
SENATE JOINT RESOLUTION NO. 6—SENATORS BEERS, CEGAVSKE,
HARDY, TIFFANY AND WASHINGTON

MARCH 21, 2005

Referred to Committee on Finance

SUMMARY—Proposes to amend Nevada Constitution to provide for limitations on appropriations and authorizations for expenditure and generating, creating or increasing public revenue. (BDR C-944)

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.

SENATE JOINT RESOLUTION—Proposing to amend the Nevada Constitution to impose certain limitations on the total amount that may be appropriated to and authorized for expenditure by the State, to impose upon the State and all counties, cities, towns, districts and other municipal corporations certain limitations on creating, generating or increasing public revenue and to provide for a limitation on the taxable value of real property.

Legislative Counsel's Digest:

Existing law requires a vote of at least two-thirds of the members of each house of the Legislature to pass a bill or joint resolution that creates, generates or increases any public revenue. (Nev. Const., Art. 4, § 18)

This resolution proposes to add a new section to the Nevada Constitution that limits the amount of money that may be appropriated to and authorized for expenditure by the State in any fiscal year. The amount of money that may be appropriated and authorized for expenditure in a fiscal year must not exceed 3.6 percent of the total personal income in the State for the immediately preceding calendar year, unless approved by voters at a statewide election. The limitation on the amount of expenditure does not apply to an expenditure of revenue that: (1) must be deposited in the State Highway Fund; (2) is required to pay the public debts of the State; (3) is required to be used by a statute or an amendment to the Nevada Constitution enacted by a referendum or initiative petition; (4) is received as a gift or grant from the Federal Government or any other person or entity; (5) is used to reduce a tax imposed on motor vehicles in lieu of an ad valorem property



tax; or (6) is generated for 1 biennium if passed by two-thirds of the members of both houses.

This resolution further proposes to add new sections to Article 4 of the Nevada Constitution that: (1) prohibit the appropriation and authorization for expenditure of such amounts to counties, cities, towns, districts and other municipal corporations that are proportionately less than amounts appropriated and authorized for expenditure in Fiscal Year 2008-2009; (2) require any revenue in excess of the limitation on the total amount that may be appropriated and authorized for expenditure to be used by the Legislature to reduce any tax imposed upon motor vehicles in lieu of an ad valorem property tax, unless the excess amount is equal to or less than 1 percent of the total amount in which case it must be deposited in a fund to stabilize the operation of State Government; (3) require the Legislature to fund any program or service that the Legislature requires a county, city, town or district to establish after January 1, 2009; (4) require the voters in a statewide election to approve any bill or joint resolution that would create, generate or increase public revenue in any form unless the bill or joint resolution is passed by two-thirds of the members of each house; (5) prohibit the Legislature from changing the computation bases for a tax, fee assessment or rate; and (6) prohibit the Legislature from imposing a new ad valorem tax on real property or increasing an existing ad valorem tax on property.

Existing law establishes the Fund to Stabilize the Operation of the State Government. (NRS 353.288) However, existing law does not prohibit the Legislature from abolishing the Fund.

This resolution proposes to add a new section to Article 4 of the Nevada Constitution to require the Legislature to create a fund to stabilize the operation of the State Government.

This resolution proposes to add a new section to Article 8 of the Nevada Constitution that requires the voters in a county, city, town, district or other municipal corporation to approve any measure that would create, generate or increase public revenue or change the computation bases for a tax, fee, assessment or rate, except a tax, fee, assessment or rate imposed for the payment of public debt entered into before January 1, 2009.

This resolution also proposes to add a new section to Article 10 of the Nevada Constitution to: (1) limit the increase in the taxable value of real property in the State; (2) require that the taxable value of property be increased by the full cash value of any new improvement or enhancement made to the property; (3) if property is converted to another use, require the property to be appraised to determine the taxable value based on the new use of the property.

This resolution proposes to amend Section 6 of Article 19 of the Nevada Constitution to establish that any proposed amendment to the Constitution that requires an appropriation or expenditure of money must also provide for the imposition of a tax to produce the required revenue to support the expenditure.

