

MINUTES OF THE JOINT MEETING OF THE  
SENATE AND ASSEMBLY COMMITTEES ON  
GOVERNMENT AFFAIRS

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
March 23, 1981

The Senate and Assembly Committees on Government Affairs were called to order by Co-Chairman Joseph E. Dini, at 2:07 p.m., Monday, March 23, 1981, in Room 131 of the Legislative Building, Carson, City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator James I. Gibson, Co-Chairman  
Senator Jean Ford  
Senator Keith Ashworth  
Senator Gene Echols  
Senator Virgil Getto  
Senator James Kosinski  
Senator Sue Wagner  
Assemblyman Joseph Dini, Co-Chairman  
Assemblyman James Schofield  
Assemblyman Robert Craddock  
Assemblyman John DuBois  
Assemblyman Paul May  
Assemblyman Donald Mello  
Assemblyman David Nicholas  
Assemblyman John Polish  
Assemblyman Paul Prengaman  
Assemblyman Kenneth Redelsperger

COMMITTEE MEMBER ABSENT:

Assemblyman John Jeffrey (Excused)

STAFF MEMBERS PRESENT:

Anne Lage, Committee Secretary  
Lucille Hill, Committee Secretary

ASSEMBLY BILL NO. 167

Consolidates and reconciles provisions for bonding and levy of special assessments.

Mr. Frank Dyakin, Legislative Counsel, gave a presentation on Assembly Bill No. 167. He explained that this bill provided for a uniform system of which bond issues required voting and which did not. All general obligation bonds must be voted on. Lease purchase or installment paying

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obligations would have to be voted on if they were equivalent to a general obligation bond, unless the obligation by its terms was extinguished at the end of the fiscal year, either because it was paid in full or because the money to pay it was not appropriated for the next year.

The next element of the bill was that it set up a single procedure for all issues of general obligation bonds.

The last main point of this bill would eliminate conflict of interest for financial consultants who work with local governments. This would prohibit the consultant from being both the paid consultant and the purchasing underwriter of the bonds.

Co-Chairman Dini requested that Mr. Daykin explain why in the definition of municipality, irrigation districts or other special districts governed by Title 48 of Nevada Revised Statutes were not included. Mr. Daykin explained that they did not amend any of the bonding laws in Title 48. The reason was that the criteria for issuing bonds in an irrigation or flood control district was different because of its references to acreage, water rights, etc.

Assemblyman Nicholas inquired if improvement districts were included in this bill. Mr. Daykin was affirmative in his response.

In response to Co-Chairman Gibson's suggestion, Mr. Daykin explained the repealers in this bill. The majority of the repealers were duplicative. Mr. Daykin emphasized that no one would lose the right to issue bonds under this law who had it under present law.

Co-Chairman Dini referred to a letter from the Las Vegas Valley Water District. See Exhibit C. The letter indicated they were scheduling a sale of bonds in October, 1981, and were satisfied with the way the district act worked. Mr. Daykin indicated that as they had already issued their resolution of intent they would proceed with that under the old law. Whether they should remain under the old law for the future would have to be a policy decision to be handled by the committees.

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Mr. Henry Chanin, Burrows, Smith and Company, testified to the committee that he would suggest a change on page 3, lines 33 to 36. Mr. Chanin explained the "coverage" provision which meant the number of times that revenues coming in would cover the debt service that was obligated to go out. He suggested having the governing bodies determine that the pledge revenues would equal the amount required in each year for the payments of interest and principle.

Mr. Chanin distributed copies of four proposed amendments which he felt should be included in this bill. See Exhibits D, E, F and G.

Senator Wagner stated that some of these amendments were far reaching and wondered why they were not discussed with the subcommittee and the staff during the interim. Mr. Chanin replied that during the interim the market was in turmoil. These amendments were additional proposals which they felt should be addressed by the legislature during the session.

ASSEMBLY BILL NO. 201

Adds health and care facilities and their supplemental facilities to projects which may be financed by economic development bonds of local government.

Assemblyman John Marvel testified that he was in support of this bill.

Mr. Russell McDonald, Ruby Mountain Manors Inc., testified that he was representing a skilled nursing home which was located in Elko County. He stated that he had received information that there was a need for an additional 750 nursing beds in the state of Nevada. He indicated unless this bill became a law, there would be no inducement for private capital to enter the field because of high interest rates. He explained that these were not considered debt. The bonds would not be secured by any city or county property.

Senator Getto asked if this bill would cover a problem which existed in Fallon where the county was trying to

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build a clinic to attract doctors, but was unable to finance the project.

