

**PROPOSED REGULATION OF THE COMMITTEE
ON LOCAL GOVERNMENT FINANCE**

LCB File No. R027-03

July 16, 2003

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

AUTHORITY: §1, NRS 350.009 and 350.091; §§2 and 3, NRS 350.009.

Section 1. Chapter 350 of NAC is hereby amended by adding thereto a new section to read as follows:

1. If a local government finances assets with a medium-term obligation or an installment-purchase agreement having a term of more than 5 years, the local government shall calculate the weighted average useful life of the assets for the purpose of complying with the provisions of subsection 4 of NRS 350.091.

2. To determine the useful life of the assets, the local government may use:

(a) Publication 946 of the Internal Revenue Service entitled “How to Depreciate Property,” which may be obtained free of charge on the Internet from the website of the Internal Revenue Service at <<http://www.irs.gov/>>; or

(b) Any other manual or source of information that provides useful life if the local government has received the prior approval of the Department of Taxation to use that manual or source of information.

Sec. 2. NAC 350.010 is hereby amended to read as follows:

350.010 1. The statement and report which is required by NRS ~~350.0035~~ *350.013* must include:

(a) A brief narrative which describes each type of indebtedness used or contemplated for use by the governing body or board;

(b) A schedule which sets forth:

(1) The contemplated date of the sale and the amount of any bonds which have been approved by election but not yet sold;

(2) The contemplated date of an election or other authorization and the amount of any bonds which are contemplated to be issued before the end of the fiscal year following the date of the schedule; and

(3) The amount of any other debts, such as mortgages or capital leases, which the governing body or board contemplates incurring before the end of the fiscal year following the date of the schedule;

(c) A schedule which sets forth, on a form provided by the Department of Taxation, the amount of general obligation debt of the political subdivision or general improvement district;

(d) A schedule which sets forth, on a form provided by the Department of Taxation, the total amount of indebtedness of the political subdivision or general improvement district;

(e) A schedule which sets forth, on a form provided by the Department of Taxation, the amount of money required to satisfy the indebtedness of the political subdivision or general improvement district for the 5 years immediately following the date of the statement or report; and

(f) A schedule which sets forth, on a form provided by the Department of Taxation, the amount of money required to satisfy each debt of the political subdivision or general improvement district for each year until the debt is retired.

2. The submission to the Department of Taxation before July 1 of a copy of the statement and report submitted for the same year to a ~~general obligation bond~~ *debt management* commission pursuant to NRS ~~350.0035~~ *350.013* fulfills the requirements set forth in subsection 1 of NRS 354.6025.

3. For the purposes of this section, “indebtedness” includes a debt which is:

(a) Legally payable from general revenues and is backed by the full faith and credit of a governmental unit;

(b) Represented by securities of a local government issued pursuant to chapter 350 of NRS;

(c) ~~Created for~~ A medium-term ~~financing~~ *obligation created* pursuant to NRS ~~350.085~~ *350.087* to 350.095, inclusive; ~~and~~ *or*

(d) Represented by revenue bonds of the governmental unit.

Sec. 3. NAC 350.150 is hereby amended to read as follows:

350.150 1. The governing body of a local government may obtain a temporary interfund loan if:

(a) ~~The governing body states by resolution that the loan will not in any way have an adverse or deleterious effect upon the fund from which the money will be obtained to make the loan;~~

~~—(b) The loan is not contrary to any regulation, agreement, ordinance, statute, or other related requirement;~~

~~—(c)~~ Any money for the loan which is obtained from the proceeds from the sale of a bond is used only for the purposes set forth in the bond ordinances;

~~(d)~~ (b) The loan is not made from any debt service fund or from any fund established or maintained as a fund dedicated to the payment of bonded debt and interest;

~~[(e)]~~ (c) The resolution authorizing the loan specifies whether interest will be charged and the rate thereof, if any;

~~[(f)]~~ (d) It is agreed that the loan must be repaid within 12 months following the month in which the loan was made, unless the requirements for incurring a medium-term obligation have been met;

~~[(g)]~~ (e) A copy of the resolution authorizing the loan is filed with the Department of Taxation; and

~~[(h)]~~ (f) The governing body agrees to notify the Department of Taxation when the loan has been repaid.

2. If the resolution authorizing a temporary interfund loan does not specify whether interest will be charged as required pursuant to paragraph ~~[(e)]~~ (c) of subsection 1, no interest may be charged.

3. As used in this section, “ temporary interfund loan ” means borrowing money for a short term from a fund to meet an immediate obligation of another fund in advance of receipt by the borrowing fund of sufficient revenues from regular sources.