

ASSEMBLY BILL NO. 165—ASSEMBLYMEN BUCKLEY, PARNELL, CONKLIN, ANDERSON, OCEGUERA; AIZLEY, ARBERRY, ATKINSON, BOBZIEN, CARPENTER, CLABORN, DENIS, DONDERO LOOP, GANSERT, GOICOECHEA, GRADY, HARDY, HOGAN, HORNE, KIHUEN, KIRKPATRICK, KOIVISTO, LESLIE, MANENDO, MASTROLUCA, MCCLAIN, MORTENSON, MUNFORD, OHRENSCHALL, PIERCE, SEGERBLOM, SMITH, SPIEGEL, STEWART AND WOODBURY

FEBRUARY 13, 2009

JOINT SPONSORS: SENATORS CARE, WIENER, PARKS, HORSFORD, HARDY; BREEDEN, COFFIN, COPENING, MATHEWS AND SCHNEIDER

Referred to Committee on Ways and Means

SUMMARY—Revises the provisions governing the Fund to Stabilize the Operation of the State Government. (BDR 31-580)

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 state financial administration; revising the provisions governing the Fund to Stabilize the Operation of the State Government; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 The Fund to Stabilize the Operation of the State Government, also known as  
2 the Rainy Day Fund, is a special revenue fund into which surplus state revenues are  
3 deposited to be used in case of fiscal emergencies. Under existing law, the State  
4 Controller is required to deposit to the credit of the Fund 40 percent of the  
5 unrestricted balance of the State General Fund, as of the end of the previous fiscal  
6 year, that remains after subtracting an amount equal to 10 percent of all  
7 appropriations made from the State General Fund during that fiscal year for the  
8 operation of the State Government and the funding of schools. (NRS 353.288)  
9 **Section 2** of this bill reduces from 10 percent to 7 percent the amount of the  
10 appropriations subtracted in calculating the current deposit into the Fund each  
11 biennium that is set forth in existing law. **Section 2** also requires the State



12 Controller to place an additional deposit in the Fund at the beginning of each fiscal  
13 year of 1 percent of the total anticipated revenue projected for that fiscal year by the  
14 Economic Forum in May of odd-numbered years, as adjusted by any legislation  
15 enacted by the Legislature that affects state revenue during that fiscal year. Existing  
16 law requires that all projections of revenue and any other information concerning  
17 future state revenue contained in the proposed budget for the Executive Department  
18 of the State Government be based upon the projections and estimates prepared by  
19 the Economic Forum. (NRS 353.228, 353.230)

20 **Section 2** of this bill also increases the maximum balance allowed in the Fund  
21 from 15 percent to 20 percent of the total of all appropriations from the State  
22 General Fund for the operation of the State Government and the funding of schools  
23 and authorized expenditures from the State General Fund for the regulation of  
24 gaming for that fiscal year.

25 Under existing law, the proposed budget for the Executive Department of the  
26 State Government for each fiscal year of a biennium is required to include a reserve  
27 of not less than 5 percent or more than 10 percent of the total of all proposed  
28 appropriations from the State General Fund for the operation of the State  
29 Government and authorized expenditures from the State General Fund for the  
30 regulation of gaming for that fiscal year. (NRS 353.213) **Section 1** of this bill  
31 requires an additional reservation in the proposed biennial budget of an amount  
32 equal to 1 percent of the total anticipated revenue projected for each fiscal year of  
33 the biennium by the Economic Forum in December of even-numbered years, as  
34 adjusted by any changes or adjustments to state revenue recommended in the  
35 proposed budget for that biennium. This reserved money, as further adjusted by the  
36 Economic Forum in May and by any applicable legislation, is the money that will  
37 be deposited by the State Controller in the Fund to Stabilize the Operation of the  
38 State Government at the beginning of each fiscal year of the biennium pursuant to  
39 **section 2**.

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

1 **Section 1.** NRS 353.213 is hereby amended to read as follows:  
2 353.213 1. In preparing the proposed budget for the  
3 Executive Department of the State Government for each biennium,  
4 the Chief shall not exceed the limit upon total proposed  
5 expenditures for purposes other than construction and reducing any  
6 unfunded accrued liability of the State Retirees' Health and Welfare  
7 Benefits Fund created by NRS 287.0436 from the State General  
8 Fund calculated pursuant to this section. The base for each biennium  
9 is the total expenditure, for the purposes limited, from the State  
10 General Fund appropriated and authorized by the Legislature for the  
11 biennium beginning on July 1, 1975.

12 2. The limit for each biennium is calculated as follows:

13 (a) The amount of expenditure constituting the base is  
14 multiplied by the percentage of change in population for the current  
15 biennium from the population on July 1, 1974, and this product is  
16 added to or subtracted from the amount of expenditure constituting  
17 the base.



1 (b) The amount calculated pursuant to paragraph (a) is  
2 multiplied by the percentage of inflation or deflation, and this  
3 product is added to or subtracted from the amount calculated  
4 pursuant to paragraph (a).

