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BILL EXPLANATION

ASSEMBLY BILL 361
Assembly Committee on Taxation
Hearing: March 25, 2003

Summary: Requires local governments that acquire certain public utilities or expand certain facilities for utility service to make certain payments or provide certain compensation in lieu of taxes and franchise fees. If approved, the act is effective on July 1, 2003 (section 11).

Section 1 & 2: Adds sections 2 to 10, including the definitions pursuant to sections 3 to 6, to chapter 360 of the NRS.

Section 3: Defines "affected local government" as any local government that would lose revenue as a result of the acquisition or expansion of a utility by a local government.

Sections 4 to 6: Define "local government," "public utility" and "telecommunications service," respectively, for purposes of sections 2 to 10.

Section 7: Provides that certain public utilities acquired by a local government must make payments in lieu of the taxes equal to the amount of taxes that would be paid by a utility not owned by a government. Further provides that the Tax Commission must determine and apportion the assessed valuation of the utility to each local government for the purposes of allocating certain in-lieu payments in the same manner as taxes would be allocated if a local government did not own the utility.

Provides that in-lieu payments are due at the same and must be collected and distributed in the same manner that the taxes would be due, collected and distributed.

Provides that the in-lieu payments are not required if the utility was acquired from a local government that was not making in-lieu payments, the payments would result in insufficient funds to make required principal and interest payments on debt, or the payments by a county would duplicate payments already made on a project for the generation and transmission of electricity.

Section 8: Requires a local government that acquires a water or sewer utility or expands facilities to cover customers who were customers of a public utility to enter into an interlocal agreement with each affected local government to provide in-lieu payments and compensation in roughly the amount the local government would be entitled to receive if not for the acquisition or expansion. Allows the affected local government to waive any or all of the compensation it is entitled to receive. Provides that compensation is not required if it would result in insufficient funds to make required principal and interest payments on debt or would duplicate payments already made on a project for the generation and transmission of electricity.

Section 9: Provides for a procedure involving the Department of Taxation, the Committee on Local Government Finance and the Tax Commission that would determine and establish the amount of compensation if the parties cannot agree on an amount pursuant to section 8.

Section 10: Requires the Tax Commission to adopt regulations as necessary to carry out the provisions of sections 2 to 10.