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# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

- Assembly Bill 135 \_\_\_\_\_
- Assembly Bill 147 \_\_\_\_\_
- Assembly Bill 196 \_\_\_\_\_
- Assembly Bill 199 \_\_\_\_\_
- Assembly Bill 216 \_\_\_\_\_
- Assembly Bill 224 \_\_\_\_\_
- Assembly Bill 225 \_\_\_\_\_

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ASSEMBLY GOVERNMENT AFFAIRS  
DATE: 3/4/03 ROOM: 3143 EXHIBIT C  
SUBMITTED BY: SUSAN SCHOLLEY  
PAGE 1 of 21



# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
RESEARCH DIVISION  
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### **ASSEMBLY BILL 135**

**Revises provisions governing authority of governing body of city to abate certain nuisances and dangerous and noxious conditions. (BDR 21-460)**

**Sponsored by:** Assembly Committee on Government Affairs,  
On behalf of the City of Las Vegas

**Date Heard:** March 3, 2003

Assembly Bill 135 changes "city council" to "governing body of a city" and also provides for the recovery of costs of nuisance abatement through the collection of special assessments in the same way that ordinary property taxes are collected.

**Proposed amendments:** There are no proposed amendments.

**Testimony in opposition:** None

**Fiscal Impact:** Local Government: No  
State Government: No



# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
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### **ASSEMBLY BILL 147**

**Revises provisions relating to purchasing by local governments.  
(BDR 27-799)**

**Sponsored by: Assemblyman Oceguela**  
**Date Heard: February 25, 2003**

Assembly Bill 147 makes revisions to the provisions on judging bidders in local purchasing in Chapter 332. The bill also exempts the purchase of personal safety equipment used by a local fire department or law enforcement agency in responding to emergencies from bidding requirements — subject to a determination by the local governing body.

**Proposed amendments:** There are no proposed amendments.

**Testimony in opposition:** None

**Fiscal Impact:** Local Government: No  
State Government: No



# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

### ASSEMBLY BILL 196

**Authorizes certain local governments to require dedication of certain land or impose tax on nonresidential construction projects for regional parks. (BDR 22-653)**

**Sponsored by: Assemblyman Collins**  
**Date Heard: March 4, 2003**

Assembly Bill 196 is enabling legislation that allows local governments to impose a tax on nonresidential construction to fund regional parks.

**Proposed amendments:** At the direction of the Chair, Assembly Bill 196 was referred to a subcommittee. Assemblyman Bob McCleary was the subcommittee chair. A copy of the subcommittee report is attached.

A mock-up of the proposed amendments recommended by the subcommittee is attached.

**Testimony in opposition:** Persons and organizations testifying against the bill included: Terry Graves (Basic Management Inc.), Gary Millken (Associated General Contractors), Mike Lynch (Builder's Association of Northern Nevada), Russell Rowe (Focus Commercial Group), and Rick DeMar (Western Nevada Builders Association). In addition, although not opposed to the bill, persons testifying on behalf of counties and cities other than Clark County, expressed concern that the minimum size set for a regional park was too large for use in the other counties.

**Fiscal Impact:** Local Government: No  
State Government: No

**REPORT OF SUBCOMMITTEE ON ASSEMBLY BILL 196  
TO ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Summary**

Assembly Bill 196 enables local governments to adopt a tax on nonresidential construction projects to provide for regional parks.

**Members Present**

Assemblyman Bob McCleary, Chair  
Assemblyman Tom Collins  
Assemblyman Tom Grady

**Subcommittee Meeting**

The Subcommittee met on Tuesday, March 11, 2003, in Room 3143 of the Legislative Building to consider Assembly Bill 196.

Testimony in opposition to the bill was received from Terry Graves (Basic Management Inc.), Gary Millken (Associated General Contractors), Mike Lynch (Builder's Association of Northern Nevada), Russell Rowe (Focus Commercial Group), and Rick DeMar (Western Nevada Builders Association). Several of those testifying against the bill noted that they would not oppose the bill if it were limited to Clark County.

Testimony in general support of the bill was received from Neena Laxalt (City of Sparks), John Slaughter and Karen Mullen (Washoe County), Mary Walker (Carson City, Douglas and Lyon Counties), and Scott Morgan (Douglas County). Some of those testifying in support of the bill noted that further amendments would be requested if the bill included Washoe County.