Mr. McDonald stated that he did not believe this bill would cover that problem. He said the term "health and care facilities", was narrowly limited.

Mr. Fred Hillerby, Executive-Director of the Nevada Hospital Association, testified that Nevada was one of two states which did not have some form of tax exempt revenue bonds. He addressed himself to Senator Getto's question and suggested perhaps a clinic could be financed under the term "supplemental facility".

Mr. Hillerby also explained that refinancing was included in this bill to allow hospitals to qualify for bonding, and thus save money by refinancing rather than continuing to pay high interest rates.

Co-Chairman Gibson voiced his concern of the whole future of economic development. He stated that the committee should be careful in extending this application so they would not jeopardize the continued existence of their ability to fund facilities in this manner.

Mr. Hillerby indicated their willingness to forego the language on page 1, section 3, if necessary.

Mr. Tom Morton, Nevada Health Care Association, testified in support of this bill. He stated that currently, under the traditional sources of financing, the interest rates were so high that it would be very difficult to finance any additional facilities.

Mr. Morton explained that in the health care field, the state of Nevada, through Medicaid, finances usually on a 50-50 match with the federal government which covers approximately 70 to 75 percent of care provided in health care facilities. Approximately 20 to 25 percent of that was referred to as the property component. This included interest, depreciation, property taxes and insurance on the property. This bill would provide a mechanism for financing which would keep that component down, thus helping to contain the ever rising health care costs to the public.

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Co-Chairman Gibson inquired as to what the effect would be on the backlog of beds if a residency clause of recipients of Title XIX were imposed. Mr. Morton could only respond on a personal level, but he did not think it would have much of an effect.

Meeting was recessed at 4:05 p.m. and reconvened at 4:15 p.m.

SENATE BILL NO. 401

Broadens class of projects which may be financed by city economic development bonds.

SENATE BILL NO. 388

Broadens class of projects which may be financed by county economic development bonds.

Mr. Hal Smith, Burrows, Smith and Company, testified that the original genesis of these bills was to meet a hospital and commercial requirement in Nye County.

Assemblyman Redelsperger inquired how many economic development bond laws, city or county, had been issued in the last two years. Mr. Smith answered that there had been several pollution control issues.

Co-Chairman Gibson suggested holding these two bills and processing Assembly Bill No. 201 as it had the context of both bills.

Senator Kosinski questioned Mr. Smith if a county did suffer a couple of defaults on relatively substantial projects, would the bond rating of that particular county be affected by those defaults. Mr. Smith did not think so as he stated that under Nevada law there was no way that a bondholder could look to a political entity in the event of a default.

ASSEMBLY BILL NO. 145

Permits sale by state of revenue bonds to support industrial development in cities and counties.

Mr. Al McNitt, Housing Division Administrator, testified in support of the concept of Assembly Bill No. 145. He did have

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three amendments which he asked the committee to consider:

1. There was a need to clarify the language by tying together the local economic development law to the state issuer.
2. Special bond requirements of section 3 through 8 which had been proposed to be deleted, should be included.
3. References to the Director of the Department of Commerce should be modified to include "or his designee within the Department of Commerce".

Mr. McNitt stated he had been asked to request expansion of the definition of projects authorized to a broader basis consistent with what the federal government was willing to accept.

Co-Chairman Gibson asked what kind of broadening features Mr. McNitt had in mind. Mr. McNitt responded that there would be some ideas which could be incorporated that would be consistent with rehabilitation, commercial office building development with an industrial project and others which might be reasonable to have the legislature consider.

Senator Ashworth asked what the limit of the obligation of the state of Nevada referred to on page 2, lines 5 and 6. Mr. McNitt stated that everything tied back to the city and county economic development laws. Whatever restrictions were contained therein would be those restrictions contained as far as the state being an issuer of convenience for the cities and counties.

Senator Ford inquired why there was a need to get the state involved and to expand the definition of the type of projects that could be carried out.

Co-Chairman Dini explained that the concept of the bill was to let the state handle and use their expertise rather than to have small counties or cities try to be involved where they had little expertise.

Mr. McNitt also stated that it was probable that larger

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metropolitan areas would not be users of this mechanism as they already had the ability and expertise.

Mr. Jim Wadhams, Director of the Department of Commerce, testified that one of the advantages of this bill was that it allowed the bonds to be sold outside the state of Nevada. That would bring in outside capital rather than tying up the assets of the local financial institutions.

