

SENATE BILL NO. 447—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE TREASURER)

MARCH 24, 2003

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to governmental financial administration. (BDR 31-302)

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

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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 governmental financial administration; revising provisions relating to the securities in which local governments may invest; providing for expanded oversight by the State Treasurer concerning the collateral that must be maintained by financial institutions to secure certain deposits of public money made by state and local governmental entities; making various other changes concerning the duties of the State Treasurer; revising the limitation on the total amount of revenue that may be paid to a redevelopment agency in certain smaller municipalities; providing civil penalties; 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.** NRS 355.170 is hereby amended to read as follows:
2 355.170 1. Except as otherwise provided in this section, NRS
3 354.750 and 355.171, ~~fa board of county commissioners, a board of~~
4 ~~trustees of a county school district or~~ the governing body of ~~an~~
5 ~~incorporated city~~ *a local government* may purchase for investment
6 the following securities and no others:



- 1 (a) Bonds and debentures of the United States, the maturity
2 dates of which do not extend more than 10 years after the date of
3 purchase.
- 4 (b) Farm loan bonds, consolidated farm loan bonds, debentures,
5 consolidated debentures and other obligations issued by federal land
6 banks and federal intermediate credit banks under the authority of
7 the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012,
8 inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act
9 of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds,
10 debentures, consolidated debentures and other obligations issued by
11 banks for cooperatives under the authority of the Farm Credit Act of
12 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm
13 Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.
- 14 (c) Bills and notes of the United States Treasury, the maturity
15 date of which is not more than 10 years after the date of purchase.
- 16 (d) Obligations of an agency or instrumentality of the United
17 States of America or a corporation sponsored by the government,
18 the maturity date of which is not more than 10 years after the date of
19 purchase.
- 20 (e) Negotiable certificates of deposit issued by commercial
21 banks, insured credit unions or savings and loan associations.
- 22 (f) Securities which have been expressly authorized as
23 investments for local governments ~~for agencies, as defined in NRS~~
24 ~~354.474.]~~ by any provision of Nevada Revised Statutes or by any
25 special law.
- 26 (g) Nonnegotiable certificates of deposit issued by insured
27 commercial banks, insured credit unions or insured savings and loan
28 associations, except certificates that are not within the limits of
29 insurance provided by an instrumentality of the United States,
30 unless those certificates are collateralized in the same manner as is
31 required for uninsured deposits by a county treasurer pursuant to
32 NRS 356.133. For the purposes of this paragraph, any reference in
33 NRS 356.133 to a "county treasurer" or "board of county
34 commissioners" shall be deemed to refer to the appropriate financial
35 officer or governing body of the ~~county, school district or city]~~
36 *local government* purchasing the certificates.
- 37 (h) Subject to the limitations contained in NRS 355.177,
38 negotiable notes or medium-term obligations issued by local
39 governments of the State of Nevada pursuant to NRS 350.087 to
40 350.095, inclusive.
- 41 (i) Bankers' acceptances of the kind and maturities made
42 eligible by law for rediscount with Federal Reserve Banks, and
43 generally accepted by banks or trust companies which are members
44 of the Federal Reserve System. Eligible bankers' acceptances may
45 not exceed 180 days' maturity. Purchases of bankers' acceptances



1 may not exceed 20 percent of the money available to a local
2 government for investment as determined on the date of purchase.

3 (j) Obligations of state and local governments if:

4 (1) The interest on the obligation is exempt from gross
5 income for federal income tax purposes; and

6 (2) The obligation has been rated "A" or higher by one or
7 more nationally recognized bond credit rating agencies.

8 (k) Commercial paper issued by a corporation organized and
9 operating in the United States or by a depository institution licensed
10 by the United States or any state and operating in the United States
11 that:

12 (1) Is purchased from a registered broker-dealer;

13 (2) At the time of purchase has a remaining term to maturity
14 of no more than 270 days; and

15 (3) Is rated by a nationally recognized rating service as
16 "A-1," "P-1" or its equivalent, or better,

17 except that investments pursuant to this paragraph may not, in
18 aggregate value, exceed 20 percent of the total portfolio as
19 determined on the date of purchase, and if the rating of an obligation
20 is reduced to a level that does not meet the requirements of this
21 paragraph, it must be sold as soon as possible.

