
ASSEMBLY BILL NO. 499—COMMITTEE ON
GOVERNMENT AFFAIRS

(ON BEHALF OF CLARK COUNTY)

MARCH 24, 2003

Referred to Committee on Government Affairs

SUMMARY—Authorizes governing body of local government to create maintenance districts to pay cost of maintaining and improving local improvement projects and other undertakings. (BDR 21-274)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local improvements; authorizing the governing body of a local government to create maintenance districts to pay the cost of maintaining and improving local improvement projects and other undertakings; providing for the levying of assessments in connection with such maintenance districts; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Chapter 271 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.
3 **Sec. 2.** *“Maintenance district” means a district created*
4 *pursuant to section 3 of this act.*
5 **Sec. 3.** *1. A governing body may, by ordinance, establish a*
6 *district to pay the cost of maintaining and improving a project,*
7 *regardless of whether the project was originally acquired or*
8 *constructed with proceeds from assessments. Insofar as*
9 *practicable, such a maintenance district must be created in the*
10 *manner specified in NRS 271.275 or 271.710.*



- 1 2. *After the governing body establishes a maintenance district*
2 *as described in subsection 1, the governing body shall prepare or*
3 *cause to be prepared:*
- 4 (a) *A schedule of assessments that sets forth a period, not to*
5 *exceed 3 years, over which assessments will be levied to maintain*
6 *and improve the project;*
- 7 (b) *An estimate of the costs expected to be incurred to*
8 *maintain and improve the project during the period set forth in the*
9 *schedule of assessments; and*
- 10 (c) *A proposed assessment roll assessing an amount not*
11 *greater than the estimated cost against the benefited*
12 *property.*
- 13 *The basis for the computation of the assessments must be the*
14 *frontage or another uniform and quantifiable basis.*
- 15 3. *The governing body shall hold a public hearing upon the*
16 *schedule of assessments, estimate of costs and proposed*
17 *assessment roll. Notice of the hearing must be given, and the*
18 *hearing conducted, in the manner described in NRS 271.380 and*
19 *271.385. The proposed assessments may not exceed the amount*
20 *stated in the proposed assessment roll unless a new hearing is held*
21 *after notice is mailed and published in the manner provided in*
22 *NRS 271.305, 271.306 and 271.310.*
- 23 4. *After the public hearing, the governing body shall, by*
24 *resolution or ordinance, confirm the assessments, as specified in*
25 *the proposed assessment roll or as modified, and levy the*
26 *assessment as provided in NRS 271.390.*
- 27 5. *The assessments must be due over a period that:*
- 28 (a) *Begins on the effective date of the resolution or ordinance*
29 *confirming the assessments; and*
- 30 (b) *Ends on the last day of the period set forth in the schedule*
31 *of assessments.*
- 32 6. *The assessments may be made payable at one time or in*
33 *monthly or quarterly installments over the period described in*
34 *subsection 5.*
- 35 7. *Interest may not be charged on an assessment or*
36 *installment paid when due.*
- 37 8. *Except as otherwise provided in this section, an assessment*
38 *imposed pursuant to this section must be levied, collected and*
39 *enforced at the same time, in the same manner, by the same*
40 *officers and with the same interest and penalties as other special*
41 *assessments levied pursuant to this chapter. The proceeds of an*
42 *assessment imposed pursuant to this section must be placed in a*
43 *separate fund of the municipality and expended only for the*
44 *maintenance and improvement of the project for which the*
45 *assessment was imposed.*



1 **9. As used in this section, "project" includes:**
 2 (a) A project, as that term is defined in NRS 271.175; and
 3 (b) Any other public undertaking for which a governing body
 4 desires to create a maintenance district to pay the costs of
 5 maintenance and improvement.

6 **Sec. 4.** NRS 271.030 is hereby amended to read as follows:
 7 271.030 As used in this chapter, unless the context otherwise
 8 requires, the words and terms defined in NRS 271.035 to 271.250,
 9 inclusive, *and section 2 of this act* have the meanings ascribed to
 10 them in those sections.

