

CHAPTER.....

AN ACT relating to capital projects; requiring the board of county commissioners of certain counties to levy a property tax for capital projects of school districts; authorizing the board of county commissioners of certain counties to levy a property tax for capital projects of school districts for which a grant is available from the Fund to Assist Rural School Districts in Financing Capital Improvements; exempting that property tax from certain partial abatements during the first fiscal year in which the tax is imposed; exempting both property taxes from the statutory limitation on the total ad valorem tax levy; creating the Fund to Assist Rural School Districts in Financing Capital Improvements; requiring the board of county commissioners of certain counties to establish an oversight panel for school district capital improvement projects; making appropriations to the Fund; making an appropriation to the Elko County School District for the construction of a school on the Duck Valley Indian Reservation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the board of trustees of each school district to establish a fund for capital projects. (NRS 387.328) Existing law also creates the Fund to Assist School Districts in Financing Capital Improvements from which a grant of money may be obtained if certain emergency conditions exist within the school district. (NRS 387.333, 387.3335)

Section 2 of this bill requires the board of county commissioners of a county whose population is 52,500 or more and less than 57,500 (currently Elko County), to levy a tax at a rate of not less than 1 cent and not more than 25 cents on each \$100 of assessed valuation of taxable property within the county. **Section 2** requires any money collected from such a tax to be deposited in the county treasury for credit to the fund for capital projects to be held and expended in the same manner as other money deposited in that fund. **Section 6** of this bill authorizes the school district of a county where such a tax is imposed to pledge the proceeds of the tax, and the portion of the governmental services tax whose allocation to the school district is based on the amount of the property tax levy attributable to its debt service, to the payment of any bonds or other obligations the school district issued for capital projects. **Section 8** of this bill provides that, if the board of county commissioners of a county which is required to levy such a tax does not adopt an ordinance levying the tax on or before June 30, 2024, the tax is levied at a rate of 25 cents on each \$100 of assessed valuation of taxable property within the county.

Section 4 of this bill creates the Fund to Assist Rural School Districts in Financing Capital Improvements and requires the money in the Fund to be used to make grants to school districts in counties whose population is less than 100,000 (currently all counties other than Clark and Washoe Counties) for certain capital projects.



Section 3 of this bill authorizes the board of county commissioners of a county whose population is less than 100,000, other than a board which is required to levy a tax pursuant to **section 2**, to levy a tax on all taxable property in the county for a capital project for which a grant may be obtained from the Fund. **Section 3** requires the board of county commissioners to determine the amount of money required for the capital project, excluding any amount that the board anticipates will be covered by a grant from the Fund, and fix a rate of taxation which will raise that amount. **Section 3** requires the revenue from the tax to be expended for: (1) a capital project for which a grant was made from the Fund; or (2) if the amount collected for a fiscal year exceeds the amount of the grant for that year, in the same manner as other money in the fund for capital projects established by the school district. **Section 5.5** of this bill requires the board of county commissioners of a county which levies a tax pursuant to **section 2 or 3** to establish an oversight panel for school district capital improvement projects.

Section 5 of this bill requires the board of trustees of a school district in a county which levies a tax pursuant to **section 3** and authorizes the board of trustees of a school district in a county which levies a tax pursuant to **section 2** during a fiscal year to apply to the Director of the Office of Finance in the Office of the Governor for a grant of money from the Fund. **Section 5** requires the Director of the Office of Finance to make a grant of money from the Fund in an amount which is equal to: (1) the total amount of tax assessed pursuant to **section 3** by the county for the capital project during the immediately preceding fiscal year; or (2) the amount of the proceeds of the tax imposed pursuant to **section 2** for the immediately preceding fiscal year which the board of trustees of the school district has certified will be dedicated to the capital project.

Existing law, in general, limits the total amount of property taxes which may be imposed to \$3.64 on each \$100 of assessed valuation. (NRS 361.453) **Sections 2 and 3** exempt the rates for the property taxes in those sections from this limitation. **Section 7** of this bill makes a conforming change to indicate these exemptions from the limitation.

Existing law provides a partial abatement of the property taxes levied on property for which an assessed valuation has previously been established, a remainder parcel of real property, certain single-family residences and certain residential rental dwellings. (NRS 361.4722, 361.4723, 361.4724) With certain exceptions, existing law exempts new or increased property taxes from those partial abatements if a legislative act that became effective after April 6, 2005, imposed a duty on a taxing entity to levy the tax or increase the rate of the tax. (NRS 361.4726) **Section 7.5** of this bill exempts any new property tax levied pursuant to **section 2 or 3** from those partial tax abatements for the first fiscal year in which such a tax is imposed, but provides that such a tax is not exempt from those partial tax abatements for any fiscal year after the first fiscal year in which the tax is imposed.