Assemblyman Collins proposed to amend the bill by limiting it to Clark County. He also noted that Dan Musgrove, on behalf of Clark County, had proposed an amendment at the March 4, 2003, hearing in the Assembly Committee on Government Affairs. Terry Graves asked for clarification of the definition of a "project" and was advised by Mr. Collins that the tax was to be applied "per building," and on not multiple permits that might be issued within a single project. Russell Rowe asked for clarification of the term "nonresidential construction." Mr. Collins advised that the term covered any nonresidential structure, including fences and such, noting that the tax would be minimal for such small projects.

**Subcommittee Recommendation**

The Subcommittee recommends that the full Assembly Committee on Government Affairs consider and approve a motion to "Amend and Do Pass" on A.B. 196 with the attached amendment from Dan Musgrove and the limitation of the bill to Clark County.

MOCK-UP

PROPOSED AMENDMENT TO  
ASSEMBLY BILL NO. 196

PREPARED FOR GOVERNMENT AFFAIRS  
MARCH 12, 2003

PREPARED BY THE RESEARCH DIVISION

**NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.**

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~green bold double strikethrough~~ is language proposed to be deleted in this amendment and (5) green bold dashed underlining is deleted language in the original bill that is proposed to be retained in this amendment.

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

- 1     **Section 1.** Chapter 278 of NRS is hereby amended by adding thereto  
2 a new section to read as follows:  
3     ~~*“Nonresidential construction project” means construction other than*~~  
4 *construction of residential dwelling units or an apartment house or the*  
5 *development of mobile home lots. The term does not include any*  
6 *construction by a governmental agency.*  
7     **Sec. 2.** NRS 278.497 is hereby amended to read as follows:  
8     278.497 As used in NRS 278.497 to 278.4987, inclusive, *and section*  
9 *1 of this act*, the words and terms defined in NRS 278.4971 to 278.4977,  
10 inclusive, *and section 1 of this act*, have the meanings ascribed to them in  
11 those sections, unless the context otherwise requires.  
12     **Sec. 3.** NRS 278.4979 is hereby amended to read as follows:  
13     278.4979 The governing body of a city or county may, by ordinance,  
14 require that a subdivider of land or a developer of land for mobile home  
15 lots, ~~{or}~~ *an apartment house or a nonresidential construction project*  
16 dedicate such land areas, sites and locations for park and playground  
17 purposes as are reasonably necessary to serve ~~the proposed subdivision~~

Insert  
limitation on  
nonresidential  
tax to counties  
whose  
population is  
400,000 or  
more.

1 ~~or development and the future {residents} occupants of the subdivision~~  
2 ~~or development neighborhoods, regions or communities of interest~~  
3 ~~within the city or county.~~

4 Sec. 4. NRS 278.4981 is hereby amended to read as follows:

5 278.4981 1. The ordinance adopted pursuant to NRS 278.4979  
6 ~~{must set forth the standards to be applied in determining the amount of~~  
7 ~~land that is required to be dedicated. The ordinance}~~ must contain  
8 standards *for* determining the amount, quality and location of land that is  
9 required to be dedicated which ~~{are}~~ *must be* based upon the number and  
10 type of *residential* dwelling units , ~~{or structures,}~~ apartment houses , ~~{or}~~  
11 mobile home lots ~~{}~~ *or nonresidential construction projects* or any  
12 combination thereof, included in each subdivision or development and give  
13 due consideration to the relative desirability and market value of the land  
14 that may be included within the area of any particular proposed  
15 subdivision or development.

16 2. The ordinance must, without limiting the general powers conferred  
17 in this chapter, include the following:

18 (a) Provisions for the creation, in accordance with the applicable  
19 master plan, of park districts or service areas which would serve  
20 neighborhoods , *regions* or communities of interest within the city or  
21 county.

22 (b) A delegation of authority to designated departments or agencies of  
23 the city or county to select the location of the land areas to be dedicated for  
24 park and playground purposes. The land to be dedicated for park and  
25 playground purposes must be within the park district or service area  
26 created pursuant to paragraph (a) in which the subdivision, apartment  
27 house , ~~{or}~~ mobile home lots *or nonresidential construction projects* are  
28 located.

29 (c) A provision limiting the amount of land required to be dedicated to  
30 an amount of land having a fair market value, determined by independent  
31 appraisal, which does not exceed the amount of any ~~{residential}~~  
32 construction tax which would otherwise have been collected ~~{under}~~  
33 *pursuant to NRS 278.4983.*

34 (d) A provision for the transfer of title to the dedicated land upon the  
35 issuance of building permits and the construction of the first unit of the  
36 subdivision or development from which the land was dedicated.

