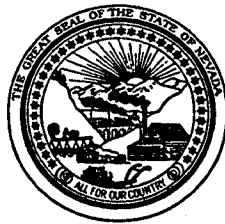


CREATION, FINANCING AND GOVERNANCE
OF GENERAL IMPROVEMENT DISTRICTS



Bulletin No. 77-11

LEGISLATIVE COMMISSION
OF THE
LEGISLATIVE COUNSEL BUREAU
STATE OF NEVADA

September 1976

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LEGISLATIVE COMMISSION

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Senator Lee E. Walker	Assemblyman Donald R. Mello
Senator Thomas R. C. Wilson	Assemblyman Sue Wagner

ASSEMBLY CONCURRENT RESOLUTION—Directing the legislative commission to study the financing of general improvement districts.

WHEREAS, The purpose of general improvement districts is to provide certain urban services to areas under development and not within established municipalities; and

WHEREAS, General improvement districts make possible the accumulation of capital and a revenue base to enable the construction of projects designed for the general health and welfare in such districts; and

WHEREAS, Whatever fiscal device is used to obtain financing for improvements, it is the present and future property owners who will ultimately pay for such improvements; and

WHEREAS, The boards of trustees of general improvement districts in the early stages when long-range fiscal commitments are made are often composed of the developers of land in such districts; and

WHEREAS, Such situations have great potential for conflicts of interest that will ultimately result in added financial burdens to the eventual property owners; and

WHEREAS, Boards of trustees have the power to levy ad valorem taxes and issue both revenue and general obligation bonds and short-term notes; and

WHEREAS, City and county governments are often required to assume the responsibility for correcting the results of poor judgment or fiscal mismanagement by general improvement districts; and

WHEREAS, It is in the interest of the State of Nevada that land development and improvement be completely in accordance with sound business practice and ethics that will allow no room for scandal or questioning of legal arrangements for such development and improvement; now, therefore, be it

Resolved by the Assembly of the State of Nevada, the Senate concurring, That the legislative commission conduct a study of the methods of creating, governing and financing general improvement districts in Nevada, such study to include an assessment of abuses under chapter 318 of NRS, the potential for abuse and recommendations for strengthening the protections in that chapter; and be it further

Resolved, That the review of chapter 318 of NRS include an assessment of the relationship between the provisions of such chapter and the provisions of law relating to cities, counties and unincorporated towns; and be it further

Resolved, That a report of findings and recommendations be submitted to the 59th session of the legislature.

REPORT OF THE LEGISLATIVE COMMISSION

To the Members of the 59th Session of the Nevada Legislature:

This report is submitted in compliance with Assembly Concurrent Resolution No. 32 of the 58th session of the Nevada legislature, which directed the legislative commission to study the methods of creating, financing and governing general improvement districts.

The legislative commission appointed a subcommittee to make the study and recommend appropriate legislation to the next session of the legislature. Assemblyman Jean E. Ford was designated chairman of the subcommittee and Assemblyman Robert G. Craddock vice chairman. The following legislators were named as members: Senator Gary A. Sheerin and Assemblymen Robert M. Benkovich and Don A. Moody.

In this report, the subcommittee has attempted to present its findings and recommendations briefly and concisely. A great deal of data were gathered in the course of the study. Beyond basic compilations of special districts in Nevada, those data are not included in or appended to this report. The report is intended as a useful guide to busy legislators. All supporting documents, research and comprehensive minutes are on file with the legislative counsel bureau and readily available to any member.

The subcommittee was assisted in its study by a number of people including a great many general improvement district officials; a number of county officials, especially from Clark, Douglas, Humboldt and Washoe counties; state officials; and many interested members of the public. A special recognition for valuable assistance to the subcommittee is in order for Mr. James C. Lien, assistant executive director of the department of taxation, and members of his staff. Their broad experience with and knowledge of the special districts in the state provided the subcommittee with data and information that would have been available from no other source.

The report is transmitted to the members of the 1977 legislature for their consideration and appropriate action.

Respectfully submitted,

Legislative Commission
Legislative Counsel Bureau
State of Nevada

Carson City, Nevada
July 1976

SUMMARY OF RECOMMENDATIONS

This summary presents the major conclusions reached by the subcommittee. These conclusions are based upon suggestions that came from four public hearings, written communications to the subcommittee, staff research and the members' own experience. Background information can be found in the body of the report beginning at page 8.

The subcommittee recommends:

1. That chapter 318 of NRS be retained but that the criteria and circumstances for the use of chapter 318 provisions be narrowed and limited to those situations that require an independent service capability which cannot be provided by general purpose government. (BDR 25-74)
2. That counties under certain conditions be required to assume a continuing and active interest in the operation of general improvement districts and that counties be given, under certain specific circumstances, increased power to merge, consolidate, dissolve or adjust the boundaries of districts. (BDR 25-74)
3. That the legislative intent in chapter 318 of NRS be amplified to include the mandate that expansion of services or boundaries of existing general improvement districts, or the use of county subordinate service districts subject to an expanded chapter 244 of NRS, is preferable to the creation of additional districts. (BDR 25-74)
4. That chapter 318 of NRS be amended to:
 - a. Require a registration list of eligible district voters. (BDR 25-74)
 - b. Allow the right to vote in district elections to all district residents and remove the special right of nonresident property owners to vote in district elections. (BDR 25-74)
 - c. Require that district elections be conducted by the regular county election official or someone deputized by him. (BDR 25-74)

- d. Remove public service commission control over district utilities but provide for technical assistance by the PSC to districts, and assure that in the absence of PSC controls districts provide notice and hearings on utility rate changes. (BDR 25-72)
- e. Increase the scope of county general obligation bond commissions to include a review and approval of all types of debt of general improvements districts, and restructure the commissions to include representation from general improvement districts in the county. (BDR 25-74)
- f. Amend the foreclosure procedures for delinquent property within general improvement districts to bring them into line with such procedures for city and county government. (BDR 25-72)
- g. Exempt general improvement districts from court filing fees as are other political subdivisions. (BDR 25-71)
- h. Require that certain elected county officials provide the services of their offices upon request on a reimbursable basis to general improvement districts and that county commissioners provide the services of other county offices on the same basis. (BDR 25-71)
- i. Require that all general improvement district actions that could result in a foreclosure on property be properly noticed to property owners. (BDR 25-72)
- j. Lower the maximum debt limit for general improvement districts from 100 percent to 50 percent of assessed valuation and bring other debt procedures, such as those for revenue bonds, special assessment bonds and short-term borrowing, into line with those for cities and counties. (BDR 25-73)
- k. Require that any plans for improvements, subject to county approval pursuant to chapter 278 of NRS to be carried out within or partially within a general improvement district, be submitted to that district for review and comment prior to approval. (BDR 25-71)
- l. Provide in the legislative intent portion of chapter 318 that the chapter is not intended as a vehicle for financing commercial costs of developers. (BDR 25-74)

- m. Provide that areas subject to state or federal mandate for environment or health reasons must be annexed to general improvement districts with the ability to provide the services to meet such mandates, but that the costs of service extension should be assigned equitably to the annexed areas. (BDR 25-72)
5. That several existing chapters of NRS dealing with single-purpose special districts be repealed with the powers and duties in such chapters added to chapters 244 or 318. (BDR 25-74)
6. That gasoline tax moneys distributed to counties for the unincorporated areas be distributed to road districts on the basis of the district's county road mileage related to the overall county road mileage. (BDR 25-71)
7. That the existing powers in chapter 244 of NRS allowing counties to establish county improvement districts be expanded so that such dependent districts under direct county control can be used to operate and maintain a service as well as to establish it. Counties could still create local advisory boards for such districts. (BDR 25-74)
8. That under limited circumstances of federal mandate or state mandate pursuant to a federal order for environment or health reasons, provide that a county can create a subordinate service district (chapter 244 of NRS) or a general improvement district (chapter 318 of NRS) in spite of the opposition of a majority of the property owners of the proposed district. (BDR 25-74)
9. That in the event of a local government fiscal emergency, the state be provided powers to assist in avoiding defaults or other fiscal trauma. (Department of taxation bill)
10. That the department of taxation develop a local government technical assistance capability in conjunction with the University of Nevada system. (BDR 31-75)
11. That the exception in paragraph (c) of subsection 2 of NRS 308.020, which waives the requirement for a service district plan for general improvement districts proposed by boards of county commissions, be repealed. (BDR 25-74)

12. That legislation be requested by the department of taxation which will increase the fiscal accountability of districts and increase the enforcement powers of the department to insure that accountability.

REPORT OF THE LEGISLATIVE COMMISSION'S SUBCOMMITTEE
FOR STUDY OF CREATION, FINANCING
AND GOVERNANCE OF GENERAL
IMPROVEMENT DISTRICTS

I. INTRODUCTION

The 58th session of the Nevada legislature, through Assembly Concurrent Resolution No. 32, directed the legislative commission to "* * *conduct a study of the methods of creating, governing and financing general improvement districts in Nevada." This was to include an examination of abuses and potential abuses under chapter 318 of NRS, and a review of the ways in which general improvement district law relates to city, county and town law.

With a budget of \$3,100, the subcommittee held four public hearings, two subcommittee work sessions and paid for the printing of this report. Public hearings were held in Carson City on September 16, 1975; at Stateline on November 4, 1975; in Las Vegas on November 24, 1975; and in Reno on January 29, 1976. Work sessions were held in Carson City on January 30, 1976, and again on June 28, 1976.

The legislature, in 1975, considered 10 bills dealing, in varying degrees, with general improvement districts. Six of these became law. In considering this legislation, it became apparent that the entire subject of general improvement districts was in need of review. The basic law, chapter 318 of NRS, was passed in 1959. There had never been a study of any kind of special districts by the legislature. The much-publicized fiscal difficulties of New York City also contributed to a certain anxiety about the potential for financial overextension or default among Nevada local governments. These several facts led to the passage of Assembly Concurrent Resolution No. 32 and guided the work of the subcommittee.

The first task of the subcommittee was to establish the factual situation concerning general improvement districts in Nevada: where they are, what they are and how they function. This task was carried out primarily by using department of taxation budget filings, staff research and inquiries to local officials throughout the state.

Well before the first meeting of the subcommittee, Chairman Ford contacted 104 special districts, 17 boards of county commissioners and every person who had expressed any interest in improvement districts during the 1975 session. She sent each of these groups or persons a copy of her presentation to the legislative commission in which she outlined the proposed study. Each recipient was asked where hearings should be held, what problems should be examined and names of persons familiar with the subject. The response to this special effort was somewhat discouraging. Only 12 responses were received.

The subcommittee staff sent a questionnaire to 62 chapter 318 districts in an attempt to see if there had been a service plan, which districts had been reorganized, the last election held and outstanding debt. Responses came from 32 districts and many of these were incomplete. Before the conclusion of public hearings, however, both quality and quantity of input from local officials were such that the results of this study were markedly enhanced. Also, the 12 responses to the initial request were from people with a high degree of interest in and understanding of general improvement districts. The final recommendations of the subcommittee reflect proposed solutions to most of the problems identified by the early respondents.

The initial listing of problem areas in chapter 318 of NRS was added to first by the department of taxation and then by the many interested and experienced people who appeared before the subcommittee. The number of dedicated, informed witnesses is extensive. A list of these participants and their positions is provided at the close of this report. Their contributions are outlined in the minutes of this subcommittee.

The balance of this report consists of the current status of general improvement districts in Nevada, problems with the districts and conclusions concerning which problems are susceptible to legislative solution.

II. NEVADA GENERAL IMPROVEMENT DISTRICTS EXAMINED

The 1959 law establishing chapter 318 was designed to provide various urban type services to areas where such services were not available and could not be provided by general purpose government. Creation of such districts was and is the prerogative of boards of county commissioners. The discretion allowed boards of county commissioners is very broad. Until

1965 there were no criteria to guide county commissioners as to whether or not a district should be created. In 1965 a requirement was added that there be a finding that public convenience and necessity require creation of the district and that such creation is economically sound and feasible. This provision was supposed to require a closer examination of the reasons for the creation of a new district and its prospects for fiscal viability. In 1967 provisions for a petition of landowners to modify an initiating ordinance were added to chapter 318. The trend that grew out of the use of the law was to narrow its application and somewhat restrict the power of county commissioners to create districts.

Also designed to limit the creation of improvement districts that would be potential fiscal problems and to limit the proliferation of improvement districts, the "Special District Control Law" was passed in 1967. This became chapter 308 of NRS. The most important element of this law is the requirement for the filing of a service plan before county commissioners can approve a proposed district. The service plan can be quite extensive and include architectural, engineering and financial information in great detail. The grounds for disapproving a service plan, thereby denying the formation of a district, are broad. If there is anything questionable about a proposed district, a board of county commissioners has very definite statutory authority to deny its formation.

Despite this legal situation, it became apparent to the subcommittee that there have been a number of districts created that are not financially sound, that are performing services that should be provided by counties or that have been created in close proximity to existing districts providing the same or similar services. Two basic reasons account for this. First, many existing districts were created prior to the passage of the "Special District Control Law." Before 1967 county commissioners had very little guidance on when and where general improvement districts should be created. Second, since 1967 there has been an exception in the "Special District Control Law" (paragraph (c) of subsection 2 of NRS 308.020) to the service plan requirement for districts initiated by county commissioners as opposed to those initiated by private individuals or groups. This exception has led, on a number of occasions, to the proposal of a district by a board of county commissioners when, in fact, the district was initiated by local residents or a developer.

Similarly, the subcommittee learned that commissioners, when approached by citizens requesting a service from the county, often suggest that a general improvement district, which they will be willing to create, is the only way to provide the requested service. Such districts often do not have the adequate size or tax base to support the services, but county commissioners have transferred the demand for the service from the county to the district. This practice was not found to be widespread in the state, but it happens often enough to be of great concern to the subcommittee.

The existing general improvement districts in Nevada offer a study in contrasts. There is an extensive list of services that a general improvement district is authorized to provide:

- a. Electric power and light.
- b. Extermination and abatement of harmful insects, rats, etc.
- c. Public cemeteries.
- d. Swimming pools.
- e. Television facilities.
- f. Streets and alleys.
- g. Curbs, gutters and sidewalks.
- h. Storm drainage.
- i. Sanitary sewer.
- j. Street lighting.
- k. Garbage collection and disposal.
- l. Recreation.
- m. Water.
- n. Fencing.

The 63 general improvement districts created or reorganized pursuant to chapter 318 of NRS range in services provided from a single service to most of the possible services. At least 32 general improvement districts provide only a single service. Of those, 17 provide only television service. At the other extreme, Incline Village General Improvement District provides almost all possible services and functions, in many respects, as does an incorporated city. As might be expected, district budgets also vary greatly, from a low of \$719 to a high of \$16.9 million. Thirty-six general improvement districts levy no ad valorem tax at all. Only five general improvement districts levy \$1 or more per \$100 of assessed valuation, with the high being a \$1.58 rate for Indian Hills General Improvement District in Douglas County. The Round Hill, Cave Rock, Lakeridge and Zephyr Knolls

general improvement districts in Douglas County are the only areas in that county at the \$5 maximum rate. Illustrative charts A and B follow.

The impact of special district ad valorem taxes is not great at 3 percent of total ad valorem taxes statewide. The percentage in some counties is much higher, reflecting a heavy reliance on districts to provide services that are provided by other means in other counties. In Douglas County, 32.8 percent of all ad valorem receipts go to special districts. In Carson City, this figure is 14.6 percent. By contrast, only 1.1 percent of Clark County ad valorem taxes go to special districts and five counties have no special district ad valorem rate at all. It became obvious to the subcommittee that different boards of county commissioners use general improvement districts in very different ways.

Testimony from the public hearings confirmed the fact that different attitudes by county commissioners, combined with localized legal interpretations, have resulted in completely different uses of the general improvement district law. As an example, there are only five chapter 318 districts in Clark County and only one of the five has any ad valorem rate and that one only has 7 cents of the \$5 limit. Contrasting with that, Douglas County, with only 2.5 percent of the Clark County population (1970 census) has 21 general improvement districts with all but three levying ad valorem tax.

Several factors seemed to account for this disparity and, by extension, help to explain the statewide diversity. The primary factor is the use by Clark County of the County Improvements Law (NRS 244.815 et seq). Clark County has traditionally created an improvement district, put in the improvement, assessed the landowners for the construction costs and then taken over maintenance and operation under the county general budget. After construction and assessment, the district no longer exists as an identifiable entity.

Douglas County, in part because of a district court decision and in part because of the inclination of boards of county commissioners over the years, has not used the County Improvements Law. The late Judge Richard Waters ruled in 1972 that the County Improvements Law could be used only for a countywide service. This decision was never appealed.