Section 9 of this bill makes appropriations from the State General Fund to the Fund for grants to school districts in counties whose population is less than 100,000 (currently all counties other than Clark and Washoe Counties), including grants for capital projects for schools located on qualified tribal land. **Section 10** of this bill makes an appropriation to the Elko County School District for the construction of a school on the Duck Valley Indian Reservation.



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

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

Section 1. Chapter 387 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5.5, inclusive, of this act.

Sec. 2. 1. *The board of county commissioners of a county whose population is 52,500 or more and less than 57,500 shall, in addition to any taxes levied in accordance with NRS 387.195, levy a tax at a rate of not less than 1 cent and not more than 25 cents on each \$100 of assessed valuation of taxable property within the county for capital projects of a school district, including, without limitation, capital projects for schools located on qualified tribal land.*

2. Any money collected pursuant to this section must be deposited in the county treasury for credit to the fund for capital projects established pursuant to NRS 387.328, to be held and expended in the same manner as other money deposited in that fund.

3. The rate of any tax levied pursuant to subsection 1 must not be included in the total ad valorem tax levy for the purposes of the application of the limitation in NRS 361.453.

4. As used in this section, “qualified tribal land” means any real property:

(a) For which legal title is vested in, or held in trust for the benefit of, an Indian tribe or an individual Native American, and which is subject to restrictions against alienation pursuant to federal law; and

(b) Over which an Indian tribe exercises governmental power.

Sec. 3. 1. *Except for a board of county commissioners which is required to levy a tax pursuant to section 2 of this act, the board of county commissioners of a county whose population is less than 100,000, may, in addition to any taxes levied in accordance with NRS 387.195, levy a tax at a rate established by the board of county commissioners on all taxable property in the county for a capital project of the school district for which a grant may be obtained from the Fund to Assist Rural School Districts in Financing Capital Improvements created by section 4 of this act. The board of county commissioners shall determine the amount of money necessary, when combined with money anticipated to be received as a grant from the Fund, to pay the costs of the proposed*



capital project or the principal and interest on bonds or other obligations issued for one or more purposes set forth in subsection 5 of section 4 of this act, and shall fix a rate which, when levied upon every dollar of assessed valuation of taxable property in the district, will raise that amount.

2. Any money collected pursuant to this section must be deposited in the county treasury for credit to the fund for capital projects established pursuant to NRS 387.328, to be expended:

(a) For a capital project of a school district for which a grant to the school district was made from the Fund to Assist Rural School Districts in Financing Capital Improvements pursuant to section 5 of this act; or

(b) With respect to any money collected in excess of the amount of the grant made from the Fund to Assist Rural School Districts in Financing Capital Improvements for the fiscal year pursuant to section 5 of this act, in the same manner as other money deposited in the fund for capital projects.

3. The proceeds of the tax collected pursuant to this section may be pledged to the payment of principal and interest on bonds or other obligations issued for one or more of the purposes set forth in subsection 5 of section 4 of this act. The proceeds of such taxes so pledged may be treated as pledged revenues for the purposes of subsection 3 of NRS 350.020, and the board of trustees of the school district may issue bonds for those purposes in accordance with the provisions of chapter 350 of NRS.

4. The rate of any tax levied pursuant to subsection 1 must not be included in the total ad valorem tax levy for the purposes of the application of the limitation in NRS 361.453.

Sec. 4. 1. The Fund to Assist Rural School Districts in Financing Capital Improvements is hereby created in the State Treasury, to be administered by the Director of the Office of Finance. All money received and held by the State Treasurer for the purpose of the Fund must be deposited in the Fund.

2. The Director of the Office of Finance may accept gifts and grants from any source for deposit in the Fund.

3. The money in the Fund must be invested as the money in other state funds is invested. All interest and income earned on the money in the Fund must be credited to the Fund.

4. Claims against the Fund must be paid as other claims against the State are paid.

5. Money in the Fund must be used to make grants to school districts in counties whose population is less than 100,000, for the following purposes:



(a) Construction, design or purchase of new buildings for schools, including, but not limited to, teacherages, dormitories, dining halls, gymnasiums and stadiums.

(b) Enlarging, remodeling or repairing existing buildings or grounds for schools, including, but not limited to, teacherages, dormitories, dining halls, gymnasiums and stadiums.

(c) Acquiring sites for building schools, or additional real property for necessary purposes related to schools, including, but not limited to, playgrounds, athletic fields and sites for stadiums.

