

Amendment No. 170

Assembly Amendment to Assembly Bill No. 54 (BDR 31-308)

Proposed by: Assembly Committee on Government Affairs

Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

JMM/JWP



Date: 4/19/2015

A.B. No. 54—Revises provisions relating to local governments existing in a severe financial emergency. (BDR 31-308)



ASSEMBLY BILL No. 54—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

PREFILED DECEMBER 20, 2014

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to local governments existing in a severe financial emergency. (BDR 31-308)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
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; revising provisions governing the operation of the Committee on Local Government Finance; revising provisions relating to the management of a local government existing in a severe financial emergency; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes the procedures by which certain local governments existing in a severe financial emergency may receive technical financial and other assistance from the Department of Taxation and the Committee on Local Government Finance. Existing law also requires the Nevada Tax Commission, upon determining that a local government exists in a severe financial emergency, to require by order that: (1) the Department take over the management of the local government until the severe financial emergency ceases to exist; (2) the local government increase or impose new taxes to meet the revenue requirements of the local government; and (3) under certain circumstances, a question be submitted to the electors of the local government as to whether the local government should be disincorporated or dissolved. Existing law further provides for the cessation of the management of a local government by order of the Commission under certain circumstances. (NRS 354.105, 354.655-354.725) **Section 1** of this bill revises provisions providing for the operation of the Committee on Local Government Finance. **Sections 4 and 5** of this bill *generally* provide for the withholding of certain payments to which a local government may otherwise be entitled for failing to file certain financial reports or to make certain payments to the Public Employees' Benefits Program. **Section 6** of this bill requires the Department, upon making a determination that certain financial conditions exist in a local government, *and after giving consideration to the severity of each such condition*, to place the local government under a program of monitoring. **Section 7** of this bill establishes the process by which the Committee and the Commission determine that a local government exists in a severe financial emergency and requires the Commission, upon making such a determination, to order the local government to follow a remedial course of action. **Section 8** of this bill revises the duties of

the Department upon taking over the management of a local government found to exist in a severe financial emergency. ~~It~~ **including requiring the Department to: (1) negotiate and approve employment contracts of the local government; (2) open and renegotiate, or assist the local government in renegotiating, existing collective bargaining agreements and employment contracts; and (3) meet and negotiate in good faith with creditors of the local government.** Section 9 of this bill provides for the creation and adoption by the Commission of a remedial plan of action to increase the revenues and reduce the expenditures of the local government. The plan may provide for the imposition of additional taxes by the local government, which taxes, pursuant to section 15 of this bill, are not subject to certain abatements and other limitations. **Section 9 further requires the Department to prepare and submit to the Legislature a report relating to local governments existing in a severe financial emergency.** Section 11 of this bill **authorizes the distribution of money in the Severe Financial Emergency Fund to a local government as a loan for the purpose of discharging the general obligations of the local government.** Section 11 further extends the period ~~for~~ **within** which a local government may repay certain interest-free loans distributed by the Executive Director of the Department to the local government from the ~~Severe Financial Emergency Fund. If the Executive Director determines that the severe financial emergency of a local government is unlikely to end within a certain period, section 12 of this bill requires the Committee to review the findings of the Executive Director and recommend certain additional remedial actions to the Commission, including a recommendation that: (1) the county absorb the local government; or (2) the local government be reincorporated or dissolved.~~ **Fund. Section 12 of this bill authorizes the Commission to require a local government that is found to exist in a severe financial emergency to take remedial action in accordance with the recommendations of the Committee.** Section 13 of this bill prohibits the Commission from terminating or modifying the management of a local government by the Department without first obtaining a recommendation from the Committee.

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

Section 1. NRS 354.105 is hereby amended to read as follows:

354.105 1. The Committee on Local Government Finance, consisting of 11 members, is hereby created.

2. The following associations shall each appoint three members to serve on the Committee:

- (a) Nevada League of Cities;
- (b) Nevada Association of County Commissioners; and
- (c) Nevada ~~School Trustees~~ Association **of School Boards.**

3. The Nevada State Board of Accountancy shall appoint two members to serve on the Committee.

4. Each appointment must be for a term of 3 years ~~It~~ **, and each member appointed may be reappointed to additional terms.**

5. ~~All vacancies~~ **A vacancy** must be filled as soon as practicable by the appointing authority of the person who vacated the seat.

6. If any of the associations listed in subsection 2 cease to exist, the appointments required by subsection 2 must be made by the association's successor in interest or, if there is no successor in interest, one each by the other appointing authorities.

7. **The members of the Committee shall elect by majority vote a member as Chair and another member as Vice Chair, who shall serve for terms of 3 years or until their successors are elected.**

8. The Committee shall meet not less than twice per year and may meet at other times upon the call of the Chair or a majority of the members of the Committee.

9. A majority of the members of the Committee constitutes a quorum, and a quorum may exercise all the power and authority conferred on the Committee.

10. Members of the Committee serve without compensation, except that for each day or portion of a day during which a member of the Committee attends a meeting of the Committee or is otherwise engaged in the business of the Committee, the member is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.

11. The Department of Taxation shall provide administrative support to the Committee.

Sec. 2. NRS 354.655 is hereby amended to read as follows:

354.655 As used in NRS 354.655 to 354.725, inclusive, unless the context requires otherwise:

1. "Basic function" means an activity of a local government for the purpose of accomplishing a primary service or function of the local government, including, without limitation, those services and functions relating to general governance, public safety, public works, public health, public welfare and judicial services or functions for which the local government is responsible.

2. "Commission" means the Nevada Tax Commission.

3. "Committee" means the Committee on Local Government Finance.

~~2-4~~ 4. "Department" means the Department of Taxation.

~~3-4~~ 5. "Executive Director" means the Executive Director of the Department of Taxation.

~~4-4~~ 6. "Fiscal watch" means the monitoring of a local government pursuant to a notice issued pursuant to subsection 1 of NRS 354.675.

7. "Holder" includes, without limitation, any owner or other person described in NRS 350.530, a trustee, guarantor, insurer and credit enhancer, and a bank that issues a letter of credit.

8. "Local government" means any local government subject to the provisions of the Local Government Budget and Finance Act.

~~5-5. The~~ every political subdivision or other entity which has the right to levy or receive money from ad valorem or other taxes or any mandatory assessments, and includes, without limitation, counties, cities, towns, boards, school districts, districts organized pursuant to chapters 244.1, 300, 318 and 370 of NRS, NRS 450.550 to 450.750, inclusive, and chapters 474, 541, 543 and 555 of NRS, irrigation districts organized pursuant to chapter 530 of NRS, and any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision.

