

CHAPTER.....

AN ACT relating to local government financing; extending the termination date of certain tourism improvement districts; revising provisions governing the use of certain proceeds from the local school support tax to finance or reimburse a tourism improvement district; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law provides for the adoption by a city or county of an ordinance creating a tourism improvement district and for the pledge of certain tax revenues generated within the district to finance the acquisition, improvement, equipping, operation and maintenance of a tourism improvement project within the district. (NRS 271A.070) Existing law also provides that any bonds issued to finance or refinance projects for the benefit of the district, any agreements for reimbursement of costs relating to such projects, and the agreement entered into between a municipality and the Department of Taxation specifying the dates and procedures for distribution of the pledged tax revenues must cease at the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs. (NRS 271A.100, 271A.120) **Sections 1 and 2** of this bill effectively extend the life of a tourism improvement district to 25 years if the district is a district in which, during the first 5 full fiscal years of its existence, the amount of the money pledged to the financing of projects in the district and received by the municipality with respect to the district is equal to zero.

Existing law prohibits the governing body of a municipality from providing any financing or reimbursement to a tourism improvement district from the proceeds of the local school support tax collected from retailers that locate within the district on or after July 1, 2013. Existing law provides an exemption from this prohibition if the governing body obtains an opinion from independent bond counsel stating that the applicability of the prohibition would impair an existing contract for the sale of bonds that were issued before July 1, 2013. (NRS 271A.125) **Section 3** of this bill provides a further exemption from this prohibition if the district is a district in which, during the first 5 full fiscal years of its existence, the amount of the money pledged to the financing of projects in the district and received by the municipality with respect to the district is equal to zero.

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

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

**Section 1.** NRS 271A.100 is hereby amended to read as follows:

271A.100 After the adoption of an ordinance creating a district in accordance with this chapter, the governing body of the municipality and the Department of Taxation shall enter into an agreement specifying the dates and procedure for distribution to the



municipality of any money pledged pursuant to NRS 271A.070. The distributions must:

1. Be made not less frequently than once each calendar quarter; and

2. ~~¶Cease~~ *Except as otherwise provided in this subsection, cease* at the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs. *If the district is a district in which, during the first 5 full fiscal years after the creation of the district, the amount of the money pledged pursuant to NRS 271A.070 and received by the municipality with respect to the district is equal to zero, the distributions must cease at the end of the fiscal year in which the 25th anniversary of the adoption of the ordinance creating the district occurs.*

**Sec. 2.** NRS 271A.120 is hereby amended to read as follows:

271A.120 1. Except as otherwise provided in this section, if the governing body of a municipality adopts an ordinance pursuant to NRS 271A.070, the municipality may:

(a) Issue, at one time or from time to time, bonds or notes as special obligations under the Local Government Securities Law to finance or refinance projects for the benefit of the district. Any such bonds or notes may be secured by a pledge of, and be payable from, any money pledged pursuant to NRS 271A.070 and received by the municipality with respect to the district, any revenue received by the municipality from any revenue-producing projects in the district, or any combination thereof.

(b) Enter into an agreement with one or more governmental entities or other persons to reimburse that entity or person for the cost of acquiring, improving or equipping, or any combination thereof, any project, which may contain such terms as are determined to be desirable by the governing body of the municipality, including the payment of reasonable interest and other financing costs incurred by such entity or other person. Any such reimbursements may be secured by a pledge of, and be payable from, any money pledged pursuant to NRS 271A.070 and received by the municipality with respect to the district, any revenue received by the municipality from any revenue-producing projects in the district, or any combination thereof. Such an agreement is not subject to the limitations of subsection 1 of NRS 354.626 and may, at the option of the governing body, be binding on the municipality beyond the fiscal year in which it was made . ~~¶, only if the agreement pertains solely to one or more projects that are owned by the municipality or another governmental entity.¶~~



2. The governing body of a municipality shall not, with respect to any district created before, on or after July 1, 2011, provide any financing or reimbursement pursuant to this section:

(a) Except as otherwise provided in this paragraph, to any governmental entity for any project within the district if any nongovernmental entity is or was entitled to receive any financing or reimbursement from the municipality pursuant to this section under the original financing agreements for the initial projects within the district. This paragraph does not prohibit the provision of such financing or reimbursement to a governmental entity that is or was entitled to receive such financing or reimbursement under the original financing agreements for the initial projects within the district.

(b) To any person or other entity for any project within the district, other than a person or other entity that is or was entitled to receive such financing or reimbursement from the municipality under the original financing agreements for the initial projects within the district, without the consent of all the persons and other entities that were entitled to receive such financing or reimbursement under the original financing agreements for the initial projects within the district.