NRS CHAPTER 318

GENERAL IMPROVEMENT DISTRICTS BY COUNTY

DISTRICT	1976-77 BUDGET*	AD VALOREM TAX RATE	ASSESSED VALUATION	AD VALOREM REVENUE	OTHER REVENUE	TOTAL DEBT OUTSTANDING	INTEREST	PRINCIPAL
Carson City								
Carson Industrial GID	\$ 281,734	1.1662	\$ 1,856,013	\$21,645	\$ 1,500	\$ 582,619	\$ **	\$
East Carson GID	91,454	1.0000	4,400,000	44,000	2,500	68,000	4,080	17,000
Clark County								
Boulder City Swim Pool	44,985	.0702	29,549,706	20,744	20,254	13,000	754	1,000
Clark Co. San. Dist. #1	16,951,472	-0-	n/a	-0-	15,121,219	9,045,000	556,448	305,000
Kyle Canyon Water District	61,577	.8413	979,119	8,238	51,237	360,000	19,716	24,000
Moapa Valley TV District (1975-76)	12,969	-0-	n/a	-	9,000	3,000	500	3,000
Overton Water District	54,120	-0-	n/a	-	47,500	370,270	16,395	20,900
Douglas County								
Cave Rock GID	7,018	1.0000	527,850	5,278	-	3,000	-	-
Douglas Co. Mosquito Abatement District	30,595	.0648	45,021,950	29,175	-	-	-	-
East Fork Swim Pool Dist.	22,959	.0400	48,711,970	19,485	5,237	-	-	-
Elk Point Sanitation Dist.	30,497	.9350	726,183	6,810	13,200	92,000	5,907	8,000
Gardnerville Ranchos GID	147,229	.9000	9,663,652	86,977	53,800	6,574,211	471,288	263,180
Gardnerville Town Water (1975-76)	43,458	-0-	n/a	-	26,770	-	-	-
Indian Hills GID	11,310	1.5800	624,937	11,249	-	10,000	-	-
Kingsbury GID	322,296	.8500	9,399,752	80,687	230,200	4,654,000	323,729	411,250
Lakeridge GID	10,308	.6570	836,354	5,436	180	-	-	-
Logan Creek Estates GID	4,421	.6000	269,964	1,600	600	-	-	-
Marla Bay GID	8,905	.6000	1,159,238	7,057	-	-	-	-
Minden Gardnerville Sanitation District	108,298	.4000	9,324,518	37,298	71,000	218,000	8,550	6,000
Oliver Park GID	12,958	.4100	2,486,582	10,195	200	-	-	-
Round Hill GID	116,557	1.2170	6,453,882	78,544	167,730	3,293,000	196,418	356,000
Sierra Estates GID	7,235	-0-	445,340	-	6,500	6,000	-	3,000
Skyland GID	22,891	.5000	3,644,649	18,368	2,963	-	-	-
Tahoe Douglas District	523,395	.5500	14,892,272	81,368	240,199	2,632,000	193,396	188,000
Topaz Ranch GID	26,123	.8162	2,505,617	20,450	-	-	-	-
Zephyr Cove GID	20,122	-0-	622,104	-	1,100	-	-	-
Zephyr Heights GID	51,472	.2000	1,809,175	3,653	2,090	-	-	-
Zephyr Knolls GID	2,397	.6900	333,373	2,428	-	-	-	-

NRS Chapter 318

General Improvement Districts by County (Continued)

DISTRICT	1975-76 BUDGET*	AD VALOREM TAX RATE	ASSESSED VALUATION	AD VALOREM REVENUE	OTHER REVENUE	TOTAL DEBT OUTSTANDING	INTEREST	PRINCIPAL
Elko County								
Carlin TV District	\$ 13,800	-0-	\$ n/a	\$ -	\$ 15,000	\$ -	\$ -	\$ -
Elko TV District	30,400	-0-	n/a	-	37,844	11,500	-	6,500
Esmeralda County								
Fish Lake Valley TV Dist.	3,618	-0-	n/a	-	3,000	500	30	530
Goldfield TV District	5,558	-0-	n/a	-	3,300	-	-	-
Silver Peak TV District	6,107	-0-	n/a	-	4,200	-	-	-
Eureka County								
Beowawe TV District	5,180	-0-	n/a	-	1,080	-	-	-
Eureka TV District	6,400	-0-	n/a	-	4,000	-	-	-
Humboldt County								
Humboldt TV District	48,729	-0-	n/a	-	48,000	-	-	-
McDermitt Sanitation Dist.	7,343	-0-	n/a	-	3,690	38,700	1,935	300
Paradise Sewer District	6,340	-0-	n/a	-	1,661	39,000	1,985	300
Quinn River TV District	5,188	-0-	n/a	-	4,200	-	-	-
Warmouth Sewer District	12,016	-0-	n/a	-	8,128	61,000	3,050	500
Lander County								
Argenta TV District	12,050	-0-	n/a	-	8,000	-	-	-
Battle Mountain Street Improvement District #1	41,808	-0-	n/a	-	7,000	42,000	1,785	12,000
Lander County Sewer and Water District #2	70,867	.2800	436,900	1,300	39,100	145,972	7,299	1,494
Lincoln County								
Alamo Water & Sewer GID	11,151	-0-	n/a	-	8,000	66,000	3,300	1,000
Lincoln County TV District	20,579	-0-	n/a	-	15,450	-	-	-
Pahrnagat Valley TV District	(1975-76) 3,577	-0-	n/a	-	3,432	-	-	-
Lyon County								
Penrose GID	(1975-76) 4,630	.9470	311,058	2,930	1,700	60,759	-	-
Mineral County								
Mineral County TV District #1	36,125	-0-	n/a	-	19,800	-	-	-
Nye County								
Beatty GID	22,700	-0-	1,766,197	-	9,500	-	-	-
Beatty Water & Sanitation District	39,000	-0-	1,766,197	-	37,000	153,445	6,000	2,800

NRS Chapter 318

General Improvement Districts by County (Continued)

DISTRICT	1975-76 BUDGET*	AD VALOREM TAX RATE	ASSESSED VALUATION	AD VALOREM REVENUE	OTHER REVENUE	TOTAL DEBT OUTSTANDING	INTEREST	PRINCIPAL
Nye County (Cont.)								
Pahrump Swim Pool Dist.	\$ 15,883	.0700	\$14,089,000	\$10,600	\$ 2,500	\$ -	\$ -	\$ -
Railroad Valley GID	5,279	-0-	n/a	-	4,000	-	-	-
Smokey Valley TV District	1,183	-0-	n/a	-	500	-	-	-
Pershing County								
Pershing TV District	6,062	-0-	n/a	-	5,000	-	-	-
Washoe County								
Black Springs GID	-	-0-	111,335	-	-	-	-	-
Crystal Bay GID	466,534	.4900	1,580,918	17,648	448,886	419,000	17,870	158,620
Gerlach GID	9,608	-0-	n/a	-	7,608	-	-	-
Horizon Hills GID	-	.5560	130,745	753	-	-	-	-
Incline Village GID	7,688,264	.2000	81,053,887	162,100	2,731,235	17,143,000	1,059,121	2,420,000
Palomino Valley GID	19,505	-0-	237,940	-	19,500	-	-	-
Sun Valley Water and Sanitation District	603,591	.4780	10,375,815	49,596	354,424	932,000	52,210	10,000
Verdi TV District	2,559	.0300	8,425,809	1,617	2,559	-	-	-
White Pine County								
East Ely Sanitation Dist.	45,070	-0-	n/a	-	23,174	43,000	2,370	7,000
McGill Water & Sanitation District	719	-0-	n/a	-	-	-	-	-
White Pine TV Dist. #1	70,230	-0-	n/a	-	47,000	-	-	-
White River TV Dist. #1	4,429	-0-	n/a	-	2,459	-	-	-

* The figures for 1976-77 are provided in order to have the most up to date data for consideration by the legislature. There are, however, some districts that were late submitting budgets so the 1975-76 figures are used in those cases. There are also some cases in which an approved ad valorem rate is inadequate to support a proposed budget but the revised budget figures were not yet available. In no case should any of these figures be considered official. The data is from Department of Taxation files but not prepared by the department staff.

** Carson Industrial GID had its debt and payment schedule revised by court order which allowed a moratorium on debt payment.

Note: In a number of districts there is a considerable difference between total revenue from ad valorem and other sources and the proposed budget. These districts have large balances carried forward from the previous year which do not show up on the chart.

SPECIAL DISTRICTS PROVIDED UNDER NEVADA LAW

CHART B

AND FUNCTIONS EACH CAN PERFORM

STATUTORY PROVISIONS	FUNCTIONS																							TOTAL DISTRICTS IN EXISTENCE		
	Agricultural Fairs	Conservation	Cemetery	Curb, Gutter and Sidewalks	Drainage	Electric Lights and Power	Fencing	Fire Protection	Flood Control	Garbage & Refuse	Irrigation	Law Library	Library	Mosquitos, Rodents	Parking	Recreation	Sanitary Sewer	Storm Drainage	Street Lighting	Streets and Alleys	Swimming Pool	Telephone	Television		Water	
NRS 244.446 et seq. Beautification				X													X	X	X	X					n/a	
NRS 244.815 et seq. County Improvements				X											X	X	X	X		X					X	n/a
NRS 269 Unincorporated Towns			X					X	X	X						X	X	X	X	X	X		X	X	X	41
NRS 271 Consolidated Improvements				X		X									X	X	X	X		X		X			X	n/a
NRS 309 Local Improvements																	X								2	
NRS 318 General Improvements			X	X		X	X			X				X		X	X	X	X	X	X		X	X	X	64
NRS 379 Library													X												3	
NRS 380 Law Library												X													n/a	
NRS 404 Roads																				X					0	
NRS 473 Clarke-McNary Fire								X																	3	
NRS 474 Fire								X																	18	
NRS 539 Irrigation											X															
NRS 540 Drainage					X																				0	
NRS 541 Conservation									X															X	2	
NRS 542 Watershed									X																0	
NRS 543 Flood Control									X									X							0	
NRS 547 Agricultural	X																								0	
NRS 548 Conservation		X																							0	
NRS 555 Weeds and Rodents														X											4	
Special Acts Las Vegas Valley Water District																								X		

There also seems to be evidence of a policy determination in Douglas County to avoid, insofar as possible, adding any burden to the county budget. The policy has been very successful in this respect. Douglas County's countywide tax rate is only 41 cents. The next lowest county tax rate in the state is \$1 and the average for all 17 counties (including Carson City's Ormsby District) is \$1.59. It should be noted, however, while the combined tax rate in the Carson Valley part of Douglas County outside the three towns is \$2.78, the combined tax rate in virtually all of the Tahoe part of the county is over \$4. The question that the subcommittee faced from many witnesses was whether many of the costs being borne by districts in Douglas County are not legitimately county costs. This was especially true of general improvement districts created to maintain roads that were dedicated to the county but not maintained by them.

Several witnesses and other respondents recommended that the subcommittee study the well-known general improvement district failures as a means of identifying weaknesses in the law. These failures include Horizon Hills in Washoe County, Penrose General Improvement District in Lyon County and Carson Industrial General Improvement District in Carson City. It was determined by the subcommittee that two problem areas contributed to these failures. First, chapter 318 of NRS does not provide currently for the county to have any supervisory or even advisory power over a district once that district is created. There are no indicators of difficulties outlined which would alert commissioners to impending problems and no authority to do anything about the problems even if alerted. Second, the law allows general improvement districts to be indebted up to 100 percent of assessed valuation. This is just general obligation debt! Revenue bonds and special assessment bonds are not counted in the debt limit. Incorporated cities are allowed general obligation debt up to 30 percent of assessed valuation and that is the next highest limit after general improvement districts. The legislative history of NRS 318.277 indicates that an attempt to impose a 50-percent limitation on debt in 1965 was found to be somewhat confining because in the next session, in 1967, that limit was raised to 100 percent and all nongeneral obligation debt was excluded from the limit. Related to both of these problems is the use of a general improvement district by a developer as a means of financing the costs of development.

While identifying a number of other problems now existing in chapter 318, and some potential problems dealt with in detail in the next section, the subcommittee concluded that Nevada general improvement districts are generally fiscally sound. For the most part, chapter 318 of NRS has satisfied the purposes for which it was created. It has made possible the provision of various facilities and services to areas that were outside the ability of general purpose government to provide. Chapter 318 districts have provided a degree of flexibility to county government in meeting localized service demands. At the same time, the subcommittee heard considerable testimony indicating that there are many areas in general improvement district law needing revision to improve the effectiveness of districts and to prevent fiscal insolvencies that would be detrimental to the credit ratings of the counties involved and even to the state.

The subcommittee's examination of chapter 318 districts was impossible to keep separate from other special districts. As the foregoing charts indicate, there are 42 other special districts under the provisions of 10 chapters of general law and, in at least one case, a special act. The subcommittee examined these other areas of law related to chapter 318 with a critical eye on the necessity for their continued existence.

III. PROBLEMS UNDER CURRENT GENERAL IMPROVEMENT DISTRICT LAW AND SUGGESTED SOLUTIONS

The basic thrust of the subcommittee and the focus of all its inquiries was the identification of problem areas in chapter 318 of NRS. There are also other portions of existing law relating to chapter 318 problems. Finally, it was determined that some chapter 318 problems can be solved only by additions to current law.

The subcommittee considered the testimony, problems identified and proposed solutions under several headings and those headings will be used in this section. Before going into a detailed consideration of problems and solutions, however, one general question should be considered.

The fundamental question that surfaced early in the work of the subcommittee was whether or not chapter 318 of NRS should be retained at all. A generalized problem identified very early in the study is the absence of authority for boards of

county commissioners to oversee the operation of general improvement districts. This absence of authority leads to a number of other specific problems dealt with in detail below. The question that the subcommittee faced was whether or not county commissioners should be given the power to create improvement districts and the responsibility to run them as county subordinate service districts.

The subcommittee decided that most of the problems in chapter 318 of NRS could be dealt with satisfactorily through changes recommended herein and that the chapter serves a valid and necessary function. The option for county commissioners to create general improvement districts under chapter 318 of NRS should be retained in the opinion of the subcommittee. The subcommittee did feel, however, that boards of county commissioners desiring to supervise closely a district should have the option of creating subordinate service districts under chapter 244 of NRS. This is outlined in greater detail below.

A. Specific Problems in Chapter 318 of NRS and Recommended Solutions.

- (1) Criteria for district creation. The subcommittee heard extensive testimony indicating that boards of county commissioners have created general improvement districts when the service to be provided could or should have been provided by county government, or that they created districts that did not have adequate valuation or population to support the proposed service. There have been two results of such actions. First, there are a number of districts in some areas that overlap one another and duplicate services. Second, there are a number of fiscally unstable districts in existence.

Therefore, the subcommittee recommends that:

Specific criteria be provided for the creation of general improvement districts so that standards of minimum size, valuation and general financial capability be met, and the potential, carefully examined, of existing entities to provide the services before commissioners can approve a new district. (BDR 25-74)

- (2) Merger, consolidations, dissolution and adjustment of districts. Related to the creation of districts in the absence of clear standards is the question of proliferation of districts providing the same or similar services in the same general geographic areas. The establishment of standards will minimize the future creation of duplicative or undervalued districts but quite a few such districts currently exist. In the Tahoe Basin of Douglas County, there are five sewer districts within a 12-mile stretch along the lake. In the same general area, there are 10 districts providing road maintenance. Each district must have its own board of trustees, a bookkeeper, an attorney and regular audits as a minimum for overhead expenses. Duplication in capital investment is far more costly.

Therefore, the subcommittee recommends that:

Boards of county commissioners under certain conditions be given clear and detailed authority to merge or consolidate existing districts, dissolve those no longer serving any purpose, adjust the boundaries of existing districts or convert independent general improvement districts into county subordinate service districts.
(BDR 25-74)

There was also concern expressed about the dissolution of districts when district assets exceed liabilities and when such assets will not be used for the benefit of the property owners who paid for such assets or contributed to a cash balance.

Therefore, the subcommittee recommends that:

When a district is dissolved, the assets of the district which are in excess of its liabilities and which will not be used directly to benefit the property owners of the district dissolved should be divided among the property owners of such district. (BDR 25-74)

- (3) County powers for temporary operation of a district. The subcommittee heard numerous examples of districts that cannot put together a full board of trustees or that go for from 1 year to several years without filing annual budgets or that are simply being mismanaged to the detriment of their residents. In spite of such problems many districts, nevertheless, are performing or should be performing necessary services and, therefore, cannot easily be merged or dissolved. Under current law, the county commissioners have no other alternative except to do nothing. In most cases reported to the subcommittee, nothing is done. The subcommittee determined that more flexibility in dealing with situations of deficient management or mismanagement should be provided. It was recognized that county commissioners are understandably reluctant to dissolve a district if the county must assume the debt. Similarly, an adjacent district is reluctant to be merged with a fiscally shaky district.

Therefore, the subcommittee recommends that:

Under certain prescribed conditions, a board of county commissioners must step in to restore sound management, if possible, or to merge or dissolve the district. Short of merger or dissolution, the board of county commissioners should have the authority to operate the district until it is restored to a sound condition and then return it to a district board of trustees. (BDR 25-74)

- (4) County commissioners to be initial board of trustees. Many witnesses before the subcommittee testified concerning the difficulty that an initial board of trustees has when a district is first created. The county commissioners appoint the first board of trustees but then the board is on its own. It usually has no money and must borrow from the county. There is no assurance that the appointive trustees will have any knowledge of accounting procedures, legal requirements for budgets or bonding procedures. There is no requirement that the county provide any assistance after the board is appointed. The subcommittee concluded that in most situations in which

districts encountered difficulties resulting from inadequate fiscal controls and inadequate management, the problems went right back to the first board of trustees.

