

SENATE BILL NO. 551—COMMITTEE ON FINANCE

(ON BEHALF OF NYE COUNTY SCHOOL DISTRICT)

MARCH 26, 2007

Referred to Committee on Finance

SUMMARY—Revises provisions concerning school facilities.  
(BDR 34-214)

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 school facilities; creating the Account for the Repair, Replacement and Renovation of School Buildings and Facilities; providing for the submission of applications by boards of trustees of certain smaller school districts for grants of money from the Account; prescribing the process for the review and approval of such applications; revising provisions governing the local tax for school facilities; abolishing the Fund to Assist School Districts in Financing Capital Improvements; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

**Section 3** of this bill creates the Account for the Repair, Replacement and Renovation of School Buildings and Facilities in the State General Fund. The Account must be used to provide grants to school districts in a county whose population is less than 40,000 (currently counties other than Carson City, Clark, Douglas, Elko and Washoe Counties) for the repair, replacement and renovation of school buildings and facilities. **Sections 4-6** of this bill prescribe eligibility for the grants and the process for submission and review of applications for the grants.

**Section 7** of this bill requires the State Controller, at the end of each biennium, to transfer 10 percent of any remaining surplus in the State Distributive School Account in the State General Fund to the Account for the Repair, Replacement and Renovation of School Buildings and Facilities. (NRS 387.030)

**Section 10** of this bill abolishes the Fund to Assist School Districts in Financing Capital Improvements in the State Treasury. The Fund was used to provide grants to assist school districts in financing capital improvements based on proof of the existence of certain emergency conditions within the school district. (NRS 387.333, 387.3335) **Section 12** of this bill requires the transfer of money



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remaining in the Fund on June 30, 2007, to the Account for the Repair, Replacement and Renovation of School Buildings and Facilities.

**Sections 8 and 9** of this bill eliminate the requirement that a school district apply for a grant from the Fund to Assist School Districts in Financing Capital Improvements as one of the conditions before an additional local sales tax may be imposed on retailers in the county to be used for the cost of the extraordinary maintenance, extraordinary repair and extraordinary improvement of school facilities. (NRS 374A.010, 374A.020)

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

**Section 1.** Chapter 387 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 6, inclusive, of this act, unless the context otherwise requires, "Account" means the Account for the Repair, Replacement and Renovation of School Buildings and Facilities created by section 3 of this act.*

**Sec. 3. 1.** *The Account for the Repair, Replacement and Renovation of School Buildings and Facilities is hereby created in the State General Fund. The Account must be administered by the Director of the Department of Administration.*

**2.** *The money in the Account must be invested as other state accounts are invested. All interest and income earned on the money in the Account, after deducting any applicable charges, must be credited to the Account. Any money remaining in the Account at the end of a fiscal year does not revert to the State General Fund and the balance in the Account must be carried forward to the next fiscal year.*

**3.** *Claims against the Account must be paid as other claims against the State are paid.*

**4.** *The Director of the Department of Administration may apply for and accept gifts, grants, donations or contributions from any source, including, without limitation, any federal money made available for the construction, repair or renovation of school buildings and facilities, for deposit in the Account.*

**5.** *The Director of the Department of Administration may use the money in the Account, including interest and income earned on the money in the Account, only to provide grants of money to boards of trustees of school districts in counties whose population is less than 40,000 pursuant to sections 4 and 5 of this act for the repair, replacement and renovation of school buildings and facilities. The total amount of grants provided to school districts from the Account in a single biennium must not exceed one-half*



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1 of the total amount of money in the Account at the beginning of  
2 that biennium.

3 **Sec. 4. 1.** The board of trustees of a school district in a  
4 county whose population is less than 40,000 may submit an  
5 application for a grant from the Account if:

6 (a) One of the facilities that is located on the grounds of a  
7 school within the school district is:

8 (1) Unsuitable for use as a result of:

9 (I) Structural defects;

10 (II) Barriers to accessibility; or

11 (III) Hazards to life, health or safety, including, without  
12 limitation, environmental hazards and the operation of the facility  
13 in an unsafe manner; or

14 (2) In such a condition that the cost of removing barriers to  
15 accessibility would exceed 40 percent of the cost of constructing a  
16 new facility; and

17 (b) The remaining allowable increase in ad valorem taxes  
18 available to the school district is within 90 percent of the limit  
19 imposed pursuant to NRS 361.453 or the board of county  
20 commissioners of the county in which the school district is located  
21 has imposed a tax pursuant to NRS 374A.010.

22 2. An application submitted pursuant to subsection 1 must  
23 include a written description of the:

24 (a) Project for which the grant will be used, including, without  
25 limitation, a description of the manner in which the project  
26 satisfies the requirements of paragraph (a) of subsection 1 and  
27 how the money will be used in an efficient manner; and

28 (b) Financial status of the school district, including, without  
29 limitation, information addressing the requirement of paragraph  
30 (b) of subsection 1.

