

TAX POLICY



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In the wake of continued declines in state revenue following the 2009 Session, Governor Gibbons was forced to call another emergency meeting of the Economic Forum (Forum) in January 2010. This emergency meeting was followed by the 26th Special Session in February, to deal with the shortfall in revenue forecast by the Forum for FY 2010 and FY 2011.

Actions taken by the Legislature during the 26th Special Session to deal with the shortfall during the 2009-11 biennium included the redirection of all remaining portions of unclaimed property revenue from the Millennium Scholarship Fund to the State General Fund, the creation of an annual mining claim fee to be paid during FY 2010 and FY 2011, the transfer of \$100,000 in revenue generated by the Legislative Counsel Bureau from lobbyist registration fees in FY 2011, and the transfer of \$62 million in securities and cash from the Clean Water Coalition in Clark County to the State General Fund. The Legislature also directed the Department of Taxation to conduct an amnesty program for all taxes required to be reported and paid to the department between July 1, 2009, and September 30, 2009.

Governor Sandoval's Executive Budget submitted in advance of the 2011 Session did not provide for the extension of the sunsets of the temporary taxes enacted by the Legislature during the 2009 Session, including the increases in the Local School Support Tax, the Modified Business Tax on General Businesses, and the Business License Fee that were scheduled to sunset on June 30, 2011. Rather than relying on tax increases, the Governor's budget relied heavily on the redirection of various revenue sources from state and local governments. However, the Nevada Supreme Court's ruling late in the session that the transfer of \$62 million from the Clean Water Coalition approved during the 26th Special Session was unconstitutional led to the reconsideration of the Governor's reliance on revenue transfers in order to balance the budget. This reconsideration eventually led to agreements between the Governor and Legislature on extension of the sunsets on the Local School Support Tax and Business License Fee for Fiscal Years 2012 and 2013, retention of the top rate of the two-tiered rate for the Modified Business Tax on General Businesses for those two fiscal years, and other revenue actions.

BILLS REGARDING STATE REVENUES AND TAXES

Assembly Bill 561 is the major General Fund revenue enhancement bill enacted by the Legislature during the 2011 Session for Fiscal Years 2012 and 2013. The bill removes the June 30, 2011, sunsets for the 0.35 percent increase in the Local School Support Tax portion of the statewide sales and use tax rate and the \$100 increase in the Business License Fee collected by the Secretary of State, maintaining these increased rates until June 30, 2013.

The bill also maintains the two-tier rate structure for the Modified Business Tax on Nonfinancial Institutions (MBT-NFI) that was enacted during the 2009 Session, moving

the prospective June 30, 2011, sunset to June 30, 2013. However, while A.B. 561 maintains the top rate of 1.17 percent on all taxable wages subject to the MBT-NFI exceeding \$62,500 in a calendar quarter, the bill reduces the rate on all taxable wages up to and including \$62,500 per quarter from 0.50 percent to zero until June 30, 2013. Effective July 1, 2013, the MBT-NFI reverts to a rate of 0.63 percent on all taxable wages.

Assembly Bill 561 also contains the following provisions affecting State General Fund revenue:

- The provisions enacted in Senate Bill 2 (25th Special Session) requiring estimated payment of the Net Proceeds of Minerals Tax for the current calendar year, rather than payment based on actual net proceeds for the prior calendar year, are extended until June 30, 2013. This will require the current method of taxation of net proceeds of minerals to be used during the 2011-13 biennium.
- The 1 percent portion of the 10 percent Short-Term Car Lease Tax that was dedicated to the State Highway Fund in Assembly Bill 595 (2007 Session) and maintained in Senate Bill 234 (2009 Session), is permanently dedicated to the State General Fund, effective July 1, 2011, with the remaining 9 percent rate.
- The effective date for provisions requiring the mandatory annual transfer of an amount of revenue equal to 1 percent of the Economic Forum's General Fund forecast from the State General Fund to the Fund to Stabilize the Operation of the State Government, or "Rainy Day Fund," is moved from July 1, 2011, to July 1, 2013.
- The balance in the Rainy Day Fund totaling \$41,321,014 must be transferred to the State General Fund in FY 2011.

Assembly Bill 579, which contains the provisions funding K-12 education for the 2011-13 biennium, revises the use of the proceeds of the state 3 percent Room Tax created pursuant to Initiative Petition 1(IP1) of the 2009 Session. The bill provides that the proceeds from this tax be transferred to the State Distributive School Account as a state funding source in the Nevada Plan for Fiscal Years 2012 and 2013, rather than being appropriated to the school districts and charter schools in the state as a supplemental funding source, as originally required under IP1.

