

SENATE BILL NO. 515—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE ADVISORY GROUP TO CONDUCT INTERIM
STUDY ON LEASE-PURCHASE AND INSTALLMENT-PURCHASE
AGREEMENTS BY PUBLIC ENTITIES)

MARCH 26, 2007

Referred to Committee on Government Affairs

SUMMARY—Provides a declaration of legislative intent regarding the use of certain lease-purchase and installment-purchase agreements. (BDR 31-229)

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 public financial administration; providing a declaration of legislative intent regarding the use of lease-purchase and installment-purchase agreements by state and local governmental entities; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law permits state and local governmental agencies to acquire real
2 property, an interest in real property or an improvement to real property through
3 installment-purchase and lease-purchase agreements under certain conditions.
4 (NRS 353.550) **Section 1** of this bill provides a declaration of legislative intent that
5 notes the potential benefits of such agreements and calls for the process to be as
6 streamlined and efficient as possible. **Section 10** of this bill adds the same
7 declaration of legislative intent to chapter 354 of NRS governing local financial
8 administration.

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

1 **Section 1.** Chapter 353 of NRS is hereby amended by adding
2 thereto a new section to read as follows:
3 ***The Legislature hereby finds and declares that:***



* S B 5 1 5 *

1 1. The authority provided by other specific statutes for the
2 government of this State and the political subdivisions of this State
3 to use lease-purchase and installment-purchase agreements
4 provides an important and valuable option for these governmental
5 entities and, when this authority is used properly, provides great
6 benefit to the residents of this State.

7 2. The statutory provisions governing the use of lease-
8 purchase and installment-purchase agreements should be
9 interpreted to allow the process of entering into and carrying out
10 these agreements to be as streamlined and efficient as possible.

11 3. The government of this State and the political subdivisions
12 of this State should not use lease-purchase and installment-
13 purchase agreements to:

14 (a) Engage in or allow bid-shopping; or

15 (b) Avoid or circumvent any requirement regarding the
16 payment of prevailing wages for public works.

17 4. When using lease-purchase and installment-purchase
18 agreements, the government of this State and the political
19 subdivisions of this State should provide for the preferential hiring
20 of Nevada residents to the extent otherwise required by law.

21 **Sec. 2.** NRS 353.500 is hereby amended to read as follows:

22 353.500 As used in NRS 353.500 to 353.630, inclusive, **and**
23 **section 1 of this act**, unless the context otherwise requires, the
24 words and terms defined in NRS 353.510 to 353.540, inclusive,
25 have the meanings ascribed to them in those sections.

26 **Sec. 3.** NRS 353.560 is hereby amended to read as follows:

27 353.560 1. The provisions of NRS 353.500 to 353.630,
28 inclusive, **and section 1 of this act** do not obligate the Legislature to
29 appropriate money for payments due pursuant to an agreement
30 entered into pursuant to those sections.

31 2. A state agency, person acting on behalf of a state agency,
32 officer of this State or employee of this State shall not represent that
33 the Legislature is obligated to appropriate money for payments due
34 pursuant to an agreement entered into pursuant to NRS 353.500 to
35 353.630, inclusive **H**, **and section 1 of this act**.

36 **Sec. 4.** NRS 353.570 is hereby amended to read as follows:

37 353.570 The State Treasurer may take such actions as he
38 deems appropriate to facilitate an agreement pursuant to NRS
39 353.500 to 353.630, inclusive, **and section 1 of this act**, including,
40 without limitation:

41 1. Entering into contracts for relevant professional services;

42 2. Obtaining credit enhancement and interest rate hedges; and

43 3. Assisting with the offering of certificates of participation
44 pursuant to the limitations set forth in NRS 353.550.



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1 **Sec. 5.** NRS 353.580 is hereby amended to read as follows:
2 353.580 An agreement entered into pursuant to NRS 353.500
3 to 353.630, inclusive, *and section 1 of this act* is not subject to any
4 requirement of competitive bidding or other restriction imposed on
5 the procedure for the awarding of contracts.

