

**THE TWENTY-FIFTH DAY**

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CARSON CITY (Thursday), March 3, 2011

Senate called to order at 11:06 a.m.

President Krolicki presiding.

Roll called.

All present.

Prayer by the Chaplain, Doug Stewart.

God, open our hearts to peace and healing between all people. God, open our hearts to provide and protect for all children of the earth. God, open our hearts to respect for the earth, and all the gifts of the earth. God, open our hearts to end exclusion, violence and fear among all.

May Nevada use her blessings wisely and well. May our strength be always on the side of justice. May our leaders be strong enough to seek peace. May the great, strong hearts of our people be open. May our labors be of benefit to Nevada and the world. May our government act with soundness of judgment.

Bless Nevada this day and every day, with peace. We, each of us, are the guardians of Nevada's fate. We, the people, are the greatest strength of Nevada.

I bless Nevada this day and celebrate freedom.

In Your name, dear God, we pray.

AMEN.

Pledge of Allegiance to the Flag.

Senator Wiener moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 11:09 a.m.

SENATE IN SESSION

At 11:26 a.m.

President Krolicki presiding.

Quorum present.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 11:30 a.m.

SENATE IN SESSION

At 11:40 a.m.

President Krolicki presiding.

Quorum present.

## MOTIONS, RESOLUTIONS AND NOTICES

By Senators Gustavson, Halseth, McGinness, Settlemeyer; Assemblymen Goedhart, Goicoechea, Hammond, Hardy, McArthur, Sherwood and Stewart:

Senate Joint Resolution No. 7—Proposing to amend the *Nevada Constitution* to limit the total amount of property taxes that may be levied on real property.

**Legislative Counsel's Digest:**

This amendment to the *Nevada Constitution* limits the amount of property taxes which may be cumulatively levied per year on real property to 1 percent of the base value of the property. Additionally, this amendment provides that: (1) if one-half or more of the ownership interest in certain real property is transferred, the base value of the property becomes the cash value of the property on the date the ownership interest is transferred; (2) an improvement to real property increases the base value of the property by the cash value of the improvement, unless the improvement replaces certain improvements which were destroyed, protects the safety of the occupants or improves accessibility to persons with disabilities; (3) the base value of real property cannot increase from year to year by more than 2 percent, except as otherwise provided in this amendment; (4) an owner domiciled in Nevada who has attained the age of 62 years may transfer the base value of his or her principal residence to a new residence of comparable value; and (5) an owner whose real property is taken by the exercise of eminent domain may transfer the base value of the condemned property to a new property of comparable value.

RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA, JOINTLY, That a new section, designated Section 7, be added to Article 10 of the *Nevada Constitution* to read as follows:

*Sec. 7. 1. The maximum amount of tax ad valorem that may be cumulatively levied per year on real property is 1 percent of the base value of the property. This limit does not apply to taxes ad valorem levied to pay the interest and principal of any bonded indebtedness incurred before the effective date of this section or approved thereafter by two-thirds of the votes cast by the voters voting on the question in the taxing district to which it applies.*

*2. Except as otherwise provided in subsections 3 to 6, inclusive, the base value of real property is the property's taxable value from which the assessed value for the Fiscal Year 2009-2010 was calculated.*

*3. Except as otherwise provided in this subsection and subsection 6, if one-half or more of an ownership interest in real property is transferred, the base value of the property becomes the cash value of the property as of the date of transfer of the ownership interest. The provisions of this subsection do not apply if the transfer of ownership interest is to the spouse, child or grandchild of the transferor, or if the transfer of ownership interest is to or from a separate legal entity of which the transferor is the beneficial owner.*

*4. Except as otherwise provided in subsection 6:*

*(a) If existing improvements to real property are materially enhanced or new improvements are constructed, except if constructed to replace existing improvements destroyed by natural disaster or other casualty, the base value of the property must be increased by the cash value of the enhancement or improvement, respectively.*

*(b) If real property is converted to another use, the base value of the property must be redetermined after the conversion by appraisal at its cash value in accordance with the new use of the property.*

5. *Except as otherwise provided in subsections 3, 4 and 6, the base value of real property must not be increased from year to year by any amount greater than the lesser of the increase caused by inflation, if any, or 2 percent. The base value of real property must be decreased from year to year by the decrease caused by disinflation, if any, or to reflect substantial damage, destruction or other causes of a decline in value, including, without limitation, economic or market conditions. For the purposes of this subsection, inflation and disinflation must be measured by the Consumer Price Index for All Urban Consumers compiled by the United States Bureau of Labor Statistics for the preceding calendar year. If the Index specified in this subsection ceases to be compiled, the Legislature shall provide by law for another appropriate method of measuring inflation and disinflation.*

6. *Notwithstanding any provision of this section to the contrary:*

*(a) An owner domiciled in this State who has attained the age of 62 years may replace his or her principal residence with another of comparable value and transfer to the new residence the base value of the old residence for the purpose of limiting the ad valorem tax on the new residence. If the cash value of the new residence exceeds the cash value of the old residence by more than 10 percent, the base value of the new residence must equal the base value of the old residence plus the amount by which the cash value of the new residence exceeds the cash value of the old residence.*

*(b) An improvement may be constructed or materially enhanced without changing the base value of real property if the construction or enhancement is necessary to protect the safety of the occupants or improve accessibility to persons with disabilities.*

*(c) An owner whose real property is taken by the exercise of eminent domain may replace the condemned property with property of comparable value and transfer to the new property the base value of the condemned property for the purpose of limiting the ad valorem tax on the property. If the cash value of the new property exceeds the cash value of the condemned property by more than 10 percent, the base value of the new property must equal the base value of the condemned property plus the amount by which the cash value of the new property exceeds the cash value of the condemned property.*