11 **Sec. 5.** NRS 271.175 is hereby amended to read as follows:
 12 271.175 [~~Project~~] *Except as otherwise provided in*
 13 *subsection 9 of section 3 of this act, "project" means any structure,*
 14 *facility, undertaking or system which a municipality is herein*
 15 *authorized to acquire, improve, equip, maintain or operate. A project*
 16 *may consist of all kinds of personal and real property.*

17 **Sec. 6.** NRS 271.265 is hereby amended to read as follows:
 18 271.265 1. The governing body of a county, city or town,
 19 upon behalf of the municipality and in its name, without any
 20 election, may from time to time acquire, improve, equip, operate
 21 and maintain, within or without the municipality, or both within and
 22 without the municipality:

- 23 (a) A commercial area vitalization project;
- 24 (b) A curb and gutter project;
- 25 (c) A drainage project;
- 26 (d) An off-street parking project;
- 27 (e) An overpass project;
- 28 (f) A park project;
- 29 (g) A sanitary sewer project;
- 30 (h) A security wall;
- 31 (i) A sidewalk project;
- 32 (j) A storm sewer project;
- 33 (k) A street project;
- 34 (l) A street beautification project;
- 35 (m) A transportation project;
- 36 (n) An underpass project;
- 37 (o) A water project; and
- 38 (p) Any combination of such projects.

39 2. In addition to the power specified in subsection 1, the
 40 governing body of a city having a commission form of government
 41 as defined in NRS 267.010, upon behalf of the municipality and in
 42 its name, without any election, may from time to time acquire,
 43 improve, equip, operate and maintain, within or without the
 44 municipality, or both within and without the municipality:

- 45 (a) An electrical project;



- 1 (b) A telephone project;
- 2 (c) A combination of an electrical project and a telephone
- 3 project;
- 4 (d) A combination of an electrical project or a telephone project
- 5 with any of the projects, or any combination thereof, specified in
- 6 subsection 1; and
- 7 (e) A combination of an electrical project and a telephone
- 8 project with any of the projects, or any combination thereof,
- 9 specified in subsection 1.

10 3. In addition to the power specified in subsections 1 and 2, the

11 governing body of a municipality, on behalf of the municipality and

12 in its name, without an election, may finance an underground

13 conversion project with the approval of each service provider that

14 owns the overhead service facilities to be converted.

15 *4. In addition to the power specified in subsections 1, 2 and 3,*

16 *the governing body of a municipality, on behalf of the*

17 *municipality and in its name, without an election, may create a*

18 *maintenance district pursuant to section 3 of this act.*

19 **Sec. 7.** NRS 271.280 is hereby amended to read as follows:

20 271.280 1. Whenever the governing body is of the opinion

21 that the interest of the municipality requires any project, the

22 governing body, by resolution, shall direct the engineer to prepare,

23 or may, after he has prepared, ratify:

- 24 (a) Preliminary plans showing:
 - 25 (1) A typical section of the contemplated improvement.
 - 26 (2) The type or types of material, approximate thickness and
 - 27 wideness.
 - 28 (3) A preliminary estimate of the cost of the project,
 - 29 including incidental costs.

- 30 (b) An assessment plat showing:
 - 31 (1) The area to be assessed.
 - 32 (2) ~~Except as otherwise provided in NRS 271.378, the~~ *The*
 - 33 amount of maximum benefits estimated to be assessed against each
 - 34 tract in the assessment area.

35 The governing body is not required to employ the services of an

36 appraiser to estimate or to assist the engineer in estimating the

37 benefits to be derived from the project.

38 2. The resolution or ratification may provide for one or more

39 types of construction, and the engineer shall separately estimate the

40 cost of each type of construction. The estimate may be made in a

41 lump sum or by unit prices, as the engineer determines is most

42 desirable for the improvement complete in place.

43 3. The resolution or document ratified must describe the

44 project in general terms.

45 4. The resolution or document ratified must state:



