

ASSEMBLY BILL NO. 125—ASSEMBLYWOMAN KIRKPATRICK

FEBRUARY 14, 2013

Referred to Committee on Natural Resources,  
Agriculture, and Mining

SUMMARY—Revises provisions governing the lease of state lands.  
(BDR 26-30)

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 state lands; authorizing, under certain circumstances, the lease of state lands for less than market value for purposes of economic development; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law authorizes the State Land Registrar to lease state land for certain  
2 purposes and sets forth the requirements for the applications for and the terms of  
3 such leases. (Chapter 321 of NRS) **Section 3** of this bill authorizes the State Land  
4 Registrar to lease state land for purposes of economic development without first  
5 offering the state land to the public and for less than its fair market value. **Section 3**  
6 requires the State Land Registrar and the Executive Director of the Office of  
7 Economic Development to approve such a lease and establish the amount of rent to  
8 be received for the state land pursuant to the lease, taking into consideration the  
9 amount the lessee is able to pay.

10 With limited exceptions, existing law sets forth certain procedural requirements  
11 for the sale or lease of state land, which include: (1) the requirement to obtain two  
12 independent appraisals of the land; (2) the requirement that the lease be upon sealed  
13 bids followed by oral offers; and (3) the requirement that certain leases be approved  
14 by the State Board of Examiners and the Interim Finance Committee. (NRS  
15 321.007, 321.335, 322.007) **Sections 1, 2 and 4** of this bill except from these  
16 requirements the lease of state land pursuant to **section 3** for purposes of economic  
17 development.



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

1     **Section 1.** NRS 321.007 is hereby amended to read as follows:  
2     321.007 1. Except as otherwise provided in subsection 5,  
3     NRS 322.063, 322.065 or 322.075, *or section 3 of this act*, except  
4     as otherwise required by federal law, except for land that is sold or  
5     leased to a public utility, as defined in NRS 704.020, to be used for  
6     a public purpose, except for land that is sold or leased to a state or  
7     local governmental entity, except for a lease which is part of a  
8     contract entered into pursuant to chapter 333 of NRS and except for  
9     land that is sold or leased pursuant to an agreement entered into  
10    pursuant to NRS 277.080 to 277.170, inclusive, when offering any  
11    land for sale or lease, the State Land Registrar shall:

12    (a) Except as otherwise provided in this paragraph, obtain two  
13    independent appraisals of the land before selling or leasing it. If the  
14    Interim Finance Committee grants its approval after discussion of  
15    the fair market value of the land, one independent appraisal of the  
16    land is sufficient before selling or leasing it. The appraisal or  
17    appraisals, as applicable, must have been prepared not more than 6  
18    months before the date on which the land is offered for sale or lease.

19    (b) Notwithstanding the provisions of chapter 333 of NRS,  
20    select the one independent appraiser or two independent appraisers,  
21    as applicable, from the list of appraisers established pursuant to  
22    subsection 2.

23    (c) Verify the qualifications of each appraiser selected pursuant  
24    to paragraph (b). The determination of the State Land Registrar as to  
25    the qualifications of an appraiser is conclusive.

26    2. The State Land Registrar shall adopt regulations for the  
27    procedures for creating or amending a list of appraisers qualified to  
28    conduct appraisals of land offered for sale or lease by the State Land  
29    Registrar. The list must:

30    (a) Contain the names of all persons qualified to act as a general  
31    appraiser in the same county as the land that may be appraised; and

32    (b) Be organized at random and rotated from time to time.

33    3. An appraiser chosen pursuant to subsection 1 must provide a  
34    disclosure statement which includes, without limitation, all sources  
35    of income of the appraiser that may constitute a conflict of interest  
36    and any relationship of the appraiser with the owner of the land or  
37    the owner of an adjoining property.

38    4. An appraiser shall not perform an appraisal on any land  
39    offered for sale or lease by the State Land Registrar if the appraiser  
40    or a person related to the appraiser within the first degree of  
41    consanguinity or affinity has an interest in the land or an adjoining  
42    property.



5. If a lease of land is for residential property and the term of the lease is 1 year or less, the State Land Registrar shall obtain an analysis of the market value of similar rental properties prepared by a licensed real estate broker or salesperson when offering such a property for lease.

6. If land is sold or leased in violation of the provisions of this section:

(a) The sale or lease is void; and

(b) Any change to an ordinance or law governing the zoning or use of the land is void if the change takes place within 5 years after the date of the void sale or lease.