Assembly Bill 500 reduces from \$2 to \$1 per slot machine the portion of the quarterly licensing fees imposed on restricted and non-restricted slot machines that is dedicated to the Account to Support Programs for the Prevention and Treatment of Problem Gambling. The remaining \$1 will be deposited in the State General Fund for Fiscal Years 2012 and 2013. The quarterly transfer of \$2 per slot machine to the account is restored in Fiscal Year 2014 with the June 30, 2013, expiration date in the bill.

Assembly Bill 219 requires 75 percent of the value of expired slot machine wagering vouchers retained by nonrestricted gaming licensees to be remitted to the Gaming Commission for deposit in the State General Fund on a quarterly basis. Based on the expiration period of 180 days for slot machine vouchers specified in the bill and the

effective date of July 1, 2011, only one quarterly payment will be made in FY 2012, with four quarterly payments made in FY 2013 and subsequent fiscal years.

Senate Bill 493 makes various changes relating to deductions that may be taken by mining companies when calculating the Net Proceeds of Minerals Tax. The bill permanently removes deductions for the costs of fire insurance and marketing, and eliminates the deductions for the costs of health and industrial insurance for the purposes of calculating the tax due for calendar year 2012 and 2013. The bill also clarifies existing deductions allowed in statute or via regulation, specifying that the deduction for the costs of extraction is limited to direct costs for activities in Nevada, that the deduction for developmental work is limited to work necessary for the operation of the mine or a group of mines, and that the costs of reclamation work and remediation may be taken in the years the reclamation work occurred.

The bill specifically excludes certain expenses from being allowed as deductions from gross proceeds, including the costs of employee housing; employee travel that is outside of Nevada and not directly related to mining operations within the state; costs related to severance of employment; dues paid to third-party organizations or trade associations to promote or advertise a product; lobbying costs; mineral exploration costs; and any federal, state, and local taxes.

BILLS REGARDING TECHNICAL AND ADMINISTRATIVE CHANGES

Assembly Bill 1 requires the Department of Taxation; Gaming Control Board; Department of Motor Vehicles; Department of Employment, Training and Rehabilitation; Department of Business and Industry; Office of the State Controller; and Office of the Secretary of State to report to the Interim Finance Committee (IFC) within 60 days after the end of the immediately preceding fiscal quarter certain financial information, including the taxes and fees that: (1) were legally due to be paid to that agency; (2) the agency was able to collect; and (3) the agency did not collect or was otherwise unable to collect, to the extent that such information is available. The bill also requires the Nevada Commission on Economic Development and the Nevada Office of Energy to report to the IFC, on the same time schedule, regarding each tax or fee that was abated, exempted, or otherwise waived and the duration of the applicable abatement, exemption, or waiver. These provisions of Assembly Bill 1 are similar to those enacted by the Legislature for the 2009-11 biennium in Assembly Bill 193 of the 2009 Session.

The reports required pursuant to Assembly Bill 1 for each agency must be submitted to the IFC for each quarter beginning in the fourth quarter of FY 2011, until the third quarter of FY 2013.

Assembly Bill 1 also requires each occupational licensing board, on or before December 1, 2011, to file with the IFC and the Legislative Commission a report setting forth the total amount of money the board has on hand; statements of fees that were increased by the board, fees that were collected, and fees that the board failed to collect or otherwise did not collect during the immediately preceding six months; a list of capital

assets held by the board; a current schedule of fees collected by the board, including the date on which, and the amount by which, each fee was most recently changed; and any other information relating to these provisions, as requested by the Director of the Legislative Counsel Bureau.

Assembly Bill 332 requires the Economic Forum to conduct additional meetings no later than June 10 of each even-numbered year and no later than December 10 of each odd-numbered year. At these additional meetings, the Economic Forum is required to consider current economic indicators and update the status of actual State General Fund revenues, as compared to the most recent revenue estimates made by the Economic Forum.

Assembly Bill 332 also moves the deadline for the Economic Forum meeting currently held no later than December 1 of each even-numbered year to December 3, and clarifies that the deadline for any meeting of the Economic Forum is moved to the second business day after the deadline, if it falls on a Saturday, Sunday, or legal holiday.