Senator Keith Ashworth inquired if the state might be able to lend expertise to a county without having the state become the official issuer.

Mr. Wadhams responded by explaining if this was done you would lose the advantage of having state-level issue which was much easier to sell to California and New York financial institutions.

Mr. Henry Chanin clarified this bill by explaining that the state did not lend its rating to the county by issuing the bond. All it was making available was the state's ability to market the bonds.

Mr. Bernie Michael, Vice President and Manager of Sutro and Company's Public Finance Department, testified in support of this bill. He reaffirmed previous testimony stating that while the county did not assume the state's credit rating, their ability to market their bonds was increased by using the expertise of the state of Nevada's marketing strength.

Mr. Joe McDonald, Builders Association of Northern Nevada, testified in favor of this bill. He felt that it would help industrial development in the smaller counties. He also stated that they were in favor of the previous bills discussed this date.

Mr. Alan Altura, Managing-Director of Blyth Eastman Paine Webber, testified that he was very strongly in favor of this type of legislation.

Mr. Hal Smith, Burrows, Smith and Company, testified that although the bill had been amended quite extensively, it accomplished what the introducer had intended.

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Mr. G. P Etcheverry, Executive-Director Nevada League of Cities, testified that his experience in Ely demonstrated the need for expertise in drawing up an economic development plan. He stated that he hoped the committees would support this bill.

There being no further business, the joint hearing was adjourned at 5:08 p.m.

End of Joint Hearing

Co-Chairman Gibson requested the Senate Committee on Government Affairs to remain to discuss other committee matters.

SENATE JOINT RESOLUTION NO. 26

Proposing to amend the constitution of Nevada to permit varied forms of county government.

The committee gave further consideration to this bill.

Senator Keith Ashworth moved "Amend and Do Pass" on Senate Joint Resolution No. 26.

Senator Getto seconded the motion.

The motion carried unanimously.

BILL DRAFT REQUEST NO. 18-886\*

Creates a commission to promote production of motion pictures in Nevada.

The committee agreed to submit this bill draft request for committee introduction.

There being no further business, meeting was adjourned at 5:35 p.m.

\*SB 441



SENATE COMMITTEE ON  
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Respectfully submitted by:

Anne L. Lage  
Anne L. Lage, Secretary

APPROVED BY:

James I. Gibson  
Senator James I. Gibson, Chairman

DATE: 3/31/81

SENATE AGENDA

EXHIBIT A

COMMITTEE MEETINGS

Committee on Government Affairs , Room 243 .  
Day Monday , Date March 23 , Time 2:00 p.m. .

JOINT HEARING OF THE SENATE AND  
ASSEMBLY COMMITTEES ON GOVERNMENT AFFAIRS

A. B. No. 145--Permits sale by state of revenue bonds to support industrial development in cities and counties.

A. B. No. 167--Consolidates and reconciles provisions for bonding and levy of special assessments.

A. B. No. 201--Adds health and care facilities and their supplemental facilities to projects which may be financed by economic development bonds of local government.

S. B. No. 388--Broadens class of projects which may be financed by county economic development bonds.

S. B. No. 401--Broadens class of projects which may be financed by city economic development bonds.

ASSEMBLY AND SENATE  
JOINT

AGENDA FOR COMMITTEE ON...GOVERNMENT...AFFAIRS.....

Monday

Date March 23, 1981.....Time 2:00 P.M.....Room 243.....

Bills or Resolutions  
to be considered

Subject

Counsel  
requested\*

JOINT HEARING - ASSEMBLY AND SENATE  
GOVERNMENT AFFAIRS COMMITTEE

AB 167

Consolidates and reconciles provisions for  
bonding and levy of special assessments.

AND OTHER BOND BILLS





EXHIBIT C

March 20, 1981

The Honorable Joseph E. Dini  
Chairman, Assembly Government Affairs Committee

The Honorable James I. Gibson  
Chairman, Senate Government Affairs Committee

Gentlemen:

Subject: A.B. 167

We learned somewhat late today that there is a joint committee meeting scheduled for March 23 on A.B. 167. It is with regret we are unable to attend the hearing and provide direct input on legislation which is vitally important to the Las Vegas Valley Water District. Both the staff individuals that may be able to provide input have prior commitments and are unable to rearrange them at this date.

We are concerned and have input to A.B. 167. First, we would wish to compliment the Committee that drafted A.B. 167 for their attempt to consolidate bonding authorities throughout the State of Nevada. You may recall in the last session of the Legislature that the Water District was an entity encouraging such action, particularly as it applies to assessment districts.