**Sec. 2.** NRS 321.335 is hereby amended to read as follows:

321.335 1. Except as otherwise provided in NRS 321.125, 322.063, 322.065 or 322.075, *or section 3 of this act*, except as otherwise required by federal law, except for land that is sold or leased to a public utility, as defined in NRS 704.020, to be used for a public purpose, except for land that is sold or leased to a state or local governmental entity, except for a lease which is part of a contract entered into pursuant to chapter 333 of NRS and except for an agreement entered into pursuant to the provisions of NRS 277.080 to 277.170, inclusive, or a lease of residential property with a term of 1 year or less, after April 1, 1957, all sales or leases of any lands that the Division is required to hold pursuant to NRS 321.001, including lands subject to contracts of sale that have been forfeited, are governed by the provisions of this section.

2. Whenever the State Land Registrar deems it to be in the best interests of the State of Nevada that any lands owned by the State and not used or set apart for public purposes be sold or leased, the State Land Registrar may, with the approval of the State Board of Examiners and the Interim Finance Committee, cause those lands to be sold or leased upon sealed bids, or oral offer after the opening of sealed bids for cash or pursuant to a contract of sale or lease, at a price not less than the highest appraised value for the lands plus the costs of appraisal and publication of notice of sale or lease.

3. Before offering any land for sale or lease, the State Land Registrar shall comply with the provisions of NRS 321.007.

4. After complying with the provisions of NRS 321.007, the State Land Registrar shall cause a notice of sale or lease to be published once a week for 4 consecutive weeks in a newspaper of general circulation published in the county where the land to be sold or leased is situated, and in such other newspapers as the State Land Registrar deems appropriate. If there is no newspaper published in the county where the land to be sold or leased is situated, the notice must be so published in a newspaper published in this State having a general circulation in the county where the land is situated.



- 1       5. The notice must contain:
- 2       (a) A description of the land to be sold or leased;
- 3       (b) A statement of the terms of sale or lease;
- 4       (c) A statement that the land will be sold pursuant to subsection
- 5       6; and
- 6       (d) The place where the sealed bids will be accepted, the first
- 7       and last days on which the sealed bids will be accepted, and the time
- 8       when and place where the sealed bids will be opened and oral offers
- 9       submitted pursuant to subsection 6 will be accepted.
- 10      6. At the time and place fixed in the notice published pursuant
- 11      to subsection 4, all sealed bids which have been received must, in
- 12      public session, be opened, examined and declared by the State Land
- 13      Registrar. Of the proposals submitted which conform to all terms
- 14      and conditions specified in the notice published pursuant to
- 15      subsection 4 and which are made by responsible bidders, the bid
- 16      which is the highest must be finally accepted, unless a higher oral
- 17      offer is accepted or the State Land Registrar rejects all bids and
- 18      offers. Before finally accepting any written bid, the State Land
- 19      Registrar shall call for oral offers. If, upon the call for oral offers,
- 20      any responsible person offers to buy or lease the land upon the terms
- 21      and conditions specified in the notice, for a price exceeding by at
- 22      least 5 percent the highest written bid, then the highest oral offer
- 23      which is made by a responsible person must be finally accepted.
- 24      7. The State Land Registrar may reject any bid or oral offer to
- 25      purchase or lease submitted pursuant to subsection 6, if the State
- 26      Land Registrar deems the bid or offer to be:
- 27      (a) Contrary to the public interest.
- 28      (b) For a lesser amount than is reasonable for the land involved.
- 29      (c) On lands which it may be more beneficial for the State to
- 30      reserve.
- 31      (d) On lands which are requested by the State of Nevada or any
- 32      department, agency or institution thereof.
- 33      8. Upon acceptance of any bid or oral offer and payment to the
- 34      State Land Registrar in accordance with the terms of sale specified
- 35      in the notice of sale, the State Land Registrar shall convey title by
- 36      quitclaim or cause a patent to be issued as provided in NRS 321.320
- 37      and 321.330.
- 38      9. Upon acceptance of any bid or oral offer and payment to the
- 39      State Land Registrar in accordance with the terms of lease specified
- 40      in the notice of lease, the State Land Registrar shall enter into a
- 41      lease agreement with the person submitting the accepted bid or oral
- 42      offer pursuant to the terms of lease specified in the notice of lease.
- 43      10. The State Land Registrar may require any person
- 44      requesting that state land be sold pursuant to the provisions of this
- 45      section to deposit a sufficient amount of money to pay the costs to



1 be incurred by the State Land Registrar in acting upon the  
2 application, including the costs of publication and the expenses of  
3 appraisal. This deposit must be refunded whenever the person  
4 making the deposit is not the successful bidder. The costs of acting  
5 upon the application, including the costs of publication and the  
6 expenses of appraisal, must be borne by the successful bidder.