This resolution further proposes to add new sections to Articles 4, 8 and 10 of the Nevada Constitution to allow a taxpayer to bring an action to enforce any of the proposed amendments to the Constitution included in this resolution. If the taxpayer is the prevailing party in such an action, the taxpayer is entitled to recover his costs and attorney's fees.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That a new section, designated Section 39, be added to Article 4 of the Nevada Constitution to read as follows:

Sec. 39. 1. Except as otherwise provided in subsection 2, the total amount appropriated to and



1 *authorized for expenditure by the State in a fiscal year must*
2 *not exceed 3.6 percent of the total personal income in the*
3 *State for the immediately preceding calendar year.*

4 2. *The limitation on appropriations and authorizations*
5 *for expenditure described in subsection 1 does not apply*
6 *with respect to any appropriation or authorization for*
7 *expenditure of revenue that is:*

8 (a) *Required to be deposited in a fund to be used*
9 *exclusively for the administration, construction,*
10 *reconstruction, improvement and maintenance of highways;*

11 (b) *Required to be used to pay for public debts*
12 *authorized pursuant to Section 3 of Article 9 of this*
13 *Constitution;*

14 (c) *Required to be used by a statute or an amendment to*
15 *this Constitution enacted pursuant to the provisions of*
16 *Article 19 of this Constitution;*

17 (d) *Received from the Federal Government or from any*
18 *person or entity in the form of a gift or grant;*

19 (e) *Generated by any bill or joint resolution enacted*
20 *pursuant to the provisions of subsection 3 of Section 18 of*
21 *this Article; or*

22 (f) *Used to reduce a tax imposed on motor vehicles by*
23 *the Legislature in lieu of an ad valorem property tax*
24 *pursuant to Section 41 of this Article.*

25 3. *A taxpayer of this State shall have standing to*
26 *commence an action in the First Judicial District Court to*
27 *enforce the provisions of this Section. If the taxpayer is the*
28 *prevailing party in his action to enforce the provisions of*
29 *this Section, the Court shall award the taxpayer reasonable*
30 *expenses and attorney's fees.*

31 And be it further

32 RESOLVED, That a new section, designated Section 40, be added
33 to Article 4 of the Nevada Constitution to read as follows:

34 *Sec. 40. 1. The proportion that the total amount*
35 *appropriated to and otherwise authorized for expenditure by*
36 *all counties, cities, towns, districts and other municipal*
37 *corporations for a fiscal year bears to the total amount*
38 *appropriated to and otherwise authorized for expenditure by*
39 *the State and all counties, cities, towns, districts and other*
40 *municipal corporations for that fiscal year must be at least*
41 *equal to the proportion that the total amount appropriated*
42 *to and otherwise authorized for expenditure by all counties,*
43 *cities, towns, districts and other municipal corporations for*
44 *Fiscal Year 2008-2009 bears to the total amount*



1 *appropriated to and otherwise authorized for expenditure by*
2 *the State and all counties, cities, towns, districts and other*
3 *municipal corporations for Fiscal Year 2008-2009.*

4 *2. A taxpayer of this State shall have standing to*
5 *commence an action in the First Judicial District Court to*
6 *enforce the provisions of this Section. If the taxpayer is the*
7 *prevailing party in his action to enforce the provisions of*
8 *this Section, the Court shall award the taxpayer reasonable*
9 *expenses and attorney's fees.*

10 And be it further

11 Resolved, That a new section, designated Section 41, be added
12 to Article 4 of the Nevada Constitution to read as follows:

13 *Sec. 41. 1. Except as otherwise provided in*
14 *subsection 2, any amount of revenue collected, in a fiscal*
15 *year, in excess of the limitation on the amount that may be*
16 *appropriated and authorized for expenditure described in*
17 *subsection 1 of Section 39 of this Article must be used to*
18 *reduce any tax imposed upon motor vehicles by the*
19 *Legislature in lieu of an ad valorem property tax.*