37 The ordinance may also contain a provision allowing an increase in the  
38 number of *residential* dwelling units ~~{or structures,}~~ apartment houses ,  
39 ~~{or}~~ mobile home lots ~~{}~~ *or nonresidential construction projects* or any  
40 combination of them, in the subdivision *or development* equal to the  
41 number which would otherwise have been allowed on the land dedicated  
42 for parks and playgrounds.

43 Sec. 5. NRS 278.4983 is hereby amended to read as follows:

44 278.4983 1. The ~~{city council}~~ *governing body* of any city or ~~{the~~  
45 ~~board of county commissioners of any}~~ county which has adopted a master

Amended  
language  
proposed by Dan  
Musgrove, Clark  
County



1 plan and recreation plan, as provided in this chapter, which includes, as a  
2 part of the plan, future or present sites for neighborhood *or regional* parks  
3 may, by ordinance, impose a ~~residential~~ construction tax pursuant to this  
4 section.

5 2. If imposed, the ~~residential~~ construction tax must be imposed on  
6 the privilege of constructing apartment houses, ~~and~~ residential dwelling  
7 units *and nonresidential construction projects* and developing mobile  
8 home lots in the respective cities and counties. The rate of the tax must not  
9 exceed:

10 (a) With respect to the construction of apartment houses and residential  
11 dwelling units, 1 percent of the valuation of each building permit issued or  
12 \$1,000 per residential dwelling unit, whichever is less. For the purpose of  
13 *calculating* the ~~residential~~ construction tax ~~[, the city council of the city~~  
14 ~~or the board of county commissioners of the county]~~ *pursuant to this*  
15 *paragraph, the governing body shall adopt an ordinance basing the*  
16 *valuation of building permits on the actual costs of residential construction*  
17 *in the area.*

18 (b) With respect to the development of mobile home lots, for each  
19 mobile home lot authorized by a lot development permit, 80 percent of the  
20 average ~~residential~~ construction tax paid *pursuant to paragraph (a)* per  
21 residential dwelling unit in the respective city or county during the  
22 calendar year next preceding the fiscal year in which the lot development  
23 permit is issued.

24 (c) *With respect to the construction of a nonresidential construction*  
25 *project, 1 percent of the valuation of each building permit issued or*  
26 *\$20,000 per nonresidential construction project, whichever is less. For*  
27 *the purpose of calculating the construction tax pursuant to this*  
28 *paragraph, the governing body shall adopt an ordinance basing the*  
29 *valuation of building permits on the actual costs of nonresidential*  
30 *construction projects in the area.*

31 3. The purpose of the tax *imposed pursuant to this section* is to raise  
32 revenue to enable the cities and counties to provide neighborhood *and*  
33 *regional* parks and facilities for *such* parks which are required by ~~the~~  
34 ~~residents of these apartment houses, mobile homes and residences.]~~ *or*  
35 *which benefit persons who live or work in the park districts or service*  
36 *areas within the city or county.*

37 4. An ordinance enacted pursuant to subsection 1 must establish the  
38 procedures for collecting the tax, set its rate, and determine the purposes  
39 for which the tax is to be used, subject to the restrictions and standards  
40 provided in this chapter. The ordinance must, without limiting the general  
41 powers conferred in this chapter, also include:

42 (a) Provisions for the creation, in accordance with the applicable  
43 master plan, of park districts *or service areas* which would serve  
44 neighborhoods, *regions or communities of interest* within the city or  
45 county.

1 (b) A provision for collecting the tax at the time of issuance of a  
2 building permit for the construction of any apartment houses , ~~for~~  
3 residential dwelling units ~~{}~~ or *nonresidential construction projects* or  
4 *issuance of a lot development permit for the development of mobile home*  
5 *lots.*

6 5. All ~~residential~~ construction taxes collected pursuant to the  
7 provisions of this section and any ordinance enacted by a ~~city council or~~  
8 ~~board of county commissioners,~~ *governing body* and all interest accrued  
9 on the money, must be placed with the city treasurer or county treasurer in  
10 a special fund. *The money in the fund that is collected pursuant to*  
11 *paragraphs (a) and (b) of subsection 2 must be accounted for separately*  
12 *from the money in the fund that is collected pursuant to paragraph (c) of*  
13 *subsection 2.*