3. Before the issuance of any bonds or notes pursuant to this section, the municipality must obtain the results of a feasibility study, commissioned by the municipality, which shows that a sufficient amount will be generated from money pledged pursuant to NRS 271A.070 to make timely payment on the bonds or notes, taking into account the revenue from any other revenue-producing projects also pledged for the payment of the bonds or notes, if any. A failure to make payments of any amounts due:

(a) With respect to any bonds or notes issued pursuant to subsection 1; or

(b) Under any agreements entered into pursuant to subsection 1, because of any insufficiency in the amount of money pledged pursuant to NRS 271A.070 to make those payments shall be deemed not to constitute a default on those bonds, notes or agreements.

4. No bond, note or other agreement issued or entered into pursuant to this section may be secured by or payable from the general fund of the municipality, the power of the municipality to levy ad valorem property taxes, or any source other than any money pledged pursuant to NRS 271A.070 and received by the municipality with respect to the district, any revenue received by the municipality from any revenue-producing projects in the district, or any combination thereof. No bond, note or other agreement issued



or entered into pursuant to this section may ever become a general obligation of the municipality or a charge against its general credit or taxing powers, nor may any such bond, note or other agreement become a debt of the municipality for purposes of any limitation on indebtedness.

5. ~~Any~~ ***Except as otherwise provided in this subsection, any bond or note issued pursuant to this section, including any bond or note issued to refund any such bond or note, must mature on or before, and any agreement entered pursuant to this section must automatically terminate on or before, the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs. If the district is a district in which, during the first 5 full fiscal years after the creation of the district, the amount of the money pledged pursuant to NRS 271A.070 and received by the municipality with respect to the district is equal to zero, any bond or note issued pursuant to this section, including any bond or note issued to refund any such bond or note, must mature on or before, and any agreement entered pursuant to this section must automatically terminate on or before, the end of the fiscal year in which the 25th anniversary of the adoption of the ordinance creating the district occurs.***

**Sec. 3.** NRS 271A.125 is hereby amended to read as follows:  
271A.125 1. The governing body of a municipality:

(a) Shall require the review of each claim submitted pursuant to any contract or other agreement made with the governing body to provide any financing or reimbursement pursuant to NRS 271A.120, by an independent auditor.

(b) Shall not:

(1) With respect to any district created on or after July 1, 2011, provide any financing or reimbursement pursuant to NRS 271A.120 for:

(I) Any legal fees, accounting fees, costs of insurance, fees for legal notices or costs to amend any ordinances.

(II) Any project that includes the relocation on or after July 1, 2011, to the district of any retail facilities of a retailer from another location outside of and within 3 miles of the boundary of the district. Each pledge of money pursuant to NRS 271A.070 shall be deemed to exclude any amounts attributable to any tangible personal property sold at retail, or stored, used or otherwise consumed, in the district during a fiscal year by a retailer who, on or after July 1, 2011, relocates any of its retail facilities to the district from another location outside of and within 3 miles of the boundary of the district.



(2) Provide any financing or reimbursement pursuant to NRS 271A.120 from the proceeds of the taxes described in subparagraph (2) of paragraph (c) of subsection 1 of NRS 271A.070 that are collected from any retail facilities of a retailer which, on or after July 1, 2013, locates within the boundary of a district.

2. The provisions of subparagraph (2) of paragraph (b) of subsection 1 do not apply to the governing body of a municipality with respect to any district created before July 1, 2013, if ~~the~~ :

*(a) The district is a district in which, during the first 5 full fiscal years after the creation of the district, the amount of the money pledged pursuant to NRS 271A.070 and received by the municipality with respect to the district is equal to zero:*

*(1) For the period consisting of the first 20 full fiscal years after the creation of the district; and*

*(2) For the period consisting of the 5 full fiscal years immediately following the period described in subparagraph (1), except that the governing body of the municipality may provide financing or reimbursement pursuant to NRS 271A.120 from not more than 0.5625 percent of the amount of the proceeds of the taxes described in subparagraph (2) of paragraph (c) of subsection 1 of NRS 271A.070 that are collected during the period described in this subparagraph from any retail facilities of a retailer which, on or after July 1, 2013, locates within the boundary of a district; or*

*(b) The governing body obtains an opinion from independent bond counsel stating that the applicability of those provisions would impair an existing contract for the sale of bonds that were issued before July 1, 2013.*

3. The owner of a project shall, upon request, provide to the Department of Taxation information that identifies the retail facilities that open or close within the project.

**Sec. 4.** This act becomes effective upon passage and approval.

