
SENATE BILL No. 420—COMMITTEE ON NATURAL RESOURCES

(ON BEHALF OF THE LEGISLATIVE COMMITTEE
FOR THE REVIEW AND OVERSIGHT OF THE
TAHOE REGIONAL PLANNING AGENCY AND
THE MARLETTE LAKE WATER SYSTEM)

MARCH 24, 2025

Referred to Committee on Government Affairs

SUMMARY—Authorizes the creation of business improvement districts. (BDR 22-372)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 business improvement districts; authorizing a person to submit a petition to create a business improvement district to the governing body of certain municipalities; prescribing certain requirements for a district management plan; requiring the governing body to hold a public hearing before creating a district; prescribing certain requirements for assessments; authorizing the governing body to enter into an agreement with the Department of Taxation; requiring the governing body to annually submit to the Legislature a report concerning the district; authorizing the governing body to issue bonds for the benefit of a district; requiring the governing body to have an independent auditor review certain claims; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes the governing body of a city or county to create a
2 tourism improvement district or an economic diversification district to finance
3 certain projects within the district. (Chapters 271A and 271B of NRS) This bill
4 authorizes the governing body of certain municipalities to create a business
5 improvement district to perform certain activities relating to transportation and
6 housing and mitigating visitor activities. **Section 2** of this bill provides that the



7 provisions of this bill may be referred to as the Business Improvement District
8 Law. **Section 3** of this bill provides that the provisions of this bill apply, under
9 certain circumstances, in any region of this State governed by a regional planning
10 agency created by interstate compact (currently the Lake Tahoe Basin). **Sections 5-**
11 **10** of this bill define certain terms relating to business improvement districts.
12 **Section 4** of this bill applies these definitions to the provisions of this bill.

13 **Section 11** of this bill authorizes a person to submit a petition to the governing
14 body of a municipality to create a business improvement district. Such a petition is
15 required to: (1) be signed by the business owners in the proposed district who will
16 pay more than 50 percent of the total amount of assessments proposed to be levied
17 in the district; and (2) include a district management plan. **Section 12** of this bill
18 sets forth certain requirements for a district management plan and authorizes the
19 district management plan to provide for increases in assessments for each year of
20 operation of the district.

21 **Section 13** of this bill requires the governing body to hold a public hearing to
22 consider a petition to create a district and sets forth certain notice requirements for
23 the public hearing. **Section 13** also: (1) authorizes any interested person to make a
24 protest orally or in writing; and (2) prohibits the governing body from creating a
25 district if the governing body receives protests from the owners or authorized
26 representatives of the businesses in the proposed district who will pay more than 50
27 percent of the total amount of proposed assessments. **Section 14** of this bill
28 authorizes, with certain exceptions, the governing body to adopt, revise, change,
29 reduce or modify the proposed assessments or the types of activities to be provided
30 by the proposed district. **Section 15** of this bill authorizes the governing body,
31 following a public hearing, to create by ordinance a district. **Section 15** prohibits:
32 (1) with certain exceptions, the boundaries of a district from overlapping with the
33 boundaries of another district; and (2) the governing body from creating a district in
34 the jurisdiction of another municipality without the consent of the governing body
35 of that municipality. Additionally, **section 15** provides, with certain exceptions, that
36 the term of a district may not exceed 5 years upon the initial formation of the
37 district and an additional 10 years upon renewal.

38 **Section 16** of this bill: (1) requires assessments to be levied on the basis of the
39 estimated benefit to the businesses within the district; (2) requires, with certain
40 exceptions, the revenue from the levy of assessments to be used for certain
41 purposes; and (3) authorizes the governing body to establish separate benefit zones
42 within a district and impose a different assessment within each benefit zone.

43 **Section 17** of this bill authorizes the governing body to enter into an agreement
44 with the Department of Taxation for the collection and distribution of the
45 assessments levied by the district.

46 **Section 18** of this bill requires the governing body that created a district to
47 submit an annual report to the Legislature concerning the status of the district and
48 the financial impact of the district on local governmental services.

