

**REVISED ADOPTED REGULATION OF THE
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

LCB File No. R030-05

Effective May 4, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§1-7, NRS 350.009.

A REGULATION relating to local government finance; providing that an affected governmental entity that does not approve or object to certain proposals of another governmental entity which are related to property taxes shall be deemed to have waived its right to object to the proposal under certain circumstances; providing that a debt management commission may limit the amount of time that a municipality may reserve a percentage of the allowable increase in property taxes; providing requirements for the manner in which an approval of a proposal must be expressed; providing that a debt management commission may establish deadlines for the submission of a proposed increase of property taxes or the reservation of the remaining allowable increase of property taxes; requiring a debt management commission to notify municipalities of its decision in writing; prohibiting a debt management commission from approving certain proposals; and providing other matters properly relating thereto.

Section 1. Chapter 350 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 7, inclusive, of this regulation, unless the context otherwise requires, “commission” means a debt management commission established pursuant to NRS 350.0115.*

Sec. 3. *If the governing body of an entity that receives a notification of a proposal that will result in an increase in the rate of property taxes pursuant to subsection 1 of NRS 350.0135 fails, neglects or refuses to adopt a resolution approving or objecting to the proposal*

described in the notice not later than 60 days after the date of the postmark on the notification, the governing body shall be deemed to have waived its right to object to the proposal.

Sec. 4. *If a commission approves the request of a municipality to reserve a percentage of the remaining allowable increase of property taxes for use in the future pursuant to subsection 7 of NRS 350.0135:*

1. The commission may limit the amount of time that such a percentage may be reserved by the municipality.

2. Before March 15 of the current fiscal year, the commission may express the amount of the reservation of the remaining allowable increase of property taxes as a percentage of:

(a) The rate of property taxes allowable pursuant to NRS 354.59811 for the current fiscal year; or

(b) The rate of property taxes for the current fiscal year as certified by the Nevada Tax Commission pursuant to NRS 361.4547.

3. After March 15 of the current fiscal year, the commission shall express the amount of the reservation of the remaining allowable increase of property taxes as a percentage of the rate of property taxes allowable pursuant to NRS 354.59811 for the following fiscal year.

4. Based on the percentage determined pursuant to subsection 2 or 3, as applicable, the commission shall express the amount of the reservation as a limitation on the number of cents which may be levied.

Sec. 5. *1. A commission may establish a deadline for the submission by a municipality of a proposal that will result in an increase in the rate of property taxes or a request to reserve a percentage of the remaining allowable increase of property taxes for use in the future.*

2. If a commission establishes a deadline pursuant to subsection 1, the commission shall notify all municipalities with tax-levying powers within the county of the deadline within 30 days after establishing the deadline.

Sec. 6. A commission shall not approve a proposal that will result in an increase in the rate of property taxes or a request to reserve a percentage of the remaining allowable increase of property taxes for use in the future if the increase in the rate of property taxes exceeds the limitation on the total rate of ad valorem taxes set forth in NRS 361.453.

Sec. 7. A commission shall provide notice, in writing, of the decision of the commission to the municipality requesting an increase in the rate of property taxes or a reservation of a percentage of the remaining allowable increase of property taxes for use in the future and to any other municipalities affected by the decision.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R030-05**

The Committee on Local Government Finance adopted permanent regulations on September 23, 2005, pertaining to Chapter 350 of the Nevada Administrative Code, LCB File No. R030-05, DMC Rate Reservation Process. The Committee amended the adopted regulations on April 17, 2006 pursuant to a request from the Legislative Commission. A copy of the regulations as adopted is attached hereto.

Notice date: 8/23/2005

Date of adoption by agency: 9/23/2005; revised at
request of Legislative Commission on
4/17/2006

Hearing date: 9/23/2005

Filing date: 5/4/2006

INFORMATIONAL STATEMENT

- 1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.**

The Department of Taxation (Department), as staff to the Committee on Local Government Finance (CLGF), solicited comments from the public by sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop</u>	<u>Number Notified</u>	<u>Representing Businesses</u>
July 25, 2005	Workshop	8/11/05	375	80
August 23, 2005	Hearing	9/23/05	356	80
April 11, 2006	Hearing	4/17/06	351	80

The mailing list included the interested parties list maintained by the Department, as well as officials of local jurisdictions subject to these regulations.

Oral comments were received at the workshop. A copy of the audio taped comments or the record of proceedings may be obtained by calling the Department at (775) 684-2100 or by writing to the Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at **lheyman@tax.state.nv.us** .

The proposed permanent regulation was submitted to the Legislative Counsel Bureau originally as a temporary regulation on January 5, 2005. The Legislative Counsel Bureau completed its review and revisions on July 28, 2005. The Legislative Commission declined to approve the adopted regulations on February 22, 2006 and asked CLGF to reconsider a single item in Section 3 with regard to the number of days after which a

governing body will have been deemed to give up its right to protest a property tax rate increase proposed by another entity. CLGF considered and approved said change at a regularly scheduled meeting on April 17, 2006.

2. The number persons who:

(a) Attended and testified at each workshop:

<u>Date of Workshop</u>	<u>Attended</u>	<u>Testified</u>
August 11, 2005	28	11

(b) Attended and testified at each hearing:

<u>Date of Hearing</u>	<u>Commissioners/ Public Attended</u>	<u>Public Testified</u>
September 23, 2005	9 / 20	1
April 17, 2006	9 / 28	1

(c) Written Comments submitted to the agency:

<u>Date of Hearing</u>	<u>Number Received</u>
September 23, 2005	0

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

Comments were solicited from affected and interested businesses and persons, by notices posted at the Nevada State Library; various Department locations throughout the state; and at the Main Public Libraries in counties where an office of the Department is not located. Comments were also solicited by direct mail to finance officers of cities, counties, general improvement districts, hospitals, schools, as well as county clerks, county assessors and the interested parties list maintained by the Department. Approximately 23% of the approximately 356 direct mail notices were sent to individuals or associations representing business.

The Department, CLGF Members, County Finance Officers, Clerks, Assessors and the general public commented on all of the proposed language changes during the workshop process. Members of the CLGF, Department, and general public commented during the Adoption Hearing.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Department at (775) 684-2100 or by writing to the Department of Taxation,

1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at lheyman@tax.state.nv.us.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The regulation was changed during the public workshop and adoption hearing to remove the Department of Taxation from a decision-making role over the local DMC and to insert the appropriate timeline of events.

5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

- (a) Both adverse and beneficial effects; and**
- (b) Both immediate and long-term effects.**

The beneficial effect is to provide a process whereby local governments may reserve available operating rates within certain timelines, thus promoting efficiency and effectiveness. There is no perceived adverse effect. The proposed regulations present no reasonably foreseeable or anticipated immediate or long-term economic effects to businesses or to the general public.

6. The estimated cost to the agency for enforcement of the adopted regulation.

The Department anticipates little, if any, additional cost to administer the regulations.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are no other state or government agency regulations that the proposed amendments duplicate.

8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

There are no federal regulations regarding the valuation of property.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Committee on Local Government Finance is not aware of any provision in this regulation that provides for a new fee, or increases an existing fee.