20 *2. If an amount of revenue is collected, in any fiscal*
21 *year, in excess of the limitation on the amount that may be*
22 *appropriated and authorized for expenditure during a fiscal*
23 *year described in subsection 1 of Section 39 of this Article*
24 *that is equal to 1 percent or less of the total amount that*
25 *may be appropriated and authorized for expenditure, such*
26 *amount of excess revenue may be deposited in the fund*
27 *established pursuant to Section 43 of this Article.*

28 *3. A taxpayer of this State shall have standing to*
29 *commence an action in the First Judicial District Court to*
30 *enforce the provisions of this Section. If the taxpayer is the*
31 *prevailing party in his action to enforce the provisions of*
32 *this Section, the Court shall award the taxpayer reasonable*
33 *expenses and attorney's fees.*

34 And be it further

35 RESOLVED, That a new section, designated Section 42, be added
36 to Article 4 of the Nevada Constitution to read as follows:

37 *Sec. 42. 1. If the Legislature directs one or more*
38 *counties, cities, towns, districts or other municipal*
39 *corporations to establish a program or provide a service on*
40 *or after January 1, 2009, the Legislature shall appropriate*
41 *or otherwise authorize for expenditure the revenue required*
42 *to pay the expense of the program or service.*

43 *2. If the Legislature directs one or more counties,*
44 *cities, towns, districts or other municipal corporations to*
45 *increase a program or service established before January 1,*



2009, that requires additional funding, the Legislature shall appropriate or otherwise authorize for expenditure the revenue required to pay the additional expense of the program or service.

3. For any program or service that the Legislature directed a county, city, town, district or other municipal corporation to establish before January 1, 2009, the Legislature shall not, in any fiscal year, appropriate or otherwise authorize for expenditure an amount for the program or service that as a percentage of the total amount required for the program or service is a reduction of the amount appropriated or authorized for expenditure by the Legislature as represented by a percentage of the total amount required for the program or service during Fiscal Year 2008-2009.

4. A taxpayer of this State shall have standing to commence an action in the First Judicial District Court to enforce the provisions of this Section. If the taxpayer is the prevailing party in his action to enforce the provisions of this Section, the Court shall award the taxpayer reasonable expenses and attorney's fees.

And be it further

RESOLVED, That a new section, designated Section 43, be added to Article 4 of the Nevada Constitution to read as follows:

Sec. 43. The Legislature shall provide by law for the creation, as a special revenue fund, of a fund to stabilize the operation of the State Government.

And be it further

RESOLVED, That Section 18 of Article 4 of the Nevada Constitution be amended to read as follows:

Sec. 18. 1. Every bill, except a bill placed on a consent calendar adopted as provided in subsection 4, must be read by sections on three several days, in each House, unless in case of emergency, two thirds of the House where such bill is pending shall deem it expedient to dispense with this rule. The reading of a bill by sections, on its final passage, shall in no case be dispensed with, and the vote on the final passage of every bill or joint resolution shall be taken by yeas and nays to be entered on the journals of each House.

2. Except as otherwise provided in subsection ~~2~~ 3, a majority of all the members elected to each House is necessary to pass every bill or joint resolution, and all bills or joint resolutions so passed, shall be signed by the presiding officers of the respective Houses and by the Secretary of the Senate and Clerk of the Assembly.



~~[2.— Except as otherwise provided in subsection 3, an affirmative vote of not fewer than two-thirds of the members elected to each House is necessary to pass a bill or joint resolution which creates, generates, or increases any public revenue in any form, including but not limited to taxes, fees, assessments and rates, or changes in the computation bases for taxes, fees, assessments and rates.~~

~~—3. A] If a~~ majority of all of the members elected to each House ~~[may refer any]~~ *passes a* measure which creates, generates, or increases any *public* revenue in any form , *including, without limitation, taxes, fees, assessments and rates, or changes in the computation bases for taxes, fees, assessments and rates, such a measure must be referred to* the people of the State at the next general election, and shall become effective and enforced only if it has been approved by a majority of the votes cast on the measure at such election.

