

*Study on the Laws Governing Taxation
and the
Creation of Taxing Districts*



*Legislative Counsel
Bureau*

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**STUDY OF THE LAWS GOVERNING TAXATION
GENERALLY AND THE CREATION
OF TAXING DISTRICTS**

BULLETIN NO. 95-1

**LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA**

SEPTEMBER 1994

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SUMMARY OF RECOMMENDATIONS

This summary represents the recommendations reached by the Legislative Commission's Subcommittee to Study the Laws Governing Taxation Generally and the Creation of Taxing Districts. The Subcommittee recommends:

RECOMMENDATIONS RELATED TO DEBT AND PAY-AS-YOU-GO FINANCING PROPOSALS BY TAXING DISTRICTS AND OTHER GOVERNMENTS

- 1. That chapter 361 of the NRS be amended to require a school district that issues bonds that unintentionally forces the combined tax rate in the county above the statutory limit to transfer money to other local governments in the county, as needed, to reduce the combined tax rate to conform to the statutory requirements.**
- 2. That NRS 350.0051 be amended to clarify the degree to which the General Obligation Bond Commission (GOBC) of a county is to analyze whether a project under its review meets a public need.**
- 3. That NRS 350.020 be amended to extend the time period from 30 to 60 days within which voters may petition for an election concerning the issuance of a general obligation bond secured by pledged revenue and to make the advertising required the same as that required for bond issues for flood control provided in NRS 543.690(4).**
- 4. That chapter 350 of the NRS be amended to disallow the issuance of general obligation debt by any government to the extent that such issuance will result in the total debt obligation carried by the property owners in an area to exceed 50 percent of the assessed valuation in that area.**
- 5. That NRS 387.3285 and 387.3287 or other applicable statutes be amended to preclude the use of revenues from these taxes for the payment of interest on debt unless such use was specifically authorized when the tax was approved by the voters and to provide the same reporting for school districts as those required for local governments pursuant to subsection 6 of NRS 354.59817.**
- 6. That all applicable statutes be amended to require that securities issued by any government are subject to the provisions of Chapter 350 of the NRS.**
- 7. That chapter 350 of the NRS be amended to allow debt to be issued with a negotiated rate only after no acceptable bids have been received through competitive bidding.**

RECOMMENDATIONS RELATED TO THE CREATION, OPERATION AND DISSOLUTION OF TAXING DISTRICTS

8. That the applicable statutes be amended to require that a taxing or assessment district pursuant to chapters 244A, 269, 271, 309, 318, 379, 474, 541, 543 and 555 of NRS and NRS 450.550 to 450.700 may only be formed if the formation is approved by a majority of the voters within the boundaries of the proposed taxing district or if signed approval is granted by a majority of affected property owners.
9. That chapter 308 of the NRS and any other applicable statutes be amended to provide for a 10-year review and report to the County Commission or City Council, where applicable, and the Legislature by any taxing district established after this legislation is approved similar to that provided in NRS 244.33516 for transportation districts.
10. That NRS 308.030 and any other applicable statutes be amended to require an economic feasibility report that includes staffing and facilities plans, the fiscal effects on other governments and one and five year projections of the proposed district's finances before the creation of a taxing district.
11. That the provisions allowing for the creation of multi-county districts for the provision of facilities for public schools enacted pursuant to chapter 789, Statutes of Nevada 1989 be repealed.
12. That chapter 318 of the NRS and other applicable statutes be amended to require that future single or limited purpose districts be funded solely from user fees or special assessments.
13. That chapter 318 of the NRS and any other applicable statutes be amended to require that a taxing district raise at least 25 percent of its budget from property taxes, user fees or other direct assessments on residents of the district before being eligible to receive supplemental city-county relief tax or motor vehicle privilege tax revenue.
14. That NRS 444.650 be amended to require that regulations adopted by the state board of health regarding the disposal of sewage not conflict with other applicable statutes such as NRS 318.170 which requires a sewerage hook-up when a service line is within 400 feet of the dwelling place.

RECOMMENDATIONS RELATED TO TAX EXEMPTIONS

15. That a statute or resolution be enacted to clarify the legislative intent regarding the tax exemption for food for home consumption and direct the Department of Taxation to review and revise, as needed, their regulations regarding the taxation of food prepared for immediate consumption under chapters 372 (chapter 397, Statutes of Nevada 1955) and 374 of the NRS to recognize the changing nature of the sales of such food.
16. That chapters 372 and 374 of the NRS be amended to define charitable and eleemosynary organizations for purposes of the sales tax exemptions in NRS 372.325 (section 50 of chapter 397, Statutes of Nevada 1955) and NRS 374.330 to include only organizations eligible for tax exemption under Internal Revenue Code 501(c)(3), to provide for a two-year grace period for all currently qualified organizations to qualify for the exemption and to require the Department of Taxation to review and reissue such exemption certificates every five years thereafter.
17. That NRS 372.315 (section 61 of chapter 397, Statutes of Nevada 1955) and NRS 374.320 be amended to further limit the exemption for newspapers by establishing content-neutral requirements that the publication be intended for general circulation, that it be of interest to the general public and that its contents change significantly from issue to issue.
18. That the sales tax exemption for aircraft and major components for Nevada-based carriers in NRS 372.317 (section 61.5 of chapter 397, Statutes of Nevada 1955) and NRS 374.322 be repealed.
19. That NRS 361.140 be amended to clarify the types of "charitable" corporations eligible for the property tax exemption to include only organizations eligible for tax exemption under Internal Revenue Code 501(c)(3) and to provide for a two-year grace period for all currently qualified organizations to reapply to the county assessor for exemption.
20. That NRS 361A.050 be amended to eliminate "sites designated as historic" from the definition of open-space use and NRS 361.229 be amended to exclude "sites designated as historic" from adjustment of actual age of improvements in computation of depreciation.
21. That the joint rules of the Senate and Assembly be amended to provide for the review of tax exemptions provided by law.

22. That NRS 680B.050 be amended to eliminate the 50 percent insurance premium tax credit that is available to insurers which own and occupy a home office in Nevada and NRS 680B.027 be amended to reduce the rate of tax levied by an amount necessary to make the change "revenue-neutral" for the industry as a whole. (Acting upon instructions from the Subcommittee, Legislative Counsel later determined that the tax credit appears to be constitutional, making this recommendation unnecessary.)

**REPORT TO THE 68TH SESSION OF THE NEVADA LEGISLATURE
BY THE LEGISLATIVE COMMISSION'S SUBCOMMITTEE
TO STUDY TAXATION GENERALLY AND THE
CREATION OF TAXING DISTRICTS**

1. INTRODUCTION

The following is submitted in compliance with Assembly Concurrent Resolution No. 47 (File No. 175, Statutes of Nevada 1993) which directed the Legislative Commission to study the laws governing taxation generally and the creation of taxing districts. The resolution requires that the Legislative Commission report the results of the study and any recommended legislation to the 68th session of the Nevada Legislature. (ACR 47 is included as Appendix A)

The resolution directed that a subcommittee consisting of nine members appointed by the Legislative Commission conduct the study, including two senators from the Senate Standing Committee on Taxation, three assemblymen from the Assembly Standing Committee on Taxation, one senator from the Senate Standing Committee on Government Affairs, one assemblyman from the Assembly Standing Committee on Government Affairs, one additional senator and one additional assemblyman.

Members of the Subcommittee appointed to conduct the study were:

Assemblyman Val Z. Garner, Chairman	
Senator Matthew Q. Callister	Senator Sue Lowden
Senator Leonard V. Nevin	Senator Ann O. Connell
Assemblyman Pete Ernaut	Assemblyman Ken L. Haller
Assemblyman Joan A. Lambert	Assemblyman Bob Price

The resolution further directed that the Legislative Commission appoint at least four members to serve on an advisory committee including representatives of the Nevada Association of Counties, the Nevada League of Cities and two rural districts, one of which must be an irrigation district.

Members appointed to the advisory committee were:

Robert S. Hadfield, Executive Director
Nevada Association of Counties

Bruce Brooks, Finance Director
City of Reno

Bruce Nystrom, Board Member
Gardnerville Ranchos
General Improvement District

Jim Weishaupt, Manager
Walker River Irrigation District

Legislative Counsel Bureau staff services for the subcommittee were provided by Ted Zuend, Deputy Fiscal Analyst; Kevin Welsh, Deputy Fiscal Analyst; Kim Morgan, Principal Deputy Legislative Counsel; Kristin Bullock, Deputy Legislative Counsel; and Charlotte Adams, Management Assistant, Fiscal Analysis Division. This report presents the findings and recommendations of the subcommittee. The information which bears directly upon the recommendations is included either in the narrative or appendices. All supporting documents and meeting minutes are available from the Fiscal Analysis Division of the Legislative Counsel Bureau. The Legislative Commission, at its meeting on September 14, 1994, accepted this report and ordered it and its recommendations transmitted to the members of the 1995 Legislature for consideration and appropriate action.

2. BACKGROUND

Assembly Concurrent Resolution No. 47 was approved principally to allow the Legislature, through its Legislative Commission, to review several different tax issues that have come to the fore in recent years. Standing committees of the Legislature have not had the opportunity to consider these issues in detail during the legislative sessions because of the time required to review budgets and process bills that have already been drafted. The subjects specifically outlined in the resolution to be considered were the creation of taxing districts, tax exemptions and the taxation of non-gaming activities within the gaming industry.

CREATION OF TAXING DISTRICTS

The Legislature's principal direction to the ACR 47 subcommittee was to consider the effects of the creation and operation of taxing districts on other governmental entities. The resolution noted that "(b)ecause taxing districts may compete for property tax revenue, it is desirable to provide criteria for existing and new districts for the Nevada Legislature." Since 1979 the Legislature has instituted various controls on and made changes to the financing of the budgets of local governments. These changes have, in some cases, created inconsistencies, conflicts and other problems for the management of local governments.

To cite one example, a single taxing entity, whether large or small, that issues a relatively large amount of debt can adversely affect the operational viability of other governments within the same county because of the \$3.64 limitation, enacted in 1979, on the combined property tax rate. A recent example of this occurred in White Pine County when the school district won voter approval for a large bond issue to finance the construction of schools, but the resulting debt service requirement substantially reduced the tax rate available for several towns and a city in the same county. The 1993 Legislature passed legislation both to specifically address the White Pine problem and to reduce the likelihood that such a problem would reoccur somewhere else. Nevertheless, even a reasonable solution can often provide less than satisfactory results. In the White Pine case, the Legislature required the school district to transfer funds to the towns and city to reduce their combined tax rates to within the statutory limit. That action, however, in effect requires taxpayers outside of Lund, McGill, Ruth and the City of Ely to provide a substantial portion of the funding for these local governments.

Another example of an unintended consequence of recent legislation resulted because of the so-called "tax shift" of 1981, which substituted a new sales tax for about 50 percent, on average, of the local property tax base. Because of the way the intracounty distribution works, the result over the years was that many smaller, limited-purpose, taxing districts have become substantially dependent on the sales tax for revenues. Because of this result, these districts, which were originally designed to be supported by taxpayers within the district, are now funded by a statewide revenue source. As a consequence, there is virtually no incentive for local residents to dissolve or consolidate these districts even when such a move is practical.

The subcommittee conducted a survey of taxing districts and interested private organizations (see appendix) to identify these and other problems associated with the

creation and operation of taxing districts in Nevada and to develop legislation to mitigate these problems in the future.

TAX EXEMPTIONS

The resolution establishing the subcommittee called for, among other things, "(a) review of all exemptions to existing taxes . . . and the effect of the exemptions on Nevada's tax policy and revenue base." There has been a growing acceptance within the Nevada Legislature that to make the state tax system as equitable and effective as possible it should strive for the lowest rates within the broadest possible tax base to fund the state's operations. Tax exemptions, regardless of how meritorious they might appear, tend to reduce the Legislature's ability to reach this goal. The practical effect of most tax exemptions, when considered within the framework of Nevada's tax system, is to require higher tax rates on non-exempted items.

An exemption for purposes of this study included only those things that would otherwise be taxable in Nevada in the absence of a specific exclusion in Nevada law. Thus, food for home consumption is an exempt item, but car repair is not, because the former would otherwise be taxable under state sales taxes but car repair is a service and Nevada sales taxes apply only to transactions involving tangible personal property. A separate interim subcommittee authorized by Senate Concurrent Resolution No. 43 was given the responsibility for reviewing other possible options to broaden the state's tax base.

There has been particular interest over the past few years in establishing a mechanism for the periodic review of existing exemptions. During legislative sessions proposals pertaining to tax exemptions, with rare exceptions, have involved creating new exemptions rather than repealing or limiting existing ones. This has led to some imbalance between interests that favor making the tax base as broad as possible and interests that prefer creating new exemptions to promote economic development or provide other economic benefits to certain taxpayers. The subcommittee was instructed to consider "the desirability of adopting a statutory mechanism for the periodic review of existing exemptions."

TAXATION OF NON-GAMING ACTIVITIES WITHIN THE GAMING INDUSTRY

The gaming industry, broadly defined, has been changing rapidly in recent years. The opening of family-oriented resorts such as the Excalibur, the MGM Grand and Treasure Island, among others, and the ongoing development of additional, themed, casino properties is rapidly changing the nature of Nevada's tourism base. No longer are visitors coming to Nevada only to gamble and engage in other adult activities. Many are bringing their children to enjoy a family vacation. While these changes will likely ensure the continued viability of Nevada's gaming industry and the state economy in general, they may also adversely affect the state's tax base. Because many of the family activities at the new resorts are not subject to gaming tax or other taxes, state tax revenues, which are used in part to pay for the impacts of tourism, may not keep pace with the growth caused by the increased tourism. The 1993 Legislature believed it was time to take a preliminary look at the possible consequences of the evolving tourist market, and this was included in the ACR 47 directions to the subcommittee.

3. FINDINGS AND RECOMMENDATIONS

- I. The subcommittee was generally satisfied that changes made by the 1993 Legislature through S.B. 557 (chapter 637, Statutes of Nevada 1993) would ensure that debt issues and "pay-as-you-go" proposals are managed properly. The subcommittee, largely based on testimony from bond counsel and the Nevada Taxpayers Association, identified several areas for legislation that would assist both taxpayers and general obligation bond commissions when such proposals are presented.

The subcommittee, therefore, recommends:

1. That chapter 361 of the NRS be amended to require a school district that issues bonds that unintentionally forces the combined tax rate in the county above the statutory limit to transfer money to other local governments in the county, as needed, to reduce the combined tax rate to conform to the statutory requirements.
2. That NRS 350.0051 be amended to clarify the degree to which the General Obligation Bond Commission (GOBC) of a county is to analyze whether a project under its review meets a public need.
3. That NRS 350.020 be amended to extend the time period from 30 to 60 days within which voters may petition for an election concerning the issuance of a general obligation bond secured by pledged revenue and to make the advertising required the same as that required for bond issues for flood control provided in NRS 543.690(4).
4. That chapter 350 of the NRS be amended to disallow the issuance of general obligation debt by any government to the extent that such issuance will result in the total debt obligation carried by the property owners in an area to exceed 50 percent of the assessed valuation in that area.
5. That NRS 387.3285 and 387.3287 or other applicable statutes be amended to preclude the use of revenues from these taxes for the payment of interest on debt unless such use was specifically authorized when the tax was approved by the voters and to provide the same reporting for school districts as those required for local governments pursuant to subsection 6 of NRS 354.59817.
6. That all applicable statutes be amended to require that securities issued by any government are subject to the provisions of Chapter 350 of the NRS.

- 7. That chapter 350 of the NRS be amended to allow debt to be issued with a negotiated rate only after no acceptable bids have been received through competitive bidding.**
- II.** The subcommittee, through a survey of taxing districts and private organizations, identified three recommendations that would benefit taxpayers by ensuring that districts are only created with their approval and that would provide additional information to them and other interested parties at the time a district is proposed and on a periodic basis after a district has been created.
- The subcommittee, therefore, recommends:
- 8. That the applicable statutes be amended to require that a taxing or assessment district pursuant to chapters 244A, 269, 271, 309, 318, 379, 474, 541, 543 and 555 of NRS and NRS 450.550 to 450.700 may only be formed if the formation is approved by a majority of the voters within the boundaries of the proposed taxing district or if signed approval is granted by a majority of affected property owners.**
- 9. That chapter 308 of the NRS and any other applicable statutes be amended to provide for a 10-year review and report to the county commission or city council, where applicable, and the Legislature by any taxing district established after this legislation is approved similar to that provided in NRS 244.33516 for transportation districts.**
- 10. That NRS 308.030 and any other applicable statutes be amended to require an economic feasibility report that includes staffing and facilities plans, the fiscal effects on other governments and one and five-year projections of the proposed district's finances before the creation of a taxing district.**
- III.** Through its survey, the subcommittee identified one set of obsolete statutes that provide for the creation of a taxing district. The subcommittee, therefore, recommends:
- 11. That the provisions allowing for the creation of multi-county districts for the provision of facilities for public schools enacted pursuant to chapter 789, Statutes of Nevada 1989 be repealed.**
- IV.** From various information provided to it, the subcommittee determined that future single or limited purpose districts should be funded from fees or assessments rather than property taxes. The subcommittee also decided that residents of any taxing district should contribute some minimum amount to its support. Please note that the subcommittee instructed Legislative Counsel to prepare only skeleton drafts of these two recommendations because the proposals raise related issues that the subcommittee did not have time to consider in sufficient detail. The subcommittee further instructed the Fiscal Analysis Division to

prepare information on the possible effects of these recommendations for use by the 1995 Legislature.

The subcommittee, therefore, recommends:

- 12. That chapter 318 of the NRS and other applicable statutes be amended to require that future single or limited purpose districts be funded solely from user fees or special assessments.**
 - 13. That chapter 318 of the NRS and any other applicable statutes be amended to require that a taxing district raise at least 25 percent of its budget from property taxes, user fees or other direct assessments on residents of the district before being eligible to receive supplemental city-county relief tax or motor vehicle privilege tax revenue.**
- V. The subcommittee also discovered that because of a lack of statutory guidance, a minor conflict exists between a statute and a regulation pertaining to sewerage hook-ups.

The subcommittee, therefore, recommends:

- 14. That NRS 444.650 be amended to require that regulations adopted by the state board of health regarding the disposal of sewage not conflict with other applicable statutes such as NRS 318.170 which requires a sewerage hook-up when a service line is within 400 feet of the dwelling place.**
- VI. The subcommittee conducted a thorough review of tax exemptions and found particular problems with the sales tax exemptions for food, newspapers and charities, with the property tax exemption for charities and with open space assessment in historic districts. The subcommittee also discovered potential constitutional problems with the sales tax exemption for certain aircraft and components of aircraft and the home office credit against the insurance premium tax for certain insurers. The subcommittee also concluded that a mechanism for the periodic review of exemptions should be established.

The subcommittee, therefore, recommends:

- 15. That a statute or resolution be enacted to clarify the legislative intent regarding the tax exemption for food for home consumption and direct the Department of Taxation to review and revise, as needed, their regulations regarding the taxation of food prepared for immediate consumption under chapters 372 (chapter 397, Statutes of Nevada 1955) and 374 of the NRS to recognize the changing nature of the sales of such food.**

16. That chapters 372 and 374 of the NRS be amended to define charitable and eleemosynary organizations for purposes of the sales tax exemptions in NRS 372.325 (section 50 of chapter 397, Statutes of Nevada 1955) and NRS 374.330 to include only organizations eligible for tax exemption under Internal Revenue Code 501(c)(3), to provide for a two-year grace period for all currently qualified organizations to qualify for the exemption and to require the Department of Taxation to review and reissue such exemption certificates every five years thereafter.
17. That NRS 372.315 (section 61 of chapter 397, Statutes of Nevada 1955) and NRS 374.320 be amended to further limit the exemption for newspapers by establishing content-neutral requirements that the publication be intended for general circulation, that it be of interest to the general public and that its contents change significantly from issue to issue.
18. That the sales tax exemption for aircraft and major components for Nevada-based carriers in NRS 372.317 (section 61.5 of chapter 397, Statutes of Nevada 1955) and NRS 374.322 be repealed.
19. That NRS 361.140 be amended to clarify the types of "charitable" corporations eligible for the property tax exemption to include only organizations eligible for tax exemption under Internal Revenue Code 501(c)(3) and to provide for a two-year grace period for all currently qualified organizations to reapply to the county assessor for exemption.
20. That NRS 361A.050 be amended to eliminate "sites designated as historic" from the definition of open-space use and NRS 361.229 be amended to exclude "sites designated as historic" from adjustment of actual age of improvements in computation of depreciation.
21. That the joint rules of the Senate and Assembly be amended to provide for the review of tax exemptions provided by law.
22. That NRS 680B.050 be amended to eliminate the 50 percent insurance premium tax credit that is available to insurers which own and occupy a home office in Nevada and NRS 680B.027 be amended to reduce the rate of tax levied by an amount necessary to make the change "revenue-neutral" for the industry as a whole. (Acting upon instructions from the Subcommittee, Legislative Counsel later determined that the tax credit appears to be constitutional, making this recommendation necessary.)

VI. APPENDICES

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Assembly Concurrent Resolution No. 47—Committee on Taxation

FILE NUMBER 175

ASSEMBLY CONCURRENT RESOLUTION—Directing the Legislative Commission to conduct an interim study on the laws governing taxation generally and the creation of taxing districts.