Therefore, the subcommittee recommends that:

Boards of county commissioners should be required to function as the board of trustees of a newly created district until such time as certain criteria for accounting, budgeting, debt issue and management are met. Then the county commissioners would have the option of appointing a board of trustees and turning the district over to them. (BDR 25-74)

- (5) District elections. With virtually no exceptions, general improvement district officials recounted difficulties with the election provisions of chapter 318 of NRS. The difficulties ranged from minor inconvenience to serious concern over the legal adequacy of the election procedures being followed in various districts. The discussion and consideration of the election issue centered on two things. First, what should the requirements for voting in district elections be, and second, how should the elections themselves be conducted?

Subcommittee counsel researched the constitutional aspects of who votes in a special district election. There have been no U.S. Supreme Court cases squarely on the point of a general improvement district election. Counsel did discuss Kramer v. Union Free School District, 395 U.S. 621 (1969), which said that in any district in which a person has an interest, that person must be allowed the right to vote. The conclusion of counsel was that all district residents, regardless of whether they own property, must be allowed the right to vote.

- (a) Right to vote for all district residents. With regard to residents of general improvement districts who do not own property, the subcommittee recommends that:

All district residents registered to vote should have the right to vote in any district election for boards of trustees or for bond issues or special assessments. (BDR 25-74)

- (b) Removal of vote for nonresidents. Under current law, nonresident landowners have the right to vote in special district elections if they are otherwise qualified to vote in Nevada. There are several problems concerning this provision. First, it creates a discrimination between classes of nonresident landowners, those who are Nevadans and those who are not. Second, it is questionable if district election officials can effectively check the qualifications of nonresident landowners to vote. This is especially true because the nonresident need only be qualified to vote; he need not be registered. Third, if both residents and nonresident landowners vote, the same piece of property can be doubly represented. Subcommittee counsel advised that the critical element in guaranteeing the nonresident landowner due process was to assure that he receives notice of any proposed actions by the district that would affect the taxes he pays or that would place liens against his property. Such notice combined with an opportunity to protest at a public hearing adequately provides for due process.

Therefore, the subcommittee recommends that:

Chapter 318 of NRS be amended to remove the right of nonresident landowners to vote in district elections, due process being guaranteed instead by notice and protest provisions.
(BDR 25-74)

- (c) District registration list required. There is no clear requirement under current law for formal registration for district elections. The subcommittee was told of difficulties encountered in several districts when people arrived to vote but were unrecognized by district election officials. Quite simply, an election official has no legal basis to deny someone the right to vote and an individual has no firm basis on which to demand that right.

Therefore, the subcommittee recommends that:

All general improvement districts be required to have prepared by the county clerk or supervisor of elections a special registration list for district elections. (BDR 25-74)

- (d) County to run district elections. The final problem considered in the area of district elections involves the actual mechanics of running an election. The staff available to districts varies tremendously. The ability of the available staff to run an election in conformance with state election laws is also limited. The subcommittee, in other items below, discussed the general question of expert assistance from county officers to general improvement districts. It was felt that in the area of elections, assistance by counties is definitely in order.

Therefore, the subcommittee recommends that:

General improvement district elections should be run pursuant to the general election law by the regular county election official or someone deputized by him. (BDR 25-74)

- (6) Remove PSC control from districts providing utilities. A number of representatives from districts providing public utilities services related difficulties encountered with the public service commission. The PSC has served two basic functions relative to districts. First, it has approved rate changes as it does for privately owned public utilities. Second, it has provided assistance, especially to small districts, in determining what rates should be. It has been both regulatory and advisory. The subcommittee concluded that there is little justification in terms of public policy to have district utility rates subject to PSC approval. Cities and counties are not subject to PSC approval for utilities that they provide. The rationale is that the people subject to the rates elect the people setting the rates. This is no less true in a

general improvement district. As long as there are provisions for notice, hearings and protests, the residents are protected from any unwarranted rate changes.

The subcommittee also felt, however, that the PSC should continue to provide technical assistance to any district requesting it. This assistance should include the preparation of general guidelines for districts to set utility rates and specific assistance upon request and on a fee basis.

Therefore, the subcommittee recommends that:

General improvement district utilities be removed from PSC control but that provisions for notice, hearing and protest, as well as appeal to district court, be included in the law. Further, the PSC should provide general guidance on ratesetting for all districts, and specific assistance upon request, on a fee basis. (BDR 25-72)

- (7) Restructure and expand the functions of county general obligation bond commission. The subcommittee was very much concerned about the general question of district debt. The discussion of this question reflected the fact that the decision to create a district of a certain size, valuation and growth potential is very closely related to its debt capacity. In this regard, the subcommittee considered the idea of a review agency at the state or county level that would involve itself in the creation of any new entities or annexation to existing entities. It was agreed that this is an intriguing and worthwhile concept. It is, however, beyond the scope of this subcommittee and is recommended for future study by the legislature. The subcommittee did feel that the existing county general obligation bond commissions are appropriate vehicles for the exercise of greater debt review for districts. These commissions now look at proposals for general obligation bond issues with several things in mind. These include the ability of the entity to pay off the bond issue as scheduled, the impact on other entities, the total bonded indebtedness of all the entities in the county and future capital improvement plans of each entity. They have the power to stop a bond issue.

The general obligation bond commissions are limited in solving the debt review problems of districts for two reasons. First, there is no district representative on the commissions as presently constituted. Second, many districts have no general obligation bonds. They rely instead on revenue and special assessment bonds. The subcommittee concluded that it is essential for responsible local government debt management that all forms of local government debt should be reviewed.

Therefore, the subcommittee recommends that:

County general obligation bond commissions be restructured to include a representative of special districts and a representative of the public at large and that the functions of the commissions be expanded to include review and approval of all forms of general improvement district debt issue. (BDR 25-74)

The subcommittee further recommends that:

The legislature study the concept of boundary commissions, at the county or state level, as a device for orderly growth of local governments. (BDR 83)

- (8) Financial management, increased powers of department of taxation. The question of debt management and appropriate debt levels is only one aspect of financial management. It is quite possible to have a district with excellent assets, high valuation and a good bond rating that is financially mismanaged. The subcommittee heard of such cases primarily from the department of taxation, which is most often aware of such practices. The department presented a number of recommendations designed to improve the financial practices of districts. Of primary importance in this regard are clear enforcement powers for the department of taxation. Some of the department's recommendations were the same as those adopted by the subcommittee. Others were endorsed by the subcommittee but it was felt that the bill requests for these items should properly come from the department of taxation rather than from the subcommittee.

Recommendations endorsed by the subcommittee but for which legislation will be requested by the department of taxation are as follows:

- (a) Give the department authority to prepare quarterly reports for districts if districts have not filed them.
 - (b) Give the department authority to direct counties to withhold moneys from a district or to direct the state to withhold moneys if a district is not in compliance with the law.
 - (c) Give the department the authority to withhold certification of the tax rate to a district if a district is not in compliance with the law.
 - (d) Give the department the authority to require management assistance for districts.
 - (e) Give the department the authority to order an audit be redone for a district.
 - (f) Give the department standing to file charges with district attorneys to enforce the law and require district attorneys to commence the action, and if they do not, the attorney general shall be required to do so.
 - (g) Require districts to have a minimum chart of accounts.
 - (h) Give the department the authority to do an in-depth review of financial capability of a district.
 - (i) Require that districts name budget officers.
 - (j) Require that budget officers attend an annual workshop of the department.
- (9) District tort liability. Tort liability, of both local governments and their officers, is becoming an increasingly acute problem. Districts providing a broad range of services, or such single services as

road maintenance, have a definite tort exposure. The subcommittee learned that a number of districts, especially smaller ones, do not carry liability insurance. There is definite evidence that tort liability and liability insurance are becoming increasingly critical concerns to all local governments.

Therefore, the subcommittee recommends that:

A statement of the subcommittee's sentiment on the subject be included in this report as follows: The subcommittee considered the question of liability and felt it was not a proper issue to mandate in the law, but that it should be seriously considered by the board of trustees of each district.

The subcommittee further recommends that:

The legislature, by resolution, advise local governments that the subcommittee study leads to the strong conclusion that every local government entity should have tort liability insurance. (BDR 82)

- (10) Paralleling districts with other local governments. General improvement districts have several problems arising from the fact that in some instances they are treated differently in the statutes than are other government entities. Obviously there are significant distinctions between cities or counties on the one hand and special districts on the other. They cannot be treated the same in all matters. In several areas, however, there is no apparent reason for provisions unique to general improvement districts.

The subcommittee learned that when property in a general improvement district becomes delinquent for nonpayment of special assessments, foreclosure proceedings must be recommenced every 6 months or every year, depending upon the payment frequency. There is no provision for the acceleration of special assessments due. By contrast, the County Improvements Law (NRS 244.894) and the Consolidated Local Improvements Law (NRS 271.410) provide for acceleration of the entire unpaid principal at the time the payment due becomes delinquent. Counties and cities,

as a result, wield far greater leverage in collecting delinquent special assessments than do districts. General improvement districts are provided the option of using chapter 271 of NRS, the Consolidated Local Improvements Law, but if they do not, they cannot benefit from the acceleration provisions in chapter 271.

- (a) With regard to foreclosure procedures of delinquent property, the subcommittee recommends that:

The foreclosure procedures for delinquent property within general improvement districts be brought into line with delinquent property procedures for other local government entities.
(BDR 25-72)

- (b) There are a number of standard court filing fees for various actions. There is an exemption from such fees in NRS 19.035 for the state, counties, cities or towns. There is no clear exemption for general improvement districts. Some clerks construe the statute to include districts under counties.

- (c) The subcommittee also learned that there is some confusion over the legal definition of a general improvement district. The definition in NRS 318.020 provides no assistance. This definition problem is the basis for the court filing fees issue above. NRS 350.538 states that "municipality" includes all districts under Title 25. This would include chapter 318 districts.

Therefore, the subcommittee recommends in regard to (b) and (c) that:

General improvement districts be exempted from the payment of court filing fees as are other local governments. (BDR 25-71)

- (11) Assistance of county officers to districts. The original concern about the relationship between boards of county commissioners and general improvement districts expanded in the course of the hearings to include other elected county officials. There is current statutory

direction that county clerks and assessors be reimbursed for services provided to districts. For other county officials such as the district attorney, recorder-auditor or treasurer, the direction is not so clear. It is unclear at present whether any county officer must assist a general improvement district if requested.

There are also other county officers and departments under the direction of the boards of county commissioners whose services can be especially useful to a district. These would include county managers, public works directors or engineers and similar people who could provide assistance to the districts within a county.

Therefore, the subcommittee recommends that:

Elected county officers be required to provide the services of their offices upon request to general improvement districts on a reimbursable basis, such assistance to include those departments and appointed officers under the supervision of the board of county commissioners. (BDR 25-71)

- (12) "Secret liens." The subcommittee considered another aspect of delinquent property, foreclosures and liens. Specifically, there was testimony about "secret" liens. These are liens which are placed on property for failure to pay a special assessment, for instance, but for which the property owner never receives a notice until proceedings against the property are begun. NRS 318.420 provides for recording of liens but has no requirement that the property owner be notified.

Therefore, the subcommittee recommends that:

All liens placed for general improvement district purposes be noticed to the property owner against whose property the lien is placed. (BDR 25-72)

- (13) Reduction of district debt limit. The subcommittee's concern about the allowable district debt was mentioned above in the discussion of county general obligation

bond commissions. Specifically, the fact that a general improvement district is allowed to issue general obligation bonds equal in amount to the total assessed valuation of the district seemed fiscally unsound to the subcommittee. By way of contrast, counties, cities and school districts are limited to 10 percent, 30 percent and 15 percent, respectively. If a district's valuation is so low as to make a 100 percent of valuation debt limit necessary, such district is probably of doubtful fiscal viability anyway and consideration should be given to merging or dissolving it.

Therefore, the subcommittee recommends that:

The cumulative general obligation debt limit for general improvement districts be lowered from 100 percent to 50 percent of assessed valuation. (BDR 25-73)

- (14) District right to review and comment. Under current law, a county may create a general improvement district, but the right to approve development projects in that district remains with the county. The subcommittee felt that general purpose government should retain this authority. There were instances, described to the subcommittee, of a county's approving a development within a road maintenance improvement district that resulted in new roads which were extremely difficult to maintain. Furthermore, the roads were inferior to the county standards for acceptance but the district was forced to accept them. The subcommittee felt that such situations should be prevented if at all possible.

Therefore, the subcommittee recommends that:

Any plans for improvements, subject to county approval under chapter 278 of NRS to be carried out within or partially within a general improvement district, be submitted to that district for review and comment prior to final action. (BDR 25-71)

- (15) Compensation of public official. The question of compensation arose in the course of the study in two contexts. First there was the question of county commissioner compensation in those areas where county commissioners were heavily involved in overseeing or

even operating districts. While the issue of county salaries is clearly within the legislative power, the appropriate formula for added compensation seemed an intractable problem. The subcommittee took no action on this subject. The second context for the compensation question was salary for members of boards of trustees. The current law allows compensation for trustees of districts providing sewer, garbage, water or television service. If a district does not provide at least one of these four, no compensation is allowed. It does not seem that equity is very well served by this arrangement.

Therefore, the subcommittee recommends that:

The boards of trustees of all general improvement districts be eligible for compensation up to the present maximum of \$1,800 per year, such salary to be established by resolution of the board pursuant to notice and hearings. (BDR 25-73)

- (16) Preventing use of districts by developers. Throughout the subcommittee's study, the question of the use of the general improvement district law by developers was discussed. The subcommittee agreed that chapter 318 of NRS should not be used as a device to finance the front-end costs for developers. There was discussion about minimum criteria of population or assessed valuation before a district could be created. This would prevent developers from using chapter 318. Such criteria might also prevent a group of people for whom the chapter is a legitimate option from using it. The subcommittee concluded that a more general response to this problem was appropriate.

Therefore, the subcommittee recommends that:

The legislative declaration section of chapter 318 of NRS be amended to provide additional guidance to county commissioners by declaring that the chapter is not intended as a device for financing the commercial costs of developers and that chapter 308 of NRS be amended so that the criteria for disapproval of a service plan shall include evidence that the proposed district is primarily to pay the commercial costs of a developer. (BDR 25-74)

- (17) Annexation. The entire question of proliferation of districts, overlap and duplication involves the related issue of adjusting the boundaries of existing districts. Current law provides for the annexation of land to a district upon petition of the owners wanting to be annexed. It also provides that in the Tahoe Basin, refusal to accept such a petition by a district is appealable to the public service commission, which may order such annexation. The current law also provides for apportionment of present and future debt but a very significant cost area is not covered in the law. There are no criteria in existing law for determining what portion of the costs of sewer line extension to annexed areas should be paid by the new member of the district and what portion by the old. The same is true for water lines or for the sewage or water treatment plants. In short, the guidance for an equitable method of annexation is meager with the result being a reluctance to use this law. In some areas, such as the Tahoe Basin, which come under state or federal directives to provide sewer or water, the annexation law becomes crucial. A small area required to provide sewer service may find the capital expense an impossibility. The area will ask to be annexed to a district with a sewer capacity. The existing district is properly careful about the interests of its own residents. The result is often a great deal of confusion, and the possible refusal of either the district or an adjacent area to accept certain terms will result in an impasse that does not satisfy the mandate. The subcommittee felt that a better method for annexation in terms of debt apportionment was necessary. It also felt that under certain circumstances involving federal or state mandates for the provision of certain services to an area, it is necessary that a county have the authority and responsibility to order an annexation to an existing district.

Therefore, the subcommittee recommends that:

The provisions for debt apportionment when land is annexed to a general improvement district be expanded and clarified and that counties be given authority and responsibility under conditions of state or federal mandate to order annexations to existing districts. (BDR 25-72)

- (18) Annexation encouraged. The subcommittee recognized that it would be beneficial to clarify and improve the annexation procedures in chapter 318 but that an additional step is required in order to encourage its use. It appeared from testimony that a number of districts have been created either adjacent to or close to existing districts. The subcommittee felt that annexations to districts as opposed to creation of new districts were far preferable. The establishment of definite criteria under which a county would have to order an annexation is a very difficult, if not impossible, task. The county must retain flexibility in the manner of dealing with unique local problems.

Therefore, the subcommittee recommends that:

A statement of legislative intent be added to chapter 318 to show that annexation to an existing district is preferable to the creation of a new one.
(BDR 25-74)

- (19) Distributive gas tax to districts. The proliferation of general improvement districts in at least one county is, in large part, a result of the refusal of the county to accept local roads for county maintenance. In most cases, the roads in question were put in as part of a subdivision development by the developer. When the development becomes populated, the residents then have to deal with road maintenance. In most cases, they ask to dedicate the roads to the county and have the county maintain them. The county refuses this option and suggests a general improvement district to maintain roads. There are some basic policy problems with this approach. First, the county has accepted dedication of the roads but refuses maintenance. The legality of this approach is open to question. Second, the county receives distributive gas taxes based upon total gas sales in the county. Under current law, there is no requirement on how such money must be spent. The subcommittee felt that if the county distributive gas tax had to be allocated to districts maintaining roads, the motivation to create more road maintenance districts would be reduced.