3. Except as otherwise provided in this subsection, an affirmative vote of not fewer than two-thirds of the members elected to each House may pass a measure which creates, generates, or increases public revenue in any form, including, without limitation, a tax, fee, assessment or rate, or a change in the computation bases for a tax, fee, assessment or rate. If two-thirds of the members elected to each House pass such a measure, the revenue created or generated must only be collected during the biennium for which the bill or joint resolution is passed. The Legislature shall not enact, pursuant to the provisions of this subsection, a measure:

(a) Which imposes a new ad valorem tax on real property or increases an existing ad valorem tax on real property; or

(b) Which appropriates or authorizes for expenditure the revenue required to be used to reduce a tax imposed on motor vehicles by the Legislature in lieu of an ad valorem property tax pursuant to Section 41 of this Article.

4. Each House may provide by rule for the creation of a consent calendar and establish the procedure for the passage of uncontested bills.

5. A taxpayer of this State shall have standing to commence an action in the First Judicial District Court to enforce the provisions of subsection 3. If the taxpayer is the prevailing party in his action to enforce the provisions of subsection 3, the Court shall award the taxpayer reasonable expenses and attorney's fees.



1 And be it further

2 RESOLVED, That a new section, designated Section 11, be added
3 to Article 8 of the Nevada Constitution to read as follows:

4 *Sec. 11. 1. Except as otherwise provided in*
5 *subsection 2, if a county, city, town, district or other*
6 *municipal corporation passes a measure which creates,*
7 *generates or increases public revenue in any form,*
8 *including, without limitation, taxes, fees, assessments and*
9 *rates, or changes in the computation bases for taxes, fees,*
10 *assessments and rates, such measure must be referred to the*
11 *people of the county, city, town, district or other municipal*
12 *corporation at the next general election, and shall become*
13 *effective and enforced only if it has been approved by a*
14 *majority of the votes cast on the measure at such election.*

15 *2. The limitation on the passage of a measure which*
16 *creates, generates or increases public revenue in any form*
17 *described in subsection 1 does not apply to any tax, fee,*
18 *assessment or rate or change in the computation bases for a*
19 *tax, fee, assessment or rate imposed for the payment of*
20 *public debt that was entered into by a county, city, town or*
21 *other municipal corporation before January 1, 2009.*

22 *3. A taxpayer of this State shall have standing to*
23 *commence an action in the First Judicial District Court to*
24 *enforce the provisions of this Section. If the taxpayer is the*
25 *prevailing party in his action to enforce the provisions of*
26 *this Section, the Court shall award the taxpayer reasonable*
27 *expenses and attorney's fees.*

28 And be it further

29 RESOLVED, That a new section, designated Section 6, be added
30 to Article 10 of the Nevada Constitution to read as follows:

31 *Sec. 6. 1. Except as otherwise provided in*
32 *subsections 2 and 3, the taxable value of real property is the*
33 *taxable value from which the assessed value for Fiscal Year*
34 *2008-2009 was calculated but, if the property was not*
35 *appraised or reappraised for that fiscal year, the taxable*
36 *value determined by appraisal or reappraisal for a*
37 *subsequent fiscal year may be adjusted appropriately to*
38 *determine the taxable value as of Fiscal Year 2008-2009.*

39 *2. If new improvements to real property are*
40 *constructed, except to replace existing improvements*
41 *destroyed by natural disaster or other casualty, or existing*
42 *improvements are materially enhanced, the taxable value of*
43 *the property must be increased by the full cash value of the*
44 *new improvement or enhancement. If real property is*
45 *converted to another use, the taxable value of the property*



1 *must be redetermined after the conversion by appraisal at its*
2 *full cash value in accordance with the new use of the*
3 *property.*

4 3. *The taxable value of real property may not be*
5 *changed from year to year by more than the lesser of:*

6 (a) *The percentage of increase or decrease in the rate of*
7 *inflation for the preceding calendar year; or*

8 (b) *The percentage of increase or decrease in the value*
9 *of the real property based on appraisal of the:*

10 (1) *Full cash value of the land; and*

11 (2) *Any improvements made on the land less any*
12 *deductions provided for by the Legislature.*