22 (l) Money market mutual funds which:

23 (1) Are registered with the Securities and Exchange
24 Commission;

25 (2) Are rated by a nationally recognized rating service as
26 "AAA" or its equivalent; and

27 (3) Invest only in:

28 (I) Securities issued by the Federal Government or
29 agencies of the Federal Government;

30 (II) Master notes, bank notes or other short-term
31 commercial paper rated by a nationally recognized rating service as
32 "A-1," "P-1" or its equivalent, or better, issued by a corporation
33 organized and operating in the United States or by a depository
34 institution licensed by the United States or any state and operating in
35 the United States; or

36 (III) Repurchase agreements that are fully collateralized
37 by the obligations described in sub-subparagraphs (I) and (II).

38 (m) Obligations of the Federal Agricultural Mortgage
39 Corporation.

40 2. Repurchase agreements are proper and lawful investments of
41 money of a ~~board of county commissioners, a board of trustees of a~~
42 ~~county school district or a~~ governing body of ~~[an incorporated city]~~
43 *a local government* for the purchase or sale of securities which are
44 negotiable and of the types listed in subsection 1 if made in
45 accordance with the following conditions:



- 1 (a) The ~~{board of county commissioners, the board of trustees of~~
2 ~~the school district or the~~ governing body of the {city} *local*
3 *government* shall designate in advance and thereafter maintain a list
4 of qualified counterparties which:
- 5 (1) Regularly provide audited and, if available, unaudited
6 financial statements;
- 7 (2) The ~~{board of county commissioners, the board of~~
8 ~~trustees of the school district or the~~ governing body of the {city}
9 *local government* has determined to have adequate capitalization
10 and earnings and appropriate assets to be highly creditworthy; and
- 11 (3) Have executed a written master repurchase agreement in
12 a form satisfactory to the ~~{board of county commissioners, the board~~
13 ~~of trustees of the school district or the~~ governing body of the {city}
14 *local government* pursuant to which all repurchase agreements are
15 entered into. The master repurchase agreement must require the
16 prompt delivery to the ~~{board of county commissioners, the board of~~
17 ~~trustees of the school district or the~~ governing body of the {city}
18 *local government* and the appointed custodian of written
19 confirmations of all transactions conducted thereunder, and must be
20 developed giving consideration to the Federal Bankruptcy Act.
- 21 (b) In all repurchase agreements:
- 22 (1) At or before the time money to pay the purchase price is
23 transferred, title to the purchased securities must be recorded in the
24 name of the appointed custodian, or the purchased securities must be
25 delivered with all appropriate, executed transfer instruments by
26 physical delivery to the custodian;
- 27 (2) The ~~{board of county commissioners, the board of~~
28 ~~trustees of the school district or the~~ governing body of the {city}
29 *local government* must enter a written contract with the custodian
30 appointed pursuant to subparagraph (1) which requires the custodian
31 to:
- 32 (I) Disburse cash for repurchase agreements only upon
33 receipt of the underlying securities;
- 34 (II) Notify the ~~{board of county commissioners, the board~~
35 ~~of trustees of the school district or the~~ governing body of the {city}
36 *local government* when the securities are marked to the market if
37 the required margin on the agreement is not maintained;
- 38 (III) Hold the securities separate from the assets of the
39 custodian; and
- 40 (IV) Report periodically to the ~~{board of county~~
41 ~~commissioners, the board of trustees of the school district or the~~
42 governing body of the {city} *local government* concerning the
43 market value of the securities;
- 44 (3) The market value of the purchased securities must exceed
45 102 percent of the repurchase price to be paid by the counterparty



1 and the value of the purchased securities must be marked to the
2 market weekly;

3 (4) The date on which the securities are to be repurchased
4 must not be more than 90 days after the date of purchase; and

5 (5) The purchased securities must not have a term to maturity
6 at the time of purchase in excess of 10 years.

7 3. The securities described in paragraphs (a), (b) and (c) of
8 subsection 1 and the repurchase agreements described in subsection
9 2 may be purchased when, in the opinion of the ~~[board of county~~
10 ~~commissioners, the board of trustees of a county school district or~~
11 ~~the]~~ governing body of the ~~[city.]~~ **local government**, there is
12 sufficient money in any fund of the ~~[county, the school district or~~
13 ~~city]~~ **local government** to purchase those securities and the purchase
14 will not result in the impairment of the fund for the purposes for
15 which it was created.

16 4. When the ~~[board of county commissioners, the board of~~
17 ~~trustees of a county school district or the]~~ governing body of the
18 ~~[city]~~ **local government** has determined that there is available
19 money in any fund or funds for the purchase of bonds as set out in
20 subsection 1 or 2, those purchases may be made and the bonds paid
21 for out of any one or more of the funds, but the bonds must be
22 credited to the funds in the amounts purchased, and the money
23 received from the redemption of the bonds, as and when redeemed,
24 must go back into the fund or funds from which the purchase money
25 was taken originally.