31 3. Upon receipt of an application, the Director of the  
32 Department of Administration shall forward the application to the:

33 (a) State Public Works Board to determine whether the  
34 application satisfies the requirements of paragraph (a) of  
35 subsection 1;

36 (b) Department of Taxation to determine whether the  
37 application satisfies the requirements of paragraph (b) of  
38 subsection 1; and

39 (c) Department of Education for its review and comment.

40 4. The Department of Taxation and the State Public Works  
41 Board shall submit written statements of their determinations  
42 pursuant to subsection 3 regarding an application, and the  
43 Department of Education may submit written comments regarding  
44 an application to the Director of the Department of  
45 Administration.



1     5. The Director of the Department of Administration shall  
2 forward each application that satisfies the requirements of  
3 subsection 1, accompanied by the statements and any comments  
4 provided pursuant to subsection 4 regarding that application, to  
5 the State Board of Examiners.

6     **Sec. 5. 1.** Upon receipt of an application from the Director  
7 of the Department of Administration pursuant to section 4 of this  
8 act, the State Board of Examiners shall consider the application in  
9 accordance with the criteria set forth in subsection 1 of section 4  
10 of this act. The State Board of Examiners may require the  
11 applicant to submit such additional information as the Board  
12 deems appropriate. If the State Board of Examiners determines  
13 that a grant should be made from the Account, the Board, subject  
14 to the limitation set forth in subsection 5 of section 3 of this act,  
15 shall recommend the amount of the grant to the Interim Finance  
16 Committee for its independent evaluation and action. The Interim  
17 Finance Committee is not bound to follow the recommendation of  
18 the State Board of Examiners.

19     2. If the Interim Finance Committee, after independent  
20 determination, finds that a grant should be made from the  
21 Account, the Committee, subject to the limitation set forth in  
22 subsection 5 of section 3 of this act, shall establish the amount and  
23 purpose of the grant.

24     3. The Director of the Department of Administration shall  
25 distribute a grant from the Account to a school district whose  
26 application is approved by the Interim Finance Committee in the  
27 amount established by the Interim Finance Committee pursuant to  
28 subsection 2.

29     **Sec. 6. 1.** The Director of the Department of  
30 Administration:

31     (a) Shall adopt regulations in consultation with the  
32 Department of Education:

33     (1) Prescribing the annual deadline for submission of an  
34 application to the Director by the board of trustees of a school  
35 district for a grant from the Account.

36     (2) Concerning the use of money deposited in the Account  
37 that is received by this State or the Department of Education from  
38 the Federal Government for the construction, repair or renovation  
39 of school buildings and facilities.

40     (b) May adopt regulations as he deems necessary to carry out  
41 the provisions of sections 2 to 6, inclusive, of this act.

42     2. The Director of the Department of Administration may  
43 employ or contract for any legal, fiscal or other expert services  
44 necessary to carry out his duties pursuant to sections 2 to 6,  
45 inclusive, of this act.



**Sec. 7.** NRS 387.030 is hereby amended to read as follows:

387.030 **1.** All money derived from interest on the State Permanent School Fund, together with all money derived from other sources provided by law, must:

~~(1-)~~ **(a)** Be placed in the State Distributive School Account which is hereby created in the State General Fund; and

~~(2-)~~ **(b)** Except as otherwise provided in NRS 387.528, be apportioned among the several school districts and charter schools of this State at the times and in the manner provided by law.

**2.** *On June 30 of each odd-numbered year, the State Controller shall transfer 10 percent of the surplus, if any, in the State Distributive School Account to the Account for the Repair, Replacement and Renovation of School Buildings and Facilities created by section 3 of this act.*

**Sec. 8.** NRS 374A.010 is hereby amended to read as follows:

374A.010 **1.** A ~~[tax is hereby imposed]~~ **board of county commissioners may enact an ordinance imposing a tax** on all retailers within a county ~~[in which:~~

~~—(a) The]~~ **if the** board of county commissioners ~~[of the county]~~ has not imposed the maximum rate of tax that it is authorized to impose pursuant to NRS 377B.100. ~~;~~

~~—(b) The board of trustees of a county school district has applied for a grant from the Fund to Assist School Districts in Financing Capital Improvements pursuant to NRS 387.3335; and~~

~~—(c) The State Board of Examiners has approved the application by the board of trustees.]~~

**2.** The rate of the tax imposed by subsection 1 is the difference between:

(a) The rate of tax that the board of county commissioners of the county has imposed pursuant to NRS 377B.100; and

(b) The maximum rate of tax that the board of county commissioners of the county is authorized to impose pursuant to NRS 377B.100,

➔ but in no event may the rate imposed by subsection 1 exceed one-eighth of 1 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail, or stored, used or otherwise consumed, in the county.