14 6. Except as otherwise provided in subsection ~~{6,}~~ 8, the money in the  
15 fund *that is collected pursuant to paragraphs (a) and (b) of subsection 2*  
16 *may only be ~~used~~ :*

17 (a) *Used for the acquisition, improvement and expansion of*  
18 *neighborhood parks or the installation of facilities in existing or*  
19 *neighborhood parks in the city or county. ~~{Money in the fund must be~~*  
20 *expended}*

21 (b) *Expended for the benefit of the neighborhood from which it was*  
22 *collected.*

23 ~~{6,}~~ 7. *Except as otherwise provided in subsection 9, the money in*  
24 *the fund that is collected pursuant to paragraph (c) of subsection 2 may*  
25 *only be:*

26 (a) *Used for the acquisition, improvement and expansion of regional*  
27 *parks or the installation of facilities in existing regional parks in the city*  
28 *or county.*

29 (b) *Expended for the benefit of the park district or service area from*  
30 *which it was collected.*

31 8. If a neighborhood park has not been developed or facilities have  
32 not been installed in an existing park in the park district created to serve  
33 the neighborhood in which the subdivision or development is located  
34 within 3 years after the date on which 75 percent of the residential  
35 dwelling units authorized within that subdivision or development first  
36 became occupied, all money paid by the subdivider or developer ~~{}~~  
37 *pursuant to paragraph (a) or (b) of subsection 2, together with interest at*  
38 *the rate at which the city or county has invested the money in the fund,*  
39 *must be refunded to the owners of the lots in the subdivision or*  
40 *development ~~{at the time of the reversion}~~ on a pro rata basis.*

41 ~~{7,}~~ 9. *If a regional park has not been developed or facilities have*  
42 *not been installed in an existing regional park within 5 years after the*  
43 *date on which 75 percent of the nonresidential construction project first*  
44 *became occupied, all money paid by the developer pursuant to paragraph*  
45 *(c) of subsection 2, together with interest at the rate at which the city or*

1 county has invested the money in the fund, must be refunded to the  
2 owners of the nonresidential construction project on a pro rata basis.

3 10. The limitation of time established pursuant to ~~{subsection 6}~~  
4 ~~subsections 8 and 9~~ is suspended for any period, not to exceed 1 year,  
5 during which this state or the Federal Government takes any action to  
6 protect the environment or an endangered species which prohibits, stops or  
7 delays the development of a park or installation of facilities.

8 ~~{8. For the purposes of}~~

9 11. As used in this section:

10 (a) "Facilities" means turf, trees, irrigation, playground apparatus,  
11 playing fields, areas to be used for organized amateur sports, play areas,  
12 picnic areas, horseshoe pits and other recreational equipment or  
13 appurtenances designed to serve the ~~{natural persons, families and small}~~  
14 ~~groups from the neighborhood from which the tax was collected.}~~ persons  
15 who use the park in which the facilities are located.

16 (b) "Neighborhood park" means a site not exceeding 25 acres,  
17 designed to serve the recreational and outdoor needs of natural persons,  
18 families and small groups ~~{}~~ in the neighborhood from which the tax was  
19 collected.

20 (c) "Regional park" means a site exceeding 50 acres, designed to  
21 serve the outdoor needs of persons who live or work in the region in  
22 which it is located.

23 Sec. 6. NRS 278.4985 is hereby amended to read as follows:

24 278.4985 1. The ~~{city council}~~ governing body of any city or ~~{the}~~  
25 ~~board of county commissioners of any}~~ county which has adopted a master  
26 plan as provided in this chapter which includes future or present sites for  
27 parks and playgrounds may require that:

28 (a) The developers of a planned unit development dedicate land as  
29 provided by NRS 278.4979, 278.498 and 278.4981; or

30 (b) A ~~{residential}~~ construction tax be imposed on the privilege of  
31 constructing planned unit developments in the manner provided by NRS  
32 278.4983,

33 if the ordinance defining and regulating planned unit developments in the  
34 particular city or county imposes open space requirements less than those  
35 required by the ordinance adopted pursuant to  
36 NRS 278.4981.