26 5. Any interest earned on money invested pursuant to
27 subsection 3, may, at the discretion of the ~~[board of county~~
28 ~~commissioners, the board of trustees of a county school district or~~
29 ~~the]~~ governing body of the ~~[city.]~~ **local government**, be credited to
30 the fund from which the principal was taken or to the general fund
31 of the ~~[county, school district or incorporated city.]~~ **local**
32 **government**.

33 6. The ~~[board of county commissioners, the board of trustees of~~
34 ~~a county school district or the]~~ governing body of ~~[an incorporated~~
35 ~~city]~~ **a local government** may invest any money apportioned into
36 funds and not invested pursuant to subsection 3 and any money not
37 apportioned into funds in bills and notes of the United States
38 Treasury, the maturity date of which is not more than 1 year after
39 the date of investment. These investments must be considered as
40 cash for accounting purposes, and all the interest earned on them
41 must be credited to the general fund of the ~~[county, school district or~~
42 ~~incorporated city.]~~ **local government**.

43 7. This section does not authorize the investment of money
44 administered pursuant to a contract, debenture agreement or grant in



1 a manner not authorized by the terms of the contract, agreement or
2 grant.

3 8. As used in this section:

4 (a) "Counterparty" means a bank organized and operating or
5 licensed to operate in the United States pursuant to federal or state
6 law or a securities dealer which is:

- 7 (1) A registered broker-dealer;
- 8 (2) Designated by the Federal Reserve Bank of New York as
9 a "primary" dealer in United States government securities; and
- 10 (3) In full compliance with all applicable capital
11 requirements.

12 (b) *"Local government" has the meaning ascribed to it in*
13 *NRS 354.474.*

14 (c) "Repurchase agreement" means a purchase of securities by
15 ~~[a board of county commissioners, the board of trustees of a county~~
16 ~~school district or]~~ the governing body of ~~[an incorporated city]~~ *a*
17 *local government* from a counterparty which commits to repurchase
18 those securities or securities of the same issuer, description, issue
19 date and maturity on or before a specified date for a specified price.

20 **Sec. 2.** NRS 355.175 is hereby amended to read as follows:

21 355.175 1. The governing body of any local government or
22 agency, whether or not it is included in the provisions of chapter 354
23 of NRS, may:

24 (a) Direct its treasurer or other appropriate officer to invest its
25 money or any part thereof in any investment which is lawful for a
26 ~~[county, a school district or incorporated city]~~ *local government*
27 pursuant to NRS 355.170; or

28 (b) Allow a county treasurer to make such investments through a
29 pool as provided in NRS 355.168.

30 2. In case of conflict, any order made pursuant to paragraph (a)
31 of subsection 1 takes precedence over any other order concerning
32 the same money or funds pursuant to subsection 5 of NRS 355.170.

33 3. Any interest earned from investments made pursuant to this
34 section must be credited, at the discretion of the local governing
35 unit, to any fund under its control, but the designation of the fund
36 must be made at the time of investment of the principal.

37 **Sec. 3.** Chapter 356 of NRS is hereby amended by adding
38 thereto the provisions set forth as sections 4 to 13, inclusive, of this
39 act.

40 **Sec. 4.** *As used in sections 4 to 13, inclusive, of this act,*
41 *unless the context otherwise requires, the words and terms defined*
42 *in sections 5 to 8, inclusive, of this act have the meanings ascribed*
43 *to them in those sections.*

44 **Sec. 5.** *"Depository" means an insured state or national*
45 *bank, insured savings and loan association, or insured credit*



1 *union in this state in which public money is held on deposit. The*
2 *term does not include a third-party depository.*

3 **Sec. 6.** *“Local government” has the meaning ascribed to it in*
4 *NRS 354.474.*

5 **Sec. 7.** *“Public money” means money deposited with a*
6 *depository by the State or a local government.*

7 **Sec. 8.** *“Third-party depository” means a trust company or*
8 *trust department of a state, national or federal reserve district*
9 *bank which is authorized to hold securities on behalf of a*
10 *depository for the benefit of the State Treasurer.*

11 **Sec. 9.** *The State Treasurer shall establish a program for the*
12 *monitoring of collateral maintained by depositories.*

13 **Sec. 10. 1.** *The program established pursuant to section 9*
14 *of this act must provide that:*

15 *(a) Each depository is required to maintain as collateral*
16 *acceptable securities having a fair market value that is at least 102*
17 *percent of the amount of the uninsured balances of the public*
18 *money held by the depository;*