7. *The Legislature shall provide by law for:*

*(a) A uniform and just valuation of the base value of real property; and*

*(b) Any other measure necessary to implement this section.*

8. *If any provision of this section or the application thereof to any person, thing or circumstance is held invalid, the invalidity does not affect the provisions or application of this section that can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.*

9. *As used in this section:*

*(a) "Cash value" means the most probable price which property would bring in a competitive and open market under all conditions requisite to a fair sale.*

*(b) "Comparable value" means either a lower cash value or up to 10 percent more in cash value.*

*(c) "Condemned property" means property taken by the exercise of eminent domain.*

And be it further

RESOLVED, That Section 1 of Article 10 of the *Nevada Constitution* be amended to read as follows:

Section 1. 1. ~~[The]~~ *Except as otherwise provided in Section 7 of this Article, the legislature shall provide by law for a uniform and equal rate of assessment and taxation, and shall prescribe such regulations as shall secure a just valuation for taxation*

of all property, real, personal and possessory, except mines and mining claims, which shall be assessed and taxed only as provided in section 5 of this article.

2. Shares of stock, bonds, mortgages, notes, bank deposits, book accounts and credits, and securities and choses in action of like character are deemed to represent interest in property already assessed and taxed, either in Nevada or elsewhere, and shall be exempt.

3. The legislature may constitute agricultural and open-space real property having a greater value for another use than that for which it is being used, as a separate class for taxation purposes and may provide a separate uniform plan for appraisal and valuation of such property for assessment purposes. If such plan is provided, the legislature shall also provide for retroactive assessment for a period of not less than 7 years when agricultural and open-space real property is converted to a higher use conforming to the use for which other nearby property is used.

4. Personal property which is moving in interstate commerce through or over the territory of the State of Nevada, or which was consigned to a warehouse, public or private, within the State of Nevada from outside the State of Nevada for storage in transit to a final destination outside the State of Nevada, whether specified when transportation begins or afterward, shall be deemed to have acquired no situs in Nevada for purposes of taxation and shall be exempt from taxation. Such property shall not be deprived of such exemption because while in the warehouse the property is assembled, bound, joined, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged.

5. The legislature may exempt motor vehicles from the provisions of the tax required by this section, and in lieu thereof, if such exemption is granted, shall provide for a uniform and equal rate of assessment and taxation of motor vehicles, which rate shall not exceed five cents on one dollar of assessed valuation.

6. The legislature shall provide by law for a progressive reduction in the tax upon business inventories by 20 percent in each year following the adoption of this provision, and after the expiration of the 4th year such inventories are exempt from taxation. The legislature may exempt any other personal property, including livestock.

7. No inheritance tax shall ever be levied.

8. The legislature may exempt by law property used for municipal, educational, literary, scientific or other charitable purposes, or to encourage the conservation of energy or the substitution of other sources for fossil sources of energy.

9. No income tax shall be levied upon the wages or personal income of natural persons. Notwithstanding the foregoing provision, and except as otherwise provided in subsection 1 of this section, taxes may be levied upon the income or revenue of any business in whatever form it may be conducted for profit in the state.

10. The legislature may provide by law for an abatement of the tax upon or an exemption of part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid severe economic hardship to the owner of the residence.

Senator Gustavson moved that the resolution be referred to the Committee on Legislative Operations and Elections.

Motion carried.

Senator Wiener moved that Senate Bill No. 192 be taken from the Secretary's desk and placed on the Second Reading File.

Motion carried.

#### INTRODUCTION, FIRST READING AND REFERENCE

By Senator Roberson (by request):

Senate Bill No. 217—AN ACT relating to criminal defendants; requiring the publication by pretrial release agencies of certain information relating to

certain criminal defendants who are released from custody before trial; and providing other matters properly relating thereto.

Senator Roberson moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By the Committee on Judiciary:

Senate Bill No. 218—AN ACT relating to gaming; authorizing the Nevada Gaming Commission to provide by regulation for the operation of hosting centers and service providers; revising provisions relating to the transfer of certain ownership interests in a gaming operation; revising provisions relating to the licensing of persons who hold an ownership interest in certain business entities which hold a gaming license; authorizing the State Gaming Control Board to take certain actions regarding its operations without the approval of the Commission; making various other changes relating to the regulation of gaming; and providing other matters properly relating thereto.

Senator Wiener moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By Senators Horsford, Kihuen; Assemblywomen Kirkpatrick and Smith:

Senate Bill No. 219—AN ACT relating to economic development; requiring certain organizations that receive grants of money for economic development to perform assessments of employed workers to determine the available workforce; providing for the Department of Employment, Training and Rehabilitation and its Workforce Investment Act partners to implement skills assessments of unemployment applicants and report results; making appropriations to the College of Southern Nevada and the Truckee Meadows Community College for performing skills assessments for unemployed persons; and providing other matters properly relating thereto.

Senator Horsford moved that the bill be referred to the Select Committee on Economic Growth and Employment.

Motion carried.