5 (c) Subject to the limitations of this paragraph:

6 (1) If the amount resulting from the calculations pursuant to  
7 paragraphs (a) and (b) represents a net increase over the base  
8 biennium, the Chief may increase the proposed expenditure  
9 accordingly.

10 (2) If the amount represents a net decrease, the Chief shall  
11 decrease the proposed expenditure accordingly.

12 (3) If the amount is the same as in the base biennium, that  
13 amount is the limit of permissible proposed expenditure.

14 ~~{→}~~

15 3. The proposed budget for each fiscal year of the biennium  
16 must provide for a reserve of ~~{not}~~ :

17 (a) *Not* less than 5 percent nor more than 10 percent of the total  
18 of all proposed appropriations from the State General Fund for the  
19 operation of all departments, institutions and agencies of the State  
20 Government and authorized expenditures from the State General  
21 Fund for the regulation of gaming for that fiscal year ~~{~~

22 ~~—3.}~~ ; and

23 (b) *One percent of the total anticipated revenue for each of the*  
24 *two fiscal years of the biennium for which the budget is proposed,*  
25 *as projected by the Economic Forum for each of those fiscal years*  
26 *pursuant to paragraph (d) of subsection 1 of NRS 353.228 and as*  
27 *adjusted by any changes or adjustments to state revenue that are*  
28 *recommended in the proposed budget for those fiscal years.*

29 4. The revised estimate of population for the State issued by  
30 the United States Department of Commerce as of July 1, 1974, must  
31 be used, and the Governor shall certify the percentage of increase or  
32 decrease in population for each succeeding biennium. The  
33 Consumer Price Index published by the United States Department of  
34 Labor for July preceding each biennium must be used in  
35 determining the percentage of inflation or deflation.

36 ~~{4.}~~ 5. The Chief may exceed the limit to the extent necessary  
37 to meet situations in which there is a threat to life or property.

38 ~~{5.}~~ 6. As used in this section, "unfunded accrued liability"  
39 means a liability with an actuarially determined value which  
40 exceeds the value of the assets in the fund from which payments are  
41 made to discharge the liability.

42 **Sec. 2.** NRS 353.288 is hereby amended to read as follows:

43 353.288 1. The Fund to Stabilize the Operation of the State  
44 Government is hereby created as a special revenue fund. Except as  
45 otherwise provided in subsections 2 and 3, each year after the close



1 of the *previous* fiscal year and before the issuance of the State  
2 Controller's annual report, the State Controller shall deposit to the  
3 credit of the Fund ~~[40]~~:

4 (a) *Forty* percent of the unrestricted balance of the State General  
5 Fund, as of the close of the fiscal year, which remains after  
6 subtracting an amount equal to ~~[10]~~ 7 percent of all appropriations  
7 made from the State General Fund during that year for the operation  
8 of all departments, institutions and agencies of State Government  
9 and for the funding of schools ~~[ ]~~; and

10 (b) *One percent of the total anticipated revenue for the fiscal*  
11 *year in which the deposit will be made, as projected by the*  
12 *Economic Forum for that fiscal year pursuant to paragraph (e) of*  
13 *subsection 1 of NRS 353.228 and as adjusted by any legislation*  
14 *enacted by the Legislature that affects state revenue for that fiscal*  
15 *year.*

16 2. The balance in the Fund, excluding the aggregate balance in  
17 the Disaster Relief Account and the Emergency Assistance  
18 Subaccount, must not exceed ~~[15]~~ 20 percent of the total of all  
19 appropriations from the State General Fund for the operation of all  
20 departments, institutions and agencies of the State Government and  
21 for the funding of schools and authorized expenditures from the  
22 State General Fund for the regulation of gaming for the fiscal year  
23 in which that revenue will be deposited in the Fund.

24 3. Except as otherwise provided in this subsection and NRS  
25 353.2735, beginning with the fiscal year that begins on July 1, 2003,  
26 the State Controller shall, at the end of each quarter of a fiscal year,  
27 transfer from the State General Fund to the Disaster Relief Account  
28 created pursuant to NRS 353.2735 an amount equal to not more than  
29 10 percent of the aggregate balance in the Fund to Stabilize the  
30 Operation of the State Government during the previous quarter,  
31 excluding the aggregate balance in the Disaster Relief Account and  
32 the Emergency Assistance Subaccount created pursuant to NRS  
33 414.135. The State Controller shall not transfer more than \$500,000  
34 for any quarter pursuant to this subsection.

35 4. Money from the Fund to Stabilize the Operation of the State  
36 Government may be appropriated only:

37 (a) If the total actual revenue of the State falls short by 5 percent  
38 or more of the total anticipated revenue for the biennium in which  
39 the appropriation is made; or

40 (b) If the Legislature and the Governor declare that a fiscal  
41 emergency exists.

42 **Sec. 3.** The provisions of NRS 353.213 and 353.288, as  
43 amended by sections 1 and 2 of this act, apply initially to Fiscal  
44 Year 2011-2012.



1     **Sec. 4.** This act becomes effective on July 1, 2009.

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