~~8-7~~ 9. "Technical financial assistance" means assistance provided by the Department to a local government, including, without limitation, assistance with ~~auditing financial records,~~ developing budgets, reviewing contracts, analyzing cost allocations, debt management, feasibility analyses and revenue forecasting.

~~9-9. Except as otherwise provided in subsection 7, the~~

10. The words and terms defined in the Local Government Budget and Finance Act have the meanings ascribed to them in that act.

Sec. 3. NRS 354.657 is hereby amended to read as follows:

354.657 1. The purpose of NRS 354.655 to 354.725, inclusive, is to ~~provide specific methods for the treatment of delinquent documents, payments, technical financial assistance and~~ :

(a) Restore and maintain the financial solvency of any local government in financial distress;

1 *(b) Provide basic functions for which a local government in financial distress*
2 *is responsible; and*

3 *(c) Provide a tiered program of financial oversight and assistance by the*
4 *State based on the existing financial conditions of a local government, including,*
5 *without limitation, placing the local government on fiscal watch, providing*
6 *technical financial assistance to the local government and assisting the local*
7 *government if it is found to exist in a state of severe financial emergency.*

8 2. To accomplish the purpose set forth in subsection 1, the provisions of NRS
9 354.655 to 354.725, inclusive, must be broadly and liberally construed.

10 **Sec. 4.** NRS 354.665 is hereby amended to read as follows:

11 354.665 1. If a local government does not file a statement, report or other
12 document as required by the provisions of NRS 350.013, ~~354.5945~~, 354.6015,
13 354.6025, 354.624, 354.6245 or 387.303 within 15 days after the day on which it
14 was due, the Executive Director shall notify the governing body of the local
15 government in writing that the report is delinquent. The notification must be noted
16 in the minutes of the first meeting of the governing body following transmittal of
17 the notification.

18 2. If the required report is not received by the Department within 45 days
19 after the day on which the report was due, the Executive Director shall notify the
20 governing body that the presence of a representative of the governing body is
21 required at the next practicable scheduled meeting of the Committee to explain the
22 reason that the report has not been filed. The notice must be transmitted to the
23 governing body ~~at least~~ *not less than* 5 days before the date on which the meeting
24 will be held.

25 3. If an explanation satisfactory to the Committee is not provided at the
26 meeting as requested in the notice and an arrangement is not made for the
27 submission of the report, the Committee may instruct the Executive Director to
28 request that the State Treasurer withhold from the local government the next
29 distribution from the Local Government Tax Distribution Account, if the local
30 government is otherwise entitled to receive such a distribution, ~~for or~~ *or any other*
31 *property taxes, taxes on the net proceeds of minerals or grants to which the local*
32 *government may otherwise be entitled as a distribution from the State.* Upon
33 receipt of such a request, the State Treasurer shall withhold the payment and all
34 future payments until the State Treasurer is notified by the Executive Director that
35 the report has been received by the Department. ~~H~~, *except that the State Treasurer*
36 *shall not withhold any payment necessary for the local government to make a*
37 *timely payment that is due and owing to a holder.*

38 **Sec. 5.** NRS 354.671 is hereby amended to read as follows:

39 354.671 1. Upon receipt of notification by the Board of the Public
40 Employees' Benefits Program pursuant to NRS 287.0434 that a local government is
41 delinquent by more than 90 days on an amount due to the Public Employees'
42 Benefits Program pursuant to paragraph (b) of subsection 4 of NRS 287.023, the
43 Executive Director shall notify the governing body that the presence of a
44 representative of the governing body is required at the next practicable scheduled
45 meeting of the Committee to explain the reason that the payment has not been
46 made. The notice must be transmitted to the governing body at least 5 days before
47 the date on which the meeting will be held.

48 2. If an explanation satisfactory to the Committee is not provided at the
49 meeting as requested in the notice and an arrangement is not made for the
50 submission of the payment, the Committee may instruct the Executive Director to
51 request that the State Treasurer withhold from the local government an amount
52 equal to the amount of the delinquent payment from the next distribution from the
53

Local Government Tax Distribution Account, if the local government is otherwise entitled to receive such a distribution, ~~for or~~ the local school support tax if the local government is a school district ~~or any other property taxes, taxes on the net proceeds of minerals or grants to which the local government may otherwise be entitled as a distribution from the State.~~ Upon receipt of such a request, the State Treasurer shall withhold that amount from the payment or any future payment as necessary until the State Treasurer is notified by the Executive Director that the delinquent payment has been received by the Department ~~or~~ except that the State Treasurer shall not withhold any payment necessary for the local government to make a timely payment that is due and owing to a holder. The Department shall transmit the delinquent payment to the Public Employees' Benefits Program upon receipt.

Sec. 6. NRS 354.675 is hereby amended to read as follows:

354.675 1. ~~[A governing body which determines that the local government is in need of technical financial assistance may adopt a resolution requesting an appearance before the Nevada Tax Commission to request technical financial assistance from the Department.] If the Department determines that one or more of the conditions identified in paragraphs (a) to (aa), inclusive, of subsection 2 of NRS 354.685 exist in a local government, and after giving consideration to the severity of each such condition, the Department shall provide written notice to the local government, the Commission and the Committee that the local government has been placed on fiscal watch by the Department. The Department shall not remove a local government from fiscal watch until the Executive Director determines that such conditions no longer exist or the Executive Director submits a recommendation to the Committee pursuant to subsection 2 of NRS 354.685.~~

2. ~~If a local government is placed on fiscal watch pursuant to subsection 1, the governing body of the local government may adopt a resolution requesting the Commission to order the Department, in consultation with the local government and the Committee, to provide appropriate technical financial assistance to the local government.~~

3. Upon receipt of a resolution adopted pursuant to subsection ~~or~~ 2, the Nevada Tax Commission shall place the request for technical financial assistance on the agenda for the next practicable scheduled meeting of the Commission and notify the governing body of the local government of the time and place at which one or more representatives of the local government must appear to present the request.

~~or~~ 4. After hearing the request for technical financial assistance ~~or~~ and any recommendations of the Committee, if the Nevada Tax Commission finds that the local government is in need of technical financial assistance, ~~or~~ the Commission shall order the Department to provide the assistance. The order must include such terms and conditions as the Commission deems appropriate and may include a schedule or rate of payment for the services of the Department.

~~or~~ 5. If the governing body adopts a resolution accepting the terms and conditions established pursuant to subsection ~~or~~ 4, the Department shall provide such technical financial assistance to the local government as the Department deems necessary and appropriate.