37 2. If a requirement to dedicate land or pay a ~~{residential}~~ construction  
38 tax is imposed on the construction of a planned unit development, the  
39 planned unit development is eligible to receive a credit against the amount  
40 of land to be dedicated or the amount of the ~~{residential}~~ construction tax  
41 imposed, for the amount and value of the developed open space within the  
42 planned unit development.

43 Sec. 7. NRS 278.4987 is hereby amended to read as follows:

44 278.4987 1. The requirement for dedication of land ~~{under}~~  
45 pursuant to NRS 278.4979, 278.498 and 278.4981 and the imposition of

1 ~~{the residential}~~ a construction tax ~~{under}~~ pursuant to NRS 278.4983, are  
2 mutually exclusive as to any particular subdivision, apartment house,  
3 mobile home lot, ~~{or}~~ residential dwelling unit or nonresidential  
4 construction project which may be benefited or affected by any such  
5 requirement or imposition.

6 2. Any ~~{city council or board of county commissioners}~~ governing  
7 body determining to provide park or playground facilities ~~{under the}~~  
8 ~~provisions of}~~ pursuant to NRS 278.497 to 278.4987, inclusive, and  
9 section 1 of this act, shall elect, for any one period, to follow only one of  
10 the procedures provided in these sections.

11 Sec. 8. NRS 278B.240 is hereby amended to read as follows:

12 278B.240 1. If an owner is required by a local government, as a  
13 condition of the approval of the development, to construct or dedicate, or  
14 both, a portion of the off-site facilities for which impact fees other than for  
15 a park project are imposed, the off-site facilities must be credited against  
16 those impact fees.

17 2. If a school district is required by a local government to construct or  
18 dedicate, or both, a portion of the off-site facilities for which impact fees  
19 are imposed, the local government shall, upon the request of the school  
20 district, reimburse or enter into an agreement to reimburse the school  
21 district for the cost of the off-site facilities constructed or dedicated, or  
22 both, minus the cost of the off-site facilities immediately adjacent to or  
23 providing connection to the school development which would be required  
24 by local ordinance in the absence of an ordinance authorizing impact fees.

25 3. If an owner is required by a local government to:

26 (a) Pay a ~~{residential}~~ construction tax pursuant to  
27 NRS 278.4983;

28 (b) Dedicate land pursuant to NRS 278.4979, 278.498 and 278.4981  
29 or otherwise dedicate or improve land, or both, for use as a park; or

30 (c) Construct or dedicate a portion of the off-site facilities for which  
31 impact fees for a park project are imposed,  
32 the owner is entitled to a credit against the impact fee imposed for the park  
33 project for the amount of the ~~{residential}~~ construction tax paid, the fair  
34 market value of the land dedicated, the cost of any improvements to the  
35 dedicated land or the cost of the off-site facilities dedicated or constructed,  
36 as applicable.

37 Sec. 9. NRS 354.59891 is hereby amended to read as follows:

38 354.59891 1. As used in this section:

39 (a) "Building permit" means the official document or certificate issued  
40 by the building officer of a local government which authorizes the  
41 construction of a structure.

42 (b) "Building permit basis" means the combination of the rate and the  
43 valuation method used to calculate the ~~{total}~~ building permit fee.

44 (c) "Building permit fee" means the ~~{total}~~ fees that must be paid  
45 before the issuance of a building permit, including, without limitation, all

1 permit fees and inspection fees. The term does not include, without  
2 limitation, fees relating to water, sewer or other utilities, ~~residential~~  
3 construction tax ~~{,} imposed pursuant to NRS 278.4983, tax on residential~~  
4 ~~construction imposed pursuant to NRS 387.331, tax for the improvement~~  
5 of transportation imposed pursuant to NRS 278.710, any fee imposed  
6 pursuant to NRS 244.386 or any amount expended to change the zoning of  
7 the property.

8 (d) "Current asset" means any cash maintained in an enterprise fund  
9 and any interest or other income earned on the money in the enterprise  
10 fund that, at the end of the current fiscal year, is anticipated by a local  
11 government to be consumed or converted into cash during the next ensuing  
12 fiscal year.

13 (e) "Current liability" means any debt incurred by a local government  
14 to provide the services associated with issuing building permits that, at the  
15 end of the current fiscal year, is determined by the local government to  
16 require payment within the next ensuing fiscal year.

17 (f) "Operating cost" means the amount paid by a local government for  
18 supplies, services, salaries, wages and employee benefits to provide the  
19 services associated with issuing building permits.