19 *(b) A depository may satisfy the requirement set forth in*
20 *paragraph (a) by arranging for a third-party depository to hold*
21 *securities on behalf of the depository for the benefit of the State*
22 *Treasurer;*

23 *(c) No depository may, at any one time, hold public money in*
24 *an amount exceeding the total equity of the depository, as reflected*
25 *on the financial statement of the depository;*

26 *(d) Each depository is required to submit to the State*
27 *Treasurer, in the form and manner prescribed by the State*
28 *Treasurer, the following reports:*

29 *(1) A daily report of the total amount of public money held*
30 *by the depository;*

31 *(2) A weekly summary report of the total fair market value*
32 *of securities held by a third-party depository on behalf of the*
33 *depository;*

34 *(3) A monthly report setting forth a list of acceptable*
35 *securities, including, without limitation, the fair market value of*
36 *those securities, held by the depository or held by any third-party*
37 *depository on behalf of the depository; and*

38 *(4) A current annual report containing the financial*
39 *statement of the depository; and*

40 *(e) The State Treasurer may impose an administrative fine not*
41 *to exceed:*

42 *(1) One hundred dollars per day against a depository that*
43 *fails to submit in a timely manner a report described in paragraph*
44 *(d); and*



1 (2) *Two hundred fifty dollars per day against a depository*
2 *that fails to maintain collateral as described in paragraph (a).*

3 2. *As used in this section, "acceptable securities" means the*
4 *securities described in:*

5 (a) *Subsection 1 of NRS 356.020; and*

6 (b) *Subsection 1 of NRS 356.133.*

7 **Sec. 11.** *1. Once each fiscal year the State Treasurer shall*
8 *levy a pro rata assessment against each depository that held public*
9 *money at any time during the immediately preceding fiscal year.*

10 2. *The amount of the assessment levied pursuant to*
11 *subsection 1 must be based on the average weekly deposits of*
12 *public money held by a depository.*

13 3. *The State Treasurer shall provide to each depository a*
14 *notice setting forth:*

15 (a) *The amount of the assessment levied against the depository*
16 *pursuant to subsection 1; and*

17 (b) *The provisions of section 12 of this act.*

18 **Sec. 12.** *1. A depository shall, within 45 days after the date*
19 *on which the depository received the notice provided pursuant to*
20 *subsection 3 of section 11 of this act, remit to the State Treasurer*
21 *the amount of the assessment levied against the depository.*

22 2. *The State Treasurer may impose an administrative fine not*
23 *exceeding \$500 per day against a depository that fails to comply*
24 *with the provisions of subsection 1.*

25 **Sec. 13.** *The State Treasurer shall adopt such regulations as*
26 *he determines are necessary to carry out the provisions of sections*
27 *4 to 13, inclusive, of this act.*

28 **Sec. 14.** *NRS 356.020 is hereby amended to read as follows:*

29 356.020 1. *All money deposited by the State Treasurer which*
30 *is not within the limits of insurance provided by an instrumentality*
31 *of the United States must be secured by collateral composed of the*
32 *following types of securities:*

33 (a) *United States treasury notes, bills, bonds or obligations as to*
34 *which the full faith and credit of the United States are pledged for*
35 *the payment of principal and interest, including the guaranteed*
36 *portions of Small Business Administration loans if the full faith and*
37 *credit of the United States is pledged for the payment of the*
38 *principal and interest;*

39 (b) *Bonds of this state;*

40 (c) *Bonds of any county, municipality or school district within*
41 *this state;*

42 (d) *Promissory notes secured by first mortgages or first deeds of*
43 *trust which meet the requirements of NRS 356.025;*

44 (e) *Mortgage-backed pass-through securities guaranteed by the*
45 *Federal National Mortgage Association, the Federal Home Loan*



1 Mortgage Corporation or the Government National Mortgage
2 Association;

3 (f) Collateralized mortgage obligations or real estate mortgage
4 investment conduits that are rated "AAA," "Aaa" or its equivalent
5 by a nationally recognized rating service; ~~for~~

6 (g) Instruments in which the State is permitted by NRS 355.140
7 to invest ~~for~~; or

8 *(h) Irrevocable letters of credit from any Federal Home Loan
9 Bank with the State Treasurer named as the beneficiary.*

10 2. Collateral deposited by the depository bank, credit union or
11 savings and loan association must be pledged with the State
12 Treasurer or with any Federal Home Loan Bank, any bank or any
13 insured credit union or savings and loan association, other than the
14 depository bank, credit union or savings and loan association, which
15 will accept the securities in trust for the purposes of this section.