Therefore, the subcommittee recommends that:

Counties be required to share the county distributive gas tax for the unincorporated areas with districts maintaining roads, on the basis of the relationship of that district's county road mileage to total county road mileage. (BDR 25-71)

B. Other Special Districts.

The subcommittee, in its consideration of chapter 318 districts, also received input concerning the other types of special districts in current law. There are several other chapters of NRS that provide for special districts for the same services as are available through chapter 318. In terms of public policy, the subcommittee felt that, where possible, the use of chapters 244 or 318 of NRS is preferable to the use of 10 to 12 chapters, each with its slight variations and legal nuances.

While the use of chapters 244 and 318 is preferable, the subcommittee concluded that many of the special district chapters were enacted to deal with specific needs, primarily rural in nature. These needs are reflected principally in methods of organization and powers of these various districts. To incorporate these districts into chapter 318, for instance, would require one of two approaches. A number of exceptions to current chapter 318 provisions could be added for the various districts which would be brought under that chapter, or the procedures and powers of these various districts could be converted to those now available in chapter 318. The first approach would add to the complexity of chapter 318 and make it more difficult to comprehend. The second approach would eliminate criteria and procedures that are legitimate to particular district purposes.

The subcommittee also recognized that the basic purpose of chapter 318 is to provide a means of furnishing urban type services to an area where such services cannot be provided by a general purpose government. The other special district chapters outlined in Chart B are primarily to serve rural type needs in rural areas. Because of these several considerations, the subcommittee decided to limit its attempts to eliminate various separate chapters of NRS. It is apparent, however, that fire

protection should be added as a basic power in chapter 318. The subcommittee also found that some special district chapters were not being used at all. In these cases, and if the powers in such chapters are available in other chapters, the subcommittee felt that repeals were in order.

Therefore, the subcommittee recommends that:

Fire protection be added as a power under NRS 318.116; that chapter 540 on drainage and chapter 542 on watersheds be repealed; and that a procedure for conversion to chapter 318 be provided in chapter 474 on fire protection. (BDR 25-74)

C. County Subordinate Service Districts.

Many of the considerations aimed at improving the workings of chapter 318 involved the role of boards of county commissioners in creating, overseeing, adjusting and assisting general improvement districts. Discussion of these issues led to the question of whether or not it would be preferable to have all district functions the responsibility of counties. Counties could establish subordinate service districts rather than independent improvement districts. It was noted that several states are using such an approach. The subcommittee decided against recommending that all future districts be county subordinate service districts because, in several counties, such a requirement could impose a heavy burden on part-time county commissioners. Also, in some of Nevada's very large counties, it would be very difficult for county commissioners to stay in touch with district problems.

The subcommittee very definitely felt, however, that there should be the option for county commissioners to be able to create subordinate service districts if they thought it preferable. It was also felt that under certain circumstances, the county commissioners should have the authority to convert existing chapter 318 districts into subordinate service districts. The circumstances envisioned involve the inability of a district to conduct its own business, failure to maintain a board of trustees or other evidence of serious mismanagement. An existing chapter 318 district would have the option of requesting conversion to subordinate service district status.

Chapter 244 of NRS currently contains the County Improvements Law (NRS 244.815 to NRS 244.919, inclusive). This law allows a county to create a separate area for the purpose of putting in an improvement. The property in the area is specially assessed, the improvement put in and then the county picks up the maintenance of the improvement on the countywide tax base. There is no provision in this law for operation and maintenance of an improvement except from general county funds. For all practical purposes, the creation of a district under the County Improvements Law is transitory and used only to figure who will pay what assessment. Clark County has used these provisions extensively for such things as curbs, gutters, sidewalks and street lighting. This law is of no use to a county which does not want to assume the maintenance costs of an improvement but, instead, wants the original beneficiaries to pay such costs.

- (1) Utah law as model. The State of Utah, in 1975, passed a "Special Service District Act" which was studied by the subcommittee. It very closely paralleled the subcommittee's thoughts on subordinate service districts.

Therefore, the subcommittee recommends that:

Counties be provided with the option of creating county subordinate service districts with or without local advisory boards, such option to be modeled generally on the Utah Special Service District Act of 1975. (BDR 25-74)

- (2) Use in spite of protest. The subcommittee again considered the question of state or federal mandates for services in a particular area, this time in the context of subordinate service districts. The subcommittee felt that a county should be constrained in the establishment of subordinate service districts just as with chapter 318 districts. A refusal of a majority of the landowners should prevent the creation of a subordinate service district, too. Under conditions of state or federal mandate, however, the subcommittee felt that a county should be able to create a subordinate service district in spite of protest, but only under such conditions.

Therefore, the subcommittee recommends that:

The county subordinate service district legislation include the authority for a county to create a subordinate service district, in spite of landowner protests, if such district is necessary to comply with a federal mandate or a state mandate pursuant to a federal order. (BDR 25-74)

D. State Role.

Most of the emphasis in the subcommittee's hearings and discussion was on the proper relationship between districts and county governments. There is also a relationship between the state and districts which was examined by the subcommittee. A great deal of testimony and discussion centered on the fact that failures by districts to provide proper management, failures to maintain sound fiscal policies and other shortcomings are seldom, if ever, matters of willful neglect or calculated deceit. Instead, such problems arise generally from lack of knowledge of the law, lack of expertise in finances or management and lack of money to hire knowledgeable people. The subcommittee felt that under these circumstances, the state has certain responsibilities. These responsibilities can be viewed at two levels. First, the state should have the power to step into a local financial crisis in order to protect its own credit standing and that of its political subdivisions. Second, the state should seek to avert crises in local government by providing access by local governments to expert assistance either at no cost or on a nominal basis.

- (1) State intervention in local fiscal crises. With regard to local fiscal crises, the subcommittee reviewed a new proposal by the advisory commission on intergovernmental relations called "State Intervention in Local Government Financial Emergencies." The proposal provides for specific criteria that would trigger state intervention, the things the state could do and the conditions for state withdrawal. This proposal was prompted in large part by the New York City crisis and recognition of what this did to the state as well.

The subcommittee recognized that small local governments, perhaps for different reasons, are also susceptible to financial mismanagement.

The department of taxation informed the subcommittee that it will submit legislation to the next session which will provide for state intervention in local government financial emergencies and will encompass all local governments, including general improvement districts.

Rather than recommend legislation which would largely duplicate the department's proposal but be limited to general improvement districts the subcommittee endorses and supports the department's bill.

- (2) State technical assistance to local government. The subcommittee felt that local fiscal crises, at least those in small entities such as most general improvement districts, would be avoided in most cases if expert assistance were readily available to a local government. Such expert assistance could improve overall management and increase efficiency, not just avoid fiscal crises.

Larger states generally have a separate department for local government or community affairs. This may not be practical for smaller states. Other devices are available, however, that can provide local government assistance. The department of taxation has a local government section that currently attempts to help local governments by explaining the law, by assisting them to comply with the law and by warning entities if their practices are marginal. The department has no clear authority to perform an assistance function. It is primarily an enforcement agency. The subcommittee felt that the department of taxation, because of its knowledge of local government finances, is the logical focus for attempts to make technical assistance available to local governments.

There was also concern for an assistance function and an enforcement function in the same office. For this reason, the subcommittee felt that while the department of taxation was in the best position to identify those in need of technical assistance and to coordinate such assistance, the resources of the university system could be most useful in supplying

expert personnel to provide actual assistance. The primary requirement for the establishment of a technical assistance capability is an appropriation to offset the necessary expenses of such an effort. It is contemplated that the travel, per diem and a standard rate for consultation work would be paid to members of the university system or, if necessary, to those from outside government or the university. The subcommittee felt that such a fund should be administered by the executive branch of state government but not the department of taxation. Fund administration would be a minimal bookkeeping operation and the subcommittee felt that the board of examiners is a likely choice for administration of it.

In addition, the subcommittee felt that the local government advisory committee of the department of taxation, composed primarily of local government representatives, could play a very useful role in identifying entities in need of assistance and in determining the kind and amount of assistance necessary. With this minimal administrative structure, the main requirement for the legislature is to provide an appropriation.

Therefore, the subcommittee recommends that:

The department of taxation, in conjunction with the University of Nevada system and the department's local government advisory committee, develop a method for identifying local governments in need of technical assistance and providing such assistance. (BDR 31-75)

The subcommittee further recommends that:

A sum of \$20,000 be appropriated to the board of examiners to pay the costs of the technical assistance program for the 1977-79 biennium. (BDR 25-75)

E. County Commissioner Service Plan Exemption.

The Special District Control Law, which is chapter 308 of NRS, was designed to insure that districts were not created that were not fiscally viable and based on a definite need.

The heart of chapter 308 is the service plan requirement which demonstrates in detail the need for a proposed district and its likely fiscal integrity.

Paragraph (c) of subsection 2 of NRS 308.020 exempts from the service plan requirement those districts initiated by a board of county commissioners. The subcommittee felt that the exemption contributed to the proliferation of districts in some areas. If the county commissioners had to develop a service plan, county residents and those living in the proposed district would have a far better idea of the fiscal impact than they do now on commissioner initiated districts.

Therefore, the subcommittee recommends that:

The exemption from the service plan requirements for boards of county commissioners in paragraph (c) of subsection 2 of NRS 308.020 be repealed. (BDR 25-74)

IV. CREDITS

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>NUMBER OF MEETINGS ATTENDED</u>
ROLAND L. ADAMS	Douglas County Manager	Minden	1
JULIO D. ALVES	Douglas County Sewer Imp. Dist. #1	Stateline	1
GLEN W. ATKINSON	University of Nevada	Reno	1
LORAN L. BARBER	Skyland GID	Zephyr Cove	1
LESTER H. BERKSON	Tahoe Douglas and Incline Village GIDs	Zephyr Cove	2
PHYLLIS BERKSON	Interested Citizen	Zephyr Cove	1
K. WILLIAM BIGHAM	Kingsbury GID	Stateline	1
LORI BINGHAM	Tahoe Douglas Sewer District	Zephyr Cove	2
HERMAN E. BOSTROM	Logan Creek Estates GID	Glenbrook	1
THELMA E. CALHOUN	Carson City Supervisors	Carson City	1
JAMES CARTER	Churchill County	Fallon	1
JOSEPH F. CIATTI	Tahoe Douglas Sewer District	Zephyr Cove	2
NOEL E. CLARK	Chairman, Public Service Commission	Carson City	1
LINCOLN COVINGTON	Department of Taxation	Carson City	3
JAMES F. CRAFTS	Glenbrook Property Owners Assn.	Glenbrook	1
DARREL R. DAINES	Clark County Comptroller	Las Vegas	1
HAROLD P. DAYTON, JR.	Douglas County Commissioner	Zephyr Cove	1
PAUL W. DIGGLE	Interested Citizen	Glenbrook	1
THOMAS F. ECK III	Round Hill GID	Zephyr Cove	1
HENRY ETCEMENDY	Carson City Manager	Carson City	1
RICHARD GANZEL	Bureau of Governmental Research		
	University of Nevada, Reno	Reno	1
JOHN GIANOTTI	Douglas County Sewer Imp. Dist. #1	Stateline	1
LAWRENCE D. GILSON	Director of Policy Implementation, Advisory Commission on Intergovernmental Relations (ACIR)	Washington D.C.	1
JAMES S. GIST	Senior Engineer Assistant	Las Vegas	1
RICHARD F. GLAVE	Gardnerville Ranchos GID	Gardnerville	2
ERNEST G. GREGORY	Chief, Bureau of Environmental Health Department of Human Resources	Carson City	1
ROBERT GRIFFIN	Lyon County Commissioner	Wellington	1
ANDREW HALL	Municipal Bond Attorney, Wilson, Jones, Martin and Lynch, San Mateo	San Mateo, California	1

Credits (Continued)

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>NUMBER OF MEETINGS ATTENDED</u>
G. HOLBROOK HAWES	Mobile Home Association and		
	Association of Retired Persons	Carson City	2
TIMOTHY D. HAY	University of Nevada	Reno	1
LYNN HEYDON	Lakeridge GID	Zephyr Cove	1
COLLEEN KARNES	Clark County Public Works Department	Las Vegas	2
OLIVER M. KAHLE	Douglas County Sewer District No. 1 and Oliver Park GID	Stateline	1
JOHN KRONFELD	E. F. Hutton and Company	Denver	1
ROBERT S. LAIRD	Horizon Hills GID	Reno	2
F. S. K. LEWIS	President, Zephyr Cove GID	Zephyr Cove	1
JAMES C. LIEN	Assistant Executive Director, Department of Taxation	Carson City	6
WILLIAM MACDONALD	Humboldt County District Attorney and Winnemucca City Attorney	Winnemucca	1
MILTON MANOUKIAN	Attorney, Douglas County Sewer District No. 1	Carson City	1
	Round Hill GID	Round Hill	2
	Auditor, Department of Taxation	Carson City	5
RUSSELL W. MCDONALD	Washoe County Manager	Reno	1
KERMIT MCMILLIN	Incline Village GID	Incline Village	1
JACK I. MCAULIFFE	Crystal Bay GID	Crystal Bay	1
JOHN MEDER	Division of State Lands	Carson City	1
D. M. NEILSON	Interested Citizen	Zephyr Cove	1
CONNIE JO PICKING	Kingsbury GID	Stateline	1
KENNETH A. PRIEST	Beatty Water and Sanitation District	Las Vegas	1
SUSAN POWERS	Clark County Regional Planning Council	Las Vegas	1
JEFFERY K. RAHBECK	Indian Hills, Zephyr Heights and Oliver Park GIDs	Stateline	1
RAY M. RASSLER	City of Henderson	Henderson	1
AUSTIN E. RAYMER	Park Cattle Company	Zephyr Cove	1
JOHN M. REDY	Interested Citizen	Zephyr Cove	1
EDWARD REGALADO	Department of Taxation	Carson City	2

Credits (Continued)

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>NUMBER OF MEETINGS ATTENDED</u>
PETER F. RICE	Interested Citizen	Carson City	1
FRANK SALA	Counsel for Sun Valley Water and Sanitation District	Reno	1
URBAN SCHREINER	Las Vegas Valley Water District	Las Vegas	1
DONALD M. SCHULTZ	Certified Public Accountant	Carson City	1
MR. AND MRS. CLARENCE E. SCHWAGER	Logan Creek Estates GID	Glenbrook	1
THOMAS E. SHEA	Round Hill GID	Round Hill	1
MR. AND MRS. KENNETH C. SMEDLEY	Gardnerville Ranchos GID	Gardnerville	1
GEORGE SMITH	Skyland Improvement District	Zephyr Cove	1
ROBERT "HAL" SMITH	Burrows, Smith and Co. of Nevada	Las Vegas	1
R. LEE SPELTZ	Marla Bay GID	Zephyr Cove	1
LARRY D. STRUVE	Chief Civil Deputy District Attorney Washoe County District Attorney's Office	Reno	1
MARVIN WALKER	Beatty Water and Sanitation District	Beatty	1
ROBERT WARREN	Executive Secretary, Nevada League of Cities	Carson City	1
MYRON R. WELSH	Las Vegas Valley Water District	Las Vegas	1
W. W. WHITE	Incline Village GID	Incline Village	2
CHARLES WHITNEY	Interested Citizen	Zephyr Cove	1
JAMES R. WIDNER	Las Vegas Valley Water District	Las Vegas	1
ALLEN R. WILCOX	Bureau of Governmental Research University of Nevada	Reno	1
LORRAINE R. WILCOX	Department of Taxation	Carson City	2

SUGGESTED LEGISLATION

SUMMARY--Urges local governments to review their existing liability insurance. (BDR 82)

CONCURRENT RESOLUTION--Urging all local governments to review their existing liability insurance.

WHEREAS, The 58th session of the legislature adopted Assembly Concurrent Resolution No. 32 directing the Legislative Commission to conduct a study of the methods of creating, governing and financing general improvement districts in Nevada; and

WHEREAS, The Legislative Commission appointed a subcommittee to conduct the study, and the subcommittee learned that some general improvement districts and other local governments had made no arrangements for tort liability insurance; and

WHEREAS, The services provided by local governments are wide ranging and as a result the potential liability to these governments and their officers is extensive; and

WHEREAS, The subcommittee has concluded that local governments should have adequate liability insurance; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the legislature supports the subcommittee's conclusion that every local government should have adequate tort liability insurance; and be it further

RESOLVED, That the legislature urges each local government immediately to review its program of tort liability insurance and make necessary arrangements to ensure that the local government and its officers and employees will have adequate protection.

SUMMARY--Directs legislative commission to study feasibility of establishing boundary commission. (BDR 83)

CONCURRENT RESOLUTION--Directing the legislative commission to study the feasibility of establishing a boundary commission.

WHEREAS, Special districts exercise governmental powers to make improvements to land and furnish specialized services to the people and such districts have greatly proliferated in the State of Nevada as in other states; and

WHEREAS, Such improvements and specialized services can best be provided at the local level of government by special districts, but controls are needed to ensure the development of orderly patterns of land use, adequate quality of improvements and services, and consistent fiscal capabilities among the districts; and

WHEREAS, Boundary commissions have been created in several states to control the proliferation of special districts by providing for adjustments of boundaries and, wherever possible, reductions in the number of special districts through merger, consolidation or dissolution; and

WHEREAS, A possible means of controlling the proliferation of special districts in Nevada is the establishment of such a boundary commission, which would evaluate the special districts' revenue requirements, possess the flexibility to adjust boundaries and be

able to determine, in particular cases, whether a general or a single-purpose district could operate more efficiently; now, therefore, be it

RESOLVED BY THE OF THE STATE OF NEVADA, THE
CONCURRING, That the legislative commission is hereby directed to conduct a study of the feasibility of establishing a boundary commission in the State of Nevada, on either the state or local level; and be it further

RESOLVED, That the legislative commission submit a report of its findings and recommendations to the 60th session of the legislature.