20 (g) "Working capital" means the excess of current assets over current  
21 liabilities, as determined by the local government at the end of the current  
22 fiscal year.

23 2. Except as otherwise provided in subsections 3 and 4, a local  
24 government shall not increase its building permit basis by more than an  
25 amount equal to the building permit basis on June 30, 1989, multiplied by  
26 a percentage equal to the percentage increase in the Consumer Price Index  
27 from January 1, 1988, to the January 1 next preceding the fiscal year for  
28 which the calculation is made.

29 3. A local government may submit an application to increase its  
30 building permit basis by an amount greater than otherwise allowable  
31 pursuant to subsection 2 to the Nevada Tax Commission. The Nevada Tax  
32 Commission may allow the increase only if it finds that:

33 (a) Emergency conditions exist which impair the ability of the local  
34 government to perform the basic functions for which it was created; or

35 (b) The building permit basis of the local government is substantially  
36 below that of other local governments in the State and the cost of  
37 providing the services associated with the issuance of building permits in  
38 the previous fiscal year exceeded the total revenue received from building  
39 permit fees ~~{, excluding any amount of residential construction tax~~  
40 ~~collected,} for that fiscal year.~~

41 4. Upon application by a local government, the Nevada Tax  
42 Commission shall exempt the local government from the limitation on the  
43 increase of its building permit basis if:

44 (a) The local government creates an enterprise fund exclusively for  
45 building permit fees;

1 (b) Any interest or other income earned on the money in the enterprise  
2 fund is credited to the fund;

3 (c) Except as otherwise provided in subsection 5, the local government  
4 maintains a balance of unreserved working capital in the enterprise fund  
5 that does not exceed an amount equal to 9 months' operating costs for the  
6 program for the issuance of building permits of the local government; and

7 (d) The local government does not use any of the money in the  
8 enterprise fund for any purpose other than the actual direct and indirect  
9 costs of the program for the issuance of building permits, including,  
10 without limitation, the cost of checking plans, issuing permits, inspecting  
11 buildings and administering the program. The Committee on Local  
12 Government Finance shall adopt regulations governing the permissible  
13 expenditures from an enterprise fund pursuant to this paragraph.

14 5. In addition to the balance of unreserved working capital authorized  
15 pursuant to subsection 4, the local government may maintain in an  
16 enterprise fund created pursuant to this section an amount of working  
17 capital for the following purposes:

18 (a) An amount sufficient to pay the debt service for 1 year on any debt  
19 incurred by the local government to provide the services associated with  
20 issuing building permits;

21 (b) An amount that does not exceed the total amount of expenditures  
22 for the program for the issuance of building permits of the local  
23 government set forth in the capital improvement plan of the local  
24 government prepared pursuant to NRS 354.5945 for the current fiscal year;  
25 and

26 (c) An amount that does not exceed 4 percent of the annual operating  
27 costs of the program for the issuance of building permits of the local  
28 government which must be used to pay for unanticipated capital  
29 replacement.

30 6. Any amount in an enterprise fund created pursuant to this section  
31 that is designated for special use, including, without limitation, prepaid  
32 fees and any other amount subject to a contractual agreement, must be  
33 identified as a restricted asset and must not be included as a current asset in  
34 the calculation of working capital.

35 7. If a balance in excess of the amount authorized pursuant to  
36 subsections 4 and 5 is maintained in an enterprise fund created pursuant to  
37 this section at the close of 2 consecutive fiscal years, the local government  
38 shall reduce the building permit fees it charges by an amount that is  
39 sufficient to ensure that the balance in the enterprise fund at the close of  
40 the fiscal year next following those 2 consecutive fiscal years does not  
41 exceed the amount authorized pursuant to subsections 4 and 5.

42 **Sec. 10.** This act becomes effective on July 1, 2003.

H



# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

### ASSEMBLY BILL 199

**Exempts proceeds from annual tax that counties may impose to support county museums, art centers and historical societies from limitation on allowed revenue from taxes ad valorem for counties. (BDR 20-157)**

**Sponsored by: Assemblyman Hettrick**  
**Date Heard: March 5, 2003**

Assembly Bill 199 exempts the proceeds from the ad valorem tax used for support of county museums, art centers and historical societies from the revenue cap in Chapter 354 of the *Nevada Revised Statutes*.

**Proposed amendments:** At the presentation of the bill, Assemblyman Hettrick proposed an amendment to clarify that, although exempt from the cap, the actual expenditure of such funds was discretionary.