49 **Section 19** of this bill authorizes the governing body that formed a district to
50 issue bonds for the benefit of the district or to enter into an agreement with certain
51 governmental entities or other persons for the costs of acquiring, improving or
52 equipping any project performed for the purposes of the district. **Section 20** of this
53 bill requires such a governing body to have an independent auditor review each
54 claim submitted as part of any contract or other agreement made with the governing
55 body to provide any financing or reimbursement.



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

1 **Section 1.** Title 22 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 20, inclusive, of this act.

4 **Sec. 2.** *This chapter may be cited as the Business*
5 *Improvement District Law.*

6 **Sec. 3.** *The provisions of sections 2 to 20, inclusive, of this*
7 *act, apply only in a region of this State for which there has been*
8 *created by interstate compact a regional planning agency and the*
9 *regional plan adopted by the regional planning agency calls for*
10 *the regulation of transportation, housing and the mitigation of*
11 *visitor activities.*

12 **Sec. 4.** *As used in this chapter, unless the context otherwise*
13 *requires, the words and terms defined in sections 5 to 10,*
14 *inclusive, of this act have the meanings ascribed to them in those*
15 *sections.*

16 **Sec. 5.** *“Activity” means a project, improvement or service*
17 *acquired, improved, equipped, operated or maintained by a*
18 *business improvement district that benefits businesses in the*
19 *district, including, without limitation, a structure, facility,*
20 *undertaking or system.*

21 **Sec. 6.** *“Business” means all types of businesses, including,*
22 *without limitation, financial institutions and professions.*

23 **Sec. 7.** *“District” means a business improvement district*
24 *created pursuant to section 15 of this act.*

25 **Sec. 8.** *“District management plan” means a district*
26 *management plan as described in section 12 of this act.*

27 **Sec. 9.** *“Improvement” means the acquisition, construction,*
28 *installation or maintenance of any tangible property,*
29 *appurtenances and incidentals.*

30 **Sec. 10.** *“Municipality” means any county or city in this*
31 *State.*

32 **Sec. 11.** 1. *A person may submit a petition to create a*
33 *business improvement district to the governing body of a*
34 *municipality. Such a petition must:*

35 (a) *Be signed by the business owners in the proposed district*
36 *who will pay more than 50 percent of the total amount of*
37 *assessments proposed to be levied; and*

38 (b) *Include a district management plan that complies with the*
39 *requirements set forth in section 12 of this act.*

40 2. *For the purposes of determining whether the petition was*
41 *signed by the business owners who will pay more than 50 percent*
42 *of the total amount of assessments proposed to be levied, the*



1 amount of assessments attributable to a business owned by the
2 business owner that is in excess of 40 percent of the amount of all
3 assessments proposed to be levied must not be included.

4 3. Upon submission of a petition received by a governing
5 body pursuant to subsection 1 and in accordance with the
6 requirements of sections 2 to 20, inclusive, of this act, a governing
7 body may initiate proceedings to create a business improvement
8 district. A district may acquire, improve, equip, operate and
9 maintain any activity within the district relating to transportation
10 or housing or mitigating visitor activities within the district.

11 **Sec. 12. 1.** A district management plan must include,
12 without limitation:

13 (a) A map of the district that depicts each business in the
14 district in sufficient detail to allow a business owner to reasonably
15 determine whether a business is located within the district.

16 (b) The name of the proposed district.

17 (c) A description of the boundaries of the district, including
18 the proposed boundaries of the zones that will benefit from the
19 district in sufficient detail to identify the affected businesses.

20 (d) A description of the activities proposed for each year the
21 district will operate and the estimated cost of such activities. If the
22 activities proposed for each year of the operation of the district are
23 the same, the description may detail the proposed activities and
24 include a statement that the same activities are proposed for the
25 subsequent years of operation.

26 (e) The total amount of the annual expenditures for the
27 activities and debt collection in each year the district will operate,
28 which may be estimated based upon the rate of the assessment. If
29 the total amount of annual expenditures in each year is not
30 significantly different, the district management plan may include
31 the total amount of annual expenditures for the first year and a
32 statement that a similar amount applies for the subsequent years
33 of operation.

34 (f) The proposed source or sources of financing of the
35 activities in the district, including, without limitation, the proposed
36 method and basis of levying the assessments and whether bonds
37 will be issued to finance improvements, maintenance or activities.
38 The method for levying the assessments must include sufficient
39 information for a business owner to calculate the amount of the
40 assessments to be levied against his or her business.