- 1 (a) What part or portion of the expense of the project is of
2 special benefit and therefore is to be paid by assessments.
- 3 (b) What part, if any, has been or is proposed to be defrayed
4 with money derived from other than the levy of assessments.
- 5 (c) The basis by which the cost will be apportioned and
6 assessments levied.
- 7 5. If the assessment is not to be made according to front feet,
8 the resolution or document ratified must:
 - 9 (a) By apt description designate the improvement district,
10 including the tracts to be assessed.
 - 11 (b) Describe definitely the location of the project.
 - 12 (c) State that the assessment is to be made upon all the tracts
13 benefited by the project proportionately to the benefits received.
- 14 6. If the assessment is to be upon the abutting property upon a
15 frontage basis, it is sufficient for the resolution or document ratified
16 so to state and to define the location of the project to be made.
- 17 7. It is not necessary in any case to describe minutely in the
18 resolution or document ratified each particular tract to be assessed,
19 but simply to designate the property, improvement district or the
20 location, so that the various parts to be assessed can be ascertained
21 and determined to be within or without the proposed improvement
22 district.
- 23 8. If the preliminary plans include a commercial area
24 vitalization project, then in addition to the other requirements in this
25 section, before the plans are ratified by the governing body, the
26 plans must include a plan for the management of the proposed
27 improvement district which must include, without limitation:
 - 28 (a) The improvements proposed for each year of the first 5 fiscal
29 years of the proposed improvement district;
 - 30 (b) An estimate of the total amount to be expended on
31 improvements in the first year of operation;
 - 32 (c) A list of any other special assessments that are currently
33 being levied within the proposed improvement district;
 - 34 (d) The name of any proposed association; and
 - 35 (e) Any other matter that the governing body requires to be set
36 forth in the plan.
- 37 9. The engineer shall forthwith prepare and file with the clerk:
 - 38 (a) The preliminary plans; and
 - 39 (b) The assessment plat.
- 40 10. Upon the filing of the plans and plat, they must be
41 examined by the governing body. If the plans and plat are found to
42 be satisfactory, the governing body shall make a provisional order
43 by resolution to the effect that the project will be acquired or
44 improved, or both acquired and improved.



1 **Sec. 8.** NRS 271.296 is hereby amended to read as follows:
2 271.296 1. The governing body may, by resolution, dissolve
3 an improvement district that is created for the purposes of a
4 commercial area vitalization project if property owners whose
5 property is assessed for a combined total of more than 50 percent of
6 the total amount of the assessments of all the property in the
7 improvement district submit a written petition to the governing body
8 that requests the dissolution of the district within the period
9 prescribed in subsection 2.

10 2. The dissolution of an improvement district pursuant to this
11 section may be requested within 30 days after:

12 (a) The first anniversary of the date the improvement district
13 was created; and

14 (b) Each subsequent anniversary thereafter.

15 3. As soon as practicable after the receipt of the written petition
16 of the property owners submitted pursuant to subsection 1, the
17 governing body shall pass a resolution of intention to dissolve the
18 improvement district. The governing body shall give notice of a
19 hearing on the dissolution. The notice must be provided and the
20 hearing must be held ~~[pursuant to the requirements set forth in NRS~~
21 ~~271.377.] in the manner described in NRS 271.380 and 271.385~~
22 *for hearings for assessments.* If the governing body determines that
23 dissolution of the improvement district is appropriate, it shall
24 dissolve the improvement district by resolution, effective not earlier
25 than the 30th day after the hearing.

26 4. If there is indebtedness, outstanding and unpaid, incurred to
27 accomplish any of the purposes of the improvement district, the
28 portion of the assessment necessary to pay the indebtedness remains
29 effective and must be continued in the following years until the debt
30 is paid.

31 **Sec. 9.** NRS 271.297 is hereby amended to read as follows:

32 271.297 An association with which a governing body contracts
33 pursuant to NRS 271.332 may, at any time, request that the
34 governing body modify a plan or plat with regard to the commercial
35 area vitalization project. Upon the written request of the association,
36 the governing body may modify the plan or plat by ordinance after
37 holding a hearing on the proposed modification ~~[pursuant to NRS~~
38 ~~271.377.] in the manner described in NRS 271.380 and 271.385~~
39 *for hearings for assessments.* If the proposed modification of a plat
40 expands the territory for assessment, a person who owns or resides
41 within a tract which is located within the territory proposed to be
42 added to the improvement district and which is used exclusively for
43 residential purposes may file a protest pursuant to NRS 271.392 at
44 any time before the governing body modifies the plat by ordinance.



1 A petition is not required for a modification made pursuant to this
2 section.

3 **Sec. 10.** NRS 271.315 is hereby amended to read as follows:

4 271.315 1. Any person filing a written complaint, protest or
5 objection as provided in NRS 271.305 may, within 30 days after the
6 governing body has finally passed on the complaint, protest or
7 objection by resolution or ordinance as provided in subsection 2 of
8 NRS 271.310, commence an action or suit in any court of competent
9 jurisdiction to correct or set aside the determination, but thereafter
10 all actions or suits attacking the validity of the proceedings and the
11 amount of benefits are perpetually barred.