16 3. The fair market value of the deposit of securities as
17 collateral by each depository bank, credit union or savings and loan
18 association must be at least the amount ~~[of the State Treasurer's
19 deposit with the depository bank, credit union or association.]~~
20 *required pursuant to sections 4 to 13, inclusive, of this act.* The fair
21 market value of any collateral consisting of promissory notes with
22 first mortgages or first deeds of trust shall be deemed to be 75
23 percent of the unpaid principal of the notes.

24 4. All securities to be used as such collateral are subject to
25 review by the State Treasurer . ~~[and the State Board of Finance.]~~
26 The depository bank, credit union or savings and loan association
27 shall submit ~~[monthly]~~ reports to the State Treasurer ~~[showing the
28 securities which constitute the collateral and their fair market value.]~~
29 *as required pursuant to sections 4 to 13, inclusive, of this act.*

30 5. The State Treasurer ~~[or the State Board of Finance]~~ may,
31 from time to time, require the deposit of additional securities as
32 collateral if, in their judgment, the additional securities are
33 necessary to secure the State Treasurer's deposit.

34 **Sec. 15.** NRS 356.133 is hereby amended to read as follows:

35 356.133 1. All money deposited by a county treasurer that is
36 not within the limits of insurance provided by an instrumentality of
37 the United States must be secured by collateral composed of the
38 following types of securities:

39 (a) United States treasury notes, bills, bonds or obligations as to
40 which the full faith and credit of the United States are pledged for
41 the payment of principal and interest, including the guaranteed
42 portions of Small Business Administration loans if the full faith and
43 credit of the United States is pledged for the payment of the
44 principal and interest;

45 (b) Bonds of this state;



1 (c) Bonds of a county, municipality or school district within this
2 state;

3 (d) Mortgage-backed pass-through securities guaranteed by the
4 Federal National Mortgage Association, the Federal Home Loan
5 Mortgage Corporation or the Government National Mortgage
6 Association; ~~for~~

7 (e) Instruments in which the county is authorized by NRS
8 355.170 to invest ~~it~~; or

9 *(f) Irrevocable letters of credit from any Federal Home Loan
10 Bank with the State Treasurer named as the beneficiary.*

11 2. Collateral deposited by the depository bank, credit union or
12 savings and loan association must be pledged with the county
13 treasurer or with a Federal Home Loan Bank, or any insured bank,
14 insured credit union or insured savings and loan association, other
15 than the depository bank, credit union or savings and loan
16 association, which will accept the securities in trust for the purposes
17 of this section.

18 3. The fair market value of the deposit of securities as
19 collateral by each depository bank, credit union or savings and loan
20 association must be at least ~~102 percent of~~ the amount ~~of the~~
21 ~~county treasurer's deposit with the depository bank, credit union or~~
22 ~~association.]~~ *required pursuant to sections 4 to 13, inclusive, of*
23 *this act.*

24 4. All securities to be used as such collateral are subject to
25 review by the county treasurer and the board of county
26 commissioners. The depository bank, credit union or savings and
27 loan association shall submit ~~monthly~~ reports to the ~~county~~
28 ~~treasurer showing the securities which constitute the collateral and~~
29 ~~their fair market value.]~~ *State Treasurer as required pursuant to*
30 *sections 4 to 13, inclusive, of this act. The State Treasurer will*
31 *provide periodic reports to the county treasurer showing the*
32 *securities which constitute the collateral and their fair market*
33 *value.*

34 5. The county treasurer or the board of county commissioners
35 may, from time to time, require the deposit of additional securities
36 as collateral if, in their judgment, the additional securities are
37 necessary to secure the county treasurer's deposit.

38 **Sec. 15.5.** NRS 279.676 is hereby amended to read as follows:

39 279.676 1. Any redevelopment plan may contain a provision
40 that taxes, if any, levied upon taxable property in the redevelopment
41 area each year by or for the benefit of the State, any city, county,
42 district or other public corporation, after the effective date of the
43 ordinance approving the redevelopment plan, must be divided as
44 follows:



1 (a) That portion of the taxes which would be produced by the
2 rate upon which the tax is levied each year by or for each of
3 the taxing agencies upon the total sum of the assessed value of the
4 taxable property in the redevelopment area as shown upon the
5 assessment roll used in connection with the taxation of the property
6 by the taxing agency, last equalized before the effective date of the
7 ordinance, must be allocated to and when collected must be paid
8 into the funds of the respective taxing agencies as taxes by or for
9 such taxing agencies on all other property are paid. To allocate taxes
10 levied by or for any taxing agency or agencies which did not include
11 the territory in a redevelopment area on the effective date of the
12 ordinance but to which the territory has been annexed or otherwise
13 included after the effective date, the assessment roll of the county
14 last equalized on the effective date of the ordinance must be used in
15 determining the assessed valuation of the taxable property in the
16 redevelopment area on the effective date. If property which was
17 shown on the assessment roll used to determine the amount of taxes
18 allocated to the taxing agencies is transferred to the State and
19 becomes exempt from taxation, the assessed valuation of the exempt
20 property as shown on that assessment roll must be subtracted from
21 the assessed valuation used to determine the amount of revenue
22 allocated to the taxing agencies.