By Senators Kieckhefer, Cegavske, McGinness, Schneider, Horsford, Breeden, Brower, Copening, Denis, Gustavson, Halseth, Hardy, Kihuen, Lee, Leslie, Manendo, Parks, Rhoads, Roberson, Settlemeyer, Wiener; Assemblymen Ocegueda, Smith, Conklin, Grady, Goicoechea, Aizley, Anderson, Atkinson, Benitez-Thompson, Bobzien, Brooks, Bustamante Adams, Carlton, Carrillo, Daly, Diaz, Dondero Loop, Ellison, Flores, Frierson, Goedhart, Hambrick, Hammond, Hansen, Hardy, Hickey, Hogan, Horne, Kirkpatrick, Kirner, Kite, Livermore, Mastroluca, McArthur, Munford, Neal, Ohrenschall, Pierce, Segerblom, Sherwood, Stewart and Woodbury:

Senate Bill No. 220—AN ACT relating to education; establishing the Kenny C. Guinn Memorial Millennium Scholarship; providing for the

establishment of criteria for the annual selection of a recipient of the Scholarship; requiring the Board of Trustees of the College Savings Plans of Nevada to review applications for and select the recipient of the Scholarship; and providing other matters properly relating thereto.

Senator Kieckhefer moved that the bill be referred to the Committee on Finance.

Motion carried.

SECOND READING AND AMENDMENT

Senate Bill No. 7.

Bill read second time and ordered to third reading.

Senate Bill No. 92.

Bill read second time and ordered to third reading.

Senate Bill No. 109.

Bill read second time and ordered to third reading.

Senate Bill No. 134.

Bill read second time and ordered to third reading.

Senate Bill No. 192.

Bill read second time.

The following amendment was proposed by Senators Horsford and Lee:

Amendment No. 23.

"SUMMARY—Makes various changes relating to job creation within the Nevada construction industry. (BDR 18-935)"

"AN ACT relating to governmental financial administration; requiring the submission of annual reports by certain governmental entities relating to the persons awarded contracts for the design or construction of public works and the compilation of such reports by the Commission on Economic Development; requiring the capital improvement plan of a local government to include certain information regarding expenditures to maintain, renovate and replace capital assets; authorizing certain local governments to expend ~~to a sufficient amount to maintain their buildings in a serviceable condition on a continuing basis;~~ certain taxes ad valorem to maintain, renovate and replace governmental buildings; requiring the distribution of a portion of the taxes ad valorem levied in certain counties to the regional transportation commissions in those counties and authorizing the distribution to be pledged for bonds and other securities issued for payment of the cost of regional transportation projects; declaring the policy of the State to use private sector services on public works; and providing other matters properly relating thereto."

**Legislative Counsel's Digest:**

Local governments are required under existing law to submit an annual fiscal report to the Department of Taxation. (NRS 354.6015) **Section 6** of this bill requires a local government to include in that annual report the

percentage of contracts for the design and construction of public works that were awarded during the reporting period to contractors and design professionals in this State. **Sections 14 and 16** of this bill impose identical reporting requirements on the State Public Works Board and the Department of Transportation with respect to contracts for public works of the State. **Section 2** of this bill requires the Commission on Economic Development to compile those reports and transmit the compilation to the Legislature, or the Interim Finance Committee, if the Legislature is not in regular session.

**Under existing law, a local government is required to prepare annually a 6-year capital improvement plan. (NRS 354.5945) Section 4.5 of this bill requires such a plan to include a separate listing of expenditures to maintain, renovate and replace capital assets, and a comparison of those expenditures to the amount of depreciation of those assets.**

Existing law authorizes a county to levy a tax ad valorem for capital projects in the amount of 5 cents per \$100 of the assessed valuation of the county and, in a county whose population is 100,000 or more (currently Clark and Washoe Counties), requires the distribution of a portion of the proceeds of the tax among the county and the cities and towns within the county. (NRS 354.59815) ~~Section 3 of this bill requires each of those local governments that receives such a distribution to include in its annual budget a sum for projects to maintain, renovate and replace its buildings in an amount which meets or exceeds the amount of depreciation of those buildings, and to demonstrate that those projects will maintain the buildings in a serviceable condition on a continuing basis.~~ **Section 5 of this bill ~~authorize~~ authorizes each of those local governments that receives such a distribution to expend those tax receipts for ~~those projects.~~ projects to maintain, renovate and replace its buildings.**

**Section 7** of this bill requires the distribution to the regional transportation commission created in each county whose population is 100,000 or more (currently Clark and Washoe Counties) of the portion of the property taxes levied for operating purposes by that county at the rate of 2 cents per \$100 of assessed valuation. **Section 15** of this bill authorizes this distribution to be used as pledged revenue for bonds and other securities issued by the county to pay the cost of regional transportation projects in the county.

Under existing law, if the estimated cost of a public work is \$100,000 or less, the State or a local government is authorized to award the contract to a contractor or perform the work with its own employees if certain requirements are met. (NRS 338.1386, 338.1442) Similarly, under existing law, if the estimated cost of a public work is less than \$35,000, the State or a political subdivision is authorized to prepare the maps, plans, specifications, reports and estimates for the public work itself. (NRS 625.530) The Department of Transportation is also authorized under existing law to perform limited work and improvements itself. (NRS 408.323) **Sections 8, 11, 17 and 18** of this bill add a legislative declaration to those provisions in

existing law, stating that, whenever possible, it is in the best interest of the State for those services on public works to be performed by the private sector.

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

**Section 1.** The Legislature hereby finds and declares:

1. That infrastructure development is a critical component of this State's long-term economic development strategy.

2. It is paramount that the Nevada Legislature address the State's high unemployment rate through job creation that improves the State's infrastructure for purposes of economic development.

3. This measure is intended to facilitate the development of an integrated approach to Nevada's economic development strategy.

