
ASSEMBLY BILL NO. 166—ASSEMBLYMEN BUSTAMANTE ADAMS,
KIRKPATRICK; AND HARDY

FEBRUARY 16, 2011

JOINT SPONSOR: SENATOR HARDY

Referred to Committee on Government Affairs

SUMMARY—Makes changes relating to the authority of municipalities to hold special elections for certain purposes. (BDR 30-769)

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.

AN ACT relating to municipal obligations; revising provisions authorizing a municipality to call a special election for the purpose of refunding bonds; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires municipalities to submit to the electors proposals to issue
2 or incur certain general obligations. Such proposals must be submitted to the
3 electors at: (1) the next general municipal election; (2) the next general state
4 election; (3) a special election to be held on a certain day in June of odd-numbered
5 years; or (4) a special election held at any time if the governing body of the
6 municipality determines that an emergency exists. (NRS 350.020) This bill
7 prohibits a municipality from determining that an emergency exists for the purpose
8 of holding a special election to submit to the electors a proposal to refund bonds.

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

1 **Section 1.** NRS 350.020 is hereby amended to read as follows:
2 350.020 1. Except as otherwise provided by subsections 3
3 and 4, if a municipality proposes to issue or incur general
4 obligations, the proposal must be submitted to the electors of the



1 municipality at a special election called for that purpose or the next
2 general municipal election or general state election.

3 2. Such a special election may be held:

4 (a) At any time, including, without limitation, on the date of a
5 primary municipal election or a primary state election, if the
6 governing body of the municipality determines, by a unanimous
7 vote, that an emergency exists; or

8 (b) On the first Tuesday after the first Monday in June of an
9 odd-numbered year, ~~§~~

10 *↳ except that the governing body shall not determine that an*
11 *emergency exists if the special election is for the purpose of*
12 *submitting to the electors a proposal to refund bonds. The*
13 *determination made by the governing body is conclusive unless it is*
14 *shown that the governing body acted with fraud, ~~or~~ a gross abuse*
15 *of discretion ~~§~~ or in violation of the provisions of this subsection.*

16 An action to challenge the determination made by the governing
17 body must be commenced within 15 days after the governing body's
18 determination is final. As used in this subsection, "emergency"
19 means any occurrence or combination of occurrences which requires
20 immediate action by the governing body of the municipality to
21 prevent or mitigate a substantial financial loss to the municipality or
22 to enable the governing body to provide an essential service to the
23 residents of the municipality.

24 3. If payment of a general obligation of the municipality is
25 additionally secured by a pledge of gross or net revenue of a project
26 to be financed by its issue, and the governing body determines, by
27 an affirmative vote of two-thirds of the members elected to the
28 governing body, that the pledged revenue will at least equal the
29 amount required in each year for the payment of interest and
30 principal, without regard to any option reserved by the municipality
31 for early redemption, the municipality may, after a public hearing,
32 incur this general obligation without an election unless, within 90
33 days after publication of a resolution of intent to issue the bonds, a
34 petition is presented to the governing body signed by not less than 5
35 percent of the registered voters of the municipality. Any member
36 elected to the governing body whose authority to vote is limited by
37 charter, statute or otherwise may vote on the determination required
38 to be made by the governing body pursuant to this subsection. The
39 determination by the governing body becomes conclusive on the last
40 day for filing the petition. For the purpose of this subsection, the
41 number of registered voters must be determined as of the close of
42 registration for the last preceding general election. The resolution of
43 intent need not be published in full, but the publication must include
44 the amount of the obligation and the purpose for which it is to be
45 incurred. Notice of the public hearing must be published at least 10



1 days before the day of the hearing. The publications must be made
2 once in a newspaper of general circulation in the municipality.
3 When published, the notice of the public hearing must be at least as
4 large as 5 inches high by 4 inches wide.

5 4. The board of trustees of a school district may issue general
6 obligation bonds which are not expected to result in an increase in
7 the existing property tax levy for the payment of bonds of the school
8 district without holding an election for each issuance of the bonds if
9 the qualified electors approve a question submitted by the board of
10 trustees that authorizes issuance of bonds for a period of 10 years
11 after the date of approval by the voters. If the question is approved,
12 the board of trustees of the school district may issue the bonds for a
13 period of 10 years after the date of approval by the voters, after
14 obtaining the approval of the debt management commission in the
15 county in which the school district is located and, in a county whose
16 population is 100,000 or more, the approval of the oversight panel
17 for school facilities established pursuant to NRS 393.092 in that
18 county, if the board of trustees of the school district finds that the
19 existing tax for debt service will at least equal the amount required
20 to pay the principal and interest on the outstanding general
21 obligations of the school district and the general obligations
22 proposed to be issued. The finding made by the board of trustees is
23 conclusive in the absence of fraud or gross abuse of discretion. As
24 used in this subsection, "general obligations" does not include
25 medium-term obligations issued pursuant to NRS 350.087 to
26 350.095, inclusive.

27 5. At the time of issuance of bonds authorized pursuant to
28 subsection 4, the board of trustees shall establish a reserve account
29 in its debt service fund for payment of the outstanding bonds of the
30 school district. The reserve account must be established and
31 maintained in an amount at least equal to the lesser of the amount of
32 principal and interest payments due on all of the outstanding bonds
33 of the school district in the next fiscal year or 10 percent of the
34 outstanding principal amount of the outstanding bonds of the school
35 district. If the amount in the reserve account falls below the amount
36 required by this subsection:

37 (a) The board of trustees shall not issue additional bonds
38 pursuant to subsection 4 until the reserve account is restored to the
39 level required by this subsection; and

40 (b) The board of trustees shall apply all of the taxes levied by
41 the school district for payment of bonds of the school district that
42 are not needed for payment of the principal and interest on bonds of
43 the school district in the current fiscal year to restore the reserve
44 account to the level required pursuant to this subsection.



- 1 6. A question presented to the voters pursuant to subsection 4
2 may authorize all or a portion of the revenue generated by the debt
3 rate which is in excess of the amount required:
4 (a) For debt service in the current fiscal year;
5 (b) For other purposes related to the bonds by the instrument
6 pursuant to which the bonds were issued; and
7 (c) To maintain the reserve account required pursuant to
8 subsection 5,
9 ↳ to be transferred to the county school district's fund for capital
10 projects established pursuant to NRS 387.328 and used to pay the
11 cost of capital projects which can lawfully be paid from that fund.
12 Any such transfer must not limit the ability of the school district to
13 issue bonds during the period of voter authorization if the findings
14 and approvals required by subsection 4 are obtained.
15 7. A municipality may issue special or medium-term
16 obligations without an election.
17 **Sec. 2.** This act becomes effective upon passage and approval.

