

SENATE BILL NO. 336—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 23, 2009

Referred to Committee on Government Affairs

SUMMARY—Removes the eligibility threshold for obtaining an exemption from certain requirements of the Local Government Budget and Finance Act. (BDR 31-1163)

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 local government finance; repealing a provision establishing the maximum amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain filing requirements of the Local Government Budget and Finance Act; requiring the Committee on Local Government Finance to adopt regulations establishing the maximum amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain filing requirements of the Local Government Budget and Finance Act; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 The Local Government Budget and Finance Act requires local governments to
2 file a number of budget documents and audit reports with the Department of
3 Taxation. (NRS 354.470-354.626) Under existing law, special districts with annual
4 total expenditures less than \$200,000 may petition the Department for exemption
5 from certain of those filing requirements. (NRS 354.475) This bill repeals the
6 provision setting \$200,000 as the maximum amount of annual total expenditures of
7 a special district for the special district to be eligible to petition for those
8 exemptions and requires the Committee on Local Government Finance to instead
9 adopt regulations establishing the maximum amount.



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

Section 1. NRS 354.475 is hereby amended to read as follows:
354.475 1. All special districts subject to the provisions of the Local Government Budget and Finance Act ~~[with annual total expenditures of less than \$200,000]~~ *that qualify in accordance with the regulations adopted pursuant to subsection 6* may petition the Department of Taxation for exemption from the requirements of the Local Government Budget and Finance Act for the filing of certain budget documents and audit reports. Such districts may further petition to use a cash basis of accounting.

2. A special district subject to the provisions of the Local Government Budget and Finance Act ~~[with]~~ :

(a) *With* budgeted annual total expenditures ~~[of \$200,000 or more]~~ in a fiscal year ~~[that]~~ *equal to or greater than the maximum amount established in the regulations adopted pursuant to subsection 6 for that special district to be eligible for an exemption from the requirements of the Local Government Budget and Finance Act for the filing of certain budget documents and audit reports; and*

(b) *That* reasonably anticipates its actual annual total expenditures for that fiscal year will be less than ~~[\$200,000 may]~~ *the maximum amount,*

may petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit pursuant to NRS 354.624 for that fiscal year. If the actual annual total expenditures of the special district are ~~[\$200,000 or more,]~~ *equal to or greater than the maximum amount,* the special district shall provide for an annual audit for that fiscal year.

3. A petition filed with the Department of Taxation:

(a) Pursuant to subsection 1 must be received by the Department of Taxation on or before March 1 to be effective for the succeeding fiscal year; or

(b) Pursuant to subsection 2 must be received by the Department of Taxation on or before March 1 to be effective for the current fiscal year.

4. A board of county commissioners may request the Department of Taxation to audit the financial records of a special district that is exempt from the requirement of providing for an annual audit pursuant to this section.

5. If a petition filed by a special district pursuant to subsection 1 is granted by the Department of Taxation:

(a) The minimum required of the special district is the filing with the Department of Taxation of an annual budget on or before



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1 April 15 of each year and the filing of fiscal reports in accordance
2 with NRS 354.6015; and

3 (b) The special district is exempt from all publication
4 requirements of the Local Government Budget and Finance Act,
5 except that the Department of Taxation by regulation shall require
6 an annual publication of a notice of budget adoption and filing.

7 6. The Committee on Local Government Finance shall adopt
8 regulations pursuant to NRS 354.594 which are necessary to carry
9 out the purposes of this section **H**, *including, without limitation,*
10 *regulations establishing the maximum annual total expenditures*
11 *of a special district for that special district to be eligible to petition*
12 *for an exemption from the requirements of the Local Government*
13 *Budget and Finance Act for the filing of certain budget documents*
14 *and audit reports or to use a cash basis of accounting.*

15 7. The revenue recorded in accounts that are kept on a cash
16 basis must consist of cash items.

17 8. As used in this section, "cash basis" means the system of
18 accounting under which revenues are recorded only when received
19 and expenditures or expenses are recorded only when paid.

20 **Sec. 2.** NRS 354.5945 is hereby amended to read as follows:

21 354.5945 1. Except as otherwise provided in subsection 7,
22 each local government shall annually prepare, on a form prescribed
23 by the Department of Taxation for use by local governments, a
24 capital improvement plan for the fiscal year ending on June 30 of
25 that year and the ensuing 5 fiscal years.

26 2. On or before August 1 of each year, each local government
27 shall submit a copy of the capital improvement plan of the local
28 government to the:

29 (a) Department of Taxation;

30 (b) Debt management commission of the county in which the
31 local government is located; and

32 (c) Director of the Legislative Counsel Bureau.

33 3. Each local government shall file a copy of the capital
34 improvement plan of the local government for public record and
35 inspection by the public in the offices of:

36 (a) The clerk or secretary of the governing body; and

37 (b) The county clerk.

38 4. The total amount of the expenditures contained in the capital
39 improvement plan of the local government for the next ensuing
40 fiscal year must equal the total amount of expenditures for capital
41 outlay set forth in the final budget of the local government for each
42 fund listed in that budget.

43 5. The capital improvement plan must include the estimated or
44 actual revenues and expenditures for each capital project and the
45 estimated or actual date for completion of each capital project.



1 6. The capital improvement plan must reconcile the capital
2 outlay in each fund in the final budget for the first year of the capital
3 improvement plan to the final budget in the next ensuing fiscal year.
4 The reconciliation must identify the minimum level of expenditure
5 for items classified as capital assets in the final budget and the
6 minimum level of expenditure for items classified as capital projects
7 in the capital improvement plan. The reconciliation of capital outlay
8 items in the capital improvement plan must be presented on forms
9 created and distributed by the Department of Taxation.

10 7. Local governments that ~~are exempt from the~~ *have*
11 *petitioned the Department of Taxation for an exemption from*
12 *filing* requirements of the Local Government Budget and Finance
13 Act pursuant to subsection 1 of NRS 354.475 *and have been*
14 *granted that exemption* are not required to file a capital
15 improvement plan.

16 **Sec. 3.** This act becomes effective on July 1, 2009.