12 2. Any person who brings an action pursuant to this section
13 must plead with particularity and prove the facts upon which he
14 relies to establish:

15 (a) That the estimate of the benefits to be derived from the
16 project or the method used to apportion the cost of the project is
17 fraudulent, arbitrary or unsupported by substantial evidence; or

18 (b) That any provision of NRS 271.265 to 271.310, inclusive, or
19 271.800 *or section 3 of this act* has been violated.

20 Conclusory allegations of fact or law are insufficient to comply with
21 the requirements of this subsection.

22 3. In any action brought pursuant to this section, judicial
23 review of the proceedings is confined to the record before the
24 governing body. Evidence that has not been presented to the
25 governing body must not be considered by the court.

26 **Sec. 11.** NRS 271.332 is hereby amended to read as follows:

27 271.332 1. A governing body that forms an improvement
28 district for a commercial area vitalization project may contract with
29 a nonprofit association to provide the improvements that are
30 specified in the plans for the commercial area vitalization project. If
31 creation of the commercial improvement district was initiated by
32 petition, the governing body shall contract for that purpose with the
33 association named in the plan for management of the improvement
34 district.

35 2. An association with which a governing body contracts
36 pursuant to subsection 1 must be a private nonprofit corporation and
37 must be identified in the plan for management of the improvement
38 district. The association shall maintain liability insurance covering
39 its activities.

40 3. The contract between the governing body and the
41 association is a contract for professional services and is not subject
42 to the limitations of subsection 1 of NRS 354.626. The terms of the
43 contract may extend:

44 (a) Beyond the terms of office of members of the governing
45 body; and



1 (b) For the time necessary to cover the life of improvements and
2 to fulfill financial commitments for equipment, services and related
3 undertakings.

4 4. The association does not become a political subdivision,
5 local government, public body, governmental agency or entity,
6 establishment of the government, public corporation or quasi-public
7 corporation for any purpose solely on the basis of a contract entered
8 into with a governing body pursuant to subsection 1.

9 5. A contract executed pursuant to this section must ensure that
10 the type and level of services provided by the municipality at the
11 time of the creation of the improvement district continue after the
12 improvement district is formed.

13 ***6. An improvement district created for a commercial area***
14 ***vitalization project is not entitled to any distribution from the local***
15 ***government tax distribution account.***

16 **Sec. 12.** Section 6.5 of the Washoe County Taxes on Transient
17 Lodging Act, being chapter 334, Statutes of Nevada 2001, at page
18 1572, is hereby amended to read as follows:

19 **Sec. 6.5.** 1. The City Council of the City of Reno may
20 by ordinance create a local improvement district and levy
21 special assessments within that district to provide money to
22 acquire, establish, construct, expand, equip, improve, operate
23 and maintain capital improvement projects which have been
24 approved by the Truckee Meadows Tourism Facility and
25 Revitalization Steering Committee pursuant to subsection 2
26 of section 6 of this act. If the City Council creates a local
27 improvement district pursuant to this subsection:

28 (a) Except as otherwise provided in this section, the
29 creation of the local improvement district and the levying of
30 the special assessments within that district must be carried out
31 in the manner provided for a street beautification project in
32 chapter 271 of NRS; and

33 (b) The boundaries of the local improvement district must
34 be as prescribed by the City Council in the ordinance creating
35 the district, except that the boundaries must include only
36 property that is located in or within 4 city blocks, as
37 determined by the City Council, of a district described in
38 NRS 268.780 to 268.785, inclusive, in which a 1 percent tax
39 is imposed on the gross receipts from the rental of transient
40 lodging for railroad grade separation projects.

41 2. Any special assessments levied pursuant to this
42 section must be apportioned based on the special benefit
43 derived by the property being assessed from the capital
44 improvement project for which the assessment is being
45 levied. The City Council may use one or any combination of



1 the following methods that, in the determination of the City
2 Council, reflects most accurately the special benefits derived
3 by the property so assessed:

4 (a) A method by which the assessment or a portion
5 thereof is proportionate to the assessed value of the property
6 for purposes of ad valorem taxation, as that value may change
7 from year to year;

8 (b) A method by which the assessment or a portion
9 thereof is proportionate to the number of rooms for which the
10 owner of the property pays the tax on the rental of transient
11 lodging, as that number of rooms may change from year to
12 year;

13 (c) A method by which the assessment or a portion
14 thereof is proportionate to, or otherwise related to, the
15 distance of the property from the project for which the
16 assessment is being levied; or

17 (d) A method by which the assessment or a portion
18 thereof is proportionate to the gross or net square footage of
19 the property that is used for retail sales, gaming, transient
20 lodging or for any other purpose determined by the City
21 Council to be specially benefited by the project for which the
22 assessment is being levied, as that square footage may change
23 from year to year.