WHEREAS, There is an ever present need to ensure a stable source of revenue for this state; and

WHEREAS, Progress requires a periodic review of Nevada's tax statutes to determine whether the current state of affairs is adequately and equitably treated in statute; and

WHEREAS, The creation of taxing districts has increased significantly in an effort to finance special interests; and

WHEREAS, There has been a lack of consistency in the criteria used when creating these districts; and

WHEREAS, Because taxing districts may compete for property tax revenue, it is desirable to provide criteria for existing and new districts for the Nevada Legislature in an effort to determine whether there is a need for a proposed taxing district; now, therefore, be it

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the Legislative Commission is hereby directed to conduct an interim study to review the existing laws governing taxation in this state generally, review the existing laws governing the creation of taxing districts and establish criteria to be used for the creation of these districts; and be it further

RESOLVED, That, as to taxation in this state generally, the study should include:

1. A review of all exemptions to existing taxes, the legal source of those exemptions, the justification for retaining each of those exemptions and the effect of the exemptions on Nevada's tax policy and revenue base;

2. Consideration of the desirability of adopting a statutory mechanism for the periodic review of existing exemptions; and

3. A review of the manner in which the gaming industry is taxed in this state, considering particularly the absence of gaming tax on activities such as family-oriented entertainment and theme parks which are offered by gaming licensees;

and be it further

RESOLVED, That, as to taxing districts, the study should include:

1. The conditions to be used to determine the need for the district;

2. The election procedure used for the formation of the district;

3. The amount of assessed valuation allowed the district for the purposes of bonding, the types of bonds authorized and the manner in which those bonds may be approved;

4. The manner by which the district is governed;

5. The statutory authority under which the district is created and may be created to allow for uniformity;

6. The manner by which the district may be expanded;

7. The manner by which the district should be dissolved;

APPENDIX A

8. The duration of the district;
 9. The conditions under which a district formed for capital facilities is allowed to include expenditures for normal operation and maintenance; and
 10. Any other conditions which are necessary to provide an evaluation for the appropriateness and need for the district;
- and be it further

RESOLVED, That this study be conducted by a subcommittee consisting of nine members appointed by the Legislative Commission, to be composed of:

1. Two Senators who are members of the Senate Standing Committee on Taxation;
 2. Three Assemblymen who are members of the Assembly Standing Committee on Taxation;
 3. One Senator who is a member of the Senate Standing Committee on Government Affairs;
 4. One Assemblyman who is a member of the Assembly Standing Committee on Government Affairs; and
 5. One additional Senator and one additional Assemblyman;
- and be it further

RESOLVED, That the Legislative Commission shall appoint at least four members to serve on an advisory committee including representatives of the Nevada Association of Counties, the Nevada League of Cities and two rural districts, one of which must be an irrigation district; and be it further

RESOLVED, That the Legislative Commission report the results of the study and any recommended legislation to the 68th session of the Nevada Legislature.

SPEAKERS AND WITNESSES AT A.C.R. 47 MEETINGS

Howard Barrett
Research Director
Nevada Taxpayers Association

John Bartlett
Legal Counsel
Department of Taxation

Shaun Carey
Public Works Director
City of Sparks

Paul DeLorey
Fire Chief
Tahoe-Douglas Fire Protection District
Lake Tahoe

John Dobra, Ph.D
Natural Resources Industry Institute
Associate Professor of Economics, UNR

Ande Engleman
Executive Director
Nevada State Press Association

Lisa Foster
Legislative Coordinator
City of Sparks

Dick Franklin
Washoe County Assessor's Office
Representing Assessors' Association

Tom Grady
Executive Director
Nevada League of Cities

Dick Harris
Assistant Superintendent
Elko County School District

Dianne Langs
General Manager
Sun Valley Water & Sanitation District

Marvin Leavitt
Special Assistant to the City Manager &
Legislative Coordinator
City of Las Vegas

Orland Outland
Washoe Chapter
Nevada Council of Senior Citizens

Jason Planck
Concerned Citizen

Linda Ritter
Assistant Elko County Manager

Kerry Schomer
Legal Counsel
Department of Taxation

Eugene Shutler
Executive Vice President &
General Counsel
MGM Grand

Bob Spellberg
District Manager
Gardnerville Ranchos Improvement District

John Swendseid
Bond Counsel
Swendseid & Stern

Carol Vilardo
Executive Director
Nevada Taxpayers Association

Randy Walter
Planning Engineer & Concerned Citizen

APPENDIX B

Stewart White
Legal Counsel
Sun Valley Water & Sanitation District

Janice Wright
Deputy Executive Director
Department of Taxation

Organization: _____

Name: _____

Telephone: _____

SURVEY

The A.C.R. 47 subcommittee has been directed to "review the existing laws governing taxing districts and establish criteria to be used for the creation of these districts." The following issues are to be considered in regard to taxing districts:

1. The conditions to be used to determine the need for the district;
2. The election procedure used for the formation of the district;
3. The amount of assessed valuation allowed the district for the purposes of bonding, the types of bonds authorized and the manner in which those bonds may be approved;
4. The manner by which the district is governed;
5. The statutory authority under which the district is created and may be created to allow for uniformity;
6. The manner by which the district may be expanded;
7. The manner by which the district should be dissolved;
8. The duration of the district;
9. The conditions under which a district formed for capital facilities is allowed to include expenditures for normal operation and maintenance;
10. Any other conditions which are necessary to provide an evaluation for the appropriateness and need for the district.

Question 1

Referring to the above issues, are there statutes that should be modified to improve the way districts are created, operated or dissolved? _____

Question 2

Can any of the changes noted in question 1 be applied to existing taxing districts or should they apply only to prospective districts? _____

Question 3

Are there any current laws governing one or more types of districts that are particularly effective and could those laws be a model for possible changes to the laws governing other types of taxing districts? _____

APPENDIX C

Question 4

Whether or not you have specific knowledge of the laws governing different types of taxing districts, can you suggest some principles the subcommittee could follow in reviewing the statutes governing different types of districts and making recommendations for possible changes to those statutes? _____

Question 5

Would there be any benefit in modifying the laws governing taxing districts to bring more conformity to those laws among certain types of districts? _____

Question 6

Could some type of district be eliminated by either allowing no future districts to be created under that structure or by moving existing districts in that category into another type of district structure? _____

Question 7

In the future, should any new taxing district or any changes to the authority of an existing taxing district be subject to direct voter approval before the district is established or the authority of the district is changed? If not, why not, and what should the exceptions be? _____

Question 8

Should the laws pertaining to obsolete types of taxing districts be repealed if there are no longer any districts functioning under those laws or "sunsetted" upon the dissolution of the last district currently operating under those laws? If not, why not? Are there any such statutes that could be repealed or subject to sunset because that type of district is now obsolete? _____

Question 9

Should some type of reauthorization procedure (e.g. voter or county commission reapproval every 20 years) be required periodically for the continuation of any or all types of taxing districts created in the future? If so, what types of districts should or should not be affected by this type of requirement? Can a similar reauthorization procedure be applied to existing districts? If not, why not? (Note: These questions recognize that even if a district is not reauthorized, any outstanding debt would still have to be repaid by the residents of the former taxing district.) _____

In addition to the above issues, one taxing district can have a significant effect on the ability of other taxing districts (including the county government, cities and the school district) in the same county to levy taxes and issue debt.

Question 10

Are there any statutory changes that can be made to limit the above problem? For example, should some sort of statutory limit be placed on the share of the combined rate or the amount of tax rate a particular district can levy for operating or debt (at the time bonds are sold) purposes? Please comment on this even if you do not have a particular solution to offer. _____

Question 11

What effect, if any, does the creation and operation of taxing districts that are not eligible to levy property taxes have on the ability of other districts in a county to levy and collect taxes or on the operations of those other districts? _____

Question 12

Should some type of formal economic feasibility and impact report be required before the establishment of a taxing district? If so, for what types of districts should the report be required and what factors should be included in such a report? _____

Question 13

Do you have any other suggestions that might help make the procedures for establishing a taxing district simpler and more understandable to the average voter or taxpayer? _____

Question 14

Are there any issues related to the existence of taxing districts, that have not been addressed in this questionnaire, that the subcommittee needs to review? _____

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Presentation on Role of Bond Counsel and Issuance of Debt by John Swendseid

Mr. Swendseid distributed a copy of the letter he received from Mr. Zuend describing what the Committee wanted from him. He indicated his first topic was the role of bond counsel and bond issues in general and referred to his handout (Exhibit D) which briefly explains some of the language used by bond counsels. He pointed out there are two kinds of revenue securities in Nevada: (1) ones that are subject to the \$3.64 limit; and (2) ones that are subject to the \$3.64 limit and the operating cap limits, which are usually handled through short-term financing with Department of Taxation approval. If property taxes cannot be increased, he reported, the entity must pay their borrowing back from their existing property tax. For bonds subject to the \$3.64 limit, an entity can increase their taxes up to that limit, he explained.

Mr. Swendseid said double-barrel obligations potentially have an impact on the tax rate, but not initially. Certificates of Participation are obligations by a government body which has a building erected then buys it on an installment basis where they have an out if they don't have enough money. The bond holder would get the building back and the government body isn't obligated to pay anything back, he explained. This financing is used quite often in California, but seldom in Nevada, he noted. He added that most government bodies would not want to abandon their obligation and would continue their taxes for their building. Washoe and Clark County have each used this mechanism once and no one was impressed, he reported. Although initially they are paid back by assessments against property owners who benefit from the improvement, special assessment obligations can also impact taxes, Mr. Swendseid pointed out.

Page 3 of Exhibit D describes the procedure required by Nevada Statutes for issuing various types of bonds, Mr. Swendseid noted. He explained that general obligation bonds require voter approval as well as approval from the General Obligation Bond Commission (GOBC) while double barrel bonds require Bond Commission approval and advertising in newspapers for 30 days to allow anyone who objects to petition for a vote. No vote is required for special assessments but if 50 percent of the property owners protest, the bond issue cannot proceed; however, certificates of participation don't need a vote, he advised. He explained that short term financing requires Bond Commission approval as well as approval from the Department of Taxation, noting these procedures are some of the safeguards to prevent an entity from getting too far into debt.

Mr. Swendseid referred to his handout (Exhibit E) which further explains the language and procedures for bond sales. He explained that the issuer was the state, local government or school selling the debt. The underwriter or investment banker buys bond issues from local governments for resale because no single investor would invest so much money in one entity he indicated. A bond counsel is an attorney hired by the issuer who ensures that the bond issue is legal and all steps have been taken, he reported. The financial advisor is also hired by the issuer to gather financial information the GOBC needs, to ensure the entity receives a good rating for

APPENDIX D

their bonds and to promote interest and provide assistance for those interested in buying the bonds. The trustee/registrars/paying agents, usually banks, act as an intermediary to pay an entity's bond payments to the trustee who pays it to the bond owner, he explained. He related that rating agencies give a credit rating for the issuance of bonds somewhat like personal credit ratings, noting the rating has a big impact on the amount of interest an entity must pay. He added that the State of Nevada was rated AA while the best local entities are rated A+ and rural areas are usually rated BB.

Bonds are sold in three basic ways, Mr. Swendseid related. The first way, he noted, was to go to a local bank and sell it to them and let them handle it, which is often done for issues under \$1 million. The second method, he mentioned, was private placement where bonds are issued to an institutional investor with a bond fund, and is not as commonly used in Nevada. He advised that the third method of bond sales and most popular was a public offering distribution to many people and must be the method of issue for any bonds over \$10 million.

A bond may be sold either through a competitive bid or negotiation process, Mr. Swendseid advised. Through a competitive bid process, bonds are put to bid at a certain time and sold to whomever offers the lowest interest rate. Most Nevada bonds are sold through this process, he related. Through negotiated financing, an investment banker for a municipality negotiates with a company for an interest rate and a contract is signed once a rate of interest is agreed upon by both parties.

The Bond Counsel's responsibility is to give the buyer of a bond assurance that the bond is legal, Mr. Swendseid reported. He pointed out, no one will buy a bond unless all the legal steps have been followed. In Washington State, bonds were sold that hadn't followed all the steps of the law and the bond holder was not repaid for those "WHOOOPS" bonds but, he indicated, that has not happened in Nevada. He advised, a Bond Counsel could be held liable if a court rules they were negligent by overlooking a step of a bonding procedure which would cause the buyer to lose money. If the law is changed after an opinion of legality is given, he said, they would not be considered negligent. The statutes don't require the bond counsel to guarantee the accuracy of the financial information given to the GOBC, he pointed out, noting Bond Counsels also give opinions on whether bonds are exempt from federal, state and other taxes, which makes a big difference in the amount of interest that must be paid on them.

Responding to Mr. Price, Mr. Swendseid explained that when the Supreme Court in Washington decided the WHOOOPS bonds were illegal and after all the lawsuits, the bond holders got approximately one-fifth of their \$2.5 billion back and the rest was lost, he said. Since the Bond Counsel had no malpractice insurance and was a small firm, they only had to pay approximately \$200,000.

Mr. Swendseid distributed copies of an article from The Bond Buyer which discusses competitive and negotiated bonds (Exhibit G). The article criticizes the number of

negotiated bond issues unless the issue is large, irregular or difficult to sell. Most of Nevada's issues are competitive, which usually saves money, he advised. He pointed out, in 1992 Nevada had the lowest average underwriter's spread in the nation because most of its issues were competitive. He said an article by a professor at the University of New Mexico indicated, if three or more bids are received at a competitive sale, those bonds receive the lowest interest rate, but for less than three bids, negotiated issues got the best rate. He noted, he usually got four or five bids. A survey of the underwriter's spread over the last 10 years (Exhibit H) indicates the spread in each of those years is lower for competitive bids. He noted that for negotiated bids, there is nothing in Nevada's statutes requiring one bid process or the other.

One reason to negotiate a bond issue is for a large and complicated issue and/or revenue bonds without simple security, Mr. Swendseid explained. Another circumstance for negotiated issues, he noted, would be for some rural areas that have a poor rating or can't get a rating. Responding to Senator Nevin, he indicated an entity can back out if they don't get over three bids. Mr. Ernaut asked how big an issue was considered large. Mr. Swendseid described it as over \$1 billion. He suggested no entity in Nevada could sell a \$1 billion bond in one competitive sale, but could possibly divide the sale up into a series of sales of \$300-\$400 million. Responding to Mr. Ernaut, he explained that a large issue would sell in California more readily than Nevada because there are more buyers of tax exempt bonds in an income bracket that deals with them and because the bonds are exempt from state income tax.

Senator O'Connell asked for suggestions where Nevada's law might need changed. Mr. Swendseid pointed out, the problem encountered in White Pine County was not a legal problem, but dealt with finances. In referring to an article about allegations of improprieties in the award of bonds on the east coast (Exhibit I), he advised that the Securities and Exchange Commission is considering making it illegal for underwriters of bonds to give political contributions to persons they underwrite bonds for on a negotiated basis.

Mr. Swendseid pointed out, when a bond counselor or financial consultant seeks approval for a debt issue from the GOBC and is speaking to a group with limited expertise, both the bond counselor and the financial consultant are responsible to their client and don't represent the GOBC. He suggested the GOBC needed someone to speak to them about the effect upon other entities impacted by an issue. The Legislature tried to address that by having GOBC members representative of each of the local entities, he noted. Although that didn't happen in White Pine County, he said, bonds were turned down in Esmeralda County by the GOBC because of the concerns of its members. If the GOBC members are conscientious, they can be effective in watching out for local problems with the tax rate, he stressed. He pointed out the GOBC is authorized to hire an independent person at the expense of the party requesting approval, but they rarely do.

Senator Lowden asked if a possible change in the law would be to mandate the GOBC to hire an independent representative. Mr. Swendseid suggested the best organization to be a representative would be someone from the Department of Taxation. Since they already review all of the budgets and all short-term financing, he pointed out, they would be more knowledgeable than most independent persons. Senator Lowden noted no one represented the public before the GOBC and questioned how large financial institutions could buy these huge bonds without an independent person doing due diligence.

On general obligation bonds, Mr. Swendseid pointed out, due diligence was not difficult. He said representatives of the entity seeking the bond must disclose their assessed valuation in an official statement, a tax rate is determined to pay off the debt and all other bonds, and a check is made to determine how close that comes to the \$3.64 tax rate limit to see if it would be a good deal. He said, this arrangement has proved satisfactory on general obligation bonds.

Complicated transactions like revenue bonds, special assessment bonds and certificates of participation are much more difficult for due diligence; therefore, the financial institution usually will hire an underwriter's counsel to do due diligence for them in those cases, Mr. Swendseid noted. For competitive bidding on a complicated bond issue the local government entity will often hire a Disclosure Counsel to do due diligence on behalf of the unknown underwriter, he added. He explained that this helps the underwriter feel more comfortable that all financial disclosures were made. If pertinent information is not revealed to understand what the credit is, he said, all the entities involved would be held responsible for committing fraud; therefore, they are usually careful not to make a deal look better than it really is.

Mrs. Lambert asked if operating rates are looked at as well as debt rates when researching a bond issue. Mr. Swendseid explained that a disclosure table and an official statement to the bond market discloses the overlapping rate, usually in the most populous municipality. Also, the entity with the highest overlapping tax rate is shown to indicate the unused rate and allow the bond buyer to determine how much protection he has. The bond buyer is also protected by the fact that bonds have a priority over operating, he added.

Mrs. Lambert asked if the caps on general obligation bond indebtedness were necessary. Mr. Swendseid pointed out they were required by the law although the only meaningful debt limit was \$3.64. The one exception to that, he mentioned, was Carson City, which operates both as a city and a county and was very close to their cap. He suggested the Legislature might want to consider making it legal throughout the state for a school district to spend school tax monies to buy down rates in towns as they did for White Pine County. That would be an alternative to wiping out the operating revenue of cities or counties, he pointed out. Chairman Garner asked if the school districts were choosing not to buy down indebtedness even though they now can in White Pine County. Although no provision was made for the state to enforce the law, but Mr. Swendseid advised that a county could sue to force payment. When a statute says "shall", he noted, most people abide by the law.

Chairman Garner asked when the Committee would know for sure if the White Pine School District chose not to comply with the law. Ms. Wright said the Department of Taxation would know in a week. Senator Nevin pointed out that often it costs more to bring a lawsuit than would be lost. Mr. Swendseid suggested the statutes be worded to have the County Treasurer withhold the taxes which would allow for an unbiased third party. Senator Lowden objected to changing the law to automatically allow school districts to buy down local government indebtedness. She suggested it was a good deterrent from going over the debt limit and a way to inform the public about the problem to require the county to come before the Legislature with such a request.

Mr. Swendseid pointed out, a number of counties have numerous little GIDs and their tax rate can stop a needed project unless a deal can be made to buy down the cap. He said this has been done in the past, but not by school districts. Amargosa Valley has a high debt rate which is preventing the school district from issuing any bonds until the rate goes down, he pointed out. He noted, such a problem is usually caught ahead of time so there is no problem unless the cap is exceeded inadvertently as in White Pine County.

Mr. Zuend distributed a copy of NRS 350.0051 (Exhibit J) which lists the criteria for approval or disapproval of Proposal to Incur Debt or levy a special elective tax. He noted Mr. Swendseid alluded to a weakness in the General Obligation Bond Commission that unless there is a knowledgeable and conscientious member on it that can bring attention to the fact that a particular issue would eliminate operating money for local entities, another White Pine County incident could surface. This may be prevented by hiring a consultant but, he noted, it apparently is rarely done. He pointed out the statements were contradictory in the statute and asked Mr. Swendseid for his comments on the conflicting desires of entities in a county and the clarity of the statutes.

There are often debates on the worthiness of one project compared to another, Mr. Swendseid related. He explained the statute to mean that unless there is competition for the tax rate, the GOBC should not decide the merits of a project, but if two entities are competing for a tax rate, the GOBC must decide which project should be built if the county rate cannot handle both. Mr. Zuend pointed out that two entities competing for a tax rate don't normally do it concurrently and asked if the members of the Bond Commission would have enough foresight to determine future needs. Mr. Swendseid noted Senate Bill 557, which makes changes in municipal funding (Exhibit K), requires every political subdivision to file a debt management plan and a capital improvement plan for the next three years with the GOBC. If an improvement is not included on that plan, he pointed out, the GOBC cannot approve a bond issue for it. Senator Nevin suggested the different entities agree to initiate different bond issues at different times and the voters are rebelling because they have no way of knowing what is projected next. Mr. Swendseid pointed out the Legislature requires that no bond issues can have a special election which helps the voters be aware of the number of them.

In response to a question regarding the manner in which someone could enforce the duty given to White Pine County School district, Ms. Morgan suggested a writ of mandamus. She explained that a writ of mandamus may be used at the point a party does not do what the law requires them to do. Filing such a writ should not be an expensive procedure and is relied on for enforcement of many laws, she stated.