41 (g) The time and manner of collecting the assessments.

42 (h) The total number of years in which the assessments will be
43 levied.

44 (i) The proposed amount of time to implement the district
45 management plan.



1 (j) Any proposed rules and regulations to be applied to the
2 district.

3 (k) A list of each business proposed to be assessed, including,
4 without limitation, a statement of the method or methods by which
5 the expenses of a district will be imposed upon the businesses that
6 benefit from the district, in proportion to the benefit received by
7 the business, to defray the cost thereof.

8 (l) Any other information or material required by the
9 governing body of the municipality.

10 2. A district management plan may set forth specific
11 increases in assessments for each year of operation of the district.

12 **Sec. 13. 1.** Upon receiving a petition submitted pursuant to
13 section 11 of this act, the governing body of the municipality shall
14 hold a public hearing to consider the petition. Not less than 45
15 days before holding the public hearing, the governing body of the
16 municipality shall mail a notice of the meeting to each business
17 owner whose business is located in the proposed district. The
18 notice must include, without limitation:

19 (a) The proposed method and basis of levying assessments;

20 (b) If there is a proposal for an increase in assessments for
21 each year of operation of the district, the proposed increase or
22 increases in the amount or rate of assessments for each year;

23 (c) A general description of the activities the assessments will
24 fund;

25 (d) The address to which business owners may mail a protest
26 against the assessments;

27 (e) The telephone number and address of a person, office or
28 organization that an interested person may contact to receive
29 additional information about the assessments;

30 (f) A statement that if protests are received from the owners or
31 authorized representatives of the businesses in the proposed
32 district who will pay more than 50 percent of the total amount of
33 assessments proposed to be levied, the governing body of the
34 municipality will be prohibited pursuant to subsection 4 from
35 establishing the district; and

36 (g) The date, time and location of the public hearing.

37 2. In addition to the notice provided pursuant to subsection 1,
38 the governing body of the municipality shall publish notice of the
39 public hearing in accordance with NRS 271.190.

40 3. Any interested person may make a protest orally or in
41 writing. A written protest must be filed with the clerk of the
42 governing body of the municipality at or before the time of the
43 public hearing. A written protest may be withdrawn in writing at
44 any time before the conclusion of the public hearing. A written
45 protest must include, without limitation, a description of the



1 *business in which the person submitting the protest has an interest*
2 *and written evidence that the person is the owner of the business*
3 *or an authorized representative. A written protest that does not*
4 *contain the information required by this subsection must not be*
5 *counted in determining whether the protests are received from the*
6 *owners or authorized representatives of the businesses in the*
7 *proposed district who will pay more than 50 percent of the total*
8 *amount of assessments proposed to be levied.*

9 *4. If protests are received from the owners or authorized*
10 *representatives of the businesses in the proposed district who will*
11 *pay more than 50 percent of the total amount of assessments*
12 *proposed to be levied by the end of the period to withdraw a*
13 *protest, the governing body of the municipality shall not take any*
14 *further action to create a district as contained in the petition*
15 *submitted pursuant to section 11 of this act for a period of 1 year*
16 *from the date the governing body of the municipality finds that*
17 *there are enough protests to satisfy the requirements of this*
18 *subsection.*

19 **Sec. 14. 1.** *Except as otherwise provided in subsection 2, at*
20 *the conclusion of a public hearing to establish a district, the*
21 *governing body of the municipality may adopt, revise, change,*
22 *reduce or modify the proposed assessments or the types of*
23 *activities to be funded with the assessments as set forth in the*
24 *district management plan submitted pursuant to section 11 of this*
25 *act.*

26 *2. The governing body of the municipality shall not increase*
27 *the amount of any proposed assessment. Any changes to the*
28 *boundaries of a proposed district may only exclude properties or*
29 *businesses that will not benefit from the proposed activities.*

30 **Sec. 15. 1.** *Following the public hearing held pursuant to*
31 *section 13 of this act, the governing body of the municipality may*
32 *by ordinance create a business improvement district. The*
33 *ordinance must include, without limitation:*