SUMMARY--Requires county to furnish certain services to general improvement districts. (BDR 25-71)
Fiscal Note: Local Government Impact: Yes.
State or Industrial Insurance Impact: No.

AN ACT relating to general improvement districts; exempting such districts from paying fees for services rendered by the county clerk of the county in which the district is located; requiring the county to maintain and repair dedicated streets or easements acquired by a district or to pay the district if it performs such work; requiring the filing of a subdivider's tentative map with the board of trustees of a district in certain cases for review and comment; enlarging the right of a district to obtain assistance from county officers; 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 19.035 is hereby amended to read as follows:

19.035 The county clerk of each county shall neither charge nor collect any fee for any service rendered by him to:

1. The State of Nevada;
2. The county of which he is county clerk;
3. Any city or town within such county; [or]
4. Any general improvement district which is located within such county; or
5. Any officer of the state, such county or any such city , [or] town or general improvement district in such officer's official capacity.

Sec. 2. Chapter 244 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. Whenever streets or easements acquired by a district organized or reorganized pursuant to chapter 318 of NRS have been accepted for dedication by a board of county commissioners pursuant to NRS 278.-380 and 278.390, the board of county commissioners shall:

(a) Maintain and repair such streets or easements; or

(b) Pay the board of trustees of such district for the maintenance and repair of such streets or easements.

2. If the board of county commissioners pays a board of trustees for such maintenance and repair, the amount of money paid shall be that fraction of the total money allocated to the county pursuant to NRS 365.550 which equals the ratio of the total miles of such dedicated streets or easements to the total miles of all county streets and roads.

3. Any such money received by a board of trustees shall be used for maintenance and repair of such streets or easements or for the purchase of equipment for such work and shall not be used to defray the expenses of administration of the district.

Sec. 3. Chapter 278 of NRS is hereby amended by adding thereto a new section which shall read as follows:

Whenever any subdivider proposes to subdivide land, any part of which is located within the boundaries of any general improvement

district organized or reorganized pursuant to chapter 318 of NRS, the county planning commission or governing body shall file a copy of the subdivider's tentative map with the board of trustees of any such district. The board of trustees may within 30 days review and comment in writing upon the map to the planning commission or governing body. The planning commission or governing body shall take any such comments into consideration before approving the tentative map.

Sec. 4. NRS 318.098 is hereby amended to read as follows:

318.098 1. The board of trustees of any district may request assistance from any elected or appointed officer of the county in which the district is located, and he shall furnish the requested assistance.

2. Each county [assessor, recorder, treasurer or other] officer affected by the provisions of this chapter shall annually file with the board of trustees of each district so utilizing his services an itemized statement showing the additional expense [to his office] caused by the performance of the duties imposed upon him [or his office] under the provisions of this chapter.

[2. Such] 3. The board shall, by a resolution spread upon its minutes, [authorize and] order payment made [to such officers] in an amount, in each case, to be determined by agreement between [each such] the board of trustees and the board of county commissioners for each county affected.

SUMMARY--Removes certain general improvement districts from jurisdiction of public service commission of Nevada and provides for filing of liens, extension of facilities and foreclosure of delinquent special assessments. (BDR 25-72)
Fiscal Note: Local Government Impact: No.
State or Industrial Insurance Impact: No.

AN ACT relating to general improvement districts; exempting certain districts from the jurisdiction of the public service commission of Nevada; providing for the filing of liens; requiring the extension of a district's facilities under certain conditions; establishing a method of determining payment when facilities are extended; allowing a board of trustees to commence foreclosure proceedings if special assessment installment is delinquent; 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 318 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. The board of trustees of any district organized or reorganized under this chapter and authorized to furnish sanitary sewer facilities pursuant to NRS 318.140 or to furnish water facilities pursuant to NRS 318.144 shall establish schedules showing all rates, tolls or charges for services performed or products furnished.

2. Whenever the board of trustees proposes to change any individual or joint rate, toll, charge, service or product, or any individual or joint practice which will affect any rate, toll, charge,

service or product, the board of trustees shall hold public hearings after notice has been given to all users of the service or product within the district.

3. The secretary of the district shall give at least 30 days' notice of the proposed change by mailing written notice to all users of the service or product. The notice shall set forth the proposed action of the board of trustees and the time and place of the hearing.

4. All users of the service or product shall be afforded a reasonable opportunity to submit data, views or arguments orally or in writing at the place, date and time specified in the notice, or at any subsequent place or time to which the hearing may be adjourned.

5. If, after public hearing, the board of trustees determines that the proposed action is required, the board shall adopt a resolution establishing the new or changed rates, tolls, charges, services to be performed or products to be furnished.

6. Within 30 days immediately following the effective date of such resolution, any person who has protested it may commence an action in any court of competent jurisdiction to set aside the resolution.

7. Within 30 days after the effective date of the resolution, the secretary of the district shall file a copy of the new schedules in the office of the district. The schedules shall be made available to any user of the service or product.

Sec. 2. NRS 318.140 is hereby amended to read as follows:

318.140 [1.] In the case of a district created wholly or in part for acquiring sanitary sewer improvements, the board [shall have the power:

(a) To construct,] may:

1. Construct, reconstruct, improve, extend or better the sanitary sewer system or any part thereof, including, without limiting the generality of the foregoing, mains, laterals, wyes, tees, meters and collection, treatment and disposal plants.

[(b) To sell] 2. Sell any product or byproduct thereof and [to] acquire the appropriate outlets within or without the district and [to] extend the sewerlines of the district thereto.

[2. Notwithstanding any other provision of this chapter, each district exercising the power granted in this section shall be under the jurisdiction of the public service commission of Nevada in regard to rates charged and services and facilities furnished in the same manner as a public utility as defined in NRS 704.020, except for any district governed by a board of county commissioners acting, ex officio, as the board of trustees of the district.]

Sec. 3. NRS 318.144 is hereby amended to read as follows:

318.144 [1.] The board [shall have the power to] may acquire, construct, reconstruct, improve, extend or better a works, system

or facilities for the supply, storage and distribution of water for private and public purposes.

[2. Notwithstanding any other provision of this chapter, each district exercising the power granted in this section shall be under the jurisdiction of the public service commission of Nevada in regard to rates charged and services and facilities furnished in the same manner as a public utility as defined in NRS 704.020, except for:

(a) Any district governed by a board of county commissioners acting, ex officio, as the board of trustees of the district.

(b) Any contract or agreement between the board and a board of county commissioners for the supplying of water by the district to county buildings or facilities.]

Sec. 4. NRS 318.200 is hereby amended to read as follows:

318.200 1. [Subject to the provisions of NRS 318.140 and 318.144, the board shall have the power to] The board may fix, and from time to time increase or decrease, electric energy, cemetery, swimming pool, other recreational facilities, television, sewer, water, lighting, garbage or refuse rates, tolls or charges (other than special assessments), including but not necessarily limited to service charges and standby service charges, for services or facilities furnished by the district, charges for the availability of service, annexation charges, and minimum charges, and [to] pledge such revenue

for the payment of any indebtedness or special obligations of the district.

2. [Until] Upon compliance with subsection 9 and until paid, all rates, tolls or charges [shall] constitute a perpetual lien on and against the property served, and such perpetual lien [shall be] is prior and superior to all liens, claims and titles other than liens of general taxes and special assessments, and not subject to extinguishment by the sale of any property on account of nonpayment of any such liens, claims and titles including the liens of general taxes and special assessments, and any such lien may be foreclosed in the same manner as provided by the laws of the State of Nevada for the foreclosure of mechanics' liens. Before any such lien is foreclosed the board shall hold a hearing thereon after notice thereof by publication and by registered or certified first class mail, postage prepaid, addressed to the last-known owner at his last-known address according to the records of the district and the real property assessment roll in the county in which the property is located.

3. The board shall prescribe and enforce [rules and] regulations for the connection with and the disconnection from properties of the facilities of the district and the taking of its services.

4. The board may provide for the collection of charges. Provisions may be made for, but are not limited to:

(a) The granting of discounts for prompt payment of bills.

(b) The requiring of deposits or the prepayment of charges in an amount not exceeding 1 year's charges either from persons receiving service and using the facilities of the enterprise or from the owners of property on which or in connection with which such services and facilities are to be used; but in case of nonpayment of all or part of a bill such deposits or prepaid charges shall be applied only insofar as necessary to liquidate the cumulative amount of such charges plus penalties and cost of collection.

(c) The requiring of a guaranty by the owner of property that the bills for service to the property or the occupants thereof will be paid.

5. The board may provide for a basic penalty for nonpayment of the charges within the time and in the manner prescribed by it. The basic penalty shall not be more than 10 percent of each month's charges for the first month delinquent. In addition to the basic penalty it may provide for a penalty of not exceeding 1.5 percent per month for nonpayment of the charges and basic penalty. On the 1st day of the calendar month following the date of payment specified in the bill the charge [shall become] becomes delinquent if the bill or that portion thereof which is not in bona fide dispute remains unpaid. It may provide for collection of the penalties provided for in this section.

6. The board may provide that charges for any service shall be collected together with and not separately from the charges for any other service rendered by it, and that all charges shall be billed upon the same bill and collected as one item.

7. The board may enter into a written contract with any person, firm or public or private corporation providing for the billing and collection by such person, firm or corporation of the charges for the service furnished by any enterprise. If all or any part of any bill rendered by any such person, firm or corporation pursuant to any such contract is not paid and if such person, firm or corporation renders any public utility service to the person billed, such person, firm or corporation may discontinue its utility service until such bill is paid, and the contract between the board and such person, firm or corporation may so provide.

8. As a remedy established for the collection of due and unpaid deposits and charges and the penalties thereon an action may be brought in the name of the district in any court of competent jurisdiction against the person or persons who occupied the property when the service was rendered or the deposit became due or against any person guaranteeing payment of bills, or against any or all of such persons, for the collection of the amount of the deposit or the collection of delinquent charges and all penalties thereon.

9. A lien against the property served is not effective until a notice of the lien, separately prepared for each lot affected, is:

(a) Mailed to the last-known owner at his last-known address according to the records of the district and the real property assessment roll of the county in which the property is located;

(b) Delivered by the board to the office of the county recorder of the county within which the property subject to such lien is located;

(c) Recorded by the county recorder in a book kept by him for the purpose of recording instruments encumbering land; and

(d) Indexed in the real estate index as deeds and other conveyances are required by law to be indexed.

Sec. 5. NRS 318.202 is hereby amended to read as follows:

318.202 1. [The board shall have the power] Subject to section 1 of this act, the board may by resolution:

(a) [To fix] Fix fees or charges for the privilege of connecting to its water, drainage or sewerage facilities;

(b) [To fix] Fix the time or times at which such fees or charges shall become due;

(c) [To provide] Provide for the payment of such fees or charges prior to connection or in installments over a period of not to exceed 15 years; and

(d) [To provide] Provide the rate of interest, not to exceed 6 percent per annum, to be charged on the unpaid balance of such fees or charges.

2. The amount of such fees or charges and the interest thereon [shall constitute] constitute a lien against the respective lots or parcels of land to which the facilities are connected [. Prior to making such fees or charges a lien against the land, the board shall give] if the board complies with subsection 9 and gives notice to the owners of the lots or parcels of land affected.

3. The notice shall set forth:

(a) The schedule of fees or charges to be imposed.

(b) A description of the property subject to such fees or charges, which description may be as provided in subsection 3 of NRS 318.201.

(c) The time or times at which such fees or charges shall become due.

(d) The number of installments in which such fees or charges shall be payable.

(e) The rate of interest, not to exceed 6 percent per annum, to be charged on the unpaid balance of such fees or charges.

(f) That it is proposed that the fees or charges and interest thereon shall constitute a lien against the lots or parcels of land to which the facilities are furnished.

(g) The time and place at which the board will hold a hearing at which persons may appear and present any and all objections they may have to the imposition of the fees or charges as a lien against the land.

4. The notice shall be published once a week for 2 weeks prior to the date set for hearing. At least 10 days prior to the date of hearing, written notice [thereof] shall be mailed to all persons owning land subject to such fees or charges, whose names and addresses appear on the last equalized assessment roll.

5. At the time stated in the notice the board shall hear and consider all objections or protests, if any, to the imposition of the fees or charges as set forth in the notice and may continue the hearing from time to time.

6. Upon the conclusion of the hearing, the board may adopt, revise, change, reduce or modify the fees or charges or may overrule any or all objections and make its determination, which determination [shall be] is final.

7. Prior to the time the county treasurer posts taxes to the county tax roll following such final determination, the board shall certify to the county auditor a list of the lots or parcels of land, as they appear on the current assessment roll, subject to such fees or charges and the amounts of the installments of such fees or charges and

interest to be entered against such lots or parcels on the assessment roll. If a lot or parcel connected to the facilities is subsequently divided into two or more lots or parcels as shown on the current assessment roll, the board shall designate the lot or parcel that remains connected to the facilities and against which the installments of the fees or charges and interest are to be entered.

8. The county treasurer shall annually collect the charges or the respective installments thereof as provided in subsections 10 to 13, inclusive, of NRS 318.201.

9. A lien against the respective lots or parcels of land to which the facilities are connected is not effective until a notice of the lien, separately prepared for each lot or parcel, is:

(a) Delivered by the board to the office of the county recorder of the county within which the property subject to such lien is located;

(b) Recorded by the county recorder in a book kept by him for the purpose of recording instruments encumbering land; and

(c) Indexed in the real estate index as deeds and other conveyances are required by law to be indexed.

Sec. 6. NRS 318.258 is hereby amended to read as follows:

318.258 The boundaries of a district may be enlarged by the inclusion of additional real property therein in the following manner:

1. The fee owner or owners of any real property capable of being served with facilities of the district may file with the board a petition in writing praying that such property be included in the district.

2. The petition shall:

(a) Set forth an accurate legal description of the property owned by the petitioners.

(b) State that assent to the inclusion of such property in the district is given by the signers thereto, constituting all the fee owners of such property.

(c) Be acknowledged in the same manner required for a conveyance of land.

3. There shall be no withdrawal from a petition after consideration by the board nor shall further objections be filed except in case of fraud or misrepresentation.

4. The board shall hear the petition at an open meeting after publishing the notice of the filing of such petition, and of the place, time and date of such meeting, and the names and addresses of the petitioners. The board shall grant or deny the petition and the action of the board [shall be] is final and conclusive. If the petition is granted as to all or any of the real property therein described, the board shall make an order to that effect, and file [the same] it for record as provided in NRS 318.075.

5. If the cost of extending the facilities of the district to the area to be included within the district does not exceed an amount equal to 200 percent of the annual revenue to be collected for the district's services, the district shall extend such facilities without cost to the property owners of the area to be included. If the cost of extending such facilities exceeds 200 percent of the annual revenue to be collected, the property owners of the additional property shall pay the cost of extending such facilities, less an amount equal to 200 percent of the annual revenue.

6. If the property owners pay any of the costs of extending such facilities, they are entitled to a refund, without interest, at the rate of 25 percent of the monthly bill of each parcel for a period commencing with the first monthly bill and continuing until such costs have been fully refunded or for 5 years. At the expiration of 5 years the district shall not make any more refunds whether or not the property owners' costs of extending such facilities have been fully refunded.

[5.] 7. After the date of its inclusion in such district, such property [shall be] is subject to all of the taxes and charges imposed by the district, and [shall be] is liable for its proportionate share of existing general obligation bonded indebtedness of the district; but it [shall not be] is not liable for any taxes or charges levied

or assessed prior to its inclusion in the district, nor shall its entry into the district be made subject to or contingent upon the payment or assumption of any penalty, toll or charge, other than any reasonable annexation charge which the board may fix and uniformly assess [subject to the review and approval of the public service commission of Nevada] and the tolls and charges which are uniformly made, assessed or levied for the entire district. Such charges shall be computed in such a manner as not to place a new charge against the district members nor penalize the area annexed.

[6.] 8. In any district within the region of any interstate compact relating to planning, when any petition for the inclusion of property into any district is denied, the petitioner may appeal the denial to the [public service commission of Nevada,] board of county commissioners of the county in which such district is located, which shall review such denial and may, in its discretion, order that such property be included in the district.

9. The board of county commissioners of any county in which a district is located may by ordinance require the district to include additional real property within its boundaries if such inclusion is mandated by a federal law or a regulation issued thereunder.

Sec. 7. NRS 318.425 is hereby amended to read as follows:

318.425 1. All special assessments, except such installments thereof as the board makes payable at a future time, as provided in NRS 318.420, [shall be] are due and payable on confirmation.

2. Failure to pay an installment provided for in NRS 318.420 when due, whether principal or interest, ipso facto causes the whole amount of the unpaid principal to become due and payable at the option of the board of trustees. The exercise of such option is shown by the commencement of foreclosure proceedings or suit against the owner or occupant.

3. If the board commences foreclosure proceedings the owner of the property may, at any time prior to the day of sale, pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued, including attorneys' fees, and be restored to the right to pay installments in the same manner as if default had not been made.