6 **Sec. 6.** NRS 353.590 is hereby amended to read as follows:
7 353.590 If an agreement pursuant to NRS 353.500 to 353.630,
8 inclusive, *and section 1 of this act* involves the construction,
9 alteration, repair or remodeling of an improvement:

10 1. The construction, alteration, repair or remodeling of the
11 improvement may be conducted as specified in the agreement
12 without complying with the provisions of:

13 (a) Any law requiring competitive bidding; or

14 (b) Chapter 341 of NRS.

15 2. The provisions of NRS 338.013 to 338.090, inclusive, apply
16 to the construction, alteration, repair or remodeling of the
17 improvement.

18 **Sec. 7.** NRS 353.600 is hereby amended to read as follows:

19 353.600 1. Except as otherwise provided in this section, if an
20 agreement pursuant to NRS 353.500 to 353.630, inclusive, *and*
21 *section 1 of this act* involves an improvement to property owned by
22 the State of Nevada or the state agency, the State Land Registrar, in
23 consultation with the State Treasurer and in conjunction with the
24 agreement, upon approval of the State Board of Examiners , may
25 enter into a lease of the property to which the improvement will be
26 made if the lease:

27 (a) Has a term of 35 years or less; and

28 (b) Provides for rental payments that approximate the fair
29 market rental of the property before the improvement is made, as
30 determined by the State Land Registrar in consultation with the
31 State Treasurer at the time the lease is entered into, which must be
32 paid if the agreement terminates before the expiration of the lease
33 because the Legislature fails to appropriate money for payments due
34 pursuant to the agreement.

35 2. A lease entered into pursuant to this section may provide for
36 nominal rental payments to be paid pursuant to the lease before the
37 agreement terminates.

38 3. Before the State Land Registrar may enter into a lease
39 pursuant to this section:

40 (a) The State Land Registrar must submit the proposed lease to
41 the Chief and the State Treasurer for their review and transmittal to
42 the Board; and

43 (b) The Board must approve the lease.



Sec. 8. NRS 353.620 is hereby amended to read as follows:

353.620 While an agreement entered into pursuant to NRS 353.500 to 353.630, inclusive, *and section 1 of this act* is in effect, the property that is the subject of the agreement is exempt from ad valorem property taxation by this State and its political subdivisions if:

1. An improvement is being constructed on the property pursuant to the agreement; or

2. This State or a state agency is in possession of the property.

Sec. 9. NRS 353.630 is hereby amended to read as follows:

353.630 While an agreement entered into pursuant to NRS 353.500 to 353.630, inclusive, *and section 1 of this act* is in effect, the property that is the subject of the agreement shall be deemed to be the property of this State or the state agency for the purposes of statutory limits on damages that may be awarded against this State, including, without limitation, the limits in chapter 41 of NRS, with respect to any action or claim, including a claim for civil damages, that arises from or is related to the property and is brought by a person who is not a party to the agreement if:

1. An improvement is being constructed on the property pursuant to the agreement; or

2. This State or a state agency is in possession of the property.

Sec. 10. Chapter 354 of NRS is hereby amended by adding a new section to read as follows:

The Legislature hereby finds and declares that:

1. The authority provided by other specific statutes for the government of this State and the political subdivisions of this State to use lease-purchase and installment-purchase agreements provides an important and valuable option for these governmental entities and, when this authority is used properly, provides great benefit to the residents of this State.

2. The statutory provisions governing the use of lease-purchase and installment-purchase agreements should be interpreted to allow the process of entering into and carrying out these agreements to be as streamlined and efficient as possible.

3. The government of this State and the political subdivisions of this State should not use lease-purchase and installment-purchase agreements to:

(a) Engage in or allow bid-shopping; or

(b) Avoid or circumvent any requirement regarding the payment of prevailing wages for public works.

4. When using lease-purchase and installment-purchase agreements, the government of this State and the political subdivisions of this State should provide for the preferential hiring of Nevada residents to the extent otherwise required by law.



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1 **Sec. 11.** This act becomes effective on July 1, 2007.

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