Assembly Bill 504 requires the Department of Taxation to submit an annual report to the Nevada Tax Commission showing all money owed to the department for delinquent payments of any tax administered by the department in the preceding year, and the amount of delinquent taxes that the department has determined to be impossible or impractical to collect.

If the Tax Commission is satisfied with the department's findings, it must request that the State Board of Examiners designate as bad debt any amounts determined to be impossible or impractical to collect. If the Board of Examiners determines an amount to be bad debt, the State Controller must ensure that the bad debts are removed from the books of account of the state; however, the debt still remains a legal and binding obligation owed to the state.

Assembly Bill 504 also lowers the interest rate that is paid to the state by taxpayers for any late payment or underpayment of taxes administered by the Department of Taxation. The interest rate paid to the state is lowered from 1 percent per month, or 12 percent annually, to 0.75 percent per month, or 9 percent annually. The bill also lowers the interest rate that is paid by the state to taxpayers for any overpayment or refund of taxes administered by the Department of Taxation. The interest rate paid to taxpayers is lowered from 0.5 percent per month, or 6 percent annually, to 0.25 percent per month, or 3 percent annually.

Assembly Joint Resolution 1 proposes an amendment to Article 10, Section 1 of the *Nevada Constitution*, which provides for uniform and equal rates of assessment and taxation of real and personal property, to allow the Legislature to provide by law for the determination of the value of improvements to real property for the purposes of taxation, upon the transfer, sale or other conveyance of the property as the Legislature determines to be appropriate.

In order to be ratified, the provisions of this joint resolution must be approved again by the Legislature during the 2013 Session, and then be approved at the 2014 General Election.

Senate Bill 31 makes various changes related to the administration of taxes and fees collected by the Department of Taxation. The bill authorizes the department to consider whether a person's failure to collect or pay any taxes or fees administered by the department was willful with respect to determining if that person should be made jointly or severally liable for the payment of any taxes or fees, extends the department's authority to waive penalties and interest in certain instances to all taxes and fees collected by the Department, and changes the period of time from three to four years for which the Department of Taxation may take various actions with respect to the collection of delinquent taxes.

Senate Bill 31 also provides for a one-time extension of the deadline for local governments to enter into an interlocal agreement to revise distributions of revenue from the Local Government Tax Distribution Account from December 31, 2010, to May 31, 2011, for an agreement that would begin in Fiscal Year 2012.

Additionally, Senate Bill 31 requires the State Demographer to prepare a 5-year population projection of each county on or before March 1 of each year, as well as a 20-year population projection of each county on or before October 1 of each year, that are based on the Governor's certified population estimates. The 20-year population projection due on or before October 1 of each year must include classifications of age, sex, race, and Hispanic origin in each county.

Senate Bill 32 makes various changes relating to the actions of state and county boards of equalization. The bill establishes that if the January 15 deadline for filing an appeal to the county board of equalization falls on a weekend or holiday, the appeal may be filed on the next business day.

Senate Bill 32 extends the deadline for the State Board of Equalization to perform its duties from October 1 to November 1, and also extends the deadline for the State Board of Equalization to notify affected local governments of an equalization from April 15 to April 30 for any equalization action that will affect local governments in more than one county and that is likely to have a substantial impact on property tax revenues.

Additionally, Senate Bill 32 requires the State Board of Equalization to publish notices of its meetings on the Department of Taxation's website for all meetings held outside of Carson City, in addition to being published in a newspaper of general circulation in the county where the meeting is being held.

Senate Bill 33 repeals several sections of existing law dealing with the confidentiality of records and files maintained by the Department of Taxation, replacing these provisions with a single section within Chapter 360 of NRS that applies to all taxes and fees collected by the department.

Senate Bill 33 also allows the Department of Taxation to provide confidential information to any federal agency upon request for use in a federal prosecution or criminal investigation. The bill also prohibits any information regarding an appeal by a taxpayer to the Nevada Tax Commission from being made public until after the time period allowed for that taxpayer to request a closed hearing has passed.

Senate Bill 34 makes technical changes to various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement. The proposed changes reflect amendments made to the agreement since the end of the 2009 Session.

Senate Bill 79 makes several changes to the provisions of Nevada's qualifying legislation to the Tobacco Master Settlement Agreement in order to assist the Attorney General's Office in enforcing provisions related to nonparticipating manufacturers and the wholesale dealers that distribute the products of nonparticipating manufacturers.