Sec. 5. 1. Following any fiscal year in which a county levies a tax imposed pursuant to section 3 of this act, the board of trustees of the school district in the county shall apply to the Director of the Office of Finance for a grant of money from the Fund created pursuant to section 4 of this act on a form provided by the Director.

2. Following any fiscal year in which a county levies a tax imposed pursuant to section 2 of this act, the board of trustees of the school district in the county may apply to the Director of the Office of Finance for a grant of money from the Fund created pursuant to section 4 of this act on a form provided by the Director.

3. The application for a grant of money from the Fund submitted pursuant to this section must be accompanied by:

(a) A description of the capital project for which the grant is requested, which must be a capital project described by subsection 5 of section 4 of this act; and

(b) Either:

(1) Documentation of the amount of the tax assessed pursuant to section 3 of this act for the capital project for which the grant is requested in the immediately preceding fiscal year; or

(2) A statement by the board of trustees of the school district in a county which has levied a tax imposed pursuant to section 2 of this act certifying the amount of the proceeds of the tax imposed pursuant to section 2 of this act for the immediately preceding fiscal year which will be dedicated to the capital project.

4. To the extent that money is available for that purpose in the Fund and if the Director of the Office of Finance determines that the capital project for which the grant is requested is a project for which a grant may be made from the Fund, the Director shall make a grant of money from the Fund to a school district that submits an application pursuant to subsection 1 or 2 in an amount that is equal to:



(a) The total amount of tax assessed by the county for the capital project pursuant to section 3 of this act in the immediately preceding fiscal year; or

(b) If the school district is located in a county which levies a tax imposed pursuant to section 2 of this act, the amount of the proceeds of the tax imposed pursuant to section 2 of this act for the immediately preceding fiscal year which the board of trustees of the school district has certified will be dedicated to the capital project.

5. The Director of the Office of Finance shall adopt regulations that prescribe the annual deadline for submission of an application to the Director by a school district pursuant to this section.

Sec. 5.5. *1. The board of county commissioners of a county whose population is less than 100,000 and which levies a tax pursuant to section 2 or 3 of this act shall establish an oversight panel for school district capital improvement projects, consisting of five members selected as follows:*

(a) One member who is the chair of the board of county commissioners of the county, or his or her designee, who shall serve as the chair of the oversight panel;

(b) One member who is a member of the board of trustees of the school district in the county, appointed by the president of the board of trustees of the school district;

(c) One member who is a member of a federally recognized Indian tribe or nation located in whole or in part within the boundaries of the county, appointed by the executive head of the federally recognized Indian tribe or nation;

(d) One member who is a resident of the county and has experience in the building of school facilities, appointed by the president of the board of trustees of the school district in the county; and

(e) One member who is a resident of the county and has experience in the financing of public works projects, appointed by the chair of the board of county commissioners of the county.

2. After the initial terms, the term of each member of the oversight panel is 2 years. Members of the oversight panel are eligible for reappointment.

3. The oversight panel shall meet at least once each calendar quarter.

4. The oversight panel shall:

(a) Review all credits to and debits from the fund for capital projects established pursuant to NRS 387.328;



(b) Recommend future uses of the money raised by the county from levying a tax imposed pursuant to section 2 or 3 of this act;

(c) Review the amount of any appropriation, grant, gift or donation received by the county for the construction of school facilities located on qualified tribal land; and

(d) Make a recommendation for the date of termination of a tax levied pursuant to section 2 or 3 of this act if the date of termination of the tax is not otherwise fixed.

Sec. 6. NRS 387.328 is hereby amended to read as follows:

387.328 1. The board of trustees of each school district shall establish a fund for capital projects for the purposes set forth in subsection 1 of NRS 387.335. The money in the fund for capital projects may be transferred to the debt service fund to pay the cost of the school district's debt service.

2. The board of trustees may accumulate money in the fund for capital projects for a period not to exceed 20 years.

3. That portion of the governmental services tax whose allocation to the school district pursuant to NRS 482.181 is based on the amount of the property tax levy attributable to its debt service must be deposited in the county treasury to the credit of the fund established under subsection 1 or the school district's debt service fund.

4. No money in the fund for capital projects at the end of the fiscal year may revert to the county school district fund, nor may the money be a surplus for any other purpose than those specified in subsection 1.

5. The proceeds of the taxes deposited in the fund for capital projects pursuant to NRS 244.3354, 268.0962, 375.070, 377C.110 and 387.3288 *and section 2 of this act* and, in a county whose population is 100,000 or more but less than 700,000, the portion of the governmental services tax whose allocation to the school district pursuant to NRS 482.181 is based on the amount of the property tax levy attributable to its debt service may be pledged to the payment of the principal and interest on bonds or other obligations issued for one or more of the purposes set forth in NRS 387.335. The proceeds of such taxes so pledged may be treated as pledged revenues for the purposes of subsection 3 of NRS 350.020, and the board of trustees of a school district may issue bonds for those purposes in accordance with the provisions of chapter 350 of NRS.