34 *(a) A description of the proposed activities to be performed by*
35 *the proposed district;*

36 *(b) The amount of the proposed assessments;*

37 *(c) A statement indicating whether bonds will be issued;*

38 *(d) A description of the exterior boundaries of the proposed*
39 *district or a reference to the map that is submitted to the governing*
40 *body of the municipality pursuant to paragraph (a) of subsection 1*
41 *of section 12 of this act;*

42 *(e) The date of adoption;*

43 *(f) The time and place where the public hearing was held*
44 *pursuant to section 13 of this act concerning the creation of the*
45 *district;*



1 (g) A determination regarding any protests received by the
2 governing body of the municipality;

3 (h) A statement that the businesses in the district created by
4 the ordinance are subject to any amendments to this chapter;

5 (i) A statement that the activities to be conferred on businesses
6 in the district will be funded by the levy of assessments; and

7 (j) A finding that the businesses within the boundaries of the
8 district will be benefited by the activities funded by the proposed
9 assessments.

10 2. The governing body of the municipality shall not create a
11 district if the governing body of the municipality receives protests
12 from the owners or the authorized representatives of the
13 businesses who will pay more than 50 percent of the total amount
14 of proposed assessments.

15 3. Except as otherwise provided in this subsection, the
16 governing body of the municipality shall not create a district when
17 the proposed boundaries of the district overlap with the
18 boundaries of another district created pursuant to this chapter.
19 Nothing in this subsection prohibits the boundaries of a district
20 that levies assessments on businesses from overlapping with the
21 boundaries of a district that levies assessments on property.

22 4. The governing body of a municipality shall not create a
23 district within the jurisdiction of another municipality without the
24 consent of the governing body of the municipality.

25 5. Except as otherwise provided in this subsection, the
26 maximum term of a new district is 5 years. Upon renewal, a
27 district may have an additional term not longer than 10 years.
28 Notwithstanding the provisions of this subsection, a district
29 created pursuant to this section to finance capital improvements
30 with bonds may levy assessments until the maximum maturity of
31 the bonds.

32 **Sec. 16.** 1. An assessment levied on a business owner in a
33 district created in accordance with this chapter must be levied on
34 the basis of the estimated benefit to the businesses within the
35 district. The governing body of the municipality shall determine
36 the structure of the assessments to ensure the assessments
37 correspond with the distribution of benefits from the proposed
38 activities.

39 2. Except as otherwise provided in this subsection, the
40 revenue from the levy of assessments within a district may not be
41 used to provide activities outside the district or for any purpose
42 other than the purposes specified in the ordinance adopted
43 pursuant to section 15 of this act. Activities that are provided
44 outside the boundaries of a district to create a special or specific
45 benefit may only include marketing or signage.



1 3. *The governing body of the municipality may:*

2 (a) *Establish separate benefit zones within the district based on*
3 *the degree of benefit that each zone will receive from the activities*
4 *that will be provided in the benefit zone and impose a different*
5 *assessment within each benefit zone; and*

6 (b) *Define categories of businesses based on the degree of*
7 *benefit that each category will receive from the activities that will*
8 *be provided to each category and impose a different assessment or*
9 *assessment rate within each category of business or each category*
10 *of business within each benefit zone.*

11 **Sec. 17.** *After the adoption of an ordinance creating a*
12 *district in accordance with this chapter, the governing body of the*
13 *municipality and the Department of Taxation may enter into an*
14 *agreement specifying the dates and procedures for the distribution*
15 *to the municipality of any money pledged pursuant to section 15 of*
16 *this act. The distributions must:*

17 1. *Be made not less frequently than once each calendar*
18 *quarter; and*

19 2. *Cease at the end of the fiscal year in which the district*
20 *expires.*

21 **Sec. 18.** *On or before September 1 of each year, the*
22 *governing body of a municipality that adopts an ordinance*
23 *pursuant to section 15 of this act shall prepare and submit to the*
24 *Director of the Legislative Counsel Bureau for transmission to the*
25 *Legislature, or to the Legislative Commission when the*
26 *Legislature is not in regular session, an annual report containing:*

27 1. *A statement of the status of the activities located or*
28 *expected to be located in the district, and of any changes in that*
29 *status since the prior annual report.*