7 11. If land that is offered for sale or lease pursuant to this  
8 section is not sold or leased at the initial offering of the contract for  
9 the sale or lease of the land, the State Land Registrar may offer the  
10 land for sale or lease a second time pursuant to this section. If there  
11 is a material change relating to the title, zoning or an ordinance  
12 governing the use of the land, the State Land Registrar must, as  
13 applicable, obtain a new appraisal or new appraisals of the land  
14 pursuant to the provisions of NRS 321.007 before offering the land  
15 for sale or lease a second time. If land that is offered for sale or  
16 lease pursuant to this section is not sold or leased at the second  
17 offering of the contract for the sale or lease of the land, the State  
18 Land Registrar may list the land for sale or lease at the appraised  
19 value with a licensed real estate broker, provided that the broker or a  
20 person related to the broker within the first degree of consanguinity  
21 or affinity does not have an interest in the land or an adjoining  
22 property.

23 **Sec. 3.** Chapter 322 of NRS is hereby amended by adding  
24 thereto a new section to read as follows:

25 *1. The Administrator of the Division of State Lands of the*  
26 *State Department of Conservation and Natural Resources, as ex*  
27 *officio State Land Registrar, may lease state land for the purpose*  
28 *of economic development:*

29 *(a) Without first offering the state land to the public; and*

30 *(b) For less than fair market value of the state land.*

31 *2. Before the State Land Registrar may lease state land*  
32 *pursuant to this section, the State Land Registrar must make a*  
33 *finding that it is in the best interest of the public to lease the state*  
34 *land:*

35 *(a) Without offering the state land to the public; and*

36 *(b) For less than fair market value of the state land.*

37 *3. To lease state land pursuant to this section, the State Land*  
38 *Registrar and the Executive Director of the Office of Economic*  
39 *Development must jointly approve the lease and establish the*  
40 *amount of rent to be received for the state land. The State Land*  
41 *Registrar and the Executive Director shall render a decision on an*  
42 *application to lease state land pursuant to this section not later*  
43 *than 60 days after the application is filed with the State Land*  
44 *Registrar.*



1     4. *In determining the amount of rent for the lease of state*  
2 *land pursuant to this section, the State Land Registrar and the*  
3 *Executive Director shall give consideration to the amount*  
4 *the lessee is able to pay.*

5     5. *The State Land Registrar may waive any fee for the*  
6 *consideration of an application submitted pursuant to this section.*

7     6. *As used in this section, "economic development" means:*

8     (a) *The establishment of new commercial enterprises or*  
9 *facilities within the State;*

10    (b) *The support, retention or expansion of existing commercial*  
11 *enterprises or facilities within the State;*

12    (c) *The establishment, retention or expansion of public, quasi-*  
13 *public or other facilities or operations within the State;*

14    (d) *The establishment of residential housing needed to support*  
15 *the establishment of new commercial enterprises or facilities or*  
16 *the expansion of existing commercial enterprises or facilities*  
17 *within the State; or*

18    (e) *Any combination of the activities described in paragraphs*  
19 *(a) to (d), inclusive,*

20    *to create and retain opportunities of employment for the*  
21 *residents of this State.*

22     **Sec. 4.** NRS 322.007 is hereby amended to read as follows:

23     322.007 Any lease of state land, except a lease for residential  
24 purposes , ~~for~~ a lease for farming or grazing ~~or~~ *or a lease for*  
25 *economic development authorized pursuant to section 3 of this act,*  
26 whose term extends or is renewable beyond 1 year must be  
27 approved by the State Board of Examiners and the Interim Finance  
28 Committee.

29     **Sec. 5.** NRS 322.060 is hereby amended to read as follows:

30     322.060 Subject to the provisions of NRS 321.335, leases or  
31 easements authorized pursuant to the provisions of NRS 322.050,  
32 and not made for the purpose of extracting oil, coal or gas or the  
33 utilization of geothermal resources from the lands leased, must be:

34     1. For such areas as may be required to accomplish the purpose  
35 for which the land is leased or the easement granted.

36     2. Except as otherwise provided in NRS 322.063, 322.065 and  
37 322.067, *and section 3 of this act*, for such term and consideration  
38 as the Administrator of the Division of State Lands of the State  
39 Department of Conservation and Natural Resources, as ex officio  
40 State Land Registrar, may determine reasonable based upon the fair  
41 market value of the land.

42     3. Executed upon a form to be prepared by the Attorney  
43 General. The form must contain all of the covenants and agreements  
44 usual or necessary to such leases or easements.



1      **Sec. 6.**   This act becomes effective on July 1, 2013.

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