

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:

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. (NRS 354.655-354.725) This bill authorizes a county or city found to exist in a severe financial emergency to file a petition in bankruptcy with a federal bankruptcy court if: (1) the Nevada Tax Commission determines that the county or city is in severe financial emergency and that the emergency is unlikely to cease within 3 years; and (2) after such a determination by the Commission, the county or city obtains approval from the Governor to file the petition.

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



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(a) *The Nevada Tax Commission, after a hearing conducted pursuant to subsection 9 of NRS 354.685, determines that the county or city exists in a severe financial emergency.*

(b) *The Nevada Tax Commission, after a hearing conducted pursuant to subsection 3 of NRS 354.723, adopts a finding that the severe financial emergency is unlikely to cease within 3 years.*

(c) *The county or city, before filing the petition, submits the proposed petition to the Governor for review and receives approval in writing from the Governor to file the petition. The county or city shall not submit a proposed petition to the Governor for approval pursuant to this paragraph unless the Nevada Tax Commission has, in accordance with paragraphs (a) and (b), determined that the county or city exists in a severe financial emergency and has adopted a finding that the severe financial emergency is unlikely to cease within 3 years.*

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

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

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

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

2. "Department" means the Department of Taxation.

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

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

5. 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, **and section 1 of this act** is to provide specific methods for the treatment of delinquent documents, payments, technical financial assistance and severe financial emergency.

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

Sec. 4. This act becomes effective:

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



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