23 (b) Except as otherwise provided in paragraphs (c) and (d) and
24 NRS 540A.265, that portion of the levied taxes each year in excess
25 of the amount set forth in paragraph (a) must be allocated to and
26 when collected must be paid into a special fund of the
27 redevelopment agency to pay the costs of redevelopment and to pay
28 the principal of and interest on loans, money advanced to, or
29 indebtedness, whether funded, refunded, assumed, or otherwise,
30 incurred by the redevelopment agency to finance or refinance, in
31 whole or in part, redevelopment. Unless the total assessed valuation
32 of the taxable property in a redevelopment area exceeds the total
33 assessed value of the taxable property in the redevelopment area as
34 shown by the last equalized assessment roll referred to in paragraph
35 (a), all of the taxes levied and collected upon the taxable property in
36 the redevelopment area must be paid into the funds of the respective
37 taxing agencies. When the redevelopment plan is terminated
38 pursuant to the provisions of NRS 279.438 and 279.439 and all
39 loans, advances and indebtedness, if any, and interest thereon, have
40 been paid, all money thereafter received from taxes upon the taxable
41 property in the redevelopment area must be paid into the funds of
42 the respective taxing agencies as taxes on all other property are paid.

43 (c) That portion of the taxes in excess of the amount set forth in
44 paragraph (a) that is attributable to a tax rate levied by a taxing
45 agency to produce revenues in an amount sufficient to make annual



1 repayments of the principal of, and the interest on, any bonded
2 indebtedness that was approved by the voters of the taxing agency
3 on or after November 5, 1996, must be allocated to and when
4 collected must be paid into the debt service fund of that taxing
5 agency.

6 (d) That portion of the taxes in excess of the amount set forth in
7 paragraph (a) that is attributable to a new or increased tax rate levied
8 by a taxing agency and was approved by the voters of the taxing
9 agency on or after November 5, 1996, must be allocated to and
10 when collected must be paid into the appropriate fund of the taxing
11 agency.

12 2. Except as otherwise provided in subsection 3, in any fiscal
13 year, the total revenue paid to a redevelopment agency must not
14 exceed:

15 (a) In a municipality whose population is 100,000 or more, an
16 amount equal to the combined tax rates of the taxing agencies for
17 that fiscal year multiplied by 10 percent of the total assessed
18 valuation of the municipality.

19 (b) In a municipality whose population is *25,000 or more but*
20 *less than 100,000*, an amount equal to the combined tax rates of the
21 taxing agencies for that fiscal year multiplied by 15 percent of the
22 total assessed valuation of the municipality.

23 (c) *In a municipality whose population is less than 25,000, an*
24 *amount equal to the combined tax rates of the taxing agencies for*
25 *that fiscal year multiplied by 20 percent of the total assessed*
26 *valuation of the municipality.*

27 If the revenue paid to a redevelopment agency must be limited
28 pursuant to paragraph (a) , ~~(b)~~ (b) *or (c)* and the redevelopment
29 agency has more than one redevelopment area, the redevelopment
30 agency shall determine the allocation to each area. Any revenue
31 which would be allocated to a redevelopment agency but for the
32 provisions of this section must be paid into the funds of the
33 respective taxing agencies.

34 3. The taxing agencies shall continue to pay to a
35 redevelopment agency any amount which was being paid before
36 July 1, 1987, and in anticipation of which the agency became
37 obligated before July 1, 1987, to repay any bond, loan, money
38 advanced or any other indebtedness, whether funded, refunded,
39 assumed or otherwise incurred.

40 4. For the purposes of this section, the assessment roll last
41 equalized before the effective date of the ordinance approving the
42 redevelopment plan is the assessment roll in existence on March 15
43 immediately preceding the effective date of the ordinance.