~~or~~ 6. The Department may request from the Committee any assistance it deems appropriate to carry out the provisions of this section. ~~From the Committee.~~

~~6.~~ 7. The Department shall continue to provide assistance to the local government pursuant to this section until the Nevada Tax Commission ~~adopts~~ issues an order requiring the Department to cease providing the assistance. The Nevada Tax Commission may ~~adopt~~ issue such an order upon its own motion, ~~or~~ upon receipt of a request for such an order from the Department or the

1 *Committee, or upon receipt of a* resolution adopted by the governing body
2 requesting such an order.

3 ~~77~~ 8. If no payment for the services of the Department is required by the
4 order or such payments are not sufficient to pay the costs of providing the technical
5 financial assistance required pursuant to this section, the Department may request
6 an allocation by the Interim Finance Committee from the Contingency Account
7 pursuant to NRS 353.266, 353.268 and 353.269 to pay the costs of providing the
8 technical financial assistance required pursuant to this section.

9 Sec. 7. NRS 354.685 is hereby amended to read as follows:

10 354.685 1. ~~HH~~ *The Committee may, upon the recommendation of the*
11 *Executive Director pursuant to subsection 2 or at the request of a local*
12 *government pursuant to subsection 3, conduct one or more hearings to determine*
13 *whether a severe financial emergency exists in a local government.*

14 2. *The Executive Director may, after giving consideration to the severity of*
15 *each condition identified in paragraphs (a) to (aa), inclusive, which is found to*
16 *exist in a local government, recommend that the Committee conduct one or more*
17 *hearings to determine whether a severe financial emergency exists in a local*
18 *government if the Department finds that one or more of the following conditions*
19 *exist in ~~any~~ the local government : ~~1. after giving consideration to the severity of~~*
20 *~~the condition, it may determine that one or more hearings should be conducted to~~*
21 *~~determine the extent of the problem and to determine whether a recommendation of~~*
22 *~~severe financial emergency should be made to the Nevada Tax Commission.~~*

23 (a) Required financial reports have not been filed or are consistently late.

24 (b) The audit report reflects the unlawful expenditure of money in excess of the
25 amount appropriated in violation of the provisions of NRS 354.626.

26 (c) The audit report shows funds with deficit fund balances.

27 (d) The local government has incurred debt beyond its ability to repay.

28 (e) The local government has not corrected violations of statutes or regulations
29 adopted pursuant thereto as noted in the audit report.

30 (f) The local government has serious internal control problems noted in the
31 audit report which have not been corrected.

32 (g) The local government has a record of being late in its payments for services
33 and supplies.

34 (h) The local government has had insufficient cash to meet required payroll
35 payments in a timely manner.

36 (i) The local government has borrowed money or entered into long-term lease
37 arrangements without following the provisions of NRS or regulations adopted
38 pursuant thereto.

39 (j) The governing body of the local government has failed to correct problems
40 after it has been notified of such problems by the Department.

41 (k) The local government has not separately accounted for its individual funds
42 as required by chapter 354 of NRS.

43 (l) The local government has invested its money in financial instruments in
44 violation of the provisions of chapter 355 of NRS.

45 (m) The local government is in violation of any covenant in connection with
46 any debt issued by the local government.

47 (n) The local government has not made bond and lease payments in accordance
48 with the approved payment schedule.

49 (o) The local government has failed to control its assets such that large
50 defalcations have occurred which have impaired the financial condition of the local
51 government.

52 (p) The local government has recognized sizeable losses as a result of the
53 imprudent investment of money.

(q) The local government has allowed its accounting system and recording of transactions to deteriorate to such an extent that it is not possible to measure accurately the results of operations or to ascertain the financial position of the local government without a reconstruction of transactions.

(r) The local government has consistently issued checks not covered by adequate deposits.

(s) The local government has loaned and borrowed money between funds without following the proper procedures.

(t) The local government has expended money in violation of the provisions governing the expenditure of that money.

(u) Money restricted for any specific use has been expended in violation of the terms and provisions relating to the receipt and expenditure of that money.

(v) Money has been withheld in accordance with the provisions of NRS 354.665.

(w) If the local government is a school district, a loan has been made from the State Permanent School Fund to the school district pursuant to NRS 387.526.

(x) An employer in the county that accounts for more than 15 percent of the employment in the county has closed or significantly reduced operations.

(y) The local government has experienced a cumulative decline of 10 percent in population or assessed valuation for the past 2 years.

(z) The ending balance in the general fund of the local government has declined for the past 2 years ~~††~~ *or is less than 4 percent of the actual expenditures from the general fund of the local government for the immediately preceding fiscal year.*

(aa) The local government has failed to pay, in a timely manner, contributions to the Public Employees' Retirement System, workers' compensation or payroll taxes or fails to pay, at any time, a payment required pursuant to the Federal Insurance Contributions Act ~~†~~

~~—2†~~ *, 26 U.S.C. §§ 3101 et seq., or the Federal Unemployment Tax Act, 26 U.S.C. §§ 3301 et seq.*

3. If the governing body of a local government determines by the affirmative vote of a majority of its members that, because the local government is involved in litigation or threatened litigation, a severe financial emergency will exist in the local government, the governing body may submit a request to the Committee to conduct a hearing to determine whether a severe financial emergency exists in the local government.

4. If the ~~†Department†~~ Committee conducts a hearing pursuant to subsection 2 or 3 and determines that a ~~†condition listed in subsection 1†~~ severe financial emergency exists, the Department, on behalf of the Committee, shall:

(a) Notify the local government about the determination;

(b) Request from the local government any information that the Department deems to be appropriate to determine the extent of the condition; and

(c) Require the local government to formulate a plan of corrective action to mitigate the possible financial emergency.

~~†3.—Within†~~

5. Not later than 45 days after receiving notification pursuant to subsection ~~†2†~~ 4, a local government shall submit to the Committee any information requested by the Department and a plan of corrective action.

~~†4.—The†~~

6. If the Committee determines that a severe financial emergency exists pursuant to subsection 4, the Committee shall:

(a) Review ~~††~~ the plan of corrective action submitted by a local government ~~††~~ pursuant to paragraph (c) of subsection 4;

(b) Provide observations and recommendations for the local government; and
(c) If the Committee deems necessary, periodically review the status of *and conduct additional hearings to review* the financial operations of the local government.

~~5. The Department shall report the observations and recommendations of the Committee to the Nevada Tax Commission.~~

~~6. 7.~~ In addition to any notice otherwise required, the Department shall give notice of any hearing held pursuant to ~~subsection 1~~ *this section* to the governing body of each local government whose jurisdiction overlaps with *, or in the case of a city, whose jurisdiction is contiguous to,* the jurisdiction of the local government whose financial condition will be considered at least 10 days before the date on which the hearing will be held.