Mr. Swendseid distributed copies of NRS 350.020 (Exhibit L) which authorizes the sale of double-barrel bonds (a G.O. bond with a revenue backing such as a sewer or water system) without an election if a notice is published in a newspaper telling about the plans to do it and the finding which shows the revenues to pay back the bonds will be sufficient to do so without using property taxes. The residents in the entity have 30 days to file a petition to require an election, which requires the signature of 5 percent of the registered voters who own 2 percent of the property, he explained. He noted, this technique was used to allow local entities to increase their taxes above the operating cap if no petition was filed within a certain time after the Legislative Session, and many entities got a petition. He could recall only one bond issue when this happened and it stopped the bond issue. He pointed out double-barrelled bonds get a better rating with a lower interest rate than straight revenue bonds, which ultimately costs the taxpayers less.

Mr. Swendseid warned, the tax base is potentially liable on General Obligation bonds, as was the case with the Round Hill GID in Douglas County, but he indicated he wasn't aware of many abuses of it. Some people complain that bond issue notices in the newspapers aren't seen by the people and don't get enough publicity. He pointed out the second page of Exhibit L, which is a section of the statutes requiring extra advertising provisions for a bond issue. Since the object of this legislation is to save money by not going through an election and not to try to pull something over on the voters, he said he thought this method was fine. However, if the Committee feels that somebody might try to sneak something over on the voters, he suggested enacting a statute that would require more advertising.

Mrs. Lambert questioned whether it was possible to get a petition with 5 percent of the registered voters in a large county within 30 days. Mr. Swendseid related that when the Legislature allowed local governments to increase their tax levy, almost everywhere the residents got a petition in 30 days. He suggested, since it usually takes approximately 60 days to get a bond issued anyway, if the statutes were changed to allow 60 days to get a petition, it wouldn't hurt local government financing plans and might alleviate voter fears that someone is trying to put something over on them.

Mr. Swendseid reviewed the White Pine County School District bond information which was presented to the GOBC, pointing out the information indicated the tax rate would be over the \$3.64 limit in Ruth. At the time financial information was being gathered for the bond, he said, there were plans for a mining company to buy it down.

Chairman Garner thanked Mr. Swendseid for his presentation. He asked committee members to contact Mr. Zuend if they were interested in receiving any of Mr. Swendseid's handouts.

Dick Franklin, representing the Assessors Association, objected to the law requiring the county assessor to give an estimate of assessed valuation for the life of a payment schedule for a bond. He pointed out it was difficult enough to estimate assessed valuation for a year ahead and almost impossible for 10 to 25 years in the future since there are many circumstances, such as net proceeds of mines, that affect assessed value. The numbers for the upcoming year would be a reasonable request, but he suggested a planner in a county government might better estimate the future. An assessor has no knowledge on the centrally assessed property value in his county, which the state assesses and builds, he noted. He suggested an assessor only be required to give an estimate of assessed value for the upcoming year and someone else be required to give a long-term estimate.

Howard Barrett, representing the Nevada Taxpayers Association, reported the White Pine pool bond was issued for \$7 million and had voter authority to issue \$13.5 million, suggesting there was twice the problem in White Pine as identified. He also pointed out, in the past the state issued a number of bonds after approval by the Legislature and all those bond approvals were based upon contracts with financial advisors and bond attorneys. The contract payments were always conditioned upon the sale of the bonds and a certain amount based on their sale. Since the Legislature already approved the bonds, he said, there was no incentive on the part of the financial advisors and bond advisors to sell the bonds. However, it was not in the best interest of the public if there are no disincentives built in, and suggested hiring financial advisors and bond advisors on a permanent basis whether or not bonds were sold. Chairman Garner thanked Mr. Barrett for his testimony.

Note:

The exhibits referred to in Mr. Swendseid's testimony are from the February 24, 1994, meeting of the ACR 47 Subcommittee held at the Department of Wildlife in Reno, and are available at the Fiscal Analysis Division of the Legislative Counsel Bureau.

Testimony of Marvin Leavitt

Assemblyman Joan Lambert asked Marvin Leavitt to briefly outline the different types of indebtedness there is, how they can overlap and some of the realities of how a revenue bond can develop problems.

Senator O'Connell asked that Mr. Leavitt's testimony be typed in verbatim for the minutes.

Mr. Leavitt:

Mr. Chairman, my name is Marvin Leavitt. There are a number of different types of instruments that a local government can use to fund infrastructure purchases or even other things that relate to that. Maybe if I can go down the list of the various types, at least it will be essentially complete.

Of course, Carol has discussed with you and the one I suppose we should mention first, which is strictly the property tax levy. Generally, a property tax levy results in bonds that are a general obligation of the community that is issuing them, whether that be a city, county, special district, whatever. Generally, those bonds must be approved by a vote of the people. For that, we have some special allowed levies. For instance, there is a 5¢ levy which is allowed for capital purposes that has in Clark County been bonded as part of the major transportation issue and is repaid by property taxes, but did not require a vote of the people. There was eventually a vote on that issue, but those bonds were funded initially without requiring that vote. So, there are a couple exceptions. But, in general, when we see general obligation bonds that are financed strictly by property taxes, those require a vote of the people. Those, in general, are also the first point at which these debt limitations apply. We'll go over some others and talk about the relationships.

We have a straight levy. What happens in every jurisdiction when you have a levy is that you determine at the beginning of each fiscal year what the amount required for the repayment of the principal and interest that will be coming due in that year. You apply that against your assessed valuation and determine a rate, and that rate would normally have priority over any of the other operating rates. It does have priority over any of the other operating rates, except possibly the school district which has a guaranteed rate in the Statutes. If we ever get to that question, that will be an interesting fight, I suppose. If we ever get to the point where we're so tight on the rates that we can't pay for both debt and a school operating rate, then it'll be an interesting situation. But, that is essentially the first type of debt.

The second type of debt is a debt that is similar to this, except that it is payable from some specific revenue source first, and then from property taxes or whatever other revenues the community has if those revenues are not sufficient to pay for it. Let me give you an example. The common use of that is for sewer plants, sewer line extensions, sewer improvements, whatever. In that situation, the governing board would certify that revenues from the sewer operation, the service charges levied against those who use the sewer plant or whatever, are going to be sufficient to repay the debt on the bonds. If that is the case, and they so certify, then they can issue what are essentially general obligation bonds and they are treated by the market as general obligation bonds and they can be issued in that way as long you do not get a petition signed by, I believe 5% of the voters plus a certain percent of the actual property owners, so it's sort of a double-barrel deal. You have to have both of those sign this petition. And, if that is not signed, then those bonds can go into effect and they now become general obligation bonds that are repaid by that specific revenue source.

Now let's look at the implications of that. In the example I used, which is a sewer plant, you are almost giving the same, you are taxing the same people essentially. One is a service charge and the other is a tax, so you've almost got a guarantee that you can get enough money to pay for the bonds because the sewer service charges can become a lien against the property that you're dealing with. So, you are pretty well guaranteed that you're never going to have to hit the property tax for that.

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Now, however, let's suppose that instead of that, the direct finance charge was, say you had a municipal garage, which you are dependent on people coming into the garage, renting space in that garage, for the payment. Now, you have no guarantee in that particular case. You're involved in a market situation so your revenues might or might not be sufficient, and sometime way down in the future pay for that. So, the security of that, as you can see, would be somewhat different from the first example I gave where you were dealing with a sewer plant which has a guaranteed revenue. That is essentially the second form of bonds, and those do not go to a vote of the people, yet can become general obligation bonds. They have been used quite widely for some specific purposes. Like I said, the sewer issues is one of those purposes.

Now, the third issue is a straight revenue bond. That's where you pick a selected revenue, whatever it is. Going back to the garage again, we could say that those bonds are repayable from the revenues of the garage. They typically derive that you get the revenues in from the garage. Your first call of those revenues is for operating the garage itself. Otherwise, if you don't have enough money to operate, then obviously there's not going to be any revenues. So, you have the revenue from the rental, then you have the operating expenditures, then what is left is available to pay for debt service. Now, if there is not money sufficient to pay for debt service, those bonds go into default. And, generally, the provision not only does not require a local government to pay for those, but usually prohibits the local government from coming up with other revenues to pay for those type bonds. That's the third type bonds.

One that is very commonly used by local governments is short-term financing. Short-term financing is either for five or ten years, a maximum of 10 years, is approved by the governing board, then approved by the Department of Taxation essentially just to look at the government's ability to repay the debt. Those do not normally use property taxes, except if they are for public safety. There's a provision that there can be a levy of property taxes over and above the cap to pay for the repayment of those bonds. Now, there is nothing in the statute that prohibits the use of short-term financing to fund operating deficit. For instance, there is not a requirement that they fund capital. Except in the case of tenure repayment, there is a provision that the life of the bonds cannot exceed the life of the improvements being built with the proceeds. So, in that particular case, you really couldn't use it for operating purposes. The short-term financing can be paid for with almost any revenue source and have been commonly over the years used to finance the smaller type capital projects because, normally, for governments having to pay for those, the repayment of those is out of money that is otherwise available to them for operating purposes. In the normal case of a general obligation bond, the property tax you use to pay for those is over and above what you would otherwise have, so you are not eating into your operating revenues to pay for those bonds because you are either increasing the tax or making available to you tax that otherwise wouldn't be available to you because of bonds that have been previously repaid and the tax used for those bonds.

Another area is redevelopment. Redevelopment can issue bonds which are, even though paid by property tax, normally what you could call the increment, are revenue bonds because you can't go into the otherwise available revenues of the city. For instance, if the city has organized a redevelopment district, you can't go into the revenues, in fact there is a prohibition against going into them, unless there is a city-wide vote to approve a redevelopment project, and at that time, it can become general obligations, although I don't think anyone in the state has used that. Those can be paid by not only the increment, but by other revenues available to the redevelopment district.

Now those are in general the general types of obligations. Quite often the short-term financing in the past has taken the form of loans where a government would go to a bank and ask for various banks to give bids. Because of provisions of the 1986 Federal Tax Act, most short-term financing since that time has taken the form of short-term bonds because banks are prohibited from getting into some of the transactions regarding the taxability of the interest on those bonds. Those are

essentially the methods and they pretty much apply across this broad range of possibilities here, so you have the normal general obligation, what becomes the general obligation but is principally financed by revenue, and then you get the straight revenue bond. As you can well see, the straight revenue bond is going to bear an interest rate that is considerably higher than a general obligation because it's payable only from that one source. So, the effect is that, say the sewer bonds are going to bear an interest rate that is less than they would be if they were financed as a straight revenue obligation, so there is a little give and take here. If we were to say, "Well we really ought to cut off those general obligations coming in this way because it puts us more at risk of eventually having to dig into the property tax," the other side says, "Well, that's true, but if we shut that off, then we're going to be paying higher sewer rates because of the interest differential, and it's fairly sizeable depending on the history of the organization that's issuing the bonds."

One interesting thing, when you compare what you're trying to do here with the issue of debt, is that a good share of these special districts have debt. And, when you try to do anything to a district that has debt, it is very, very difficult because now you've got a certain group of people that have pledged to pay for that debt and when you try to make any other combination, for instance, you still go back to that big problem of how do you solve that? It is a big problem. It's a big legal problem that when we've gone through these various consolidations issues here in Clark County relating to the city and Clark County, that always comes back as a big problem. Where you have a city, for instance, that has debt that's already been voted on by a certain group of taxpayers, and now you try to expand those boundaries and new taxpayers take on old debt and they had debt in their original. . . You can see the combinations which become almost unbelievable.

Chairman Garner asked that each member of the committee be provided a copy of Mr. Leavitt's testimony.

NRS Citations and Purpose	Available To	Financing Mechanisms	Creation & Approval	Miscellaneous
387.328 <u>Capital Project Fund</u> Capital improvements or transfer to debt service	Schools	Portion of vehicle privilege tax		Accumulation can not to exceed 20 years
387.3285 <u>Capital Improvements</u> Renovation or replacement and new buildings to accommodate growth	Schools	<ul style="list-style-type: none"> ♦ Pay-As-You-Go ♦ Up to \$.75 per \$100 assessed value (under 25,000 pupils. ♦ Up to \$.50 per \$100 assessed value (over 25,000 pupils. 	<ul style="list-style-type: none"> ♦ Vote required to establish fund. ♦ Additional vote required for expenditure for new building. 	<ul style="list-style-type: none"> ♦ In 1993-94 Elko used \$.75, White Pine used \$.50, Lander used \$.25 and Humboldt used \$.20. ♦ No limit on duration of tax levy.
387.331 <u>Capital Projects Fund</u>	Schools with less than 35,000 students.	<ul style="list-style-type: none"> ♦ Impact Fees ♦ Residential construction tax up to \$1,000 per unit 	<ul style="list-style-type: none"> ♦ Requested by school trustees ♦ Approval of county commission and tax commission. 	<ul style="list-style-type: none"> ♦ 1993-94/ used in Douglas only. ♦ Douglas also adopted an additional \$2,400 "voluntary" fee.
318.1365 Provide facilities or transfer to debt service	Special school districts or joint school districts if population is less than 33,000.	<ul style="list-style-type: none"> ♦ Same as NRS 387.3285 ♦ Board may levy tax. 	District created by county commissioners.	Apparently no school uses this provision.
387.335 Construction, purchase remodeling building furniture and equipment	Schools	Property tax to redeem G.O. bonds	Vote required	♦ Total school debt limit to 15% of assessed valuation. This provision is commonly used.
354 <u>Capital Improvements</u>	Schools and local governments	<ul style="list-style-type: none"> ♦ Property Tax to redeem G.O. bonds (both long term and short term) ♦ Fees to redeem special obligation bonds. 	<ul style="list-style-type: none"> ♦ Vote required for long-term G.O. Bonds (30 years). ♦ Tax commission approval required for short-term G.O. Bonds (under 10 years). 	<ul style="list-style-type: none"> ♦ Debt Limitation - schools to 15%, counties to 10%, cities generally to 20% of assessed valuation. ♦ Requires approval of G.O. bond commission. This is most often used bonding method.
244A, 266, 268, 269 Buildings, drainage flood control, off street parking, over and under passes, parks, streets, water projects, transportation districts, street beautification, fair and recreation projects, economic development, generation and transmission of electricity, and 911 emergency number	Counties, cities and towns	<ul style="list-style-type: none"> ♦ Property Tax to redeem G.O bonds (both long term and short term) ♦ Fees to redeem special obligation bonds. 	Voter approval on G.O. bonds only.	<ul style="list-style-type: none"> ♦ Debt limitation - County - to 10%, Cities - generally 20% (charter cities vary from 10% to 40%) of assessed value. ♦ Various debt or tax levy limit based on purpose for indebtedness.
354.59815 <u>Capital Projects</u>	Counties	\$.05 Property Tax	<ul style="list-style-type: none"> ♦ County commissioners ♦ No vote required 	<ul style="list-style-type: none"> ♦ Apportioned to cities based on S.C.C.R.T. distribution for F.Y. 1990-91. ♦ Rate cannot be reduced unless approved by each city that receives a share of distribution.
Chapter 353-1993 Legislature <u>Capital Improvements</u>	Counties, divided with cities and towns	<ul style="list-style-type: none"> ♦ Pay-as-you-go ♦ Up to \$.15 per \$100 assessed valuation 	Voter approval required	<ul style="list-style-type: none"> ♦ Proceeds can accumulate for 10 years ♦ No limit on duration of tax

APPENDIX F

NRS Citations and Purpose	Available To	Financing Mechanisms	Creation & Approval	Miscellaneous
318.015 <u>General Improvement Districts</u> That promote health, safety, prosperity, security and general welfare. Used for acquisition, improvement, maintenance and operation. Allowed for electric light and power, insect and rodent control, public cemeteries, swimming pools, television facilities, streets and alleys, curb, gutter, sidewalks, storm drainage, sanitary sewers, street lighting, garbage collection, recreation facilities, water facilities, fencing, fire protection, energy for heating, and emergency medical services and public school facilities.	Counties	<ul style="list-style-type: none"> ♦ G.O. bonds, revenue bonds, and special assessment bonds ♦ Property taxes and/or assessment fees used for G.O. bonds, revenue bonds and special assessment bonds. 	<ul style="list-style-type: none"> ♦ Created by County Commissioners. ♦ Land owners may petition. ♦ General Obligation bonds must be approved by voters. ♦ Authority to issue bonds, set tax rates, set assessments may be with district trustee or county commission depending on purpose of district. 	<ul style="list-style-type: none"> ♦ Generally debt limit is set at 50% of assessed value of district. ♦ Debt limit and tax rate limit may vary depending upon purpose of debt.
271.265 <u>Local Improvement Districts</u> Curbs and gutters, drainage, offstreet parking, overpasses and underpasses, parks, sanitary sewer, security wall, sidewalks, storm sewers, streets, transportation, water, electric, and telephone projects.	Counties, cities and towns	<ul style="list-style-type: none"> ♦ Assessments and fees for special assessment bonds. Assessments to be based on frontage or other benefits. ♦ No G.O. bonds may be issued. 	<ul style="list-style-type: none"> ♦ Districts may be created by County Commissioners, public may petition. ♦ Districts formation may be stopped by a majority of the owners objecting in writing - unless the municipality is paying more than one-half the cost from sources other than assessments. 	<ul style="list-style-type: none"> ♦ Under NRS 271.710, if all property owners agree in writing, the provisions for notice, hearing, etc. are waived. ♦ Assessments for extraordinary maintenance only.
308.020 <u>Special Districts Control Law</u> For water, sanitation, water and sanitation, mosquito abatement, public cemetery, swimming pool, municipal power, television maintenance and general improvement districts	Counties	Each service plan contains means of financing.	Created by County Commissioner approval (No provision for voter approval)	<ul style="list-style-type: none"> ♦ The law was proposed to stop proliferation and fragmentation of local government. ♦ A service plan including indebtedness must be developed, notice given and a public hearing held. ♦ No information is readily available as to what special districts have been created.
309.10 <u>Nevada Improvement Districts</u> Can not be used after May 1, 1967				Some districts may still be operating under this act.

NRS Citations & Purpose	Available To	Financing Mechanisms	Creation & Approval	Miscellaneous
495.010 <u>Airports</u>	Counties and Cities	<ul style="list-style-type: none"> ♦ Property tax for G.O. bonds. ♦ Fee for revenue bonds. ♦ G.O./Revenue Bonds. 	G.O. bonds require voter approval.	Only Clark County has used this provision.
Special Acts <u>Airports</u>	Battle Mountain, Carson City, and Washoe County	<ul style="list-style-type: none"> ♦ Property tax for G.O. bonds ♦ Fee for G.O./Revenue Bonds ♦ Revenue Bonds 	G.O. bonds require voter approval.	Debt limitation 5% of assessed value.
244A.637 <u>Fair, Recreation and Convention Boards</u>	Counties	<ul style="list-style-type: none"> ♦ Property tax for G.O. bonds ♦ Sales tax, room tax, and fees for G.O./revenue bonds ♦ Revenue bonds 	<ul style="list-style-type: none"> ♦ Approved by governing board. ♦ G.O. bonds require voter approval. 	<ul style="list-style-type: none"> ♦ Generally redeemed by room tax. ♦ Up to 15% of sales tax revenue can be pledged to bond redemption. ♦ Clark debt limit to 5% of assessed value. ♦ Other counties 3%.
450.030 <u>Hospitals & Hospital Districts</u>	Counties	<ul style="list-style-type: none"> ♦ Property tax for G.O. bonds ♦ Fees for G.O./revenue bonds ♦ Revenue bonds 	G.O bonds require voter approval.	10% of assessed value.
444.510 <u>Municipal Solid Waste Management</u>	Counties, Cities, or towns	Fees	By ordinance No voter approval required	Fees not subject to limit on maximum revenue.
474 <u>Fire Districts and Fire Protection Districts</u>		<ul style="list-style-type: none"> ♦ Property tax for operation and G.O. bonds. ♦ G.O. bonds limited to \$50,000. 	Voter approval required for creation.	Budget limited to 1% of assessable property.
379 <u>Library Districts</u>	Counties	Property tax for maintenance and G.O. bonds.	G.O. bonds require voter approval.	<ul style="list-style-type: none"> ♦ Debt limitation to 10% of assessed value. ♦ Bonds issued for books and equipment must be redeemed within five years.
373.030 <u>Regional Transportation Commission</u> Mass transit, Construction and maintenance of streets	Counties over 100,000 in population	<ul style="list-style-type: none"> ♦ Motor vehicle fuel tax ♦ ¼ % Sales Tax ♦ 1 % Room Tax ♦ 1 % Vehicle Privilege Tax ♦ Revenue bonds ♦ No G.O. bonds may be issued. 	<ul style="list-style-type: none"> ♦ Voter approval required to impose 1 % vehicle privilege tax and ¼ % sales tax. ♦ No voter approval required for special obligation bonds. 	
543.240 <u>Flood Control</u>	Clark County only	<ul style="list-style-type: none"> ♦ ¼ % Sales Tax ♦ Property tax for maintenance and G.O. bonds ♦ Revenue bonds 	Voter approval for ¼ % sales tax and G.O. bonds.	<ul style="list-style-type: none"> ♦ Board of directors is the Regional Transportation Board. ♦ Exempt from 106 % property tax revenue cap.