1 **Sec. 16.** NRS 349.950 is hereby amended to read as follows:

2 349.950 1. The Director may, to pay the cost of any water
3 project, borrow money or otherwise become obligated, and may
4 provide evidence of those obligations by issuing, except as
5 otherwise provided in this subsection, state securities or revenue
6 bonds. If the obligor is not a governmental entity, the Director shall
7 issue only revenue bonds to fulfill the obligation.

8 2. ~~[State]~~ *Except as otherwise provided in this subsection,*
9 *state* obligations may be outstanding pursuant to this section in an
10 aggregate principal amount of not more than \$200,000,000. *No state*
11 *obligations, other than refunding obligations, may be issued*
12 *pursuant to this section after July 1, 2003.*

13 3. State securities must be payable from taxes and may be
14 additionally secured by all or any designated revenues from one or
15 more water projects. Any governmental entity statutorily authorized
16 to levy taxes for the payment of bonded indebtedness may use the
17 proceeds of those taxes to pay the principal of, interest on and
18 redemption premiums due in connection with state securities issued
19 pursuant to this section. Any such state securities may be issued
20 without an election or other preliminaries. No state securities may
21 be issued to refund any municipal securities issued to finance a
22 water project before July 1, 1987.

23 4. Provisions of NRS 349.150 to 349.364, inclusive, which are
24 not inconsistent with the provisions of NRS 349.935 to 349.961,
25 inclusive, apply to the issuance of state securities under this section.
26 Provisions of NRS 349.400 to 349.670, inclusive, which are not
27 inconsistent with the provisions of NRS 349.935 to 349.961,
28 inclusive, apply to the issuance of revenue bonds under this section.

29 5. The Legislature finds and declares that the issuance of state
30 securities pursuant to NRS 349.935 to 349.961, inclusive, is
31 necessary for the protection and preservation of the natural
32 resources of this state and for the purpose of obtaining the benefits
33 thereof, and constitutes an exercise of the authority conferred by the
34 second paragraph of Section 3 of Article 9 of the Constitution of the
35 State of Nevada.

36 **Sec. 17.** Section 2 of chapter 478, Statutes of Nevada 1983, as
37 amended by chapter 785, Statutes of Nevada 1989, at page 1866, is
38 hereby amended to read as follows:

39 Sec. 2. ~~[After]~~
40 1. *Except as otherwise provided in subsection 2, after*
41 any of the agreements described in section 1 of this act have
42 been entered into, the state board of examiners shall issue
43 general obligation bonds of the State of Nevada to provide the
44 money necessary to pay the state's share of costs associated
45 with projects authorized pursuant to section 1 of this act for



1 the conservation, distribution and acquisition of water
2 associated with the Truckee River, the Carson River, the
3 Lahontan Valley Wetlands and the Newlands Federal
4 Reclamation Project, but not more than \$8,000,000 in face
5 amount. The bonds may be issued at one time or from time to
6 time.

7 *2. No bonds, other than refunding bonds, may be*
8 *issued pursuant to this section after July 1, 2003.*

9 **Sec. 18.** Section 4 of chapter 78, Statutes of Nevada 1993, at
10 page 124, is hereby amended to read as follows:

11 Sec. 4. 1. Subject to the limitations as to the
12 maximum principal amount in section 2 of this act, the
13 commission may in accordance with the provisions of
14 the State Securities Law issue revenue bonds and other
15 securities constituting special obligations and payable from
16 net pledged revenues, to defray the cost of the system, or any
17 part thereof, at any time or from time to time after the
18 adoption of this act, but not later than ~~{15 years after the~~
19 ~~effective date thereof, as the commission deems appropriate.}~~
20 *July 1, 2003.*

21 2. This act does not prevent the commission from
22 funding, refunding or reissuing any outstanding state
23 securities issued by the commission or the former division of
24 Colorado River resources at any time as provided in the State
25 Securities Law.

26 3. Subject to contractual obligations, the net revenues
27 pledged for the payment of state securities by the commission
28 may be derived from contractual commitments of the Federal
29 Government, of those customers of the commission or of
30 others utilizing the system to repay the commission's cost of
31 retiring the state securities, including interest thereon, as the
32 commission may determine.

33 **Sec. 19.** Chapter 627, Statutes of Nevada 1995, at page 2379,
34 is hereby amended to read as follows:

35 Section 1. *1.* The department of information services
36 may enter into contracts for the purchase of equipment to
37 upgrade the mainframe of the computer. ~~{The}~~ *Except as*
38 *otherwise provided in subsection 2, the* contracts may
39 include installment purchase agreements for the equipment
40 which constitute a total debt of the State of Nevada in an
41 amount determined by the state board of examiners not
42 exceeding \$5,000,000. Money for the payment of the debt
43 incurred pursuant to this section will be provided for in the
44 annual tax imposed for the payment of the obligations of the
45 State of Nevada from the consolidated bond interest and



1 redemption fund or by other legislative act. The provisions of
2 NRS 349.238 to 349.248, inclusive, apply to payment of the
3 debt. Interest on the debt must be paid at least semiannually
4 and the principal must be paid within 20 years after the date
5 of passage of this act.