A mock-up of the proposed amendment is attached.

**Testimony in opposition:** None

**Fiscal Impact:** Local Government: No  
State Government: No

MOCK-UP

PROPOSED AMENDMENT TO  
ASSEMBLY BILL NO. 199

PREPARED FOR GOVERNMENT AFFAIRS  
MARCH 9, 2003

PREPARED BY THE RESEARCH DIVISION

**NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.**

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

- 1     **Section 1.** NRS 244.377 is hereby amended to read as follows:  
2     244.377 1. The board of county commissioners of any county may  
3 include in the annual budget of the county items to cover the expense of  
4 maintaining a county museum, art center or historical society.  
5     2. The expenditures so budgeted may be met by including them in the  
6 annual tax levy of the county, ~~{;}~~ but in no case may the tax levy for such  
7 purposes in any 1 year exceed 5 cents on each \$100 of the assessed  
8 valuation of the property of that county.  
9     3. The proceeds of the tax levy may be paid under contract to a  
10 nonprofit historical society, nonprofit museum board or other nonprofit  
11 board, committee or organization for their use in paying salaries of  
12 museum or art center personnel, in building and maintaining exhibits, in  
13 purchasing cabinets, in displaying items and in conducting activities  
14 related to a museum or art center, but in no case may such *an* organization  
15 or board make capital improvements without the express approval of the  
16 board of county commissioners.  
17     4. *The proceeds of the tax levied pursuant to this section are exempt*  
18 *from the limitation imposed by NRS 354.59811 and ~~must~~ may be*



1 *excluded in determining the allowed revenue from taxes ad valorem for*  
2 *the county.*

3 **Sec. 2.** NRS 354.59811 is hereby amended to read as follows:

4 354.59811 1. Except as otherwise provided in NRS 244.377,  
5 354.59813, 354.59815, 354.59818, 354.5982, 354.5987, 354.705, 354.723,  
6 450.425, 450.760, 540A.265 and 543.600, for each fiscal year beginning  
7 on or after July 1, 1989, the maximum amount of money that a local  
8 government, except a school district, a district to provide a telephone  
9 number for emergencies or a redevelopment agency, may receive from  
10 taxes ad valorem, other than those attributable to the net proceeds of  
11 minerals or those levied for the payment of bonded indebtedness and  
12 interest thereon incurred as general long-term debt of the issuer, or for the  
13 payment of obligations issued to pay the cost of a water project pursuant to  
14 NRS 349.950, or for the payment of obligations under a capital lease  
15 executed before April 30, 1981, must be calculated as follows:

16 (a) The rate must be set so that when applied to the current fiscal year's  
17 assessed valuation of all property which was on the preceding fiscal year's  
18 assessment roll, together with the assessed valuation of property on the  
19 central assessment roll which was allocated to the local government, but  
20 excluding any assessed valuation attributable to the net proceeds of  
21 minerals, assessed valuation attributable to a redevelopment area and  
22 assessed valuation of a fire protection district attributable to real property  
23 which is transferred from private ownership to public ownership for the  
24 purpose of conservation, it will produce 106 percent of the maximum  
25 revenue allowable from taxes ad valorem for the preceding fiscal year,  
26 except that the rate so determined must not be less than the rate allowed for  
27 the previous fiscal year, except for any decrease attributable to the  
28 imposition of a tax pursuant to NRS 354.59813 in the previous year.

29 (b) This rate must then be applied to the total assessed valuation,  
30 excluding the assessed valuation attributable to the net proceeds of  
31 minerals and the assessed valuation of a fire protection district attributable  
32 to real property which is transferred from private ownership to public  
33 ownership for the purpose of conservation, but including new real  
34 property, possessory interests and mobile homes, for the current fiscal year  
35 to determine the allowed revenue from taxes ad valorem for the local  
36 government.

37 2. As used in this section, "general long-term debt" does not include  
38 debt created for medium-term obligations pursuant to NRS 350.087 to  
39 350.095, inclusive.

40 **Sec. 3.** This act becomes effective on July 1, 2003.

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# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

### **ASSEMBLY BILL 216**

**Revises manner in which certain claims against state are audited.  
(BDR 31-491)**

**Sponsored by:** Assembly Committee on Government Affairs  
On behalf of the Department of Administration,  
Division of Internal Audits

**Date Heard:** March 12, 2003

Assembly Bill 216 changes internal audits by the Division from a preaudit to a postaudit and clarifies that the standards of the Institute of Internal Audits are applicable only as to internal audits.

