

SENATE BILL NO. 295—SENATOR HARDY

MARCH 21, 2011

Referred to Committee on Finance

SUMMARY—Revises provisions governing the budgets of school districts. (BDR 31-587)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 financial administration; requiring the tentative and final budgets of school districts to include a division of the total budget into certain categories by total dollar amount approved for expenditure in each category; providing that, without advance approval of the Interim Finance Committee, the dollar amount in each category must not exceed by more than 5 percent the dollar amount in the same category from the immediately preceding fiscal year; requiring the Department of Taxation to prescribe an additional portion of the form for the tentative budgets of school districts on which to include the information required for the division of the budget of the school district into the prescribed categories; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law prescribes the Local Government Budget and Finance Act, which establishes standard methods and procedures for the preparation, presentation, adoption and administration of budgets of local governments, including school districts. (NRS 354.470-354.626) Pursuant to the Act, each local government prepares a tentative budget on a form prescribed by the Department of Taxation and adopts a final budget. (NRS 354.596, 354.598) **Section 1** of this bill requires the final budget of each school district to be divided into the following categories by total dollar amount approved for expenditure in each category: (1) Teachers; (2) Administrators; (3) Children's Programs; (4) Maintenance; and (5) Capital Improvements. **Section 1** further provides that for the fiscal year beginning on July 1, 2012, unless a requested deviation among categories is approved in advance by the Interim Finance Committee, the dollar amount in each category of the final budget of the school district must not exceed by more than 5 percent the dollar



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amount in the same category of the final budget for the immediately preceding fiscal year. **Section 3** of this bill requires the Department of Taxation to prescribe an additional portion of the form for the tentative budgets of school districts on which the information required by **section 1** must be included.

Section 5 of this bill requires the board of trustees of each school district to submit to the Department of Taxation a statement of the proposed division of the total dollar amount of the final budget of the school district for the fiscal year beginning on July 1, 2011, into the five categories required by **section 1** by the total amount of dollars approved for expenditure in each category. **Section 5** further requires the Department, on or before December 1, 2011, to examine the statement of the proposed division to determine the accuracy of the statement to ensure compliance with **section 1**. The board of trustees of a school district may, not later than 30 days after it receives the determination of the Department, submit a written statement of correction to the Department. The Department is required to examine the statement of correction and provide the school district with the Department's final determination.

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

Section 1. Chapter 354 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The final budget of each school district must be divided into the following categories by total dollar amount approved for expenditure in each category:

- (a) Teachers;*
- (b) Administrators;*
- (c) Children's Programs;*
- (d) Maintenance; and*
- (e) Capital Improvements.*

2. For the final budget for the fiscal year beginning on July 1, 2012, and thereafter, unless requested by the school district and approved in advance by the Interim Finance Committee for a deviation among categories, the dollar amount in each category of the final budget of the school district must not exceed by more than 5 percent the dollar amount in the same category of the final budget for the immediately preceding fiscal year.

3. In acting upon a request for approval of a deviation among categories made pursuant to subsection 2, the Interim Finance Committee shall consider, among other things:

- (a) The need for the requested deviation among categories; and*
- (b) The intent of the Legislature in imposing the limitation on moving money between categories.*



1 **Sec. 2.** NRS 354.470 is hereby amended to read as follows:
2 354.470 NRS 354.470 to 354.626, inclusive, *and section 1 of*
3 *this act* may be cited as the Local Government Budget and Finance
4 Act.

5 **Sec. 3.** NRS 354.596 is hereby amended to read as follows:
6 354.596 1. The officer charged by law shall prepare, or the
7 governing body shall cause to be prepared, on appropriate forms
8 prescribed by the Department of Taxation for the use of local
9 governments, a tentative budget for the ensuing fiscal year. *The*
10 *Department of Taxation shall prescribe an additional portion of*
11 *the form for use by school districts on which each school district*
12 *must include in the tentative budget the information required to be*
13 *included in the final budget by section 1 of this act.* The tentative
14 budget for the following fiscal year must be submitted to the county
15 auditor and filed for public record and inspection in the office of:

- 16 (a) The clerk or secretary of the governing body; and
17 (b) The county clerk.

18 2. On or before April 15, a copy of the tentative budget must
19 be submitted:

- 20 (a) To the Department of Taxation; and
21 (b) In the case of school districts, to the Department of
22 Education.

23 3. At the time of filing the tentative budget, the governing body
24 shall give notice of the time and place of a public hearing on the
25 tentative budget and shall cause a notice of the hearing to be
26 published once in a newspaper of general circulation within the area
27 of the local government not more than 14 nor less than 7 days before
28 the date set for the hearing. The notice of public hearing must state:

- 29 (a) The time and place of the public hearing.
30 (b) That a tentative budget has been prepared in such detail and
31 on appropriate forms as prescribed by the Department of Taxation.
32 (c) The places where copies of the tentative budget are on file
33 and available for public inspection.