NRS Citations & Purpose	Available To	Financing Mechanisms	Creation & Approval	Miscellaneous
280 <u>Metropolitan Police District</u>	Clark County	<ul style="list-style-type: none"> ◆ Property tax for operations. ◆ G.O. bonds. 	Voter approval	<ul style="list-style-type: none"> ◆ Bonds debt limit included in limit for counties and cities. ◆ Exempt from the 106% property tax revenue cap.
S.B. 307 <u>Park District</u> Capital Improvements Maintenance	Clark County	<ul style="list-style-type: none"> ◆ Property tax for G.O. bonds ◆ Property tax override for maintenance 	Voter approval	<ul style="list-style-type: none"> ◆ Can bond to 10% assessed value. ◆ Exempt from 106% property tax revenue cap. (May 1993 vote failed.)
Chapter 619 - 1991 Session <u>Open Space Plan</u> <ul style="list-style-type: none"> ◆ Obtain and improve open space land. ◆ Can redeem bonds issued by county or city. 	Washoe County	<ul style="list-style-type: none"> ◆ ¼ % Sales Tax ◆ \$.01 Property Tax ◆ Real estate Transfer Tax 	Voter approval required to create and establish tax rates.	
279 <u>Urban Renewal and Redevelopment</u>	Counties and Cities	<ul style="list-style-type: none"> ◆ Appropriation by local government. ◆ Property taxes either by a rate levied or as a result of increased assessed valuation. ◆ Property tax revenue received because of an increase in assessed value. ◆ Does not accrue to the state, school districts, counties or cities. ◆ Creating agency may sell G.O. bonds or revenue bonds. 	<ul style="list-style-type: none"> ◆ Created by ordinance adopted by local government after notice to property owners and hearings on proposal. ◆ No provision for election. ◆ Agencies created after July 1, 1987 expire in 30 years. ◆ Agencies created before July 1, 1987 expire when last bond matures. 	<ul style="list-style-type: none"> ◆ Bonds issued are not included in the debt limit of municipality unless G.O. bonds are issued. ◆ Provisions for "extraordinary maintenance." ◆ Urban renewal districts may merge with tax increment districts.
361B <u>Tax Increment Districts -</u> to acquire and improve property	Counties and Cities	<ul style="list-style-type: none"> ◆ Property taxes either by a rate levied or as a result of increased assessed property valuation. ◆ May sell G.O. or special obligation bonds. ◆ Property tax revenue received because of an increase in assessed value of the property in the district does not accrue to the state, school districts, counties or cities. 	<ul style="list-style-type: none"> ◆ By ordinance adopted by local government after notice to property owners and hearings on proposal. ◆ No provision for election. 	<ul style="list-style-type: none"> ◆ Only G.O. bonds included in debt limit. ◆ After July 1, 1987 tax increment areas expire 30 years after creation. ◆ In districts over 100,000 population total revenue received by redevelopment and tax increment are cannot exceed 10%. ◆ Under 100,000 population total revenue cannot exceed 15%.

NRS Citations & Purpose	Available To	Financing Mechanisms	Creation & Approval	Miscellaneous
Special Legislative Acts	Las Vegas Sewage District	May issue g. o., special assessment, or revenue bonds	Vote not required	<ul style="list-style-type: none"> ◆ Not backed by full-faith and credit of state or local government ◆ Debt limited to 20% of assessed value
	Las Vegas Water District	May issue bonds under local government securities law		
	Southern Nevada Water Project	May issue bonds under state securities law		

NRS Citations & Purpose	Available To	Financing Mechanisms	Creation & Approval	Miscellaneous
278B <u>General Impact Fees</u> Capital improvements defined as drainage, sanitary sewers, street and water projects necessitated by new development Cannot be used for operating or maintenance.	Counties and Cities	Assessments against property	Local government required to post notice of intent, hold public hearing and adopt capital improvement plan.	<ul style="list-style-type: none"> ◆ May be used to redeem bonds. ◆ Maximum fee is total cost of project divided by number of units.
278.4983 <u>Park Impact Fees</u> Acquisition and construction (cannot be used for operating or maintenance)	Counties and Cities	<ul style="list-style-type: none"> ◆ Developer to set aside land. ◆ May also require a residential construction tax of 1% of the building permit or \$1,000. 	Adopted by ordinance.	
278.710 <u>Transportation - Impact Fee</u> Used for construction and maintenance of sidewalks, streets or redemption of bonds.	Counties	To \$500 per single family dwelling unit or \$.50 per square foot on other new development.	<ul style="list-style-type: none"> ◆ Must be approved by voters in district. Ordinance is then adopted. 	Tax must be paid before certificate of occupancy can be issued.
244.386 <u>Wildlife - Impact Fee</u> (mitigation of Desert Tortoise - endangered species)	Clark County	Up to \$1,000 per acre on new development	Adopted by ordinance.	This infrastructure tax is not for people, but for desert tortoises. (condos)

**SUGGESTED LEGISLATION
APPENDIX G**

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SUMMARY--Requires school districts to cover excess of tax rate to repay school bonds. (BDR 32-947)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; requiring transfer of money by a school district to other local governments if the tax rate required to repay bonds of the school district would cause the total overlapping tax rates to exceed the statutory limit; and providing other matters properly relating thereto.

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

Section 1. Chapter 361 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Subsequent to the approval of the final budgets for the various local governments as defined in NRS 354.474 and their submission to the department, for examination and approval, the Nevada tax commission shall certify to the board of county commissioners of each of the several counties the combined tax rate necessary to produce the amount of revenue required by the approved budgets, and shall certify that combined rate, to each of the boards of county commissioners.

2. *If the voters of a school district approve the issuance of bonds to be repaid by a levy of taxes ad valorem throughout the district, and the department finds for any fiscal year that the required rate of tax for this purpose, when added to the rates of taxes ad valorem authorized to be levied in the district by other local governments and the state for that fiscal year would cause the combined rate within the territory of any other local government to exceed the rate allowed by NRS 361.453, the school district shall transfer to other local governments whose rates overlap in that territory a sufficient amount of money to reduce the combined rate to the rate so allowed.*

3. *The department shall calculate the transfers so as to minimize the total amount transferred, and each local government to which a transfer is made shall correspondingly reduce its rate and file a revised budget within the time allowed by subsection 6 of NRS 361.455. The amounts transferred must be paid in quarterly installments, within 30 days after each quarterly installment of property taxes is due.*

Sec. 2. NRS 361.455 is hereby amended to read as follows:

361.455 1. [Subsequent to the approval of the final budgets for the various local governments as defined in NRS 354.474 and their submission to the department, for examination and approval, the Nevada tax commission shall certify to the board of county commissioners of each of the several counties the combined tax rate necessary to produce the amount of revenue required by the approved budgets, and shall certify that combined rate, to each of the boards of county commissioners.

2. Immediately] *Unless individual tax rates are reduced pursuant to section 1 of this act, immediately* upon adoption of the final budgets, if the combined tax rate together with the established state tax rate exceeds the limit imposed by NRS 361.453, the chairman of the board of county commissioners in each county concerned shall call a meeting of the governing boards of each of the local governments within the county for the purpose of establishing a combined tax rate that conforms to the statutory limit. The chairman shall convene the meeting no later than June 13 of each year.

[3.] 2. The governing boards of the local governments shall meet in public session and the county clerk shall keep appropriate records, pursuant to regulations of the department, of all proceedings. The costs of taking and preparing the record of the proceedings, including the costs of transcribing and summarizing tape recordings, must be borne by the county and participating incorporated cities in proportion to the final tax rate as certified by the department. The chairman of the board of county commissioners or his designee shall preside at the meeting. The governing boards shall explore areas of mutual concern so as to agree upon a combined tax rate that does not exceed the statutory limit.

[4.] 3. The governing boards shall determine final decisions by a unanimous vote of all entities present and qualified to vote, as defined in this subsection. No ballot may be cast on behalf of any governing board unless a majority of the individual board is present. A majority vote of all members of each governing board is necessary to determine the ballot cast for that entity. All

ballots must be cast not later than the day following the day the meeting is convened. The district attorney is the legal adviser for such proceedings.

[5.] 4. The county clerk shall immediately thereafter advise the department of the results of the ballots cast and the tax rates set for local governments concerned. If the ballots for the entities present at the meeting in the county are not unanimous, the county clerk shall transmit all records of the proceedings to the department within 5 days after the meeting.

[6.] 5. If a unanimous vote is not obtained and the combined rate in any county together with the established state tax rate exceeds the statutory limit, the department shall examine the record of the discussions and the budgets of all local governments concerned. On June 25 or, if June 25 falls on a Saturday or Sunday, on the Monday next following, the Nevada tax commission shall meet to set the tax rates for the next succeeding year for all local governments so examined. In setting the tax rates for the next succeeding year the Nevada tax commission shall not reduce that portion of the proposed tax rate of the county school district for the operation and maintenance of public schools.

[7.] 6. Any local government affected by a rate adjustment, made in accordance with the provisions of this section, which necessitates a budget revision shall file a copy of its revised budget by July 30 next after the approval and certification of the rate by the Nevada tax commission.

[8.] 7. A copy of the certificate of the Nevada tax commission sent to the board of county commissioners must be forwarded to the county auditor.

Sec. 3. NRS 354.598 is hereby amended to read as follows:

354.598 1. At the time and place advertised for public hearing, or at any time and place to which the public hearing is from time to time adjourned, the governing body shall hold a public hearing on the tentative budget, at which time interested persons must be given an opportunity to be heard.

2. At the public hearing, the governing body shall indicate changes, if any, to be made in the tentative budget, and shall adopt a final budget by the favorable votes of a majority of all members of the governing body. Except as otherwise provided in this subsection, the final budget must be adopted on or before June 1 of each year. The final budgets of school districts must be adopted on or before June 8 of each year. Should the governing body fail to adopt a final budget that complies with the requirements of law and the regulations of the department of taxation on or before the required date, the budget adopted and approved by the department of taxation for the current year, adjusted as to content and rate in such a manner as the department of taxation may consider necessary, automatically becomes the budget for the ensuing fiscal year. When a budget has been so adopted by default, the governing body may not reconsider the budget without the express approval of the department of taxation. If the default budget creates a combined ad valorem tax rate in excess of the limit imposed by NRS 361.453, the Nevada tax commission shall adjust the budget as provided in NRS 361.455 [.] *or section 1 of this act.*

3. The final budget must be certified by a majority of all members of the governing body and a copy of it, together with an affidavit of proof of publication of the notice of the public hearing, must be transmitted to the

Nevada tax commission. If a tentative budget is adopted by default as provided in subsection 2, the clerk of the governing body shall certify the budget and transmit to the Nevada tax commission a copy of the budget, together with an affidavit of proof of the notice of the public hearing, if that notice was published. Certified copies of the final budget must be distributed as determined by the department of taxation.

4. Upon the adoption of the final budget or the amendment of the budget in accordance with NRS 354.606, the several amounts stated in it as proposed expenditures are appropriated for the purposes indicated in the budget.

5. No governing body may adopt any budget which appropriates for any fund any amount in excess of the budget resources of that fund.

Sec. 4. This act becomes effective upon passage and approval.

SUMMARY--Revises provisions governing issuance of municipal obligations.
(BDR 30-948)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to municipal obligations; clarifying the duties of general obligation bond commissioners; revising the provisions governing the issuance of municipal obligations secured by pledged revenue; and providing other matters properly relating thereto.

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

Section 1. NRS 350.0051 is hereby amended to read as follows:

350.0051. In determining whether to approve or disapprove a proposal to incur debt or to levy a special elective tax, the commission shall not [undertake to determine whether the purpose for which it is proposed to incur the debt or levy the special elective tax is a public purpose or meets] *initiate a determination as to whether the proposed debt or special elective tax is sought to accomplish a public purpose or to satisfy a public need.* The commission shall consider, but is not limited to, the following criteria:

1. If the proposal is to incur debt, the amount of debt outstanding on the part of the political subdivision proposing to incur the debt.

2. The effect of the tax levy required for service on the proposed debt, or of the proposed levy of a special elective tax, upon the ability of the political subdivision proposing to issue the bonds or levy the special elective tax and of other political subdivisions to raise revenue for operating purposes.

3. The anticipated need for other incurrences of debt or levies of special elective taxes by the political subdivision proposing to incur the debt or levy the special elective tax and other political subdivisions whose tax-levying powers overlap, as shown by the county or regional master plan, if any, and by other available information.

4. The *priority of the* public need to be served by the proceeds of the proposed debt or levy, as compared to other demands, both operational and capital, to be met from available and anticipated tax and other revenues.

Sec. 2. NRS 350.020 is hereby amended to read as follows:

350.020 1. Except as otherwise permitted by subsection 3, when any municipality proposes to issue or incur general obligations, the proposal must be submitted to the electors of the municipality at a special election called for that purpose or the next primary or general municipal election or primary or general state election.

2. A special election may be held only if the governing body of the municipality 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 municipality to prevent or mitigate a substantial financial loss to the municipality or to enable the governing body to provide an essential service to the residents of the municipality.

3. If payment of a general obligation of the municipality is additionally secured by a pledge of gross or net revenue of a project to be financed by its issue, and the governing body determines that the pledged revenue will at least equal the amount required in each year for the payment of interest and principal, without regard to any option reserved by the municipality for early redemption, the municipality may incur this general obligation without an election unless, within [30] 60 days after publication of a resolution of intent to issue the bonds, a petition is presented to the governing body signed by not less than 5 percent of the registered voters of the municipality who together with any corporate petitioners own not less than 2 percent in assessed value of the taxable property of the municipality. The determination by the governing body becomes conclusive on the last day for filing the petition. For the purpose of this subsection, the number of registered voters must be determined as of the close of registration for the last preceding general election and assessed values must be determined from the next preceding final assessment roll. An authorized corporate officer may sign such a petition whether or not he is a registered voter. The resolution of intent need not be published in full, but the publication must include the amount of the obligation and the purpose for which it is to be incurred. Publication must be made [once] in a newspaper

of general circulation in the municipality [.] *at least 60 days before a general obligation is issued pursuant to this section. Notice of the proposed issuance of a general obligation must be published at least twice during the first 3 weeks of the 60 days. Each time the notice is published it must be at least as large as 5 inches high by 4 inches wide.*

4. A municipality may issue special obligations without an election.

Sec. 3. The amendatory provisions of this act do not apply to:

1. A general obligation approved at an election held on or before July 1, 1995, regardless of the date upon which the obligation is issued; or

2. Any general obligation authorized to be issued by a special act adopted and approved on or before July 1, 1995.

Sec. 4. This act becomes effective on July 1, 1995.

BDR 30-949--Makes various changes relating to municipal obligations.

At the time of printing, this bill draft was not completed.

SUMMARY--Revises provisions governing use of taxes levied for capital projects of school districts. (BDR 34-950)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to county school districts; limiting the use of money raised for capital projects of school districts in certain circumstances; requiring the inclusion of information regarding the fund for capital projects in the annual budget report of school districts; and providing other matters properly relating thereto.

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

Section 1. NRS 387.3285 is hereby amended to read as follows:

387.3285 1. Upon the approval of a majority of the registered voters of a county voting upon the question, the board of county commissioners in each county with a school district whose enrollment is fewer than 25,000 pupils may levy a tax which, when combined with any tax imposed pursuant to NRS 387.3287, is not more than 75 cents on each \$100 of assessed valuation of taxable property within the county.

2. Upon the approval of a majority of the registered voters of a county voting upon the question, the board of county commissioners in each county

with a school district whose enrollment is 25,000 pupils or more may levy a tax which, when combined with any tax imposed pursuant to NRS 387.3287, is not more than 50 cents on each \$100 of assessed valuation of taxable property within the county.

3. Any money collected pursuant to this section must be deposited in the county treasury to the credit of the fund for capital projects [to be held and, except as otherwise provided in NRS 387.3287, to be expended in the same manner as other money deposited in that fund.] *and must be maintained in a separate budgetary account within the fund. All interest and income earned on the money in the account must be credited to the account. Money in the account must only be expended for the actual cost of such projects.*

4. *Money raised pursuant to this section must not be expended to pay interest on debt or other costs of financing a project unless a majority of the registered voters of a county voting upon the question specifically authorized such an expenditure when the tax was approved.*

5. *The annual budgetary report of each school district submitted pursuant to NRS 387.303 must specifically identify the fund for capital projects and any separate budgetary accounts within the fund. The report must indicate in detail the projects that have been paid for with money from this fund or these accounts. Any plan to accumulate money in the fund or the accounts must also be specifically identified.*

Sec. 2. NRS 387.3287 is hereby amended to read as follows:

387.3287 1. Except as otherwise provided in subsections 4 and 5, upon the approval of a majority of the registered voters of a county voting upon the

question, the board of county commissioners in each county may levy a separate tax pursuant to the provisions and subject to the limitations of subsections 1 and 2 of NRS 387.3285.

2. Money raised pursuant to this section must be deposited in the county treasury to the credit of the fund for capital projects and must be maintained in a separate budgetary account for the replacement of capital assets. All interest and income earned on the money in the account must be credited to the account. Except as otherwise provided in subsection 3, money in the account must only be expended for the *actual cost of* renovation or replacement of depreciating capital assets of the county school district.

3. Money raised pursuant to this section may be expended for the *actual cost of the* construction of new buildings for schools to accommodate community growth if the expenditure is approved by a majority of the registered voters of the county voting upon the question. An expenditure proposed pursuant to the provisions of this subsection must be submitted as a separate question to the voters on the ballot at a primary, general or special election.

4. The replacement value of the capital assets of a county school district must be determined by the board of trustees of the county school district before any property tax is levied pursuant to subsection 1. The replacement value may be redetermined before July 1 of each year to become effective for the purposes of this section on the first day of the next fiscal year.

5. The property tax authorized in subsection 1 may not be imposed or collected if the account for the replacement of capital assets contains revenue

in an amount equal to or more than 30 percent of the replacement value of the capital assets of the county school district.

6. Money raised pursuant to this section must not be expended to pay interest on debt or other costs of financing a project unless a majority of the registered voters of a county voting upon the question specifically authorized such an expenditure when the tax was approved.

7. The annual budgetary report of each school district submitted pursuant to NRS 387.303 must specifically identify the fund for capital projects and any separate budgetary accounts within the fund. The report must indicate in detail the projects that have been paid for with money from this fund or these accounts. Any plan to accumulate money in the fund or the accounts must also be specifically identified.

Sec. 3. The amendatory provisions of sections 1 and 2 of this act, which limit the use of money raised for capital projects of school districts in certain circumstances, do not apply to limit the use of proceeds that were committed for the payment of interest on debt and other costs of financing projects before the effective date of this act.

Sec. 4. This act becomes effective upon passage and approval.

SUMMARY--Makes various changes regarding creation of certain taxing districts. (BDR 25-951)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to governmental districts; limiting the creation of certain taxing districts to those which are approved by a majority of voters or proposed by petition of a majority of the property owners; requiring a comprehensive report on the collection of taxes and the issuance of obligations to be periodically prepared for projects within a special district; requiring an economic report to be prepared and considered before the creation of certain taxing districts; and providing other matters properly relating thereto.

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

Section 1. Chapter 308 of NRS is hereby amended by adding thereto a new section to read as follows:

A board of county commissioners which imposes a tax in support of a special district, shall, on or before January 1, 2001, and every 10 years thereafter:

1. Prepare a comprehensive report which includes:

(a) A statement of the proposed uses, during the succeeding 10 years, of the revenues to be collected from each tax imposed; and

(b) A projection of the principal amount of any general or special obligation bonds or other securities proposed to be issued during the succeeding 10 years to support projects within the special district;

2. Hold a public hearing to consider and solicit comments on the report prepared pursuant to subsection 1; and

3. Submit a copy of the report to the director of the legislative counsel bureau for transmittal to the members of the next regular session of the legislature.

Sec. 2. NRS 308.030 is hereby amended to read as follows:

308.030 1. Any prospective petitioner for the establishment of a special district shall file a service plan with the board of county commissioners of each county which has territory included within the boundaries of the proposed district. The service plan [shall:] *must*:

(a) Consist of a financial survey and a preliminary engineering or architectural survey showing how the proposed services are to be provided and financed.

(b) Include a map of the proposed district boundaries, an estimate of the population and assessed valuation of the proposed district.

(c) Describe the facilities to be constructed, the standards of such construction, the services to be provided by the district, an estimate of costs, including the cost of acquiring land, engineering services, legal services, proposed indebtedness, including proposed maximum interest rates and any

discounts, any other proposed bonds and any other securities to be issued, their type or character, annual operation and maintenance expenses, and other major expenses related to the formation and operation of the district.

(d) Outline the details of any arrangement or proposed agreement with any city or town for the performance of any services between the proposed special district and [such] *the* city or town. The form of any such contract to be used, if available, [shall] *must* be attached to the service plan.

(e) Include an economic report that:

(1) Outlines the plans for staffing and facilities;

(2) Sets forth the anticipated fiscal effects on other governmental bodies;

and

(3) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.

If a board of county commissioners initiates the formation of a special district, it shall prepare [such a] *the* service plan as an appendix to its initiating resolution.

2. Except where the formation of a district is initiated by a board of county commissioners, each service plan filed [shall] *must* be accompanied by a processing fee set by the board of county commissioners not to exceed \$200 which [shall] *must* be deposited in the county general fund. [Such] *The amount of the* processing fee [shall] *must* be sufficient to cover the costs related to the hearing prescribed by NRS 308.070, including the costs of notice, publication and recording of testimony.