Sec. 8. NRS 354.624 is hereby amended to read as follows:

354.624 1. Each local government shall provide for an annual audit of all funds and separate accounts in banks or savings and loan associations, established under NRS 354.603, of that local government, and may provide for more frequent audits as it deems necessary. Each annual audit shall be concluded and the audit report submitted to the governing body as provided in subsection 4 not later than 5 months from the close of the fiscal year for which the audit is conducted. An extension of this time may be granted by the department of taxation to any local government which makes application for such extension. If the local government fails to provide for an audit in accordance with the provisions of this section, the

department of taxation shall cause such audit to be made at the expense of the local government. All audits shall be made by a public accountant certified or registered or by a partnership registered under the provisions of chapter 628 of NRS.

2. The governing body may, without requiring competitive bids, designate such accountant or firm annually. The accountant or firm shall be designated not later than 3 months prior to the close of the fiscal year for which the audit is to be made.

3. Each annual audit shall cover the business of the local government during the full fiscal year. It shall be a comprehensive audit of the affairs of the local government, including comment on the balance sheets accounts, results of operations, compliance with statutes and regulations, recommendations for improvements, and any other comments deemed pertinent by the auditor, and including his expression of opinion as to the adequacy of the financial presentation. The form of the financial statements shall be prescribed by the department of taxation, and the chart of accounts shall be as nearly as possible the same as that used in the preparation and publication of the annual budget. The audit shall compare operations of the local government with the approved budget. Included shall be a statement from the auditor that previously noted deficiencies in operations and previously made recommendations for improvements contained in previous audit reports have been acted upon by adoption as recommended, adoption with modifications, or rejection.

4. The recommendation and the summary of the narrative comments of the audit report shall be read in full at a meeting of the governing body held not more than 15 days after the report is submitted. Immediately thereafter, the entire audit report shall be filed as a public record with:

- (a) The clerk or secretary of the governing body;
- (b) The county clerk;
- (c) The department of taxation; and
- (d) In the case of school districts, the state department of education . [; and
- (e) In the case of general improvement districts subject to the jurisdiction of the public service commission of Nevada pursuant to NRS 318.140 and 318.144, to the commission.]

5. The governing body shall act upon the audit recommendations by setting forth in its minutes its intention to adopt the recommendations, to adopt them with modifications or to reject them for reasons shown in the minutes. Such action shall be taken within 6 months following receipt of the audit.

Sec. 9. NRS 704.033 is hereby amended to read as follows:

704.033 1. The commission shall levy and collect an annual assessment from all public utilities [and general improvement districts] subject to the jurisdiction of the commission.

2. The annual assessment shall be not more than 4 mills on each dollar of gross operating revenue derived from the intrastate operations of such utilities [and improvement districts] in the State of Nevada, except that the minimum assessment in any 1 year shall be \$10. The gross operating revenue of such utilities shall be determined for the preceding calendar year. [The gross operating revenue of a general improvement district shall be determined for the preceding fiscal year.] In the case of:

(a) Telephone utilities, such revenue shall be deemed to be local service revenues plus intrastate toll revenues.

(b) Railroads and airlines, such revenue shall be deemed to be revenue received only from freight and passenger intrastate movements.

(c) All public utilities , [and general improvement districts,] such revenue shall not include the proceeds of any commodity, energy or service furnished to another public utility for resale.

SUMMARY--Allows payment of compensation to trustees of all general improvement districts and reduces limit on total amount of debt which may be incurred by such districts. (BDR 25-73)
Fiscal Note: Local Government Impact: Yes.
State or Industrial Insurance Impact: No.

AN ACT relating to general improvement districts; allowing payment of compensation to members of boards of trustees; reducing the limit on the total amount of debt which may be incurred by a district; 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 318.085 is hereby amended to read as follows:

318.085 1. After taking oaths and filing bonds, the board shall choose one of its members as chairman of the board and president of the district, and shall elect a secretary and a treasurer of the board and of the district, who may or may not be members of the board. The secretary and the treasurer may be one person.

2. The board shall adopt a seal.

3. The secretary shall keep, in a well-bound book, a record of all of the board's proceedings, minutes of all meetings, certificates, contracts, bonds given by employees, and all corporate acts, which book shall be open to inspection of all owners of real property in the district as well as to all other interested persons.

4. The treasurer shall keep strict and accurate accounts of all money received by and disbursed for and on behalf of the district, in permanent records. He shall file with the county clerk, at the expense of the district, a corporate surety bond in an amount not more than \$50,000, the form and exact amount thereof to be approved and determined, respectively, by the board of county commissioners, conditioned for the faithful performance of the duties of his office. Any other officer or trustee who actually receives or disburses money of the district shall furnish a bond as provided in this subsection. The board of county commissioners may from time to time, upon good cause shown, increase or decrease the amount of such bond.

5. [Except as otherwise provided in this subsection, no member of the board shall receive compensation for his services. Each member of the board of a district organized or reorganized pursuant to this chapter and authorized to exercise any of the basic powers provided in NRS 318.140, 318.142, 318.144 and 318.1192 shall receive as compensation for his service a sum not in excess of \$1,800 per year, payable monthly, but no member of such board shall receive any compensation as an employee of the district or otherwise, other than that herein provided.] Each member of a board of trustees of a district organized or reorganized pursuant to this chapter may receive as compensation for his service a sum not in excess of

\$1,800 per year, payable monthly, if the budget is adequate and a majority of the members of the board vote in favor of such compensation, but no member of the board may receive any other compensation for his service to the district as an employee or otherwise.

Sec. 2. NRS 318.277 is hereby amended to read as follows:

318.277 A district may borrow money and incur or assume indebtedness therefor, as provided in this chapter, so long as the total of all such indebtedness (but excluding revenue bonds, special assessment bonds, and other securities constituting special obligations which are not debts) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property (excluding motor vehicles) situated within such district.

SUMMARY--Changes procedures for organizing and governing general improvement districts. (BDR 25-74)

Fiscal Note: Local Government Impact: No.

State or Industrial Insurance Impact: No.

AN ACT relating to general improvement districts; requiring a service plan for a special district initiated by a board of county commissioners; making a board of county commissioners the initial board of trustees of all such districts and requiring the board to perform certain duties; permitting a board of county commissioners to create a local district managing board; allowing a board of county commissioners to act as a board of trustees in certain additional instances; providing for the registration of persons who vote in district elections; limiting the right to vote in such elections to residents of the district; adding fire protection as a basic power of a district; changing the composition of county obligation bond commissions by adding a representative of general improvement districts; requiring a board of trustees to obtain such commission's approval before borrowing money or issuing securities; providing a further statement of legislative 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 308.010 is hereby amended to read as follows:

308.010 1. This chapter [shall be known] may be cited as the
Special District Control Law.

2. The legislature hereby determines and declares that the procedures contained in the Special District Control Law are necessary for the coordinated and orderly creation of special district governments and for the logical extension of special district services throughout the state.

3. It is the purpose of the Special District Control Law to prevent unnecessary proliferation and fragmentation of local government, to encourage the extension of existing districts rather than the creation of new districts and to avoid excessive diffusion of local tax sources.

Sec. 2. NRS 308.020 is hereby amended to read as follows:

308.020 1. The Special District Control Law [is applicable to any] applies to:

(a) Any special district whose formation is initiated by a board of county commissioners; and

(b) Any petition for the formation of any proposed ["special district"] special district filed with any board of county commissioners.

2. [A] As used in this chapter "special district" means any water district, sanitation district, water and sanitation district, municipal power district, mosquito abatement district, public cemetery district, swimming pool district, television maintenance district, general improvement district, or any other quasi-municipal corporation organized under the local improvement and service district laws of this state as enumerated in Title 25 of NRS, but [excluding:] excludes:

(a) All local improvement districts created pursuant to chapter 309 of NRS; and

(b) All housing authorities . [; and

(c) All districts the formation of which is initiated by a board of county commissioners.]

Sec. 3. NRS 308.030 is hereby amended to read as follows:

308.030 1. Any prospective petitioner [of any proposed special district as defined in NRS 308.020] for the establishment of a special district shall file a service plan with the board of county commissioners of [any] each county which has territory included within the boundaries of the proposed district. The service plan shall:

(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 city or town. The form of any such contract to be used, if available, shall be attached to the service plan.

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

2. [Each] Except where the formation of a district is initiated by a board of county commissioners, each service plan filed shall be accompanied by a processing fee set by the board of county commissioners not to exceed \$200 which shall be deposited in the county general fund. Such processing fee shall 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. 4. NRS 308.040 is hereby amended to read as follows:

308.040 1. [A petition for the formation of a special district filed with any board of county commissioners pursuant to subsections 4 and 5 of NRS 318.055, shall be accompanied by a resolution approving the service plan of the proposed district by the board of county commissioners of the county in which the territory of the proposed special district lies.] If a proposed special district lies entirely

within one county, a resolution approving the service plan is required from the board of county commissioners of that county.

2. If the boundaries of a proposed special district include territory within two or more counties, a resolution approving the service plan for such special district [~~shall be~~] is required from the board of county commissioners of each county which has territory included in the proposed special district; but the [~~board~~] boards of county commissioners of [~~each of~~] the respective counties may in their discretion hold a joint hearing on the proposed district in accordance with NRS 308.070.

Sec. 5. NRS 308.050 is hereby amended to read as follows:

308.050 The board of county commissioners of each such county [~~shall constitute~~] constitutes the approving authority under the Special District Control Law and shall review any service plan filed [~~by the petitioners of~~] for any proposed special district. With reference to the review of any service plan, each such board of county commissioners may:

1. Approve the service plan without condition or modification ; [~~the service plan submitted by the petitioners of a proposed special district;~~]

2. Disapprove the service plan [~~submitted by the petitioners of a proposed special district as provided~~] for any of the reasons listed in NRS 308.060; [~~and~~] or

3. Conditionally approve the service plan [submitted by the petitioners of a proposed special district] subject to the submission of additional information relating to [, or modification of, the proposed service plan.] or modifying the plan.

Sec. 6. NRS 308.060 is hereby amended to read as follows:

308.060 1. Each such board of county commissioners may disapprove the service plan [submitted by the petitioners] of a proposed special district upon satisfactory evidence that:

(a) There is insufficient existing and projected need for organized service in the area to be serviced by the proposed district; [or]

(b) The existing service in the area to be served by the proposed district is adequate for present and projected needs; [or]

(c) Adequate service is, or will be, available to the area through municipal annexation by other existing municipal or quasi-municipal corporations within a reasonable time and on a comparable basis; [or]

(d) The proposed special district is incapable of providing economic and sufficient service to the area within its proposed boundaries; [or]

(e) The area to be included in the proposed district does not have or will not have the financial ability to discharge the proposed indebtedness, other securities, or other obligations to be incurred on a reasonable basis; [or]

(f) The facility and service standards of the proposed district are incompatible with the facility and service standards of adjacent municipalities and special districts [.] ; or

(g) The proposed district is being formed for the primary purpose of paying the commercial costs of a developer.

2. Each such board of county commissioners may conditionally approve the service plan of a proposed district upon satisfactory evidence that it does not contravene any of the criteria enumerated in subsection 1. Final approval shall be contingent upon modification of the service plan to include such changes or additional information as shall be specifically stated in the findings of the board of county commissioners.

3. The findings of the board of county commissioners shall be based solely upon the service plan and evidence presented at the hearing by the petitioners, the planning commission and any interested party.

Sec. 7. NRS 308.070 is hereby amended to read as follows:

308.070 1. [The petitioners of a proposed special district shall file a service plan] A service plan shall be filed with the board of county commissioners of each county in which the district is located , wholly or in part , prior to [a filing of a petition for] the formation of the proposed special district . [with any

board of county commissioners.] Such service plan shall be filed with the county clerk at least 10 days prior to a regular meeting of the board of county commissioners. At the next regular meeting of the board of county commissioners immediately following the filing of a service plan with the county clerk, the board of county commissioners shall set a date for a public hearing on the service plan of the proposed district, which hearing date shall be within 30 days thereafter.

2. The board of county commissioners shall provide written notice of the date, time and location of the hearing to:

- (a) The petitioners;
- (b) The county clerk of each other county in which the district is to be located, if any; and
- (c) The governing body of any existing city, town or special district which has levied a general (ad valorem) property tax within the next preceding tax year and [which] has boundaries within [a radius of 3 miles of the proposed district, which] the county in which the district is located. Such governmental units [shall be] are interested parties for the purposes of the Special District Control Law.

3. The board of county commissioners shall publish legal notice of the date, time, location and purpose of such hearing in a newspaper of general circulation within the county once each week for

a period of 3 successive weeks by three publications, the first of which shall be at least 20 days prior to the hearing date. Such publications [shall] constitute constructive notice to the residents and property owners within the proposed district who [shall also be] are also interested parties at the hearing.

4. If there is a county planning commission or a regional county planning commission, the service plan submitted by the petitioners for the formation of the proposed district shall be delivered by the county clerk to each such planning commission. Each such county planning commission or regional county planning commission shall study such service plan and a representative thereof shall present its recommendations consistent with the Special District Control Law to the board of county commissioners at the hearing.

5. The hearing held by the board of county commissioners shall be open to the public and a transcript of proceedings shall be made. All interested parties as defined in this section shall be afforded an opportunity to be heard under such rules of procedure as may be established by the board of county commissioners. Any testimony or evidence which in the discretion of the board of county commissioners is relevant to the formation of the proposed district shall be considered.

6. Within 20 days after the completion of the hearing, the board of county commissioners shall advise in writing [the petitioners

for the formation of the proposed special district] all interested parties of its action on the service plan. If the service plan is approved as submitted, a resolution of approval shall be issued . [to the petitioners.] If the service plan is disapproved, the specific detailed reasons for such disapproval shall be set forth in writing. If the service plan is conditionally approved, the changes or modifications to be made in, or additional information relating to, the service plan together with the reasons for such changes, modifications or additional information shall also be set forth in writing, and the proceedings shall be continued until such changes, modifications or additional information are incorporated in the service plan. Upon the incorporation of such changes, modifications, or additional information in the service plan of the proposed district, the board of county commissioners shall issue a resolution of approval . [to the petitioners.]

Sec. 8. NRS 308.080 is hereby amended to read as follows:

308.080 1. Except as otherwise subsequently provided in this section, [no petition for] the formation of a special district shall not be approved by any board of county commissioners without the resolution of approval and the service plan required by the Special District Control Law. The approved service plan and the resolution of approval [required by that law] shall be incorporated by reference in the ordinance organizing the district after there

has been a compliance with all other legal procedures for the formation of the proposed district. [If the petitioners for the formation of a proposed special district fail to secure such resolution of approval from any board of county commissioners, which action on the part of such board of county commissioners] If the board of county commissioners fails to approve the service plan for any proposed special district and such failure is determined by any district court in this state for any county in which the district is located to be arbitrary, capricious or unreasonable, the court may order the formation of such district by the board of county commissioners of the county vested with jurisdiction as provided in NRS 318.050 without such resolution of approval; but [the petitioners shall file with the court] an acceptable service plan , in accordance with the provisions of the Special District Control Law, [which] shall be filed with and approved by the court and incorporated by reference in and appended to the order of the court providing for the organization of the district after there has been a compliance with all other legal procedures for the formation of the proposed district. If the service plan is approved by the board of county commissioners, any interested party as defined in subsection 2 of NRS 308.070, if such party had appeared and presented his objections before the board of county commissioners, [shall have the right] is entitled to appear and be heard at the hearing of the board of county commissioners so

vested with jurisdiction [on the petition] for the organization of the district, and the district court may dismiss any pending legal proceedings contesting the failure of any board of county commissioners to approve a service plan upon a determination that the decision of the board of county commissioners was not arbitrary, capricious or unreasonable.

2. Upon final approval by a board of county commissioners for the formation of the special district, the facilities, services and financial arrangements of the district shall conform [so far as practicable] to the approved service plan.

3. After the organization of a special district pursuant to the provisions of chapter 318 of NRS, material modifications of the service plan as originally approved may be made by the board of such special district only by petition to and approval by the board of county commissioners of each county in which the district is located in substantially the same manner as is provided for the approval of an original service plan, except that the processing fee for such modification procedure shall not exceed \$100. Such modifications [shall be] are required only with regard to changes of a basic or essential nature and [shall not be] are not required for changes of a mechanical type necessary only for the execution of the original service plan.

4. A copy of the plans, specifications and contract for the acquisition of each project or improvement by a special district after its organization shall be filed with the county planning commission or regional planning commission if one exists or with the board of county commissioners if no such planning commission exists. Such plans, specifications and contracts, when filed, are available for public inspection.

5. Any unreasonable departure from the service plan as originally approved, or, if the same has been modified, then from the service plan as modified, may be enjoined at any time by a district court upon motion of any board of county commissioners from which a resolution of approval is required by the Special District Control Law, or upon the motion of any interested party . [as defined in subsection 2 of NRS 308.070.]

Sec. 9. Chapter 318 of NRS is hereby amended by adding thereto the provisions set forth as sections 10 to 13, inclusive, of this act.

Sec. 10. 1. Whenever a board of county commissioners is the board of trustees of any district organized or reorganized pursuant to chapter 318 of NRS or is exercising any powers pursuant to NRS 244.157, the board may by ordinance establish a local district managing board for such district.

2. Such local district managing board shall consist of five members who are qualified electors of the district. The members shall be:

(a) Appointed by the board of county commissioners; or

(b) Elected by the qualified electors of the district.