Senate Bill 249, brought forth on behalf of the Nevada Assessors' Association, makes various changes relating to administration of taxes on property, including:

- Revising the definition of a "bona fide resident" to clarify that a seasonal resident is not eligible to receive the property tax or governmental services tax exemptions authorized under current law;
- Authorizing county assessors to use electronic means to provide annual renewal forms for tax exemptions from property taxes and the governmental services tax;
- Authorizing county assessors to use any declaration or recorded deeds associated with a common interest community for the purpose of allocating the assessed value of the common elements in that community, rather than equally dividing the value of the common elements among all property owners in the common interest community;
- Lowering the minimum threshold for which a personal property taxpayer may request to make payment in quarterly installments from \$10,000 to \$5,000;
- Authorizing the payment of the first and second quarterly installments on or before the due date of the second quarterly installment, if the tax bill is issued on or after August 1 and on or before September 15; and
- Extending the prospective expiration date, from June 30, 2011, to June 30, 2013, for the 2 percent commission on personal property taxes and the net proceeds of minerals tax that is retained by the county assessors for the acquisition and improvement of technology.

Senate Bill 495 provides for a competing measure to Initiative Petition 1 to be placed on the ballot at the November 6, 2012, General Election, pursuant to Article 19, Section 2 of the *Nevada Constitution*. Initiative Petition 1, which proposes the creation of an arena district within a portion of Clark County in which a 0.9 percent sales and use tax rate will be levied, was rejected by the Legislature based on passage of

Senate Concurrent Resolution 4, and will appear on the November 2012 General Election ballot as a result of the Legislature's rejection of the measure.

Senate Bill 495 amends the Nevada Taxpayers Bill of Rights to establish that the sales and use tax administered throughout the counties of this state must be uniform and equal within each county so that all areas of each county, and all taxpayers within a county, are subject to an equal rate of sales and use tax.

The bill also establishes that a special district for which a sales and use tax is imposed may not be created in a portion of a county if it would cause the rate of sales and use tax in that portion of the county to be higher than other portions of the county.

Senate Bill 495 will only become effective if a majority of voters approve its provisions at this election. If both Senate Bill 495 and Initiative Petition 1 receive a majority vote, the measure receiving the most votes will become law. Senate Bill 495 will not be placed on the ballot if Initiative Petition 1 does not appear on the November 6, 2012, General Election ballot.

BILLS REGARDING EXEMPTIONS, ABATEMENTS AND POSTPONEMENTS

Assembly Bill 202 requires the Director of the Nevada Office of Energy to grant partial abatements of property taxes, except for those taxes imposed for public education, for manufacturing businesses in the state that renovate an existing building or structure and meet certain standards under the Green Building Rating System. The applicant for the abatement must be a new manufacturing business in the state employing at least 25 full-time employees at the new manufacturing business for the entire period during which the applicant will receive the partial abatement, and the business must pay its employees, excluding management and administrative employees, at least 100 percent of the average statewide hourly wage or the average countywide hourly wage, whichever is less, as determined by the Department of Employment, Training, and Rehabilitation.

The partial abatement that is granted must not exceed a period of one year, and may not exceed a total ranging from 25 to 35 percent of the total eligible taxes paid, depending on the certification level achieved under the Green Building Rating System adopted by the Nevada State Office of Energy.

Assembly Bill 245 allows a veteran or disabled veteran who is eligible for the Governmental Services Tax exemption to transfer the exemption to his or her current spouse. The bill requires the veteran to file an affidavit of transfer with the Department of Motor Vehicles in the county in which the vehicle is registered.

Assembly Bill 449 makes various revisions to existing laws relating to partial tax abatements for certain energy-efficient structures and renewable energy facilities, requiring the Director of the Nevada State Office of Energy and the Nevada Energy Commissioner to consult with the Office of Economic Development in the administration

of these abatements. The bill also amends these abatements to require the recipients of the abatements to repay the abated amounts if the recipients cease to meet the eligibility requirements for the abatements.

Senate Bill 75 authorizes the State Treasurer to use up to \$50 million of the money in the State Permanent School Fund to provide equity funding to businesses engaged in certain industries that are located in or seeking to relocate to Nevada. Businesses that are eligible to receive this equity funding must be engaged primarily in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology, or any other industry determined to meet the target for investment returns established by the board of the corporation for public benefit.