Sec. 3. NRS 318.055 is hereby amended to read as follows:

318.055 1. The formation of a district may be initiated by:

- (a) A resolution adopted by the board of county commissioners; or
- (b) A petition proposed by [any owner] *a majority of owners* of property to be located in the district.

2. After adoption of the resolution or receipt of the petition the organization of the district must be initiated by the adoption of an ordinance by the board of county commissioners, which is in this chapter sometimes designated the "initiating ordinance." No initiating ordinance may be adopted by the board of county commissioners if the proposed district includes any real property within 7 miles from the boundary of an incorporated city or unincorporated town unless:

- (a) All members of the board of county commissioners unanimously vote for the organization of a district with boundaries which contravene this 7-mile limitation;

- (b) A petition for annexation to or inclusion within the incorporated city or unincorporated town of that property has first been filed with the governing body of the incorporated city or unincorporated town pursuant to law and the governing body thereof has refused to annex or include that property and has entered the fact of that refusal in its minutes;

- (c) No part of the area within the district is eligible for inclusion in a petition for such an annexation; or

- (d) The governing body of the incorporated city or the town board of the unincorporated town, by resolution, consents to the formation of the district.

3. Except as is otherwise provided in this chapter, a district may be entirely within or entirely without, or partly within and partly without, one or more municipalities or counties, and the district may consist of noncontiguous tracts or parcels of property.

4. The initiating ordinance must set forth:

(a) The name of the proposed district, consisting of a chosen name preceding the word "District," or, if the district is authorized to exercise more than one basic power, the words "General Improvement District." If a district's name as provided in the organizational proceedings does not include the words "General Improvement," and if subsequently any additional basic power is granted to the district pursuant to NRS 318.077, the board of county commissioners may redesignate the district with a chosen name preceding the words "General Improvement District."

(b) A statement of the basic [power or basic] powers for which the district is proposed to be created . [(for instance, by way of illustration, "for paving, curb and gutters, sidewalks, storm drainage and sanitary sewer improvements within the district").] The basic [power or basic] powers stated in the initiating ordinance must be [one or more of those] authorized in NRS 318.116, as supplemented by the sections of this chapter designated therein.

(c) A statement that the ordinance creating the district will be based on the board's finding:

(1) That public convenience and necessity require the creation of the district;

(2) That the creation of the district is economically sound and feasible;

(3) That the service plan for the district conforms to subsection 1 of NRS 308.030; and

(4) That the service plan for the district does not contravene any of the criteria enumerated in subsection 1 of NRS 308.060.

(d) A general description of the boundaries of the district or the territory to be included therein, with such certainty as to enable an owner of property to determine whether his property is within the district.

(e) The place and time for the hearing on the creation of the district.

Sec. 4. NRS 318.065 is hereby amended to read as follows:

318.065 [1.] Any person who owns property which is located within the district may, on or before the date fixed, protest against the establishment of [such] *the* district, in writing . [, which protest shall] *The protest must* be filed with the county clerk of [such county].

2. If, at or before the time fixed in the initiating ordinance and notice, written protest is filed, signed by a majority of the owners of property within such proposed district, the district shall not be established.

3. If any written protests are filed and the board of county commissioners determines that the protests so filed represent less than a majority of the owners of property within the district, the board of county commissioners, in its discretion but subject to the limitation provided by NRS 318.070, may proceed with the creation of the district. If the board of county commissioners does so proceed, the ordinance of the board of county commissioners creating the district, for which provision is made in this chapter, shall contain a recital

of the number of protests filed and such recital is binding and conclusive for all purposes.] *that county.*

Sec. 5. NRS 318.070 is hereby amended to read as follows:

318.070 1. At the place, date and hour specified for the hearing in the notice or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to all protests which may have been filed and shall hear all persons desiring to be heard and shall thereafter adopt an ordinance either creating the district or determining that it [shall] *must* not be created.

2. If the board of county commissioners determines at the hearing that the proponents of [such] *the* proposed district have failed to show that creation of the district is required by public convenience and necessity or have failed to show that the creation of [such] *the* district is economically sound and feasible, or both, it shall adopt an ordinance determining that [it shall] *the district must* not be created.

3. Any ordinance creating a district may contain such changes as may be considered by the board of county commissioners to be equitable and necessary.

4. *Any ordinance creating a district the formation of which was initiated pursuant to paragraph (a) of subsection 1 of NRS 318.055 does not become effective until the ordinance is approved by a majority of registered voters of the proposed district voting upon the question which the board has submitted to the voters at any general or primary election.*

Sec. 6. NRS 318.075 is hereby amended to read as follows:

318.075 1. Except as otherwise provided in subsection 2, the adoption *and, if applicable, approval by the voters* of the ordinance creating the district [shall finally] *is final* and conclusively [establish] *establishes* the regular organization of the district against all persons, which district [shall] *must* thenceforth be a governmental subdivision of the State of Nevada, a body corporate and politic and a quasi-municipal corporation.

2. Within 30 days immediately following the effective date of [such] *the* ordinance any person who has filed a written protest, as provided in NRS 318.065, [shall have the right to] *may* commence an action in any court of competent jurisdiction to set aside [such] *the* determination. Thereafter , all actions or suits attacking the regularity, validity and correctness of that ordinance and all proceedings, determinations and instruments taken, adopted or made [prior to such] *before the* ordinance's final passage, [shall be] *are* perpetually barred.

3. Within 30 days after the effective date of the ordinance creating the district, the county clerk shall file a copy of the ordinance in his office and shall cause to be filed an additional copy of the ordinance in the office of the secretary of state . [, which filings shall] *The filings must* be without fee and be otherwise in the same manner as articles of incorporation are required to be filed under chapter 78 of NRS.

Sec. 7. NRS 244A.767 is hereby amended to read as follows:

244A.767 1. The board in any county whose population is 400,000 or more, shall, by ordinance, create a taxing district to establish a system to

provide a telephone number to be used in an emergency if the question for the funding of the system has been approved by the voters of that county.

2. The boundary of the district:

(a) Must be defined in the ordinance;

(b) May not include any part of an incorporated city unless the governing body of the city petitions the board for inclusion in the district; and

(c) May include only the area served by the system.

3. The board may delegate the operation of the system to a metropolitan police department, if one has been established in the county.

4. *Before creating the district, the board shall prepare and consider an economic report that:*

(a) Outlines the plans for staffing and facilities;

(b) Sets forth the anticipated fiscal effects on other governmental bodies; and

(c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.

Sec. 8. NRS 244A.768 is hereby amended to read as follows:

244A.768 1. The board in any county whose population is less than 400,000 may submit to the voters of that county the question of whether a taxing district to establish a system to provide a telephone number to be used in an emergency should be created within the county. If the question is approved, the board, by ordinance, [must] *shall* create such a district.

2. The boundary of a district created pursuant to subsection 1:

(a) Must be defined in the ordinance;

(b) May not include any part of an incorporated city unless the governing body of the city petitions the board for inclusion in the district; and

(c) May include only the area served by the system.

3. The board may delegate the operation of the system to a metropolitan police department, if one has been established in the county.

4. Before creating the district, the board of county commissioners shall prepare and consider an economic report that:

(a) Outlines the plans for staffing and facilities;

(b) Sets forth the anticipated fiscal effects on other governmental bodies; and

(c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.

Sec. 9. NRS 244A.785 is hereby amended to read as follows:

244A.785 1. The board of county commissioners of a county whose population is 400,000 or more may by ordinance create one or more districts within the unincorporated area of the county for the support of public parks [. Such a] *if the question for the funding of the support of public parks has been approved by the voters in that county. The district may include territory within the boundary of an incorporated city if so provided by interlocal agreement between the county and the city.*

2. The ordinance creating a district must specify its boundaries. The area included within the district may be contiguous or noncontiguous. The board of county commissioners may alter the boundaries by ordinance. The boundaries set by the ordinance are not affected by later annexations to or incorporation of a city.

3. *Before creating the district, the board of county commissioners shall prepare and consider an economic report that:*

- (a) Outlines the plans for staffing and facilities;*
- (b) Sets forth the anticipated fiscal effects on other governmental bodies; and*
- (c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.*

Sec. 10. NRS 271.308 is hereby amended to read as follows:

271.308 1. When expressly authorized by a provision of this chapter and the conditions of paragraph (a) or (b), or both, of subsection 2 of NRS 271.306 are satisfied, an ordinance required by this chapter may be adopted or amended as if an emergency existed.

2. The governing body's declaration, if any, in any ordinance that it is such an ordinance is conclusive in the absence of fraud or gross abuse of discretion.

3. Such an ordinance [may become effective at any time when an emergency ordinance of the municipality may go into effect.

4. Such an ordinance may be adopted] *does not become effective until the ordinance has been approved by a majority of the registered voters of the proposed district voting upon the question at a special, primary or general election.*

4. *A special election may be held only if the governing body determines by an affirmative vote of not less than two-thirds of all the voting members of the governing body, excluding from any such computation any vacancy on the governing body and any member thereon who may vote only to break a tie vote [.] that an emergency exists.*

Sec. 11. NRS 271.310 is hereby amended to read as follows:

271.310 1. *Before the date of the hearing on the project, the governing body shall prepare and consider an economic report that:*

- (a) Outlines the plans for staffing and facilities;*
- (b) Sets forth the anticipated fiscal effects on other governmental bodies; and*
- (c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.*

2. On the date and at the place fixed for the hearing any and all property owners interested in the project may present their views in respect to the proposed projects to the governing body. The governing body may adjourn the hearing from time to time.

[2.] 3. After the hearing has been concluded, after all written complaints, protests and objections have been read and considered, and after all persons desiring to be heard in person have been heard, the governing body shall consider the arguments, if any, and any other relevant material put forth, and shall by resolution or ordinance, as the board determines, pass upon the merits of each such complaint, protest or objection.

[3.] 4. If the governing body determines that it is not for the public interest that the proposed project, or a part of the project, be made, the governing body shall make an order by resolution to that effect, and thereupon the proceedings for the project, or the part of the project determined against by the order, must stop and must not be begun again until the adoption of a new resolution.

[4.] 5. Any complaint, protest or objection to:

- (a) The propriety of acquiring or improving or acquiring and improving the project;
 - (b) The estimated cost of the project;
 - (c) The determination concerning the portion of the cost of the project to be paid by assessments;
 - (d) The method used to estimate the special benefits to be derived from the project generally or by any tract in the assessment area;
 - (e) The basis established for apportionment of the assessments; or
 - (f) The regularity, validity and correctness of any other proceedings or instruments taken, adopted or made before the date of the hearing,
- shall be deemed waived unless presented in writing at the time and in the manner provided by NRS 271.305.

Sec. 12. NRS 271.325 is hereby amended to read as follows:

271.325 1. When an accurate estimate of cost, full and detailed plans and specifications and map are prepared, are presented and are satisfactory to the governing body, it shall, by resolution, make a determination that:

- (a) Public convenience and necessity require the creation of the district; and
- (b) The creation of the district is economically sound and feasible.

This determination is conclusive in the absence of fraud or gross abuse of discretion.

2. After the adoption of the resolution required by subsection 1, the governing body may, by ordinance, create the district and order the proposed project to be acquired or improved. This ordinance may be adopted and amended as if an emergency existed.

3. The ordinance must prescribe:

(a) The extent of the improvement district to be assessed, by boundaries or other brief description, and similarly of each assessment unit therein, if any.

(b) The kind and location of each project proposed, without mentioning minor details.

(c) The amount or proportion of the total cost to be defrayed by assessments, the method of levying assessments, the number of installments and the times in which the costs assessed will be payable.

(d) The character and extent of any construction units.

(e) The date of the election at which the question of whether to approve the ordinance will be submitted to the affected voters.

4. The engineer may further revise the cost, plans and specifications and map from time to time for all or any part of any project, and the ordinance may be appropriately amended before letting any construction contract therefor and before any work being done other than by independent contract let by the municipality.

5. The ordinance, as amended if amended, must order the work to be done as hereinafter provided.

6. Upon adoption or amendment of the ordinance, the governing body shall cause to be filed in the office of the county recorder a certified copy of a list of the tracts to be assessed and the amount of maximum benefits estimated to be assessed against each tract in the assessment area, as shown on the assessment plat as revised and approved by the governing body pursuant to NRS 271.320. Neither the failure to record the list as provided in this subsection nor any

defect or omission in the list regarding any parcel or parcels to be included within the district affects the validity of any assessment, the lien for the payment thereof or the priority of that lien.

7. An ordinance enacted pursuant to this chapter does not become effective until the ordinance is approved by a majority of the registered voters of the proposed district voting upon the question at any primary or general election.

Sec. 13. NRS 379.021 is hereby amended to read as follows:

379.021 1. Whenever in any county a petition or petitions praying for the formation of a county library district and the establishment of a public library therein setting forth the boundaries of the proposed library district, certified by the district judge of any judicial district as being signed by 10 percent of the taxpayers or by taxpayers representing 10 percent of the taxable property in the proposed county library district, as shown by the last preceding assessment roll of the county, is presented to the board of county commissioners of the county in which the territory of the proposed county library district is situated, accompanied by an affidavit or affidavits of one or more of the signers thereof that the signatures thereto are genuine, the board of county commissioners shall, at its next regular meeting after the petition or petitions are so presented:

(a) Pass a resolution to the effect that *the establishment of* a county library district with properly defined boundaries is to be [established] *considered* and cause to be published a notice thereof in a newspaper of general circulation within the district once a week for a period of 2 weeks; [and]

(b) Allow 30 days after the first publication of the notice during which all taxpayers of the district in which the district library is to be situated have the right to file protests with the county clerk [.

2. If the aggregate of protests is less than 10 percent of the taxpayers voting in the last general election, the board of county commissioners shall order the creation of the county library district and the establishment of a public library therein and levy taxes in support and continued maintenance of the library in accordance with subsection 5.

3. If the aggregate of protests is more than 10 percent of the taxpayers voting in the last general election, the board of county commissioners shall proceed no further with reference to the establishment of a county library district without submitting the question to the voters at a primary or general election.

4. If the majority of votes cast at the election is against the establishment of the county library district, the question is lost and the board of county commissioners shall proceed no further. If the majority of votes is in favor of the county library district, the board of county commissioners shall, within 10 days after the election, order the creation of the county library district and establishment of a public library therein.

5.] ;

(c) Fix a time and place for a hearing on the matter; and

(d) Order the preparation of an economic report that:

(1) Outlines the plans for staffing and facilities;

*(2) Sets forth the anticipated fiscal effects on other governmental bodies;
and*

(3) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.

2. At the place, date and hour specified for the hearing, the board of county commissioners shall give full consideration to the economic report and all protests which may have been filed and shall hear all persons desiring to be heard. Thereafter, the board shall either order the creation of a county library district and the establishment of a public library therein and levy taxes in support and continued maintenance of the library in accordance with subsection 5 or determine that it shall not be created.

3. Any order creating a district may contain such changes as may be considered by the board of county commissioners to be equitable and necessary.

4. Any order adopted by the board of county commissioners creating a district does not become effective until the order is approved by a majority of registered voters of the proposed district voting upon the question which the board has submitted to the voters at any general or primary election.

5. Upon the creation of a county library district and establishment of a public library therein, the board of county commissioners shall, at the next time for levying taxes and in each year thereafter, at the time and in the manner other taxes are levied, levy a tax upon all taxable property in the county library district to create and maintain a fund known as the library fund.

Sec. 14. NRS 450.560 is hereby amended to read as follows:

450.560 The board of county commissioners of any county may of its own motion establish a hospital district or districts in [such] *the* county in the manner prescribed in NRS 450.550 to 450.700, inclusive [.] , *and shall submit the question at the next general or primary election for approval by a majority of registered voters of the proposed district.* Such power is in addition to any powers granted pursuant to NRS 450.010 to 450.510, inclusive.

Sec. 15. NRS 450.580 is hereby amended to read as follows:

450.580 1. *Before the time fixed for the hearing, the board of county commissioners shall prepare an economic report that:*

- (a) Outlines the plans for staffing and facilities;*
- (b) Sets forth the anticipated fiscal effects on other governmental bodies; and*
- (c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.*

2. At the time fixed for the hearing of the matter, or at any time prior thereto, any person interested may file with the clerk of the board written objections to the formation of the district.

[2.] 3. At the time fixed for the hearing, or to which the hearing may be adjourned, the board of county commissioners shall *consider the economic report and* hear the objections filed, if any, and pass upon the same.

[3.] 4. The board may, in its discretion, sustain any or all of the objections filed and may change or alter the boundaries of such proposed district to conform to the needs of the district and to exclude therefrom any land that will not be benefited by the formation of such a district.

Sec. 16. NRS 450.590 is hereby amended to read as follows:

450.590 1. When [25 percent or] more *than 50 percent* of the holders of title or evidence of title to lands lying within the proposed district, whose names appear as such upon the last county assessment roll, present a petition to the board of county commissioners of the county in which the land lies, setting forth the exterior boundaries of the proposed district and asking that the district so described be formed into a county hospital district under the provisions of NRS 450.550 to 450.700, inclusive, the board of county commissioners shall pass a resolution declaring the board's intention to form or organize [such] *the* territory into a county hospital district, naming the district and describing its exterior boundaries.

2. The resolution [shall:] *must*:

(a) Fix a time and place for the hearing of the matter not less than 30 days after its adoption.

(b) Direct the clerk of the board of county commissioners to [publish] *cause to be published* the notice of intention of the board of county commissioners to form [such] *the* county hospital district, and of the time and place fixed for the hearing . [, and shall designate that publication shall] *That publication must* be in some newspaper of general circulation published in the county and circulated in the proposed county hospital district, or if there is no newspaper so published and circulated then in some newspaper of general circulation circulated in the proposed district.

(c) *Direct the preparation of an economic report that:*

(1) *Outlines the plans for staffing and facilities;*

(2) *Sets forth the anticipated fiscal effects on other governmental bodies;*
and

(3) *Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.*

Sec. 17. NRS 450.600 is hereby amended to read as follows:

450.600 Upon the hearing of the petition, the board of county commissioners shall *consider the economic report and* determine whether or not the petition complies with the requirements and purposes of NRS 450.550 to 450.700, inclusive, and [must] *shall* hear all competent and relevant testimony offered in support or in objection thereto.

Sec. 18. NRS 474.020 is hereby amended to read as follows:

474.020 1. When [25 percent or] more *than 50 percent* of the holders of title or evidence of title to lands lying in one body, whose names appear as such upon the last county assessment roll, shall present a petition to the board of county commissioners of the county in which the land or the greater portion thereof lies, setting forth the exterior boundaries of the proposed district and asking that the district so described be formed into a county fire protection district under the provisions of NRS 474.010 to 474.450, inclusive, the board of county commissioners shall pass a resolution declaring the board's intention to form or organize [such] *the* territory into a county fire protection district, naming the district and describing its exterior boundaries.

2. The resolution [shall:] *must*:

(a) Fix a time and place for the hearing of the matter not less than 30 days after its adoption.

(b) Direct the clerk of the board of county commissioners to [publish] *cause to be published* the notice of intention of the board of county commissioners to form [such] *the* county fire protection district, and of the time and place fixed for the hearing . [, and shall designate that publication shall] *That publication must* be in some newspaper of general circulation published in the county and circulated in the proposed county fire protection district, or if there is no newspaper so published and circulated then in some newspaper of general circulation circulated in the proposed district.

(c) *Order the preparation of an economic report that:*

(1) *Outlines the plans for staffing and facilities;*

(2) *Sets forth the anticipated fiscal effects on other governmental bodies;*

and

(3) *Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.*

Sec. 19. NRS 474.040 is hereby amended to read as follows:

474.040 1: At the time fixed for the hearing of the matter, or at any time prior thereto, any person interested may file with the clerk of the board written objections to the formation of the district.

2. At the time fixed for the hearing, or to which the hearing may be adjourned, the board of county commissioners shall *consider the economic report and* hear the objections filed, if any, and pass upon the same.

3. The board may, in its discretion, sustain any or all of the objections filed and may change or alter the boundaries of [such] *the* proposed district to conform to the needs of the district and to exclude therefrom any land that

will not be benefited by the formation of [such a] *the* district. Except as provided in NRS 474.010 to 474.450, inclusive, the board shall not include therein any territory not included in the boundaries mentioned in the petition.

Sec. 20. NRS 541.050 is hereby amended to read as follows:

541.050 1. Before any water conservancy district is established under this chapter, a petition must be filed in the office of the clerk of the court vested with jurisdiction, in the county in which all or the greatest part of the lands embraced within the proposed water conservancy district are situated. The petition must be approved by the board of county commissioners of each county in which the district is situated. The petition must be filed by the board of county commissioners for the county in which the petition is filed, who must be designated as petitioners, and must set forth:

(a) The proposed name of the district.

(b) That the property within the proposed district will be benefited by the accomplishment of the purposes enumerated in NRS 541.030.

(c) A general description of the purpose of the contemplated improvement and of the territory to be included in the proposed district. The description need not be given by metes and bounds or by legal subdivisions, but must be sufficient to enable a property owner to ascertain whether his property is within the territory proposed to be organized as a district. The territory need not be contiguous, provided it is so situated that the organization of a single district of the territory described is calculated to promote one or more of the purposes enumerated in NRS 541.030.