3. If the local district managing board is elective, the initial appointments and subsequent elections shall be conducted in the manner provided in this chapter for trustees of a district.

4. An ordinance establishing a local district managing board shall:

(a) Provide for the compensation which members of the board are to receive for their services;

(b) Contain a recital of the powers delegated and duties assigned by the board of county commissioners to the local district managing board; and

(c) Provide that the local district managing board does not have the power to tax, issue bonds or call for an election for the issuance of bonds. All taxes shall be levied and bonds issued by the board of county commissioners as generally provided in this chapter.

5. The local district managing board may be dissolved by the board of county commissioners after notice and hearing whenever the board of county commissioners determines:

- (a) The local district managing board is no longer necessary; or
- (b) The services of the district can be more effectively performed by another district.

Sec. 11. 1. Upon notification by the department of taxation or upon receipt of a petition signed by 20 percent of the qualified electors of the district, that:

(a) A district of which the board of county commissioners is not the board of trustees is not being properly managed;

(b) The board of trustees of the district is not complying with the provisions of this chapter or with any other law; or

(c) The service plan established for the district is not being complied with,

the board of county commissioners of the county in which the district is located shall hold a hearing to consider the notification or petition.

2. The county clerk shall mail written notice to all persons who own property within the district and to all qualified electors of the district, which notice shall set forth the substance of the notification or petition and the time and place of the hearing.

3. At the place, date and hour specified for the hearing, or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to all persons desiring to be heard and shall thereafter:

(a) Adopt an ordinance constituting the board of county commissioners, ex officio, as the board of trustees of such district;

(b) Adopt an ordinance providing for the merger, consolidation or dissolution of the district pursuant to NRS 318.490 to 318.510, inclusive; or

(c) Determine by resolution that management and organization of the district shall remain unchanged.

4. The department of taxation or any interested person may, within 30 days immediately following the effective date of the ordinance adopted under paragraph (a) or resolution adopted under paragraph (c) of subsection 3, commence an action in any court of competent jurisdiction to set aside the ordinance or determination. Thereafter, all actions attacking the regularity, validity and correctness of that ordinance or resolution are barred.

Sec. 12. 1. Any person residing within a district who is otherwise qualified to vote at general elections in this state may register to vote in district elections by appearing before the county clerk or registrar of voters of the county in which such district is located, completing an affidavit of registration and giving true and satisfactory answers to all questions relevant to such person's right to vote in district elections.

2. The county clerk or registrar of voters shall, in conjunction with the general election of the county, arrange for the biennial election of members of a board of trustees in accordance with NRS 318.095.

3. Except for the biennial election for members of a board of trustees, whenever a district election is required, the county clerk or registrar of voters shall submit a list of all persons who have registered to vote in the district elections to the election officers who are charged with the duty of conducting the required election.

Sec. 13. In the case of a district created wholly or in part for the purpose of furnishing fire protection, the board may:

1. Acquire fire protection equipment and acquire, construct or improve fire protection facilities and make improvements necessary and incidental thereto;

2. Eliminate fire hazards existing within the district;

3. Clear public highways and private lands of dry grass, stubble, bushes, rubbish and other inflammable material which in its judgment constitutes a fire hazard;

4. Coordinate fire protection activities with the state forester firewarden and the state board of forestry and fire control; and

5. Cooperate with the state forester firewarden and the state board of forestry and fire control in formulating a statewide plan for the prevention and control of fires.

Sec. 14. NRS 318.015 is hereby amended to read as follows:

318.015 1. It is hereby declared as a matter of legislative determination that the organization of districts having the purposes, powers, rights, privileges and immunities provided in this chapter will serve a public use and will promote the health, safety, prosperity, security and general welfare of the inhabitants thereof and of the State of Nevada; that the acquisition, improvement, maintenance and operation of any project authorized in this chapter is in the public interest and constitutes a part of the established and permanent policy of the State of Nevada; and that each district organized pursuant to the provisions of this chapter shall be a body corporate and politic and a quasi-municipal corporation. For the accomplishment of these purposes the provisions of this chapter shall be broadly construed.

2. It is hereby further declared that the provisions of this chapter are not intended to provide a method for financing the commercial costs of developers.

3. It is hereby further declared as a matter of legislative determination that the notice provided for in this chapter for each hearing and action to be taken is reasonably calculated to inform the parties of all proceedings which may directly and adversely affect their legally protected interest.

Sec. 15. NRS 318.020 is hereby amended to read as follows:

318.020 As used in this chapter the following words or phrases are defined as follows:

1. "Acquisition," "acquire" and "acquiring" each means acquisition, extension, alteration, reconstruction, repair or other improvement by purchase, construction, installation, reconstruction, condemnation, lease, rent, gift, grant, bequest, devise, contract or other acquisition, or any combination thereof.
2. "Board of trustees" and "board" alone each means the board of trustees of a district.
3. "General improvement district" and "district" alone each means any general improvement district organized or, in the case of organizational provisions, proposed to be organized, pursuant to this chapter.
4. "Mail" means a single mailing, first class (or its equivalent), postage prepaid, by deposit in the United States mails, at least 15 days prior to the designated time or event.
5. "Project" and "improvement" each means any structure, facility, undertaking or system which a district is authorized to acquire, improve, equip, maintain or operate. A project may consist of all kinds of personal and real property, including but not limited to land, improvements and fixtures thereon, property of any nature appurtenant thereto or used in connection therewith, and every estate,

interest and right therein, legal or equitable, including terms for years, or any combination thereof.

6. "Publication" means publication at least once a week for 3 consecutive weeks in at least one newspaper of general circulation in the district. It shall not be necessary that publication be made on the same day of the week in each of the 3 calendar weeks, but the first publication shall be at least 15 days prior to the designated time or event.

7. "Qualified elector" means a person who [, except for registration, is otherwise qualified to vote at general elections in this state and:

(a) Who is a resident of the district; or

(b) Who or whose spouse is obligated as an owner or as a contract purchaser at a designated time or event to pay a general tax on real or personal property within the district.

Registration pursuant to the general election (or any other) statutes is not required. Residence in any particular county in the state is not required. For the purpose of voting in any election precinct or other voting division, any qualified elector who is not a resident of the district shall be deemed a resident of such election precinct or other voting division in which is located such taxable real or personal property or the larger or largest portion thereof according

to its assessed valuation.] has registered to vote in district elections.

8. "Special assessment district" means any local public improvement district organized within a general improvement district by the board of trustees of such general improvement district pursuant to this chapter.

9. ["Taxpaying elector" means a person who, except for registration, is otherwise qualified to vote at general elections in this state, and who, or whose spouse, is obligated as an owner or as a contract purchaser at a designated time or event to pay a general tax on real or personal property within the district.

Registration pursuant to the general election (or any other) statutes is not required. Residence in any particular county is not required.

10.] "Trustees" means the members of a board.

Sec. 16. NRS 318.055 is hereby amended to read as follows:

318.055 1. [The organization of a district, except as otherwise provided in this chapter,] The formation of a district may be initiated by:

(a) A resolution by the board of county commissioners; or

(b) A petition by any owner of property to be located in the district.

2. After adoption of the resolution or receipt of the petition the organization of the district shall be initiated by the adoption of an ordinance by the board of county commissioners, which ordinance

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 lands 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 such 7-mile limitation; [or]

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

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

[2.] 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.

[3.] 4. The initiating ordinance shall set forth:

(a) The name of the proposed district, consisting of a chosen name preceding the word "District," or, if the organizational proceedings authorize the district 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 but is not required to 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 shall be any or all of those authorized in NRS 318.116, as supplemented by the sections of this chapter designated therein, or any part or parts thereof.

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

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

(2) That the creation of such 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 a property owner to determine whether or not his property is within the district.

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

[4. The provisions of subsections 1 and 3 of this section are subject to the exception that any owner of property to be located within a district may petition a board of county commissioners vested with jurisdiction as provided in NRS 318.050 for the organization of the district, subject to the provisions of the Special District Control Law.

5. The petition shall set forth:

(a) The name of the proposed district consisting of a chosen name preceding the word "District," or, if the district is to

exercise more than one basic power, the words "General Improvement District";

(b) A statement of the basic purpose or basic purposes which the district may exercise and a general description of any improvements to be constructed or installed for the district, or of any services to be furnished by the district, or of both such improvements and such services;

(c) The estimated cost of the proposed improvements, if any;

(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 or not his property is within the district; and

(e) A prayer for the organization of the district.

6. The board of county commissioners, in connection with any such petition, may:

(a) Adopt an initiating ordinance in conformance with the organizational petition, or such an ordinance which conforms only in part with the organizational petition; or

(b) Adopt a resolution conditionally approving the organizational petition and subject to the submission of additional information relating to, or modification of, the proposed district, as the board of county commissioners may provide.

7.] 5. The board of county commissioners may determine not to organize the district only as provided in NRS 318.060 to 318.070, inclusive.

Sec. 17. NRS 318.065 is hereby amended to read as follows:

318.065 1. Any [taxpaying elector] person who owns property which is located within the district may, on or before the date fixed, protest against the establishment of such district, in writing, which protest shall 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 [51 percent or more of the taxpaying electors] 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 [51 percent of the taxpaying electors in] 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 [as to

the percentage of protest] of the number of protests filed and such recital [shall be] is binding and conclusive for all purposes.

Sec. 18. NRS 318.077 is hereby amended to read as follows:

318.077 The board may elect to add basic powers not provided in its formation, in which event the board shall cause proceedings to be had by the board of county commissioners similar, as nearly as may be, to those provided for the formation of the district, and with like effect. The board shall obtain in connection with each such additional basic power a modified service plan for the district in a manner like that provided for an initial service plan required [of a petitioner] for the organization of a district in the Special District Control Law . [unless the board of county commissioners is, ex officio, the board of trustees of the district.]

Sec. 19. NRS 318.080 is hereby amended to read as follows:

318.080 1. [Except as provided in subsection 3, the board of county commissioners shall, in the ordinance creating the district, appoint five qualified electors of the district] 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 provided in NRS 318.0953, 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 1st Monday in January next following the respective election dates provided in NRS 318.095. Except as provided in subsection 5, these persons shall be qualified electors of the district.

[2.] 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.

[3.] 5. 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 [shall be] is qualified for appointment to fill any vacancy on the board pursuant to NRS 318.090 [nor] 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.

[4.] 6. The board of county commissioners of the county vested with jurisdiction pursuant to NRS 318.050 [shall have the power to] 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. 20. NRS 318.095 is hereby amended to read as follows:

318.095 1. There shall be held in conjunction with the first general election in the county after the creation of the district and in conjunction with every general election thereafter an election to be known as the biennial election of the district. Such election shall be conducted by the county clerk or registrar of voters in accordance with the general election laws of this state.

2. At the first biennial election in any district organized or reorganized and operating under this chapter, and each fourth year

thereafter, there shall 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 shall be so elected three qualified electors as members of the board to serve for terms of 4 years.

3. No later than 60 days before any such election, nominations may be filed with the secretary of the board, who shall, not later than 30 days before any such election, certify such nominations to the county clerk or registrar of voters of each county in which the district is located. If a nominee does not withdraw his name before the secretary certifies the nominations to the county clerk [,] or registrar of voters, his name shall be placed on the ballot. Nomination is a prerequisite to election. The secretary of the district shall give notice of election by publication, and shall arrange such other details in connection therewith as the [board] county clerk or registrar of voters may direct. The returns of the election shall be certified to and shall be canvassed as provided by the general law concerning elections. The candidates receiving the most votes shall be elected.

4. Any new member of the board shall qualify in the same manner as members of the first board qualify.

Sec. 21. NRS 318.0952 is hereby amended to read as follows:

318.0952 1. Notwithstanding the provisions of NRS 318.0951, trustees may be elected in the alternate manner [hereafter] provided in this section from district trustee election areas.

2. Within 30 days prior to 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 prior 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 district trustee election areas within the district in the manner provided in this section. The petition shall specify with particularity the five district trustee election areas proposed to be created. The description of the proposed district trustee election areas need not be given by metes and bounds or by legal subdivisions, but shall be sufficient to enable a person to ascertain what territory is proposed to be included within a particular district trustee election 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 make oath, before an officer 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 such notice shall be 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 district trustee election areas within the district is desirable, the board of county commissioners shall, by resolution regularly adopted prior to June 1, divide the district into the district trustee election areas specified in the petition, designate them by number and define their boundaries. The territory comprising each district trustee election area shall be contiguous. One trustee shall be elected from each district trustee election area by a majority of the qualified electors voting on the candidates for any vacancy for such area as provided in subsection 7.

5. Prior to June 1 and immediately following the adoption of the resolution creating district trustee 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 district trustee election areas within a district the terms of office of all trustees then in office shall expire on the 1st Monday of January thereafter next following a biennial election. At the biennial election held following the creation of district trustee election areas within a district, district trustees to represent the odd-numbered district trustee election areas shall be elected for terms of 4 years and district trustees to represent the even-numbered district trustee election areas shall be elected for terms of 2 years. Thereafter, at each biennial election, the offices of trustees shall 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 district trustee election area shall be elected only by those qualified electors of the district residing in the district trustee election area . [and by such nonresident electors of the district who or whose respective spouses are obligated to pay general (ad valorem) property taxes as an owner or contract purchaser of property located in such district trustee election area.] No qualified elector [shall be] is entitled to vote in more than one district trustee election area at any one time . [, nor may a nonresident qualified elector of the district change the district trustee election area in connection with which he may vote unless neither he nor his spouse is any longer so obligated to pay taxes on property located therein.]

8. A candidate for the office of trustee of a district in which district trustee election areas have been created shall be a qualified elector of the district and shall be a resident of the district trustee election area which he seeks to represent . [, or, if he is a nonresident of the district, he or his spouse shall be obligated to pay general (ad valorem) property taxes as an owner or contract purchaser of property located in such district trustee election area and is entitled to vote therein.]

9. District trustee election areas may be altered or abolished in the same manner as [herein] in this section provided for the creation of district trustee election areas and the election of trustees therefor.

Sec. 22. NRS 318.0953 is hereby amended to read as follows:

318.0953 1. In every county having a population of 200,000 or more, as shown by the most recent decennial census of the Bureau of the Census of the United States Department of Commerce, notwithstanding the provisions of NRS 318.080 to 318.0952, inclusive, the board of county commissioners shall be, and in counties with a population of less than 200,000 the board of county commissioners may be, ex officio, the board of trustees of each district organized or reorganized pursuant to this chapter and being authorized to exercise the basic power of furnishing sanitary sewer facilities as provided in NRS 318.140, regardless of

whether the district is also authorized to furnish storm drainage facilities, but excluding any district which is authorized, in addition to such basic powers, to exercise any one or more other basic powers designated in this chapter, except as provided in subsections 2 and 3.

2. The board of county commissioners of any county may be, at its option, ex officio, the board of trustees of any district organized or reorganized pursuant to this chapter and being authorized to exercise the basic power of furnishing water facilities as provided in NRS 318.144, or, furnishing both water facilities and sanitary sewer facilities as provided in NRS 318.144 and 318.140, respectively, regardless of whether the district is also authorized to furnish storm drainage facilities, but excluding any district which:

(a) Is authorized, in addition to such basic powers, to exercise any one or more other basic powers designated in this chapter.

(b) Is organized or reorganized pursuant to this chapter the boundaries of which include all or a portion of any incorporated city or all or a portion of a water district created by special law.

3. A board of county commissioners may exercise the options provided in subsections 1 and 2 by providing in the ordinance creating the district or in an ordinance thereafter adopted at

any time that the board is, ex officio, the board of trustees of the district. The board of county commissioners shall, in the former case, be the board of trustees of the district when the ordinance creating the district becomes effective, or in the latter case, become the board of the district 30 days after the effective date of the ordinance adopted after the creation of the district. In the latter case promptly within such 30-day period the county clerk shall cause a copy of the ordinance to be:

- (a) Filed in his office;
- (b) Transmitted to the secretary of the district; and
- (c) Filed in the office of the secretary of state without the payment of any fee and otherwise in the same manner as articles of incorporation are required to be filed under chapter 78 of NRS.

4. When the board of trustees of any district is so constituted, the following special provisions shall apply and supersede the corresponding provisions of NRS 318.080 to 318.0952, inclusive:

- (a) The members need not file the oath of office or bond required by NRS 318.080.
- (b) The members of the board of county commissioners shall receive no additional compensation as trustees of the district.
- (c) The chairman of the board of county commissioners shall be chairman of the board and president of the district.

(d) The secretary and treasurer of the district shall not be members of the board of county commissioners. The board may designate the county clerk and county treasurer, respectively, to act ex officio as secretary and treasurer, or it may designate some other person to fill either or both of such offices. No additional bond may be required of the county treasurer as ex officio district treasurer nor of any other county officer appropriately bonded as ex officio a district officer.

(e) No member of the board of county commissioners may be removed from the office of trustee under [the authority of subsection 4 of] NRS 318.080, but any such member shall be automatically removed from such office upon his removal from the office of county commissioner in the manner provided by law.

(f) The regular place of meeting of the board need not be within the corporate limits of the district but shall be within the corporate limits of the county and shall be the regular meeting place of the board of county commissioners unless the board otherwise provides by resolution.

(g) The times of regular meetings of the board shall be the same as the times of the regular meetings of the board of county commissioners unless the board otherwise provides by resolution.