~~7. 8.~~ If the ~~Department,~~ *Committee*, following ~~the~~ *a* hearing ~~for hearings,~~ *conducted pursuant to this section*, determines that a ~~recommendation of~~ severe financial emergency ~~should be made to the Nevada Tax Commission, it~~ *exists in a local government, the Committee* shall, ~~make such a recommendation~~ as soon as practicable ~~. Upon receipt of such a recommendation, the Nevada Tax~~ *, provide notice of its findings, including any recommendations of the Committee, to the Commission.*

9. The Commission shall , upon receiving a notice and any recommendations from the Committee pursuant to subsection 8, hold a hearing at which the Department ~~and the Committee must recommend a course of action to mitigate the financial conditions that are the cause of the severe financial emergency which exists in the local government. The Commission shall afford the~~ local government whose financial condition will be considered and each local government whose jurisdiction overlaps with *, or in the case of a city, whose jurisdiction is contiguous to,* the jurisdiction of the local government whose financial condition will be considered ~~are afforded~~ an opportunity to be heard. If, after the hearing, the Nevada Tax Commission determines that a severe financial emergency exists, ~~the Commission~~ shall ~~require by~~ *issue an order* ~~that requiring the local government to follow a remedial course of action and requiring~~ the Department to take over the management of the local government as soon as practicable.

~~8. As used in this section, "Federal Insurance Contributions Act" means subchapter A of chapter 9 of the Internal Revenue Code of 1939 and subchapters A and B of chapter 21 of the Internal Revenue Code of 1954, as such codes have been and may from time to time be amended.~~

Sec. 8. NRS 354.695 is hereby amended to read as follows:

354.695 1. As soon as practicable after taking over the management of a local government, the Department shall, with the approval of the Committee:

(a) Establish and implement a management policy and a financing plan for the local government;

(b) Provide for the appointment of a financial manager for the local government who is qualified to manage the fiscal affairs of the local government;

(c) Provide for the appointment of any other persons necessary to enable the local government to provide the basic services for which it was created in the most economical and efficient manner possible;

(d) Establish an accounting system and separate accounts in a bank or credit union, if necessary, to receive and expend all money and assets of the local government;

(e) Impose such hiring restrictions as deemed necessary ; ~~after considering the recommendations of the financial manager;~~

(f) Negotiate and approve all contracts entered into by or on behalf of the local government before execution and enter into such contracts on behalf of the local government as the Department deems necessary;

(g) Negotiate and approve ~~Except as otherwise provided in subsection 2, assume all the rights and obligations of the local government under any~~ all collective bargaining contracts and other employment contracts to be entered into by the local government ~~with an employee organization or any employee, except that the Department shall not negotiate or approve issues submitted to a fact finder whose findings and recommendations are final and binding pursuant to the provisions of the Local Government Employee-Management Relations Act;~~

(h) If the Committee made a recommendation to the Commission that a severe financial emergency exists in the local government based upon the existence of one or more conditions described in paragraph (c), (d), (g), (h), (n) to (p), inclusive, (r) or (aa) of subsection 2 of NRS 354.685;

(1) Open and renegotiate in good faith, or assist the local government in renegotiating, any existing collective bargaining agreement or other employment contract relating to compensation or monetary benefits during the period of severe financial emergency; and

(2) Assume all rights, duties and powers pursuant to NRS 288.150 that are otherwise reserved to the local government during a period of severe financial emergency;

(i) Approve all expenditures of money from any fund or account and all transfers of money from one fund to another;

~~(j)~~ (j) Employ such technicians as are necessary for the improvement of the financial condition of the local government;

~~(k)~~ (k) Meet with any holders and the creditors of the local government to negotiate in good faith and formulate a debt liquidation program ~~that may include, without limitation, the adjustment of bonded indebtedness by the exchange of existing bonds for new bonds with a later maturity date and a different interest rate;~~

~~(l)~~ (l) If the Department has taken over the management of a local government because the local government is involved in litigation or threatened litigation, carry out the duties ~~set forth in NRS 354.701, if the provisions of that section are applicable;~~ of the Department pursuant to subsection 2 of NRS 31.010;

~~(m)~~ (m) Approve the issuance of bonds or other forms of indebtedness by the local government;

~~(n)~~ (n) Discharge any of the outstanding debts and obligations of the local government; and

~~(o)~~ (o) Take any other actions necessary to ensure that the local government provides the basic ~~services~~ functions for which it was created in the most economical and efficient manner possible.

2. ~~The Department may, after taking over the management of a local government and with the approval of the Committee, suspend in whole or in part any collective bargaining agreement of the local government until the Department's management of the local government ceases or is terminated.~~

~~3.~~ The Department may provide for reimbursement from the local government for the expenses the Department incurs in managing the local government. If such reimbursement is not possible, the Department may request an allocation by the Interim Finance Committee from the Contingency Account pursuant to NRS 353.266, 353.268 and 353.269.

~~3.~~ The governing body of a local government which is being managed by the Department pursuant to this section may make recommendations to the

Department or the financial manager concerning the management of the local government.

~~4. ~~15.4~~~~ Each state agency, board, department, commission, committee or other entity of the State shall provide such technical *financial* assistance concerning the management of the local government as is requested by the Department.

~~5. ~~16.4~~~~ The Department may delegate any of the powers and duties imposed by this section to the financial manager appointed pursuant to paragraph (b) of subsection 1.

~~16.4~~ *A financial manager acting within the scope of his or her delegation pursuant to this subsection is responsible only to the Department for his or her actions.*

~~17.4~~ 6. Except as otherwise provided in NRS 354.723 and 450.760, once the Department has taken over the management of a local government pursuant to the provisions of subsection 1, that management may only be terminated pursuant to NRS 354.725.

Sec. 9. NRS 354.705 is hereby amended to read as follows:

354.705 1. As soon as practicable after the Department takes over the management of a local government, the Executive Director shall ~~11~~ *prepare a plan of revenue enhancement and expense mitigation, for consideration by the Committee, that will lead to sustainable financial stability for the local government. In preparing the plan, the Executive Director shall:*

(a) Determine the total amount of expenditures necessary to allow the local government to perform the basic functions for which it was created ~~11~~ *, with priority given to public safety and the maintenance of roads and highways;*

(b) Determine the amount of revenue reasonably expected to be available to the local government; and

(c) Consider any alternative sources of revenue available to the local government.

2. ~~11~~ ~~the~~ *The Executive Director shall submit the plan prepared pursuant to subsection 1 to the Committee. If the Committee determines that the available revenue of the local government is not sufficient to provide for the payment of required debt service and operating expenses 11 pursuant to the 11 Executive Director may submit his or her findings to 11 plan, the Committee 11 who shall review the determinations made by the Executive Director. If the Committee determines that additional revenue is needed, it shall prepare 11 shall submit a 11 recommendation 11 revised plan to the 11 Nevada Tax 11 Commission as to which one or more of the following additional taxes or charges should be imposed by the local government:*

(a) The levy of a property tax up to a rate which when combined with all other overlapping rates levied in the State does not exceed \$4.50 on each \$100 of assessed valuation.