(d) A general designation of the divisions of the district, any one or more of which may, if so provided in the petition, be constituted of an existing irrigation or other district organized under the laws of the State of Nevada or of an incorporated city or combination of incorporated cities, within the water conservancy district.

(e) The name of the principal subcontracting agency or agencies with which it is proposed the water conservancy district will enter into a contract or contracts.

(f) The number of directors of the proposed district which may, in addition to one director for each division thereof, include as director a representative of the proposed principal subcontracting agency named in the petition, or, if more than one such agency is named in the petition, then one representative of each principal subcontracting agency named therein. If the district includes land within more than one county, each county must have at least one representative on the board of directors.

(g) A prayer for the organization of the district by the name proposed.

2. *The board of county commissioners shall prepare and consider an economic report that:*

(a) Outlines the plans for staffing and facilities;

(b) Sets forth the anticipated fiscal effects on other governmental bodies; and

(c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.

3. No petition that has been approved by the required boards of county commissioners may be declared void on account of alleged defects, but the

court may at any time permit the petition to be amended to conform to the facts by correcting any errors in the description of the territory, or in any other particular.

Sec. 21. NRS 541.080 is hereby amended to read as follows:

541.080 1. [At any time after the filing of a petition for the organization of a water conservancy district and not less than 10 days before the time fixed by the order of court for the hearing upon the petition, and not thereafter, a petition may be filed in the office of the clerk of the court wherein the proceeding for the creation of the district is pending, signed by not fewer than 25 percent of the owners of the lands in the proposed district, but not embraced within the limits of any city or town, the aggregate assessed value of which, together with improvements thereon, is not less than 25 percent of the total assessed value of land, together with the improvements thereon, within the proposed district situated outside such limits, and also signed by not fewer than 25 percent of the owners of lands embraced within the limits of each city and town in the proposed district, protesting the creation of the district. The signers of the protesting petition shall state therein the land owned by each, and shall also state the value thereof as shown by the last preceding assessment. The term "owners of land," as used in this subsection with reference to persons outside the limits of a city or town within the district, means those persons who own 5 acres or more of real estate, and the term "owners of land," as used in this subsection with reference to persons within a city or town, means those persons who own real estate, including any improvements thereon, having an assessed valuation of \$300 or more.

2. If a petitioner signs the petition both as owner of land situated within a municipality, and owner of land situated without a municipality, his name may be counted only as an owner of land situated without a municipality.

3. Upon the filing of such protesting petition, the clerk of the court forthwith shall make as many certified copies thereof, including the signatures thereto, as there are counties in which any part of the proposed district extends, and forthwith shall place in the hands of the county treasurer of each such county one of the certified copies. Thereupon, each of the county treasurers shall determine from the tax rolls of his county in his hands and shall certify to the district court under his official seal, before the day fixed for the hearing as aforesaid, the total valuation of the several tracts of land listed in the protest, situated in the proposed district within his county. Upon the day set for the hearing upon the original petition, if it appears to the court from such certificate or certificates, and from such other evidence as may be adduced by any party in interest, that the protesting petition is not signed by the requisite number of owners of lands and of the requisite value as set forth in this section, the court shall thereupon dismiss the protesting petition and shall proceed with the original hearing as provided in this section.

4. If the court finds from the evidence that the protesting petition is signed by the requisite number of owners of lands and of the requisite values, the court shall forthwith dismiss the original petition praying for the creation of the district. The finding and order of the court upon the question of such total valuation, the genuineness of the signatures, and all matters of law and fact incident to such determination is conclusive on all parties in interest, whether

appearing or not, unless within 30 days after entry of the order or dismissal an appeal is taken to the supreme court as provided in subsection 10.

5.] Any owner of real property in the proposed *water conservancy* district desiring to object to the organization and incorporation of the district, may, on or before the date set for the cause to be heard, file objection to the organization and incorporation of the district. [Such] *The* objection must be limited to a denial of the statements in the petition and must be heard by the court as an advanced case without unnecessary delay. On the final hearing of the petition the court shall define and establish the boundaries of the district.

[6.] 2. Upon the hearing, if it appears that a petition for the organization of a water conservancy district has been presented, in conformity with this chapter, and that the allegations of the petition are true , [and that no protesting petition has been filed or if filed has been dismissed as provided in this section,] the court shall, by order duly entered of record, adjudicate all questions of jurisdiction [,] *and cause the submission of the petition at the next general or primary election for approval by a majority of the registered voters of the proposed district. Upon approval, the court shall, by order,* declare the district organized and give it a corporate name by which in all proceedings it must thereafter be known, and thereupon the district is a political subdivision of the State of Nevada and a body corporate with all the powers of a public or quasi-municipal corporation.

[7.] 3. In such a decree the court shall designate the place where the office or principal place of the district must be located, which must be within the corporate limits of the district, and which may be changed by order of the

board from time to time. The regular meetings of the board must be held at such office or place of business, but for cause may be adjourned to any other convenient place. The official records and files of the district must be kept at the office so established.

[8.] 4. If the court finds that no petition has been presented in conformity with this chapter, or that the material facts are not as set forth in the petition filed, it shall dismiss the proceedings and adjudge the costs against the county that filed the petition. An appeal to the supreme court from the order of dismissal may be taken as provided in subsection [10.] 6. Nothing in this section prevents the filing of a subsequent petition or petitions for similar improvements or for a similar water conservancy district, and the right so to renew such proceedings is hereby expressly granted and authorized.

[9.] 5. If an order is entered establishing the district, the order is final and conclusively establishes the regular organization of the district against all persons, unless an appeal is taken to the supreme court or quo warranto proceedings attacking the order are instituted on behalf of the State of Nevada by the attorney general. The organization of the district may not be directly or collaterally questioned in any suit, action or proceedings except as expressly authorized in this section.

[10.] 6. Any petitioner, protestant or objector is entitled to appeal to the supreme court from the order of the district court entered pursuant to this section. Such appeals must be taken within 30 days after the entry of the order in accordance with the Nevada Rules of Appellate Procedure.

Sec. 22. NRS 543.260 is hereby amended to read as follows:

543.260 1. The organization of a district must be initiated by the adoption of an ordinance by the board of county commissioners, which ordinance is in NRS 543.170 to 543.830, inclusive, sometimes designated the "initiating ordinance."

2. The initiating ordinance must set forth:

(a) The name of the proposed district, consisting of a chosen name preceding the words "District for the Control of Floods."

(b) A statement of the necessity for the district and the general purposes for which the district is proposed to be created.

(c) A statement that improvements of the district will not interfere with or affect vested water rights.

(d) A general description of the boundaries of the district or the territory to be included therein, with such certainty as to enable a property owner to determine whether his property is within the district.

(e) The place and time for the hearing on the creation of the district.

3. *The board of county commissioners shall prepare an economic report that:*

(a) Outlines the plans for staffing and facilities;

(b) Sets forth the anticipated fiscal effects on other governmental bodies; and

(c) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence.

Sec. 23. NRS 543.280 is hereby amended to read as follows:

543.280 1. Any taxpaying elector within the district may, on or before the date fixed, protest against the establishment of such district, in writing . [, which] *The protest must be filed with the county clerk.*

2. [If, at or before the time fixed in the initiating ordinance and notice, written protest is filed, signed by 51 percent or more of the taxpaying electors within the proposed district, the district must not be established.

3. If any written protests are filed and the board of county commissioners determines that the protests so filed represent less than 51 percent of the taxpaying electors in the district, the board of county commissioners may proceed with the creation of the district. If the board of county commissioners does so proceed, the ordinance of the board of county commissioners creating the district, for which provision is made in NRS 543.170 to 543.830, inclusive, must contain a recital as to the percentage of protest and that recital is binding and conclusive for all purposes.] *At the place, date and hour specified for the hearing in the notice or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to the economic report and all protests which may have been filed and shall hear all persons desiring to be heard and shall thereafter proceed with the creation of the district or determine the district must not be established.*

3. *If the board of county commissioners determines at the hearing that the proponents of such proposed district have failed to show that creation of the district is required by necessity or have failed to show that the creation of such a district will not interfere with vested water rights, the district must not be established.*

4. *Any ordinance creating a district may contain such changes as may be considered by the board of county commissioners to be equitable and necessary.*

5. *A proposed ordinance establishing a district enacted pursuant to this chapter may not be adopted and does not become effective until the ordinance is approved by a majority of the registered voters of the proposed district voting upon the question which the board has submitted to the voters at any general or primary election.*

Sec. 24. NRS 555.203 is hereby amended to read as follows:

555.203 1. The board of county commissioners of any county shall create one or more weed control districts in that portion of the county which lies outside any incorporated city if there is filed a petition which:

(a) Designates the area to be included in the weed control district, either as the entire unincorporated area of the county or by sections or parts of sections with appropriate township and range references; and

(b) Is signed by owners of land within the proposed weed control district who:

(1) Are 60 percent or more of the total number of such owners; and

(2) Own 50 percent or more in assessed valuation, as shown by the current assessment roll, of the lands to be included.

2. If the land to be included in the weed control district is situated within two or more counties, the petition must designate the area of each of the counties to be included in the district and must be signed by owners of land within the proposed district who:

(a) Are 60 percent or more of the total number of such owners in each of the counties from which lands are to be included; and

(b) Own 50 percent or more in assessed valuation, as shown by the current assessment roll, of the lands to be included in each of the counties.

The petition must be filed with the board of county commissioners of the county in which is located the larger or largest proportion of the area, and that board of county commissioners has jurisdiction over the entire area for the purpose of creating the district and, except as otherwise provided in NRS 555.202 to 555.210, inclusive, for carrying out the duties of county commissioners with respect to the district.

3. Lands proposed for inclusion in a weed control district need not be contiguous.

4. Before creating a weed control district, the board of county commissioners shall [hold] :

(a) Order the preparation of an economic report that:

(1) Outlines the plans for staffing and facilities;

(2) Sets forth the anticipated fiscal effects on other governmental bodies;

and

(3) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence; and

(b) Hold at least one public hearing, of which they shall give notice by publication, in a newspaper of general circulation in the county, of at least one notice published not less than 10 days before the date of the hearing. At this hearing, the board of county commissioners shall *consider the economic report*

and entertain applications for the exclusion of lands, designated by sections or parts of sections as prescribed in subsection 1, from the proposed district, if any such application is made. The board of county commissioners shall exclude any such lands as to which it is shown to their satisfaction that any weeds which exist on that land do not render substantially more difficult the control of weeds on other lands in the proposed district.

Sec. 25. NRS 555.510 is hereby amended to read as follows:

555.510 1. The board of county commissioners of any county shall create one or more rodent control districts in that portion of the county which lies outside any incorporated city if there is filed a petition which:

(a) Designates the area to be included in the rodent control district, either as the entire unincorporated area of the county or by sections or parts of sections with appropriate township and range references; and

(b) Is signed by the owners of more than 50 percent in assessed valuation, as shown by the current assessment roll of the county, of the lands to be included in the rodent control district.

2. Before creating a rodent control district, the board of county commissioners shall [hold] :

(a) Order the preparation of an economic report that:

(1) Outlines the plans for staffing and facilities;

(2) Sets forth the anticipated fiscal effects on other governmental bodies;

and

(3) Includes a projection of the district's financial status after the first year of existence and after the fifth year of existence; and

(b) *Hold* at least one public hearing, of which they shall give notice by publication, in a newspaper of general circulation in the county, of at least one notice published not less than 10 days before the date of the hearing. At this hearing, the board of county commissioners shall *consider the economic report and* entertain applications for the exclusion of lands, designated by sections or parts of sections as prescribed in subsection 1, from the proposed district, if any such application is made. The board of county commissioners shall exclude any such lands as to which it is shown to their satisfaction that any rodents which exist on that land do not render substantially more difficult the control of rodents on other lands in the proposed district.

Sec. 26. NRS 543.290 is hereby repealed.

TEXT OF REPEALED SECTION

543.290 Organizational hearing; ordinance creating or abandoning.

1. At the place, date and hour specified for the hearing in the notice or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to all protests which may have been filed and shall hear all persons desiring to be heard and shall thereafter adopt an ordinance either creating the district or determining that it shall not be created.

2. Any ordinance creating a district may contain such changes as may be considered by the board of county commissioners to be equitable and necessary.

SUMMARY--Repeals provisions authorizing general improvement district to furnish facilities for public schools. (BDR 25-952)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to education; repealing provisions authorizing the creation of a general improvement district to provide facilities for public schools; and providing other matters properly relating thereto.

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

Section 1. NRS 318.080 is hereby amended to read as follows:

318.080 1. After adopting an ordinance creating a district and before appointing the first board of trustees for the district, the board of county commissioners is, ex officio, the board of trustees for the district.

2. While acting as the board of trustees, the board of county commissioners shall establish:

- (a) Accounting practices and procedures for the district;
- (b) Auditing practices and procedures to be used by the district;
- (c) A budget for the district; and
- (d) Management standards for the district.

3. Except as otherwise provided in NRS 318.0953 [, 318.09533 and 318.136,] *and 318.09533*, after the board of county commissioners has performed the duties required by subsection 2, it shall appoint five persons to serve as the first board of trustees of the district and shall specify therein the terms of office to the first Monday in January next following the respective election dates provided in NRS 318.095. Except as otherwise provided in subsection 5, these persons must be qualified electors of the district.

4. The members of the board of trustees shall qualify by filing with the county clerk their oaths of office and corporate surety bonds, at the expense of the district, the bonds to be in an amount not more than \$10,000 each, the form and exact amount thereof to be approved and determined, respectively, by the board of county commissioners, conditioned for the faithful performance of their duties as trustees. The board of county commissioners may from time to time, upon good cause shown, increase or decrease the amount of the bond.

5. [Except as otherwise provided in NRS 318.136, the] *The* board of county commissioners may appoint as one of the five initial trustees as provided by subsection 1 the district attorney for the county or a deputy district attorney on his staff. Such appointee need not be a qualified elector of the district, but no such attorney is qualified for appointment to fill any vacancy on the board pursuant to NRS 318.090 or qualified as a candidate for election to the board at any biennial election pursuant to NRS 318.095 unless he is a qualified elector of the district.

6. The board of county commissioners of the county vested with jurisdiction pursuant to NRS 318.050 may remove any trustee serving on an appointed or elected board of trustees for cause shown, on petition, hearing and notice thereof by publication and by mail addressed to the trustee.

Sec. 2. NRS 318.090 is hereby amended to read as follows:

318.090 Except as otherwise provided in NRS 318.0953 and 318.09533:

1. The board shall, by resolution, designate the place where the office or principal place of the district is to be located, which must be within the corporate limits of the district, and which may be changed by resolution of the board. Copies of all those resolutions must be filed with the county clerk or clerks of the county or counties wherein the district is located within 5 days after their adoption. The official records and files of the district must be kept at that office and must be open to public inspection as provided in NRS 239.010.

2. The board of trustees shall meet regularly at least once each year, and at such other times at the office or principal place of the district as provided in the bylaws.

3. Special meetings may be held on notice to each member of the board as often as, and at such places within the district as, the needs of the district require.

4. Three members of the board constitute a quorum at any meeting.

5. [Except as otherwise provided in NRS 318.136, a] A vacancy on the board must be filled by a qualified elector of the district chosen by the remaining members of the board, the appointee to act until a successor in

office qualifies as provided in NRS 318.080 on or after the first Monday in January next following the next biennial election, held in accordance with NRS 318.095, at which election the vacancy must be filled by election if the term of office extends beyond that first Monday in January. Nominations of qualified electors of the district as candidates to fill unexpired terms of 2 years may be made the same as nominations for regular terms of 4 years, as provided in NRS 318.095. If the board fails, neglects or refuses to fill any vacancy within 30 days after the vacancy occurs, the board of county commissioners shall fill that vacancy.

6. [Except as otherwise provided in NRS 318.136, each] *Each* term of office of 4 years terminates on the first Monday in January next following the general election at which a successor in office is elected, as provided in NRS 318.095. The successor's term of office commences then or as soon thereafter as the successor qualifies as provided in NRS 318.080, subject to the provisions in this chapter for initial appointments to a board, for appointments to fill vacancies of unexpired terms, and for the reorganizations of districts under this chapter which were organized under other chapters of NRS.

Sec. 3. NRS 318.095 is hereby amended to read as follows:

318.095 Except as otherwise provided in NRS 318.0953 : [and 318.136:]

1. There must be held simultaneously with the first general election in the county after the creation of the district and simultaneously with every general election thereafter an election to be known as the biennial election of the district. The election must be conducted under the supervision of the county clerk or registrar of voters. A district shall reimburse the county clerk or

registrar of voters for the costs he incurred in conducting the election for the district.

2. The office of trustee is a nonpartisan office. The general election laws of this state govern the candidacy, nominations and election of a member of the board. The names of the candidates for trustee of a district may be placed on the ballot for the primary or general election.

3. At the first biennial election in any district organized or reorganized and operating under this chapter, and each fourth year thereafter, there must be elected by the qualified electors of the district two qualified electors as members of the board to serve for terms of 4 years. At the second biennial election and each fourth year thereafter, there must be so elected three qualified electors as members of the board to serve for terms of 4 years.

4. The secretary of the district shall give notice of election by publication, and shall arrange such other details in connection therewith as the county clerk or registrar of voters may direct.

5. Any new member of the board must qualify in the same manner as members of the first board qualify.

Sec. 4. NRS 318.0951 is hereby amended to read as follows:

318.0951 Except as otherwise provided in NRS 318.0952 [, 318.0953 or 318.136:] *or 318.0953*:

1. Each trustee elected at any biennial election must be chosen by a plurality of the qualified electors of the district voting on the candidates for the vacancies to be filled.

2. If there are two regular terms which end on the first Monday in January next following the biennial election, the two qualified electors receiving the highest and next highest number of votes must be elected. If there are three regular terms so ending, the three qualified electors receiving the highest, next highest and third highest number of votes must be elected.

3. If there is a vacancy in an unexpired regular term to be filled at the biennial election, as provided in subsection 5 of NRS 318.090, the candidate who receives the highest number of votes, after there are chosen the successful candidates to fill the vacancies in expired regular terms as provided in subsection 2, must be elected.

Sec. 5. NRS 318.0952 is hereby amended to read as follows:

318.0952 Except as otherwise provided in NRS 318.0953 : [and 318.136:]

1. Trustees may be elected in the alternate manner provided in this section from election areas within the district.

2. Within 30 days before May 1 of any year in which a general election is to be held in the state, 10 percent or more of the qualified electors of the district voting at the next preceding biennial election of the district may file a written petition with the board of county commissioners of the county vested with jurisdiction under NRS 318.050 praying for the creation of election areas within the district in the manner provided in this section. The petition must specify with particularity the five areas proposed to be created. The description of the proposed election areas need not be given by metes and bounds or by legal subdivisions, but must be sufficient to enable a person to ascertain what territory is proposed to be included within a particular area. The signatures to

the petition need not all be appended to one paper, but each signer must add to his name his place of residence, giving the street and number whenever practicable. One of the signers of each paper shall take an oath, before a person competent to administer oaths, that each signature to the paper appended is the genuine signature of the person whose name it purports to be.

3. Immediately after the receipt of the petition, the board of county commissioners shall fix a date for a public hearing to be held during the month of May, and shall give notice thereof by publication at least once in a newspaper published in the county, or if no such newspaper is published therein then in a newspaper published in the State of Nevada and having a general circulation in the county. The costs of publication of that notice are a proper charge against the district fund.

4. If, as a result of the public hearing, the board of county commissioners finds that the creation of election areas within the district is desirable, the board of county commissioners shall, by resolution regularly adopted before June 1, divide the district into the areas specified in the petition, designate them by number and define their boundaries. The territory comprising each election area must be contiguous. One trustee must be elected from each election area by a majority of the qualified electors voting on the candidates for any vacancy for that area as provided in subsection 7.

5. Before June 1 and immediately following the adoption of the resolution creating election areas within a district, the clerk of the board of county commissioners shall transmit a certified copy of the resolution to the secretary of the district.

6. Upon the creation of election areas within a district, the terms of office of all trustees then in office expire on the first Monday of January thereafter next following a biennial election. At the biennial election held following the creation of election areas within a district, district trustees to represent the odd-numbered election areas must be elected for terms of 4 years and district trustees to represent the even-numbered election areas must be elected for terms of 2 years. Thereafter, at each biennial election, the offices of trustees must be filled for terms of 4 years in the order in which the terms of office expire.

7. Candidates for election as a trustee representing any election area must be elected only by those qualified electors of the district residing in that area. No qualified elector may vote in more than one election area at any one time.

8. A candidate for the office of trustee of a district in which election areas have been created must be a qualified elector of the district and must be a resident of the election area which he seeks to represent.

9. Election areas may be altered or abolished in the same manner as provided in this section for the creation of election areas and the election of trustees therefor.