The Las Vegas Valley Water District is a major issuer of municipal bonds in the State of Nevada. Since 1954 we have issued approximately \$125 million in G. O. Bonds - probably as much as, if not more than, any other entity, including the State of Nevada. Within the last ten years the Water District has received two upgradings to its bond rating. This points up the high level of credibility the Las Vegas Valley Water District and its bonding laws maintain.

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The Honorable James I. Gibson

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The general comment the Water District has with regard to A.B. 167 is that we endorse the inclusion of the Water District within NRS 271 for assessment district proceedings if all assessment district proceedings are going to be consolidated. That makes a lot of sense to us and, we think, will streamline and sophisticate assessment district bonding procedures throughout the State rather than have them fragmented and inconsistent as they are now. However, as A.B. 167 pertains to the Water District's mandatory adherence to NRS 350 with regard to Revenue and General Obligation Bonds we would like to continue with the use of the Water District Act, which, incidentally, provides optional use of NRS 350.

The prime reason we would encourage consideration of continuing with the Water District Act as it pertains to those G.O. Bonds and Revenue Bonds is due to the fact that the Water District now has authorized, and is scheduled for, a sale of \$7.5 million bonds no later than October 1981. Further, the conditions for bond sales that are contained in the District Act work quite well. Underwriters, financial advisors, bond rating agencies, and the Water District understand them and they have produced competitive rates for our bond sales. That is not to say that NRS 350 would not produce similar results. But, there are a number of differences between NRS 350 and the Water District Act.

Once the broader decision is rendered as to whether the Water District would totally fall under NRS 350 or not, we would have detailed suggestions to make for the improvement and clarification of NRS 350 and NRS 271 that we would be more than happy to provide to the Committees. If, however, the District Act remains in tact as it relates to G.O. and Revenue Bonds, we do have some recommended amendments to clarify various sections that would do away with conflicts between the various sections of the District Act.

An item not included in A.B. 167 is the need to address the current interest rate limitations on the sale of municipal bonds in the State of Nevada, whether it be through the mechanism of NRS 350 or the Water District Act. The 9% limit that now prevails will not permit marketing bonds at this time. This was amply discussed in consideration of A.B. 163 and will be one of the matters we urge your Committees consider.

Parenthetically, it is, undoubtedly, quite vivid in both of your memories that A.B. 163 was recently considered separately from all other entities in an attempt to make possible the sale of Assessment District Bonds under

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The Honorable James I. Gibson

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the current market conditions, and both the Senate and Assembly were most considerate and responsive to the needs of the Water District and its users in adopting a change in the interest rate ceiling so we could sell our A.D. 24 Bonds. We would like to take this time to again thank both Bodies for that action.

We apologize for not being able to attend the hearing and pledge our assistance and support to subsequent hearings on this important bill, as well as general and specific input that may be of help to either of your two Committees with regard to bonding rules and authorities, particularly as they pertain to the Las Vegas Valley Water District.

We request that this letter be made a part of the record of the Public Hearing of March 23, 1981.

Sincerely,



Donald L. Paff  
General Manager

DLP/fgl

Set forth below are the provisions of the Nevada Revised Statutes which will require modification in order to permit negotiated private sales when no bids are received or accepted pursuant to a notice of public sale of municipal or state securities. Enclosed in brackets is the existing language of the provisions which should be removed. The suggested alternate language is noted by underscore. Only the relevant portions of the statutory text are set forth.

349.272 Deposits: Return; forfeiture; award to next best bidder; readvertisement.

1. . . .

3. If all bids are rejected or if no bid is received, the commission may readvertise the securities for sale in the same manner as provided for the original advertisement or may sell the securities privately [within a period not exceeding 90 days from the day designated in the notice of sale when sealed bids for the purchase of the securities were advertised to be received and opened publicly.] upon terms it may negotiate.

350.626 Deposits: Return; forfeiture; award to next best bidder, readvertisement.

1. . . .

3. If all bids are rejected or if no bid is received, the governing body may readvertise the securities for sale in the same manner as provided for the original advertisement or may sell the securities privately [within a period not exceeding 90 days from the day designated in the notice of sale when sealed bids for the purchase of the securities were advertised to be received and opened publicly.] upon the terms it may negotiate.

309.230 Sale of bonds; Notice and sale; bonds may be used in payment of construction costs; assessments in lieu of bonds.

1. . . .