24 3. The City Council may determine that certain uses of
25 property will not be specially benefited by a capital
26 improvement project for which the local improvement district
27 is being created. If the City Council makes such a
28 determination, the City Council shall set forth in the
29 ordinance creating the local improvement district:

30 (a) The uses of property that the City Council has
31 determined will not be specially benefited by a capital
32 improvement project for which the local improvement district
33 is being created;

34 (b) A date in each year after the creation of the local
35 improvement district on which the City Council will
36 determine whether each property within the local
37 improvement district is being used, in whole or in part, for
38 such a specified nonbenefited use;

39 (c) Whether a property that is used in part for such a
40 specified nonbenefited use will be assessed and, if so,
41 whether and in what manner the assessment will be reduced
42 to reflect the specified nonbenefited use; and

43 (d) Any other matter that the City Council determines is
44 necessary or desirable in connection with the assessment of
45 properties based in whole or in part on the use of the



1 properties on the date in each year established pursuant to
2 paragraph (b).

3 4. The assessments set forth in the assessment roll with
4 regard to which a hearing is held pursuant to NRS 271.380
5 must reflect the adjustments, if any, made to assessments
6 based on the use of a property, in whole or in part, for one or
7 more of the nonbenefited uses specified in the ordinance
8 creating the local improvement district pursuant to subsection
9 3. In addition to the requirements of subsection 2 of NRS
10 271.380, the notice of hearing must state that:

11 (a) Any adjustment to the assessments based on the uses
12 made of certain properties as of the date specified pursuant to
13 paragraph (b) of subsection 3 are shown on the assessment
14 roll; and

15 (b) A person who objects to the assessment roll, an
16 adjustment to the assessment roll or any determination made
17 by the City Council in connection with the assessment roll or
18 an adjustment thereto must file an objection in writing in the
19 manner and within the period prescribed by paragraph (e) of
20 subsection 2 of NRS 271.380 and if he fails to do so, his
21 objection shall be deemed waived.

22 5. Notwithstanding the method or methods of
23 apportionment selected pursuant to subsection 2, the City
24 Council shall, if it determines that an equitable adjustment is
25 appropriate, make an equitable adjustment to an assessment
26 against an irregularly shaped property for which the selected
27 method or methods of apportionment do not result in an
28 assessment that is in proportion to the special benefit that the
29 property derives from the project for which the assessment is
30 being levied.

31 6. An assessment apportioned pursuant to the method
32 described in paragraph (a) of subsection 2 must not be
33 considered a property tax for the purpose of any limitation on
34 the rate of property taxation.

35 7. The following determinations made by the City
36 Council are conclusive in the absence of fraud or a gross
37 abuse of discretion:

38 (a) The boundaries of the local improvement district, the
39 specification of uses of properties that are not specially
40 benefited by a capital improvement project for which the
41 assessments are being levied, the method or methods of
42 apportioning the assessments and the special benefits to be
43 derived from the project by the properties being assessed, as
44 made after a hearing on the provisional order for the local
45 improvement district as provided in chapter 271 of NRS; and



1 (b) The apportionment of the assessments against
2 properties in the local improvement district in each year after
3 the creation of the local improvement district, whether or not
4 a property is being used, in whole or in part, for a use that is
5 specified in the ordinance creating the local improvement
6 district as a use which is not specially benefited by the capital
7 improvement project for which the assessments are being
8 levied and any other matter concerning the amounts of the
9 assessments against properties, as made after the hearing held
10 on the assessments in the manner provided in NRS ~~271.378.~~
11 **271.380 and 271.385.**
12 **Sec. 13.** NRS 271.369, 271.3695, 271.377 and 271.378 are
13 hereby repealed.

LEADLINES OF REPEALED SECTIONS

271.369 Transportation project: Estimate of expenditures to maintain, operate, improve and repair project; assessment; use of proceeds.

271.3695 Special assessment for extraordinary maintenance, repair and improvement of project located in redevelopment area in certain counties.

271.377 Estimate of expenditures and proposed assessment roll for commercial area vitalization projects; public hearing required; levy of assessments; limit on distribution from local government tax distribution account.

271.378 Estimate of expenditures and proposed assessment roll for street beautification projects; public hearing required; confirmation of assessments; installment payments authorized.