(b) An additional tax on transient lodging at a rate not to exceed 1 percent of the gross receipts from the rental of transient lodging within the boundaries of the local government upon all persons in the business of providing lodging. Any such tax must be collected and administered in the same manner as all other taxes on transient lodging are collected by or for the local government.

(c) Additional service charges appropriate to the local government.

(d) If the local government is a county or has boundaries that are conterminous with the boundaries of the county:

(1) An additional tax on the gross receipts from the sale or use of tangible personal property not to exceed one-quarter of 1 percent throughout the county. The ordinance imposing any such tax must:

(i) Include provisions in substance which comply with the requirements of subsections 2 to 5, inclusive, of NRS 377A.030. The ordinance

shall be deemed to require the remittance of the tax to the Department and the distribution of the tax to the local government in the same manner as that provided in NRS 377A.050.

(II) Specify the date on which the tax must first be imposed or on which a change in the rate of the tax becomes effective, which must be the first day of the first calendar quarter that begins at least 120 days after the effective date of the ordinance.

(2) An additional governmental services tax of not more than 1 cent on each \$1 of valuation of the vehicle for the privilege of operating upon the public streets, roads and highways of the county on each vehicle based in the county except those vehicles exempt from the governmental services tax imposed pursuant to chapter 371 of NRS or a vehicle subject to NRS 706.011 to 706.861, inclusive, which is engaged in interstate or intercounty operations. As used in this subparagraph, "based" has the meaning ascribed to it in NRS 482.011.

3. Upon receipt of the plan from the Committee, a panel consisting of three members of the Nevada Tax Commission appointed by the Nevada Tax Commission and three members of the Committee appointed by the Committee shall hold a public hearing at a location within the boundaries of the local government in which the severe financial emergency exists after giving public notice of the hearing at least 10 days before the date on which the hearing will be held. In addition to the public notice, the panel shall give notice to the governing body of each local government whose jurisdiction overlaps with *, or in the case of a city, whose jurisdiction is contiguous to,* the jurisdiction of the local government in which the severe financial emergency exists.

4. After the public hearing conducted pursuant to subsection 3, the Nevada Tax Commission may adopt the plan as submitted or adopt a revised plan. *If the Commission adopts a revised plan, the revised plan must be approved by the members of the Committee serving on the panel described in subsection 3.* Any plan adopted pursuant to this section must include the duration for which any new or increased taxes or charges may be collected which must not exceed 5 years.

5. Upon adoption of the plan by the Nevada Tax Commission, the local government in which the severe financial emergency exists shall impose or cause to be imposed the additional taxes and charges included in the plan for the duration stated in the plan or until the severe financial emergency has been determined by the ~~Nevada Tax Commission~~ *Committee* to have ceased to exist. *Any levy of additional property tax applies to all taxpayers, regardless of whether the taxes previously imposed have been partially or fully paid pursuant to NRS 361.483.*

6. The allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811 does not apply to any additional property tax levied pursuant to this section.

7. If a plan fails to satisfy the expenses of the local government to the extent expected, the Committee shall report such failure to:

(a) The county for consideration of absorption of services; or

(b) If the local government is a county, to the next regular session of the Legislature.

8. For any local government that is found to exist in a severe financial emergency, the Department shall:

(a) Prepare a report regarding the financial condition of the local government not less frequently than once every 6 months until the severe financial emergency ceases; and

(b) Not later than 10 days after preparing a report pursuant to paragraph (a), submit the report to the Director of the Legislative Counsel Bureau for

transmittal to the Legislature, if the Legislature is in session, or to the Legislative Commission, if the Legislature is not in session.

Sec. 10. NRS 354.715 is hereby amended to read as follows:

354.715 1. If a local government *or any officer or employee of the local government* fails to comply with any request made by the Department pursuant to NRS 354.695, the Department may apply to the district court to compel compliance.

2. *In any proceeding brought pursuant to subsection 1, the Department may seek a declaration by the district court that the failure to comply with the request of the Department was willful. A willful failure to comply by any:*

(a) *Officer of the local government works a forfeiture of his or her office.*

(b) *Employee of the local government is grounds for dismissal from his or her employment.*

3. *Any officer or employee of the local government who willfully fails to comply with any request made by the Department pursuant to NRS 354.695 is guilty of a gross misdemeanor.*

Sec. 11. NRS 354.721 is hereby amended to read as follows:

354.721 1. The Severe Financial Emergency Fund is hereby created in the State Treasury as a revolving fund. The Executive Director shall administer the Fund.

2. The money in the Fund must be invested as other state funds are invested. Any interest and income earned on the money in the Fund must, after deducting any applicable charges, be credited to the Fund.

3. Money in the Severe Financial Emergency Fund may be:

(a) Distributed by the Executive Director as a loan to a local government for the purpose of paying the operating expenses and general obligations of the local government until the local government receives revenues if:

(1) The Department takes over the management of a local government pursuant to NRS 354.685 to 354.725, inclusive;

(2) The Executive Director determines that a loan from the Severe Financial Emergency Fund is necessary to pay the operating expenses and general obligations of the local government; and

(3) The local government adopts a resolution in which the local government agrees to:

(I) Use the money only for the purpose of paying the operating expenses and general obligations of the local government until the local government receives revenues; and

(II) Repay the entire amount of the loan, without any interest, to the Severe Financial Emergency Fund as soon as practicable, but not later than ~~12~~ 24 months after the date on which the resolution is adopted.

(b) Used for any other purpose authorized by the Legislature.

4. A loan approved by the Executive Director must be repaid as soon as practicable by the local government, but the duration of the loan must not exceed ~~12~~ 24 months after the date on which the loan was made. The Executive Director shall not charge interest on a loan made pursuant to this section.

5. The Executive Director shall report to the Committee on Local Government Finance and to the Nevada Tax Commission as soon as practicable after the date that the loan is approved concerning:

(a) The status of the loan;

(b) The purposes for which the local government will use the money from the loan; and

(c) The resources that the local government will use to repay the loan.

1 **Sec. 12.** NRS 354.723 is hereby amended to read as follows:

2 354.723 1. If the Executive Director determines that a severe financial
3 emergency which exists in a local government under management by the
4 Department is unlikely to cease to exist within 3 years, the Executive Director shall
5 determine:

6 (a) The amount any tax or mandatory assessment levied by the local
7 government must be raised to ensure a balanced budget for the local government;
8 and

9 (b) The manner in which the services provided by the local government must
10 be limited to ensure a balanced budget for the local government,
11 and submit his or her findings to the Committee.

