

**LCB File No. T028-02**

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

**Filed with the Secretary of State on 12/12/2002**

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

**AUTHORITY:** NRS 350 (NRS 350.009)

**Chapter 350 of the NAC is hereby amended by adding thereto a new section to read as follows:**

*Part A. Calculation of weighted average useful life of assets.*

Section 1. *The weighted average useful life of assets must be calculated in the event the assets are financed with a medium-term obligation or installment-purchase agreement having a term greater than 5 years.*

Sec. 2. *For purposes of identifying the useful life of various types of assets, IRS publication 946 “How to Depreciate Property”, may be used or other acceptable manuals or sources of information providing useful life may be used. When sources of information other than IRS publication 946 are used such use must be justified and documented and provided to the Department of Taxation. The IRS publication may be obtained at the IRS website, <http://www.irs.gov/pub/irs> free of charge. (Added to by CLGF eff. 9-19-02)*

**Chapter 350.010 is hereby amended to read as follows:**

**GENERAL PROVISIONS**

**NAC 350.010 Annual report by political subdivisions and general improvement districts. (NRS 350.009; NRS 350.013)**

1. The statement and report which is required by NRS 350.0035 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 commission]~~ **debt management commission** pursuant to NRS 350.0035 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 to 350.095, inclusive; and/or

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

**Chapter 350.150 is hereby amended to read as follows:**

## **MEDIUM-TERM OBLIGATIONS**

### **NAC 350.150 Temporary interfund loan. (NRS 350.009; NRS 354.6118)**

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;]~~

~~[(e)]~~ **a)** 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 (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.

**NOTICE OF ADOPTION OF TEMPORARY REGULATION  
LCB File No. T028-02**

The Committee on Local Government Finance adopted temporary regulations pertaining to Chapter 350, Municipal Obligations, of the Nevada Administrative Code on September 19, 2002. A copy of the regulations as adopted is attached hereto.

**INFORMATIONAL STATEMENT**

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

The Department of Taxation, as staff to the Committee on Local Government Finance, solicited comment from the public by mailing a notice of a workshop dated July 10, 2002 for a workshop held July 25, 2002; and a notice of adoption hearing dated August 19, 2002, for a hearing held September 19, 2002 to 271 individuals who appear on the Department's interested parties mailing list, as well as officials of all the local jurisdictions within the state subject to these regulations.

No written comments were received. Interested persons may obtain a copy of the audio taped proceedings by contacting the Department of Taxation, Division of Assessment Standards, 1550 East College Parkway, Carson City, NV 89706.

**2. The number persons who:**

**(a) Attended each hearing: Workshop:** eight members of the committee attended; 14 interested parties attended. **Hearing on adoption:** Ten members of the committee attended; 13 interested parties attended.

**(b) Testified at each hearing: Workshop:** Three testified at the workshop held July 25, 2002; **Hearing:** two testified at the hearing held September 19, 2002.

**(c) Submitted to the agency written comments:** No written comments were received.

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

The regulations presented no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public, and none could be quantified. Nevertheless, of the 271 notices sent, approximately 127 went to individuals or associations representing business.

There was no response from an individual representing business.

A copy of the audio taped comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 687-4841 or by writing to the Committee on Local Government Finance, c/o Department of Taxation, 1550 East College Parkway, Carson City, Nevada 89706, or by e-mailing the Department at mmjacobs@govmail.state.nv.us

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

A minor correction was made in the reference in NAC 350.150 (2) from “e” to “c”. Otherwise, the regulation was adopted without further change.

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

**(a) Both adverse and beneficial effects; and**

The proposed regulations present no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public. It is anticipated the regulations promote the efficient return and dissemination of information regarding the calculation of the weighted average useful life of assets owned by public entities; and the governance of temporary interfund loans by local governments thereby creating a cost-benefit which cannot be measured at this time.

**(b) Both immediate and long-term effects.**

The proposed regulations present no reasonably foreseeable or anticipated immediate or long-term economic effects to businesses or to the general public.

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

The Department anticipates the no cost to administer the regulations.

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

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

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

There are no federal regulations regarding the Local Government Budget Act with which these regulations comply.

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

These regulations do not provide or involve a new fee; therefore there is no total annual amount the Department or the Committee expect to collect or use.