Sec. 7. NRS 361.453 is hereby amended to read as follows:

361.453 1. Except as otherwise provided in this section and NRS 354.705, 354.723, 387.3288 and 450.760, *and sections 2 and 3 of this act*, the total ad valorem tax levy for all public purposes



must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the State Board of Examiners if the State Board of Examiners is directed by law to fix a lesser or greater amount for that fiscal year.

2. Any levy imposed by the Legislature for the repayment of bonded indebtedness or the operating expenses of the State of Nevada and any levy imposed by the board of county commissioners pursuant to NRS 387.195 that is in excess of 50 cents on each \$100 of assessed valuation of taxable property within the county must not be included in calculating the limitation set forth in subsection 1 on the total ad valorem tax levied within the boundaries of the county, city or unincorporated town, if, in a county whose population is less than 45,000, or in a city or unincorporated town located within that county:

(a) The combined tax rate certified by the Nevada Tax Commission was at least \$3.50 on each \$100 of assessed valuation on June 25, 1998;

(b) The governing body of that county, city or unincorporated town proposes to its registered voters an additional levy ad valorem above the total ad valorem tax levy for all public purposes set forth in subsection 1;

(c) The proposal specifies the amount of money to be derived, the purpose for which it is to be expended and the duration of the levy; and

(d) The proposal is approved by a majority of the voters voting on the question at a general election or a special election called for that purpose.

3. The duration of the additional levy ad valorem levied pursuant to subsection 2 must not exceed 5 years. The governing body of the county, city or unincorporated town may discontinue the levy before it expires and may not thereafter reimpose it in whole or in part without following the procedure required for its original imposition set forth in subsection 2.

4. A special election may be held pursuant to subsection 2 only if the governing body of the county, city or unincorporated town determines, by a unanimous vote, that an emergency exists. The determination made by the governing body is conclusive unless it is shown that the governing body acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the governing body



of the county, city or unincorporated town to prevent or mitigate a substantial financial loss to the county, city or unincorporated town or to enable the governing body to provide an essential service to the residents of the county, city or unincorporated town.

Sec. 7.5. NRS 361.4726 is hereby amended to read as follows:

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

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

3. *The amount of any tax imposed pursuant to section 2 or 3 of this act is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724 during the first fiscal year that the tax is imposed and is not exempt from each such partial abatement during any fiscal year thereafter.*

4. For the purposes of this section, “taxing entity” does not include the State.

Sec. 8. If the board of county commissioners of a county whose population is 52,500 or more and less than 57,500, has not adopted an ordinance levying the tax pursuant to section 2 of this act on or before June 30, 2024, a tax shall be levied pursuant to section 2 of this act at a rate of 25 cents on each \$100 of assessed valuation of taxable property within the county. The tax shall be collected and administered in the same manner as though the board of county commissioners had adopted an ordinance levying the tax pursuant to section 2 of this act at that rate.

Sec. 9. 1. There is hereby appropriated from the State General Fund to the Fund to Assist Rural School Districts in Financing Capital Improvements created by section 4 of this act the sum of \$25,000,000, for grants to school districts, and the sum of \$25,000,000, for grants to school districts for capital projects for schools located on qualified tribal land.

2. As used in this section, “qualified tribal land” means any real property:

(a) For which legal title is vested in, or held in trust for the benefit of, an Indian tribe or an individual Native American, and



which is subject to restrictions against alienation pursuant to federal law; and

(b) Over which an Indian tribe exercises governmental power.

Sec. 10. 1. There is hereby appropriated from the State General Fund to the Elko County School District the sum of \$64,500,000 for the construction of a school on the Duck Valley Indian Reservation to replace the Owyhee Combined School.

2. All money appropriated by subsection 1 must be used only for the purposes specified in subsection 1 and no portion of the money may be set aside, distributed or otherwise committed or used for any other purpose, including, without limitation, any costs related to other buildings or facilities.

3. Any remaining balance of the appropriation made by subsection 1 must not be committed for expenditure after June 30, 2028, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 15, 2028, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 15, 2028.

Sec. 11. Notwithstanding the provisions of NRS 218D.430 and 218D.435, a committee may vote on this act before the expiration of the period prescribed for the return of a fiscal note in NRS 218D.475. This section applies retroactively from and after May 21, 2023.

Sec. 12. This act becomes effective on July 1, 2023.

