

SENATE BILL NO. 510—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 26, 2007

Referred to Committee on Government Affairs

SUMMARY—Imposes certain requirements relating to certain measures that limit the number of residential or nonresidential units that may be constructed in a city or county. (BDR 22-1351)

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

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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 local governments; clarifying that a governing body of a city or county may adopt a measure limiting the number of residential or nonresidential units that may be constructed in the city or county; imposing certain requirements relating to the adoption of such measures; making various other changes relating to such measures and local financial administration; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 3 of this bill clarifies that a governing body of a city or county is authorized to adopt an ordinance, regulation or plan, and amendments thereof, that limits the number of residential or nonresidential units that may be constructed during a specific period in the city or county and imposes certain requirements relating to the adoption of such a growth control measure.

Section 9 of this bill requires the Committee on Local Government Finance to analyze the fiscal impact of any such growth control measures and report its findings to the Nevada Tax Commission. **Section 10** of this bill requires the Nevada Tax Commission to review the report of the Committee and determine any fiscal impact that a growth control measure may have on the State or local governments. If the Commission finds that the growth control measure will have such a fiscal impact, the Commission may require the local government to take certain actions to mitigate that fiscal impact.

Section 13 of this bill adds certain decreases in the revenues or increases in expenditures of a local government as another condition to the list of conditions existing in a local government which may constitute a severe financial emergency for which the Department of Taxation is required to take over management of the local government. (NRS 354.685)



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Existing law sets forth the distribution of the supplemental city-county relief tax. (NRS 377.057) **Section 14** of this bill reduces the amount of the distribution that certain smaller counties (Douglas, Esmeralda, Eureka, Lander, Lincoln, Lyon, Mineral, Nye, Pershing, Storey or White Pine) receive from the supplemental city-county relief tax for the duration that a growth control measure is in effect in such a county.

WHEREAS, Local governments are responsible for determining appropriate methods for planning and managing future development within their jurisdictions; and

WHEREAS, Such planning and management decisions require consideration and balancing of numerous, and often competing, state and local interests, including, without limitation, encouraging orderly development in appropriate areas, minimizing regional economic impacts, making efficient use of public services, protecting natural resources, maintaining quality of life and promoting an economic climate that increases the overall economic well-being of the State and local governments; and

WHEREAS, It is vital to state interests to ensure that the enactment of any growth control measure by a local government or by the voters does not negatively impact revenues or require additional expenditures by the State and local governments; and

WHEREAS, It is also vital that when making land use planning decisions, local governments consider population, conservation issues, economic factors, public facilities and services and intergovernmental coordination; and

WHEREAS, By enacting the provisions of this act:

1. The Legislature intends to clarify the procedures by which local governments conduct sustainable growth planning and identify the tools and resources necessary for local governments to balance the interests of the State and other local governments and effectively plan for and manage future development within their jurisdictions in a manner that fosters the economic well-being of the State and other local governments; and

2. The Legislature intends to provide a limited review by the Committee on Local Government Finance and the Nevada Tax Commission of growth control measures that impact areas of statewide concern and impose appropriate requirements to mitigate any adverse fiscal impacts of those measures on the economic well-being of the State and local governments; now, therefore,



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

Section 1. Chapter 278 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *"Growth control measure" means any ordinance, regulation or plan, including, without limitation, a zoning regulation or restriction or a master plan, or part thereof, or any amendment, extension or addition thereof, which limits the number of residential or nonresidential units that may be constructed during a specific period within a city or county.*

Sec. 3. 1. *A governing body may adopt a growth control measure.*

2. *Before adopting a growth control measure, the governing body must, in addition to complying with any applicable provisions of NRS 278.150, prepare a conservation plan, an economic plan, a housing plan, a population plan and a school facilities plan that comply with the descriptions of those plans set forth in NRS 278.160.*

3. *A growth control measure that is adopted by a governing body must contain or otherwise be accompanied by findings setting forth the need for that measure. Such findings must include, without limitation:*

(a) An assessment of the number of residential units needed for housing within the region in which the city or county is located and a fairly apportioned estimate of the number of those residential units that are needed within the city or county;

(b) A description of the specific activities and programs undertaken by the city or county to ensure that there is an adequate supply of housing, including, without limitation, affordable housing in accordance with the housing plan of the master plan of the city or county, and an adequate supply of nonresidential units within the city or county;

(c) An assessment of whether the growth control measure conforms to the capital improvements plan and master plan of the city or county, and to any regional plan, if applicable;

(d) An assessment of the potential fiscal impact of the growth control measure on the city or county during the 5 years after its adoption;

(e) A determination that the growth control measure protects the financial resources and obligations of the city or county, the State and other local governments; and

(f) An assessment of the manner in which the growth control measure has been coordinated with the master plans of other cities and counties in the region pursuant to NRS 278.170.