6 *2. No installment purchase agreement authorized*
7 *pursuant to subsection 1 may be entered into after July 1,*
8 *2003, other than an installment purchase agreement entered*
9 *into for the purpose of refunding outstanding obligations.*

10 **Sec. 20.** Section 4 of chapter 656, Statutes of Nevada 1995, at
11 page 2530, is hereby amended to read as follows:

12 Sec. 4. 1. The director of the department of prisons
13 shall, to the extent of legislative appropriations and
14 authorizations, enter into a contract in accordance with the
15 provisions of chapter 573, Statutes of Nevada 1991, at page
16 1893, for the construction and operation of a new correctional
17 facility for women in southern Nevada. ~~[[The]~~ *Except as*
18 *otherwise provided in subsection 2, the* contract may include
19 an assignable lease or installment purchase agreement for the
20 facility which constitutes a debt of the State of Nevada in an
21 amount determined by the state board of examiners not
22 exceeding \$44,000,000. Money for the payment of the debt
23 incurred pursuant to this section will be provided for in the
24 annual tax imposed for the payment of the obligations of the
25 State of Nevada from the consolidated bond interest and
26 redemption fund or by other legislative act. The provisions of
27 NRS 349.238 to 349.248, inclusive, apply to payment of the
28 debt. Interest on the debt must be paid at least semiannually
29 and the principal must be paid within 20 years after the date
30 of passage of this act.

31 *2. No lease or installment purchase agreement*
32 *authorized pursuant to subsection 1 may be entered into*
33 *after July 1, 2003, other than a lease or installment*
34 *purchase agreement entered into for the purpose of*
35 *refunding outstanding obligations.*

36 *3.* Except for debt incurred as provided in subsection 1,
37 all payments of money required by the contract authorized by
38 subsection 1 must be subject to biennial appropriation by the
39 legislature and must not be due and payable unless an
40 appropriation is made.

41 **Sec. 21.** Section 7 of chapter 563, Statutes of Nevada 1997, at
42 page 2738, is hereby amended to read as follows:

43 Sec. 7. 1. The director may, to the extent of legislative
44 appropriations and authorizations, enter into a single contract
45 to finance, acquire and construct the facility. The contract



1 may include a provision that requires the contractor to
2 provide correctional services for the facility. The provisions
3 of this subsection do not prohibit the department or any other
4 state agency from providing correctional services for the
5 facility.

6 2. ~~【The】~~ *Except as otherwise provided in this*
7 *subsection, the* contract may include an assignable lease or
8 installment purchase agreement for the facility. The lease or
9 agreement constitutes a debt of the State of Nevada in an
10 amount determined by the state board of examiners not
11 exceeding \$20,000,000. *No lease or installment purchase*
12 *agreement authorized pursuant to this subsection may be*
13 *entered into after July 1, 2003, other than a lease or*
14 *installment purchase agreement entered into for the*
15 *purpose of refunding outstanding obligations.*

16 3. Money for the payment of the debt incurred pursuant
17 to this section will be provided for in the annual tax imposed
18 for the payment of the obligations of the State of Nevada
19 from the consolidated bond interest and redemption fund or
20 by other legislative act. The provisions of NRS 349.238 to
21 349.248, inclusive, apply to the payment of the debt. Any
22 interest on the debt must be paid at least semiannually and the
23 principal must be paid within 20 years after the date the
24 contract is approved by the state board of examiners.

25 4. Except for debt incurred as provided in subsection 1,
26 all payments of money required by the contract authorized
27 pursuant to the provisions of subsection 1 must be subject to
28 biennial appropriation by the legislature and must not be due
29 and payable unless an appropriation is made.

30 5. The department may request that proposals for
31 correctional services be submitted and must specify the
32 requirements for the proposal.

33 6. A proposal submitted to the department must:

- 34 (a) Meet the requirements specified in the request; and
- 35 (b) Set a fixed price for the services offered.

36 7. The contract to finance, acquire and construct the
37 facility is exempt from the provisions relating to bids set forth
38 in NRS 341.145 to 341.151, inclusive.

39 **Sec. 22.** This act becomes effective on July 1, 2003.

