

ASSEMBLY BILL NO. 311—ASSEMBLYWOMAN TITUS (BY REQUEST)

MARCH 17, 2017

JOINT SPONSOR: SENATOR SETTELMAYER

Referred to Committee on Taxation

SUMMARY—Revises provisions governing allocation and distribution of proceeds of certain taxes to local governments. (BDR 32-647)

FISCAL NOTE: Effect on Local Government: No.
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 taxation; revising the provisions governing a request by a local government or special district for an allocation of money from the Local Government Tax Distribution Account; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law creates the Local Government Tax Distribution Account, which is administered by the Executive Director of the Department of Taxation, and establishes the statutory formulas for distributing tax proceeds from the Local Government Tax Distribution Account to local governments, enterprise districts and special districts. (NRS 360.660, 360.680, 360.690) Existing law authorizes a local government or special district created after July 1, 1998, to submit to the Executive Director of the Department of Taxation a request for a distribution from the Account if the local government or special district provides police protection and two of the following services: (1) fire protection; (2) construction maintenance and repair of roads; or (3) parks and recreation. Existing law further establishes a procedure for the consideration and approval of the request, including, without limitation, a review of the request by the Executive Director and the Committee on Local Government Finance and, if the Committee determines a distribution from the Account is appropriate, a hearing on the request before the Nevada Tax Commission. (NRS 360.740)

This bill revises the procedure for a local government or special district created after July 1, 1998, to request and obtain a distribution from the Account. Rather than requiring such a local or special district to provide police protection and two other governmental services before applying for a distribution, this bill authorizes



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the local government or special district to apply for a distribution from the Account if the local government or special district provides any two of the following services: (1) fire protection; (2) police protection; (3) construction maintenance and repair of roads; or (4) parks and recreation. Under this bill, a request for the distribution must be submitted to the Executive Director of the Department of Taxation on or before December 31 of the year before the first fiscal year in which the local government or special district would receive money from the Account in accordance with the request. The Executive Director is required to review the request, and the Committee on Local Government Finance is required to review the findings of the Executive Director and submit a recommendation to the Nevada Tax Commission concerning whether or not the requested distribution is appropriate. Finally, this bill provides that a local government or special district created after July 1, 1998, that is aggrieved by a decision of the Nevada Tax Commission on the request may file a petition for judicial review.

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

Section 1. NRS 360.740 is hereby amended to read as follows:

360.740 1. The governing body of a local government or special district that is created after July 1, 1998, and which provides ~~police protection and~~ at least two of the following services:

- (a) Fire protection;
- (b) *Police protection;*
- (c) Construction, maintenance and repair of roads; or
- ~~(e)~~ (d) Parks and recreation,

may, *at any time after the local government or special district is created and* by majority vote, request the Nevada Tax Commission to direct the Executive Director to allocate money from the Account to the local government or special district pursuant to the provisions of NRS 360.680 and 360.690.

2. On or before December 31 of the year immediately preceding the first fiscal year that the local government or special district would receive money from the Account ~~in accordance with a request submitted pursuant to subsection 1,~~ a governing body that submits *such* a request ~~pursuant to subsection 1~~ must:

- (a) Submit the request to the Executive Director; and
- (b) Provide copies of the request and any information it submits to the Executive Director in support of the request to each local government and special district that:

- (1) Receives money from the Account; and
- (2) Is located within the same county.

3. The Executive Director shall review each request submitted pursuant to subsection 1 and submit his or her findings to the Committee on Local Government Finance. In reviewing the request, the Executive Director shall:



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(a) For the ~~initial~~ *first fiscal* year ~~of distribution,~~ *beginning after the request is submitted,* establish an amount to be allocated to the new local government or special district pursuant to the provisions of NRS 360.680 and 360.690. If the new local government or special district will provide a service that was provided by another local government or special district before the creation of the new local government or special district, the amount allocated to the local government or special district which previously provided the service must be decreased by the amount allocated to the new local government or special district; and

(b) Consider:

(1) The effect of the distribution of money in the Account, pursuant to the provisions of NRS 360.680 and 360.690, to the new local government or special district on the amounts that the other local governments and special districts that are located in the same county will receive from the Account; and

(2) The comparison of the amount established to be allocated pursuant to the provisions of NRS 360.680 and 360.690 for the new local government or special district to the amounts allocated to the other local governments and special districts that are located in the same county.