30 2. *An assessment of the financial impact of the district on the*
31 *provision of local governmental services, including, without*
32 *limitation, services for police protection and fire protection.*

33 **Sec. 19.** 1. *Except as otherwise provided in this section, if*
34 *the governing body of a municipality adopts an ordinance*
35 *pursuant to section 15 of this act, the municipality may:*

36 (a) *Issue, at one time or from time to time, bonds or notes as*
37 *special obligations under the Local Government Securities Law to*
38 *finance or refinance projects for the benefit of the district. Any*
39 *such bonds or notes may be secured by a pledge of, and be payable*
40 *from, any money pledged pursuant to section 15 of this act and*
41 *received by the municipality with respect to the district, any*
42 *revenue received by the municipality from any revenue-producing*
43 *projects in the district or any combination thereof.*

44 (b) *Enter into an agreement with one or more governmental*
45 *entities or other persons to reimburse that entity or person for the*



1 *cost of acquiring, improving or equipping, or any combination*
2 *thereof, any project to be performed for the purposes of the*
3 *district, which may contain such terms as are determined to be*
4 *desirable by the governing body of the municipality, including the*
5 *payment of reasonable interest and other financing costs incurred*
6 *by such entity or other person. Any such reimbursement may be*
7 *secured by a pledge of, and be payable from, any money pledged*
8 *pursuant to section 15 of this act and received by the municipality*
9 *with respect to the district, any revenue received by the*
10 *municipality from any revenue-producing projects in the district*
11 *or any combination thereof. Such an agreement is not subject to*
12 *the limitations of subsection 1 of NRS 354.626 and may, at the*
13 *option of the governing body of the municipality, be binding on*
14 *the municipality beyond the fiscal year in which it was made.*

15 2. *Before the issuance of any bonds or notes pursuant to this*
16 *section, the municipality must obtain the results of a feasibility*
17 *study, commissioned by the municipality, which shows that a*
18 *sufficient amount will be generated from money pledged pursuant*
19 *to section 15 of this act to make timely payment on the bonds or*
20 *notes, taking into account the revenue from any other revenue-*
21 *producing projects also pledged for the payment of the bonds or*
22 *notes, if any. A failure to make payments of any amounts due:*

23 (a) *With respect to any bonds or notes issued pursuant to*
24 *subsection 1; or*

25 (b) *Under any agreements entered into pursuant to*
26 *subsection 1,*

27 *↳ because of any insufficiency in the amount of money pledged*
28 *pursuant to section 15 of this act to make those payments shall be*
29 *deemed not to constitute a default on those bonds, notes or*
30 *agreements.*

31 3. *No bond, note or other agreement issued or entered into*
32 *pursuant to this section may be secured by or payable from the*
33 *general fund of the municipality, the power of the municipality to*
34 *levy ad valorem property taxes, or any source other than any*
35 *money pledged pursuant to section 15 of this act and received by*
36 *the municipality with respect to the district, any revenue received*
37 *by the municipality from any revenue-producing projects in the*
38 *district or any combination thereof. No bond, note or agreement*
39 *issued or entered into pursuant to this section may ever become a*
40 *general obligation of the municipality or a charge against its*
41 *general credit or taxing powers, nor may any such bond, note or*
42 *agreement become a debt of the municipality for the purposes of*
43 *any limitation on indebtedness.*

44 4. *Except as otherwise provided in this subsection, any bond*
45 *or note issued pursuant to this section, including any bond or note*



1 *issued to refund any such bond or note, must mature on or before,*
2 *and any agreement entered into pursuant to this section must*
3 *automatically terminate on or before, the end of the fiscal year in*
4 *which the term of the district expires.*

5 **Sec. 20.** *The governing body of the municipality shall require*
6 *the review by an independent auditor of each claim submitted*
7 *pursuant to any contract or other agreement made with the*
8 *governing body of the municipality pursuant to section 19 of this*
9 *act to provide any financing or reimbursement.*

10 **Sec. 21.** The provisions of subsection 1 of NRS 218D.380 do
11 not apply to any provision of this act which adds or revises a
12 requirement to submit a report to the Legislature.