**Sec. 2.** Chapter 231 of NRS is hereby amended by adding thereto a section to read as follows:

*On or before March 1 of each year, the Commission on Economic Development shall compile the reports relating to the persons awarded contracts for the design or construction of public works required pursuant to sections 6, 14 and 16 of this act and transmit the compilation to the Legislature, or the Interim Finance Committee, if the Legislature is not in regular session.*

**Sec. 3.** ~~Chapter 354 of NRS is hereby amended by adding thereto a new section to read as follows:~~

~~1. The governing body of each county, city or town that will receive a distribution of tax revenue pursuant to paragraph (b) of subsection 2 of NRS 354.59815 for any fiscal year beginning on or after July 1, 2011, shall include:~~

~~(a) In the report concerning the capital improvements of that local government required for that fiscal year by NRS 354.5947, a schedule of depreciation for the buildings owned by that local government; and~~

~~(b) In the annual budget of that local government for that fiscal year:~~

~~(1) A sum for expenditure on projects for the maintenance, renovation and replacement of the buildings owned by that local government in an amount which is not less than the amount of the depreciation of those buildings for that fiscal year, as determined in accordance with the schedule of depreciation required by paragraph (a);~~

~~(2) A detailed list of the projects that the local government proposes for such expenditure for that fiscal year and for the next ensuing 5 fiscal years; and~~

~~(3) An analysis which demonstrates that the listed projects are substantially sufficient to maintain the buildings owned by that local government in a serviceable condition on a continuing basis.~~

~~2. To carry out the provisions of subsection 1 and the projects described therein, a local government to which those provisions apply may expend, without limitation, any tax revenue distributed to the local government~~



~~pursuant to paragraph (b) of subsection 2 of NRS 354.59815.] (Deleted by amendment.)~~

~~Sec. 4. NRS 354.470 is hereby amended to read as follows:  
354.470 NRS 354.470 to 354.626, inclusive, and section 3 of this act may be cited as the Local Government Budget and Finance Act.] (Deleted by amendment.)~~

**Sec. 4.5. NRS 354.5945 is hereby amended to read as follows:**

354.5945 1. Except as otherwise provided in subsection ~~7~~ **8**, each local government shall annually prepare, on a form prescribed by the Department of Taxation for use by local governments, a capital improvement plan for the fiscal year ending on June 30 of that year and the ensuing 5 fiscal years.

2. On or before August 1 of each year, each local government shall submit a copy of the capital improvement plan of the local government to the:

- (a) Department of Taxation;
- (b) Debt management commission of the county in which the local government is located; and
- (c) Director of the Legislative Counsel Bureau.

3. Each local government shall file a copy of the capital improvement plan of the local government for public record and inspection by the public in the offices of:

- (a) The clerk or secretary of the governing body; and
- (b) The county clerk.

4. The total amount of the expenditures contained in the capital improvement plan of the local government for the next ensuing fiscal year must equal the total amount of expenditures for capital outlay set forth in the final budget of the local government for each fund listed in that budget.

5. The capital improvement plan must include the estimated or actual revenues and expenditures for each capital project and the estimated or actual date for completion of each capital project.

6. The capital improvement plan must reconcile the capital outlay in each fund in the final budget for the first year of the capital improvement plan to the final budget in the next ensuing fiscal year. The reconciliation must identify the minimum level of expenditure for items classified as capital assets in the final budget and the minimum level of expenditure for items classified as capital projects in the capital improvement plan. The reconciliation of capital outlay items in the capital improvement plan must be presented on forms created and distributed by the Department of Taxation.

7. **The capital improvement plan must include:**

**(a) A separate listing of estimated or actual expenditures for each year for capital projects to maintain, renovate and replace the capital assets of the local government; and**

**(b) A comparison of the total amount of those expenditures for each year with the total amount of depreciation of the capital assets of the local**

**government for that year, as determined in accordance with the schedules of depreciation used by the local government in the preparation of its audited financial statements.**

**8.** Local governments that are exempt from the requirements of the Local Government Budget and Finance Act pursuant to subsection 1 of NRS 354.475 are not required to file a capital improvement plan.

**Sec. 5.** NRS 354.598155 is hereby amended to read as follows:

354.598155 1. Each local government that receives a portion of the revenue from the tax levied pursuant to the provisions of NRS 354.59815 shall establish a special ad valorem capital projects fund and shall deposit all revenue received pursuant to the provisions of NRS 354.59815 in that fund. All interest and income earned on the money in the fund must also be deposited in the fund.

2. The money in the fund may only be used for:

(a) The purchase of capital assets , including land, improvements to land and major items of equipment;

(b) ~~The~~ **In a county:**

**(1) Whose population is less than 100,000, the** renovation of existing governmental facilities, not including normal recurring maintenance; **or**

**(2) Whose population is 100,000 or more:**

**(I) The maintenance, renovation and replacement of governmental buildings; and**

**(II) The renovation of other existing governmental facilities, not including normal recurring maintenance; and**

(c) The repayment of a medium-term obligation issued to fund a project described in paragraph (a) or (b).

3. Money may be retained in the fund for not more than 10 years to allow the funding of projects without the issuance of bonds or other obligations. For the purpose of determining the length of time a deposit of money has been retained in the fund, all money withdrawn from the fund shall be deemed to be taken on a first-in, first-out basis.

4. The annual budget and audit report of each local government must specifically identify this fund and must indicate in detail the projects that have been funded with money from the fund. Any planned accumulation of the money in the fund must also be specifically identified.

**Sec. 6.** NRS 354.6015 is hereby amended to read as follows:

354.6015 1. Except as otherwise provided in subsection 3, the governing board of a local government shall:

(a) Submit electronically a fiscal report of the local government to the Department of Taxation **and the Commission on Economic Development** in accordance with the requirements prescribed by the Committee on Local Government Finance pursuant to subsection 2; and

(b) Publish a summary of the fiscal report, which must contain the information required by the Committee on Local Government Finance

pursuant to subsection 2, in a newspaper of general circulation in the county in which the local government is situated.

