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EMERGENCY REQUEST OF SENATE MAJORITY LEADER

SENATE BILL NO. 450—SENATORS CANNIZZARO, RATTI, DONDERO LOOP, DENIS, LANGE; BROOKS, DONATE, HARDY, KIECKHEFER, OHRENSCHALL, SCHEIBLE AND SPEARMAN

MAY 17, 2021

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JOINT SPONSORS: ASSEMBLYMEN FRIERSON, BENITEZ-THOMPSON, CARLTON, JAUREGUI, BILBRAY-AXELROD; ANDERSON, CONSIDINE AND BRITTNEY MILLER

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Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to the financing of school facilities. (BDR 30-1153)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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

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AN ACT relating to school facilities; temporarily authorizing the boards of trustees of school districts with prior voter approval to issue general obligation bonds in certain circumstances; temporarily revising provisions governing the transfer of certain revenue to the fund for capital projects of such a school district; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

- 1 Existing law authorizes the board of trustees of a school district to issue general
- 2 obligation bonds to raise money for certain specified purposes related to school
- 3 facilities, including, but not limited to: (1) the construction, design or purchase of
- 4 new buildings for schools; (2) enlarging, remodeling or repairing existing buildings
- 5 or grounds for schools; and (3) acquiring sites for building schools. (NRS 387.335)
- 6 Under existing law, if a municipality proposes to issue or incur general
- 7 obligation bonds, the proposal is required to be submitted to the qualified electors
- 8 at an election. Existing law provides an exception from this requirement for the
- 9 issuance of general obligation bonds of a school district if: (1) the issuance of the
- 10 bonds is not expected to result in an increase in the existing property tax levy for
- 11 the payment of the bonds of the school district; and (2) the voters have approved a



12 question that authorizes the issuance of such bonds by the board of trustees of the  
13 school district for 10 years after the date of approval under two conditions. First,  
14 the board of trustees is required to make a finding that the existing tax for debt  
15 service will at least equal the amount required to pay the principal and interest on  
16 the outstanding general obligations of the school district and the general obligations  
17 proposed to be issued. Second, the board of trustees is required to obtain approval  
18 of each such bond issuance from the debt management commission in the county in  
19 which the school district is located and, in counties whose population is 100,000 or  
20 more (currently Clark and Washoe Counties), from the oversight panel for school  
21 facilities. Existing law also provides that such a question may authorize the board  
22 of trustees to transfer any excess revenue generated by the school district's property  
23 tax for debt service to the fund for capital projects of the school district to pay for  
24 certain capital projects, commonly known as "pay as you go" funding.  
25 (NRS 350.020)

26 If such a question for the issuance of bonds of a school district has been  
27 approved by the voters, existing law authorizes the board of trustees of the school  
28 district to issue general obligation bonds for one additional period of 10 years,  
29 without any further approval of the voters and regardless of whether the question  
30 was approved more than 10 years before March 4, 2015. For each issuance of  
31 bonds during that additional 10-year period, the board of trustees must make the  
32 required finding regarding the sufficiency of the existing tax to pay debt service on  
33 the bonds and obtain the approval of the debt management commission in the  
34 county and, if applicable, the oversight panel for school facilities. During the  
35 additional 10-year period, existing law also authorizes the board of trustees to use  
36 excess revenue generated from the property tax for debt service of the school  
37 district for "pay as you go" funding even though such authorization was not  
38 specifically included in the question approved by the voters. (NRS 350.0201) This  
39 bill authorizes the board of trustees of a school district to issue general obligation  
40 bonds for a second additional period of 10 years, without any further approval of  
41 the voters and regardless of whether the question was approved more than 10 years  
42 before March 4, 2025.

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

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

3 *If the voters approved a question that was submitted by a board*  
4 *of trustees of a school district in accordance with subsection 4 of*  
5 *NRS 350.020 for authorization to issue general obligation bonds,*  
6 *regardless of whether such approval occurred more than 10 years*  
7 *before March 4, 2025:*

8 *1. Such approval shall be deemed to constitute approval of*  
9 *the qualified electors for the issuance of general obligation bonds*  
10 *by the board of trustees of the school district pursuant to*  
11 *subsection 4 of NRS 350.020 for a period of 10 years commencing*  
12 *on March 4, 2025, if the question was approved by the voters more*  
13 *than 10 years before March 4, 2025, or otherwise commencing on*  
14 *the date of the expiration of the 10-year period approved by the*  
15 *voters in the question, and no other approval of the qualified*



1 *electors is required for such issuance of general obligation bonds*  
2 *pursuant to the provisions of NRS 350.020 by the board of trustees*  
3 *of the school district for that period.*

4 2. *During the 10-year period in which a board of trustees is*  
5 *authorized to issue bonds as provided in subsection 1, all or a*  
6 *portion of the revenue generated by the school district's property*  
7 *tax for debt service which is in excess of the amount required:*

8 (a) *For debt service in the current fiscal year;*

9 (b) *For other purposes related to the bonds by the instrument*  
10 *pursuant to which the bonds were issued; and*

11 (c) *To maintain the reserve account required pursuant to*  
12 *subsection 5 of NRS 350.020,*

13 *↪ may be transferred by the board of trustees to the school*  
14 *district's fund for capital projects established pursuant to NRS*  
15 *387.328 and used to pay the cost of capital projects which can*  
16 *lawfully be paid from that fund. Any such transfer must not limit*  
17 *the ability of the school district to issue bonds if the findings and*  
18 *approvals required by subsection 4 of NRS 350.020 are obtained.*

19 **Sec. 2.** This act becomes effective upon passage and approval.