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1 4. A growth control measure must be adopted by the
2 affirmative votes of not less than two-thirds of the entire
3 membership of the governing body.

4 5. A governing body that adopts a growth control measure
5 shall submit a copy of the growth control measure and the
6 findings required for the measure pursuant to subsection 3 to the
7 Committee on Local Government Finance for its analysis
8 pursuant to section 9 of this act not later than 30 days after the
9 date of adoption of the measure.

10 **Sec. 4.** NRS 278.010 is hereby amended to read as follows:

11 278.010 As used in NRS 278.010 to 278.630, inclusive, *and*
12 *sections 2 and 3 of this act*, unless the context otherwise requires,
13 the words and terms defined in NRS 278.0105 to 278.0195,
14 inclusive, *and section 2 of this act* have the meanings ascribed to
15 them in those sections.

16 **Sec. 5.** NRS 278.220 is hereby amended to read as follows:

17 278.220 Except as otherwise provided in subsection 4 of
18 NRS 278.150 and NRS 278.225:

19 1. Upon receipt of a certified copy of the master plan, or of any
20 part thereof, *or any amendment, extension or addition thereof*, as
21 adopted by the planning commission, the governing body may adopt
22 such parts thereof , *or amendments, extensions or additions*
23 *thereof*, as may practicably be applied to the development of the
24 city, county or region for a reasonable period of time next ensuing.

25 2. The parts , *amendments, extensions or additions* must
26 thereupon be endorsed and certified as master plans thus adopted for
27 the territory covered, and are hereby declared to be established to
28 conserve and promote the public health, safety and general welfare.

29 3. Before adopting any *master* plan or *any* part thereof, *or any*
30 *amendment, extension or addition thereof*, the governing body
31 shall ~~hold~~ :

32 (a) *Hold* at least one public hearing thereon, notice of the time
33 and place of which must be published at least once in a newspaper
34 of general circulation in the city or counties at least 10 days before
35 the day of hearing ~~;~~ ; and

36 (b) *If the adoption of the master plan or any part thereof, or*
37 *any amendment, extension or addition thereof, proposes the*
38 *adoption of a growth control measure, ensure that the adoption of*
39 *the growth control measure complies with the provisions set forth*
40 *in section 3 of this act.*

41 4. No change in or addition to , *amendment to or extension of*
42 the master plan or any part thereof, as adopted by the planning
43 commission, may be made by the governing body in adopting the
44 same until the proposed change or addition , *amendment or*
45 *extension* has been referred to the planning commission for a report



1 thereon and an attested copy of the report has been filed with the
2 governing body. Failure of the planning commission so to report
3 within 40 days, or such longer period as may be designated by the
4 governing body, after such reference shall be deemed to be approval
5 of the proposed change or addition ~~[]~~, *amendment or extension.*

6 **Sec. 6.** NRS 278.260 is hereby amended to read as follows:

7 278.260 1. The governing body shall ~~[provide]~~ :

8 *(a) Provide* for the manner in which zoning regulations and
9 restrictions and the boundaries of zoning districts are determined,
10 established, enforced and amended ~~[]~~; *and*

11 *(b) If a zoning regulation or restriction or boundary, or an*
12 *amendment thereto, proposes a growth control measure, ensure*
13 *that the zoning regulation or restriction or boundary, or*
14 *amendment thereto, complies with the provisions of section 3 of*
15 *this act.*

16 2. A zoning regulation, restriction or boundary, or an
17 amendment thereto, must not become effective until after transmittal
18 of a copy of the relevant application to the town board, citizens'
19 advisory council or town advisory board pursuant to subsection 5, if
20 applicable, and after a public hearing at which parties in interest and
21 other persons have an opportunity to be heard. The governing body
22 shall cause notice of the time and place of the hearing to be:

23 (a) Published in an official newspaper, or a newspaper of
24 general circulation, in the city, county or region; and

25 (b) Mailed to each tenant of a mobile home park if that park is
26 located within 300 feet of the property in question,
27 ➔ at least 10 days before the hearing.

28 3. If a proposed amendment involves a change in the boundary
29 of a zoning district in a county whose population is less than
30 100,000, the governing body shall, to the extent this notice does not
31 duplicate the notice required by subsection 2, cause a notice of the
32 hearing to be sent at least 10 days before the hearing to:

33 (a) The applicant;

34 (b) Each owner, as listed on the county assessor's records, of
35 real property located within 300 feet of the portion of the boundary
36 being changed;

37 (c) The owner, as listed on the county assessor's records, of each
38 of the 30 separately owned parcels nearest to the portion of the
39 boundary being changed, to the extent this notice does not duplicate
40 the notice given pursuant to paragraph (b); and

41 (d) Any advisory board which has been established for the
42 affected area by the governing body.