12 2. The Committee shall review the findings submitted by the Executive
13 Director pursuant to subsection 1. If the Committee determines that the severe
14 financial emergency which exists in the local government is unlikely to cease to
15 exist within 3 years and that the findings made by the Executive Director are
16 appropriate, the Committee shall submit its recommendation *and findings* to the
17 Nevada Tax Commission. ~~†The Committee may recommend:~~

18 ~~— (a) That the county absorb the local government;~~

19 ~~— (b) Disincorporation or dissolution of the local government; or~~

20 ~~— (c) Any other action or remedy that the Committee deems appropriate.~~

21 ~~†~~ If the Committee determines that the financial emergency is likely to cease to
22 exist within 3 years, that decision is not subject to review by the Nevada Tax
23 Commission.

24 3. The Nevada Tax Commission shall schedule a public hearing ~~†within~~ *not*
25 *later than* 30 days after the Committee submits its recommendation ~~††~~ *and*
26 *findings*. The Nevada Tax Commission shall provide public notice of the hearing at
27 least 10 days before the date on which the hearing will be held. The Executive
28 Director shall provide copies of all documents relevant to the recommendation *and*
29 *findings* of the Committee to the governing body of the local government *existing*
30 in a severe financial emergency.

31 4. If, after the public hearing, the Nevada Tax Commission ~~†determines that~~
32 *adopts* the recommendation *and findings* of the Committee ~~†is appropriate.†~~, *the*
33 *Commission may:*

34 (a) *Require the submission of* a question ~~†must be submitted†~~ to the electors of
35 the local government at the next primary or general municipal election or primary
36 or general state election, as applicable, asking whether the local government should
37 be disincorporated or dissolved ~~††~~; *or*

38 (b) *Require the local government to take any other remedial action in*
39 *accordance with the recommendation and findings of the Committee.*

40 5. If the electors of the local government do not approve the disincorporation
41 or dissolution of the local government:

42 (a) The maximum ad valorem tax levied within the local government, if any,
43 must be raised to \$5 on each \$100 of assessed valuation;

44 (b) Any other taxes or mandatory assessments levied in the local government,
45 notwithstanding any limitation on those taxes or assessments provided by statute,
46 must be raised in an amount the Nevada Tax Commission determines is necessary
47 to ensure a balanced budget for the local government; and

48 (c) The services provided by the local government must be limited in a manner
49 the Nevada Tax Commission determines is necessary to ensure a balanced budget
50 for the local government.

51 ~~†5.†~~ 6. If the electors of the local government approve the disincorporation or
52 dissolution of a local government that is:

(a) Created by another local government, it must be disincorporated or dissolved:

(1) Pursuant to the applicable provisions of law; or

(2) If there are no specific provisions of law providing for the disincorporation or dissolution of the local government, by the entity that created the local government. If, at the time of the disincorporation or dissolution of the local government pursuant to this paragraph, there are any outstanding loans or bonded indebtedness of the local government, including, without limitation, loans made to the local government by the county in which the local government is located, the taxes for the payment of the bonds or other indebtedness must continue to be levied and collected in the same manner as if the local government had not been disincorporated or dissolved until all outstanding indebtedness is repaid, but for all other purposes the local government shall be deemed disincorporated or dissolved at the time that the entity which created the local government disincorporates or dissolves the local government. Any other liabilities and any remaining assets shall revert to the entity that created the local government which is being disincorporated or dissolved.

(b) Created by a special or local act of the Legislature, it may only be disincorporated or dissolved by the Legislature. The Executive Director shall submit notification of the vote approving the disincorporation or dissolution of the local government to the Director of the Legislative Counsel Bureau for transmittal to the Legislature. At the first opportunity, the Legislature shall consider the question of whether the special or local act will be repealed.

(c) Created in any other manner, it must be disincorporated or dissolved:

(1) Pursuant to the applicable provisions of law; or

(2) If there are no specific provisions of law providing for the disincorporation or dissolution of the local government, by the governing body of that local government. If, at the time of the disincorporation or dissolution of the local government pursuant to this paragraph, there are any outstanding loans or bonded indebtedness of the local government, including, without limitation, loans made to the local government by the county or counties in which the local government is located, the taxes for the payment of the bonds or other indebtedness must continue to be levied and collected in the same manner as if the local government had not been disincorporated or dissolved until all outstanding indebtedness is repaid, but for all other purposes the local government shall be deemed disincorporated or dissolved at the time that the governing body of the local government disincorporates or dissolves the local government. Except as otherwise provided in this subparagraph, any other liabilities and any remaining assets of the local government shall revert to the board of county commissioners of the county in which the local government is located. If the local government is located in more than one county, the governing body of the local government shall apportion the remaining liabilities and assets among the boards of county commissioners of the counties in which the local government is located.

~~{6. Within}~~

~~7. Not later than~~ 10 days after the Nevada Tax Commission ~~{makes a determination}~~ *requires the submission of a question to the electors to disincorporate or dissolve a local government* pursuant to subsection 4, the Executive Director shall notify:

(a) The city clerk, if the local government is a city; or

(b) The county clerk in all other cases,

➤ and provide the clerk with the amount any tax or mandatory assessment levied by the local government must be raised and a description of the manner in which

1 the services provided by the local government must be limited to ensure a balanced
2 budget for the local government.

3 ~~7+~~ 8. After the Executive Director notifies the city clerk or the county clerk,
4 as applicable, pursuant to subsection ~~16+~~ 7, the clerk shall cause to be published in
5 a newspaper of general circulation that is printed in the local government a notice
6 of the election once in each calendar week for 2 successive calendar weeks by two
7 weekly insertions a week apart, the first publication to be not more than 30 days nor
8 less than 22 days next preceding the date of the election. If no newspaper is printed
9 in the local government, publication of the notice of election must be made in a
10 newspaper printed in this State and having a general circulation in the local
11 government.

12 ~~18+~~ 9. The notice required pursuant to subsection ~~17+~~ 8 must contain the
13 following information:

14 (a) That the Nevada Tax Commission has determined that the severe financial
15 emergency which exists in the local government is unlikely to cease to exist within
16 3 years;

17 (b) That the question of whether the local government should be
18 disincorporated or dissolved will be submitted to the electors of the local
19 government at the next primary or general municipal election or the next primary or
20 general state election, as applicable; and

21 (c) That if the electors do not approve the disincorporation or dissolution:

22 (1) The maximum ad valorem tax levied within the local government, if
23 any, will be raised to \$5 on each \$100 of assessed valuation;

24 (2) Any taxes or mandatory assessment levied in the local government will
25 be raised to ensure a balanced budget for the local government and the amount by
26 which those taxes or mandatory assessments will be raised; and

27 (3) The services the local government provides will be limited to ensure a
28 balanced budget for the local government and the manner in which those services
29 will be limited.