2. The Committee on Local Government Finance shall prescribe, by regulation:

(a) The dates and times for filing a fiscal report, which must require a local government to file at least one fiscal report per year;

(b) The content of a fiscal report, which must include, without limitation, revenues, expenditures, fund balances, cash balances, components of assessed value, debt schedules, *the percentage of contracts that were awarded during the reporting period to a design professional who is registered or licensed, as applicable, in this State for the design of public works of the local government and to a contractor who holds a certificate of eligibility to receive a preference in bidding on public works from the State Contractors' Board pursuant to NRS 338.1389 or 338.147 for the construction of public works of the local government* and any other information that the Committee on Local Government Finance determines to be appropriate for determining the financial status of a local government;

(c) The content for a summary of a fiscal report that must be published pursuant to subsection 1; and

(d) A uniform method for creating and submitting a fiscal report electronically pursuant to this section. The method must facilitate the storage and reproduction of the fiscal report in electronic format by the Department of Taxation.

3. The Committee on Local Government Finance may establish, by regulation, an exception to the requirement that a fiscal report be submitted to the Department of Taxation *and Commission on Economic Development* in electronic format. The exception must be limited to local governments that the Committee determines do not have the financial ability to comply with the method for submitting a fiscal report to the Department of Taxation *and Commission on Economic Development* prescribed by the Committee. If the Committee on Local Government Finance provides an exception pursuant to this subsection, the Committee shall provide, by regulation, specific standards that it will use to determine whether a local government qualifies for an exemption pursuant to this subsection.

4. The Committee on Local Government Finance shall adopt regulations pursuant to this section in the manner prescribed for state agencies in chapter 233B of NRS.

**Sec. 7.** Chapter 277A of NRS is hereby amended by adding thereto a new section to read as follows:

*1. Notwithstanding any other statutory provision to the contrary, the county treasurer of each county whose population is 100,000 or more and in which a commission has been created pursuant to this chapter shall distribute quarterly to that commission, from the proceeds of the taxes ad valorem levied by that county for the operating expenses of the county, the amount of those proceeds attributable to the levy of those taxes on all*

*taxable property in the county at the rate of 2 cents per \$100 of assessed valuation.*

*2. The proceeds distributed by the county treasurer of a county pursuant to this section must be expended for projects in the county in accordance with the provisions of this chapter and chapter 373 of NRS.*

*3. For the purposes of NRS 354.59811, the amount of the proceeds distributed by the county treasurer of a county pursuant to this section shall be deemed to constitute revenue received by the county.*

**Sec. 8.** NRS 338.1386 is hereby amended to read as follows:

338.1386 **1.** *The Legislature hereby finds and declares that it is in the best interest of the State for a public body to use private sector services for the performance of a public work, whenever possible, while maintaining an appropriate administrative, management and oversight role on the public work.*

**2.** If the estimated cost of a public work is \$100,000 or less, this State or a local government shall:

~~1.~~ **(a)** Award a contract for the completion of the public work to a properly licensed contractor in accordance with NRS 338.13862; or

~~2.~~ **(b)** Perform the public work itself in accordance with NRS 338.13864.

**Sec. 9.** NRS 338.13862 is hereby amended to read as follows:

338.13862 **1.** Before this State or a local government awards a contract for the completion of a public work in accordance with *paragraph (a) of subsection ~~1~~ 2* of NRS 338.1386, the State or the local government must:

(a) If the estimated cost of the public work is more than \$25,000 but not more than \$100,000, solicit bids from at least three properly licensed contractors; and

(b) If the estimated cost of the public work is \$25,000 or less, solicit a bid from at least one properly licensed contractor.

**2.** Any bids received in response to a solicitation for bids made pursuant to this section may be rejected if the State or the local government determines that:

(a) The quality of the services, materials, equipment or labor offered does not conform to the approved plan or specifications;

(b) The bidder is not responsive or responsible; or

(c) The public interest would be served by such a rejection.

**3.** At least once each quarter, the State and each local government shall prepare a report detailing, for each public work over \$25,000 for which a contract for its completion is awarded pursuant to paragraph (a) of subsection 1, if any:

(a) The name of the contractor to whom the contract was awarded;

(b) The amount of the contract awarded;

(c) A brief description of the public work; and

(d) The names of all contractors from whom bids were solicited.

4. A report prepared pursuant to subsection 3 is a public record and must be maintained on file at the administrative offices of the applicable public body.

5. The provisions of this section do not relieve this State from the duty to award the contract for the public work to a bidder who is:

(a) Qualified pursuant to the applicable provisions of NRS 338.1375 to 338.1382, inclusive; and

(b) The lowest responsive and responsible bidder, if bids are required to be solicited from more than one properly licensed contractor pursuant to subsection 1. For the purposes of this paragraph, the lowest responsive and responsible bidder must be determined in consideration of any applicable bidder's preference granted pursuant to NRS 338.13844.

**Sec. 10.** NRS 338.13864 is hereby amended to read as follows:

338.13864 1. If the State or a local government proposes to perform a public work itself in accordance with *paragraph (b) of* subsection 2 of NRS 338.1386, the public officer responsible for the management of the public works of the State or the local government, as applicable, must, if the estimated cost of the public work is more than \$25,000 but not more than \$100,000 and before work on the public work is commenced, prepare a signed attestation regarding the decision of the State or the local government to perform the public work itself.

2. An attestation prepared pursuant to subsection 1:

(a) Must set forth:

(1) The estimated cost of the public work;

(2) A general statement as to why the State or the local government has decided to perform the public work itself; and

(3) A general statement that the public work will adhere to the same quality and standards as would be required of a properly licensed contractor if the public work had been awarded to a properly licensed contractor; and

(b) Is a public record and must be maintained on file at the administrative offices of the applicable public body.