(h) Special meetings may be held on notice to each member of the board as often as, and at such place or places within the

county as, the board may determine, unless it otherwise provides by resolution.

(i) The office or principal place of the district need not be located within the corporate limits of the district and shall be the office of the county clerk unless the board otherwise provides by resolution.

Sec. 23. 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 law:

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 public cemetery facilities or services, as provided in NRS 318.119;
4. Furnishing swimming pool facilities, as provided in NRS 318.1191;
5. Furnishing television facilities, as provided in NRS 318.1192;

6. Furnishing street and alley facilities, as provided in NRS 318.120;
7. Furnishing curb, gutter and sidewalk facilities, as provided in NRS 318.125;
8. Furnishing sidewalk facilities, as provided in NRS 318.130;
9. Furnishing storm drainage facilities, as provided in NRS 318.135;
10. Furnishing sanitary sewer facilities, as provided in NRS 318.140;
11. Furnishing street lighting facilities, as provided in NRS 318.141;
12. Furnishing garbage and refuse collection and disposal facilities, as provided in NRS 318.142;
13. Furnishing recreation facilities, as provided in NRS 318.-143;
14. Furnishing water facilities, as provided in NRS 318.144;
[and]
15. Furnishing fencing facilities, as provided in NRS 318.-1195 [.] ; and
16. Furnishing fire protection facilities, as provided in section 13 of this act.

Sec. 24. NRS 318.275 is hereby amended to read as follows:

318.275 1. Upon the conditions and under the circumstances set forth in this chapter, a district may borrow money and issue the following securities to evidence such borrowing:

[1.] (a) Short-term notes, warrants and interim debentures.

[2.] (b) General obligation bonds.

[3.] (c) Revenue bonds.

[4.] (d) Special assessment bonds.

2. The board of trustees of a district shall not borrow money or issue securities to evidence such borrowing unless the board has obtained the approval of the general obligation bond commission of the county in which the district is located.

Sec. 25. NRS 318.290 is hereby amended to read as follows:

318.290 1. Subject to the provisions of NRS 350.001 to 350.-006, inclusive, whenever any board determines, by resolution, that the interest of the district and the public interest or necessity demand the acquisition, construction, installation or completion of any works or other improvements or facilities, or the making of any contract with the United States or other persons or corporations, to carry out the objects or purposes of the district, requiring the creation of an indebtedness of \$5,000 or more, the board shall order the submission of the proposition of issuing such obligations or bonds or creating other indebtedness

to the qualified electors of the district at an election held for that purpose in the manner provided by NRS 350.020 to 350.070, inclusive, [except registration of electors is not required and no notice for registration of electors shall be given, and] except as otherwise provided in this chapter.

2. Any such election may be held separately, or may be consolidated or held concurrently with any other election authorized by this chapter.

3. The declaration of public interest or necessity required by this section and the provision for the holding of such election may be included within one and the same resolution, which resolution, in addition to such declaration of public interest or necessity, shall:

(a) Recite the objects and purposes for which the indebtedness is proposed to be incurred, the estimated cost of the works or improvements, as the case may be, the maximum amount of principal of the indebtedness to be incurred therefor, and the maximum rate of interest to be paid on such indebtedness.

(b) Fix the date upon which such election shall be held and the manner of holding [the same] it and the method of voting for or against the incurring of the proposed indebtedness.

(c) Fix the compensation to be paid the officers of the election and shall designate the polling place or places and shall

appoint, for each polling place from the electors of the district, three officers of such election, one of whom shall act as clerk.

Sec. 26. NRS 318.495 is hereby amended to read as follows:

318.495 1. Any [taxpaying elector] person who owns property which is located within the district may, on or before the date fixed, protest against the dissolution, merger or consolidation of such district, in writing, which protest shall be filed with the county clerk of such county.

2. If, at or before the time fixed by the ordinance and notice, written protest [shall be] is filed signed by [51 percent or more of the taxpaying electors] a majority of the owners of property within the district, the district shall not be dissolved, merged or consolidated. 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 of] a majority of the owners of property within the district, the board may, if it so determines, complete the dissolution, merger or consolidation by the adoption of a final ordinance of dissolution, which ordinance shall contain a recital [as to the percentage of] of the protests, and such recital [shall be] is binding and conclusive for all purposes.

Sec. 27. NRS 318.510 is hereby amended to read as follows:

318.510 1. All property and all funds remaining in the treasury of any district shall be:

(a) Surrendered and transferred to the county in which the district exists and shall become a part of the general fund of the county, if such district is dissolved;

(b) Transferred to the governmental unit which assumes its obligations and functions, if such district is merged; or

(c) Transferred to the consolidated governmental unit, if such district is consolidated.

2. All outstanding and unpaid tax sales and levies and all special assessment liens of a dissolved district shall be valid and remain a lien against the property against which they are assessed or levied until paid, subject, however, to the limitations of liens provided by general law. Taxes and special assessments paid after dissolution shall be placed in the general fund of the county in which the property was assessed.

3. The board of county commissioners [shall have] has the same power to enforce the collection of all outstanding tax sales of the district as the district [would have] had if it had not been dissolved, merged or consolidated and the same powers to enforce the collection of special assessments.

4. If any area comprising the district or portion thereof is annexed to a city or town within 6 months from the effective date of the dissolution ordinance, a pro rata share of all such property and funds shall be transferred to the municipality.

5. If any area comprising the district or portion thereof is not annexed to a city or town within 6 months from the effective date of the dissolution ordinance, the board of county commissioners shall pay to the owners of property located within the former district pro rata shares of the money remaining in the treasury of the district, and an amount of money equal to the value of any property which is not used for the benefit of the area formerly comprising the district. The board of county commissioners may, before paying such money, apply a proportionate amount of such payment to any special assessments which are due and payable.

Sec. 28. NRS 244.157 is hereby amended to read as follows:

244.157 1. Subject to the conditions imposed in subsection 2, the board of county commissioners of any county of this state [has the power to make any improvement] may exercise any of the powers in any unincorporated area within its county that a board of trustees of any general improvement district, if organized, would be permitted to [make] exercise pursuant to the provisions of chapter 318 of NRS.

2. A board of county commissioners may [make improvements] exercise the powers authorized under subsection 1 only upon compliance with the same procedures that a board of trustees of a general improvement district would be required to follow for the same class of improvements within an improvement district. This

subsection does not apply if the exercise of powers authorized under subsection 1 is required by a federal law or a regulation issued thereunder.

Sec. 29. NRS 332.015 is hereby amended to read as follows:

332.015 For the purpose of this chapter "local government" means:

1. Every political subdivision or other entity which has the right to levy or receive moneys from ad valorem taxes or other taxes or from any mandatory assessments, including counties, cities, towns, school districts and other districts organized pursuant to chapters 244, 309, 318, 379, 450, 473, 474, 539, [540,] 541, [542,] 543 and 555 of NRS.

2. The Las Vegas Valley Water District created pursuant to the provisions of chapter 167, Statutes of Nevada 1947, as amended.

3. County fair and recreation boards and convention authorities created pursuant to the provisions of NRS 244.640 to 244.78016, inclusive.

4. District boards of health created pursuant to the provisions of NRS 439.370 to 439.410, inclusive.

Sec. 30. NRS 350.002 is hereby amended to read as follows:

350.002 1. There is hereby created in each county a general obligation bond commission, to be composed of one representative of the county, one representative of the school district and the following additional representatives:

(a) In each county which contains more than one incorporated city or town:

(1) One representative of the city or town in which the county seat is located;

(2) One representative of the other incorporated cities or towns jointly; and

(3) One representative of the public at large.

(b) In each county which contains but one incorporated city or town:

(1) One representative of the incorporated city or town; and

(2) Two representatives of the public at large.

(c) In each county which contains no incorporated city or town, one representative of the public at large.

(d) In each county which contains one or more general improvement districts, one representative of the district or districts jointly and one additional representative of the public at large.

2. In Carson City, there is hereby created a general obligation bond commission, to be composed of one representative of the board of supervisors, one representative of the school district, one representative of general improvement districts and [three] two representatives of the public at large.

3. Each representative of a single local government shall be chosen by its governing body. Each representative of two or more local governments shall be chosen by their governing bodies jointly, each governing body having one vote. Each representative of the general improvement districts shall be chosen by their governing bodies jointly, each governing body having one vote.

Each representative of the public at large shall be chosen by the other members of the commission from residents of the county, or Carson City, as the case may be, who have a knowledge of its financial structure. A tie vote shall be resolved by lot.

4. [The first members of the commission shall be chosen within 30 days following July 1, 1965, and shall serve until December 31, 1966. Their respective successors shall be chosen in January of each odd-numbered year beginning in 1967, and shall hold office for a term of 2 years beginning January 1,] Members of the commission or their successors shall be chosen in January of each odd-numbered year and shall hold office for a term of 2 years beginning January 1, except the representatives of incorporated cities or towns, who shall be chosen after elections are held in the cities or towns but prior to the annual meeting of the commission.

5. Any vacancy shall be filled in the same manner as the original choice was made for the remainder of the unexpired term.

Sec. 31. NRS 350.003 is hereby amended to read as follows:

350.003 1. [The first commissioners appointed shall meet during the month of August 1965, at the call of the chairman of the board of county commissioners, to organize by selecting a chairman and vice chairman. Thereafter, each] The commission shall meet during the month of February of each odd-numbered year, to organize [in like manner.] by selecting a chairman and vice chairman. The county clerk [shall be] is ex officio the secretary of the commission.

2. In addition to the organization meeting, each commission shall meet annually in July of each year and at the call of the chairman whenever business is presented, as provided in NRS 350.-004 and 350.005.

3. A majority of the members [shall constitute] constitutes a quorum for all purposes.

Sec. 32. NRS 350.0035 is hereby amended to read as follows:

350.0035 Each governing body of a political subdivision [which has issued or contemplates issuing general obligation bonds] and each board of trustees of a general improvement district shall submit to the commission, at least 30 days prior to its annual meeting in July, a complete statement of current and contemplated general obligation debt and a report of current and contemplated

[bond issuance] debt and special assessments and retirement schedules [.] , in the detail and form established by the department of taxation.

Sec. 33. NRS 350.004 is hereby amended to read as follows:

350.004 1. Before any proposal to issue general obligation bonds may be submitted to the electors of a county, [incorporated] city , [or town, unincorporated city or] town, school district, or other district or political subdivision (excluding the state) pursuant to this chapter or [chapter] chapters 318 and 387 of NRS or any other law, or before any other formal action may be taken preliminary to the issuance of any general obligation bonds, their proposed issuance must receive the favorable vote of a majority of the members of the general obligation bond commission of the county in which it is situated. In the case of a school district or other district embracing all or part of two or more counties, the proposal must receive such favorable vote in the county or counties in which a majority of its assessed valuation is situated.

2. Before the board of trustees of a district organized or reorganized pursuant to chapter 318 of NRS borrows money or issues securities other than general obligation bonds to evidence such borrowing, the proposed borrowing or issuing of securities

must receive the favorable vote of a majority of the members of the general obligation bond commission of the county in which it is situated. In the case of a district embracing all or part of two or more counties, the proposal must receive such favorable vote in the county or counties in which a majority of its assessed valuation is situated.

Sec. 34. NRS 350.005 is hereby amended to read as follows:

350.005 1. The governing body of the political subdivision (excluding the state) proposing to issue general obligation bonds and the board of trustees of a general improvement district proposing to borrow money and issue other securities pursuant to NRS 318.275 shall notify the secretary of each appropriate commission, and shall submit a statement of its proposal in sufficient number of copies for each member of the commission. The secretary, with the approval of the chairman, shall thereupon, within 10 days, give notice of a meeting to be held not less than 10 nor more than 20 days thereafter. He shall provide a copy of the proposal to each member with the notice of the meeting.

2. The commission may grant a conditional or provisional approval of [bond issues.] such proposal. Such conditions or provisions are limited, however, to the scheduling of the issuance and retirement of [bonds.] securities. The commission may adjourn a meeting called to consider a particular proposal no more than

once, for no more than 10 days. Notification of the approval or disapproval of its proposal shall be sent to the governing body within 3 days after the meeting.

3. A proposal which has been disapproved may not be resubmitted until after the expiration of 90 days from the date of the meeting.

Sec. 35. NRS 350.0051 is hereby amended to read as follows:

350.0051 In determining whether to approve or disapprove a proposal to [issue bonds,] incur debt, the commission shall not undertake to determine whether the purpose for which it is proposed to [issue such bonds] incur the debt is a public purpose or meets a public need. The commission shall consider, but is not limited to, the following criteria:

1. The amount of debt outstanding on the part of the political subdivision proposing to [issue the bonds.] incur the debt.

2. The effect of the tax levy required for [debt] service on the proposed [general obligation bonds] debt upon the ability of the political subdivision proposing to issue the bonds and of other political subdivisions to raise revenue for operating purposes.

3. The anticipated need for other [bond issues] incurrences of debt by the political subdivision proposing to [issue the bonds] incur the debt 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 public need to be served by the proceeds of the proposed [bond issue,] debt, as compared to other demands, both operational and capital, to be met from available and anticipated tax and other revenues.

Sec. 36. NRS 350.0052 is hereby amended to read as follows:

350.0052 The commission has the power, with the consent of the political subdivision which proposes to [issue general obligation bonds,] incur a debt, to contract for or employ accountants and financial consultants to evaluate any [proposed bond issue] proposal which it must approve or disapprove. The cost of such services shall be paid by the consenting political subdivision which proposes to [issue the general obligation bonds.] incur the debt.

Sec. 37. NRS 354.474 is hereby amended to read as follows:

354.474 1. Except as otherwise provided in subsection 2, the provisions of NRS 354.470 to 354.626, inclusive, shall apply to all local governments. For the purpose of NRS 354.470 to 354.626, inclusive, "local government" means every political subdivision or other entity which has the right to levy or receive moneys from ad valorem or other taxes or any mandatory assessments, and includes

without limitation counties, cities, towns, boards, school districts and other districts organized pursuant to chapters 244, 309, 318, 379, 474, [540,] 541, [542,] 543 and 555 of NRS, NRS 450.550 to 450.700, inclusive, and any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision.

2. An irrigation district organized pursuant to chapter 539 of NRS shall fix rates and levy assessments as provided in NRS 539.-667 to 539.683, inclusive. The levy of such assessments and the posting and publication of claims and annual financial statements as required by chapter 539 of NRS shall be deemed compliance with the budgeting, filing and publication requirements of NRS 354.470 to 354.626, inclusive, but any such irrigation district which levies an ad valorem tax is required to comply with the filing and publication requirements of NRS 354.470 to 354.626, inclusive, in addition to the requirements of chapter 539 of NRS.

Sec. 38. Chapter 474 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. A fire protection district organized pursuant to this chapter may reorganize as a district created wholly or in part for the purpose of furnishing fire protection facilities pursuant to chapter 318 of NRS.

2. Such reorganization may be initiated by:

(a) A petition signed by a majority of the owners of property located within the district; or

(b) A resolution of the board of county commissioners of the county in which the district is located.

3. If the board of county commissioners determines, after notice and hearing, that such reorganization is feasible and in the best interests of the county and the district, the board of county commissioners shall adopt an ordinance reorganizing the district pursuant to chapter 318 of NRS.

4. All debts, obligations, liabilities and assets of the former district shall be assumed or taken over by the reorganized district.

Sec. 39. NRS 540.010 to 540.790, inclusive, 542.010 to 542.090, inclusive, and 543.840 are hereby repealed.

SUMMARY--Authorizes governing body of local government to request certain technical assistance. (BDR 31-75)

Fiscal Note: Local Government Impact: Yes.

State or Industrial Insurance Impact:

Contains Appropriation.

AN ACT relating to financial administration; authorizing the governing body of a local government to request administrative or financial organization and planning assistance; requiring the department of taxation to adopt regulations establishing procedures for such assistance; allowing payment of certain per diem allowance and travel expenses; making an appropriation; 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 354 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. The governing body of any local government which needs assistance in its administrative or financial organization or planning may request such assistance from the department of taxation or from the bureau of governmental research of the University of Nevada.

2. The department of taxation or the bureau of governmental research shall furnish such assistance upon the request of the governing body and may submit a claim to the state board of examiners for payment of the per diem allowance and travel expenses provided by law incurred while providing the assistance. All claims shall be paid in the same manner as other claims against the state are paid.

3. After hearing the advice and recommendations of the bureau of governmental research and of the advisory committee created pursuant to NRS 354.594, the department of taxation shall adopt regulations which provide procedures for:

(a) Determining when a local government is in need of such assistance;

(b) Notifying local governments of the availability of such assistance; and

(c) Coordinating the programs and activities of the department of taxation and of the bureau of governmental research in providing such assistance.

Sec. 2. 1. There is hereby appropriated from the state general fund to the state board of examiners for the purpose of paying the per diem allowance and travel expenses incurred by the department of taxation and the bureau of governmental research of the University of Nevada while providing assistance to the governing body of a local government pursuant to section 1 of this act, the following amounts:

(a) For the fiscal year ending June 30, 1978, \$10,000.

(b) For the fiscal year ending June 30, 1979, \$10,000.

2. After June 30, 1979, the unexpended balance of the appropriation made in subsection 1 shall not be encumbered or committed for expenditure and shall revert to the state general fund.