4. The Committee on Local Government Finance shall review the findings submitted by the Executive Director pursuant to subsection 3 ~~[- If the Committee determines that the distribution of money in the Account to the new local government or special district is appropriate, it shall]~~ *and* submit a recommendation to the Nevada Tax Commission ~~[- If the Committee determines that]~~ *concerning whether or not the requested* distribution is ~~[not]~~ appropriate. ~~[- that decision is not subject to review by the Nevada Tax Commission.]~~

5. The Nevada Tax Commission shall schedule a public hearing within 30 days after the Committee on Local Government Finance submits its recommendation. The Nevada Tax Commission shall provide public notice of the hearing at least 10 days before the date on which the hearing will be held. The Executive Director shall provide copies of all documents relevant to the recommendation of the Committee on Local Government Finance to the governing body of each local government and special district that is located in the same county as the new local government or special district. *At the hearing, the Nevada Tax Commission shall make a determination of whether the recommendation of the Committee on Local Government Finance is appropriate.*

6. If, after the public hearing, the Nevada Tax Commission determines that the recommendation of the Committee on Local Government Finance is appropriate, it shall order the Executive



1 Director to distribute money in the Account to the new local
2 government or special district pursuant to the provisions of NRS
3 360.680 and 360.690. *A determination by the Nevada Tax*
4 *Commission pursuant to this subsection is a final decision for the*
5 *purposes of NRS 233B.130, and a new local government or special*
6 *district that is aggrieved by the determination of the Nevada Tax*
7 *Commission may file a petition for judicial review pursuant to*
8 *NRS 233B.130.*

9 7. For the purposes of this section, the local government or
10 special district may enter into an interlocal agreement with another
11 governmental entity for the provision of the services set forth in
12 subsection 1 if that local government or special district compensates
13 the governmental entity that provides the services in an amount
14 equal to the value of those services.

15 8. As used in this section:

16 (a) "Construction, maintenance and repair of roads" includes the
17 acquisition, operation or use of any material, equipment or facility
18 that is used exclusively for the construction, maintenance or repair
19 of a road and that is necessary for the safe and efficient use of the
20 road except alleys and pathways for bicycles that are separate from
21 the roadway and, including, without limitation:

- 22 (1) Grades or regrades;
- 23 (2) Gravel;
- 24 (3) Oiling;
- 25 (4) Surfacing;
- 26 (5) Macadamizing;
- 27 (6) Paving;
- 28 (7) Cleaning;
- 29 (8) Sanding or snow removal;
- 30 (9) Crosswalks;
- 31 (10) Sidewalks;
- 32 (11) Culverts;
- 33 (12) Catch basins;
- 34 (13) Drains;
- 35 (14) Sewers;
- 36 (15) Manholes;
- 37 (16) Inlets;
- 38 (17) Outlets;
- 39 (18) Retaining walls;
- 40 (19) Bridges;
- 41 (20) Overpasses;
- 42 (21) Tunnels;
- 43 (22) Underpasses;
- 44 (23) Approaches;
- 45 (24) Sprinkling facilities;



- 1 (25) Artificial lights and lighting equipment;
- 2 (26) Parkways;
- 3 (27) Fences or barriers that control access to the road;
- 4 (28) Control of vegetation;
- 5 (29) Rights-of-way;
- 6 (30) Grade separators;
- 7 (31) Traffic separators;
- 8 (32) Devices and signs for control of traffic;
- 9 (33) Facilities for personnel who construct, maintain or
- 10 repair roads; and
- 11 (34) Facilities for the storage of equipment or materials used
- 12 to construct, maintain or repair roads.

13 (b) “Fire protection” includes the provision of services related

14 to:

- 15 (1) The prevention and suppression of fire; and
- 16 (2) Rescue,
- 17 ➔ and the acquisition and maintenance of the equipment necessary
- 18 to provide those services.

19 (c) “Parks and recreation” includes the employment by the local

20 government or special district, on a permanent and full-time basis,

21 of persons who administer and maintain recreational facilities and

22 parks. “Parks and recreation” does not include the construction or

23 maintenance of roadside parks or rest areas that are constructed or

24 maintained by the local government or special district as part of the

25 construction, maintenance and repair of roads.

26 (d) “Police protection” includes the employment by the local

27 government or special district, on a permanent and full-time basis,

28 of at least three persons whose primary functions specifically

29 include:

- 30 (1) Routine patrol;
- 31 (2) Criminal investigations;
- 32 (3) Enforcement of traffic laws; and
- 33 (4) Investigation of motor vehicle crashes.

34 **Sec. 2.** This act becomes effective on July 1, 2017.