**Sec. 11.** NRS 338.1442 is hereby amended to read as follows:

338.1442 1. *The Legislature hereby finds and declares that it is in the best interest of the State for a public body to use private sector services for the performance of a public work, whenever possible, while maintaining an appropriate administrative, management and oversight role on the public work.*

2. If the estimated cost of a public work is \$100,000 or less, a local government shall:

~~1~~ (a) Award a contract for the completion of the public work to a properly licensed contractor in accordance with NRS 338.1444; or

~~2~~ (b) Perform the public work itself in accordance with NRS 338.1446.

**Sec. 12.** NRS 338.1444 is hereby amended to read as follows:

338.1444 1. Before a local government awards a contract for the completion of a public work in accordance with *paragraph (a) of subsection 2* of NRS 338.1442, the local government must:

(a) If the estimated cost of the public work is more than \$25,000 but not more than \$100,000, solicit bids from at least three properly licensed contractors; and

(b) If the estimated cost of the public work is \$25,000 or less, solicit a bid from at least one properly licensed contractor.

2. Any bids received in response to a solicitation for bids made pursuant to this section may be rejected if the local government determines that:

(a) The quality of the services, materials, equipment or labor offered does not conform to the approved plan or specifications;

(b) The bidder is not responsive or responsible; or

(c) The public interest would be served by such a rejection.

3. At least once each quarter, a local government shall prepare a report detailing, for each public work over \$25,000 for which a contract for its completion is awarded pursuant to paragraph (a) of subsection 1, if any:

(a) The name of the contractor to whom the contract was awarded;

(b) The amount of the contract awarded;

(c) A brief description of the public work; and

(d) The names of all contractors from whom bids were solicited.

4. A report prepared pursuant to subsection 3 is a public record and must be maintained on file at the administrative offices of the applicable public body.

5. The provisions of this section do not relieve a local government from the duty to award the contract for the public work to a bidder who is the lowest responsive and responsible bidder if bids are required to be solicited from more than one properly licensed contractor pursuant to subsection 1.

**Sec. 13.** NRS 338.1446 is hereby amended to read as follows:

338.1446 1. If a local government proposes to perform a public work itself in accordance with *paragraph (b) of subsection 2* of NRS 338.1442, the public officer responsible for the management of the public works of the local government must, if the estimated cost of the public work is more than \$25,000 but not more than \$100,000 and before work on the public work is commenced, prepare a signed attestation regarding the decision of the local government to perform the public work itself.

2. An attestation prepared pursuant to subsection 1:

(a) Must set forth:

(1) The estimated cost of the public work;

(2) A general statement as to why the local government has decided to perform the public work itself; and

(3) A general statement that the public work will adhere to the same quality and standards as would be required of a properly licensed contractor if the public work had been awarded to a properly licensed contractor; and

(b) Is a public record and must be maintained on file at the administrative offices of the local government.

**Sec. 14.** NRS 341.191 is hereby amended to read as follows:

341.191 1. The Board shall submit reports and make recommendations relative to its findings to the Governor and to the Legislature. The Board shall particularly recommend to the Governor and to the Legislature the priority of construction of any buildings or other construction work now authorized or that may hereafter be authorized or proposed.

2. The Board shall submit before October 1 of each even-numbered year its recommendations for projects for capital improvements in the next biennium. The recommendations must, to the extent practicable, provide that each project which exceeds a cost of \$10,000,000 be scheduled to receive funding for design and planning during one biennium and funding for construction in the subsequent biennium.

3. *The Board shall, not later than December 31 of each year, submit to the Commission on Economic Development a report discussing the percentage of contracts that were awarded during the immediately preceding fiscal year:*

*(a) To a design professional who is registered or licensed, as applicable, in this State for the design of public works of the State.*

*(b) To a contractor who holds a certificate of eligibility to receive a preference in bidding on public works from the State Contractors' Board pursuant to NRS 338.1389 for the construction of public works of the State.*

**Sec. 15.** NRS 373.131 is hereby amended to read as follows:

373.131 1. Money for the payment of the cost of a project within the area embraced by a regional plan for transportation established pursuant to NRS 277A.210 may be obtained by the issuance of revenue bonds and other revenue securities as provided in subsection 2 or, subject to any pledges, liens and other contractual limitations made pursuant to the provisions this chapter and chapter 277A of NRS, may be obtained by direct distribution from the regional street and highway fund, except to the extent any such use is prevented by the provisions of NRS 373.150, or may be obtained both by the issuance of such securities and by such direct distribution, as the board may determine. Money for street and highway construction outside the area embraced by the plan may be distributed directly from the regional street and highway fund as provided in NRS 373.150.

2. The board may, after the enactment of any ordinance authorized by the provisions of NRS 373.030, paragraph (d) of subsection 1 of NRS 373.065 or paragraphs (d) to (m), inclusive, of subsection 1 of NRS 373.066, issue revenue bonds and other revenue securities, on the behalf and in the name of the county:

(a) The total of all of which, issued and outstanding at any one time, must not be in an amount requiring a total debt service in excess of the estimated *distributions made to the commission in the county pursuant to section 7 of*

*this act and the estimated* receipts to be derived from the taxes imposed pursuant to the provisions of NRS 373.030, paragraph (d) of subsection 1 of NRS 373.065 and paragraphs (d) to (m), inclusive, of subsection 1 of NRS 373.066;

(b) Which must not be general obligations of the county or a charge on any real estate therein; and

(c) Which may be secured as to principal and interest by a pledge authorized by this chapter of the receipts from the fuel taxes designated in this chapter, except such portion of the receipts as may be required for the direct distributions authorized by NRS 373.150.