43 ➔ The notice must be sent by mail or, if requested by a party to
44 whom notice must be provided pursuant to paragraphs (a) to (d),
45 inclusive, by electronic means if receipt of such an electronic notice



* S B 5 1 0 *

1 can be verified, and must be written in language which is easy to
2 understand. The notice must set forth the time, place and purpose of
3 the hearing and a physical description of or a map detailing the
4 proposed change, must indicate the existing zoning designation and
5 the proposed zoning designation of the property in question, and
6 must contain a brief summary of the intent of the proposed change.
7 If the proposed amendment involves a change in the boundary of the
8 zoning district that would reduce the density or intensity with which
9 a parcel of land may be used, the notice must include a section that
10 an owner of property may complete and return to the governing
11 body to indicate his approval of or opposition to the proposed
12 amendment.

13 4. If a proposed amendment involves a change in the boundary
14 of a zoning district in a county whose population is 100,000 or
15 more, the governing body shall, to the extent this notice does not
16 duplicate the notice required by subsection 2, cause a notice of the
17 hearing to be sent at least 10 days before the hearing to:

18 (a) The applicant;

19 (b) Each owner, as listed on the county assessor's records, of
20 real property located within 750 feet of the portion of the boundary
21 being changed;

22 (c) The owner, as listed on the county assessor's records, of each
23 of the 30 separately owned parcels nearest to the portion of the
24 boundary being changed, to the extent this notice does not duplicate
25 the notice given pursuant to paragraph (b);

26 (d) Each tenant of a mobile home park if that park is located
27 within 750 feet of the property in question; and

28 (e) Any advisory board which has been established for the
29 affected area by the governing body.

30 ➤ The notice must be sent by mail or, if requested by a party to
31 whom notice must be provided pursuant to paragraphs (a) to (e),
32 inclusive, by electronic means if receipt of such an electronic notice
33 can be verified, and must be written in language which is easy to
34 understand. The notice must set forth the time, place and purpose of
35 the hearing and a physical description of or a map detailing the
36 proposed change, must indicate the existing zoning designation and
37 the proposed zoning designation of the property in question, and
38 must contain a brief summary of the intent of the proposed change.
39 If the proposed amendment involves a change in the boundary of the
40 zoning district that would reduce the density or intensity with which
41 a parcel of land may be used, the notice must include a section that
42 an owner of property may complete and return to the governing
43 body to indicate his approval of or opposition to the proposed
44 amendment.



* S B 5 1 0 *

5. If an application is filed with the governing body and the application involves a change in the boundary of a zoning district within an unincorporated town that is located more than 10 miles from an incorporated city, the governing body shall, at least 10 days before the hearing on the application is held pursuant to subsection 2, transmit a copy of any information pertinent to the application to the town board, citizens' advisory council or town advisory board, whichever is applicable, of the unincorporated town. The town board, citizens' advisory council or town advisory board may make recommendations regarding the application and submit its recommendations before the hearing on the application is held pursuant to subsection 2. The governing body or other authorized person or entity conducting the hearing shall consider any recommendations submitted by the town board, citizens' advisory council or town advisory board regarding the application and, within 10 days after making its decision on the application, shall transmit a copy of its decision to the town board, citizens' advisory council or town advisory board.

6. In a county whose population is 400,000 or more, if a notice is required to be sent pursuant to subsection 4:

(a) The exterior of a notice sent by mail; or

(b) The cover sheet, heading or subject line of a notice sent by electronic means,

➡ must bear a statement, in at least 10-point bold type or font, in substantially the following form:

OFFICIAL NOTICE OF PUBLIC HEARING

7. In addition to sending the notice required pursuant to subsection 4, in a county whose population is 400,000 or more, the governing body shall, not later than 10 days before the hearing, erect or cause to be erected on the property at least one sign not less than 2 feet high and 2 feet wide. The sign must be made of material reasonably calculated to withstand the elements for 40 days. The governing body must be consistent in its use of colors for the background and lettering of the sign. The sign must include the following information:

(a) The existing zoning designation of the property in question;

(b) The proposed zoning designation of the property in question;

(c) The date, time and place of the public hearing;

(d) A telephone number which may be used by interested persons to obtain additional information; and

(e) A statement which indicates whether the proposed zoning designation of the property in question complies with the



* S B 5 1 0 *

1 requirements of the master plan of the city or county in which the
2 property is located.