30 ~~19+~~ 10. If any provisions providing generally for the disincorporation or
31 dissolution of the local government require that the question of disincorporating or
32 dissolving be published or submitted to a vote of the electors of the local
33 government, the publication required by subsection 3 and the election required by
34 subsection 4 satisfy those requirements. If:

35 (a) There is any other conflict between the provisions of this section and any
36 provisions providing generally for the disincorporation or dissolution of a local
37 government; or

38 (b) The provisions providing generally for the disincorporation or dissolution
39 of a local government provide additional rights to protest the disincorporation or
40 dissolution of a local government not provided by this section,

41 the provisions of this section control a disincorporation or dissolution pursuant to
42 this section and any person wishing to protest such a disincorporation or dissolution
43 must proceed in accordance with the provisions of this section.

44 ~~10+~~ 11. As used in this section, "local government" does not include a
45 county, a school district or any agency or department of a county or city which
46 prepares a budget separate from that of the parent political subdivision.

47 **Sec. 13.** NRS 354.725 is hereby amended to read as follows:

48 354.725 1. The Nevada Tax Commission may, on its own motion or at the
49 request of a local government ~~H+~~ or the **Committee**, terminate the management of a
50 local government by the Department at any time upon a finding that the severe
51 financial emergency has ceased to exist.

52 2. The governing body of a local government which has complied with all
53 requests made by the Department pursuant to NRS 354.695 may petition the

1 Nevada Tax Commission for termination or modification of the management of the
2 local government by the Department or of any request made by the Department
3 pursuant to NRS 354.695.

4 3. *The Commission shall not terminate or modify the management of a*
5 *local government pursuant to subsection 1 or 2 without first obtaining a*
6 *recommendation from the Committee as to the termination or modification.*

7 4. The Nevada Tax Commission shall provide notice, a hearing and a written
8 decision on each such petition.

9 ~~4.5~~ 5. In determining whether a condition of severe financial emergency
10 should be terminated, the Nevada Tax Commission shall give consideration to the
11 following:

12 (a) The local governing body has shown a desire and capability to manage the
13 financial affairs of the local government in accordance with the provisions of NRS.

14 (b) The local government has staff available with sufficient financial expertise
15 that they can adequately control the finances of the local government.

16 (c) All violations of statutes have been corrected.

17 (d) The local government has no funds with deficit fund balances.

18 (e) The local government has increased ~~their~~ *its* revenues or made appropriate
19 expenditure reductions so that it is anticipated ~~they~~ *that it* can operate for the next
20 fiscal year in a positive cash and fund balance position ~~it~~ *without imposing any*
21 *increased or additional tax pursuant to NRS 354.705.*

22 (f) The governing body has expressed a determination through a resolution
23 submitted to the Department of Taxation to manage ~~their~~ *the* affairs *of the local*
24 *government* in accordance with *the provisions of* NRS relating to financial matters
25 and utilizing sound accounting and financial management practices.

26 ~~5.5~~ 6. The Nevada Tax Commission may require the governing body to
27 submit special reports to the Department for a period not to exceed 5 years as a
28 condition of terminating the management of the local government by the
29 Department.

30 ~~6.5~~ 7. When a petition relating to a specific request is denied, the governing
31 body may not resubmit a petition to terminate or modify that request until 3 months
32 following the date of denial.

33 **Sec. 14.** NRS 31.010 is hereby amended to read as follows:

34 31.010 1. Except as otherwise provided in subsection 2, the plaintiff at the
35 time of issuing the summons, or at any time thereafter, may apply to the court for
36 an order directing the clerk to issue a writ of attachment and thereby cause the
37 property of the defendant to be attached as security for the satisfaction of any
38 judgment that may be recovered, unless the defendant gives security to pay such
39 judgment as provided in this chapter.

40 2. If the Department of Taxation has taken over the management of a local
41 government *at the request of the local government* pursuant to ~~the provisions of~~
42 ~~NRS 354.686, subsection 3 of NRS 354.685,~~ and if a plaintiff is allowed by law to
43 apply to a court for an order directing the clerk to issue a writ of attachment, the
44 ~~plaintiff must comply with the applicable provisions of NRS 354.701 before~~
45 ~~applying for such an order.~~ *action must be stayed until the following conditions*
46 *have been satisfied:*

47 (a) *The plaintiff must meet with the Department to formulate a program for*
48 *the liquidation of the debt owed by the local government to the plaintiff; and*

49 (b) *The Department must adopt a program for the liquidation of the debt*
50 *owed by the local government to the plaintiff as described in paragraph (a). The*
51 *Department shall formulate the program not later than 60 days after meeting*
52 *with the plaintiff pursuant to paragraph (a). The formulation of the program is a*
53 *final decision for the purposes of judicial review.*

1 **Sec. 15.** NRS 361.4726 is hereby amended to read as follows:

2 361.4726 1. Except as otherwise provided by specific statute, if any
3 legislative act which becomes effective after April 6, 2005, imposes a duty on a
4 taxing entity to levy a new ad valorem tax or to increase the rate of an existing ad
5 valorem tax, the amount of the new tax or increase in the rate of the existing tax is
6 exempt from each partial abatement from taxation provided pursuant to NRS
7 361.4722, 361.4723 and 361.4724.

8 2. The amount of any tax imposed pursuant to NRS **354.705 and** 387.3288 is
9 exempt from each partial abatement from taxation provided pursuant to NRS
10 361.4722, 361.4723 and 361.4724.

11 3. For the purposes of this section, "taxing entity" does not include the State.

12 **Sec. 16.** NRS 450.090 is hereby amended to read as follows:

13 450.090 1. In any county whose population is 700,000 or more, the board of
14 county commissioners is, ex officio, the board of hospital trustees, and the county
15 commissioners shall serve as hospital trustees during their terms of office as county
16 commissioners.

17 2. In any county whose population is less than 700,000, the board of county
18 commissioners may enact an ordinance providing that the board of county
19 commissioners is, ex officio, the board of hospital trustees. If such an ordinance is
20 enacted in a county:

21 (a) The county commissioners shall serve as hospital trustees during their
22 terms of office as county commissioners; and

23 (b) If hospital trustees have been elected pursuant to NRS 450.070 and
24 450.080, the term of office of each hospital trustee who is serving in that capacity
25 on the effective date of the ordinance is terminated as of the effective date of the
26 ordinance.