3. A county is authorized to issue bonds without the necessity of their being authorized at any election in such manner and with such terms as provided in this chapter.

4. Subject to the provisions of this chapter and chapter 277A of NRS, for any project authorized therein, the board of any county may, on the behalf and in the name of the county, borrow money, otherwise become obligated, and evidence obligations by the issuance of bonds and other county securities, and in connection with the undertaking or project, the board may otherwise proceed as provided in the Local Government Securities Law.

5. All such securities constitute special obligations payable from the net receipts of the fuel taxes designated in this chapter except as otherwise provided in NRS 373.150, and the pledge of revenues to secure the payment of the securities must be limited to those net receipts.

6. Except for:

(a) Any notes or warrants which are funded with the proceeds of interim debentures or bonds;

(b) Any interim debentures which are funded with the proceeds of bonds;

(c) Any temporary bonds which are exchanged for definitive bonds;

(d) Any bonds which are reissued or which are refunded; and

(e) The use of any profit from any investment and reinvestment for the payment of any bonds or other securities issued pursuant to the provisions of this chapter,

↪ all bonds and other securities issued pursuant to the provisions of this chapter must be payable solely from the proceeds of fuel taxes collected by or remitted to the county pursuant to chapter 365 of NRS, as supplemented by this chapter. ~~[Receipts]~~ ***Distributions made to the commission in the county pursuant to section 7 of this act and receipts*** of the taxes levied in NRS 365.180 and 365.190 and pursuant to the provisions of paragraphs (a) and (b) of subsection 1 of NRS 373.065 and paragraphs (a) and (b) of subsection 1 of NRS 373.066 may be used by the county for the payment of securities issued pursuant to the provisions of this chapter and may be pledged therefor. If during any period any securities payable from these tax proceeds are outstanding, the tax receipts must not be used directly for the construction, maintenance and repair of any streets, roads or other highways nor for any purchase of equipment therefor, and the receipts of the tax levied



in NRS 365.190 must not be apportioned pursuant to subsection 2 of NRS 365.560 unless, at any time the tax receipts are so apportioned, provision has been made in a timely manner for the payment of such outstanding securities as to the principal of, any prior redemption premiums due in connection with, and the interest on the securities as they become due, as provided in the securities, the ordinance authorizing their issuance and any other instrument appertaining to the securities.

7. The ordinance authorizing the issuance of any bond or other revenue security under this section must describe the purpose for which it is issued at least in general terms and may describe the purpose in detail. This section does not require the purpose so stated to be set forth in the detail in which the project approved by the commission pursuant to subsection 2 of NRS 373.140 is stated, or prevent the modification by the board of details as to the purpose stated in the ordinance authorizing the issuance of any bond or other security after its issuance, subject to approval by the commission of the project as so modified.

**Sec. 16.** NRS 408.133 is hereby amended to read as follows:

408.133 1. The Board shall adopt a plan for measuring the performance of the Department, which must include separate sets of performance measurements for each division of the Department and for the Department as a whole.

2. The Director shall, not later than December 31 of each year:

(a) Prepare a report, based upon the relevant performance measurements adopted pursuant to subsection 1, on the level of achievement of each division of the Department and of the Department as a whole during the immediately preceding fiscal year. The report must include a discussion of:

(1) The goals and objectives of the Department, and the current status of the Department in relation to meeting those goals and objectives;

(2) Any applicable directives from the Board or Legislature since the most recent report prepared pursuant to this section;

(3) The scheduling, scope, cost and progress of any current or proposed highway projects;

(4) The sources, amount and expenditure of any funding received during the immediately preceding fiscal year;

(5) The rationale used to establish priorities for the completion of highway projects;

**(6) *The percentage of contracts that were awarded:***

***(I) To a design professional who is registered or licensed, as applicable, in this State for the design of works or improvements of the Department; or***

***(II) To a contractor who holds a certificate of eligibility to receive a preference in bidding on public works from the State Contractors' Board pursuant to NRS 338.1389 for the construction of works or improvements of the Department; and***

~~6~~ (7) Any recommendations for amendments to the plan adopted pursuant to subsection 1.

(b) Submit the report to:

(1) The Board;

**(2) The Commission on Economic Development;** and

~~2~~ (3) The Director of the Legislative Counsel Bureau for transmittal to the Interim Finance Committee.

**Sec. 17.** NRS 408.323 is hereby amended to read as follows:

408.323 1. ***The Legislature hereby finds and declares that it is in the best interest of the State for the Department to use private sector services for the performance of a work or improvement, whenever possible, while maintaining an appropriate administrative, management and oversight role on the work or improvement.***

2. Whenever it can be justified by the Director that limited work or improvements can be done in a more economical or other satisfactory manner than by contract under NRS 408.327, the Director may, with the approval of the Board, execute such work or improvements with Department facilities and employees.

~~2~~ 3. In the event of disaster or great emergency the Director may, with the approval of the Board, hire, employ or contract for such labor, materials and equipment as are in the Director's opinion necessary to reroute, repair or replace any highway threatened or damaged by the emergency or disaster, and the provisions of NRS 408.327 and 408.367 do not apply.

**Sec. 18.** NRS 625.530 is hereby amended to read as follows:

625.530 1. ***The Legislature hereby finds and declares that it is in the best interest of the State of Nevada for the State and its political subdivisions to use private sector services for the performance of work involving the practice of professional engineering or land surveying on a public work, whenever possible, while maintaining an appropriate administrative, management and oversight role on the public work.***

2. Except as otherwise provided in NRS 338.1711 to 338.1727, inclusive, and 408.3875 to 408.3887, inclusive:

~~1~~ (a) The State of Nevada or any of its political subdivisions, including a county, city or town, shall not engage in any public work requiring the practice of professional engineering or land surveying, unless the maps, plans, specifications, reports and estimates have been prepared by, and the work executed under the supervision of, a professional engineer, professional land surveyor or registered architect.