3 8. A sign required pursuant to subsection 7 is for informational
4 purposes only and must be erected regardless of any local ordinance
5 regarding the size, placement or composition of signs to the
6 contrary.

7 9. A governing body may charge an additional fee for each
8 application to amend an existing zoning regulation, restriction or
9 boundary to cover the actual costs resulting from the mailed notice
10 required by this section and the erection of not more than one of the
11 signs required by subsection 7, if any. The additional fee is not
12 subject to the limitation imposed by NRS 354.5989.

13 10. The governing body shall remove or cause to be removed
14 any sign required by subsection 7 within 5 days after the final
15 hearing for the application for which the sign was erected. There
16 must be no additional charge to the applicant for such removal.

17 11. If a proposed amendment involves a change in the
18 boundary of a zoning district in a county whose population is
19 400,000 or more that would reduce the density or intensity with
20 which a parcel of land may be used and at least 20 percent of the
21 property owners to whom notices were sent pursuant to subsection 4
22 indicate in their responses opposition to the proposed amendment,
23 the governing body shall not approve the proposed amendment
24 unless the governing body:

25 (a) Considers separately the merits of each aspect of the
26 proposed amendment to which the owners expressed opposition;
27 and

28 (b) Makes a written finding that the public interest and necessity
29 will be promoted by approval of the proposed amendment.

30 12. The governing body of a county whose population is
31 400,000 or more shall not approve a zoning regulation, restriction or
32 boundary, or an amendment thereof, that affects any unincorporated
33 area of the county that is surrounded completely by the territory of
34 an incorporated city without sending a notice to the governing body
35 of the city. The governing body of the city, or its designee, must
36 submit any recommendations to the governing body of the county
37 within 15 days after receiving the notice. The governing body of the
38 county shall consider any such recommendations. If the governing
39 body of the county does not accept a recommendation, the
40 governing body of the county, or its authorized agent, shall specify
41 for the record the reasons for its action.



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1 **Sec. 7.** Chapter 354 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 8, 9 and 10 of this act.

3 **Sec. 8.** *As used in sections 9 and 10 of this act, unless the*
4 *context otherwise requires, "growth control measure" has the*
5 *meaning ascribed to it in section 2 of this act.*

6 **Sec. 9.** 1. *Not later than 6 months after the governing body*
7 *of a city or county submits a growth control measure to the*
8 *Committee on Local Government Finance pursuant to section 3 of*
9 *this act, and at least once each year thereafter during which the*
10 *measure is in effect, the Committee shall prepare and submit to*
11 *the Nevada Tax Commission a report analyzing the present and*
12 *future fiscal impact of the growth control measure on the city or*
13 *county that adopted the measure and on the State and other local*
14 *governments.*

15 2. *In preparing the report required pursuant to subsection 1,*
16 *the Committee on Local Government Finance shall:*

17 (a) *Examine the findings made by the governing body of the*
18 *city or county pursuant to subsection 3 of section 3 of this act;*

19 (b) *Determine any fiscal impact of the growth control measure*
20 *on the city or county and on the State and other local*
21 *governments, including, without limitation, the fiscal impact on*
22 *budgets and expenditures; and*

23 (c) *Make recommendations to the Nevada Tax Commission*
24 *concerning the most effective methods to mitigate any adverse*
25 *fiscal impacts caused by the growth control measure, including,*
26 *without limitation, recommendations concerning whether the*
27 *Nevada Tax Commission should, pursuant to subsection 2 of*
28 *section 10 of this act:*

29 (1) *Require the governing body to establish a fund pursuant*
30 *to NRS 354.6115; or*

31 (2) *Determine whether a severe financial emergency exists*
32 *in the city or county as a result of the adoption of the measure.*

33 **Sec. 10.** 1. *The Nevada Tax Commission shall review each*
34 *report submitted by the Committee on Local Government Finance*
35 *pursuant to section 9 of this act and determine whether the growth*
36 *control measure analyzed in the report:*

37 (a) *Materially affects the financial resources or obligations of*
38 *the State or any local government;*

39 (b) *Requires additional sources of revenues, an increase in*
40 *existing revenues or the expenditure of money from any source of*
41 *revenue to mitigate any fiscal impact of the measure on the State*
42 *or any local government; and*

43 (c) *Is incompatible with any provision of this chapter.*

44 2. *Based on any determination made pursuant to subsection*
45 *1, the Nevada Tax Commission may take any appropriate action*



1 *necessary to mitigate any fiscal impact of the growth control*
2 *measure on the State or any local government, including, without*
3 *limitation:*