Sec. 6. NRS 318.116 is hereby amended to read as follows:

318.116 Any one, all or any combination of the following basic powers may be granted to a district in proceedings for its organization, or its reorganization pursuant to NRS 318.077 and all provisions in this chapter supplemental thereto, or as may be otherwise provided by statute:

1. Furnishing electric light and power, as provided in NRS 318.117;

2. Extermination and abatement of mosquitoes, flies, other insects, rats, and liver fluke or fasciola hepatica, as provided in NRS 318.118;
 3. Furnishing facilities or services for public cemeteries, as provided in NRS 318.119;
 4. Furnishing facilities for swimming pools, as provided in NRS 318.1191;
 5. Furnishing facilities for television, as provided in NRS 318.1192;
 6. Furnishing streets and alleys, as provided in NRS 318.120;
 7. Furnishing curb, gutter and sidewalks, as provided in NRS 318.125;
 8. Furnishing sidewalks, as provided in NRS 318.130;
 9. Furnishing facilities for storm drainage or flood control, as provided in NRS 318.135;
 10. Furnishing sanitary facilities for sewerage, as provided in NRS 318.140;
 11. Furnishing facilities for lighting streets, as provided in NRS 318.141;
 12. Furnishing facilities for the collection and disposal of garbage and refuse, as provided in NRS 318.142;
 13. Furnishing recreational facilities, as provided in NRS 318.143;
 14. Furnishing facilities for water, as provided in NRS 318.144;
 15. Furnishing fencing, as provided in NRS 318.1195;
 16. Furnishing facilities for protection from fire, as provided in NRS 318.1181;
 17. Furnishing energy for heating, as provided in NRS 318.1175; *and*
 18. Furnishing emergency medical services, as provided in NRS 318.1185 .
- [; and

19. Furnishing facilities for public schools, as provided in NRS 318.136 to 318.139, inclusive.]

Sec. 7. NRS 387.400 is hereby amended to read as follows:

387.400 [1. Except as otherwise provided in subsection 2, the] *The* total bonded indebtedness of a county school district must at no time exceed an amount equal to 15 percent of the total of the last assessed valuation of taxable property, excluding motor vehicles, situated within the county school district.

[2. If a district to furnish facilities for public schools has been created pursuant to chapter 318 of NRS whose boundaries are conterminous with the boundaries of the school district or include the same area as the school district plus a portion of another school district, the total bonded indebtedness of the school district which is included within the boundaries of the district to furnish facilities for public schools, when added to the total bonded indebtedness of the district to furnish facilities for public schools and the partially included school district, if any, must at no time exceed an amount equal to 15 percent of the total of the last assessed valuation of the taxable property within the boundaries of the district to furnish facilities for public schools.]

Sec. 8. NRS 482.181 is hereby amended to read as follows:

482.181 1. Except as otherwise provided in subsection 4, the department shall certify monthly to the state board of examiners the amount of the basic and supplemental privilege taxes collected for each county by the department and its agents during the preceding month, and that money must be distributed monthly as provided in this section.

2. Any supplemental privilege tax collected for a county must be distributed only to the county, to be used as provided in NRS 371.045.

3. The distribution of the basic privilege tax within a county must be made to local governments, as defined in NRS 354.474, except redevelopment agencies and tax increment areas, in the same ratio as all property taxes were levied in the county in the previous fiscal year, but the State of Nevada is not entitled to share in that distribution and at least 5 percent of the basic privilege tax disbursed to a county must be deposited for credit to the county's general fund. For the purpose of this subsection, the taxes levied by each local government are the product of its certified valuation, determined pursuant to subsection 2 of NRS 361.405, and its tax rate, established pursuant to NRS 361.455 for the fiscal year beginning on July 1, 1980, except that the tax rate for school districts, including the rate attributable to a district's debt service, is the rate established pursuant to NRS 361.455 for the fiscal year beginning on July 1, 1978, but [:

(a) If] *if* the rate attributable to a district's debt service in any fiscal year is greater than its rate for the fiscal year beginning on July 1, 1978, the higher rate must be used to determine the amount attributable to debt service . [; and

(b) If any or all of the school district's debt service to which a portion of its rate for the fiscal year beginning on July 1, 1978, is attributable is transferred to an improvement district created pursuant to chapter 318 of NRS to furnish facilities for public schools, that portion must be attributed to the improvement district for the purpose of the distributions made pursuant to this section.]

4. An amount equal to any basic privilege tax distributed to a redevelopment agency or tax increment area in the fiscal year 1987-1988 must continue to be distributed to that agency or area as long as it exists but must not be increased.

5. Local governments, other than incorporated cities, are entitled to receive no distribution of basic privilege tax if the distribution to the local government is less than \$100. Any undistributed money accrues to the county general fund of the county in which the local government is located.

6. The department shall make distributions of basic privilege tax directly to counties, county school districts and incorporated cities. Distributions for other local governments within a county must be paid to the counties for distribution to the other local governments.

Sec. 9. NRS 318.136, 318.1365, 318.137, 318.1375, 318.138, 318.1385 and 318.139 are hereby repealed.

LEADLINES OF REPEALED SECTIONS

318.136 Facilities for public schools: Board of trustees.

318.1365 Facilities for public schools: Inclusion of territory within two counties by district.

318.137 Facilities for public schools: Powers of district.

318.1375 Facilities for public schools: Purposes for which board may tax property; rate of tax; deposit of money collected in county treasury; approval by board of trustees of school district required for acquisition of facility.

318.138 Facilities for public schools: Creation of fund for capital projects; transfer of money to debt service fund; accumulation of money for certain period.

318.1385 Facilities for public schools: Limitation of total bonded indebtedness.

318.139 Facilities for public schools: Assumption of indebtedness and tax rate of school district by certain districts; reduction of tax rate.

SUMMARY--Provides in skeleton form for limitation on authority to levy property taxes for support of certain districts with single or limited purposes. (BDR 20-953)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to governmental districts; providing in skeleton form for a limitation on the authority to levy property taxes for the support of certain districts which are formed for a single or limited purpose; and providing other matters properly relating thereto.

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

Section 1. NRS 244.2967 is hereby amended to read as follows:

244.2967 A board of county commissioners which creates a district for a county fire department :

1. *Before October 1, 1995, shall levy a tax ; or*
2. *On or after October 1, 1995, shall impose a user fee or levy a special assessment,*

for its support and for the payment of the interest and principal on any indebtedness incurred for its buildings or equipment, on all property within the boundaries of the district, and shall establish a separate fund in the county

treasury for the receipt and expenditure of and accounting for the proceeds of this tax [.] , *user fee or special assessment*.

Sec. 2. NRS 244A.773 is hereby amended to read as follows:

244A.773 1. The board *of a district created before October 1, 1995*, shall, upon the approval of the voters of the county pursuant to NRS 244A.767 and 244A.768, levy and collect, from year to year, a tax ad valorem on all taxable property in the district. The district is exempt from the limitation imposed by NRS 354.59811.

2. *The board of a district created on or after October 1, 1995, shall, upon the approval of the voters of the county pursuant to NRS 244A.767 and 244A.768, impose and collect from year to year a user fee or levy and collect from year to year a special assessment.*

Sec. 3. NRS 244A.789 is hereby amended to read as follows:

244A.789 1. The budget of a district for the support of public parks must comply with the provisions of NRS 354.470 to 354.626, inclusive, but need not be separately prepared and may be included within the county budget. The district is not entitled to any share of revenue from the supplemental city-county relief tax.

2. The governing body may submit to the registered voters of the district at a primary or general election:

(a) A proposal to issue general obligation bonds of the district to finance the acquisition, construction, equipment and improvement of one or more park projects within the district, or outside the district if the governing body finds that the park project will benefit the residents of the district, but the amount of

general obligation bonds or other securities so issued may not exceed 10 percent of the assessed valuation of the taxable property in the district.

(b) [A] *In a district created before October 1, 1995, a proposal to levy a tax ad valorem pursuant to NRS 354.5982 for:*

- (1) Any of the purposes described in paragraph (a);
- (2) Maintenance of public parks located within the district;
- (3) Maintenance of public parks located outside the district if the governing body finds that the parks benefit the residents of the district; or
- (4) Any combination of those purposes.

(c) *In a district created on or after October 1, 1995, a proposal to impose a user fee or levy a special assessment for the purposes set forth in paragraph (b).*

3. As used in this section, "park project" has the meaning ascribed to it in NRS 244A.039.

4. If the proposal to issue bonds is approved by the voters, the county may issue bonds of the district as provided in chapter 350 of NRS.

Sec. 4. NRS 268.773 is hereby amended to read as follows:

268.773 [The]

1. *In a district created before October 1, 1995, the council, upon the approval of the voters of the city pursuant to NRS 268.767, may levy and collect, from year to year, a tax ad valorem on all taxable property in the district. The district is exempt from the limitation imposed by NRS 354.59811.*

2. *In a district created on or after October 1, 1995, the council, upon the approval of the voters of the city pursuant to NRS 268.767, may impose and*

collect from year to year a user fee or levy and collect from year to year a special assessment.

Sec. 5. NRS 318.118 is hereby amended to read as follows:

318.118 1. In the case of a district created wholly or in part for exterminating and abating mosquitoes, flies, other insects, rats, and liver fluke or fasciola hepatica, the board may:

(a) Take all necessary or proper steps for the extermination of mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica in the district or in territory not in the district but so situated with respect to the district that mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica from that territory migrate or are caused to be carried into the district;

(b) Subject to the paramount control of any county or city in which the district has jurisdiction, abate as nuisances all stagnant pools of water and other breeding places for mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica in the district or in territory not in the district but so situated with respect to the district that mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica from that territory migrate or are caused to be carried into the district;

(c) If necessary or proper, in the furtherance of the objects of this chapter, build, construct, repair and maintain necessary dikes, levees, cuts, canals or ditches upon any land, and acquire by purchase, condemnation or by other lawful means, in the name of the district, any lands, rights of way, easements, property or material necessary for any of those purposes;

(d) Make contracts to indemnify or compensate any owner of land or other property for any injury or damage necessarily caused by the use or taking of property for dikes, levees, cuts, canals or ditches;

(e) Enter upon without hindrance any lands, within or without the district, for the purpose of inspection to ascertain whether breeding places of mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica exist upon those lands;

(f) Abate public nuisances in accordance with this chapter:

(g) Ascertain if there has been a compliance with notices to abate the breeding of mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica upon those lands;

(h) Treat with oil, other larvicidal material, or other chemicals or other material any breeding places of mosquitoes, flies, other insects, rats, or liver fluke or fasciola hepatica upon those lands;

(i) Sell or lease any land, rights of way, easements, property or material acquired by the district; and

(j) Sell real property pursuant to this subsection to the highest bidder at public auction after 5 days' notice given by publication.

2. In connection with the basic power stated in this section, [the] a district *created before October 1, 1995*, may:

(a) Levy annually a general (ad valorem) property tax of not exceeding:

(1) Fifteen cents on each \$100 of assessed valuation of taxable property;

or

(2) Twenty cents on each \$100 of assessed valuation of taxable property if the board of county commissioners of each county in which the district is located approves such a tax in excess of 15 cents on each \$100 of assessed valuation of taxable property.

(b) Levy a tax in addition to a tax authorized in paragraph (a), if the additional tax is authorized by the qualified electors of the district, as provided in subsections 4 to 7, inclusive.

3. The proceeds of any tax levied pursuant to the provisions of this section must be used for purposes pertaining to the basic purpose stated in this section, including , without limitation , the establishment and maintenance of:

(a) A cash-basis fund of not exceeding in any fiscal year 60 percent of the estimated expenditures for the fiscal year to defray expenses between the beginning of the fiscal year and the respective times tax proceeds are received in the fiscal year; and

(b) An emergency fund of not exceeding in any fiscal year 25 percent of the estimated expenditures for the fiscal year to defray unusual and unanticipated expenses incurred during epidemics or threatened epidemics from diseases from sources which the district may exterminate or abate.

4. Whenever it appears to the board of a district authorized to exercise the basic power stated in subsection 1 that the amount of money required during an ensuing fiscal year will exceed the amount that can be raised by a levy permitted by paragraph (a) of subsection 2, the board may:

(a) At a special election or the next primary or general election submit to the qualified electors of the district a question of whether a tax [shall] *must* be voted for raising the additional money;

(b) Provide the form of the ballot for the election, which must contain the words "Shall the district vote a tax to raise the additional sum of?" or words equivalent thereto;

(c) Provide the form of the notice of the election and provide for the notice to be given by publication; and

(d) Arrange other details in connection with the election.

5. A special election may be held only if the board determines, by a unanimous vote, that an emergency exists. The determination made by the board is conclusive unless it is shown that the board acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the board must be commenced within 15 days after the board's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the board to prevent or mitigate a substantial financial loss to the district or to enable the board to provide an essential service to the residents of the district.

6. Except as otherwise provided in this chapter:

(a) The secretary of the district shall give notice of the election by publication and shall arrange such other details in connection with the election as the board may direct;

(b) The election board officers shall conduct the election in the manner prescribed by law for the holding of general elections and shall make their returns to the secretary of the district; and

(c) The board shall canvass the returns of the election at any regular or special meeting held within 5 days following the date of the election, or at such later time as the returns are available for canvass, and shall declare the results of the election.

7. If a majority of the qualified electors of the district who voted on any proposition authorizing the additional tax voted in favor of the proposition, and the board so declares the result of the election:

(a) The district board shall report the result to the board of county commissioners of the county in which the district is situated, stating the additional amount of money required to be raised. If the district is in more than one county the additional amount must be prorated for each county by the district board in the same way that the district's original total estimate of money is prorated, and the district board shall furnish the board of county commissioners and auditor of each county a written statement of the apportionment for that county; and

(b) The board of county commissioners of each county receiving the written statement shall, at the time of levying county taxes, levy an additional tax upon all the taxable property of the district in the county sufficient to raise the amount apportioned to that county for the district.

8. The district shall not:

(a) Borrow money except for short-term financing pursuant to chapter 354 of NRS;

(b) Levy special assessments; or

(c) Fix any rates, fees or other charges except as otherwise provided in this section.

9. The district may determine to cause an owner of any real property to abate any nuisance pertaining to the basic power stated in this section, after a hearing on a proposal for such an abatement and notice thereof by mail addressed to the last known owner or owners of record at his or their last known address or addresses, as ascertained from any source the board deems reliable, or in the absence of the abatement within a reasonable period fixed by the board, to cause the district to abate the nuisance, as follows:

(a) At the hearing the district board shall redetermine whether the owner must abate the nuisance and prevent its recurrence, and shall specify a time within which the work must be completed;

(b) If the nuisance is not abated within the time specified in the notice or at the hearing, the district board shall abate the nuisance by destroying the larvae or pupae, or otherwise, by taking appropriate measures to prevent the recurrence of further breeding;

(c) The cost of abatement must be repaid to the district by the owner;

(d) The money expended by the district in abating a nuisance or preventing its recurrence is a lien upon the property on which the nuisance is abated or its recurrence prevented;

(e) Notice of the lien must be filed and recorded by the district board in the office of the county recorder of the county in which the property is situated within 6 months after the first item of expenditure by the board;

(f) An action to foreclose the lien must be commenced within 6 months after the filing and recording of the notice of lien;

(g) The action must be brought by the district board in the name of the district;

(h) When the property is sold, enough of the proceeds to satisfy the lien and the costs of foreclosure must be paid to the district and the surplus, if any, must be paid to the owner of the property if known, and if not known, must be paid into the court in which the lien was foreclosed for the use of the owner if ascertained; and

(i) The lien provisions of this section do not apply to the property of any county, city, district or other public corporation, except that the governing body of the county, city, district or other public corporation shall repay to any district exercising the basic power stated in subsection 1 the amount expended by the district upon any of its property pursuant to this chapter upon presentation by the district board of a verified claim or bill.

Sec. 6. NRS 318.119 is hereby amended to read as follows:

318.119 1. In the case of a district created wholly or in part for acquiring public cemetery improvements, the board [shall have the power to:

1.] *may*:

(a) Maintain a cemetery for the use of all inhabitants of the district, and for that purpose shall be capable of holding title to property in trust for the district.

[2. Levy]

(b) *In districts created before October 1, 1995, levy annually, except for the payment of any outstanding general obligation bonds of the district, a general (ad valorem) property tax of not exceeding 2 mills on each dollar of assessed valuation of taxable property, for purposes pertaining to the basic purpose stated in this section.*

[3.] (c) *In districts created on or after October 1, 1995, impose a user fee or levy a special assessment for purposes pertaining to the basic purpose stated in this section.*

(d) Levy annually such a tax fully sufficient to pay the principal of, interest on and any prior redemption premium due in connection with any outstanding general obligation bonds pertaining to the basic purpose stated in this section.

[4.] 2. The district [shall not have the power] *may not* in connection with the basic power stated in this section : [to:]

(a) Levy special assessments [;] *except as specifically authorized in this section; or*

(b) Borrow money which loan is evidenced by the issuance of any revenue bonds, special assessment bonds or other special obligations of the district.

Sec. 7. NRS 318.225 is hereby amended to read as follows:

318.225 In addition to the other means for providing revenue for such districts, the board [shall have power and authority to] *may* levy and collect

general (ad valorem) taxes on and against all taxable property within [the district, such] *a district created before October 1, 1995. The* levy and collection [to] *must* be made by the board in conjunction with the county and its officers as set forth in this chapter.

SUMMARY--Revises provisions governing distribution of supplemental city-county relief tax to exclude certain districts. (BDR 32-954)

FISCAL NOTE: Effect on Local Government: Yes.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxation; revising provisions governing the distribution of supplemental city-county relief tax to exclude certain districts; and providing other matters properly relating thereto.

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

Section 1. NRS 377.057 is hereby amended to read as follows:

377.057 1. The state controller, acting upon the relevant information furnished by the department, shall monthly from the fees, taxes, interest and penalties which derive from the supplemental city-county relief tax collected in all counties and from out-of-state businesses during the preceding month, except as otherwise provided in subsection 2:

(a) For Douglas, Esmeralda, Eureka, Lander, Lincoln, Lyon, Mineral, Nye, Pershing, Storey and White Pine counties, distribute to each county an amount equal to one-twelfth of the amount distributed in the immediately preceding fiscal year multiplied by one plus:

(1) The percentage change in the total receipts from the supplemental city-county relief tax for all counties and from out-of-state businesses, from the fiscal year 2 years preceding the immediately preceding fiscal year to the fiscal year preceding the immediately preceding fiscal year; or

(2) Except as otherwise provided in this paragraph, the percentage change in the population of the county, as certified by the governor pursuant to NRS 360.285, added to the percentage change in the Consumer Price Index for the year ending on December 31 next preceding the year of distribution, whichever is less, except that the amount distributed to the county must not be less than the amount specified in subsection 11. If the United States Bureau of the Census issues population totals that conflict with the totals certified by the governor pursuant to NRS 360.285, the percentage change calculated pursuant to subparagraph (2) for the ensuing fiscal year must be an estimate of the change in population for the calendar year, based upon the population totals issued by the Bureau of the Census.

(b) For all other counties, distribute the amount remaining after making the distributions required by paragraph (a) to each county in the proportion that the amount of supplemental city-county relief tax collected in the county for the month bears to the total amount of supplemental city-county relief tax collected for that month in the counties whose distribution will be determined pursuant to this paragraph.

2. If the amount of supplemental city-county relief tax collected in a county listed in paragraph (a) of subsection 1 for the 12 most recent months for which information concerning the actual amount collected is available on February

15 of any year exceeds by more than 10 percent the amount distributed pursuant to paragraph (a) to that county for the same period, the state controller shall distribute that county's portion of the proceeds from the supplemental city-county relief tax pursuant to paragraph (b) in all subsequent fiscal years, unless a waiver is granted pursuant to subsection 3.

3. A county which, pursuant to subsection 2, is required to have its portion of the proceeds from the supplemental city-county relief tax distributed pursuant to paragraph (b) of subsection 1, may file a request with the Nevada tax commission for a waiver of the requirements of subsection 2. The request must be filed on or before February 20 next preceding the fiscal year for which the county will first receive its portion of the proceeds from the supplemental city-county relief tax pursuant to paragraph (b) of subsection 1, and must be accompanied by evidence which supports the granting of the waiver. The commission shall grant or deny a request for a waiver on or before March 10 next following the timely filing of the request. If the commission determines that the increase in the amount of supplemental city-county relief tax collected in the county was primarily caused by:

(a) Nonrecurring taxable sales, it shall grant the request.

(b) Normal or sustainable growth in taxable sales, it shall deny the request.

A county which is granted a waiver pursuant to this subsection is not required to obtain a waiver in any subsequent fiscal year to continue to receive its portion of the proceeds from the supplemental city-county relief tax pursuant to paragraph (a) of subsection 1 unless the amount of supplemental city-

county relief tax collected in the county in a fiscal year again exceeds the threshold established in subsection 2.

4. The amount apportioned to each county must then be apportioned among the several local governments therein, including the county and excluding the school district, any district to provide a telephone number for emergencies, any district created under chapter 318 of NRS to furnish emergency medical services, *any district that does not receive at least 25 percent of its total revenue from property taxes or user fees or other direct assessments on residents of the district*, any redevelopment agency, any tax increment area and any other local government excluded by specific statute, in the proportion which each local government's basic ad valorem revenue bears to the total basic ad valorem revenue of all these local governments.