BILLS REGARDING LOCAL GOVERNMENT TAXES AND REVENUES

Assembly Bill 71 requires the Legislative Commission to appoint a subcommittee to conduct a study during the 2011-13 Interim concerning the formula for the allocation of money distributed from the Local Government Tax Distribution Account, which is also known as the Consolidated Tax Distribution or CTX. This subcommittee is required to review the structural components of the formula used for the allocation of money distributed from the account to local governments, special districts and enterprise districts from the inception of the formula to the present day; and examine whether the formula results in an equitable allocation among all those governmental entities, including, without limitation, any local library districts which do not currently receive such an allocation, and, if not, consider possible alternative methodologies to achieve a more equitable allocation among all those governmental entities.

The Legislative Commission is required to submit a report of the results of the study and any recommendations for legislation to the 77th Session of the Legislature.

Assembly Bill 376 makes various changes related to local government projects within a tourism improvement district (TID) that are financed through sales tax anticipated revenue (STAR) proceeds. For TIDs that are created on or after July 1, 2011, retail facilities that relocate into the TID from within a three-mile radius may not receive any financing or reimbursement from pledged sales tax revenue in the project, nor may the sales tax revenue from this project be part of the pledged revenue for projects in the TID.

Assembly Bill 376 also requires that claims submitted pursuant to any contract or other agreement made with the governing body to provide financing or reimbursement be reviewed by an independent auditor. Additionally, an annual report of each project within a TID must be submitted to the Legislative Counsel Bureau for districts created on or after July 1, 2011. Finally, the Department of Taxation must submit a report of taxable sales, wages, and employees within any TID to the Legislative Counsel Bureau twice per year. For all future TIDs created in the state, the reports and studies that are currently required as a condition of creating the district must be obtained from an

independent consultant that is selected from a list, provided by the Nevada Commission on Tourism, of at least three consultants located outside of the state.

Additionally, the provisions of Assembly Bill 376 revise the responsibilities of the stadium authority created in certain counties for the operation of a minor league baseball stadium project. The bill expands the membership of the stadium authority from four members to seven members, and allows the authority to recommend to the governing body of the city that an ordinance be adopted to impose a surcharge on items or services related to the minor league baseball stadium project, with the proceeds to be used for the operation and maintenance of the baseball stadium or to pay bonds issued for the stadium. For the surcharge to be enacted, an ordinance must be approved by a two-thirds majority vote of the city's governing body.

Assembly Bill 376 also allows the governing body of a city whose population is 220,000 or more, in a county whose population is 100,000 or more, but less than 700,000 (currently the City of Reno) to enact an ordinance to create a district to finance capital projects necessary to improve and maintain publicly owned facilities for tourism and entertainment. The ordinance must be approved by a two-thirds majority of the members of the governing body, and must include provisions imposing a \$2 per night per room surcharge on the rental of transient lodging from a hotel in the district that holds a nonrestricted gaming license.

The bill specifies that the boundaries of the district must include property that is located in or within four city blocks of a police protection district created pursuant to statute, inclusive. Proceeds generated from the surcharge imposed within the district may be used only for those publicly owned facilities located within the district or within 1 mile of the boundaries of the district, except that the proceeds may not be used for a minor league baseball stadium project.

Assembly Bill 376 revises the reserve requirements for school district debt service funds from the lesser of the amount of principal or interest payments due on outstanding bonds in the next fiscal year or 10 percent of the outstanding principal amount of outstanding bonds to:

- 25 percent of the amount of principal or interest payments due on outstanding bonds in the next fiscal year or 10 percent of the outstanding principal amount of outstanding bonds, for school districts in counties whose population is 100,000 or more, whichever is less; and
- 50 percent of the amount of principal or interest payments due on outstanding bonds in the next fiscal year or 10 percent of the outstanding principal amount of outstanding bonds, for school districts in counties whose population is less than 100,000, whichever is less.

Finally, Assembly Bill 376 requires the City of North Las Vegas to prepare and submit a plan for the routing of effluent that exits its water reclamation facility to the Clark County Water Reclamation District. The plan must include a consideration of the construction of a joint pipeline with the Clark County Water Reclamation District. If a joint pipeline is

not economically feasible, the City of North Las Vegas is required to provide for an environmental study of the impact of the water flow down the flood control channel on the quality of life and the value of adjacent homes; as well as develop a plan to manage the flood control channel.

The City of North Las Vegas must submit a report of these findings to the Director of the Legislative Counsel Bureau on or before February 1, 2013, for transmission to the 77th Session of the Legislature.