4 *(a) Requiring the governing body of the city or county that*
5 *adopted the measure to establish a fund pursuant to NRS*
6 *354.6115 and deposit and maintain in the fund an amount of*
7 *money determined by the Commission to be necessary to mitigate*
8 *any fiscal impact of the growth control measure on the city or*
9 *county;*

10 *(b) Requesting the Department of Taxation to determine*
11 *pursuant to NRS 354.685 whether a severe financial emergency*
12 *exists in the city or county that adopted the measure; or*

13 *(c) Referring the matter to the Committee on Local*
14 *Government Finance for further review and recommendation.*

15 *3. If, pursuant to subsection 2, the Nevada Tax Commission*
16 *requires a governing body to establish a fund pursuant to*
17 *NRS 354.6115:*

18 *(a) The governing body shall disclose that fact in its fiscal*
19 *report required pursuant to NRS 354.6015.*

20 *(b) The Commission shall review the amount held by the*
21 *governing body in the fund at least once each calendar quarter*
22 *and may adjust the amount that the Commission previously*
23 *determined was necessary to be held in the fund to mitigate any*
24 *fiscal impact of the growth control measure on the city or county.*

25 *4. If the Nevada Tax Commission determines that a growth*
26 *control measure has an effect described in paragraph (a), (b) or*
27 *(c) of subsection 1, the governing body of the city or county that*
28 *adopted the measure may:*

29 *(a) Repeal the measure and shall notify the Committee on*
30 *Local Government Finance of its action; or*

31 *(b) Submit a proposal to amend the measure to address the*
32 *effect of the measure identified pursuant to subsection 1 to the*
33 *Committee for review by the Committee and the Commission in*
34 *the manner set forth in this section and section 9 of this act. The*
35 *governing body may stay enforcement of the measure until the*
36 *Commission determines that the proposal remedies the effect*
37 *identified by the Commission pursuant to subsection 1 and the*
38 *proposal has been adopted by the governing body. Any action*
39 *taken by the Commission pursuant to subsection 2 is stayed for the*
40 *duration of any stay imposed by the governing body pursuant to*
41 *this paragraph. The governing body shall transmit a copy of the*
42 *adopted proposal to the Committee within 30 days after its*
43 *adoption.*

44 *5. The Nevada Tax Commission shall report any*
45 *determinations made or actions taken pursuant to this section by*



1 *the Commission concerning a growth control measure adopted by*
2 *the governing body of a city or county to the Legislative*
3 *Commission, the Interim Finance Committee, the Department of*
4 *Education, the Commission on Economic Development, the*
5 *Department of Business and Industry, any school district affected*
6 *by the measure, and any agency, department, board or commission*
7 *of the city or county that is responsible in whole or in part for*
8 *economic development within the city or county.*

9 *6. The Nevada Tax Commission may adopt any regulations*
10 *necessary to carry out the provisions of this section.*

11 **Sec. 11.** NRS 354.59874 is hereby amended to read as
12 follows:

13 354.59874 Except as otherwise provided in subsection 2 of
14 NRS 354.5987 and NRS 354.598743 and 354.598747, if one local
15 government takes over a function or provides a service previously
16 performed by another local government pursuant to an agreement
17 between the local governments ~~{ }~~ *or as a result of a growth control*
18 *measure*, upon petition by the participating local governments, the
19 Executive Director of the Department of Taxation shall:

20 1. Reduce the allowed revenue from taxes ad valorem
21 calculated pursuant to NRS 354.59811 of the local government
22 which previously performed the function or provided the service, for
23 the first year the service is provided or the function is performed by
24 an amount equal to the cost of performing the function or providing
25 the service; and

26 2. Increase the allowed revenue from taxes ad valorem
27 calculated pursuant to NRS 354.59811 of the local government
28 which assumed the performance of the function or the provision of
29 the service, for the first year the service is provided or the function
30 is performed by an amount equal to the amount by which the
31 reduction was made pursuant to subsection 1.

32 **Sec. 12.** NRS 354.6115 is hereby amended to read as follows:

33 354.6115 1. The governing body of a local government
34 ~~{may.}~~ :

35 (a) *May*, by resolution, establish a fund to stabilize the operation
36 of the local government and mitigate the effects of natural disasters.

37 (b) *If required pursuant to section 10 of this act, shall, by*
38 *resolution, establish a fund described in paragraph (a) in an*
39 *amount determined by the Nevada Tax Commission.*

40 2. ~~{The}~~ *If the fund was established pursuant to paragraph*
41 *(a) of subsection 1, the* money in the fund must be used only:

42 (a) If the total actual revenue of the local government falls short
43 of the total anticipated revenue in the general fund for the fiscal year
44 in which the local government uses that money; or



(b) To pay expenses incurred by the local government to mitigate the effects of a natural disaster.

