed on the basis of
23 reimbursement of costs authorized pursuant to NRS 353.274 and
24 353.2745.

25 5. If the Governor declares a disaster, the State Board of
26 Examiners shall estimate:

27 (a) The money in the Account that is available for grants and
28 loans for the disaster pursuant to the provisions of NRS 353.2705 to
29 353.2771, inclusive; and

30 (b) The anticipated amount of those grants and loans for the
31 disaster.

32 ➤ Except as otherwise provided in this subsection, if the anticipated
33 amount determined pursuant to paragraph (b) exceeds the available
34 money in the Account for such grants and loans, all grants and loans
35 from the Account for the disaster must be reduced in the same
36 proportion that the anticipated amount of the grants and loans
37 exceeds the money in the Account that is available for grants and
38 loans for the disaster. If the reduction of a grant or loan from the
39 Account would result in a reduction in the amount of money that
40 may be received by a state agency or local government from the
41 Federal Government, the reduction in the grant or loan must not be
42 made.



1 **Sec. 2.** NRS 353.288 is hereby amended to read as follows:

2 353.288 1. The Fund to Stabilize the Operation of the State
3 Government is hereby created as a special revenue fund. Except as
4 otherwise provided in subsections 2 and 3, each year after the close
5 of the fiscal year and before the issuance of the State Controller's
6 annual report, the State Controller shall deposit to the credit of the
7 Fund 40 percent of the unrestricted balance of the State General
8 Fund, as of the close of the fiscal year, which remains after
9 subtracting an amount equal to ~~45~~ 10 percent of all appropriations
10 made from the State General Fund during that year for the operation
11 of all departments, institutions and agencies of State Government
12 and for the funding of schools.

13 2. The balance in the Fund , *excluding the aggregate balance*
14 *in the Disaster Relief Account and the Emergency Assistance*
15 *Subaccount*, must not exceed 15 percent of the total of all
16 appropriations from the State General Fund for the operation of all
17 departments, institutions and agencies of the State Government and
18 for the funding of schools and authorized expenditures from the
19 State General Fund for the regulation of gaming for the fiscal year
20 in which that revenue will be deposited in the Fund.

21 3. Except as otherwise provided in this subsection and NRS
22 353.2735, beginning with the fiscal year that begins on July 1, 2003,
23 the State Controller shall, at the end of each quarter of a fiscal year,
24 transfer from the State General Fund to the Disaster Relief Account
25 created pursuant to NRS 353.2735 an amount equal to not more than
26 10 percent of the aggregate balance in the Fund to Stabilize the
27 Operation of the State Government during the previous quarter ~~45~~ ,
28 *excluding the aggregate balance in the Disaster Relief Account*
29 *and the Emergency Assistance Subaccount created pursuant to*
30 *NRS 414.135*. The State Controller shall not transfer more than
31 \$500,000 for any quarter pursuant to this subsection.

32 4. Money from the Fund to Stabilize the Operation of the State
33 Government may be appropriated only:

34 (a) If the total actual revenue of the State falls short by 5 percent
35 or more of the total anticipated revenue for the biennium in which
36 the appropriation is made; or

37 (b) If the Legislature and the Governor declare that a fiscal
38 emergency exists.

39 **Sec. 3.** 1. Section 20 of Chapter 538, Statutes of Nevada
40 1997, at page 2544, is hereby repealed.

41 2. Sections 188 and 188.3 of Chapter 5, Statutes of Nevada
42 2003, 20th Special Session, at pages 236 and 237, respectively, are
43 hereby repealed.



1 **Sec. 4.** There is hereby appropriated for Fiscal Year 2005-
2 2006 from the State General Fund to the Fund to Stabilize the
3 Operation of the State Government created by NRS 353.288 the
4 sum of \$37,000,000.

5 **Sec. 5.** There is hereby appropriated for Fiscal Year 2006-
6 2007 from the State General Fund to the Fund to Stabilize the
7 Operation of the State Government created by NRS 353.288 the
8 sum of \$34,000,000.

9 **Sec. 6.** 1. This section and subsection 1 of section 3 of this
10 act become effective upon passage and approval.

11 2. Subsection 2 of section 3 of this act becomes effective upon
12 passage and approval and applies retroactively to January 1, 2005.

13 3. Sections 1, 2 and 4 of this act become effective on July 1,
14 2005.

15 4. Section 5 of this act becomes effective on July 1, 2006.

TEXT OF REPEALED SECTIONS

Section 20 of Chapter 538, Statutes of Nevada 1997:

Sec. 20. Notwithstanding the amendatory provisions of section 16 of this act, the state controller shall, at the end of the first quarter of the 1999-2000 fiscal year and at the end of the first quarter of each subsequent fiscal year, transfer one-half of the interest earned during the previous quarter on the money in the fund to stabilize the operation of state government created pursuant to NRS 353.288 to the emergency assistance account created pursuant to section 18 of this act, in an amount not to exceed \$500,000 per year. Such a transfer must be made until the balance in the disaster relief fund created pursuant to section 8 of this act is sufficient to earn interest in an amount of at least \$500,000 annually. Thereafter, the interest earned on the money in the fund to stabilize the operation of state government must be transferred in accordance with the amendatory provisions of sections 8 and 16 of this act.

Section 188 of Chapter 5, Statutes of Nevada 2003, 20th Special Session:

Sec. 188. Notwithstanding the provisions of NRS 353.288:

1. After the close of the 2003-2004 Fiscal Year and after the close of the 2004-2005 Fiscal Year, the Interim Finance



Committee shall determine the amount, if any, by which the total revenue from all sources to the State General Fund, excluding reversions to the State General Fund, exceeds:

(a) One hundred seven percent of the total revenue from all sources to the State General Fund as projected by the Nevada Legislature for the applicable fiscal year; and

(b) The total amount of all applicable contingent appropriations enacted for the 2003-2004 Fiscal Year and the 2004-2005 Fiscal Year by the Nevada Legislature for which the conditions for the contingent appropriations were satisfied.

2. Any excess amount of revenue determined pursuant to subsection 1 must be used as follows:

(a) An amount estimated by the Interim Finance Committee to pay for expenditures that will occur in the next biennium for which the corresponding expenditures in the current biennium were paid or are to be paid from a source other than the State General Fund, but for which the alternative source of revenue likely will not be available or will not be received during the biennium, must be used to replace previously used nonrecurring revenue. This amount must be accounted for separately in the State General Fund.

(b) The remaining excess amount of revenue must be transferred to the Fund to Stabilize the Operation of the State Government created by NRS 353.288, in such an amount that does not cause the balance in the Fund to exceed the limitation on that balance set forth in NRS 353.288.

(c) Any remaining excess amount of revenue must be transferred to the Fund for Tax Accountability created pursuant to section 188.3 of this act.

Section 188.3 of Chapter 5, Statutes of Nevada 2003, 20th Special Session:

Sec. 188.3. 1. The Fund for Tax Accountability is hereby created as a special revenue fund.

2. Money from the Fund may be appropriated only for the purpose of supplementing future revenue of this state to allow the reduction of the rate or amount of a tax or fee.

3. This section does not authorize a refund or other return of any tax or fee paid to this state pursuant to any statute or regulation in effect at the time the tax or fee was paid.