~~2~~ (b) The provisions of this ~~section~~ **subsection** do not ~~apply~~

~~(a) Apply~~ **apply** to any public work wherein the expenditure for the complete project of which the work is a part does not exceed \$35,000 ~~†~~

~~(b)~~ **if the public officer responsible for the management of the public works of the State or political subdivision, as applicable, prepares a signed attestation before the design of the public work is commenced regarding the decision of the State or political subdivision to prepare the maps, plans,**

*specifications, reports and estimates for the public work itself. An attestation prepared pursuant to this paragraph:*

*(1) Must set forth:*

*(I) The estimated cost of the preparation of the maps, plans, specifications, reports and estimates for the public work;*

*(II) A general statement as to why the State or political subdivision has decided to prepare the maps, plans, specifications, reports and estimates for the public work itself; and*

*(III) A general statement that the maps, plans, specifications, reports and estimates for the public work will adhere to the same quality and standards as would be required of a professional engineer, professional land surveyor or registered architect if the maps, plans, specifications, reports and estimates for the public work had been prepared by a professional engineer, professional land surveyor or registered architect; and*

*(2) Is a public record and must be maintained on file at the appropriate administrative offices of the State or political subdivision.*

*(c) The provisions of this subsection do not:*

*(1) Include any maintenance work undertaken by the State of Nevada or its political subdivisions.*

~~†(e)†~~ *(2) Authorize a professional engineer, registered architect or professional land surveyor to practice in violation of any of the provisions of chapter 623 of NRS or this chapter.*

~~†(d)†~~ *(3) Require the services of an architect registered pursuant to the provisions of chapter 623 of NRS for the erection of buildings or structures manufactured in an industrial plant, if those buildings or structures meet the requirements of local building codes of the jurisdiction in which they are being erected.*

~~†(d)†~~ *(d) The selection of a professional engineer, professional land surveyor or registered architect to perform services pursuant to ~~subsection †~~ paragraph (a) must be made on the basis of the competence and qualifications of the engineer, land surveyor or architect for the type of services to be performed and not on the basis of competitive fees. If, after selection of the engineer, land surveyor or architect, an agreement upon a fair and reasonable fee cannot be reached with him or her, the public agency may terminate negotiations and select another engineer, land surveyor or architect.*

**Sec. 19.** This act becomes effective:

1. Upon passage and approval for the purpose of performing any preparatory administrative tasks that are necessary to carry out the provisions of this act; and

2. On July 1, 2011, for all other purposes.

Senator Lee moved the adoption of the amendment.

Remarks by Senators Lee and Leslie.

Senator Lee requested that the following remarks be entered in the Journal.

SENATOR LEE:

Section 3 of Senate Bill No. 192 was a depreciation schedule reporting process that would have been onerous to the communities and would have had an additional expense to it. We have removed that section of new reporting language that was revised by all of the affected governments. They have to report, we just added that they include a few more pieces of information during the reporting process.

SENATOR LESLIE:

Thank you, Mr. President. I would like to thank my colleagues from southern Nevada for bringing forth the amendment. It goes a long way to dispel some of the concerns others and I had with the bill. I understand there are still some issues with the Regional Transportation Commission in my home county. I will be meeting with interested parties. I may be coming forward with an additional amendment before we vote on the bill.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

GUESTS EXTENDED PRIVILEGE OF SENATE FLOOR

On request of Senator Denis, the privilege of the Floor of the Senate Chamber for this day was extended to Tom Novotny.

On request of Senator Hardy, the privilege of the Floor of the Senate Chamber for this day was extended to Mike Gorman.

On request of Senator Horsford, the privilege of the Floor of the Senate Chamber for this day was extended to Shari Buck.

On request of Senator Kieckhefer, the privilege of the Floor of the Senate Chamber for this day was extended to Suzan Kennedy.

On request of Senator Kihuen, the privilege of the Floor of the Senate Chamber for this day was extended to John McMillan.

On request of Senator Lee, the privilege of the Floor of the Senate Chamber for this day was extended to Rob McCoy.

On request of Senator McGinness, the privilege of the Floor of the Senate Chamber for this day was extended to Walt Beck and Christine Roberto.

On request of Senator Rhoads, the privilege of the Floor of the Senate Chamber for this day was extended to Peggy Lindsey, Melissa Rowe, and Jason Bleak.

On request of Senator Settlemeyer, the privilege of the Floor of the Senate Chamber for this day was extended to William Hale and the following students from the Gardnerville Elementary School: Austin Ashe, Christian Barr, Hannah Brunsmann, Brandon Caras, Sophia Colella, Faith Connely, Omar DeArcos, Bridgetta DiMartino, Austin Dunagan, Mariah Elmer, Marc Lobato, Mahiingan Mattson, Matthew Michielsen, Bryson Morrison, Hunter Moses, Isabelle Peterson, Rosealee Rieman, Alyssa Ryan, Gregory Sanotsky, Noah Sedgwick, Kaitlyn Smith-Peterson, Kylie Swan, Max Whear, Jessica Withrow and Sydney Woodward.

Senator Horsford moved that the Senate adjourn until Monday, March 7, 2011, at 11 a.m.

Motion carried.

Senate adjourned at 11:54 a.m.

Approved:

BRIAN K. KROLICKI  
*President of the Senate*

Attest: DAVID A. BYERMAN  
*Secretary of the Senate*