Concerns were raised during the hearing as to the impetus for a change from preaudits to postaudits and as to the legislative oversight role in such audits. Attached is background information from Paul Townsend, Director of the Audit Division, on the legislative audit role and the changes in state government that spawned AB 216.

**Proposed amendments:** None.

**Testimony in opposition:** None

**Fiscal Impact:** Local Government: No  
State Government: No

## BACKGROUND INFORMATION FOR ASSEMBLY BILL 216 CHANGES IN THE DIVISION OF INTERNAL AUDITS

According to information received from Paul Townsend, Director of the Audit Division of the Legislative Counsel Bureau (LCB), there has been a significant change in the way expenditures are processed by state agencies due to the implementation of the new Integrated Financial System (IFS). Under the old process, agencies sent paper documents to a *Pre-Audit* section within the Department of Administration. Pre-Audit performed the review and approval function for the Board of Examiners and provided a centralized control function.

The IFS uses various modules to meet the specific needs of the agencies within the state, including financial reporting, human resource management, and purchasing. The IFS has been receiving funding from the Legislature over the past three sessions.

Under the new IFS, state agencies now process expenditures electronically - without a pre-approval function. Although this method is believed to be more efficient, it is a major shift to decentralized control and provides state agencies with much greater authority. The new control over this system is in the *Post-Audit* function within the Division of Internal Audits. The Division of Internal Audits sends auditors out to agencies and examines a sample of transactions that have already occurred to determine if the required documentation and approvals were obtained.

These postaudits, as well as other audits performed by the Division of Internal Audits, are available to the Audit Division of LCB. Because the shift to the IFS is such a radical change, LCB has identified this issue as a high-risk area and is currently performing an audit of the process to see if state agencies are handling transactions properly. The LCB audit of the *Security and Integrity of the State's Integrated Financial System* will be released later this year. The Audit Division of LCB also reviews this area in its routine audits of state agencies. The Fiscal Analysis Division that monitors the budgets of state agencies provides additional legislative oversight.



# WORK SESSION

## Assembly Committee on Government Affairs

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### **ASSEMBLY BILL 224**

**Revises provisions relating to Nevada Arts Council. (BDR 18-531)**

**Sponsored by:** Assembly Committee on Government Affairs,  
On behalf of the Department of Cultural Affairs.  
**Date Heard:** March 7, 2003

Assembly Bill 224 changes the name of the Nevada Arts Council, clarifies entities within the Department of Cultural Affairs, and revises provisions related to the reorganization.

**Proposed amendments:** There are no proposed amendments.

**Testimony in opposition:** None

**Fiscal Impact:** Local: No  
State: Yes (However, see attached fiscal note concluding no fiscal impact.)

**BDR 18-531  
A.B. 224**

**EXECUTIVE AGENCY  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 24, 2003

Agency Submitting: Department of Cultural Affairs

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2002-03</b>	<b>Fiscal Year 2003-04</b>	<b>Fiscal Year 2004-05</b>	<b>Effect on Future Biennia</b>
Total				

Explanation (Use Additional Sheets of Attachments, if required)

There is no anticipated fiscal impact for this BDR.

Name Scott K. Sisco  
Title Interim Director

DEPARTMENT OF ADMINISTRATION'S COMMENT

Date February 26, 2003

The Department of Administration agrees there is no fiscal impact for this BDR.

Name John P. Comeaux  
Title Director



# WORK SESSION

## Assembly Committee on Government Affairs

PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

### **ASSEMBLY BILL 225**

**Provides that Public Employees' Deferred Compensation Program approved by committee to administer the Program may consist of any plan to reduce taxable income. (BDR 23-505)**

**Sponsored by:** Assembly Committee on Government Affairs,  
On behalf of Committee to Administer the Public  
Employees' Deferred Compensation Program

**Date Heard:** March 12, 2003

Assembly Bill 225 authorizes the Committee to Administer to include other federally approved deferred compensation plans within the plan offered to state employees.

**Proposed amendments:** Amendments correcting four references in other sections of Chapter 287 were proposed by the Committee to Administer: NRS 287.270, 287.340, 287.350, and 287.320(5).

**Testimony in opposition:** None

**Fiscal Impact:** Local Government: No  
State Government: No