

ASSEMBLY BILL NO. 209—COMMITTEE ON
HEALTH AND HUMAN SERVICES

FEBRUARY 24, 2011

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the use by a local government of the money in certain funds that are designated for capital projects. (BDR 31-756)

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 financial administration; authorizing a local government, under certain circumstances, to transfer money from certain funds which are designated for the construction, maintenance, repair or improvement of capital projects and certain other facilities to a fund for medical assistance to indigent persons; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law authorizes a local government to establish funds which are to be
- 2 used exclusively for the construction of capital projects and the extraordinary
- 3 maintenance, repair or improvement of capital projects or facilities that replace
- 4 capital projects. (NRS 354.6105, 354.6113) **Sections 1 and 2** of this bill authorize a
- 5 local government to transfer money from such funds that are designated exclusively
- 6 for capital projects to the local government's fund for medical assistance to
- 7 indigent persons, except that such a transfer is prohibited if the transfer would
- 8 affect adversely any outstanding obligations of the local government.



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

Section 1. NRS 354.6105 is hereby amended to read as follows:

354.6105 1. A local government may establish a fund for the extraordinary maintenance, repair or improvement of capital projects.

2. Any interest and income earned on the money in the fund in excess of any amount which is reserved for rebate payments to the Federal Government pursuant to 26 U.S.C. § 148, as amended, or is otherwise required to be applied in a specific manner by the Internal Revenue Code of 1986, as amended, must be credited to the fund.

3. Except as otherwise provided in *subsection 4 and* NRS 374A.020, the money in the fund may be used only for the extraordinary maintenance, repair or improvement of capital projects or facilities that replace capital projects of the entity that made the deposits in the fund. 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 the purpose specified in this subsection ~~and~~ *subsection 4.*

4. *A local government may transfer money from the fund to the local government's fund for medical assistance to indigent persons created pursuant to NRS 428.275, except that the local government shall not transfer such money if the transfer would modify, directly or indirectly, any pledged revenues in such a manner as to impair adversely any outstanding obligations of the local government, including, without limitation, bonds and any other financing obligations, until all such obligations have been discharged in full or provision for their payment and redemption has been fully made.*

5. As used in this section, "extraordinary maintenance, repair or improvement" means all expenses ordinarily incurred not more than once every 5 years to maintain a local governmental facility or capital project in a fit operating condition.

Sec. 2. NRS 354.6113 is hereby amended to read as follows:

354.6113 1. The governing body of a local government may, by resolution, establish a fund for the construction of capital projects.

2. Any interest or income earned on money in the fund in excess of any amount which is reserved for rebate payments to the Federal Government pursuant to 26 U.S.C. § 148, as amended, or is otherwise required to be applied in a specific manner by the Internal Revenue Code of 1986, as amended, must be credited to the fund.



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1 3. ~~[The]~~ *Except as otherwise provided in subsection 4, the*
2 money in the fund must be used only for the construction of capital
3 projects which are included in the plan for capital improvement of
4 the local government prepared pursuant to NRS 350.013. The
5 money in the fund at the end of the fiscal year may not revert to any
6 other fund or be a surplus for any purpose other than the purpose
7 specified in this subsection ~~[]~~ *and subsection 4.*

8 4. *A local government may transfer money from the fund to*
9 *the local government's fund for medical assistance to indigent*
10 *persons created pursuant to NRS 428.275, except that the local*
11 *government shall not transfer such money if the transfer would*
12 *modify, directly or indirectly, any pledged revenues in such a*
13 *manner as to impair adversely any outstanding obligations of the*
14 *local government, including, without limitation, bonds and any*
15 *other financing obligations, until all such obligations have been*
16 *discharged in full or provision for their payment and redemption*
17 *has been fully made.*

18 5. The annual budget and audit report of the local government
19 prepared pursuant to NRS 354.624 must specifically identify the
20 fund and:

21 (a) Indicate in detail the capital projects that have been
22 constructed with money from the fund;

23 (b) Specify the amount of money, if any, that will be deposited
24 in the fund for the next fiscal year;

25 (c) Specify any proposed capital projects that will be constructed
26 with money from the fund during the next fiscal year; ~~[and]~~

27 (d) Identify any planned accumulation of the money in the fund
28 ~~[]~~; *and*

29 (e) *Indicate the amount of any money transferred to a fund for*
30 *medical assistance to indigent persons created pursuant to*
31 *NRS 428.275.*

32 ➔ The audit report must include a statement by the auditor whether
33 the local government has complied with the provisions of this
34 subsection.

35 **Sec. 3.** NRS 374A.020 is hereby amended to read as follows:

36 374A.020 1. The collection of the tax imposed by NRS
37 374A.010 must be commenced on the first day of the first calendar
38 quarter that begins at least 120 days after the last condition in
39 subsection 1 of NRS 374A.010 is met.

40 2. Except as otherwise provided in NRS 374A.030, the tax
41 must be administered, collected and distributed in the manner set
42 forth in chapter 374 of NRS.

43 3. The board of trustees of the school district shall transfer the
44 proceeds of the tax imposed by NRS 374A.010 from the county
45 school district fund to the fund described in NRS 354.6105 which



1 must be established by the board of trustees. The money deposited
2 in the fund described in NRS 354.6105 pursuant to this subsection
3 must be accounted for separately in that fund and , *except as*
4 *otherwise provided in subsection 4 of NRS 354.6105*, must only be
5 expended by the board of trustees for the cost of the extraordinary
6 maintenance, extraordinary repair and extraordinary improvement of
7 school facilities within the county.

8 **Sec. 4.** This act becomes effective on July 1, 2011.