➡ The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than a purpose specified in this subsection.

3. ~~[The]~~ *If the fund was established pursuant to paragraph (b) of subsection 1, the money in the fund must be used only if, as a result of the adoption of a growth control measure, the total actual revenue of the local government falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money. The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than a purpose specified in this subsection.*

4. *If the fund was established pursuant to paragraph (a) of subsection 1, the* money in the fund may not be used to pay expenses incurred to mitigate the effects of a natural disaster until the governing body of the local government issues a formal declaration that a natural disaster exists. The governing body shall not make such a declaration unless a natural disaster is occurring or has occurred. Upon the issuance of such a declaration, the money in the fund may be used for the payment of the following expenses incurred by the local government as a result of the natural disaster:

(a) The repair or replacement of roads, streets, bridges, water control facilities, public buildings, public utilities, recreational facilities and parks owned by the local government and damaged by the natural disaster;

(b) Any emergency measures undertaken to save lives, protect public health and safety or protect property within the jurisdiction of the local government;

(c) The removal of debris from publicly or privately owned land and waterways within the jurisdiction of the local government that was undertaken because of the natural disaster;

(d) Expenses incurred by the local government for any overtime worked by an employee of the local government because of the natural disaster or any other extraordinary expenses incurred by the local government because of the natural disaster; and

(e) The payment of any grant match the local government must provide to obtain a grant from a federal disaster assistance agency for an eligible project to repair damage caused by the natural disaster within the jurisdiction of the local government.

~~[4.]~~ 5. The balance in the fund must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year, excluding any federal funds expended by the local government.



* S B 5 1 0 *

~~[5-]~~ 6. The annual budget and audit report of the local government prepared pursuant to NRS 354.624 must specifically identify the fund.

~~[6-]~~ 7. The audit report prepared for the fund must include a statement by the auditor whether the local government has complied with the provisions of this section.

~~[7-]~~ 8. Any transfer of money from a fund established pursuant to *paragraph (a) of subsection 1 of* this section must be completed within 90 days after the end of the fiscal year in which the natural disaster for which the fund was established occurs.

~~[8-]~~ 9. As used in this section:

(a) "Grant match" has the meaning ascribed to it in NRS 353.2725.

(b) *"Growth control measure" has the meaning ascribed to it in section 2 of this act.*

(c) "Natural disaster" means a fire, flood, earthquake, drought or any other occurrence that:

(1) Results in widespread or severe damage to property or injury to or the death of persons within the jurisdiction of the local government; and

(2) As determined by the governing body of the local government, requires immediate action to protect the health, safety and welfare of persons residing within the jurisdiction of the local government.

Sec. 13. NRS 354.685 is hereby amended to read as follows:

354.685 1. If the Department finds that one or more of the following conditions exist in any local government, after giving consideration to the severity of the condition, it may determine that one or more hearings should be conducted to determine the extent of the problem and to determine whether a recommendation of severe financial emergency should be made to the Nevada Tax Commission:

(a) Required financial reports have not been filed or are consistently late.

(b) The audit report reflects the unlawful expenditure of money in excess of the amount appropriated in violation of the provisions of NRS 354.626.

(c) The audit report shows funds with deficit fund balances.

(d) The local government has incurred debt beyond its ability to repay.

(e) The local government has not corrected violations of statutes or regulations adopted pursuant thereto as noted in the audit report.

(f) The local government has serious internal control problems noted in the audit report which have not been corrected.



* S B 5 1 0 *

1 (g) The local government has a record of being late in its
2 payments for services and supplies.

3 (h) The local government has had insufficient cash to meet
4 required payroll payments in a timely manner.

5 (i) The local government has borrowed money or entered into
6 long-term lease arrangements without following the provisions of
7 NRS or regulations adopted pursuant thereto.

8 (j) The governing body of the local government has failed to
9 correct problems after it has been notified of such problems by the
10 Department.

11 (k) The local government has not separately accounted for its
12 individual funds as required by chapter 354 of NRS.

13 (l) The local government has invested its money in financial
14 instruments in violation of the provisions of chapter 355 of NRS.

15 (m) The local government is in violation of any covenant in
16 connection with any debt issued by the local government.

17 (n) The local government has not made bond and lease
18 payments in accordance with the approved payment schedule.

19 (o) The local government has failed to control its assets such
20 that large defalcations have occurred which have impaired the
21 financial condition of the local government.