3. At the time appointed, the board shall publicly open the proposals and sell the bonds to the highest responsible bidder, or it may reject all bids; but in case no bids are received, or in case no award is made, the board thereafter may either readvertise the bonds or any part thereof for sale or sell the same or any part thereof at private sale[.] upon terms it may negotiate. In no event shall the board sell any of the bonds for less than 90 percent of the par value thereof and accrued interest.

4. . . .



403.340 Sale of bonds: Notice: award to highest and best bidder; rejection of bids.

1. The board of county commissioners is authorized to negotiate the sale of the bonds:

(a) By advertising for sealed proposals by publication of a notice of the proposed sale in some newspaper of general circulation published in the county, at least once a week for 4 consecutive weeks prior to the date fixed for opening such bids; and

(b) By publication in such other newspapers or financial journals as the board may order.

2. The bonds and the interest thereon shall be made payable in lawful money of the United States.

3. The board of county commissioners shall sell the bonds to the highest and best bidder or bidders, or, in the board's discretion, may reject any and all proposals and advertise anew [.] or sell the securities at private sale upon terms it may negotiate.

539.570 Sale of bonds: Resolution of intention to sell; notice of sale; readvertising; private sales.

1. . . .

3. At the time appointed, the board shall publicly open the proposals, and sell the bonds to the highest responsible bidder, or it may reject all bids; but in case no bids are received, or, in case no award is made, the board thereafter may either readvertise the bonds or any part thereof for sale or sell the same or any part thereof at private sale [.] upon terms it may negotiate.

PROPOSED AMENDMENT

EXHIBIT E

TO

NRS 354.440

(Short-Term Financing of Local Governments)

354.440 Issuance of evidence of indebtedness after approval of short-term financing.

1. Whenever any governing board of any local government is authorized to enter into short-term financing as provided in NRS 354.430, the governing body may issue, as evidence thereof, negotiable notes or short-time negotiable bonds.

2. The negotiable notes or bonds shall:

(a) Mature not later than 5 years from the date of issuance.

(b) Bear interest [not to exceed 9 percent per annum] at a rate or rates to be determined by the governing board.

(c) Be redeemable at the option of such local government at any time when money is available in the special tax fund provided for in NRS 354.460 upon such terms and conditions as the governing board may determine.

EXHIBIT F

Set forth below is the provision of the Nevada Revised Statutes which requires modification in order to remove the one-year and 15-year limit on the issuance of advanced refunding bonds. The one-year limit is removed, and the 15-year limit is changed to 25 years. Enclosed in brackets is the existing language of the provision which should be removed. The suggested alternate language is noted by underscore. Only the relevant portion of the statutory text is set forth.

350.694 Conditions for refunding bonds.

1. No bonds may be refunded hereunder [unless they have been outstanding for at least 1 year from the date of their delivery and] unless the holders thereof voluntarily surrender them for exchange or payment, or unless they either mature or are callable for prior redemption under their terms within [15] 25 years from the date of issuance of the refunding bonds. Provision shall be made for paying the securities within such period of time.

2. No maturity of any bond refunded may be extended over [15] 25 years, or beyond 1 year next following the date of the last outstanding maturity, whichever limitation is later [,]. [nor may any interest on any bond refunded be increased to any rate exceeding 9 percent per annum.]

3. . . . .

Set forth below is suggested language for amendments to the County Improvements Law (NRS 244A.067 et seq) relating to the establishment of a surplus and deficiency fund containing excess monies from assessments and other monies from districts where bonds and assessments have been paid. Similar amendments should also be considered for the Consolidated Local Improvements Law (NRS 271.430 and 271.495), the County Beautification Projects Act (NRS 244A.399 and NRS 244A.423) and the General Improvement District Law (NRS 318.435 and 318.480). Enclosed in brackets is the existing language of the provisions which should be removed. The suggested language for amendment is noted by underscore. Only the relevant portions of the statutes have been set forth.

Section 1. NRS 244A.237 is hereby amended to read as follows:

244A.237 Surpluses and deficiencies.

1. Should any assessment prove insufficient to pay for the project or work for which it is levied and the expense incident thereto, the amount of such deficiency shall be paid from the general fund of the county[.], to the extent there are not excess amounts, in the surplus and deficiency fund pursuant to subparagraph (1) of paragraph (b) of subsection 4.

2. If a greater amount has been collected than was necessary, the excess shall be refunded [ratably to those by whom it was paid.] in the manner provided in subsection 3.