**Sec. 9.** NRS 374A.020 is hereby amended to read as follows:

374A.020 **1.** The collection of the tax imposed by NRS 374A.010 must be commenced on the first day of the first calendar quarter that begins at least 120 days after the ~~[last condition in subsection 1 of NRS 374A.010 is met.]~~ **effective date of the ordinance imposing the tax.**

**2.** The tax must be administered, collected and distributed in the manner set forth in chapter 374 of NRS.



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3. The board of trustees of the school district shall transfer the proceeds of the tax imposed by NRS 374A.010 from the county school district fund to the fund described in NRS 354.6105 which must be established by the board of trustees. The money deposited in the fund described in NRS 354.6105 pursuant to this subsection must be accounted for separately in that fund and must only be expended by the board of trustees for the cost of the extraordinary maintenance, extraordinary repair and extraordinary improvement of school facilities within the county.

**Sec. 10.** NRS 387.333 and 387.3335 are hereby repealed.

**Sec. 11.** Section 10 of this act does not impair any outstanding bonds issued before July 1, 2007.

**Sec. 12.** The State Treasurer shall transfer any balance remaining unexpended on June 30, 2007, in the Fund to Assist School Districts in Financing Capital Improvements in the State Treasury to the Account for the Repair, Replacement and Renovation of School Buildings and Facilities in the State General Fund created by section 3 of this act.

**Sec. 13.** 1. On or before July 1, 2007, the Department of Administration shall amend NAC 387.540 to apply to the Account for the Repair, Replacement and Renovation of School Buildings and Facilities in the State General Fund created by section 3 of this act instead of the Fund to Assist School Districts in Financing Capital Improvements in the State Treasury.

2. On or before July 1, 2007, the Nevada Tax Commission shall amend NAC 387.550 to apply to the Account for the Repair, Replacement and Renovation of School Buildings and Facilities in the State General Fund created by section 3 of this act instead of the Fund to Assist School Districts in Financing Capital Improvements in the State Treasury.

**Sec. 14.** 1. This section and sections 1, 3 and 10 to 13, inclusive, of this act become effective upon passage and approval.

2. Sections 2 and 4 to 9, inclusive, of this act become effective on July 1, 2007.

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## TEXT OF REPEALED SECTIONS

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### **387.333 Creation; acceptance of gifts and grants; investment; payment of claims.**

1. The Fund to Assist School Districts in Financing Capital Improvements is hereby created in the State Treasury, to be administered by the Director of the Department of Administration.



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All money received and held by the State Treasurer for the purpose of the Fund must be deposited in the Fund.

2. The Director of the Department of Administration may accept gifts and grants from any source for deposit in the Fund.

3. The money in the Fund must be invested as the money in other state funds is invested. All interest and income earned on the money in the Fund must be credited to the Fund.

4. Claims against the Fund must be paid as other claims against the State are paid.

**387.3335 Application for grant; proof of emergency conditions; determinations by Department of Taxation and State Public Works Board; approval by State Board of Examiners; award of grants.**

1. The board of trustees of a school district may apply to the Director of the Department of Administration for a grant of money from the Fund created pursuant to NRS 387.333 on a form provided by the Director of the Department of Administration. The application must be accompanied by proof that the following emergency conditions exist within the school district:

(a) The assessed valuation of the taxable property in the county in which the school district is located is declining and all other resources available to the school district for financing capital improvements are diminishing;

(b) The combined ad valorem tax rate of the county is at the limit imposed by NRS 361.453; and

(c) At least:

(1) One building that is located on the grounds of a school within the school district has been condemned;

(2) One of the facilities that is located on the grounds of a school within the school district is unsuitable for use as a result of:

(I) Structural defects;

(II) Barriers to accessibility; or

(III) Hazards to life, health or safety, including, without limitation, environmental hazards and the operation of the facility in an unsafe manner; or

(3) One of the facilities that is located on the grounds of a school within the school district is in such a condition that the cost of renovating the facility would exceed 40 percent of the cost of constructing a new facility.

2. Upon receipt of an application submitted pursuant to subsection 1, the Director of the Department of Administration shall forward the application to the:

(a) Department of Taxation to determine whether or not:

(1) The application satisfies the showing of proof required pursuant to paragraphs (a) and (b) of subsection 1; and



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(2) The board of county commissioners in the county in which the school district is located has imposed a tax of more than one-eighth of 1 percent pursuant to NRS 377B.100;

(b) State Public Works Board to determine whether the application satisfies the showing of proof required pursuant to paragraph (c) of subsection 1; and

(c) Department of Education for informational purposes.

3. The Department of Taxation and the State Public Works Board shall submit written statements of their determinations pursuant to subsection 2 regarding an application to the Director of the Department of Administration. Upon receipt of such statements, the Director shall submit the application accompanied by the written statements from the Department of Taxation and State Public Works Board to the State Board of Examiners for approval.

4. The Director of the Department of Administration shall make grants from the Fund created pursuant to NRS 387.333 based upon the need of each school district whose application is approved by the State Board of Examiners.

5. The Director of the Department of Administration shall adopt regulations that prescribe the annual deadline for submission of an application to the Director of the Department of Administration by a school district that desires to receive a grant of money from the Fund.

