

ASSEMBLY BILL NO. 134—ASSEMBLYMAN HANSEN

PREFILED FEBRUARY 10, 2017

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing exemptions of certain special districts from certain requirements of the Local Government Budget and Finance Act. (BDR 31-562)

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 local government finance; increasing the limit on the amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain requirements of the Local Government Budget and Finance Act; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 With certain exceptions, the Local Government Budget and Finance Act
2 prescribes requirements for local governments with respect to: (1) the standard
3 methods and procedures for the preparation, presentation, adoption and
4 administration of budgets; (2) financial plans and fiscal policies for programs of
5 capital expenditures; (3) estimation and determination of revenues, expenditures
6 and tax levies; (4) control of revenues, expenditures and expenses; and (5) methods
7 for informing the public, taxpayers and investors of the financial preparations,
8 plans, policies and administration of the local government. (NRS 354.472) Local
9 governments subject to the Act are required under existing law to file certain
10 budget documents and audit reports with the Department of Taxation. (NRS
11 354.470-354.626) A special district subject to the Act with annual total
12 expenditures of less than \$200,000 during the current fiscal year and budgeted for
13 the succeeding fiscal year is authorized to petition the Department of Taxation for
14 an exemption for 1 fiscal year from one or more of the following requirements: (1)
15 filing a tentative budget; (2) filing independent audit reports; (3) certain publishing
16 requirements of the Act; and (4) maintenance of its accounting records on an
17 accrual or modified accrual basis. If granted an exemption, the special district is
18 required at a minimum to file an annual budget, fiscal reports and any other
19 documents prescribed by regulation by the Committee on Local Government
20 Finance. (NRS 354.475; NAC 354.010-354.050) In addition, a special district



21 subject to the Act with budgeted annual total expenditures of \$200,000 or more in a
22 fiscal year that reasonably anticipates that its actual annual total expenditures for
23 that fiscal year will be less than \$200,000 is authorized to petition the Department
24 of Taxation for a conditional exemption from the requirement of providing for an
25 annual audit for that fiscal year. Under existing law, a board of county
26 commissioners is authorized to request the Department of Taxation to audit the
27 financial records of a special district that is granted a conditional or other
28 exemption from the requirement of providing for an annual audit. (NRS 354.475)
29 This bill increases from \$200,000 to \$265,000 the limit on the amount of annual
30 total expenditures for a special district to be eligible to file a petition for such a
31 conditional or other exemption from the requirements of the Act.

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

1 **Section 1.** NRS 354.475 is hereby amended to read as follows:
2 354.475 1. All special districts subject to the provisions of
3 the Local Government Budget and Finance Act with annual total
4 expenditures of less than ~~§200,000~~ **\$265,000** may petition the
5 Department of Taxation for exemption from the requirements of the
6 Local Government Budget and Finance Act for the filing of certain
7 budget documents and audit reports. Such districts may further
8 petition to use a cash basis of accounting.
9 2. A special district subject to the provisions of the Local
10 Government Budget and Finance Act with budgeted annual total
11 expenditures of ~~§200,000~~ **\$265,000** or more in a fiscal year that
12 reasonably anticipates its actual annual total expenditures for that
13 fiscal year will be less than ~~§200,000~~ **\$265,000** may petition the
14 Department of Taxation for a conditional exemption from the
15 requirement of providing for an annual audit pursuant to NRS
16 354.624 for that fiscal year. If the actual annual total expenditures of
17 the special district are ~~§200,000~~ **\$265,000** or more, the special
18 district shall provide for an annual audit for that fiscal year.
19 3. A petition filed with the Department of Taxation:
20 (a) Pursuant to subsection 1 must be received by the Department
21 of Taxation on or before March 1 to be effective for the succeeding
22 fiscal year; or
23 (b) Pursuant to subsection 2 must be received by the Department
24 of Taxation on or before March 1 to be effective for the current
25 fiscal year.
26 4. A board of county commissioners may request the
27 Department of Taxation to audit the financial records of a special
28 district that is exempt from the requirement of providing for an
29 annual audit pursuant to this section.
30 5. If a petition filed by a special district pursuant to subsection
31 1 is granted by the Department of Taxation:



1 (a) The minimum required of the special district is the filing
2 with the Department of Taxation of an annual budget on or before
3 April 15 of each year and the filing of fiscal reports in accordance
4 with NRS 354.6015; and

5 (b) The special district is exempt from all publication
6 requirements of the Local Government Budget and Finance Act,
7 except that the Department of Taxation by regulation shall require
8 an annual publication of a notice of budget adoption and filing.

9 6. The Committee on Local Government Finance shall adopt
10 regulations pursuant to NRS 354.594 which are necessary to carry
11 out the purposes of this section.

12 7. The revenue recorded in accounts that are kept on a cash
13 basis must consist of cash items.

14 8. As used in this section, "cash basis" means the system of
15 accounting under which revenues are recorded only when received
16 and expenditures or expenses are recorded only when paid.

17 **Sec. 2.** This act becomes effective on July 1, 2017.