22 (p) The local government has recognized sizeable losses as a
23 result of the imprudent investment of money.

24 (q) The local government has allowed its accounting system and
25 recording of transactions to deteriorate to such an extent that it is not
26 possible to measure accurately the results of operations or to
27 ascertain the financial position of the local government without a
28 reconstruction of transactions.

29 (r) The local government has consistently issued checks not
30 covered by adequate deposits.

31 (s) The local government has loaned and borrowed money
32 between funds without following the proper procedures.

33 (t) The local government has expended money in violation of
34 the provisions governing the expenditure of that money.

35 (u) Money restricted for any specific use has been expended in
36 violation of the terms and provisions relating to the receipt and
37 expenditure of that money.

38 (v) Money has been withheld in accordance with the provisions
39 of NRS 354.665.

40 (w) If the local government is a school district, a loan has been
41 made from the State Permanent School Fund to the school district
42 pursuant to NRS 387.526.

43 (x) An employer in the county that accounts for more than 15
44 percent of the employment in the county has closed or significantly
45 reduced operations.



* S B 5 1 0 *

(y) The local government has experienced a cumulative decline of 10 percent in population or assessed valuation for the past 2 years.

(z) The ending balance in the general fund of the local government has declined *cumulatively ~~for~~ by 4 percent or more during the ~~past~~ immediately preceding 2 fiscal* years.

(aa) The local government has failed to pay, in a timely manner, contributions to the Public Employees' Retirement System, workers' compensation or payroll taxes or fails to pay, at any time, a payment required pursuant to the Federal Insurance Contributions Act.

(bb) During the immediately preceding 2 fiscal years:

(1) The amount received by the local government pursuant to NRS 360.690 has decreased by 10 percent or more; and

(2) The amount of expenditures made by the local government have increased by an amount equal to or greater than the percentage of increase in the Consumer Price Index (All Items) published by the United States Department of Labor.

2. If the Department determines that a condition listed in subsection 1 exists, the Department shall:

(a) Notify the local government about the determination;

(b) Request from the local government any information that the Department deems to be appropriate to determine the extent of the condition; and

(c) Require the local government to formulate a plan of corrective action to mitigate the possible financial emergency.

3. Within 45 days after receiving notification pursuant to subsection 2, a local government shall submit to the Committee any information requested by the Department and a plan of corrective action.

4. The Committee shall:

(a) Review a plan of corrective action submitted by a local government;

(b) Provide observations and recommendations for the local government; and

(c) If the Committee deems necessary, periodically review the status of the financial operations of the local government.

5. The Department shall report the observations and recommendations of the Committee to the Nevada Tax Commission.

6. In addition to any notice otherwise required, the Department shall give notice of any hearing held pursuant to subsection 1 to the governing body of each local government whose jurisdiction overlaps with the jurisdiction of the local government whose financial condition will be considered at least 10 days before the date on which the hearing will be held.



* S B 5 1 0 *

7. If the Department, following the hearing or hearings, determines that a recommendation of severe financial emergency should be made to the Nevada Tax Commission, it shall make such a recommendation as soon as practicable. Upon receipt of such a recommendation, the Nevada Tax Commission shall hold a hearing at which the Department, the local government whose financial condition will be considered and each local government whose jurisdiction overlaps with the jurisdiction of the local government whose financial condition will be considered are afforded an opportunity to be heard. If, after the hearing, the Nevada Tax Commission determines that a severe financial emergency exists, it shall require by order that the Department take over the management of the local government as soon as practicable.

8. As used in this section, "Federal Insurance Contributions Act" means subchapter A of chapter 9 of the Internal Revenue Code of 1939 and subchapters A and B of chapter 21 of the Internal Revenue Code of 1954, as such codes have been and may from time to time be amended.

Sec. 14. NRS 377.057 is hereby amended to read as follows:

377.057 1. The State Controller, acting upon the relevant information furnished by the Department, shall distribute monthly from the fees, taxes, interest and penalties which derive from the supplemental city-county relief tax collected in all counties and from out-of-state businesses during the preceding month, excluding any amounts required to be remitted pursuant to NRS 360.850 and 360.855 and except as otherwise provided in subsection 2, to:

(a) Douglas, Esmeralda, Eureka, Lander, Lincoln, Lyon, Mineral, Nye, Pershing, Storey and White Pine counties, an amount equal to one-twelfth of the amount distributed in the immediately preceding fiscal year multiplied by one plus:

(1) The percentage change in the total receipts from the supplemental city-county relief tax for all counties and from out-of-state businesses, from the fiscal year 2 years preceding the immediately preceding fiscal year to the fiscal year preceding the immediately preceding fiscal year; or