Assembly Bill 572 revises provisions of the Clark County Sales and Use Tax Act of 2005 relating to the approval of expenditures of revenue received by a local government from the proceeds of the quarter-cent sales and use tax rate levied in Clark County to train and equip additional police officers. If a police department proposes to spend less than the base amount in a given fiscal year, as established by the provisions of the bill, the police department may only expend the funds allocated from this rate if the local government finds that its anticipated combined revenues from property taxes and the Consolidated Tax Distribution will decrease by more than 2 percent in the upcoming fiscal year from its base fiscal year amount.

If such a finding is made, the body must adopt a resolution setting forth that finding and the reasons for making such a finding. However, if such a finding is not made during a fiscal year, that local government may not use any proceeds from this tax rate during that fiscal year. The bill also permits any other local government that is eligible to receive a portion of this tax revenue to apply to the county treasurer for the use of that unused portion for the support of its police department in that fiscal year.

Assembly Bill 572 also transfers the requirement to receive quarterly reports of certain information from local governments relating to the proceeds and expenditures of this tax from the Director of the Legislative Counsel Bureau to the Department of Taxation.

Senate Bill 432 authorizes the Regional Transportation Commission (RTC) in Clark and Washoe Counties to issue revenue bonds and other revenue securities, payable from pledged fuel and sales tax revenues, to fund the construction and maintenance of road projects, public transit systems, and projects to improve air quality, if the RTC has executed an interlocal agreement with the county.

The bill authorizes the Clark County Commission to extend the imposition of the sales and use tax rate imposed for infrastructure projects in Clark County beyond the current expiration date specified in the ordinance creating the tax, if the commission determines by a two-thirds majority vote that cessation of the tax is not advisable.

If the commission determines that cessation of the tax is not advisable, the commission is also authorized to continue the issuance of bonds and other securities beyond the current limitations, which are based on a specified date (June 30, 2025) or the total amount of proceeds generated from the tax (\$2.3 billion).

The bill also extends the period of time for which general obligation bonds may be issued for a water facility or wastewater facility, from 30 years to 40 years.

Senate Bill 506 requires the Regional Transportation Commission of Southern Nevada (RTC) to establish a demonstration project for a toll road in connection with the Boulder City Bypass Project in Clark County. The RTC is also authorized to enter into one or more public-private partnership contracts for planning, designing, financing, constructing, improving, maintaining, operating or acquiring rights-of-way for the demonstration project. Additional requirements for the RTC related to the operation of the demonstration project include the establishment of fees for use of the demonstration project and levying of fines or other penalties for nonpayment of these fees. The bill also requires the Department of Motor Vehicles (DMV) to place a hold on the registration renewal for any vehicle for which the Department of Transportation or the private partner has notified the DMV that a required fee, fine, or penalty has not been paid.

Under the provisions of Senate Bill 506, any revenue generated and retained by the RTC from the demonstration project must be placed in the State Highway Fund, but must first be used to defray the costs and obligations of the RTC for the public-private partnership. The bill also provides that the demonstration project is required to remain a public highway owned by the RTC, and also requires the RTC to submit reports concerning the demonstration project to the Legislative Commission on or before February 1 of each even-numbered year and to the Director of the Legislative Counsel Bureau on or before February 1 of each odd-numbered year. In addition, quarterly reports relating to the project must also be submitted to the Legislative Commission and the Interim Finance Committee.

Senate Bill 506 also contains provisions revising the reserve requirements for school district debt service funds that are identical to the provisions passed by the Legislature in Assembly Bill 376.

Finally, Senate Bill 506 amends the Consolidated Local Improvements Law, contained within Chapter 271 of the *Nevada Revised Statutes*, to allow local governments to make modifications to local improvement projects or districts created before July 1, 2011, under certain circumstances. The modifications that may be made include eliminating a portion of the project, making additions or changes to the project, modifying the assessments to reflect the changes or additions to the project, modifying the assessment installments and their due dates, or any combination of these modifications.

Any modifications that are made to the project pursuant to these provisions must be reflected in a report prepared by the engineer and filed with the clerk, showing the proposed modification, the estimated cost of the modified project, the amount of maximum special benefits estimated to be derived, the amount of the modified assessment, and the modified installments or due dates, if applicable. The report must also indicate whether the assessment, upon modification, will exceed the maximum special benefit estimated to be derived by each tract from the project.

In order for the modification to occur, the report prepared by the engineer must be approved by the governing body at a public hearing. In order to approve modification of the project, certain findings relating to the project must be made by the local government.