5. As used in this section, the "basic ad valorem revenue" of each local government, except as otherwise provided in subsection 5 of NRS 354.5987, is its assessed valuation, including assessed valuation attributable to a redevelopment agency or tax increment area but excluding the portion attributable to the net proceeds of minerals, for the year of distribution, multiplied by the rate levied on its behalf for the fiscal year ending June 30, 1981, for purposes other than paying the interest on and principal of its general obligations. For the purposes of this paragraph:

(a) A county whose actual tax rate, for purposes other than debt service, for the fiscal year ending on June 30, 1981, was less than 50 cents per \$100 of assessed valuation is entitled to the use of a rate not greater than 80 cents per \$100 of assessed valuation.

(b) A fire district in such a county whose tax rate was more than 50 cents per \$100 of assessed valuation is entitled to the use of a rate not greater than \$1.10 per \$100 of assessed valuation.

6. For the purposes of this section, a fire protection district organized pursuant to chapter 473 of NRS is a local government.

7. For the purposes of determining basic ad valorem revenue, the assessed valuation of a fire protection district includes property which was transferred from private ownership to public ownership after July 1, 1986, pursuant to:

(a) The Santini-Burton Act, Public Law 96-586; or

(b) Chapter 585, Statutes of Nevada 1985, at page 1866, approved by the voters on November 4, 1986.

8. On or before February 15 of each year, the executive director shall provide to each local government a preliminary estimate of the revenue it will receive from the supplemental city-county relief tax in the next fiscal year.

9. On or before March 15 of each year, the executive director shall:

(a) Make an estimate of the receipts from the supplemental city-county relief tax on an accrual basis for the next fiscal year in accordance with generally accepted accounting principles; and

(b) Provide to each local government an estimate of the tax that local government would receive based upon the estimate made pursuant to paragraph (a) and calculated pursuant to the provisions of this section.

10. A local government may use the estimate provided by the executive director pursuant to subsection 9 in the preparation of its budget.

11. The minimum amount which may be distributed to the following counties in a month pursuant to paragraph (a) of subsection 1 is as follows:

Douglas	\$580,993
Esmeralda	53,093
Lander	155,106
Lincoln	72,973
Lyon	356,858
Mineral	118,299
Nye	296,609
Pershing	96,731
Storey	69,914
White Pine	158,863

Sec. 2. This act becomes effective on July 1, 1995.

SUMMARY--Requires boards of health to avoid conflicts with statutory provisions governing general improvement districts when adopting regulations concerning disposal of sewage. (BDR 40-955)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to the disposal of sewage; requiring state and district boards of health to avoid conflicts with statutory provisions governing general improvement districts when adopting certain regulations; and providing other matters properly relating thereto.

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

Section 1. NRS 444.650 is hereby amended to read as follows:

444.650 1. The state board of health shall adopt regulations to control the use of an individual system for disposal of sewage in this state. Those regulations are effective except in health districts in which a district board of health has adopted regulations to control the use of an individual system for disposal of sewage in that district.

2. A board which adopts such regulations shall consider and take into account the geological, hydrological and topographical characteristics of the area within its jurisdiction.

3. The regulations adopted pursuant to this section must not conflict with the provisions of :

(a) *Chapter 318 of NRS; and*

(b) NRS 445.131 to 445.354, inclusive, and any regulations adopted pursuant to those provisions.

Sec. 2. On or before January 1, 1996, the state board of health and each district board of health shall:

1. Review respectively each regulation it has adopted regarding the disposal of sewage which is currently effective to determine whether it conflicts with the provisions of chapter 318 of NRS; and

2. Take such actions as are necessary to amend or repeal any regulation determined to conflict with the provisions of chapter 318 of NRS.

SUMMARY--Directs Department of Taxation to review and revise regulations governing collection of taxes on retail sales of food prepared for immediate consumption. (BDR R-956)

CONCURRENT RESOLUTION--Directing the Department of Taxation to review and revise regulations governing the collection of taxes on the retail sale of food prepared for immediate consumption.

WHEREAS, On June 5, 1979, the people of the State of Nevada enacted an exemption for the retail sale of food from the sales and use tax; and

WHEREAS, The exemption for the retail sale of food contains an exception for food prepared for immediate consumption; and

WHEREAS, The provisions enacted in 1979 stated that the exemption of food for human consumption from the sales and use tax and local school support tax must be strictly construed and be applied only to those foods and beverages commonly purchased for preparation and consumption at home; and

WHEREAS, Changes in modern marketing techniques have blurred the distinction between food sold in restaurants for immediate consumption and food sold in grocery stores which requires no additional preparation; and

WHEREAS, Fairness and equal treatment now require a review and revision of the current policies on this issue, particularly the definition of the term "immediate consumption"; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE

CONCURRING, That the Executive Director of the Department of

Taxation is hereby directed to review and propose, as necessary, to the Nevada Tax Commission regulations concerning the taxation of the retail sale of food; and be it further

RESOLVED, That the Executive Director in his review of current regulations shall consider the changing nature of the food and marketing industry since the particular provisions were enacted in 1979; and be it further

RESOLVED, That the provisions contained in chapter 233B of NRS notwithstanding, the Nevada Tax Commission shall provide heightened public notice and several public hearings in many different localities regarding any resulting proposed changes to the regulations concerning the taxation of the retail sale of food; and be it further

RESOLVED, That the of the prepare and transmit a copy of this resolution to the Nevada Tax Commission and to the Executive Director of the Department of Taxation.

SUMMARY--Makes various changes regarding exemption of charitable organizations from taxes on retail sales. (BDR 32-957)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxes on retail sales; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to revise the criterion for exemption of charitable organizations; providing for the expiration of all previously claimed exemptions; authorizing organizations to reapply for exemption; contingently providing the same exemption to certain analogous taxes; and providing other matters properly relating thereto.

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

Section 1. At the general election on November 5, 1996, a proposal must be submitted to the registered voters of this state to amend the Sales and Use Tax Act, which was enacted by the 47th session of the legislature of the State of Nevada and approved by the governor in 1955, and subsequently approved by the people of this state at the general election held on November 6, 1956.

Sec. 2. At the time and in the manner provided by law, the secretary of state shall transmit the proposed act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.

Sec. 3. The proclamation and notice to the voters given by the county clerks pursuant to law must be in substantially the following form:

Notice is hereby given that at the general election on November 5, 1996, a question will appear on the ballot for the adoption or rejection by the registered voters of the state of the following proposed act:

AN ACT to amend an act entitled "An Act to provide revenue for the State of Nevada; providing for sales and use taxes; providing for the manner of collection; defining certain terms; providing penalties for violation, and other matters properly relating thereto." approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Section 1. Section 50 of the above entitled act, being chapter 397, Statutes of Nevada 1955, at page 771, is hereby amended to read as follows:

Sec. 50. There are exempted from the computation of the amount of the sales tax the gross receipts from the sale of any tangible personal property to:

[(a)] 1. The United States, its unincorporated agencies and instrumentalities.

[(b)] 2. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States.

[(c)] 3. The State of Nevada, its unincorporated agencies and instrumentalities.

[(d)] 4. Any county, city, district [,] or other political subdivision of this state.

[(e)] 5. Any organization [created for religious, charitable or eleemosynary purposes, provided that no part of the net earnings of any such organization inures to the benefit of any private shareholder or individual.] *that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code in effect on January 1, 1997, future amendments to that section and the corresponding provisions of future internal revenue laws.*

Sec. 2. This act becomes effective on January 1, 1997, and applies to any application for exemption filed on or after that date. All such exemptions claimed before January 1, 1997, remain valid until January 1, 1998, when they expire.

Sec. 4. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to adopt the federal criteria for the exemption of charitable organizations?

Yes ☐ No ☐

Sec. 5. The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would adopt federal criteria to determine which charitable organizations are exempt from the taxes imposed by this act. If this proposal is adopted, the legislature has provided that the Local School Support Tax Law and the City-County Relief Tax Law will be amended to provide the same revision.

Sec. 6. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 1997. If less than a majority of votes cast on the question is yes, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 7. All general election laws not inconsistent with this act are applicable.

Sec. 8. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from

the official returns transmitted to the office of the secretary of state whether the proposed amendment was adopted by a majority of those registered voters.

Sec. 9. NRS 374.330 is hereby amended to read as follows:

374.330 There are exempted from the computation of the amount of the sales tax the gross receipts from the sale of any tangible personal property to:

1. The United States, its unincorporated agencies and instrumentalities.
2. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States.
3. The State of Nevada, its unincorporated agencies and instrumentalities.
4. Any county, city, district or other political subdivision of this state.
5. Any organization [created for religious, charitable or eleemosynary purposes, provided that no part of the net earnings of any such organization inures to the benefit of any private shareholder or individual.] *that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code in effect on January 1, 1997, future amendments to that section and the corresponding provisions of future internal revenue laws.*

Sec. 10. 1. Except as otherwise provided in subsection 2, all exemptions claimed pursuant to section 50 of chapter 397, Statutes of Nevada 1955, and NRS 374.330 which were granted before January 1, 1997, expire on January 1, 1998.

2. An organization which desires to apply for an exemption which will be effective on and after January 1, 1998, may, after January 1, 1997, file an application for certificate of exemption with the department. Such an

application must be accompanied by evidence that the organization qualifies for the exemption in accordance with the amendatory provisions of this act.

Sec. 11. Sections 9 and 10 of this act become effective on January 1, 1997, only if the question provided for in section 3 of this act is approved by the voters at the general election on November 5, 1996.

SUMMARY--Proposes to establish additional requirements to qualify for existing exemption for newspapers from taxes on retail sales.
(BDR 32-958)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxes on retail sales; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to establish additional requirements to qualify for the existing exemption for newspapers and the ingredients or component parts of newspapers; contingently making the same amendments to certain analogous taxes; and providing other matters properly relating thereto.

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

Section 1. At the general election on November 5, 1996, a proposal must be submitted to the registered voters of this state to amend the Sales and Use Tax Act, which was enacted by the 47th session of the legislature of the State of Nevada and approved by the governor in 1955, and subsequently approved by the people of this state at the general election held on November 6, 1956.

Sec. 2. At the time and in the manner provided by law, the secretary of state shall transmit the proposed act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.

Sec. 3. The proclamation and notice to the voters given by the county clerks pursuant to law must be in substantially the following form:

Notice is hereby given that at the general election on November 5, 1996, a question will appear on the ballot for the adoption or rejection by the registered voters of the state of the following proposed act:

AN ACT to amend an act entitled "An Act to provide revenue for the State of Nevada; providing for sales and use taxes; providing for the manner of collection; defining certain terms; providing penalties for violation, and other matters properly relating thereto." approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA DO ENACT AS FOLLOWS:

Section 1. Section 61 of chapter 397, Statutes of Nevada 1955, at page 773, as amended by chapter 306, Statutes of Nevada 1969, at page 533, is hereby amended to read as follows:

Sec. 61. There are exempted from the taxes imposed by this act the gross receipts from the sale of , and the storage, use [,] or other consumption in this state of , *any newspaper and any tangible personal property which becomes an ingredient or component part of any newspaper :*

1. *Which is regularly issued at average intervals not exceeding 1 week [and any such newspaper.] ;*
2. *Which is intended for general circulation;*
3. *Which is of interest to the general public; and*
4. *Whose contents change significantly from previous issues of the same publication.*

Sec. 2. This act becomes effective on January 1, 1997.

Sec. 4. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to establish additional requirements to qualify for the existing exemption for newspapers and the ingredients or component parts of newspapers?

Yes ☐ No ☐

Sec. 5. The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would establish additional requirements to qualify for the existing exemption for newspapers and the ingredients or component parts of newspapers. If this proposal is adopted, the legislature has provided that the Local School

Support Tax Law and the City-County Relief Tax Law will be amended to further limit the same exemption.

Sec. 6. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 1997. If less than a majority of votes cast on the question is yes, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 7. All general election laws not inconsistent with this act are applicable.

Sec. 8. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from the official returns transmitted to the office of the secretary of state whether the proposed amendment was adopted by a majority of those registered voters.

Sec. 9. NRS 374.320 is hereby amended to read as follows:

374.320 There are exempted from the taxes imposed by this chapter the gross receipts from the sale of, and the storage, use or other consumption in a county of, *any newspaper and any* tangible personal property which becomes an ingredient or component part of any newspaper :

1. *Which is* regularly issued at average intervals not exceeding 1 week [and any such newspaper.];

2. *Which is intended for general circulation;*

3. *Which is of interest to the general public; and*

4. *Whose contents change significantly from previous issues of the same publication.*

Sec. 10. Section 9 of this act becomes effective on January 1, 1997, only if the question provided for in section 3 of this act is approved by the voters at the general election on November 5, 1996.

SUMMARY--Proposes to repeal tax exemption provided to air carriers based in Nevada. (BDR 32-959)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to taxes on retail sales; providing for the submission to the voters of the question whether the Sales and Use Tax Act of 1955 should be amended to repeal the tax exemption for aircraft and major components of aircraft purchased by an air carrier based in Nevada; contingently repealing the same exemption from certain analogous taxes; and providing other matters properly relating thereto.

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

Section 1. At the general election on November 5, 1996, a proposal must be submitted to the registered voters of this state to amend the Sales and Use Tax Act, which was enacted by the 47th session of the legislature of the State of Nevada and approved by the governor in 1955, and subsequently approved by the people of this state at the general election held on November 6, 1956.

Sec. 2. At the time and in the manner provided by law, the secretary of state shall transmit the proposed act to the several county clerks, and the county clerks shall cause it to be published and posted as provided by law.

Sec. 3. The proclamation and notice to the voters given by the county clerks pursuant to law must be in substantially the following form:

Notice is hereby given that at the general election on November 5, 1996, a question will appear on the ballot for the adoption or rejection by the registered voters of the state of the following proposed act:

AN ACT to amend an act entitled "An Act to provide revenue for the State of Nevada; providing for sales and use taxes; providing for the manner of collection; defining certain terms; providing penalties for violation, and other matters properly relating thereto." approved March 29, 1955, as amended.

THE PEOPLE OF THE STATE OF NEVADA

DO ENACT AS FOLLOWS:

Section 1. Section 61.5 of chapter 397, Statutes of Nevada 1955, at page 773, as added by chapter 466, Statutes of Nevada 1985, at page 1441, is hereby repealed.

Sec. 2. This act becomes effective on January 1, 1997.

Sec. 4. The ballot page assemblies and the paper ballots to be used in voting on the question must present the question in substantially the following form:

Shall the Sales and Use Tax Act of 1955 be amended to repeal the exemption from the tax provided to aircraft and major components of aircraft purchased by an air carrier based in Nevada?

Yes ☐ No ☐

Sec. 5. The explanation of the question which must appear on each paper ballot and sample ballot and in every publication and posting of notice of the question must be in substantially the following form:

(Explanation of Question)

The proposed amendment to the Sales and Use Tax Act of 1955 would repeal the exemption from the tax provided to aircraft and major components of aircraft purchased by an air carrier based in Nevada. If this proposal is adopted, the legislature has provided that the Local School Support Tax Law and the City-County Relief Tax Law will be amended to repeal the same exemption.

Sec. 6. If a majority of the votes cast on the question is yes, the amendment to the Sales and Use Tax Act of 1955 becomes effective on January 1, 1997. If less than a majority of votes cast on the question is yes, the question fails and the amendment to the Sales and Use Tax Act of 1955 does not become effective.

Sec. 7. All general election laws not inconsistent with this act are applicable.

Sec. 8. Any informalities, omissions or defects in the content or making of the publications, proclamations or notices provided for in this act and by the general election laws under which this election is held must be so construed as not to invalidate the adoption of the act by a majority of the registered voters voting on the question if it can be ascertained with reasonable certainty from

the official returns transmitted to the office of the secretary of state whether the proposed amendment was adopted by a majority of those registered voters.

Sec. 9. NRS 374.322 is hereby repealed.

Sec. 10. Section 9 of this act becomes effective on January 1, 1997, only if the question provided for in section 3 of this act is approved by the voters at the general election on November 5, 1996.

TEXT OF REPEALED SECTION

374.322 Aircraft and major components of aircraft. There are exempted from the taxes imposed by this chapter the gross receipts from the sale of aircraft and major components of aircraft, such as engines and other components made for use only in aircraft, to an air carrier which:

1. Holds a certificate to engage in air transportation issued pursuant to 49 U.S.C. § 1371 and is not solely a charter air carrier or a supplemental air carrier as described in Title 49 of the United States Code; and
2. Maintains its central office in Nevada and bases a majority of its aircraft in Nevada.

SUMMARY--Makes various changes regarding exemption of charitable corporations from property taxes. (BDR 32-960)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State or on Industrial Insurance: No.

AN ACT relating to property taxes; revising the criterion for exemption of charitable corporations; providing for the expiration of all previously claimed exemptions; authorizing corporations to reapply for exemption; and providing other matters properly relating thereto.

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

Section 1. NRS 361.140 is hereby amended to read as follows:

361.140 1. In addition to the corporations defined by law to be charitable corporations there are hereby included [:

(a) Any corporation whose objects and purposes are religious, educational or for public charity and whose funds have been derived in whole or substantial part from grants or other donations from governmental entities or donations from the general public, or both, not including donations from any officer or trustee of the corporation; and

(b) Any corporation prohibited by its articles of incorporation from declaring or paying dividends, and where the money received by it is devoted

to the general purpose of charity and no portion of the money is permitted to inure to the benefit of any private person engaged in managing the charity, except reasonable compensation for necessary services actually rendered to the charity, and where indigent persons without regard to race or color may receive medical care and attention without charge or cost.] *any corporation that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code in effect on October 1, 1995, future amendments to that section and the corresponding provisions of future internal revenue laws.*

2. All buildings belonging to a corporation defined in subsection 1, together with the land actually occupied by the corporation for the purposes described and the personal property actually used in connection therewith, are exempt from taxation when used solely for the purpose of the charitable corporation.

Sec. 2. Notwithstanding the provisions of NRS 361.155:

1. Except as otherwise provided in subsection 2, all exemptions claimed pursuant to NRS 361.140 which were granted before July 1, 1997, expire on July 1, 1997.

2. A corporation which desires to apply for an exemption which will be effective on and after July 1, 1997, may, after October 1, 1995, file a claim for exemption with the county assessor. Such a claim must be accompanied by evidence that the corporation qualifies for the exemption in accordance with the amendatory provisions of section 1 of this act.

Sec. 3. 1. This section and section 2 of this act become effective on October 1, 1995.

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2. Section 1 of this act becomes effective on October 1, 1995, for the purposes of subsection 2 of section 2 of this act and on July 1, 1997, for all other purposes.

SUMMARY--Revises provisions for tax assessment and depreciation of sites designated as historic. (BDR 32-961)

FISCAL NOTE: Effect on Local Government: No.
 Effect on the State or on Industrial Insurance: No.

AN ACT relating to property taxes; revising the provisions governing the assessment and depreciation of property designated as historic; and providing other matters properly relating thereto.

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

Section 1. NRS 361.229 is hereby amended to read as follows:

361.229 1. [The] *Except as otherwise provided in subsection 4, the* actual age of each improvement made on a parcel of land must be adjusted, for the purpose of computing depreciation, when any addition is made or replacement is made whose cost, added to the cost of any prior replacements, is at least 10 percent of the cost of replacement of the improvement after the work is done. For the purposes of this section, "replacement" does not include changing or adding finish or covering to floors or walls, changing or adding small appliances, or other normal maintenance of the improvement in a good condition.

2. Except as otherwise provided in subsection 3, the amount of the reduction must be the product of the prior actual age multiplied by the ratio of the cost of the replacement or addition to the cost of replacement of the improvement after the work is done.

3. The amount of the reduction for additions which increase the floor area of the improvement may be calculated by multiplying the prior actual age of the improvement by the ratio of the number of square feet of additional floor area to the total number of square feet of the improvement including the addition.

4. The provisions of this section do not apply to sites designated as historic by the office of historic preservation of the department of museums, library and arts.

Sec. 2. NRS 361A.050 is hereby amended to read as follows:

361A.050 "Open-space use" means the current employment of land, the preservation of which use would conserve and enhance natural or scenic resources, protect streams and water supplies [,] *or* maintain natural features which enhance control of floods . [or preserve sites designated as historic by the office of historic preservation of the department of museums, library and arts.]

Sec. 3. This act becomes effective on July 1, 1995.

SUMMARY--Amends Joint Rules of Senate and Assembly for 68th legislative session to provide for legislative review of tax exemptions provided by state law. (BDR R-962)

CONCURRENT RESOLUTION--Amending the Joint Rules of the Senate and Assembly for the 68th legislative session to provide for the review of certain tax exemptions provided by state law.

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the Joint Rules of the Senate and Assembly as adopted by the 68th session of the Legislature are amended by the following addition:

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REVIEW OF TAX EXEMPTIONS

1. During the 68th session of the Legislature, the Senate Standing Committee on Taxation and the Assembly Standing Committee on Taxation shall review tax exemptions designated pursuant to subsection 2 to determine whether each designated tax exemption should be retained.

2. The Majority Leader of the Senate and the Speaker of the Assembly, in cooperation with the chairmen of the Senate Standing Committee on Taxation and the Assembly Standing Committee on Taxation, shall designate one-third of

all tax exemptions currently provided by state law to be reviewed during the 68th session of the Legislature. One-half of the designated tax exemptions must be assigned to the Senate Standing Committee on Taxation and the other half must be assigned to the Assembly Standing Committee on Taxation.

3. Upon the completion of the review, each committee shall report the results of the review and any recommended legislative measures to the Legislature as a whole.