(2) Except as otherwise provided in this paragraph, the percentage change in the population of the county, as certified by the Governor pursuant to NRS 360.285, added to the percentage change in the Consumer Price Index for the year ending on December 31 next preceding the year of distribution,

➔ whichever is less, except that the amount distributed to the county must not be less than the amount specified in subsection 5. If the Bureau of the Census of the United States Department of Commerce issues population totals that conflict with the totals certified by the Governor pursuant to NRS 360.285, the percentage



* S B 5 1 0 *

1 change calculated pursuant to subparagraph (2) for the ensuing
2 fiscal year must be an estimate of the change in population for the
3 calendar year, based upon the population totals issued by the Bureau
4 of the Census.

5 (b) All other counties, the amount remaining after making the
6 distributions required by paragraph (a) to each of these counties in
7 the proportion that the amount of supplemental city-county relief tax
8 collected in the county for the month bears to the total amount of
9 supplemental city-county relief tax collected for that month in the
10 counties whose distribution will be determined pursuant to this
11 paragraph.

12 2. *The State Controller shall distribute to a county listed in*
13 *paragraph (a) of subsection 1 the county's portion of the proceeds*
14 *from the supplemental city-county relief tax pursuant to*
15 *paragraph (b) of subsection 1:*

16 (a) *For the period during which a growth control measure is*
17 *in effect in any local government of the county; or*

18 (b) If the amount of supplemental city-county relief tax collected
19 in ~~[a county listed in paragraph (a) of subsection 1]~~ *the county* for
20 the 12 most recent months for which information concerning the
21 actual amount collected is available on February 15 of any year
22 exceeds by more than 10 percent the amount distributed pursuant to
23 paragraph (a) *of subsection 1* to that county for the same period,
24 ~~[the State Controller shall distribute that county's portion of the~~
25 ~~proceeds from the supplemental city-county relief tax pursuant to~~
26 ~~paragraph (b) of subsection 1 in all subsequent fiscal years.]~~ unless a
27 waiver is granted pursuant to subsection 3.

28 3. A county which, pursuant to *paragraph (b) of* subsection 2,
29 is required to have its portion of the proceeds from the supplemental
30 city-county relief tax distributed pursuant to paragraph (b) of
31 subsection 1 may file a request with the Nevada Tax Commission
32 for a waiver of the requirements of *paragraph (b) of* subsection 2.
33 The request must be filed on or before February 20 next preceding
34 the fiscal year for which the county will first receive its portion of
35 the proceeds from the supplemental city-county relief tax pursuant
36 to paragraph (b) of subsection 1 and must be accompanied by
37 evidence which supports the granting of the waiver. The
38 Commission shall grant or deny a request for a waiver on or before
39 March 10 next following the timely filing of the request. If the
40 Commission determines that the increase in the amount of
41 supplemental city-county relief tax collected in the county was
42 primarily caused by:

43 (a) Nonrecurring taxable sales, it shall grant the request.

44 (b) Normal or sustainable growth in taxable sales, it shall deny
45 the request.



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1 ↪ A county which is granted a waiver pursuant to this subsection is
2 not required to obtain a waiver in any subsequent fiscal year to
3 continue to receive its portion of the proceeds from the
4 supplemental city-county relief tax pursuant to paragraph (a) of
5 subsection 1 unless the amount of supplemental city-county relief
6 tax collected in the county in a fiscal year again exceeds the
7 threshold established in *paragraph (b) of* subsection 2.

8 4. The amount apportioned to each county must be deposited in
9 the Local Government Tax Distribution Account created by NRS
10 360.660 for credit to the respective accounts of each county.

11 5. The minimum amount which may be distributed to the
12 following counties in a month pursuant to paragraph (a) of
13 subsection 1 is as follows:

14	
15	Douglas\$580,993
16	Esmeralda.....53,093
17	Lander155,106
18	Lincoln72,973
19	Lyon356,858
20	Mineral118,299
21	Nye296,609
22	Pershing.....96,731
23	Storey69,914
24	White Pine.....158,863
25	

26 6. As used in this section, unless the context otherwise
27 requires:

28 (a) “Enterprise district” has the meaning ascribed to it in
29 NRS 360.620.

30 (b) *“Growth control measure” has the meaning ascribed to it*
31 *in section 2 of this act.*

32 (c) “Local government” has the meaning ascribed to it in
33 NRS 360.640.

34 ~~(c)~~ (d) “Special district” has the meaning ascribed to it in
35 NRS 360.650.

36 **Sec. 15.** This act becomes effective upon passage and
37 approval.