3. When all outstanding bonds, principal, interest and prior redemption premiums, if any, of a district have been paid, surplus amounts remaining in the special fund created for such district pursuant to NRS 244A.261 shall be refunded as follows:

(a) If amounts have been advanced from the general fund of the county as required by NRS 244A.263 for the payment of any bonds or interest thereon of such district, such amounts shall first be returned to the general fund of the county.

(b) If a surplus and deficiency fund has been established pursuant to subsection 4, and amounts have been advanced from the surplus and deficiency fund for the payment of bonds or interest thereon of such district, such amounts shall be returned to the surplus and deficiency fund.

(c) The county treasurer shall thereupon determine the amount remaining in the fund created for such district pursuant to

NRS 244A.261 and deduct therefrom the amount of administrative costs of returning such surplus.

(d) If such surplus is \$10,000 or less, such amount plus the administrative expenses shall be deposited to the surplus and deficiency fund.

(e) If such surplus is more than \$1,000, the county treasurer shall apportion such surplus amounts among the tracts of land assessed in such district, and shall report such apportionment to the board.

(f) Upon the approval of such apportionment by the board, the county treasurer shall thereupon give notice by mail and by publication of the availability of such surplus for refund.

(g) The notice shall also state that the owner or owners, current or otherwise, of each tract of land which was assessed, may request the refund of the surplus apportioned to such tract by filing a claim therefor with the county treasurer within ~~ninety~~ <sup>sixty</sup> (60) days from the date of the mailing of the notice and that thereafter claims for such refunds shall be perpetually barred.

(h) Surplus amounts, if any, remaining after the payment of all valid claims filed with the county treasurer within said ~~ninety~~ <sup>sixty</sup> (60) day period shall be transferred to the surplus and deficiency fund.

(i) Valid claims for refund filed in excess of surplus amounts available for each separate tract may be apportioned ratably among the claimants by the treasurer.

4. When all outstanding bonds, principal, interest and prior redemption premiums, if any, of such a district have been paid and any surplus amounts remain in the fund established pursuant to NRS 244A.261 to the credit of such district, excess amounts after the payment of valid claims for refund, if any, shall be transferred to a county surplus and deficiency fund and may be used as follows:

(a) Whenever there is a deficiency in any fund established pursuant to NRS 244A.261 for the payment of the bonds and interest thereon for any county improvement district created pursuant to NRS 244A.193, the deficiency shall first be paid out of said

surplus and deficiency fund, and if such surplus and deficiency fund shall not be sufficient, then such deficiency shall be paid out of the general fund of the county as provided by NRS 244.263.

(b) Amounts in the surplus and deficiency fund which exceed ten percent (10%) of the principal amount of outstanding bonds of the county for all improvement districts created pursuant to NRS 244A.193 at the end of each fiscal year may be used:

(1) To make up deficiencies in any assessment which proves insufficient to pay for the cost of the project or work for which such assessment has been levied.

(2) To advance amounts for the cost of any project or work in any district created pursuant to NRS 244A.193.

(3) To provide for the payment of assessments levied against, or attributable to, property owned by the county or the federal government.

(4) In addition, at the end of each fiscal year such excess amounts may be transferred to the general fund of the county as the board may direct by resolution.

Sec. 2. NRS 244A.263 is hereby amended to read as follows:

244A.263 Deficiency in bond fund.

1. If the special fund created by the proceeds of the assessments is insufficient to pay such bonds and interest thereon as they become due, and the amounts in the surplus and deficiency fund are not sufficient for such purpose, the deficiency shall be paid out of any assets in the general fund of the county, regardless of source, which are otherwise legally available therefor.

2. . . .

Section 1. Chapter 244A of NRS is hereby amended by adding thereto a new section which shall read as follows:

244A.2375 Deposit of Other Monies to a Surplus and Deficiency Fund. Notwithstanding the provisions of NRS 244A.237 relating to surplus amounts, the board may, at any time, by resolution or by ordinance, authorize the deposit of any monies otherwise available to the county surplus and deficiency fund to be used in the manner provided in subsection 4 of NRS 244A.237.

Section 2. Chapter 244A of NRS is hereby amended by adding thereto a new section which shall read as follows:

244A.2715 Higher Bond Interest Rate for Existing Districts. Assessment bonds for improvement districts created pursuant to NRS 244A.193 prior to the effective date of this act may bear interest at a rate or rates higher than the rate of interest established on the assessments payable in installments pursuant to NRS 244A.225, provided the board has first established and made deposits to a county surplus and deficiency fund sufficient in amount to make up any deficiency caused by the lower rate of interest on the assessments, as so determined by the board.