

SENATE BILL NO. 475—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 23, 2015

Referred to Committee on Government Affairs

SUMMARY—Authorizes a county or city to file a petition in bankruptcy under certain circumstances. (BDR 31-1021)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local financial administration; authorizing a county or city to file a petition in bankruptcy under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law establishes the procedures by which certain local governments
2 existing in a severe financial emergency may receive technical financial and other
3 assistance from the Department of Taxation and the Committee on Local
4 Government Finance. (NRS 354.655-354.725) This bill authorizes a county or city
5 found to exist in a severe financial emergency to file a petition in bankruptcy with a
6 federal bankruptcy court if: (1) the Nevada Tax Commission finds that the county
7 or city is in severe financial emergency and that emergency is unlikely to cease
8 within 3 years; and (2) the county or city obtains approval from the Governor and
9 the Attorney General.

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

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

3 *1. A county or city may file a petition in bankruptcy with a*
4 *federal bankruptcy court pursuant to chapter 9 of the United*
5 *States Bankruptcy Code, 11 U.S.C. §§ 901 et seq. for a*
6 *determination of the composition of or an adjustment to the*
7 *indebtedness of the county or city, as applicable, if:*



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1 (a) *The Nevada Tax Commission, after a hearing conducted*
2 *pursuant to subsection 7 of NRS 354.685, issues a finding*
3 *declaring the county or city to exist in a severe financial*
4 *emergency;*

5 (b) *The Nevada Tax Commission, after a hearing conducted*
6 *pursuant to subsection 3 of NRS 354.723, finds that the severe*
7 *financial emergency is unlikely to cease within 3 years; and*

8 (c) *The county or city, before filing the petition, submits the*
9 *proposed petition to the Governor and the Office of the Attorney*
10 *General for review and receives approval in writing from the*
11 *Governor and the Office of the Attorney General to file the*
12 *petition.*

13 2. *A county or city that files a petition in bankruptcy pursuant*
14 *to subsection 1 shall include with the petition a copy of the*
15 *approvals received pursuant to paragraph (c) of that subsection.*

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

17 354.655 As used in NRS 354.655 to 354.725, inclusive, *and*
18 *section 1 of this act*, unless the context requires otherwise:

19 1. "Committee" means the Committee on Local Government
20 Finance.

21 2. "Department" means the Department of Taxation.

22 3. "Executive Director" means the Executive Director of the
23 Department of Taxation.

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

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

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

30 354.657 1. The purpose of NRS 354.655 to 354.725,
31 inclusive, *and section 1 of this act* is to provide specific methods
32 for the treatment of delinquent documents, payments, technical
33 financial assistance and severe financial emergency.

34 2. To accomplish the purpose set forth in subsection 1, the
35 provisions of NRS 354.655 to 354.725, inclusive, *and section 1 of*
36 *this act* must be broadly and liberally construed.

37 **Sec. 4.** This act becomes effective:

38 1. Upon passage and approval for the purpose of adopting
39 regulations and performing any other preparatory administrative
40 tasks that are necessary to carry out the provisions of this act; and

41 2. On January 1, 2016, for all other purposes.