34 4. Budget hearings must be held:

- 35 (a) For county budgets, on the third Monday in May;
36 (b) For cities, on the third Tuesday in May;
37 (c) For school districts, on the third Wednesday in May; and
38 (d) For all other local governments, on the third Thursday in
39 May or the Friday immediately succeeding the third Thursday in
40 May,

41 ➔ except that the board of county commissioners may consolidate
42 the hearing on all local government budgets administered by the
43 board of county commissioners with the county budget hearing.

44 5. The Department of Taxation shall examine the submitted
45 documents for compliance with law and with appropriate



1 regulations and shall submit to the governing body at least 3 days
2 before the public hearing a written certificate of compliance or a
3 written notice of lack of compliance. The written notice must
4 indicate the manner in which the submitted documents fail to
5 comply with law or appropriate regulations.

6 6. Whenever the governing body receives from the Department
7 of Taxation a notice of lack of compliance, the governing body shall
8 forthwith proceed to amend the tentative budget to effect
9 compliance with the law and with the appropriate regulation.

10 **Sec. 4.** NRS 218E.405 is hereby amended to read as follows:

11 218E.405 1. Except as otherwise provided in subsection 2,
12 the Interim Finance Committee may exercise the powers conferred
13 upon it by law only when the Legislature is not in regular or special
14 session.

15 2. During a regular or special session, the Interim Finance
16 Committee may also perform the duties imposed on it by subsection
17 5 of NRS 284.115, NRS 284.1729, subsection 2 of NRS 321.335,
18 NRS 322.007, subsection 2 of NRS 323.020, NRS 323.050,
19 subsection 1 of NRS 323.100, subsection 3 of NRS 341.090, NRS
20 341.142, subsection 6 of NRS 341.145, NRS 353.220, 353.224,
21 353.2705 to 353.2771, inclusive, 353.288, 353.335, 353C.226,
22 paragraph (b) of subsection 4 of NRS 407.0762, NRS 428.375,
23 439.620, 439.630, 445B.830 and 538.650 ~~[-]~~ **and section 1 of this**
24 **act.** In performing those duties, the Senate Standing Committee on
25 Finance and the Assembly Standing Committee on Ways and Means
26 may meet separately and transmit the results of their respective
27 votes to the Chair of the Interim Finance Committee to determine
28 the action of the Interim Finance Committee as a whole.

29 3. The Chair of the Interim Finance Committee may appoint a
30 subcommittee consisting of six members of the Committee to
31 review and make recommendations to the Committee on matters of
32 the State Public Works Board that require prior approval of the
33 Interim Finance Committee pursuant to subsection 3 of NRS
34 341.090, NRS 341.142 and subsection 6 of NRS 341.145. If the
35 Chair appoints such a subcommittee:

36 (a) The Chair shall designate one of the members of the
37 subcommittee to serve as the chair of the subcommittee;

38 (b) The subcommittee shall meet throughout the year at the
39 times and places specified by the call of the chair of the
40 subcommittee; and

41 (c) The Director of the Legislative Counsel Bureau or the
42 Director's designee shall act as the nonvoting recording secretary of
43 the subcommittee.

44 **Sec. 5.** 1. On or before October 1, 2011, the board of trustees
45 of each school district shall submit to the Department of Taxation a



1 statement of the proposed division of the total dollar amount of the
2 final budget of the school district for the fiscal year beginning on
3 July 1, 2011, into the five categories required by section 1 of this act
4 by the total dollar amount approved for expenditure in each
5 category.

6 2. On or before December 1, 2011, the Department of Taxation
7 shall:

8 (a) Examine the statement of the proposed division submitted by
9 each school district pursuant to subsection 1 and determine the
10 accuracy of the statement to ensure compliance with section 1 of
11 this act; and

12 (b) Provide a written statement of its determination to the board
13 of trustees of the school district. If the Department finds inaccuracy
14 in the statement of the proposed division, the written statement of its
15 determination must indicate the manner in which the statement of
16 the proposed division failed to comply with section 1 of this act.

17 3. If the board of trustees of a school district does not agree
18 with a determination made by the Department of Taxation pursuant
19 to subsection 2, the board of the trustees may, not later than 30 days
20 after the board of trustees received the determination from the
21 Department pursuant to subsection 2, submit a written statement of
22 correction to the Department.

23 4. Upon receipt of a written statement of correction submitted
24 by the board of trustees of a school district pursuant to subsection 3,
25 the Department of Taxation shall:

26 (a) Examine the statement of correction;

27 (b) Not later than 30 days after receipt of the statement of
28 correction, make a final determination of the accuracy of the
29 statement of the proposed division submitted by the school district
30 pursuant to subsection 1; and

31 (c) Provide the school district with a written statement of its
32 final determination.

33 **Sec. 6.** This act becomes effective on July 1, 2011.