27 3. A board of county commissioners shall not enact an ordinance pursuant to
28 subsection 2 unless it determines that:

29 (a) The county has fully funded its indigent care account created pursuant to
30 NRS 428.010;

31 (b) The county has fulfilled its duty to reimburse the hospital for indigent care
32 provided to qualified indigent patients; and

33 (c) During the previous calendar year:

34 (1) At least one of the hospital's accounts payable was more than 90 days
35 in arrears;

36 (2) The hospital failed to fulfill its statutory financial obligations, such as
37 the payment of taxes, premiums for industrial insurance or contributions to the
38 Public Employees' Retirement System;

39 (3) One or more of the conditions relating to financial emergencies set
40 forth in subsection ~~H~~ 2 of NRS 354.685 existed at the hospital; or

41 (4) The hospital received notice from the Federal Government or the State
42 of Nevada that the certification or licensure of the hospital was in imminent
43 jeopardy of being revoked because the hospital had not carried out a previously
44 established plan of action to correct previously noted deficiencies found by the
45 regulatory body.

46 4. Except in counties where the board of county commissioners is the board
47 of hospital trustees, in any county whose population is 100,000 or more but less
48 than 700,000, the board of hospital trustees for the public hospital must be
49 composed of the five regularly elected or appointed members, and, in addition,
50 three county commissioners selected by the chair of the board of county
51 commissioners shall serve as voting members of the board of hospital trustees
52 during their terms of office as county commissioners.

1 5. Except in counties where the board of county commissioners is the board
2 of hospital trustees, in any county whose population is less than 100,000, the board
3 of hospital trustees for the public hospital must be composed of the five regularly
4 elected or appointed members, and, in addition, the board of county commissioners
5 may, by resolution, provide that:

6 (a) One county commissioner selected by the chair of the board of county
7 commissioners shall serve as a voting member of the board of hospital trustees
8 during his or her term of office as county commissioner;

9 (b) A physician who is the chief of the staff of physicians for the public
10 hospital shall serve as a voting member of the board of hospital trustees; or

11 (c) Both a county commissioner appointed pursuant to the provisions of
12 paragraph (a) and a physician appointed pursuant to the provisions of paragraph (b)
13 shall serve as voting members of the board of hospital trustees.

14 ➤ The term of office of a member appointed pursuant to the provisions of
15 paragraph (b) is 2 years and begins on the date the board of county commissioners
16 appoints the member.

17 **Sec. 17.** NRS 450.620 is hereby amended to read as follows:

18 450.620 1. Except as otherwise provided in subsection 2 and NRS 450.625,
19 if a hospital district is created pursuant to NRS 450.550 to 450.750, inclusive, the
20 board of county commissioners shall provide by ordinance for:

21 (a) The number of members of the board of trustees;

22 (b) The term of office of the trustees, which must not exceed 4 years; and

23 (c) The times and manner of the election of the trustees, which must be
24 nonpartisan.

25 2. If a hospital district specified in subsection 1 does not include territory
26 within more than one county, the board of county commissioners may enact an
27 ordinance providing that the board of county commissioners is, ex officio, the board
28 of hospital trustees of the district hospital. If such an ordinance is enacted in a
29 county:

30 (a) The county commissioners shall serve as the hospital trustees of the district
31 hospital during their terms of office as county commissioners; and

32 (b) If hospital trustees have been elected pursuant to subsection 1, the term of
33 office of each hospital trustee of the district hospital who is serving in that capacity
34 on the effective date of the ordinance is terminated as of the effective date of the
35 ordinance.

36 3. Except as otherwise provided in NRS 450.710, a board of county
37 commissioners shall not enact an ordinance pursuant to subsection 2 unless it
38 determines that:

39 (a) The county has fully funded its indigent care account created pursuant to
40 NRS 428.010;

41 (b) The county has fulfilled its duty to reimburse the hospital for indigent care
42 provided to qualified indigent patients; and

43 (c) During the previous calendar year:

44 (1) At least one of the hospital's accounts payable was more than 90 days
45 in arrears;

46 (2) The hospital failed to fulfill its statutory financial obligations, including
47 the payment of taxes, premiums for industrial insurance or contributions to the
48 Public Employees' Retirement System;

49 (3) One or more of the conditions relating to financial emergencies set
50 forth in subsection ~~H~~ 2 of NRS 354.685 existed at the hospital; or

51 (4) The hospital received notice from the Federal Government or the State
52 of Nevada that the certification or license of the hospital was in imminent jeopardy
53 of being revoked because the hospital had not carried out a previously established

plan of action to correct previously noted deficiencies found by the regulatory body.

Sec. 18. The Committee on Local Government Finance shall, at its next regular meeting after the effective date of this act, elect from among its members a Chair and Vice Chair pursuant to NRS 354.105, as amended by section 1 of this act.

Sec. 18.3. If a court of competent jurisdiction finds that any provision of this act conflicts with and cannot be harmonized with any provisions of the Local Government Securities Law, as set forth in NRS 350.500 to 350.720, inclusive, the provisions of the Local Government Securities Law shall be deemed to control to the extent of the conflicts.

Sec. 18.7. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 19. NRS 354.686 and 354.701 are hereby repealed.

Sec. 20. This act becomes effective upon passage and approval.

TEXT OF REPEALED SECTIONS

354.686 Severe financial emergency: Request by local government involved in litigation or threatened litigation for order that Department of Taxation take over management of local government; issuance of order.

1. If the governing body of a local government determines by the affirmative vote of a majority of its members that, because the local government is involved in litigation or threatened litigation, the local government is or will be in a severe financial emergency, the governing body may submit a request to the Nevada Tax Commission for an order that the Department, as soon as practicable, take over the management of the local government pursuant to the provisions of NRS 354.655 to 354.725, inclusive.

2. If the Nevada Tax Commission receives a request pursuant to subsection 1, the Nevada Tax Commission shall order the Department to take over the management of the local government.

354.701 Severe financial emergency: Stay of action by creditor of local government for attachment, garnishment or execution until adoption of program for liquidation of debt. If the Department takes over the management of a local government because the local government is involved in litigation or threatened litigation and if a creditor of the local government is allowed by law to commence or maintain an action in the nature of an attachment, garnishment or execution in the courts of this State against the local government or its assets, the action must be stayed until the following conditions have been satisfied:

1. The creditor must meet with the Department to formulate a program for the liquidation of the debt owed by the local government to that creditor; and

2. The Department must adopt a program for the liquidation of the debt owed by the local government to the creditor as described in subsection 1. The Department shall formulate the program not later than 60 days after meeting with the creditor pursuant to subsection 1. The formulation of the program is a final decision for the purposes of judicial review.