

SENATE BILL NO. 452—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 24, 2003

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing enterprise funds for building permit fees. (BDR 31-838)

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 governments; revising the provisions governing enterprise funds for building permit fees; 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 354.59891 is hereby amended to read as
2 follows:

3 354.59891 1. As used in this section:

4 (a) *“Barricade permit” means the official document issued by*
5 *the building officer of a local government which authorizes the*
6 *placement of barricade appurtenances or structures within a*
7 *public right-of-way.*

8 (b) “Building permit” means the official document or certificate
9 issued by the building officer of a local government which
10 authorizes the construction of a structure.

11 ~~(b)~~ (c) “Building permit basis” means the combination of the
12 rate and the valuation method used to calculate the total building
13 permit fee.

14 ~~(e)~~ (d) “Building permit fee” means the total fees that must be
15 paid before the issuance of a building permit, including , without
16 limitation, all permit fees and inspection fees. The term does not
17 include, without limitation, fees relating to water, sewer or other
18 utilities, residential construction tax, tax for the improvement of
19 transportation imposed pursuant to NRS 278.710, any fee imposed



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1 pursuant to NRS 244.386 or any amount expended to change the
2 zoning of the property.

3 ~~[(d)]~~ (e) "Current asset" means any cash maintained in an
4 enterprise fund and any interest or other income earned on the
5 money in the enterprise fund that, at the end of the current fiscal
6 year, is anticipated by a local government to be consumed or
7 converted into cash during the next ensuing fiscal year.

8 ~~[(e)]~~ (f) "Current liability" means any debt incurred by a local
9 government to provide the services associated with issuing building
10 permits that, at the end of the current fiscal year, is determined by
11 the local government to require payment within the next ensuing
12 fiscal year.

13 ~~[(f)]~~ (g) "*Encroachment permit*" means the official document
14 issued by the building officer of a local government which
15 authorizes construction activity within a public right-of-way.

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

20 ~~[(g)]~~ (i) "Working capital" means the excess of current assets
21 over current liabilities, as determined by the local government at the
22 end of the current 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
25 an amount equal to the building permit basis on June 30, ~~[(1989)]~~
26 2003, multiplied by a percentage equal to the percentage increase in
27 the *Western Urban Nonseasonally Adjusted* Consumer Price Index
28 , as published by the *United States Department of Labor* from
29 January 1, ~~[(1988)]~~ 2003, to the January 1 next preceding the fiscal
30 year for which the calculation is made.

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

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

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



1 4. Upon application by a local government, the Nevada Tax
2 Commission shall exempt the local government from the limitation
3 on the increase of its building permit basis if:
4 (a) The local government creates an enterprise fund exclusively
5 for building permit fees ~~§~~, *fees imposed for the issuance of*
6 *barricade permits and fees imposed for encroachment permits;*
7 (b) Any interest or other income earned on the money in the
8 enterprise fund is credited to the fund;
9 (c) Except as otherwise provided in subsection 5, the local
10 government maintains a balance of unreserved working capital in
11 the enterprise fund that does not exceed an amount equal to 9
12 months' operating costs for the program for the issuance of
13 *barricade permits, encroachment permits and* building permits of
14 the local government; and
15 (d) The local government does not use any of the money in the
16 enterprise fund for any purpose other than the actual direct and
17 indirect costs of the program for the issuance of *barricade permits,*
18 *encroachment permits and* building permits, including, without
19 limitation, the cost of checking plans, issuing permits, inspecting
20 buildings and administering the program. The Committee on Local
21 Government Finance shall adopt regulations governing the
22 permissible expenditures from an enterprise fund pursuant to this
23 paragraph.
24 5. In addition to the balance of unreserved working capital
25 authorized pursuant to subsection 4, the local government may
26 maintain in an enterprise fund created pursuant to this section an
27 amount of working capital for the following purposes:
28 (a) An amount sufficient to pay the debt service for 1 year on
29 any debt incurred by the local government to provide the services
30 associated with issuing *barricade permits, encroachment permits*
31 *and* building permits;
32 (b) An amount that does not exceed the total amount of
33 expenditures for the program for the issuance of *barricade permits,*
34 *encroachment permits and* building permits of the local
35 government set forth in the capital improvement plan of the local
36 government prepared pursuant to NRS 354.5945 for the current
37 fiscal year; and
38 (c) An amount that does not exceed 4 percent of the annual
39 operating costs of the program for the issuance of *barricade*
40 *permits, encroachment permits and* building permits of the local
41 government which must be used to pay for unanticipated capital
42 replacement.
43 6. Any amount in an enterprise fund created pursuant to this
44 section that is designated for special use, including, without
45 limitation, prepaid fees and any other amount subject to a



1 contractual agreement, must be identified as a restricted asset and
2 must not be included as a current asset in the calculation of working
3 capital.

4 7. If a balance in excess of the amount authorized pursuant to
5 subsections 4 and 5 is maintained in an enterprise fund created
6 pursuant to this section at the close of 2 consecutive fiscal years, the
7 local government shall reduce the ~~building permit~~ fees *for*
8 *barricade permits, encroachment permits and building permits* it
9 charges by an amount that is sufficient to ensure that the balance in
10 the enterprise fund at the close of the fiscal year next following
11 those 2 consecutive fiscal years does not exceed the amount
12 authorized pursuant to subsections 4 and 5.

13 **Sec. 2.** This act becomes effective on July 1, 2003.