13 4. *A taxpayer of this State shall have standing to*
14 *commence an action in the First Judicial District Court to*
15 *enforce the provisions of this Section. If the taxpayer is the*
16 *prevailing party in his action to enforce the provisions of*
17 *this Section, the Court shall award the taxpayer reasonable*
18 *expenses and attorney's fees.*

19 And be it further

20 RESOLVED, That Section 1 of Article 10 of the Nevada
21 Constitution be amended to read as follows:

22 Section 1. 1. ~~[The]~~ *Except as otherwise provided in*
23 *Section 6 of this Article, the* Legislature shall provide by law
24 for a uniform and equal rate of assessment and taxation, and
25 shall prescribe such regulations as shall secure a just
26 valuation for taxation of all property, real, personal and
27 possessory, except mines and mining claims, which shall be
28 assessed and taxed only as provided in Section 5 of this
29 Article.

30 2. Shares of stock, bonds, mortgages, notes, bank
31 deposits, book accounts and credits, and securities and choses
32 in action of like character are deemed to represent interest in
33 property already assessed and taxed, either in Nevada or
34 elsewhere, and shall be exempt.

35 3. The Legislature may constitute agricultural and open-
36 space real property having a greater value for another use
37 than that for which it is being used, as a separate class for
38 taxation purposes and may provide a separate uniform plan
39 for appraisal and valuation of such property for assessment
40 purposes. If such plan is provided, the Legislature shall also
41 provide for retroactive assessment for a period of not less
42 than 7 years when agricultural and open-space real property is
43 converted to a higher use conforming to the use for which
44 other nearby property is used.



1 4. Personal property which is moving in interstate
2 commerce through or over the territory of the State of
3 Nevada, or which was consigned to a warehouse, public or
4 private, within the State of Nevada from outside the State of
5 Nevada for storage in transit to a final destination outside the
6 State of Nevada, whether specified when transportation
7 begins or afterward, shall be deemed to have acquired no
8 situs in Nevada for purposes of taxation and shall be exempt
9 from taxation. Such property shall not be deprived of such
10 exemption because while in the warehouse the property is
11 assembled, bound, joined, processed, disassembled, divided,
12 cut, broken in bulk, relabeled or repackaged.

13 5. The Legislature may exempt motor vehicles from the
14 provisions of the tax required by this section, and in lieu
15 thereof, if such exemption is granted, shall provide for a
16 uniform and equal rate of assessment and taxation of motor
17 vehicles, which rate shall not exceed five cents on one dollar
18 of assessed valuation.

19 6. The Legislature shall provide by law for a progressive
20 reduction in the tax upon business inventories by 20 percent
21 in each year following the adoption of this provision, and
22 after the expiration of the 4th year such inventories are
23 exempt from taxation. The Legislature may exempt any other
24 personal property, including livestock.

25 7. No inheritance tax shall ever be levied.

26 8. The Legislature may exempt by law property used for
27 municipal, educational, literary, scientific or other charitable
28 purposes, or to encourage the conservation of energy or the
29 substitution of other sources for fossil sources of energy.

30 9. No income tax shall be levied upon the wages or
31 personal income of natural persons. Notwithstanding the
32 foregoing provision, and except as otherwise provided in
33 subsection 1 of this Section, taxes may be levied upon the
34 income or revenue of any business in whatever form it may
35 be conducted for profit in the State.

36 10. The Legislature may provide by law for an
37 abatement of the tax upon or an exemption of part of the
38 assessed value of a single-family residence occupied by the
39 owner to the extent necessary to avoid severe economic
40 hardship to the owner of the residence.

41 And be it further

42 RESOLVED, That Section 6 of Article 19 of the Nevada
43 Constitution be amended to read as follows:

44 Sec. 6. This Article does not permit the proposal of any
45 *amendment to this Constitution*, statute or statutory



1 amendment which makes an appropriation or otherwise
2 requires the expenditure of money, unless such statute or
3 amendment also imposes a sufficient tax, not prohibited by
4 the Constitution, or otherwise constitutionally provides for
5 raising the necessary revenue.

